



Mitsubishi
Research Institute
Group Report
2022

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Note on editorial policy and forward-looking statements

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

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

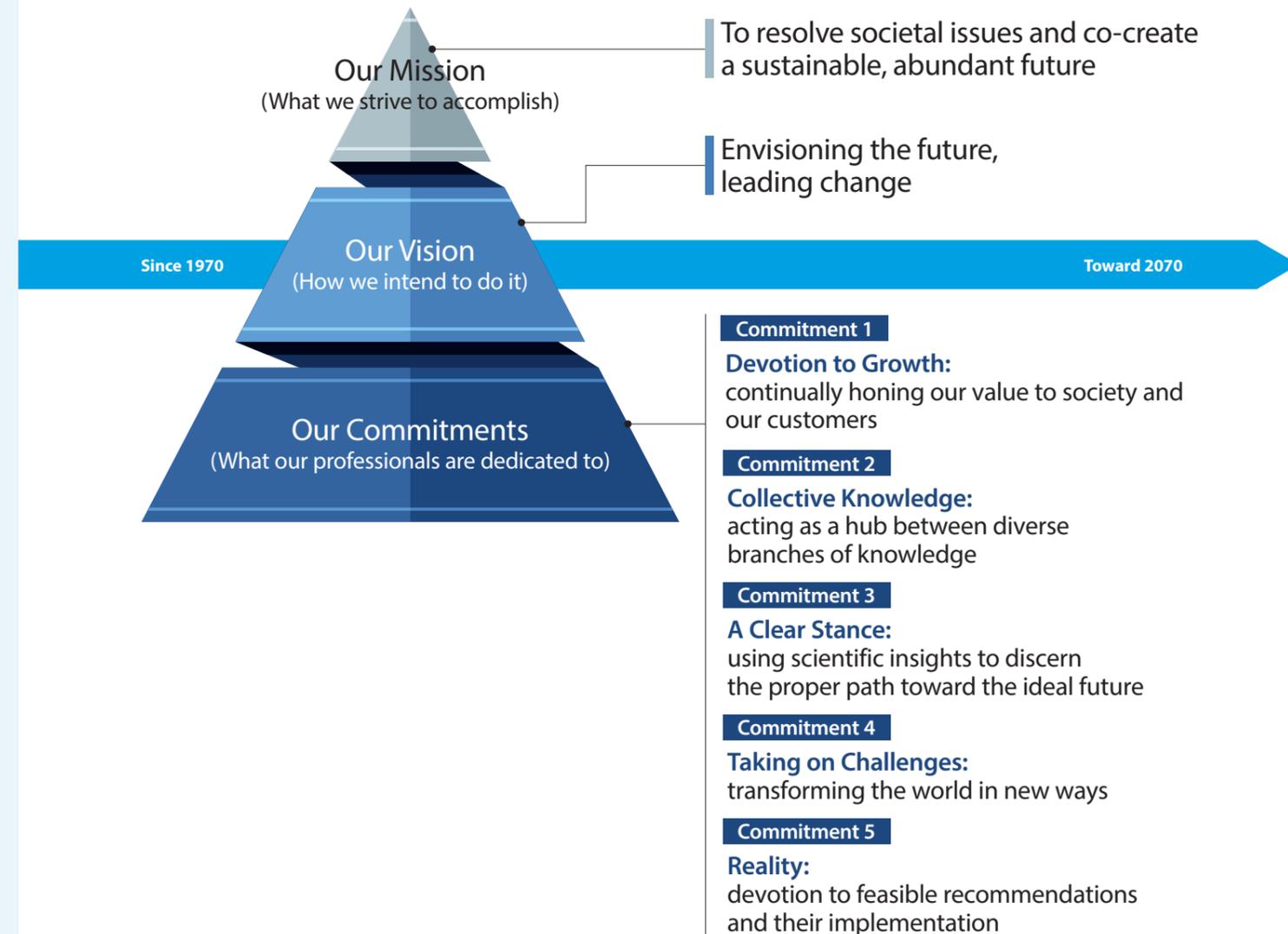
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Period covered

In principle, this report covers fiscal 2022 (October 2021–September 2022). However, it also includes some information pertaining to fiscal 2023 (October 2022–September 2023).

Our Guiding Principles

On the occasion of the 50th anniversary of the founding of the Mitsubishi Research Institute (MRI) in September 2020, we formulated new Guiding Principles as an expression of our determination to continue our legacy of achievement as a think tank by pursuing bold, positive transformations over the next 50 years. As a pioneering company dedicated to resolving societal issues, we will work with stakeholders to realize our mission (what we strive to accomplish), our vision (how we intend to do it), and our commitments to stakeholders (what our professionals are dedicated to) through the creation of a sustainable society for an era in which world population reaches 10 billion and 100-year life spans are commonplace.



I Value Creation by the MRI Group



Our Mission
(What we strive to accomplish)

Our Vision
(How we intend to do it)

Since 1970

Our Commitments
(What our professionals are dedicated to)

Toward 2070

Envisioning the future, leading change

Our mission is to remain focused on an ideal future, to create businesses that will drive societal transformation, and to implement solutions in society. One of our management pillars in doing this is our ability to pioneer societal change thanks to a diverse array of advanced knowledge. The training of our professionals, who produce this knowledge, is a top priority.

We create solutions for a variety of societal issues by using our networks within and beyond the Group

as co-creation infrastructure. Through dialogue with a wide range of stakeholders, we have been able to: identify material issues and growth areas; and enhance our environmental (E), social (S), and governance (G) performance—the basis for sustainability management to achieve both sustainable growth for the Group and a prosperous, sustainable society.

Outlined on the following page are our business model and progress to date.

Our activities (FY9/22)

Diverse and highly-skilled professionals capable of contributing to the solution of societal issues

- Researchers
1,047 (total for MRI and MRA)

- Qualified IT professionals
1,174

Recommendations for resolving societal issues
23 (recommendations issued via news release)

Total number of projects targeting societal issues
1,215 (Public sector: 481 Private sector: 734)

Collaborative structures for resolving societal issues
• Participants in the Initiative for Co-creating the Future (ICF)
545
(122 corporations 173 startups 143 local governments 107 research entities and government agencies)

Examples of our approach to social value creation

Human resources
Elimination of job mismatch: turnover ratio
5% (2021) → **10%** (2030)

Energy
Building a decarbonized society: renewable energy ratio
18% (2019) → **36–38%** (2030)

Healthcare
Gap between average life expectancy and healthy life expectancy
Reduction of 0.5 years
(2030 target compared with actual result for 2021)

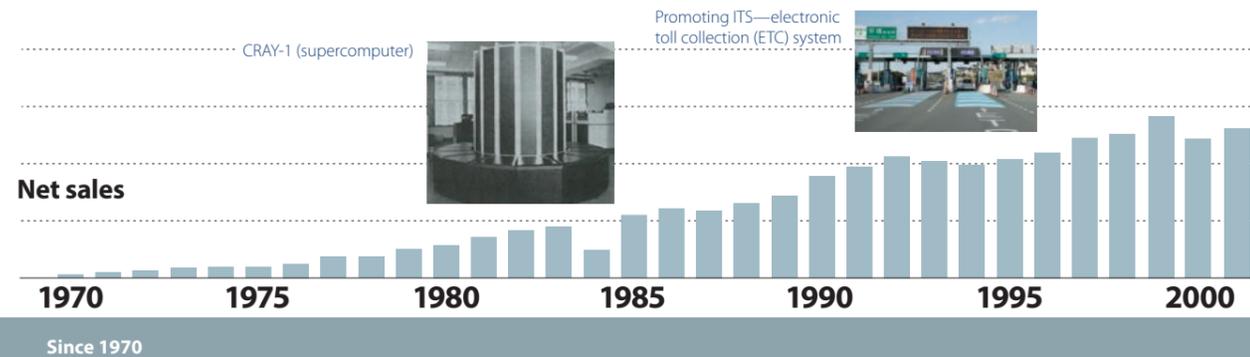
Food & Agriculture
Maintaining and enhancing food supply capacity:
• Value of domestic agricultural production
¥9 trillion (2020)
→ **Maintaining about 90%** of the 2020 level (2050)
• Area under commercial cultivation
3.25 million ha (2020)
→ **Maintaining about 90%** of the 2020 level (2050)

We are evolving from a future-oriented think tank into a company dedicated to building a sustainable future through the solution of societal issues

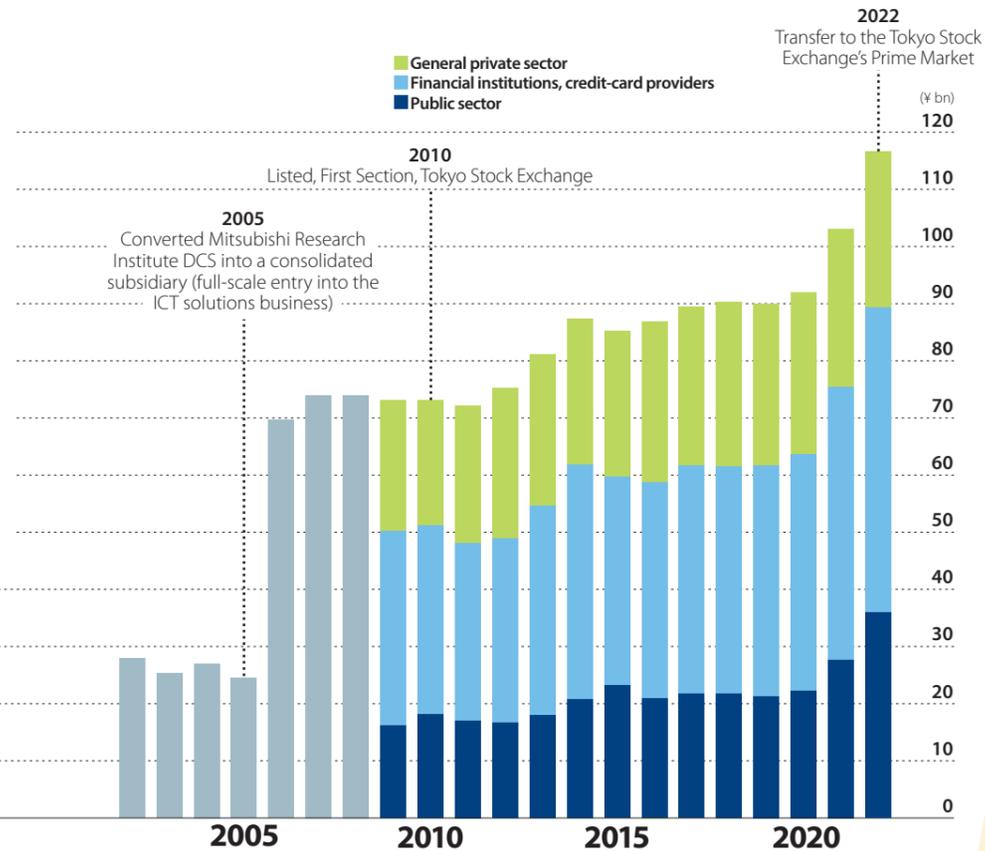
Mitsubishi Research Institute (MRI) was founded in 1970 as the information society was beginning to evolve on a significant scale. In the 1980s we established a reputation as an independent, multidisciplinary, future-oriented think tank, and in the 1990s we built a solid position as a provider of support for public policy development. In 2005, we entered the ICT solutions business in full by acquiring Mitsubishi Research Institute DCS as a consolidated subsidiary. MRI was listed on the Second Section of the Tokyo Stock Exchange in 2009 and promoted to the First Section the following year. Recently, we have accelerated collaboration between our Think Tank & Consulting

Services segment and our IT Services segment.

We have strengthened our presence as a societal solution company by working with partners at all stages of our value creation process: from research and recommendations to analysis and conceptualization, design and testing, and societal implementation. In 2020 we commemorated the 50th year since MRI's founding by renewing our guiding principles. We are strengthening our sustainability management as the basis for the sustainable growth of society and the Group through a cycle of social value creation leading to non-financial and financial value.



Promoting ITS—electronic toll collection (ETC) system



Mega Solar Power Plant in the Yatsuda District of Namie Town, Fukushima Prefecture



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



Diversification of business functions

■: Key event ●: Key project

1970s

Start of multidisciplinary surveys and research as a lodestone for successive eras

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

1980s

Participation in major projects in Japan and overseas

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

1990s

Expansion of policy proposal, design, and testing services for government agencies

- Set up Research Laboratory for Advanced Science and Technology to carry out experimental research
- Set up Global Environmental Research Center
- Set up Safety Engineering Research Center
- Conducted study on advancing intelligent transport systems (ITS)
- Carried out studies and research on policy measures to counter global warming
- Provided support for development of systems for utilizing GPS data

2000s

Full-scale commitment to the future co-creation solutions business

- Converted Mitsubishi Research Institute DCS into a consolidated subsidiary (2005)
- Listed on the Second Section of the Tokyo Stock Exchange (2009)
- Set up Business Solutions Division
- Conducted advanced research and applied results to industry (e.g., human genome analysis)
- Conducted trials on carbon emissions trading schemes
- Supported systems integration at megabanks

2010s

Involvement at all stages from research and recommendations to the implementation of solutions in society as a "Think & Act" think tank

- Listed on the First Section of the Tokyo Stock Exchange (2010)
- Set up Platinum Society Research Association & Innovation Network for Co-Creating the Future
- Provided support for post-earthquake recovery
- Participated in mega-solar power generation business
- Launched PRaiO as an AI-based application screening service for recruiting
- Launched AI-Based Local Government Chatbot Service in collaboration with local governments
- Developed and tested regional digital currency business
- Launched education and data-management services

2020-

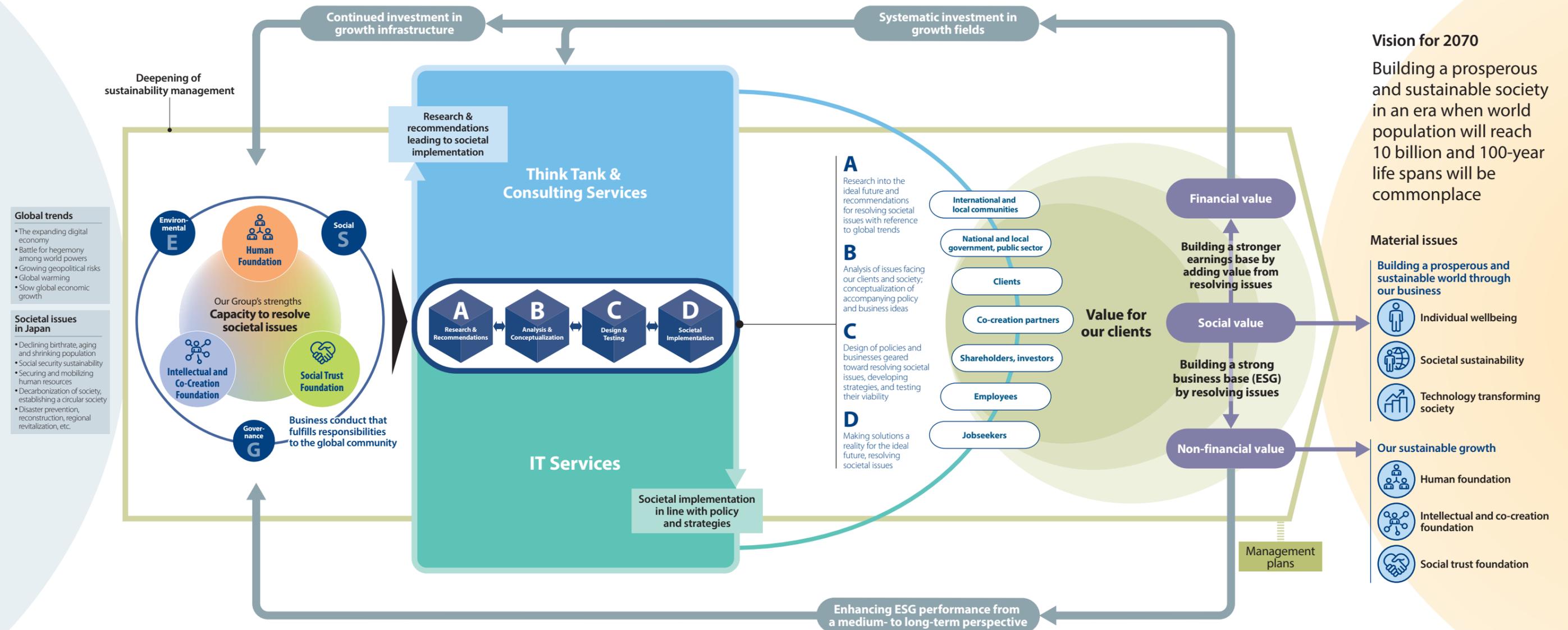
Formulation of a new management philosophy looking ahead to the next 50 years

- Updated our guiding principles to mark MRI's 50th anniversary
- Established DX (Digital Transformation) Unit and opened offices in Vietnam and the United Arab Emirates (UAE)
- Implemented workstyle reforms (e.g., office space enhancements, introduction of remote working)
- Carved out online information service business for wholesale electricity trading—MPX
- Implemented 50th anniversary research project: designing the ideal future and policies to get there
- Implemented project using AI to simulate how covid spreads
- Made policy recommendations for decentralized growth in a beyond-5G era
- Integrated credit card systems

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

Co-creating an ideal future through sustainability management backed by our capabilities to resolve societal issues



All work based on societal issues

We work in partnership with clients to co-create a prosperous and sustainable future through our wide-ranging projects. The foundation and driving force for this process consist of: our human foundation, in the form of our diverse and highly qualified professional staff; our intellectual and co-creation foundation, through which we create knowledge in collaboration with our human networks in Japan and overseas; and our social trust foundation, including our robust financial and governance structures. We continually create new value by combining these strengths as the basis for our capacity to resolve societal issues.

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

As a comprehensive think tank with knowledge covering a broad spectrum of fields, we create value through a cycle that we call the “Value Creation Process” (VCP). This value chain serves to resolve societal issues and consists of four stages—A: Research & Recommendations, B: Analysis & Conceptualization, C: Design & Testing, and D: Societal Implementation. The staff responsible for each of these processes share and accumulate knowledge and methods by remaining constantly aware of the preceding and subsequent processes and the ultimate stage of societal implementation. This mechanism is the basis for our ability to create high-quality output and implement our solutions effectively in society.

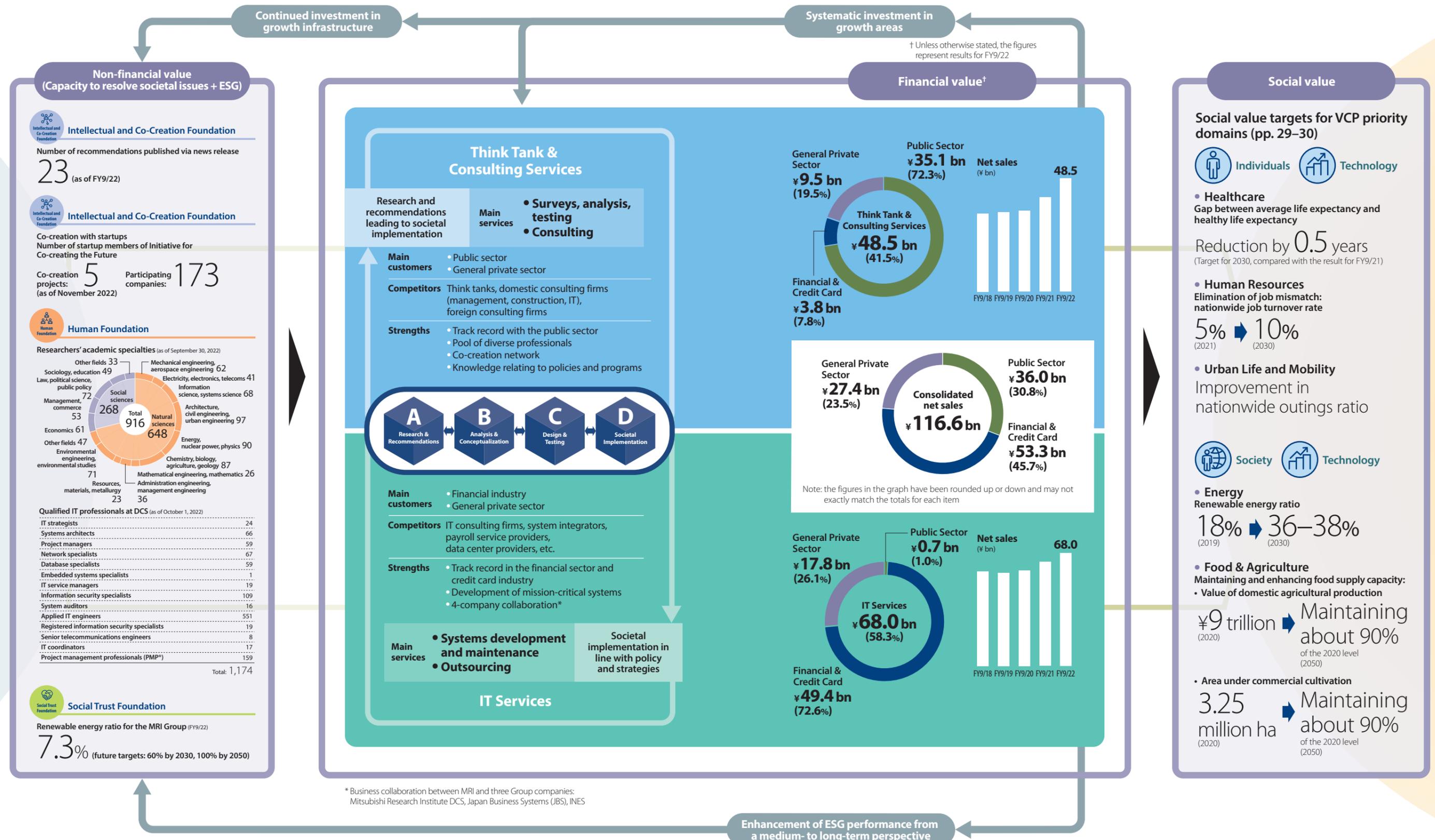
Addressing issues with clients spanning both the public and private sectors

Japan has been among the first countries to experience many of the issues affecting the world today. It still faces an array of major interrelated structural challenges spanning: national security, economic security, technological innovation, climate change, economic regeneration during and following the covid pandemic, regional development, a falling birthrate, and demographic aging. We take on the challenge of addressing these priorities through wide-ranging projects with our clients and business partners, including central and regional governments and companies. Through this process, we have built a diverse customer base and industry–government–academia networks, which we use to accumulate knowledge and expertise in a variety of fields. We use our sophisticated management systems to guide each project to success.

Identification of material issues to maximize positive social impacts

We have identified six material issues as focal points for our efforts to contribute to the realization of a prosperous and sustainable future. Our material issues consist of three areas in which we aim to create social value through our business activities, and three non-financial areas in which we aim to achieve sustainable growth. By creating social value through the resolution of societal issues, we will further enhance our non-financial value, while pursuing growth of our financial value through sustainability management.

Cycling and maximizing our social value, non-financial value, and financial value through projects focusing on societal issues



* Business collaboration between MRI and three Group companies: Mitsubishi Research Institute DCS, Japan Business Systems (JBS), INES



Kenji Yabuta

President and Representative Director,
Mitsubishi Research Institute

We will lead change, proactively identifying client and societal issues, and striving to co-create a sustainable future

It has been about a year and a half since I assumed the role of President and Representative Director. In December 2022 I took on the concurrent position of Chairman of the board of Mitsubishi Research Institute DCS. In this dual leadership capacity, I am charged with comprehensive Group management.

On the occasion of our semi-centennial in 2020, we adopted *Envisioning the future, leading change* as our new Group Vision. We also made a commitment to work with our stakeholders to resolve societal issues and co-create a prosperous, sustainable future.

Our current Medium-Term Management Plan 2023 (MP2023) is the first step in this effort, covering transformations across business structure, workstyles, and

governance. During this, the final year of MP2023, we are consolidating these initiatives and preparing to transition to the next stage. In my New Year's address to Group employees, I invited all to work together in accelerating the pace of change and giving concrete shape to our investments for the future.

Indeed, the time is ripe to accelerate the Group's growth and transformation, given the favorable business environment created by a rapidly changing social landscape and the high expectations of our stakeholders. If we let these opportunities slip by, we will fall behind as the world forges ahead. The urgency of this juncture leaves no room for complacency. I am determined to step up the pace of transformation, working alongside employees.

The events of 2022 made the world more volatile, uncertain, complex, and ambiguous—VUCA—than ever. Russia's invasion of Ukraine has shaken the architecture of international relations, as confrontation escalates between the U.S. and China, and now Europe and Russia, too. The related disruption of supply chains, especially in energy and resources, has caused economic and social turmoil, with energy crises and inflation increasing worldwide. The risk of covid, while downgraded, is not yet over.

These developments are also affecting the domestic economy, adding fuel to current debates on national, economic, and energy security. Such threats highlight the need for more agile and nimble responses to all issues, including fiscal problems compounded by an aging population with a declining birthrate, and climate change. Along with the growing demand for digital transformation (DX) to enhance response capabilities, it is vital to accelerate development of human resources fluent in the next wave of digital technologies such as the Metaverse and Web3.

Mitsubishi Research Institute has significant competitive advantages in this era of uncertainty where there is no single right answer. Our time-tested strengths include an evidence-based approach to forecasting and backcasting; extensive contacts across industry, government, and academia; insight into national policies and programs; expertise in emerging technologies; and the ability to analyze data accurately.

The critical task for us now is to seamlessly integrate knowledge and collaboration across the Group and beyond, to form a Japan-wide industry-government-academia team. Only then can we develop effective strategies that offer real solutions in the face of complex societal issues that are intertwined and seem to require conflicting approaches.

Tackling issues that call for group-level management action

In my first year as President, my top priority was clearing the way to accelerated growth. Together with the Group's

senior management, I focused on deepening stakeholder engagement and tackling issues that needed to be addressed at the Group level to achieve our MP2023 goals.

Deepening stakeholder engagement

The support of all stakeholders, including customers, employees, shareholders, and investors, is key for our New Guiding Principles to take hold and businesses to transform. Dialogue with stakeholders lets us grasp diverse perspectives and acquire an accurate view of rapid societal changes and challenges on the ground. With a return to in-person communication, we have made meeting with all classes of stakeholders a priority, each officer playing their part to gain personal insight into the issues.

With clients

Our Group Forum and Regional Conferences held in Osaka, Nagoya, and Fukuoka serve as springboards for dialogue with clients in diverse industries (pp. 73, 74). This year we took up our clients' high-priority issues of carbon neutrality, human capital management, economic security, and digital transformation, and prescribed ways of working toward their resolution.

At these events, our officers, myself included, arrange strategic dialogues with senior leaders and executives from industry, government, and academia. In synergy with our long-standing working-level relationships of mutual trust, this allows us to deepen our shared understanding of client issues and plans, which can lead to discussions on co-creation and collaboration.

With employees

In expanding our business domains, the Group has faced many societal issues. Our employees have strong intellectual curiosity and are intent on making a broad social impact while forging expertise in new fields. These employee qualities are embodied in our New Guiding Principles, formulated in 2020. With *Envisioning the future, leading change* as our Group Vision, we are taking our value offerings beyond our traditional domain of contract-based research. This wider scope ranges from original research and recommendations to societal implementation.

This proactive positioning has brought another benefit: Over the past year, the vice president and I have engaged employees in candid dialogue in which I sensed a boosted morale. I attribute this to our increased agency in bringing about societal change with a wide spectrum of customers and co-creation partners in business, government, and academia.



With shareholders and investors

To complement our semiannual financial reports, we are increasing dialogue with shareholders and investors through individual IR interviews, personal shareholder briefings, and business presentations by senior management.

We have received positive feedback on the direction of our business transformation and growth potential, along with suggestions for improving transparency by detailing the results of VCP Management and Coordinated Management, as well as clarifying our approach to future growth investment and shareholder returns. These concerns are central to the next medium-term management plan, and we will address them in a timely fashion.

MP2023 areas requiring a concerted Group response

In April 2022 we implemented the 100 Day Plan to focus on human resource improvement and growth-oriented investment, two key areas that required the concerted efforts of the entire Group.

Building a workforce of changemakers

To expand while responding to shifts in the business environment we must develop human resource quality and quantity toward optimizing our portfolio of think tank function and growth businesses including subscription-based and digital-transformation businesses. The 100 Day Plan guided collaboration between MRI and DCS to recruit this talent.

In FY9/23 we are seeking 280 new graduates and mid-career professionals, a year-on-year increase of 50 hires. We have enhanced recruiting activities through our employee-referral program and dialogue with personnel agencies. Those hired will be offered double the training opportunities, participation in the MRI FLAP Cycle® system of career development, and access to visiting positions at firms where they can gain experience and hone their skills (p. 61).

Among our most valuable employees are those who

undertake challenging projects, such as societal implementation and endeavors so large and complex that they elude conventional project management. To encourage them we have overhauled our evaluation structure to reward not only to the end result but also the process of taking on such challenges, even if the conclusion is not always successful.

Growth investment

In our growth business areas, public sector DX demand is strong. We have launched projects in private sector DX and Subscription-based business, though revenue generation is progressing slower than planned and portfolio reforms are still in progress.

To increase the pace of growth in scale and scope, we are applying ambidextrous management: We use rising earnings from core businesses to invest in growth businesses with high-profitability and growth potential that will form the next generation of core businesses.

In this context, the 100 Day Plan calls for investment in growth businesses and R&D, while seeking non-organic growth through investment in technologically strong startups along with M&A activity.

As part of this effort, we established a Corporate Venturing Office in April 2022 and have been developing DX business strategies in three priority growth areas: Smart Factory Logistics, DX Journey®, and Data Analytics. Meanwhile, we are accelerating co-creation initiatives in a variety of channels with a view toward building the pillars of our future business.

MP2023 and our Basic Policy for Sustainability

Our Medium-Term Management Plan 2023 is the first step in applying our New Guiding Principles of 2020. With our Guiding Principles, we renewed our commitment to serve as a company that resolves societal issues by not only proposing solutions but also undertaking their societal implementation. This involves also pioneering a proactive business approach in an industry that is typically passive.

MP2023 incorporates three basic policies: VCP Management, Consolidated Management, and New Normal Management. Through these, we are pursuing transformation in five areas: growth business; core business; think tank function; human resources and organizational culture; and management systems. Together, these will raise our social value, non-financial value, and financial value in a balanced manner as we advance toward the sustainable growth expected of a

company that resolves societal issues (pp. 21, 22).

In tackling these, we apply a sustainability perspective to management, expounded in our Basic Policy for Sustainability of April 2022 (p. 17). I have been appointed Chief Sustainability Officer, clarifying our internal structure for sustainability initiatives. Our sustainability management aims for the sustainable growth of both society and the company.

Overview of FY9/22

We have made steady progress in implementing MP2023 measures during the interim year of FY9/22. I will describe the results we achieved and the challenges we encountered in the financial, non-financial, and social value categories.

Social value

To develop business that creates social value, we have integrated the think-tank value-chain stages “A” through “D” in the eight priority domains we identified among domestic and international societal issues—i.e., VCP Management.

For Research & Recommendations (stage A), we are boosting our capacity to create clearly stated policy recommendations that stimulate public debate.

One example is how we have defined the concept of carbon-neutral resources and articulated the hypothesis that carbon neutrality calls for resource circulation and a circular economy; this serves as a springboard for our ongoing research. We presented our preliminary findings at the November 2022 MRI Group Forum under the banner of *Rebuilding the Economy on Carbon-Neutral Resources* (p. 74).

The Human Capital Management Consortium was established under the auspices of the Ministry of Economy, Trade and Industry (METI) and inaugurated in August 2022. We are playing a key role in its operation as part of our B and C value creation stages, sharing practical examples of human capital management, discussing cooperation among companies, and investigating disclosure practices. This work will contribute to human resource policy formation and administration.

Our digital regional currency platform Region Ring®, developed and operated in-house, is a prime example of how we have fully linked our value-creation stages from A through D. It helps address regional issues such as household waste reduction and energy efficiency, by encouraging behavior change through reward-point programs. As we roll out this platform, we are tailoring its implementation to regional characteristics.

Non-financial value

Non-financial value is based on our competitive advantage as a company that resolves societal issues, together with ESG management which is essential to sustainable growth and a corporate obligation.

The three components of our ability to resolve societal issues are knowledge (intellectual value), human resources (human value), and networks (relationship value).

Intellectual value comprises the extensive knowledge and experience of our highly skilled professionals. It is important to deliver such value to our stakeholders and society at large. Our original research and recommendations are also important components of intellectual value in this context.

Our FY9/22 macroeconomic research was lauded for its astute and incisive analysis of the covid pandemic's impact on the Japanese and the Ukraine conflict's global economic implications. We also made recommendations derived from research in our eight VCP priority domains: healthcare, human resources, urban life and mobility, energy, ICT, food and agriculture, circular society, and resilience.

Our human value is our people. In developing our workforce, we have been applying our original FLAP Cycle® career development program which helps employees grow based on personal long-term goals and motivations. In terms of workstyle reforms for the new normal, we are developing flexible options including satellite office commuting, workcations, and remote relocation, in addition to telecommuting.

During FY9/22 we also formulated the *Conduct Guidelines for Diversity and Inclusion (D&I)* and raised company-wide awareness of the issues through lively discussions among employees, complemented by seminars, and roundtable sessions with internal and external experts.

Regarding relationship value, we are increasing the number of co-creation partners through the Initiative for Co-creating the Future (ICF) (p. 73), as well as equity participation and investments in partner companies, funds, and other vehicles. The aforementioned Corporate Venturing Office and the Business Acceleration Program (BAP) foster co-creation among promising startups, ICF members, and MRI.

This endeavor extends overseas where we are setting up co-creation platforms with capable local partners to develop businesses that tackle regional societal issues. In Vietnam, for example, we signed an agreement to partner with UNFPA (United Nations Population Fund) to explore the best ways to address population aging. In Saudi Arabia, meanwhile, we have signed an MoU with Saudi Investment and Recycling Corporation (SIRC) for advancing waste

management and recycling in a cooperative effort that is making steady progress and delivering results that go beyond non-financial value.

Financial value

In FY9/22, both operating profit and ordinary profit broke records for the second year in a row. The Group's consolidated ordinary profit came to ¥10.49 billion, surpassing the MP2023 target of ¥10 billion one year ahead of schedule.

In the Think Tank & Consulting Segment, performance was driven by growth in large-scale projects including covid related AI simulations in the public sector, field testing projects in next-generation mobile communications such as local 5G networks, research projects on renewable energy, and healthcare projects. The IT Services Segment also contributed significantly to our results with its growth in the financial and credit card business. DX business growth continued in both the public and private sectors as a result of close cooperation among Group companies.

Aided by the above, we exploited favorable opportunities in the business environment while furthering qualitative reforms. By strengthening Group collaboration and taking on larger projects, we enhanced productivity and raised profits. The IT Services Segment reached the higher profit margins we sought, a notable result of improved service quality supported by structural reform, along with the completion of large-scale projects. In this way, our self-help initiatives are translating into positive outcomes.

Priorities for FY9/23

Successful completion of MP2023

Having exceeded the financial targets of MP2023 a year early, we forecast continued gains in revenue and profits in FY9/23, albeit on a smaller scale. Qualitative reforms of our core business will continue along with steady growth. We will also focus on talent acquisition, risk management, and other salient issues.

Investment in human resources will continue to be a top management priority. The capabilities of our people are the ultimate source of our value generation. Growth of the organization depends on the growth of its individuals. MRI and DCS are working as one to tackle HR issues head-on.

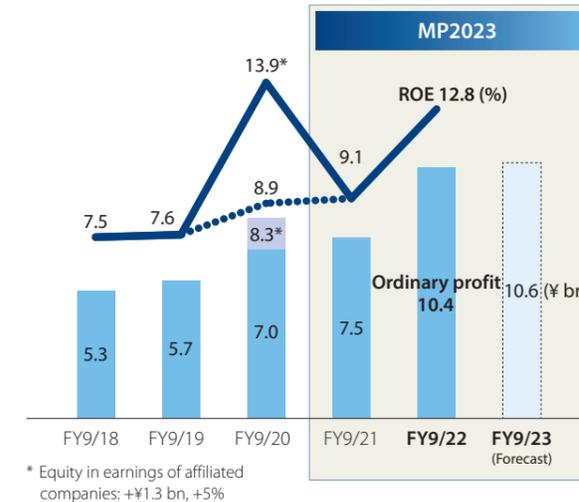
The next stage

To formulate the next medium-term management plan, senior management is taking the lead in considering where we want the Group to be in five to ten years. We plan to

MP2023 targets

Ordinary profit **¥10 bn** (¥10.6 bn forecast for FY9/23)

ROE **10%**



strengthen our two core business segments of policy-oriented Think Tank & Consulting Services and financial-institution-oriented IT Services, and build third and fourth cores to maximize social value, non-financial value, and financial value.

We will continue to lead change as a true societal-solution group united toward ambitious goals

At the Group Forum we showed a video about who we are and what we do, based on the idea that MRI is implementing the future, a theme which resonates with our New Guiding Principles.

The video narration presents some of our beliefs and conceptual methodologies: forecasts alone can't keep pace with the future; first we define the desired future, then we make it happen; and the best way to predict the future is to create the future. These words reflect our determination to embrace a value offering that uses our conventional research and analysis to clearly delineate a desirable future world and commits us to co-creating it with our clients and business partners.

Taking a wider Group management view, I am convinced that by overcoming each issue we face in this turbulent world of VUCA, we will evolve into a distinctive and unprecedented corporate entity that encompasses think-tank work, consulting, IT services, and the real-world implementation of solutions.

Underpinning my confidence is the commitment of

every employee to the transformations that will lead to a sustainable future. Whenever I can, I urge our employees to relentlessly tackle issues without hesitation or fear of failure, aligned in our shared vision.

Uncertainty will remain a constant in the business environment, but as a group and together with our many stakeholders, we will continue to transform ourselves and the future through co-creation. Looking forward, we will advance our management efforts in FY9/23 so that the next medium-term management plan will paint an even larger picture of Mitsubishi Research Institute as a company dedicated to resolving societal issues.

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Kenji Yabuta

President and Representative Director
March 2023

Spotlight: Materiality

Identifying material issues: the foundation and driver of our sustainability management

Our Basic Sustainability Policy

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. By creating social value, we generate sales and profits that build our financial value, which we then apply in pursuit of our medium-term management numerical targets and growth investment. At the same time, we use our non-financial value—the knowledge, technology, and know-how accumulated addressing societal issues—to strengthen our foundations of human capital, intellectual and co-creation, and social trust that are the sources of our competitiveness.

Basic Policy for Sustainability

Create a prosperous and sustainable world in an era with a global population of 10 billion and lifespans of 100 years, and generate sustainable growth for the Group

Six material issues

Following our Guiding Principles and the vision we have for society, in April 2022, we identified material issues from two perspectives of sustainability management.

The first is how we can create social value that will have

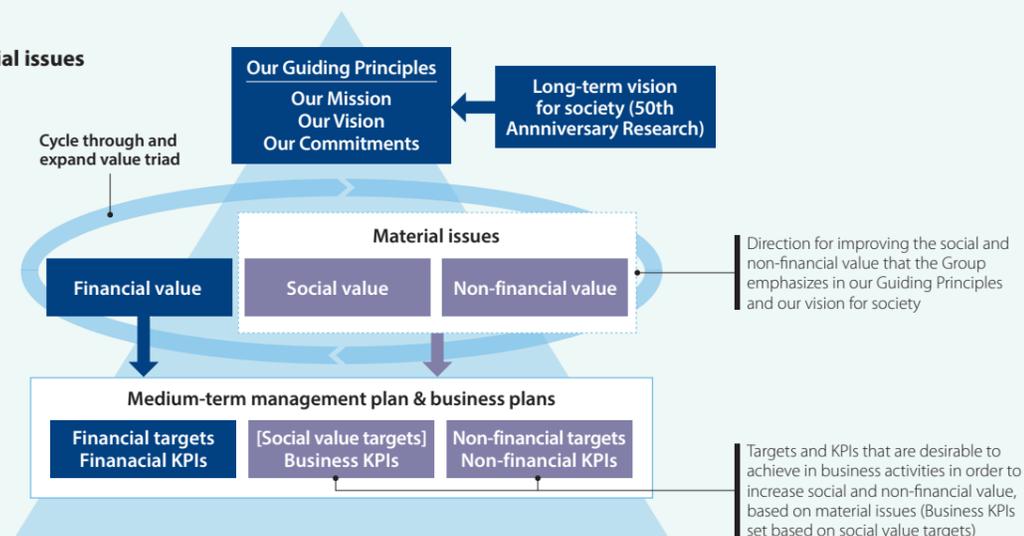
a greater impact (pp. 29–30). Specifically, we considered what we can do as a comprehensive think tank in our VCP priority domains that take a broad view in the analysis and organization of issues in Japan and overseas, and what research themes can be pursued related to the long-term vision we framed for society in our 50th anniversary research project in 2020.

The second perspective is how we can strengthen our non-financial value that is essential to our sustainable growth (pp. 27–28). We identified items related to the foundations of human capital, intellectual and co-creation, and social trust that will be essential to implementing the new Guiding Principles we adopted on our 50th anniversary and fulfilling our Medium-Term Management Plan 2023. This is in addition to items based on international frameworks and guidelines like ESG.

Sustainability Management Code guides activities based on PDCA cycle

Sustainability is at the foundation of our Group management. To deepen the concept of sustainability in our management activities, in April 2022, we established our Sustainability Management Code and a structure of responsibility for applying the code. The president is set as the Chief Sustainability Officer (CSO) and the General Manager of the Corporate Administration Unit serving as the Sustainability Management Officer.

Positioning of material issues



The guidelines put the Sustainable Management Office in the Corporate Planning Division in charge of planning sustainability activities, defining and revising material issues, and forming and managing non-financial and social value targets. The office will also apply a PDCA cycle in conjunction with the business plan. The General Manager of the Corporate Planning Division drafts matters to be deliberated and decided on regarding sustainability, which are then approved by the Sustainability Management Officer, CSO, and Management Strategy Committee prior to the final decision by the Management Meeting.

Enhanced disclosure and communications

Our policy is to promote business development and other initiatives based on the material issues that we have identified, and to actively disclose information in this report and on our website. We will also seek to improve our sustainability management by reconsidering and revising our activities and material issues to reflect the opinions of our stakeholders.

MRI Group material issues

Material issues	Examples of initiatives	Relationship to the SDGs
Building a prosperous and sustainable world through our business		
Individual wellbeing Ensuring health, self-fulfillment, and connection	<ul style="list-style-type: none"> Healthcare business Human resources business Urban life and mobility business 	
Societal sustainability Ensuring safety, security, and global sustainability	<ul style="list-style-type: none"> Financial & credit card business ICT business Energy and circular society business Food and agriculture business Resilience business 	
Technology transforming society Societal implementation of innovative technologies, transformation of companies and society	<ul style="list-style-type: none"> DX business Research into cutting-edge technologies Focused development of societal implementation business 	
Sustainable growth		
Human foundation Sustainable improvement of our people and the organization	<ul style="list-style-type: none"> Recruiting and training human resources, running the FLAP Cycle® Work-life balance, health-focused management Diversity and inclusion 	
Intellectual and co-creation foundation Utilizing the value of collective knowledge and our co-creation foundation	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Risk management and information security Corporate governance MRI Group decarbonization initiatives 	