



# KPMG Japan Our Story 2018/19

KPMG Japan

[kpmg.com/jp](https://kpmg.com/jp)



KPMG Ignition Tokyo Technology Center Entrance

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Our Purpose

# Inspire Confidence, Empower Change.

We work to inspire confidence in the economy while empowering clients and society to make positive changes. This is Our Purpose.

We work shoulder-to-shoulder with our clients, delivering real results, while we ourselves change for the better as we seek to be the Clear Choice.

This is The KPMG Story – building on the past and leading into the future.





## CEO Message

### To be The Clear Choice – Now and in the Future

The vision of KPMG Japan is to become The Clear Choice. To achieve this goal, we provide credibility to financial information through our audits as a “gatekeeper” of the capital markets, and through our tax services offer appropriate and comprehensive advice to address complex, cross-border tax issues. Through our advisory services, we are committed to supporting clients to enhance corporate value at all stages of the enterprise’s activities including business transformation and improvement in operations on a global scale. As CEO of KPMG Japan, it is my mission to continue to “Inspire Confidence” by fulfilling our social responsibility and transmitting our knowledge and capabilities to the next generation, thereby establishing the foundation for KPMG Japan to be The Clear Choice now and in the future.

### Digital and Diversity are critical to realizing Our Vision

Digital and Diversity are the keywords for achieving Our Vision. Whether it is continuously improving our audit quality, supporting the establishment of global tax strategies and tax governance structures, or offering sophisticated advisory services that consider the opportunities and risks for future corporate value, we must use cutting-edge digital technologies combined with our specialized knowledge and expertise that we have cultivated in each of these areas. KPMG Ignition Tokyo, which we launched in July 2018, is a hub for combining the knowledge of our professionals and digital experts with the latest digital technologies and promoting KPMG Japan’s integrated digitalization. It will play a role as a state-of-the-art hub for providing Japanese clients support on their digital transformation journey and creating solutions for succeeding amidst global competition. In a rapidly changing, complex business environment, it is necessary to encourage the diversity of our teams in order to perform an in-depth audit and to respond to various needs in the tax and advisory areas. We are currently promoting work style reform using three frameworks – Operational (a “back to basics” approach to our work), Institutional (improving the working environment) and Cultural (promoting behavioral change) – so that our people with diverse talents are motivated, demonstrate their full capabilities, and succeed in the workplace. We aim to become an organization with diverse competencies and diverse values so that we are able to respond quickly with innovative solutions to the needs of a society that is undergoing changes associated with digitalization and globalization.

### Realizing Our Growth Story Together

Our Vision is to inspire confidence in a rapidly changing and complex economy while empowering clients and society to make positive changes amidst a challenging business environment. In so doing, we must be committed to transforming ourselves and constantly evolving our firm to meet the expectations of society. I am determined to work together with clients, society and all other stakeholders in order to realize Our Vision, to be The Clear Choice.



#### What we want you to know

We aim to be The Clear Choice for our clients, society, and all other stakeholders. We believe we can achieve this if we are consistently trusted by our clients and society at large.



# To be The Clear Choice – Now and in the Future

Hiroyuki SAKAI

CEO, KPMG Japan  
Managing Partner, KPMG AZSA LLC

To be a firm that leads change  
in an increasingly digital society and  
is trusted by and growing together with  
our clients, our people and society.

Toshiya MORI

Chairman, KPMG Japan



Work  
Experience

Toshiya served as Head of Advisory of KPMG Japan since 2015 and assumed his current role in October 2018. He has extensive experience providing both audit and advisory services to assist global corporations with a wide range of management issues.

KPMG Ignition Tokyo Innovation Laboratory

## Becoming The Clear Choice

KPMG Japan consists of seven main professional firms that are supported by nearly 8,300 people. KPMG's global network of independent firms offer audit, tax and advisory services and operate in more than 150 countries with almost 200,000 people of different nationality, gender, generation, background and expertise. To achieve Our Purpose – Inspire Confidence, Empower Change – KPMG is committed to contributing to clients and society through robust relationships and a network built on the high degree of professionalism of each individual, mutual acceptance and respect for each other.

## Leading innovation in a digital society

Development of innovative technologies is promoting competition and cooperation across different industries through open innovation, the influence of which is spreading beyond business to individual lifestyles and even social structure. Many of these technologies are brought about

by “digitalization” including the collection, processing and analysis of huge volumes of data. This has resulted in a situation where businesses that control data enjoy an oligopolistic position in the market, with regulations to correct this being strengthened in response. In short, data will continue being at the heart of innovation going forward. This macro trend affects both what it means to be a professional as well as our services. In order to lead the changes impacting clients and society and to prepare for the next generation, we are proactively investing in digital and innovation, beginning with the launch of KPMG Ignition Tokyo, and strengthening the development of talent.

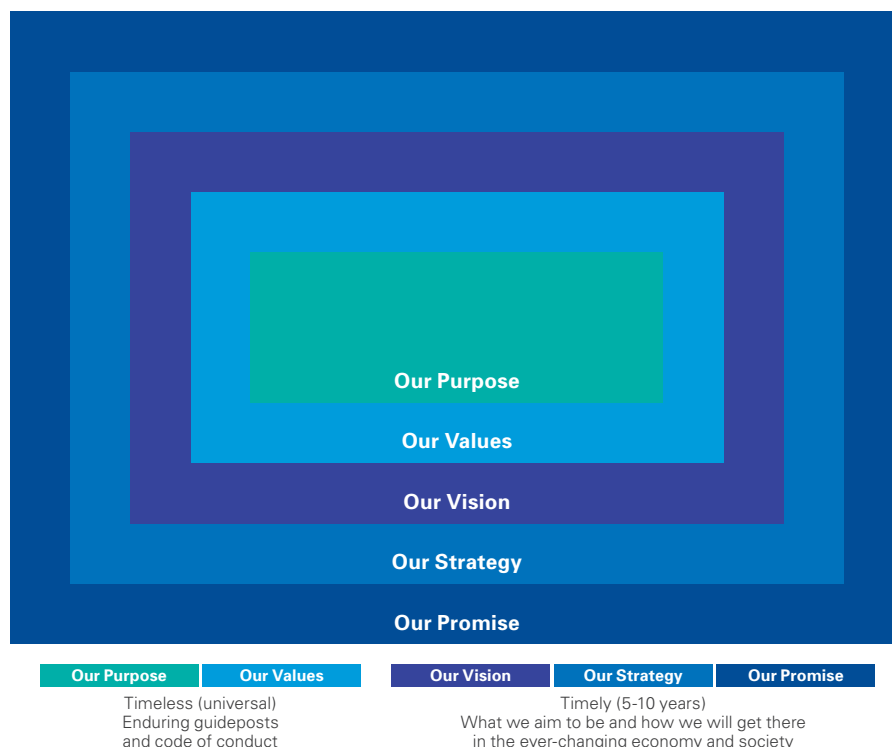
## Our responsibility to the next generation – Sharing challenges and growing together with the client

In order to respond to society's expectations at a time when the issues and challenges faced by clients and society are increasingly complex and changing rapidly, we are required to maintain a fairness of mind. This means that we are not swayed by the

trends of the day and do not simply accommodate ourselves to the demands of clients, but remain steadfast in our beliefs when necessary.

It is my mission as the Chairman of KPMG Japan to foster our talent to have not only a high degree of expertise and insights but also a high standard of fairness, so that our firm can grow into a team of professionals capable of earning the trust of society in the long term.

Through our audit, tax and advisory services, we act variously as a market watchdog and an advisor, supporting our clients and society to tackle the issues they face and ultimately build trust. KPMG has committed to the Sustainable Development Goals (SDGs) on a global basis, and KPMG Japan will do its part to proactively promote relevant activities. By fostering a culture and environment where we can make the most of our strengths, we aim to be a professional firm that contributes through high quality services and deep expertise, growing together with our clients and society.



# Value Creation Story

Our ability to support clients in solving challenging issues and the diverse expertise of our people contribute to society by assisting our clients to create value, enabling KPMG to create our own value in turn. The insights gained from this contribution result in a stronger foundation for our business which allows us to enhance our capabilities to solve ever more complex issues. Through this process we can achieve sustainable growth and fulfill the role expected of us by our clients and society.

## Value Creation

With the goal of assisting clients' value creation, we use all the resources at our disposal to solve issues for clients.

## Input

We utilize our accumulated credibility, expertise, and global network.

### Sources of our value

- ✓ Accumulated trust
- ✓ Professionals with integrity and expertise who meet the expectations of society
- ✓ Global network to make the most of our insight

## At a Glance

(As of June 30, 2018 unless otherwise stated)

Number of employees	8,309	Number of global professionals*2	2,965	Percentage of non-Japanese	2.6%
Number of Certified Public Accountants	3,359	Global Network	Countries 154 Number of employees 197,263	Number of nationalities	32
Number of Certified Public Tax Accountants*1	245	Percentage of female employees	30.9%	Percentage of employees with a disability*3	2.37%
Revenues	1,449 hundred million yen	Number of female partners	46	Number of employees taking maternity or child care leave	Female 157 Male 6

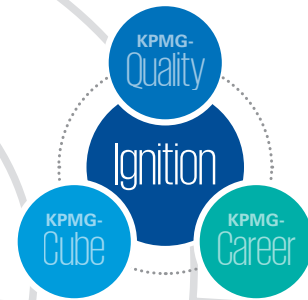
\*1 Certified Public Tax Accountants both registered and non-registered (including those who have passed the examination and those who are exempted from examination) who are engaged in tax services.

\*2 Global professionals are those who have overseas work experience, those who have completed global skills training courses, and foreign nationals.

\*3 Total percentage of persons with disabilities who are employed by KPMG AZSA LLC, the parent company of a special subsidiary, AZSA Office Mate Co., Ltd., and KPMG Consulting Co., Ltd.

# The Clear Choice

We deliver ever-higher quality service for society and individuals by utilizing the outputs we accomplished through assisting clients to create value.



## Output

We realize outcomes by providing high quality services.

## Outcome

We contribute to building public trust and to enhancing value by fulfilling the responsibilities entrusted to us.

### Our contribution to society

- ✓ Achieving a transparent, fair economy
- ✓ Building trust as a foundation of society

### Our value creation

- ✓ Professionals who can make judgments based on insightful thinking to solve complex issues
- ✓ Ability to leverage diversity to consistently bring about desired outcomes

Number of audit clients

3,558

Tax firm ranking\*4

No.1

Share of audit market

Share of top 100 listed companies by market cap

No.1 (Share: 36.0%)

Share of top 100 listed companies by revenue

No.1 (Share: 40.0%)

Share of 194 Japanese companies reporting under IFRS (or planning to)

No.1 (Share: 30.4%)

Share of 12 SEC registrants in Japan

No.2 (Share: 25.0%)

M&A advisory ranking  
(January 1, 2017 – December 1, 2018)  
Source: Thomson Reuters

Based on publicly announced deals No.5

Based on In-Out deals No.3

Global People Survey 2017 results\*5

Quality & Risk 72 (±0 from the previous quarter)

Inclusion & Diversity 65 (±2 from the previous quarter)

Innovation 60 (±6 from the previous quarter)

\*4 Industry magazine International Tax Review named KPMG Japan the "Japan Tax Firm of the Year" for the Asia Tax Awards for two consecutive years.

\*5 Global People Survey (GPS) is an awareness survey conducted on a regular basis for all people who work for KPMG member firms worldwide, as part of the firm's ongoing improvement initiatives.



KPMG AZSA

Honda Global Audit Team (SEC audit team)



KPMG Canada, Toronto Office, Partner

Dave POWER

Partner

Masahiro MORITA

Partner

Hiroyuki YAMADA

KPMG Canada, Toronto Office, Partner

Frank KLEMENCHUK

KPMG Canada, Toronto Office, Senior Manager

Ilario MELIA

Our audit team consists of over 200 people at KPMG member firms in 13 countries worldwide. While there are sometimes debate and differences of opinion, we trust each other and always think about what is best for our client and society. Teamwork in the continuous pursuit of high value-added audit is our strength.

We offer high value-added audit services to clients operating a global business. Team members around the world demonstrate our collective strength by collaborating as one team in order to meet the expectations of society.

# The strengths that form the foundation for our Value Creation Story

Professionals who have diverse expertise and knowledge collaborate to solve the challenges and disruption faced by clients and society. Utilizing our global network, they demonstrate the collective strength of our firm in order to meet expectations.



KPMG Tax Corporation

Recruit Holdings Global Tax Governance Team



ASGT Manager

Mamiko KIMURA

FinTech Senior Manager

Jun ITO

FinTech Partner

Kazushige KOIDE

The client is undergoing rapid globalization through M&A in order to achieve its goal of “being the Global No. 1 firm in the HR industry by 2020.” The KPMG Japan Tax team clarified the client’s tax position related to complex and sophisticated compliance issues, by utilizing the KPMG network and technology to build a global tax governance structure, address BEPS, establish a transfer pricing policy, and offer corporate tax compliance services on a global basis.

We support the development of tax compliance for globalized Japanese companies by providing tax services that make full use of the latest knowledge and experience related to increasingly complex taxation systems.



## KPMG FAS

### Cross-functional PMI team

from left KPMG Tax Corporation, M&A /  
Global Solutions, Partner

KPMG FAS, T&R, Partner

KPMG AZSA, AAS Division, Manager

Toshiya MIWA  
Tsuneo MIYAMOTO  
Reiko KOMIYAMA

We built a team of experts with deep insight in the energy sector to support our clients as they compete in the global energy market by building a new energy business model resulting from the integration of two leading power companies' fuel and coal power business supply chains.

Our cross-functional team contributes to society by supporting our clients' integration through extensive knowledge of the energy sector.



## KPMG AZSA

### Osaka Office Division 3 Nankai Electric Railway Audit team

from left

Partner

Manager

Assistant Manager

Keiko KITAMURA  
Shinya YAMAMOTO  
Eriko HAMADA

The client's railway and urban development businesses are important social infrastructure in the Kansai area, where cities have seen remarkable growth as tourist destinations. We are striving to build trusted relationships and to be a good partner for the client through our audit services by both sharing our client's perspective while firmly maintaining our fair-mindedness.

We contribute to the sustainable growth of our client and social infrastructure through our audit services.

## KPMG Consulting

### Business Transformation

from left

Manager

Consultant

Manager

Director

Yosuke KUMURA  
Hikaru MATSUKA  
Yohei MAEKAWA  
Dai NAGASHIMA

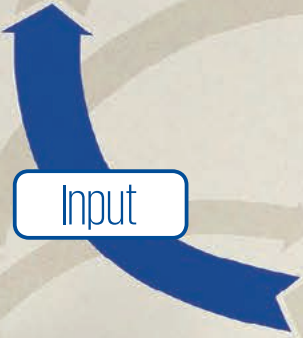
Our strength lies in our universal capacity for problem solving and our diverse background and expertise. By making the most of these strengths and seeking the latest technology and solutions, we support the client to solve problems and undergo transformation in an increasingly diverse and complex digital society. Our mission is a rewarding one – to be the best business transformation partner for our client by sharing the same goal, tackling the challenges together, and breathing life into the client's reforms.

Team members with diverse expertise support the client's business transformation through problem-solving capabilities and cutting-edge technologies.



# The diversity supporting our Value Creation Story

Today's KPMG Japan is the result of a series of mergers and reorganizations. Our firm's history is one of accepting different cultures and valuing diversity, and it is this culture of mutual respect which has been the cornerstone of KPMG Japan.



KPMG AZSA

KPMG AZSA, FS Audit Division 3, Partner  
**Hatsumi FUJIWARA**

Although balancing work and parenting commitments requires constant flexibility and adjustment, I have the support and understanding of my audit and advisory colleagues around me. I would like to show my junior colleagues that fewer working hours does not translate to a slowdown of career progression.

**"Respect and support one another"**  
- this embodies KPMG.



Details of Our Journey are available on KPMG Japan's website from the QR code above.

We chose KPMG because of the workplace openness that we experienced during a recruiting visit. This feeling has not faded even after joining the firm, and opportunities to demonstrate one's abilities are open to everyone, including junior workers.

**"Openness" - this is the reason we chose KPMG.**

- SAWADA

A deciding factor for me was how welcoming and open-minded the recruitment officer was - I could easily picture KPMG having a culture which values each and every person. Also, I would like to participate in cross-border engagements and have the opportunity to work abroad in the future.
- SUGIYAMA

People at KPMG are committed, confident, and work with pride - this is the reason why I wanted to join the firm. I find my job rewarding, even when chipping away at tasks that at times seem minor during large-scale projects, but I still feel that I am always helping the team to succeed. Also, I would like to help Japanese and overseas companies build long-lasting relationships with each other in the area of international tax.
- SUGIHARA

Working cross-functionally with domestic and overseas members to provide the best solutions to complicated and diverse client issues is challenging, but it's both fun and fulfilling being a member of the team while working towards a common goal.
- SONODA

By taking on the many opportunities available to me, I can feel myself growing professionally together with the firm. We are using the latest technologies to develop targeted solutions for our clients, and working to deploy such solutions overseas. Tackling a question with no obvious answer - how to create something from nothing? - this brings me satisfaction.



Millennial Generation

from left

- KPMG AZSA, AAS Division, Senior

KPMG Tax Corporation, FinTech, Staff

KPMG FAS, Corporate Finance, Senior

KPMG Consulting, AIT, Consultant
- Taro SAWADA** (Joined in 2017)

**Hayami SUGIYAMA** (Joined in 2018)

**Takami SUGIHARA** (Joined in 2013)

**Reo SONODA** (Joined in 2016)



#### Multinational background

from left

KPMG FAS, RS Professional Junior Associate

KPMG Consulting, StartUps, Professional Business Analyst

KPMG AZSA, FS Advisory, Assistant Manager

Vivian LEE

Harryhiro TAKAHASHI

Andrew BARGER

KPMG professionals of various nationalities and disciplines work shoulder-to-shoulder to provide value-added services to our clients.

#### KPMG supports motivated individuals regardless of differences such as nationality or gender.

LEE

At KPMG we are given opportunities to grow through close collaboration with professionals across the KPMG global network. In addition, KPMG has an open culture where we can express ourselves freely regardless of nationality, gender or age.

TAKAHASHI

KPMG offers a friendly working environment that allows people to speak up regardless of their job title and enables junior workers to take on challenging engagements in a proactive manner. It is gratifying to be chosen by clients due to the diligent and sincere attitude we have towards our work.

BARGER

The opportunity to work with industry leaders on cutting-edge projects is both challenging and extremely rewarding. A broad client base which includes not only major Japanese financial institutions but also foreign financial institutions enables me to build strong cross-border industry expertise as well as develop strong relationships with our member firms, which are critical in the current and future business environment.

#### KPMG Alumnus

WARC Inc. Director  
Akatsuki Inc. Corporate Auditor  
App Land, Inc. Outside Director

#### Mr. Kazuhiro ISHIKURA

The experience serving both major corporations as well as venture companies during my tenure at KPMG AZSA gave me valuable insight into a variety of business models. I not only learned about the operations of my clients, but also learned a lot about how a company works and what motivates workers. This exposure to organizational model cases for managing a company has greatly influenced the way I think. Now I have many opportunities to work with KPMG as a client. The views of an auditor or advisor can have a great impact on their clients, so I look forward to receiving valuable advice from and growing together with KPMG as an important business partner.



My experience at KPMG is the foundation of my career today.

Mr. Ishikura worked on the audits of global companies while at KPMG AZSA from 2005 to 2012. He took up his current role after various positions including as CFO of 3Minute inc. He is also an angel investor who funds startups.

#### AZSA Office Mate

from left

Staff

Masatsugu ITO

Yuki IWATA

Mirai KUNITOMO

Takashi MIYAWAKI



We are proud to support daily business operations as members of KPMG. KPMG offers an environment where we can always take on new challenges, which we believe is one of the firm's main strengths.

#### KPMG believes in and supports our potential.

ITO

I always perform my responsibilities with purpose and mindfulness. While helping junior colleagues to learn and progress, I would also like to take on new challenges myself.

IWATA

I follow through on each task until completion and enjoy working as part of a dedicated team.

KUNITOMO

I have always enjoyed working at KPMG, but I am especially satisfied when I am recognized for my efforts on the job.

MIYAWAKI

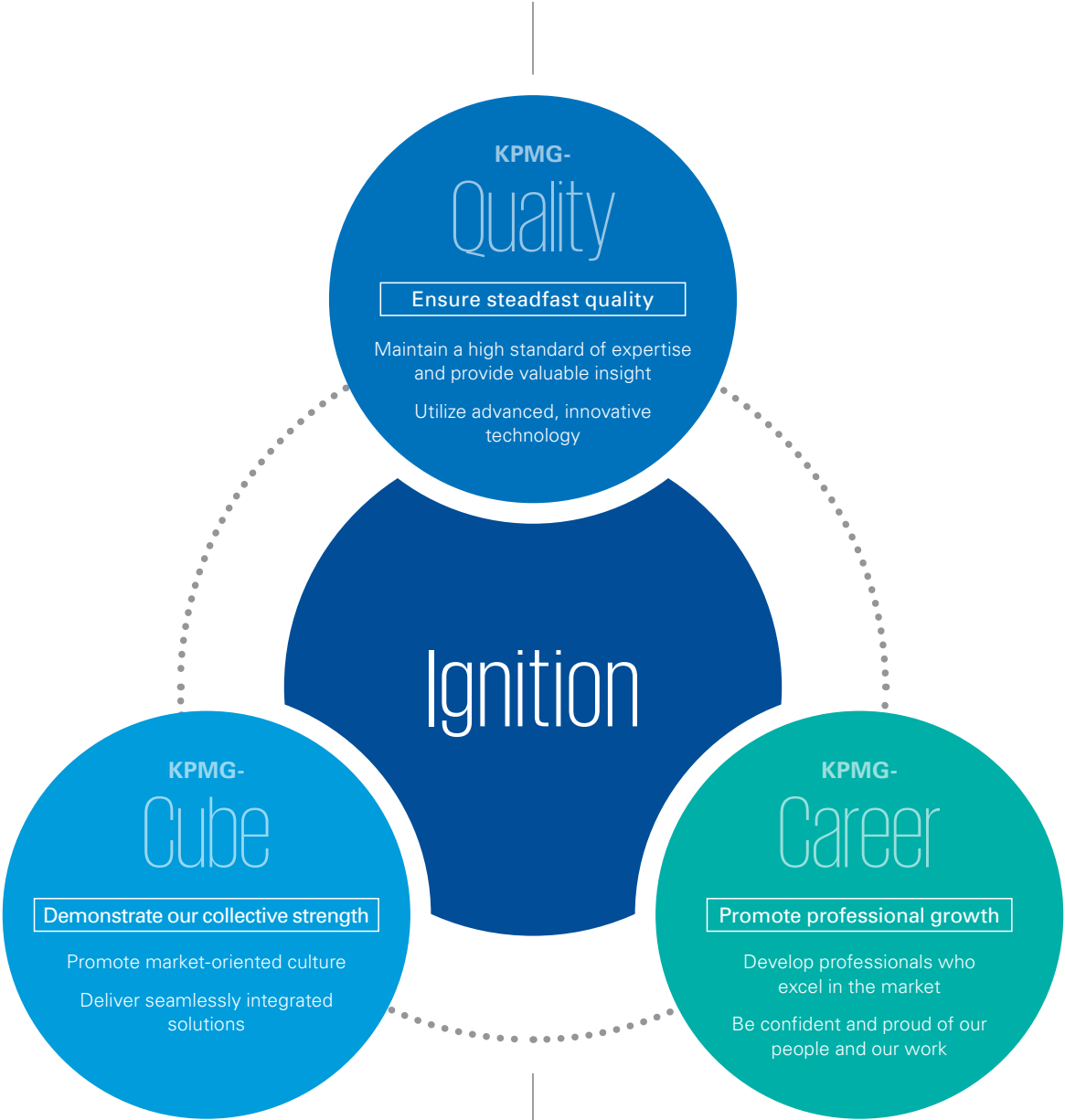
I can take advantage of my passions at KPMG and work with conviction. Supporting others at work is the most rewarding part of my job.

Vision

# The Clear Choice

To be the Clear Choice – Now and in the Future

We work shoulder-to-shoulder with our clients, delivering real results, while we ourselves change for the better as we seek to be the Clear Choice.



# Mid-term Management Plan

## Accelerate strategy execution via KPMG Ignition Tokyo

In 2016, we developed a mid-term management plan for the four years ending 2020 with the objective of having KPMG become the Clear Choice for our clients, our people and the public, and we have been steadily implementing measures in line with this plan. KPMG Ignition Tokyo will accelerate the execution of our three strategic pillars – Quality, Career, Cube – and

their respective concrete strategies. We are developing and implementing various cross-functional initiatives to achieve a unified “One KPMG” firm. By strengthening our ability to grasp the complex, rapidly-changing challenges faced by our clients and society, we can provide the appropriate support and contribute to society.

### Strategy for realizing Our Vision



#### Quality Strategy

##### Ensure steadfast quality

As an accounting firm, we constantly endeavor to provide quality to our clients by seeking an increase in value for both society and for our clients.



#### People Strategy

##### Promote professional growth

KPMG Japan's strength lies not just in our specialized knowledge or use of advanced technologies - we face the challenges of business and society with sincerity and purpose while providing an environment where each individual can grow as a professional.



#### Organizational strategy

##### Demonstrate our collective strength

We merge cutting-edge technology with our professional insights and methodologies thereby demonstrating our collective strength and delivering solutions to our clients' challenges through the KPMG global network.

————— P19 ———→

————— P21 ———→

————— P23 ———→



#### Creating value

We are strengthening the digital aspect of our Quality, Career and Cube strategic pillars to ensure their successful execution here at KPMG Japan.

————— P17 ———→

KPMG Ignition Tokyo connects KPMG Japan's three strategic pillars – Quality, Career, and Cube – to drive the evolution of KPMG Japan and allow us to further support the transformation and innovation agenda of our clients.

Introducing technologies to audit, tax and advisory services, KPMG Ignition Tokyo connects KPMG Japan seamlessly to the KPMG global network in order to deliver solutions to the complex, rapidly-changing issues of our clients and society as “One KPMG.”



# Innovation Labs

The Innovation Lab is a creative discussion space to spark open innovation. It provides companies with the stimulation they need to generate new ideas and promotes discussion of innovative business models through workshops.

# KPMG Ignition Tokyo



## KPMG's initiatives in the digital space

KPMG Japan  
Chief Digital Officer (CDO)  
Hitoshi AKIMOTO

Discussion of business today necessarily includes a couple keywords – disruption, innovation, agility and transformation. It is no exaggeration to say that these words sum up the world we live in today. However, there is often a gap between people who talk about these concepts and people who make them a reality.

KPMG Ignition Tokyo is a hub where KPMG promotes its own transformation while supporting our clients' transformation. When we discuss the digital journey with clients here, we can provide them with not only professional knowledge but our actual experience. We believe that these discussions are a unique advantage that differentiate us.

Though our audit, tax and advisory services are all dependent on our people, we are confident that we can achieve Our Vision by embedding technology in everything we do.

# Insights Center

The Insights Center brings together knowledge from the KPMG global network to provide demonstrations of what digital transformation is capable of, giving clients an opportunity to experience first-hand a digital future.

## State-of-the-art Hub for promoting client innovation

KPMG Ignition Tokyo is a hub for combining our accumulated professional insights in audit, tax and advisory with the knowledge of our digital experts and the latest digital technology. Through this hub, we promote the digitalization of our own services as well as the digital transformation of our clients by developing solutions necessary to succeed in an increasingly competitive global landscape. The KPMG network currently has "KPMG Ignition" branded facilities in 19 major cities around the world including Tokyo, New York, London, Frankfurt, Sydney, Singapore, Hong Kong, and Bangalore, with plans to open new facilities in four more cities in the near future.

KPMG is the only Big Four global accounting firm to be named a leader by IDC in the US-based market research firm's IDC Market Scope report under the category, "Worldwide Digital Transformation Consulting and Systems Integration Services 2017 Vendor Assessment."

The Technology Center is an internal working space for R&D in core technologies that are necessary to the client's digital transformation journey as well as various other applications developed from the client's perspective.

# Technology Center

# Quality

Ensuring steadfast quality

## Message from the Head of Audit

KPMG Japan is at its core an audit firm and a tax accounting firm. The audit firm is committed to the sound development of the economy by ensuring the reliability of financial information, while the tax accounting firm's mission is to help clients fulfill appropriate tax obligations. As an accounting firm that bears this social responsibility, KPMG Japan strives for ever higher quality in all of our services including advisory. In this way we contribute to increasing value both for society and for our clients.

We have always made judgments based on criteria and ethics that are recognized by society as fair and reasonable, while maintaining a high degree of expertise and integrity and complying with a strict set of rules. We have also ensured the

independence of our audit services and have maintained and enhanced the quality of all services that we provide.

We believe that the use of advanced technology is essential to continuously meet the expectations of society and ensure a high level of quality in our services on an ongoing basis. We are working on initiatives related to the use of technology to improve quality in each of our audit, tax and advisory functions, with KPMG Ignition Tokyo at the center. These initiatives, some of which require advanced data analysis techniques, leverage IT and specialized expertise. We believe our passion for and commitment to quality will contribute to the robust future growth of clients and sustainable development of society.

## Audit Quality

### Audit quality is the source of public trust in KPMG AZSA

At KPMG AZSA, we regard maintaining audit quality as our top priority. We relentlessly seek to enhance audit quality in order to meet the expectations of society. Audit teams provide high quality audit services that are responsive to advances in information systems, globalization and other challenges faced by Japanese companies.

### Inclusive corporate culture to encourage free, robust discussions

We routinely reassign our people to different positions and have reorganized our corporate structure so as to provide consistent quality of audit services and improve global responsiveness. As a result, we have cultivated an open corporate culture that welcomes free discussion and encourages learning from one another. Such values are shared by each and every one of us, making for a well-integrated organization.

### Governance system to facilitate execution of effective management

To enhance the effectiveness of our firm's management function, we have separated bodies responsible for management from bodies responsible for supervision and evaluation. In addition, we established a Public Interest Committee with a majority of outside members as an

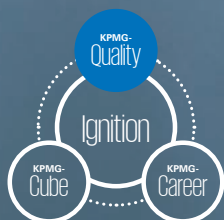
independent supervisory body, thereby ensuring the firm is managed with a view to the public interest. We are actively promoting further initiatives to ensure transparency, such as publishing AZSA Quality and organizing stakeholder dialogue events.

### Four Defense Lines to help disseminate management policies

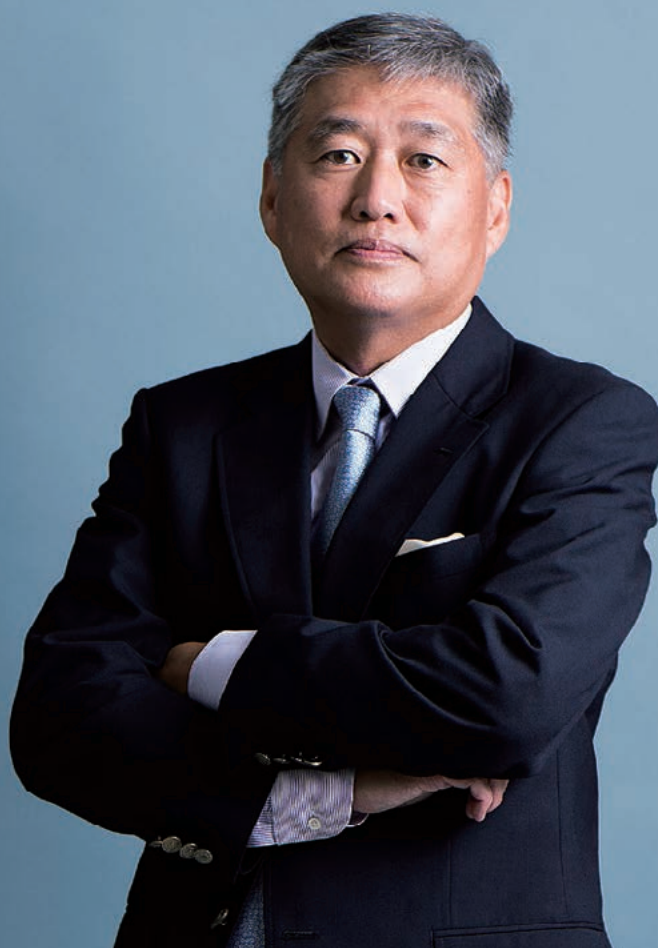
In order to provide audit quality that fulfills the expectations of society and clients, we have defined Four Defense Lines, namely: (1) firm management (KPMG AZSA Managing Partner and Senior Executive Board Members), (2) quality control departments, (3) audit divisions and (4) audit teams. This structure ensures the operational effectiveness of the entire firm by disseminating management policies down to the audit teams and conveying and sharing information from each audit team with management.

KPMG AZSA periodically issues a report AZSA Quality to explain our management's thoughts on enhancing audit quality and other initiatives so that our stakeholders, including participants in the capital markets, can better understand us, and what we can do for them.





**Takuji KANAI**  
Head of Audit



## Tax Quality

Tax issues are becoming more diverse in today's increasingly complex and international business environment. Addressing the various aspects of corporate management, which is undergoing dramatic change in recent years, KPMG Tax Corporation's teams of tax specialists, each of which has a field of expertise, offer high quality services to clients. To develop such specialists, KPMG Tax Corporation provides training programs to further enhance tax-related technical skills and to strengthen client focus and communication

skills, based on our determination to be The Clear Choice for clients.

In addition to tax consulting, KPMG Tax Corporation aims to provide high quality compliance services including preparation of tax returns. KPMG does not merely perform clerical work in preparing tax returns. We engage in in-depth dialogues with clients to identify potential tax-related risks, and tax planning options, with the ultimate aim of raising clients' corporate value.

## Advisory Quality

We have built trusted relationships with our clients based on our client-focused attitude, technological knowledge and insights, and continuous delivery of value through globally consistent services. This has allowed KPMG Japan to earn a reputation for quality.

### Commitment to enhancing clients' corporate value

KPMG Japan has established an operational approach that ensures the delivery of high value-added services appropriate to the client's characteristics and the size and complexity of the service. We maintain a database of our people's skills and experience which we use to ensure our teams consist of professionals with the relevant expertise

and experience. For engagements of a certain scale, the appointment of a quality control review partner is required, and for complex and sophisticated services an engagement leader is assigned based on the firm's accreditation system, KPMG's internal certification.

To be a trusted partner who works shoulder-to-shoulder with clients and listens to feedback from the front line, our professionals ask themselves: "Am I contributing to value creation for my clients? What is necessary for the client to grow continuously in the mid- and long-term?" By constantly asking these questions, we ensure that our people are committed to providing high quality services.

# Career

## Developing professional talent

### Message from the Head of People, Performance and Culture

To achieve KPMG Japan’s vision of being The Clear Choice, we require diverse professionals with excellent capabilities who our stakeholders can trust.

We believe that we can improve the competitiveness of the organization through individual growth – hiring and developing outstanding talent and implementing work style reform.

In addition, to raise productivity and service quality, we must improve the satisfaction of individuals working in our organization. If each of us is highly motivated, we can achieve individual growth at the time as improving the quality of the services our organization provides, ultimately providing our stakeholders with higher satisfaction. This will lead to the achievement of Our Vision.

We are continuously reviewing our operations and utilizing the latest technology to develop tools and new services while striving to foster talent to keep up with these changes. KPMG Ignition Tokyo includes numerous professionals who have experience with advanced digital technology and methodologies, thus providing a career path for multi-disciplinary professionals.

The work style needs of our people are also evolving and adapting to changes in the environment, which is characterized by a shrinking labor force, demographic changes, increasing need for workers to provide elderly and child care, and a diversification in lifestyles and values.

KPMG Japan has established a comfortable working environment that allows all of our professionals to perform while maintaining good physical and mental health.

The right corporate culture is essential for a diverse group of people to successfully work together toward a common goal, including elements such as mindset, behavior, business customs and acceptance of diversity. KPMG Japan further conducts initiatives on an ongoing basis to raise awareness among our people including on topics such as what it means to be a true professional, productivity and communication.

In order to foster professional talent and achieve Our Vision, we must continuously implement a variety of initiatives and roll them out across all KPMG Japan group companies.

Furthermore, we believe the long term commitment of top management to these efforts is vital.

### Audit Career

**Human Resource Development Principles and the “Three O’s”**

KPMG AZSA has established basic principles for the systematic creation and maintenance of an environment that enables personnel to acquire the expertise and skills necessary to provide high quality services, thereby fostering the development of true professionals. At KPMG AZSA, true professionals are developed through the “Three O’s,” namely: OJT (on-the-job training), Off-JT (off-the-job training; practical and pragmatic training), Opportunities (providing a wide range of work opportunities).



**Fostering a growth mindset and effective engagement conduct among audit teams through OJT**

The pillars of the OJT basic policy are (1) engagement conduct that enables the active and appropriate communication with clients that is necessary to identify and solve issues, and (2) audit work paper review, discussion, and feedback for training purposes. We believe that fostering a talent development mindset in our people is essential to achieve these goals.

**Effective human resource development through the PDCA cycle in OJT**

We hold team management discussions to provide a regular opportunity to think about the optimal approach to engagement conduct. We also continuously review our initiatives for human resource development through the sharing of best practices and by obtaining feedback from the audit front line. By going through this PDCA (plan-do-check-act) cycle as a part of OJT, we are able to foster talent more effectively.

## Careers in Tax

### Hiring and fostering top talent

At KPMG Tax Corporation, we are implementing initiatives to actively recruit top talent regardless of whether someone is already a Certified Public Tax Accountant or not. Specifically, we offer university internship programs for students to get a real sense of the advanced expertise and international nature of KPMG's tax-related work. Prospective employees also attend multiple trainings before and after formally joining the firm and are well-supported to develop the expertise required as tax professionals.

### Provide opportunities to grow as a professional

We hold training on a regular basis that strengthens our technical tax knowledge and language ability in order to be able to tackle any tax challenges faced by our clients. In addition, we provide the opportunity for each professional to attend KPMG Tax Professional Camp where they discuss awareness and their understanding of tax-related matters through various tangible scenarios that allows us to further hone our technical expertise, client focus, and ability to work as a team.

## Careers in Advisory

### Training programs to reflect the diversity of our people and our services

We recognize that client needs continue to increase in complexity so we must be prepared to face these business challenges head-on. By developing training targeted to each of our services while embracing the diversity of each and every professional, we will be able to take our work to the next level.

### Keeping up with technology and forming teams to support transformation

Our advanced training program keeps our specialists up to date on advanced technology. Our people participate in a variety of training programs held both in Japan and abroad for the development of next-generation leaders.

### Hiring new grads and developing global talent for the long term

We have prepared various curricula to help our new graduates grow as professionals. In order to develop global talent, we encourage our people to seize opportunities to work abroad and participate in overseas training programs.



Toshihiro OTSUKA

Head of People, Performance and Culture



# Cube

## Demonstrate our collective strength

### Message from the Head of Advisory

While industry and societal structures have been changing at an accelerated pace, the challenges our clients face have become more complex and far-reaching, ranging from those related to the core business to those that involve business transformation.

Our services also need to change in parallel with our clients' needs so that they can succeed in an increasingly competitive

global landscape and continue to grow sustainably in the future. Making the most of our collective strength, KPMG Japan integrates professional expertise and proprietary methodologies from across Audit, Tax, and Advisory which are enabled through the advanced technology at KPMG Ignition Tokyo to deliver solutions to our clients' challenges through the KPMG global network.



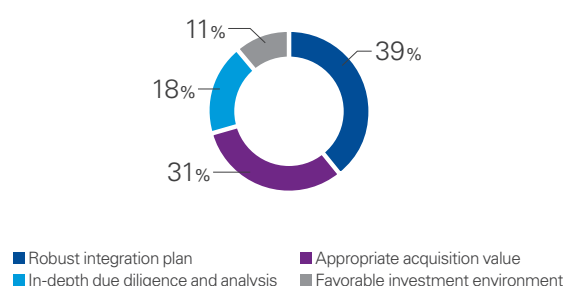
Masahiko CHINO

Head of Advisory

## Increasing corporate value through overseas PMI (post-merger integration)

It is said that the total amount of Japanese companies' investment in overseas M&A in 2017 was about seven trillion yen (according to a survey by RECOF Corp.). However, when acquiring foreign companies, it is not easy to achieve a return on investment that justifies the purchase price due to differences in languages, culture, and organizational structures. KPMG conducted a survey of American companies regarding important factors in M&A and noted that the most common response was "a robust integration plan." KPMG believes that an important success factor for M&A is to appropriately reflect issues discovered during due diligence in the integration plan. We contribute to maximizing corporate value by providing our clients consistent support from pre-deal through PMI.

Important factors for American companies

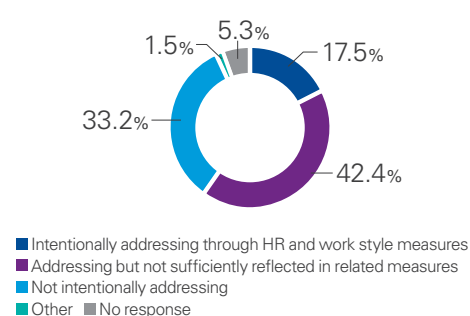


Source: "U.S. Executives on M&A: Full Speed Ahead in 2016" published by KPMG U.S.

## Achievement of work style reform through HR Technology

While efforts around work style reform and diversification of human resources are urgent management issues, measures are required to properly grasp the current status of employees and increase job satisfaction and engagement. Achievement of such employee management requires the utilization of technology. KPMG is utilizing cutting-edge technology such as AI for engagement management and through various measures including data analysis, planning, and execution, we are contributing to the future of people management by maximizing the use of these HR technologies.

Understanding and addressing issues related to HR and work style



Source: Management issues for Japanese companies 2017, Japan Management Association <https://www.jma.or.jp/keikakusin/pdf/keieikada2017.pdf>

## Global tax governance

The introduction and strengthening of taxation schemes that apply across corporate groups, including overseas subsidiaries, means that the operations of Japanese multinational companies will become more transparent. Japanese companies must address BEPS on a global basis including transfer pricing documentation requirements and taxation systems designed to counter tax havens. These companies are therefore required to transform themselves on an unprecedented scale to achieve global tax management and cope with taxation risk. Significant tax reform is expected to happen globally, like in the US where the corporate income tax rate was lowered from 35% to 21%. In this context, a global approach to the tax function has become increasingly important. KPMG supports global Japanese companies through close collaboration between our Japanese and local tax experts, who are experienced in diverse tax management and international taxation services and knowledgeable about best practices. In addition to addressing taxation risk on a global scale, they also assist clients to realize globally competitive effective tax rates for their corporate groups.

Effective tax rates of major countries

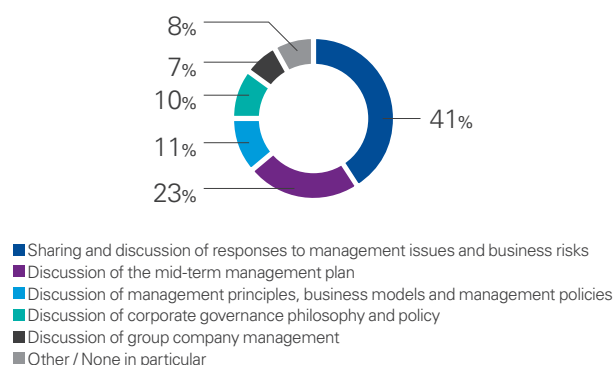


Source: Evidence of effective tax rates after American corporate tax reform

## Group governance for management that takes into account the cost of capital – progress around group governance

Following the revision of the Corporate Governance Code in June 2018, listed companies are expected to implement management measures taking into account the cost of capital. To take calculated risks pursuing profitability beyond the cost of capital, companies must achieve robust corporate governance across the entire group including overseas subsidiaries. In addition, the board of directors of the parent company must understand and adequately manage mid-term business risks. KPMG has established a system to support governance, risk management, and compliance across a client's entire global operations as a one-stop service.

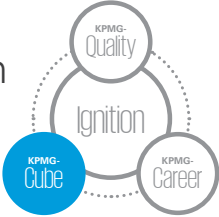
Agenda items for which the board of directors deliberated longer than the previous year



Source: "Corporate Governance Survey 2017" published by KPMG Japan



KPMG’s collective strength combined with diverse expertise and global capability helps empower change.



Strength in diversity

Professionals in specialized areas across KPMG Japan’s group companies work together as each client engagement demands a unique set of abilities spanning various fields of expertise and

requires us to reach across organizational boundaries. Only by collaborating can we support our clients in creating value and tackling the issues they face. At the same time, this diversity of experience enriches our people and contributes to the growth of our organization as a whole.

**Functions / Service lines**

Advisory	
Strategy & operations	People and change
Financial and accounting strategy	IT strategy and implementation
Transactions	Corporate finance
Restructuring	Internal control
Risk management	IPO
Tax	
Domestic taxation	International taxation
Transfer pricing	M&A
Audit	
Statutory audit	Non-statutory audit

**Industries**

KPMG Japan’s initiative for social value creation

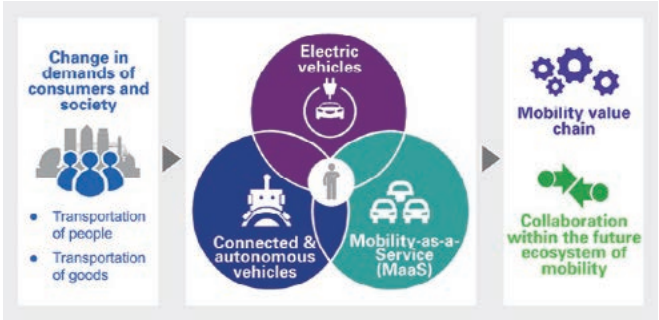
The first research group at a Japanese consulting firm dedicated to mobility

KPMG Mobility Institute

At a time of the greatest transformation in the automobile industry in a century, KPMG has been conducting a study, Mobility Ecosystem 2030, to examine the future of mobility with a focus on Europe. Mobility, or the transport of people and goods, is an important theme having a big influence on the world industrial structure. This is the result of developments in three innovative technologies: the development of electric vehicles, connected and autonomous vehicles, and Mobility-as-a-Service (MaaS) as represented by car sharing. In order to understand what the future of mobility may hold, we must consider the collective insights of not only the automobile industry, which plays the leading role in the mobility era, but a range of other industries including energy, industrial equipment, finance, information and communication, and public sector. A survey conducted by KPMG US expects that the future mobility service market will generate a new value chain with a market size equivalent to that of the current value chain (approximately one trillion US dollars).

New Ecosystem

The innovative development of technology will bring about fundamental changes in the transportation of people and goods in the future.



At KPMG Japan, KPMG Mobility Institute will play a leading role in collaborating with its counterparts at other KPMG member firms and with KPMG’s global team to conduct cross-sector research on trends in mobility. Based on our belief that mobility is one of the key areas of disruption for society, KPMG Japan aims to act as a hub for collaboration between industry, academia and government, thereby contributing to the development of mobility in Japan.

Thought leadership

KPMG publishes timely reports on emerging and current business issues, incorporating the results of surveys and research and adding our analysis and insights.



2018 Global CEO Outlook



2018 – A turning point for UK retail energy?



Leveraging technological innovation to establish a more effective regulatory ecosystem



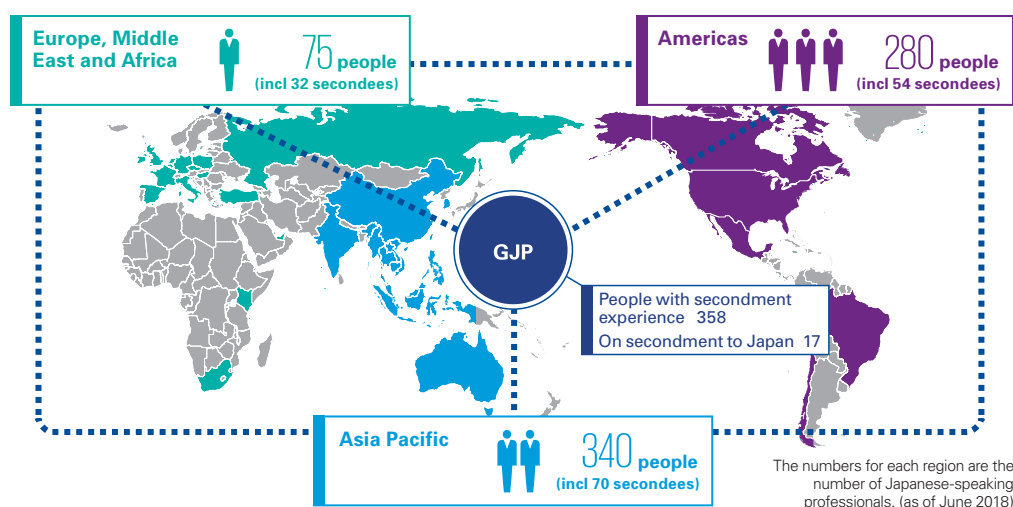
Beyond the hype

## Global Japanese Practice as the core of our global capabilities

KPMG does not work in silos; audit, tax and advisory achieve borderless and seamless collaboration across functions and services. By organizing the best teams we can send on the field, we mobilize for each client our

collective strength based on various areas of expertise and global capabilities. We support and catalyze our clients' value creation and deliver solutions to their challenges.

The Global Japanese Practice (GJP) is our global network that assists Japanese companies to expand and succeed overseas. Expats from KPMG Japan as well as Japanese-speaking professionals based in 81 cities in 36 countries provide a wide range of services in cooperation with other KPMG member firms.



### The Americas

The Americas region includes the United States, Canada, Mexico, Chile, and Brazil. The Head of the Americas GJP is based in New York. KPMG has worked for over 40 years as a pioneer supporting Japanese companies in the United States, where more than 280 Japanese professionals are currently located. The head of GJP for Latin America is based in Brazil and provides assistance to business development of subsidiaries of Japanese companies within the sub-region.

### Europe, Middle East and Africa

GJP in this region has its Head in London and manages services to subsidiaries of Japanese companies in the UK, Germany and other major countries in Europe, as well as in Eastern Europe, the Middle East and Africa. Concerning the ongoing challenges of Brexit, the KPMG Brexit and EU response team, with members based in Japan, the UK and Belgium, are in close touch with the people and organizations behind this change, which has significance for all our clients. Sub-region Heads are assigned to cover the Middle East and Africa, Central and Eastern Europe, and CIS for delivering assistance specific to the sub-region.

### Asia Pacific

For the rapidly growing ASEAN, China and India economies, a sub-region Head has been appointed for each. In Oceania, East Asia (other than Japan) and South India (including Bangladesh and Sri Lanka), we are expanding our range of services to subsidiaries of Japanese companies. These services include entry into new markets and expansion of existing business lines.

### KPMG's global network

KPMG's global network has a presence in 154 countries and includes nearly 200,000 people. We have established an organization to provide high-quality, integrated services anywhere in the world and our professionals coordinate with each other across countries and regions, service lines and industry sectors.

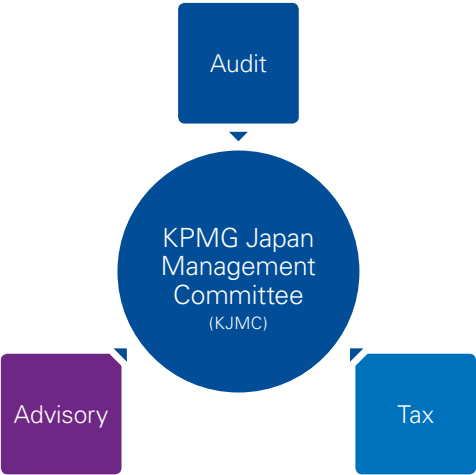
		Europe, the Middle East, and Africa	Asia Pacific	The Americas	Total
KPMG International As of September 30, 2017	People	100,762	40,645	55,856	197,263
	Countries	114	20	20	154
Global Japanese Practice (GJP) As of September 30, 2018	Japanese speakers	75	340	280	695
	Locations	22 cities, 16 countries	36 cities, 15 countries	23 cities, 5 countries	81 cities, 36 countries

# Governance Structure

KPMG Japan stands on the foundation formed by an audit firm and a tax accounting firm. Our audit firm is committed to contributing to the sound development of the economy by ensuring the credibility of financial information from an independent point of view, thus ensuring fair corporate activities and the protection of stakeholders.

Our tax accounting firm’s mission is to live up to the trust placed in us by taxpayers and ensure, from an independent and fair-minded position, that tax obligations are fulfilled appropriately.

As a professional firm that bears this social responsibility, group companies of KPMG Japan provide advisory services to satisfy the needs of clients and society and achieve our vision of being “The Clear Choice.”



**Management policies of KPMG Japan Management Committee**

The KPMG Japan Management Committee comprises representatives from the major member firms of KPMG Japan including KPMG AZSA LLC, KPMG Tax Corporation, KPMG Consulting, and KPMG FAS. The Committee discusses and decides on the collaborative structure used by KPMG Japan as well as material matters pertaining to the management of the firms, including talent development, service improvement, and quality control. In this way we are able to pool all of the available resources of KPMG to deliver the best possible services that meet our clients’ management requirements.

### KPMG Japan’s governance

As an accounting firm with a public interest mission, it is our policy not to simply seek profit but to provide services that contribute to the sound growth of clients and live up to the trust placed in us by society. This policy is not limited to audit and tax compliance, but applies to all of our services.

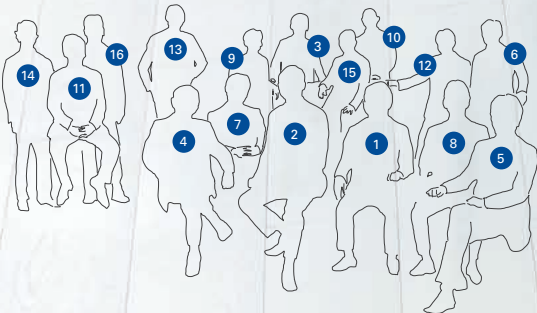
In order to live up to the high expectations for our firm in this constantly changing environment, we are continually seeking the ideal group governance model.

Provision of non-audit services may cause a breach of independence where we also provide audit services or a conflict of interest between non-audit services. To avoid these situations, we continue to strengthen firm governance and use Sentinel, KPMG International’s proprietary global conflicts and independence checking system.



# Management

KPMG Japan provides services in the three areas of audit, tax, and advisory, with group companies working in harmony as one, under an efficient and disciplined management structure.





KPMG Ignition Tokyo SUKI Café

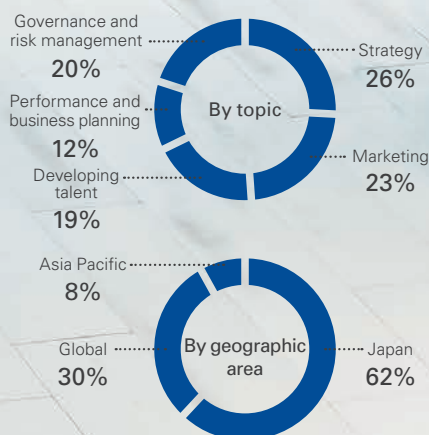
# Committee Members

- 1 **Toshiya MORI**  
Chairman, KPMG Japan / Chairman, Global Japanese Practice
- 2 **Hiroyuki SAKAI**  
CEO, KPMG Japan / Managing Partner, KPMG AZSA LLC
- 3 **Masahiro MEKADA**  
COO, CFO
- 4 **Takuji KANAI**  
Head of Audit
- 5 **Yuichi KOMAKINE**  
Head of Tax / Senior Partner, KPMG Tax Corporation
- 6 **Tatsuya ENDOH**  
Deputy Head of Tax, KPMG Tax Corporation
- 7 **Masahiko CHINO**  
Head of Advisory / Representative Partner, KPMG FAS
- 8 **Toshihiro OTSUKA**  
Head of People, Performance and Culture

- 9 **Hideaki KOYAMA**  
Head of Quality and Risk Management
- 10 **Masahiro MIYAHARA**  
President, KPMG Consulting
- 11 **Tsutomu TAKAHASHI**  
Head of Marketing / Deputy Managing Partner, KPMG AZSA LLC
- 12 **Hiroyuki TAKANAMI**  
Chief Operating Officer and Tokyo Office Managing Partner, KPMG AZSA LLC
- 13 **Hiroshi MIURA**  
KPMG Global Special Missions & Foreign Affairs
- 14 **Eiji MIZUTANI**  
Chairman of the Senior Review Board, KPMG AZSA LLC
- 15 **Yasushi YOKOI**  
Head of Tokai Area and Head of Diversity, KPMG AZSA LLC
- 16 **Kenryo GOTO**  
Head of Kansai Area and Osaka Office Managing Partner, KPMG AZSA LLC

## Agenda of the KPMG Japan Management Committee

July 1, 2017 – June 30, 2018



# Service Lines

Promotion of information technologies within the business has eliminated restrictions of time and space on economic activities and taken corporate activities to a new level. Connecting all information in a network has sharply reduced the cost of information necessary for decision-making, thus making accurate information and credible insights more valuable than ever.

KPMG Japan provides audit services to ensure the credibility of financial information, tax services to promote fair tax practices and contribute to trust in society, and advisory services based on credible insights to clear a way forward in an increasingly complex society.

## Audit

KPMG AZSA LLC



Otemachi Financial City

## Tax

KPMG Tax Corporation

KPMG Social Insurance and  
Labor Advisors Corporation



Izumi Garden Tower

## Advisory

KPMG AZSA LLC

KPMG Consulting Co., Ltd.

KPMG FAS Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

KPMG Healthcare Japan Co., Ltd.



Otemachi Financial City

# Audit

In recent years, society has come to expect not only financial information, but also credibility and transparency from corporations regarding their activities. The scope of assurance engagements has therefore been expanding.

With KPMG AZSA's financial audit services at our core, KPMG Japan also provides assurance services for areas including internal control, IT systems and sustainability related information.

By providing credible services related to financial and nonfinancial information, we contribute to the growth of clients and the economy.



## Reasons to choose us

- 1 A quality control system that clarifies roles and responsibilities and helps management policies to be disseminated throughout the organization (Four Defense Lines)
- 2 Initiatives centered around KPMG Ignition Tokyo with the objective of using cutting-edge technology for advanced data analysis
- 3 Use of KPMG's global network and diversity of professionals who can cope with globalization issues faced by companies

## Our Story - Audit 2018

- 1 Delivered audit services and demonstrated expertise and professional skepticism to respond to various risks that companies face
- 2 Improved the effectiveness and efficiency of audit operations by adopting audit methods driven by Data & Analytics
- 3 Established necessary audit infrastructure to allow judgments to be made within Japan, which includes expertise on IFRS, US GAAP and Japan GAAP.

## Service portfolio

### Statutory audit

Audit under the Financial Instruments and Exchange Act  
 Audit under the Companies Act  
 Audit of Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS)  
 Audit of financial statements under SEC standards  
 Incorporated administrative agency audit  
 Incorporated educational institution audit  
 Credit union, workers' credit union, credit cooperative audit  
 Labor union audit  
 Investment Limited Partnerships (ILPs) audit  
 Special Purpose Company (SPC) audit

### Non-statutory audit

Financial statement audit of companies to which statutory audit is not applicable  
 Audit in accordance with the Financial Instruments and Exchange Act for the purpose of public offering  
 Audit of financial statements prepared in accordance with special purpose framework  
 Audit of single financial statements and specific elements, accounts or items of a financial statement  
 Systems audit/project audit

### Assurance

Assurance engagement other than auditor review of historical financial information  
 Assurance engagement for internal control concerning fiduciary obligation  
 Information security verification services  
 Assurance engagement for sustainability reporting

## KPMG Japan's initiative for social value creation

### Next-generation audit initiatives

Aiming to continually enhance the high quality of our audit services, KPMG AZSA moved our Statistical and Technological Audit Research Team to sit in KPMG Ignition Tokyo in order to promote the use of cutting-edge technology and the involvement of professionals with non-accounting backgrounds, such as data scientists and AI experts.



Partner, KPMG AZSA

### Tsutomu OGAWA

Head, Statistical and Technological Audit Research Team  
 Tsutomu leads the Statistical and Technological Audit Research Team that studies and implements audit methods that utilize data analysis and AI in response to the increased sophistication of IT systems and information processing technology.

# Tax

KPMG Tax Corporation provides tax services in Japan.

The global business landscape is continuing to undergo tremendous change and companies are ever more exposed to new challenges such as measures taken by tax authorities to address aggressive tax avoidance by multinational corporations.

By drawing on not only our Japan network but also our tax professionals from KPMG's global network, we are dedicated to helping our clients succeed and are passionate about providing comprehensive advice. Using our understanding of governance and our deep industry knowledge, we help clients stay competitive and compliant.



## Reasons to choose us

- 1 Our capabilities in providing cross-border services by utilizing KPMG's global network
- 2 A wealth of top-class tax professionals with expertise in each specialized area
- 3 Provision of practical tax advice with cutting-edge IT technology in accordance with the particular needs of clients

## Our Story - Tax 2018

- 1 Expanded M&A related services in line with an increase in overseas expansions and cross-border transactions by Japanese companies
- 2 Increased international tax and transfer pricing services to respond to the growing importance for multinationals to address BEPS
- 3 Provided tax cost optimization services in relation to development/reorganization of a supply chain which takes account of customs duties and other indirect taxes

## Service portfolio

International tax	Domestic tax	Real estate transactions	Finance & technology
Transfer pricing	M&A	Global mobility	Outsourcing

### Addressing BEPS\* issues through KPMG's international tax and transfer pricing services

Following the OECD's fundamental review of global tax rules, multinational companies are required to submit country-by-country reports, which could increase the risk of double taxation. While the appropriate control of tax-related risks is a key issue, many companies in Japan do not have a clear understanding of their overseas subsidiaries' tax status resulting in a lag in the implementation of a global tax governance policy. Going forward, it is only a matter of time before tax authorities set up an information network globally and companies' profit and loss and tax burden in each jurisdiction becomes transparent. In such an environment, the proper handling of BEPS issues will present a critical challenge for companies to become truly global. At KPMG Japan, we help Japanese companies build a global tax governance system which is spearheaded by their headquarters in Japan. We support clients to enhance their management process and help them succeed amidst intense international competition.

\*BEPS: BEPS or Base Erosion and Profit Shifting refers to multinational companies' tax avoidance strategies on the basis of national taxation. As BEPS is regarded as a factor that could threaten the credibility of tax schemes, international measures are being carried out to prevent it.

## KPMG Japan's initiative for social value creation

### Ten Key Points for Global Tax Management

#### Guidelines for Japanese companies to solve challenges in the global tax environment

For Japanese companies accelerating the expansion of their business overseas, the establishment of a global tax management system is an important and ongoing management issue. KPMG Tax Corporation regularly publishes an online newsletter titled "Ten Things to Do to Achieve Global Tax Management" which provides guidelines for headquarters regarding tax planning, tax risk management, and other tax issues to help support the tax departments of Japanese multinationals understand what they need to address in the current environment. Furthermore, KPMG International publishes the Global Tax Benchmarking Survey report assessing the current status and future outlook of tax departments worldwide, which offers useful information regarding the challenges and opportunities, such as the scope of duties, structure and budget of the tax department.



# Advisory

KPMG Japan's advisory services comprise three service groups: risk consulting, deal advisory, and management consulting.

Leveraging KPMG's global network, we provide clients a wide range of solutions to challenging management issues and support them to grow.



## Reasons to choose us

- 1 Provision of one-stop advice, through collaboration with specialists with various expertise and the KPMG global network
- 2 Use of advanced technologies to support the transformation of clients' business models and operations
- 3 Provision of quality-focused services by professionals with expertise

## Our Story - Advisory 2018

- 1 Undertook cross-border, cross-functional comprehensive initiatives to fulfill needs of increasingly globalizing corporations
- 2 Expanded an attempt to use cutting-edge technology, such as AI, the cloud, robotics and blockchain
- 3 Carried out advisory services that address expanding risks and opportunities presented by advanced digital technology

### Advisory Service Framework

#### Risk consulting

We provide practical knowhow regarding potential risks to the smooth operation of the clients' business, from matters of risk management, compliance and internal control, to internal audit and cyber security, among other areas. We also support clients to build and implement optimal global group management structures.

#### Deal advisory

We provide comprehensive one-stop support needed from pre-deal to post-deal for M&A advisory and business portfolio restructuring to assist clients to revitalize their businesses. Other advisory services provided relate to the improvement of financial position, avoidance of performance deterioration and formulation and implementation of growth strategies.

#### Management consulting

We support the transformation of business models and operations by using advanced technologies. Consulting services cover a wide range from planning of operations and digital strategies, business transformation, including supply chain optimization and management structure reorganization, to designing of organizational and personnel systems, and proposals on how to use IT to achieve the optimal effect for each of these services.

#### Advisory by industry sector

Our professionals with knowledge and insight in their respective industries satisfy a wide range of client needs, by utilizing global tools containing the latest information accumulated across a wide array of industries.

### KPMG Japan's initiative for social value creation

#### The NEXT Unicorn Advisory Office was formed to support startups that will be drivers of the next generation in Japan.

Most companies seek to break free from their existing principles, promoting open innovation to generate new services and value by combining the technologies and ideas of ventures and universities. Compared to the US, there are a smaller number of entrepreneurs launching businesses in Japan due to complex regulations and rules for new products and services, talent pools preferring to work for major companies and a lack of investors. However, thanks to open innovation, a number of start-ups have emerged recently.

It is a key challenge for government and the private sector to encourage start-ups with innovative ideas and services so that they can grow to be the "unicorns" (companies valued at more than one billion dollars) that will lead the Japanese economy and bring transformative changes to society.

For such promising ventures, however, rapid business expansion could ultimately put a damper on their growth because their corporate departments, such as finance and accounting, are not sufficiently equipped to respond to such changes.

KPMG Japan established The NEXT Unicorn Advisory Office comprised of members who have deep experience in IPO audit and advisory to help start-ups solve various challenges that arise on the road to becoming unicorns.

# KPMG Japan's solutions to social challenges

In order to solve the problems of a complex society it is necessary to utilize insights gained from various fields. In areas of significant public interest in particular, expectations are on the rise for the private sector to contribute its accumulated insights, experience and methodologies. KPMG Japan plays a role in making this a reality.

## Support for the introduction of concession methods for Fukuoka Airport

(Japan Civil Aviation Bureau)



The Ministry of Land, Infrastructure, Transport and Tourism decided to privatize Fukuoka Airport with an aim to promote revitalization and development of the airport and its surrounding areas by welcoming many more visitors. The private sector company that won the bid to operate the airport did so with the concept of “a top international airport in East Asia with an unparalleled network in East and Southeast Asia.”

With professional knowledge and experience in the public sector, accounting, tax, M&A, and financing, KPMG Japan supported the winner of the bid throughout the entire concession process from the initial review stage through bidding.

With deep experience regarding public-private collaborations including the concession process, KPMG Japan provides advisory services to various public facilities including airports, ports, MICE\*, waterworks and sports facilities.

\* MICE: Meeting, Incentive Travel, Convention, Exhibition/Event

## Support for the privatization of the Osaka Subway

As a municipally-owned entity, the Osaka Municipal Transportation Bureau has been able to establish and operate a transportation network indispensable for daily life in the Osaka metropolitan region that might have otherwise been difficult to implement as a private company. However, due to pressure in recent years to further develop the business and improve user satisfaction through more flexible management as well as expectations for a greater contribution to revitalization of the region, there is a need to move away from the city-operated model.

KPMG AZSA and KPMG Tax Corporation formed a consortium with legal professionals and think tanks to provide support for the privatization project by leveraging expert knowledge and know-how within the private railway sector.

After privatization, Osaka Metro strives to win the hearts of its users by developing its services under the slogan “continuously running, continuously changing.” As Japan faces the challenges of a population increasingly concentrated in Tokyo and a rapidly aging society, this major privatization project of a municipally-owned entity is expected to be a role model for considering how Japanese publicly owned entities should work in the future.





# Citizenship

Being aware of our standing as a member of society and a corporate citizen, we fulfill our responsibility as a group of professionals, while at the same time, we stand firmly committed to taking action to make our society and the environment a better place.



## Support for parasports

The Nippon Foundation Paralympic Support Center was established with the objective of promoting parasports. In Japan, there are many small parasport associations, but additional effort is required to strengthen their organizational operations. Young staff of KPMG Japan voluntarily support the associations by providing auditing services of the grants received from the Nippon Foundation Paralympic Support Center.

## Initiatives towards reconstruction of disaster-stricken areas

Beginning in 2016, a project called the "Fukushima Business Development School" was established with support from the Reconstruction Agency in order to develop local business leaders. Partners and staff from KPMG Japan provide advice to future business leaders in the disaster-stricken areas regarding their early-phase business plans, act as mentors, and support the development of talent to lead industries in these areas.

## Initiatives in education

In order to solve social issues and contribute to the realization of a sustainable society, KPMG Japan takes advantage of our experience and insight gained through our core business to focus on our contribution to education based on our core mission of providing insights to society.

### Managerial talent development

KPMG AZSA holds pro bono seminars at research institutions including graduate schools as well as a seminar for the development of female leaders in finance and accounting. Through these activities we hope to contribute to the improvement of business management literacy by making the most of our accumulated professional skills and insights.

### Career development support for high school and university students

In order to promote understanding of accounting and auditing, KPMG AZSA holds the "AZSA Accounting and Auditing Class" for high school students and participates in the "Dorikamu School," a career education project for communicating how society operates through an accounting lens. KPMG Japan further sponsors the "GTE Innovation Challenge Summer Camp & Business Plan Contest" with an aim to develop and support potential innovators, and also provides lessons and opportunities for university students to learn about accounting and advisory services through business games.

## Sports-related initiatives

### Sponsoring the FIT For Charity Run

KPMG Japan also supports sports-related initiatives. One example is our participation in the FIT For Charity Run (Financial Industry in Tokyo for Charity Run), a charity event held by companies in the financial sector and related organizations since 2007. We continually support NPOs engaged in community-rooted meaningful activities. Many KPMG members participate in the run every year to raise money for charity.

### Support for blind soccer

We entered into a partnership contract with the NPO Japan Blind Soccer Association, helping to increase awareness of blind soccer by holding the Club Championship event each year since 2016. Staff from across KPMG AZSA and KPMG group companies participate in the KPMG Japan Futsal Games held concurrently with the Club Championship to promote internal networking.

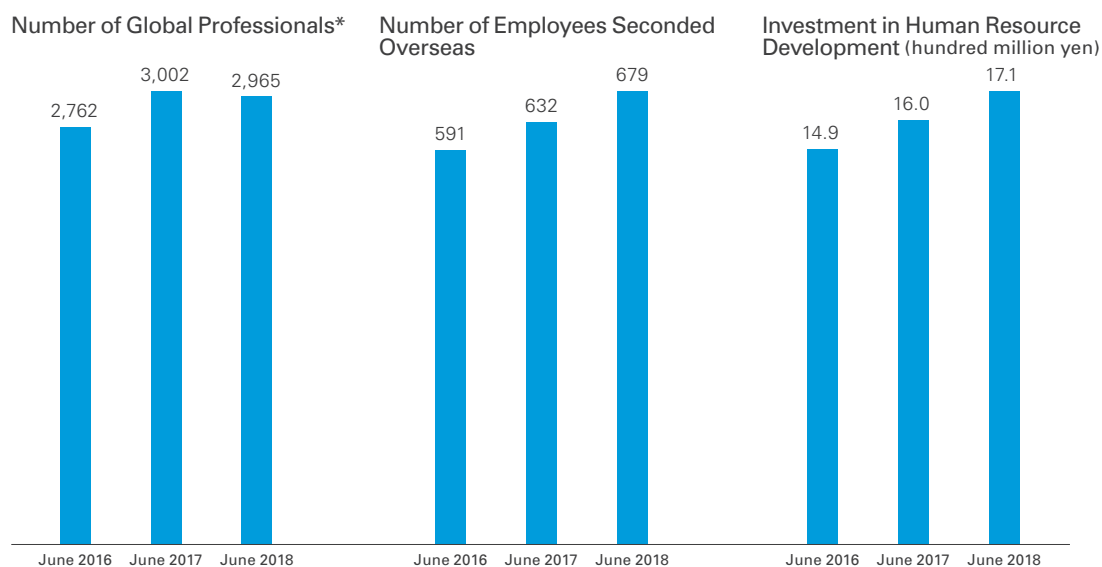
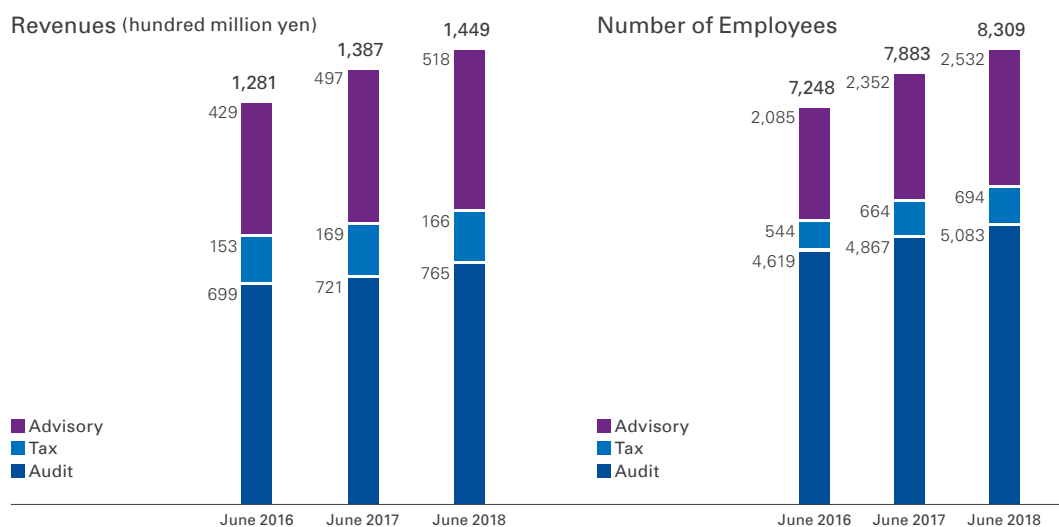
## Global issues, environmental initiatives

Based on KPMG's Global Green Initiatives, we take various measures to reduce CO<sub>2</sub> emissions.

Details of our Citizenship Initiatives are available on KPMG Japan's website: [kpmg.com/jp/csr](https://kpmg.com/jp/csr)

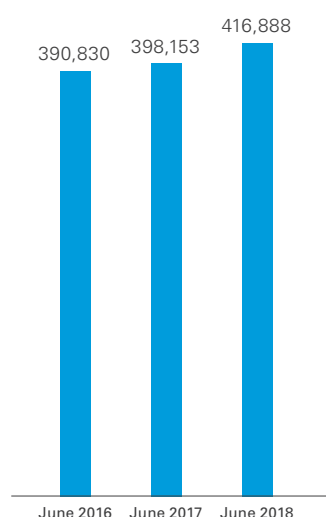


# Our Performance



\* Global professionals are those who have overseas work experience, have been in global skill training courses, or are foreign nationals.

## Aggregate Training Hours



## M&A Advisory Ranking

(including banks, securities companies, and other financial institutions)

	2016	2017	2018
Based on publicly announced deals	4	5	5
Based on In-Out deals (Acquisition of foreign companies by companies based in Japan)	1	3	3

Source: Thomson Reuters

# Overview of Group Companies

## About KPMG

KPMG is a global network of professional firms providing Audit, Tax and Advisory services.

The KPMG network was formed in 1987 when Peat Marwick International (PMI) and Klynveld Main Goerdeler (KMG) merged along with their respective member firms. Member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## KPMG International

Revenues	US\$26.4 billion
Number of personnel	197,263
Number of countries	154
Registration	Zug, Switzerland

(As of September 2017)

## KPMG Japan Group Companies

### KPMG Japan

Chairman  
Toshiya MORI  
CEO  
Hiroyuki SAKAI

#### KPMG AZSA LLC

Managing Partner, Hiroyuki SAKAI

KPMG AZSA LLC offers professional services, including audit, assurance, IFRS advisory, accounting advisory, financial advisory, IT advisory, and middle market development. In addition, we deliver expert services tailored to the sector-specific needs of the financial, information/telecommunication/media, retail, energy, manufacturing, and public sectors.

#### KPMG Tax Corporation

Representative Partner, Yuichi KOMAKINE

KPMG Tax Corporation's teams of specialists offer bespoke tax advice to Japanese companies, Japanese subsidiaries of foreign companies, and more. Our tax-related services include preparation of tax returns, tax investigation support, advice related to M&A, corporate restructuring and revitalization, consolidated tax return filing, international taxation, transfer pricing, customs and tariffs, and business inheritance.

#### KPMG Consulting Co., Ltd.

President Masahiro MIYAHARA

KPMG Consulting assists clients to transform business models or improve operations through the utilization of advanced technology. Our advisory services are diverse, some of which include business strategy planning, improvement in operational efficiency, profit management capability, governance, risk management, IT strategy planning, IT system/tool implementation support, organization and human resource management reform, and cyber security.

#### KPMG FAS Co., Ltd.

Representative Directors, Masahiko CHINO, Hiroyuki OSHIDA, Hikaru OKADA

KPMG FAS offers comprehensive support across all phases of corporate activities to add the most value, ranging from strategy planning and transactions (such as M&A, business restructuring, and corporate revitalization) to post-deal. Primary services are related to M&A advisory work (feasibility analysis, valuation, due diligence, structuring advice), corporate revitalization advisory work, management strategy consulting, and fraud investigation.

#### KPMG Healthcare Japan Co., Ltd.

Representative Directors, Keiichi OHWARI, Jun MATSUDA

KPMG Healthcare Japan provides business and financial advisory services in the healthcare industry, including medical and nursing care. Advisory services are related to strategy, risk evaluation, M&A, finance, and business revitalization.

#### KPMG AZSA Sustainability Co., Ltd.

Managing Partners, Kazuhiko SAITO, Yoshitake FUNAKOSHI

KPMG AZSA Sustainability provides third-party assurance services for companies to raise the credibility of their non-financial information. We assist companies' pursuit of sustainability by supporting corporate performance and risk control in the sustainability field as well as enhancement of non-financial disclosures.

#### KPMG Social Insurance and Labor Advisors Corporation

Representative, Mayumi OGAWA

KPMG Social Insurance and Labor Advisors provides outsourcing services to back-office administrative operations primarily for foreign corporations entering Japan and subsidiaries of Japanese companies. Specific services range from support of the establishment of a legal entity in Japan to ongoing human resource services (payroll and social/labor insurance administration).

#### AZSA Office Mate Co., Ltd.

President, Toshihiro OTSUKA

In order to assist individuals with disabilities achieve independence, AZSA Office Mate employs individuals with primarily intellectual disabilities as "office mates." These employees are responsible for work including preparation for external seminars, printing and binding materials, sorting and filing accounting documents, sorting and shipping of stationary for reuse, business card printing and restocking of stationary.

**Editorial Policy** Since 2015, we have been issuing KPMG Japan Our Story, which reports on KPMG Japan's shared principles and philosophy, as well as initiatives whereby we can consistently respond to social and client expectations to provide more value as a group of professional firms dedicated to delivering outstanding service. This report is prepared and edited with the principles of integrated reporting in mind.

**Scope of the Report** In principle, the Report focuses on KPMG Japan group companies. Information and performance data of specific organizations are individually described. KPMG Japan's group companies are listed above.

**Reporting Period** Performance data is provided for primarily the period of Fiscal Year 2018 (July 2017 – June 2018). In addition to reviewing the current state of the firm, the report also presents our outlook for the years to come.

**Publication date** October 2018

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+81-3-3266-7562

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