

# IV ESG Initiatives That Contribute to Value Creation



## Enhancing our foundation for resolving societal issues

Our goal under Medium-Term Management Plan 2023 is to achieve sustainable growth as a company that resolve societal issues. This will require further enhancement of our three foundations:

- Our human foundation that supports our growth strategy, including recruitment and training
- Our intellectual and co-creation foundation, including the development of closer relationships with co-creation partners
- Our social trust foundation, including our governance structures and improved environmental initiatives

In FY9/22, we identified the material issues that we need to address in order to achieve sustainable growth and enhanced our non-financial capital through increased efforts in the areas of the environment (E), society (S), and governance (G).

We are working to strengthen the three types of foundation that form the basis of our ability to provide solutions for societal issues.

Our progress on the three material issues relating to ESG is outlined on the following pages.





## Recruitment & Training

### Cultivating a diverse, talented, and highly-specialized workforce

#### Overview

People are at the heart of our competitiveness and our ability to move forward steadily and efficiently with business strategies that help resolve societal issues. We have a variety of proactive human resource programs to recruit and train a diverse, talented, and highly-specialized workforce.

To remain ever more competitive in the labor market, we regularly update our human resource policies in response to market trends and the activities of our competitors. We also prioritize the enhancement of our education and training systems so that our employees can continue to grow. Our determination to ensure that every individual can reach their full potential is also reflected in our active commitment to diversity and inclusion.

#### Renewed employment structure: bringing out the best of talented personnel

As a part of the Medium-Term Management Plan 2023 (MP2023), we made substantial changes in April 2021 to our employment structure with the aim of preparing our workforce to drive our future management and business strategies.

A core focus of these changes was a shift away from elements based on rewards for seniority to an employment structure that reflects employees' job content and results. By running this in line with our new human-resource portfolio management philosophy, we will recruit and train diverse and talented personnel, like those capable in the field of digital transformation and in cultivating new business to drive our Value Creation Process approach to management.

New programs are also underway to support work-life balance, such as remote work and relocation to remote areas.

These will come to define how we work in the new normal and foster an organizational culture where highly-skilled professionals continually take on the challenge of resolving societal issues.

#### Career development through our FLAP Cycle®

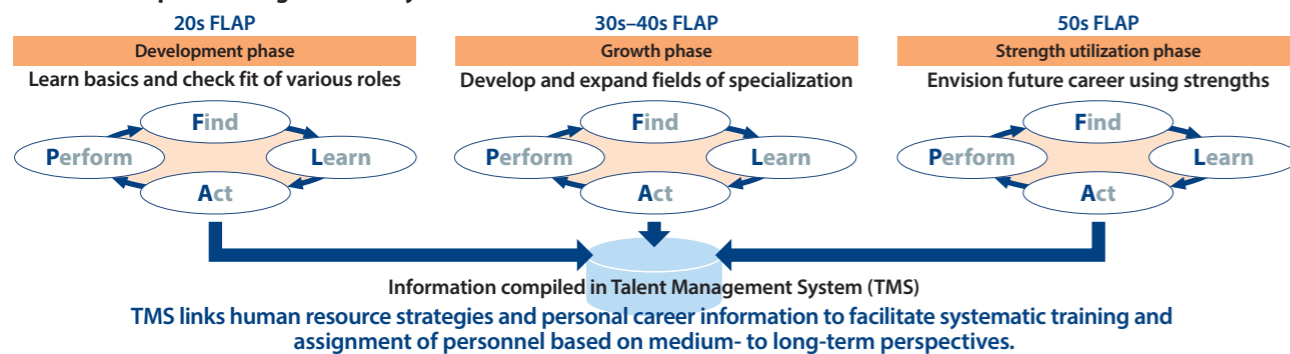
We created the FLAP Cycle®—Find, Learn, Act, Perform—and have subsequently implemented it to optimize our own human resource portfolio while helping individual employees to learn, grow as professionals, and build long-term career plans that match their aspirations and abilities.

Employees advance through the FLAP Cycle® by *finding* their own aptitudes and the requirements for their work, by *learning* the knowledge and skills that they need to improve, by *acting* to build experience in their chosen direction, and by *performing* in their roles at each new stage in their careers.

Careers are seen as consisting of the development phase, which begins when people join the company and continues through their 20s, the growth phase, which covers their 30s and 40s, and strength utilization phase, which begins in their 50s. Each individual's progress through the cycle is monitored annually.

Information about each employee's skills and career path is compiled in our talent management system. Employees also maintain career records in which they define their aspirations, plans, and skill development goals. This approach takes into consideration individual motivations and ensures systematic human resource development based on medium- and long-term, not just short-term, perspectives.

#### Career development using the FLAP Cycle®



#### Enhanced ability to recruit people capable of driving sustainable growth

We are laying foundations for sustainable growth by expanding our recruitment of new graduates and mid-career professionals in anticipation of future needs under MP2023 and our long-term strategies. We almost doubled the number of mid-career hires year on year (YoY) in FY9/22, and our intake of new graduates in April 2023 will be 1.5 times YoY.

Our recruitment activities were impacted for a considerable period by Japan's covid-induced state of emergency. We took a portion of our recruiting online for both new graduates and mid-career hires. This ended up streamlining our hiring processes; for example it became easier to interview candidates in remote locations.

We took proactive measures to recruit new graduates, such as raising our profile through publicity-type events geared toward students, and contacting potential candidates through scouting services. To meet our need for specialist knowledge, we have actively recruited from the STEM disciplines, but we have seen a low number of women hires due to their relatively low representation in such programs. Since FY9/21, we have responded to this issue by participating in informational events for women students and by raising awareness of our women-friendly working environment.

For mid-career professionals, we are continually updating our recruitment process to reflect current trends in the job market. In addition, we are actively using new recruitment services and channels, such as direct recruitment and agencies specializing in advanced professional skills. Regular dialogue with agencies is a key element in our efforts to improve the efficiency of the candidate search so that we can recruit the right people to fill out our human resource portfolio.

In the post-pandemic era, we will grow our recruitment numbers by making optimal use of the advantages offered by both in-person and online methods through our know-how accumulated over the past few years.

#### A more health-conscious workforce: increased checkup items and creative participatory programs

One of our non-financial targets is to maintain a 100% health checkup ratio and achieve 100% for follow-up checkups too. We work to maintain and enhance the health of employees by continually reviewing the content of checkups and utilizing the latest technologies and services. For example, in FY9/22 we provided employees who wished to undergo testing with free access to the N-NOSE early cancer detection services provided by Hirotsu Bio Science Inc. and the VR-based ultra-early Alzheimer's disease detection service provided by MIG Inc.

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. Since the system is based on competition both between individuals and between divisions, it has provided potent fuel for dialogue within the company.



N-NOSE checks are used in the early detection of cancer.



VR-based measurement of brain functions is used to detect signs of dementia at an extremely early stage.

Human Foundation

# Workstyles

## Workstyle flexibility: individual choice of the best way to work for role and job content

### Overview and progress

Mitsubishi Research Institute was early to introduce remote working. When the time came for countermeasures against covid, this preparedness let us continue our work unhindered.

In March 2021, we formulated a basic policy on workstyles under the new normal, and in October of that year we issued a guidebook for employees. The guidebook was intended not as a set of specific uniform workstyles defined by the company, but rather as an aid for employees and their divisions to determine the best way to work for themselves. For example, it includes sample workstyles for a range of conditions; readers use these to inform their

own balance of office and remote working.

Forging optimal workstyles must reflect not only individual perspectives, but also the needs of the organization. For that reason, each of our divisions brought their employees together to discuss ideal workstyles based on both operational requirements and personal preferences.

We will continue to make optimal use of our accumulated experience and expertise to implement workstyles befitting the new normal in both with- and post-covid situations.

### Guidelines by task type for selecting office or remote work

	Physical attendance required	Physical attendance advisable	Hybrid	Remote working advisable	
External	Tasks performed on clients' premises	Discussion	Seminars, company informational sessions, Media Conference, IR, etc.	Presentation	
		Canvassing & summarizing opinions, key responses	Committees	Reporting	
		New clients, ascertaining needs, negotiations, etc.	Meetings	Clients in remote areas, progress reports, interviews, etc.	
		Proposals & major report meetings	* Remote meetings possible at request of client		
		Second and subsequent interviews, promising candidates	Recruiting	Initial interviews, candidates in remote locations	
Internal	Team-building	Group work	Discussions	In-house training & seminars	Lectures
		Highly-important topics, brainstorming, workplace discussions	Organizational meetings (group, division, unit)	Colleague updates & sharing	
		Crafting plans & measures, co-creation work such as brainstorming	Ideation & co-creation	Large numbers of participants	
		OJT	Goal sharing & feedback	Human resource development, reciprocal learning, interviews	Communication & reporting
		High-security work	Individual work	Office-based (focus room)	Individual work

Scope of remote working to grow through future ICT improvements, employment format diversification, attitude changes, etc.

### Enhancing programs for flexible workstyles and self-fulfillment

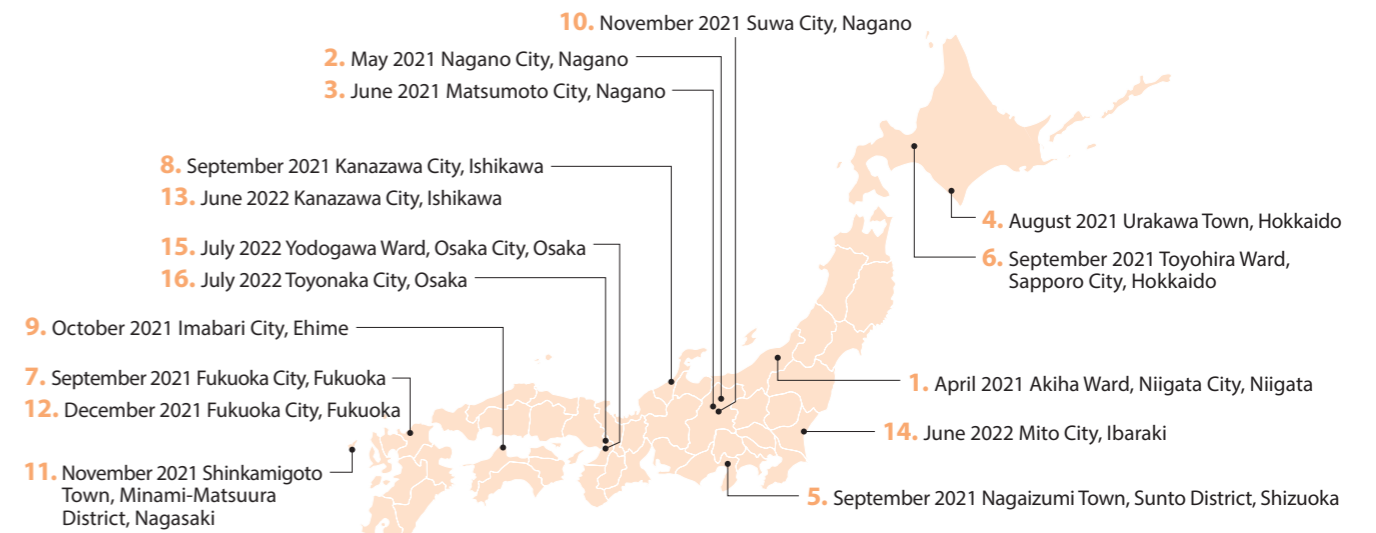
Programs and policies are in place at Mitsubishi Research Institute so that all respect autonomy and diversity, while each forges self-fulfillment through flexible workstyles appropriate to the various stages of life. When we renewed our employment structure in April 2021, we introduced elements centered on job content, rather than seniority,

clarifying each employee's mission and setting pay to reflect that mission. This has enabled individual employees to remain aware of their roles and actively engaged, even in a remote working environment. By making it possible to work from home or at satellite offices, to work while on vacation, and to relocate to remote areas (chart on p. 64), we are able to conduct our work with physical attendance between 40–50%.

### Programs to support flexible workstyles and self-fulfillment

<b>Flexible workstyles</b>	• Remote working programs (including relocation to remote areas) • Flextime and discretionary work schemes
<b>Career support</b>	• Skill development support (cost subsidies to support self-improvement) • Upskilling days (days off for purposes that contribute to self-improvement) • Career design leave (leave for activities that contribute to self-fulfillment such as self-funded study abroad and fertility treatment)
<b>Support for various life stages</b>	• Child and family care leave • Reduced working hours for child and family care • Spousal maternity leave • Babysitter cost subsidies • Cafeteria plan (a free-point system in which employees are granted a set amount of points to use at will in paying for a wide range of external services) • Outpatient sick leave (days off for outpatient care enabling employees to continue working while undergoing medical treatment) • Use of left-over paid leave from previous years for childbirth, child-raising, and family care • Rehiring system (rehiring of employees who left for personal reasons such as a spouse's work transfer or job change)
<b>Prevention of excessive working hours, encouragement of leave use</b>	We are working as an organization to prevent excessive working hours and encourage employees to take leave. The following targets have been set. • Zero employees working more than 2,300 hours/year • Zero employees working more than 250 hours in any one month • Ensuring that employees who work on holidays always take days off in lieu • Ensuring that employees always take at least five paid leave days per year • Support to enable employees to take at least 20 leave days per year (at least 10 paid leave days, five summer vacation days, five upskilling days)

### Map showing utilization of remote relocation system (as of October 1, 2022)\*



\* The remote relocation system allows employees to live in locations that are remote from our offices, generally two hours or more one way by conventional rail lines. Participants only come to the office when it is essential for their work. As of October 2022, 16 employees (MRI only) were using the system. These employees live in locations ranging from Hokkaido to Kyushu and encompass a wide spectrum of groups, from young employees to middle management, and senior executives. The dates on the map indicate application dates.

### A better lifestyle for my family through the relocation system

I moved to Nagano Prefecture under the remote relocation system in February 2022. We are currently building a house in Hara Village at the foothills of Mount Yatsugatake. In addition to school, I want my children to learn from nature. My wife is engaged in community welfare work and dreams of sharing the benefits of yoga in a natural environment to the elderly residents in the area. I find that I am able to make excellent progress with my work thanks to the energizing effects of life in a natural setting. Because my work relates to regional transportation and community development, I can base my client proposals and research on my experience of regional life and issues, which were not apparent to me when I was living in an urban environment. This has been a major positive for me.



**Yukimasa Morisaki**  
 Mobility Strategy Group,  
 Smart Region Division,  
 Policy Consulting Unit

Human Foundation

# Workstyles

## Office space enhancements

In addition to our workstyle programs, we have made a host of office space improvements to provide our personnel with the optimal conditions at the convergence of in-office and remote working. These initiatives include setting up a free address seating system, new teleconferencing booths, communication facilitation areas, and enhanced ICT equipment to support remote meetings.

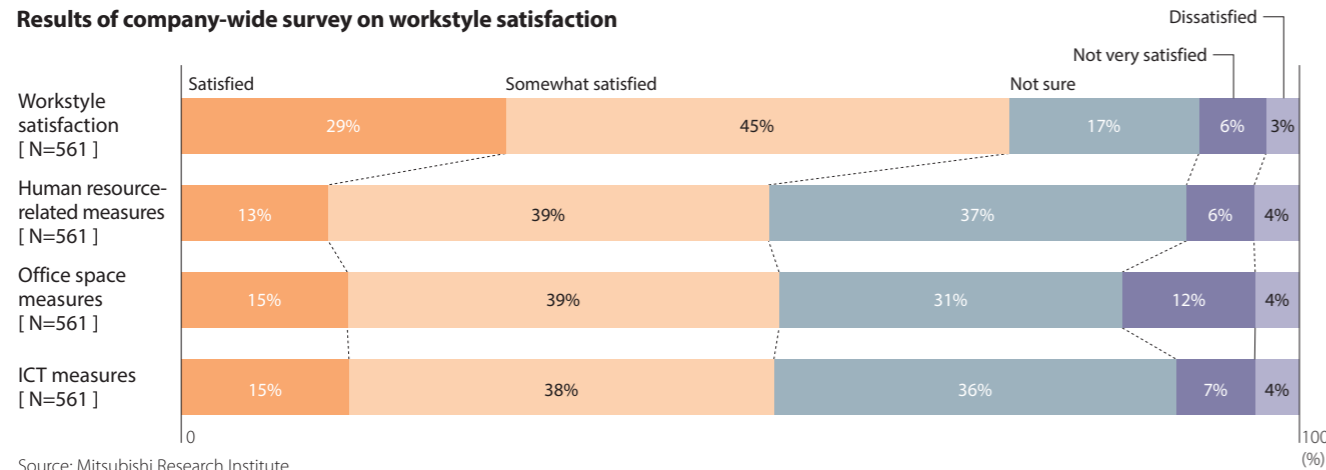
Thanks to these measures, most of our in-house meetings are now held in a hybrid format that combines physical attendance with remote participation from homes, satellite offices, or other locations. We also combine in-person and remote formats for our meetings with clients and partners; the actual format used depends on the purpose and content of the meeting, the number of participants, and other factors.

## Company-wide survey on new-normal workstyles

In June 2022, we conducted a company-wide survey about hybrid workstyles combining physical and remote attendance. The results showed that employees were modifying their workstyles through our various initiatives, with around 75% indicating that they were satisfied or somewhat satisfied with their present workstyles.

However, only 50% responded that they were satisfied or somewhat satisfied with human resource, office space, and ICT measures, indicating room for further improvement. Using these results, we will continue to enhance our workstyles for the new normal through discussions with employees on their specific input and desires.

### Results of company-wide survey on workstyle satisfaction



Source: Mitsubishi Research Institute



Communication areas have been created on each floor of our head office building.



Employees have free access to the focus room.

## Close-up | Employee roundtable on new-normal workstyles

Employees discussed their use of new-normal measures including: office space, remote work environment, relocation to remote areas, workation, dual employment, and a shift to an employment structure based on job content rather than seniority.



**Mari Iwata**  
Asia Business Group,  
Global Business Division

Remote working has enabled me to work the same whether at home or overseas. This is possible thanks to support from our back-office staff, which I am very grateful for. I want to help take the workstyle evolution further by using these systems to expand my circle of communication.



**Tomomi Nakao**  
Healthcare Innovation  
Group,  
Healthcare and Wellness  
Division

The remote relocation system allows me to work in a place where I can see horses running around outside my window every day. While on a workation to a rural area, I worked from a shared office set up in a former school building, where I was able to interact with local residents. These have all led to tangible improvements to my work-life balance. My colleagues and I started the Workstyle Diversification Support Group to share these new workstyles with more people in the company.



**Asagi Kobayashi**  
Accounting and Finance  
Division

I find remote working extremely beneficial since it allows me to combine work flexibly with childcare and housework. There is still a bit of trial-and-error along the way, but the process of making the system work is also helping me to build mutual understanding and teamwork with my co-workers. I don't think total digitalization is feasible, but I will keep striving to minimize the tasks that cannot be done online.



**Naoko Mashiko**  
Financial DX Consulting  
Group,  
Financial DX Division

I have a second job on the weekends once or twice a month. It involves evaluating and consulting on fashion items, and it's similar to my main job as I have to identify the heart of a customer's problem, develop a hypothesis, and offer solutions. There is a real sense of synergy since my second job offers inspiration for my main job.



**Akira Enomoto**  
General Manager,  
Human Resources  
Division

Since launching our measures to support new-normal workstyles, we have been fine-tuning them via a PDCA cycle based on employee feedback. Any such pioneering uncovers obstacles, and we are determined to put those insights to work in transforming social systems at large.



**Yoshiki Shimizu**  
Group Leader,  
Policy and Strategy Group,  
Career Innovation Division

As a company dedicated to resolving societal issues, Mitsubishi Research Institute hosts innovative measures for new-normal workstyles. One of the company's defining features is its ability to imagine when new measures will become the norm and influence Japan as a whole by taking the lead to outline the obstacles, and how to overcome them, along the way. This inspires me to take the discussion to the next level.

Note: divisions and job titles as of June 27, 2022

## Diversity and Inclusion

### Creating an inclusive workplace that enables all to fulfill their potential

#### Overview

For all to achieve their full potential, we must look beyond indicators—like gender, nationality, and experienced-hire ratios—to create a workplace in which people with diverse ideas can actively engage with one another. This will require not only a more diverse workforce, but also a culture that emphasizes respect for individual differences and helping one another.

This thinking is reflected in our commitment to the promotion of diversity and inclusion (D&I), which is a core policy in Medium-Term Management Plan 2023. In November 2021 we established the D&I Promotion Office.

We have launched a spectrum of measures including: workshops that any employee is free to attend, workplace discussion sessions with mandatory participation, seminars led by subject specialists, and round-table meetings involving experts from within and outside the company (p. 68). Feedback from these activities provided the base for our *Conduct Guidelines for Diversity and Inclusion* set into place in November 2022.

#### Seminars

Our efforts can only meet success if our corporate culture respects inclusion, the acceptance of unique individuality. Accordingly, we held a face-to-face seminar on D&I for corporate officers and line managers led by Professor Makiko Deguchi (Department of English Studies, Faculty of Foreign Studies, Sophia University).

A video of the session has been made available to all employees as a training resource. Since the seminar, line managers have worked to share issues and raise awareness by acting as facilitators for workplace discussion sessions.



Professor Makiko Deguchi led a face-to-face seminar on diversity and inclusion, a video of which is now being used as a resource for company-wide training.

#### Conduct Guidelines for Diversity and Inclusion

**We strive to be a company where diverse individuals are actively engaged, grow together, and resolve various societal issues**

We, the Mitsubishi Research Institute, will continue to envision a desirable future world and lead change through the solution of various societal issues. To fulfill these aspirations, we need to be a company in which diverse individuals are actively engaged, utilize their strengths and individuality, and help one another grow, so that we can continue to provide value sustainably into the future.

**We acknowledge the differences in the situations and aspirations of all**

People's potential reflects differences in their personal situation and aspirations—diversity. We will identify and review our unconscious biases, cherish our diverse colleagues for who they are, and foster a culture in which individuals can realize their potential—inclusion.

**We will create an engaging workplace through respect for individuality and help for one another**

We strive to create a workplace where all are actively engaged. This comes alongside each taking an interest in, communicating with, and getting to know one another, thus ensuring respect for individuality and help for colleagues to shine.

**We will take joy in combining unique strengths to create new value**

We will create new value and ensure sustainable growth by: seeking diverse points of view from within and beyond the company, finding new value in minority perspectives, and taking joy in combining our unique attributes and differences—innovation.

### Close-up | Expert roundtable preceding the formulation of Conduct Guidelines for Diversity and Inclusion

The meeting is one of many diversity and inclusion measures integral to MP2023, which aims to ensure that our diverse professionals can lead fulfilling careers and impact a variety of societal issues.



From left: Yumiko Yoshiike (General Manager, Human Resources Division, interviewer), Makiko Deguchi (Professor, Sophia University), Mariko Bando (Outside Director), Yuji Masumoto (Representative Director, Activatelab Co., Ltd.), Makiko Yamazoe (Senior Consultant, Asia Business Group, Global Business Division)



**Mariko Bando**  
Chancellor (Socho),  
Showa Women's University

Diversity is a direct source of competitiveness for think tanks, the role of which is to craft proposals and cultivate innovation by bringing together diverse perspectives and thinking about factors that others may not have noticed. To fulfill that role, it is vital to foster an organizational culture in which the diversity of the overall organization is continually maintained and enhanced, and in which managers “sponsor” individuals by offering them opportunities to try new approaches. I see such an organization as the ideal environment for people to respect, support, and help each other while deepening discussion toward the creation of a better future.



**Yushi Masumoto**  
Founder,  
Activate Lab

After coming back from a brain hemorrhage that caused a loss of brain function, I became aware that able-bodied people tend to put all people with disabilities into the same category, even though they all have different symptoms and conditions. I used to be like that, but now I realize that inclusion for people with disabilities is not possible unless we properly understand each individual's abilities. I also firmly believe that companies that really make use of individuals' abilities like this will prosper.



**Makiko Deguchi**  
Department of English Studies,  
Faculty of Foreign Studies,  
Sophia University

At our university, we run courses in which groups of students are given issues and told to find solutions. My impression is that diverse groups tend to propose more interesting solutions than groups that are less diverse. In diverse groups, there is often a milieu in which people take an interest in each other's individual attributes and feel free to put forward any opinion. All human beings are different. I want everyone to know that organizations that include diversity are better able to ensure psychological safety for their members.



**Makiko Yamazoe**  
Asia Business Group,  
Global Business Division

One of the issues to emerge from discussions hosted by the D&I Promotion Office is that while there has been progress on diversity, including the percentages of women and foreign nationals, more effort is needed in relation to inclusion. For example, people tend to prioritize efficiency and end up discussing matters with people from similar backgrounds. Moreover, while people are prepared to listen to different viewpoints, they are not yet ready to collaborate. The *Conduct Guidelines for Diversity and Inclusion* were formulated as a response to this problem. My task is to disseminate the guidelines throughout the company and make them part of our day-to-day activities.

Note: divisions and job titles as of September 20, 2022



## Intellectual Capital

### A focus on VCP-synchronized research creating business value; realistic research and policy recommendations based on multidisciplinary strengths

#### Overview

Our research and recommendation activities are the starting point for the creation of value. They integrate our diverse knowledge and societal implementation experience—these gained through our research and consulting services. Decisions concerning activity policies, strategies, and plans are based on deliberations by the company-wide Research & Recommendations Committee. This committee holds monthly discussion sessions with our senior management and research fellows (p. 71) as part of efforts to optimize the quality of our research and recommendations.

Three pillars comprise the base of our activities: foundational research, future-concept research, and VCP-synchronized research. The first, foundational research, is intended to strengthen our intellectual foundations through activities that include analysis of the Japanese and overseas economies, evaluation of public policy, and surveys of advanced technology. The second, future-concept research, aims to create new standards by envisioning the future and measures for its realization over the long term. The third, VCP-synchronized research, links to our strategies for each VCP priority domain (pp. 29–30).

Under Medium-Term Management Plan 2023 (MP2023), we have prioritized VCP-Based Research with the aim of further strengthening our capacity to resolve

societal issues. Our goal is to provide realistic recommendations by applying the full potential of our unique integrated strengths.

We will continue to strengthen our intellectual capital and improve our medium- to long-term corporate value by bringing together cutting-edge knowledge in the areas of policy, economics, science, and technology. This will also serve as the basis for research and recommendation activities focused on the core of social change.

#### Foundational research: insights on the economy and advanced technology for enhancing our intellectual foundation

We are strengthening our intellectual foundations as a think tank through research in various fields, including macroeconomics and advanced technologies.

In macroeconomics, we have earned considerable acclaim for our findings on key issues, such as the impact of the covid pandemic on the world economy and the Japanese economy as well as the global economic implications of Russia’s prolonged invasion of Ukraine.

Our research relating to advanced technologies is focused on virtual technologies. We are exploring current developments in this field, the potential for the use of virtual technologies to resolve societal issues, and the issues

involved. There has been intense interest in our research on the latest metaverse trends and potential uses for this technology in a variety of fields.

We will continue to guide the government, businesses, the media, and other organizations through recommendations based on our research of the future world and solutions needed to get us there.

#### Future-concept research: new standards for the future

We define the optimal post-covid society as one that is resilient and sustainable. We believe that the ultimate goal should be to maximize wellbeing, and we have identified the elements needed to achieve this—in other words the MRI Wellbeing Indicators. The development of policies focused on maximizing wellbeing will be a vital perspective for finding solutions to the various societal issues facing Japanese society.

We have also responded to the global trend to decarbonize by initiating work toward the creation of an industrial structure based on carbon neutrality. We believe that the key to achieving carbon neutrality for Japan as a whole will be the use of digital and other technologies to create a circular system for raw materials and carbon. We plan to make proposals on topics that include the development of systems to circulate these resources.

#### VCP-synchronized research: study and proposals for our eight priority domains

VCP Management is a basic strategy under MP2023. In the first year of MP2023, we conducted research combining policy, economic, scientific, and technological knowledge relating to our five VCP priority domains at the time (healthcare, human resources, urban life and mobility, energy, and ICT).

This fueled our policy recommendations to government agencies as well as proposals for businesses and the media. By linking research to the B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation phases of our VCP, we enhanced our ability to provide recommendations leading to the real-world application of solutions.

In 2021, we established research and recommendation teams for three new priority domains (food and agriculture, circular society, and resilience). All eight teams are now exploring societal issues in their respective domains and considering specific policies to serve as solutions.

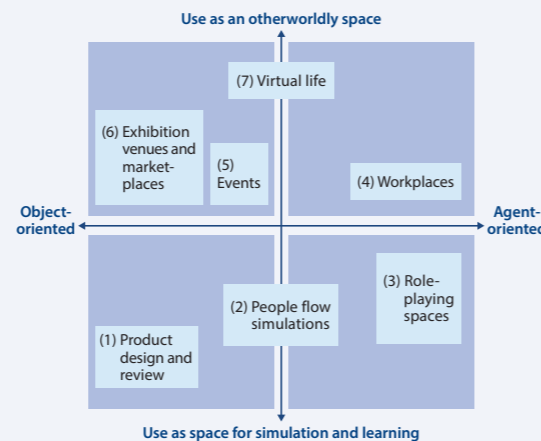
Our research and recommendations are based on narratives for how to resolve societal issues in each domain. Through this approach, we are able to lead change, and by creating examples of successfully leading change, we will help build a resilient and sustainable world.

#### Insights: a metaverse future

In recent years the future potential of the metaverse has been discussed in various contexts, including the formation of new economic spheres. We are conducting research about the impact of and outlook for the metaverse, which we define as shared virtual spaces made up of multiple agents or avatars and controllable objects.

We have identified seven types of services that can be provided using the metaverse (diagram). Further development of the metaverse will require the creation of earning opportunities, mechanisms for the exchange of value, and a system of governance. We will continue to provide recommendations about the metaverse, including strategic direction for its development and its impact on society.

#### Seven types of metaverse applications



#### Insights: original wellbeing indicators

The MRI Wellbeing Indicators relate to people, society, and the Earth. There are a total of nine elements, of which four each relate to people and society and one to the Earth. These elements are further divided into 21 items and 36 indicators, which are used to define subjective well-being using a dashboard format. We are employing these indicators as the basis for efforts to visualize the wellbeing of people in Japan, including a survey of 10,000 people.

#### Insights: policy direction to guide carbon neutral measures

Russia’s invasion of Ukraine has caused a global surge in energy prices and has once again brought energy security problems worldwide to the forefront.

We have created four future scenarios for the achievement of carbon neutrality in Japan by 2050, and we are using these to estimate social and economic impacts. Based on these estimates, we propose the policies needed to achieve a smooth transition to a decarbonized society.

These have been taken up at government councils, industry committees, and other groups, and we have thus been able to contribute to policy, public programs, and corporate strategies.

## Intellectual Capital

### Planning and conducting research myself

I am involved in macroeconomic research about the European economies as well as VCP-related research on information and communications technology. I am analyzing the effects of increased data flows on individuals, industries, and regions in a beyond-5G era. One of the characteristics of the Center for Policy and the Economy is the fact that we set our own research themes. While this is a difficult process, I also find it very stimulating. The world has become more uncertain in the face of covid and the crisis in Ukraine. However, there have also been positive developments, including the accelerating use of digital technology. I look forward to working with colleagues from diverse backgrounds on research and recommendations that will lead to a better future for Japan and the world.



**Kengo Wataya**  
Center for Policy and the Economy,  
Think Tank Unit

### Enhancing research quality and training researchers under the leadership of the institute chairman and research fellows



**Hiroshi Komiyama**  
Chairman of the Institute

Chairman of the Institute Hiroshi Komiyama and our research fellows (p. 88) are all highly qualified, have extensive experience, and bring networks spanning industry, government, and academia. Under their leadership, researchers in our Think Tank Unit carry out activities based on company-wide participation.

Activities initiated under the leadership of our research fellows in 2022 included research in preparation for recommendations to government agencies and industries

concerning industry restructuring toward the realization of a decarbonized society. We are also applying the extensive experience and knowledge of our research fellows to comprehensive and innovative activities in such areas as economic security, the metaverse, and Web 3.0.

Our company-wide Research & Recommendations Committee deliberates on individual research and recommendation plans and monitors the progress of these activities. It also holds regular meetings with senior management and research fellows to discuss the content and results of research. Through these high-level and multifaceted discussions, we are working to enhance the quality of our activities and grow our personnel.

### Co-creating with industry, government, and academia in Japan and abroad

Each of Mitsubishi Research Institute's units has extensive networks spanning industry, government, and academia. We put these networks to use as we work to create solutions for societal issues through research and recommendation activities based on the convergence of knowledge from Japan and overseas. In addition to joint research with institutions and universities in Japan and overseas (p. 75), we also collaborate with researchers in various fields and people working in government agencies and industry on forming hypotheses, analyzing data, and making recommendations.

These all contribute to our goal of making realistic policy proposals. Networking with people in industry, government, and academia also provides important training opportunities for our researchers. We will continue to strengthen our innovative research and recommendation capabilities by bringing in cutting-edge research and industry knowledge from Japan and overseas.

## Relationship Capital

### Creating growth businesses through investment in partner companies

#### Overview and progress

We aim to actively invest in growth areas, expand our business activities, and expedite our growth to reach our goals under Medium-Term Management Plan 2023. We will do so by enhancing the speed, scale, and scope of our efforts to provide solutions to societal issues.

Specifically, we will pursue strategic investment using robust financial capital with related activities including: our Group DX initiatives, investment in and business tie-ups with partner companies, development of subscription-based businesses through joint ventures, M&A, and investment in venture funds to cultivate new partners.

In addition, we will increase our focus on collaboration with innovative Japanese and overseas startups that possess competitive technologies. In April 2022, we created the Corporate Venturing Office as a dedicated organization for this purpose.

#### Fortified team for MPX and DX businesses

##### 1) MPX: joint venture with Dutch-based KYOS

With the full liberalization of electric power retailing, the utilization and revitalization of the wholesale electric power market are becoming increasingly important. In 2016, we launched our MRI Power Price Index (MPX) service with Dutch analytics firm KYOS. MPX is an online information service featuring price indicators, fundamental data, and other information to support electric power wholesaling. The trend toward liberalization of the electric power sector has been reflected in steady growth for MPX as more and more customers use the service. In October 2022, we implemented a carve-out to create a structure more capable of timely and flexible decision-making toward further business growth.

KYOS has invested capital in MPX, Inc., the new company created through this carve-out. MRI, which has deep knowledge of Japanese electric power markets and policies, and KYOS, which provides statistical models and consulting services to energy markets, have established a structure for the development of various new services relating to electric power trading.

Going forward, we will further expand this business and the range of services with the aim of contributing to the stable and sustainable development of all companies involved in the electric power business.



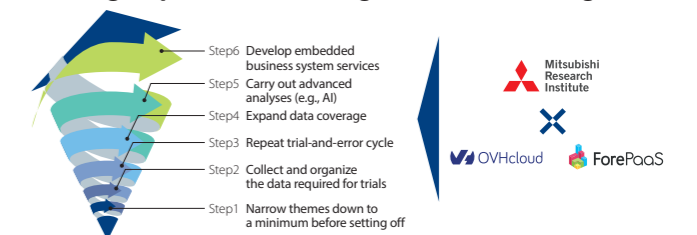
##### 2) DX: business partnership with France-based OVHcloud

We began to negotiate with OVHcloud, the biggest cloud company in Europe, about collaborating on data analytics in the Japanese market after OVHcloud made their offer to acquire ForePaaS, our business and capital partner. We signed a business partnership agreement with OVHcloud in April 2022.

OVHcloud plans to speed up customers' decision-making and digital transformation (DX) initiatives through the timely provision of advanced functions at competitive prices, while maintaining the convenience of one-stop access to the various processes needed for big data analysis, which was a key advantage with ForePaaS.

We have started negotiations with OVHcloud about initiatives that will combine our experience in providing consultation, data analysis support, and AI modeling in a wide range of DX-related fields, with OVHcloud's cutting-edge cloud technology. The aim is to accelerate Japan's digital transformation by providing integrated support at all stages from the formulation of transformation strategies to the introduction of big data analysis environments and the implementation of data-driven management.

#### Creating corporate value through data-driven management



## 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 over 540, 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 businesses, testing, and societal implementation.

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 eighth BAP in FY9/22 attracted 147 proposals from Japan and overseas. The best proposals will be developed into concepts through collaboration between MRI researchers and consultants with specialist expertise in the fields concerned, outside experts, ICF members, and other participants. This emphasis on the creation of collective impacts through co-creation is the most important feature of the BAP.



A keynote speaker at the ICF General Assembly

### Regional Conferences with business leaders

As part of our efforts to share our insights on a regional level, we have held annual Regional Conferences since FY9/18 with the aim of building relationships with regional business leaders. In recent years, we have been forced to postpone these sessions or stage them remotely because of the pandemic. However, in FY9/22 we were able to resume our sessions in the Chubu and Kansai regions, as well as hold a conference in the Kyushu region for the first time. Each saw participation from a large number of regional business leaders.

Each workshop consists of a keynote address and theme-based discussion sessions. In these sessions, we present research findings on three or four topics chosen from a range of options such as human resource strategies, carbon neutrality, economic security, *actfulness* (p. 48), and the world expo. By engaging in frank and open debate, all were able to form a deepened and shared awareness of issues for which solutions need to be found. Most participants have expressed positive views about the sessions and have been pleased with the themes and content.

We will continue our efforts to share our insights to enable the solution of societal issues in line with regional characteristics and reflecting greater trends in Japan and around the world.



Regional Conference in the Kansai area



Regional Conference in the Kyushu area

### The MRI Group Forum—discussions on advanced themes

The MRI Forum is an annual event designed to deepen our relationships with our customers and partners. On November 29, 2022, we held the 17th rendition, which was renamed the *MRI Group Forum* to emphasize its importance as an event involving the entire MRI Group.

Researchers presented findings under the banner of



Researcher giving a presentation

*Rebuilding the Economy on Carbon-Neutral Resources*. In addition, experts from industry, government, and academia were invited to take part in a panel discussion.

As in the previous year, we carefully monitored trends in the pandemic and decided to hold the Forum as a hybrid event involving both venue and remote participation. The event boasted over 130 people present at the venue and more than 450 watching the live video feed.



Panel discussion

### Media engagement: Media Conference and Media Workshops

Our annual Media Conference covered 12 topics under the title theme: *Resolving Societal Issues in a Rapidly Changing World—the Challenges of Forecasting and Transformation*. Researchers gave presentations about the state of their field in Japan and abroad before offering recommendations for the solution of societal issues. It was the first face-to-face conference in three years and was attended by

68 representatives of 31 media organizations, who participated in a lively exchange of views.

We hold Media Workshops a few times a month. Here, researchers present their analysis and findings concerning domestic and international trends relating to current themes and offer recommendations based on their own perspectives. These events are always characterized by enthusiastic debate, with participants putting forward intelligent and probing questions and views.



At the Media Conference



At the Media Workshops



## In detail: joint research and academic exchange programs

For the world to become better at resolving societal issues, it is important—from a young age—to develop a global perspective and to interact with different ways of thought, advanced knowledge, and cutting-edge technology. To support this and improve our own knowledge and human resources—our strengths lying in the diversity and specialization of these—we send employees to universities overseas, host student interns from abroad, and conduct joint research domestically and internationally.

### Joint research

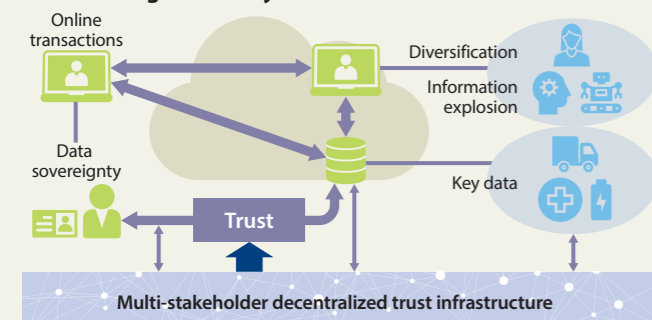
#### Georgetown University

##### Research on securing new trust in a digital society

Advances in information and communication technology, IoT-linked devices, and other fields will create a world in which large volumes of data will be generated throughout our day-to-day lives. To extract the maximum value from these data resources and create a stable, safe, and fair digital society, we will need sound mechanisms for the distribution of data.

Through our joint research with Research Professor Shinichiro Matsuo of the Department of Computer Science at Georgetown University in the United States, who is a leader in this field, we have honed in on trust—meaning the ability to interact in trusting relationships with unknown parties online—as an essential factor in the society of the future. We went on to identify the requirements for sound data distribution systems and offered recommendations for the creation of such systems.

#### Trust in a digital society



The evolving digital society will require new trust mechanisms—multi-stakeholder decentralized trust infrastructure—to support the timely processing of complex transactions while maintaining data sovereignty.

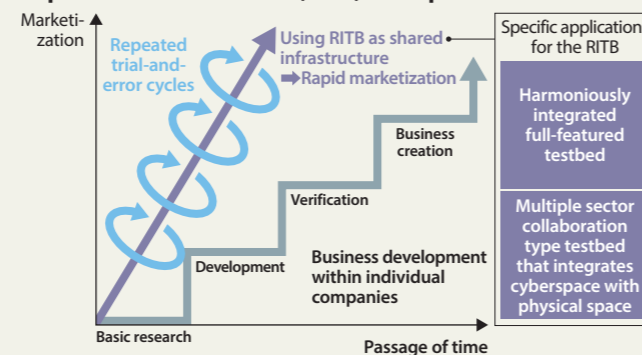
#### The University of Tokyo

##### Research on fostering innovation in a beyond-5G era

Until now, the impetus for added value creation in digital society has been provided by Big Tech, including American tech giants. However, the spread of next-generation wireless communication technology and other advances in the beyond-5G era is expected to enable decentralized growth in which all can enjoy the fruits of digitalization with their security and autonomy guaranteed.

We are conducting joint research with Professor Akihiro Nakao of The University of Tokyo's School of Engineering, who is a key opinion leader in this field. After continual, lively debate based on case studies from Japan and overseas, this work has led to the proposal of the Rapid Innovation Testbed (RITB) as an environment to support innovation toward decentralized growth.

#### Rapid Innovation Testbed (RITB) concept



We will develop the RITB as shared infrastructure that can be freely used by a variety of companies. By reflecting repeated tests carried out within the RITB in product development, it will be possible to reduce the time required for marketization.

### Academic exchange programs

#### Visiting Scholar Program

##### Continually sending researchers to two U.S. universities

Since 2014, MRI has sent one employee each year to Stanford University. In 2018, we also started to send employees to the University of California San Diego. A total of 12 employees have studied at these two universities in the U.S. As visiting scholars, these employees experience learning in the innovative environment of the West Coast through activities that include work on innovation-focused research themes, and networking and collaboration with local startups and research organizations. After returning, participants put to use the advanced skills, specialized knowledge, and broad networks that they developed abroad in various ways including: collaboration and cooperation with ICF (p. 73) member organizations; the development and promotion of new businesses; the enhancement and expansion of core business operations; and the development of overseas businesses.

#### From researcher to entrepreneur: my time in the startup mecca—Silicon Valley

I spent a year as a visiting scholar in Stanford University's US-Asia Technology Management Center, where I carried out research about open innovation relating to climate change. Through this research, I was able to experience the Silicon Valley ecosystem from an entrepreneur's perspective, including business ideation with my colleagues, application to various acceleration programs, and interviews of local companies. As a member of the Corporate Venturing Office, I am now actively using the networks that I built in Silicon Valley to create business with startups.



**Keishun Nakamura**  
Corporate Venturing Office,  
Marketing and Alliance Division  
Company-Wide Divisions

#### Foreign student intern program

##### Providing participants with unique work experiences

We have accepted interns from overseas universities since 2014. One of the aims of this activity is to prepare young people for success on a world stage in the future. Another goal is to energize our organization by increasing diversity. To date we have accepted a total of 70 students from six universities in five countries. We responded to restrictions on domestic and international travel during the pandemic that began in 2019 by switching to an online approach in response to requests from universities and students. In March 2022 we resumed the internship program on an in-person basis for the first time in three years.

The interns are assigned to our various units for periods of between two weeks and one month, with long-term interns experiencing work in multiple units. The interns get to experience working at Mitsubishi Research Institute and also set individual survey themes based on their own interests, concerns, and specializations. They engage in discussion with our researchers and other interns while undergoing practical training in surveys and research relating to societal issues.

Between July and September 2022, we accepted seven students from Oxford University, the University of California San Diego, the National University of Singapore, and Stanford University. These interns were given opportunities to learn about other cultures and approaches to international exchange through a variety of activities, including interaction with other interns, and introduction to tea ceremony, calligraphy, Japanese cuisine, and other aspects of Japanese culture by MRI employees. The interns reacted very positively to these activities, which also

provided valuable opportunities for our employees to broaden their perspectives, experience, and skills.

In 2021, MRI received Oxford University's Gold Standard Internship Host Award in recognition of our continuing efforts to provide students with quality work experiences. This award is presented to organizations selected from among the 59 organizations that offer internships to students at Oxford University (as of November 2021) as providing outstanding program content and student support. MRI is one of only four organizations in Japan to have won the award.

We will continue to welcome overseas interns as part of our contribution to the sound development of the international community.



At a roundtable between interns from foreign universities and employees



Environmental

We aim to lead the way to economic and societal harmony with the environment

Overview

Under our mission, defined in our Guiding Principles as “co-creating a sustainable, abundant future”, we are applying sustainable management to realize a desirable future while achieving sustainable growth as a company dedicated to resolving societal issues.

A key focus for these efforts is decarbonization. Concerns about climate change are reflected in a global focus on the reduction of carbon emissions and in the rising level of social expectations in this area. We have identified the enhancement of our social trust foundation, including the improvement of our environmental value, as one of our material issues. We also aim to be a leading company in the creation of an environmentally harmonious economy and society. This is a job best fit for our comprehensive strengths as an integrated think tank group—we are contributing to sustainable development and minimizing the burdens our activities place on the global environment. Specifically, this is done by engaging all employees in a variety of initiatives to drive continuous improvement; these are guided by three policies: (1) a commitment to sustainable measures for the environment, (2) the multifaceted development of environmental businesses, and (3) contributing to the environment and society by providing knowledge.

(1) Management continues sustainable measures for the environment

Bolstering measures in line with TCFD

As part of our efforts to enhance our environmental value, we disclosed climate change risk data based on the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board in April 2022. We also took steps to mitigate climate change risk and move toward carbon neutrality by transitioning to renewable energy for 100% of the electric power consumption in our head office and 10% of power used in the data center operated by Mitsubishi Research Institute DCS. The content of our disclosure under the TCFD framework is outlined below.

Governance

We have further strengthened our sustainability management systems by creating a structure under which specific officers have clearly defined responsibilities. This structure includes the newly created posts of Chief Sustainability Officer (CSO) and Sustainability Management Officer, which are held by the President and the General Manager of the Corporate Administration Unit respectively. The Sustainable Management Office within the Corporate Planning Division manages the formulation of an environmental value policy and measures for the MRI Group, including disclosure under the TCFD framework. Matters requiring deliberations and decisions in relation to sustainability management are raised by the General Manager of the Corporate Planning Division and submitted for approval by the Sustainability Management Officer, the CSO, and the Management Strategy Committee. Final decisions are then made by the Management Meeting.

Strategy

Our main source of opportunities is the growth of climate change-related businesses based on an accurate understanding of changing market needs in such areas as environmental compliance. Along with the impact of carbon pricing, the main risk factors are the potential for reduced orders and economic stagnation resulting from increasingly serious natural disasters triggered by climate change. For our data center, risks include an increase in the cost of electric power, physical risks relating to the locations and resilience of facilities, and rising insurance premiums.

We have developed risk scenarios based on temperature increases of 1.5°C and 4°C. We believe that the negative impact of climate change on the Group would be minimal under either of these scenarios, and that our resilience to climate change is high.

The key to our growth strategies is the capture of business opportunities. Since the positive impact would be greater under the 1.5°C scenario than under the 4°C scenario, we believe that the realization of the desirable world defined in our carbon neutrality recommendations and the 1.5°C scenario would lead to further improvement of our value.

Group climate change risks and opportunities\*

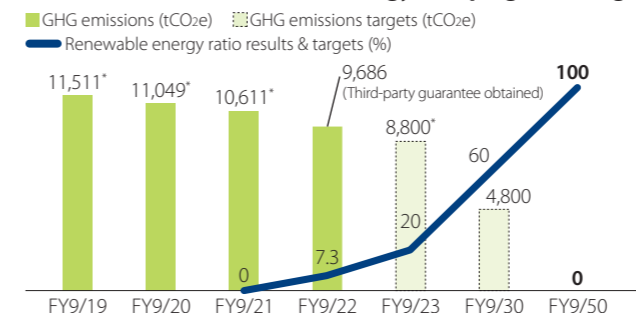
Risks and opportunities	Item	1.5°C scenario	4°C scenario
Transition risks	Policies and legislation	Introduction of carbon tax and increase in electricity charges	—
	Markets and reputation	Decrease in sales due to delays in responding to changes in market needs	
Physical risks	Acute	—	Increase in restoration costs and insurance premiums
Opportunities	Businesses and services	Increase in sales by actively responding to changes in market needs	

\* We have analyzed the financial impact of climate change in 2030 based on two types of climate change scenarios—the 1.5°C scenario, in which strict measures, such as carbon tax and environmental regulations, are introduced and society as a whole works to actively tackle climate change; and the 4°C scenario in which strict measures are not introduced and natural disasters become increasingly severe and more frequent

Indicators and targets

As described below, we have adopted greenhouse gas (GHG) emissions and the renewable energy ratio as our

GHG emissions and renewable energy ratio progress & targets



\* The results for FY9/19–FY9/21 and the targets for FY9/23 have been adjusted to reflect boundary changes in FY9/22

Assessment of the financial impact of climate change on the Group

Scenario	Major risks and opportunities	Analysis of financial impact	Financial impact*	
1.5°C scenario	Risks	Economic slowdown due to the introduction of a carbon tax	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 the our forecasted sales for 2030 and evaluated the impact on operating profit and loss.	Small
	Risks	Introduction of carbon tax	We evaluated the impact on operating profit and loss by applying a carbon tax to our GHG emissions (Scopes 1 and 2) forecasted for 2030. The carbon tax level is assumed to be 135 USD/tCO <sub>2</sub> .	Small
	Risks	Rising electric power prices	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.	Small
	Opportunities	Increase in demand for consulting due to increased interest in mitigation	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.	Small to medium
4°C scenario	Risks	Economic stagnation due to intensifying wind and flood damage	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.	Small
	Risks	Increase in insurance premiums due to intensifying wind and flood damage	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 view of the location and strength of the building, we did not consider the risk of building damage.	Small
	Opportunities	Increase in demand for consulting due to increased interest in adaptation to the new situation	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.	Small

\* 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)

KPIs. We have prioritized the improvement of the renewable energy ratio at our data center, and we are working to reduce electricity-related GHG emissions. We are also considering the use of carbon credits derived from projects to offset emissions of CO<sub>2</sub> and other gases in Japan and overseas.

Risk management

We have developed our own Advanced Risk Management System (ARMS, p. 89). This comprehensive system detects early indications of risk factors and triggers risk management procedures in the event of emergencies. The Risk and Compliance Management Division submits monthly reports to the Management Meeting 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 Management Meeting 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 process of considering disclosure under the TCFD framework and their financial impact are reported to the Management Meeting and Board of Directors as risk factors that could affect the business of the Group.

Social Trust Foundation

# Environmental

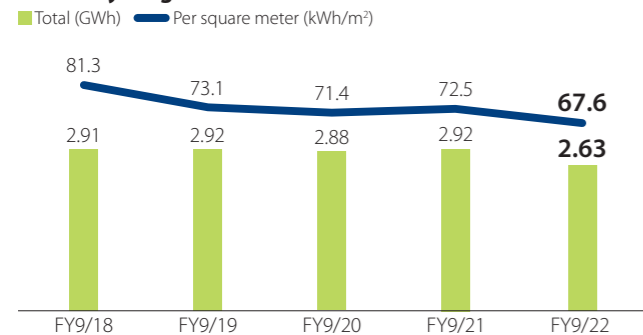
## Continuous reduction of environmental burdens

We are working to reduce the environmental footprint of our business activities. We regularly monitor electricity usage, paper usage, and waste output and take action if there are any signs of an upward trend in environmental burdens. These indicators have generally fallen year on year over the past several years\*.

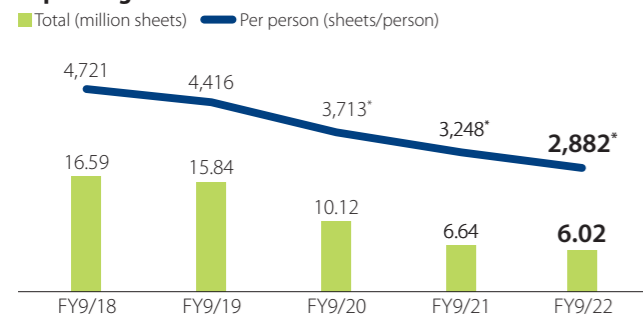
We will continue our efforts to reduce environmental burdens through improvements in operating efficiency and productivity, workstyle reforms, and other approaches.

\* Since FY9/21, we have switched from the number of registered employees to the number of employees in the office as the basis for converting to per capita figures

### Electricity usage

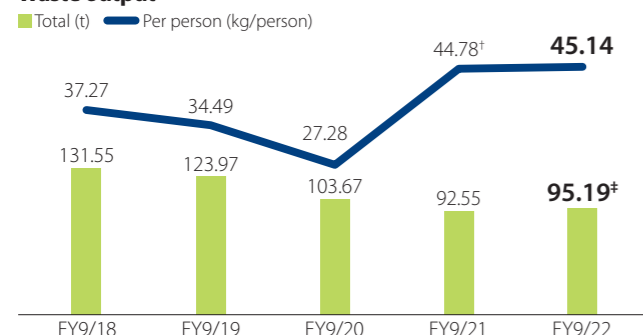


### Paper usage



\* Basis of figures adjusted from number of registered employees to number of employees in office

### Waste output



† Figures adjusted to reflect the impact of covid (e.g., reduced number of employees in office, disinfection of desks)

‡ Temporary year on year increase resulting from office integration of MRI, MRA, and MBS

Going forward, we will also need to focus on our contributions to natural capital diversity. While considering the application of the framework developed by the Taskforce on Nature-related Financial Disclosures (TNFD), we will also work to enhance our disclosure and improve our non-financial value as a company working to resolve societal issues.

## (2) Multifaceted development of environmental businesses

### New businesses in line with policy recommendations for carbon neutrality

We are working to eliminate GHGs and realize a decarbonized society by using our business activities to reduce environmental burdens across the whole of society. These include research and recommendations, surveys and analyses, program design, testing, and societal implementation. Specifically, we are creating social value by: making policy proposals, including our carbon neutrality recommendations; formulating sustainability strategies for private sector businesses; running platforms, including the TCFD Consortium; and societal implementation of decarbonization initiatives, such as our mega-solar power generation business.

Going forward, we will continue to focus on the three key points in our carbon neutrality recommendations as we work to expand our support for policy development in related fields and our consultation services for the private sector. We aim to expand our policy formulation and private sector consulting business in such areas as carbon pricing, sustainable finance, international collaboration,

## 14 potential growth areas

<b>Energy-related industries</b>	<ul style="list-style-type: none"> <li>Offshore wind power, solar, geothermal energy</li> <li>Hydrogen, fuel ammonia</li> <li>Next-generation geothermal energy</li> <li>Nuclear power</li> </ul>
<b>Transport and manufacturing industries</b>	<ul style="list-style-type: none"> <li>Automobiles, storage batteries</li> <li>Semiconductors, ICT</li> <li>Shipping</li> <li>Logistics, people flows, civil engineering</li> <li>Food, agriculture, fisheries, forestry</li> <li>Aircraft</li> <li>Carbon recycling, materials</li> </ul>
<b>Home and office related industries</b>	<ul style="list-style-type: none"> <li>Housing, buildings, next-gen. electric power management</li> <li>Resource circulation</li> <li>Lifestyle-related industries</li> </ul>

Source: Ministry of Economy, Trade and Industry website, *Green Growth Strategy Through Achieving Carbon Neutrality in 2050*

and initiatives to drive innovation in the 14 priority fields identified in the government's *Green Growth Strategy Through Achieving Carbon Neutrality in 2050*. Furthermore, we will share information about climate change-related medium- to long-term shifts in the external environment across the entire Group so that we can use our advanced knowledge, expertise, and networks to create new businesses.

## (3) Contributing to the environment & society by providing knowledge

### Sharing insights on how to resolve environmental and energy issues

We share information and educate society about environmental and energy issues and solutions by extensively publishing a wide range of knowledge and information based on our work on related projects. In addition to our own initiatives to reduce environmental burdens, we participate in book exchange and bottle cap recycling programs. We are continually making improvements to our working environments, such as through the Cool Biz and Warm Biz campaigns.

### Instances of environmental and energy-related publication (Group total)

	FY9/20	FY9/21	FY9/22
Number of instances of publication (e.g., articles)	49	74	86

## Making Japan a carbon-neutral resource power

We are currently conducting Future Concept Research on turning Japan into an economy based on carbon neutral resources. The aim of this research is to develop a vision for a future in which both carbon neutrality and economic security can be achieved. To combine these two goals, Japan will need to work actively to secure carbon neutral resources from within and outside its borders as well as circulate these once acquired. I am motivated by the new challenge of thinking about carbon neutrality and the circular economy as linked concepts.



**Yushi Inoue**  
Mission Leader,  
Center for Policy and the Economy,  
Think Tank Unit

## Recommendations for a Carbon Neutral 2050

In September 2021, we published our *Recommendations for Achieving Carbon Neutrality by 2050*, which identifies three key points and defines specific measures for supporting transformations toward that goal. We believe that in order to enhance the practicality of these policies, it will be necessary for society as a whole to view these initiatives not in terms of costs, but rather as investments for the future and measures that further enhance international competitiveness.

### Three key points

#### Early achievement of zero emission status in the electric power sector, including:

- Decarbonization of thermal power generation systems as an essential step toward a transition to electric power generated primarily using renewable energy
- Expansion of grid capacity and use of batteries, etc., toward a transition to electric power generated primarily using renewable energy

#### Strategic encouragement of innovation

- Innovation in materials industries
- Decarbonization of user facilities

#### Demand-side behavior changes

- Implementation of measures to encourage behavior change relating to production and consumption activities

# Information Security

## Applying our advanced security technologies

### 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 view information security as a pressing risk, make it a priority to implement the appropriate measures, and make constant improvements.

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 FY9/22, we prioritized the following initiatives to strengthen security on the assumption that remote working would continue due to the covid pandemic.

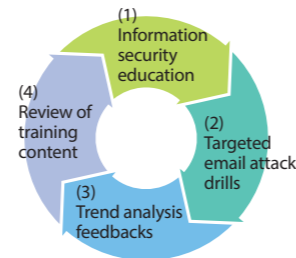
### Enhancing security in a remote working environment

Even before the emergence of the covid pandemic, we had already completed development of an environment to support remote access to internal systems. We raised awareness of prohibited activities and matters requiring caution by formulating remote working guidelines as part of our efforts to implement workstyles for the new normal

(p. 63). For example, we took steps to combat communication environment risks that cannot be prevented solely through the use of a VPN, such as determining the level of encryption required when using wifi and which communication technologies can be used according to the type of data handled.

### 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. This training has two goals: to enhance the ability to prevent attacks and to raise awareness of threats. We provide supplementary training to improve awareness among newly appointed personnel, who are particularly vulnerable. In addition to e-learning, these training programs combine practical work with academic study to achieve synergistic benefits.



### Targeted email prevention cycle

### Independent external security audits

Our systems are independently audited by outside experts, who gauge the effectiveness of our information security measures and accurately identify any areas requiring further strengthening. In FY9/22, auditors checked the development and administration of our internal information systems, the management of our internal network systems, and the development and administration of related rules.

### Preventing ransomware incursions

We have equipped our clients with endpoint detection and response (EDR)\* systems to ensure the rapid detection and prevention of the latest threats, such as ransomware. Our Security Operations Center monitors information security on a 24-hour basis. If high-risk signals are detected, the client is immediately isolated to prevent the infection from spreading.

\* EDR solutions detect suspicious behavior on PCs and servers and implement immediate countermeasures

## Business development using information security technology

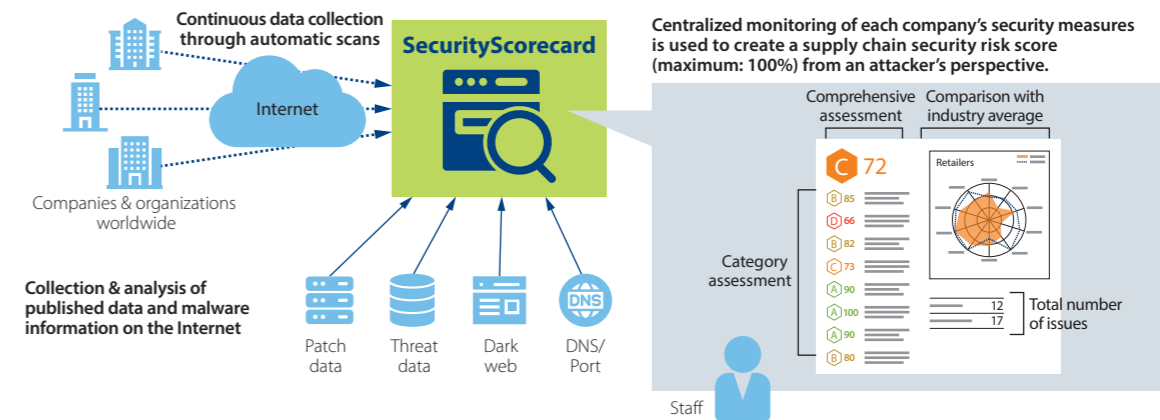
### Service to support management of supply chain risk

In recent years, corporate information system units, group company management units, and procurement units have increasingly needed to enhance their supply chain management capabilities. However, it is difficult to identify information security risks adequately because of the large numbers of suppliers involved and the

complexity of quantitative assessment.

We help companies to identify supply chain risks and establish supply chain risk management structures through consulting services based on the use of the SecurityScorecard risk quantification system.

### Identifying supply chain risks with SecurityScorecard

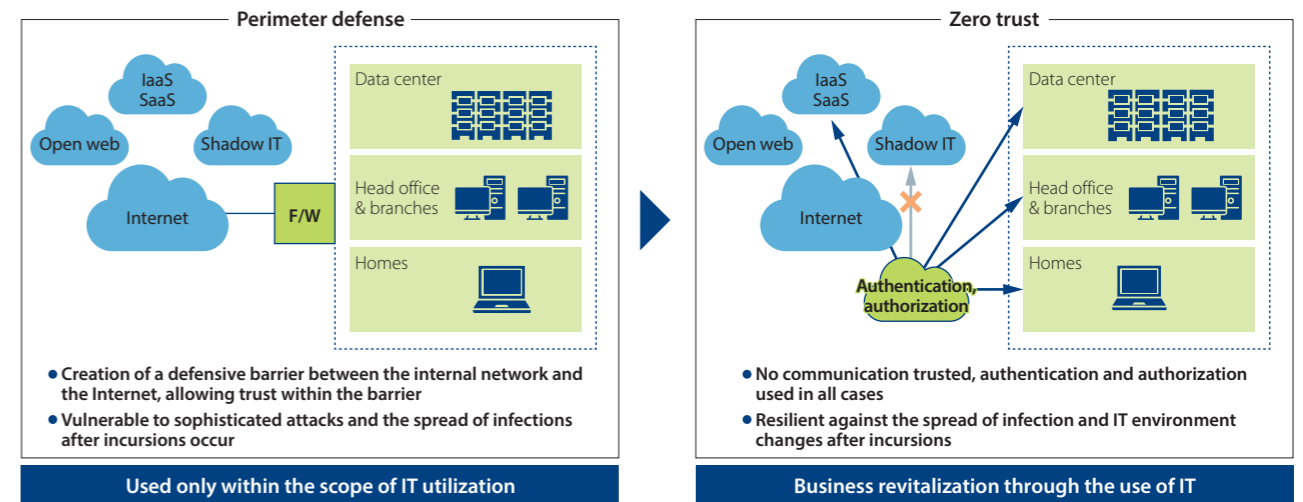


### Cybersecurity business development

While bringing improvements in operating efficiency and productivity, the shift of operational systems to the cloud also creates new security risks. A tense international situation has further heightened the need for businesses to strengthen their security measures against cyber

threats. Mitsubishi Research Institute DCS is actively developing a cyber security business to support the creation of secure IT environments. It is also introducing the zero trust model, which differs from conventional approaches to security.

### The zero trust concept



## 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

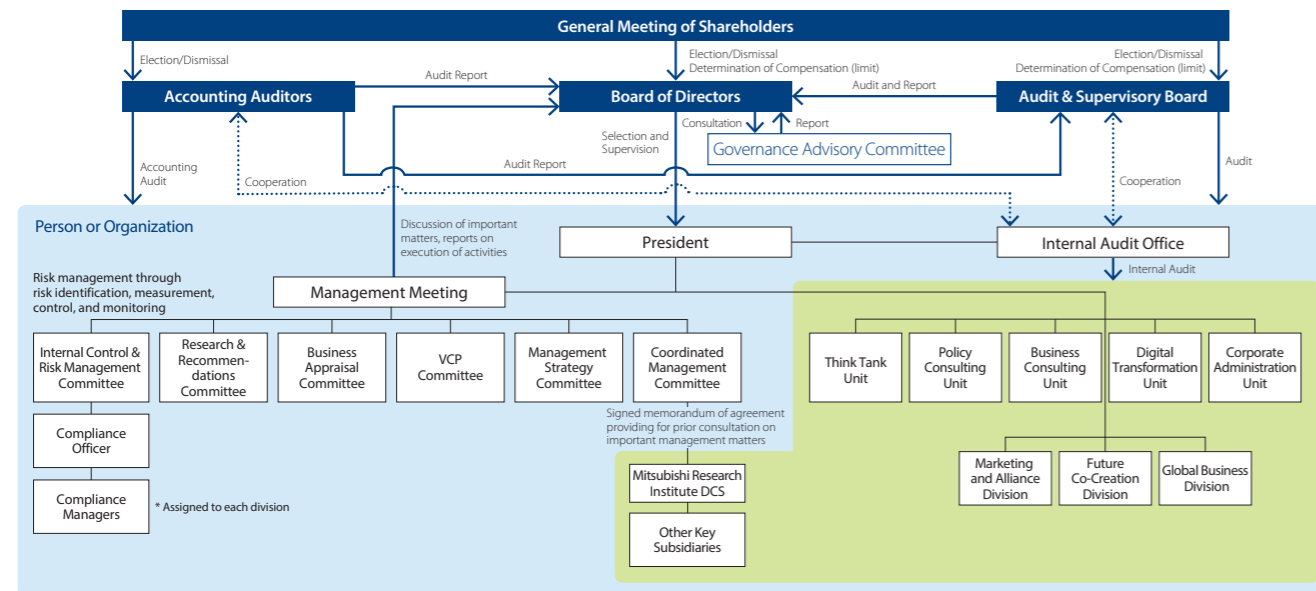
Our basic corporate governance policy is to ensure proper execution of business activities, based on our management philosophy of sustainably improving corporate value—the aggregate of social, customer, shareholder, and employee value.

More than one-third of our directors and a majority of our Audit & Supervisory Board members are from outside the Group. This ensures an outside perspective in our decisions. Management meetings settle matters concerning

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

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 FY9/22, 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, that structures had been developed to enable the Board to perform its supervisory functions, that there was free and open debate and exchanges of views, and that the Board was involved in matters relating to strategies and sustainability.

The survey also provided insights about further improvement of the effectiveness of the Board of Directors, including changes to the methods used to provide information about risks affecting the Group, and increased involvement of the Governance Advisory Committee in succession planning. These insights will be reflected in continuing efforts to enhance the effectiveness of the Board of Directors.

#### Governance Advisory Committee activities

The Governance Advisory Committee was established as an advisory body for the Board of Directors, which seeks its input on the appointment, dismissal, and compensation of 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. When the Committee deliberates on matters relating to the appointment, dismissal, and compensation of officers, including the CEO, attendance is limited to ensure that independent outside directors form the majority.

#### Members of the Governance Advisory Committee (Underlining denotes an outside director)

<b>Takashi Morisaki</b> (Chairperson, Chairman of the Board)	<b>Kenji Yabuta</b>	<b>Hidemoto Mizuhara</b>	<b>Jun Nobe</b>
<u>Mariko Bando</u>	<u>Ken Kobayashi</u>	<u>Nobuyuki Hirano</u>	<u>Seiji Izumisawa*</u>

\* Kazuo Tsukuda was appointed for the period that ended with the General Meeting of Shareholders on December 21, 2022

#### Governance Advisory Committee activities

Date	Activity	Theme
November 2021	1st meeting of the Governance Advisory Committee for FY9/22	Analysis and evaluation of the effectiveness of the Board of Directors
November 2021	2nd meeting of the Governance Advisory Committee for FY9/22	Officer compensation in FY9/22
March 2022	3rd meeting of the Governance Advisory Committee for FY9/22	Governance structure of the Board of Directors
July 2022	4th meeting of the Governance Advisory Committee for FY9/22	Amendment of the compensation system for officers, succession plans for the management team

#### Internal committees

Internal committees are consulted before any proposal on important matters is put before the Management Meeting.

#### VCP Committee

The VCP Committee promotes VCP Management via PDCA cycles. It discusses and formulates overall strategies, develops plans for specific domains, including new domains, and evaluates progress. It uses a matrix structure to coordinate company-wide efforts to facilitate VCP Management linking business divisions and VCP priority domains; this includes selecting managers to lead activities and assigning researchers to specific 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 profitability, business growth potential, contribution to further VCP Management progress, and risks. The Management Meeting makes the final decision on projects that pass this screening process.

In FY9/22, we screened seven new projects, most being large-scale, and 14 new business initiatives, including business and capital partnerships.

#### 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.



## Governance

### 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.

#### 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.

#### 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.

Note: for details of the compensation system for officers, please refer to the Convocation Notice for the 53rd General Meeting of Shareholders

### Total amount of officer compensation, etc. for FY9/22

Classification	Number of personnel	Total amount of compensation (¥ mn)	Total amount by type of compensation (¥ mn)		
			Monetary compensation		Stock-based compensation
			Basic compensation	Variable compensation	
Directors (Outside directors)	12 (5)	216 (22)	113 (22)	53 (—)	49 (—)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	5 (3)	63 (18)	63 (18)	— (—)	— (—)
<b>Total (Outside officers)</b>	<b>17 (8)</b>	<b>279 (40)</b>	<b>176 (40)</b>	<b>53 (—)</b>	<b>49 (—)</b>

(Notes)

- The above information includes four directors who retired during FY9/22.
- The maximum level of compensation for directors was set at ¥600 million by a resolution passed at the 38th Annual General Meeting of Shareholders held on December 14, 2007. The number of directors as of the conclusion of the meeting was eight (including four outside directors). In addition to this maximum amount of compensation, a resolution was passed at the 47th Annual General Meeting of Shareholders held on December 19, 2016 to set limits of ¥450 million each for performance-linked compensation payable to directors (excluding outside directors, non-executive directors, and persons residing overseas), and to executive officers and research fellows (excluding those residing overseas, referred to below as "executive officers, etc.") with whom delegation agreements have been concluded, on the basis of performance during the period covered by medium-term management plans (three fiscal years). The number of directors as of the conclusion of the meeting (excluding outside directors, non-executive directors, and persons residing overseas) was four. These systems also apply to

- executive officers with whom delegation agreements have been concluded. As of the conclusion of the meeting, the systems applied to nine executive officers who were not also serving as directors.
- At the 38th Annual General Meeting of Shareholders, which was held on December 14, 2007, it was resolved that the yearly amount of compensation for Audit & Supervisory Board members would be ¥120 million. The number of Audit & Supervisory Board members as of the conclusion of the aforementioned Annual General Meeting of Shareholders was five.
- Stock-based compensation for directors is recorded as the sum of costs resulting from transfers to the reserve for performance-linked stock-based remuneration (or costs resulting from the payment of stock-based compensation to directors who retire during the current fiscal year). In FY9/22, 18,969 shares were issued each director (not an outside director) who retired in December 2021.
- No bonuses are paid to officers.

### 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 2023, which is based on our Guiding Principles, mission, vision, and values.

Skill items	Reason for selection
<b>Business management</b>	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
<b>Legal affairs, risk management</b>	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
<b>Financial accounting</b>	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
<b>Societal issues</b>	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
<b>Human resources</b>	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	Societal issues	Human resources
Chairman of the Board	Takashi Morisaki	●		●	●	●
President and Representative Director	Kenji Yabuta	●		●	●	●
Executive Vice President and Representative Director	Hidemoto Mizuhara	●			●	●
Director	Jun Nobe		●	●	●	
Outside Director	Mariko Bando	●			●	●
Outside Director	Ken Kobayashi	●			●	●
Outside Director	Nobuyuki Hirano	●	●	●	●	
Outside Director	Seiji Izumisawa	●			●	●
Audit & Supervisory Board Member	Junichi Egawa		●	●		
Audit & Supervisory Board Member	Toshiyuki Ogawa		●		●	
Outside Audit & Supervisory Board Member	Kenji Matsuo	●	●		●	●
Outside Audit & Supervisory Board Member	Kunio Ishihara	●	●		●	●
Outside Audit & Supervisory Board Member	Yutaka Kawakami		●	●		●

Note: as of December 21, 2022; this is not an exhaustive list of all specialist skills and knowledge possessed by our directors and Audit & Supervisory Board members

# Governance

## Officers

### Directors

Name	Position and responsibilities	Attendance at Board of Directors meetings	Principal positions to date
<b>Takashi Morisaki</b>	Chairman of the Board	100% (11 of 11 meetings)	<b>Career summary</b> • 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).
<b>Kenji Yabuta</b>	President and Representative Director Officer in Charge of Internal Audit Office	100% (9 of 9 meetings)	<b>Career summary</b> • Joined The Mitsubishi Bank, Ltd. in April 1983. Held various posts, including Director and Deputy President, at MUFG Bank, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2021 and President and Representative Director in December 2021 (current).
<b>Hidemoto Mizuhara</b>	Executive Vice President and Representative Director Officer in Charge of VCP and Officer Responsible for Company-Wide Divisions	100% (11 of 11 meetings)	<b>Career summary</b> • Joined Mitsubishi Corporation in April 1981. Held various posts, including President of Mitsubishi Corporation (Americas) (concurrently) General Manager, Corporate Management Support Office (Americas), before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2020. Executive Vice President and Representative Director, General Manager, Corporate Administration Unit of Mitsubishi Research Institute, Inc. in December 2020 (current).
<b>Jun Nobe</b>	Director General Manager, Corporate Administration Unit	100% (9 of 9 meetings)	<b>Career summary</b> • Joined Mitsubishi Research Institute, Inc. in April 1991. Held various posts, including General Manager of the Advanced Business Promotion Center, General Manager of the Science and Security Policy Research Division, before becoming Executive Officer and Deputy General Manager of the Corporate Administration Unit in December 2019, Executive Officer and General Manager of the Corporate Administration Unit in October 2021, and Director in December 2021 (current).
<b>Mariko Bando</b>	Outside Director Independent Officer	100% (11 of 11 meetings)	<b>Career summary</b> • Director General of Gender Equality Bureau, Cabinet Office in January 2001. Chancellor ( <i>Rijicho</i> ) of Showa Women's University in April 2014 (current). Chancellor ( <i>Socho</i> ) of Showa Women's University in July 2016 (current). Outside Director of Mitsubishi Research Institute, Inc. in December 2019 (current). <b>Principal concurrent positions</b> • Chancellor ( <i>Rijicho</i> ) of Showa Women's University, Chancellor ( <i>Socho</i> ) of Showa Women's University, Outside Director of MS&AD Insurance Group Holdings, Inc.
<b>Ken Kobayashi</b>	Outside Director Independent Officer	78% (7 of 9 meetings)	<b>Career summary</b> • Became President of Mitsubishi Corporation in June 2010 and Director of Mitsubishi Research Institute, Inc. in December 2021 (current). <b>Principal concurrent positions</b> • Corporate Advisor of Mitsubishi Corporation, Outside Director of Nissin Foods Holdings Co., Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
<b>Nobuyuki Hirano</b>	Outside Director Independent Officer	100% (9 of 9 meetings)	<b>Career summary</b> • Became President of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in April 2012, President of Mitsubishi UFJ Financial Group, Inc. in April 2013, and Director of Mitsubishi Research Institute, Inc. in December 2021 (current). <b>Principal concurrent positions</b> • Executive Corporate Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
<b>Seiji Izumisawa</b>	Outside Director Independent Officer	—	<b>Career summary</b> • 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). <b>Principal concurrent positions</b> • President & CEO of Mitsubishi Heavy Industries, Ltd.

### Audit & Supervisory Board members

Name	Position and responsibilities	Attendance at Board of Directors meetings	Principal positions to date
<b>Junichi Egawa</b>	Audit & Supervisory Board Member	100% (11 of 11 meetings)	<b>Career summary</b> • 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).
<b>Toshiyuki Ogawa</b>	Audit & Supervisory Board Member	—	<b>Career summary</b> • 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).
<b>Kenji Matsuo</b>	Outside Audit & Supervisory Board Member Independent Officer	100% (11 of 11 meetings)	<b>Career summary</b> • 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). <b>Principal concurrent positions</b> • Honorary Advisor of Meiji Yasuda Life Insurance Company, Outside Director (Audit & Supervisory Committee Member) of Daido Steel Co., Ltd.
<b>Kunio Ishihara</b>	Outside Audit & Supervisory Board Member Independent Officer	100% (11 of 11 meetings)	<b>Career summary</b> • President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd. In October 2004. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2019 (current). <b>Principal concurrent positions</b> • Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd., Outside Director of Japan Post Holdings Co., Ltd.
<b>Yutaka Kawakami</b>	Outside Audit & Supervisory Board Member Independent Officer	100% (11 of 11 meetings)	<b>Career summary</b> • Partner of Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) in June 1990. Member of Management Council, General Manager of Human Resources Department of Tohmatsu & Co. in June 2007. Retired from Deloitte Touche Tohmatsu LLC in September 2016. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2020 (current). <b>Principal concurrent positions</b> • Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.

### Research fellows

<b>Hiroshi Komiyama</b>	Chairman of the Institute
<b>Takaaki Furuya</b>	Senior Research Fellow Company-wide research and recommendation activities, internal guidance
<b>Keiki Yamada</b>	Senior Research Fellow Company-wide research and recommendation activities, internal guidance
<b>Kazuo Hiyane</b>	Research Fellow Digital Transformation Technology Advisor, Digital Transformation Unit
<b>Yoko Takeda</b>	Research Fellow Deputy General Manager, Think Tank Unit, General Manager, Planning and Administration Office, Think Tank Unit, General Manager, Center for Policy and the Economy
<b>Kazumichi Ito</b>	Research Fellow General Manager, Center for Advanced Technology VCP Manager for Circular Society

### Executive officers

Note: the following list does not include Executive Officers who are also Directors

<b>Hiroshi Iwase</b>	Senior Managing Executive Officer	General Manager, Think Tank Unit
<b>Takehiko Matsushita</b>	Senior Managing Executive Officer	Representative Director and President, Mitsubishi Research Institute DCS
<b>Yoshihiko Ito</b>	Managing Executive Officer	General Manager, Digital Transformation Unit
<b>Shuji Nakamura</b>	Executive Officer	Managing Executive Officer, Mitsubishi Research Institute DCS
<b>Hirofumi Suzuki</b>	Executive Officer	President, MRI Research Associates
<b>Takashi Inoue</b>	Executive Officer	Deputy General Manager, Corporate Administration Unit General Manager, Planning and Administration Office, Corporate Administration Unit
<b>Tatsuya Nakabushi</b>	Executive Officer	General Manager, Business Consulting Unit
<b>Tetsuya Hanyu</b>	Executive Officer	General Manager, Policy Consulting Unit
<b>Minoru Sonoyama</b>	Executive Officer	General Manager, Corporate Communications Division
<b>Tomoyuki Takahashi</b>	Executive Officer	General Manager, Marketing and Alliance Division Deputy Officer, Responsible for Marketing and Alliance Division, Future Co-Creation Division and Global Business Division Deputy Officer in Charge of VCP

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 and Compliance 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
<b>Information security</b>	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.
<b>Project management</b>	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.
<b>New businesses</b>	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.
<b>Human resources</b>	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 and inclusion measures, and maintaining comprehensive harassment prevention systems. We also provide enhanced welfare systems, such as childcare support.
<b>Intellectual property rights</b>	We see intellectual property (IP) as a business resource that is essential to the maintenance of our business competitiveness. We actively protect our own IP rights while respecting the IP rights of others and taking all possible steps to prevent infringements.	Measures to prevent IP infringements include the creation of an internal system relating to copyrights. We also provide continual education in this area, including training and annual e-learning programs, under the guidance of the Risk and Compliance Management Division. As an additional safeguard, all units check work before its delivery to clients.

### 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 carry out checks and other essential processes in collaboration with the Risk and

Compliance 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.

#### 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

The 53rd Annual General Meeting of Shareholders in December 2022 was held in person for the first time in three years. Comprehensive steps were taken to prevent the spread of covid infections. Twice each year, we issue reports for shareholders and conduct shareholder surveys. The results of the surveys, including open-ended responses, are reported to the Board of Directors.

Through our investor relations activities for shareholders and analysts, we work to deepen investor understanding by proactively providing clear explanations about our business activities and management strategies. We hold online briefings about our financial results for the first two quarters and the whole fiscal year. The content of these briefings,

together with questions and answers, is published on our website in Japanese and English. Individual interviews are in principle provided using online methods. In FY9/22, we responded to around 100 requests for interviews. Comments from shareholders and investors are fed back to the management team as valuable input that contributes to further improvement of our corporate value.

In FY9/22, we held our first business briefing for investors and analysts. The event included direct presentations by the officers responsible for VCP and digital transformation. The results of a survey after the briefing indicated that there was strong demand for the continuation of this initiative, and we therefore plan to hold regular briefings going forward.



## Corporate Governance

### Message from Outside Directors



Mariko Bando  
Outside Director

#### High expectations for the Group to lead society into the future through the creativity and spontaneity borne at the intersection of deeply diverse values

Japan is facing a plethora of unresolved societal issues, yet seems to be mired in stagnation. Once a vibrant economy, its economic strength is faltering, and it now offers among the lowest wages and commodity prices in the developed world.

The country needs a business sector to step up to the challenge of developing and implementing an intellectual strategy to break through the stagnation. The root of the current conditions must be analyzed, issues identified, and targets set, then actions must be made to solve problems.



Seiji Izumisawa  
Outside Director

#### Eager to use my knowledge from the manufacturing industry to help the Group achieve its mission of resolving societal issues

Our society is undergoing a once-in-a-hundred-years change as we face a staggering array of challenges from global environmental issues to geopolitical tension, energy transition, and food scarcity. As the underlying values upon which our global society is structured come into question, the issues at hand are only growing deeper in their

On top of this, focused research and technological advances will also be needed, but they must be integrated with each other and actively applied. The public sector cannot do this alone—co-creation is the key to using the diverse wisdom and energy of the private sector.

The problems are complex—often described as having volatility, uncertainty, complexity, and ambiguity (VUCA)—and convincing solutions cannot be found through a straightforward approach. Answers lie in the creativity and innovation borne from the collision of a wide variety of perspectives.

For Mitsubishi Research Institute to fulfill its mission, the Company itself must apply diversity, equity, and inclusion (DE&I) by having a diverse workforce representing different values. DE&I is important not only for the personal well-being of employees, but also as a management strategy, because an active and engaged workforce of women, non-Japanese, mid-career hires, and people with science and humanities backgrounds not only overcomes any points of weakness, it coalesces into a powerful strength.

I believe MRI has major potential to play a leading role in creating a new society.

complexity and diversity.

The time is past when one problem can be solved with a single action. In the present age, we need to move beyond thinking in terms of binary opposition; we must seek to create solutions through binary *harmony*.

The Mitsubishi Research Institute Group is pursuing solutions to societal issues through integrated think-tank consulting and IT services that present a synergistic progression from policy recommendation to societal implementation. I am confident that the Group's five decades of experience and expertise puts it in a unique position to formulate effective solutions to the complex societal issues of our era.

As an outside director, I want to use my manufacturing industry knowledge to help management move swiftly, decisively, and effectively as it fulfills its mission to resolve societal issues.

I look forward to the continued support and encouragement of all our stakeholders.

### Message from the Chairman of the Board



Takashi Morisaki  
Chairman of the Board

#### Three perspectives to deepen board dialogue and maximize corporate value

To understand what is expected of me as Chairman of the Board, I have been discussing the matter with stakeholders over the past year. These conversations have revealed three perspectives toward enhanced effectiveness of the Board of Directors.

##### Strategic clarity

Amid the turbulence of VUCA, clarity of strategic decisions is more critical than ever. The course we take to maximize corporate value must set targets for social value and non-financial value in addition to financial value.

In 2022, given that we are a company dedicated to resolving societal issues, we formulated a Basic Policy for Sustainability, identifying six material issues, and declared our support for the TCFD recommendations. I consider these new sustainability guidelines to be all the more significant because they are informed by the diverse opinions of our outside directors.

##### Execution

We posted record profits for the second year in a row and reached our MP2023 targets one year ahead of schedule. Within the larger picture of corporate value, however, achieving static financial targets is not enough. We must transform ourselves dynamically, responding with nimble agility to changes in the environment.

In FY9/22 we focused on diversifying our businesses, human resources, and networks as a prerequisite for the Group's future growth.

To diversify our business we expanded our societal solution and implementation capabilities through VCP Management. As a result of this investment, clients can opt for one-stop-solutions rather than just the policy recommendations of a conventional think tank.

In VCP and the growth businesses of DX and overseas business development, we have diversified recruitment and training. We have also diversified our network of contacts in industry, government, and academia. Up-front investment in research and development is another instance of this thrust.

In the same vein, we formulated the *Conduct Guidelines for Diversity and Inclusion* through discussions with outside directors. These initiatives are reflected in the 100 Day Plan advocated by the president.

##### Governance

To improve the effectiveness of our Board of Directors we draw on evaluations by independent experts. For FY9/22, these outside reviewers commended our new Basic Policy for Sustainability and identification of six material issues directed toward long-term value creation. Our continuing efforts to enhance governance effectiveness will include more sophisticated risk management capability in response to business diversification. Capital policy and succession planning are also areas where we will take action.

##### Toward the next medium-term management plan —Envisioning the future, leading change

FY9/23 will be a pivotal year for us as we tie up MP2023 and formulate the next medium-term management plan. Having met our financial targets, we will continue to raise non-financial value and create social value with renewed vigor. The tasks we face will not be easy, and they are complicated by the unpredictable nature of our times. But I am confident that by working together as a group we can maximize our ability to resolve societal issues and increase corporate value, always *Envisioning the future, leading change*.

# Company Profile

## Mitsubishi Research Institute, Inc.

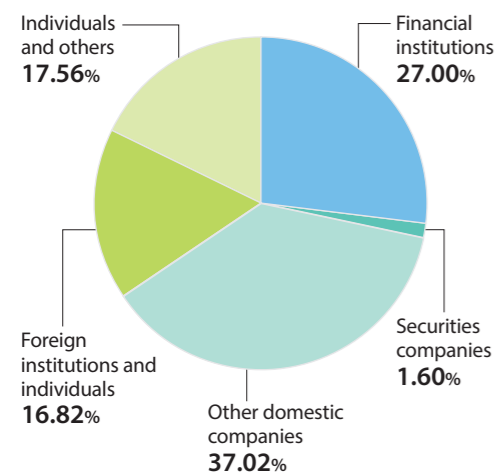


<b>Head office</b>	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-8141 Japan
<b>Date of establishment</b>	May 8, 1970
<b>Representative directors</b>	Kenji Yabuta, President Hidemoto Mizuhara, Executive Vice President
<b>Chairman of the Institute</b>	Hiroshi Komiyama
<b>Capital stock</b>	6,336 million yen
<b>Number of employees</b>	1,093 (non-consolidated) 4,235 (consolidated) (as of September 30, 2022)
<b>Group companies</b>	Mitsubishi Research Institute DCS Co., Ltd. MRI Business, Inc. MRI Research Associates, Inc. MPX, Inc.

## Share-related information (as of September 30, 2022)

<b>Authorized shares:</b>	60,000,000
<b>Number of shares issued:</b>	16,424,080
<b>Number of shareholders:</b>	7,393

### Shareholder composition



### Principal shareholders (Top 10 shareholders)

Shareholder's name	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,610,600	9.80
Mitsubishi Corporation	975,076	5.93
Mitsubishi Heavy Industries, Ltd.	975,000	5.93
Mitsubishi Electric Corporation	902,200	5.49
Mitsubishi Research Institute Group Employee Shareholding Association	783,780	4.77
Mitsubishi Chemical Corporation	624,000	3.79
Mitsubishi UFJ Trust and Banking Corporation	598,574	3.64
Mitsubishi Materials Corporation	554,600	3.37
Custody Bank of Japan, Ltd. (trust account)	544,400	3.31
MUFG Bank, Ltd.	505,074	3.07

(Notes)

- The shareholding ratio is calculated after deducting treasury stocks (448 shares)
- The number of treasury stocks does not include Company stock (173,059 shares) owned by Board members' compensation BIP trust

### Shareholder composition

	Number of shareholders	Composition ratio (%)	Number of shares held (thousands of shares)	Shareholding ratio (%)
Financial institutions	20	0.27	4,433	27.00
Securities companies	24	0.32	263	1.60
Other domestic companies	118	1.60	6,080	37.02
Foreign institutions and individuals	177	2.39	2,762	16.82
Individuals and others	7,054	95.42	2,884	17.56
Total	7,393	100.00	16,424	100.00

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

## Mitsubishi Research Institute DCS Co., Ltd.



<b>Business profile</b>	In addition to its extensive experience in the design, development, and administration of systems for financial institutions, Mitsubishi Research Institute DCS also excels in system and business process outsourcing services based on its own 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.
<b>Head office</b>	12-2, Higashishinagawa 4-Chome, Shinagawa-ku, Tokyo 140-8506 Japan
<b>Date of establishment</b>	July 10, 1970
<b>Representative director</b>	Takehiko Matsushita, President & CEO
<b>Capital stock</b>	6,059 million yen
<b>Number of employees</b>	2,241 (non-consolidated) 2,921 (consolidated) (as of September 30, 2022)
<b>Group Companies</b>	MD Business Partner Co., Ltd. Touhoku Diamond Computer Service Co., Ltd. MRI Value Consulting & Solutions Co., Ltd. IT-One Co., Ltd.

## MRI Business, Inc.



<b>Business profile</b>	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.
<b>Head office</b>	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014 Japan
<b>Date of establishment</b>	October 1, 1970
<b>Representative director</b>	Naoko Sakamoto, President
<b>Capital stock</b>	60 million yen
<b>Number of employees</b>	67 (as of September 30, 2022)

## MRI Research Associates, Inc.



<b>Business profile</b>	MRI Research Associates provides research, analysis, and consulting services in fields ranging from national spatial policy and regional transportation to the environment, energy, disaster prevention, safety, healthcare, long-term care, and welfare. Its core activities also include statistical analysis and simulation services in fields such as sociology, the economy, nuclear power, and earth sciences.
<b>Head office</b>	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014 Japan
<b>Date of establishment</b>	May 31, 1984
<b>Representative director</b>	Hirofumi Suzuki, President
<b>Capital stock</b>	60 million yen
<b>Number of employees</b>	160 (as of September 30, 2022)

# Mitsubishi Research Institute

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