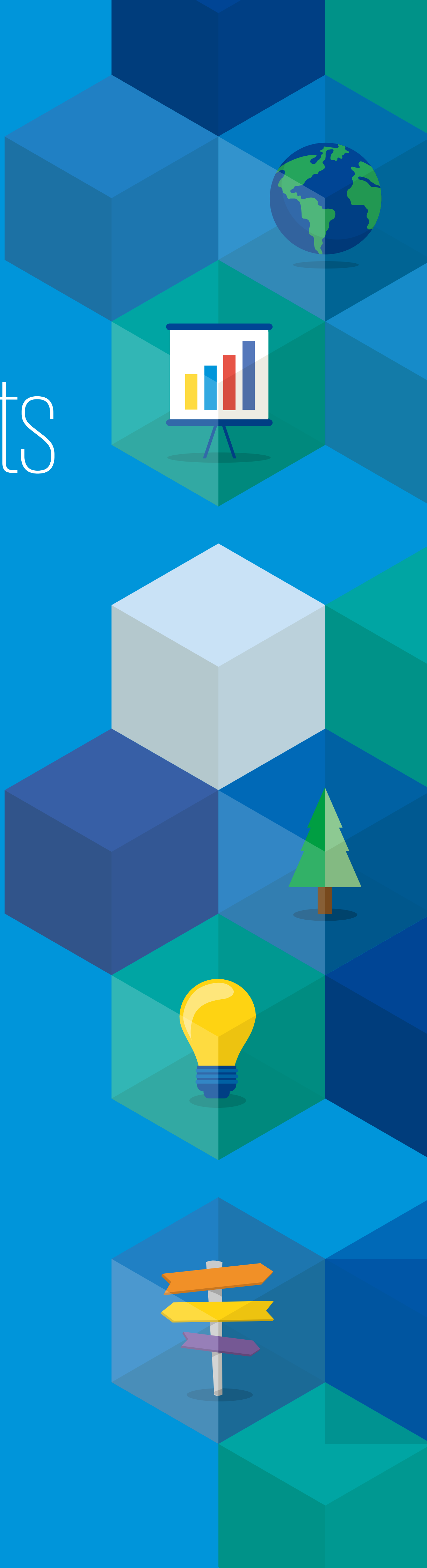
KPMG

Survey of Integrated Reports in Japan 2018

Integrated Reporting Center of Excellence
KPMG in Japan



March 2019

home.kpmg/jp

Message from global thought leaders

In this, the fifth year this survey report has been issued, KPMG has solicited the observations of thought leaders on corporate reporting.

Japanese businesses pride themselves on a longer-term focus compared to the rest of the world, where prioritizing short-term gains has too often become the norm.

Focusing on long-term value creation and taking into account all of the resources an organization uses is the sustainable, profitable, and proven way to manage a business.

Many Japanese businesses are just beginning to implement integrated thinking and reporting. The findings in this report show that senior management must take ownership to spread integrated thinking in their businesses – not just in accounting but in strategy, operations, marketing, and the rest of the company as well.

This report makes me optimistic and excited for Japanese business leaders as they strive to think, act, and communicate in an integrated and sustainable way.

— Dominic Barton

International Integrated Reporting Council, Chairman

Integrated Reporting improves communication between companies and investors and where most effective, sets the stage for enhanced corporate value creation over the mid to long-term. Investors desire integrated reports which provide comprehensive information disclosure useful for making investment decisions.

The International Corporate Governance Network (ICGN) has encouraged integrated reporting for many years. In 2015, ICGN' s Disclosure and Transparency Committee released Guidance on Integrated Business Reporting. The Guidance amplifies that strategic decisions should be based on factors that are broader than those reflected in the financial statements. ICGN' s current policy guidance states that, "Companies should provide for the integrated representation of operational, financial, human capital management practices, environmental, social, and governance performance in terms of both financial and non-financial results in order to offer investors better information for assessing risk. Companies should provide an integrated report that puts historical performance into context, and portrays the risks, opportunities and prospects for the future, helping shareowners understand a company' s strategic objectives and its progress towards meeting them."

There are numerous benefits to integrated reporting including, 1) companies articulate, with greater clarity, their business strategies and the resilience of their business models to changes in market expectations and requirements, 2) clearer picture of how the strategies, governance, performance, and vision of the company are linked with each other, and 3) enables investors to have a better assessment of the short, medium, and long-term effects of risks and opportunities that are considered material.

We applaud Japan' s leadership in encouraging listed companies to disclose their value creation stories through integrated reporting.

It has been exciting to see strong progress in the adoption of integrated reporting in Japan as well as enhancements in the quality of integrated reports. We hope to see the positive aspects spread to the rest of the global market.

— James Andrus

International Corporate Governance Network,
Disclosure and Transparency committee

Introduction

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

The first step in the integrated reporting process is for corporate leaders to take another deep, comprehensive look at their own organization. They need to get a birds-eye view of its history thus far, its current situation, and the vision for the future. This view, in turn, enables them to share the value creation story with the people who will help to bring it to life, support the efforts of those individuals to sincerely fulfill their roles and act responsibly, and become a leader who leads by example.

Integrated thinking is essential in integrated reporting. The scope of integration is not limited to one's own organization. In some cases, it is necessary to engage with stakeholders who hold opposing viewpoints. Society faces complex crises, but the process of reaching a shared consensus on how to build a sustainable world is underway. This means that companies must take a long-term perspective, raise the value they add, and return both tangible and intangible benefits to society.

We believe that the effort of integrated reporting helps companies translate the various issues they face into improvements in medium- and long-term value.
KPMG Japan will continue to contribute to companies' efforts to address these issues in order to fulfill our purpose, "Inspire Confidence, Empower Change."

I hope this report will be useful to everyone who is striving to rise to the challenge of today's complex world.

Lead partner,
KPMG Japan
Integrated Reporting Center of Excellence
Toshihiro Otsuka

Contents

About the survey

Purpose and background

Understanding of the necessity for constructive dialogue between companies and investors is on the increase, as reflected in both policies and discussions, including the revision of Japan's Corporate Governance Code in June 2018.

Over the five years since 2014, KPMG Japan Integrated Reporting Center of Excellence (CoE) has continually studied the disclosure trends of Japanese companies that prepare integrated reports, which would help to facilitate this kind of dialogue.

To help ensure that the voluntary efforts of companies that issue integrated reports actually help to raise value by enhancing dialogue between companies and their stakeholders, including investors, thereby increasing the competitive edge of Japanese companies, it is worthwhile to look at the existing situation and highlight some achievements and challenges.

Thus, we decided to continue to survey integrated reports, targeting reports issued in 2018.

Scope

A broadly agreed set of strict requirements for integrated reporting does not yet exist.

Therefore, KPMG used the List of Japanese Companies Issuing Self-Declared Integrated Reports in 2018, which is issued by the Corporate Value Reporting Lab. This year, KPMG surveyed and analyzed the reports of all 414 companies on that list.

Please note that past comparative data in this survey is based on the number of companies issuing reports at the time of each survey. 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)
2014: 142 companies
2015: 205 companies
2016: 279 companies
2017: 341 companies

Methodology

Survey items were selected taking into account the content element that is expected in integrated reports and its significance for investors, who are assumed to be the primary readers.

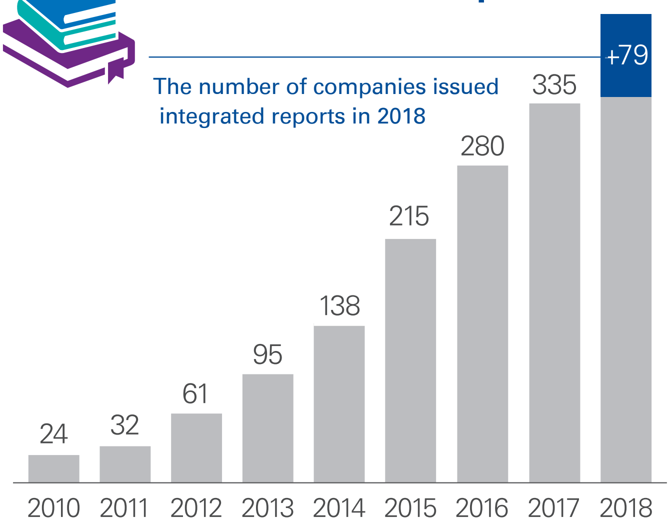
For this year's survey, after the entire research team involved in the survey determined the report evaluation criteria, multiple researchers responsible for each area checked each company's report.

Thereafter, the entire research team discussed, summarized and compiled the results of the analysis and recommendations

About the Issuing Companies

414 companies

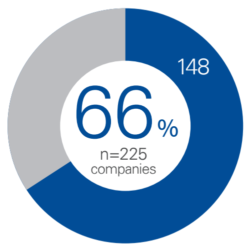
The number of companies issued integrated reports in 2018



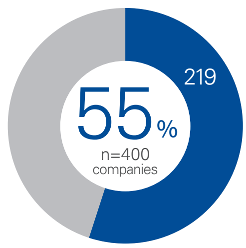
Source: "List of Japanese Companies Issuing Integrated Reports," Corporate Value Reporting Lab

Index attributes of issuing companies

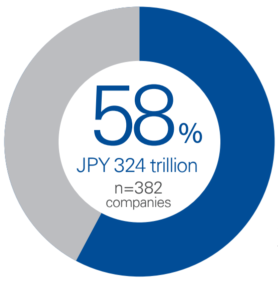
Nikkei 225 component percentage



JPX Nikkei 400 component percentage



Percentage in total market capitalization(TSE)



n=JPY 562 trillion
(2,128 companies listed on the First Section of the Tokyo Stock Exchange)
* As of December 31, 2018

List of Japanese Companies Issuing Integrated Reports p.25 >

Key Recommendations

- Three recommendations for communicating more robust value creation story

For improving the quality of integrated reports

1 "Communicate the value creation story of the management and board"

When integrated reports began to emerge on the scene, simply issuing one was enough to set a company apart for its proactive stance on information disclosure. Over the past few years, however, more and more companies have been issuing integrated reports as the demand for constructive dialogue with stakeholders grows. Today, an integrated report has no value unless it conveys the value creation story that reflects the thinking of management and the board. The efforts of the team putting the actual report together alone are not enough to communicate the value creation p.19 Governance 1story sufficiently. An integrated report should be a vehicle for conveying the value creation story that results when management and board take responsibility for thinking deeply about social and corporate sustainability.

Related surveys

p.08 Integrated Thinking 3
"Clearly demonstrate the involvement and commitment of top management"

p.11 Materiality 2
"Indicate the process for materiality assessment included in the management system"

p.13 Risks and Opportunities 2
"Show major risks of concern to management"

p.19 Governance 1
"Explain governance to corroborate feasibility of value creation and encourage trust among readers"

2 "Detail how management is driven by integrated thinking, don't be manipulated by buzzwords"

Corporate leaders are being asked to consider environmental, social, and governance (ESG) performance, the UN Sustainable Development Goals (SDGs), and other targets. But simply lining up relevant keywords in an integrated report has nothing to do with value creation. The first step in integrated reporting is to practice management driven by integrated thinking. Companies have purposes and objectives that they value. Many Japanese companies profess an aspiration to give back to society through their business and create both economic and social value. So what kind of value must be created to achieve this, what kind of capital should be used, and how and for what purpose? Answers to these questions must be conveyed logically and succinctly without getting caught up in buzzwords.

p.07 Integrated Thinking 1
"List not only the elements required by the framework, but also provide adequate evidence of integrated thinking"

p.08 Integrated Thinking 2
"Reflect integrated thinking not only in diagrams and keywords, but also in the explanation of "connections""

p.09 Value Creation 1
"Explain the company's unique value creation process"

p.11 Materiality 1
"Address issues with a high degree of influence on corporate value "

For facilitating readers' comprehension

3 "Detail current conditions and state of progress based on the value creation story"

Integrated reports are a medium for communicating a medium- and long-term value creation story. However, even if a long-term vision is presented, it is difficult for the reader to understand if the steps for achieving it are not specified. Do the various initiatives, achievements and governance mechanisms presented in the integrated report serve as an explanation linked to the value creation story? Instead of simply laying out the rationale behind forecasts based on achievements thus far, what is really needed is "backcasting" from the long-term vision. Ideally, the steps leading to value creation are conveyed by presenting and explaining indicators that illustrate the extent to which the strategy has been achieved, the financial strategy, and the governance system which is the foundation for value creation.

p.12 Materiality 3
"Adequately explain the specified material issues"

p.14 Risks and Opportunities 3
Reflect risks and opportunities discovered through materiality assessment in strategy

p.15 Financial Strategy 1
"Explain the allocation and cycle of financial capital and lay out the trajectory for achieving the value creation story"

p.17 Key Performance Indicators 1
"Include KPIs related to strategy for creating value"

p.19 Governance 2
"Rationally explain how the governance system and the composition of board of directors"

p.20 Governance 3
"Improve transparency of the process for enhancing board effectiveness to earn trust"

Key Findings

Integrated Thinking

Integrated Thinking p.07 >

Integrated thinking refers to the inclusive consideration of the interaction between the elements that affect the ability to create value for a long-term. KPMG identified seven elements that should be considered in the integrated thinking process, but no more than 50% of reports considered “impact that social and environmental outcomes have on economic value” and “specific strategic objectives related to social and environmental outcomes.”
The minimal references to the relationship between economic value and social value and strategic objectives related to social and environmental outcomes made us conjecture that integration of business strategy and sustainability strategy is still in the initial stages.
At the same time, many reports explain the relationship between various elements and the value creation story (including the relationship between different elements), and there were efforts to improve ease of understanding by providing diagrams of business models, as well as to explain the thinking behind the value creation story. However, if integrated thinking had been practiced, the content provided in the integrated reports would have been considered by management as well. Only 1% of companies included a statement from corporate leaders attesting to the validity of the integrated report. KPMG believes such statements would demonstrate that management actualities are based on integrated thinking.

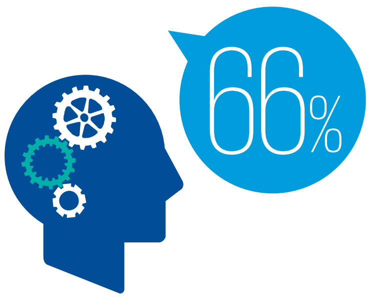
Companies explaining the impact that social and environmental outcomes has on economic value

Value Creation

Value creation p.09 >

Every year more companies provide explanations of the value creation process using the diagram, with the percentage reaching 66% in this survey. However, if we think about integrated reports as a medium for explaining the value creation process and the progress made in this process, then 66% is not a particularly high percentage. As long as a company is issuing an integrated report, it should provide an adequate explanation of this value creation process.
Many companies refer to the diagram illustrating the IIRC Framework when creating their value creation process diagram. However, it is not enough for a company to simply refer to the IIRC framework and then plug in their chosen keywords. When their business environment differs, even companies in the same industry and business will be different not only in terms of the capital they have invested, but their strategies and approaches to risk and opportunities.
The value creation process should be more unique, highlighting the differences with other companies. The value creation process must explain the flow from the input, business activity and its output, and the outcome both within and outside of the organization. However, very few companies clearly define this kind of cycle.

Companies including a value creation process diagram

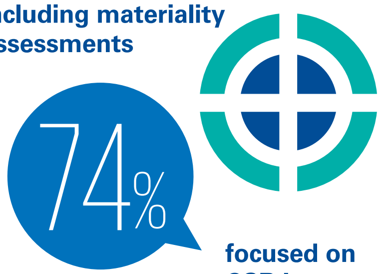


Materiality

Materiality p.11 >

The number of companies that provide a materiality assessment in their integrated reports is increasing year by year, and has now reached 36%. Matters that have a material impact on corporate value (material issues) should be discussed in an integrated report, but a high 74% of the companies who included a materiality assessment focused on CSR issues instead.
Many of the companies that include materiality assessments also explain the evaluation process. Of those companies that carried out a materiality assessment for overall corporate value, only 34% specified that management was involved. Many companies did not appropriately incorporate materiality assessments into the management system, which suggests that this process and the results are not adequately expressed. Companies need to confirm that material issues, which have a significant effect on a company’s value, are the starting point for the value creation story in the integrated report, and reconsider the role of the materiality assessment.

Among companies including materiality assessments



focused on CSR items

Risks and opportunities

Risks and opportunities p.13 >

The number of companies reporting on risks and opportunities was up from the previous year. Explanation of unique risks and opportunities faced by individual companies was also up. This indicates a more proactive stance in the companies. However, many companies still fail to specify the timeframe in which they are considering risks and opportunities.
Specifically, there was a trend in which specific risks, such as cyber security threats and climate change, likely to occur in the medium to long term and would have a significant impact, are mentioned in the integrated report, reflecting managements' concerns. At the same time, some companies are simply copy and paste the explanations of risks from securities reports, such as operational risks.
Risks and opportunities are related to issues identified in the materiality assessment, and companies should consider how to address these and then reflect the results in its strategy. However, only 11% of companies explain risks and opportunities with a clear connection to material assessment results and their strategies. Viewing risks and opportunities as related to the results of the materiality assessment and strategies is absolutely essential when discussing value creation overall

Companies explaining risks and opportunities with a clear connection to material assessment results and their strategies

11%

Financial Strategy

Financial Strategy p.15 >

The number of companies reporting on risks and opportunities was up from the previous year. Explanation of unique risks and opportunities faced by individual companies was also up. This indicates a more proactive stance in the companies. However, many companies still fail to specify the timeframe in which they are considering risks and opportunities.
Specifically, there was a trend in which specific risks, such as cyber security threats and climate change, likely to occur in the medium to long term and would have a significant impact, are mentioned in the integrated report, reflecting managements' concerns. At the same time, some companies are simply copy and paste the explanations of risks from securities reports, such as operational risks.
Risks and opportunities are related to issues identified in the materiality assessment, and companies should consider how to address these and then reflect the results in its strategy. However, only 11% of companies explain risks and opportunities with a clear connection to material assessment results and their strategies. Viewing risks and opportunities as related to the results of the materiality assessment and strategies is absolutely essential when discussing value creation overall

Companies addressing all of the elements in the financial capital cycle

23%

Key Performance Indicators

Key Performance Indicators p.17 >

In looking at KPIs, KPMG started with the premise that KPIs related to the value creation story and the strategies would be covered in the highlights section of the report. Based on this assumption, we then surveyed whether companies included outlook and targets of KPIs together with their results in the highlight section. Only 6% of companies had done so. Presentation of results together with targets and forecasts is expected as a part of explanations on KPIs in an integrated report, as this facilitates a quantitative discussion of the extent to which the strategies have been achieved and the progress made.
A high percentage of companies disclose financial KPIs related to shareholder returns and capital efficiency in the highlights sections, but few companies provide information on fundraising and investments. Although the number of financial KPIs is on the decline, financial KPIs are increasingly important for determining whether a measure is feasible and makes sense financially.
Since KPMG began carrying out this survey in 2014, the percentage of non-financial KPIs in the highlights section has continued to increase, reaching 38% in this survey. This illustrates companies' ongoing determination to augment non-financial KPIs.

Companies providing additional explanations of KPI achievements and objectives

6%

Governance

Governance p.19 >

Unlike corporate governance reports that are essentially required by the regulation, integrated reports are expected to explain the relationship between governance and the company's aspiration to create value. In other words, the content should convince the reader that the strategy can be implemented and that medium- and long-term results can be achieved.
One way of doing this is to include a message from the chair of the board, but only 9% of reports do so. The chair of the board, who is responsible for corporate governance, clearly plays a crucial role in building a strong governance system and improving its effectiveness. Improving the reliability of report content is essential in ensuring the effective use of integrated reports in dialogue with investors and other stakeholders who have an influence on the company. A message from the chair of the board is very significant in this sense.
A substantial increase in the number of companies providing the rationale for the corporate governance system they have selected was seen. However, only a few companies explain the reasons for appointing directors or the skills and experience required of a director. KPMG believes that matters such as training on future executives that have a substantial impact on corporate value from a long-term perspective should be explained in terms of their connection to other issues.

Companies including a message from the chairman of the board

9%

Integrated Thinking

Survey on integrated thinking

Over the past few years, companies have become increasingly aware of the impact that social and environmental problems could have on their ability to create value. There are also higher expectations for the roles that companies should play in resolving social issues, and at the same time, awareness in the corporate sector is also changing. The high level of attention given to the Sustainable Development Goals (SDGs) and the disclosure of climate-related financial information, as advocated by the Task Force on Climate-related Financial Disclosure (TCFD) testify to this. Progress in engaging with integrated reports is further evidence of this.

The preface of the International Integrated Reporting Council (IIRC) Framework states that “integrated reporting aims to support integrated thinking.” This is based on the conviction that integrated thinking takes into account the connectivity and interdependencies between the range of factors that affect an organization’s ability to create value over time and leads to stability in the financial system and sustainability for companies and society. It indicates the need for companies to iterate the process of integrated thinking and integrated reporting in an uncertain business environment as they aim to create value while making difficult decisions.

KMPG analyzed integrated reports from the following perspectives to determine the extent to which integrated thinking permeated the report.

To what extent are the seven elements that KPMG believes should be considered in practicing integrated thinking apparent in the integrated report?

Is the content detailed in the integrated report actually considered in managing the company?

The message from the top management, the strategy section, and the value creation section were included in the scope of this part of the survey, based on the hypothesis that these sections would be most revealing since integrated thinking is long term and panoramic.

1 Provide adequate evidence of integrated thinking

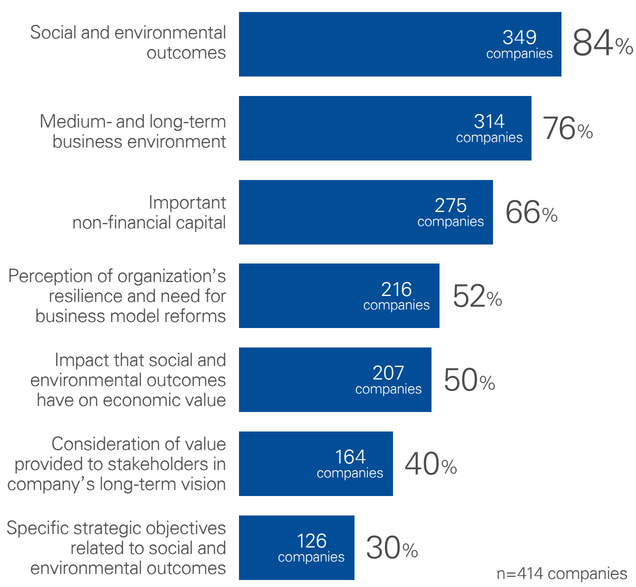
As shown in Figure 1-1, KPMG surveyed the integrated reports to determine whether the seven elements KPMG believe needed in integrated thinking were mentioned. Five elements, including social and environmental outcomes, were referred to in more than half of the reports. This showed that progress has been made in instilling consideration of the input, output and outcomes—an element of the “business model” advocated by the IIRC Framework.

However, only half of the reports explained the impact that social and environmental outcomes would have on economic value, and a mere 30% of reports included specific strategic targets for social and environmental outcome (Figure 1-1). There were few references to the correlation between economic value and social value and to strategic objectives related to social and environmental outcomes, which suggests that integration of business strategies and sustainability strategies is still at the initial stage.

Sustainable value creation rests on the premise that even deeper integrated thinking will integrate business strategies and sustainability strategies and the pursuit of social and environmental outcomes will lead to economic rationality. An explanation of the relationship between economic value and social value and a description of the specific strategic objectives for social and environmental outcomes should convince readers of the company’s capacity to survive for the long term.

Figure 1-1

Explanation of elements considered in integrated thinking



2 Reflect integrated thinking in the explanation of "connections"

KPMG took this further and surveyed five of the seven elements of integrated thinking that it believes require an explanation of the connection between that element and the ability to create value. These results showed that, when reading the message from top management, the section on strategies and the section on value creation together, many reports included some sort of explanation of the connection between these elements and the value creation story (including the relationship between each of these elements; Figure 1-2).

More reports included business model diagrams and diagrams of their value creation process, and in many cases these five elements were listed in the diagram. The reader can obtain a better understanding of the value creation story and recognize that the company is practicing the integrated thinking that lies at its foundation when the correlation with value creation and the connection between elements is explained, instead of merely listing these elements as keywords in the diagram.

Greater progress in integrating the business strategy and sustainability strategy and clarifying the connections with the value creation elements will make the value creation story that reflects integrated thinking more persuasive and firm. When the company provides this information, relationships with readers can be deepened as the company receives feedback from readers, and together, the parties reach a consensus view.

3 Clearly demonstrate the involvement and commitment of top management

A statement from corporate leaders attesting to the validity of the report helps the reader to determine whether what is presented in the integrated report based on integrated thinking is considered in management decisions of the company. KPMG's survey of this found that only 1% of reports had such statements (Figure 1-3).

This suggests that management was not proactively involved in preparing the integrated report. This makes it difficult for the reader to determine whether the social and environmental considerations explained in the integrated report are taken into account in business activities and whether they are given appropriate priority in management's decision-making on resource allocation. The surveys of risks and opportunities and materiality, discussed later, also raise the concern that management is not really actively involved.

Integrated reports are a medium for reporting on management driven by integrated thinking. KPMG believes that repeating the process by which management conditions are reported in an integrated report at the responsibility of the person in charge of governance can earn the accord of those within and outside of the organization and can help achieve its value creation story. This process will be effective if top management is more actively involved. A statement on the appropriateness of the integrated report is one way to indicate the actual status of management driven by integrated thinking, and to ensure that companies fulfill their disclosure responsibilities truly and raise reliability.

Figure 1-2

Explanation of the correlation with the value creation story

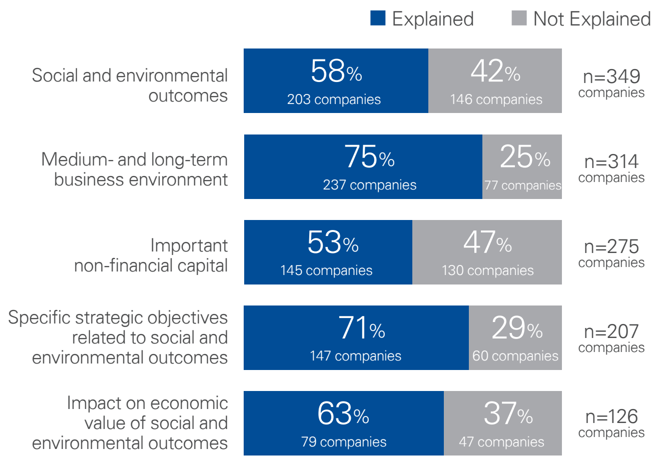
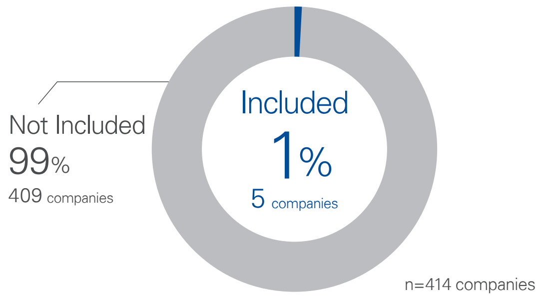


Figure 1-3

Statement from corporate leaders attesting to validity of integrated report



Value Creation

The explanation of the value creation process succinctly conveys how the company invests and converts diverse forms of capital to generate products and services, what outcomes this results in, and who the outcomes benefit. The outcomes resulting from value creation are in turn used for further value creation, using the company's financial and non-financial capital.
KPMG focused its survey on the cycle of this value creation process.

1 Explain the company's unique value creation process

More companies are providing a diagram of the value creation process, reaching 66% overall in 2018 (Figure 2-1). However, given that the integrated report is a medium for explaining the value creation process and its progress, 66% is not high enough. When issuing an integrated report, adequate explanations of the value creation process should be provided.

Many companies reference the IIRC Framework when they create a diagram of the value creation process. The IIRC Framework is an effective method of organizing value creation at one's own organization. However, it is not enough for a company to simply plug in certain keywords from the IIRC Framework. If the business environment differs, even companies in the same industry and business sector will input different capital and will also have different approaches to and strategies for risks and opportunities. The value creation process should be more unique, differentiating the company from others.

If the organization is united about what kind of value it creates and how it does so, and then explains that value creation process clearly in the integrated report, readers can be convinced of the feasibility of this value creation, the sustainability of the organization and its business, and the need for capital to be invested.

2 Explain value creation process in terms of a cycle

Companies should aware that the value creation process is a "cycle" so that it should explain a flow in which input, business activities and their output are transformed to outcomes within and outside the organization.

Of the 272 companies laying out the value creation process, 38% (103) described the input, output and outcomes for the organization and outside of the organization (Figure 2-2). Of these, 21% (22) of the companies explained how the input was transformed into output and outcomes (Figure 2-3).

For example, simply describing the input is not enough if there is no explanation of how it is transformed into outcomes and how it translates into value creation. Moreover, a description of outcomes should imply the impact resulting from the value provided, otherwise the company is not fulfilling its responsibilities as an entity making use of various and limited resources. This kind of information is needed to help readers understand the long-term perspective underlying a company's vision.

Figure 2-1
Inclusion of value creation process diagram

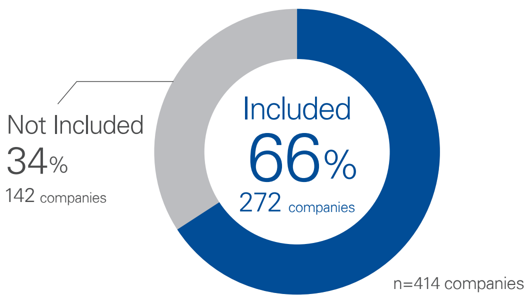


Figure 2-2
Input, output and outcomes

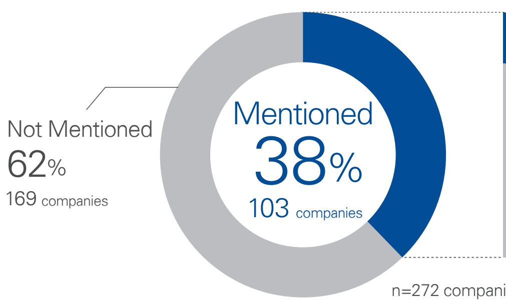
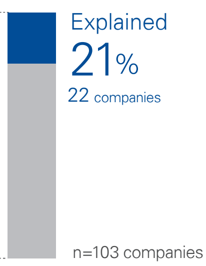


Figure 2-3
Explanation of transformation from input to outcome



SPOTLIGHT

Are companies beginning to take SDGs seriously?
- Observations based on the integrated report survey -

More companies are addressing the SDGs in integrated reports. This survey showed that 75% of companies issuing integrated reports (312) mentioned SDGs in some way. The IIRC Framework requires that companies tell their value creation story in terms of value defined as “value created for the organization” and “value created for others.” In that sense, explanations that are conscious of the SDGs, which are goals to realize a sustainable world, are in line with the approach to integrated reports.

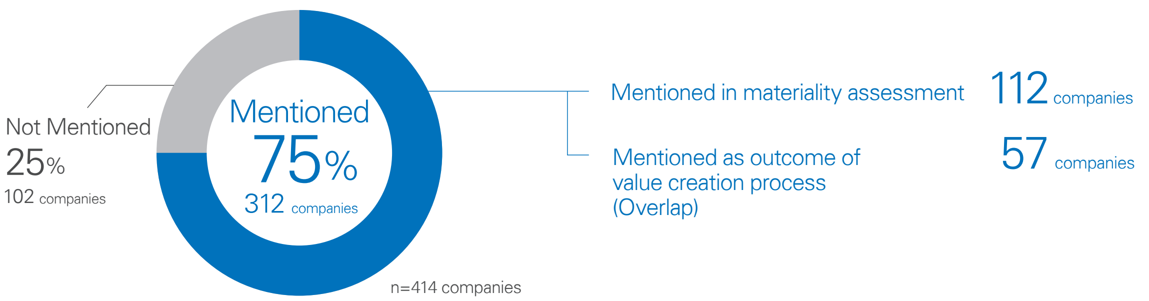
When companies describe their engagement with the SDGs in integrated reports, two perspectives are possible: the perspective when the company is identifying social issues that it can help solve, and the perspective when the company is considering social outcomes that should be achieved as part of its own value creation story. In this survey, KPMG looked at this as an expression of the status of the SDGs in the materiality assessment in the case of the former and in the value creation process diagram in the case of the latter.

First, of the 149 companies providing a materiality assessment, 112 companies referred to the connection to the SDGs. However, KPMG surmises that this was because many companies carry out materiality assessments from a CSR perspective. Given that materiality assessments are the starting point in the value creation story, the correlation to the achievement of the SDGs should be positioned within the materiality assessment for overall corporate value.

Next, the survey found that only 57 companies brought up the SDGs with a connection to outcomes in the value creation process. The SDGs are goals with a 2030 target date. KPMG believe that the SDGs can naturally be equated with the value that companies create—in other words, the social outcome—and connected to the value creation process.

Integrated reports should explain not only the value creation story, but should also include an explanation from management on the progress made on achieving this story (achievements and forecasts). When the SDGs are utilized to help management identify the issues that the company can help solve, seen as an outcome of the value creation story, fed into specific targets—and the integrated report then explains the progress made on achieving these targets—it is clear that companies are truly engaging with the SDGs.

Mention of SDGs



Materiality

KPMG carried out this survey with the recognition that the concept of materiality has not fully penetrated companies' value creation, then examined the significance of assessing materiality from the perspective of companies' value creation, and considered what should be explained in the integrated report.

1 Address issues with a high degree of influence on corporate value

Upon examining what the 149 companies mentioning materiality assessments (Figure 3-1) actually covered in their assessments, it was found that 111 companies (74% of the 149 companies) specified the importance only of issues needed to select the scope of CSR activities (Figure 3-2). While selecting the scope of CSR activities that make the most of a companies' key characteristics is significant in terms of fulfilling social responsibilities, integrated reports should discuss issues that have a high degree of impact on corporate value (material issues), and items related to management overall should be covered in the materiality assessment.

When reviewing material issues, more than half of companies considered stakeholder interests and impact (Figure 3-3). However, the integrated reports did not indicate any awareness of stakeholders' different interests depending on their attributes and the impact on corporate value. Moreover, no companies considered the impact on corporate value, such as the impact on value and the probability of occurrence and timeframe. Companies should recognize that material issues that have a major impact on corporate value are the starting point for illustrating the value creation story in the integrated report, and reconsider the role of materiality assessments.

2 Indicate the process for materiality assessment as a part of the management system

Companies must assign priorities in allocating limited management resources to the activities that are essential to achieving medium- and long-term growth. To this end, companies must identify activities that might have less impact on corporate value in the short term, but will have a significant impact in the medium and short term. The materiality assessments that should be explained in the integrated report represent exactly this kind of determination. Investors and other stakeholders are looking not only for assessment results, but also for indications that this decision is being reflected appropriately in the company's management system with involvement from corporate leaders.

Many of the companies describing materiality assessments explained the assessment process (Figure 3-4). Of the companies carrying out materiality assessments for overall corporate value, 34% (13) specified that corporate leaders were involved (Figure 3-5). Many companies do not appropriately incorporate their materiality assessments in their management systems, and, thus, the process and results of the assessment are not adequately explained

The materiality assessment is not for the integrated report. Together with the formulation of a long-term vision and medium-term management plan, it must be included in the company's management system.

Figure 3-1

Materiality assessment

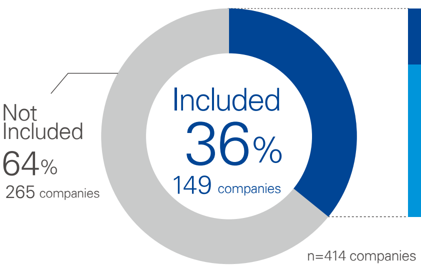


Figure 3-2

Target of materiality assessment

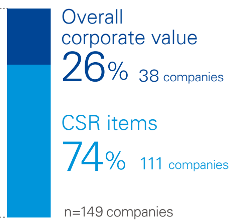


Figure 3-3

Matters considered in review of material issues

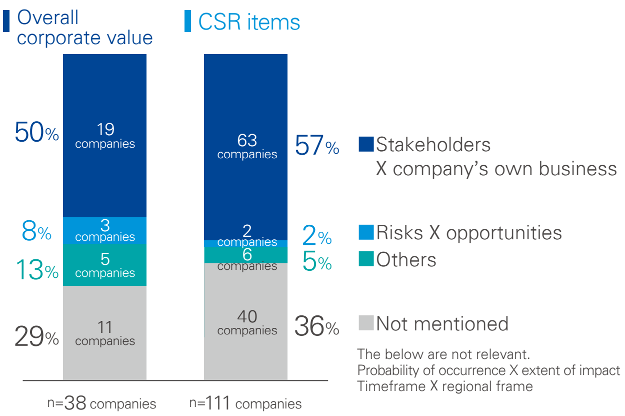


Figure 3-4

Explanation of materiality assessment process

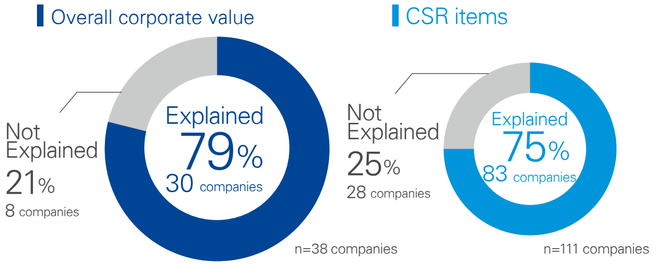
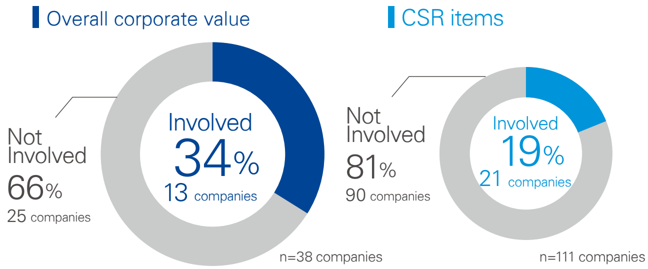


Figure 3-5

Management involvement in the materiality assessment process



3 Adequately explain the specified material issues

Integrated reports should provide a succinct explanation of a company's medium- and long-term value creation, ideally providing just the right amount of information to help the reader make decisions. Material issues specified by companies are the starting point for the medium- and long-term value creation story. The results of materiality assessments should not simply amount to a list of material items, but should be positioned as the key components of the integrated report. In addition, the results should be explained to show how the related opportunities and risks are perceived and how they are dealt with in terms of the medium- and long-term strategies within the value creation story.

Of those companies identifying materiality, 6% (24) provided some kind of detailed explanation related to material issues in the integrated report. Of these, 63% (15) of the companies indicated where the details are provided (Figure 3-7).

Initiatives related to material issues with a major impact on corporate value, which is essential to the reader, should not only be adequately explained in details; efforts should also be made to let the reader know where these details may be found.

Figure 3-6

Detailed description of material issues

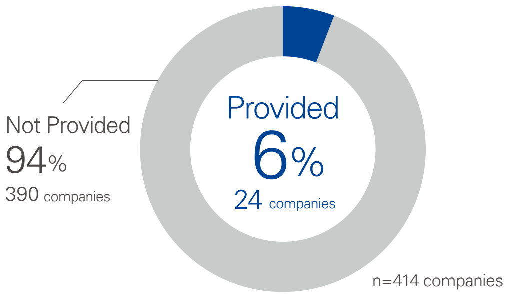
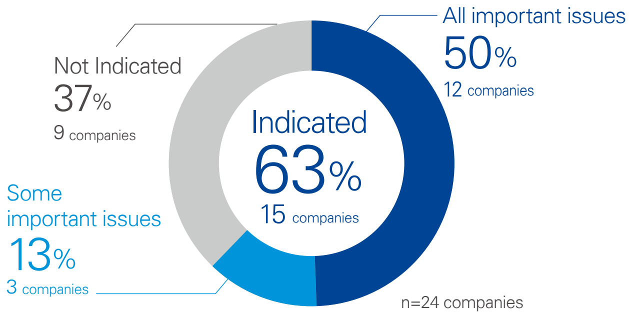


Figure 3-7

Indication of location (such as page number) of detailed description of material issues



SPOTLIGHT

Augmenting the narrative information of securities reports and the future of corporate reports

On March 19, 2019, the Financial Services Agency released the "Principles for the Disclosure of Narrative Information" (hereafter, "Principles" in response to the proposal in the Working Group on Corporate Disclosure's report, released by the Financial System Council on June 28, 2018.* This report was intended to augment disclosure in securities reports.

The Principles compile the thinking on ideal disclosure, the rationale behind it, and approaches to disclosure of narrative information, which focus on management policies and strategies, management discussion and analysis (MD&A), and information on risks. These sections in the securities report make it possible for investors to make appropriate investment decisions and lead to insightful, constructive dialogue between investors and companies.

The Principles were formulated because the explanations on management strategies in securities reports lacked specific descriptions of the medium- and long-term vision, many companies made no connection between MD&A and risk information, and management's thinking was not reflected.

For this reason, rather than boilerplate descriptions or descriptions imitating other companies' reports so often seen in conventional securities reports, companies should provide their own views reflecting the management strategies discussed in board meetings and management meetings. To achieve this, securities reports should not just be prepared by the persons in charge in cooperation with other departments—management should also be deeply involved and should take responsibility for considering the material to be disclosed.

Integrated reports, which are disclosed voluntarily, and securities reports, whose disclosure is mandated, are the same in that management should take responsibility for their issuance as corporate reports. For this reason, KPMG believe that experiences with integrated reports should be utilized in corporate reports overall and also used to help augment the content of securities reports. The time has come for a comprehensive reconsideration of how Japanese companies approach reporting so that deep and constructive dialogue between companies and investors can be ensured.

* The Principles shall be adopted by companies beginning with the fiscal year ending in March 2020.

Financial Service Agency website

For those browsing online, please click the QR code

Risks and Opportunities

Confirming risks and opportunities and explaining the response to them is an essential element in conveying the overall picture of value creation story. KPMG surveyed the depth of the content, with a focus on the timeframe considered for the risks and opportunities and the explanation of the relationship with the materiality assessment and strategies.

1 Explain risks and opportunities taking the timeframe into account

KPMG found that 85% of companies explained either risks or opportunities, up from 79% in the previous year. Of these, 30% explained both risks and opportunities, 54% explained only risks, and one company explained only opportunities (Figure 4-1). Compared to the previous surveys, the number of companies looking at both risks and opportunities has gradually increased year by year. Of those companies that explained both, 28 companies used SWOT analysis*1 or PEST analysis.*2 Normally, SWOT analysis and PEST analysis are widely used when devising strategies. Given this, companies might be reluctant to include this in an integrated report, but this indication that some companies use it in their integrated reports is an intriguing sign of their proactive stance about disclosing risks.

At the same time, 89% of companies did not specify their thoughts on the timeframe during which they expected risks and opportunities to occur (Figure 4-2). It is difficult to present a specific number of years. However, clarifying whether the timeframe is short, medium or long when management is deciding on risks and opportunities is valuable information for users in understanding the overall picture of future value creation.

*1. SWOT analysis: An analysis performed by dividing the internal environment into strengths and weaknesses and the external environment into opportunities and threats.
*2. PEST analysis: An analysis of the macro-environment from the perspectives of politics, the economy, society and technology.

Figure 4-1
Companies explaining risks and opportunities

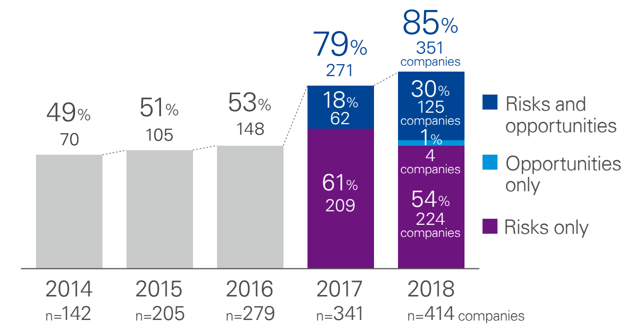
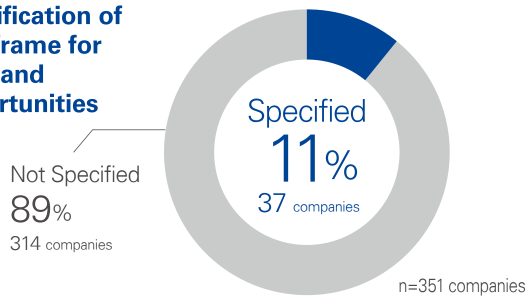


Figure 4-2
Specification of timeframe for risks and opportunities



2 Show major risks of concern to management

As in the previous survey, KPMG surveyed the divergence between the risks perceived by management in the 2018 Global CEO Survey*3 (hereafter, "CEO Survey") carried out by KPMG and the risks described in the integrated report, which are identified in this survey (Figure 4-3).

"Cyber security risk" and "environmental/climate change risk" were given the same ranking in both surveys. These risks are likely to occur in the medium to long term, and the extent of their impact is beginning to be recognized, and as a result these risks tend to be referred to in integrated reports, reflecting the managers' perception. At the same time, the rankings of "return to territorialism" and "operational risk" are reversed in both surveys. While integrated reports are a media issued on an annual basis , CEO surveys directly reflect the awareness of individual CEOs, which may have resulted in deviations. However, many of the risks described in the integrated report are still described in a similar way to their description in securities reports, which indicates that they are factors for management's views are not reflected in the integrated report.

Ideally, management should explain the risks that they are most concerned about in the integrated report. For example, some reports—albeit few—mention "a return to territorialism" as a factor in the business environment in their explanation of regional business strategy, and we expect that this kind of example will increase.

*3 KPMG International Global CEO Survey 2018
The survey covers 100 CEOs of Japanese companies.

Figure 4-3
Gap between integrated reports and CEOs in Japan

KPMG Japan Survey of Integrated Reports in Japan 2018	Risk weight	KPMG Global CEO Survey 2018 (Japan) Partial revision
Operational risk	1st	Return to territorialism
Cyber security risk	2nd	Cyber security risk
Environmental/ climate change risk	3th	Environmental/ climate change risk
Regulatory risk	4th	Emerging/disruptive technology risk
Interest rate risk	5th	Reputational/brand risk
Emerging/disruptive technology risk	6th	Interest rate risk
Supply chain risk	7th	Supply chain risk
Reputational/brand risk	8th	Human resources risk *7th place in same rank
Tax risk	9th	Regulatory risk
Return to territorialism	10th	Operational risk
Human resources risk	11th	Tax risk
n=351 companies		n=100 companies

3 Reflect risks and opportunities discovered through materiality assessment in strategy

Simply explaining risks and opportunities is not enough; rather, companies need to indicate how risks and opportunities are reflected in their strategies. However, of the 351 companies describing risks and opportunities, only 21% (75 companies) explained their relationship to strategies (Figure 4-4).

In addition, a further survey of the 149 companies that described materiality, according to the results of the materiality survey, found that only 11% (17) of companies explained how risks and opportunities are related to the materiality assessment and strategies (Figure 4-5).

Risks and opportunities should be those risks and opportunities related to the issues identified in a materiality analysis. Moreover, companies should consider how they will address these risks and opportunities and then reflect these results in their strategies. Interpreting risks and opportunities as linked with materiality assessment results and then strategy is essential when discussing the overall picture of value creation.

Figure 4-4

Relationship with strategy

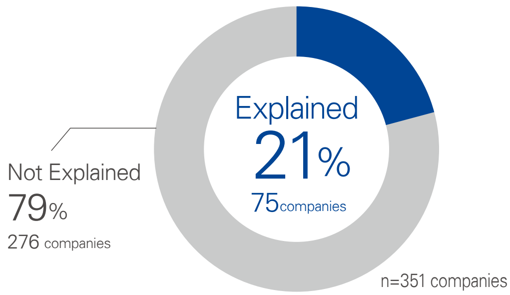
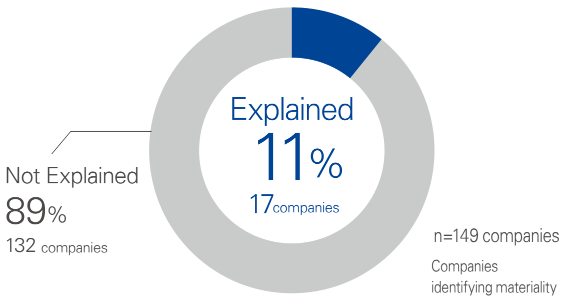


Figure 4-5

Relationship with materiality assessment and strategy



SPOTLIGHT

Disclosure of climate-related financial information

– Driver to improve the capacity to create value

The Task Force on Climate-related Financial Disclosure (TCFD) is a project established by the Financial Stability Board set up under the G20. The TCFD released its final report in June 2017 in the form of recommendations to disclose the climate-related financial information needed to make appropriate investment decisions, based on the severity of the impact that climate change risks would have on a company's finances.

The final report provides specific recommendations on the content that should be disclosed for four core elements in organizational management (Governance, Strategy, Risk Management, Metrics and Targets) so that readers can understand the potential financial impact that climate-related risks and opportunities could have on companies.

After the final report was released, many initiatives were carried out to spread these recommendations. According to the status report released by the TCFD in September 2018, many companies already disclose information in line with these recommendations (at least for one or more disclosure subjects). Future issues include reporting on the resilience of strategies under anticipated climate change scenarios and comprehensive reporting of the elements that cause climate change as overall risks in management. However, this is something that many companies have no experience with, and KPMG believes that it will take considerable time and effort before this is addressed.

Addressing TCFD recommendations should not be seen simply as a compliance issue. These recommendations were made with the understanding that climate change poses medium- and long-term financial risks that companies cannot ignore. They suggest that failure to address these risks could result in significant impairment of corporate value. Integrating strategies and risk management with climate-related elements through initiatives to disclose climate-related financial information is an activity aimed at enhancing value creation abilities on an ongoing basis for many companies. Going forward, KPMG believes that companies will come to understand that this issue is at the very foundation of sustainable management.

TCFD website

Final report (June 2017) Status report (September 2018)

For those browsing online, please click the QR code

Financial Strategy

In the previous survey, KPMG recommended that companies not only explain their business strategies, but also explain the financial strategies that ensure that these business strategies are viable. This is the key to conveying a solid value creation story in an integrated report.
This year, 181 integrated reports explained financial strategies, so KPMG carried out a more detailed survey of the descriptions of financial strategy.

1 Explain the allocation and cycle of financial capital and lay out the trajectory for achieving the value creation story

Explaining the financial strategy is critical because doing so demonstrates that the company has the financial capital needed to achieve its medium- and long-term value creation story. Allocation of financial capital based on a changing business environment is essential in pursuing business strategies. Companies should use the integrated report to describe their efforts to ensure the optimal balance with their financial capital cycle, encompassing fundraising, profit generation, cash allocation, growth investments and shareholder returns. They should explain how these efforts have led to improved cash flow, as well as their reasoning for this.

KPMG defines the elements of the financial capital cycle as funds (financing), investments, efficiency and dividends and surveyed 181 companies describing their financial strategy, and found that only 23% (42 companies) provided an exhaustive description using specific figures (Figure 5-1). Moreover, a review by element shows that most references had to do with dividends (Figure 5-2).

By cycling through financial capital with the optimal balance and laying out these elements adequately, companies can describe the trajectory leading them to achieve their value creation story.

2 Explain optimal capital costs as the starting point for dialogue

In order to maximize the cash flow essential to realizing their medium- to long-term value creation stories, companies strive to expand business scale and improve capital efficiency while maintaining an optimal financial capital structure.

ROE (return on equity) is the most typical indicator used to monitor capital efficiency. The KPMG survey was premised on the assumption that companies decide on an appropriate level of capital efficiency or set an ROE target as a milestone and then work to improve ROE in the medium to long term. The survey found that 69% of companies referred to ROE in their financial strategy. Of these, 68% noted both the target level and the actual level (Figure 5-3). Moreover, 44% of companies referred to capital costs, which are seen as a premise for calculating the target ROE. Of these, 13% of companies explained their assumed capital costs used in specific figures (Figure 5-4).

When noting an ROE target, explaining the optimal capital costs behind this figure, as well as the business environment on which this calculation is premised, helps the reader come to a better understanding.

Figure 5-1
Mentions all elements in financial capital cycle

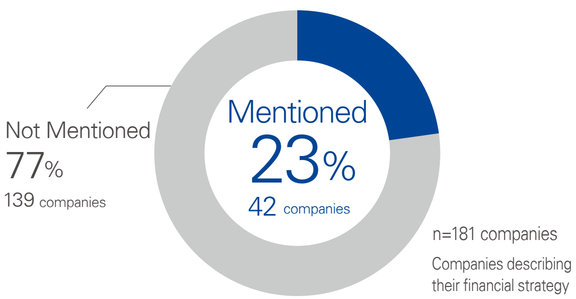


Figure 5-2
Mentioned by element in financial capital cycle

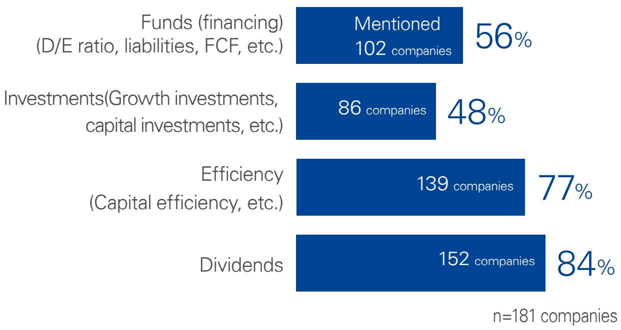


Figure 5-3
Mentions of ROE

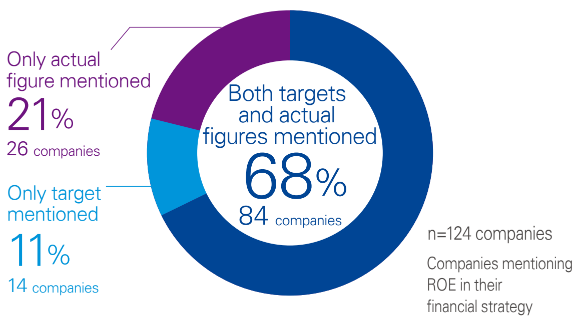
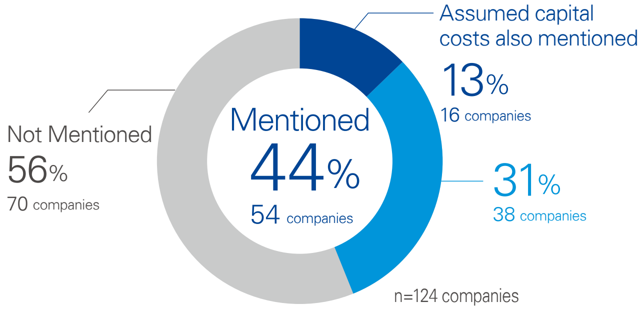


Figure 5-4
Mention of capital costs



3 In addition to initiatives to generate cash flow, chart its trajectory to improve capital efficiency

ROE, which is a typical indicator for capital efficiency, can be broken down into the following three elements.

ROE = Sales-profit ratio X total asset turnover X financial leverage
(Net income ÷ sales) (Sales ÷ total assets) (Total assets ÷ shareholders' equity)

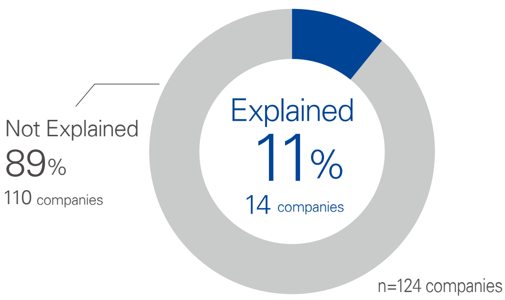
The survey found that 69% of companies referred to ROE in their financial strategies, but of these, only 11% of these companies broke down the elements making up ROE and explain their policies and initiatives to improve each element (Figure 5-5).

Fluctuations in the specific elements comprising ROE resulting from temporary increases in profit and reductions in capital do not lead to long-term improvements in corporate value. Efforts to raise ability to generate cash flow that are undertaken with a medium- to long-term perspective result in improvements in capital efficiency, and such efforts and policies should be explained in the integrated report. For example, in the section on financial strategies, some companies specified their target balance sheet and explained their policy for improving profit margins and inventory turnover rates individually to achieve this.

Ideally, the policies and initiatives aimed at efficiently and continually generating cash flow using diverse forms of capital as management resources would be discussed in the financial strategy section in a way that is specific and consistent with the business strategy and laid out so that the reader can see how it is connected to the value creation story.

Figure 5-5

Explanation of improvements for each element of ROE



SPOTLIGHT

Chief Value Officer
– New Role of CFO

Chief Value Officer: Accounts Can Save the Planet (Routledge, December 2016) was written by Dr. Mervyn King, an authority on corporate governance and corporate reporting from South Africa who worked to establish the IIRC. In this book, Dr. King makes the case for the need for a chief value officer (CVO) in a company's value creation, given new developments in the responsibilities of boards of directors and the start of a new era in corporate accounting.

In the era when corporate value was reflected in the balance sheet and its value in the market was determined by this information, financial value was the core value, and corporate value was decided by the way in which capital fluctuated over a specific period (usually one year).

However, the responsibilities of board directors are no longer limited to the activities of a single company and their scope. External factors that affect companies, such as the environment and society, are closely related to value creation, and this requires that they take a more comprehensive and long-term perspective.

Information used in decision-making now broadly includes elements such as the impact that the results of corporate activities have on society, the value that can be expected in the future, the company's ability to pursue strategies for sustainability, and its contributions to a sustainable society. The increase in ESG investment is one sign of this.

In these times, the CFO must identify the relationship which financial value and indicators have with the various factors that affecting a company's ability to raise value, understand this based on an integrated thinking and use this to help devise corporate strategies. Not all of this will be definite or quantitative information. However, going forward CFOs will be expected to act as CVOs, handling and analyzing a diverse range of information related to value creation and playing a central role in carrying out accurate evaluations.

Chief Value Officer

English	Japanese

For those browsing online, please click the QR code

Key Performance Indicators

In addition to qualitative explanations of the value creation story, companies should select and report key performance indicators (KPI) which demonstrate current conditions and results in their integrated reports by quantitatively examining the extent to which the story has been achieved and progressed. KPMG looked at the highlights sections to analyze KPI trends in terms of six capitals (financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital), and examined the connection to strategy.

1 Include KPIs related to strategy for creating value

Of companies issuing integrated reports, 89% include highlights sections. KPIs, chosen from companies' quantitative data, tend to be listed in the highlights section. KPMG carried out this survey on the premise that KPIs related to the value creation story and strategies are put together in the integrated report's highlights section, and found that only 6% companies include KPI results together with their outlook and targets (Figure 6-1). Presentation of results together with targets and outlook is the best way to disclose KPIs in an integrated report, as this facilitates a quantitative discussion of the extent to which the strategies have been achieved and the progress made.

In addition, as indicated by the trends for KPIs by capital (Figure 6-3), the percentage of non-financial KPIs is increasing. As the survey on integrated thinking showed, however, only 30% of companies include indicators related to outcomes for the environment and society in their strategic goals (Figure 1-1, page 7). This is partly because many of the non-financial KPIs shown in the highlights section are KPIs related to CSR activities. Non-financial KPIs connected to the strategies that will help companies achieve their value creation story should be included to give readers a better understanding.

2 Include financial KPIs related to financial strategy to bolster the feasibility of the value creation story

KPMG examined the extent to which the financial strategies explained in the integrated report and the financial KPIs laid out in the highlights sections are connected. Many of the indicators included in the financial strategy and laid out in the highlights section were related to efficiency (ROE, ROA, ROIC) and dividends, while few indicators were related to capital (financing) and investment (Figure 6-2).

In the value generated by companies, the impact of intangible capital such as human capital and intellectual capital is increasing. In reports, the non-financial KPIs provided are being augmented, and the financial KPIs are declining in relative terms (Figure 6-3). However, in the current business environment marked by high uncertainty, KPMG forecasts a growing need for reporting financial strategies, which help the reader to determine whether a measure is feasible and has a financial basis. Management should examine indicators related to the company's financial strategies and succinctly explain to readers results that bolster the feasibility of the company's value creation story and the financial KPIs that help to assess the future outlook, including terminology definitions in some cases.

Figure 6-1
Inclusion of highlights section compiling KPIs

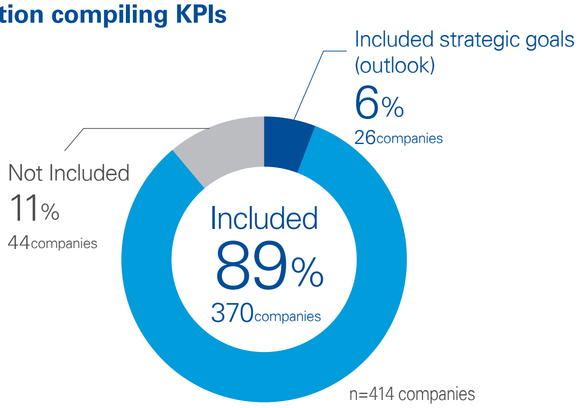
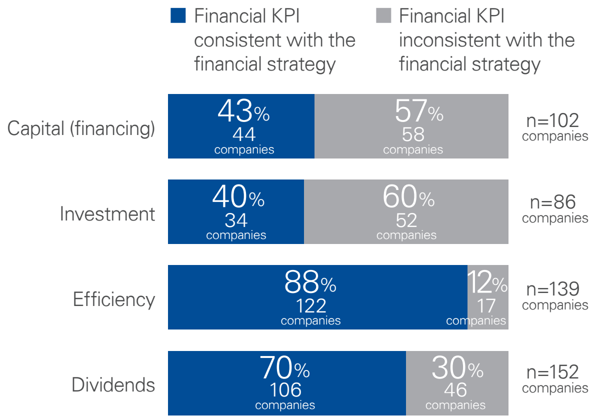


Figure 6-2
Percentage of companies disclosing KPIs consistent with the financial strategy



* Of the 181 companies describing their financial strategies, companies referring to the elements of their financial capital cycle were surveyed. Please refer to Financial Strategy on page 15 (Figure 5-2) for details.

3 Five-year KPI trends: Efforts to augment non-financial KPI

Of the KPIs in highlights sections, the percentage of non-financial KPIs has been steadily rising since 2014, when KPMG began carrying out this survey, reaching 38% in this year's survey (compared to 26% in fiscal 2014). These results demonstrate that companies continue to work to augment non-financial KPIs. In addition, if we look at the breakdown of non-financial KPIs, we find that human KPIs and nature KPIs have been augmented, accounting for 16% (10% in fiscal 2014) and 12% (7% in fiscal 2014), respectively (Figure 6-3).

KPMG did not observe any significant changes since 2017 in trends for the financial and non-financial KPIs included (Figures 6-4, 6-5). There was significant growth in the percentage of companies reporting on "the number or percentage of female managers" under human KPIs, at 40% (up 27 points compared to fiscal 2014), and "CO2 and greenhouse gas emissions" under nature KPIs, at 53% (up 20 points compared to fiscal 2014) (Figure 6-5). The increase in reporting on "the number or percentage of female managers" indicates that companies have given greater weight to such programs since the Act on Promotion of Women's Participation and Advancement in the Workplace was established in 2015. In addition, "CO2 and greenhouse gas emissions" has been the most common nature KPI in the past five years, indicating that concern over climate change remains high in the corporate sector.

Figure 6-3
Percentage of KPIs by type of capital

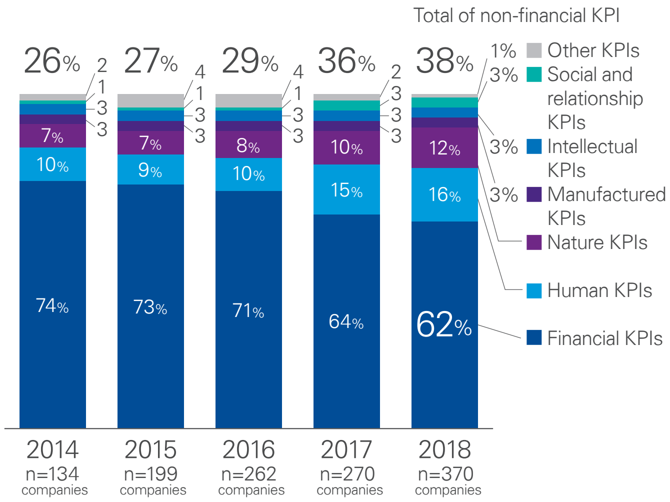


Figure 6-4
Breakdown of top 10 financial KPIs

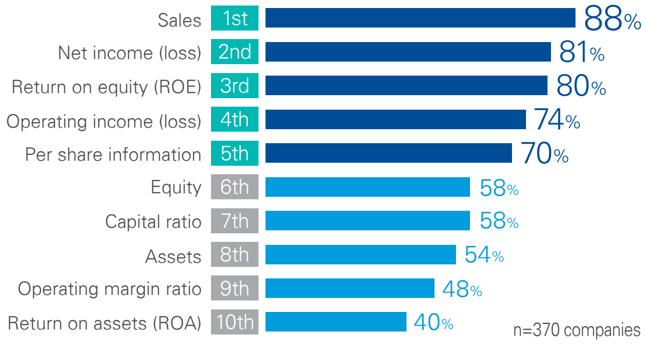
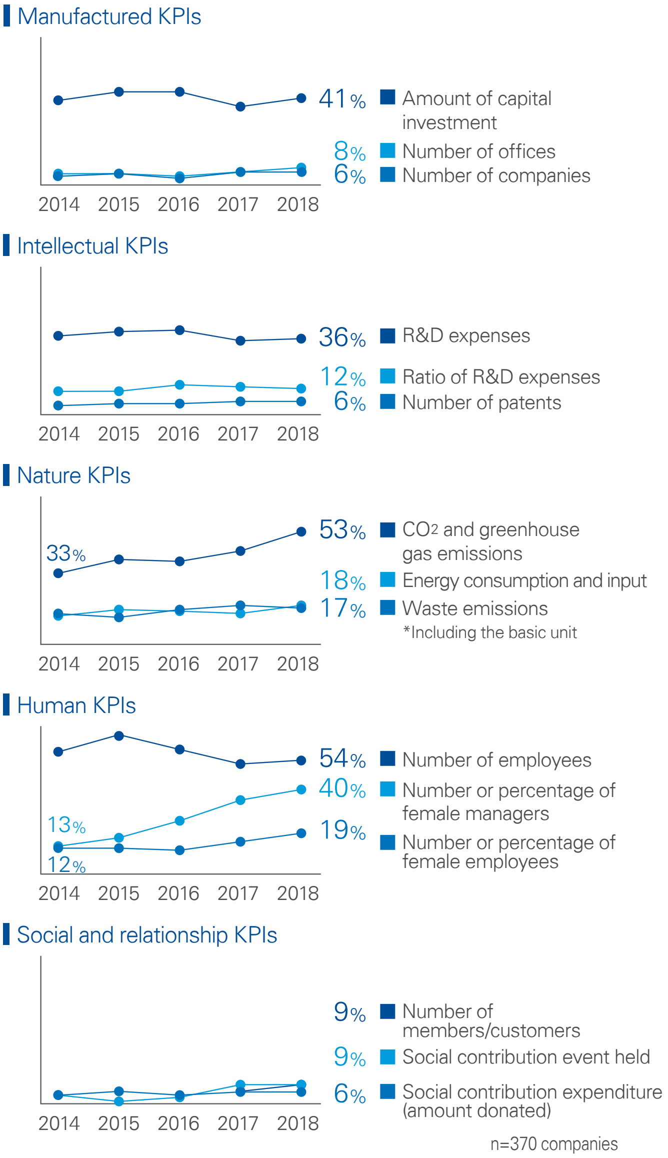


Figure 6-5
Top 3 non-financial KPIs by type of capital (fluctuations over five-year period)



Governance

In integrated reports, the company should take governance functions as the foundation enabling the company to achieve its value creation story and earn the reader' s trust by communicating how their system makes it possible to implement their strategies
This survey focused on three points: the company' s own approach to corporate governance, the format of boards of directors, which has improved since the Corporate Governance Code was established, and operations of the boards, which will be an issue going forward.

1 Explain governance to show feasibility of value creation and encourage trust among readers

Unlike corporate governance reports, which are required by regulation, integrated reports are expected to include explanations on the connections between corporate governance and the value creation to which the company aspires. In other words, the content should give the reader a sense that the strategies have a high chance of being implemented and that the forecast medium- and long-term results have a high chance of being achieved.

The foundation for building corporate governance mechanisms is the policy made based on the characteristics of the company's business. The survey showed that 58% of companies mentioned their own corporate governance policy, and 43% of companies provided a summary of its substance in the integrated report (Figure 7-1).

Next, KPMG attempted to examine whether the message from the chairman of the board expressed the company's efforts and status on corporate governance and the sincerity of its attempts to fulfill responsibilities to stakeholders. However, only 9% included a message from the chairman of the board. The board chairman plays a major role in building the governance system and improving its effectiveness. Improving the credibility of integrated report content is essential to the effective use of the report in dialogue with the investors and other stakeholders who affect the company. The content of the board chairman's message has significant implications (Figure 7-2).

Figure 7-1
Corporate governance policy

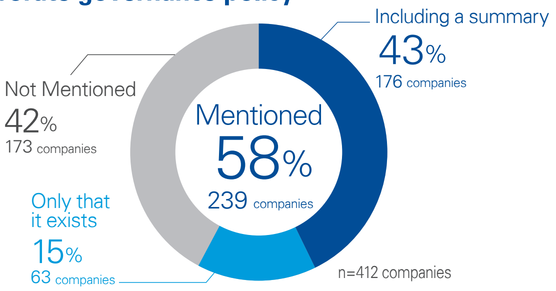
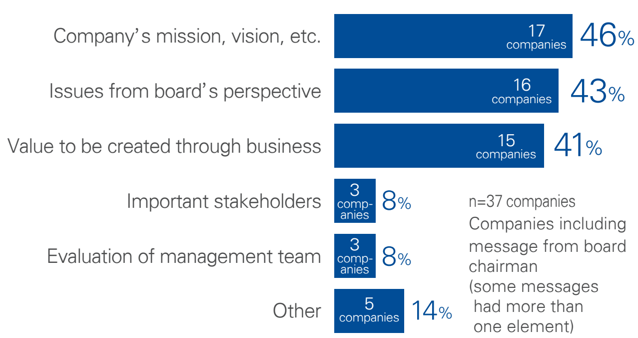


Figure 7-2
Message from the chairman



2 Rationally explain the governance system and the board structure

Unlike other jurisdictions, Japanese companies can choose their corporate governance system from three system designs. Around 2015, we began to note a shift from companies with a board of corporate auditors to companies with audit and supervisory committees, and more companies are also establishing non-statutory Nominating Committees and Compensation Committees.*1

Since there is no system among the three that is inherently inferior or superior, it is effective to provide a rational explanation as to why a particular system was chosen in raising the reader's trust. 54% of companies explained their thinking on the system they selected, which is much higher than in 2017 (20%; Figure 7-3).

However, there is still room for improvement in explanations on the selection of the directors responsible for corporate governance. Explanations of the reasons for their selection and descriptions of the experiences and skills needed by the director are still minimal. Moreover, the explanations are skewed toward the external directors (Figure 7-4).

In addition, companies should consider the diversity of their directors overall, which is required to fulfill board functions adequately, and they should use skill matrices to logically and succinctly explain these approaches.

*Tokyo Stock Exchange "How Listed Companies Have Addressed Japan's Corporate Governance Code (as of December 2018)" (provisional draft)

Figure 7-3
Explanation of rationale for governance system selected

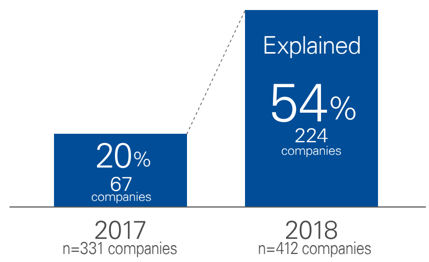
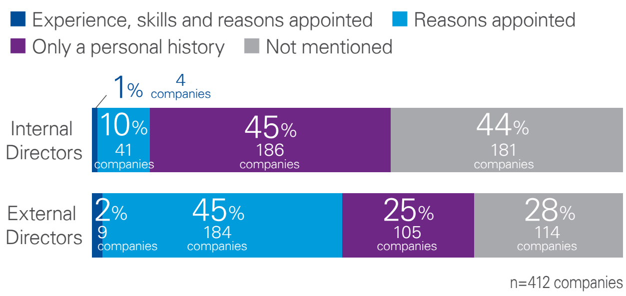


Figure 7-4
Internal directors' experience, skills, and reasons appointed



* In this section, out of 414 issuing companies, we surveyed 412 excluding two audit firms that did not apply the Corporate Governance Code (as surveyed in the previous year using the same criteria).

3 Improve transparency of the process for enhancing board effectiveness

In addition to explanations of the governance system, describing the effective administration of the board and their function in validating operations enhances the reader's faith that the company can succeed in improving value. Although mentions of the implementation of board evaluations have increased, the low number of mentions of the evaluation process and criteria, and improvements made based on the evaluation and their results, is a concern (Figure 7-5).

In addition, one of the essences of corporate governance is the appointment and dismissal of management, but only 22% of reports had explanations of this. Moreover, even if they were explained, the structure of the nomination committee that essentially ensures the validity of appointments and dismissal was not clarified, and about 78% of companies left the independence and attributes of their committee chair unclear (Figure 7-6).

Rapid changes in the business environment, reforms to the board system, and an increase in the appointment of independent directors have led to growing interest in the substance of discussions during board meetings and their administration. Given this, these crucial descriptions are insufficient. KPMG believes that additional explanation will be necessary for matters that could affect corporate value from a long-term perspective, such as the training system for succession candidates for CEO.

Figure 7-5

Disclosure of board evaluation

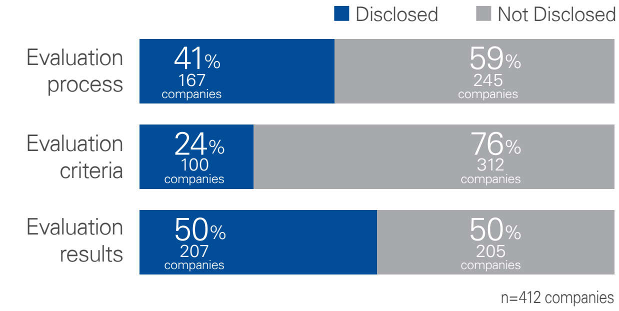
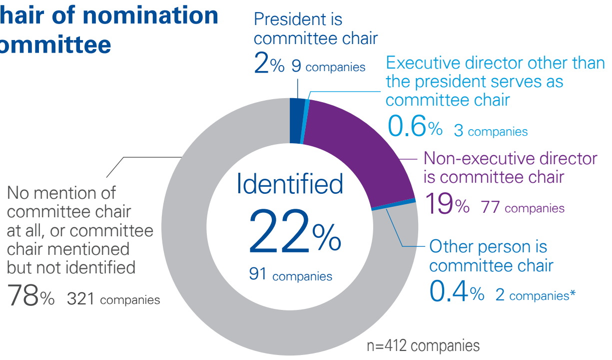


Figure 7-6

Chair of nomination committee



*Advisor in the case of one company, and internal director (not clear if the director is involved in execution) in the case of one company

SPOTLIGHT

Reconsidering the value of KPIs

The KPIs noted in integrated reports are used to indicate the progress made in the company's value creation story and corroborate this story's feasibility. Therefore, an integrated report should show the KPIs that have connections to other content in the report, such as the capital that affects value creation, initiatives, results and strategies directed at the future.

Most corporate value is assessed based on intangible factors, and although their impact on value creation is substantial, they cannot be measured. However, KPIs can contribute to the effective use of integrated reports as an alternative indicator. One example is the risk information based on analyses of climate change scenarios pursued by the Task Force on Climate-related Financial Disclosures (TCFD). Even with the same indicators, the significance of this differs depending on the value that the company is trying to create.

The reader cannot determine whether the content is accurate or reliable if the report only uses diagrams and narrative information. In particular, when fulfilling the fiduciary duties owed to investors, the reliability and transparency of the information used is weighed heavily.

There are several discussions on the issues that must be resolved in order to utilize KPIs as effective tools. One of these is that there is no agreed-upon definition for most non-financial indicators, unlike non-GAAP indicators, and there is no consistency in the formulas used to calculate them.

Moreover, non-financial information includes many kinds of information that are deeply related to strategic decision making, such as resource allocation, and while this information has a high utility value for investors, it is difficult to handle due to confidentiality of information.

Going forward, if the KPIs related to CSR activities within companies are integrated with key indicators for management and have a greater impact on investors' decision-making, the reliability of KPI data will become an issue. Presenting KPIs that are persuasive for the purpose of constructive dialogue could be an effective tool. We believe that there will be a growing need to consider how the KPIs in integrated reports fit into the entire information provided by companies.

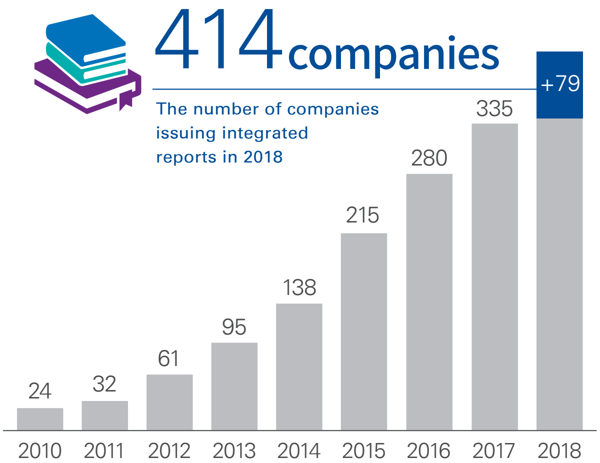
Basic Information

Number of companies issuing an integrated report

Number of Japanese companies issuing Self-Declared Integrated Reports

In 2018, 414 companies issued an integrated report, up from 2017 by 79 companies, or 24%.

This is an indication that integrated reports are recognized as a constructive tool for dialogue between companies and investors and have become more established in this role.

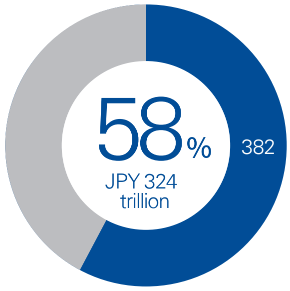


Source: "List of Japanese Companies Issuing Integrated Reports," Corporate Value Reporting Lab

Percentage in total market capitalization (1st section of TSE)

As of the end of December, 2018, of the total market capitalization of 2,128 companies listed on the First Section of the Tokyo Stock Exchange (TSE), the market capitalization of the 382 companies issuing integrated reports accounted for 58%.

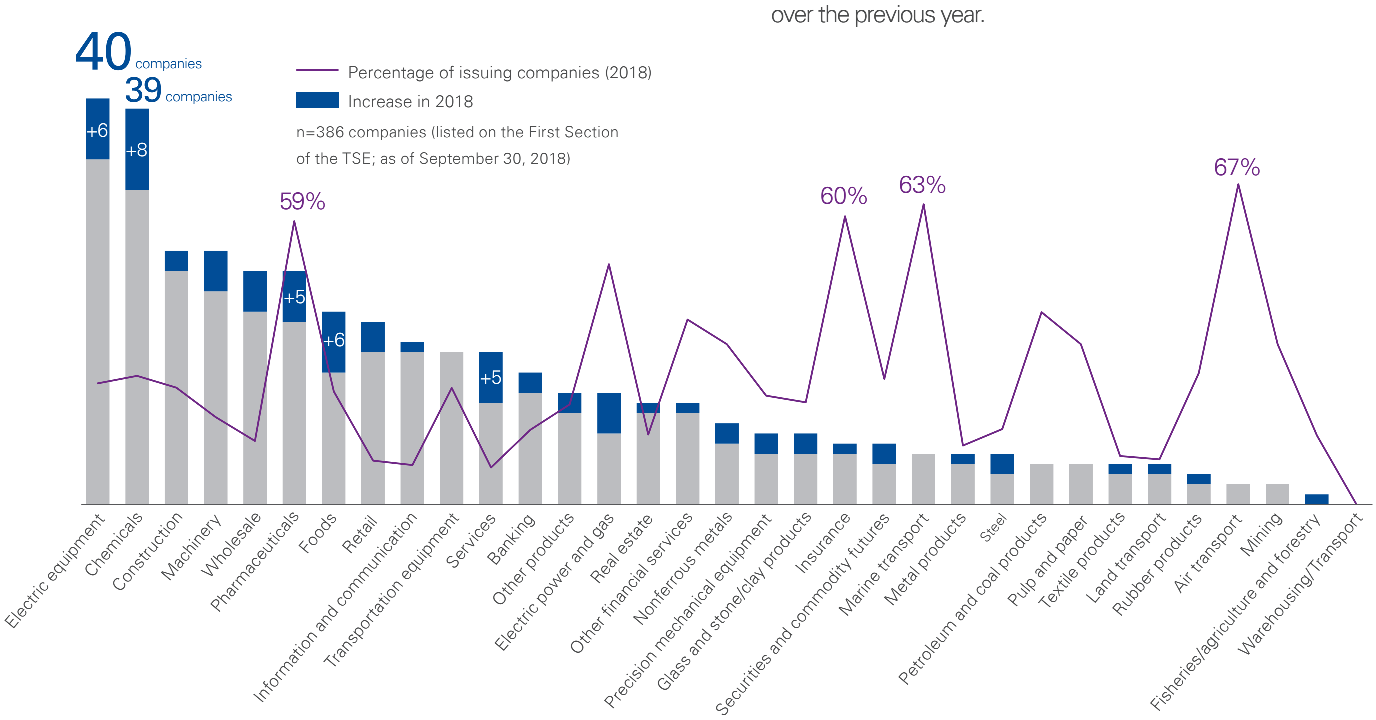
Of these listed companies, 18% (382 of 2,128 companies) issued integrated reports, indicating that the issuance of integrated reports is progressing primarily at large companies.



n=JPY 562 trillion
(2,128 companies listed on the First Section of the Tokyo Stock Exchange)
* As of December 31, 2018

Industries of issuing companies

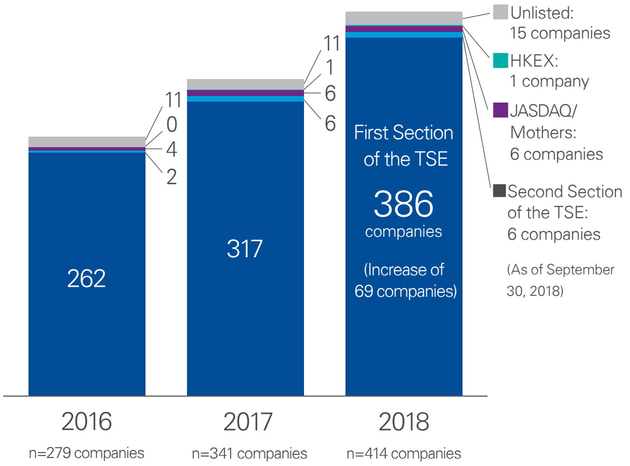
The survey result shows that the highest number of companies came from the electric equipment sector for the fourth year in a row. As in the previous year, the percentage of issuing companies by industry was highest for air transport (67%), followed by marine transport (63%), insurance (60%) and pharmaceuticals (59%), in that order.
The industries with greater increase in the number of issuing companies were the electric equipment, chemicals, pharmaceuticals, foods, and services. The number increased particularly sharply in the service industry, with a 50% increase over the previous year.



Attributes of issuing companies

Listing market of issuer companies

As in typical years, companies listed on the First Section of the TSE led growth in the number of issuances. Of the issuing companies, 386 (93%) are listed on the First Section of the TSE, up by 69 over the previous year.

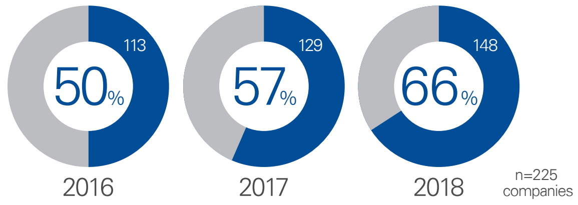


Index attributes of issuing companies

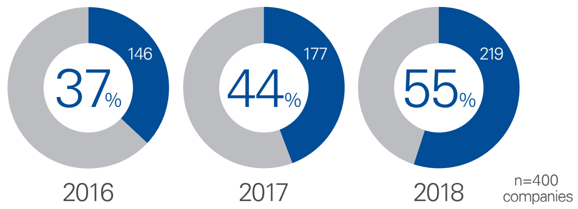
The percentage of issuing companies that are components of the Nikkei 225 and JPX Nikkei 400 has steadily increased year by year, with 66% of companies included in the Nikkei 225 and 55% of companies included in the JPX Nikkei 400 issuing integrated reports this year.

Given that a requirement for constituents of the Nikkei 225 is that they are companies actively traded on the stock market and a requirement for constituents of the JPX Nikkei 400 is that they are companies that are highly rated financially and non-financially, it is safe to assume that they are very engaged with integrated reporting.

Nikkei 225 component percentage



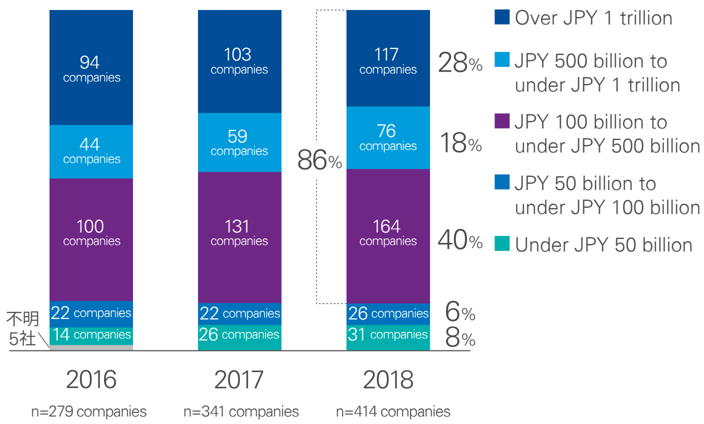
JPX Nikkei 400 component percentage



Revenue of issuing companies

Survey results showed that a high 86% of issuing companies had sales of 100 billion yen or more.

Moreover, 82% of the 143 listed companies with sales of 1 trillion or more (Source: Japan Company Handbook Autumn 2018) issued integrated reports, which is a significant increase from 71% in the previous year.

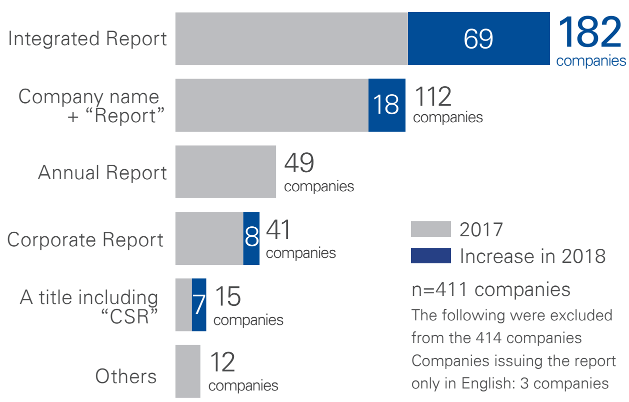


Overview of integrated reports

Title of reports

As in the previous year, companies that issue an "annual report" have tended to change the title of their reports to "integrated report." The number of companies making this name change increased by 69 over the previous year, to a total of 182. "Integrated report" is the most frequent report title used.

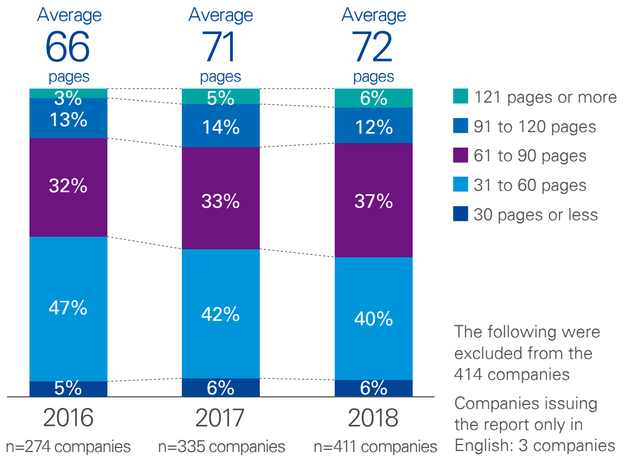
This is likely the result of a growing number of companies actively adopting the name "integrated report" as more management and investors begin to recognize the utility and value of integrated reports.



Page volume

The trend toward simplifying integrated reports has stabilized and the average number of pages has increased slightly for two years in a row.

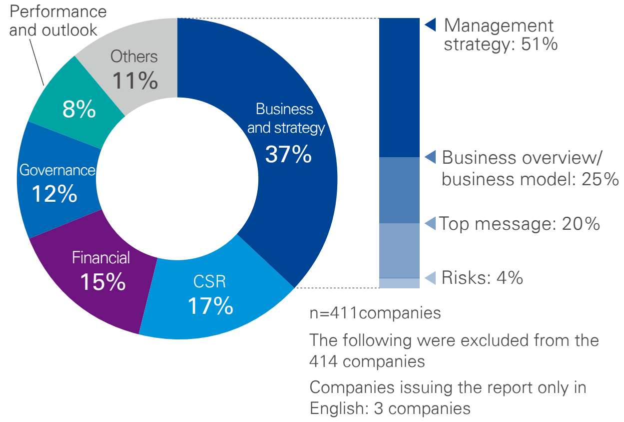
Although there are no major changes overall, there seems to be a tendency to augment the content.



Page breakdown

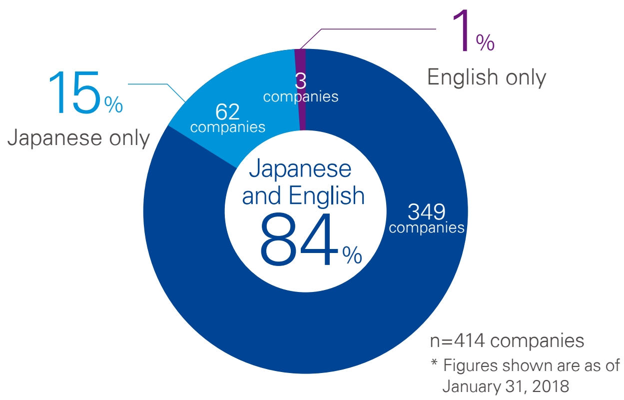
The percentage of pages dedicated to "governance" has increased, up 1% over the previous year to 12%. In some cases, 20% or more of the total pages were devoted to governance, indicating that companies are trying to convey to investors the status of their governance.

There was still little mention of risks in the business and strategy breakdowns, and many companies seem to be limiting this to the content included in securities reports.



Issuance of English version

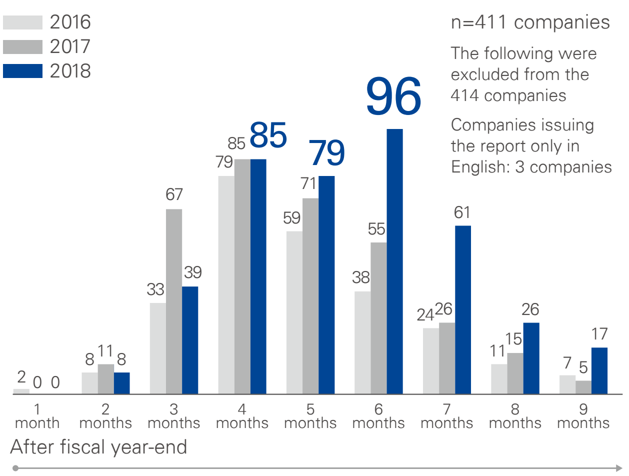
As in 2017, over 80% of companies published their reports in both Japanese and English.



Timing of issuance (Japanese version)

An increasing number of companies issued their report six months after their fiscal year ended.

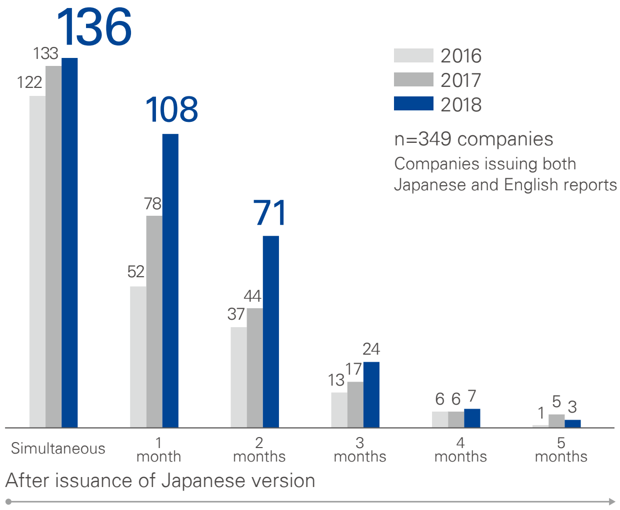
Companies that changed the name of their reports to "integrated report" and companies issuing this report for the first time seem to have spent more time considering the content and seeking to augment it.



Timing of issuance (English version)

The greatest number of companies issued Japanese and English versions at the same time, followed by companies issuing an English version within one month of the Japanese version.

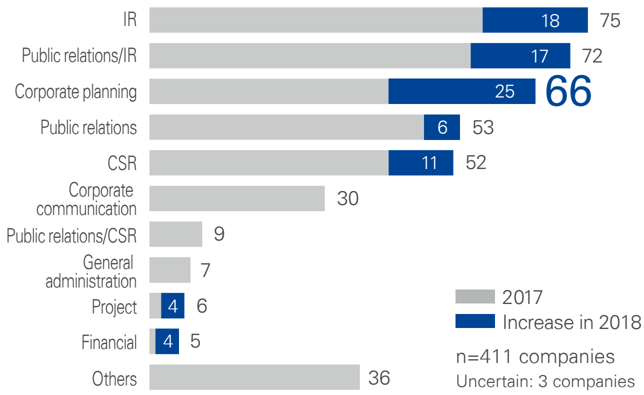
This is a sign that companies are trying to provide information fairly to readers both in and outside Japan.



Departments in charge of issuing integrated reports

The number of companies whose integrated report is issued by their corporate planning department increased, as in the previous year.

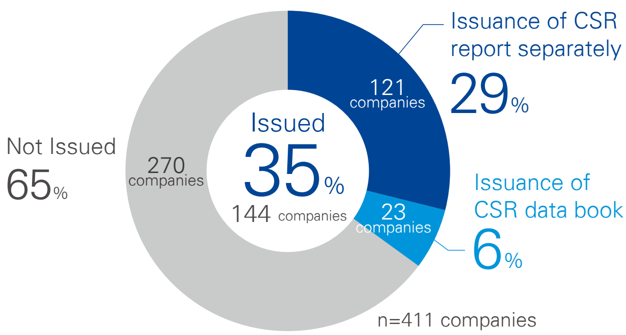
In many companies, the CSR department is set up under the corporate planning department, and this is one reason for the increase. Up until now, the social and environmental issues handled by CSR departments have been seen as management issues, and there is a tendency for departments closer to management to consider these issues comprehensively.



Issuance of CSR reports

Companies that issue CSR reports (including data books) in parallel with the integrated report increased from last year to 35%.

It is apparent that more companies have decided that it is necessary to issue a report that provides more detailed sustainability information.



SPOTLIGHT

Corporate Reporting Dialogue
- The effort to bring better alignment among different reporting standards

Integrated reports are attracting more attention around the world, not just in Japan, and various organizations involved in corporate reporting continue to work to promote more effective corporate reporting in response to the needs of capital markets and society.

Taking into consideration this growing movement towards better business reporting, the Corporate Reporting Dialogue (CRD), which was convened by the International Integrated Reporting Council (IIRC), has launched a new two-year project called the Better Alignment Project in November 2018.

The CRD was established in 2014 to achieve further alignment and comparability in the corporate reporting landscape. It comprises the world's leading standard-setting bodies, such as the CDP[1], CDSB[2], FASB[3], GRI[4], IASB[5], ISO[6], SASB[7], and is convened by the IIRC[8].

These organizations set reporting standards and framework for financial and non-financial information based on their respective objectives, which has resulted in disclosure requirements from different focuses on similar issues. This has caused considerable confusion among the companies preparing the reports and the institutional investors who read them. This confusion is particularly apparent when it comes to reporting for non-financial information.

Accordingly, the Better Alignment Project has started an initiative to identify the similarities and differences in the standards and frameworks required by each organization within the CRD, in order to reduce confusion. Metrics will be better aligned where possible across the reporting frameworks to ensure greater consistency. This initiative will facilitate both companies and institutional investors to better understand the different reporting requirements of the standards and frameworks.

The results of this project will be published when it is completed at the end of 2020. It is expected that the burden for companies and readers will be reduced, and will promote more effective and coherent reporting.

1 Carbon Disclosure Project
2 Climate Disclosure Standard Board
3 Financial Accounting Standards Board
4 Global Reporting Initiative
5 International Accounting Standards Board
6 International Organization for Standardization
7 Sustainability Accounting Standards Board
8 International Integrated Reporting Council

CRD website

For those browsing online, please click the QR code

List of Japanese Companies Issuing Integrated Report in 2018

Advanex Inc.
AEON CO.,LTD.
AEON Financial Service Co., Ltd.
AGC Inc.
Ahresty Corporation
AIR WATER INC.
AIRDO Co., Ltd.
Aisin Seiki Co., Ltd.
Ajinomoto Co., Inc.
Akebono Brake Industry Co., Ltd.
Alfresa Holdings Corporation
Alpine Electronics, Inc.
Alps Electric Co., Ltd.
AMITA HOLDINGS CO.,LTD.
ANA HOLDINGS INC.
ANRITSU CORPORATION
ARATA CORPORATION
Asahi Group Holdings, Ltd.
Asahi Holdings, Inc.
ASAHI INDUSTRIES CO., LTD.
Asahi Kasei Corp.
ASKA Pharmaceutical Co.,Ltd.
Astellas Pharma Inc.
AUTOBACS SEVEN CO., LTD.
Azbil Corporation
BANDAI NAMCO Holdings Inc.
Benesse Holdings, Inc.
Bridgestone Corporation
BROTHER INDUSTRIES, LTD.
Calbee, Inc.
CAPCOM CO., LTD.
Chiome Bioscience Inc.
Chubu Electric Power Co., Inc.
Chugai Pharmaceutical Co., Ltd.
CMK CORPORATION
Concordia Financial Group, Ltd.
Cosmo Energy Holdings Co., Ltd.
CyberAgent, Inc.
Dai Nippon Printing Co., Ltd.
Daicel Corporation
DAI-DAN Co., Ltd.
Daifuku Co., Ltd.
DAIICHI SANKYO COMPANY, LIMITED
DAIKEN CORPORATION
DAIKIN INDUSTRIES,LTD
DAIKYO INCORPORATED
Daio Paper Corporation
Daito Trust Construction Co., Ltd.
Daiwa House Industry Co., Ltd.
Daiwa Securities Group Inc.
Denka Company Limited
DENSO CORPORATION
DENTSU INC.
Development Bank of Japan Inc.
DIC Corporation
DKS Co. Ltd.
DUSKIN CO., LTD.
DyDo GROUP HOLDINGS INC.
DYNAM JAPAN HOLDINGS Co., Ltd.
East Nippon Expressway Company Limited
EBARA CORPORATION
Echo Electronics Industry Co,.Ltd.
Eisai Co., Ltd.
Electric Power Development Co.,Ltd.
FamilyMart UNY Holdings Co., Ltd.
FANCL CORPORATION
FISCO Ltd.
FP Corporation
Freund Corporation
FUJI CORPORATION
FUJI ELECTRIC CO., LTD.
FUJI OIL HOLDINGS INC.
FUJICCO Co., Ltd.
FUJIFILM Holdings Corporation
Fujikura Ltd.
FUJITA KANKO INC.
FUJITSU LIMITED
Funai Soken Holdings Incorporated
Furukawa Electric Co., Ltd.
Fuyo General Lease Co., Ltd.
GS Yuasa Corporation
GUNZE LIMITED
H.I.S.Co.,Ltd.
H2O RETAILING CORPORATION
Hakuhodo DY Holdings Inc.
Heiwa Paper Co., Ltd
Hitachi Capital Corporation
Hitachi Chemical Company, Ltd.
Hitachi Construction Machinery Co., Ltd.
Hitachi High-Technologies Corporation
Hitachi Metals, Ltd.
Hitachi Transport System, Ltd.
Hitachi Zosen Corporation
Hitachi, Ltd.
Hodogaya Chemical Co.,Ltd.
Hokkaido Electric Power Co., Inc.
Hokuetsu Corporation
Honda Motor Co., Ltd.
HONDA TSUSHIN KOGYO CO., LTD.
HORIBA, Ltd.
Hulic Co., Ltd.
IBJ Leasing Company, Limited
Idemitsu Kosan Co.,Ltd.
IHI Corporation
IINO KAIUN KAISHA, LTD.
INPEX CORPORATION
Isetan Mitsukoshi Holdings Ltd.
ITO EN, LTD.
ITOCHU Corporation
ITOCHU ENEX CO.,LTD.
ITOCHU Techno-Solutions Corporation
Iwatani Corporation
J. FRONT RETAILING 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 Wool Textile Co., Ltd.
JCR Pharmaceuticals Co., Ltd.
JFE Holdings, Inc.
JGC CORPORATION
J-OIL MILLS , Inc.
Joshin Denki Co.,Ltd.
JTEKT CORPORATION
JUKI CORPORATION
JVC KENWOOD Corporation
JXTG Holdings, Inc.
Kagome Co., Ltd.
Kajima Corporation
KAKEN PHARMACEUTICAL CO., LTD.
KANEMATSU CORPORATION
Kansai Paint Co.,Ltd.
Kao Corporation
Kawasaki Heavy Industries, Ltd.
Kawasaki Kisen Kaisha, Ltd.
KDDI CORPORATION
Keihanshin Building Co., Ltd.
Kirin Holdings Company, Limited
KITO CORPORATION
KITZ Corporation
KOBAYASHI PHARMACEUTICAL CO., LTD.
Kobe Steel, Ltd.
Kokusai Pulp & Paper Co., Ltd.
Komatsu Ltd.
KONDOTEC INC.
KONICA MINOLTA, INC.
KOSÉ Corporation
KPMG Japan
Kubota Corporation
Kumagai Gumi Co., Ltd.
Kuraray Co., Ltd.
Kurimoto,Ltd.
KYORIN Holdings, Inc.
Kyosan Electric Manufacturing Co.,Ltd.
Kyoto University
KYOWA EXEO CORPORATION
Kyowa Hakko Kirin Co., Ltd.
Kyushu Electric Power Co., Inc.
Kyushu Railway Company
Lawson, Inc.
Leopalace21 Corporation
LINTEC Corporation
Lion Corporation
LIXIL Group Corporation
Mandom Corporation
Marubeni Corporation
Maruha Nichiro Corporation
MARUI GROUP CO., LTD.
MATSUDA SANGYO Co.,Ltd.
Maxell Holdings, 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.
MinebeaMitsumi Inc.
Misawa Homes Co., Ltd.
Mitsubishi Chemical Holdings Corporation
Mitsubishi Corporation
MITSUBISHI ESTATE CO., LTD.
MITSUBISHI GAS CHEMICAL COMPANY, INC.
Mitsubishi Heavy Industries, Ltd.
Mitsubishi Materials Corporation
Mitsubishi Paper Mills Limited
Mitsubishi Research Institute, Inc.
Mitsubishi Tanabe Pharma Corporation
Mitsubishi UFJ Financial Group, Inc.
Mitsubishi UFJ Lease & Finance Company Limited
MITSUI & CO., LTD.
Mitsui Chemicals, Inc.
Mitsui E&S Holdings Co., Ltd.
Mitsui Fudosan Co., Ltd.
Mitsui O.S.K. Lines, Ltd.
Mitsuuroko Group Holdings Co.,Ltd.
Mizuho Financial Group, Inc.
Mochida Pharmaceutical Co., Ltd.
Monex Group, Inc.
MORINAGA MILK INDUSTRY CO., LTD.
MS&AD Insurance Group Holdings, Inc.
Murata Manufacturing Co., Ltd.
Nabtesco Corporation
NAGASE & CO., LTD.
NCXX Group Inc.

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.
Nichirei Corporation
NIHON CHOUZAI Co., Ltd.
NIHON KOHDEN CORPORATION
Nihon Unisys, Ltd.
NIKKISO CO., LTD.
NIKON CORPORATION
NIPPON CHEMI-CON CORPORATION
Nippon Chemiphar Co., Ltd.
Nippon Electric Glass Co., Ltd.
Nippon Kayaku Co., Ltd.
Nippon Koei Co., Ltd.
Nippon Life Insurance Company
Nippon Paint Holdings Co., Ltd.
Nippon Sheet Glass Co., Ltd.
Nippon Shinyaku Co., Ltd.
NIPPON SIGNAL CO., LTD.
NIPPON STEELNISSHIN CO.,LTD.
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Nippon Yusen Kabushiki Kaisha
Nishimatsu Construction Co., Ltd.
Nissan Chemical Corporation
Nissha Co., Ltd.
Nisshinbo Holdings Inc.
NISSIN FOODS HOLDINGS CO., LTD.
Nitto Denko Corporation
NOMURA Co., Ltd
Nomura Holdings, Inc.
Nomura Real Estate Holdings, Inc.
Nomura Research Institute, Ltd.
Noritz Corporation
NS UNITED KAIUN KAISHA, LTD.
NSK Ltd.
NTN Corporation
NTT DATA Corporation
NTT DOCOMO, INC.
NTT Urban Development Corporation
Obayashi Corporation
OHARA INC.
Oji Holdings Corporation
OKASAN SECURITIES GROUP INC.
Oki Electric Industry Co., Ltd.
Olympus Corporation
OMRON Corporation
ONO PHARMACEUTICAL CO., LTD.
ORIX Corporation
Osaka Gas Co., Ltd.
OSAKA SODA CO., LTD.
OSG Corporation
Otsuka Holdings Co., Ltd.
Pan Pacific International Holdings Corporation
Panasonic Corporation
PARCO CO., LTD.
PENTA-OCEAN CONSTRUCTION CO., LTD.
Pigeon Corporation
POLA ORBIS HOLDINGS INC.
PwC Japan Group
RAITO KOGYO CO., LTD.
Recruit Holdings Co., Ltd.
Resona Holdings, Inc.
Ricoh Company, Ltd.
S.T. CORPORATION
SAKATA INX CORPORATION
Sangetsu Corporation
Sango Co., Ltd.
SANKI ENGINEERING CO., LTD.
Santen Pharmaceutical Co., Ltd.
Sanwa Holdings Corporation
SANYO DENKI CO.,LTD.
Sapporo Holdings Limited
SATO HOLDINGS CORPORATION
Sawai Pharmaceutical Co., Ltd.
SBI Holdings, Inc.
SBS Holdings, Inc.
SCREEN Holdings Co., Ltd.
SCSK Corporation
SEGA SAMMY HOLDINGS INC.
SEIBU HOLDINGS INC.
SEIKAGAKU CORPORATION
Seiko Epson Corporation
SEKISUI CHEMICAL CO.,LTD.
Sekisui House, Ltd.
Senshukai Co., Ltd.
Seven & i Holdings Co., Ltd.
Seven Bank, Ltd.
Shikoku Electric Power Company, Incorporated
SHIMADZU CORPORATION
SHIMIZU CORPORATION
Shin Nippon Air Technologies Co.,Ltd.
Shin-Etsu Chemical Co., Ltd.
Shinsei Bank, Limited
Shionogi & Co., Ltd.
Shiseido Company, Limited
Showa Denko K.K.
SHOWA SHELL SEKIYU K. K.
SKYLARK HOLDINGS CO., LTD.
Sodick Co.,Ltd.
SOHGO SECURITY SERVICES CO.,LTD.
Sojitz Corporation
Solaseed Air Inc.
Sompo Holdings, Inc.
Subaru Corporation
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 Riko Company Limited
Sumitomo Rubber Industries, Ltd.
Sun Messe Co., Ltd.
SUZUKEN CO., LTD.
SYSMEX CORPORATION
T&D Holdings, Inc.
Tadano Ltd.
Taiho Kogyo Co., Ltd.
Taisei Corporation
Taisho Pharmaceutical Holdings Co., Ltd.
TAIYO NIPPON SANSO CORPORATION
TAIYO YUDEN CO., LTD.
TAKARA HOLDINGS INC.
Takara Leben Co.,Ltd
TAKARA PRINTING CO., LTD.
Takasago Thermal Engineering Co., Ltd.
Takeda Pharmaceutical Company Limited
Takenaka Corporation
TDK Corporation
TechnoPro Holdings, Inc.
TEIJIN LIMITED
Terumo Corporation
T-Gaia Corporation
The 77 Bank, Ltd.
The Dai-ichi Life Insurance Company, Limited
The Furukawa Battery CO., LTD.
THE HACHIJUNI BANK,LTD.
The Kansai Electric Power Company,Incorporated
The Nisshin OilliO Group, Ltd.
THE SHIGA BANK，LTD.
THE SHIMANE BANK,LTD.
The University of Tokyo
ThreePro Group Inc.
TIS Inc.
Toagosei Co., Ltd.
TOBISHIMA CORPORATION
TODA CORPORATION
TOHO Co.,Ltd.
TOHO GAS CO., LTD.
Toho Titanium Co., Ltd.
Tohoku Electric Power Co., Inc.
TOKAI RIKA CO., LTD.
Tokai Tokyo Financial Holdings, Inc.
Tokio Marine Holdings, Inc.
Tokyo Century Corporation
TOKYO DOME CORPORATION
Tokyo Electric Power Company Holdings, Inc.
TOKYU CONSTRUCTION CO., LTD.
Tokyu Fudosan Holdings Corporation
TOMY COMPANY,LTD.
TOPCON CORPORATION
TOPPAN FORMS CO., LTD.
TOPPAN PRINTING CO., LTD.
Topy Industries, Ltd.
Torishima Pump Mfg. Co., Ltd.
TOSHIBA CORPORATION
TOTO LTD.
TOYO CONSTRUCTION CO.,LTD.
Toyo Denki Seizo K.K.
Toyo Engineering Corporation
Toyoda Gosei Co., Ltd.
TOYOTA BOSHOKU CORPORATION
Toyota Industries Corporation
Toyota Motor Corporation
Toyota Tsusho Corporation
TS TECH Co.,Ltd.
Tsubakimoto Chain Co.
TSUMURA & CO.
UACJ Corporation
Ube Industries, Ltd.
ULVAC, Inc.
Unicharm Corporation
UNITED ARROWS LTD.
USHIO INC.
Wacoal Holdings Corp.
Yahoo Japan Corporation
YAMADA DENKI CO., LTD.
Yamaha Corporation
Yamaha Motor Co., Ltd.
YAOKO CO.,LTD.
YASKAWA Electric Corporation
YASUHARA CHEMICAL CO., LTD.
YKK Corporation
Yokogawa Electric Corporation
YOSHINOYA HOLDINGS CO., LTD.
Zeon Corporation

Afterword

The number of Japanese companies issuing integrated reports surpassed 400 in 2018. This is a three-fold increase since 2014, when KPMG first conducted its survey on Japanese companies' integrated reports and only 142 companies issued these reports. We believe that, over these years, significant strides have been made, not only in the number of reports, but also in their content, driven by the impressive efforts of the companies who issue them.

What makes an integrated report worth reading is a unique value creation story. To achieve this, companies must identify the unique value that they alone can offer to society, discuss this issue within the organization, and create a climate that fosters individual action. The company must continue to work together as a single unit. Ongoing efforts from a long-term perspective are essential, and achieving results requires self-awareness and an aspiration to fulfill the responsibilities companies owe society.

In this year's survey, we used Robotic Process Automation (RPA) for the work that could be automated to improve work efficiency. We tried to spend more time in working through the actual reports and valuing the discoveries we made in that process. Every person who was involved in this survey made many discoveries in this work. We found that preparing integrated reports is certainly no easy matter. We came away, however, with a strong sense that the work of preparing an integrated report can yield insights (and occasionally highlight problems) for companies—as they engage in the process of elucidating the very foundations of how they create value, it can truly help to raise value on an ongoing basis.
We will be extremely pleased if this report, which compiles KPMG's recommendations, is helpful to all of those working day and night to improve corporate value through integrated reports.

KPMG Japan
Integrated Reporting Center of Excellence

Survey Team

Hiroto Yamane	Sakurako Ohtsuki	Koichiro Saio	Yoshiko Shibasaka	Norie Takahashi
Hiromasa Niinaya	Kiyoo Kamiyama	Daisuke Ikadai	Sumika Hashimoto	Katsunao Hikiba
Hiroshi Yabumae	Keigo Yoshida	Shinichiro Akasaka	Atsushi Ono	Takahiro Hagawa
Tsuyoshi Yamazaki	Yuka Otsubo	Satoshi Gohara	Akiko Hanada	Yuki Ito
Shotaro Kanatani	Hiroki Chihara	Miyuki Tanabe		

Support members

Hiroshi Ishikawa	Ami Imai	Yukari Katsumoto	Masumi Kan	Kazusa Shimazato
Kumiko Someya	Maino Hioki	Yuri Fukawa	Yukari Minami	Kaori Muramatsu
Natsuki Muramatsu	Chizu Kadota	Kaori Kobayashi	Kumiko Nishimura	Hiroyuki Sakai

KPMG Japan Integrated Reporting Center of Excellence (CoE)

In response to the growing demand for the better business reporting that the integrated report represents, the CoE was formed in 2012 by professionals across member firms of KPMG in Japan.

Making full use of KPMG's research expertise in corporate reporting and its practical experience, the CoE 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.

Email magazine subscription page **home.kpmg/jp/mail-magazine**

Integrated Reporting Center of Excellence
KPMG in Japan

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

home.kpmg/jp/integrated-reporting

home.kpmg/jp/socialmedia