Survey of Integrated Reporting in Japan 2020

KPMG Japan
Corporate Governance Center of Excellence
Integrated Reporting Task Force

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Message from global thought leaders

The Foreword to this report in 2019 noted that Japan had among the highest numbers of integrated reports in the world, but that quality improvements were needed. Some leading companies made good progress in 2020.

The recent IFRS Foundation Trustees consultation paper on sustainability standard setting, and announcement of the proposed merger of the IIRC and SASB as the Value Reporting Foundation, are great examples demonstrating that the 'alphabet soup' of reporting initiatives that Japanese companies have needed to navigate is being addressed.

This convergence towards an end game of a connected global corporate reporting system is happening at pace. That can only be good for Japanese companies as high-quality integrated reporting is significant enabler for demonstrating an organisation's resilience, including in the face of challenges such as the global pandemic.

In addition, the IIRC and IFAC have recently published a thought leadership paper calling for integrated reporting assurance as a core component of the 'audit of the future'. Integrated reporting assurance can be a significant contributor to integrated reporting quality and enabler of restoring trust in businesses. The paper observes that integrated reporting assurance must be global and aligned to developments in integrated reporting and in global standard setting.

I encourage Japanese companies to be brave to go beyond statute-required compliance disclosure to explain what value their organisation brings to all of its stakeholders and society. In achieving this, it will be natural for them to start seeking their assurance on their entire corporate report, joining the Dutch, English, Australian, Indian and Malaysian companies who have to date chosen to have their integrated reports assured in accordance with the <IR> Framework.

Michael Bray
Director, In-Country Engagement
International Integrated Reporting Council

I am impressed by the determination and speed with which Japanese businesses have embraced integrated reporting. It represents a change in how companies understand and account for the value they create over the short, medium and long term—for the enterprise and for society. It's a mindset that shapes how to manage a business for long-term success. A sustainable business.

Japanese business leaders are well tuned into long-term thinking. Looking ahead, as we seek to recover the global economy in a way that leads to prosperity, business has an opportunity, and an obligation, to lead the way.

Integrated reporting and thinking triggers important insights for management: What is the purpose of our business, and how do we serve society's needs. What resources do we rely on, and how do we manage our business responsibly so we cause no harm to people, communities and the environment? And what value do we create through our products and services, and who benefits from that?

Providers of financial capital need more information than they find in financial statements to make informed decisions and valuate companies' future value. They also need information about enterprise risks related to environmental and social impacts and actions taken by management to mitigate such risks.

SASB is a standard for reporting that connects businesses and investors on the financial impacts of sustainability. Its sector-specific standards for data-driven disclosures outline those material sustainability risks any business within a given sector should manage and account for.

The true value of reporting is that it leads to better informed decisions—by users and by management. For when we know where value is created, and eroded, we can take action and focus on how to maximise the value created by the business, and mitigate any adverse impacts for society and for our business.

Therefore, the intended merger of IIRC and SASB into the Value Reporting Foundation is a welcomed move. It unites the principles and elements of integrated reporting and the multi-capitals approach with the rigour of performance metrics. It will be easier for business to understand what is expected of them. As someone who has prepared corporate reports for more than two decades, I am convinced that the outcome will be better, more relevant, more comparable and more decision-useful reporting. And that can only lead to better business for a better society.

Susanne Stormer
IIRC ambassador and member of the SASB Standards Board

Introduction

We are very grateful to be able to provide the *Survey of Integrated Reporting in Japan* again this year. This is the seventh survey report since we began issuing it in 2014. We are delighted that they have been received with such great interest by many people both in and outside of Japan.

The year 2020 in Japan was marked by the kind of large-scale change that only happens every few decades. Not only was the economy dramatically affected by the global COVID-19 pandemic; digital transformation (DX) also accelerated and people adjusted to an entirely new way of life. The pandemic also drove a greater emphasis on the social aspect of ESG, making for a year in which more and more companies recognized the need for full-fledged ESG management, rather than working merely on environmental issues. This trend will only accelerate in 2021. As we see it, the dramatic changes to the business environment and the explosion of uncertainties about the future forced many companies to consider the purpose of their organization, reassess their medium- to long-term business models, and undertake bold reforms. Now that social issues and management issues are so directly linked, stakeholder accountability is of great importance to companies. Discussions and engagement based not only on financial information, but also on pre-financial information related to corporate value, are now essential for ensuring mutual understanding.

There has been major progress worldwide in the reporting of pre-financial information. This includes proposals for the establishment of a body to set reporting standards for sustainability information as well as grater collaboration with existing voluntary bodies that offer reporting standards and other guidelines for sustainability.

Even in Japan, disclosure in line with the *Principles for the Disclosure of Narrative Information*, released by Japan's Financial Services Agency in 2019, began in the fiscal year ended March 31, 2020, and companies are starting to face demands for extensive pre-financial information. Companies not only need to take into account global trends in corporate reporting as well as the reporting standards and metrics for pre-financial information, but also continue to consider how changes in the corporate environment drive both management issues and business opportunities and risks. These are the keys to finding ways to ensure that their reporting provides for an accurate assessment of their firm's corporate value.

We believe that high-quality corporate reporting is more than important for companies to ensure their own sustainability; it also helps to stabilize and expand the economy and provides additional social value. At KPMG Japan, we feel that our work to support these efforts is an important way to fulfill our purpose: "Inspire Confidence, Empower Change."

I hope that this report will be helpful to all who are striving to survive these highly uncertain times amid today's rapidly changing environment.

Toshihiro Otsuka
Lead Partner,
KPMG Japan
Corporate Governance Center of Excellence

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About the survey

Purpose and background

The KPMG Japan Corporate Governance Center of Excellence's (CoE) Task Force on Integrated Reporting (formerly the Integrated Reporting CoE) believes that the efforts of companies that enhance corporate reporting help to increase corporate value by encouraging dialogue between companies and investors. We also believe it is important to properly highlight their achievements and challenges in order to raise their competitiveness. This is why we have continued to survey trends in integrated reporting by Japanese companies since 2014.

The Japanese Cabinet Office Ordinance on the Disclosure of Corporate Affairs was partly revised in 2019 as part of efforts to respond to the recommendations in *Realizing a Virtuous Cycle in the Capital Market,* a report released by the Working Group on Corporate Disclosure of the Financial System Council, Financial Service Agency (FSA) in 2018. In addition, the FSA published *Principles Regarding the Disclosure of Narrative Information*. These efforts helped to further augment information disclosure in securities reports.

Accordingly, since 2019 we have not only continued to study and analyze the integrated reports themselves, but have also surveyed the narrative information provided in securities reports. This will be the second time that we have surveyed both kinds of reports. In addition to studying the narratives in each of these kinds of reports, we have compared them to those we reviewed in the previous survey.

Percentages (%) in the survey results may not add up to 100 due to rounding to the nearest whole number.

Scope

The survey covers all 225 companies making up the Nikkei 225 Index* (hereafter, "Nikkei 225 companies;" see page 45).

To ensure continuity with the surveys of the past six years, the "Basic Information" section on integrated reports (pages 39–44) covers the reports not only of the Nikkei 225 Index, but also all the other companies (579 companies in total; see pages 46–50) included in the List of Japanese Companies Issuing Self-Declared Integrated Reports in 2020, which is issued by the Corporate Value Reporting Lab.

* The Nikkei 225 Index (Nikkei 225) is a registered trademark or trademark of Nikkei Inc.

Methodology

Survey items were selected in consideration of the elements of content that are expected to appear in corporate reports and their significance for investors, who are assumed to be the primary readers, with reference to the standards, reports, and other publications shown below.

All the members of the survey team determined the report evaluation criteria together, and then a single researcher was assigned to each company and thoroughly read that company's integrated report and securities report to confirm the content.

Standards, reports and other used as references

- International Integrated Reporting Council (2021), *International Integrated Reporting Framework*
- Financial Services Agency (2019), *Principles Regarding the Disclosure of Narrative Information*
- Financial Services Agency (2019), *Reference Casebook of Good Practices on the Disclosure of Narrative Information (Japanese only)*
- Financial Services Agency (2018), *Guidelines for Investor and Company Engagement*
- Tokyo Stock Exchange (2018), *Corporate Governance Code*
- Financial Services Agency (2020), *Stewardship Code*
- Ministry of Economy, Trade and Industry (2017), *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation*
- Financial System Council (2018), *Report of the Working Group on Corporate Disclosure*
- Financial Services Agency (2019), *Cabinet Office Ordinance on partially revising the Cabinet Office Ordinance on the Disclosure of Corporate Affairs (Japanese only)*
- Task Force on Climate-related Financial Disclosures (2017), *Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report)*
- Robert G. Eccles, Michael P. Krzus, Carlos Solano (2019), *A Comparative Analysis of Integrated Reporting in Ten Countries*
- ACCA (2020), *Insights into integrated reporting 4.0: The story so far*

Key Recommendations

This will be the second time that we have surveyed the narrative information provided in securities reports as well as the integrated reports.

Securities reports for fiscal 2020, which was the first fiscal year in which the partial revisions of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs applied, showed an overall increase in the quantity of narrative information.

As companies gain years of experience with issuing an integrated report, they tend to augment the content. Moreover, more companies are explaining their strategies from a long-term perspective. Even as they are affected by the COVID-19 pandemic in a variety of ways, companies are still striving to convey their vision for their future.

However, only some companies are reflecting these efforts in the narrative information they include in their securities reports. This reveals there are still issues when it comes to living up to the intent behind the recent revisions to the disclosure rule. We believe that companies need to take another look at the reason they are preparing voluntary integrated reports, as well.

1 The purpose of issuing securities report is shifting beyond legal compliance towards reporting with purpose

The move to enhance narrative information in reports required by regulations is a global trend. In the UK, the Financial Reporting Council (FRC) encourages reporting in line with the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) and the use of Sustainability Accounting Standards Board (SASB) standards. In the US, the Securities and Exchange Commission (SEC) has revised Regulation S-K, equivalent to Japan's regulations on narrative information in securities reports. Moreover, the International Accounting Standards Board (IASB) Advisory Council, which deliberates and sets international accounting standards, is currently discussing revisions to IFRS Practice Statement 1, *Management Commentary*.

These trends are consistent with the truth that corporate value cannot be explained by financial statements alone. They also reflect an evolution in corporate purpose, away from an emphasis on maximizing short-term returns for shareholders and toward a medium- and long-term perspective rooted in providing social value. Companies are being asked not merely to disclose information to meet legal requirements, but to communicate in a succinct manner how they will achieve their purpose.

We believe that earning the trust and understanding of the public by engaging in this kind of reporting to foster dialogue with stakeholders is a prerequisite to sustainable growth.

Key Recommendations

2 Maximize the benefits of the integrated report through communicating a consistent value creation story based on material issues that affect corporate value

This survey revealed that companies' securities reports are generally easier to read and offer more accessible information than their integrated reports. This is because in securities reports, companies provide concise information in line with a designated format that is provided. This is one of the advantages of securities reports, which are required by regulation.

Yet, what does it mean that securities reports are easier to read than integrated reports, which are prepared voluntarily as a means of conveying the value creation story to deepen understanding of a company?

True, there is no single template provided for integrated reports. For this very reason, however, the ability to speak freely about the value creation story, in the smooth flow and order of the company's choosing, should be an advantage of the integrated report. However, this same freedom carries a risk—even if a company describes all the risks and opportunities, strategies and resource allocation, business models, and governance, if it treats each topic separately, failing to show the relationship among them, the report can be very difficult to comprehend. The freedom can also result in irregularities within reports: one aspect may be described in great detail, but almost no specifics provided about another aspect. In terms of metrics,[1] including non-essential indicators can actually lead to confusion and misunderstanding.

Organizing and refining the content based on material issues will be effective in resolving these problems. Since integrated reports are, after all, prepared voluntarily, we think it is important to make full use of their advantages to tell a value creation story that cannot be conveyed in a report that has to stick to a pre-determined format.

1. Metrics are measures of performance or progress made on activities and processes. They can be shown as quantitative figures or qualitative notes.

3 Communicate company specific value creation story by reporting appropriate pre-financial metrics

The reports surveyed showed that, with the exception of financial information and some pre-financial information, many companies included the kind of qualitative information that could be said by any company. Instead, as noted above, we believe it is critical that companies offer a clear picture of their unique path to value creation, rooted in their distinctive purpose, in their corporate reports. Corporate reports should present pre-financial information backed up by quantitative information with a scope that includes subsidiaries, and it should be refined enough to differentiate the company from others.

Management must consider the organization's fundamental value creation story and what is being done to live up it. In today's increasingly uncertain environment, it will be even more important to analyze material issues in terms of their impact on corporate value, weave the results into an original value creation story, and then ensure that the entire organization—from the top down—knows it. Then the value story can, and must, be conveyed consistently and accessibly, both within and outside the organization.

Materiality

Many companies referred to materiality in their integrated reports

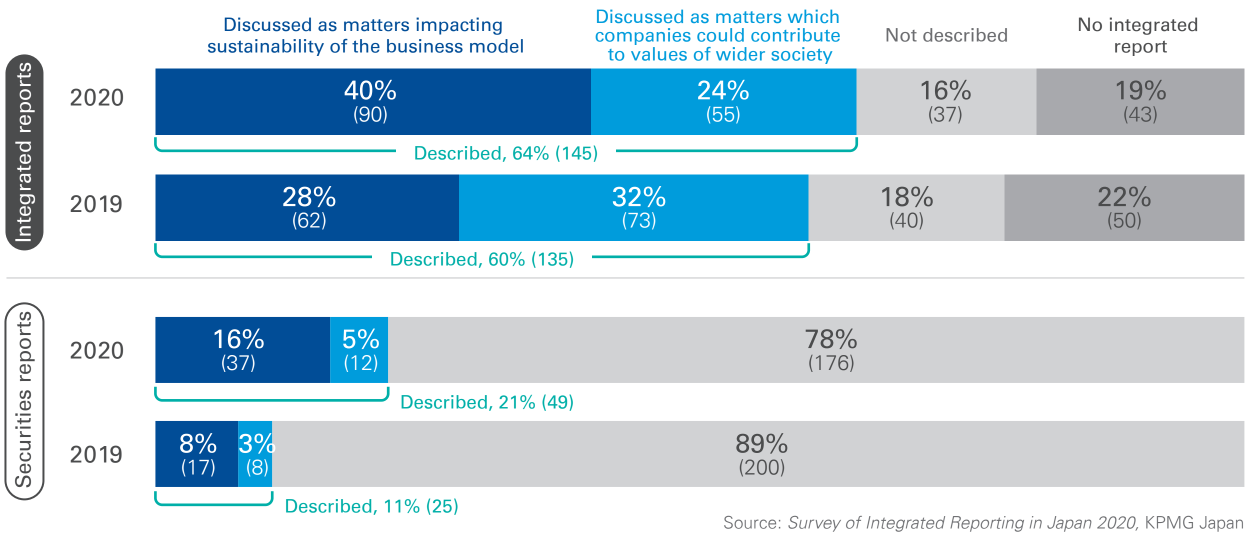
The number of companies identifying material issues in their integrated reports has been increasing every year, and this year we observed a trend toward more extensive explanations of the basis and processes for identifying these issues. The percentage of companies describing materiality was 64%, of which 40% identified material issues as matters impacting the sustainability of their business models (Figure 1-1).

Moreover, 21% of companies mentioned materiality in securities reports, of which 16% described it as matters impacting the sustainability of their business model. This number is increasing, but cannot yet be considered adequate (Figure 1-1).

In terms of the basis for identifying material issues, 57% of companies discussed materiality as matters impacting the sustainability of their business model in integrated reports, which is up 17% from the previous year (Figure 1-2).

Figure 1-1 Materiality

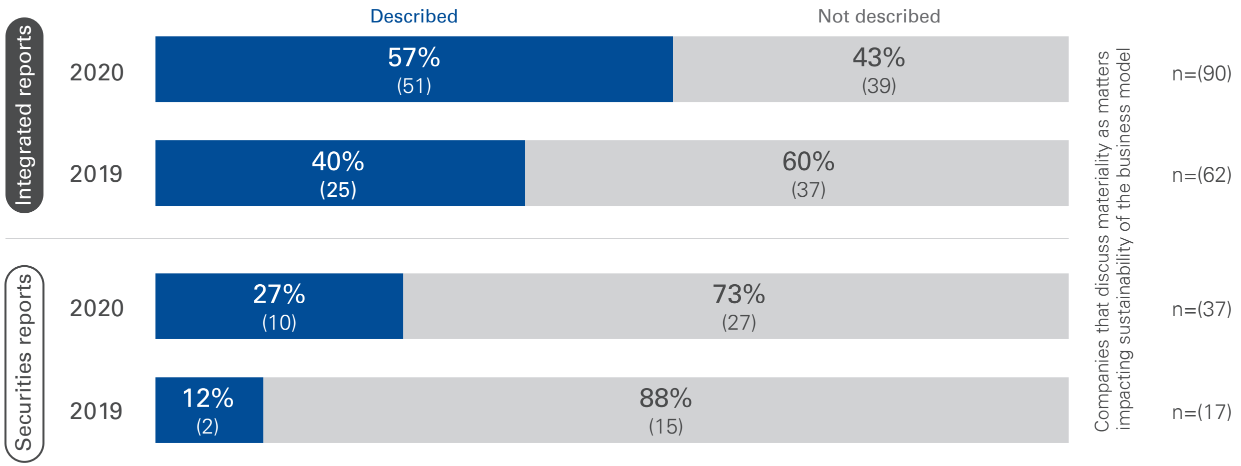
n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Figure 1-2 Explanation of basis for materiality

( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

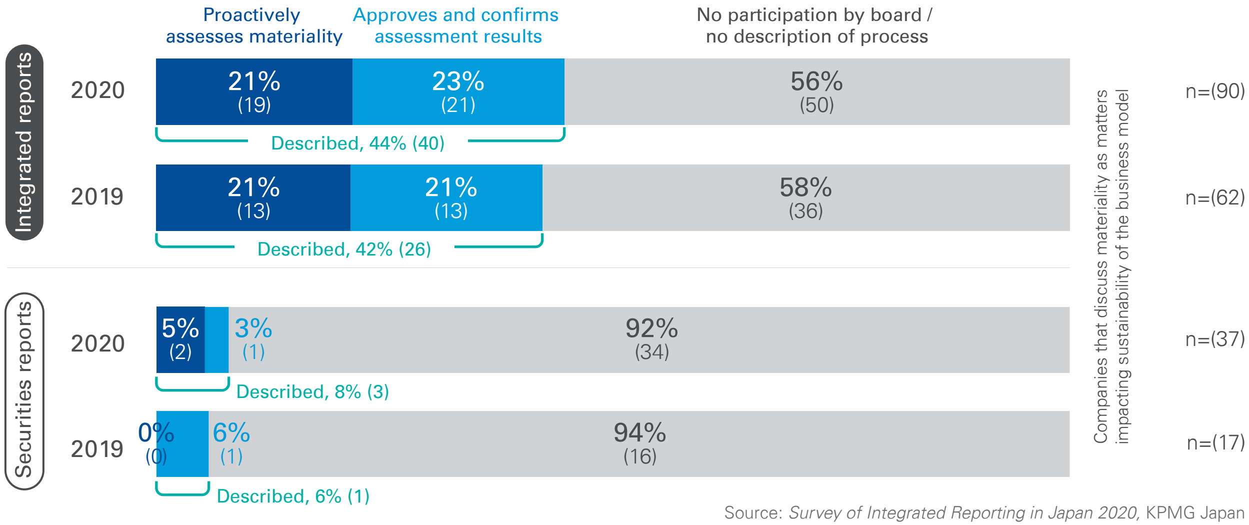
Materiality

Many companies referred to materiality in their integrated reports

Of the companies surveyed, 44% stated that their board of directors had been involved in the process of identifying material issues. Of these, the board played an active role in 21% of the cases and only approved or confirmed the results in 23% of the cases (Figure 1-3). In addition, 51% of companies incorporated the results of stakeholder engagement when identifying material issues (Figure 1-4). Although more companies are explaining the basis for identifying material issues and the process for doing so, many are still not providing an explanation that shows how deep the discussion within the organization was.

Figure 1-3 Board's involvement in the materiality assessment process

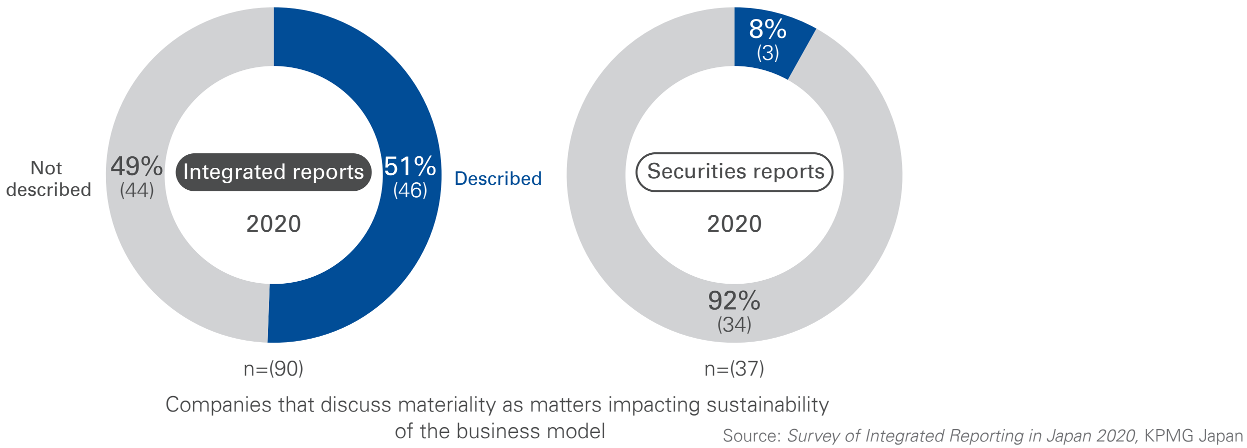
( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Figure 1-4 Incorporation of the results of stakeholder engagement when identifying material issues

( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Materiality

Merely listing material issues is not enough to demonstrate uniqueness in your value creation story

As we noted above, over half of integrated reports do explain materiality, but in many cases, it is difficult to tell how the Board of Directors was involved in identifying material issues from the perspective of medium- and long-term value creation.

Moreover, the identified material issues ultimately tend to resemble those of other companies in the same industry. We think this is because stakeholder concerns and expectations and the key issues surrounding the industry rarely change significantly, which results in a common view of the issues.

This means that a simple list of material issues makes it difficult to differentiate the company's underlying strengths and uniqueness. Clarifying the process by which the company identifies these issues and also describing its thoughts on the measures that could be taken to address the issues would make the information provided more useful to readers.

Be more specific in explaining the basis and process for identifying materiality

In the explanation of the process for identifying materiality, it would be effective to describe the board of director's outlook on changes in the business environment and the impact that this outlook would have on the business model's sustainability, as well as how this is reflected when identifying material issues. We would also like to see a description of the board's thoughts on the issues that emerged in dialogue with stakeholders and how they were reflected in identifying materiality.

A thorough explanation of the board's perceptions and the highly influential stakeholder expectations leads to a description of the basis for decisions that lead to the identification of material issues. Moreover, linking the identified issues to strategies and resource distribution makes the value creation story more consistent. We believe this will give the reader a more accurate understanding and assessment of the company's sustainability.

Materiality

Good practice

Meaningful description of materiality assessment

In one example, a company understood its own purpose and social responsibilities, and was thus able to set long-term strategic goals and provide a detailed explanation of the process it had used to identify material issues.

In light of the results of dialogue with experts related to stakeholders, all directors were involved and the identified material issues were listed, along with a detailed explanation of the company's own thoughts on them.

The participants in dialogue with these experts and the opinions given there, as well as the timeline for identifying material issues, were described. There was a clear sense that the company was well aware of the need for materiality assessment as part of the process of creating the value creation story.

SPOTLIGHT

Reconsidering the purpose of your company

In today's increasingly complex business environment, a company's purpose in society become the basis for making a wide range of business decisions. After redefining the relationship with the stakeholders involved with the company in terms of contributions to social issues and raising sustainable value, the company must clearly lay out the role it must fulfill and its purpose, and share this broadly. One effective way of doing this is to write out a purpose statement to which the board of directors has committed, based on the creed, missions and visions that many companies have.

Depending on the stakeholder, the extent of the impact on financial value and the timeframe, as well as the substance, all differ. This means that it is essential to analyze materiality related to corporate value based on the company's purpose. This becomes the starting point for making specific initiatives into effective measures.

Moreover, corporate reports based on purpose are also effective in earning understanding and support for the company's decision-making and the strategies and measures taken to raise value from the stakeholders' diverse perspectives. Growing uncertainty has raised the need to improve the quality of dialogue, and for this reason I think that companies should devote more effort to debate within the organization over the company's purpose, fostering understanding, and ensuring that the entire company is familiar with this purpose.

Yoshiko Shibasaka

Risks and opportunities

Augmented explanations of risks and opportunities and increased disclosure related to climate risks in particular

Of the companies surveyed, 70% explained risks and opportunities in their integrated reports, which is an increase from the previous year. Of these, the percentage who explained risks in terms of how they relate to the results of the materiality assessment increased from 17% in the previous year to 25% (Figure 2-1). We believe this is because companies are fully discussing events that come with uncertainty and more companies are aware of the significance of explaining how they will address specific uncertainties to stakeholders.

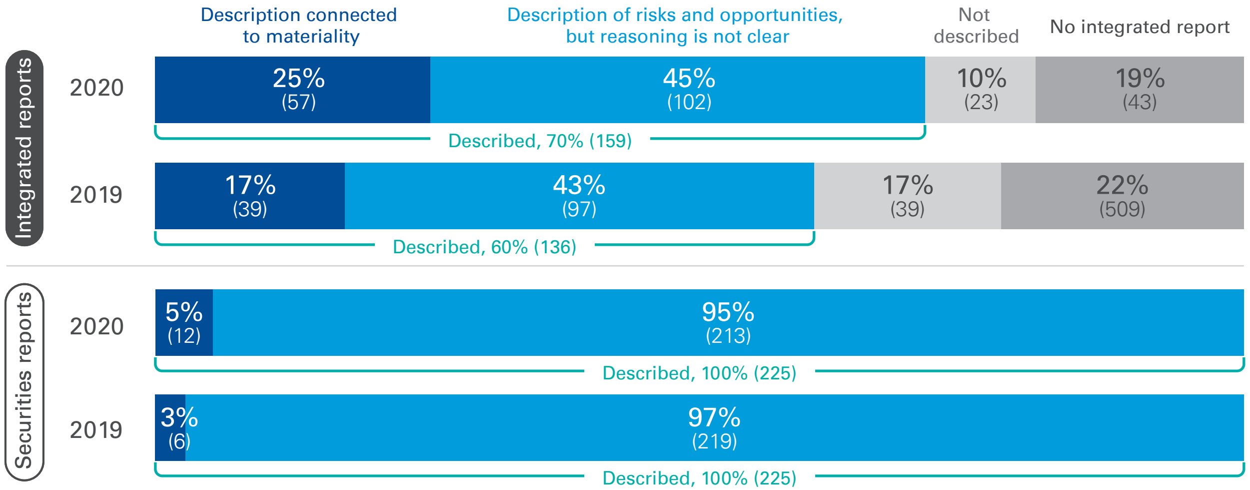
In both types of reports, more companies are providing detailed explanations of risks and opportunities on all points. However, there are still few companies that explain the possibility that such risks could materialize or the timeframe for risk assessments (Figure 2-2). This makes it difficult to determine whether the company is considering specific conditions that would result in risks and opportunities and implementing effective risk management.

When confirming the extent to which the top five risks identified by CEOs around the world, as listed in the 2020 CEO Outlook, carried out by KPMG in January–February 2020, were addressed in Japanese companies' integrated reports and securities reports, we found that in both types of reports, many companies listed the risk of climate change, as also seen in the CEO Outlook.

We think this is a sign that companies are taking global mega-trends into account when assessing risks, and that they see as major risks the various changes in the management environment driven by the rapid shift to a decarbonized society and the resulting pressures to reform existing business models.

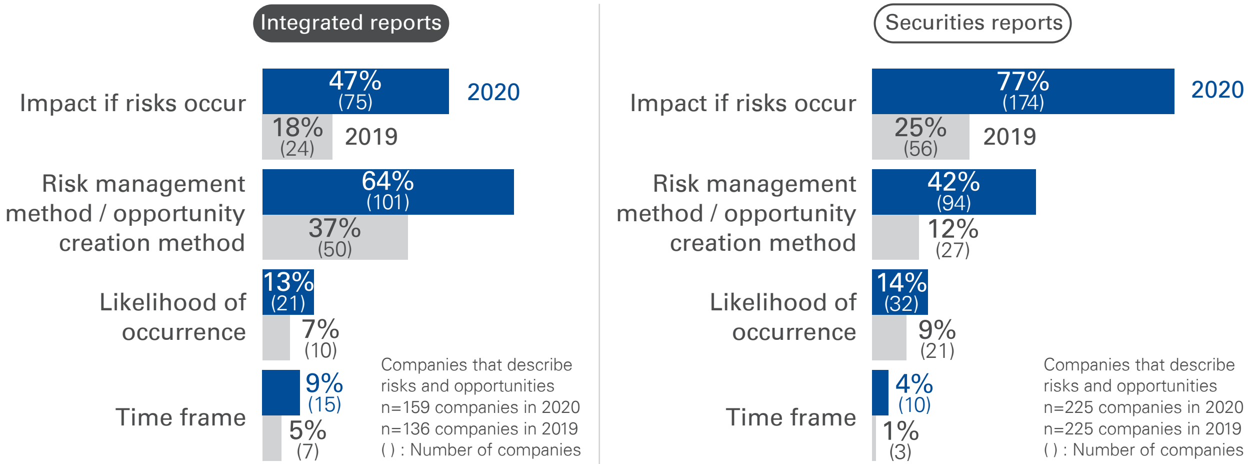
Figure 2-1 Risks and opportunities (including only risks or opportunities)

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020,* KPMG Japan

Figure 2-2 Details of risks and opportunities



Source: *Survey of Integrated Reporting in Japan 2020,* KPMG Japan

Risks and opportunities

Inconsistent descriptions between reports impede accurate understanding of risks and opportunities

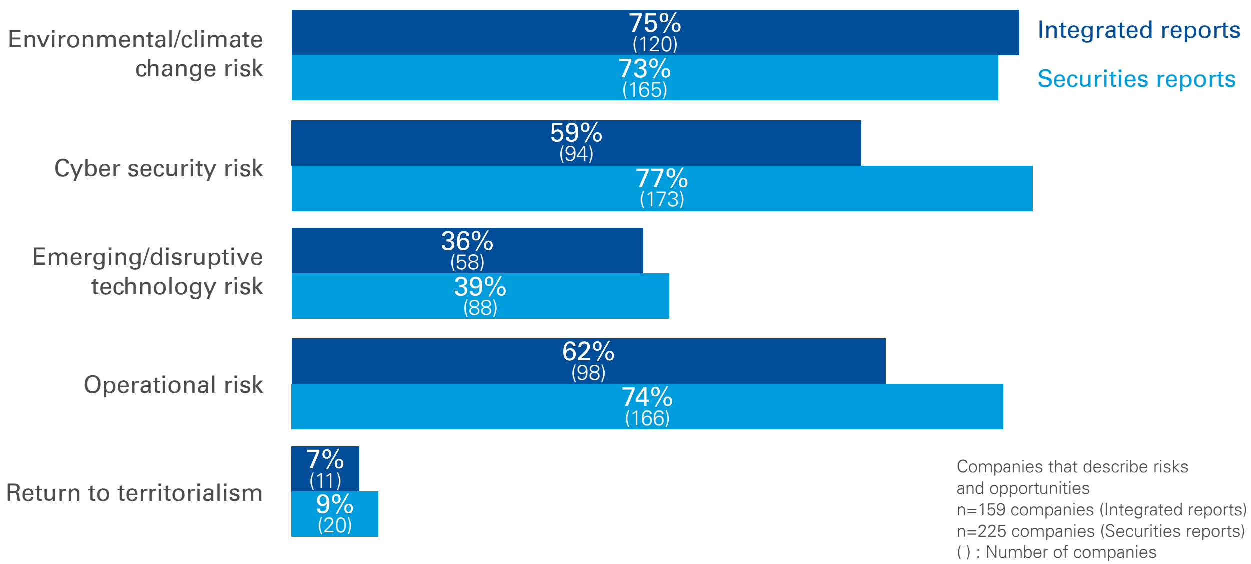
As a result of partial revisions to the Cabinet Office Ordinance on the Disclosure of Corporate Affairs in January 2019, companies must disclose the extent of the possibility that business and other risks could materialize and the timing of this, the impact that risks could have on businesses, and measures to address risks.

However, as noted above, the percentage of companies providing adequate explanations of risks and opportunities in terms of materiality assessment results, as well as their implementation of risk management in securities reports, is still low. This indicates that companies need to reconfirm that they are addressing the objective of the revisions to the ordinance and truly meeting the reader's needs.

In addition, in a few cases, we noted inconsistencies between the risk information provided in the reports, with risks that were described in securities reports not mentioned in integrated reports (Figure 2-3).

In both types of reports, companies are expected to explain the important risks and opportunities that management perceives. A lack of consistency across the reports will make it difficult for reader to form an accurate assessment. The approach to sharing risk awareness within the organization must be reassessed in order to avoid situations in which the company's perceptions are not reflected in the reports, leading to incorrect understanding.

Figure 2-3 Analysis of risk trends (Top five risks in 2020 CEO Outlook)



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Risks and opportunities

Raise ability to explain managements' awareness and the basis for it by addressing climate related risks

In Europe, as the European Green Deal moves forward, in June 2020 the EU finalized its taxonomy for sustainable activities, which classifies economic and investment activities in terms of their environmental sustainability. There has been real progress in establishing a market environment to encourage sustainable finance. In November 2020, the government of the United Kingdom announced a roadmap for making TCFD-aligned disclosures mandatory. This practice will be mandatory for all listed companies by 2022. In China, the government is considering mandating that all listed companies disclose climate-related information. This highlights the growing trend toward mandating climate related information disclosure.

In Japan, the Ministry of Economy, Trade and Industry is discussing the promotion of transition finance,[2] while the Financial Services Agency is setting up a council of advisors on sustainable finance. In response to such trends, one idea is to try out detailed reporting on climate related risks as the first step in refining the disclosure of information on risks and opportunity. The TCFD recommendations seek exhaustive explanations of information on management's perceptions and the implementation of risk management. We believe such efforts would raise an organization's overall ability to respond to risk.

Good practice

Disclosing climate related risks in securities report

One company did explain management's perception of climate related risks in the integrated report, based on TCFD recommendations, and then reflected this information in the securities report, thus delivering a consistent message from management. The following three elements made for a sophisticated explanation.

1. Financial impact of climate related risks and opportunities, based on the results of a scenario analysis
2. Time frame expected for climate related risks and opportunities (target period)
3. Establishment of management strategies in an environment in which global temperature increase is held to 1.5–2 °C (as a future initiative)

SPOTLIGHT

Auditors responsibility for narrative information

The International Auditing and Assurance Standards Board (IAASB) announced the International Standard on Auditing (ISA) 720 (Revised) (hereafter, "ISA 720 (2015 Revision)" in 2015 in response to a growing need for pre-financial information related to corporate reporting. In Japan, in 2020 the Financial Services Agency's Business Accounting Council revised its auditing standards based on ISA 720 (2015 Revision), and in February 2021, the Japanese Institute of Certified Public Accountants responded by issuing the Auditing Standards Committee Statements (ASCS) 720 (Revised), The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon (hereafter, "ASCS 720 (2021 Revision)").

If the ASCS 720 (2021 Revision) is adopted, auditors will read through the information provided in disclosure documents other than financial statements that have already been audited and the audit report (hereafter, "other information in documents"). If the auditor determines that there are material discrepancies between the other information in documents and financial statements or the knowledge that the auditor has gained in the audit process, the company will have to take additional steps. Companies will have to be careful not only about inaccurate statements in other information in the report, but also about matters which may likely to cause misunderstanding (including cases in which information needed for an appropriate understanding is omitted). If management does not agree to make changes even though the auditor determined that the other information in documents requires changes, this will be reported to the company auditor and corrections can be demanded. If, despite this, corrections are still not made, actions such as reporting the relevant content in the audit report should be taken.

Hiromasa Niinaya

2. Financing (initial investment or refinancing) for businesses that are pursuing changes to achieve the Paris Agreement's goals and their respective countries' reduction goals based on the Paris Agreement

Strategies and resource allocation

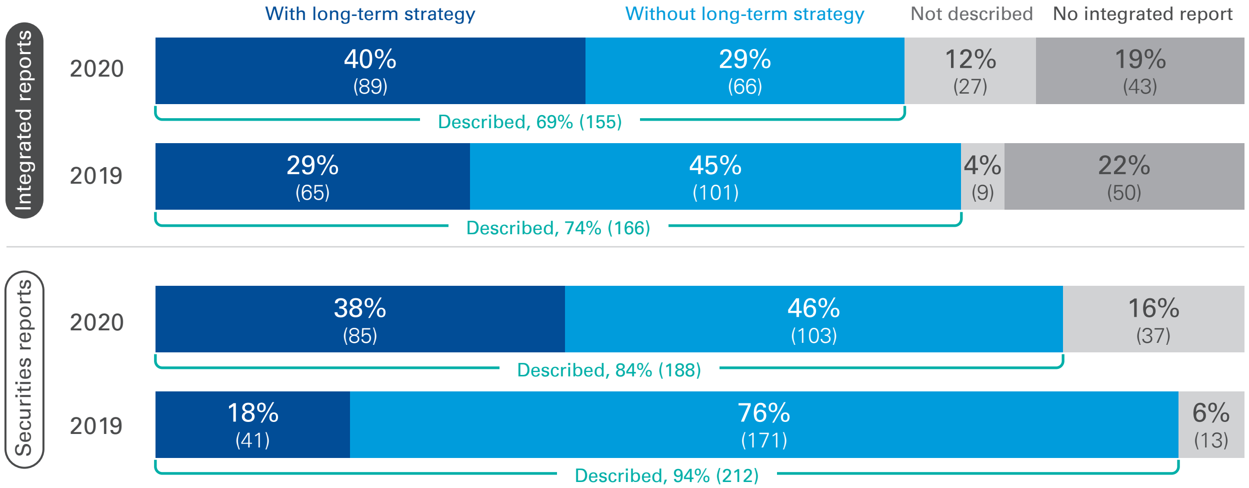
Explain strategies consistently, leading from the long term to the medium term and from the overall picture to segments

Explanations of strategies and resource allocation based on these strategies provide fundamental information that validates the potential for long-term value creation. The percentage of companies that explain medium-term business plans that cover periods of three years or less in their integrated reports fell from 74% in the previous year to 69%. We suspect that this was because the assumptions behind their medium-term business plans changed during the COVID-19 pandemic and providing explanations became more difficult (Figure 3-1). In contrast, the percentage of companies describing both their long-term strategies and medium-term business plans increased from 29% in the previous year to 40%, and it was apparent that more companies are using backcasting as a planning method (Figure 3-1). However, there are still issues with the explanations of how strategies and business plans are interrelated. Companies should use developing the medium-term business strategy as a process that leads to long-term value creation and provide explanations based on the outlook on changes in the external environment and the expected risks and opportunities.

In addition, the percentage of companies that explained management policies and strategies for each segment increased from 41% to 53% (Figure 3-2). However, only a few companies adequately described the connections between them. In companies that operate diverse businesses, consistent explanations of company-wide policies and strategies and segment strategies help to persuade the reader that the company-wide goals can be achieved, and lead to an appropriate assessment of corporate value. Moreover, by explaining where the company's capital (for example, the six types of capital listed in the IIRC Framework) are distributed and how they are used to execute strategies, companies can make the path to achieving their strategies look more convincing. In particular, effective distribution plans for financial capital should convey financial strategies that are aware of capital costs to the reader. Refer to page 18 for more information on capital costs and financial strategies.

Figure 3-1 Medium-term business plan (three years or less)

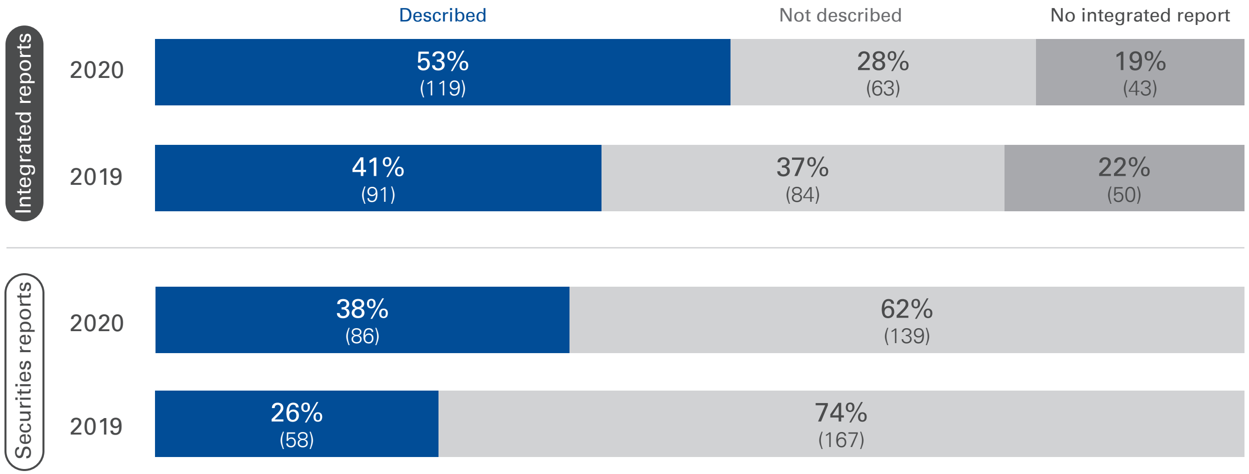
n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Figure 3-2 Strategies, by business

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Strategies and resource allocation

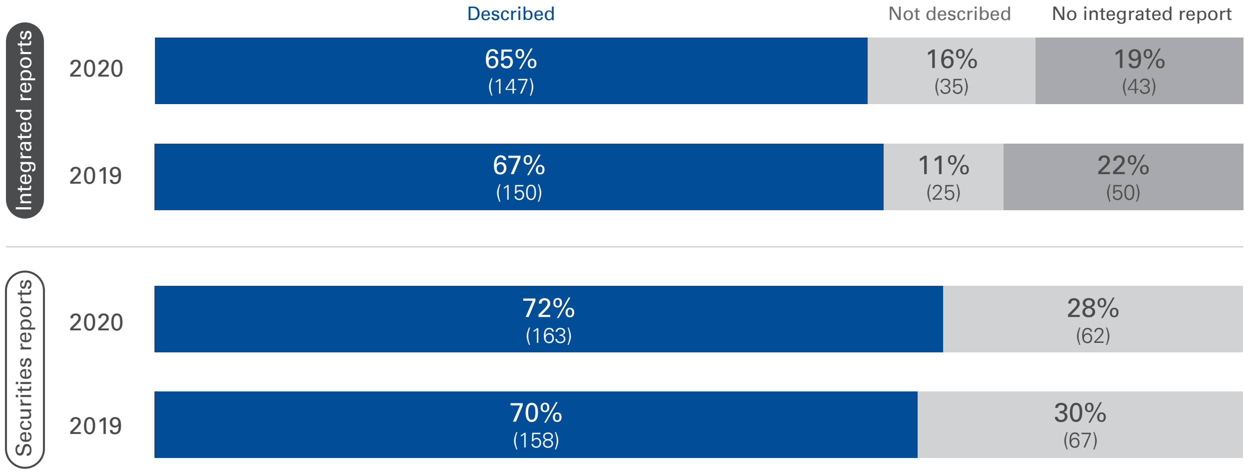
Financial targets are clearly difficult to explain in pandemic, and pre-financial targets are still insufficient

The percentage of companies providing quantitative financial targets as a target for progress in achieving strategies decreased from 67% to 65%, revealing the difficulties in specifying financial targets in the COVID-19 pandemic (Figure 3-3). The percentage of companies describing quantitative pre-financial targets increased from 21% to 38%, but this was still less than half (Figure 3-4). Even when quantitative pre-financial targets were set, they were often no more than targets set from a CSR perspective, with an inadequate explanation of the relationship between achieving the targets and raising corporate value.

For example, many companies list "raising the percentage of management positions held by women" as a quantitative non-financial target, but do not provide any context for this type of goal. Companies should explain whether the targets they list are reflected in strategies and how they are related to achieving strategies and improving the company's own value.

Figure 3-3 Quantitative financial targets

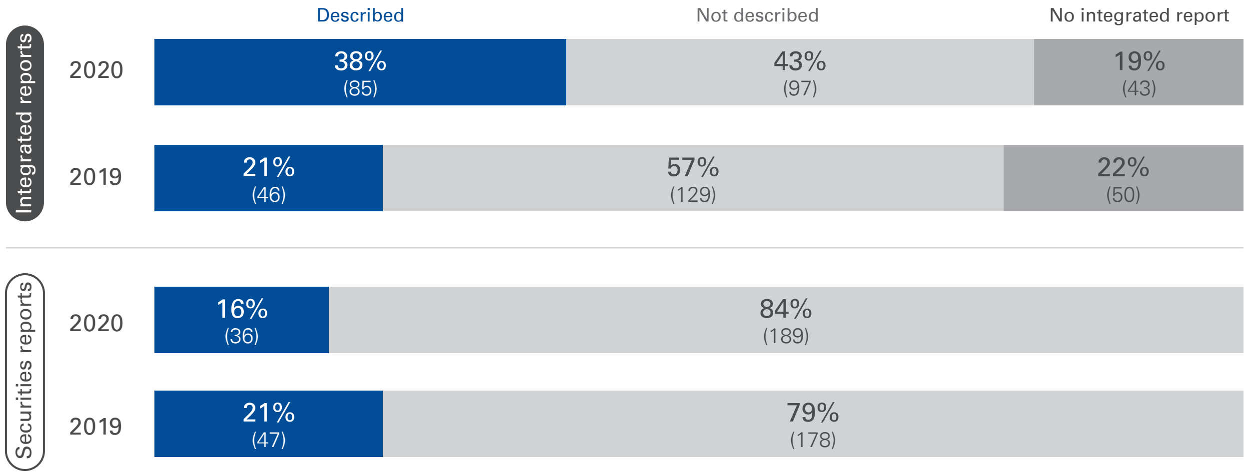
n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Figure 3-4 Quantitative pre-financial targets

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Strategies and resource allocation

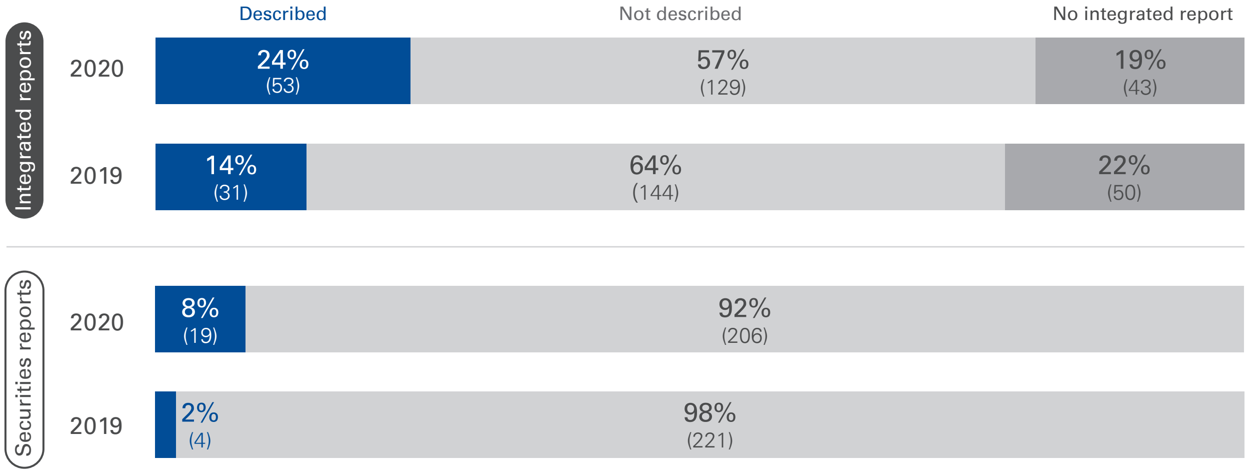
Use specific financial and pre-financial targets to explain strategies and their achievement

How does management confirm whether a strategy has been achieved? What conditions would lead to a determination that progress is steady, and what situation would cause management to take steps to improve matters? Readers want to know the criteria for such decisions. Moreover, a company might have a unique strategy, but if it only provides indicators such as sales and the profit rate as its targets, readers cannot identify the source of the value that generates the company's strengths and drives the amount of resources it plans to invest to achieve its strategy. In other words, the reader cannot determine the course the company is taking to achieve its strategy.

In this survey, the percentage of companies that laid out the relationship between value drivers and their strategic targets increased from 14% in the previous year to 24% (Figure 3-5). This is a sign that more companies are explaining their story by breaking down the elements needed to achieve strategic targets. When companies provide specific strategic targets that are connected to the value creation drivers, it is easier to understand how the company will deliver upon its strategies.

Figure 3-5 Relationship between strategic targets and value drivers

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Strategies and resource allocation

Good practice

Explaining current position and specific measures along the path to achieving the vision over the long term

One company explained the role of its current medium-term business plan in its long-term vision using simple key words, and also explained its future strategy not only for the entire company but also by segment. This laid out the company's path to value creation.

In addition, financial and pre-financial quantitative targets were set for each key strategy, and the extent to which the strategy was achieved was measured.

Plans for resource allocation for growth investment to achieve the targets and shareholder returns were also explained for each segment, as well as for the company as a whole.

This is an excellent example of the connections between strategies and resource allocation on the one hand and value creation on the other.

SPOTLIGHT

IASB Council initiatives to augment disclosure of narrative information

The IASB Council is working on a project to revise the IFRS Practice Statement 1, *Management Commentary* (hereafter, "Practice Statement").

The Practice Statement was developed in 2010 to provide a reference to companies preparing management commentary (equivalent to narrative information in Japan's securities reports). The Practice Statement briefly but accurately lays out an overview of the items that should be included in the narrative information. Subsequently, the IASB Council determined that this Practice Statement needed to be augmented, given trends in developing and revising frameworks for pre-financial information and the growing interest in pre-financial information, and it began revision work in 2017.

The IASB Council effectively completed its discussions concerning these revisions at the end of 2020, and plans to release a public draft in April 2021. In this public draft, in addition to a general view such as what points companies should keep in mind when considering disclosure information, it will separately lay out the items that companies should consider when preparing disclosure information, such as business models, strategies, resources, relationships with stakeholders, risks, understanding of the corporate environment, and reviews of results.

At present, it is not mandatory for companies applying IFRS® standards to adopt this Practice Statement, and the same will essentially be true after revisions, so we think that its effect on companies' actual operations will be limited in the near term. However, the direction of discussions regarding the revision of the Practice Statement was determined by the IASB Council's dialogue with a broad range of stakeholders (including users and creators of financial information), given heightened interest in ESG information. I think that noting which areas were deemed particularly important in these revisions when considering the content of one's own report would be effective in improving the quality of the report and promoting constructive dialogue with stakeholders.

Tomokazu Sekiguchi

Capital costs and financial strategy

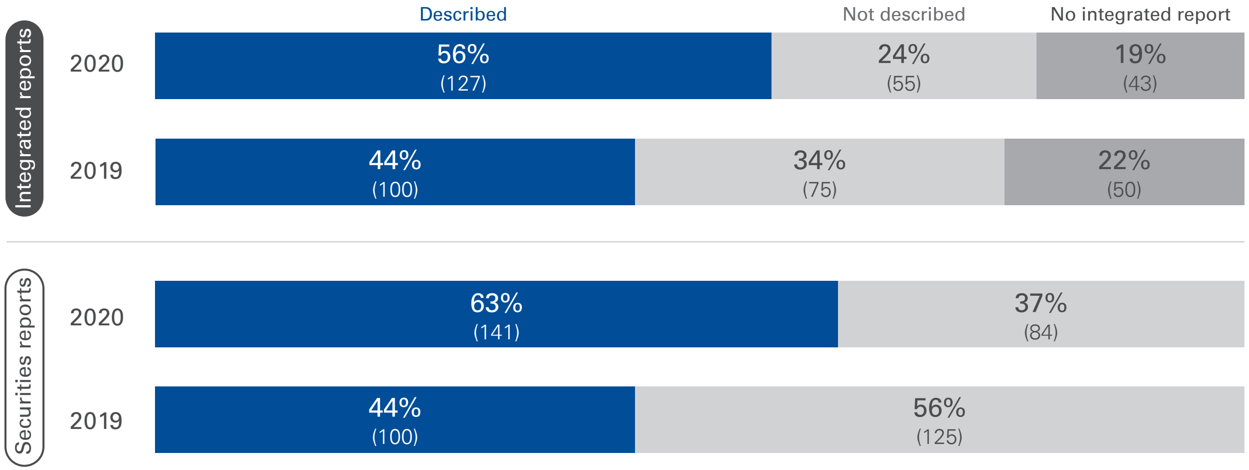
More companies specifying policies for setting targets, such as ROE, and fund allocation and fund-raising

Explaining the sound reasoning behind financial strategies is an effective way to indicate the feasibility of the overall management strategy. Accordingly, we examined the extent to which reports included information about fund allocation, fundraising, profitability and capital efficiency, all of which are important elements of a company's financial strategy.

The survey showed that 56% of integrated reports and 63% of securities reports explained the company's policy for the allocation of funds they had raised, and 44% of integrated reports and 73% of securities reports mentioned financing policies and methods to secure funding sources (Figures 4-1, 4-2).

Figure 4-1 Policy on fund allocation

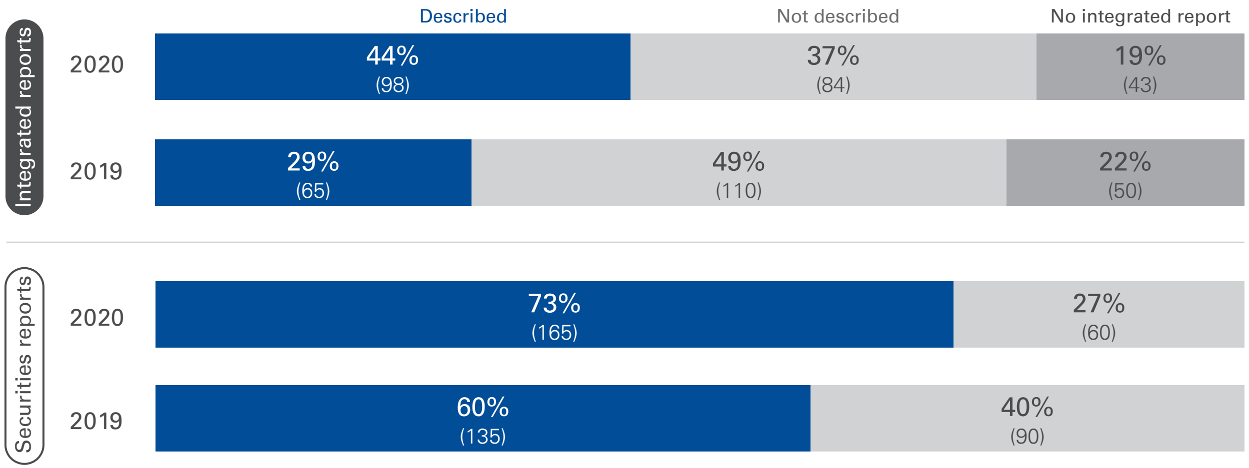
n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Figure 4-2 Funding methods

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

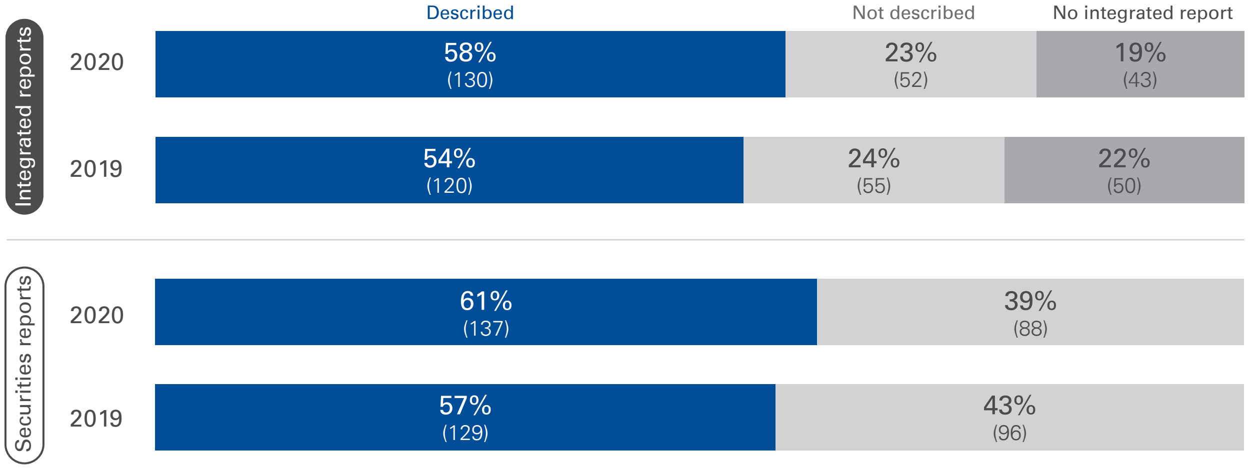
Capital costs and financial strategy

More companies specifying policies for setting targets, such as ROE, and fund allocation and fund-raising

Compared to the survey results for the previous year, many companies have augmented their descriptions of their fund allocation policy and financing methods. We believe this is partly due to the requirement—included in the Principles for the Disclosure of Narrative Information released by the Financial Services Agency in March 2019—that companies describe their approach to capital costs and indicate the source for their capital. In addition, 58% of integrated reports and 61% of securities reports referred to targets for profitability and capital efficiency, up from the previous year (Figure 4-3).

Figure 4-3 Descriptions of profitability, capital efficiency

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



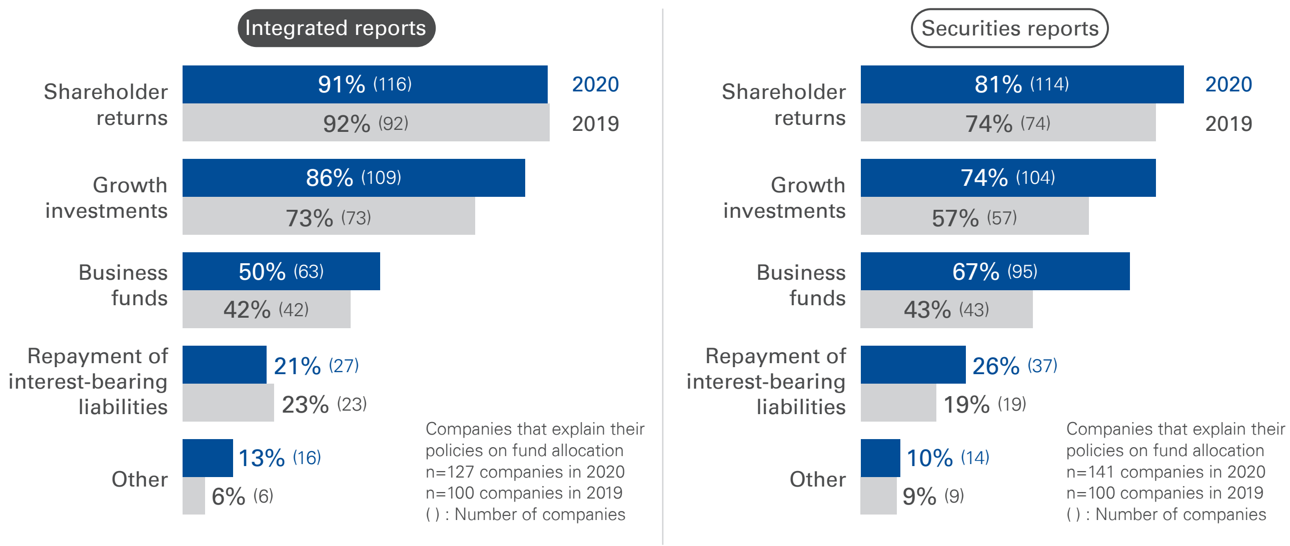
Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Capital costs and financial strategy

Insufficient explanation of overall vision for financial strategy and basis for target setting

There should always be policies on the allocation of the funds a company has raised and the priorities it follows while setting in motion its management strategies. Despite this, companies only partially explained how their funds are used, for example, to return profits to shareholders. There were no descriptions of the overall policy for allocations tailored to management strategy or discussion of priorities, and there was insufficient information to convince the reader of the feasibility of their strategies (Figure 4-4, Figure 4-5).

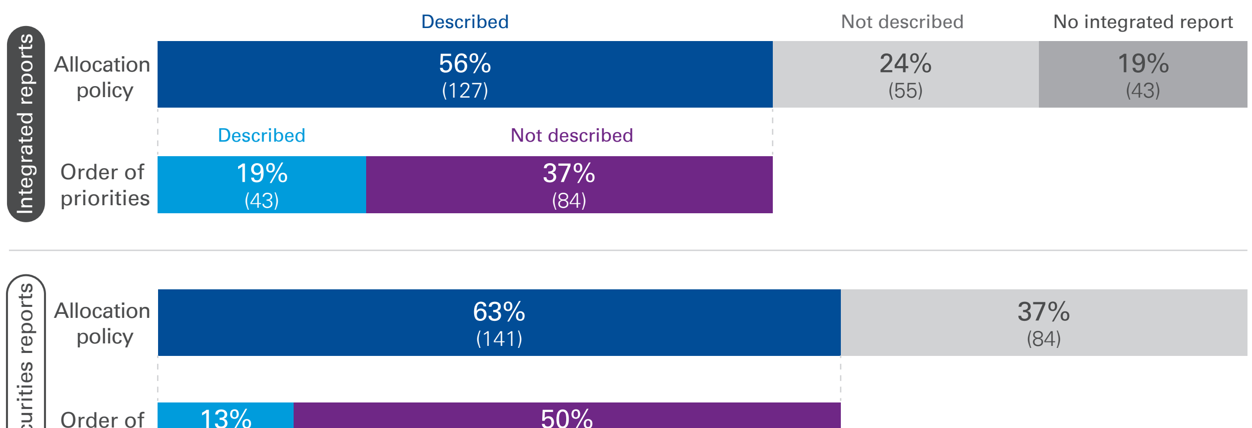
Figure 4-4 Content of explanation of how funds are allocated



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Figure 4-5 Explanation of order of priorities for fund allocation

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

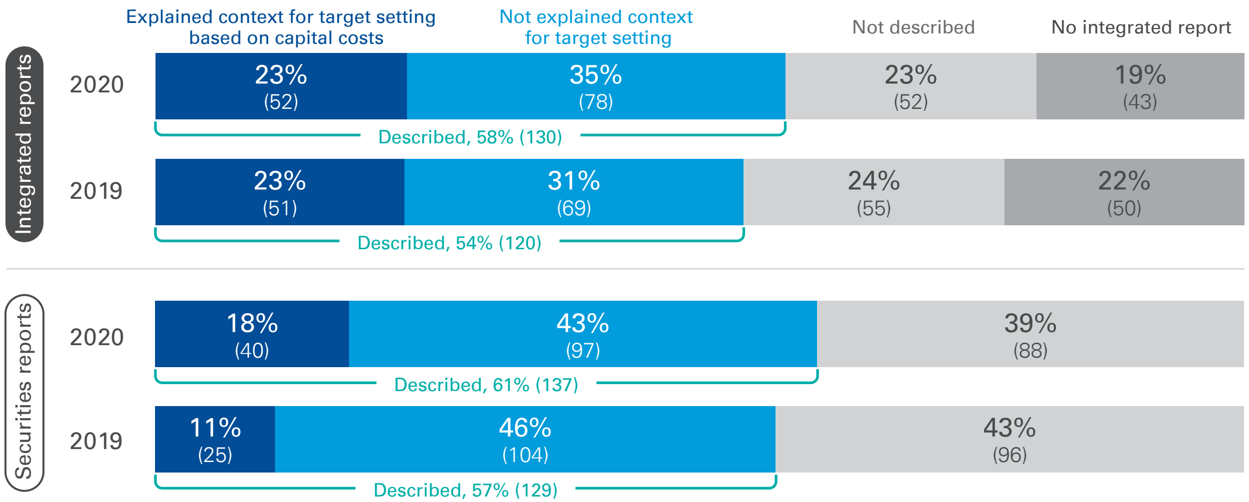
Capital costs and financial strategy

Insufficient explanation of overall vision for financial strategy and basis for target setting

Investors are particularly interested in the effectiveness of financing methods when there are major changes in the external environment that will affect a company's business. However, as we have already noted, about half of the companies surveyed did not discuss financing in their integrated reports. While more companies are mentioning targets such as profitability and capital efficiency, only some mentioned the rationale behind their goal-setting in a manner that took into account capital costs. The basis for target setting and the context are not being conveyed to readers (Figure 4-6).

Figure 4-6 Explanation of basis for targets for profitability, capital efficiency and other

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Capital costs and financial strategy

Detail capacity to adapt to changes in the financial environment to corroborate feasibility of strategic goals

Describing overall policies, including those on business financing, growth investment and shareholder returns, while explaining the approach to investing funds based on internal rate of return (IRR), fosters an objective understanding of how decisions were made to invest funds. This helps to corroborate the feasibility of management strategies.

In particular, the dramatic changes in the business environment caused by the COVID-19 pandemic have made it crucial that companies detail their financing methods and other policies for securing funding as well as a stable profit structure. Accordingly, it is important that companies explain their thoughts on the optimal capital structure and their financing capacity, not just their financing methods. If companies were to set evidence-based targets for profitability and capital efficiency that take capital costs into account, and also set targets for each business as well as the entire company, it would further promote management focused on business portfolios and improve medium- and long-term corporate value. In addition, the use of appropriate metrics also supports dialogue with stakeholders.

Good practice

Supporting management strategies with detailed target-setting that contributed to restructuring of the business portfolio

One company not only gave forecasts for the current fiscal year, comparing ROIC for each business to WACC, but also provided targets for two years and five years into the future.

The explanation was consistent with guidelines for optimizing the medium- and long-term business portfolio in terms of management strategy, which showed the reader that the company considers both the efficiency and growth of its business portfolio and plans out its financial management so that it is in line with management strategy. This company also specified its cash flow plans and financing policies, as well as its response to financing risks, providing a persuasive description of its capacity to adapt to changes in the external environment.

SPOTLIGHT

Impact of climate change and capital policies

TCFD has surveyed the status of disclosures every year since it presented its final recommendations on climate-related financial disclosures in 2017. The results of its survey are released as status reports. Based on its most recent status report, released in October 2020 (hereafter, "status report"), I would like to comment on the issues that will arise as companies address the financial impact of climate change.

The status report noted that in disclosures on strategy, more companies are reporting on the "impact on the organization," but not enough companies are providing information on the potential financial impact of climate change. KPMG's survey this year also found that, of the 134 companies included in the survey that affirm the TCFD, only 56 companies described the "climate-related risks and opportunities," and of those, only 32 described the impact that these risks and opportunities would have on business, strategy, and financial plans. These results were similar to the findings in the status report. Although more companies are considering the impact that the risk of climate change could have on their own company's business and strategy, they are not sufficiently analyzing and explaining the impact that this could have on the financial side.

When analyzing financial aspects, companies tend to look at the impact on sales and operating expenses. However, the status report states that when investors make decisions, they focus on the impact on balance sheets, such as capital expenditures and capital allocation. One way in which the risk of climate change has a major impact on finances is an increase in stranded assets on the balance sheet. These could result in impairment losses, which would pose a serious risk to a company's profits. When considering capital policies, companies should carry out a deeper analysis of the relationship between their own business model and the risk of climate change, including the potential impact on the balance sheet, and should continue to communicate this information to investors.

Kyoichi Seishi

Performance

Financial results alone are not enough to describe extent of achievement of strategic goals

The percentage of companies that use both financial and pre-financial indicators to explain their progress on strategic goals was the same as in the previous year for integrated reports, at 37%, and was down three percentage points, to 12%, for securities reports (Figure 5-1). One-third of the integrated reports attempted to describe progress on strategic goals using only financial indicators, and over 70% took this approach in securities reports.

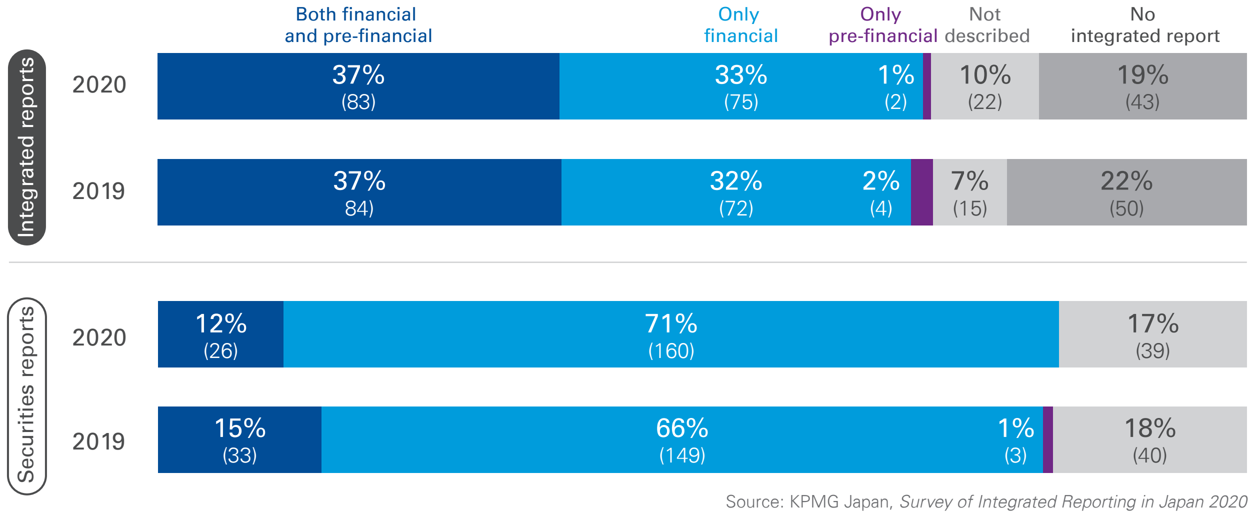
With more companies are taking initiatives in line with the TCFD's recommendations, we expect to see an increase in companies not only setting targets for greenhouse gas emissions and renewable energy usage rates, but also quantitative targets, such as reductions in greenhouse gas emissions achieved by use of their products and services. More companies will express the value they are creating with both financial and pre-financial indicators.

If companies devise management plans and strategies from a medium- and long-term perspective based on integrated thinking, we believe they are already considering measures and initiatives from both a financial and pre-financial perspective. Presenting not only the final financial indicators, but also the indicators used to monitor conditions within the organization as they work to achieve the final financial result, is effective in assisting readers to analyze and assess the financial results. Pre-financial indicators that lead to a future financial impact should be included in this information.

The percentage of companies explaining ups and downs in their results increased from 58% to 63% for integrated reports and from 88% to 90% for securities reports. These relatively high figures show this trend is becoming established (Figure 5-2). Offering an inclusive analysis of the factors behind fluctuations in results, including pre-financial indicators, gives readers a better understanding of current conditions.

Figure 5-1 Performance indicators used to explain extent of achievement of strategic goals

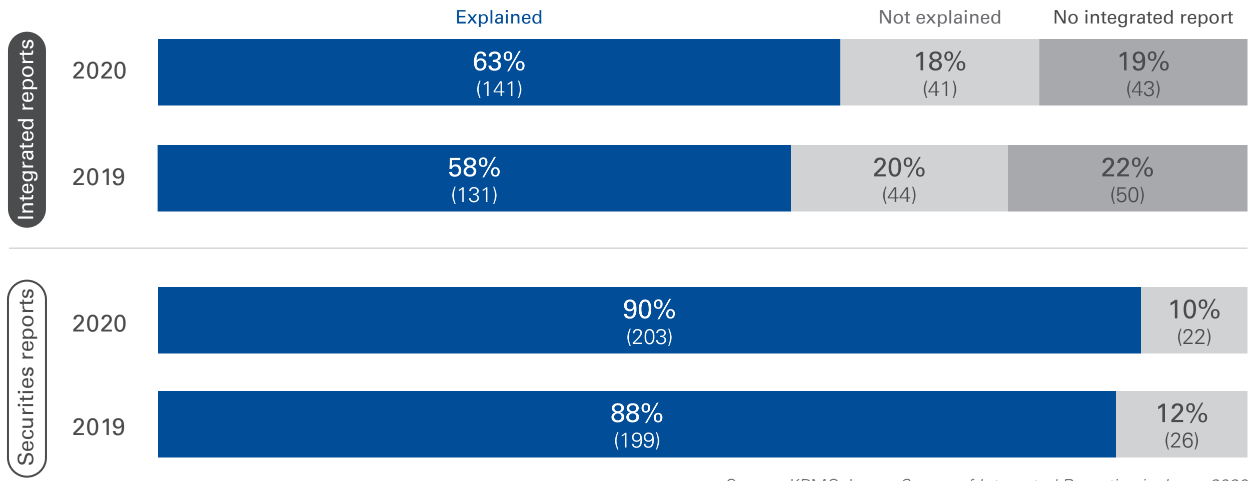
n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Figure 5-2 Explanation of reasons for ups and downs in results

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Performance

Set an appropriate scope for report based on characteristics of pre-financial indicators

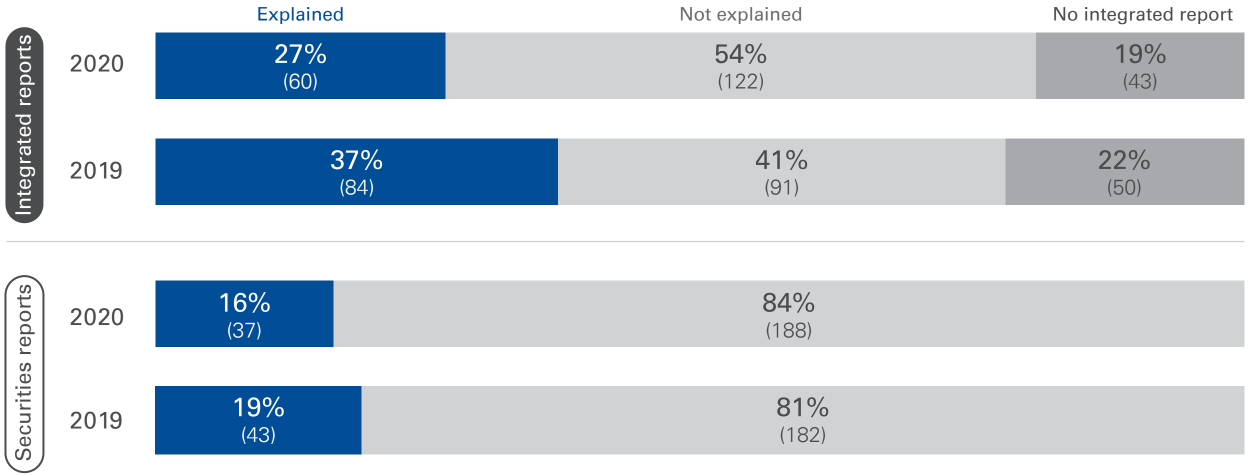
The percentage of companies that analyze and explain how current results will affect the achievement of their medium- and long-term strategic goals decreased from 37% in the previous year to 27% in integrated reports and from 19% to 16% in securities reports (Figure 5-3).

Most strategic goals are designed to improve corporate value over the medium and long term for the corporate group as a whole. Since they have to prepare securities reports, companies have built up mechanisms to compile data on financial indicators for the entire group. However, problems with the management system and other issues may make it impossible to acquire information that would form the basis for pre-financial indicators, and this means the organization's overall progress in creating value cannot be fully ascertained.

To carry out management that employs integrated thinking and assesses progress on a corporate group's overall goals requires that companies set the right reporting scope, taking into account the characteristics of pre-financial indicators (and expanding the scope of data compiled if necessary), introduce a mechanism for monitoring performance, and build a system that supports this kind of management and analysis.

Figure 5-3 Impact of current results on achievement of strategic targets

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Performance

Chart the course to long-term value creation by giving reasons for the choice of performance indicators

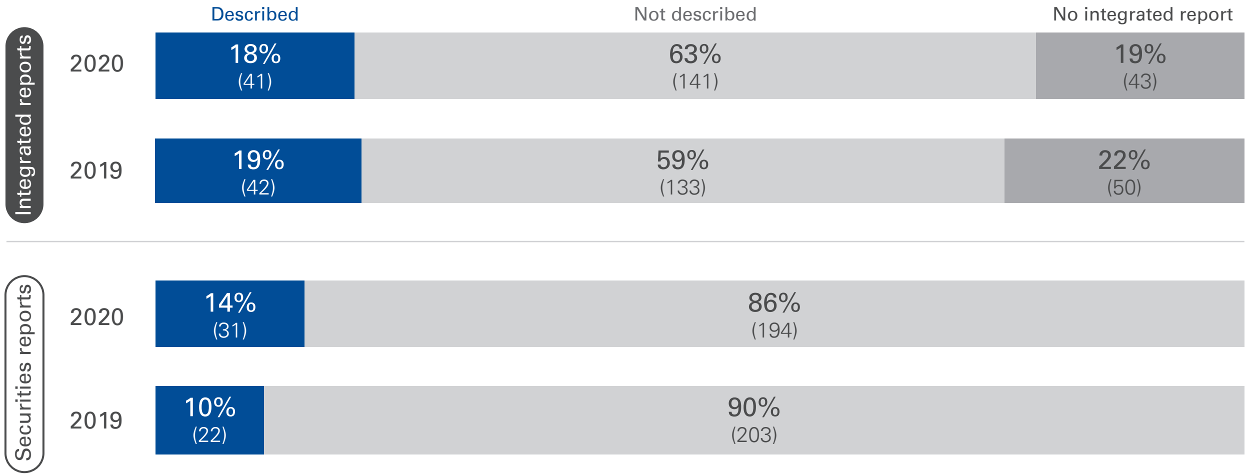
Our survey found that 18% of companies give the reasons for their choice of performance indicators in integrated reports and that 14% do so in securities reports, revealing that most companies omit this important information (Figure 5-4).

With the majority of companies primarily using financial indicators to explain their results, there may seem to be little need to explain why they chose those indicators. However, explanations based on a wide range of indicators are helpful for companies trying to win understanding and support from a diverse body of stakeholders. They can do this by explaining their plans for ongoing value creation designed to achieve their long-term vision, their strategies for this, and progress thus far. While pre-financial indicators are sometimes just a target to be achieved, in some cases they are monitored as leading indicators that can be used to predict the future impact on financial indicators.

In any case, the extent to which companies explain the connections between elements related to the indicators that chart their course to achieving their long-term vision is important. Accurately describing why certain performance indicators have been chosen can be effective.

Figure 5-4 Reasons for choosing performance indicators

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Performance

Good practice

Explaining the relationship between financial and pre-financial indicators based on the value creation model and timeframe

One company classified pre-financial indicators that affect improvements to corporate value and financial indicators for each category, divided them by short, medium and long timeframes, and then explained their characteristics and the connection to financial indicators.

This kind of treatment encourages an understanding of the timeframe in which the results of business activity affect results and the company's roadmap for achieving its medium- and long-term strategic goals.

SPOTLIGHT

Initiatives aimed at improving the quality of pre-financial reporting pick up speed globally

The 2020 pandemic turned social phenomena into realities that affected companies' results and even survival in just a short time, thereby deepening their awareness of the need to report pre-financial information.

Driven by social demands, efforts to reduce the turmoil caused by the existence of hundreds of standards and frameworks for the reporting of pre-financial information are making great progress.

In December 2019, Accountancy Europe released a document proposing a framework that makes it possible to set standards for reporting pre-financial information in a way that is integrated with financial information. Many organizations announced their support. I believe this paved the way for the IFRS Foundation Trustees' proposal in September 2020 to develop global sustainability standards. In the same month, the CDP, CDSB, GRI, IIRC and SASB issued a joint statement laying out a shared vision for comprehensive corporate reporting. They have begun to work on establishing a reporting framework that would complement financial accounting standards while also making the existing standards and frameworks for sustainability reporting more complementary, comparable, and reliable. As a practical first step, these five bodies released a paper laying out a prototype sustainability-related financial disclosure standard in December 2020 with the aim of coordinating with the IFRS Foundation's moves.

In 2021, the IIRC and SASB plan to merge and become the Value Reporting Foundation, the IFRS Foundation's consultation paper will be finalized, and the public draft of the IASB Council's management commentary will be released. I expect these developments to improve the quality of non-financial reporting to keep accelerating, moving rapidly toward standardization at a global level.

Norie Takahashi

Outlook

Pandemic drives down number of companies presenting an outlook, and effective explanations remain in short supply

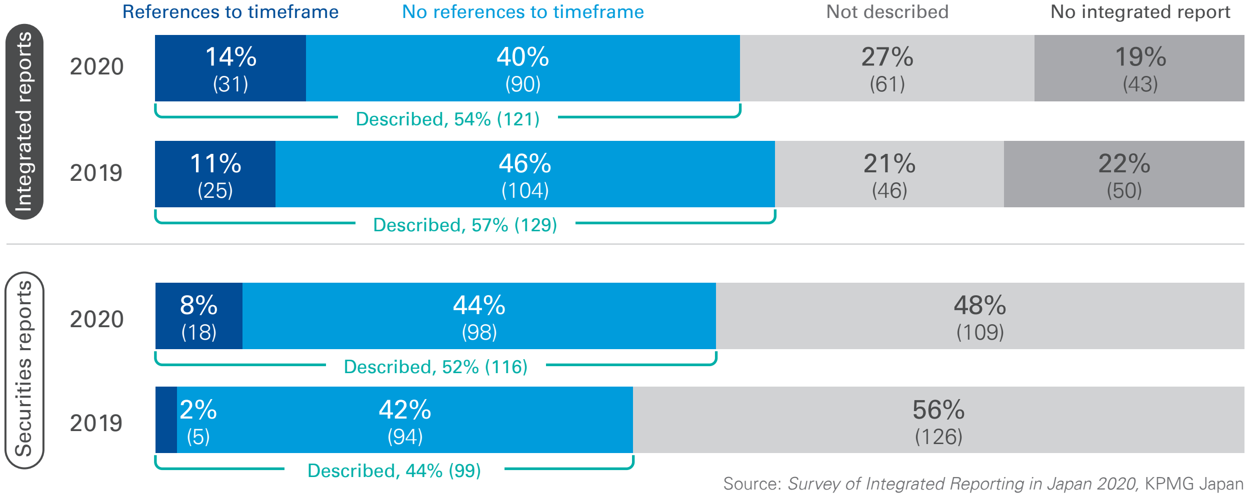
The COVID-19 pandemic clearly made conditions more difficult, but companies also saw the need to consider the future based on integrated thinking. As such, the percentage of companies presenting an outlook in their integrated reports fell by three percentage points from the previous year to 54%. The percentage for securities reports increased by eight percentage points, but that put it only at 52%, or barely more than half of the companies surveyed (Figure 6-1).

Companies that explained their outlook with references to timeframe increased by three percentage points to 14% in integrated reports, and by six percentage points to 8% in securities reports, which remains low (Figure 6-1).

By including an outlook on the management environment, companies can convey the material issues they have identified and the assumptions behind their strategies. Companies that genuinely aspire to share their value creation story accurately with readers will find that informing readers about the kind of outlook that is behind their material issues and strategies is particularly effective. Of those companies that explain forecasts, the percentage that linked forecasts to their strategies decreased by four percentage points to 53% in integrated reports, and by two percentage points to 42% in securities reports. However, only 20% of companies provided explanations linking forecasts to materiality in integrated reports and 3% in securities reports (Figure 6-2).

Figure 6-1 Outlook

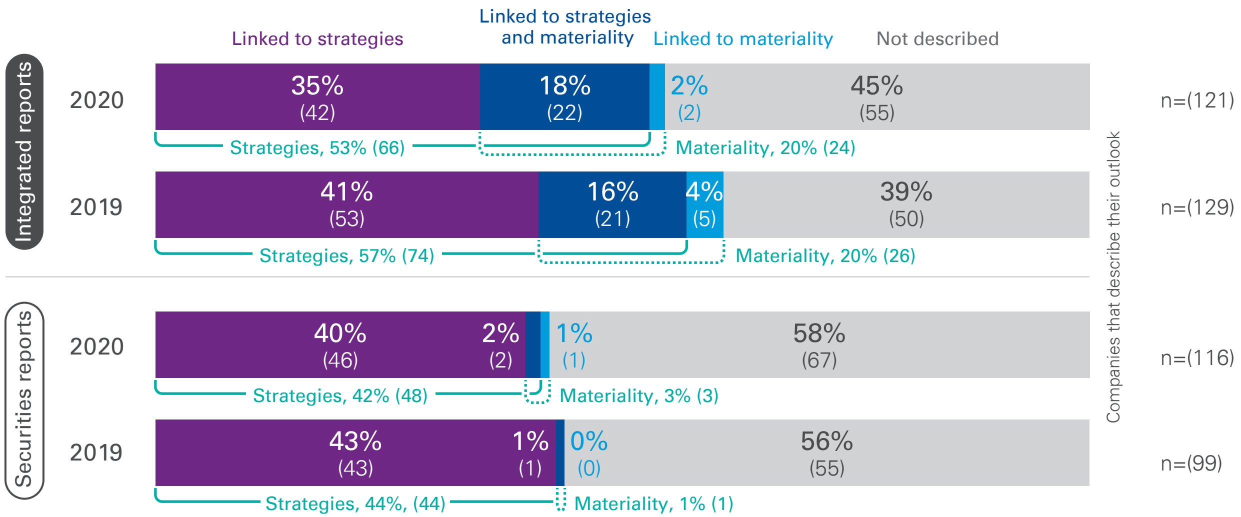
n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Figure 6-2 Outlook linked to materiality and strategies

( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Outlook

Convey corporate leaders' outlook on the management environment and its impact

The outlook tends to be misunderstood as the expected landing point for financial results in a particular fiscal period. But in corporate reporting, it should reflect the corporate leaders' assessment of short-, medium- and long-term changes in the management environment and their impact on the company's business. Corporate reports are expected to explain views on the major issues and uncertainties that a company will likely face when implementing strategies, as well as the response to the impact that these anticipated issues and uncertainties could have on the company's short-, medium- and long-term value creation capacity, and the steps the company is prepared to take.

From our point of view, it is precisely because the COVID-19 pandemic has brought future uncertainties into sharper focus that companies need to show that they are trying to assess the continuously changing environment. If companies are able to share the outlook on which their approach is premised, readers will gain a deeper understanding of the feasibility of their value creation story and the measures they will take to make it happen.

In addition, information on accounting estimates in securities reports needs to be enhanced. Information on the outlook on which these estimates rest is crucial, and it affects accounting treatment. For this reason, companies should not provide excessively optimistic or pessimistic explanations of forecasts, but give well-balanced information backed up by data.

Share an understanding of the outlook with readers and present the basis for the value creation story

The outlook is information on which the identification of materiality and the formulation of strategies, including risk and opportunity analysis, rests. Sharing these perceptions with readers means providing concrete information that forms the basis for its rationales and laying out the timeframe.

For example, in the case of data from external information sources (market trends, population movements, etc.) and leading indicators managed internally (customer satisfaction, brand recognition rate, etc.), companies can provide an explanation that links future fluctuations in this data with its impact. Sharing the outlook that is essentially the precondition and laying out how it is related to materiality and strategy formulation in a succinct way leads to a value creation story for the organization that readers can trust.

Good practice

Discussing the outlook on which strategies rests and giving clear timeframe and quantitative information to back it up

In one integrated report, the company provided its expectations for medium- and long-term changes in the environment and gave an overview of its strategy in the message from president, and then provided details in the following sections.

In the detailed sections, this company listed its outlook on environmental changes, presented in terms of both the external and internal environment, as well as the risks and opportunities that arise from these changes, and explained all this in connection with its strategies. The supply/demand balance and forecasts of production volume were presented in ten-year increments as evidence for its forecasts of environmental changes and the future risks and opportunities, making for a very credible report.

Outlook

SPOTLIGHT

Predicting the post-COVID-19 landscape: Each company should give its own unique forecast from the perspective of the business it is in

As the COVID-19 pandemic dragged on, how did corporate leaders think about the post-COVID-19 world and how did they think their business models would need to change? In this year's corporate reports, almost all companies touched on the impact of the pandemic, but the story was different when it came to providing a future outlook.

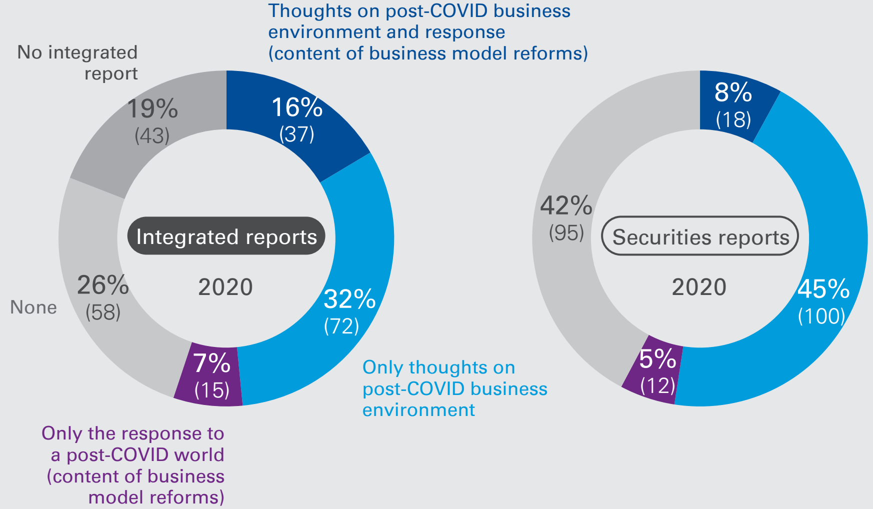
Our survey showed that about half of companies mentioned their thoughts on the business environment after the pandemic subsides in their integrated report, but few companies mentioned how they would reform their business models. The difference was even more stark in securities reports, where only about 40% of companies noted their thoughts on the business environment after the pandemic, and another 40% did not mention the pandemic at all (Figure 6-3). Many companies used similar phrases when discussing their understanding of the business environment, and many of the explanations were devoid of uniqueness.

Readers today are keenly interested in how corporate leaders perceive this unprecedented crisis and how they will respond to the changes in the environment surrounding their company. Companies can best meet these expectations by providing differentiated information tied to their own business, not general theory. This is because the impact of the COVID-19 pandemic and the corresponding post-COVID forecasts should clearly differ significantly depending on markets and the conditions in which companies find themselves. For example, if companies operating multiple businesses can provide explanations for each segment and its relationship with the portfolio strategy, it could boost reader understanding. We recommend that companies go one step further in their reports to improve dialogue with readers.

Sakurako Ohtsuki

Figure 6-3 Mention of thoughts on the post-COVID business environment and need for business model reforms

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

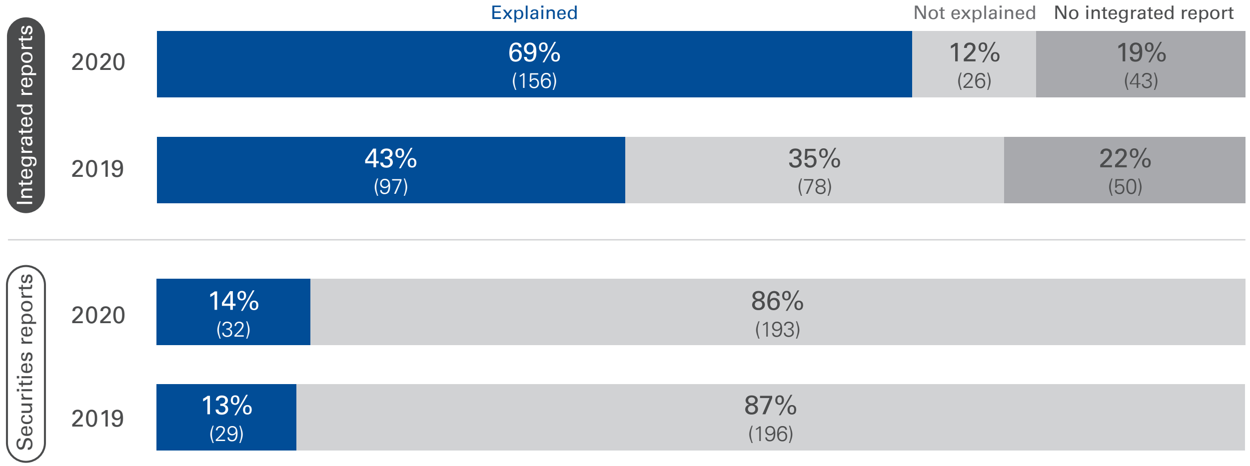
Governance

Discussion on corporate governance is more comprehensive in integrated reports

This survey showed that 69% of companies explained their evaluations of the board effectiveness in their integrated reports, which indicates that they are taking a proactive stance in their reporting. However, only 14% of companies provided this explanation in their securities reports, perhaps because it is not required (Figure 7-1).

Figure 7-1 Explanation of evaluation of board effectiveness

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Governance

Discussion on corporate governance is more comprehensive in integrated reports

Only 9% of companies explained the qualities required of their CEO, who makes decisions on strategy implementation and is responsible for this, in their integrated reports, and even fewer, 2%, did so in securities reports (Figure 7-2). The percentage of companies explaining their procedure for dismissing a CEO decreased by two percentage points from the previous year to 7% in integrated reports, and increased by two points to 5% in securities reports, which is still low (Figure 7-3).

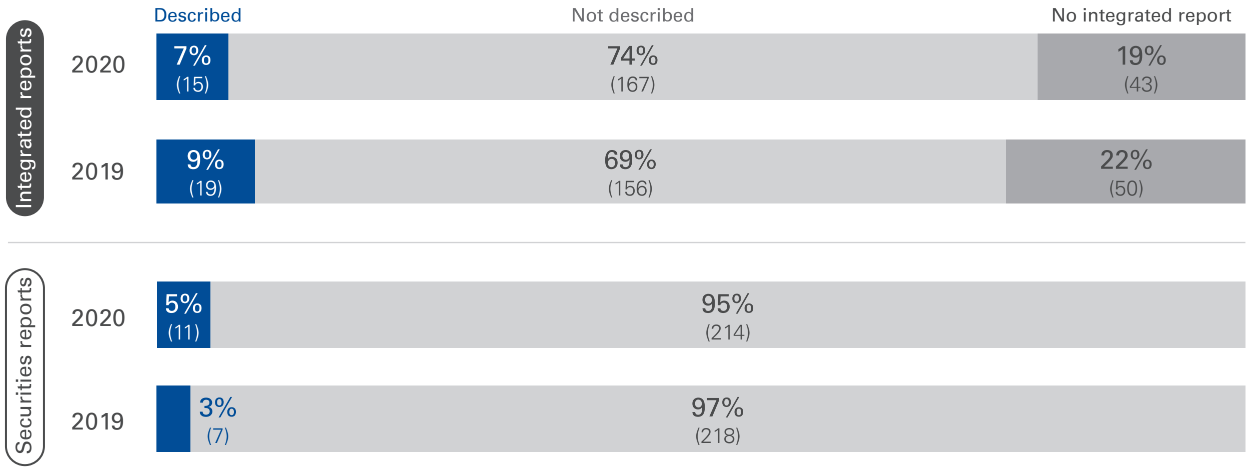
Figure 7-2 Qualities required of CEO

n=225 companies, companies in the Nikkei 225
( ) : Number of companies

Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Figure 7-3 Procedure for dismissing CEO

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

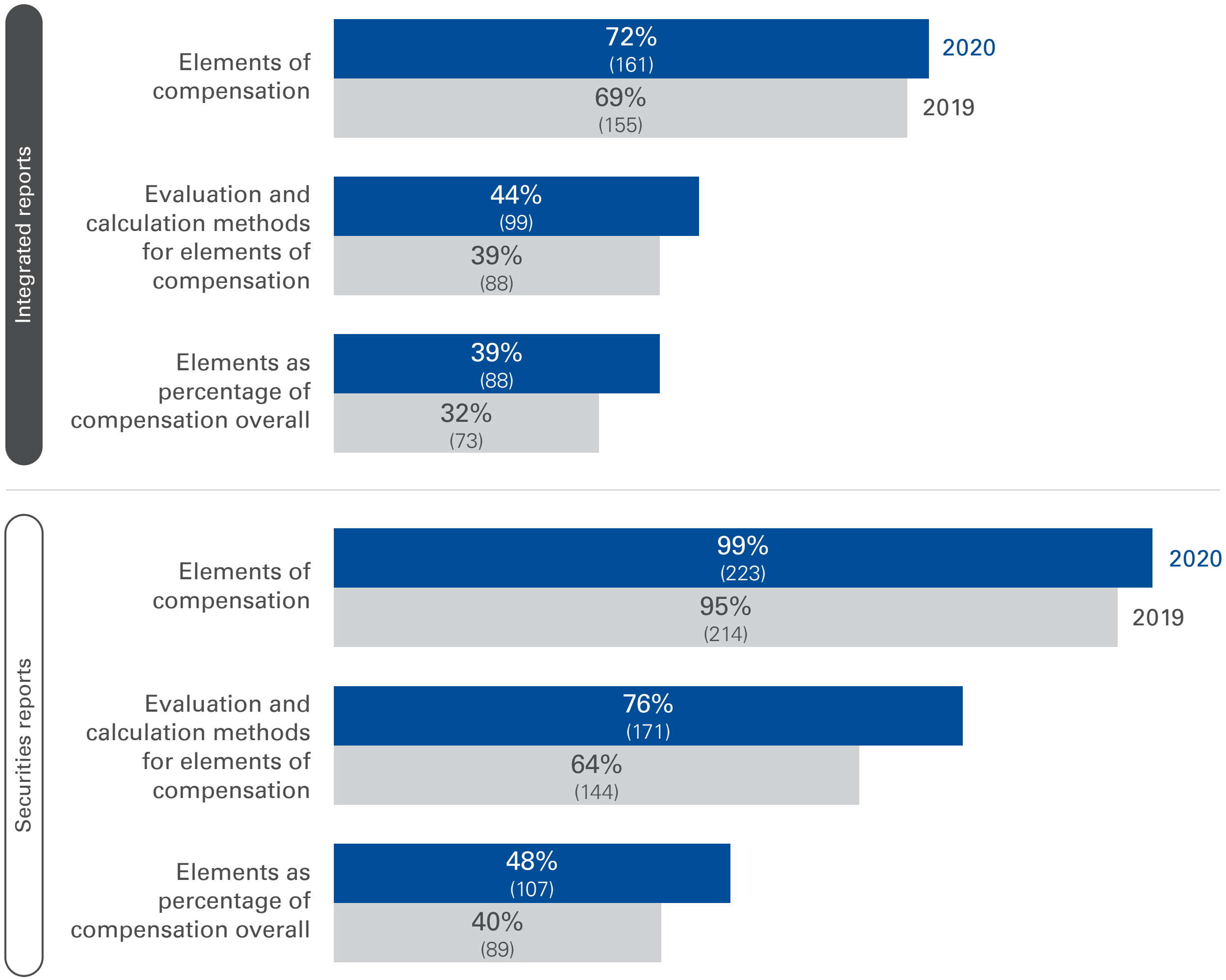
Governance

Discussion on corporate governance is more comprehensive in integrated reports

As a result of the partial revision of the Cabinet Office Order on Disclosure of Corporate Affairs in January 2019, companies are required to augment the description provided on director compensation in securities reports. For this reason, more companies explained their evaluation and calculation methods for the elements making up compensation for directors in both types of reports (Figure 7-4).

Figure 7-4 Content of explanation of director compensation

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Governance

Recognize that disclosing governance information is not a mere compulsory exercise

Reports on governance should not be seen as a way of complying with corporate governance codes or addressing rules such as the Cabinet Office Order on Disclosure of Corporate Affairs.

The Guidelines for Dialogue Between Investors and Companies, released by the Financial Services Agency as an ancillary document to the Corporate Governance Code, lays out the expectations for focused discussion and constructive dialogue. Given this, as a mechanism that supports improvements in medium- and long-term corporate value, and in terms of highly transparent administration of the board of directors, items for which the reader expects sincere explanations based on actual conditions were chosen for inclusion in this survey. We do not think that simply filling in the information about these items because the rules require it will end up providing the reader with information that enhances understanding.

Companies need to explain governance information such as the extent to which they have set up mechanisms to achieve their purposes and strategies, and also actions they take to make further improvements.

Explain governance mechanisms and initiatives to drive and support the achievement of purpose

Descriptions of the items covered in this survey were minimal in securities reports, but governance information is wide-ranging, so some information was explained in detail in securities reports, such as director compensation and cross-shareholdings, since the revised Cabinet Office Order on Disclosure of Corporate Affairs requires additional information. Many companies also view the corporate governance reports submitted to the Tokyo Stock Exchange as the primary report on corporate governance. In securities reports and corporate governance reports, many of the descriptions are based on rules, and judging from the volume of items, more information is provided than in integrated reports. However, integrated reports are intended to communicate a company's value creation story, so the content tends to be carefully selected; they tend to include comprehensive information that is not in other reports, such as messages from the chairperson of the board and an independent external director. Compared to a securities report, a majority of which consists of narrative description, figures and photographs are used more effectively in integrated reports, which makes them more accessible. This reflects the intention to provide succinct information.

Ever since Japan's Corporate Governance Code was established in 2015, governance information provided in corporate reports has been expanding. The FSA's release of the Principles Regarding the Disclosure of Narrative Information in 2019 was also part of the corporate governance reform. Japan's governance reforms are also unique in that they are designed to support sustainable creation of corporate value. In both integrated reports and securities reports, companies should consider content based on this objective. In integrated reports, companies can take advantage of the fact that they can choose what information to include and expand content in terms of governance that supports the realization of the company's purpose and strategies. Moreover, in securities reports, companies should utilize the information provided in the integrated report and supplement with background information and figures to provide succinct explanations.

Governance

Good practice

Using graphics to show the cycle of improvements in the process for effectiveness evaluation over three fiscal years

One company explained its evaluation of the board effectiveness by using helpful graphics to show its achievements in improvement cycles over three years.

The company explained its process for evaluating effectiveness, issues in the previous fiscal year and the steps it took to improve the situation in the current fiscal year, including actual examples, and showed how this led to business generation and the creation of corporate value. This report made it clear to readers that the entire board of directors has been working together to resolve management issues, including its work with outside directors.

SPOTLIGHT

Responsibility for the integrated report and the process for preparing and presenting the report

In the IIRC's Integrated Reporting Framework, those charged with governance is responsible for the content of the integrated report, and must declare the status of compliance with the Integrated Reporting Framework (and thoughts on this).

The revised version of the Integrated Reporting Framework, released in January 2021, also mentions that, in addition to a statement from those charged with governance, disclosures about the process used to prepare and present the report are encouraged.

According to the IIRC, a statement of responsibility from those charged with governance may not be possible due to cultural and legal factors. With the exception of companies in South Africa, it has not become a typical practice. Even in Japan, none of the 225 companies surveyed this year issued an integrated report with a statement from those charged with governance who is responsible for monitoring the organization's strategic direction.

Information on value creation, including pre-financial information, is increasingly effective, and expectations for higher quality integrated reports are rising.

A commitment by those charged with government and a declaration of views are precisely what makes an integrated report trustworthy and drives meaningful reporting. Whether a statement of responsibility from those charged with governance is provided or not, an explanation demonstrating that the company used appropriate procedures to adequately consider which information would be beneficial for the user before preparing the report would go a long way in raising the reader's trust.

Hiroki Chihara

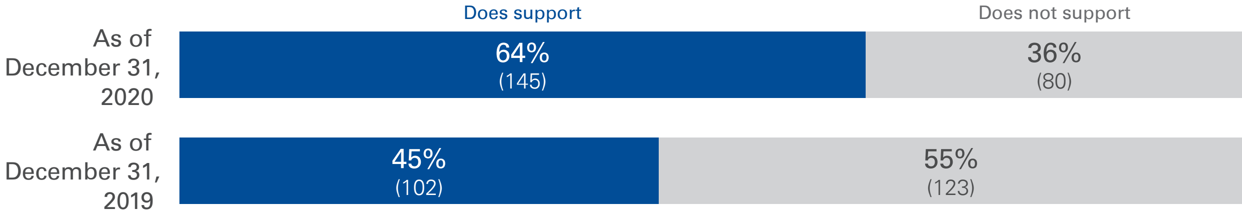
Disclosure based on TCFD recommendations

Majority of companies in the Nikkei 225 support TCFD

The Task Force on Climate-related Financial Disclosure (TCFD) released its final report on the disclosure of financial information related to climate change in 2017, over three years ago. The number of Japanese companies and institutions that support TCFD is steadily increasing, rising from 45% of the companies in the Nikkei 225 Index supporting the TCFD at the end of 2019 to 64% at the end of 2020 (Figure 8-1).

Figure 8-1 Companies in the Nikkei 225 that are supporters of TCFD

n=225 companies, companies in the Nikkei 225
( ) : Number of companies



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

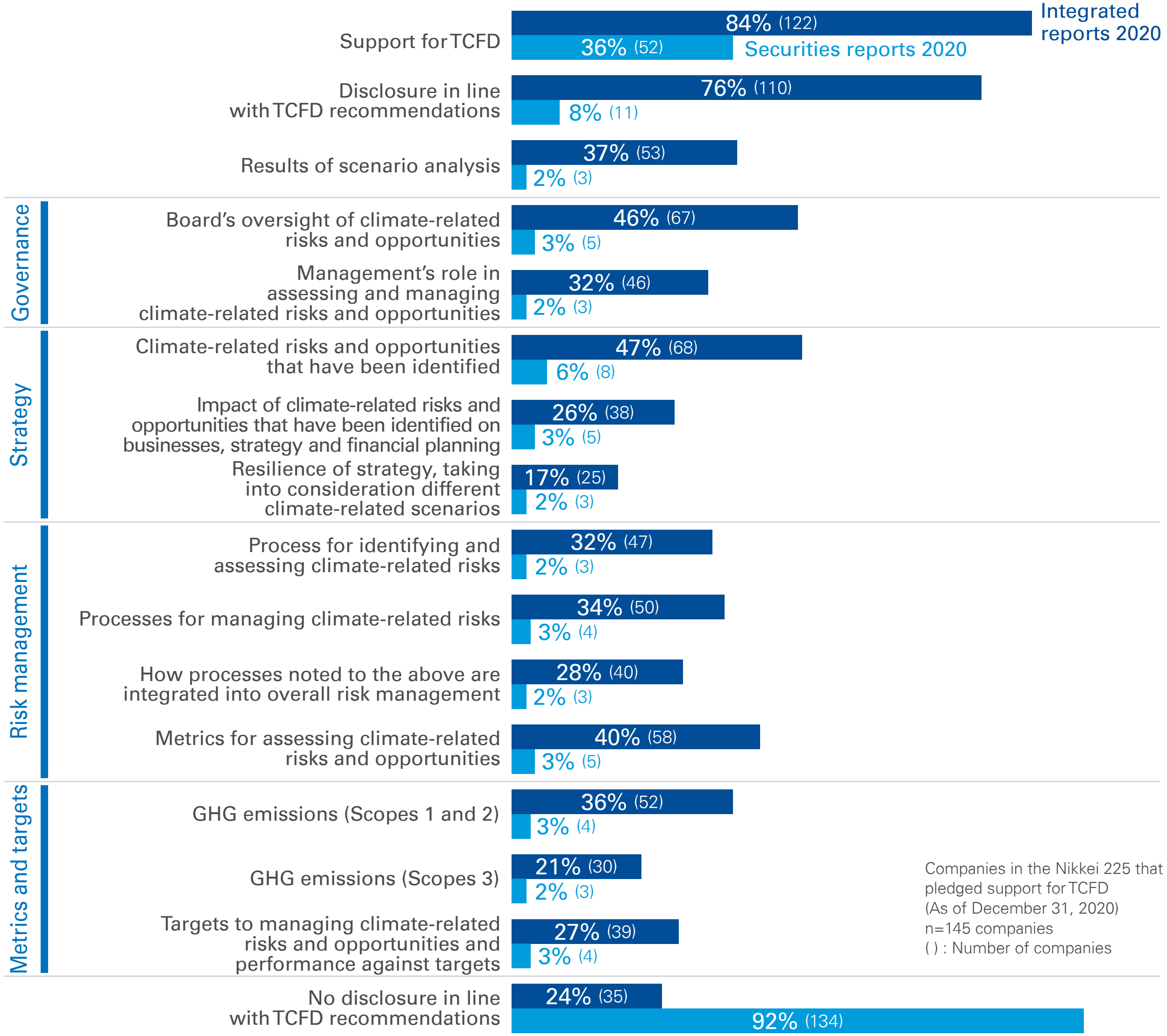
Disclosure based on TCFD recommendations

Only minimal information related to climate appears in integrated reports

A survey of the climate-related disclosure provided in the integrated reports and securities reports of the 145 companies in the Nikkei 225 Index that support the TCFD showed that more companies mentioned that they support TCFD in their integrated reports, and some companies mention this in securities reports. However, 134 companies, or 92% of the 145 companies, make absolutely no reference to the climate-related information that TCFD recommends (Figure 8-2).

TCFD recommends that companies disclose climate related information in legally disclosed materials that help readers assess the financial impact, but at this point, companies are putting off providing this information in integrated reports, which are voluntary.

Figure 8-2 Disclosure based on TCFD recommendations (by content)



Source: KPMG Japan, *Survey of Integrated Reporting in Japan 2020*

Disclosure based on TCFD recommendations

The most urgently needed information is often the most lacking

As ESG investment expands worldwide, investors' need for information on climate related risks is rising. Information that includes the risk of climate change, provided by companies based on the TCFD recommendations, will contribute to investors' decision-making.

The monetary impact that climate related risks could have on companies' finances is an issue that investors particularly interested in ESG weigh the most heavily. At the national level, not only Japan, but also the EU, China and other countries are planning specific measures to achieve carbon neutral status by 2050 and beyond, and have reached the phase at which they will begin implementing this. Introducing these new measures and the resulting regulations are transition risks, so companies active on a global scale will need to face these transition risks in each region in which they operate.

Changes to current corporate strategy based on an analysis of climate related risk scenarios, conversions to business portfolios, development of new business, identifying stranded assets and impairment losses on related fixed assets and other factors will have both positive and negative effects on corporate finances. The total amounts to the monetary impact on corporate finances related to transition risks, and in terms of the TCFD recommendations, it is equivalent to the "resilience of the organization's strategy, taking into consideration different climate-related scenarios." Investor needs are the highest for this information, but this survey showed that the percentage of information provided was lowest in this area.

Companies seem reluctant to explain climate related risks in securities reports

The partially revised Cabinet Office Order on Disclosure of Corporate Affairs in 2019 require that disclosure on business and other risks include the extent of the possibility that these risks will materialize and when, the impact that the risk would have on business, and an explanation of measures to address these risks. Normally, companies for which climate related risks are material should include information on climate change in their securities reports.

However, the risk of climate change is a medium- to long-term risk and is also highly uncertain, which makes it difficult to accurately estimate the extent of the possibility that these risks will materialize and when, the monetary impact they would have on the business, and countermeasures. Companies are also being cautious in considering whether they should include information in their securities reports that could be deemed false statements if there is a discrepancy between the information provided and subsequent events.

Making reporting based on TCFD recommendations mandatory is not being seriously considered in Japan, but we think that companies should once again realize that they are being asked to use materiality as a standard for evaluations and consider the information they include in their securities reports based on principles on the disclosure of narrative information.

Disclosure based on TCFD recommendations

SPOTLIGHT

Shortening timeframe for climate related risks and making reporting based on TCFD recommendations mandatory

In a policy speech to the Diet, Prime Minister Yoshihide Suga declared that Japan would be carbon neutral by 2050, and at the end of 2020, the Green Growth Strategy Through Achieving Carbon Neutrality was released.

The Green Growth Strategy analyzes the current status in each industry, such as offshore wind power, fuel ammonia, hydrogen, nuclear power and mobility, and includes a progress schedule for future initiatives. Technology development targets and the legal system are stipulated for each industry in the period to 2025, which is one-year unit, and in the subsequent ten-year increments through 2050. The risk of climate change (transition risk) has been thought of as a medium- to long-term risk, but we think that the short-term risks it poses will be more easily recognized since the year in which new technology and new regulations will be introduced, in line with the Green Growth Strategy, can be specifically predicted. As a result, the uncertainties associated with the risk of climate change will decline, and the short-term financial impact will be able to be estimated accurately. This means that companies' financial statements are more likely to be affected by reserves and impairment losses on fixed assets.

In other words, climate related risks are not only pre-financial information, but are increasingly important as financial information as well.

TCFD disclosure is intended to encourage reporting of the financial impact of the risk of climate change. Financial authorities in countries around the world are taking the lead in mandating disclosure of climate related risks in line with or based on TCFD recommendations.

For example, in the UK, the Treasury and other bodies have laid out a roadmap toward mandatory disclosure aligned with TCFD, dividing the financial market participants into seven categories of organization. The table to the right provides an overview of this.

In Japan's Green Growth Strategy, the role of disclosure in line with TCFD recommendations will be clearly laid out in the requirements for disclosure of climate related risks. Moreover, the FSA's Expert Panel on Sustainable Finance is also expected to considering mandating disclosure of climate related risks, centered on TCFD.

The handling for the mandating of TCFD-aligned disclosure is expected to be on the agenda at the 26th UN Climate Change Conference of the Parties (COP26) to be held in Glasgow, Scotland, in November 2021. We should all take note of trends in these discussions.

	Category	Mandatory TCFD disclosure in the UK
1	Listed companies	Mandated for premium listed companies starting in 2021; mandated for all listed companies starting in 2022
2	Large-scale private companies	The specific scope has not yet been decided, but disclosure is expected to be required starting in 2022 for about half of private companies overall, which are estimated to have turnover amounting to GBP 3.2 trillion.
3	Banks and building societies	This covers PRA-regulated banks, building societies and others. Disclosure will be mandated starting in 2021 through categories 1 and 2. In 2023, companies accounting for 94% of balance sheet assets will be covered.
4	Insurance companies	This covers PRA-regulated insurance and reinsurance firms and groups. Disclosure will be mandated starting in 2021 through categories 1 and 2. In 2023, coverage will amount to 89% of the total balance sheet assets of these organizations.
5	Asset managers	Large MiFID investment firms, AIFM and UCITS management companies would be required to provide disclosure starting in 2022. Disclosure would be mandated for the remaining companies starting in 2023. By 2023, companies accounting for 96% of assets under management would be covered.
6	Life insurers and others	Disclosure would be required for large companies starting in 2022. The remaining companies would have to provide disclosure starting in 2023. By 2023, companies accounting for 98% of asset value would be covered by the mandate.
7	Occupational pension schemes	Occupational pension schemes with assets of GBP5 billion or more would be required to provide disclosure starting in 2021, companies with GBP1 billion or more from 2022, and other occupational pension schemes in 2024/25. By 2025, pensions accounting for 85% of asset value would be covered.

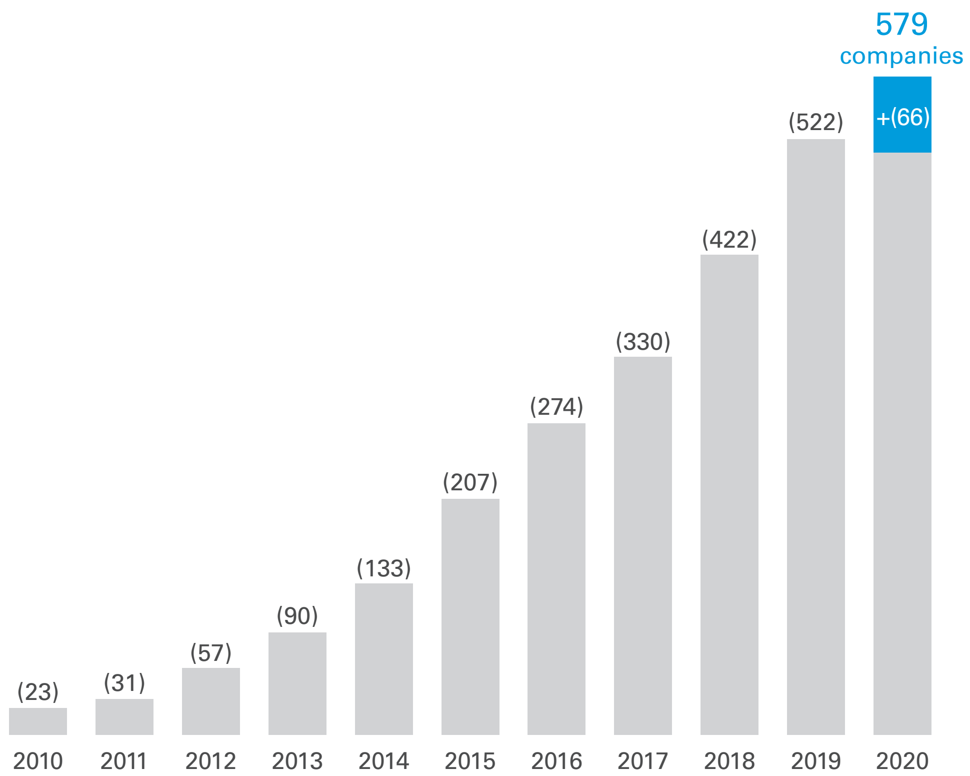
Shunji Kato

Basic Information

About the Issuing Companies

Number of Japanese companies issuing self-declared integrated reports

In 2020, 579 companies issued an integrated report, up by 66 companies from 2019. Although growth has slowed, this was the tenth straight year of increase.

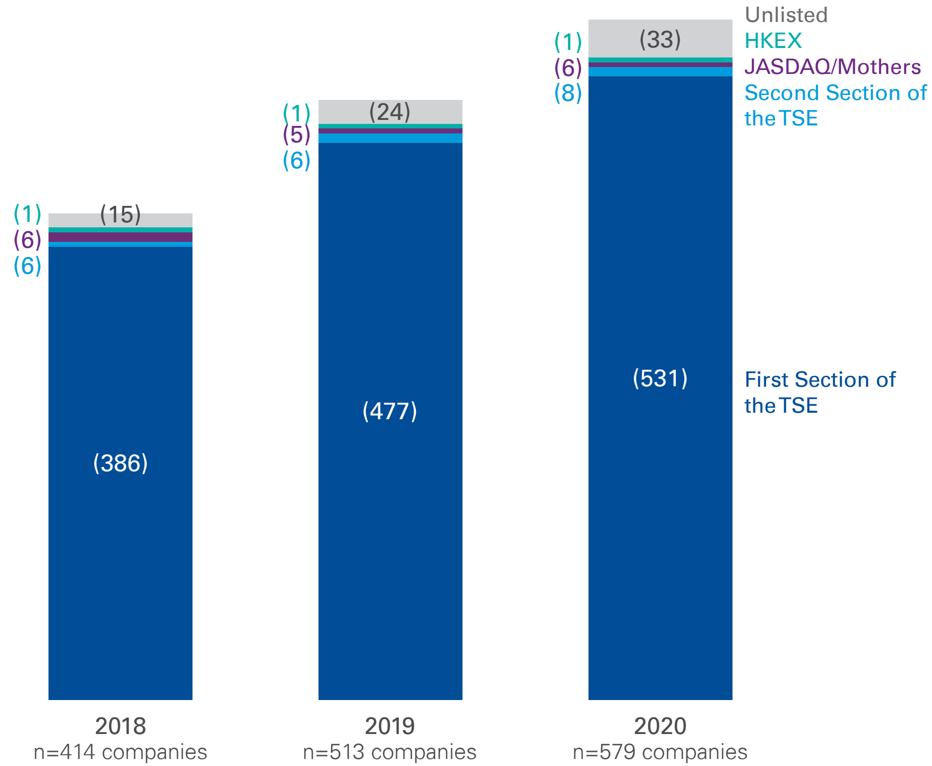


( ) : Number of companies

Source: *List of Japanese Companies Issuing Self-Declared Integrated Reports 2020*, Corporate Value Reporting Lab

Listing market of issuing companies

As in other years, companies listed on the First Section of the TSE led growth in the number of issuances, accounting for 531, or 92%, of all issuing companies.



( ) : Number of companies

Data source: *Kaisha Shikiho* (Japan Company Handbook) January 2021 New Spring Edition (released on December 16, 2020)

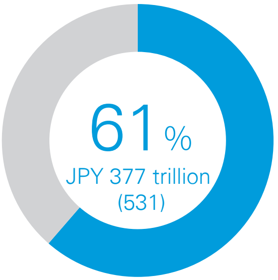
Basic Information

About the Issuing Companies

Percentage of issuing companies in the First Section of the TSE (total market capitalization)

The total market capitalization of the 531 companies that issued an integrated reports accounts for 61% of the 2,175 companies listed on the First Section of the TSE as of September 30, 2020, which is 5% lower than in the previous year. We think this is because some of the companies with high total market capitalization that had issued integrated reports up until last year were unable to do so by the end of 2020 due to the effect of COVID-19 and other factors. Twenty-four percent of those listed companies (531 out of 2,175 companies) issued an integrated report, the same as in the previous year.

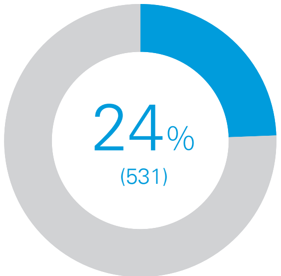
Percentage of total market capitalization



n=JPY 615 trillion (2,175)
As of September 2020

( ) : Number of companies

Percentage of issuing companies

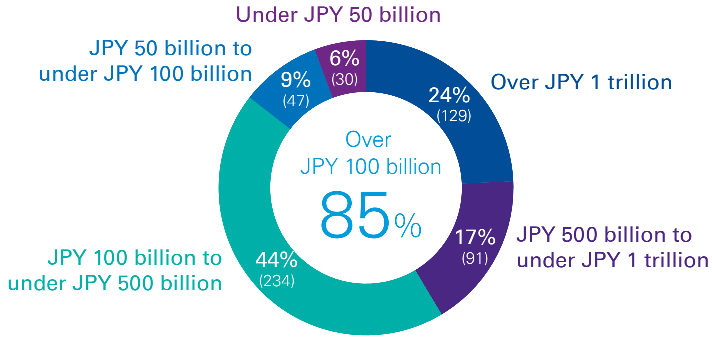


n=2,175 companies
As of September 2020

Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Sales of issuing companies in the First Section of the TSE

A survey of the issuing companies listed on the First Section of the TSE showed that 85% of those companies had sales of JPY 100 billion or more. This indicates that large companies are increasingly issuing integrated reports.



n=531 companies
( ) : Number of companies

Data source: The scale of sales was calculated by KPMG using *Kaisha Shikiho* (Japan Company Databook) January 2021 New Spring Edition (released on December 16, 2020).

Number of issuing companies

Past comparative data in this survey is based on the number of companies issuing reports at the time of each survey (excluding "Fluctuations in the Number of Companies Issuing Self-Declared Integrated Reports in Japan").

Therefore, the number of companies issuing reports in past surveys diverged from the number of companies issuing based on the latest survey of the Corporate Value Reporting Lab.

Reference: The number of issuing companies at the time of the survey (as of December 31)
2018: 414 companies
2019: 513 companies

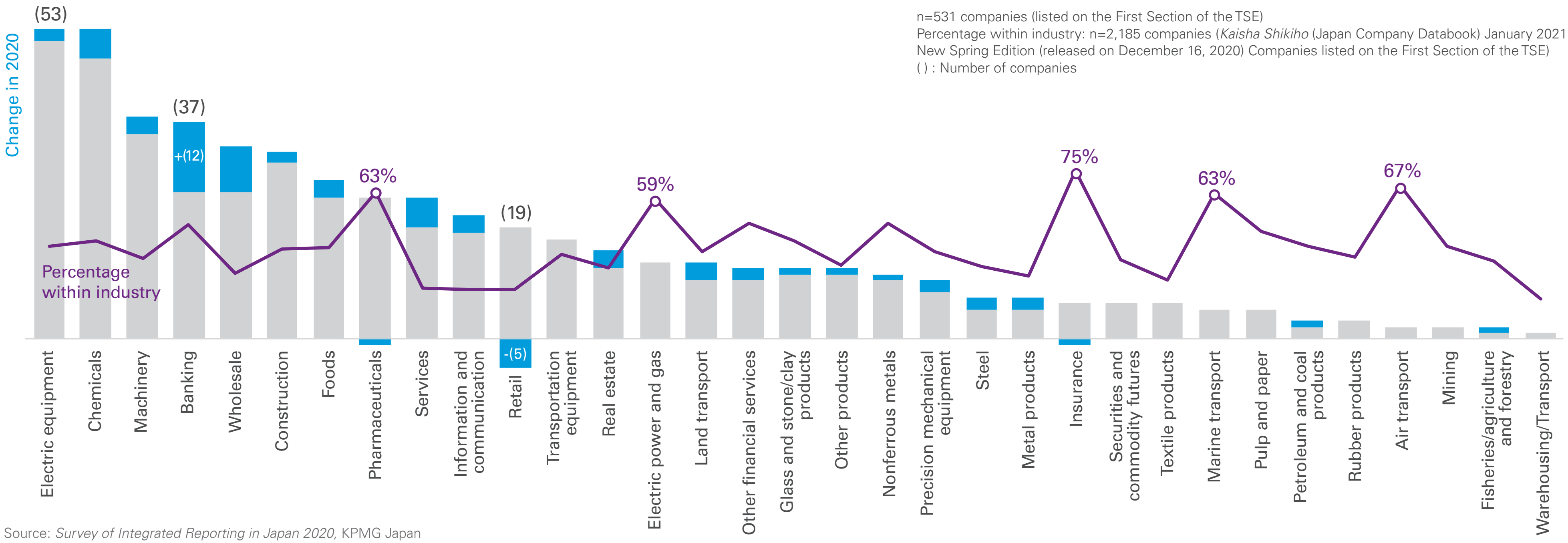
Basic Information

About the Issuing Companies

Industries of issuing companies listed on the First Section of the TSE

The number of issuing companies by industry was highest for the electric equipment sector for the sixth year in a row. This was tied with the chemicals sector, which had the second highest number in the previous year. In the banking sector, the number increased by 12, primarily new issuers in the regional bank industry, but the number fell by five in the retail sector. We suspect that this is because companies in this industry—particularly those that were affected by COVID-19—had to delay issuance or significantly revise the content.

By industry, the insurance sector had the highest percentage of issuance, at 75%, followed by the air transport (67), pharmaceuticals (63), marine transport (63%) and electric power and gas (59%).



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Basic Information

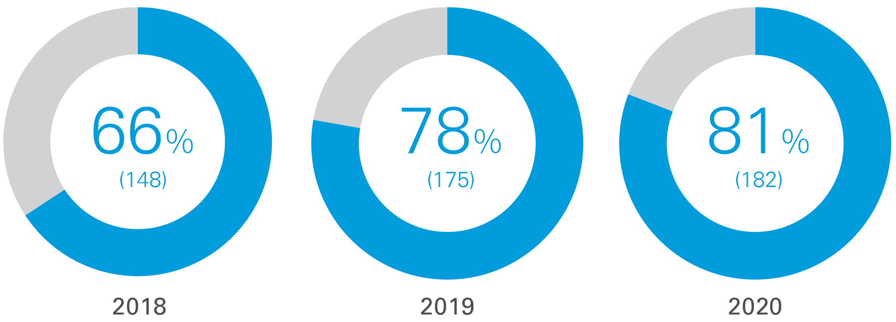
About the Issuing Companies

Index attributes of issuing companies

The percentage of issuing companies making up the Nikkei 225 and the JPX Nikkei 400 has steadily increased year by year. The percentage of companies in the Nikkei 225 that issued reports rose 4 percentage points over the previous year to 81% and rose 5 percentage points to 65% for the JPX Nikkei 400.

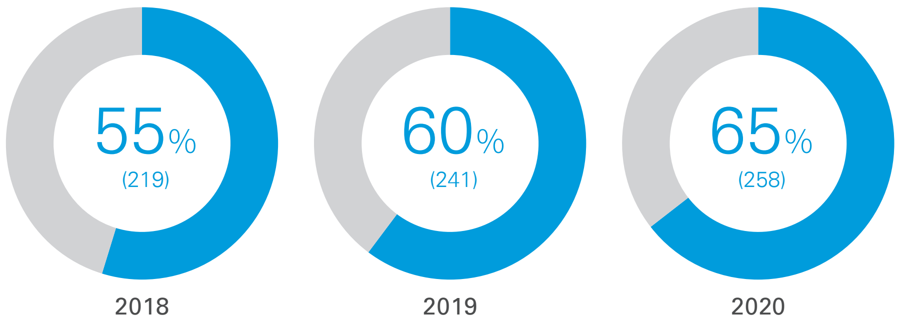
Nikkei 225 component percentage

n=225 companies
( ) : Number of companies



JPX Nikkei 400 component percentage

n=400 companies
( ) : Number of companies



Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

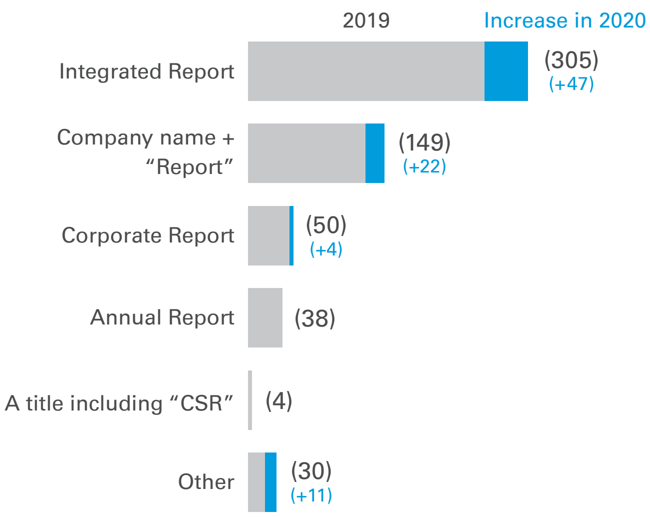
Basic Information

About the Integrated Reports

Title of reports

The number of companies using the title "integrated report" increased by 47 over the previous year to 305, setting another all-time high, as in the previous year.

This is likely the result of an ongoing trend for companies that had issued reports in the past under a different name to change the name to "integrated report" and the large number of companies issuing integrated reports for the first time to use the name "integrated report."

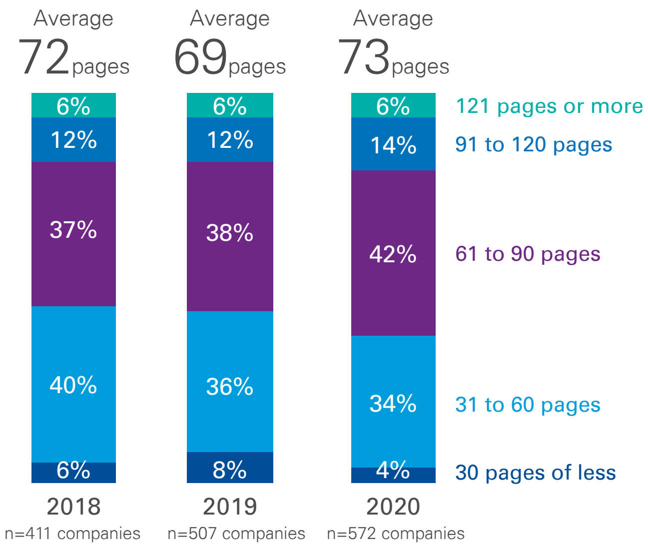


n=576 companies
Excluding three companies out of 579 that only issue an English version
( ) : Number of companies

Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Page volume

The average number of pages was 73 pages, which is the highest over the past three years. This was not strictly due to an increase in the length of most reports, but to a decrease in the number of reports of 60 pages or less.

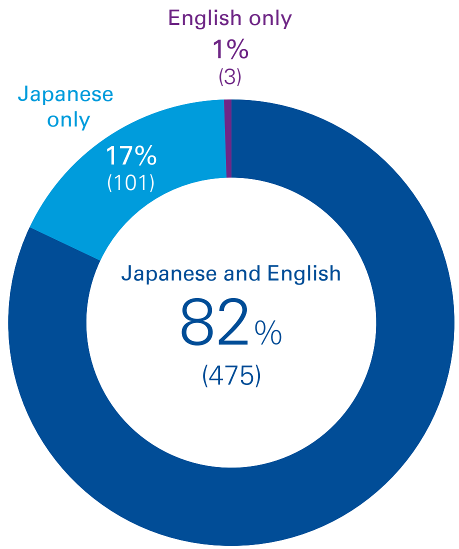


n=572 companies
Excluding three companies out of 579 that only issue an English version and four companies that issue only an HTML version

Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Issuance of English version

The percentage of companies issuing both a Japanese and English version decreased from 85% in the previous year to 82%. We think this is because, as of the survey period, more companies had only issued Japanese versions, and the issuance timing for the Japanese reports on which the English version would be based was later than in typical years.



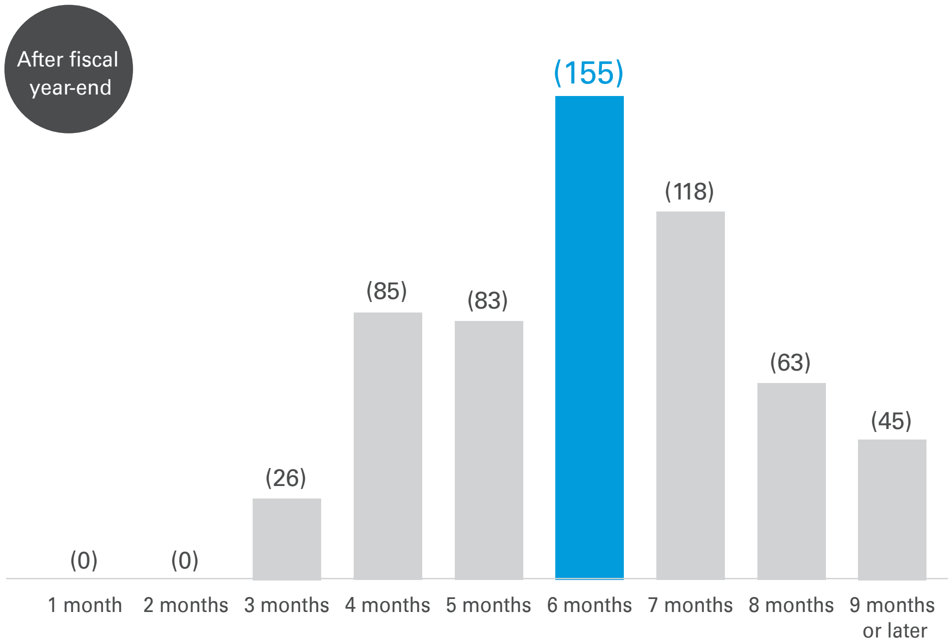
n= 579 companies
( ) : Number of companies
* Data on the issuance of an English version was current as of the survey period on February 8–16, 2021.
Source: *Survey of Integrated Reporting in Japan 2020*, KPMG Japan

Basic Information

About the Integrated Reports

Timing of issuance (Japanese version)

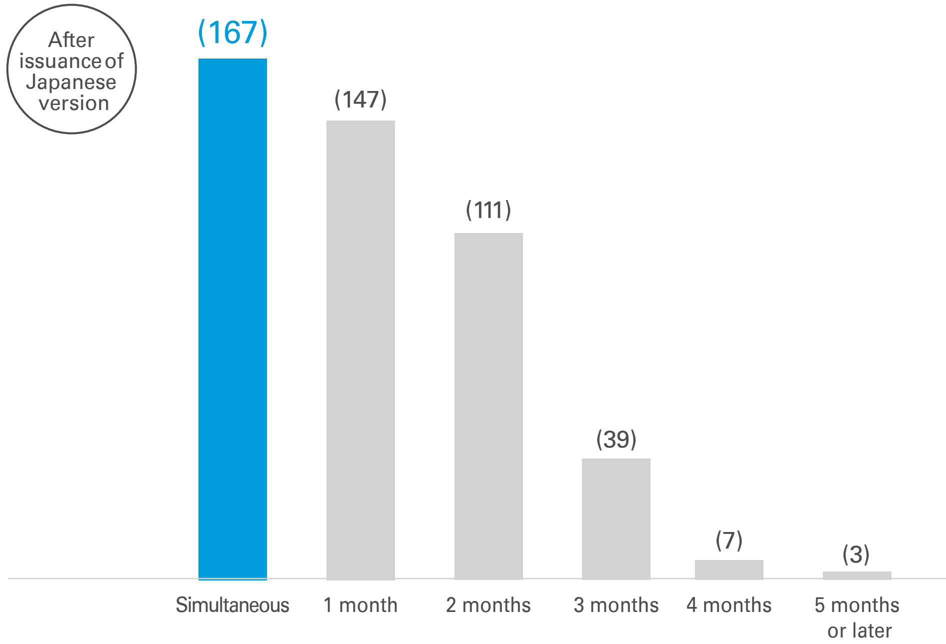
For the third straight year, most companies issued their report six months after the fiscal year ended. In 2020, 66% of companies issued their report six months or more after the release of their financial results report, which reveals the impact of delays in the COVID-19 pandemic.



n=575 companies
Excluding three companies out of 579 that only issue an English version and one company that issues only an HTML version whose issuance date was not clear
( ) : Number of companies
Source: *Survey of Integrated Reporting in Japan 2020,* KPMG Japan

Timing of issuance (English version)

As in other years, the greatest number of companies issued Japanese and English versions at the same time. This is a sign that companies are trying to provide information equitably to readers both in and outside Japan.



n=474 companies
Excluding one company whose issuance date was not clear out of 475 companies issuing both Japanese and English reports
( ) : Number of companies

Source: *Survey of Integrated Reporting in Japan 2020,* KPMG Japan

List of Nikkei 225 companies as of October 2020

ADVANTEST CORPORATION
AEON CO.,LTD.
AGC Inc.
Ajinomoto Co., Inc.
ALPS ALPINE CO., LTD.
AMADA CO.,LTD.
ANA HOLDINGS INC.
Aozora Bank, Ltd.
Asahi Group Holdings, Ltd.
Asahi Kasei Corp.
Astellas Pharma Inc.
BANDAI NAMCO Holdings Inc.
BRIDGESTONE CORPORATION
CANON INC.
CASIO COMPUTER CO., LTD.
Central Japan Railway Company
Chubu Electric Power Co., Inc.
CHUGAI PHARMACEUTICAL CO., LTD.
Citizen Watch Co., Ltd.
COMSYS Holdings Corporation
Concordia Financial Group, Ltd.
Credit Saison Co., Ltd.
CyberAgent, Inc.
Dai Nippon Printing Co., Ltd.
Dai-ichi Life Holdings, Inc.
DAIICHI SANKYO COMPANY, LIMITED
DAIKIN INDUSTRIES, LTD.
DAIWA HOUSE INDUSTRY CO., LTD.
Daiwa Securities Group Inc.
DeNA Co., Ltd.
Denka Company Limited
DENSO CORPORATION
DENTSU GROUP INC.
DIC Corporation
DOWA HOLDINGS CO., LTD.
East Japan Railway Company
EBARA CORPORATION
Eisai Co., Ltd.
ENEOS Holdings, Inc.
FANUC CORPORATION
FAST RETAILING CO., LTD.
FUJI ELECTRIC CO., LTD.
FUJIFILM Holdings Corporation
Fujikura Ltd.
FUJITSU LIMITED
Fukuoka Financial Group, Inc.
Furukawa Electric Co., Ltd.
GS Yuasa Corporation
HASEKO Corporation
HINO MOTORS, LTD.
Hitachi Construction Machinery Co., Ltd.
Hitachi Zosen Corporation
Hitachi, Ltd.
HONDA MOTOR CO., LTD.
Idemitsu Kosan Co., Ltd.
IHI Corporation
INPEX CORPORATION
Isetan Mitsukoshi Holdings Ltd.
ISUZU MOTORS LIMITED
ITOCHU Corporation
J. FRONT RETAILING Co., Ltd.
Japan Exchange Group, Inc.
JAPAN POST HOLDINGS Co., Ltd.
JAPAN TOBACCO INC.
JFE Holdings, Inc.
JGC HOLDINGS CORPORATION
JTEKT Corporation
KAJIMA CORPORATION
Kao Corporation
Kawasaki Heavy Industries, Ltd.
Kawasaki Kisen Kaisha, Ltd.
KDDI CORPORATION
Keio Corporation
Keisei Electric Railway Co., Ltd.
KIKKOMAN CORPORATION
Kirin Holdings Company, Limited
Kobe Steel, Ltd.
KOMATSU LTD.
KONAMI HOLDINGS CORPORATION
KONICA MINOLTA, INC.
KUBOTA CORPORATION
KURARAY CO., LTD.
KYOCERA CORPORATION
Kyowa Kirin Co., Ltd.
M3, Inc.
Marubeni Corporation
Maruha Nichiro Corporation
MARUI GROUP CO., LTD.
MATSUI SECURITIES CO., LTD.
Mazda Motor Corporation
Meiji Holdings Co., Ltd.
MINEBEA MITSUMI Inc.
Mitsubishi Chemical Holdings Corporation
Mitsubishi Corporation
Mitsubishi Electric Corporation
Mitsubishi Estate Company, Limited
Mitsubishi Heavy Industries, Ltd.
Mitsubishi Logistics Corporation
MITSUBISHI MATERIALS CORPORATION
MITSUBISHI MOTORS CORPORATION
Mitsubishi UFJ Financial Group, Inc.
MITSUI & CO., LTD.
Mitsui Chemicals, Inc.
Mitsui E&S Holdings Co., Ltd.
Mitsui Fudosan Co., Ltd.
Mitsui Mining & Smelting Company, Limited
Mitsui O.S.K. Lines, Ltd.
Mizuho Financial Group, Inc.
MS&AD Insurance Group Holdings, Inc.
NEC Corporation
NEXON Co., Ltd.
NGK INSULATORS, LTD.
NH Foods Ltd.
Nichirei Corporation
NIKON CORPORATION
Nippon Electric Glass Co., Ltd.
NIPPON EXPRESS CO., LTD.
Nippon Light Metal Holdings Company, Ltd.
Nippon Paper Industries Co., Ltd.
Nippon Sheet Glass Co., Ltd.
NIPPON STEEL CORPORATION
NIPPON SUISAN KAISHA, LTD.
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Nippon Yusen Kabushiki Kaisha
Nissan Chemical Corporation
NISSAN MOTOR CO., LTD.
NISSHIN SEIFUN GROUP INC.
Nisshinbo Holdings Inc.
NITTO DENKO CORPORATION
Nomura Holdings, Inc.
NSK Ltd.
NTN CORPORATION
NTT DATA CORPORATION
NTT DOCOMO, INC.
OBAYASHI CORPORATION
Odakyu Electric Railway Co., Ltd.
Oji Holdings Corporation
Oki Electric Industry Co., Ltd.
OKUMA Corporation
OLYMPUS CORPORATION
OMRON Corporation
Osaka Gas Co., Ltd.
Otsuka Holdings Co., Ltd.
PACIFIC METALS CO.,LTD.
Panasonic Corporation
Rakuten Group, Inc.
Recruit Holdings Co., Ltd.
Resona Holdings, Inc.
RICOH COMPANY, LTD.
SAPPORO HOLDINGS LIMITED
SCREEN Holdings Co., Ltd.
SECOM CO.,LTD.
SEIKO EPSON CORPORATION
Sekisui House, Ltd.
Seven & i Holdings Co., Ltd.
SHIMIZU CORPORATION
Shin-Etsu Chemical Co., Ltd.
Shinsei Bank, Limited
Shionogi & Co., Ltd.
Shiseido Company, Limited
Showa Denko K.K.
SKY Perfect JSAT Holdings Inc.
SoftBank Corp.
SoftBank Group Corp.
Sojitz Corporation
Sompo Holdings, Inc.
SONY CORPORATION
SUBARU CORPORATION
SUMCO CORPORATION
SUMITOMO CHEMICAL COMPANY, LIMITED
SUMITOMO CORPORATION
Sumitomo Dainippon Pharma Co., Ltd.
Sumitomo Electric Industries, Ltd.
SUMITOMO HEAVY INDUSTRIES, LTD.
Sumitomo Metal Mining Co., Ltd.
Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Trust Holdings, Inc.
Sumitomo Osaka Cement Co., Ltd.
Sumitomo Realty & Development Co., Ltd.
SUZUKI MOTOR CORPORATION
T&D Holdings, Inc.
TAIHEIYO CEMENT CORPORATION
TAISEI CORPORATION
TAIYO YUDEN CO., LTD.
TAKARA HOLDINGS INC.
Takashimaya Company, Limited
Takeda Pharmaceutical Company Limited
TDK CORPORATION
TEIJIN LIMITED
TERUMO CORPORATION
The Chiba Bank, Ltd.
The Japan Steel Works, Ltd.
The Kansai Electric Power Co., Inc.
THE SHIZUOKA BANK, LTD.
The Yokohama Rubber Co., Ltd.
TOBU RAILWAY CO., LTD.
TOHO CO., LTD.
Toho Zinc Co.,Ltd.
TOKAI CARBON CO., LTD.
Tokio Marine Holdings, Inc.
Tokuyama Corporation
Tokyo Electric Power Co. Holdings, Inc.
Tokyo Electron Limited
Tokyo Gas Co., Ltd.
Tokyo Tatemono Co., Ltd.
TOKYU CORPORATION
Tokyu Fudosan Holdings Corporation
TOPPAN PRINTING CO., LTD.
TORAY INDUSTRIES, INC.
TOSOH CORPORATION
TOTO LTD.
Toyo Seikan Group Holdings, Ltd.
TOYOBO CO., LTD.
TOYOTA MOTOR CORPORATION
TOYOTA TSUSHO CORPORATION
Trend Micro Incorporated
Ube Industries, Ltd.
UNITIKA LTD.
West Japan Railway Company
YAMAHA CORPORATION
Yamaha Motor Co., Ltd.
YAMATO HOLDINGS CO., LTD.
YASKAWA Electric Corporation
Yokogawa Electric Corporation
Z Holdings Corporation

List of Japanese Companies Issuing Integrated Report in 2020

Source : Corporate Value Reporting Lab
http://cvrl-net.com/archive/index.html

ADVANTEST CORPORATION
AEON Financial Service Co., Ltd.
AEON Mall Co., Ltd.
Aflac Incorporated
AGC Inc.
AHRESTY CORPORATION
AICHI STEEL CORPORATION
Aino University
AIR WATER INC.
AIRDO Co., Ltd.
AISIN SEIKI CO., LTD.
Ajinomoto Co., Inc.
Alfresa Holdings Corporation
ALPS ALPINE CO., LTD.
AMUSE INC.
ANA HOLDINGS INC.
ANEST IWATA Corporation
ANRITSU CORPORATION
AOKI Holdings Inc.
Aozora Bank, Ltd.
ARATA CORPORATION
Asahi Group Holdings, Ltd.
Asahi Holdings, Inc.
Asahi Kasei Corp.
ASKA Pharmaceutical Co., Ltd.
Astellas Pharma Inc.
AUTOBACS SEVEN Co., Ltd.
Azbil Corporation
BANDAI NAMCO Holdings Inc.
BIC CAMERA INC.
BRIDGESTONE CORPORATION
BROTHER INDUSTRIES, LTD.
C.I. TAKIRON Corporation
Calbee, Inc.
CANON INC.
Canon Marketing Japan Inc.
CAPCOM CO., LTD.
Carlit Holdings Co., Ltd.
CASIO COMPUTER CO., LTD.
Central Japan Railway Company
Chiba University
Chiyoda Corporation
CHORI CO., LTD.
Chubu Electric Power Co., Inc.
CHUGAI PHARMACEUTICAL CO., LTD.
Citizen Watch Co., Ltd.
CKD Corporation
CMK CORPORATION
COLOPL,Inc.
COMANY INC.
COMSYS Holdings Corporation
Concordia Financial Group, Ltd.
COSMO ENERGY HOLDINGS COMPANY, Limited
Credit Saison Co., Ltd.
CyberAgent, Inc.
Dai Nippon Printing Co., Ltd.
Dai Nippon Toryo Company, Limited
DAIBIRU CORPORATION
Daicel Corporation
DAI-DAN CO., LTD.
DAIFUKU CO., LTD.
Dai-ichi Life Holdings, Inc.
DAIICHI SANKYO COMPANY, LIMITED
DAIKEN CORPORATION
DAIKIN INDUSTRIES, LTD.
Daio Paper Corporation
Daishi Hokuetsu Financial Group, Inc.
DAITO TRUST CONSTRUCTION CO., LTD.
DAIWA HOUSE INDUSTRY CO., LTD.
Daiwa Securities Group Inc.
Denka Company Limited
DENSO CORPORATION
DENTSU GROUP INC.
Development Bank of Japan Inc.
Dexerials Corporation
DIC Corporation
DKS Co. Ltd.
DMG MORI CO., LTD.
DOWA HOLDINGS CO., LTD.
DRAFT Inc.
DTS CORPORATION
DUSKIN CO., LTD.
DyDo GROUP HOLDINGS, INC.
DYNAM JAPAN HOLDINGS Co., Ltd.
E.J Holdings Inc.
East Japan Railway Company
East Nippon Expressway Company Limited
EBARA CORPORATION
EBARA Foods Industry, Inc.
Echo Electronics Industry Co,.Ltd.
EDION Corporation
Eisai Co., Ltd.
EIZO Corporation
Electric Power Development Co.,Ltd.
ENEOS Holdings, Inc.
FANCL CORPORATION
FISCO Ltd.
FP CORPORATION
Freund Corporation
FUJI CORPORATION
FUJI ELECTRIC CO., LTD.
FUJI OIL HOLDINGS INC.
Fuji Pharma Co., Ltd.
Fuji Seal International, INC.
FUJICCO Co., Ltd.
FUJIFILM Holdings Corporation
FUJITA KANKO INC.
FUJITEC CO., LTD.
FUJITSU LIMITED
Fukuoka Financial Group, Inc.
Fukuoka REIT Corporation
FUKUSHIMA GALILEI CO., LTD.
Funai Soken Holdings Incorporated
FURUKAWA CO., LTD.
Furukawa Electric Co., Ltd.
FUTABA INDUSTRIAL CO., LTD.
Fuyo General Lease Co., Ltd.
GiG Works Inc.
GS Yuasa Corporation
G-TEKT CORPORATION
GUNZE LIMITED
H.I.S. Co.,Ltd.
H.U. Group Holdings, Inc.
H2O RETAILING CORPORATION
HAKUHODO DY HOLDINGS INCORPORATED
HAMAMATSU PHOTONICS K.K.
Hankyu Hanshin Holdings,Inc.
HANWA CO., LTD.
Heiwa Paper Co., Ltd
HEIWA REAL ESTATE CO., LTD.
Hitachi Capital Corporation
Hitachi Construction Machinery Co., Ltd.
Hitachi Metals, Ltd.
Hitachi Transport System, Ltd.
Hitachi Zosen Corporation
Hitachi, Ltd.
Hitotsubashi University
Hodogaya Chemical Co., Ltd.
Hokkaido Electric Power Co., Inc.
HOKKO CHEMICAL INDUSTRY CO., LTD.
Hokuetsu Corporation
Hokuhoku Financial Group, Inc.
Hokuriku Electric Power Company
HONDA MOTOR CO., LTD.
HORIBA, Ltd.
House Foods Group Inc.
HOYA CORPORATION
Hulic Co., Ltd.
IBIDEN CO., LTD.
Idemitsu Kosan Co., Ltd.
IHI Corporation
IINO KAIUN KAISHA, LTD.
Inabata & Co., Ltd.
INPEX CORPORATION
ISEKI & CO., LTD.
Isetan Mitsukoshi Holdings Ltd.
ITO EN, LTD.
ITOCHU Corporation
ITOCHU ENEX CO., LTD.
ITOCHU Techno-Solutions Corporation
ITOCHU-SHOKUHIN Co., Ltd.
ITOHAM YONEKYU HOLDINGS INC.
IWATANI CORPORATION
J. FRONT RETAILING Co., Ltd.
J.S.B.Co., Ltd.
JACCS CO., LTD.
Japan Airlines Co., Ltd.
Japan Asia Group Limited
Japan Exchange Group, Inc.
Japan Petroleum Exploration Co., Ltd.
JAPAN POST BANK Co., Ltd.
JAPAN POST HOLDINGS Co., Ltd.
JAPAN POST INSURANCE Co., Ltd.
JAPAN TOBACCO INC.
JCR Pharmaceuticals Co., Ltd.
JEOL Ltd.
JFE Holdings, Inc.
JGC HOLDINGS CORPORATION
J-OIL MILLS, INC.
Joshin Denki Co., Ltd.
JSR CORPORATION
JTEKT Corporation
JUKI CORPORATION
KAGA ELECTRONICS CO., LTD.
KAGOME CO., LTD.
KAJIMA CORPORATION
KAKEN PHARMACEUTICAL CO., LTD.
KANADEN CORPORATION
KANAMOTO CO.,LTD.
KANDENKO CO., LTD.
KANEKA CORPORATION
KANEMATSU CORPORATION
KANEMATSU ELECTRONICS LTD.
Kanro Inc.
KANSAI PAINT CO., LTD.
Kao Corporation
Kawasaki Heavy Industries, Ltd.
Kawasaki Kisen Kaisha, Ltd.
KDDI CORPORATION
Keihanshin Building Co., Ltd.

List of Japanese Companies Issuing Integrated Report in 2020

Source : Corporate Value Reporting Lab
http://cvrl-net.com/archive/index.html

Kewpie Corporation
KH Neochem Co., Ltd.
KIKKOMAN CORPORATION
Kirin Holdings Company, Limited
KISSEI PHARMACEUTICAL CO., LTD.
KITO CORPORATION
KITZ CORPORATION
KOBAYASHI PHARMACEUTICAL CO., LTD.
Kobe Steel, Ltd.
Kobe University
KOKUSAI PULP & PAPER CO., LTD.
KOMATSU LTD.
KONDOTEC INC.
KONICA MINOLTA, INC.
Konoike Transport Co., Ltd.
KOSÉ Corporation
KPMG Japan
KUBOTA CORPORATION
Kumagai Gumi Co., Ltd.
KURARAY CO., LTD.
Kurimoto, Ltd.
Kurita Water Industries Ltd.
KYB Corporation
KYOCERA CORPORATION
KYOKUYO CO., LTD.
KYORIN Holdings, Inc.
Kyosan Electric Manufacturing Co., Ltd.
Kyoto University
KYOWA EXEO CORPORATION
Kyowa Kirin Co., Ltd.
KYUDENKO CORPORATION
Kyushu Electric Power Co., Inc.
Kyushu Financial Group,Inc.
Kyushu Railway Company
Lawson,Inc.
LEOPALACE21 CORPORATION
LINTEC Corporation
Lion Corporation
LIXIL Corporation
MABUCHI MOTOR CO., LTD.
MANDOM CORPORATION
Marubeni Corporation
Maruha Nichiro Corporation
MARUI GROUP CO., LTD.
MATSUDA SANGYO Co., Ltd.
Maxell Holdings, Ltd.
Mebuki Financial Group, Inc.
MEDIA DO Co., Ltd.
MEDIPAL HOLDINGS CORPORATION
MEGMILK SNOW BRAND Co., Ltd.
MEIDENSHA CORPORATION
Meiji Holdings Co., Ltd.
Meiji Yasuda Life Insurance Company
Menicon Co., Ltd.
METAWATER Co.,Ltd.
MIE UNIVERSITY
Milbon Co., Ltd.
MINEBEA MITSUMI Inc.
Mitsubishi Chemical Holdings Corporation
Mitsubishi Corporation
Mitsubishi Estate Company, Limited
MITSUBISHI GAS CHEMICAL COMPANY, INC.
Mitsubishi Heavy Industries, Ltd.
MITSUBISHI MATERIALS CORPORATION
MITSUBISHI MOTORS CORPORATION
Mitsubishi Paper Mills Limited
Mitsubishi Research Institute, Inc.
Mitsubishi UFJ Financial Group, Inc.
Mitsubishi UFJ Lease & Finance Co., Ltd.
MITSUI & CO., LTD.
Mitsui Chemicals, Inc.
Mitsui E&S Holdings Co., Ltd.
Mitsui Fudosan Co., Ltd.
Mitsui Mining & Smelting Company, Limited
Mitsui O.S.K. Lines, Ltd.
MITSUI-SOKO HOLDINGS Co., Ltd.
Mitsuuroko Group Holdings Co., Ltd.
MIURA CO., LTD.
Mizuho Financial Group, Inc.
Mizuho Leasing Company, Limited
Mochida Pharmaceutical Co., Ltd.
Monex Group, Inc.
Morinaga Milk Industry Co., Ltd.
MOS FOOD SERVICES, INC.
MS&AD Insurance Group Holdings, Inc.
Murata Manufacturing Co., Ltd.
Nabtesco Corporation
NAGASE & CO., LTD.
Nagoya Railroad Co., Ltd.
Nankai Electric Railway Co., Ltd.
NEC Capital Solutions Limited
NEC Corporation
NEC Networks & System Integration Corporation
Net One Systems Co., Ltd.
NGK INSULATORS, LTD.
NGK SPARK PLUG CO., LTD.
NH Foods Ltd.
NHK SPRING CO., LTD.
NICHICON CORPORATION
Nichi-Iko Pharmaceutical Co., Ltd.
Nichirei Corporation
NIHON CHOUZAI Co., Ltd.
NIHON KOHDEN CORPORATION
Nihon Unisys, Ltd.
NIIGATA UNIVERSITY
NIKKISO CO., LTD.
NIKKO CO., LTD.
NIKON CORPORATION
NIPPON CHEMI-CON CORPORATION
NIPPON CHEMIPHAR CO., LTD.
Nippon Electric Glass Co., Ltd.
NIPPON EXPRESS CO., LTD.
Nippon Flour Mills Co., Ltd.
NIPPON KAYAKU CO., LTD.
Nippon Koei Co., Ltd.
Nippon Life Ins.
NIPPON PAINT HOLDINGS CO., LTD.
Nippon Paper Industries Co., Ltd.
NIPPON PILLAR PACKING CO., LTD.
Nippon Sheet Glass Co., Ltd.
Nippon Shinyaku Co., Ltd.
NIPPON SHOKUBAI CO., LTD.
NIPPON SIGNAL CO., LTD.
Nippon Soda Co., Ltd.
NIPPON STEEL CORPORATION
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Nippon Yusen Kabushiki Kaisha
Nishimatsu Construction Co., Ltd.
Nishi-Nippon Financial Holdings, Inc.
Nissan Chemical Corporation
Nissha Co., Ltd.
NISSHIN SEIFUN GROUP INC.
Nisshinbo Holdings Inc.
Nitori Holdings Co., Ltd.
NITTO BOSEKI CO., LTD.
NITTO DENKO CORPORATION
NITTOSEIKO CO., LTD.
NOMURA Co.,Ltd.
Nomura Holdings, Inc.
Nomura Real Estate Holdings, Inc.
Nomura Research Institute, Ltd.
NORITAKE CO., LIMITED
NORITZ CORPORATION
North Pacific Bank, Ltd.
NS UNITED KAIUN KAISHA, LTD.
NSK Ltd.
NTN CORPORATION
NTT DATA CORPORATION
NTT DOCOMO,INC.
OBAYASHI CORPORATION
OHARA INC.
Oji Holdings Corporation
OKASAN SECURITIES GROUP INC.
OKAYAMA UNIVERSITY
Oki Electric Industry Co., Ltd.
OKUMURA CORPORATION
OLYMPUS CORPORATION
OMRON Corporation
ONO PHARMACEUTICAL CO., LTD.
ORIX CORPORATION
Osaka Gas Co., Ltd.
OSAKA SODA CO., LTD.
OSG Corporation
OSJB Holdings Corporation
Otsuka Holdings Co., Ltd.
OUTSOURCING Inc.
PALTAC CORPORATION
Pan Pacific International Holdings Corporation
Panasonic Corporation
PARK24 Co., Ltd.
PENTA-OCEAN CONSTRUCTION CO., LTD.
PERSOL HOLDINGS CO., LTD.
PIGEON CORPORATION
POLA ORBIS HOLDINGS INC.
Prima Meat Packers, Ltd.
PwC Japan Group
RAITO KOGYO CO., LTD.
Rakuten Group, Inc.
Recruit Holdings Co., Ltd.
Resona Holdings, Inc.
Resorttrust, Inc.
RICOH COMPANY, LTD.
RICOH LEASING COMPANY, Ltd.
RINNAI CORPORATION
ROHM COMPANY LIMITED
ROYAL HOLDINGS Co., Ltd.
Ryoden Corporation
S.T. CORPORATION
Sangetsu Corporation
Sango Co., Ltd.
Sanken Electric Co., Ltd.
Sanki Engineering Co., Ltd.
Sansan, Inc.
SANTEN PHARMACEUTICAL CO., LTD.
Sanwa Holdings Corporation
SANYO DENKI CO., LTD.
Sanyo Special Steel Co., Ltd.
SAPPORO HOLDINGS LIMITED
SATO HOLDINGS CORPORATION
SAWAI PHARMACEUTICAL CO., LTD.

List of Japanese Companies Issuing Integrated Report in 2020

Source : Corporate Value Reporting Lab
http://cvrl-net.com/archive/index.html

SBI Holdings, Inc.
SBS Holdings, Inc.
SCREEN Holdings Co., Ltd.
SCSK Corporation
SECOM CO., LTD.
SEGA SAMMY HOLDINGS INC.
SEIBU HOLDINGS INC.
SEIKAGAKU CORPORATION
SEIKO EPSON CORPORATION
SEIKO HOLDINGS CORPORATION
Sekisui Chemical Co., Ltd.
Sekisui House, Ltd.
Sekisui Kasei Co., Ltd.
SENSHUKAI CO., LTD.
SEPTENI HOLDINGS CO., LTD.
Seven & i Holdings Co., Ltd.
Seven Bank, Ltd.
Sharp Corporation
Shikoku Electric Power Co., Inc.
Shimadzu Corporation
SHIMIZU CORPORATION
Shin Nippon Air Technologies Co., Ltd.
Shin-Etsu Chemical Co., Ltd.
Shinsei Bank, Limited
Shinshu University
Shionogi & Co., Ltd.
Shiseido Company, Limited
Showa Denko K.K.
SIIX CORPORATION
SKYLARK HOLDINGS CO., LTD.
Sodick Co., Ltd.
SoftBank Corp.
SOHGO SECURITY SERVICES CO., LTD.
Sojitz Corporation
Solaseed Air Inc.
Sompo Holdings, Inc.
SONY CORPORATION
Sony Financial Holdings Inc.
Stanley Electric Co., Ltd.
SUBARU CORPORATION
Sumitomo Bakelite Company, Limited
SUMITOMO CHEMICAL COMPANY, LIMITED
SUMITOMO CORPORATION
Sumitomo Dainippon Pharma Co., Ltd.
Sumitomo Forestry Co., Ltd.
SUMITOMO HEAVY INDUSTRIES, LTD.
SUMITOMO LIFE INSURANCE COMPANY
Sumitomo Metal Mining Co., Ltd.
Sumitomo Mitsui Construction Co., Ltd.
Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Trust Holdings, Inc.
Sumitomo Osaka Cement Co., Ltd.
Sumitomo Realty & Development Co., Ltd.
Sumitomo Riko Company Limited
Sumitomo Rubber Industries, Ltd.
Sun Messe Co., Ltd.
SUZUKEN CO.,LTD.
SWCC SHOWA HOLDINGS CO., LTD.
SYSMEX CORPORATION
T&D Holdings, Inc.
TADANO LTD.
TAIHEIYO CEMENT CORPORATION
TAIHO KOGYO CO., LTD.
TAIJU LIFE INSURANCE COMPANY LIMITED
Taikisha Ltd.
TAISEI CORPORATION
TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.
TAIYO NIPPON SANSO CORPORATION
TAIYO YUDEN CO., LTD.
Takamiya Co., Ltd.
TAKARA & COMPANY LTD.
TAKARA HOLDINGS INC.
Takara Leben CO., LTD.
Takasago Thermal Engineering Co., Ltd.
TAKENAKA CORPORATION
TDK CORPORATION
TechnoPro Holdings, Inc.
TEIJIN LIMITED
TERUMO CORPORATION
T-Gaia Corporation
The 77 Bank, Ltd.
The Bank of Kyoto, Ltd.
The Chiba Bank, Ltd.
The Chugoku Bank, Limited
The Chugoku Electric Power Co., Inc.
The Dai-ichi Life Insurance Company, Limited
The Fukui Bank, Ltd.
The Furukawa Battery Co., Ltd.
The Gunma Bank, Ltd.
The Hachijuni Bank, Ltd.
The Hiroshima Bank, Ltd.
The Hokkoku Bank, Ltd.
The Hyakugo Bank, Ltd.
The Hyakujushi Bank, Ltd.
THE JAPAN WOOL TEXTILE CO., LTD.
The Juroku Bank, Ltd.
The Kansai Electric Power Co., Inc.
The Nanto Bank, Ltd.
THE NIPPON ROAD CO., LTD.
The Nisshin OilliO Group, Ltd.
The San-in Godo Bank, Ltd.
THE SHIGA BANK, LTD.
THE SHIMANE BANK, LTD.
THE SHIZUOKA BANK, LTD.
THE TOHO BANK, LTD.
The University of Tokyo
The Yamanashi Chuo Bank, Ltd.
TIS Inc.
TOA CORPORATION
TOAGOSEI CO., LTD.
TOBISHIMA CORPORATION
TODA CORPORATION
TOHO GAS CO.,LTD.
TOHO TITANIUM CO., LTD.
Tohoku Electric Power Co., Inc.
TOKAI CARBON CO., LTD.
TOKAI RIKA CO., LTD.
Tokai Tokyo Financial Holdings, Inc.
Tokio Marine Holdings, Inc.
Tokuyama Corporation
Tokyo Century Corporation
TOKYO DOME CORPORATION
Tokyo Gas Co., Ltd.
Tokyo Kiraboshi Financial Group, Inc.
TOKYO OHKA KOGYO CO., LTD.
Tokyo Tatemono Co., Ltd.
Tokyo University of Marine Science and Technology
TOKYU CONSTRUCTION CO., LTD.
TOKYU CORPORATION
Tokyu Fudosan Holdings Corporation
TOMY COMPANY, LTD.
TOPCON CORPORATION
TOPPAN FORMS CO., LTD.
TOPPAN PRINTING CO., LTD.
TOPY INDUSTRIES, LIMITED
TORAY INDUSTRIES, INC.
Torishima Pump Mfg. Co., Ltd.
TOSHIBA CORPORATION
TOSOH CORPORATION
TOTO LTD.
TOYO CONSTRUCTION CO., LTD.
TOYO DENKI SEIZO K.K.
TOYO ENGINEERING CORPORATION
TOYO KANETSU K.K.
TOYOBO CO., LTD.
TOYODA GOSEI CO., LTD.
TOYOTA BOSHOKU CORPORATION
TOYOTA INDUSTRIES CORPORATION
TOYOTA TSUSHO CORPORATION
TS TECH CO., LTD.
TSUBAKIMOTO CHAIN CO.
TSUKISHIMA KIKAI CO., LTD.
TSUMURA & CO.
TWINBIRD CORPORATION
UACJ Corporation
Ube Industries, Ltd.
ULVAC, Inc.
UNI.CHARM CORPORATION
University of Tsukuba
USHIO INC.
UTSUNOMIYA UNIVERSITY
VITAL KSK HOLDINGS, INC.
WACOAL HOLDINGS CORP.
West Japan Railway Company
YAMADA HOLDINGS CO., LTD.
YAMAHA CORPORATION
Yamaha Motor Co., Ltd.
YAOKO CO., LTD.
YASKAWA Electric Corporation
YASUHARA CHEMICAL CO., LTD.
YKK AP Inc.
YKK Corporation
Yokogawa Electric Corporation
YOKOWO CO., LTD.
YOROZU CORPORATION
YOSHINOYA HOLDINGS CO., LTD.
YUASA TRADING CO., LTD.
Z Holdings Corporation
ZEON CORPORATION

Afterword

After experiencing the kind of change we only see once in a century, our world has changed significantly in this past year. These changes have revealed a wide range of contradictions, issues and vulnerabilities inherent in society, which may have caused both companies and individuals to reassess their own values.

This was also a year to reaffirm that integrated reports are a means of conveying a company's unique value. Initially, when thinking about the impact that the COVID-19 pandemic had on corporate performance, some observers expected that interest in ESG would decline. But we actually saw the opposite happen. Rapid social transformation made it even more clear that ESG management approaches, as well as intangible connections such as human capital and technology, have a major impact on corporate value. We think that one of the main concerns of corporate leaders will be how to handle the connection between raising corporate value and social issues, how this leads to decision-making and then how this leads to sustainable results.

The calls for a new reporting framework that have picked up so rapidly since September 2020 are a response to the need for communication between companies and investors in a society marked by a "new normal." We think that this will be a cornerstone supporting the progress of stakeholder capitalism.

We changed the survey methods and items included significantly since 2019, but this year we also had to change the very way we work. We all worked in separate places, held many online meetings, and shared our challenges and insights. As effective use of IT made our work progress smoothly, we realized one important point—our many years of experience with the survey have given each member deep insight into what integrated reports are and a steadfast conviction that integrated reports lead to corporate value.

Preparing the 2020 reports was no doubt a difficult task for all companies. However, in this survey, we came across narratives that revealed management's sincere, straightforward aspiration to be frank with their stakeholders. We think this demonstrates one possibility of integrated reports in an increasingly uncertain time.

We hope that this survey will be used by many people and lead to dialogue in a wide range of places and formats.

March 2021

KPMG Japan
Corporate Governance Center of Excellence
Integrated Reporting Task Force

Survey Team

Yoshiko Shibasaka	Tomokazu Sekiguchi	Sakurako Ohtsuki	Kiyoo Kamiyama	Koichiro Kuramochi
Koichiro Saio	Teruya Saruta	Kyoichi Seishi	Norie Takahashi	Shohei Takiura
Hiromasa Niinaya	Takatomi Yoshida	Yasuhiro Oshima	Satoko Tsukimine	Sumika Hashimoto
Katsunao Hikiba	Takashi Munakata	Keiko Kodama	Mariko Hagihara	Kumiko Hara
Shunta Hosogi	Tomonori Yoshida	Shotaro Kanatani	Hiroki Chihara	Kaoru Mamiya
Yuki Ito	Research Team, Knowledge Center			

Support members

Shunji Kato	Daisuke Tsuchiya	Chikako Motoda	Shoko Watanabe	Kaori Kobayashi
Ayako Nagano				

KPMG IMPACT

KPMG IMPACT brings together an experienced network of professionals from across the globe to deliver industry leading practices, research and trusted client solutions to address the biggest issues facing our planet, having a real and positive impact today and for our collective future.

Through KPMG IMPACT, we aim to deliver growth with purpose. We unite the best of KPMG to help our clients fulfil their purpose and deliver against the Sustainable Development Goals (SDGs), so all our communities can thrive and prosper.

https://home.kpmg/xx/en/home/insights/2020/06/kpmg-impact.html

KPMG Japan Corporate Governance Center of Excellence (CoE) Integrated Reporting Task Force

In response to the growing demand for the better business reporting, KPMG Japan Integrated Reporting CoE was established in 2012 by professionals across member firms of KPMG in Japan to conduct research and disseminate information on integrated reporting.

In order to further strengthen the dissemination of information in the ESG domain under the VUCA environment, in July 2020, we merged with the Corporate Governance Center of Excellence (CoE) and continue our activities as the Integrated Reporting Task Force under the new Corporate Governance Center of Excellence (CoE).

Making full use of KPMG's research expertise in corporate reporting and its practical experience, the Task Force seeks to contribute to the reliability and transparency of capital markets and support better communication between companies and capital markets by contributing to the advancement of corporate reporting.

Our website

The KPMG Japan Integrated Reporting Website contains recent trends, commentary, and seminar information and others.

KPMG Japan Integrated Reporting website **home.kpmg/jp/integrated-reporting**

Email Magazine

The KPMG Japan Integrated Reporting Email Magazine reports in a timely manner on recent trends, commentary, and seminars information related to integrated reporting (in Japanese only).

If you would like to receive the email magazine, please subscribe from the page below.

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KPMG Japan
Corporate Governance Center of Excellence
Integrated Reporting Task Force

+81-3-3548-5106
integrated-reporting@jp.kpmg.com

home.kpmg/jp/integrated-reporting

home.kpmg/jp/socialmedia