



Deloitte Tohmatsu Group Impact Report 2020

Catalyst in accelerating the transformation of economic society

Deloitte Tohmatsu Group
December, 2020

This is an English translation of Deloitte Tohmatsu Group Impact Report 2020 issued by Deloitte Tohmatsu Group on December 4, 2020. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

As a leading professional services group in Japan, we aspire to be a catalyst in accelerating the transformation of economic society

Message from Group CEO

The history of Deloitte Tohmatsu Group (hereinafter collectively referred to as “Deloitte Tohmatsu” or “the Group”) dates back to 1968. Nobuzo Tohmatsu and other founding members established the first nation-wide audit firm with the shared belief of the need to develop a Japan-originated firm with global expertise, one to help with the economic recovery of the country after World War II. Subsequently, the firm expanded its footprint aggressively abroad so as to support the full-scale entrance of Japanese companies to the international market.

The determination, from the beginning, to help economic recovery in Japan, as well as the internationally minded and forward-looking services for Japanese companies, together with a commitment to respect individual professionals supporting the firm - these have shaped our management philosophy, driving our motivation to propel the growth of the organization. Based on this solid foundation, Deloitte Tohmatsu has grown into a group of five businesses and has become one of the largest professional services group in Japan. Today, we take pride in leading a number of initiatives that are designed to help solve business and social challenges as they become increasingly advanced and complex. The firm joined Touche Ross International in 1975, a predecessor of Deloitte Touche Tohmatsu Limited and has maintained a consistent relationship with an international professional network to date, ensuring the organizational structure that enables us to offer services to Japanese corporations anywhere in the world.

Today, Deloitte Tohmatsu has a total of 14,500 professionals including not only public accountants, consultants, tax accountants and lawyers, but also data scientists, engineers, and cyber security experts. With a variety of professionals working closely with one another across the boundaries of their expertise, we are positioned to propose a bold idea of how economic society and industry in Japan should be shaped. Our aspiration is to play the role of catalyst, driving the transformation necessary to achieve the envisioned future. When we look at the present landscape, we see increasing uncertainty that poses questions concerning traditional norms and orders, partly due to what is happening with the COVID-19 pandemic. On the other hand, there has been a strong call for Japan to overcome the delay and pick up the slack in the area of digital technology. And we all know that coming out of the corona crisis we will not merely return to our pre-pandemic way of life. Deloitte Tohmatsu is committed to playing our part, mobilizing our group-wide capabilities, in developing a social system and the scheme of value creation which should guide the post-COVID era.

I am pleased to present this report which is designed to showcase how we work to achieve our aspiration to be a catalyst in transforming economic society, introducing examples among many of our activities, while explaining how our organization is built upon the credibility of our accounting audit as well as how management philosophy and structure dictate our group’s activities. I am hoping that the report brings transparency up to the next level in order to clarify how Deloitte Tohmatsu is managed and that it helps all stakeholders better understand who we are and what we do.

永田高士

Takashi Nagata
CEO of Deloitte Tohmatsu Group

The foundations of all of Deloitte Tohmatsu Group's activities are the Group's own management philosophy and the "Deloitte network Purpose," which is shared by all Deloitte member firms throughout the world

Deloitte network Purpose and group management philosophy

■ Deloitte network Purpose

Deloitte makes an impact that matters:

Deloitte makes an impact that matters. Every day we challenge ourselves to do what matters most—for clients, for our people, and for society. We serve clients distinctively, bringing innovative insights, solving complex challenges and unlocking sustainable growth. We inspire our talented professionals to deliver outstanding value to clients, providing an exceptional career experience and an inclusive and collaborative culture. We contribute to society, building confidence and trust in the markets, upholding the integrity of organizations and supporting our communities.

■ Deloitte Tohmatsu Group management philosophy

Fairness to society:

Ensure fairness within our economic society and take the lead in contributing to its development.

Innovation for clients:

Offer intellectual professional services that exceed the expectations of our clients.

Talent of people:

Respect the individuality of each person, and create a fulfilling workplace in which individuals can make full use of their abilities.

■ Shared Values

Lead the way :

Deloitte is not only leading the profession, but also reinventing it for the future. We're also committed to creating opportunity and leading the way to a more sustainable world.

Serve with integrity :

By acting ethically and with integrity, Deloitte has earned the trust of clients, regulators, and the public. Upholding that trust is our single most important responsibility.

Take care of each other :

We look out for one another and prioritize respect, fairness, development, and well-being.

Foster inclusion :

We are at our best when we foster an inclusive culture and embrace diversity in all forms. We know this attracts top talent, enables innovation, and helps deliver well-rounded client solutions.

Collaborate for measurable impact : We approach our work with a collaborative mindset, teaming across businesses, geographies, and skill sets to deliver tangible, measurable, attributable impact.

■ Code of Conduct: It starts with integrity



Five Businesses: Deloitte Tohmatsu Group believes in the power of collaboration among professionals across five businesses who are moving beyond expertise and national borders in driving innovation and transformation that matters



Audit & Assurance

With the utmost focus on quality, we help companies enhance fair financial reporting and internal control, thereby ensuring the reliability of capital markets to help bring it to the next level. To this end, the business focuses on audit innovation, deploying leading-edge technologies, bolstering capabilities to respond to global needs, and improving communications on an audit.



Risk Advisory

When offering Risk Advisory services to companies and public sectors, we look into risk from multiple perspectives, from organizational structures to technologies and finance. Considering risk as a source of clients' competitiveness, Risk Advisory creates and protects value for all stakeholders so as to make sure their maximum potential is fulfilled through effective risk management.



Consulting

When clients work on innovations and transformation to lead the market, end-to-end consulting services are critical. That is why our proposals and execution of strategies are based on both business and technological perspectives. Not only helping clients solve their management challenges, it is also an important undertaking of ours to solve social challenges as well.



Financial Advisory

We take pride in offering end-to-end support to cater to any clients' needs, be it M&A that help clients advance their corporate value and achieve sustainable growth, or special circumstances like crisis management that is designed to mitigate drastic deterioration of corporate value.



Tax and Legal

Our Tax and Legal team offers holistic tax services leveraging Deloitte's global network when responding to taxation policies and tax risks around the world, helping clients improve their tax compliance through the use of technology. A range of high-quality legal services are also provided to support companies in any jurisdictions in their sustainable growth and decision-making, in an efficient and effective manner.

[History] Founded as Japan's first nation-wide audit firm, Deloitte Tohmatsu Group has a history of over 50 years

2019.2	Opened Group's flagship office in Marunouchi area, Tokyo
2018.5	50th anniversary of Deloitte Tohmatsu Group's foundation
2017.4	Deloitte Tohmatsu Corporate Solutions LLC established
2015.4	DT Legal Japan joined Deloitte Tohmatsu Group The Group officially named as Deloitte Tohmatsu Group
2014.4	Deloitte Tohmatsu LLC established
2009.7	Tohmatsu & Co. reorganized as a Limited Liability Audit Corporations and renamed as Deloitte Touche Tohmatsu LLC
2002.5	Tohmatsu Tax Co. established (*The precursor of Deloitte Tohmatsu Tax Co.)
2001.6	Deloitte Tohmatsu Corporate Finance Co., Ltd. Established (*The precursor of Deloitte Tohmatsu Financial Advisory LLC.)
1997	Network expanded to 20 cities in Japan and 50 cities overseas
1993.4	Tohmatsu Consulting Co., Ltd. Established (*The precursor of Deloitte Tohmatsu Consulting LLC.)
1990.2	Merged with Mita Audit Corporation and renamed as Tohmatsu & Co.
1990.1	Touche Ross International merged with Deloitte Haskins and Sells International and formed Deloitte Ross Tohmatsu International, the precursor of Deloitte Touche Tohmats Limited (DTTL).
1988.10	Merged with Nishikata Audit Corporation and Sapporo Daiichi Audit Corporation
1988.4	Merged with Marunouchi Audit Corporation
1986.10	Merged with Sanwa Audit Corporation and renamed as Tohmatsu Awoki & Sanwa
1975.5	Joined Touche Ross International Alliance
1972.11	Opened New York office
1969.9	The firm's first expatriate sent to San Francisco
1969.2	Renamed as Tohmatsu Awoki & Co.
1968.5	Established as Tohmatsu Awoki Tsuda Tsukada Awoki Uno Kasukabe & Co.

Deloitte Tohmatsu aspires to be a catalyst in transforming economic society. With professionals working for five businesses collaborating beyond their areas of expertise, we create new value and provide sophisticated solutions to social challenges. Our goal is to drive the transformation required for economic society as a whole, not merely for our clients. Becoming a catalyst requires us to define such transformation from three aspects - **Envisioning**, **Transformation**, and **Assurance**, which dictate what and how we work. Developing talent who takes the initiative in pursuing our aspiration is also critical. We offer a range of opportunities, both internally and externally, to aggressively help talent continue to grow.

[Stories] Defining Transformation of Economic Society from Three Aspects: Leading Acceleration and Expansion of Transformation

How We Lead: Envisioning

Bringing about solutions to crucial socioeconomic challenges calls for constitutive transformation, not merely making changes to existing norms. This is why we need to present convincing visions of the ideal status of society which should be realized through transformation. Deloitte Tohmatsu connects diverse players beyond sector boundaries - traditional businesses, industries, public sectors and academia - in an effort to create such visions and make new rules that support these visions.

Arguing that Japanese companies need to see social challenges as business opportunities, we urge them to accelerate solution-driven innovation as one of their priorities with global views taken into consideration. ESG Investments and Sustainable Development Goals are examples of such agendas that are becoming increasingly important. In January 2020, when the World Economic Forum took place in Davos, Switzerland we hosted a live streaming discussion from there in which we invited leaders of companies and non-governmental organizations to participate. The discussion disseminated to the world was about the need for transforming the management model into one that sees social and economic aspects as one integrated driver in creating value.

The Circular Economy is another example of social challenges and opportunities. While Europe is playing the central role in developing international rules, we are working closely with public and private stakeholders in Japan to fully adapt the new concepts into society. In response to challenges specific to Japan, such as a low birthrate and an aging/declining population, we advocate the idea of the Harmonized Smart City as sustainability of urban cities is sought after. Members with different industry backgrounds and expertise gather together to show how they drive this concept through effective collaboration, sharing common visions and sense of purpose under the newly created concept of “Four Aspects of Connectivity” in future cities.

Furthermore, we champion the creation of a framework in which pursuing corporate profit and solving social challenges can co-exist without contradiction. We believe this is possible by redefining economic rationality through development of new orders and rules. One example of such a new framework is a certification for child labor-free products. Not only establishing and enforcing the certification, we also advocate a new international trade rule designed to exempt tariffs on child labor-free certified products.



[Stories] Defining Transformation of Economic Society from Three Aspects: Leading Acceleration and Expansion of Transformation

How We Lead: Transformation

In our current economic society filled with increasing uncertainties, in order for us to effectively drive forward with the much needed transformation, it is crucial to present direction as to how we get there while regarding all risks as opportunities and making holistic efforts to win engagement and collaboration from all stakeholders. The global COVID-19 pandemic which surfaced in early 2020 is prompting many companies and organizations to accelerate their transformation.



Deloitte Tohmatsu is proposing a three-staged approach to combat COVID-19 with resilience - Respond, Recovery and Thrive. In addition to recommending a multi-phased way of viewing the issue, we are helping our clients focus on the post-COVID-19 era in their strategies to accelerate fundamental transformation. The key here is digital technologies. We have long been calling for the need for “dX, or Business Transformation with Digital.” That is, Japanese corporations need to grow out of their silo approach in implementing digitalization merely to achieve partial optimization. What is required is a fundamental transformation of their management model thereby unleashing the full potential of digital technologies. We are committed to further helping our clients in any aspect of their efforts to drive forward with their dX. This proposal is presented as a structural concept in our recent book, “Digital Management in the Era of Polarization.”

Examples of our integrated approach towards challenges associated with transformation include: building smart factories in which integration of digital and physical spaces creates a new competitive edge; developing global tax strategies to respond to the expansion of the global value chain and digital economy; developing entrepreneurship and promoting M&A as initiatives to accelerate innovation and dX; and implementing a new talent management model that helps with the acceleration of digitalization.

In addition, focusing on threats and risks associated with digital technologies, such as cyber security as well as AI and ethics, our proposals encompasses solutions to emerging themes. We are accelerating our internal transformation so as to establish a new business model called Asset-Enabled Business (AEB). Professional insights and services that have traditionally been managed by people are reshaped into digital assets and challenges are quickly visualized. With the integration of these digital assets and challenges, professionals are better positioned to offer more value-added services, whether it be advisory or support for transformation.

[Stories] Defining Transformation of Economic Society from Three Aspects: Leading Acceleration and Expansion of Transformation

How We Lead: Assurance

As mentioned previously, socioeconomic transformation necessitates new rule making that backs up this shift. Capital markets and other social systems need to work under this new framework - performance needs to be measured in alignment with the new rules, while reliability should be guaranteed at the same time. Corporate leaders, as they look to risks and uncertainties emerging from the new norms, are pressed to establish higher level of governance by taking these new rules into considerations.

As a firm grounded upon the credibility of audit, we see it as our responsibility to transform our accounting audit offerings to showcase the future of services as the speed of digitalization picks up. In August 2019, we created our Audit Innovation team within Deloitte Touche Tohmatsu LLC. The new team is tasked with organically developing digital tools that help advance accounting audits and, when implemented, make operations more sophisticated and effective. A range of experts - data scientists and specialists of blockchain and other digital technologies - are called in to pursue this goal, working closely with certified public accountants. Increasing uncertainties urge companies to equip themselves with better governance. We are exploring how to leverage the power of digital technologies and analytics to help companies make better decisions as they work to fully and preemptively grasp uncertainties that may pose risks, rather than reporting issues postmortem as has been done in the past.



[Stories] Defining Transformation of Economic Society from Three Aspects: Leading Acceleration and Expansion of Transformation

Developing Talent who Take Initiatives in Transformation; Offering Continuing Opportunities to Grow

Deloitte Tohmatsu is committed to creating an inclusive workplace in which individuals' diverse characteristics and expertise are celebrated. This, we believe, sets us apart in demonstrating excellent values to our clients and society. Not only do we pursue our own commitment, we also consider it our responsibility to play a leading role in making positive changes to society. For example, we are an advocate of the 30% Club, a global campaign that started in UK to increase women representation at board and senior management levels. From the foundation of the 30% Club Japan, we are actively taking part in the club's activities. The firm has also adopted the Panel Promise in an attempt to empower women and encourage quality discussion by achieving gender-balanced representation on panel discussions. In addition, as a way to reform how professionals work, the firm is thinking outside the box when implementing various measures in the hope to further propel performances across the organization. In this spirit, we have achieved a comfortable working environment during the pandemic by incorporating digital tools while significantly expanding the choices of how individual professionals work in accordance with their values and lifestyle.

Deloitte Network is working on a global initiative called *WorldClass* to empower 50 million people to succeed in a rapidly changing global economy by 2030 in three areas: education, skills, and opportunities. As part of this global effort, Deloitte Tohmatsu is setting the goal of making an impact on two million people in Japan by 2030. *WorldClass* is linked particularly closely with the fourth Sustainable Development Goal, Quality Education, as well as the eighth, Decent Work and Economic Growth. We are proud to have made a positive impact on a total of 270K people over the past three years through a number of activities including developing business leaders in communities around Tohoku Region that were devastated by the Great East Japan Earthquake; offering career education targeting middle and high school student who are to lead the next generation; and supporting non-profit and non-governmental organizations on a pro bono basis.



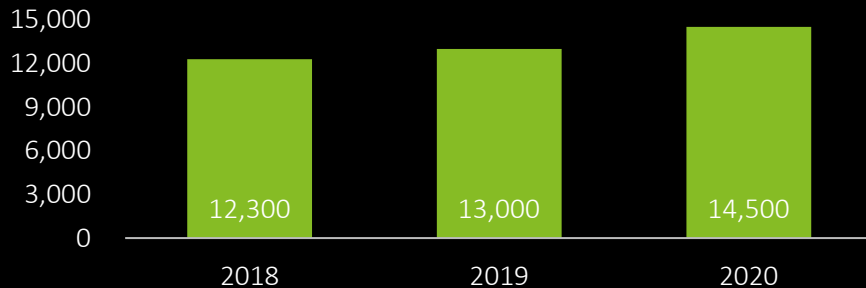
WorldClass



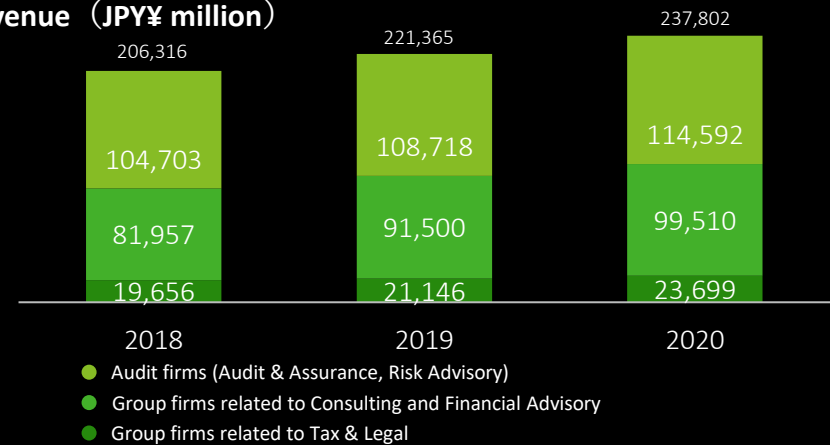
Deloitte Tohmatsu presents the progress for our initiatives, by measuring impact across people, business performance and for the economic society

Performance

Total headcount

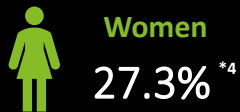


Revenue (JPY¥ million)



Diversity & Inclusion

Female board members



Female partners & directors



Female managers (Senior managers, managers)



Foreign members



Men taking childcare leave^{*2}



LGBT ally network^{*1}



Persons with disabilities taking root^{*3}



footnote : As of the end of May 2020, unless otherwise noted

^{*1} : As of the end of August 2020

^{*2} : Percentage of men who took childcare leave, spousal maternity leave, or leave to encourage participation in childcare among men whose spouses gave birth during the previous fiscal year

^{*3} : Percentage of employees enrolled for 2 years as of July 1, 2020

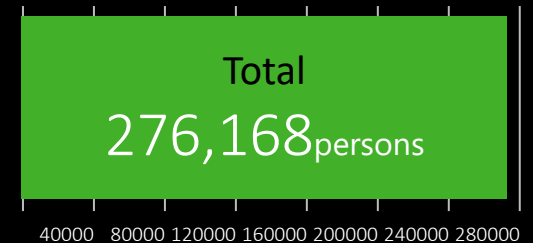
^{*4} : The % of women's board members was revised from 24.3% on 9/2 due to a type in the original document



WorldClass

WorldClass is an initiative to make a positive impact on two million people in Japan to succeed by 2030 in three areas: education, skills, and opportunities.

Individuals reached toward our 2M goal





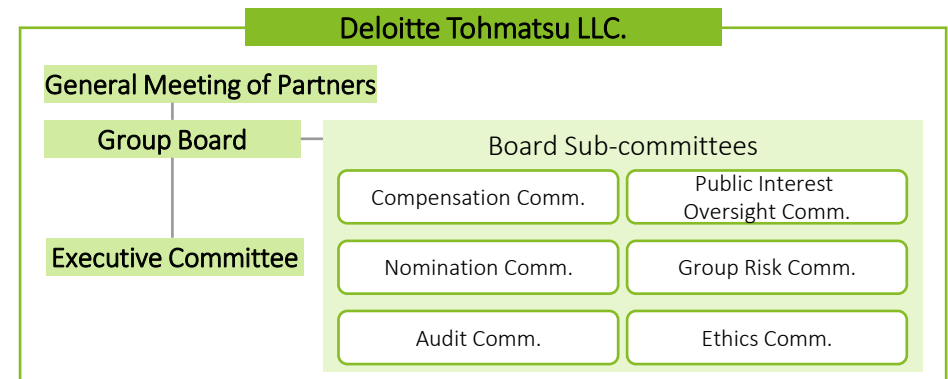
About Deloitte Tohmatsu Group

Deloitte Tohmatsu Group (hereinafter referred to as “Deloitte Tohmatsu” or “the Group”) is one of the largest professional services firms groups in Japan, with a total of 14,500 professionals working for the Group. It is comprised of Deloitte Tohmatsu LLC, which is responsible for the Group’s governance and management, as well as five businesses and corporate functions. Five businesses - Audit & Assurance, Risk Advisory, Consulting, Financial Advisory, and Tax and Legal - have corresponding legal entities under their practices, offering services in compliance with applicable laws, while collaborating with one another to present and enhance the integrated capabilities of the Group.

Deloitte Tohmatsu is funded solely by Partners, who, as capital sponsors, are eligible to take part in making decisions on important management matters. Each professional services firm is incorporated and existing under the laws of Japan, for example, Deloitte Touche Tohmatsu LLC adheres to the Certified Public Accountants Act; Deloitte Tohmatsu Tax Co. to the Certified Public Tax Accountant Act; DT Legal Japan to the Attorney Act; Deloitte Tohmatsu Social Insurance and Labor Advisors Co. to the Act on Public Consultants on Social and Labour Insurance; and Deloitte Tohmatsu Immigration Co. to the Certified Administrative Procedures Legal Specialist Act. Capital sponsors of each legal entity belong to the respective practices as Partners. With mutually executed Group Agreement as a binding force among the legal entities, Deloitte Tohmatsu Group forms a legal structure that also covers subsidiaries of these legal entities.

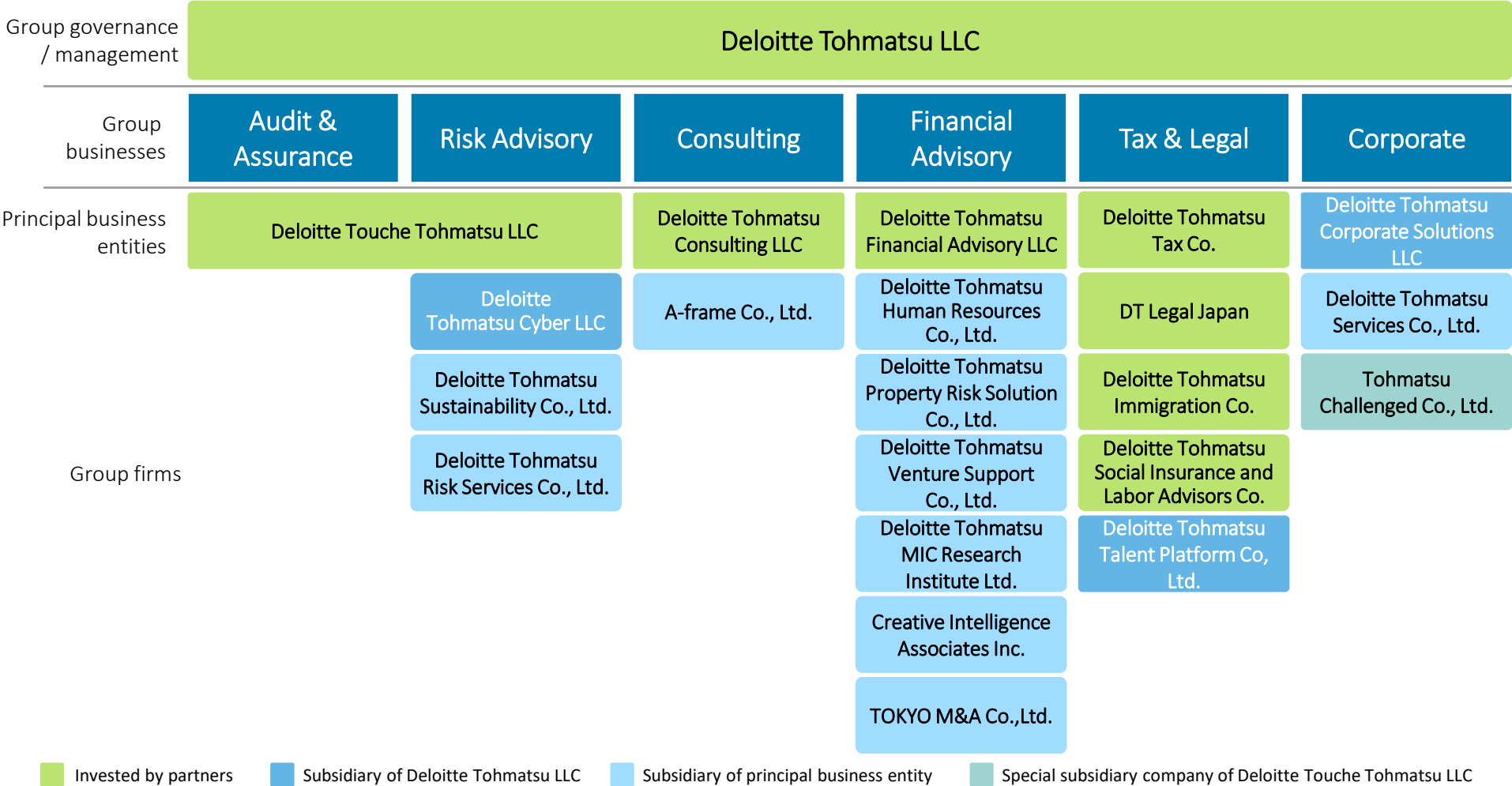
Corresponding to the Board of Directors of general corporations, Deloitte Tohmatsu LLC established the Board as a governance body responsible for oversight and evaluation of the management body. Replicating the structure of corporations with a nominating committee, etc, the Board has sub-committees as presented in the chart. In addition, three independent third-party external advisers are selected as Independent Non-Executive Officers. Besides sitting on the Board, they give advice and proposals from an independent point of view in the Public Interest Oversight Committee, comprised solely of these Officers, to help the Group improve management control and enhance governance so as to play its role to contribute to public interest and meet the expectations of stakeholders.

The Group CEO represents the Group as the most senior officer in the management structure. Being responsible for leading the Executive Committee, comprised of the leaders of the five businesses and executive officers of the Group, the Group CEO ensures that the Group’s management is aligned with the direction set forth by the Board. To select the Group CEO, first the Nomination Committee nominates a candidate to the Board in accordance with internal rules, followed by a resolution by the Board with subsequent approval at the general assembly of the Group’s Partners.



Deloitte Tohmatsu Group is composed of the five businesses and corporate function with Deloitte Tohmatsu LLC as its overall governance and management body

Deloitte Tohmatsu Group – firms and organizational structure





Deloitte Network

Deloitte Network is one of the largest global networks of professional firms, covering more than 150 countries worldwide with a total of 330,000 professionals, and is a group of independent firms operated in countries around the world. Deloitte Network is constituted from these independent firms as well as Deloitte Touche Tohmatsu Limited (“Deloitte Global”), a private company limited by guarantee which was incorporated in England and Wales.

Deloitte Global

Bound by contractual obligations without having share capital, is the organizational foundation of Deloitte Network so as for independent member firms to collaborate globally in offering services to multinational organizations. Deloitte Global does not provide services to client organizations. It is governed by the Deloitte Global Board of Directors, while the Deloitte Global Executive sets global strategies, and the Deloitte Global Operating Committee is tasked to help member countries execute strategies. Playing a central role in governance, the Deloitte Global Board of Directors ensures compliance with laws and regulations and secures independence of functions and organizations of firms in each country, while monitoring and supporting execution of global strategies.

Deloitte Tohmatsu joined Touche Ross International, a predecessor of Deloitte Global, in 1975 and has maintained a consistent relationship for 45 years. Deloitte Tohmatsu is actively taking part in the global management of Deloitte Global, with Hitoshi Matsumoto, Partner of Deloitte Tohmatsu as well as Chair of the Board of undermentioned Deloitte AP, serving as Deputy Chair of the Deloitte Global Board of Directors, and Yoriko Goto, Chair of the Board of Deloitte Tohmatsu, serving as a member of the Deloitte Global Board of Directors. In addition, Takashi Nagata, Deloitte Tohmatsu Group CEO, is a member of the Deloitte Global Executive.

Deloitte Asia Pacific

Deloitte Asia Pacific Limited (“Deloitte AP”) was established in September 2018 as a private company limited by guarantee incorporated in England and Wales, with the aim of facilitating collaboration among Deloitte practices in the Asia Pacific region. Objectives of Deloitte AP include, among other things, enhancing capabilities of its members* in order to allow them to better serve clients and improving audit quality. Members of Deloitte AP are separate and independent legal entities which cannot obligate or bind each other in respect of third parties and do not exercise control over each other. Members, maintain their respective management structures while focusing on enhancing collaboration in the region. The Board of Deloitte AP is responsible for governance while the AP Executive sets strategies in the region. CEOs of each member form part of the AP Executive, thereby making sure strategies are aligned. Deloitte AP does not provide services to clients. Currently, Hitoshi Matsumoto, Partner of Deloitte Tohmatsu, serves as Chair of the Board of Deloitte AP.

*Members of Deloitte AP such as Deloitte Tohmatsu LLC and their related entities are separate and independent legal entities and operate under the ‘Connected + Autonomy’ model. This model permits each practice to benefit from the scale and consistency supported by Deloitte AP, while retaining local independence to operate within each firm’s regulatory environment and market in compliance with local laws and regulations. For the avoidance of doubt, members of Deloitte AP are not owned by Deloitte AP or any other members.



Information Security 1

Information Security Policy

Recognizing that safeguarding confidential information is conducive to ongoing and sustainable growth of our business, we protect information assets provided by clients against threats including loss, alteration, breach and misuse. At Deloitte Tohmatsu, we voluntarily adopt the information security policy as well as other rules related to this area (collectively referred to as “Information Security Policy”). When developing and maintaining our Information Security Policy, we make sure that it is aligned with Deloitte Global’s information security manuals while complying with applicable laws and regulations in Japan.

Protection of Client Information

System environments that store client information are designed to follow Deloitte Global’s standard and backed by the most up-to-date information management technologies. Access rights are established for specific client information per contract, limiting access to those who are involved in the relevant client work. Because the information system environment is rigorously managed by firewalls and because Deloitte firms in other jurisdictions are independent from one another, it is impossible for firms within the Deloitte Network to gain access to another Deloitte firms’ information. Specifically, classified information is managed with the utmost care by coding individual files, whereas handling of highly sensitive client information, for example information related to national security, requires members involved in the work to complete an additional due diligence process, a measure we implemented earliest among our peers.

Organizational Structure Ensuring Information Security

The Reputation Risk Leader of Deloitte Tohmatsu is responsible for overseeing information management across the group. Under the oversight, the group-wide information management structure is put in place while individual departments are accountable for understanding, maintaining, and managing their own information security. The group’s Chief Information Officer (CIO) is responsible for overall implementation, management, and operation of information systems. The CIO appoints an Information System Manager, who is in charge of group-wide information systems, as well as an Information Security Manager, who is in charge of group-wide information security (collectively referred to as “CISO”). The Reputation Risk Leader, CIO, and CISO are independently appointed by Deloitte Tohmatsu while the Information System Team is established within Deloitte Tohmatsu, ensuring independence of the information security framework in Japan from Deloitte Global and Deloitte Asia Pacific.



Information Security 2

Information Security Management and Measures to Safeguard Information

Certified with ISO 27001, an international standard on how information security is managed, Deloitte Tohmatsu has established the most advanced information security management structure. Information is safeguarded through:

- Organizational Measures, including auditing compliance with Information Security Policy, taking disciplinary actions, discontinuing contracts and taking other legal measures in case information is breached.
- Personnel-related Measures, including enforcing non-disclosure agreements at the time of employment and agreeing with outsourcing contracts, requiring third parties related to employees and staff to comply with the Information Security Policy, raising awareness for and ensuring the compliance with the Policy, and offering training.
- Physical Measures, including managing access to work areas through security cards and monitoring by surveillance cameras, setting up a high security area with access limited to certain authorized personnel, and conducting control monitoring.
- Technical Measures, including granting and changing access rights only to personnel relevant to specific work.

Furthermore, the Information Security Policy dictates that the firm has a structure in place to immediately commence necessary investigations in case the policy is violated or is suspected of being violated. Such structure covers:

- Setting up an emergency contact (available 24/7).
- Establishing and ensuring compliance with the incident response procedure by allowing all employees, staff and other related third parties to report any incidents to the emergency contact as they arise.



Information Security 3

Education on Information Security

Recognizing the importance of information security and risks surrounding the group in relation to this area, Deloitte Tohmatsu develops educational training materials. The purpose is to safeguard client information, protect the group's information assets, and ensure appropriate handling of personal information. Other training focuses on developing the knowledge and skills regarding how our people and staff should respond to incidents with high information security risk. Some examples of training are:

- On-boarding training for all new members at Deloitte Tohmatsu.
- Mandatory e-learning courses, multiple times throughout the year, to raise awareness on information security and to update any changes to Information Security Policy.
- In collaboration with Deloitte Global, various campaigns to raise awareness, providing updates and alerts via the intranet throughout the year; and
- Regular exercises against phishing threats, in collaboration with Deloitte Global.

Over the course of training and through feedback from our people, additional issues may be identified. Reflecting new findings, the group is striving to further strengthen its readiness for information security on an ongoing basis, whether it be revisiting Information Security Policy or developing new training programs.

Information Security Audit

Deloitte Tohmatsu conducts information security audits undertaken by the Internal Audit team. The audit confirms compliance with the Information Security Policy among employees, staff, and third parties and attests whether the group's information security management structure is properly structured and operated. As an ISO 27001 certified entity, Deloitte Tohmatsu also goes through annual review to maintain its status, conducted by a certification authority independent from our firm.



Risk Management

Because the business landscape surrounding Deloitte Tohmatsu continues to be volatile and uncertain - with increasing demands from clients and greater scrutiny from regulators and other governmental authorities - we continue to focus relentlessly on Quality and Risk Management (QRM), actively monitoring, strengthening, and improving risk management processes and procedures. Many risks, if they materialize, could impact Deloitte Tohmatsu's ability to achieve its business strategies - including the protection and preservation of its reputation and brand, and delivery of consistent services across the organization. That is why our vigilant Enterprise Risk Framework (ERF) is designed to proactively identify, evaluate, and prioritize risk response as part of managements' agenda.

The Deloitte Policies Manual (DPM) is the central piece of QRM process applicable throughout Deloitte Global. It provides the basis for Deloitte firms to establish and implement globally consistent and rigorous QRM processes and sets forth policies for which compliance is mandatory. The DPM also includes a specific policy requirement for each firm to appoint a senior and experienced Reputation and Risk Leader who is responsible for leading their firm's QRM program and structure. At Deloitte Tohmatsu, the Reputation Risk Leader, who is also a member of the Executive Committee, is in charge of maintaining our reputation and implementing risk management practices and responsible for consistently monitoring and overseeing execution and handling of relevant work processes.

Globally shared reviews serve as a critical inspection and monitoring mechanism and are a critical component of Deloitte Network's system of quality control and risk management. Each firm within Deloitte Network is responsible for conducting its own practice reviews under the guidance and oversight of Deloitte Global. Held at least once every three years, these reviews assess whether Deloitte firms comply, at a minimum, with DPM policies; if DPM policies are operating effectively in practice; and the quality of work performed, and services delivered by Deloitte firms.

Anti-Corruption

At Deloitte Tohmatsu, we are committed to preventing corruption across the group. The Group-wide policy manual, "Anti-Corruption Policy," covers rules and a Code of Conduct designed to prevent any form of corruption, including bribery, and anti-corruption champions are appointed under the Reputation Risk Leader. Dictated by our Code of Conduct, all our people at Deloitte Tohmatsu are required to make a commitment against any form of corruption. Messages from top management are communicated and trainings are offered, disseminating the above-mentioned policy manual, to encourage our people to take specific actions.



Independence

With accounting audit being its original service, grounded upon public trust, Deloitte Tohmatsu believes that independence is essential to our quality management. Standards for independence are shaped by legislation, regulations, professional requirements, and public expectations. Maintaining independence is a professional obligation to which all Deloitte Tohmatsu professionals must adhere in their service offerings, business relations, employment relations, and financial interests. Deloitte Tohmatsu adopts a robust structure to timely and appropriately respond to issues related to independent quality management procedures and other issues, comprised of the following characteristic features:

- Monitoring a group's transactions and firms who are required to maintain independence.
- Responding to independence-related regulations and reviewing compliance status.
- Offering training and awareness sessions on independence.
- Identifying, analyzing, and taking disciplinary actions against violations of independence rules.
- Evaluating and monitoring business relations.
- Signing and monitoring of contracts.
- Monitoring the audit/non-audit revenue ratio.
- Requiring all professionals to register with Global Independence Monitoring System (GIMS)*.
- Taking preemptive measures to ensure adherence with the independence rule.
- Monitoring individual's financial interests and employment relations.
- Monitoring rotation of partners.
- Accepting consultation at any time.
- Running an internal system in compliance with corporate number identity searching system.
- Conducting annual attestation of independence.

*Global Independence Monitoring System (GIMS):

By registering individuals' financial interests, the system works to prevent infringement of independence requirements that may arise from holding restricted stocks. With the purpose of preventing infringement of independence rules, the firm operates Financial Institution Data Import Program (FIDIP) that automatically connects GIMS with information of financial accounts (holdings of financial instruments) from securities brokers and other financial services. The automatic data linkage enabled by FIDIP reduces time required for GIMS registration and prevents errors and delays that may occur while inputting information into GIMS.

On some occasions, we serve the same clients in multiple jurisdictions. Deloitte Tohmatsu, when considering whether to accept a new client or a new engagement at an existing client, must consider the independence requirements in all applicable jurisdictions. For existing audit clients, Deloitte Tohmatsu must evaluate the independence implications of other firms in the Deloitte Network with that client, including the provision of non-audit services.



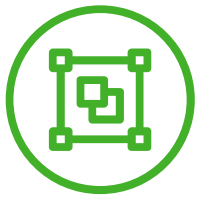
Professional Ethics

Understanding the importance of fulfilling its critical responsibility in the public interest, Deloitte Tohmatsu works diligently to promote a culture of integrity among all our people. Deloitte Tohmatsu firmly believes that creating and maintaining a culture of integrity - prioritizing behavior that demonstrate integrity in any circumstance – is the bedrock for all of us as professionals in making the best possible decisions.

This is why we established “Fairness to Society” - Ensure fairness within our economic society and take the lead in contributing to its development- as one of our Group philosophy. With this in mind, our Code of Conduct guides all our people on how we demonstrate behaviors of integrity. With a set of related rules in place, the Group reiterates every year that compliance with the Code of Conduct is a responsibility for each one of us. In addition, the firm conducts an annual ethics survey and integrates the results into various measures designed to disseminate and strengthen professional ethics centered around integrity. Some of the measures implemented during FY 2020, for example, include strengthening communications on ethics from the CEO and other senior leaders; establishing a group-wide reporting channel called Deloitte Speak Up; and mobilizing anti-harassment initiatives by introducing anti-discrimination and anti-harassment policies. The firm is committed to further promoting ethics among our people throughout FY 2021, by conducting the Shared Value Campaign, improving the internal reporting channel, and offering group-wide training.

Deloitte Speak Up

Deloitte Speak Up was established as a way to properly handle concerns and questions related to ethics. The reporting channel, widely publicized in the Group’s intranet and external website, enables us to respond to any reports, whether from people within or outside of the Group. An Anti-Retaliation Policy ensures that the reporting individuals do not suffer from adverse treatment, while a designated internal team or external attorneys are involved in the process to ensure the confidentiality of the matter.



Public Interest and Public Policy 1

Deloitte's commitment to responsible business underlies everything we do. It is more than just doing the right thing; it is about using our spheres of influence to foster better social norms, while demonstrating responsible business practices through how our clients behave. Our ultimate goal is to contribute to the broader public interest. Deloitte Tohmatsu provides audit and assurance, risk advisory, consulting, financial advisory as well as tax and legal services - always striving to act in the public interest, exercising the highest ethical standards and delivering the highest-quality services. In addition, the independent third-party external advisers are selected as Independent Non-Executive Officers. Besides sitting on the Board, they give advice and proposals from an independent point of view in the Public Interest Oversight Committee, comprised solely of these Officers, to play its role to contribute the public interest and meet the expectations of stakeholders. Following are some examples of how we serve the public interest.

Audit & Assurance: We serve public interest by enabling trust and transparency across and between stakeholders in the financial reporting ecosystem. Independent auditors help the capital market's system function with greater confidence, attesting to or expressing opinions as to whether financial statements, internal controls, and regulatory reports are prepared in accordance with identified financial reporting frameworks. Constant enhancement of audit quality is one of our top priorities, with the belief that relevant and reliable audit processes are increasingly essential to investor confidence and to the ongoing vitality of capital markets. Ongoing investment in audit quality and technology demonstrates Deloitte Tohmatsu's commitment to fulfilling its public interest role and enhancing trust among businesses and the capital markets.

Tax: We helps clients be compliant by guiding them through rapidly changing and complex domestic and international tax laws through relevant advice. Advice of tax professionals at Deloitte Tohmatsu is subject to high ethical standards, rigorous quality control, expert insights, and the Code of Conduct, offered in compliance with applicable laws and regulations of the countries and regions covered.

People: Having 14,500 people, Deloitte Tohmatsu makes untiring efforts to support our employees and staff. We believe that working with people from different backgrounds, cultures, and views helps our people grow into better professionals and leaders.



Public Interest and Public Policy 2

As a way of contributing to the public interest, going beyond merely serving our clients, Deloitte Network's *WorldClass* ambition aims to empower 50 million people worldwide by 2030 in three areas that include developing job skills, improving educational outcomes, and creating opportunities.

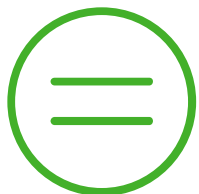
Our goal in Japan is to make a positive impact on two million people by 2030. In addition, working closely with Deloitte Network, Deloitte Tohmatu is making steady progress towards attaining the goal set by *WorldClimate*, Deloitte's climate change strategy, with the aim of achieving net-zero greenhouse gas emissions by 2030.

Public Policy

Deloitte Tohmatu proactively participates in discussions on rule and policy making on some of today's most important socioeconomic challenges. Developing and maintaining meaningful relations with key stakeholders - whether it be investors, regulators, professional bodies, clients, or communities - informs us in the actions we take, focusing on the following areas and themes:

- Pursuing an ideal status of financial reporting ecosystem that ensures credibility and transparency while carrying out full accountability.
- Creating a scheme of inclusive talent development in a way for diverse people to acquire relevant skills and qualification required to win meaningful professional opportunities for the future.
- Proposing regulations and rules necessary to respond to rapidly evolving technologies.
- Developing and advocating frameworks to measure how economic society is progressing and evolving.

Backed by insights gained through businesses and collaborations with diverse stakeholders, Deloitte Tohmatu pursues consistent and forward-looking public policy agenda.



Diversity and Inclusion (D&I)

Deloitte Tohmatu respects the ILO Declaration on Fundamental Principles and Rights at Work in four categories; freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination with respect to employment and occupation. The firm also advocates and respects the protection of human rights, adopting a group-wide human right policy and establishing Deloitte Speak Up, a reporting channel to properly handle concerns and questions. Above all, promoting diversity and inclusion (D&I) in all forms is at the core of what we do as we believe respect and appreciation for gender, nationality, sexual orientation and gender identity, culture, religious belief, value and disability serves as a foundation for every one of us to fully exhibit our potential.

Deloitte Tohmatu regards diversity and inclusion as driving forces in creating a team capable of bringing about innovative ideas and offering services valuable to clients and society. Four themes discussed below propel our activities. Positioning D&I as one of the most important of managements' agenda, senior management are proactively engaged, with Group CEO, CHRO and the leaders of 5 businesses forming the D&I Committee. Resolutions discussed and adopted by the D&I Committee are to be approved by Executive Committee and subsequently by the Board and are fully executed to showcase commitment of senior management.

- 1. Achieving an Inclusive Culture:** By offering Respect & Inclusion and unconscious bias trainings as well as by communicating regularly on D&I from senior leaders, we build a more inclusive workplace in which each individual exhibits their full potential.
- 2. Empowering Women (All-IN):** Under the guiding principle "ALL-IN," shared throughout Deloitte Global, the firm develops and executes individual talent development plans specifically focused on increasing female representation at senior management and board level. We also advocate "Panel Promise" to encourage innovative, high-quality dialogues reflecting diversity by achieving equal gender balance at panel sessions internally and externally. In 2019, Deloitte Tohmatu was recognized for its effort, both as a firm and as individuals, by J-Win, a non-profit organization, in the J-Win Diversity Award, reflecting accolades from the public towards our steady progress with ALL-IN. The Group is committed to continuing and improving initiatives designed to truly attain gender parity.
- 3. Enhancing Inclusion of Diverse Members:**
 - For international members: Differences of language and culture should be regarded as strengths. Networking, support, cultural inclusion training, and other initiatives help drive our efforts.
 - For LGBT: Our multi-dimensional approach includes enhancing benefit packages to make same-gender marriages eligible for congratulation or condolence leaves and grants, installing all-gender bathrooms, developing new guidelines, reviewing rules, offering training, and sponsoring LGBT-related events.
 - For members with disabilities: The firm creates an environment that ensures members with disabilities exhibit their full potential by adopting reasonable accommodations and other measures.
- 4. Work Life Management:** We are committed to offering flexible ways of working, suitable for individuals' needs, especially when they need to adjust how they work for certain period of time due to life events such as childbirth and childcare, elderly care, and injuries and sickness. A wide array of support is available - flexible working programs, in-house childcare services, childcare concierge, babysitters, elderly care, and housework support.



Environment

Due to the nature of being a professional services firm, Deloitte Tohmatsu's operations have only indirect impact on greenhouse gas emissions, largely from energy consumption in the office and air travel related to our business trips. As an increasing number of people are working from home (March to May in FY 2020) due to the COVID-19 pandemic, we used the office less frequently and took a fewer number of business trips involving air travel, thus successfully reducing the amount of greenhouse gas emission per capita.

To encourage members to engage in environmental conservation and restoration, the group offers the following opportunities (some activities are temporary suspended due to COVID-19 pandemic):

- 1. Tohmatsu Forest:** Restoration of the forest to bring the natural cycle back by thinning trees and mowing underbrush in Yoshii Town in Gumma, the birthplace of Nobuzo Tohmatsu, one of the founding members of Deloitte Tohmatsu, as well as Ryujin Village in Wakayama, and Seto City in Aichi.
- 2. Landscaping Flowerbeds:** Replanting and replacing plants in flowerbeds in Hibiya Park to offer a better environment in the business district. Recognized for our long-standing activities, Deloitte Tohmatsu was awarded the Prize of Encouragement in the category of volunteerism and social contribution at the 55th Tokyo Metropolitan Park Association Award in 2020.
- 3. Giving Back to Society through Recycling:** Collecting plastic bottle caps and used postal stamps to donate to non-profit organizations dedicated to the preservation of our natural environment. During FY2020, Deloitte Tohmatsu collected 266.6 kg of plastic bottle caps and 9.3 kg of used postal stamps throughout its offices. In addition, the firm collects and sells books that are no longer needed from within the office and from outside of the firm to raise fund to support charitable causes. In FY2020, 2,819 books were collected, and the money raised through the sale was donated to non-profit organizations including Sodateage Net as well as Reconstruction Support Fund for Earthquake-Stricken Cultural Assets which includes Kumamoto Castle and Aso Shrine.



WorldClimate

Engagement with a New Program, WorldClimate

In response to increasing demand for accelerating measures against climate change caused by greenhouse gas emissions, Deloitte Tohmatsu is engaged in a new Deloitte Network program called *WorldClimate*, with the aim of achieving net-zero greenhouse gas emissions by 2030, ahead of the target year of 2050 set by the Paris Agreement. To achieve this goal, the Group is reducing the amount of business travel and proactively using more renewable energy to power its offices while urging major suppliers to adopt emission reduction targets based on science. In addition to the above-mentioned initiatives, we encourage awareness and behavioral changes among its members. We work closely with clients, alliance companies, non-governmental and non-profit organizations, industry groups, and suppliers so as to involve the entire social system and operational process into this important initiative.

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