

Hello everyone. At first, thank you for inviting me to this important event. Professor King, Carolynn. It is a great honor to be given this opportunity to share my experiences about integrated reporting. I'm Yasu Kawasugi working as a head of investor relations at Konica Minolta, a Tokyo based Japanese listed company, about 9 billion dollar revenue with 40,000 employees globally.

Let me jumping into the given topic, practical benefit of integrated reporting. We transformed our annual report to the integrated report since year 2015 including part of sustainability report and corporate governance report etc. And we are utilizing this report as the most important communication tool with stakeholders especially investors, and recognizing its building process is also important as a meaning of integrated reporting.

As known, Japanese companies are the most fan of integrated report. I think there are some contexts and acknowledge of benefits in behind. I'd like to talk about such contexts and benefits based on my experience.

Three key points for today, Uniqueness, DE&I, and Stakeholder.

Talking about uniqueness, as you see now IIRC and SASB are integrated as VRF, and ISSB is established to integrate VRF further under IFRS. In Japan, we have to file a security report, so called Yu-ho, it's like a 10-K report in the US. During this global standardization trend, Financial Services Agency or FSA of Japan in charge of Yu-Ho is trying to improve contents of Yu-Ho by including non-financial information, by benchmarking integrated report. Means, Yu-Ho is trying to absorb contents of integrated report. Since I'm participating in the round tables hosted by FSA about this improvement of Yu-Ho for the last three years, I have been starting to think about differentiation or repositioning of Yu-Ho and integrated report going forward. Integrating non-financial information and financial information was one of the differentiators to such regulatory financial report. But now it's getting closer.

Yu-Ho is standardized and audited report, comprehensiveness is required, it's like a compulsory program and the information should be provided in the same order in terms of the topics. Flexibility is limited. On the other hand, integrated report is like a free program to express yourself by your story line while utilizing such standards SASB, IIRC, GRI, and TCFD, but more focus on each individual company's materiality. This difference is very important to highlight company's own unique value creation

story. As integrated report is freer format while referring the common guidelines or framework and disclosing standardized metrics for investors to compare the companies, companies can express their corporate culture or character by designs, colors, pictures and visuals etc. to support their own value creation story, which is limited in case of Yu-Ho.

Issuing timing also matters. Yu-Ho is issued in June while integrated report is issued in August as an average of Japanese issuing companies. This time lag is important to add additional value on the report by diving deep into the topic and having a plan to highlight company's specific emphasis.

Non-financial information especially intangible assets such as human assets, technologies, and customer assets in our case, are important as driver for business growth. We are trying to put voices in the integrated report from our customers, employees, alliance partners, etc. on top of voices from the board, CEO, CFO and head of business lines, to support our value expression and showing the power of the people. Important thing here is that we can consider integrated report as a differentiator to other companies. It is still challenging to describe clear linkage between such non-financial information and financial information in a quantitative way, however we are trying to develop our own logic to develop such clear relation between non-financial and financial information.

Through this process of building integrated report, there are a lot of strategic discussions to review and align our activities into our story. This is important as the integrated report is working as a media for such discussion to develop company's unique strategy and story. In other words, the integrated report is bringing management and employees on the same boat.

Second one is, Diversity, Equity and Inclusion. We need to weave a unique story involving people from different functions, business units, positions, ages, gender, and nationalities, etc. This is important process to on-board diverse people into common story. It would be possible to show such diversity as indices in a regulatory security report, but integrated report can show them in a vivid and visible manner. Through the creation process of integrated report, we have to work and collaborate closely with those different business units, functions, and people. This process itself is very crucial in terms of cross functional or cross business integrated thinking. And

as this process itself involves different people who is not specialized in such reporting, there is opportunity to grow people and also this could be kind of award for the people by introducing their activities in the report.

Third one is, Stakeholder. In our case, as the integrated report is developed from annual report originally which was a kind of English version Yu-Ho without filing. From this history, the primary target reader is investors. Even within investors, especially after stewardship code effective since 2017 in Japan, this report is important for those persons in charge of voting. By the way, towards annual general meeting on 17th June this year, today CEO and I had meetings with major 4 shareholders and one of them was the largest asset manager in Asia. He reviewed our integrated report and provided feedback kindly while he highly rated our integrated report but gave hints to improve further, which is including suggestion to raise quantitative target for long-term goal related to non-financial information. So, the integrated report is actually well used in the engagement with investors. When I ask them especially head of stewardship, head of ESG, head of responsible investment, there are a lot of different names and positions, but they prefer to have engagement meeting after annual issue of integrated report to discuss wider issues. So issue of integrated report is important trigger to have such engagement now a days in Japan.

In addition, recently our integrated report is well read by other stakeholders such as employees, job searching people, customers, etc. As the integrated report is visual and cared for readers compared to Yu-Ho, it is great tool for employees to understand their belonging company. Sometimes we provide our integrated report to especially large enterprise customers for them to understand from whom they are going to purchase products and services focusing on sustainability. Job searching people utilize this report to understand fit of corporate purpose, strategy and culture, treatment of people to apply or attempt interviews. This wouldn't be by Yu-Ho or 10-K. We utilize the contents of our integrated report or it's developing process to other communication media as well such as company profile leaflet and inner communication booklet by making a kind of light version.

I talked about the benefit of the integrated report from three key points of view, uniqueness, DEI, and stakeholder. The most important point I think is the integrated reporting is giving benefit not only from the report itself as an output, but more

from its building process of integrated report as input and utilizing process to have outcome. Therefore, how to plan or project this building process and utilizing process is crucial by involving, or using Veronica's word connecting internal and external stakeholders. And outcome should be again utilized in the next input to improve the discussion and involvement in the building process. This cycle or spiral must be along side with growing corporate value.

This is the end of my session.

If you have any questions, I will be here until the end of this event, and happy to answer them later.

Thank you for your listening.