HX

Human Resource and Healthcare Transformation

GX

Green Transformation

DX

Digital Transformation

Mitsubishi
Research Institute
Group Report
2023

Mitsubishi Research Institute

Who We Are

We, the Mitsubishi Research Institute, are a Japanese think tank.

For over half a century, we have provided the public and private sectors with research and consulting services in fields spanning energy, the environment, healthcare, human resources, and digital transformation.

We build real-world solutions with our Group companies and business partners, and propose public policies to guide these efforts for maximizing social impact.

A publicly traded company, we stringently maintain an independent position, which has enabled us to develop an interdisciplinary network with members of industry, academia, and government. We act as a hub connecting all sectors to overcome increasingly complex societal issues.

We envision the future, resolve societal issues, and lead change to build a sustainable and prosperous world.

Mitsubishi Research Institute

Our Core Competence
As a Corporate Group Leading Societal Change for the Future

Perspective
to paint a picture of the proper path forward

1970—MRI was founded as an independent, multidisciplinary, future-oriented think tank for finding solutions to the growing number of societal issues that were arising after Japan's period of high economic growth and for finding a path forward into a new era.

1980s
Forecasts and recommendations using analysis and simulation models

CRAY-1 supercomputer

1980–2000s
Policy formation using a multidisciplinary approach combining industry–government–academia networks

Recommendations to government ministries and agencies

2010s
Assisting customer digital transformation with unique approaches for fundamental problem solutions

Launched the Dedicated DX Business Website

2020s
Celebrated the 50th anniversary of our founding
Introduced *Recommendations for a society of 10 billion people and 100-year life spans*

The 50th Anniversary Forum

2023
Hosted the *Forum on a New Future for Society*

At the November 2023 MRI Group Forum, MRI researchers presented their findings under the banner of *Trailblazing the Future of the Digital Society*, and a panel discussion was held with experts from industry, government, and academia. The event was well received and included 184 attendees and over 600 viewers of the live streaming (p. 77).

Photo: presentation of findings at the MRI Group Forum 2023

Using our *knowledge* base assembled over the course of five decades—

Imagining the ideal future in an age of turbulence

Our Ambition
As a Corporate Group Leading Societal Change for the Future

Perseverance
to see our solutions through to success and take part in their implementation ourselves

The 21st century—as the world's firm commitment to sustainability is being tested, we are stepping up collaborations both inside and outside the Group to co-create value as we follow our Guiding Principles, which feature Our Mission to resolve societal issues.

2000s
Demonstration projects from conceptualization to societal implementation

Developed and tested regional digital currency business

2005
A stronger solutions business from converting Mitsubishi Research Institute DCS to a consolidated subsidiary

Combining comprehensive think tank knowledge with IT capabilities

2010s
Evolution to a Think & Act Tank and launch of the societal implementation business

Mega-solar power generation business

2020s
Expanded societal implementation business from the Value Creation Process (VCP)

2022 Participation in The Nippon Foundation MEGURI Fully Autonomous Ship Program

2023
Medium-Term Management Plan 2026 sets our goals for 2030

With our role as a think tank and IT corporate group growing in these uncertain times, we announced our goals for 2030—to be a one-stop corporate group from research and recommendations to IT implementation and services—and Medium-Term Management Plan 2026 (pp. 31–44).

Taking solutions of value, based on our perspective, to the real world—

A corporate group leading societal change for the future

Photo: MRI is one of 51 Japanese companies participating in the consortium under The Nippon Foundation MEGURI2040 Fully Autonomous Ship Program to develop the technology and systems needed for the societal implementation of autonomous shipping.

The Source of Our Value Creation

As a Corporate Group Leading Societal Change for the Future

Passion
for resolving societal issues drives our people

Toward 2030—with determination and passion, we are taking on the unknown by working with our partners and public and private clients to find solutions to increasingly diverse and complex societal issues.

1970s
Launch of a multi-client macroeconomic project to address common problems in industry

Bringing together diverse industry and business knowledge

1990–2000s
Policy formation in collaboration with stakeholders spanning industry, government, academia, and the private sector

Discussion with various stakeholders

2010s
Establishment of a co-creation platform to resolve societal issues

Launch of the Innovation Network for Co-Creating the Future (2017)

2021
Expansion of the co-creation platform

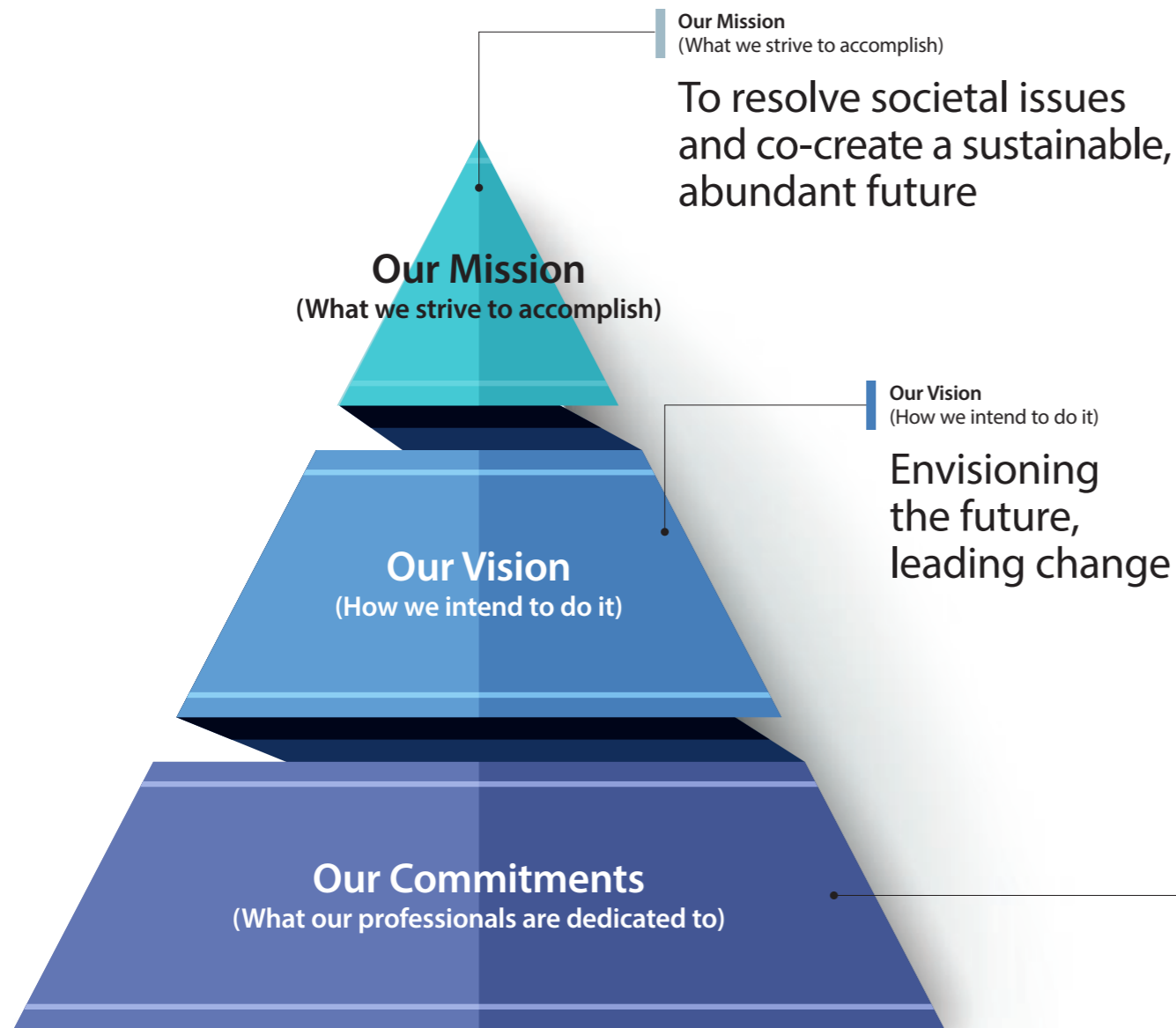Initiative for Co-creating the Future (ICF)

2023
Announcement of our brand message focused on 2030

The source of the Group's creativity lies in the inexhaustible curiosity and passion of our people and the gradual accumulation of knowledge that comes from dialogue. To share our employees' creative ideas with our stakeholders, we set a new brand message—*With all walks of knowledge* (pp. 1–2).

Pursuing human potential with passion and with respect for our partners—

Amalgamating ideas for greater collective impact

Photo: our diversity and workstyle reform initiatives emphasize dialogue among employees.

Our Mission
(What we strive to accomplish)

To resolve societal issues
and co-create a sustainable,
abundant future

Our Mission
(What we strive to accomplish)

Our Vision
(How we intend to do it)

Envisioning
the future,
leading change

Our Vision
(How we intend to do it)

Our Commitments
(What our professionals are dedicated to)

Our Commitments
(What our professionals are dedicated to)

Commitment 1 **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.

Commitment 2 **Collective Knowledge**

Acting as a hub between diverse branches of knowledge

We bridge diverse branches of knowledge, while respecting individuality and differences, within the MRI 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.

Commitment 3 **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.

Commitment 4 **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 customers.

Commitment 5 **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.

Values

To outline the breadth of the MRI Group, we will introduce the perspectives, perseverance, and passion that MRI has cultivated as core strengths since its founding, together with some of our key achievements, in relation to our brand message—*With all walks of knowledge*—which we set in 2023.

Long-Term Vision

Medium-Term Management Plan 2026 (MP2026), a three-year plan launched in FY9/24, incorporates our goals for 2030, including further expansion in the scale of our activities, and enhancement of our profitability. We have defined *hop*, *step*, and *jump* phases toward the achievement of these goals. MP2026 is positioned as the *hop* phase. The strategy that we have adopted based on our long-term targets is a clear statement of our commitment to growth and our growth narrative.

Business Models

The Group is engaged in four solutions businesses based on combinations of our Think Tank & Solutions Services and IT Services. Our goal is to use our unique capabilities to provide outcomes through an integrated value chain consisting of A) Research & Recommendations, B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation, in close collaboration with our clients, business partners, and Group companies.

Business Strategies

The specific targets and strategies formulated for MP2026 were developed through backcasting from our goals for 2030. We have also disclosed our allocations of funds for future growth in the form of our capital policy.

Key Indicators

The financial, non-financial, and social value indicators shown in this section were developed through backcasting from our goals for 2030.
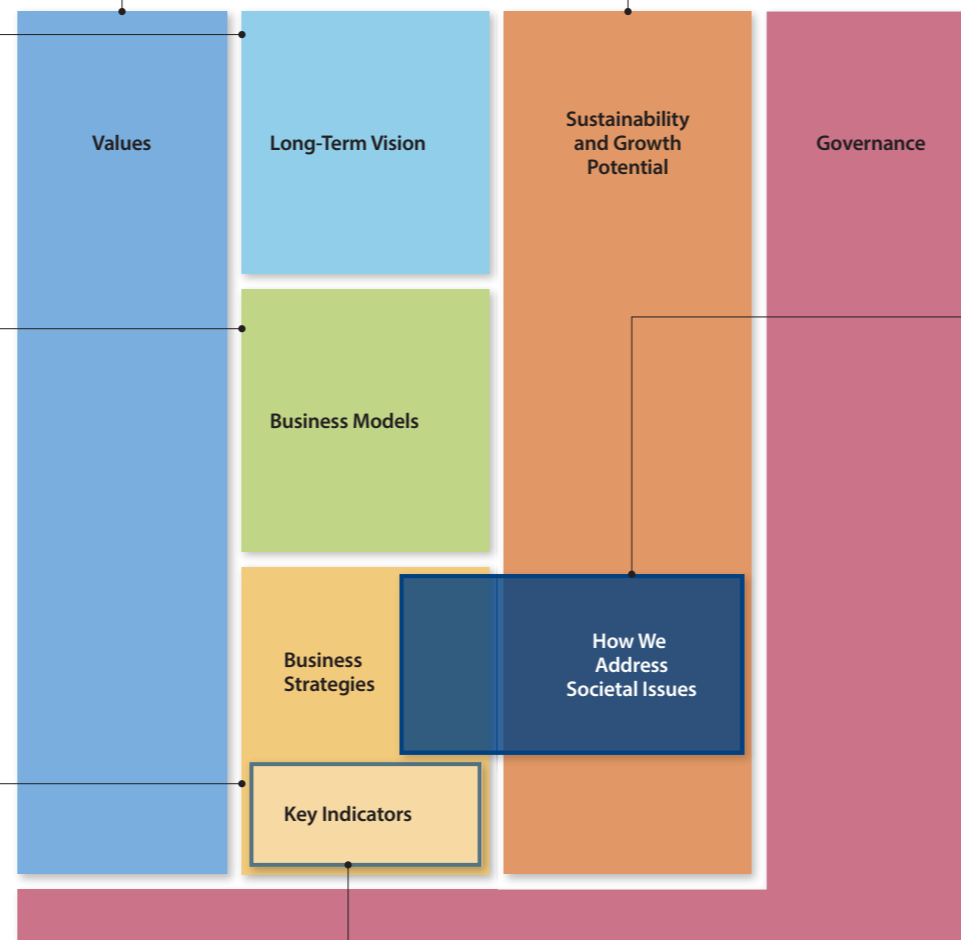
Sustainability and Growth Potential

In this section, we will outline measures to strengthen our intellectual and co-creation foundation and human foundation, which are the source of our advantage, and our social trust foundation, including our actions on the environment and information security, which forms the core of our sustainability strategy.

How We Address Societal Issues

Our business strategy in MP2026 focuses on the creation of social value through the digital transformation (DX) business, the green transformation (GX) business, including energy and the circular economy, and the human resource and healthcare transformation (HX) business. In this section, we will look at some of our specific initiatives in these areas.

Governance

Social Trust Foundation

This section looks at initiatives to enhance our corporate governance, including enhancement of the effectiveness and diversity of our Board of Directors.

(Diagram labels: Values; Long-Term Vision; Sustainability and Growth Potential; Governance; Business Models; Business Strategies; How We Address Societal Issues; Key Indicators)

Environment Social Governance

Guidance for Collaborative Value Creation

Note on editorial policy and forward-looking statements

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

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

This report is not intended to solicit investment in marketable securities issued by Mitsubishi Research Institute, Inc., or to provide any guarantees or commitments whatsoever. All opinions and estimates reflect the judgment of Mitsubishi Research Institute, Inc., at the time of compilation. We make no guarantee of or claims regarding the accuracy and completeness of the information provided. Readers should be aware that actual results may differ from the forecasts contained herein.
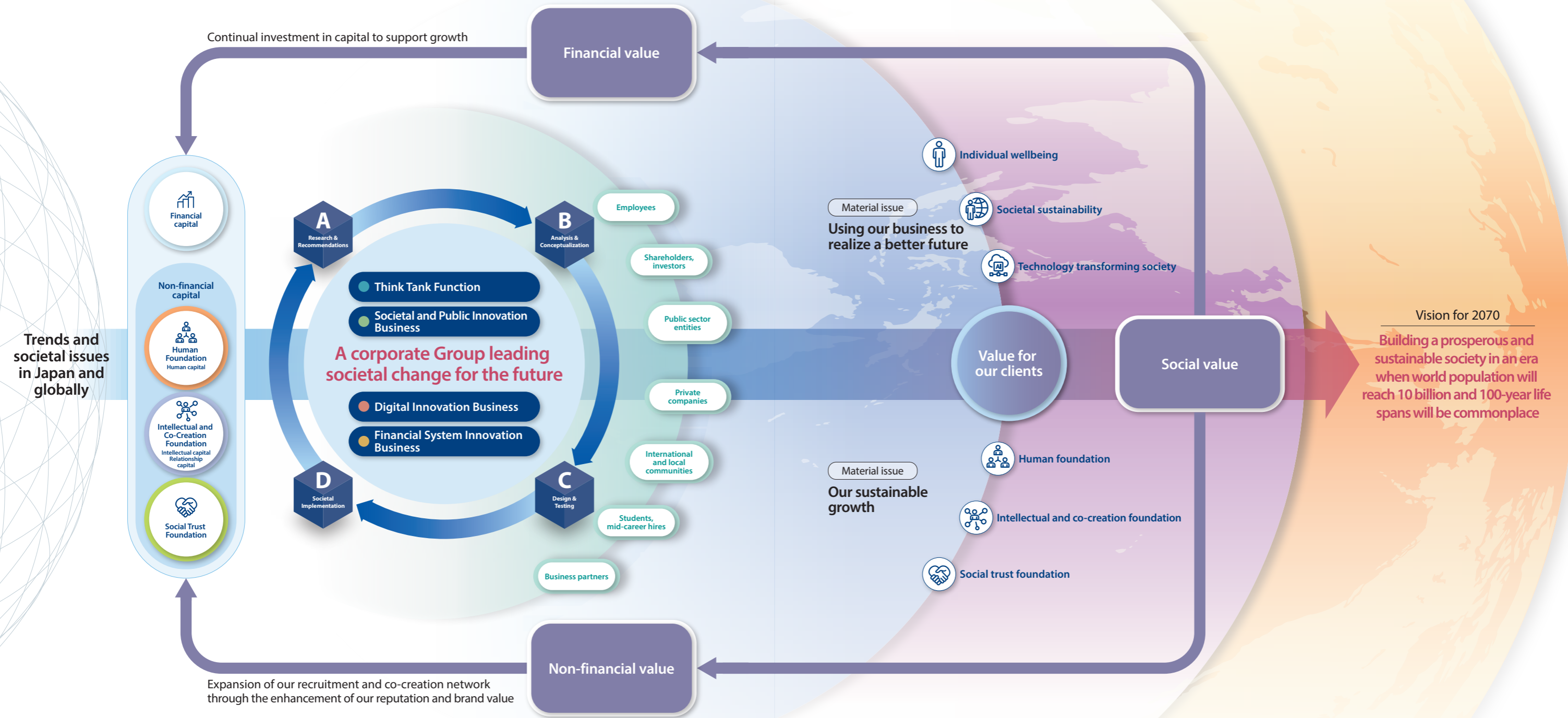
Period covered
In principle, this report covers fiscal 2023 (October 2022–September 2023). However, it also includes some information pertaining to fiscal 2024 (October 2023–September 2024).

Publication
March 2024 (published each year as an annual report)

Value Creation Model

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

The entire MRI Group is working to realize the Three Values —societal, non-financial, and financial—while continually enhancing our capacity to envision and realize a brighter future

Continual investment in capital to support growth

Financial value

Financial capital

Non-financial capital

Human Foundation Human capital

Intellectual and Co-Creation Foundation Intellectual capital Relationship capital

Social Trust Foundation

Trends and societal issues in Japan and globally

A Research & Recommendations

B Analysis & Conceptualization

D Societal Implementation

C Design & Testing

● Think Tank Function
● Societal and Public Innovation Business

A corporate Group leading societal change for the future

● Digital Innovation Business
● Financial System Innovation Business

Employees

Shareholders, investors

Public sector entities

Private companies

International and local communities

Students, mid-career hires

Business partners

Individual wellbeing

Material issue
Using our business to realize a better future

Societal sustainability

Technology transforming society

Value for our clients

Social value

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

Material issue
Our sustainable growth

Human foundation

Intellectual and co-creation foundation

Social trust foundation

Non-financial value

Expansion of our recruitment and co-creation network through the enhancement of our reputation and brand value
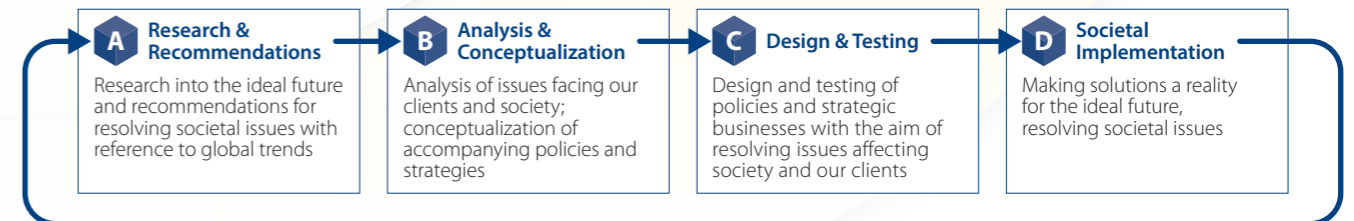
The MRI Group is a unique corporate group offering both Think Tank & Consulting Services (TTC) and IT Services (ITS). We have restructured our business into four main fields focused on our clients, including the government, both central and local, and corporations. Through our activities in these fields, we help resolve various issues affecting these clients and society at large.

In each of our business domains, we respond to issues by offering a wide range of solution services based on advanced, specialist knowledge relating to policies, systems, and management strategies. Together with our clients, business partners, and Group companies, we operate a Value Creation Process (VCP) that delivers enhanced outcomes through the operation of an integrated value chain consisting of A) Research & Recommendations, B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation.

Value Creation Process (VCP)

In the past, our activities centered primarily on B) Analysis & Conceptualization and C) Design & Testing. By expanding the scope of our services to encompass A) Research & Recommendations and D) Societal Implementation, we have further enhanced our capacity to address societal issues.

A Research & Recommendations
Research into the ideal future and recommendations for resolving societal issues with reference to global trends

B Analysis & Conceptualization
Analysis of issues facing our clients and society; conceptualization of accompanying policies and strategies

C Design & Testing
Design and testing of policies and strategic businesses with the aim of resolving issues affecting society and our clients

D Societal Implementation
Making solutions a reality for the ideal future, resolving societal issues

Value Creation Model: Strengths

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

The MRI Group cultivates unique strengths that go beyond its think-tank and IT-solution capabilities

Continuous enhancement of management capital

Human Foundation

Diverse and highly-skilled professionals

Researchers (MRI + MRI Research Associates)

1,135 (as of September 2023)

Researchers' academic specialties (as of September 30, 2023)

Other fields 40
Sociology, education 52
Law, political science, public policy 83
Management, commerce 62
Economics 68
Other fields 51
Environmental engineering, environmental studies 74
Resources, materials, metallurgy 27

Social sciences 305
Total 990
Natural sciences 685

Mechanical engineering, aerospace engineering 62
Electricity, electronics, telecoms 49
Information science, systems science 71
Architecture, civil engineering, urban engineering 96
Energy, nuclear power, physics 92
Chemistry, biology, agriculture, geology 98
Mathematical engineering, mathematics 28
Administration engineering, management engineering 37

Qualified IT professionals at DCS
(as of October 2023)

IT strategists	24
Systems architects	65
Project managers	60
Network specialists	64
Database specialists	63
Embedded systems specialists	1
IT service managers	19
Information security specialists	109
System auditors	16
Applied IT engineers	534
Registered information security specialists	19
Senior telecommunications engineers	6
IT coordinators	26
Project management professionals (PMP*)	153
Total:	**1,159**

Intellectual and Co-Creation Foundation

Accumulated knowledge, expertise, and achievements

Publications, including recommendations, about resolving societal issues

27[†] (FY9/23)

Publications (news releases): **27**[†] (FY9/23)

MMR* copies published: **21,563**[†] (FY9/23)

* MMR: *MRI Monthly Review* (a monthly review of current societal issues, topics, analytical perspectives, and policy proposals, etc.)

Research Articles (posted on website)*: **117**[†] (FY9/23, Group total)

† Figures for publications in Japanese

Social trend formation through research and recommendations (number of interviews with media)

247 (FY9/23, Group total)

Networking toward the resolution of societal issues

Number of ICF (p. 77) startup members **201** (as of December 2023)

Joint research MOUs* signed **23** (FY9/23, Group total)

* MOU: memorandum of understanding

Number of startups fostered (cumulative) **35** (up to FY9/23)

Social Trust Foundation

Achieving carbon neutrality

Renewable energy ratio

30.7% (FY9/23, Group ratio)

BCP* structure

Emergency remote working ratio

96.6% (FY9/23, Group total)

* BCP: business continuity plan

Since its founding, MRI has based its corporate culture on the pursuit of fundamental solutions that address the heart of each issue. We achieve this by applying our core principles as an independent, multidisciplinary, future-oriented think tank, including a holistic approach to issues, prioritization of the realities on the ground, and optimal utilization of specialist knowledge. The driving force for these activities today is the continuous strengthening of our intellectual and co-creation foundation, human foundation, and social trust foundation. We aim to foster the business mindset needed to bring the solutions proposed in our recommendations and research to the real world.

A corporate Group leading societal change for the future

Think Tank Function
Societal and Public Innovation Business
Digital Innovation Business
Financial System Innovation Business

A Research & Recommendations
B Analysis & Conceptualization
C Design & Testing
D Societal Implementation

Financial capital
Non-financial capital
Human Foundation Human capital
Intellectual and Co-Creation Foundation Intellectual capital Relationship capital
Social Trust Foundation

Employees
Shareholders, investors
Public sector entities
Private companies
International and local communities
Students, mid-career hires
Business partners

Continuous focus on originality

A pioneering Japanese think tank with a core commitment to independence, a multidisciplinary approach, and future-oriented thinking

MRI was established in 1970 as an initiative to commemorate the 100th anniversary of the founding of the Mitsubishi Group. Since then, we have worked as a pioneering Japanese think tank to build a prosperous society through the solution of societal issues. Our core commitment to independence, a multidisciplinary approach, and future-oriented thinking, together with our capabilities as Japan's only integrated think tank covering all fields of science and technology, have enabled us to participate in numerous major projects in Japan and overseas. In the 1990s, we built a solid presence in the area of policy support for government agencies. In recent years, we have expanded our activities to include design

and testing in preparation for societal implementation too. In 2021, our 50th anniversary year, we updated our Guiding Principles and redefined our purpose as a company dedicated to resolving societal issues. Today we provide solutions not only in specialized areas, such as the government sector, but also to clients in the financial sector and a wide range of general industries.

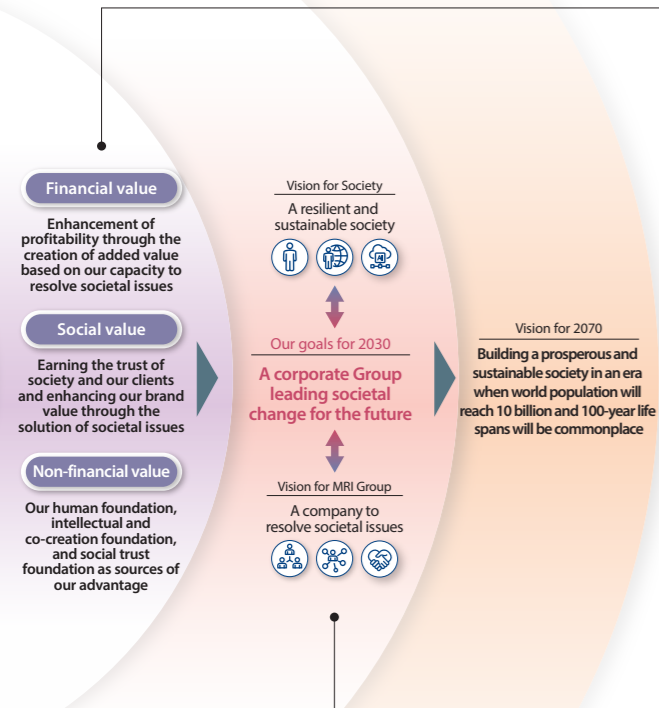**Group-wide business capabilities backed by perspective and perseverance**

In 2005, we became a major presence in the IT solutions business with the acquisition of the company that has become Mitsubishi Research Institute DCS as a consolidated subsidiary. Since then, we have accelerated the development of collaboration between our Think Tank & Consulting Services and our IT Services. We now resolve issues affecting our clients and society by providing

one-stop solutions based on the convergence of our two service categories. In the 2010s, we adopted the "Think & Act" concept as a framework for addressing issues from a total perspective that encompasses not only the proposal and design of solutions, but also the societal implementation phase, including the provision and management of diverse solutions, and participation in initiatives as a business partner. We combined these activities into our unique Value Creation Process, or VCP (pp. 13–14), which we have brought across the entire Group since 2021 under the *VCP Management* banner. This worked in tandem with our efforts to expand our involvement in the real-world implementation of solutions. We are using our strengths in the area of public policy to expand our activities, such as in public–private partnership projects originating from these policies.

Using diverse knowledge and networks to create collective impact as a company dedicated to solutions for the future

MRI today prioritizes effective solutions through the use of industry-government-academia networks spanning a wide range of fields to identify the core factors behind each issue we tackle. One of those networks is the Initiative for Co-creating the Future (ICF), which is a co-creation platform established in the 2010s to pursue solutions to societal issues. Around 600 entities, including startups, local governments, central government agencies, universities, and research institutes, participate in the ICF, which offers a variety of co-creation opportunities focused on addressing issues and creating a brighter future for society.

Value Creation Model: Sustainability Management

Value Creation Model | I Growth Strategy | II How We Address Societal Issues | III The Source of Our Advantage | IV Initiatives to Support Value Creation | Financial and Corporate Data

Pursuit of sustainability management through a positive cycle of three values
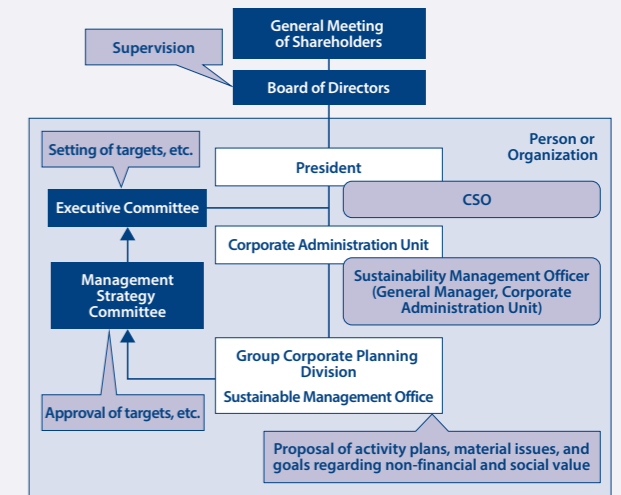
The MRI Group's commitment to sustainability

The MRI Group is dedicated to the creation of a prosperous and sustainable society for an era in which world population will reach 10 billion and 100-year life spans will be commonplace. We aim to realize this vision through the circulation and expansion of three values: 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 is the rewards that we receive for creating value 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 in his capacity as 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.

Financial value
Enhancement of profitability through the creation of added value based on our capacity to resolve societal issues

Social value
Earning the trust of society and our clients and enhancing our brand value through the solution of societal issues

Non-financial value
Our human foundation, intellectual and co-creation foundation, and social trust foundation as sources of our advantage

Vision for Society
A resilient and sustainable society

Our goals for 2030
A corporate Group leading societal change for the future

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

Vision for MRI Group
A company to resolve societal issues

(Governance diagram)
- Supervision
- General Meeting of Shareholders
- Board of Directors
- Setting of targets, etc.
- Executive Committee
- Management Strategy Committee
- Approval of targets, etc.
- President
- CSO
- Person or Organization
- Corporate Administration Unit
- Sustainability Management Officer (General Manager, Corporate Administration Unit)
- Group Corporate Planning Division
- Sustainable Management Office
- Proposal of activity plans, material issues, and goals regarding non-financial and social value
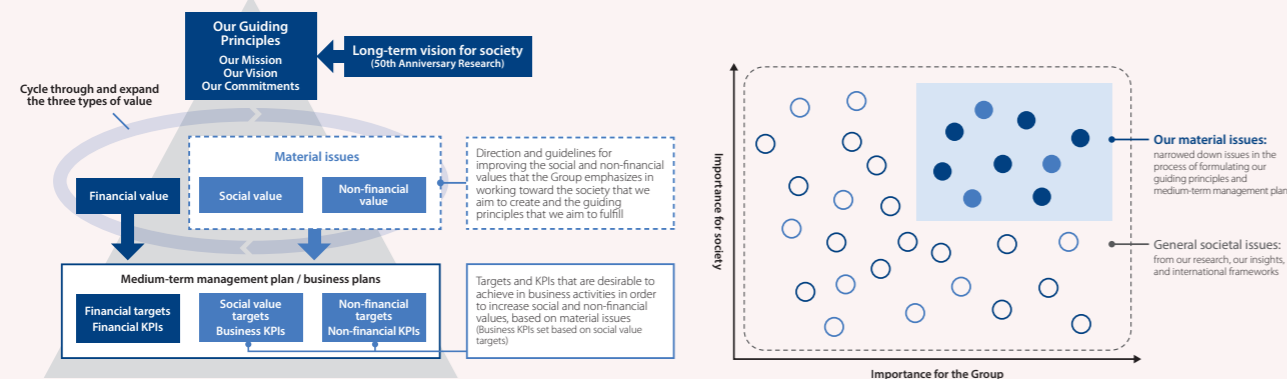
Identifying material issues along the path to the realization of our visions for society and MRI

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

The material issues consist of individual wellbeing, societal sustainability, and technology transforming society, which are the outcomes that we seek to achieve as we work toward the creation of a prosperous and sustainable society through our business, together with the human foundation, intellectual and co-creation foundation, and social trust foundation, through which we work to enhance the sustainability of the Group and improve our ability to resolve societal issues.

In addition to international frameworks and guidelines, our selection of material issues is also based on a list of societal issues identified through our comprehensive analysis and categorization of issues in the context of our work as an integrated think tank, as well as the long-term vision for society 50 years in the future that we developed through our 50th Anniversary Research Project. Issues are selected through debates about the social value and non-financial value to which we should aspire, which form part of the process of formulating a medium-term management plan every three years.

(Diagram elements)
- Our Guiding Principles: Our Mission, Our Vision, Our Commitments
- Long-term vision for society (50th Anniversary Research)
- Cycle through and expand the three types of value
- Material issues: Financial value, Social value, Non-financial value
- Direction and guidelines for improving the social and non-financial values that the Group emphasizes in working toward the society that we aim to create and the guiding principles that we aim to fulfill
- Medium-term management plan / business plans: Financial targets / Financial KPIs, Social value targets / Business KPIs, Non-financial targets / Non-financial KPIs
- Targets and KPIs that are desirable to achieve in business activities in order to increase social and non-financial values, based on material issues (Business KPIs set based on social value targets)
- Importance for society / Importance for the Group
- Our material issues: narrowed down issues in the process of formulating our guiding principles and medium-term management plan
- General societal issues: from our research, our insights, and international frameworks

Material issues		Examples of MRI Group 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	
	Societal sustainability — Ensuring safety, security, and global sustainability	• Financial & credit card business • ICT business • Energy and circular society business • Food and agriculture business • Resilience business	• Subscription-based business • Research & consulting services • Research & recommendations work
	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 and recommendation activities, accumulation of intellectual property • Customer and business partner network formulation • Group management	
	Social trust foundation — Maintaining and improving social trust in the Group	• Risk management and information security • Corporate governance • MRI Group decarbonization initiatives	

Message from the President

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Realistic solutions crafted across the Group for a volatile world

Kenji Yabuta
President and
Representative Director,
Mitsubishi Research Institute

Uncertain times ahead: reaching medium-term management plan targets via conceptualization and implementation

Allow me to begin by expressing my deepest sympathies and condolences to all those affected by the Noto Peninsula Earthquake of 2024. In the two and a half years since I took office as president, vigilance in the face of disaster-risk has become a habit, given the increasing severity of such events. Meanwhile, it seems that we hear terms like generative AI, economic security, carbon neutrality, and inflation on a daily basis, reflecting the increasingly unpredictable future and changing social environment that impact both everyday life and corporate management. Personally, I have also been impressed by the increasing pace of digital transformation (DX) over the past year as viewed through my roles as Chairman of Mitsubishi Research Institute DCS and as a vice chairman of the Japan Information Technology Services Industry Association (JISA).

In the Medium-Term Management Plan 2023 (MP2023) of the past three years, we have aimed to provide complete support for an ideal future, from conceptualization and proposal to societal implementation, based on our three management policies.* Co-creation with our partner networks in industry, government, and academia has helped magnify our social impact.

This enabled us to surpass our ordinary profit target of ¥10 billion for two consecutive terms of MP2023. It is also evidence that opportunities for utilizing our strengths are increasing in parallel with the complexity of societal issues. Indeed, we live in an era where the ability to implement solutions is in greater demand than ever. Our expanding role in society and the growing expectations of our customers make me keenly aware of my responsibility to demonstrate our

commitment to seizing the opportunities generated by these turbulent times.

Perspective, Perseverance → pp. 3–6

Review of Previous Medium-Term Management Plans → pp. 29–30

Value Creation Model → pp. 13–14

* Three management policies:
VCP Management, coordinated management, and management under the new normal

VCP: Value Creation Process, in which the Group works together as an integrated value chain spanning Research & Recommendations, Analysis & Conceptualization, Design & Testing, and Societal Implementation.

Business structure reform continues

Although we have achieved our financial targets, the structural reforms of ambidextrous management mandated by MP2023 are still a work in progress. These call for strengthening our core businesses while building up the growth businesses that will support our future.

Review of Previous Medium-Term Management Plans → pp. 29–30

In fact, it was this very core-business focus and streamlining that has driven our performance. In our research and consulting business, we addressed pandemic-related societal issues and recommended practices to support the DX trend. In our financial business, we were able to secure profits by expertly managing large-scale system projects, among other endeavors. These, I believe, exemplify the company's inherent strengths.

Meanwhile, expansion of the scale and profitability of our growth businesses, comprising the future-focused DX business, subscription-based business†, and global business, is lagging. Although the potential is strong, the return on investment for the final year of MP2023 was not as high as expected, which was a factor in missing our profit target for FY9/23.

† Subscription-based business:
services not dependent on human resources or time

Message from the President

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Further acceleration of integrated Group management

As we move toward integrating management across the entire Group, we still need more progress in consolidated management of our company and DCS.

There are inherent differences in the approaches and roles of MRI, which is strong in consulting services, including policy and strategy recommendations, and the IT group companies, comprising DCS, INES, and JBS, which specialize in IT system infrastructure. MRI, which originated as a think tank, takes a macro-level view of the world, analyzing societal issues and cascading down to policy and strategy formulations to resolve them. The IT group companies, meanwhile, have won trust in the financial and general business sector by providing needs-driven solutions.

These distinctions in corporate stance, technical prowess, and human expertise have, in my view, slowed expansion of growth businesses. The fact remains that Group-wide linkage of the value chain is key to delivering greater value to our customers and society. Based on this belief, the Medium-Term Management Plan 2026 (MP2026) carries on the policy of MP2023 in its focus on further acceleration of integrated Group management.

Backcasting from our goals for 2030

To formulate MP2026 we held in-depth discussions with each Group company's top management and executives over the course of a year. The goal of integrated management is to develop businesses with a strong societal impact by connecting Group companies and departments, which is the key point of VCP Management.

Discussing where we want to be in 2030 as a corporate Group that maximizes social impact, we arrived at our vision of providing unique value through the Group's integrated strengths of think

tank, consulting, and IT services. We encapsulated this value statement in the slogan: "Implementing the world's future through think tank and IT synergy." We also specified targets and initiatives for FY9/26 by backcasting from this long-term vision.

We also affirmed that in pursuing our policies, we will focus on realistic recommendations to address immediate challenges. The range of issues we face, such as generative AI and other advanced technologies, attaining carbon neutrality, crafting post-pandemic policies and systems, and supply chain optimization are growing in complexity and difficulty with each passing year. Real-world solutions are, therefore, as critical as ever.

Our company has a demonstrated history of squarely facing inconvenient truths about the world we live in. We work with clients to envision their ideal outcomes while maintaining a practical and grounded approach. In this sense, our direction aligns well with the demands of the current era. Continued success depends heavily on seamless, integrated Group operations.

Customer-centric approach: essential for integrated Group management

The collaborative Group process of formulating MP2026 turned into a heated discussion due to the aforementioned differences. Given our shared objective of resolving customer and societal issues, we concluded that the Group exists to proactively address customer needs in unison, offering real-world solutions that bring tangible outcomes and mesh with our vision of societal evolution.

In essence, achieving our goals involves a customer-centric approach that synthesizes our different perspectives. The think tank will focus on bridging conceptual recommendations with practical solutions for societal issues. The IT companies will work from the ground up,

fashioning client solutions while maintaining an awareness of societal issues and implications.

Creating this integrated Group value chain will enable us to provide realistic solutions to policy and management issues. This, I believe, will not only enhance the Group's presence but also strengthen non-financial and financial value. In my view, a beneficial result of these MP2026 discussions was realizing our shared potential and establishing a common understanding among executives.

¥200 billion target for FY9/30 sales is key to our future as a societal implementation company

As stated in MP2026 we have set an aggressive sales target of ¥200 billion for FY9/30, an unprecedented scale of business for our Group.

This requires, first, positioning ourselves as the partner of choice in the eyes of stakeholders and society at large. Second, we must broaden the investment opportunities for our ongoing human resources and societal implementation business areas. Third, if we aspire to be the prime contractor for large-scale system development and IT services projects, ¥200 billion in sales will be a minimum requirement.

To achieve this, we intend to allocate 85% of a ¥50 billion operating cash flow toward strategic investment, capital investment, and growth investment during MP2026. Plotting the specifics of our path to this new FY9/30 target will be a vital undertaking for management over the next year or two.

From 2005, when our sales were at ¥70 billion, it took 16 years to surpass the ¥100 billion mark in 2021. Just two years later, we reached a new milestone of ¥122.1 billion for FY9/23. To sustain this momentum, we are aiming for 10% annual growth in the six years ahead.

This bold objective calls for rapid transformation, robust growth, and improved profitability. Although this is a medium- to long-term horizon, I am determined to overcome each year's hurdles to reach our target and claim the future.

Reorganizing into four main business fields

To formulate MP2026 we backcasted from our ¥200 billion FY9/30 sales target. MP2026 is the step phase of growth following the hop phase of MP2023. Allow me to outline the main points.

As stated in Business Strategy (pp. 37–40), we will implement our overarching policy of integrated Group management by reorganizing the businesses of MRI and DCS around four main fields: Think Tank Function, Societal and Public Innovation, Digital Innovation, and Financial System Innovation. This lets us offer a one-stop value proposition.

Our Think Tank Function performs research and recommendations on pressing topics, collating diverse knowledge from inside and outside the company. This function is instrumental in shaping societal trends. It also brings to light business opportunities across the Group, making it a focus of further strengthening.

Our Societal and Public Innovation Business focuses on policy-oriented consulting. With the relaxation of rules separating public project ordering and contracting, opportunities to link directly from policy and system design to implementation are increasing. To capitalize on these new possibilities, we will collaborate as a Group and establish a public sector division within DCS mirroring that of MRI.

Message from the President

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

In our Financial System Innovation Business there is room for expanded involvement in the areas of data mining and DX. As we approach completion of large-scale system projects, we will continue the customer relationship by resolving upstream issues. This requires us to accelerate structural reform.

📖 Financial System Innovation Business → p. 40

We view the Digital Innovation Business as central to growth. This market is a red ocean of fierce competition. To meet the challenges, we will channel resources into leveraging our unique capabilities in implementation of societal infrastructure and data-driven management.

📖 Digital Innovation Business → p. 39

Both our Financial System Innovation Business and Digital Innovation Business are addressing the strong need for DX. In monthly meetings with DCS President Kameda and division executives we will review what measures should be taken and explore ways to hasten results.

📖 Current status of the Digital Innovation Business → pp. 41–42

📖 Message from the President & CEO of Mitsubishi Research Institute DCS → p. 48

Three dimensions of social value creation: DX, GX, and HX

In MP2026, we reviewed the VCP priority domains from the perspective of our value creation process (pp. 35–36), including social value and non-financial value.

The goal was to better leverage our strengths by thinking outside the box of our eight domains‡, a number that dispersed impact, given our scale. We have, therefore, reconceived our VCP priority domains as DX, GX (Green Transformation), and HX (Human Resource and Healthcare Transformation). These three intersect with our Group's materiality in a framework that optimizes synergies among the previous eight domains.

📖 Medium-Term Management Plan 2026 → pp. 33–34

In DX, we already have several businesses§

underway in joint ventures with OVHCloud, TECNOS JAPAN INCORPORATED, and ITFOR Inc. We are also investing in more startups within the GX and HX domains through our open innovation platform, the Initiative for Co-creating the Future (ICF).

In GX, in addition to working with startups, we are accelerating societal implementation to realize carbon neutrality. This will be accomplished through both MPX, an energy market information service joint venture with Netherlands-based KYOS, and our own services, including MERSOL and Blue Grid.

We position these three domains as key growth drivers. Moving forward, we will increasingly allocate resources and pursue strategic partnerships within this framework to maximize scale-up and social value.

📖 How We Address Societal Issues → pp. 53–62

‡ VCP priority domains:
healthcare, human resources, urban life and mobility, circular society, ICT, food and agriculture, resilience

§ Collaborations:
OVHCloud:
alliance to expand our data analytics and cloud business offerings in the Japanese and Asian markets. OVHCloud, Europe's cloud computing leader, acquired our business and capital partner ForePaaS, Europe's end-to-end automated big-data analytics and AI platform
TECNOS JAPAN INCORPORATED:
partnership providing supply chain solutions for the manufacturing and logistics industries
ITFOR Inc.:
alliance providing cost-saving IT solutions, such as automated screening, for the financial, retail, and government sectors

Linking the Group functions of consulting and IT implementation

Structural reform is another aspect of our efforts to focus Group resources on our three VCP priority domains.

In the GX domain, we have strengthened proactive consulting by establishing the Energy and Sustainability Division. This brings together previously dispersed human resources from our government business, sustainability business, and management consulting.

In the DX domain, we have formed an integrated value chain linking management consulting and IT implementation functions. This Business Consulting Division replaces the functions' formerly separate divisions.

To strengthen system implementation we are encouraging interaction of IT-skilled personnel between our company and DCS, while leveraging our partnership with TECNOS JAPAN INCORPORATED and others, as I have touched upon.

📖 Group Structure for Advancing the Business Strategies → pp. 47–48

📖 Intellectual and Co-Creation Foundation / Relationship Capital → pp. 76–78

It is my hope that this reorganization offers every person in our Group a shared sense of profit and growth. During my time as a banker, I experienced integrations, mergers, and restructuring. The accompanying changes in conceptual approaches and procedures, though initially confusing, brought me insights and successes I would have missed without working in new ways. Looking at the past year, I believe that we are at the point now where all parties will at last feel the mutual benefits of collaboration.

Human capital management underpins our foundation strategy

Our foundation strategy (pp. 43–44) calls for strengthening the Group in five ways, including cross-group sales collaboration, DX, and, most critically, human capital management.

📖 Medium-Term Management Plan 2026: Foundation Strategy → pp. 43–44

Strong intellectual curiosity is a distinguishing characteristic of our workforce, as is fitting for a societal solution company. In candid dialogue with employees, I am constantly struck by their sense of mission and personal enthusiasm for resolving societal issues, identifying and supporting startups, and expanding the scope of societal implementation, to name a few examples.

Creating an environment where each employee can thrive and continue to excel is a key responsibility

of management. In this context we have introduced two human resource development initiatives, the MRI Academy and the DCS Digital Academy. We are also seeking to align career development with our ongoing personnel allocation to priority businesses and reskilling efforts.

📖 Human Foundation → pp. 65–68

Unlocking the full potential of human resources requires a liberal, open-minded corporate culture that embraces diversity, equity‖, and inclusion (DE&I). With the increasing complexity and difficulty of societal issues, solutions often transcend traditional categories. For this reason, diversity is part and parcel of our integrated Group management growth strategy.

Through discussions with employees, we formulated our Diversity and Inclusion Policy, which has evolved into our Diversity, Equity, and Inclusion Policy in 2023.

By respecting diversity and leveraging our differences we can foster creative solutions for changing times, while boosting morale. Drawing from my own experiences, I am committed to promoting DE&I initiatives and supporting an inclusive environment that encourages diverse perspectives and innovation.

📖 Human Foundation / Diversity, Equity, and Inclusion → pp. 70–72

📖 Sputniko! and President Yabuta talk about DE&I in practice → pp. 71–72

‖ Equity:
assuring fairness by eliminating unconscious bias rooted in the organization's standards and regulations

Message from the President

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Review of board composition and succession planning

We have received an increasing number of requests for meetings from engaged investors, those who prioritize medium- to long-term value creation. With this interest comes pressure for greater transparency regarding growth and profitability. In response, we are enhancing disclosure, this report included, to substantiate our track record.

📖 Governance → pp. 87–96

With respect to board members and succession planning, we appoint candidates whose knowledge and experience equip them to succeed in the job. This policy of meritocracy disregards prior posts and affiliation. Though it has been pointed out that our officers, myself included, are predominantly from Mitsubishi Group companies, the majority of executive officers and department heads have risen through the ranks of our own employees.

We are currently re-examining our executive succession planning from a diversity perspective, while enhancing transparency of the promotion and nomination process. Board composition is routinely reviewed by the Governance Advisory Committee who provide oversight of nomination, using our skill matrix as one reference. We have also augmented the board with outside directors for legal affairs and DX since December 2023.¶

📖 Skill matrix of directors and corporate auditors → p. 90

📖 Governance: Officers → pp. 91–92

¶ Outside Directors:
Ms. Satoko Shisai, executive VP & head of DX at Chugai Pharmaceutical Co. and Ms. Naomi Koshi, lawyer, entrepreneur and former mayor of Otsu City, assumed office in December 2023

Brand message expresses key to value creation at MRI
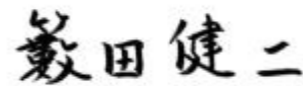
Along with MP2026 we announced our domestic brand message: *With all walks of knowledge*. This crystalizes our starting point for social value creation through which we realize our Group Vision: *Envisioning the future, leading change*.

📖 Who We Are → pp. 1–2

Every societal innovation, no matter how great its social impact, starts from the insight and knowledge sparked by human dialogue. It is our wish to improve people's daily lives through real solutions created by sharing and expanding upon such insight and knowledge.

I cannot dispute that this is a lofty ideal. Balancing the contradictory demands of real-world issues is a constant struggle. But we are confident that knowledge will reveal the answers. Taking this brand message to heart, I am committed to ongoing growth with all our stakeholders.

Kenji Yabuta
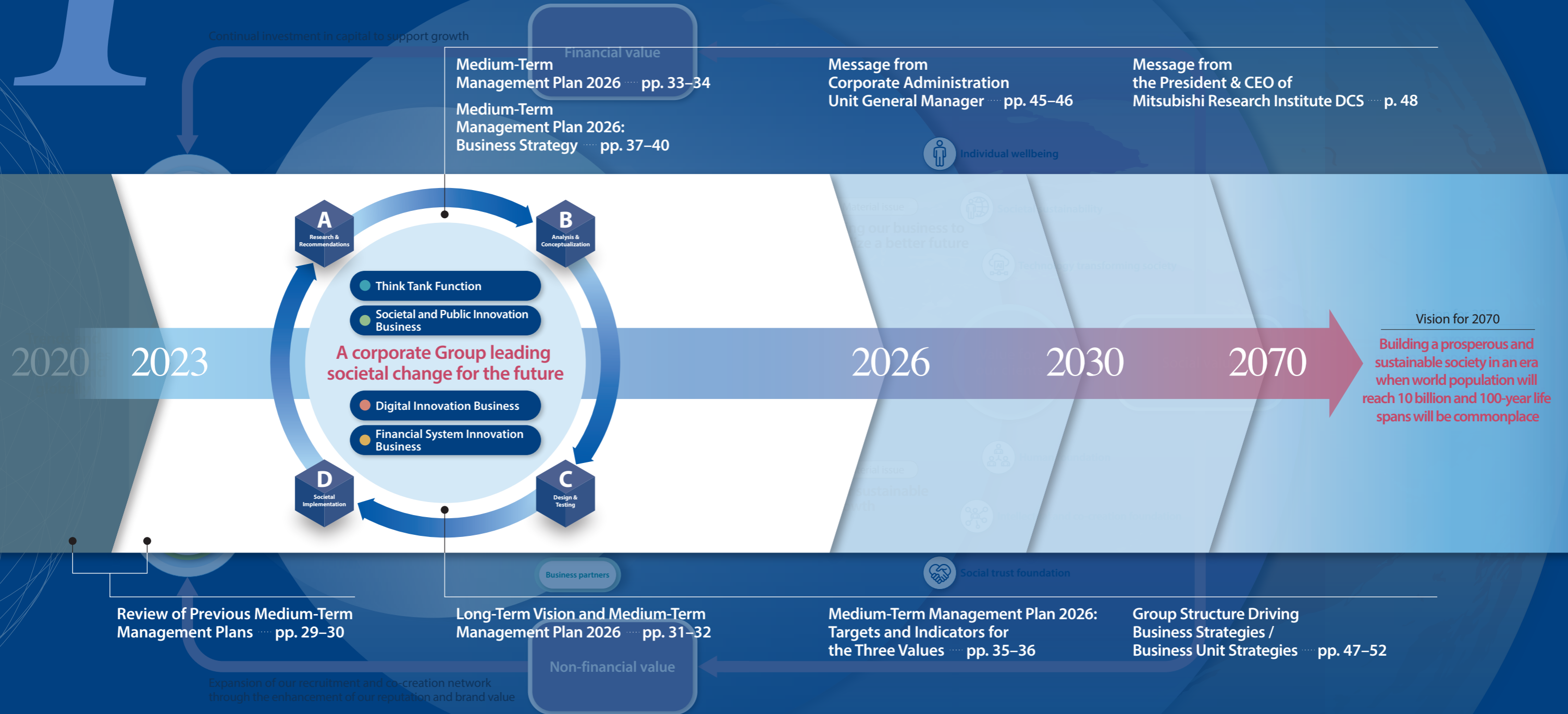President and Representative Director,
Mitsubishi Research Institute

Key takeaways: understanding the MRI Group's growth strategy

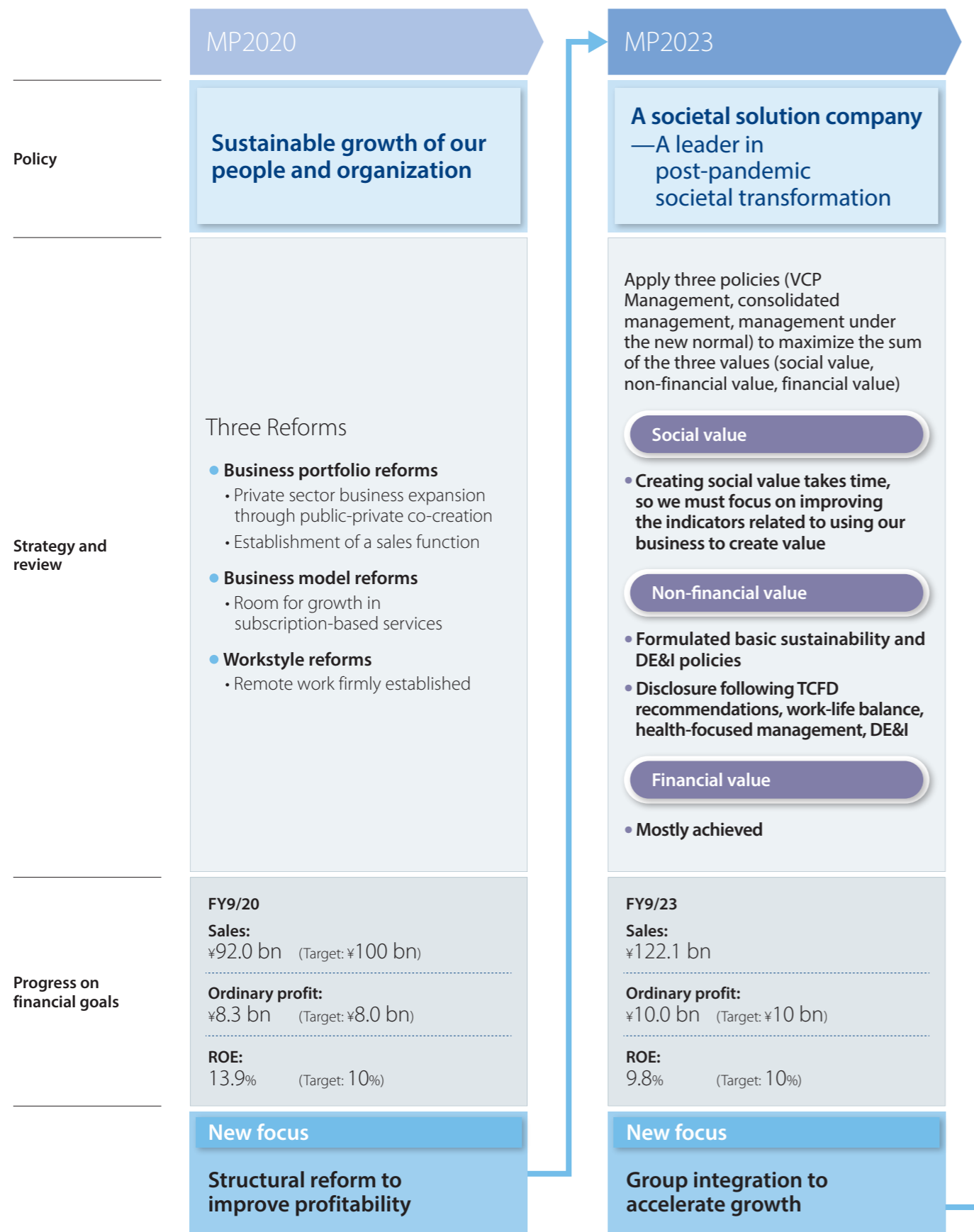| Topics	Page in President's message	Summary	Page in report
Ordinary profit target of ¥10 billion	p. 20	Under MP2023, initiated in FY9/21, we have expanded social impact through end-to-end support, from the conceptualization and proposal of desired outcomes to their societal implementation. We surpassed our ordinary profit target of ¥10 billion for two years running.	📖 Review of Previous Medium-Term Management Plans → p. 29 📖 Message from Corporate Administration Unit General Manager → p. 45
Structural reforms	p. 20	MP2023 called for building the growth businesses that will support our future, while strengthening core businesses. MP2026 accelerates structural reforms to boost the scale and profitability of growth businesses such as our DX and global businesses, which have lagged behind expectations.	📖 Review of Previous Medium-Term Management Plans → p. 29 📖 Message from Corporate Administration Unit General Manager → p. 45
Major points of MP2026 1) Integrated Group management and customer-centric approach	pp. 21–22	To expand our growth businesses, we are further integrating management of the Think Tank & Consulting Services segment with the IT Services segment in a customer-centric approach. With a value chain that extends to societal implementation, we will deliver real solutions to public policy issues and management challenges.	📖 Reorganizing Group operations around four main business fields → p. 34 📖 Group Structure for Advancing the Business Strategies → p. 47
2) Growth investment for upscaling	p. 22	With a target sales figure of ¥200 billion by 2030, we are pursuing growth and profitability by directing 85% of our ¥50 billion operating cash flow into growth investments in human resources and R&D, and strategic investments in capital expenditures and M&A, among others.	📖 Long-Term Vision and Medium-Term Management Plan 2026 → p. 31 📖 Message from Corporate Administration Unit General Manager → p. 45
3) Reorganizing around four main business fields	pp. 22–23	Toward achieving integrated management of all Group businesses, we have reorganized around four main business fields: Think Tank Function, Societal and Public Innovation, Digital Innovation, and Financial System Innovation. This creates a one-stop value proposition.	📖 Medium-Term Management Plan 2026 → p. 33 📖 Message from Corporate Administration Unit General Manager → p. 45 📖 Group Structure for Advancing the Business Strategies → p. 47
4) Three dimensions of social value creation: DX, GX, and HX	p. 23	To maximize social value, we have reconceived our VCP priority domains as DX, GX (Green Transformation), and HX (Human Resource and Healthcare Transformation). Positioning these as growth drivers, we will advance structural reform, allocate resources, and pursue alliances within this framework.	📖 Medium-Term Management Plan 2026 → p. 33 📖 How We Address Societal Issues → p. 53
5) Strengthening our workforce	p. 24	To enhance human resource development we have established the MRI Academy and DCS Digital Academy. We are also coordinating personnel shifts to priority businesses career development initiatives, and reskilling programs.	📖 Human Foundation → p. 65
6) Strengthening IT consulting capabilities	p. 24	To strengthen our value-chain's link between consulting and IT system implementation, we are encouraging intra-group collaboration of IT-skilled personnel and joint projects with other companies.	📖 Human Foundation → p. 65
Diversity, equity, and inclusion policy	pp. 24–25	Diversity is a critical element of our integrated Group management growth strategy. Through discussions with employees, we formulated our Diversity and Inclusion Policy, which has evolved into our Diversity, Equity, and Inclusion Policy.	📖 Human Foundation → p. 70 📖 Close-up → p. 71
Board composition and selection	p. 25	The Governance Advisory Committee reviews board composition and provides oversight of nomination, using our skill matrix as one reference. Since December 2023 we have augmented the board with outside directors versed in legal affairs and DX.	📖 Social Trust Foundation → p. 81 📖 Governance → p. 87
Brand message	p. 25	Coinciding with our announcement of MP2026 we also introduced our brand message: *With all walks of knowledge*. This expresses our emphasis on human dialogue as the spark for insight and knowledge that create social value.	📖 Who We Are → p. 1

Growth Strategy

Deeper integration of Group management enhances our profitability and business scale.

Continual investment in capital to support growth

Financial value

Medium-Term
Management Plan 2026 …… pp. 33–34

Medium-Term
Management Plan 2026:
Business Strategy …… pp. 37–40

Message from
Corporate Administration
Unit General Manager …… pp. 45–46

Message from
the President & CEO of
Mitsubishi Research Institute DCS …… p. 48

Individual wellbeing

A
Research &
Recommendations

B
Analysis &
Conceptualization

- Think Tank Function
- Societal and Public Innovation Business

A corporate Group leading societal change for the future

- Digital Innovation Business
- Financial System Innovation Business

D
Societal
Implementation

C
Design &
Testing

2020   2023   2026   2030   2070

Vision for 2070

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

Business partners

Social trust foundation

Review of Previous Medium-Term
Management Plans …… pp. 29–30

Long-Term Vision and Medium-Term
Management Plan 2026 …… pp. 31–32

Medium-Term Management Plan 2026:
Targets and Indicators for
the Three Values …… pp. 35–36

Group Structure Driving
Business Strategies /
Business Unit Strategies …… pp. 47–52

Non-financial value

Expansion of our recruitment and co-creation network
through the enhancement of our reputation and brand value

Review of Previous Medium-Term Management Plans

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Group integration to proactively respond to customer and societal issues

Policy

MP2020

Sustainable growth of our people and organization

MP2023

A societal solution company
—A leader in post-pandemic societal transformation

Strategy and review

Three Reforms

- **Business portfolio reforms**
  - Private sector business expansion through public-private co-creation
  - Establishment of a sales function

- **Business model reforms**
  - Room for growth in subscription-based services

- **Workstyle reforms**
  - Remote work firmly established

Apply three policies (VCP Management, consolidated management, management under the new normal) to maximize the sum of the three values (social value, non-financial value, financial value)

Social value

- **Creating social value takes time, so we must focus on improving the indicators related to using our business to create value**

Non-financial value

- **Formulated basic sustainability and DE&I policies**
- **Disclosure following TCFD recommendations, work-life balance, health-focused management, DE&I**

Financial value

- **Mostly achieved**

Progress on financial goals

FY9/20
Sales:
¥92.0 bn   (Target: ¥100 bn)

Ordinary profit:
¥8.3 bn   (Target: ¥8.0 bn)

ROE:
13.9%   (Target: 10%)

FY9/23
Sales:
¥122.1 bn

Ordinary profit:
¥10.0 bn   (Target: ¥10 bn)

ROE:
9.8%   (Target: 10%)

New focus

Structural reform to improve profitability

New focus

Group integration to accelerate growth

General overview of MP2020 and 2023

Medium-Term Management Plan 2020 aimed to establish sustainable growth of our people and organization. Measures reformed our workstyles and business portfolio, such as expanding private businesses. While we made progress in these areas, the business model still needed to be improved in the area of profitability; our conventional contract-based research work still accounted for the majority of revenue.

In Medium-Term Management Plan 2023, we took action as a societal solution company by implementing our VCP Management to bring together the Group's wide range of business functions to more proactively address the issues facing customer and society. The result was larger projects and increased profitability that enabled us to generally achieve our financial targets for 2022 and 2023. We also improved our ability to address societal issues and strengthened our foundations for sustainable growth by adopting the Basic Policy for Sustainability and the Basic Policy for Diversity and Inclusion.

Under Medium-Term Management Plan 2026 (MP2026) will continue to build on these results and further accelerate our growth by facilitating deeper integration of the Group.

Net sales (¥ bn)

MP2026 Moving toward the Step phase

MP2023 Hop phase

MP2020

	2018	2019	2020	2021	2022	2023
Net sales	90.2	90.0	92.0	103.0	116.6	122.1
Financial institutions (Top: sales / Bottom: sales ratio)	39.8 (44%)	40.3 (45%)	41.4 (45%)	47.8 (46%)	53.3 (46%)	55.6 (45%)
General private sector	28.7 (32%)	28.5 (32%)	28.4 (31%)	27.6 (27%)	27.4 (23%)	28.8 (24%)
Public sector	21.7 (24%)	21.3 (24%)	22.3 (24%)	27.6 (27%)	36.0 (31%)	37.7 (31%)

	2018	2019	2020	2021	2022	2023 (Year)
Operating profit margin (consolidated)	5.5%	5.7%	6.8%	6.7%	7.9%	7.1%
Think Tank & Consulting Services	9.3%	9.0%	9.7%	9.0%	8.5%	6.8%
IT Services	3.1%	3.6%	5.0%	5.1%	7.4%	7.3%
Return on equity (ROE)	7.5%	7.6%	13.9%	9.1%	12.8%	9.8%
Price earnings ratio (PER) (times)	20.91	16.18	10.15	14.27	9.39	12.34
Price book-value ratio (PBR) (times)	1.53	1.21	1.34	1.27	1.15	1.17

Long-Term Vision and Medium-Term Management Plan 2026

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

MP2026 and our goals for 2030 will leverage changes in society for growth opportunities

Positioning of Medium-Term Management Plan 2026

We forecast a growing market for the Group's Think Tank & Consulting Services and IT Services owing to the increasing needs related to addressing societal issues and the expanding digital transformation market. Although our expertise in the government and public sector and the financial sector provides a stable base for our business structure, accelerating our growth will require further building our scale and enhancing our profitability.

Recognizing our current status, we have set a long-term vision to be a corporate group in 2030 with a strong presence providing one-stop services from research and recommendations to IT implementation and services. In our triple jump scheme to achieve our goals for 2030, Medium-Term Management Plan 2023 (MP2023) is the initial *Hop* phase and MP2026 is the second *Step* phase.

MP2026 will follow a Group business strategy (pp. 37–40) in which we will join with Mitsubishi Research Institute DCS for new customer development and digital marketing activities, which will create a unique value-creation model and enhance our earning power. These efforts will lay the groundwork for reaping the benefits of our M&A and alliance strategies, using new businesses and expanded overseas operations to bring our scale and earnings to new levels, and generating profit at a level at least on par with our competitors in the year 2030.

Our goals for 2030	• Use our accumulated knowledge and reliable technology to work with our customers and partners to find solutions and be a corporate Group leading societal change for the future • Provide a one-stop service for policy proposals and recommendations, research and consulting, and IT implementation and services • Raise sales to ¥200 billion to give us greater freedom when pursuing our business and financial strategies, secure stakeholder trust, and establish social presence

Assessment of the current situation

Trends leading to 2030	The Group is taking on a bigger role and seeing increasing opportunities amid the increasingly complex international and economic situation, new technological advancements, and the increasing importance of addressing societal issues

	Societal trends	Societal impact	Implications for MRI
Politics	• Multipolarization of the balance of power	• Increasing complexity of production and consumption regions • Reconfiguring of global supply chains	• Increasingly complex international and economic situation
Economy	• Expanding of the digital economy	• Heightened data sovereignty and security • Coexistence of mega platformers and individuals	• Accelerating spread of digital society
Society	• Declining birthrate and aging population	• Ongoing digitalization and increasing investment in human capital • Restructuring of the social security system	• Governments and companies prioritizing addressing societal issues
Technology	• Advances in generative AI	• Increasing need to consider AI ethics • Further acceleration of labor substitution	
Earth & environment	• Carbon neutrality • Circular economy • Resilience	• Business rules based on global and environmental issues	A bigger role and increased opportunities for the Group

MP2029 Jump phrase

MP2026 Step phase

Net sales (¥ bn)

200.0

135.0

122.1

Financial System Innovation — 55.6 (45%)

Digital Innovation — 28.8 (24%)

Societal and Public Innovation — 37.7 (31%)

FY9/23	FY9/26 (targets)	FY9/30 (expectation)

• Reinforce direction of MP2023
• Build unique value-creation models for strategic domains across the Group

• Leap forward by reaping the results that emerge
• Expand business areas, improve profitability, and achieve inorganic growth

Medium-Term Management Plan 2026

Value Creation Model I Growth Strategy II How We Address Societal Issues III The Source of Our Advantage IV Initiatives to Support Value Creation Financial and Corporate Data

Building our scale and boosting profitability through an integrated Group business strategy, foundation strategy, and value creation strategy

MP2026 basic policy and growth targets

Medium-Term Management Plan 2026 (MP2026) will unify the Group's strengths to build our business scale and boost our profitability to ensure we stay ahead of changes in societal trends and customer needs. The plan will also establish a management approach prioritizing awareness of capital costs, further establish our sustainability management, and accelerate the sustainable growth of our people and organization. The plan's objective is to be the preferred corporate group of our stakeholders.

MP2026 comprises a business strategy, foundation strategy, and value creation strategy that will set the Group on a unified path toward business growth.

The business strategy has three main focuses. The first is to enhance our digital transformation (DX) business to capture the growth opportunities in the expanding DX market. The second is to strengthen and accelerate our businesses in the green transformation (GX) domains of energy and circular society and in the human resource and healthcare transformation (HX) domains of human resources and healthcare. And the third is to qualitatively reform our public sector and financial businesses. The strategy also includes continuing the Medium-Term Management Plan 2023 (MP2023) efforts to expand our service-based businesses with the aim of developing and strengthening our activities in the Middle East and Asia for 2030.

To ensure the three strategies directly lead to business structure reform, MP2026 reorganizes our business around four main business fields and establishes deeper connections

between MRI and DCS to create a one-stop model for providing value. We will also optimize the timing of our personnel assignments and transfers in anticipation of business growth.

Priority issues set in the foundation strategy include the management of human capital in accordance with the growth of the Group and the improvement of risk management. The strategy outlines five specific measures for improving our abilities in these areas and mandates swift implementation.

The value creation strategy is focused on enhancing our ability to address societal issues and contribute to the sustainability of the company and society. Our objective is to be the preferred corporate group of our stakeholders by realizing a growth cycle of social value, non-financial value, and financial value.

We will steadily implement these strategies as we aim to achieve our FY9/26 targets for net sales of ¥135 billion, ordinary profit of ¥14 billion, and ROE of 12%.
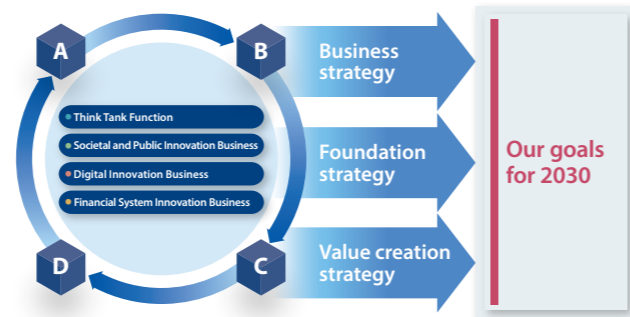
Reorganizing Group operations around four main business fields

While we previously focused on strengthening the value-chain connections between MRI and DCS as individual entities, MP2026 shifts our organization to a Group-based structure centered on four main business fields. MP2026 combines the business domains of MRI and DCS to build unique value-creation models.

Our four main business fields:
- Think Tank Function: provides research and recommendations for addressing societal issues
- Societal and Public Innovation: leverages our strength in knowledge of public policy
- Digital Innovation: focuses on addressing issues and promoting DX in the private sector
- Financial System Innovation: applies our strength in financial service information systems

Organizational restructuring and business summary

(1) Think Tank Function

This function enhances the company's social value and non-financial value by addressing societal issues and helping shape societal trends through advancing research and recommendations in the government policy, economics, science, and technology fields. (p. 37).

(2) Societal and Public Innovation Business

In our research and consulting work, which applies our strength in policy knowledge, we will take steps to increase our workforce, improve productivity, and seek to formulate a public-private ecosystem to address societal issues. Focus areas will be collaborating with the Digital Innovation Business to create projects for public DX at government agencies and continuing to move forward in the MP2023 areas of advance investment to scale and monetize services connected to addressing societal issue. (p. 38).

(3) Digital Innovation Business

MP2026 sets the Digital Innovation Business as our business growth driver. Through integrated management with DCS, the plan aims to strengthen and build our businesses in private DX, data analytics, AI consulting, and solutions; expand in the public DX field centered on medical and long-term care; and continue to grow our services for the education and HR sectors. (pp. 39–40).

(4) Financial System Innovation Business

This business is taking steps to raise its profit margin, improve its revenue management for financial business services, and revise its business portfolio toward post-implementation services for large-scale system projects. This arm will also pursue new businesses for applying our expertise in financial systems and new technologies, such as generative AI. (p. 40)
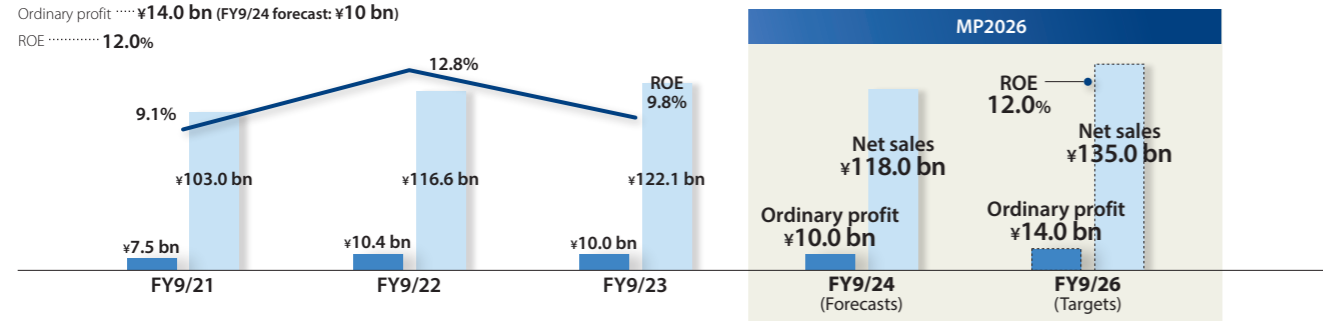
Basic policy
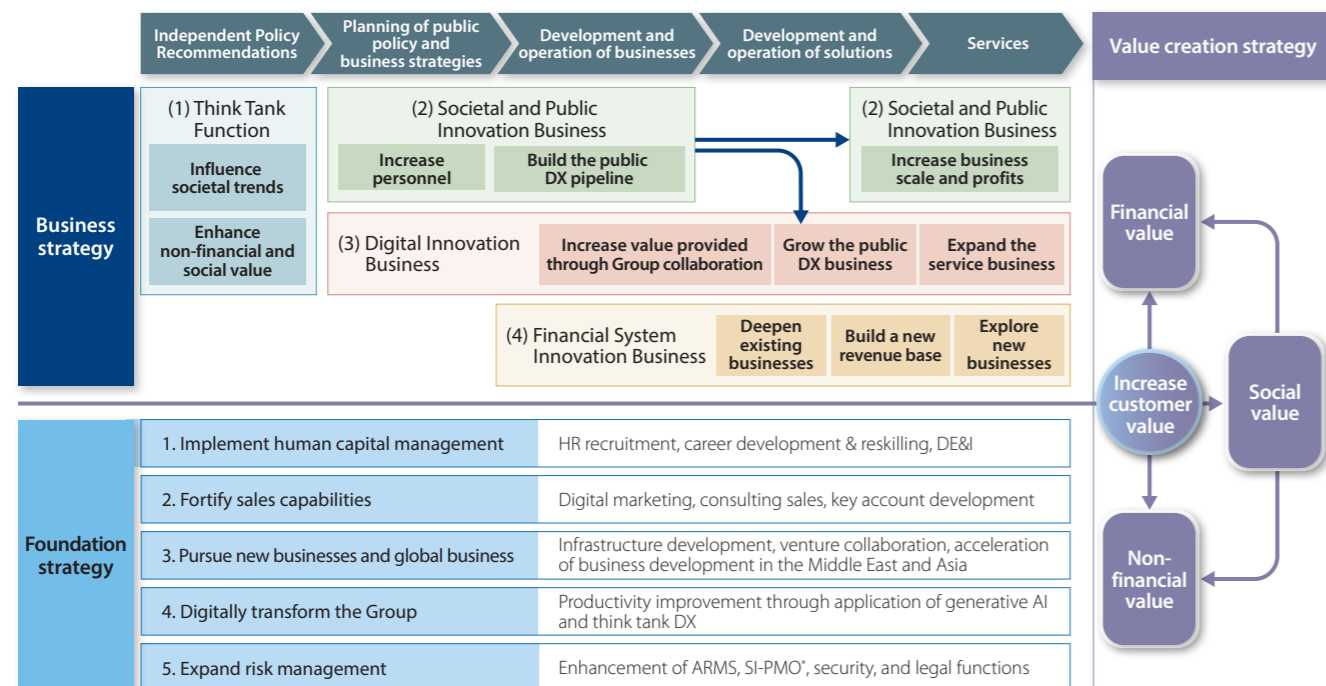
* SI-PMO is an in-house function used to manage SI project risk and profitability to ensure the execution of large-scale solution projects

Medium-Term Management Plan 2026: **Targets and Indicators for the Three Values**

Value Creation Model | I Growth Strategy | II How We Address Societal Issues | III The Source of Our Advantage | IV Initiatives to Support Value Creation | Financial and Corporate Data

Establishing a positive cycle of financial, non-financial, and social value for sustained enhancement of our corporate value

Financial value

MP2026 targets

Ordinary profit ·········· **¥14.0 bn** (FY9/24 forecast: **¥10 bn**)
ROE ············· **12.0%**

MP2026

Net sales ¥118.0 bn (FY9/24 Forecasts): ROE 9.8%, Ordinary profit ¥10.0 bn
Net sales ¥135.0 bn (FY9/26 Targets): ROE 12.0%, Ordinary profit ¥14.0 bn

	FY9/21	FY9/22	FY9/23
Net sales	¥103.0 bn	¥116.6 bn	¥122.1 bn
Ordinary profit	¥7.5 bn	¥10.4 bn	¥10.0 bn
ROE	9.1%	12.8%	—

Non-financial value

Non-financial value	Approach to setting indicators based on MP2026	Category	Indicator	2023 results	2024 targets	2026 targets
Human foundation	**Increasing human capital** The source of the Group's competitiveness is its ability to continue strengthening its capacity for providing solutions to society, and to do this, increasing our human capital is essential. To secure talented individuals and develop our workforce, we are elevating our human capital by encouraging employees to take advantage of high-quality training programs.	Training	Average number of training sessions per person*	2.1	2.3	2.7
	Maximizing our human capital'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†	32%	32%	34%
		Engagement	Engagement Score	74	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 research, recommendations, and business activities. We actively use our intellectual capital to identify policymaking important to achieving our vision for the future, lead the formation of societal trends, and earn opportunities to participate in government councils, such as for the Prime Minister's Office and deliberation committees. We will also seek to increase our intellectual capital by strategically acquiring the rights to our intellectual assets.	Research and recommendations	Number of committee member appointments	152	Year-on-year increase	Year-on-year increase
		Intellectual property	Number of IP patent applications and registrations	Applications: 9 Registrations: 11	Applications: 10 Registrations: 8	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 our Group's human and intellectual capital to finding solutions to societal issues that are more complicate, expansive, and diverse for us to address on our own.	Partnerships and collaborations with startups	Membership of Initiative for Co-creating the Future (cumulative)	201	210	250
			Collaborations	1	3	10
		BP‡ alliances and joint research with universities and research institutes	Joint research contract agreements	23	25	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 society and establish sustainable growth for our Group. Advancing initiatives for decarbonization is a central part of our activities to contribute to the global environment.	Carbon neutrality	Energy from renewables	30.7%	35%	45%
			GHG emissions	7,686 tCO2	7,200 tCO2	6,400 tCO2
	Fortifying governance Governance is a 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 the trust in our Group and the reputation of our brand.	Customer trust	Customer satisfaction	4.59	Above 4.5	Above 4.5

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

Cycling and maximizing the Three Values

Our Vision for 2070 is to be using our business to help resolve societal issues and build a prosperous and sustainable society for an era of a 10 billion world population and 100-year lifespans. To achieve that, we engage in sustainable management aimed at enhancing and generating a positive cycle of social, non-financial, and financial value.

We create and enhance social value by publishing proposals for resolving societal issues and by guiding the Group's business activities toward generating a positive impact on society. It is also essential that we simultaneously seek to enhance our non-financial value. We do this by using the foundation of social trust we have earned from fulfilling our corporate social responsibility, particularly through our ESG activities. We also do this by enhancing our ability to apply our human foundation and our intellectual and co-creation foundation to provide solutions for societal issues, which is the source of our competitiveness. The financial value that providing social value generates in the form of growth in sales, profits, and other revenue is reinvested to enhance our non-financial value, thereby creating a cycle of growth for our Three Values.

We have formulated a long-term approach and numerical indicators for our social value and non-financial value by backcasting from our goals for 2030 (p. 31).

Social value

Social value	Approach to setting indicators based on MP2026	Category	Indicator	2023 results	2024 targets	2026 targets
Social value targets based on material issues	**Building a prosperous and sustainable world through our business** The Group's objective is to resolve societal issues to build a prosperous and sustainable society. We have defined three areas of materiality where we set specific targets: (1) individual wellbeing, or ensuring health, self-fulfillment, and connection, (2) societal sustainability, or ensuring safety, security, and global sustainability, and (3) technology transforming society, or societal implementation of innovative technologies and transformation of companies and society. We selected human resources and healthcare, green transformation (GX), and digital innovation as representative business domains for these material issues where we will visualize and seek to maximize the social value that we can provide to our customers through our business activities.	Individual wellbeing	Human resources and healthcare business sales (¥ bn)	13.3	13.5	17.0
		Societal sustainability	GX business sales (¥ bn)	5.4	6.5	7.5
		Technology transforming society	Digital innovation business sales (¥ bn)	26.0	29.0	35.0
The social value our Group strengths create	**Social value created from policy support, research and recommendations, and co-creation activities** In addition to using our business activities to generate social value related to the three material issues, we also use the Group's strengths to: produce and enhance social value by contributing our knowledge of policy, which generates revenue from public sector projects; to influence societal trends through our recommendations and communications, which increases the volume of media exposure; and to use co-creation to foster startups, which increases the number of startups receiving guidance.	Knowledge of policy	Public sector revenue (¥ bn)	37.7	Non-public	Non-public
		Recommendations and communications	Number of media interviews (year)	247	260	300
		Co-creation	Number of startups receiving guidance (cumulative)	35	42	60

Medium-Term Management Plan 2026: Business Strategy

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Our functions apply our deep understanding of policies, systems, and strategies to develop effective solutions for customer and societal issues with the ultimate objective of societal implementation

Think Tank Function (Research & Recommendations)

Objective

The VCP Management A) Research & Recommendations function uses three strengths to maintain its status as a unique presence both inside and outside the Group.

Three strengths

(1) Integrating internal and external knowledge to resolve societal issues: knowledge multiplication

(2) Scientific approach to formulating recommendations: recommendations from a clear stance

(3) Presentation of starting points for societal implementation aimed at the Group's vision for society: recommendations for solutions

Our objective is to use our research and recommendations to enhance the Group's presence, increase our social value, and build our non-financial value through the growth of our people and the organization. In addition, the value we create with our VCP Management collaborations inside and outside the Group indirectly contributes to enhancing the Group's financial value over the long term.

Basic policy ▶ Meet the final-year targets

To realize our vision of the future society, we identify all relevant occasions to aid in forming important policy, nimbly seize opportunities to provide recommendations on impactful themes, and engage in work that will influence societal trends. We provide multi-layered, outcome-oriented recommendations to the government and corporations, thus helping to form national policies and corporate strategies. In particular, we will strengthen the Group's internal and external communications and collaboration in the fields of human resources, healthcare, digital information, energy and circular society, each of which are urgent societal issues. We will also boost the Group's presence in the minds of customers and stakeholders, step up acquisition of human resources, and establish circularity to maximize the Three Values.

To implement these policies, we will focus on developing the human resource needed to realize our goals for 2030, continuously and constructively strengthen our research capabilities, and cultivate our network of leading research institutions in Japan and overseas. These measures will systematically strengthen our research structures and enhance our sustainability and growth potential.

▼

In FY9/26, we will establish an organizational foundation capable of producing autonomous and continuous science- and evidence-based research and recommendations that will lead to high-quality outcomes that contribute to the formulation of major national policies and corporate strategies.

Media reports and quotes, contributed articles, and lectures
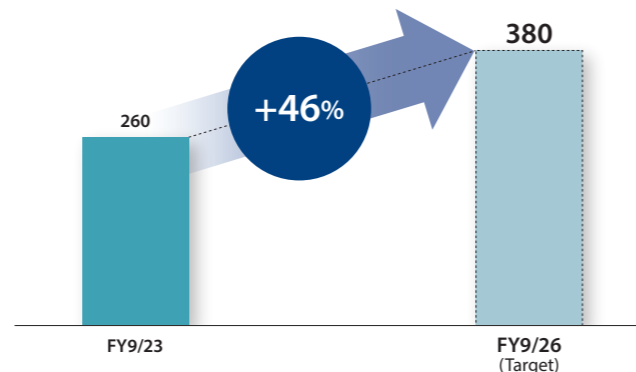
Key strategies

● **Pioneer major societal trends to achieve a desirable future world**

To astutely grasp important policy-making opportunities and provide research and recommendations that influence the formation of societal trends, we will raise the level of our advanced technology research in the fields of AI, energy, and circular society. We will also work to establish MRI as a leading technology brand.

To contribute to national policies and corporate strategies, we will strategically utilize outcome indicators, create communication plans for each field, and maintain multilevel contacts with the public and private sectors.

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

To fulfill our goals for 2030, we will ensure the sustainability of our research structure by systematically expanding and fortifying our research systems by expanding and fully engaging visiting researchers and our worldwide network of experts. We will strategically communicate our findings.

● **Enhance the Group's overall value as a provider of research and recommendations**

We will actively communicate the outcomes of our research and recommendations for resolving societal issues and use A) Research & Recommendations as the cornerstone for organic integration with our business strategies.

Societal and Public Innovation Business

Objective

The Societal and Public Innovation Business uses its strength in policy to maintain the top share in research and consulting 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 the Group's vision for VCP (pp. 13–14), we are extending our value chain from the research and consulting business to system integration and digital transformation with the objective of becoming the leading company providing solutions for societal issues.

Basic policy ▶ Meet the final-year targets

The research and consulting Business will remain focused on research and analysis, system design, and testing for important governmental policy areas. The business will also apply our VCP framework by creating businesses through public-private collaboration and by forming ecosystems aimed at societal implementation.

In the public sector DX business, we will increase collaboration between the Digital Innovation Business and DCS to strengthen our work implementing system integration and digital transformation, 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 continue fortifying our human resources and business partners as well as our profitability.

▼

In the final year of MP2026, we are aiming for net sales of ¥52 billion, representing an ¥8 billion increase from FY9/23.
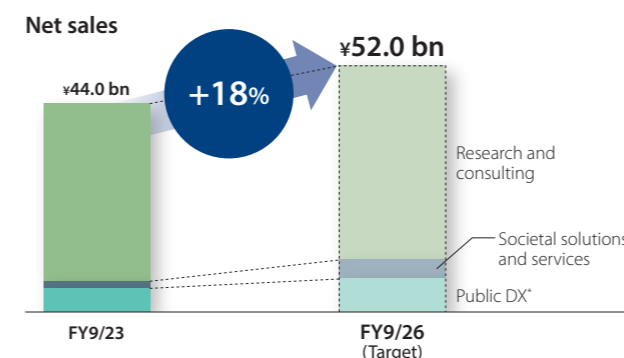
Key strategies

● **Research and consulting business**

As the main driver of the Group's growth, we plan to add human resources to this business and enhance its profitability to maintain and strengthen its competitiveness and grow its scale. We set clear visions for society and paths for resolving societal issues, pursuing outcomes that maximize the value we provide in achieving these.

● **Public sector DX business**

We will use our consulting expertise, founded in our expertise in public policy, to contribute to forming and implementing public policy and public DX projects centered on the medical and long-term care, disaster prevention, and social infrastructure fields. Our efforts to promote digital transformation in the public sector will be conducted with the Digital Innovation Business in charge of system implementation and the consulting function applying the knowledge and data we obtain through the systems implementation and operation.

● **Societal solutions and services business**

The societal solutions and services business encompasses the services that the Group provides directly to society and the public. In line with the Group's VCP framework, the business aims to provide both the social value of solutions for societal issues and financial value of profits primarily in the four areas of energy and sustainability, human resources, local regions and communities, and healthcare. The future vision for this business is to develop and externalize its operations to build its scale and enhance its profitability.

Net sales

* The public DX business is included in duplicate because it is promoted in collaboration with the Digital Innovation Business

Medium-Term Management Plan 2026: **Business Strategy**

Value Creation Model **I Growth Strategy** II How We Address Societal Issues III The Source of Our Advantage IV Initiatives to Support Value Creation Financial and Corporate Data

Digital Innovation Business

Objective

The Digital Innovation Business follows our concept of the DX Journey® with the aim to be a management partner for customers by providing total support for implementing digital transformation (DX) meeting their specific needs. The DX Journey® is the methodical application of the PDCA cycle to DX activities in the five areas of user experience, business model, operations, systems, and organization to forge the path toward the futures that our 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.

DX Journey®
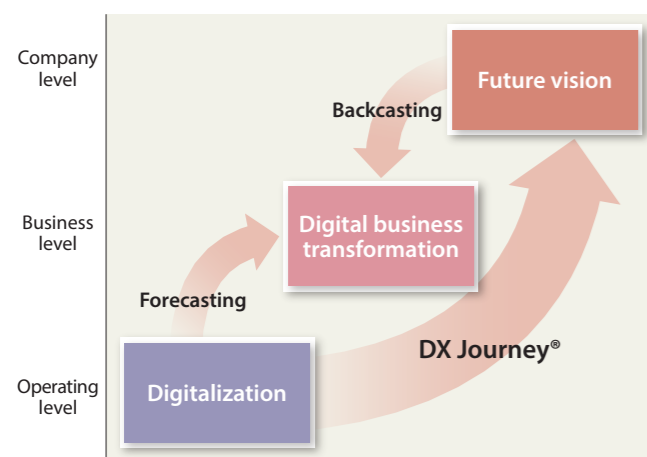
Basic policy ▶ Meet the final-year targets

Medium-Term Management Plan 2026 (MP2026) positions the Digital Innovation Business as a growth driver.

The business expands on our consulting services work helping customers resolve management issues. The competitiveness of our consulting is enhanced by combining it with our DX solutions, which transform supply chains in the manufacturing and distribution industry, and our data analytics and AI offerings, which leverage the Group's core strengths. We provide support for reforming business models, improving business process efficiency, and optimizing evidence-based decision-making.

In our strength area of public sector DX, the business works in concert with the Group to formulate and implement public policy in society.

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.

▼

In the final year of MP2026, we are aiming for net sales of ¥35 billion, representing an increase of roughly ¥10 billion from FY9/23.

Net sales
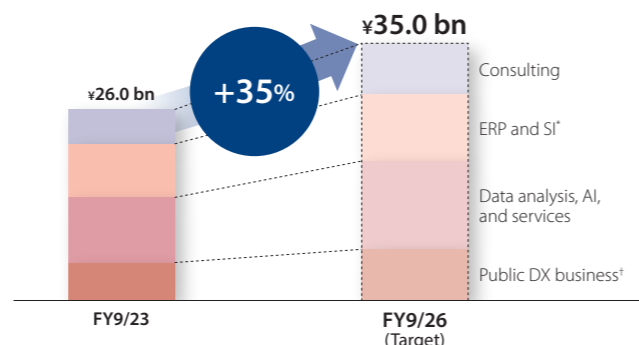
* Enterprise resource planning is a system that improves operating efficiency and optimizes a company's overall management by unifying and centralizing corporate data and resource management across departments and operations
† The public DX business is included in duplicate because it is promoted in collaboration with the Digital Innovation Business

Key strategies

● Consulting business

The consulting business applies our deep understanding of governmental policies, social and economic conditions and trends, and cutting-edge technologies to provide seamless customer support from developing strategy to analyzing business models and incorporating information technology. The business works with the data analytics and SI businesses to provide total consulting services for resolving customer management issues.

● ERP and SI businesses

The SI business creates synergies with the consulting business to fortify our upselling and cross-selling activities as well as to strengthen our ERP solutions, such as Biz∫* and mcframe†, through new initiatives in the public sector and partnerships in the manufacturing and distribution industries. The business also works with the data analytics business to provide high value-added services in areas including advancing green transformation and integrating AI.

* Biz∫ (Bizintegral) is a cloud-based ERP package for accounting, sales, human resources, and other processes provided by NTT Data & NTT Data Bizintegral Corporation
† Developed by Business Engineering Corporation, mcframe is a digital platform for manufacturing-related operation and information management

● Data analytics and AI business

The data analytics and AI business works with the consulting business to enhance our public sector projects, develop AI systems, and accelerate development of AI solutions and services. We are seeking to expand the business and improve its profitability.

● Service business

The service business is enhancing the functionality of PROSRV®, a HR business process and payroll outsourcing service, and miraicompass®, an online school admissions services for all grade levels. The business is enhancing its support services with the aim of further expanding market share, increasing customer satisfaction, and improving profitability.

● Public DX business

The public DX business joins with the Societal and Public Innovation Business to advance systems implementation for public policies.

## Financial System Innovation Business

Objective

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 the Group's VCP in its strength areas of policy recommendations, research, analysis, digital transformation consulting, service development and implementation, and system operation and maintenance.

Basic policy ▶ Meet the final-year targets

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 digital transformation 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 and establish a new earnings base for after the current major projects.

Net sales

▼
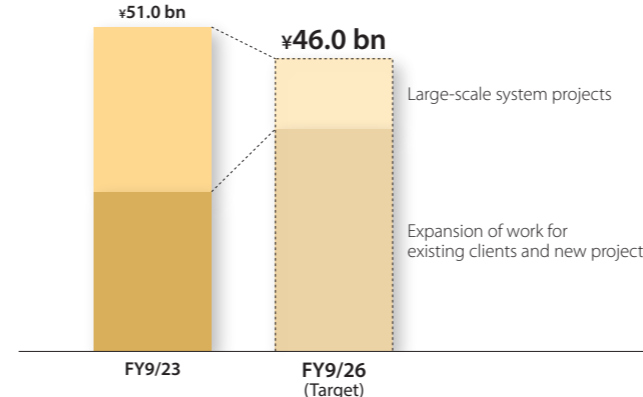
In the final year of MP2026, we are targeting net sales near ¥46 billion.

Key strategies

● Finance, payment, and transaction business

We will use the track record and expertise the Group has accumulated to continue strengthening and building this business while actively expanding into new areas.

Specific measures will include growing business in our specialty areas of market transactions and data usage, strengthening our support capabilities for de-hosting and other processes for migration from legacy systems, and focusing on Group collaboration in developing new Banking as a Service (BaaS) operations.

● Financial consulting and financial digital transformation

Activities in this business will focus on strengthening our policy recommendation and research functions. We will work within the Group and with business partners to expand our IT and digital transformation consulting services, such as for BPR* and the DX Journey®. We will also implement measures to increase sales of our services, including screening AI.
* Business Process Re-engineering

● Credit card business

This business is prioritizing completion of the large-scale system projects begun during MP2023.

Then we will work to acquire systems operations and renovation projects while also pursuing business in new fields and domains to support our long-term growth.

Medium-Term Management Plan 2026: Business Strategy

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Close-up Current status of the Digital Innovation Business
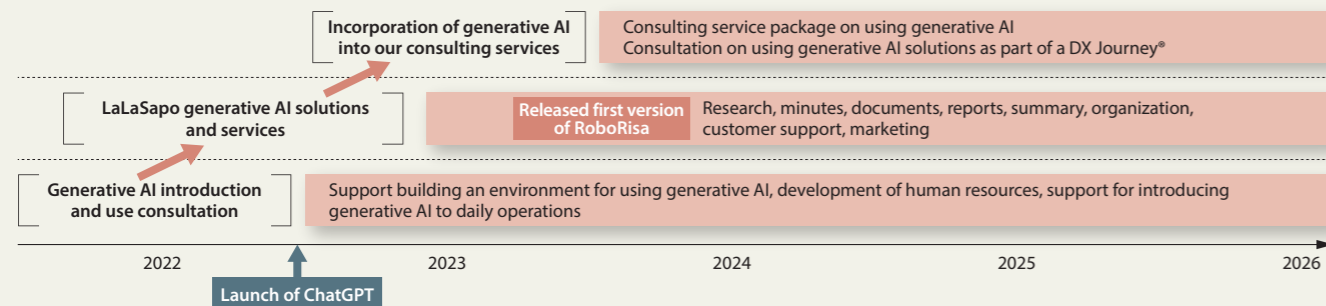
Data analytics and AI business

This business features LaLaSapo*, a set of solutions and services using AI technologies.

While the bulk of our work is currently consulting clients seeking to introduce and apply generative AI, we are developing LaLaSapo to help client business innovation. Our first offering in this direction is RoboRisa†. As we accumulate experience and know-how in this emerging field, we will continue adding new and more advanced features to LaLaSapo as well as to our digital innovation (DX) consulting services.

* LaLaSapo (LArge LAnguage model SUPPOrt) is a total support service business concept for using ChatGPT technology
† RoboRisa is an online survey AI platform that uses generative AI to automatically create result reports

How we are using AI in business

- Incorporation of generative AI into our consulting services
  - Consulting service package on using generative AI
  - Consultation on using generative AI solutions as part of a DX Journey®
- LaLaSapo generative AI solutions and services
  - Released first version of RoboRisa: Research, minutes, documents, reports, summary, organization, customer support, marketing
- Generative AI introduction and use consultation
  - Support building an environment for using generative AI, development of human resources, support for introducing generative AI to daily operations

2022 | 2023 | 2024 | 2025 | 2026

Launch of ChatGPT

Service business

We are developing services in the human resources and education fields.

In the human resources field, we provide a range of outsourcing services for personnel and payroll operations using the cloud-based PROSRV® system. Our services are highly valued for helping simplify employee activities and improve operational efficiency.

In the education field, we offer the miraicompass® online admissions service for kindergarten, elementary, middle, and high schools. This service is recreating how schools and students communicate by bringing the full process online from application through form submissions, scheduling for informational meetings, and admission procedures.

PROSRV® services
Used by **2,000** companies
PROSRV

- Cloud-based HR and payroll system
- **Short-term process services**: Outsourcing of short-term operations, such as year-end adjustments, local tax preparation, and tax ID number management
- **Monthly back-office services**: Outsourcing administrative work related to personnel, payroll, and labor
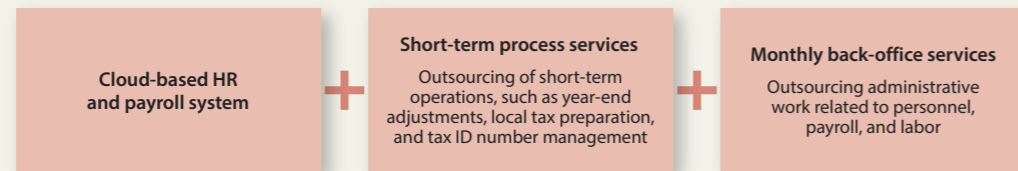
miraicompass® services
Used by **1,200** schools
miraicompass

Basic services
- Online applications

Optional services
- Information material requests
- Pass/fail verification
- Admission fee settlement
- Admission processes
- Donations
- Tuition settlement
- Exam management
- Recruitment management
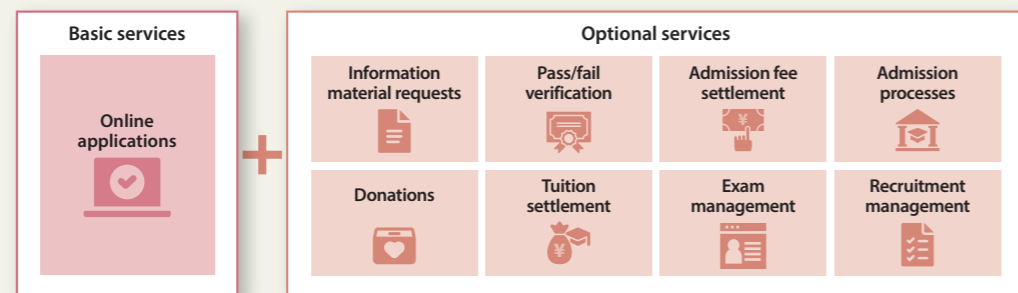
DX consulting business

Our DX consulting business provides tailored consulting for clients whose businesses are impacted by macro-level conditions like policy and the economy. We use our proprietary DX Journey® (p. 39), DX Scorecard®, and other frameworks to visualize a storyline for executing DX strategies and applying the PDCA cycle to provide support through to the implementation of solutions.

DX consulting business overview

Value chain of DX consulting business for private sector

Draw a *shipping route*
Strategic planning
- Integration of management perspectives and area expertise
- Involvement of the next generation of executive management
- In-depth discussion

Sharpen the *navigation skills and crew*
Business transformation
- Structural reform of businesses and organization
- Introduction of new carbon-neutral technologies
- Development of innovation human resources

Prepare the *ship*
Business implementation
- Implementation of sustainability management
- Implementation of global ERM
- Establishment of M&A alliances

DX Journey®
- DX concept based on future vision
- Strategy-linked DX plan
- Visualization of essential DX objectives

DX management
- Supply chain reform and strengthening
- Starting and running DX promotion
- Development of DX human resources

DX implementation
- System modernization
- Introduction of DX solutions
- Algorithm implementation

Draw a *nautical chart*
Future vision
- Think tank analysis and predictive capability
- Unique scenario planning
- Perspectives on societal issues

Review the *voyage plan*
Business transformation
- Management and business environment monitoring
- System launch and DX implementation monitoring (using the DX Scorecard® and other tools)

Embark on the *voyage*
Business promotion
- Prompt management judgment and decision-making
- Improving organizational engagement
- Data-driven management

Strategic information | Specialized human resources and networks | Knowledge accumulation

Engage the MRI intelligence foundations

Information foundation
- Domestic and international macro trends and industry trends
- Think Tank DX (database & processing)
- Input from management and on-site personnel

Human resource foundation
- Experts in fields and topics
- Experts in technology and policy
- Coordinators and other specialists

Network foundation
- Corporate managers, experienced academics, policymakers
- Business planning (vendor, consulting)
- Startups and other connections

ERP and SI businesses

We promote cross-selling of our Group's DX products when existing clients renovate their systems. We are maximizing the Group's collective strengths to advance initiatives to address various customer issues.

MRI Group core DX products

	Consulting	Delivery Development and installation	Adjunct support and implementation Continuous improvement, maintenance, operation, OS support
Research, analysis, consulting	• By sector (regional, healthcare, electric power, etc.) • By theme (management, business, DX strategy, etc.) • By business (administrative accounting, SCM, etc.)	• DX Management Office (DXMO) (adjunct support)	
SoE* (customer contact transformation)	• IT grand design • UI & UX design • Foundation examination • Procurement support	• System implementation (tool installation: CRM, MA, SFA)	• Post-installation consultation to achieve full effects • Strategic business process outsourcing • In-house production support
SoR† (core system)		• System implementation (ERP package installation, specific SI development)	
SoI‡ (Data analysis & AI)	• Data usage and analysis consulting	• Data analysis platform installation • Data analysis and AI usage	• Post-installation consultation to achieve full effects • Development of data analyst human resources, organizational establishment support
DX platform	• Cloud consulting • Security consulting • Operational consulting	• Cloud migration • Security implementation (tool installation, etc.) • IT operation support	• Multi-cloud operation services • Data center services • IT operation outsourcing

* SoE (System of Engagement): a client connection system
† SoR (System of Record): a system for recording accounting, order management, manufacturing management, and other internal operation data
‡ SoI (System of Insight): a data analysis system supporting decision-making in management, marketing, and other activities
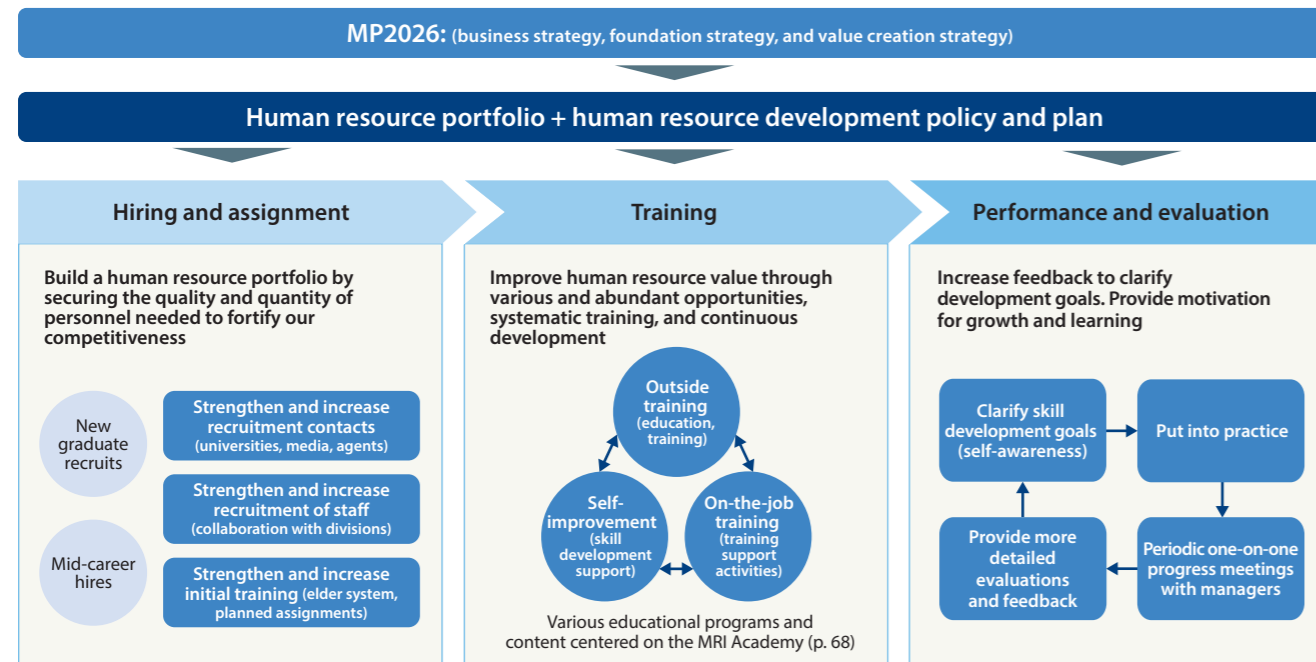
Medium-Term Management Plan 2026: **Foundation Strategy**

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Five measures to strengthen the Group's sustainable growth

1. Human capital management: the source of our advantage

Our human resources are the source of our advantage as we pursue our mission to steadily and smoothly implement and execute our business strategies and to resolve societal issues. Medium-Term Management Plan 2026 (MP2026) reflects this in the initiative to formulate a human resources portfolio geared to our business strategies and accelerate our recruitment, training, and reskilling activities to fill the gap between the current status of human resources and our needs to fulfill our plan.

We support the career development of our workforce with a full range of training programs and the MRI Academy (p. 68). We also promote diversity and engagement through our health-focused management, work-life balance, and DE&I policies.

MP2026: (business strategy, foundation strategy, and value creation strategy)

Human resource portfolio + human resource development policy and plan

Hiring and assignment

Build a human resource portfolio by securing the quality and quantity of personnel needed to fortify our competitiveness

New graduate recruits
- Strengthen and increase recruitment contacts (universities, media, agents)
- Strengthen and increase recruitment of staff (collaboration with divisions)

Mid-career hires
- Strengthen and increase initial training (elder system, planned assignments)

Training

Improve human resource value through various and abundant opportunities, systematic training, and continuous development

- Outside training (education, training)
- Self-improvement (skill development support)
- On-the-job training (training support activities)

Various educational programs and content centered on the MRI Academy (p. 68)

Performance and evaluation

Increase feedback to clarify development goals. Provide motivation for growth and learning

- Clarify skill development goals (self-awareness) → Put into practice
- Provide more detailed evaluations and feedback → Periodic one-on-one progress meetings with managers

2. Fortified sales capabilities: accelerating group collaboration

MP2026 prioritizes fortifying the Group's sales capabilities as a driver for growth. To cultivate new customers in the private sector, Group companies will share sales strategies, and we will actively develop our overall digital marketing and promotion capabilities.

In addition, we have established a new Consulting and Sales Unit at Mitsubishi Research Institute DCS to improve our ability to present the optimal proposals for resolving customer issues and expand business.

We are also strengthening the Group's proposal and consulting functions, including increasing the exchange of human resources across the Group.

MRI DX DAY
Breaking free from DX fatigue
Beyond barriers in the GPT era
Online seminar
9:40~16:00, July 19, 2023

3. New businesses and global business

New businesses: strengthening exploration and development
We will continue the MP2023 initiatives to accelerate exploration and development of new businesses.

Human resources versed in societal and customer issues will assess societal trends and customer management issues and generate various ideas for new businesses and business concepts geared to our customers.

When setting up new businesses for operation, we will work with Group companies as well as with business partners and startups. We are advancing a concerted Group effort that brings together our strengths in the energy, human resources, and regional innovation fields and in cutting-edge technologies, such as generative AI. While continuing to build and improve the profitability of businesses launched under MP2023, we will also fortify the PROSRV®, miraicompass®, and other subscription-based services, which are a strength area of DCS, elevate their earnings to roughly 10% of net sales.

New business: MERSOL

Operator input	MRI analytical model	Output provided
Storage battery specifications	Original multiple-use optimization model	Summary of investment income and expenditure
Customer data, etc.	+	Operating patterns in 30-minute increments
Usage details	Specifications created from our knowledge of the domestic market and public policy	Data browsing dashboard

MERSOL

MERSOL is a web-based simulation model indispensable to distributed energy resources (DERs), such as energy storage and private power generation facilities, for optimal operation planning.

Global business: accelerating business development
We contribute to resolving societal issues overseas by providing consulting services and participating in businesses through public-private partnerships with communities at our bases in Hanoi, Dubai, and other locations. We are also expanding our global business by supporting the overseas operations of Japanese companies with advanced knowledge and partnering with startups to develop new businesses abroad. The think tank function is strengthening

QATAR - JAPAN
BUSINESS RECEPTION

collaboration with research institutes in the United States, Europe, and Asia, collecting information on international affairs, and participating in joint research projects with foreign entities. We continue to work to enhance the quality of our research and recommendations and to publish information in a timely manner.

4. Digital transformation of the Group: reforming our processes and enhancing productivity with innovative technologies

The ongoing progress enhancing our think tank DX (p. 75) begun under MP2023 will significantly improve productivity throughout the Group. We will accelerate the Group's digital transformation by integrating generative AI, advancing the digital transformation of our research briefing processes and project management, and updating our core systems.

We will continue to develop services for external customers incorporating the technologies forged through our Think Tank DX initiatives.

The first technology that we introduced and which is gaining widespread use is RoboRisa, an automated research solution using AI and ChatGPT technology for web surveys and report generation (p. 75).

5. Risk management: improvements as our business content broadens

We expect various risks to emerge as we broaden our business content in pursuit of the 2030 goal set out in our MP2026 to raise net sales to ¥200 billion. We are preparing by elevating the Group's risk management, including construction and implementation of a risk dashboard. This will help us monitor the fluctuations in risk and enhance our management of risk indicators. We are also developing the content of our training programs as a way to reduce risk and increase employee sensitivity to risk. In addition, we are improving the Group's project management structure for system development and creating new process for smoother operation of new businesses and services.

Message from Corporate Administration Unit General Manager

Value Creation Model I Growth Strategy II How We Address Societal Issues III The Source of Our Advantage IV Initiatives to Support Value Creation Financial and Corporate Data

We are aggressively investing in growth to achieve our goals for 2030

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

We generally achieved the Medium-Term Management Plan 2023 financial targets and steadily improved our non-financial and social value

The recently completed Medium-Term Management Plan 2023 set targets of ¥10 billion in ordinary profit and 10% ROE as indicators of our financial value. Our drive to fulfill our goals maintained the levels of FY9/22 with FY9/23 ordinary profit on the mark at ¥10 billion and ROE close to the target at 9.8%.

Nevertheless, I believe we could have performed better. Our performance was largely driven by our core public sector and the finance and credit card businesses, but we did not expand the DX business, subscription-based business, or global business as much as we were aiming for. For that reason, under Medium-Term Management Plan 2026 (MP2026) we will accelerate reform of our business portfolio and model with a focus on our axes of Societal and Public Innovation, Digital Innovation, and

Financial System Innovation.

At the same time, we made great strides for our non-financial value through measures that included adopting a Basic Policy for Sustainability and a Basic Policy for Diversity, Equity, and Inclusion, and proactively providing disclosure information. These efforts earned the company selection to the FTSE Blossom Japan Sector Relative Index. Enhancing our non-financial value continues to be a key area of focus.

Our VCP Management is also actively engaging in activities to create value for society. We are working on developing ways to measure the financial value and the positive impact our activities provide to society so we can clearly show our contributions.

Strategic investment to improve profitability and enhance corporate value

Although we largely achieved the financial targets of

Medium-Term Management Plan 2023, we recognize the necessity to continue improving, particularly in the areas of profit margin, PBR, and ROE.

To add power to our performance, we will be seeking to raise our business scale another level to where we have a sales base of ¥200 billion annually. Doing so will give us greater flexibility in our strategies to achieve our 2030 goals while also further building the trust of our stakeholders and our presence in society. We have separated our approach into three stages. During the second stage, which is our MP2026, we have set targets for sales of ¥135 billion, ordinary profit of ¥14 billion, and ROE of 12%, each of which are designed to increase our profit margin and

enhance our corporate value. At the same time, we will be making strategic investments, including M&A, to set us on a firm path toward fulfilling our goals for 2030.

In response to requests from our stakeholders, MP2026 also provides our capital policy for using funds for investment in future growth. We expect to have funds of approximately ¥50 billion from our existing investable cash and cash equivalents and from the operating cash flow generated by MP2026 after spending on human resources and R&D, and we will use roughly 85% of that for addressing issues that arise and for investment in future growth.

Of that amount, about 30% will be earmarked for growth investment to counteract labor shortages by adding personnel, enhancing our training programs, and improving compensation, as well as by developing new businesses, broadening our recommendation activities, and advancing digital transformation within the company. Twenty percent will be allocated to software investment for the service business and equipment maintenance and renovation. In addition, approximately 35% will be used for spending, M&A, and other strategies aimed specifically at achieving our goals for 2030.

All of these investments will have clearly identified targets and are aimed at generating cash flow in the future.

40% target dividend payout ratio

The MRI Group's basic policy is to provide stable dividends to shareholders.

In FY9/24, we plan to distribute dividends of ¥160 per share, an increase of ¥10 from the previous fiscal year, which will extend the consecutive years of increases to 12 years. Following our policy of maintaining stable dividends, we will continue following our guideline of providing a 40% payout ratio while taking into account the balance of our business performance, future capital needs, and financial soundness.

Growth path

Capital policy
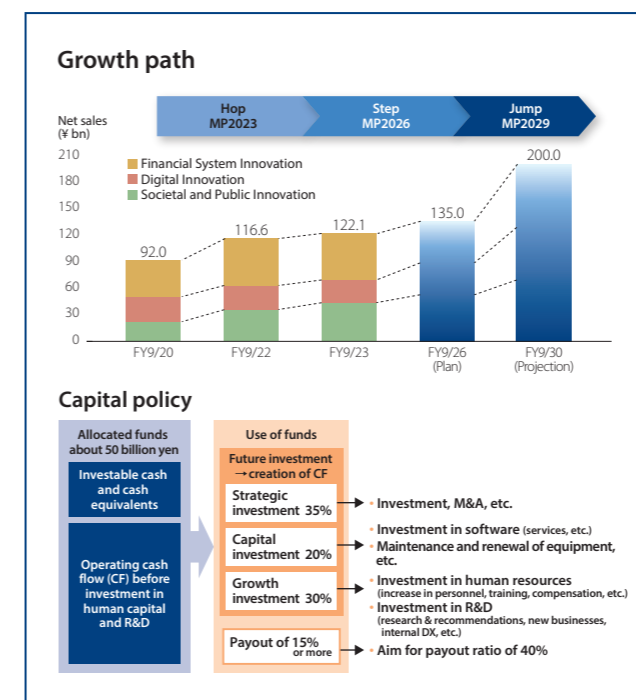
	Goal	Results and summary
Financial value	Ordinary profit: **¥10 bn** ROE: **10%**	• Ordinary profit: **¥10 bn** • ROE: **9.8%** • Ordinary profit margin: **8.2%** MP targets mostly achieved for the second consecutive fiscal year. Business portfolio reform halfway complete.
Non-financial value	Set goals divided into two fields: the capacity to resolve societal issues, and ESG	• Formulated basic sustainability and DE&I† policies • Undertook disclosure in line with TCFD‡ recommendations • Work-life balance, health-focused management • Adopted FTSE Blossom Japan Sector Relative Index§
Social value	Set social and business goals for each VCP* area	• Various recommendations aimed at realizing a better society **Examples:** measures to establish a new ICT infrastructure to support the explosive growth of information, recommendations for integrated promotion of energy and resource circulation policies. • Demonstrated and implemented advanced technologies including metaverse and generative AI • Improved wellbeing—one of our social value targets: demonstration of improved wellbeing of visitors

* MRI's unique Value Creation Process of addressing societal issues through an interlocking value chain from research and recommendations and recommendations to societal implementation
† Diversity, equity, and inclusion. The idea of incorporating diversity and fairness, harnessing them for social and corporate activity
‡ The Task Force on Climate-related Financial Disclosures, which released a report that recommends disclosure of climate-related information that impacts finances
§ An index to measure the performance of Japanese companies with high ESG ratings, ratings; includes companies with relatively high ratings within the sector. Selected as one of the ESG comprehensive indices for domestic stock ESG investment by GPIF (Independent Government Pension Investment Fund)

Dividend payout ratio and dividends per share

Group Structure Driving Business Strategies

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data
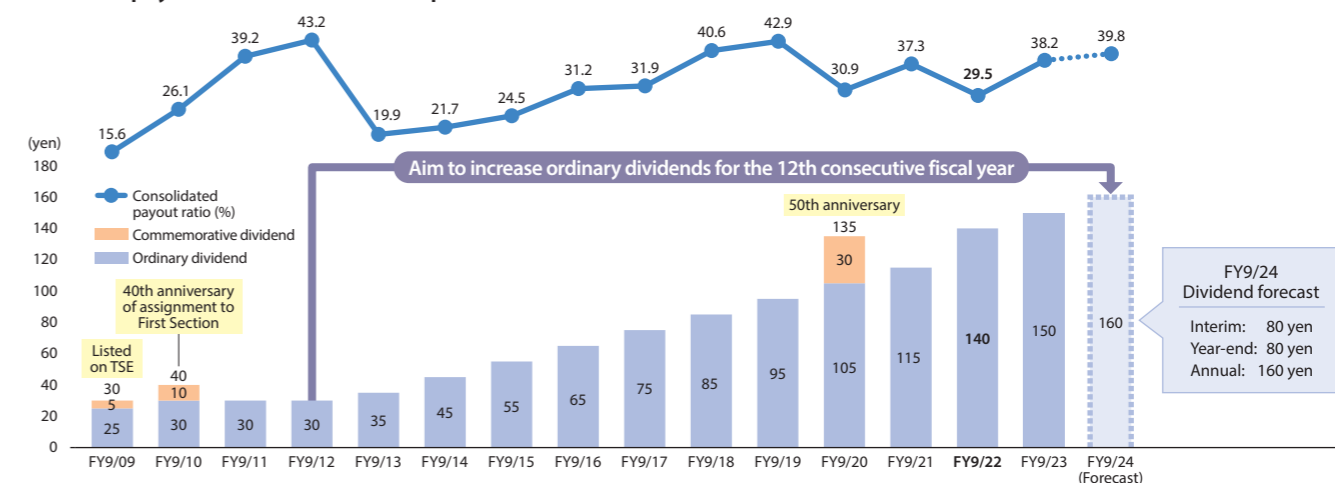
Using the Group's combination of think tank and IT strengths to provide unique value

Group structure

The Group comprises the Think Tank & Consulting Services segment and the IT Services segment. The former offers research and consulting services related to government policy and general business, involving all Group companies. The latter provides software development, operation, maintenance, information processing, and outsourcing services.

Our customers and society as a whole have high expectations for us to use our diverse business functions and integrated strengths to create and apply effective solutions and services for increasingly advanced and complex issues.

We are combining the Think Tank's accumulated knowledge and expertise and our Group companies' technological capabilities to become a *think tank and IT group that brings the Future to the world.*

Mitsubishi Research Institute, Inc.

Areas of expertise	Research and recommendations for addressing policy and societal issues, practical design of ways to create new value
Technology	Big data analysis, extensive simulation track record, data model construction

Mitsubishi Research Institute DCS Co., Ltd.

Areas of expertise	Design, development, and operation of systems for financial institutions, digital transformation implementation for companies in all fields
Technology	Proprietary data centers for system outsourcing, AI, ERP, data analysis, and robotics
Investment ratio	80.0%

Japan Business Systems, Inc.*

Areas of expertise	Cloud solutions, including Microsoft software, to support the digital transformation of companies
Technology	Total support for company IT environments, from consulting to solution implementation and operations
Investment ratio	18.8%

INES Corporation*

Areas of expertise	IT solutions for local governments and industries including finance, insurance, logistics, and manufacturing
Technology	Integrated IT services from consulting to design, development, operation, maintenance, and evaluation
Investment ratio	19.5%

* Equity-method affiliates

The relationship of our business strategy and business units

Medium-Term Management Plan 2026 links the Think Tank & Consulting Services (TTC) function with our IT Services (ITS) function in each of our strategic business domains to further strengthen the Group synergies for creating value. MRI and DCS are collaborating to advance measures in the strategic domains presented below.

The Digital Innovation Unit, for example, is deepening its collaboration with DCS and acting as the hub for collaboration with Japan Business Systems and INES.

In this capacity, the unit holds strategic meetings with top management from MRI and DCS and promotes Group-wide initiatives, such as digital marketing.

In addition, MRI's Business Platform Unit and the DCS's Consulting & Sales Unit and Technology Unit work together to promote domestic and overseas sales, develop new businesses and products, participate in external collaborations, and support the Group's business strategies.

Group business structure

Mitsubishi Research Institute		**DCS** Mitsubishi Research Institute DCS Co.,Ltd.
Think Tank Function	TTC Think Tank Unit	Insights shared throughout Group
Societal and Public Innovation	TTC Public Innovation Unit TTC Societal Innovation Unit	ITS Industry & Public Unit
Digital Innovation	TTC Business Platform Unit	ITS Technology Unit ITS Consulting & Sales Unit
	TTC Digital Innovation Unit	
Financial System Innovation	TTC (Financial Consulting Division)	ITS Financial and Payment & Transaction Unit
	MRI MRI Research Associates	

> ## Message from the President & CEO of Mitsubishi Research Institute DCS

Harnessing the power of IT and DX for a sustainable future

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

Mitsubishi Research Institute DCS has been steadily expanding its base of customers since its launch in 1970 by providing innovative system architecture and service businesses. Since becoming a core company of the Mitsubishi Research Institute (MRI) Group in 2004, the company has been providing services ranging from Think Tank & Consulting Services to IT implementation to establish a presence as a company providing solutions for client and societal issues.

Over our more than half a century, we have become particularly adept at constructing systems for finance, manufacturing, and other industries and in providing a vast palette of services, including business process and payroll outsourcing, online school admissions services for all grade levels, and integrated cloud services. We also have a data center providing clients with operational and administrative business process outsourcing (BPO) and data analytics. We have industry-leading management capabilities, as attested by our CMMI* maturity Level 5 status, and we intend to use those capabilities to continue offering high-quality services.

The MRI Group aims to be a collection of companies implementing technologies for the future, and we will use all four of our strengths to play our role of constructing and implementing IT and digital transformation (DX) services that are elegant and inspire wonder. We currently are actively engaged in providing enterprise resource planning solutions and systems modernization for the manufacturing, logistics, and electric power industries. We are also collaborating with MRI to develop the Public DX

business. In addition, we are applying the Group's highly specialized technologies to advance R&D and explore new fields, such as using AI to construct data analysis platforms and to enhance development and operating efficiency for the manufacturing industry.

We will be further deepening collaboration with MRI to continue enhancing our consulting services and expertise so we can even more proactively offer effective IT development solutions that overcome customer issues both upstream and downstream. We will also continue boosting our capabilities by strengthening partner collaborations and conducting strategic investment.

Another part of our growth strategy is the recent establishment of our Digital Academy. The academy will strengthen our ability to develop human resources—our greatest asset—by providing employees with reskilling training to stay on top of the rapid changes in technologies and the business environment. We are also setting up flexible work systems and an office environment to provide conditions where our employees can maximize their potential.

The future is anything but certain, but it is certain that IT and DX will be crucial for our customers and society to continue to prosper. Mitsubishi Research Institute DCS takes pride in providing IT infrastructure used in society and people's daily lives. Our ambition is to leverage the advantages of IT to create a sustainable future and be a company that contributes to customers and society through IT that improves convenience and elicits wonder.

* Capability Maturity Model Integration (CMMI) is an international index evaluating the maturity level of a company's software development processes

Business Unit Strategies

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Business unit strategies

Think Tank Unit
Think Tank Function

Yoko Takeda
General Manager,
Executive Officer,
Research Fellow

Combining our knowledge and scientific insight to provide recommendations for building a prosperous and sustainable society

Basic strategies

With the world facing increasing uncertainty, increasing importance is being placed on research and recommendations that will help countries and companies resolve the issues they are confronting. Against this backdrop, the Think Tank Unit is responsible for our Research & Recommendations activities, which have become the foundation of the Group's value creation model.

Our primary operation is to independently analyze international situations, economic developments, and technology trends. We then formulate recommendations from a long-term perspective on what form society can take

in the future and the steps needed to realize that society. We share our recommendations with governmental entities, industry associations, corporate councils, and the media in order to inspire new societal trends and create social value. The unit's business activities enhance the Group's presence, strengthen the capabilities of our researchers thereby increasing the Group's non-financial value, and lead to the creation of new businesses engaged in societal implementation.

Focus points

The distinguishing features of our research and recommendations are the fusion of researcher knowledge spanning a wide range of fields and a foundation in scientific insight. We use knowledge accumulated through our research and consulting services to provide recommendations that are deeply rooted in reality and that can serve as starting points for the real-world application of solutions. Under Medium-Term Management Plan 2026 (MP2026), we will expand our research network in Japan and overseas while broadening our co-creation activities. These are part of our effort to fortify our research foundation and highlight our unique capabilities, which will make our research and recommendations even more effective for formulating government policies and corporate strategies.

Public Innovation Unit
Societal and Public Innovation Business

Tetsuya Hanyu
General Manager,
Executive Officer

Allying with industry, government, and academia to find solutions for public sector issues

Basic strategies

The Public Innovation Unit's main clients are Japanese governmental agencies, to which it provides recommendations addressing the country's increasingly complex societal issues primarily in fields that are closely related to public policy, including healthcare, societal infrastructure, information and communications, and security. The unit advances co-creation activities between the Group and partners in industry, government, and academia at every stage from research and

recommendations to policy design, business promotion, and societal implementation geared toward a vision of society after current issues are resolved. The nature of the Public Innovation Unit's business makes it a starting point for the Group's future growth.

Focus points

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 multi-departmental recommendations for the critical issues facing our country. MP2026 responds to these rising expectations by calling for increasing our human resources and strengthening our capacity for taking on and prowess at growing projects. We will also provide more clarity on the projected outcomes of our activities, particularly for public DX, and invest management resources for growth in each business domain. In addition, we will actively use AI to improve the productivity of our operations and strengthen our foundation for providing value to our clients.

Societal Innovation Unit
Societal and Public Innovation Business

Tatsuya Nakabushi
General Manager,
Executive Officer

Consulting services that lead change and services providing solutions to societal issues

Basic strategies

The Societal Innovation Unit operates two businesses covering the four domains of energy & sustainability, human resources, regions & communities, and healthcare primarily for the central government and the private sector. The consulting business supports governmental policy proposal, system design and testing, and business strategies. The societal solutions and services business develops and operates subscription-based businesses implemented by MRI and with partners to contribute to the transformation of and solutions for our clients and society.

Focus points

We apply our VCP Management for business growth by approaching the increasing complexity, critical urgency, globalization, and uncertainty of societal issues as business opportunities.

We are strengthening our consulting business by leveraging our policy and system expertise and our simulation capabilities while also expanding the scope and improving the efficiency of our operations by taking on larger-scale products, raising our unit prices, applying AI and digital transformation (DX), and stepping up our recruitment activities. The societal solutions and services business is taking full advantage of our strong consulting business while integrating the latest AI, blockchain, and DX technologies to further broaden the range of our distinctive services. We are also seeking to increase earnings in our subscription-based businesses by making priority investments in growth areas and strengthening our business development and sales conducted with partner companies.

Digital Innovation Unit
Digital Innovation Business

Yoshihiko Ito
General Manager,
Managing Executive Officer

Advancing client DX with total support from strategy planning to implementation

Basic strategies

The Digital Innovation Unit engages in DX businesses that use digital technology to resolve societal and management issues in the general industrial, financial, and public sectors.

- **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**
- **DX support business: providing public sector DX 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 our technologies and businesses.

Focus points

In the age of VUCA, the factors causing changes in the business environment are becoming more complex, and digital technology is becoming increasingly critical for addressing the rapid changes. The unit is strengthening its DX Journey® services by vertically integrating the Group's knowledge of policy, regulations, industry, and 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 (p. 39). The company also serves as a hub to support the creation of new value for our clients by making comprehensive use of AI, internal data, and external data from various industries. We plan to collaborate with new partners, implement non-organic initiatives, and accelerate the selection and concentration of strategic business domains. Under MP2026, we will apply VCP Management and also consolidate our management as we further expand the Group's DX business.

Business Unit Strategies

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

Business unit strategies

MRI Research Associates, Inc. (MRA)

Hirofumi Suzuki
President

Using our strength in simulation and analytical technologies to provide increasingly essential EBPM

Basic strategies

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. MRA is engaging its strengths in simulation and analytical technologies as a technology partner of the MRI Group. We support the planning, implementation, and assessment of policies necessary for developing, maintaining, and strengthening societal infrastructure covering both hard infrastructure, such as urban facilities, transportation and power grids, and water and sewage systems, and soft infrastructure, including medical and long-term care, disaster prevention, decarbonization, and the circular economy. We aim to leverage our inherent mobility to enhance the value the Group provides and to realize a prosperous and sustainable society.

Focus points

Our activities encompass a broad range of public sector projects. Among these, we will increasingly focus on areas with significant societal impact, such as green transformation and resource recycling, intense disaster prevention measures, medical and long-term care, regional transportation, and infrastructure maintenance and management. We will use our strengths in simulation and data analysis to fortify the business foundation of B) Analysis & Conceptualization and C) Design & Testing. We will be particularly active in helping develop the Group's digital transformation (DX) business in the areas of medical care, long-term care, and disaster prevention. Development of MRA's business will include actively engaging our specializations in overseas research and statistical analysis in the areas of societal safety (crime and child safety measures), labor, and gender equality.

Mitsubishi Research Institute DCS
Industry & Public Unit

Societal and Public Innovation Business
Digital Innovation Business

Shoji Kimoto
Unit Head,
Managing Director,
Managing Executive Officer

Becoming a true partner using IT and DX to provide solutions to societal and customer issues

Basic strategies

Our activities cover a wide range of areas. In the Industry & Public Unit, our ERP business provides enterprise resource planning (ERP) and related DX solutions and data analysis for manufacturing and distribution operations. Our solution business helps government and public agencies with their semi-public sector projects that are based in policies. And our service business offers the PROSRV® HR business process and payroll outsourcing service, and the miraicompass® online school admissions service.

We are seeking to continue growing our business by working with MRI to quickly identify a wide range of corporate and public sector IT and DX needs and to enhance our ability to be proactive in proposing projects.

Focus points

We are looking to the private-sector DX and IT markets where we will leverage the consulting function that we strengthened under MP2023, our track record as an ERP prime vendor, and investment to develop our services.

We are also pursuing growth opportunities for our public sector operations, such as with the Digital Agency and from procurement reform, and are accelerating the integration of MRI knowledge into our system development capabilities. Under MP2026, we are aiming to be a *true partner*, working with our clients and partners to use IT and DX to create solutions for societal and customer issues. Our focus points will be:

- Providing one-stop solutions from consulting to installation, operational assistance, and establishment
- Forming composite solutions to complex customer issues
- Using ERP as a starting point for expansion into peripheral areas
- Accumulating achievements in the public sector from the combination of DCS system development and services and MRI consulting
- Expanding of DCS's original service businesses into human resources, education, music publishing, and new fields

Mitsubishi Research Institute DCS
Financial and Payment & Transaction Unit

Financial System Innovation Business

Makoto Fukushima
Unit Head,
Managing Director,
Managing Executive Officer

Creating a new business model centered on our expertise in financial institution DX

Basic strategies

The Financial and Payment & Transaction Unit generates IT solutions for the development of banking systems, including support for the digital transformation of operations, and for the full range of settlement operations in B2C and B2B commercial transactions. Our main customers are major financial institutions, credit card companies, and other financial and settlement business operators, foremost of which is the Mitsubishi UFJ Financial Group (MUFG). The unit has been a core business of DCS since the company's start and is the foundation cultivating the customer base we have built up over many years of developing and maintaining financial systems. We are using our vast knowledge of systems and operations to develop new clients and formulate a new business model.

Focus points

Technological innovations are revolutionizing how customers make payments, and client needs are becoming more sophisticated and diverse, such as the need to participate in upstream processes, to dehost from aging core systems, and to use data in new ways. While meeting these needs, we will also be seeking new clients and engaging a new business model, which will become core drivers of next-generation earnings. We aim to establish the unit as a business partner as our clients address their business issues.

Mitsubishi Research Institute DCS
Technology Unit

Societal and Public Innovation Business
Digital Innovation Business
Financial System Innovation Business

Yuji Nagami
Unit Head,
Managing Director,
Managing Executive Officer

Combining our leading technologies and maximizing our capabilities to support client value creation cycles

Basic strategies

We provide infrastructure development and contract operation services for our existing customers, new client companies, public utilities, and other clients who are struggling from the shortage of human resources trained in information systems. We are also providing consulting services and are expanding our coverage to encompass the recent growth in our cloud business, operation business, and data analysis and AI services. In the cloud business, we are upgrading our services from our foundation of providing high-quality infrastructure and analysis platforms aimed at branding to also offering consulting-based operation outsourcing services. We are also fortifying our technical proposal capabilities and working with MRI 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

Our foundation lies in creating technology strategies geared to market trends and business strategies and improving our technological capabilities throughout the organization. We use this foundation to strengthen our products, such as providing solutions and services 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 the MP2026, we aim to increase the number and raise recognition of the solutions and services we provide that help our clients overcome issues. We will also link together a new value chain for supporting our client value creation cycles that starts with consulting and then progresses through implementation, operation, and analysis before starting again with consulting.

II

How We Address Societal Issues

Three transformations for a sustainable future—HX, GX, DX

Investment in capital to support growth

Financial value

HX
Human Resource and Healthcare Transformation

Initiatives for a sustainable society of health and longevity ············· p. 55

Individual wellbeing　**Digital transformation for medical and long-term care**

Building a system for labor mobility across industries and occupations ········· p. 57

Individual wellbeing　**Human resources**

GX
Green Transformation

Accelerating the transition to a carbon-neutral society with a circular economy driven by renewable energy ········· p. 59

Societal sustainability　**Renewable energy & circular economy**

DX
Digital Transformation

Combining digital infrastructure and digital safety to create a new dimension of digital society ········· p. 61

Technology transforming society　**Digital infrastructure**

Individual wellbeing

Materiality

Using our business to realize our aspirations for the future

Societal sustainability

Technology transforming society

ial issue

ustainable h

Vision for 2070

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

How We Address Societal Issues

Value Creation Model   I Growth Strategy   II How We Address Societal Issues   III The Source of Our Advantage   IV Initiatives to Support Value Creation   Financial and Corporate Data

HX
Human Resource and Healthcare Transformation

Initiatives for a sustainable society of health and longevity

Individual wellbeing   **Digital transformation for medical and long-term care**

Medical and nursing care costs amount to roughly ¥50 trillion annually in Japan, and we estimate that cost will rise above ¥100 trillion by 2050. Lowering the burden of these costs as the population ages and supporting quality of life amid increasing chronic diseases will be essential.

We have been able to quantify how preventive medicine could reduce medical demand and how digital technology could boost productivity to help close the anticipated gap in medical capacity and demand. This data informs the scenarios we propose to achieve those measures. We are also helping demonstrate effective evidence-based medical system configurations and services that can increase productivity while reducing costs for medical and nursing care.

In addition, we are working to establish a foundation for digital transformation (DX), which will make evidence-based policymaking possible across the medical and long-term care fields. We will continue to support the transition to sustainable medical and long-term care insurance systems and help create social value as an outcome of a growing private sector, which complements the public insurance structure.

Akira Enomoto
Healthcare VCP Manager

Social value creation process and outcome targets

Societal issues	Social value creation during MP2026			
Maintaining medical and long-term care systems in an aging society with a declining birthrate and avoiding QOL decline	**A** Research & Recommendations • Quantify and propose scenarios for using digitalization to eliminate the supply and demand gap	**B** Analysis & Conceptualization • Assist in the design of effective systems • Demonstrate medical and long-term care efficiency	**C** Design & Testing	**D** Societal Implementation • Develop systems for DX that contribute to evidence-based policymaking

Social value created (outcomes)

Initial period	Establish evidence-based medical and long-term care policies, normalize and digitalize preventive medicine to increase productivity (Case study: p. 56)
Intermediate and final period	Transit to a sustainable medical and long-term care insurance system, increase private business that complements the public insurance system

---

Main initiatives

For Japan to realize a sustainable society of health and longevity, it must improve the efficiency, productivity, and quality of the system under which medical and long-term care services are provided. We have set FY9/26 as the year in which we want to establish medical DX as the foundation for achieving those improvements.

We are advancing medical DX by helping put in place the essential elements of a society-wide information system infrastructure. This involves defining the system requirements, aligning a procurement structure, and supporting process management across all areas associated with government policy. This includes medical insurance, long-term care insurance, disability welfare, and disease control covering infectious diseases, intractable diseases, pediatric chronic diseases, and vaccinations.

We are helping normalize preventive medicine practices by supporting government policy evaluations by incorporating big data analysis into defined health exams, specific health guidance, and long-term preventive care.

Case study   Digitalizing vaccination system administration

We are assisting in the national government's efforts to digitalize its vaccination programs in light of issues that became apparent during the covid pandemic. These include system inefficiencies, inadequate ability to monitor vaccination status, and the need for the ability to quickly examine the vaccine efficacy and safety, including vaccine effectiveness and side effects.

The project will digitalize administrative tasks that are currently paper-based from recommendations through to billing. This will expedite vaccination procedures and enable more up-to-date monitoring and analysis of the vaccination status, effectiveness, and safety. The project will be an important step toward more advanced implementation of infectious disease control measures.

Diagram elements: Local governments; National Health Insurance Organization; Ministry of Health, Labour and Welfare (Anonymization); Immunization records and pre-examination information management system / Online qualification verification system; Study and research of vaccination effectiveness and safety; People eligible for vaccination; Medical institutions; Conceptualization and design of system; Mitsubishi Research Institute

Social value created as outcome

We are contributing to the formulation of evidence-based medical and long-term care policies by helping implement medical DX that will enable the use of big data to frame and evaluate government policy.

We are also helping normalize preventive medicine practices by supporting development of private-sector services that complement the public insurance system. We are working to ensure that digital technologies and databases see greater use in medical and long-term care settings to improve the efficiency of operations.

> ## Digital transformation for a sustainable society of health and longevity
>
> Since joining the company, my work has centered on enabling and promoting evidence-based policymaking (EBPM) in the fields of medical insurance, long-term care insurance, and disability welfare. This fiscal year, we started working on a project for long-term care DX with the aim of improving productivity and service quality at care sites.
>
> Bringing about digital transformation brings a host of challenges, such as altering on-site operations, working with local governments, coordinating with related parties, and restructuring programs. Although there are many difficult aspects to the work, I feel rewarded every day because I feel like what I do directly helps society.

Risa Tashiro
Healthcare DX Consulting Group,
Healthcare DX Division,
Digital Innovation Unit

HX
Human Resource and Healthcare Transformation

Building a system for labor mobility across industries and occupations: people find the jobs they want and companies find the people they need

Individual wellbeing   **Human resources**

The changes that green transformation and digital transformation are having on the structure of industry are expected to significantly change what companies require from their human resources. This will only deepen the mismatch in supply and demand between the jobs that people want and the jobs that companies need to fill. We estimate that in 2040, the labor shortage will be greater than one million people and span the spectrum of occupations.

Our work quantifies projected future mismatch and provides recommendations for eliminating the problem. We propose creating a *labor market common language*, standardized job descriptions that can be used across industries. Having a common language will close the mismatch by giving initiatives for reskilling and workforce movement needed steam. We are also assisting in designing a system for publishing worksite information, an essential for human resource mobility. Our research and proof-of-concept projects feature human capital management as well as regional reskilling activities.

We run services to match companies with individual workers based on our labor market common language. This should make it easier for workers to transition into growth fields while producing the social-value outcomes, such as a positive cycle in which companies and people mutually enhance each other's value.

Yoshiki Shimizu
Human Resources VCP Manager

Social value creation process and outcome targets

Societal issues

Eliminate human resource supply and demand mismatch

Social value creation during MP2026

A Research & Recommendations
- Quantify future supply-and-demand mismatch and propose a *labor market common language*

B Analysis & Conceptualization
- Support design for systems facilitating the movement of human resources
- Support for promoting and spreading human capital management
- Support for developing regional reskilling activities

C Design & Testing

D Societal Implementation
- Matching service for companies and workers using common language (Case study: p. 58)

Social value created (outcomes)

Initial period | Change the relationship between companies and individuals, matching human resources across industries and occupations

Intermediate and final period | Facilitate smooth movement of human resources to growth fields, form a society with companies and people mutually enhancing each other's value

Main initiatives

We act as the secretariat of the Human Capital Management Consortium created by the Ministry of Economy, Trade and Industry. The consortium seeks to erase the mismatch between companies and job seekers by exploring a system for disclosing information on the actual working conditions at companies.

The consortium is also laying the groundwork for the smooth regional movement of labor by supporting prefectural groups examining public labor and management in areas such as clarifying the specific skills required by jobs, creating environments where people can learn while working, and establishing effective labor management.

In addition, our JOBMINEs™ human resource matching service is helping revitalize the movement of human resources by using a labor market common language to connect companies and individuals.

Case study   Developing human resources for the semiconductor manufacturing industry with JOBMINEs™

Semiconductors are essential to next-generation industries. The semiconductor industry has entered an age of global competition, and world-leading semiconductor manufacturers in Japan and abroad are receiving governmental support as they work together to build up their local industries. The semiconductor manufacturing and related industries have an urgent need to secure *on-site workers*, such as manufacturing engineers capable of realizing a rapid ramping up of production. Our JOBMINEs™ human resource matching service combines the manufacturing placement experience and expertise of Nisso Corporation to bring qualified individuals to the positions of need. We are working with Nisso to assess job needs in semiconductor manufacturing. The collaboration is using these results to develop reskilling and connect companies to optimal human resources.

JOBMINEs™ aims to provide a steady flow of position candidates by making it possible to connect with engineers who may not have direct experience in semiconductor manufacturing but whose skills are highly transferable. It also identifies when a lack of experience can be effectively supplemented with education and training.

NISSO
(2) Human resource development
- Data-based placement and training programs (human capital management)
- Education and training at Nisso facilities

(1) Visualization of human resources

Mitsubishi Research Institute   JOBMINEs
- Human resource matching service

(3) Steady supply of human resources

Semiconductor manufacturing plant
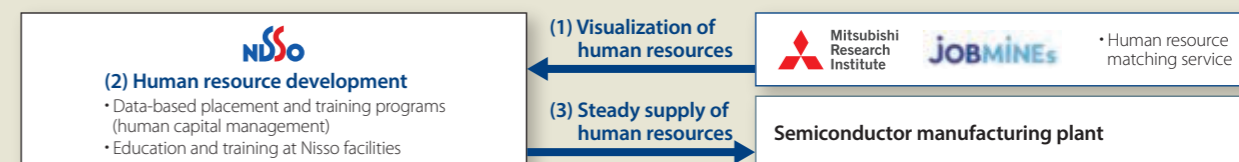
Source: Nisso Corporation and Mitsubishi Research Institute

Social value created as outcome

We are advancing initiatives to provide greater disclosure about the status of corporate human capital management and worksite information to the labor market with the aim of transforming the relationship between companies and individuals.

We also support regional reskilling efforts and offer matching services to help individuals smoothly transition across different industries and occupations.

> ## I feel that our efforts to address societal issues and provide the required services help lead to the overall optimal solutions for society

My work has covered everything from independent research on the mismatch in human resource supply and demand to commissioned research on labor market information disclosure, which is part of the infrastructure needed for smooth human resource movement, and to developing a task-based human resource matching business that facilitates human resource mobility.

The VCP Management I engage in has included identifying the structural elements behind societal issues and using that to envision the ideal movement conditions for human resources, and then developing and providing services that overcome any obstacles. This makes me feel like my work is not just addressing small, specific issues, but rather contributing to overcoming larger issues to make society as a whole better.

Kazuya Nishizawa
Policy and Strategy Group,
Human Capital and Career Division,
Societal Innovation Unit

How We Address Societal Issues

Value Creation Model I Growth Strategy II How We Address Societal Issues III The Source of Our Advantage IV Initiatives to Support Value Creation Financial and Corporate Data

GX
Green Transformation

Accelerating the transition to a carbon-neutral society with a circular economy driven by renewable energy

Social sustainability Renewable energy & circular economy

Japan aims to achieve carbon neutrality by 2050. To be successful, it will need to make renewable energy the main power source and transition to a circular economy as quickly as possible.

We conduct research outlining a carbon-neutral, circular-economy future and propose concrete steps for making it a reality. Our publications also include the effects that could be gained by each step as well as differing scenarios for achieving goals. Concurrently, our work supports the technological development, program design, business feasibility evaluation, and policy formulation needed to foster a circular economy.

We are helping society undergo a green transformation (GX) with projects targeting distributed energy resources (DERs), such as batteries, and technologies including advanced solar power generation systems, offshore wind power, and hydrogen energy sources.

We offer related services ourselves, such as software development for use under a circular economy and for DER planning and implementation. These are one part of how we work to create social value by speeding up the establishment of a circular-economy society that primarily uses renewable energy.

Hiroyuki Sasada
Energy and Circular Society VCP Manager

Social value creation process and outcome targets

Societal issues	Social value creation during MP2026			
Early transition to a circular-economy society powered primarily by renewable energy	**A Research & Recommendations** • Propose a future vision and concrete measures to achieve both carbon neutrality and a circular economy	**B Analysis & Conceptualization** • Assist in developing technology and designing systems for balancing energy supply and demand for a society centered on renewable energy • Help create a viable circular economic system	**C Design & Testing**	**D Societal Implementation** • Provide services using DERs and services needed to realize a circular economy

Social value created (outcomes)

Initial period	Construct a stable power supply and demand system that uses distributed energy resources, introduce advanced initiatives for a society with a circular economy (Case study: p. 60)
Intermediate and final period	Rapidly establish renewable energy as the main power source (Japanese government targets 36–38%), accelerate the formation of a society with a circular economy

---

Main initiatives

Many power companies have projects to incorporate storage batteries into their systems for the new opportunities presented by DERs, a promising technology, expected to take off in FY9/24.

In January 2022, we launched the MRI Energy Resource Solution (MERSOL) service (p. 44) Level 1 based on proprietary algorithms to support companies using DERs. The MERSOL service Levels 2 and 3 expand support to businesses operating storage batteries, helping them formulate plans to maximize their operating profits. We also provide services for forecasting regional electricity demand, or distribution future energy scenarios (DFES), that reflect each region's circumstances, such as DER availability and demographics.

We are also developing an application that will connect companies seeking to achieve carbon neutrality with providers of recycled plastics for use as raw materials—another key initiative for the circular economy.

Case study **Building a platform for recycled plastic**

In FY9/23, our Societal Innovation Unit and Digital Innovation Unit began developing and testing a software application that will expand the recycling market by facilitating information sharing between suppliers of recycled plastics, such as recycling operators, and businesses that can use recycled plastics, such as manufacturers.

The project aims to construct a resource recycling platform centered on software that will match users to providers while offering functions including traceability of recycled plastics and assessment of environmental value.

Recycled plastic supply-demand matching
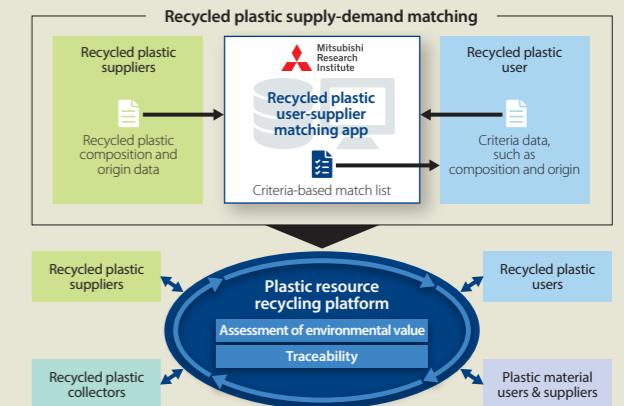
Social value created as outcome

Our MERSOL service enables operators to optimize the use of storage batteries for various applications, including renewable energy, the energy grid, and consumer use. Increasing the use of DFES will enable customers to identify sites of transmission and distribution overload so they can develop effective equipment configurations. These efforts are contributing to creating a nationwide stable power supply system, including the use of DERs.

In addition, our software application will help local communities and private companies to spur initiatives for a circular economy.

"

The joy of helping develop services that are directly linked to resolving societal issues

I am the project leader of BlueGrid DFES, a new service for forecasting regional electricity demand. Forecasting demand for electricity requires expertise in energy policies and systems, utility grids and markets, data analysis, and digital transformation. I developed the system alongside a group of highly experienced colleagues, and we are now working to expand its use.

Forecasting electricity demand is a very complex task, but it helps reduce costs for both power providers and the public. Knowing that my work is contributing to society gives me great joy.

Hiroshi Hanakago
New Business Development Group,
Energy and Sustainability Division,
Societal Innovation Unit

"

DX
Digital Transformation

Combining digital infrastructure and digital safety to bring society to a new digital dimension

Technology transforming society   **Digital infrastructure**

The rapid digitalization of society is causing an explosion in the volume of information and electricity being consumed. We forecast that in 2040 data exchange will be 348 times what it was in 2020 and electricity consumption will be nine times higher. This will require having a digital infrastructure in place that makes full use of cutting-edge technologies, ensures the unobstructed flow of information, has a low environmental impact, and ensures that information is used safely and securely.

MRI goes a step further by applying its data flow and electricity consumption forecasts to recommend infrastructure formats along with measures and scenarios to put them in place. We also provide support for developing and implementing mobile systems for public safety and next-generation beyond-5G wireless communication technology for digital infrastructure required in the future. We also help design systems and conduct R&D for transitioning to next-generation cloud and data-center environments.

In addition, by providing services that support a decentralized, highly efficient, and highly reliable infrastructure, we are helping create an eco-friendly, safe, and secure environment for data exchange that will ensure digital society will be able to function smoothly with the mass amount of information. The social value we create, the outcome, will be a new dimension of digital society.

Tomoki Takahashi
ICT VCP Manager

Social value creation process and outcome targets

Societal issues	Social value creation during MP2026			
Responding to the information explosion caused by the rapid digitalization of society	**A Research & Recommendations** • Forecast future conditions, such as the volume of information distribution, and recommend infrastructure formats and measures for realization	**B Analysis & Conceptualization** **C Design & Testing** • Support digitalization in the public safety field, beyond-5G development and implementation, and the transition to next-generation cloud environments (Case study: p. 62)		**D Societal Implementation** • Support the operation of decentralized, highly efficient, and highly reliable infrastructure

Social value created (outcomes)

Initial period	Develop and implement distributed and highly-efficient networks and reliable, secure communication environments
Intermediate and final period	Realize an eco-friendly, safe, and secure information distribution environment and take digital society to a new dimension

Main initiatives

MRI provides research, consulting, and other services for every stage of development from R&D to demonstration, implementation, and infrastructure development. Our work encompasses projects developing digital infrastructure for public safety agencies to use regularly and in times of emergency, such as the Public Safety Mobile System (formerly known as Public Safety-LTE); developing and implementing local 5G enabling private use of high-speed wireless environments in controlled areas; developing and implementing new beyond-5G (6G)/NTN* core infrastructure; and designing systems for transitioning to cloud and data center structures with a low environmental impact and that comply with national and regional laws and regulations.

We also provide a risk rating service to confirm the status of cybersecurity necessary to ensure the safety and security of the digital infrastructure used in social and industrial supply chains.

* A non-terrestrial network (NTN) is a multi-layered network for mobile receptors covering land, sea, and air

Case study Supporting the development and implementation of local 5G

MRI provides full support for development and implementation from system design to testing for local 5G networks, including for companies and organizations constructing proprietary telecommunication networks covering limited areas. We have worked with partner companies to develop effective solutions for overcoming specific issues, such as high costs and cost-effectiveness. Thanks to this work we are now progressing to the implementation phase with clients in various industries.

Some of our projects include incorporating AI, robots, and drones in factories to control and guide the entry and exit of vehicles and to facilitate patrol inspections. We are also using new abilities to record and analyze high-definition video to enhance safety and productivity. In the railway transportation industry, we are using on-board cameras and AI technology to automatically detect equipment abnormalities, which has been proven to effectively reduce the burden of visual inspections and patrols. The systems have the potential to reduce costs even further if multiple railway companies share the same system, and they could even help the companies respond to the shrinking labor force and bring unmanned automatic train operation to practical use.

Local 5G networks in society

- Agricultural and dairy areas
- Densely populated urban sites
- Rural and residential areas
- Factories and industrial parks
- Logistics centers
- Coastal and harbor areas
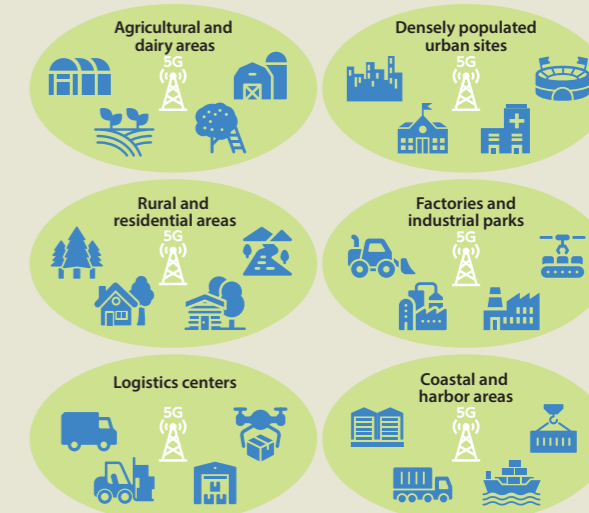
Social value created as outcome

We are providing support for several government policies, assisting private operators who are developing infrastructure, and helping establish eco-friendly and secure usage environments. Our efforts in these areas are contributing to the development and implementation of distributed and highly efficient networks and reliable and secure communication environments.

"

Digital infrastructure that enhances personal safety and security

My job encompasses testing of digital infrastructure and a wide range of survey and research projects. I am currently working on demonstrations for a government-led project to create a communication system that will enable public-safety agencies to use long-term evolution (LTE) mobile phone technology.

We provide support to various public-safety agencies who are active on the front lines of disaster response, and we are constantly examining the digital infrastructure and looking for ways to use it both in times of emergency and in everyday operations. Being involved in such a large and important project for the safety and security of society is extremely satisfying, and I am highly motivated to do my best every day.

Sho Goto
ICT Infrastructure Strategy Group,
Mobility and Communications Division,
Public Innovation Unit

III

The Source of Our Advantage

Culture and programs to cultivate new knowledge and support talent success

Financial value

Intellectual Capital ········ p. 73
Relationship Capital ········ p. 76

Intellectual and Co-Creation Foundation

Human Foundation

Social Trust Foundation

realize a better future

Financial capital

B Analysis & Conceptualization

Function

Public Innovation

roup leading for the future

ation Business

tem Innovation

C Design & Testing

Shareholders, investors

Public sector entities

Private companies

International and local communities

Students, mid-career hires

Our sustainable growth

Material issue

Vision for 2070

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

Human Resource Strategy:
Hiring, Training, and Assignment ········ p. 66

Workstyle Reforms and
Health-Focused Management ········ p. 69

Diversity, Equity, and Inclusion ········ p. 70

Non-financial value

Expansion of our recruitment and co-creation network through the enhancement of our reputation and brand value

Human Foundation

We aim for the sustainable growth of our talent and the Group, a synergy of the higher capabilities of each

Takashi Inoue
Executive Officer,
Deputy General Manager, Corporate Administration Unit
(Officer Responsible for Human Resources)

Linking human resources strategy to business strategy

Every improvement in the skills and intellectual resources of each employee helps resolve societal issues, fuels the Group's value creation, and drives the Group's growth. These further feed back into growth for the individual. Since the early 2000s, we have run a full set of measures for the sustainable improvement of our people and the organization.

(1) Integrated management of HR and business strategies
We assign our talent based on an optimal human resource portfolio to enhance our potential as an organization. This maximizes the abilities of individual employees toward realizing our business strategy. We examine the required skills, a qualitative indicator, and the number of personnel needed in each business area, a quantitative indicator, to define the workforce demanded by long-term business strategy. We then analyze gaps between the optimal and actual situations and implement measures to close those gaps.

(2) Supporting individual career development
We have introduced a *multi-peak human resource system*, based on the FLAP Cycle® (p. 67), to enable individual employees to build careers that reflect their strengths and aspirations. The peaks in this system represent career goals, but not everyone is expected to aspire to a management position. The system offers many different peaks that our talent can aim for, illuminates potential career paths to those peaks, and enables our diverse workforce to perform. We also ensure that each employee

has access to the knowledge and skills required for higher career prospects.

We host an array of training programs across the company and in individual units. We plan to integrate these programs under a new structure, the MRI Academy, which launched in April 2024. It will provide the programs needed to enhance the potential of individual employees and realize our business strategies. It will operate in tandem with the Digital Academy at Mitsubishi Research Institute DCS.

(3) Harnessing the power of diversity
We are committed to providing an environment in which a diverse range of employees, including women, mid-career hires, non-Japanese employees, and people working under the remote relocation system, can feel energized and reach their full potential. We have also pursued pioneering initiatives to promote diversity, equity, and inclusion (DE&I), in addition to health-focused management for good work-life balance. We have forged workstyles for the new normal (p. 69) from our experiences gained during the pandemic, also contributing to our diversity initiatives.

While remuneration and welfare systems are essential, enhancing employee motivation and engagement is the most important part of our human capital management. Our employees are strongly motivated toward resolving societal issues, and achieving this through our work drives a positive cycle that further heightens motivation and engagement. These vital assets are the core focus of our human capital management.

Components of our human capital
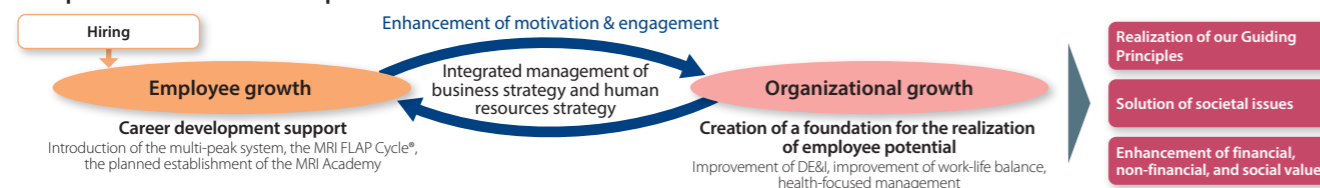
Human Resource Strategy: Hiring, Training, and Assignment

Continuous enhancement and expansion of the new human resource policy

Our advantage is built on our ability to recruit and train highly diverse personnel with the advanced expertise needed to resolve societal issues through the full realization of our business strategies. In April 2021, we 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 under the multi-peak system.

Human resource portfolio management based on human resource strategy

We have defined the human resource portfolio required to achieve our goals under Medium-Term Management Plan 2026 and identified gaps between this portfolio and our present situation. On this basis, we are recruiting, training, and re-assigning employees in line with our business strategy. We are prioritizing the recruitment and training of more diverse talent in the areas of business management

and digital transformation (DX) to manage our Value Creation Process (VCP), which is essential to the achievement of sustainable growth.

Enhancing recruitment processes

MRI recruits new graduates and mid-career talent according to its long-term strategies. The number of people hired has increased in recent years.

As part of our new-graduate recruitment processes, we run an internship program that helps students to plan their careers while also giving them a better understanding of our business activities. Following recent changes to rules for hiring past student interns, we provided over 200 students with internships linked directly to recruitment in the summer of 2023.

We actively use mid-career recruitment to attract talented people with advanced, specialist skills. We have launched a system of referral-based hiring and recruitment enhancements, such as direct recruitment and the use of agencies specializing in highly skilled personnel.

Human resource portfolio concept
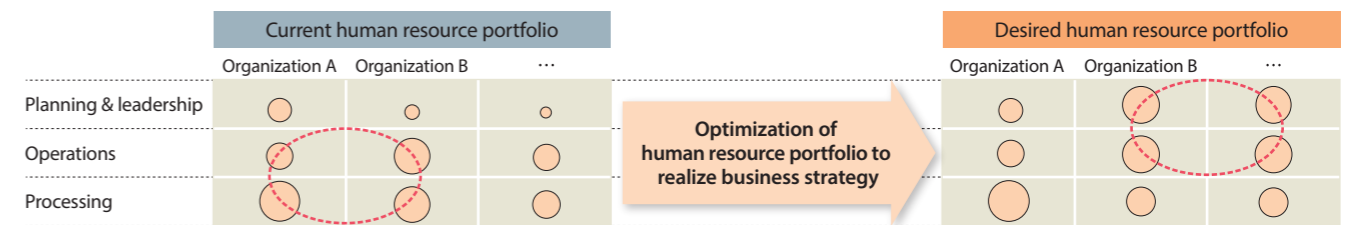
New graduates hired, mid-career hires, and retirees

	New graduates	Mid-career hires	Retirees
FY9/23	59	73	31

Internship program (summer of 2023)

Group-work type	Future society recommendations course
	Management consulting course
	Digital innovation course
	DX consulting course
Contest type	AI analysis contest course
Experiential and practical type (on individual basis)	Policy Consulting Unit*
	Business Consulting Unit†
	Global Business Division

* Implemented by individual units
† Innovation service development, career innovation, regional innovation

Internship survey results (summer of 2023)

Q. How satisfied were you with the internship program in general?

n=185

- Very satisfied
- Satisfied
- Neutral
- Somewhat unsatisfied
- Unsatisfied
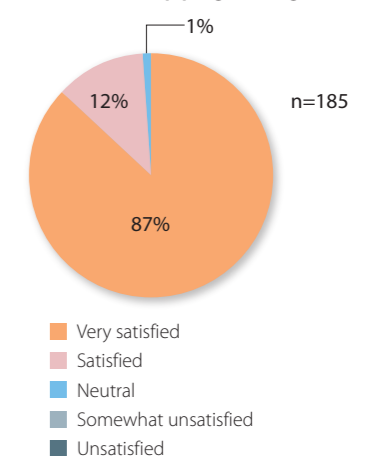
Career development through the MRI FLAP Cycle®

People are our most important asset. That is why we have introduced and applied the MRI FLAP Cycle® as a way of enabling individual employees to achieve continuous growth and excellence. The FLAP Cycle® is a framework for supporting career development tailored to the abilities, aptitudes, and aspirations of individual employees. It consists of *finding* one's aptitudes and the elements required for tasks, *learning* the knowledge required for skill improvement, *acting* toward goals, and *performing* at a new level.

At the *find* stage, employees survey their career fulfillment level from three perspectives: what they wish to do, what they can do, and what they must do. The system then helps them to build their careers from a long-term perspective. In addition to one-on-one interviews with their supervisors, employees also participate in discussions with the Human Resources Division as one instance of company-wide support.

The *learn* stage consists of practical learning, primarily through on-the-job training (OJT), together with seniority-based training, training for specific roles, such as project leadership, and training in specialized areas, such as AI and consulting. Through these various training activities, employees acquire the knowledge and skills required for their work. In addition, employees are seconded to other companies or transferred to other units under a rotation program that allows them to gain practical experience that would be difficult to find in the units to which they are assigned. Ten or more employees use this system each year. We also encourage individuals to pursue learning in areas that reflect their own aspirations and interests by providing skill development support, including subsidies for postgraduate study.

Employees use knowledge and skills acquired at the *finding* and *learning* stages to take *action* toward their goals by taking up the challenge of more senior positions or different roles. Through this process, they take their *performance* to a higher level.

We store information about the skills and careers of individual employees in the Talent Management System (TMS). This database is used to ensure the effective utilization of the FLAP Cycle®.

Effective goal-linked training

We are continually updating our training methods in step with progress on workstyle reforms. We effectively combine face-to-face training, which emphasizes two-way communication, with input-based on-demand training, which enhances efficiency by allowing employees to study at times that are convenient for them.

Human resource development system overview
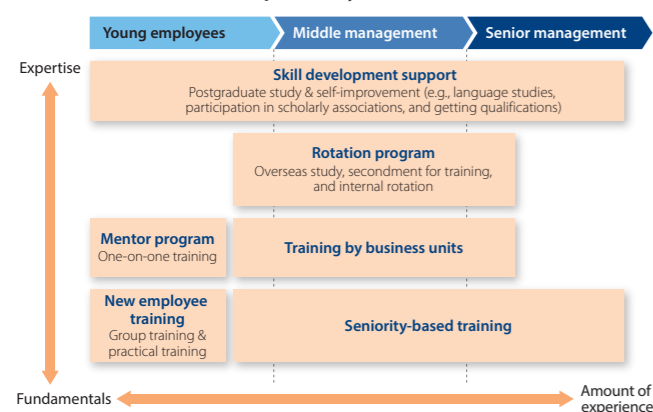
The MRI FLAP Cycle®
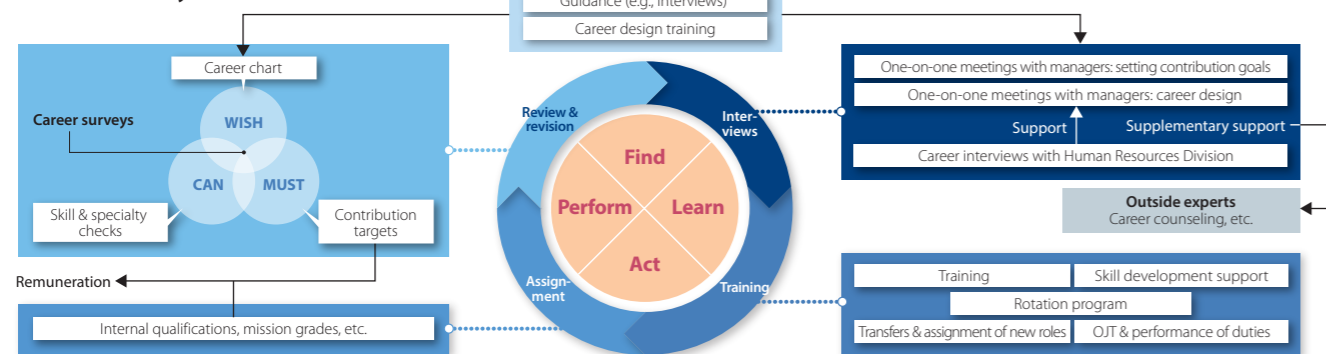
Structured training strengthened through the establishment of the MRI Academy

In recent years, we have maintained our ability to meet clients' increasingly sophisticated consulting needs by expanding our recruitment of new graduates and mid-career hires with diverse academic and professional backgrounds. As a result, it is no longer possible to accommodate employees' career development expectations solely through traditional basic training, OJT, and mentor guidance by senior employees during the onboarding process for new employees. A more systematic and sustained approach to training is required.

For these reasons, we are currently preparing to launch the MRI Academy in April 2024 to enhance and systematize our various training programs. Its primary role will be the administration of training for young researchers and consultants. We plan to create a training structure that reflects the unique strengths of MRI, including our knowledge of advanced science and technology, AI, and innovation. We also plan to provide reskilling training through the FLAP Cycle® for senior employees in the future. The human resource development structure based on the MRI Academy will be further strengthened through collaboration with the DCS Digital Academy established by Mitsubishi Research Institute DCS.

Maintaining and enhancing engagement through regular surveys

In line with our human resource strategy, we conduct annual employee engagement surveys to ensure that MRI is fully utilizing the value creation capabilities of its human resources. Findings from these surveys are used as reference data for the formulation or modification of human resource policies and programs. The survey results are also fed back to line managers to help improve engagement in individual organizations, while company-wide trends are shared via the corporate intranet.

We also provide employees and line managers with opportunities to detect any changes in their own mental or physical health through monthly pulse surveys. These surveys focus on signs of presenteeism, which can lead to declines in productivity due to factors relating to work motivation, enjoyment, or difficulty, as well as attendance rates, or health issues. By repeatedly implementing this survey, we aim to create an organizational culture in which people can communicate at any time about factors affecting them mentally or physically, and measures to maintain and enhance their condition.

The MRI Academy

Outline of the 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.

Workstyle Reforms and Health-Focused Management

Office space and IT measures to accelerate workstyle reforms

We respect the autonomy and diversity of our employees, and we have developed a variety of office space and IT measures to enable employees to work flexibly according to their diverse life stages.

(1) Hybrid workstyles

During the covid pandemic, we introduced hybrid workstyles combining physical and remote attendance. This brought major efficiency improvements, including reduced travel time and the ability to work collaboratively with employees in remote locations. Based on these outcomes, MRI will continue to support hybrid workstyles as a way of accommodating diversity and fostering a good work-life balance.

(2) Enhancement of office space

We have facilitated communication among employees by creating open communication spaces on each floor as venues for activities ranging from small group meetings to large gatherings of 30–40 people.

(3) Dual employment

Since 2018, employees have been allowed to take on additional jobs in order to improve their skills, gain experience that would not be available in-house, and increase their workstyle flexibility. This system was implemented after a company-wide poll to select ideas and proposals submitted by employees as part a campaign for employee-led company transformation ideas.

(4) Remote relocation system

We introduced this system to enable employees to live in areas remote from the office, normally at least two hours' distance by conventional train lines, and to attend physically only when necessary for operational reasons. As of October 1, 2023, 25 young employees, mid-level managers, and senior executives had used this system to relocate to areas ranging from Hokkaido to Kyushu.

Diverse approaches to health-focused management

MRI regards health-focused management as a vital priority for ensuring the sustainable growth of employees and the company. Measures are implemented to enhance and maintain employee health. We have also posted a diagram of our health-focused management structures on our corporate website and collaborate among organizations within and outside of the Group.

As part our health-focused management activities, we are working to maintain a 100% coverage ratio for medical checkups. We are continually revising the content of these checkups to ensure the early detection of diseases, the alleviation of lifestyle conditions, and the implementation of mental health countermeasures.

We use state-of-the-art technology and services to maintain and enhance our employees' health. Specific examples of the services available include early detection of cancer, ultra-early detection of cognitive decline, and physical age estimation based on height, weight, waist measurement, grip strength, and the ability to stand on one leg. These services are available free of charge to employees who wish to use them.

Since 2021, we have taken part as a company in a walking program run by the Mitsubishi Health Insurance Society; this is one means for us to raise health awareness and foster communication among colleagues. Walking earns participants points in the program's custom app. This naturally builds the habit of walking and encourages people to change their attitudes to health. The system also fosters communication among employees as individuals and units compete to accumulate the most points.

Our health-focused management structure
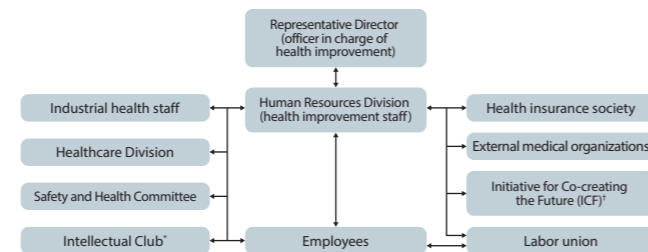
* Employee-led groups that aim for the creation of a brighter future through free and open discussion around select topics
† MRI administers this platform for industry, government, academia, and private sector collaboration to resolve societal issues through innovation and business

A communication area

At a health-focused management promotion event

Diversity, Equity, and Inclusion

Initiatives targeting DE&I as a priority policy

Everyone working for MRI must be empowered to reach their full potential. This requires not only the achievement of target indicators for women, non-Japanese, and mid-career-hire employees, but also the creation of a working environment and corporate culture in which people with diverse ideas and abilities can engage in lively debate. To energize debate, we must increase the diversity of our employees, while also ensuring that all can enjoy their work in the spirit of reciprocal respect and support.

These ideas are embodied in the Conduct Guidelines for Diversity and Inclusion, which we formulated in November 2022. The promotion of diversity, equity, and inclusion (DE&I) is identified as a key policy in Medium-Term Management Plan 2026. All employees participated in workplace discussions designed to build basic DE&I knowledge and deepen understanding about current trends and the meaning of equity. As part of our training activities, we have made the online seminar streaming service provided by Cradle Inc. available so that employees can view training programs that interest them.

We are also working to expand initiatives based on the actual experiences of mid-career hires and people who have taken childcare leave. To achieve this, we are creating opportunities for employees to share their thoughts about their careers.

Energizing working environments for diverse people

We want MRI to be a company in which diverse people can work enthusiastically and fully apply their unique qualities and strengths to the sustainable creation of value while helping each other to grow. To achieve this, we have made it a priority to craft working environments that meet the specific needs of people with disabilities while enabling individuals to apply their unique qualities to their work. We are also implementing initiatives in response to growth in the number of mid-career hires, such as assigning people to units and roles that allow them to make maximum use of their past experience and knowledge.

Continuous enhancement of human rights initiatives

MRI is a member of the Mitsubishi Group Human Rights Enlightenment Committee, which consists of representatives from 22 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 within the company include the use of training programs to raise awareness and the creation of a harassment hotline.

At a discussion event for interns from overseas

> ## A real sense that every individual is ready to lead change
>
> I took six months of childcare leave after the birth of my first and again when my second son was born. Consulting is regarded as an extremely demanding job. However, it is not uncommon for men to take childcare leave. Five years ago only around 3% of male MRI staff took childcare leave, but now the ratio has risen to 54%. This is partly due to the excellent follow-up support provided by childcare leave specialists in the Human Resources Division, as well as the enhancement of internal systems and manuals. However, I feel that the most important factor is the formation of a corporate culture in which people are more comfortable about taking childcare leave, which itself is the collective product of the efforts of individual fathers to lead change. This environment has helped me to make the most of my time with my children. One day I will explain to my children about my decision to take leave to be with them.
>
>
> **Satoshi Nakamura**
> Digital Acceleration Group,
> Business Data Analytics Division,
> Digital Innovation Unit

Diversity, Equity, and Inclusion

I want to make MRI a hybrid organization in which our diverse professionals are aware of shifting societal trends and work together to enhance their abilities and results

We have held company-wide discussions about the importance that DE&I has come to hold. One of the answers to emerge from these discussions was that DE&I is essential for self-transformation. Our business environment is evolving rapidly with each passing day in step with the accelerating evolution of technology. At the same time, we have accumulated vast knowledge resources and have extensive expertise that we can use to tackle issues. Our growth is built on these intangible assets. However, it is extremely risky to assume that tomorrow will be an extension of yesterday. If we turn a blind eye to change, we will continue working as we always have. While that could be effective in the short term, it will hinder innovation and fail to deliver growth over the long term. I want MRI to be a hybrid organization in which people with diverse skills and experience remain alert to opportunities, can enhance their abilities, and maximize results by working as a team, while respecting their differences.

Kenji Yabuta

Close-up

Sputniko! and President Yabuta talk about the DE&I in practice

MRI is using workplace discussion sessions and external online seminars to transform its initiatives under the Conduct Guidelines for Diversity and Inclusion formulated in 2022. All employees are participating in these company-wide activities.

As part of this process, President Yabuta spoke with Sputniko!, the CEO of Cradle Inc., which hosted the online seminars. Their dialogue highlighted the importance of equity in diversity, equity, and inclusion (DE&I) initiatives.

Conduct Guidelines for Diversity, Equity, and Inclusion	We strive to be a company where diverse individuals are actively engaged, grow together, and resolve various societal issues. ● We acknowledge the differences in the situations and aspirations of all ● We will create an engaging workplace through respect for individuality and help for one another ● We will take joy in combining unique strengths to create new value

Sputniko!

An important step toward achieving that goal is to change any unfair and inequitable rules, regulations, or practices that may be hidden within the organization

As the world undergoes change on a substantial scale, your organization needs diverse people able to sense such shifts. Companies with diverse antennae are more able to be innovative, resilient, and nimble. Change can even be exciting for them. To become this kind of company, you need DE&I, which combines D&I with equity. The minor rules, regulations, and practices that exist within your organization, such as working hours, meeting times, and promotion processes, may include provisions that seem normal but can actually result in unfairness toward people of different genders and ethnic backgrounds, or people with disabilities. To eliminate this kind of structural discrimination, I believe that it is important to promote diversity and create an organizational culture in which people feel free to express their views.

Profile of Sputniko!

Artist, Founder and CEO of Cradle Inc.
Formerly an assistant professor at the MIT Media Lab and a project associate professor for a postgraduate program at The University of Tokyo, Sputniko! is currently an associate professor in the Department of Design at Tokyo University of the Arts. She has been a TED Fellow since 2019 and was selected as a World Economic Forum Young Global Leader in 2017. Her other awards include the 11th L'Oréal-UNESCO Award for Women Scientists in Japan, the Vogue Woman of the Year Award, the G1 New Leaders Award (2023), and inclusion in the "Japan's Leading 100 People" list. She founded Cradle Inc. in 2019 and is currently its CEO.

Intellectual and Co-Creation Foundation

Intellectual Capital

Overview of our Intellectual Capital Strategy

The accumulation and utilization of intellectual capital form the foundation for our business activities and are the source of our advantage. Information and content published through our A) Research & Recommendations are the starting point for the development of business through our other processes. We also form and accumulate intellectual capital through B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation. At the societal implementation stage in particular, we enhance our competitiveness by building our base of intellectual property, such as by acquiring patents for our original methods.

We have a company-wide organization, one that encompasses all processes of our Value Creation Process (VCP), to integrate the knowledge of our diverse and highly-skilled professionals and further enhance our intellectual capital. We also disseminate knowledge and know-how gained from our business operations through group-wide knowledge-sharing activities, such as in-house seminars and courses.

Intellectual Capital Strategy

Chairman of the Institute and research fellows lead diverse research and recommendation activities

Hiroshi Komiyama
Chairman of the Institute

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

Our research and recommendation activities encompass three core elements. The first, our foundational research, enhances our knowledge base and includes analysis of the international situation, the economy, and advanced technologies. The second is our future-concept research, which focuses on the creation of societal trends, long-term concepts for the future of society, and paths to the realization of those concepts. Finally we have VCP-synchronized research, through which we propose solutions focused on societal issues in VCP priority domains. A key feature of our activities is research based on scientific concepts and the collective knowledge of researchers in a wide range of fields, including special research projects on broad themes, such as economic security, under the leadership of our research fellows. These activities are the starting point for the societal implementation of solutions to a wide range issues.
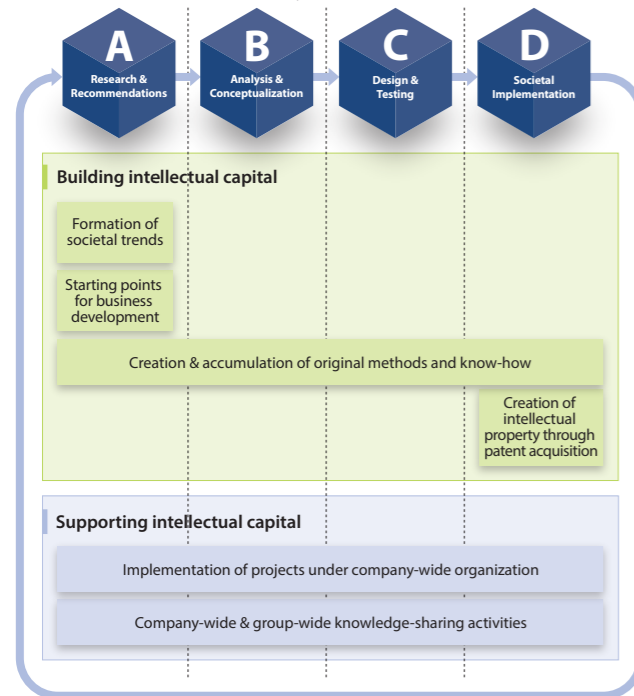
Enhancing the quality of research and recommendations through committee meetings and discussion sessions

As part of our human resource development activities, our company-wide Research & Recommendations Committee contributes to the qualitative enhancement of our research and recommendations by holding monthly meetings to discuss progress on individual research and recommendation implementation plans and activities. Company-wide efforts to enhance the quality of our research and recommendations also include regular in-house discussion sessions. These sessions, which are attended by senior management and research fellows, provide opportunities for comprehensive deliberations from multiple perspectives.

Formation of intellectual capital through business activities

We accumulate original methods and know-how not only through our A) Research & Recommendations, but also through our other business activities, including B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation. In addition to patenting, managing, and utilizing intellectual capital from these sources, we also use it to create solutions for clients' issues and improve our own efficiency. Outlined below are some examples of these activities.

Examples of intellectual capital

● **Sci-Fi Thinking**
We use this method to visualize disruptive but reality-based futures without being limited by past trends. We are exploring practical ways to use this concept as a new approach to ideation in an environment affected by growing uncertainty.

● **Design Management**
The aim of this management method is to apply the power of design in various areas, such as brand development, new business creation, and the transformation of organizational culture. We are working to promote the use of design management through analyses of the relationship between design and management.

● **FLAP Cycle®**
The shift of human resources toward creative, non-routine tasks has become a societal issue. We are advocating a practical way to accelerate this change through a four-stage process (Find-Learn-Act-Perform) (p. 67).

● **Think Tank DX**
Our own digital transformation (DX) initiatives include the use of digital tools, such as web-based information gathering and reporting, data analysis, simulations, and remote meetings to improve our operating efficiency. Tools created through these efforts are used as the basis for solutions and services provided to clients.

Acquiring and utilizing patents through the societal implementation business

The defining characteristics the MRI Group can be traced back to its origins as a think tank. We prioritize the application of those characteristics to the implementation of solutions that address the root causes of societal issues. In addition, we will further strengthen our competitiveness by actively turning differentiation factors, such as technologies and know-how, emerging from our societal implementation business, into intellectual property.

Our approach to patent acquisition is guided by an understanding of our strengths and weaknesses, and we prioritize applications for patents in priority fields in which we can further strengthen our business activities. Our policy is to ensure competitiveness by building barriers to competitor market entry through the acquisition of core patents for each business. In FY9/23 we acquired nine patents.

● **Region Ring®: example of acquiring patents to support societal implementation businesses**
Our Region Ring® digital regional currency platform was developed as a societal implementation business targeting regional issues. We have obtained multiple patents for a virtual currency system that provides new ways to use virtual currencies to stimulate regional economic activity. This in turn enables us to implement a variety of valuation systems. In preparation for the development of overseas business in this area, we are acquiring foreign patents for virtual currency systems in Indonesia, Malaysia, Taiwan, and other Asian markets.

The Region Ring® structure
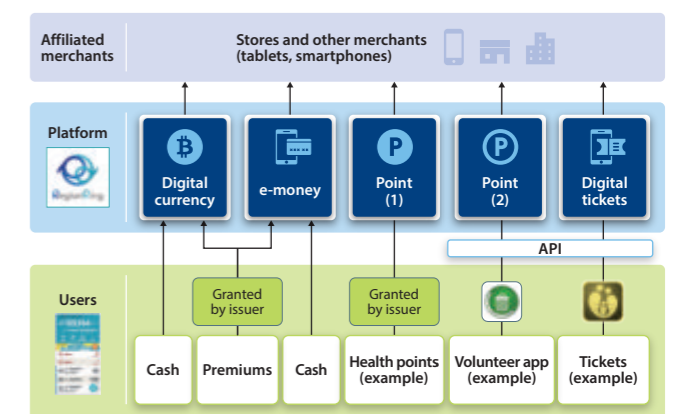
Acquisition of patents for reduction and elimination of incentives
• Region Ring® incorporates functions that allow incentives to be reduced or eliminated during campaigns or events by changing the value of colored coins on which additional information, such as digital currencies, e-money, points, and digital tickets, is recorded. MRI has obtained multiple patents relating to these functions
• By modifying the value of digital points provided as economic incentives, it is possible to encourage the use of incentives and stimulate consumption

Intellectual Capital

Think Tank DX: applying technologies such as generative AI

We are working to transform our think tank services by improving efficiency through the enhancement of various processes, including information gathering, data analysis, simulations, prototyping, project management, and meeting management. In recent years, we have applied digital transformation (DX) techniques to these processes under the banner of our Think Tank DX initiative, while utilizing tools, data, and pending patents as intellectual capital.

Dramatic improvements in the performance of generative AI are attracting intense interest. We began to apply this technology to our Think Tank DX initiatives even before the emergence of ChatGPT. We will continue to introduce, develop, and implement these technologies in-house to drive rapid improvements to the efficiency of our work. Employees can utilize generative AI either by accessing ChatGPT or other tools directly, or by combining generative AI and other systems and databases according to their purpose. We have introduced ThinkChat for the former, and RoboRisa for the latter.

● **ThinkChat: generative AI for our work**

ThinkChat is a system that allows ChatGPT-equivalent functions to be used in a secure environment. It significantly contributes to the improvement of reporting functions through the use of AI to create and review documents. To use this AI-based system effectively, it is necessary to be aware of areas in which AI excels and those in which it is less effective, to provide appropriate prompts, and to

ensure that human beings assess the results. Users also need to be aware of the various risks and technological limitations that affect the use of AI. MRI continually gathers, organizes, and documents related information and shares guidelines with all employees. We are working to accumulate intellectual capital relating to generative AI through our day-to-day business operations.

● **RoboRisa: combining generative AI with original databases**

RoboRisa is a system that improves the efficiency of research processes by automatically gathering information from websites and using AI to generate text and images. We do not use the results produced by generative AI directly. Instead, we employ misinformation detection AI to prevent *hallucination*, an instance when an AI response returns incorrect information as fact, a weakness of generative AI. Users can query a database of previously submitted questions, and RoboRisa can also organize information to create slides. The system is available for access by all employees.

Currently, RoboRisa collects information from over 1,000 domestic and overseas websites covering over 30 of our research themes. Since the websites used are selected by MRI researchers, the quality of the information provided is better than results from conventional web searches. As a system that combines generative AI and high-quality databases with misinformation detection AI, RoboRisa has become an important part of our intellectual capital accumulation infrastructure.

A ThinkChat screen
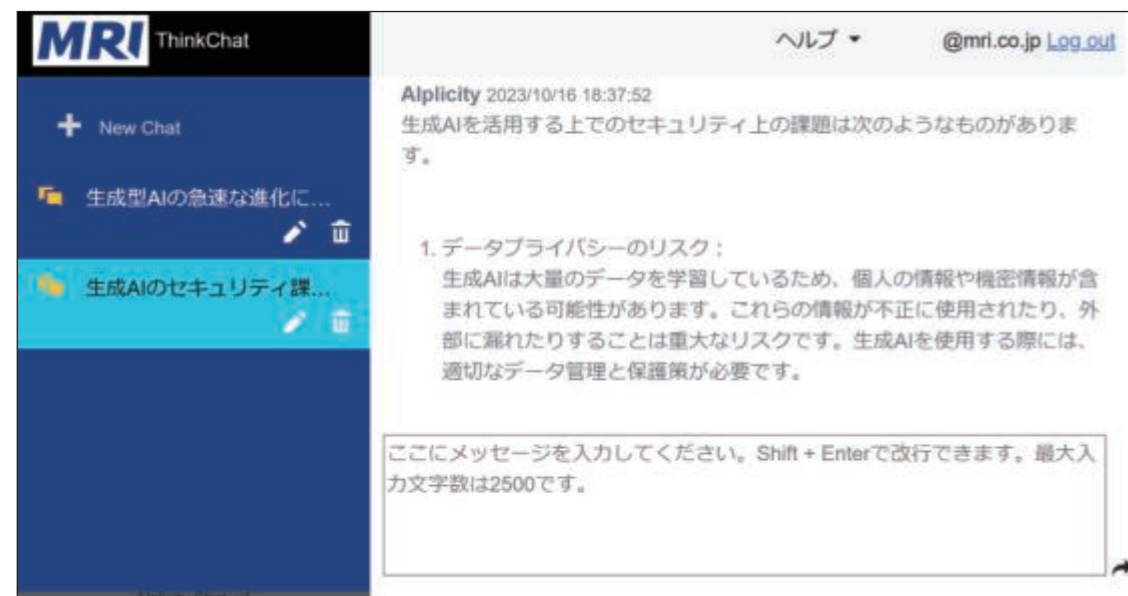
Relationship Capital

Overview of relationship capital strategy

MRI has unique advantages as a company dedicated to the solution of societal issues through the convergence of our Think Tank & Consulting Services segment with our IT Services segment. We are continually working to enhance those advantages by strengthening our relationships, not only with our customers, but also with all of the various stakeholders that make up society, through co-creation with partner companies and communicating our findings.

Strengthening relationship capital

- Expansion of relationship networks
  - • MRI Group Forum p. 77
  - • Regional Conferences p. 78
  - • Annual Media Conference and Media Workshops p. 78
  - • Initiative for Co-creating the Future (ICF) p. 77
  - • Business Acceleration Program (BAP) p. 77
- Sharing of results and issues
- Value co-creation
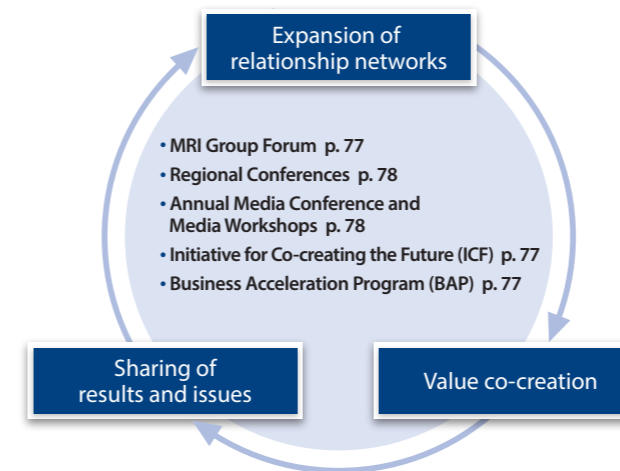
Acceleration of investment and equity participation in partner companies: M&A and capital and business alliances

M&A and capital and business alliances are at the heart of Medium-Term Management Plan 2026 and contribute to sustainable growth and the enhancement of the value that we provide. MP2026 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 and increase the speed, scale, and scope of our initiatives toward the solution of societal issues. We have set up the Strategic Planning and Alliance Group within the Group Corporate Planning Division to explore and execute strategic investments in collaboration with Mitsubishi Research Institute DCS.

One of our growth areas is digital transformation, or DX. The three core concepts for our DX services are Smart Factory Logistics for companies in the manufacturing and logistics sectors, the DX Journey®, through which we work alongside clients to realize DX at all stages from strategy proposal to implementation, and AI & Data Analytics, which involves the use of data-driven AI to facilitate business innovation. We are working in close collaboration with our partners to provide services based on these concepts. In our subscription-based business, we are working with our partners and expanding our investment, especially in areas in which we have already established a lead, such as energy, our digital regional currency platform Region Ring®, and healthcare.

Working with venture capital to strengthen growth businesses

In January 2023, we invested in FundX, an investment fund managed by the venture capital company Allegis Capital. Based in Silicon Valley, Allegis Capital has a track record going back over 20 years to its founding in 1996. Today it is a leading venture capital company with assets under management totaling ¥200 billion. It has established over 10 funds, with a particular focus on cybersecurity and data science. Its policy for FundX, which it launched in January 2023, is to invest in startups building businesses in primarily the DX, ICT, environment and energy fields. This policy aligns well with our own business areas. Going forward, we will use Allegis Capital's extensive networks to explore opportunities for collaboration with partners whose technologies and solutions offer potential for significant synergy benefits.

In May 2023, we established a subsidiary in the United States for the purpose of strengthening communication with Allegis Capital and other local venture capital companies and expanding our network for the discovery of startups with which we can establish new collaborative relationships. We will work with companies that possess promising advanced technologies and services with proven track records in the United States and other countries. We will also further strengthen and expand these businesses by linking them to businesses in the MRI Group.

Relationship Capital

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

The Initiative for Co-creating the Future (ICF) is our platform for the solution of societal issues through business using open innovation. Members, numbering almost 600, span large corporations, medium-sized companies, startups, central and regional governments, and universities.

The solution of a societal issue begins with a general analysis of the issue. This is followed by a broad array of innovation processes covering deeper exploration of the issue, consideration of specific business models, testing, and societal implementation, in collaboration with a diverse range of partners.

A core mechanism for these activities is the Business Acceleration Program (BAP), through which we invite proposals for societal issue resolution businesses from among the ICF-member startups, award excellent ideas, and accelerate the commercialization of those ideas. The ninth BAP in FY9/23 attracted over 200 proposals from Japan and overseas. Our researchers and consultants work with outside experts, ICF members, and other participants to further develop proposals with promising social impact. This emphasis on the creation of collective impacts through co-creation is the most important feature of the BAP. The results of these efforts are showcased at the MRI Demo Day event.

We will continue our efforts to bring solutions to the real world through ICF activities, by providing an ecosystem in which startups and wide range of stakeholders can engage in co-creation toward the solution of societal issues.

Presentations during MRI Demo Day 2023

Deepening relationships with clients through the 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.

Like the 2022 event, the 18th MRI Group Forum in November 2023 was a Group-wide initiative. Discourse explored a new vision for the future of society, in particular how to achieve a digital society. In addition to the presentation of findings by MRI researchers, there were also panel discussions involving experts from industry, the government, and academia.

The 2023 rendition returned to the pre-pandemic format while also offering live streaming to reach a wider audience. The hybrid format posted high marks with 184 participants at the venue and over 600 online.

At the 2023 MRI Group Forum

Strengthening ties with local business leaders through Regional Conferences

We have held Regional Conferences in the Kansai (Osaka), Chubu (Nagoya), and Kyushu (Fukuoka) regions since FY9/18 as a way of expanding our relationships with local business owners, universities, branches of central government agencies, and local governments. Each event in the FY9/23 series comprised formal activities, including keynote addresses and themed lectures, and informal activities, such as networking areas based on theme. During the themed lectures, speakers presented research results relating to three or four topics selected from issues of particular interest in local audiences, such as carbon neutrality, the circular economy, ChatGPT, human capital management, resilience, digital regional currencies, and expos. The theme-based networking areas made it possible for participants to discuss in detail topics of interest. For MRI, this meant a deeper awareness of issues that need to be resolved, ideas for their solution, closer communication with local leaders, and opportunities for new business co-creation.

Positive feedback from participants focused on the content of the keynote addresses, the curation of themes for the lectures, and the content of the presentations. We will continue to use these events to share about the solution of societal issues with the world, through initiatives that reflect changing regional, national, and international situations. We will also use them to create opportunities for co-creation and closer relationships with local communities.

At a regional conference

Media engagement: Media Conference and Media Workshops

We hold various events throughout the year to build close relationships with the media. We aim to foster a wider understanding of our aspirations for the future and our initiatives toward the realization of that vision. This is for greater resonance and expectations for our activities from society. We link that sense of resonance and expectation to co-creation activities by actively working with the media to communicate to the public.

● **Annual Media Conference**

The main theme for our Media Conference in FY9/23 was *The Current State of the World and Japan—Toward Recovery and Growth*. We presented and explained recommendations for the solution of societal issues spanning seven themes within and beyond Japan. A total of 64 editorial board members, journalists, and executives from 30 companies attended the event and engaged in lively discussions with MRI researchers and executives. As in previous years, there was positive feedback from participants about the meeting format, including the ability to select themes of interest and take part in small-group discussions.

● **Media Workshops** (1–3 times a month)

Every month, we hold Media Workshops on topical themes. Each event consists of a one-hour presentation by an MRI researcher, followed by a discussion session. The purpose of Media Workshops is to help participants to understand our views on issues and our recommendations. The discussion sessions always generate intense interest, with participants offering new viewpoints and raising issues. These discussions are valuable opportunities to form a circular process through which ideas gained from the discussions are applied to our research, enabling us to offer new recommendations.

President Yabuta speaks at the 2023 Media Conference

IV

Initiatives that Contribute to Value Creation

Our activities are guided by continuous reflection on our social responsibility as a future-solution Group.

Financial value

Environmental ········· p. 81
Information Security ········· p. 85

realize a better future

Human Foundation

Intellectual and Co-Creation Foundation

Social Trust Foundation

Financial capital

Non-financial capital

Analysis & Conceptualization

Shareholders, investors

Public sector entities

Private companies

International and local communities

Students, mid-career hires

Design & Testing

Vision for 2070

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

Material issue

Our sustainable growth

Governance ········· p. 87
Message from an Outside Director ········· p. 95
Message from the Chairman of the Board ········· p. 96

Non-financial value

Social Trust Foundation

Environmental

Contributing to society and the environment by reducing environmental burdens and sharing knowledge

In accordance with our Guiding Principles, which define our mission as the co-creation of a sustainable, abundant future, we have identified ensuring global sustainability as one of the Group's material issues and are pursuing sustainability management.

Our activities are guided by our Environmental Policy. In addition to environmental management goals, including decarbonization, we are also working to strengthen our social trust foundation as a Group dedicated to solutions for a brighter future. Specifically, we are reducing burdens on the global environment through our business activities and fulfilling our Environmental Policy. The goal is to be a leading company in contributing to the sustainable

advancement of society and the creation of a society and economy that are in harmony with the environment.

Fundamental Principles

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

Environmental policy 1.	**Advancing Sustainable Environmental Management**
Environmental policy 2.	**Undertaking a Variety of Environmental Businesses**
Environmental policy 3.	**Contributing to Environment & Society by Providing Knowledge**

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

Environmental management systems

1. Advancing Sustainable Environmental Management

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 the 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 the 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.

The Board of Directors is responsible for oversight of basic sustainability policies, including periodic reviews of progress on plans. In FY9/23, the Board reviewed the Sustainability Management Policy and materiality targets, including greenhouse gas (GHG) emissions, the renewable energy ratio, and other environmental targets under

Medium-Term Management Plan 2026 (MP2026), as well as progress on initiatives in FY9/23.

● Strategy

We identify climate change risks and opportunities and use scenario analyses to assess their impact on the Group. We carried out specific analyses about impacts in 2030 based on a 1.5℃ scenario and a 4℃ scenario. 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. For the purpose of these analyses, we divided our business areas into those affected by climate change and other strategic areas. We then calculated the financial impact based on the scale of each business area in 2030. Based on the results of these analyses, we believe that the negative impact of climate change on the Group will be small, and that we are highly resilient to climate change.

Environmental

Assessment of the financial impact of climate change on the Group

Scenario	Major risks and opportunities		Timeline for emergence*	Financial impact†	Assessment of the nature of risks & opportunities and the financial impact
1.5℃ scenario	Risks	Economic slowdown due to the introduction of a carbon tax	Medium to long term‡	Small	• We considered the risk that business orders received by the Group would stagnate if the introduction of a carbon tax caused a macroeconomic slowdown due to the increased cost burden for businesses • Referring to the relationship between the introduction of consumption tax and the GDP growth rate, we calculated the risk of a downturn in sales by applying a certain ratio to our forecasted sales for 2030 and evaluated the impact on operating profit and loss
		Introduction of carbon tax‡	Medium to long term	Small	• We considered the risk that the Group would face cost increases following the introduction of a carbon tax • We evaluated the impact on operating profit and loss by applying a carbon tax to our residual GHG emissions (scope 1 and 2) forecasted for 2030. The carbon tax level is assumed to be 135 USD/tCO₂
		Rising electric power prices	Medium to long term	Small	• We considered the risk that electricity prices will rise due to increased demand for renewable energy-derived power and the introduction of a carbon tax. Particular attention was paid to the potential impact on our data centers, which account for the bulk of electric power consumption by the Group • We calculated electricity usage charges in 2030, based on the rate of increase in industrial electricity unit prices, and evaluated the impact on operating profit and loss
	Opportunities	Demand for consultation and system services could increase due to growing interest in mitigation	Short term	Small to medium	• We considered the potential increase of sustainability-related business opportunities for many industries amid acceleration of decarbonization efforts across society • 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℃ 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, and evaluated the impact on operating profit and loss
		Increase in insurance premiums due to intensifying wind and flood damage	Short term	Small	• We considered the risk that insurance premiums for the Group's main business sites and data centers would increase in the case of an increased risk of storm damage due to major typhoons • Based on past revisions to insurance premium rates, we evaluated the impact on operating profit and loss by applying a certain ratio to the insurance premium payment amount for our data center in Inzai City. In view of the location and strength of the building, we did not consider the risk of building damage
	Opportunities	Demand for consultation and system services could increase due to growing interest in adaptation	Short 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
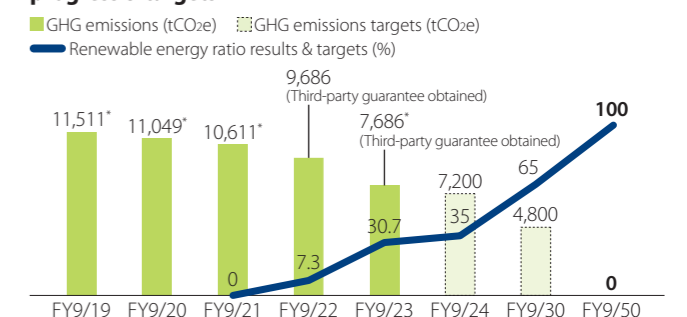
● Risk management
We have developed our own Advanced Risk Management System (ARMS, p. 93). This comprehensive system detects early indications of risk factors and triggers risk management procedures in the event of emergencies. The Risk Management Division submits monthly reports to the Executive Committee concerning company-wide risk indications monitored by ARMS. In addition, the Internal Control & Risk Management Committee, which is chaired by the president, meets four times each year and submits a summary, yearly policy, and plan to the Executive Committee at least once a year. A report is then submitted to the Board of Directors. The results of analyses of climate change-related risks and businesses identified through the disclosure process under the TCFD framework and their financial impact are reported to the Executive Committee and Board of Directors as risk factors that could affect the business of the Group.

● Indicators and targets
We have set targets for greenhouse gas emissions and the renewable energy ratio as the basis for our steady efforts toward the achievement of carbon neutrality by 2050. Part of the compensation paid to directors has been linked to targets as indicators of our commitment to sustainability management.

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

■ GHG emissions (tCO₂e)   ▨ GHG emissions targets (tCO₂e)
━ Renewable energy ratio results & targets (%)

11,511* 11,049* 10,611* 9,686 (Third-party guarantee obtained) 7,686* (Third-party guarantee obtained) 7,200 65 4,800 100

0 7.3 30.7 35 0

FY9/19 FY9/20 FY9/21 FY9/22 FY9/23 FY9/24 FY9/30 FY9/50

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

Environmental

Continuous reduction of environmental burdens using environmental management systems

We are continuously working to reduce the environmental impacts of our business activities. For example, we regularly monitor electricity consumption, paper use, and waste output in relation to the business characteristics of the Group. If we detect an upward trend in environmental impacts, we consider countermeasures.
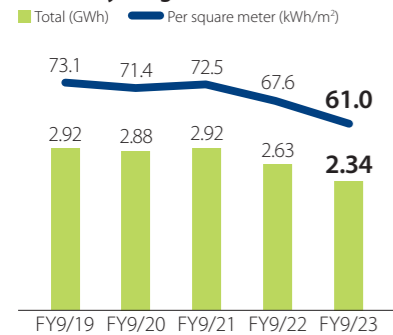
Our electricity consumption, paper use, and waste output have been falling year on year for several years, thanks to better efficiency, higher productivity, and reformed workstyles. We will continue to strengthen our countermeasures going forward.

Participation in TNFD Forum

In March 2023, MRI joined the TNFD forum, which consists of organizations with specialized knowledge, including businesses, government agencies, and academic institutions, that have declared their support for the Taskforce on Nature-related Financial Disclosures (TNFD). Members work to maintain the diversity of natural capital by publishing clear and accurate information. They aim to increase their contributions to the realization of a sustainable society through the development of a framework for the disclosure of financial information.

TNFD
Taskforce on Nature-related Financial Disclosures

Electricity usage
■ Total (GWh) — Per square meter (kWh/m²)

73.1 71.4 72.5 67.6 **61.0**
2.92 2.88 2.92 2.63 **2.34**
FY9/19 FY9/20 FY9/21 FY9/22 FY9/23

Paper usage
■ Total (million sheets) — Per person (sheets/person)

4,416 3,713* 3,248* 2,882* **2,650***
15.84 10.12 6.64 6.02 **5.89**
FY9/19 FY9/20 FY9/21 FY9/22 FY9/23
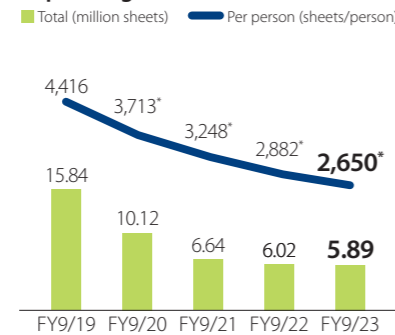
* Variation due to changes in the number of people physically working at our offices

Waste output
■ Total (t) — Per person (kg/person)

34.49 27.28 44.78† 45.14 **33.36**
123.97 103.67 92.55 95.19‡ **75.43**
FY9/19 FY9/20 FY9/21 FY9/22 FY9/23
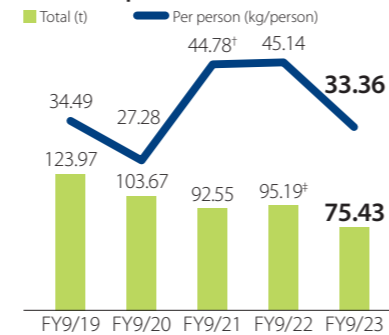
† Impact of covid pandemic (reduced physical attendance, desktop disinfection, etc.)
‡ Temporary year on year increase resulting from office integration of MRI, MRA, and MBS

2. Undertaking a Variety of Environmental Businesses

Business for the environment

The Group aims to create social value through projects that help reduce environmental burdens. The Think Tank & Consulting Services segment receives orders for surveys, research, and consulting work, and through these projects, we help clients to develop and administer policies, to formulate management strategies, and to develop business activities that help reduce environmental impacts. The IT Services segment provides total IT solutions that help clients to reduce their environmental impacts.

Projects of particular impact include support for reducing emissions via renewable energy, developing policies to enhance resource recycling, and strategy support for sustainability management. Our own initiatives include publishing research and recommendations and the development of mega-solar farms as part of decarbonization efforts.

Key environmental projects

	Overview
Global Warming Countermeasures	• Contract to carry out a study concerning the expanded introduction of renewable energy to achieve a medium- to long-term reduction of greenhouse gas emissions in response to the Paris Agreement, etc. (Ministry of the Environment) • Contract to develop infrastructure for the calculation, reporting, and disclosure of greenhouse gas emissions (Ministry of the Environment)
Resources & Recycling (waste processing)	• Facilitation of enhanced utilization of recycled resources through closer integration of recycling systems (Ministry of the Environment) • Facilitation of recycling used, small electronic devices (Ministry of the Environment)
New Energy & Renewable Energy	• Development of international standards for energy conservation, etc. (Ministry of Economy, Trade and Industry) • Services leading to the efficient and reliable operation of fixed price purchasing systems (Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry)
Assistance in Achieving SDGs	• Surveys and monitoring of ESG- and SDG-related trends, development of action policies (trading companies, food, agriculture, service sector, etc.) • Support for the development of long-term environmental visions (automotive, electrical machinery, and construction industries, etc.) • Support for planning and the acquisition of science-based target certification (automobiles, electrical machinery)

---

3. Contributing to Environment & Society by Providing Knowledge

Sharing insights on how to resolve environmental and energy issues

Since publishing our *Recommendations for Achieving Carbon Neutrality by 2050* in September 2021, our activities, including in-house research, have yielded an extensive array of environmental and energy-related knowledge and information, which we have made widely available to the public. Future progress toward decarbonization has become unpredictable at present for a variety of reasons, including divisions in the international community, and disruptions affecting energy markets. Despite this, MRI continues to provide recommendations for a smooth transition to a decarbonized society without the sacrifice of economic security and economic growth.

Main publications in FY9/23

	Outline
September 2021	Recommendations for Achieving Carbon Neutrality by 2050
October 2022	Recommendations on Long-term Use of Nuclear Energy in a Carbon-Neutral Japan
February 2023	Rebuilding the Economy on Carbon-Neutral Resources
May 2023	Report on Transition to Carbon Neutrality
July 2023	Building Japan's Circular Economy through Harmony with Technology
September 2023	Integrated Promotion of Energy and Resource Circulation Policies

Recommendations **Integrated Promotion of Energy and Resource Circulation Policies**

Rebuilding the Economy on Carbon-Neutral Resources
In the short-term perspective, economic security will inevitably continue to be a key focus because of Russia's invasion of Ukraine. This situation has created a need for policies that will enable us to achieve both carbon neutrality and economic security through resource circulation. On September 21, 2023, MRI completed policy recommendations on the *Integrated Promotion of Energy and Resource Circulation Policies*.

These recommendations focus on the circulation of three types of resources: renewable energy resources; metal resources used in storage batteries; and scrap iron and waste plastic. As a resource-poor country, Japan needs to import these and actively circulate them domestically, while also enhancing essential technologies. This approach will stimulate investment in growth areas, such as renewable energy power generation and storage batteries. It will also bring progress toward carbon neutrality in raw material industries, while enabling Japan as a whole to achieve both decarbonization and economic security. We believe that the best approach for Japan is to rebuild its economy on carbon-neutral resources.

"

Recommendations for rebuilding the Japanese economy on carbon-neutral resources

Our policy recommendations call for the integrated promotion of energy and resource circulation policies toward the rebuilding of the Japanese economy on carbon-neutral resources. The key points are (1) integrated implementation of energy and resource circulation policies, (2) acceleration of business initiatives based on accurate indicators, and (3) the creation of digital product passports (DPPs). All three measures are important, but the third—the creation of DPPs—has the potential to provide impetus for supply chain initiatives. We will continue to work with various related entities to implement these recommendations.

Yushi Inoue
Deputy General Manager,
Energy and Sustainability Division,
Societal Innovation Unit

Information Security

Overview

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

As a company that assists clients all the way through the implementation of their digital transformation, we bear the responsibility of utmost security when it comes to information. To fulfill this responsibility, we place the utmost priority on information security as a management item, focusing on the implementation of appropriate measures and achieving continuous improvement.

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

Ongoing initiatives under our Basic Information Security Policy

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

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

In FY9/23, we responded to the post-pandemic resurgence of business activities by taking the following steps to enhance the security measures, including their effectiveness in relation to economic security, in anticipation of cyberattacks.

● Information technology business continuity plan (IT-BCP) drills and business impact analyses (BIA)

We conducted IT-BCP drills under two scenarios with different target groups. These drills went beyond our existing perimeter defense concepts and were based on the assumption that there had been intrusions into our internal networks. The drill for management team members included the visualization of decision-making processes, while that for frontline staff covered such aspects as confirmation of information-sharing methods after a network breakdown. In addition, we strengthened our BCP by conducting a BIA and reviewing management structures for key information assets through operational audits.

● Targeted email attack drills

Emotet and other malware infections spread through illicit emails sent by malicious attackers are becoming increasingly prevalent in Japan. We are working to prevent the harm caused by this problem by continually training employees in methods for countering targeted email attacks. There are two types of drills: one designed to enhance the ability to prevent attacks, and the other to raise awareness of threats. We provide supplementary training to improve awareness among newly appointed personnel, who are particularly vulnerable. To achieve synergistic benefits, these training programs are aligned with the content of e-learning programs.

● Formulation of Group information security implementation plan using third party audits

We use external security audits conducted by independent organizations to provide objective and sophisticated assurance of the effectiveness of our information security. In FY9/23, we used the audit report to identify measures with the potential to deliver significant benefits. We then formulated an implementation plan designed to improve the information security level across the entire MRI Group. In addition, we set goals based on the CIS Controls, which are the global standard for information security.

● Guidelines for the use of generative AI

In order to prevent information leaks, we have created a closed generative AI environment with relatively few restrictions on information inputs. We also formulated internal guidelines for the use of generative AI and are collecting ideas from within the company on how to use AI in business.

Features of IT-BCP
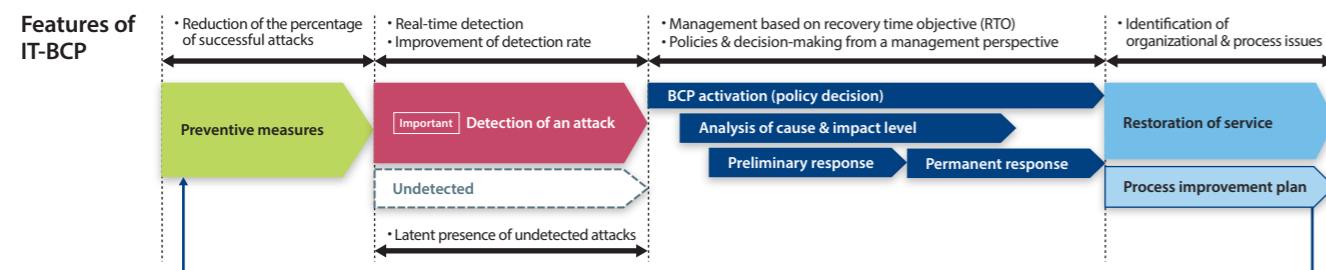
## Close-up Roll-out of services based on information security technology

Providing total solutions for the realization of zero trust security

As opportunities to use cloud services in business operations increase, the boundaries between internal and external information security in relation to assets that need to be protected are becoming blurred. This environment requires a zero trust approach to security, in which no persons, devices, or connection locations with access to information assets are trusted, and steps are taken to check their trustworthiness.

Mitsubishi Research Institute DCS has a track record and extensive experience of introducing and administering various multivendor solutions for clients in various industries, including systems that meet the high-security needs of the financial sector. It helps its clients to implement zero trust security by providing high-quality total solutions, ranging from consultation to administration.

Features of zero trust solutions provided by Mitsubishi Research Institute DCS

|	
Creating secure IT environments	We support the realization of new secure IT environments through a transition from infrastructure-centered IT structures based on the perimeter defense model to IT structures centered on the services used.
One-stop	We offer one-stop solutions encompassing all stages from initial studies through to implementation and administrative support.
Vendor-free	Our flexible vendor-free solutions do not lock clients into the use of specific technologies or vendors.
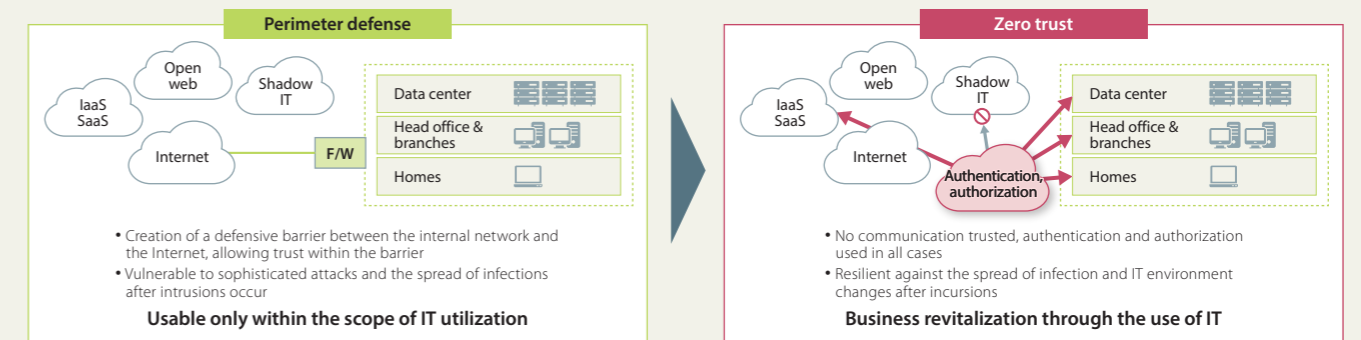
Security diagnostic services

Through its security diagnostic service, DCS ascertains the status of clients' systems and the nature of any vulnerabilities that are present and suggests countermeasures to address those vulnerabilities. Clients can select from the four types of diagnostic services listed on the right, according to the scope and level of services required.

Platform diagnostic services	For clients seeking expert diagnoses of vulnerabilities in their platforms, such as servers and network equipment
Securify* web application diagnosis	For clients who require regular diagnoses of vulnerabilities in their web applications, where simplicity and cost are priorities * Securify is a registered trademark of 3-shake Inc.
Web application diagnostic services	For clients who require expert diagnoses of vulnerabilities in their web applications on a more sophisticated and detailed level
Penetration testing	For clients requiring expert diagnoses focusing on whether or not outsiders could penetrate their systems

Service examples: penetration testing

Specialist staff from DCS formulate test scenarios based on potential threats and attempt to penetrate the client's system through simulated attacks using multiple methods. The client receives a report based on detailed analysis and assessment of problems detected and the impact of risks.
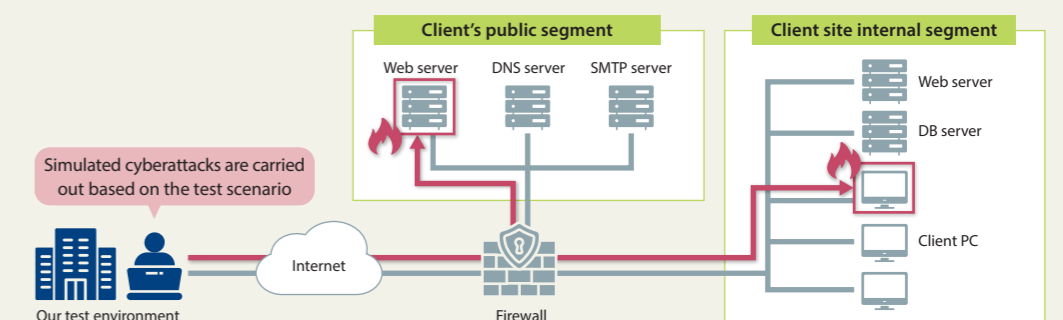
Governance

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

Corporate governance structure

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

A majority of our directors and Audit & Supervisory Board members are from outside the Group. This ensures an outside perspective in our decisions. The Executive Committee settles matters concerning the execution of

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

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

Corporate governance structure
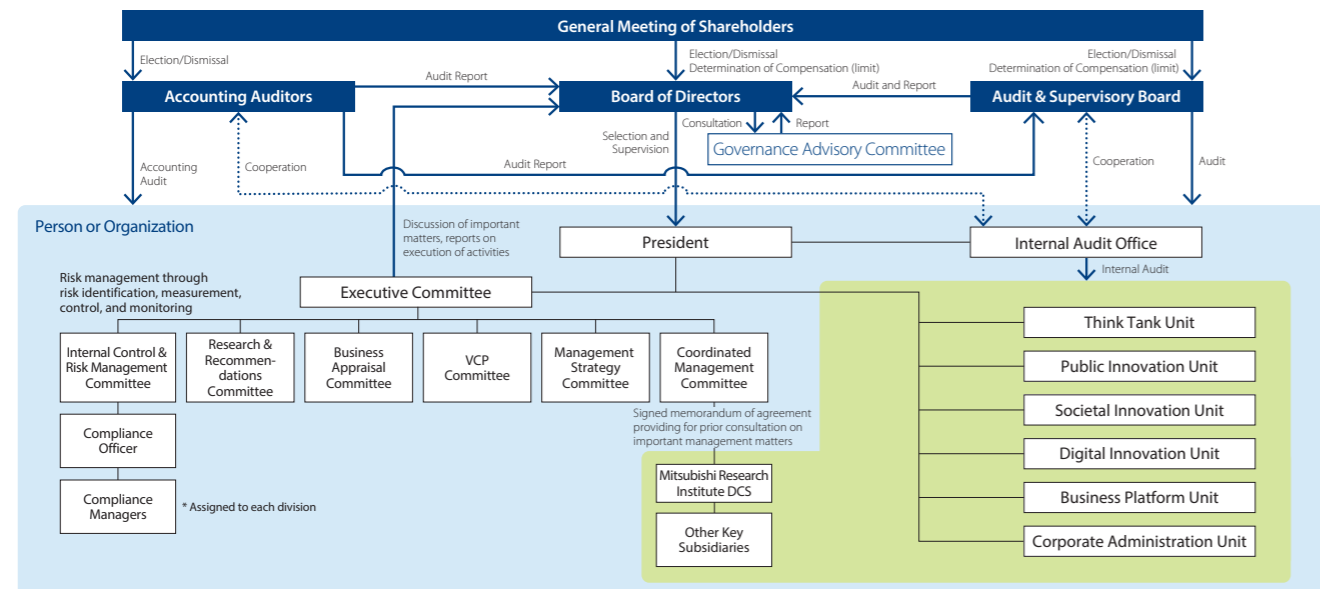
Analysis and evaluation of the effectiveness of the Board of Directors

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

In FY9/23, we conducted a survey of all directors and Audit & Supervisory Board members concerning the composition, management, and strategies of the Board of Directors, and the oversight of nomination and compensation processes. To ensure objectivity, we used an independent organization to design the survey and carry out the analysis and assessment. The survey resulted in

excellent appraisals, indicating that the board was performing its functions properly and effectively, was involved in matters relating to strategies and sustainability, and was providing a free and open forum for constructive debate and exchanges of views.

There were opportunities for reporting and deliberations about the management of important risks and other matters identified as significant issues in FY9/22. The board was also involved in succession planning, including activities through the Governance Advisory Committee. There was evidence of significant improvements in relation to these matters, as well as constructive comments about expectations toward future initiatives relating to administration.

The board also acknowledged the importance of creating opportunities for systematic deliberations about priority monitoring items, such as progress on business strategies under Medium-Term Management Plan 2026 and significant risks, as part of efforts to improve the effectiveness of the board's monitoring functions.

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

Governance Advisory Committee activities

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

Board of Directors. The committee deliberates on questions put to it by the Board of Directors and reports its findings to the Board.

Members of the Governance Advisory Committee
(● outside directors)

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

Note: Hidemoto Mizuhara* and Jun Nobe† were appointed for the period up to the General Meeting of Shareholders held on December 19, 2023

Governance Advisory Committee activities

Date	Activity	Theme
November 2022	1st meeting of the Governance Advisory Committee for FY9/23	Analysis and evaluation of the effectiveness of the Board of Directors
November 2022	2nd meeting of the Governance Advisory Committee for FY9/23	Officer compensation in FY9/22 and FY9/23
February 2023	3rd meeting of the Governance Advisory Committee for FY9/23	Governance structure of the Board of Directors
July 2023	4th meeting of the Governance Advisory Committee for FY9/23	Revision of the executive officer and research fellow systems, succession plans for the management team
August 2023	5th meeting of the Governance Advisory Committee for FY9/23	Extension of BIP trust agreement and amendment of the compensation system for officers

Internal committees

Internal committees are consulted before any proposal on important matters is put before the Executive Committee.

VCP Committee

The VCP Committee promotes VCP Management via PDCA cycles. It discusses and formulates overall strategies, develops plans for specific domains, including the establishment, modification, or abolition of domains, and evaluates progress. In addition, the committee coordinates company-wide efforts to facilitate VCP Management, including the selection of managers to lead activities and the assignment of researchers to related fields. It is also responsible for collaboration with relevant partners, effectively combining internal and external resources for value creation, essential for our VCP.

Business Appraisal Committee

Our business is based primarily on individual projects. Some, especially large-scale ones, involve a variety of risks. Also, the shift to VCP Management has increased the number of projects requiring the establishment of new businesses or operational and capital partnerships. The Business Appraisal Committee mitigates risks relating to these activities through entry management processes: deliberations on the appropriateness of projects, including client issues, profitability, business growth potential, contribution to further VCP Management progress, and risks. The Executive Committee makes the final decision on projects that pass this screening process.

In FY9/23, we screened nine new projects, most being large-scale, and six new business initiatives, including business and capital partnerships.

Governance

Internal Control & Risk Management Committee

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

Officer compensation

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

A breakdown of the compensation structure is provided below.

	Overview
Internal officers	Basic compensation consists of base pay, variable monetary compensation, and variable stock compensation. Variable stock compensation is provided with the aim of motivating officers and providing increased incentives to contribute to the improvement of medium- to long-term performance and the expansion of corporate value by linking their compensation to the financial performance of the Group and non-financial value indicators.
Outside officers	Because these positions are independent of business execution, their compensation consists only of base pay.
Audit & Supervisory Board members	To ensure independence, compensation for Audit & Supervisory Board members consists only of base pay.

▬ Basic Policy Regarding Officer Compensation

(1) To put into practice a management policy that responds to the mandate of the shareholders, we will have a fair compensation system that motivates officers to execute their duties.

(2) To ensure accountability to our stakeholders, we will decide officer compensation through an appropriate process that guarantees transparency, fairness, and reasonableness.

(3) To secure talented individuals essential for our continued growth, we will aim to set officer compensation at levels that are attractive over the long term.

Total amount of officer compensation, etc. for FY9/23

Classification	Number of personnel	Total amount of compensation, etc. (¥ mn)	Total amounts of each type of compensation, etc. (¥ mn)		Stock-based compensation
			Monetary compensation		
			Basic compensation	Variable compensation	
Directors (Outside directors)	9 (5)	179 (31)	135 (31)	11 (—)	32 (—)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	6 (3)	75 (23)	75 (23)	— (—)	— (—)
Total (Outside officers)	15 (8)	254 (54)	211 (54)	11 (—)	32 (—)

Note: for details of the compensation system for officers, refer to "(4) Officer Compensation, etc." on pp. 63–68 of the Securities Report for the year ended September 2023 (in Japanese).
https://data.swcms.net/file/mri/dam/jcr:d59a194e-d49d-40f6-aa51-1c1dcecd2826/S100SHP0.pdf

Governance

Skill matrix of directors and corporate auditors

We have identified the following key areas of specialist skills and knowledge as essential for the supervision and support of our business behavior and the realization of Medium-Term Management Plan 2026 which is based on our Guiding Principles, mission, vision, and values.

Skill items	Reason for selection
Business management	Business management experience and skills, including knowledge based on wide-ranging business experience and relevant experience in the implementation of strategies are deemed essential for directors and Audit & Supervisory Board members as they work to address various societal issues
Legal affairs, risk management	As a listed company, we need to develop and administer compliance structures and maintain appropriate risk management systems so that we can respond precisely to the problems that we encounter as we work to address issues that have never previously been resolved
Financial accounting	The Board of Directors and the Audit & Supervisory Board have a responsibility to contribute to the continuing improvement of our corporate value. Accurate financial reporting is essential
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 MRI directors and Audit & Supervisory Board members

Role	Name	Principal specialist areas/knowledge					
		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	●	●		●		●
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	Junichi Egawa		●	●			
Audit & Supervisory Board Member	Toshiyuki Ogawa		●		●		
Outside Audit & Supervisory Board Member	Kenji Matsuo	●	●				●
Outside Audit & Supervisory Board Member	Yutaka Kawakami		●	●			●
Outside Audit & Supervisory Board Member	Naomi Koshi		●		●		●

Note: as of December 19, 2023; this is not an exhaustive list of all specialist skills and knowledge possessed by our directors and Audit & Supervisory Board members and candidates

Governance

Officers

Directors

Name	Position and responsibilities (as of December 19, 2023)	Attendance at Board of Directors meetings (FY9/23)	Principal positions to date
Takashi Morisaki	Chairman of the Board	100% (10 of 10 meetings)	Career summary • Joined The Mitsubishi Bank, Ltd. in April 1978. Held various posts, including Deputy President, at The Bank of Tokyo-Mitsubishi UFJ, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2016. Became President and Representative Director of Mitsubishi Research Institute, Inc. in December 2016 and Chairman of the Board in December 2021 (current).
Kenji Yabuta	President and Representative Director Officer in Charge of Internal Audit Office and VCP	100% (10 of 10 meetings)	Career summary • Joined The Mitsubishi Bank, Ltd. in April 1983. Held various posts, including Director and Deputy President, at the Bank of Tokyo-Mitsubishi UFJ, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2021 and President and Representative Director in December 2021 (current).
Yasuteru Hirai	Executive Vice President and Representative Director General Manager, Corporate Administration Unit	—	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 and 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	Managing Director General Manager, Digital Innovation Unit	—	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 Executive Officer and General Manager of the Digital Innovation Unit in October 2023 and Managing Director and General Manager of the Digital Innovation Unit in December 2023 (current).
Mariko Bando	Outside Director Independent Officer	100% (10 of 10 meetings)	Career summary • Director General of Gender Equality Bureau, Cabinet Office in January 2001. Chancellor (Rijicho) of Showa Women's University in April 2014. 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 (Socho) of Showa Women's University, Outside Director of MS&AD Insurance Group Holdings, Inc., External Director of Itoki Corporation
Ken Kobayashi	Outside Director Independent Officer	100% (10 of 10 meetings)	Career summary • Became President of Mitsubishi Corporation in June 2010 and 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	100% (10 of 10 meetings)	Career summary • Became President of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in April 2012, President of Mitsubishi UFJ Financial Group, Inc. in April 2013, Senior Corporate Advisor of MUFG Bank, Ltd. in April 2021 (current), and Director of Mitsubishi Research Institute, Inc. in December 2021 (current). Principal concurrent positions • Executive Corporate Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
Seiji Izumisawa	Outside Director Independent Officer	100% (8 of 8 meetings)	Career summary • Became President & CEO, CSO of Mitsubishi Heavy Industries, Ltd. in April 2019, President & CEO of Mitsubishi Heavy Industries, Ltd. in April 2020 (current), and Director of Mitsubishi Research Institute, Inc. in December 2022 (current). Principal concurrent positions • President & CEO of Mitsubishi Heavy Industries, Ltd.
Satoko Shisai	Outside Director Independent Officer	—	Career summary • Became Vice President in charge of Government Office Systems, Enterprise Business of IBM Japan, Ltd. in January 2018, and Executive Vice President and Head of the Digital Transformation Unit of Chugai Pharmaceutical Co., Ltd. in April 2022 (current). Became a Director of Mitsubishi Research Institute, Inc. in December 2023. Principal concurrent positions • Executive Vice President and Head of the Digital Transformation Unit of Chugai Pharmaceutical Co., Ltd., Independent Director of Panasonic Connect Co., Ltd.

Governance

Audit & Supervisory Board members

Name	Position and responsibilities (as of December 19, 2023)	Attendance at Board of Directors meetings (FY9/23)	Principal positions to date
Junichi Egawa	Audit & Supervisory Board Member	100% (10 of 10 meetings)	Career summary • Joined Mitsubishi Research Institute, Inc. in July 1983. General Manager, Management Accounting and Finance Division, Executive Officer, Deputy General Manager, Corporate Administration Unit of Mitsubishi Research Institute DCS Co., Ltd. before becoming Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2020 (current).
Toshiyuki Ogawa	Audit & Supervisory Board Member	100% (8 of 8 meetings)	Career summary • Joined Mitsubishi Research Institute, Inc. in April 1986. Held various posts, including General Manager of the Social System Research Division, General Manager of the Corporate Planning Division, President of MRI Research Associates, Inc., Managing Executive Officer of Mitsubishi Research Institute, Inc., and General Manager of the Policy Consulting Unit, before becoming Audit & Supervisory Board Member in December 2022 (current).
Kenji Matsuo	Outside Audit & Supervisory Board Member Independent Officer	90% (9 of 10 meetings)	Career summary • Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company in December 2005. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2015 (current). Principal concurrent positions • 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 of 10 meetings)	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 Tohmatsu & Co. in June 2007. Retired from Deloitte Touche Tohmatsu LLC in September 2016. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2020 (current). Principal concurrent positions • Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.
Naomi Koshi	Outside Audit & Supervisory Board Member Independent Officer	—	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., Outside Director of V-cube, Inc., External Director of SoftBank Corp.

Research fellows

Hiroshi Komiyama	Chairman of the Institute
Takaaki Furuya	Senior Research Fellow Company-wide research and recommendation activities, internal guidance

Keiki Yamada	Senior Research Fellow Company-wide research and recommendation activities, internal guidance

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 Transformation Technology Advisor Digital Innovation Unit General Manager, Generative AI Lab
Hirofumi Suzuki	Executive Officer President and Representative Director, MRI Research Associates, Inc.
Takashi Inoue	Executive Officer Deputy General Manager, Corporate Administration
Tatsuya Nakabushi	Executive Officer General Manager, Societal Innovation Unit
Yoko Takeda	Executive Officer Research Fellow General Manager, Think Tank Unit

Kazumichi Ito	Executive Officer Research Fellow General Manager, Center for Advanced Technology
Tomoyuki Takahashi	Executive Officer General Manager, Business Platform Unit General Manager, Marketing and Alliance Unit
Tetsuya Hanyu	Executive Officer General Manager, Public Innovation Unit
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 Unit Head of Industry & Public Unit, Managing Director & Managing Executive Officer, Mitsubishi Research Institute DCS Co., Ltd.

Note: independence criteria for outside directors—Outside directors and Audit & Supervisory Board members are deemed independent if neither of following categories are applicable.
(1) Main business partners of the Group or organizations for which the Group is a main business partner, including executives of such organizations
(2) Individual professionals or those affiliated with organizations that receive substantial cash or other assets from MRI in addition to compensation as an officer
(3) A person with a close relative to whom any of the following applies (excluding persons who do not play a significant role): (a) a party to whom (1) or (2) applies, (b) an executive of an MRI subsidiary, (c) a party who recently has been an MRI executive or (b)

Governance

Risk management

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

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

Risk area	Details of risks	Responses
Information security	We handle large amounts of confidential data and personal information belonging to our clients, business partners, and other parties. We regard appropriate information security management, including the prevention of computer virus infections, unlawful access through cyber attacks, and the leakage, loss, or destruction of information, as a vital priority that is directly linked to our reputation.	We are continually and comprehensively enhancing our information management through specific measures that include access control, security measures covering data and network equipment, the development of operational rules, compliance with local laws at overseas offices, adaptation to network environments, regular training for employees, and drills based on information leakage scenarios. We have also developed information handling rules covering the methods used to handle information in a remote working environment.
Project management	Our business activities consist mainly of individual projects. Even if a project appears likely to be profitable when the order is received, there is a risk that profit margins will be eroded by various factors, such as increased workloads resulting from increased client expectations or project complexity, or changes in the business environment during the project. Profits can also be impacted by quality issues stemming from inadequate management, or by other unexpected contingencies. Further, public sector projects are subject to greater accounting transparency and regulation of unfair competition.	Group companies apply a set of shared standards to assess projects' risk potential ahead of accepting orders. At the project execution stage, we employ internal systems to monitor at-risk projects. We also operate an automatic alert system for profit margins and other parameters. In addition, projects are subject to ongoing supervision by project managers, combined with checking by line managers. We are also continually enhancing the Group's Internal Control Systems, which include regulatory compliance and risk management mechanisms.
New businesses	Our commitment to VCP Management has resulted in an increase in the number of business initiatives requiring business and capital partnerships. There is a risk of damage to MRI's reputation due to greater-than-expected changes in the business environment, changes in the status of business partners, an increase in complaints and claims from service users, or system failures or service disruptions. These could also lead to the suspension of business operations or compensation claims from users. When using AI and other technologies, we need to ensure fairness, transparency, safety, and accountability.	Decisions on whether to proceed with business initiatives are preceded by comprehensive checking of business forecasts, anticipated investment returns, and risk factors. The status of businesses is monitored under our New Business Creation Standards. Compliance with MRI's AI Business Guidelines is a requirement from a risk avoidance perspective when developing new businesses that involve the use of AI and other new technologies.
Human resources	Recruitment has become increasingly difficult in Japanese and overseas labor markets, and the market as a whole has become more volatile. To address the diverse needs of our clients and society and achieve sustainable growth, we need to recruit and train people who combine advanced specialist skills with originality and creativity, and to create opportunities for those people to use their talents.	We are working to develop pleasant and energizing working environments that provide room for growth under our human resource management policies. Furthermore, we are expanding recruitment, especially of mid-career personnel, enhancing training programs, implementing diversity, equity, and inclusion measures, and maintaining comprehensive harassment prevention systems. We also provide enhanced welfare systems, such as childcare support.
Generative AI	We believe that we can enhance the value of MRI by appropriately using generative AI based on an understanding of its characteristics. However, this technology must be used with caution at present because of various risks, including the frequent output of incorrect results, information leaks resulting from inputs of confidential data, and the violation of copyrights in AI outputs. With the spread of generative AI, there is also a risk that the MRI Group will lose business opportunities and competitiveness as clients become able to carry out tasks that they previously entrusted to us.	We have formulated guidelines detailing the proper use of generative AI, which we are using to promote its effective use. We are also working to prevent the loss of business opportunities and maintain our competitiveness by making the greatest possible use of the latest generative AI technology and developments in our projects.

Governance

Compliance

We regard compliance as a vital management priority and the foundation for our business activities. We are working to prevent compliance violations throughout the Group. Specifically, compliance managers in each corporate unit and subsidiary 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 opportunities 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. In FY9/23, we changed the name of this system to the "Compliance Helpline" and began to internally share messages from the Compliance Officer and information about the results of Compliance Helpline activities. Through these and other initiatives, we aim to reduce the psychological barriers for employees and build confidence in the system. In FY9/23, there was a Group total of 22 reports and requests for advice.

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

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

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

Shareholder and investor outreach

We held the 54th Annual General Meeting of Shareholders in December 2023 as a conventional event with physical attendance at the venue. Twice each year we issue shareholder reports and conduct shareholder surveys. Response rates to our surveys are consistently high at 30–40%. Survey results, including comments, are reported to the Board of Directors.

The focus of our IR activities is to deepen understanding about 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 FY9/23 we engaged in wide-ranging discussions about business growth potential, governance, and other topics on almost 80 occasions. We also engaged with major European investors through an event hosted by a securities company, during which our president participated directly in discussions.

An online seminar for individual investors in January attracted around 400 participants and included a lively exchange of questions and answers.

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.

Governance

> ## Message from an Outside Director

Applying my IT and healthcare industry knowledge to the MRI mission

Satoko Shisai
Outside Director

I was elected as an outside director at the December 2023 General Meeting of Shareholders. My career has included working as a business manager at a foreign IT company and as a manager implementing digital transformation (DX) at a Japanese company.

The digital transformation in Japan's private sector has been remarkable in recent years. DX is not only making the companies more efficient internally, it is also enabling them to pursue innovation that creates new businesses and enhances competitiveness. DX is also being used to address wider industry and societal issues, notably in energy, healthcare, and logistics.

Gains by generative AI in 2023 are already changing our world. Without a doubt this innovative technology has enormous implications for corporate growth and competitiveness. While some companies are already actively integrating it into their systems, others are cautiously holding off as they seek to grasp the potential risks. I believe Japanese companies and the Japanese government have an obligation to use new technology appropriately, safely, and effectively to improve overall productivity and accelerate innovation in our society.

The MRI Group is using generative AI as one of its DX initiatives and is already seeing positive results, such as in the quick and accurate creation of reports. The knowledge and know-how the Group accumulating from applying generative AI to its own operations will make it even better able to make advanced proposals to government agencies and companies. I also expect that it is these efforts to improve productivity in system development that will provide insight and momentum for delivering effective solutions for the labor shortage in the IT industry. The digital transformation of government agencies still has a long way to go to deliver on the promise for improved conveniences for the public and lower administrative costs. MRI's Think Tank Function has a strong track record in policy proposals, but it will need to further strengthen these capabilities and provide support for innovation that will directly connect to the implementation of the emerging advanced technologies into society.

The MRI Group has set an ambitious mission of being a company that resolves societal issues. Its Medium-Term Management Plan 2026 envisions what it wants society to be and what MRI's role should be in 2030. The plan mobilizes the Group to use its Think Tank Function, Societal and Public Innovation, Digital Innovation, and Financial System Innovation businesses to advance innovation that will massively change society and support the Group's business growth.

Achieving those goals will require the incorporation of AI and other new technologies as well as the hiring and training of talent to make that possible. No less critical will be having a sales force capable of leading customer innovation, actively forming alliances with other companies, and reforming the corporate culture. I intend to dig deep into my knowledge of the IT and healthcare industries to help the MRI Group fulfill its mission to be a company resolving societal issues.

Governance

> ## Message from the Chairman of the Board

Leveraging our collective experience to maximize corporate value and transparency

Takashi Morisaki
Chairman of the Board

Discussing growth driven by our distinctive strengths

The Board's primary focus over the past year has been MP2026. Under the previous MP2023 we led transformation to a post-pandemic world by implementing workstyle reforms and delivering societal solutions through our Value Creation Process (VCP), besides meeting financial targets. Integrated management, however, was behind schedule, prompting intense debate aimed at streamlining progress.

As a result we proposed reorganizing around four main business fields* across the entire Group. Within each of these, and transcending distinctions between MRI and DCS, we are focusing on DX, GX, and HX[†], the transformations most in demand by our customers. We expect this framework to drive Group growth and significantly add to our ability to resolve customer issues.

* Think Tank Function, Societal and Public Innovation, Digital Innovation, and Financial System Innovation
† DX: digital transformation
 GX: green transformation
 HX: human resource and healthcare transformation

Greater diversity for more effective governance

In our annual effectiveness evaluation survey, the item "free and open debate" has consistently received high marks. The Board of Directors engaged in lively discussion not only on particular topics such as generative AI, DE&I[‡], and risk management, but also on the future vision of the Group as a whole.

Upon the counsel of outside directors, we proposed two notable initiatives to boost the Board's effectiveness.

First, we are reenforcing risk management to counter increasing uncertainty in the environment of our expanding business domains. To identify and respond adeptly to swiftly evolving risks, we have reviewed our risk map and resolved to monitor risk impact with greater granularity.

The second initiative addresses the Board's diversity. DX presents profitable business opportunities amid rapidly evolving technology and environmental shifts. The risk of unforeseen disruption accompanies such fast-paced change. In response, we have enhanced the Board's diversity by welcoming two new outside directors. Ms. Shisai brings her proven expertise in DX, and Ms. Koshi brings her astute legal knowledge of both domestic and international affairs. Their appointments will strengthen governance with a broader range of perspectives.

‡ Diversity, Equity & Inclusion

Toward increased corporate value

The Group stands out for its globally rare integration of think tank consulting and IT services in a publicly traded company. Given this unique configuration, we have a mission to communicate the Group's corporate value proposition in the clearest and most concise terms possible.

To maximize transparency and corporate value, I will apply all I have learned in my five years as president and as an outside director at other firms. This extends beyond financial value to include the social value and non-financial value that we generate as a societal solution company. Going forward, I am determined to continually enhance the effectiveness of the Board of Directors with a view toward earning the enduring trust of all stakeholders.

10-year Financial Summary

	FY9/14	FY9/15	FY9/16	FY9/17	FY9/18	FY9/19	FY9/20	FY9/21	FY9/22	FY9/23
Financial results (¥ mn)										
Net sales	87,400	85,354	86,904	89,466	90,250	90,029	92,020	103,030	116,620	**122,126**
Operating profit	6,079	5,552	5,495	5,731	4,963	5,130	6,231	6,853	9,165	**8,688**
Ordinary profit	6,442	5,813	5,877	6,258	5,364	5,718	8,387	7,568	10,493	**10,002**
Profit attributable to owners of parent	3,405	3,692	3,425	3,833	3,402	3,599	7,096	5,009	7,707	**6,287**
Financial position (¥ mn)										
Total assets	65,354	67,094	71,777	75,654	78,600	84,568	96,253	99,704	114,652	**118,009**
Net assets	42,155	44,134	46,910	50,395	53,284	54,843	61,541	63,836	71,151	**74,385**
Cash flow (¥ mn)										
Cash flows from operating activities	5,056	7,778	5,052	6,582	7,013	8,726	8,637	3,252	9,256	**5,695**
Cash flows from investing activities	-5,733	-1,608	-996	-5,368	-3,129	-2,768	-749	-1,970	-6,654	**-2,411**
Cash flows from financing activities	-1,127	-1,319	-1,335	-2,164	-1,826	-2,360	-1,106	-4,624	-3,850	**-6,199**
Financial and management indicators (%)										
Equity-to-asset ratio	55.9	57.3	56.9	57.8	59.1	56.7	56.0	56.4	55.0	**55.8**
Rate of return on equity (ROE)	9.7	9.9	8.6	9.1	7.5	7.6	13.9	9.1	12.8	**9.8**
Ordinary profit to net sales ratio	7.4	6.8	6.8	7.0	5.9	6.4	9.1	7.3	9.0	**8.2**
Payout ratio	21.7	24.5	31.2	31.9	40.6	42.9	30.9	37.3	29.5	**38.2**
Per share data (yen)										
Basic earnings per share (EPS)	207.36	224.83	208.55	235.08	209.46	221.58	436.64	308.60	474.67	**392.27**
Book value per share (BPS)	2,222.92	2,340.10	2,488.48	2,692.31	2,859.70	2,950.94	3,313.34	3,471.53	3,880.03	**4,137.76**
Annual dividend per share	45.00	55.00	65.00	75.00	85.00	95.00	135.00	115.00	140.00	**150.00**
Stock price index (times)										
Price-equity ratio (PER)	13.21	13.07	15.20	14.10	20.91	16.18	10.15	14.27	9.39	**12.34**
Number of employees as of September 2023										
Number of employees	3,580	3,659	3,741	3,842	3,918	4,011	4,133	4,231	4,235	**4,428**

Company Profile

Mitsubishi Research Institute, Inc.

Mitsubishi Research Institute

Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-8141, Japan
Date of establishment	May 8, 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	1,150 (non-consolidated) 4,428 (consolidated) (as of September 30, 2023)
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 September 30, 2023)

Authorized shares: 60,000,000

Number of shares issued: 16,424,080

Number of shareholders: 8,703

Shareholder composition

Individuals and others **19.94**%

Central and regional government entities **0.01**%

Financial institutions **25.68**%

Foreign institutions and individuals **16.12**%

Other domestic companies **37.03**%

Securities companies **1.22**%

Principal shareholders (Top 11 shareholders)

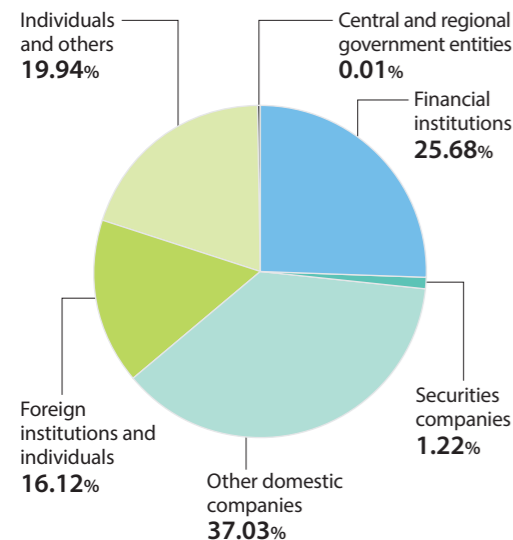| Shareholder's name	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,868,900	11.64
Mitsubishi Corporation	975,076	6.07
Mitsubishi Heavy Industries, Ltd.	975,000	6.07
Mitsubishi Electric Corporation	902,200	5.62
Mitsubishi Research Institute Group Employee Shareholding Association	792,380	4.93
Mitsubishi Chemical Corporation	624,000	3.88
Mitsubishi Materials Corporation	554,600	3.45
Custody Bank of Japan, Ltd. (trust account)	506,900	3.15
MUFG Bank, Ltd.	505,074	3.14
AGC Inc.	447,500	2.78
Mitsubishi Estate Co., Ltd.	447,500	2.78

(Notes)
1. The shareholding ratio is calculated after deducting treasury stocks (380,483 shares)
2. The number of treasury stocks does not include Company stock (141,146 shares) owned by Board members' compensation BIP trust

Shareholder composition

	Number of shareholders	Composition ratio (%)	Number of shares held (thousands of shares)	Shareholding ratio (%)
Central and regional government entities	1	0.01	1	0.01
Financial institutions	19	0.22	4,218	25.68
Securities companies	26	0.30	199	1.22
Other domestic companies	115	1.32	6,081	37.03
Foreign institutions and individuals	179	2.06	2,648	16.12
Individuals and others	8,363	96.09	3,275	19.94
Total	8,703	100.00	16,424	100.00

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

Mitsubishi Research Institute DCS Co., Ltd.

DCS Mitsubishi Research Institute DCS Co., Ltd.

Business profile	IIn addition to its extensive experience in the design, development, and administration of systems for financial institutions, Mitsubishi Research Institute DCS also excels in system and business process outsourcing services based on its own data center. In recent years it has enhanced its support for clients' digital transformation initiatives by creating cloud environments and by introducing new technologies such as AI, RPA, data analysis, and robotics.
Head office	12-2, Higashishinagawa 4-Chome, Shinagawa-ku Tokyo 140-8506, Japan
Date of establishment	July 10, 1970
Representative director	Hiroki Kameda, President & CEO
Capital stock	6.059 billion yen
Number of employees	2,297 (non-consolidated) 2,996 (consolidated) (as of September 30, 2023)
Group Companies	MD Business Partner Co., Ltd. MRI Value Consulting & Solutions Co., Ltd. IT-One Co., Ltd.

MRI Business, Inc.

MRI MRI Business

Business profile	As an outsourcer for the MRI Group, MRI Business provides corporate and project support, including general administration, facility management, procurement management, and human resource processes. It also offers business support in various other areas, such as document design, events management, video production, and merchandise.
Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014, Japan
Date of establishment	October 1, 1970
Representative director	Naoko Sakamoto, President
Capital stock	60 million yen
Number of employees	92 (as of September 30, 2023)

MRI Research Associates, Inc.

MRI MRI Research Associates

Business profile	MRI Research Associates' core activities are surveys, analysis, and consultation 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 analysis, 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	May 31, 1984
Representative director	Hirofumi Suzuki, President
Capital stock	60 million yen
Number of employees	175 (as of September 30, 2023)

MPX, Inc.

MPX

Business profile	In addition to providing a platform for the analysis of wholesale electric power markets, MPX, Inc. 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	October 1, 2022
Representative director	Gen Arao, Representative Director and President
Capital stock	90 million yen
Number of employees	10 (as of September 30, 2023)

Mitsubishi Research Institute

MIX
Paper | Supporting
responsible forestry
FSC® C005531

This document was printed on FSC® Certified Paper, which is made from materials including timber produced in appropriately managed forests, and using waterless printing with no emissions of harmful waste liquids. The non-VOC inks used contain no volatile organic compounds (VOCs) and are environmentally friendly.