



Transparency Report 2018

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1. Message from the Local Senior Partner

As a member of the KPMG network, KPMG AZSA LLC shares a common Purpose - to Inspire Confidence, Empower Change – with member firms around the globe. Based on this Purpose, we aim to establish the reliability of information through auditing and accounting services and support the change of companies and society towards sustainable growth.

AZSA Quality 2018 introduces efforts at KPMG AZSA LLC to improve audit quality, the foundation of which is KPMG's globally consistent audit quality. In this transparency report, we will additionally introduce KPMG's system for ensuring audit quality.

2. Who we are

2.1 Our business

KPMG AZSA LLC, a member firm of KPMG International, comprises approximately 6,000 people in major cities in Japan, providing audit, attestation, and advisory services such as accounting advisory services, financial advisory services, IT advisory service and other advisory services for initial public offerings and the public sector. We also offer highly specialized professional services that address the unique needs of sectors such as financial services, manufacturing, retail, IT, media, government, energy and healthcare. As a member firm of KPMG International, KPMG AZSA LLC provides clients with a consistent set of professional services globally through a network in more than 150 countries.

2.2 Our strategy

Our firm's mission is to ensure the reliability of information by providing quality audit and accounting services as well as to contribute to the realization of a fair society and healthy development of our economy by empowering change. In order to execute our firm's mission, we have following vision:
To be The Clear Choice for our clients, people and society.

3. Our structure and governance

3.1 Legal structure

Legal structure and ownership

KPMG AZSA is affiliated with KPMG International Cooperative ("KPMG International"). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business activities, including our relationship with it, are available in Appendix 1 to the KPMG International Transparency Report. (link to be provided)
KPMG AZSA is part of a global network of professional services firms providing Audit, and Advisory services to a wide variety of public and private sector organizations. KPMG International's structure is designed to support consistency of service quality and adherence to agreed values wherever its member firms operate. KPMG AZSA LLC is a limited liability company incorporated under the Certified Public Accountant Law.
As at 30 June 2018, there were 603 partners in KPMG AZSA (30 June 2017: 614partners).
A list of key entities, including details of legal structure, regulatory status, nature of their business and area of operation is set out in the Appendix.

3.2 Name, ownership and legal relationships

KPMG is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights

of member firms to use the KPMG name and trademarks are contained within agreements with KPMG International. Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities. Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

3.3 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools. Member firms commit to a common set of KPMG Values (see section 4.1). KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms.

A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

■ Governance structure

Our governance structure is composed of the Partners' Meeting, which is the highest decision-making body, the Senior Executive Board, which make decisions concerning firm management, and the Executive Board as an executive body. Furthermore, in order to monitor the firm management, we have established the Management Oversight Committee and the Public Interest Oversight Committee, which is an independent supervisory body. In addition, the Senior Review Board conducts reviews of audit opinions as necessary.

The Managing Partner, Senior Executive Board members, and Executive Board members, all of whom are responsible variously for firm management and execution, as well as the members of the Management Oversight Committee, who are responsible for supervision and evaluation, are selected through direct election by all partners.

Details of key governance bodies are given below. (As of June 30, 2018)

Partners' Meeting

Make decisions on significant matters related to management. Comprises all partners with capital contributions. Regular meetings are held 4 times a year.

Senior Executive Board

Make decisions on matters related to management. Comprises the Managing Partner and Senior Executive Board members. Held at least once a month.

Executive Board

Discuss execution of duties by Executive Board members. Comprises the Managing Partner, Deputy Managing Partner, and Executive Board members. Meetings are held monthly.

Senior Review Board

The Senior Review Board comprises a chairman recommended by the Senior Executive Board and appointed by the Partners Meeting, as well as vice-chairmen who are nominated by the Chairman of the Senior Review Board and approved by the Senior Executive Board. The Senior Review Board develops the basic policy for reviews of audit and attestation engagements and renders the firm's final judgment on audit opinions where there is an issue flagged by Divisional Review Boards as requiring careful consideration or where there are significant audit matters that meet designated review requirements.

Besides being held every time a senior review matter occurs, meetings are held at least once a month for decision-making related to the firm's review system (shinsa) and for sharing information related to the matters subject to senior review (jokyu shinsa).

Management Oversight Committee

The Management Oversight Committee is composed of members who are not engaged in management or execution, and is tasked with evaluating the effectiveness of initiatives to enhance audit quality. Meetings are held monthly.

Public Interest Oversight Committee

Independent outside and internal members who oversee firm management with a view to the public interest. To accomplish this, the members receive reports from the Management Oversight Committee on important firm activities and projects and discuss them with the Managing Partner and Senior Executive Board members. The Committee members also oversee the supervision and evaluation by the Management Oversight Committee of the appropriate conduct of the Nomination Committee, Audit Committee, and Compensation Committee. Meetings are held monthly.

4. System of quality control

■ Overview

KPMG AZSA implements KPMG International policies and procedures and adopts additional policies and procedures that are designed to address rules and standards issued by the Business Accounting Council of the Financial Service Agency, Japanese Government and the Japanese Institute of Certified Public Accountants (JICPA), and other regulators as well as local laws, such as the Certified Public Accountants Law, Companies Act, Financial Instruments and Exchange Law, other applicable related regulations, the Auditing Standards and Quality Control Standards related auditing by laws of the JICPA, and the Code of Ethics and practical guidance on auditing from the JICPA.

A robust and consistent system of quality control is an essential requirement in performing high quality services. Accordingly, KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk

Management Manual (Global Q&RM Manual) available to all personnel.

These policies and associated procedures are designed to assist member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances, as well as help member firm personnel act with integrity and objectivity and perform their work with diligence. These policies and procedures are based on the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB), and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). Both of these are relevant to member firms that perform statutory audits and other assurance and related services engagements.

KPMG AZSA implements KPMG International policies and procedures and adopts additional policies and procedures that are

designed to address rules and standards issued by the Financial Services Agency and JICPA, and other relevant regulators as well as applicable legal and regulatory requirements. Amendments to risk and quality policies, including ethics and independence policies, are included in quality and risk management alerts and are communicated by email.

KPMG AZSA is required to implement changes specified in the email alerts and this is checked through internal monitoring.

Quality control and risk management are the responsibility of all KPMG AZSA personnel. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to KPMG personnel wherever they are based.

While many KPMG's quality control processes are cross-functional, and apply equally to advisory work, the remainder of this section focuses on the delivery of quality audits.

■ Audit quality framework

At KPMG AZSA, audit quality is not just about reaching the right opinion, but how that opinion is reached. It is about the processes, thought, and integrity behind the auditors' report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with relevant professional standards and applicable legal and regulatory requirements.

To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG International developed the Audit Quality Framework. This framework uses a common language that is adopted by all KPMG member firms, including KPMG AZSA, to describe what the KPMG network believes drives audit quality, and to highlight how every audit professional at each KPMG member firm contributes to the delivery of audit quality.

Tone at the top sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviors permeate across the entire KPMG network. All of the other drivers are presented within a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.



4.1 Tone at the top

The culture of KPMG International and KPMG member firms is underpinned by a strong set of values and supporting policies and processes and enables the right attitudes and behaviors to permeate throughout the KPMG network. At KPMG AZSA, we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG AZSA leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large. Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG Value – "Above all, we act with integrity".

Integrity means constantly striving to uphold the highest professional standards, providing sound good-quality advice to our clients and rigorously maintaining independence.

Our Values, which have been explicitly codified for a number of years, are embedded into working practices and s-based compliance culture at KPMG AZSA.

Our Values form the foundation of our culture and set the tone at the top. They also form the foundation of our approach to audit and shape how we work together. We communicate our Values clearly to our people and embed them into our people processes — induction, performance development and reward.

■ Code of conduct

Building on the KPMG Values is the KPMG International Global Code of Conduct. Member firms, including KPMG AZSA are required to adopt, as a minimum, the Global Code of Conduct.

The KPMG AZSA Code of Conduct incorporates the KPMG Values, and defines the standards of ethical conduct that is required from all KPMG AZSA's people.

It sets out our ethical principles, and helps partners and employees at KPMG AZSA to understand and uphold those principles. In addition, the Code of Conduct emphasizes that each partner and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility. The Code of Conduct includes provisions that require KPMG personnel to—

- comply with all applicable laws, regulations and KPMG AZSA policies;
- report any illegal acts, whether committed by KPMG AZSA personnel, clients or other third parties;
- report breaches of KPMG policies;
- uphold the highest levels of client confidentiality;
- not offer, promise, make, solicit or accept bribes (whether directly or through an intermediary).

All KPMG AZSA personnel are required to:

- confirm their understanding of, and compliance with, the Code of Conduct upon joining the firm, and annually thereafter; and
- complete training on the Code of Conduct upon joining the firm and on a biennial basis thereafter.

Our personnel are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our Values or professional responsibilities and required to do so when they see breaches of KPMG policies, laws and regulations, and professional standards.

We have procedures and established channels of communication so that our personnel can report ethical and quality issues and individuals who report in good faith will not suffer any adverse impact regardless of whether the concern is ultimately substantiated.

In addition the [KPMG International hotline](#) is a mechanism for KPMG partners, employees, clients and other external parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, KPMG member firms or the senior leadership or employees of a KPMG member firm. At KPMG AZSA, we regularly monitor the extent to which our people feel we live our Values through the Global People Survey (refer to section 4.4.6).

4.1.1 Leadership responsibilities for quality and risk management

KPMG AZSA demonstrates commitment to quality, ethics and integrity, and communicates our focus on quality to clients, stakeholders, and society. Our leadership plays a critical role in setting the right tone and leading by example demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives. Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions.

The following individuals have leadership responsibilities for quality and risk management at KPMG AZSA.

Managing partner

In accordance with the principles in ISQC1, our Managing Partner has assumed ultimate responsibility for KPMG AZSA's system of quality control.

The Executive Board member in charge of Quality

Operational responsibility for the system of quality control, risk management and compliance in KPMG AZSA has been delegated to the Executive Board member in charge of Quality who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for firm.

Managing Partner and the Executive Board member in charge of Quality communicate our internal policy about our system of quality control, and behavior and message prioritizing audit quality to professionals, through internal meeting and newsletter.

Engagement partner is responsible for quality and risk management of each engagement involved.

4.2 Association with the right clients

4.2.1 Acceptance and continuance of clients and engagements

Rigorous client and engagement acceptance and continuance policies and processes help protect KPMG's reputation, support our brand and are an important part to our ability to provide high-quality professional services. Accordingly, KPMG International has established policies and procedures which all member firms are required to implement in order to decide whether to accept or continue a client relationship, and whether to perform a specific engagement for that Client.

4.2.2 Prospective client and engagement acceptance process

Client evaluation

KPMG AZSA undertakes an evaluation of every prospective client. This involves an assessment of the prospective client's principals, its business, and other service-related matters. This also involves background checks on the prospective client, its key management, and significant beneficial owners.

A key focus is on the integrity of management at a prospective client, and the evaluation considers breaches of law and regulation, anti-bribery and corruption and ethical business practices, including human rights, among the factors to consider.

A second partner, as well as the evaluating partner, approves each prospective client evaluation. Where the client is considered to be 'high risk', additional approval(s) by the Risk Management Partner and, in some cases, the office managing partner, or the Executive Board member in charge of Quality, are required.

Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system) as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of personnel assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG AZSA personnel and includes review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures including a review of any non-audit services provided to the client and of other relevant business and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client. We follow specific procedures (detailed further in section 4.3.2.7) to identify and evaluate threats to independence for prospective audit clients that are public interest entities.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues are required to be documented and resolved prior to acceptance.

A prospective client or engagement will be declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional standards and our policies, or if there are other quality and risk issues that cannot be appropriately mitigated.

4.2.3 Continuance process

KPMG AZSA undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place. Recurring or long running non-audit engagements are also subject to

re-evaluation. In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile.

4.2.4 Withdrawal

Where we obtain information that indicates that we should withdraw from an engagement or from a client relationship, we consult internally and identify any required legal and regulatory steps. We also communicate as necessary with those charged with governance and appropriate authority.

4.2.5 Client portfolio management

Our leadership appoints engagement partners who have the appropriate competence, capabilities time and authority to perform the role for each engagement.

4.3 Clear standards and robust audit tools

All KPMg AZSA professionals are expected to adhere to KPMg International and KPMg AZSA policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical, and quality control standards, and other relevant laws and regulations.

4.3.1 Audit methodology and tools

Significant resources are dedicated to keeping our standards and tools complete and up to date. The global audit methodology, developed by the Global Service Centre (GSC), is based on the requirements of the International Standards on Auditing (ISAs). The global audit methodology is set out in KPMg International's Audit Manual (KAM) and includes additional requirements that go beyond the ISAs, which KPMg International believes enhance the quality of the audit.

KPMg member firms may add local requirements and/or guidance in KAM to comply with additional professional, legal, or regulatory requirements.

The global audit methodology is supported by eAudit, KPMg International's electronic audit tool, which provides KPMg AZSA auditors with the methodology, guidance, and industry knowledge needed to perform high quality audits.

eAudit's activity-based workflow provides engagement teams with ready access to relevant information at the right time throughout the audit, thereby enhancing effectiveness and efficiency and delivering value to stakeholders.

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. The global audit methodology encourages use of specialists when appropriate, and also requires involvement of relevant specialists in the core audit engagement team when certain criteria are met or where the audit team considers it appropriate or necessary. KAM includes the implementation of quality control procedures at the engagement level that provide us with reasonable assurance that engagements comply with the relevant professional, legal, regulatory, and KPMg International policy requirements.

The policies and procedures set out in KAM are specific to audits and supplement the policies and procedures set out in the Global

Q& RM Manual that is applicable to all KPMg member firms, functions and personnel.

4.3.2 Independence, integrity, ethics and objectivity

4.3.2.1 Overview

KPMg International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMg's Global Q&RM Manual. Automated tools facilitate compliance with these requirements. These policies are supplemented by other processes to ensure compliance with the standards issued by the Certified Public Accountant Law and Code of Ethics issued by Japanese Institute of Certified Public Accountants.

These policies and processes cover areas such as firm independence, personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services.

KPMg International has a Partner-in-Charge of the Global Independence Group, who is supported by a core team of specialists to help ensure that robust and consistent independence policies and procedures are in place at KPMg member firms, and that tools are available to help them and their personnel comply with these requirements.

KPMg AZSA has a designated Ethics and Independence Partner who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMg AZSA. Amendments to KPMg International's ethics and independence policies in the course of the year are included in regular quality and risk communications.

Member firms are required to implement changes as specified in the email alerts, and this is checked through the internal monitoring programs.

KPMg AZSA personnel are required to consult with the EIP on certain matters as defined in our internal rules.

4.3.2.2 Personal financial independence

KPMg International policies require that each KPMg member firm and its professionals are free from prohibited financial interests in, and prohibited relationships with, KPMg's audit clients, their management, directors, and significant owners. The policies also extend the IESBA Code of Ethics restrictions on ownership of audit client securities to every partner and all staff who are manager grade or above in our firm in respect of any audit client of any member firm. KPMg AZSA professionals are responsible for making appropriate inquiries and taking other appropriate actions on an ongoing basis to ensure that they do not have any personal financial, business or family interests that are restricted for independence purposes.

In common with other KPMg member firms, we use a web-based independence compliance system (KICS) to assist our professionals in complying with personal independence investment policies.

This system contains an inventory of publicly available investments. Partners and all client-facing personnel who are manager grade or above are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in KICS, which automatically notifies them if their investments subsequently become restricted and they must dispose of that investment within five business days of the notification.

We monitor partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals.

4.3.2.3 Employment relationships

Any professional providing services to an audit client irrespective of function is required to notify our EIP, the engagement partner of an audit client and the HR department if they intend to enter into employment negotiations with that audit client.

Former members of the audit team or former partners of KPMG AZSA are prohibited from joining an audit client in certain roles unless they have disassociated from KPMG AZSA financially and have ceased participating in KPMG AZSA business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

We communicate and monitor requirements in relation to employment of KPMG AZSA professionals by audit clients.

4.3.2.4 Firm financial independence

KPMG AZSA also uses KICS to record its own investments (made for example through pension and retirement plans and treasury activities) in the Web-based independence tracking system. This record is monitored through our compliance process.

4.3.2.5 Business relationships/suppliers

KPMG AZSA has policies and procedures in place that are designed to ensure its business relationships are maintained in accordance with the IESBA Code of Ethics, Japanese Certified Public Accountant Law, Code of Ethics issued by Japanese Institute of Certified Public Accountants and SEC, US PCAOB rule requirements.

4.3.2.6 Independence clearance process

KPMG AZSA follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as 'the independence clearance process,' must be completed prior to accepting an audit engagement for these entities.

4.3.2.7 Independence training and confirmations

KPMG AZSA provides all relevant personnel (including all partners and client service professionals) with independence training that is appropriate to their grade and function on an annual basis. New personnel who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG AZSA or (b) before providing any services to, or becoming a member of the chain of command for, any audit client, including any of its related entities or affiliates.

We also provide all personnel with training on the Code of Conduct and ethical behavior, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional standards, and reporting suspected or actual non-compliance with laws, regulations, professional standards, and KPMG's policies on a biennial basis. New personnel are required to complete this training within three

months of joining the firm.

Upon acceptance of employment, all KPMG personnel are required to confirm that they are in compliance with, and will abide by applicable ethics and independence rules and policies.

Thereafter, all KPMG professionals and administrative staff who are manager grade or above are required to sign an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year covered by the confirmation as well as their understanding of, and compliance with, the applicable Code of Conduct. This confirmation is used to evidence the individual's compliance with and understanding of KPMG's independence policies.

4.3.2.8 Non-audit services

We have policies that are consistent with IESBA principles and applicable laws and regulations, which address the scope of services that can be provided to audit clients.

We are required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG AZSA. KPMG AZSA's EIP is involved in the review of potential independence issues and the Global Independence Group is involved in the case of services developed which are intended to be delivered to audit or assurance clients in more than one jurisdiction. In addition to identifying potential conflicts of interest, Sentinel™, facilitates compliance with these policies.

Certain information on all prospective engagements, including service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. Using Sentinel™, lead audit engagement partners are required to: maintain group structures for their publicly traded and certain other audit clients as well as their affiliates, and identify and evaluate any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. Sentinel™ enables lead audit engagement partners for entities for which group structures are maintained to review and approve, or deny, any proposed service for those entities worldwide.

4.3.2.9 Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion.

In particular, KPMG International's policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years:

- This would be disclosed to those charged with governance at the audit entity; and
- A Senior Partner from another KPMG member firm would be appointed as the EQC reviewer.

No audit client accounted for more than 10 percent of the total fees received by KPMG AZSA over the last two years.

4.3.2.10 Conflicts of interest

Conflicts of interest can arise in situations where KPMG personnel have a personal connection with the client which may interfere, or

be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the RMP or the EIP is required in these situations.

All KPMG member firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived by a fully informed, reasonable observer, to have an impact on a member firm or its personnel in their ability to be objective or otherwise act without bias.

All KPMG member firms must use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements. KPMG AZSA has risk management resource/s ('Resolver/s') who are/is responsible for reviewing an identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients, and making arrangements to monitor the operation of such dividers. Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict.

If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated.

4.3.2.11 Breaches of independence policy

All KPMG personnel are required to report an independence breach as soon as they become aware of it. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy.

KPMG AZSA has a documented disciplinary policy in relation to breaches of independence policies. The disciplinary policy is communicated to all professionals and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the seriousness of any violations.

Any breaches of auditor independence regulations are reported to those charged with governance at the audit client, on the basis agreed with them.

4.3.2.12 Compliance with laws, regulations, and anti-bribery and corruption

Compliance with laws, regulation and standards is a key aspect for all KPMG AZSA personnel. In particular, we have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third-parties, including by our clients, suppliers or public officials.

Further information on KPMG International anti-bribery and corruption can be found on the [anti-bribery and corruption site](#).

4.3.2.13 Partner rotation

Our rotation policies are consistent with the Certified Public Accountant Law, JICPA Code of Ethics and require our firm to comply with any stricter applicable rotation requirements, such as SEC rules.

KPMG AZSA partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy.

These requirements place limits on the number of years that partners in certain roles may provide audit services to a client followed by a "time-out" period during which time these partners may not participate in the audit, provide quality control for the audit, consult with the engagement team or the client regarding technical or industry-specific issues or in any way influence the outcome of the audit.

KPMG AZSA monitors the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and EQC Reviewer, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients. The partner rotation monitoring is subject to compliance testing.

4.4 Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring that our professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit. This requires appropriate recruitment, development, promotion and retention assignment of professionals. KPMG global behaviors, which are linked to the KPMG Values, are designed to articulate what is required for success – both individually and collectively. One of KPMG's global behaviors is 'Delivering Quality'.

4.4.1 Recruitment

KPMG AZSA strives to be an employer of choice by creating an environment where our people can fulfill their potential and feel proud and motivated to give their best.

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing.

KPMG AZSA does not accept any confidential information belonging to the candidate's former firm/employer. Where individuals are recruited for senior grades (i.e. Partner, director), a formal independence discussion is conducted with them by the Ethics and Independence Partner.

The Partner hire process is rigorous and thorough, involving appropriate members of leadership, including the Partners' Meeting and the Senior Executive Board. Our criteria for Partner hires are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice. These are strongly aligned to KPMG's behavioral capabilities and are based on consistent principles.

4.4.2 Personal development

It is important that all our professionals have the necessary business and leadership skills in addition to technical skills to be able to

perform quality work.

In relation to audit, opportunities are provided for professionals to develop the skills, behaviors, and personal qualities that form the foundations of a career in auditing. Courses are available to enhance personal effectiveness and develop technical, leadership, and business skills.

KPMG AZSA professionals are also developed for high performance through access to coaching and mentoring on the job, stretch assignments, and country rotational and global mobility opportunities.

4.4.3 Inclusion and Diversity programs

KPMG AZSA works hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives.

We encourage each partner and employee with diverse personalities to achieve high performance toward the common goal of “contributing to audit clients and society through the provision of high quality services”, while respecting and making the most of each other’s differences.

KPMG AZSA adopts a variety of approaches to establish an environment conducive to more diverse and flexible work styles. Specific initiatives include: developing globally-minded personnel; promoting women’s participation in the workforce; supporting our people as they balance work and childbirth, childcare, and nursing care; promoting employment of persons with disabilities; creating a corporate culture that allows and encourages our people to embrace diversity; and introducing teleworking, as well as changing the office work style more generally.

4.4.4 Evaluation process including quality and compliance metrics

KPMG AZSA professionals, including partners, have annual goal-setting and performance reviews. Each professional is evaluated on their agreed-upon goals, demonstration of our global behaviors, technical capabilities and market knowledge. A culture of continuous improvement is encouraged to drive feedback, both positive and developmental, from both junior and senior colleagues, as well as peers. Feedback gathered forms an integral part of performance reviews.

Going beyond performance reviews and compensation, the KPMG Global Behaviors are designed to extend across all our people processes, including recruitment methodologies, recognition approaches and development planning. The behaviors are a constant reference point, articulating to our people what is required for success individually and collectively.

KPMG AZSA monitors quality and compliance incidents and maintain quality metrics in assessing overall evaluation, promotion and remuneration of partner and certain personnel.

Partners are also evaluated on key quality and compliance metrics. These evaluations are conducted by performance managers and partners who are in a position to assess their performance and propose a performance rating. KPMG AZSA’s policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

Reward

We have compensation and promotion policies that are clear, simple, and linked to the performance review process which, for partners, includes the achievement of key audit quality and compliance metrics. This helps our partners and employees know what is expected of them, and what they can expect to receive in return.

Reward decisions are based on consideration of both individual and organizational (member firm) performance. The extent to which our people feel their performance has been reflected in their reward is measured through the Global People Survey, with action plans developed accordingly (refer to section 4.4.6).

Promotion

The results of performance evaluations directly affect the promotion and remuneration of partners and staff and, in some cases, their continued association with KPMG.

4.4.5 Partner admissions

Our process for admission to partnership is rigorous and thorough, involving appropriate members of leadership, including the Partners’ Meeting and the Senior Executive Board.

Our criteria for admission to the KPMG AZSA partnership are consistent with our commitment to professionalism and integrity, quality and being an employer of choice. These are strongly aligned to KPMG’s behavioral capabilities and are based on consistent principles.

4.4.6 Assignment of professionals

KPMG AZSA has procedures in place to assign both the engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement.

Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity based on an annual partner portfolio review to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with KAM, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own firm or other KPMG member firms.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner’s considerations may include the following:

- an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- an understanding of professional standards and legal and regulatory requirements;
- appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing;
- knowledge of relevant industries in which the client operates;

- ability to apply professional judgment; and
- an understanding of KPMG AZSA's quality control policies and procedures;
- QPR results and results of regulatory inspections. Insights from our people – Global People Survey (GPS)

4.4.7 Employee engagement

Biennially KPMG Japan invite all our people to participate in an independent GPS which measures their overall level of engagement with the firm.

The GPS provides an overall Employee Engagement Index (EEI) as well as insights into areas driving engagement which may be strengths or opportunities.

Results can be analyzed by functional or geographic area, grade, role, gender to provide additional insight. Additional insight is provided on how we are faring on categories known to impact employee engagement.

The survey also specifically provide leadership with information on employee and partner attitudes to quality, leadership and tone at the top.

KPMG AZSA participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey.

This includes monitoring GPS results including those related to:

- audit quality and tone at the top, referred to in the GPS as 'leadership behaviour'; and;
- employee engagement through the EEI

The results of the GPS are also aggregated for the KPMG network and are presented to the Global Board each year and appropriate follow up actions agreed.

4.5 Commitment to technical excellence and quality service delivery

All KPMG AZSA professionals are provided with the technical training and support they need. This includes access to specialists and the professional practice department, which are made up of senior professionals with extensive experience in audit, reporting and risk management, either to provide resources to the engagement team or for consultation.

Where the right resource is not available within KPMG AZSA, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

At the same time audit policies require professionals to have the appropriate knowledge and experience for their assigned engagements.

4.5.1 Lifetime learning strategy

In addition to personal development discussed in the section above, our lifetime learning strategy is underpinned by policies requiring all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global,

regional and, where applicable, KPMG AZSA. Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job.

Audit Learning and Development teams work with subject matter experts and leaders from the GSC, the ISG and member firm Department of Professional Practice (DPP) as appropriate, to ensure the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

4.5.2 Licensing and mandatory requirements for IFRS and U.S. GAAP engagements

All KPMG AZSA professionals are required to comply with applicable professional license rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice.

Policies and procedures are designed to facilitate compliance with license requirements.

We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the local predominant financial reporting framework.

Mandatory requirements – IFRS and U.S. GAAP engagements

In addition, we have specific requirements for partners and managers working on IFRS engagements, in countries where IFRS is not the predominant financial reporting framework. Similar policies apply to engagements performed outside the U.S. to report on financial statements or financial information prepared in accordance with U.S. GAAP and/ or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR).

These require that the partner, manager, and EQC reviewer have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

4.5.3 Access to specialist networks

KPMG AZSA engagement teams have access to a network of local KPMG specialists as well as specialists in other KPMG member firms. Engagement partners are responsible for ensuring that their engagement teams have the appropriate resources and skills.

The need for specialists (e.g. Information Technology, Tax, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process. Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities and objectivity to appropriately fulfill their role. Training on audit concepts is provided to these specialists.

4.5.4 Consultation

KPMG AZSA promotes a culture in which consultation is recognized as a strength and that encourages personnel to consult on difficult or contentious matters.

To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of

differences of opinion on engagement issues.

Appropriate consultation support is provided to audit engagement professionals through our professional practice resources. Auditing and technical accounting support is available to all member firms and their professionals through the GSC and the ISG as well as the US Capital Markets Group for SEC foreign registrants.

Global Services Centre (GSC)

The GSC develops, maintains and deploys KPMG's global audit methodology and technology based tools used by KPMG audit professionals to facilitate effective and efficient audits.

International Standards Group (ISG)

The ISG works with Global IFRS and ISAs topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS and auditing requirements between member firms, identify emerging issues, and develop global guidance on a timely basis.

Further details about the GSC and ISG and its activities are available in [the KPMG International Transparency Report](#).

4.5.5 Developing business understanding and industry knowledge

A key part of quality is having a detailed understanding of the client's business and industry.

For significant industries global audit sector leads are appointed to support the development of relevant industry information, which is made available to audit professionals within eAudit.

This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available which provide general and business information in respect of particular industries as well as a summary of the industry knowledge provided in eAudit.

4.6 Performance of effective and efficient audits

How an audit is conducted is as important as the final result. KPMG AZSA personnel are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.

4.6.1 KPMG Audit Process

Our audit workflow is enabled through eAudit. KPMG International's activity based workflow and electronic audit file. eAudit integrates the KPMG audit methodology, guidance and industry knowledge, and the tools needed to manage audits consistently. The KPMG high quality audit process includes:

- timely partner and manager involvement;
- timely access to the right knowledge, specialists, accredited individuals and relevant industry expertise;
- critical assessment of audit evidence;
- exercise of professional judgment and professional skepticism;
- ongoing mentoring supervision and review;
- appropriately supported and documented conclusions;
- robust challenge and review, including EQC review.

4.6.1.1 Timely partner and manager involvement

To help identify and respond to the significant audit risks applicable to each audit, the engagement team requires an understanding of the client's business, its financial position, and the environment in which it operates.

The engagement partner is responsible for the direction, supervision and performance of the engagement and therefore responsible for the overall quality of the audit engagement. Involvement and leadership from the engagement partner during the planning process helps set the appropriate scope and tone for the audit, and helps the engagement team obtain maximum benefit from the partner's experience and skill. Timely involvement of the engagement partner at other stages of the engagement allows the engagement partner to identify and appropriately address matters significant to the engagement, including critical areas of judgment and significant risks.

The engagement partner is responsible for the final audit opinion and reviews key audit documentation. In particular, documentation relating to significant matters arising during the audit and conclusions reached.

The engagement manager assists the partner in meeting these responsibilities and in the day-to-day liaison with the client and team, building a deep business understanding that helps the partner and team deliver valued insights.

4.6.1.2 Critical assessment of audit evidence with emphasis on professional skepticism

We consider all audit evidence obtained during the course of the audit, including consideration of contradictory or inconsistent audit evidence. The nature and extent of the audit evidence we gather is responsive to the assessed risks.

We critically assess audit evidence obtained from all sources. For the purpose of obtaining sufficient appropriate audit evidence each team member is required to exercise professional judgment and maintain professional skepticism throughout the audit engagement. Professional skepticism involves a questioning mind and alertness to contradictions or inconsistencies in audit evidence. Professional skepticism features prominently throughout auditing standards and receives significant focus from regulators.

The KPMG Audit Quality Framework emphasizes the importance of maintaining an attitude of professional skepticism throughout the audit.

The KPMG professional judgment process facilitates good judgment by introducing a structured approach to auditing areas that require significant judgment.

It also reinforces the importance of independence and objectivity and emphasizes the importance of having the right mindset - the need to apply professional skepticism.

Our professional judgment process recognizes the need to be aware of and alert to biases which may pose threats to good judgment. The structured approach to auditing areas that require significant judgment involves:

- considering alternatives,
- critically assessing audit evidence by challenging management's assumptions and following up contradictory or inconsistent information,

- documenting the rationale for conclusions reached on a timely basis as a means of evaluating their completeness and appropriateness.

The use of the professional judgment process and the application of professional skepticism is reinforced through coaching and training, acknowledging that judgment is a skill developed over time and with different experiences.

4.6.1.3 Ongoing mentoring, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of skills and capabilities of KPMG professionals, without compromising on quality, KPMG AZSA promotes a continuous learning environment and supports a coaching culture.

The engagement partner, supported by the engagement manager, is responsible for driving a culture of coaching and continuous learning throughout the audit process and setting an example in the performance of the audit to drive a culture of continuous audit quality improvement.

- engagement partner participation in planning discussions;
- tracking the progress of the audit engagement;
- considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement;
- helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately;
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.

4.6.1.4 Appropriately supported and documented conclusions

KPMG AZSA uses the KAM and KPMG International's electronic audit tool, eAudit, to provide guidance, mechanisms for and documentation of, the supervision and control of the audit engagement.

Audit documentation records the audit procedures performed, evidence obtained and conclusions reached on significant matters on each audit engagement.

KPMG policies require review of documentation by more experienced engagement team members.

KAM recognizes that documentation prepared on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before our report is finalized.

Engagement teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, which is ordinarily not more than 60 calendar days from the date of the auditors' report but may be more restrictive under certain applicable regulations.

The key principle that engagement team members are required to consider when preparing audit documentation is whether an experienced auditor, having no previous connection with the engagement, will understand:

- the nature, timing, and extent of audit procedures performed to comply with the ISAs, KAM and other requirements;
- applicable legal and regulatory requirements;
- the results of the procedures performed, and the audit evidence obtained;
- significant findings and issues arising during the audit, and actions taken to address them (including additional audit evidence obtained);
- the basis for the conclusions reached, and significant professional judgments made in reaching those conclusions.

4.6.1.5 Appropriate involvement of the EQC Reviewer

EQC reviewers are independent of the engagement team and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information.

The EQC review takes place before the date of the auditor's report and includes, among other matters:

- review of selected audit documentation relating to significant judgments the engagement team made and the conclusions it reached;
- review of the financial statements and proposed auditor's report;
- evaluation of the conclusions reached in formulating the auditors' report and consideration of whether the proposed report is appropriate.

Although the engagement partner is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered complete.

KPMG AZSA is continually seeking to strengthen and improve the role that the EQC reviewer plays in audits, as this is a fundamental part of the system of audit quality control.

To reinforce this, a number of actions have been taken, including:

- establishing basic policies for EQC review on audit engagements
- issuing guidance on EQC review to facilitate effective reviews
- obtaining understandings about audit risks, inquiring EQC reviewers of issues on EQC reviews and monitoring current status of EQC reviews.

The Senior Review Board, which consists of partners who have appropriate experience and knowledge to perform an objective review, monitors the status of the EQC review process and evaluates significant judgments made in the audit.

4.6.1.6 Reporting

Auditing standards and related laws and regulations in Japan largely dictate the format and content of the auditors' report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners form all audit opinions based on the audit performed. In preparing auditors' reports, engagement partners have access to extensive reporting guidance and technical support through consultations with our DPP. Engagement partners have to request involvement of Senior Review Board where there are significant matters to be reported to users of the auditors' report, either as a qualification to the audit report or through the inclusion of an emphasis of matter paragraph.

4.6.1.7 Insightful, open and honest two-way communication

Two-way communication with those charged with governance, often identified as Audit & Supervisory Board, is key to audit quality and is a key aspect of reporting and service delivery.

At KPMG AZSA, we stress the importance of keeping those charged with governance informed of issues arising throughout the audit and the need to listen to and understand their views. We achieve this through a combination of reports and presentations, attendance at the Audit & Supervisory Board, and when appropriate ongoing discussions with management and members of the Audit & Supervisory Board.

We deliver insights such as our assessment of the appropriateness of significant accounting practices, including accounting policies, accounting estimates, financial statement disclosures, significant deficiencies in the design and operation of financial reporting systems, controls when such deficiencies come to our attention during the course of the audit and any uncorrected misstatements.

4.6.1.8 Focus on effectiveness of group audits

The KPMG audit methodology covers the conduct of group audits in detail. We stress the importance of effective two-way communication between the group engagement team and the component auditors, which is a key to audit quality.

The group audit engagement partner is required to evaluate the competence of component auditors, irrespective of whether they are KPMG member firms, as part of the engagement acceptance process.

Consistent methodology and tools are used across the KPMG network. Lead audit engagement partners are provided with information on component auditors within the KPMG network to help them evaluate their competence and capabilities. In addition, for PCAOB engagements, the results of relevant inspections related to the KPMG component member firms are made available to the audit engagement partner.

Lead audit engagement partners may review component auditor engagement documentation in person or obtain electronic access.

4.6.2 Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Code of Conduct, training, and the annual affidavit/confirmation process, that all KPMG

professionals are required to complete.

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA requirements as well as other applicable laws, standards and regulations.

We have clear policies on information security that cover a wide range of areas. Data Privacy policies, which comply with the local Personal Information Protection Law, are in place governing the handling of personal information and associated training is required for all KPMG AZSA personnel.

4.7 Commitment to continuous improvement

We commit to continually improve the quality, consistency and efficiency of our audits. Integrated quality monitoring and compliance programs enable member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans both in respect of individual audit engagements and the member firm's system of quality control. KPMG International's integrated quality and monitoring programs include the Quality Performance Review (QPR) program, the Risk Compliance Program (RCP) and the Global Compliance Review (GCR) program.

The quality monitoring and compliance programs are globally administered and consistent in their approach across member firms, including the nature and extent of testing and reporting. KPMG AZSA compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

4.7.1 Internal monitoring and compliance programs

Our monitoring programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulation and KPMG International policies and procedures;
- KPMG AZSA compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

The results and lessons from the integrated monitoring programs are communicated internally, and the overall results and lessons from the programs are considered and appropriate action is taken at local, regional and global levels.

Our internal monitoring program also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively.

Two KPMG International developed and administered inspection programs are conducted annually across the Audit and Advisory functions, QPR and RCP.

Additionally all member firms are covered at least every three years by the cross-functional GCR program.

Participation in QPR, RCP and GCR is a condition of ongoing membership of the KPMG network.

■ Quality Performance Reviews (QPRs)

The QPR program assesses engagement level performance and identifies opportunities to improve engagement quality.

Risk-based approach

Each engagement leader is reviewed at least once in a three-year cycle. A risk based approach is used to select engagements. KPMG AZSA conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG AZSA level and are monitored regionally and globally. Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation and process

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review. Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from Audit QPR

Consistent criteria are used to determine engagement ratings and member firm Audit practice evaluations. Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

Reporting

Findings from the QPR program are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings. These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of less than satisfactory engagement (defined as 'Performance Improvement Needed' or 'Unsatisfactory') ratings on their respective cross-border engagements.

Additionally lead audit engagement partners of parent companies/head offices are notified where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

■ Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all member firms. These policies and processes, and their related procedures, include the requirements of ISQC-1.

During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- monitor, document and assess the extent of compliance of KPMG AZSA system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services;
- provide the basis for KPMG AZSA to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans.

■ Global Compliance Review (GCR) program

Each member firm is subject to a GCR conducted by KPMG International's GCR team, independent of the member firm, at least once in a 3 year cycle.

The GCR provides independent oversight of our assessment of our system of quality control, including:

- our commitment to quality and risk management (tone at the top) and the extent to which the overall structure, governance and financing support and reinforce this commitment;
- the completeness and robustness of our RCP.

The GCR team performing the reviews is independent of KPMG AZSA, objective and knowledgeable of Global Quality and Risk Management policies.

We develop action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the Global Quality & Risk Management Steering Group (GQRMSG), and where necessary to appropriate KPMG International and regional leadership, to help ensure timely remedial actions taken by the member firm.

Root Cause Analysis (RCA)

KPMG AZSA performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement.

The Global RCA 5 Step Principles are as follows:

It is the responsibility of member firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

KPMG AZSA's Head of Audit is responsible for the development and implementation of action plans as a result of RCA, including identification of solution owners. The Risk Management Partner monitors their implementation.

Recommendations for improvements

At a global level, through the GAQIC and the GQRMSG, KPMG International reviews the results of the quality monitoring programs, analyzes member firm root causes and action plans and develops additional global actions as required.

The GAQIC considers network-wide issues arising from internal quality control reviews and external inspections, monitors progress being made in addressing audit quality issues and makes recommendations to the Global Audit Steering Group (GASG) on audit quality issues.

To date, Global remediation plans developed by KPMG International have been aimed at changing culture and behavior across the KPMG network and at driving consistent engagement team performance within KPMG member firms. The remediation plans have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the network.

4.7.2 External feedback and dialogue

4.7.2.1 Regulators

The Certified Public Accountants and Auditing Oversight Board (CPA AOB), as a regulator, monitors the quality control reviews performed by the JICPA to ascertain fairness, neutrality and affectivity of the JICPA.

The CPA AOB reviews and examines reports of quality control reviews by the JICPA and, if deemed necessary, conducts on-site inspections of the JICPA, audit firms, etc.

The JICPA conducted a review of the firm in 2015. We received a report on the review and a report on improvement recommendations in February 2016. The JICPA conducted a follow-up review of the firm in 2015, and we received a report on the review in January 2017.

In addition, the JICPA conducted a special review of the firm from

February 2016 to March 2016. We received the Special Quality Control Review Report in March 2016.

The CPA AOB inspected the firm in 2016, and we received a report of the inspection in May 2017.

At an international level, KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR) to discuss audit quality findings and actions taken to address such issues at a network level.

4.7.2.2 Client feedback

We proactively seek feedback from clients through in-person conversations to monitor their satisfaction with services delivered. We endeavor to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs.

5. Financial Information

(Million JPY)	2017	2018
Total turnover	95,952	97,121
Audit	72,160	76,549
Other non-audit service	23,792	20,571

6. Partner remuneration

Our firm has compensation policies that are clear, simple, and linked to the performance evaluation process so that partners know what is expected of them and what they can expect to receive in return. Our policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

Partner remuneration is determined based on the points granted for the performance evaluation and the competence assessment, which is governed by the Partner Evaluation Regulations.

Points are granted within a range of a band that is determined by the partner's position, role, skills, etc.

7. Network arrangements

7.1 Legal Structure

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law.

KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

One of the main purposes of KPMG International is to facilitate the provision by member firms of high quality Audit and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies, standards of work and conduct by member firms, and protects and enhances the use of the KPMG name and brand. KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

7.2 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values.

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

7.3 Professional Indemnity Insurance

A substantial level of insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer that is available to all KPMG member firms.

7.4 Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team.

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms.

It performs functions equivalent to a shareholders' meeting (albeit KPMG International has no share capital and only has members, not shareholders).

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 58 member firms that are "members" of KPMG International as a matter of Swiss law. Sublicensees are generally indirectly represented by a member. Our firm is a member of the Global Council.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations. It also admits member firms.

The Global Board includes the Global Chairman, the Chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms. It is led by the Global Chairman, who is supported by the Executive Committee, consisting of the Global Chairman, the Chairman of each of the regions and currently four other senior partners of member firms.

The list of Global Board members, as at 1 October 2017 is available in the International Annual Review.

From Japan, Tsutomu Takahashi (Deputy Managing Partner of KPMG AZSA and Chairman of KPMG Japan) participates as a member of the Global Board, playing an important role in KPMG International management.

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board ("non-executive" members). A key role of the lead director is to act as liaison between the Global Chairman and the "non-executive" Global Board members.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments.

It is led by the Global Chairman and includes the Global Chief Operating Officer, Global Chief Administrative Officer, global function and infrastructure heads, and the General Counsel.

The list of Global Management Team members as at 1 October 2017 is available in the International Annual Review.

Global Steering Groups

The Global Steering Groups work closely with regional and member firm leadership to:

- establish and communicate appropriate audit and quality/risk management policies;
- enable effective and efficient risk processes to promote audit quality;
- proactively identify and mitigate critical risks to the network.

The Global Steering Groups act under the oversight of the Global Management Team.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in Appendix 2 to the KPMG International Transparency Report ([Link](#)).

Each member firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating or executive officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs

of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region.

Further details about KPMG International including the governance arrangements, can be found in Appendix 2 to the KPMG International Transparency Report ([Link](#)).

7.5 Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders who:

- assess the effectiveness of a member firm's quality and risk management efforts to identify and mitigate significant risks to the member firm and network, and actively monitor alignment with global quality and risk management strategies and priorities;
- share leading best practices in quality and risk management;
- report to Global Head of Quality, Risk and Regulatory.

8. Statement by the Board of KPMG AZSA on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG AZSA outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations.

Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Board of KPMG AZSA has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 4.7.1 and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of KPMG AZSA confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 June 2018.

Further, the Board of KPMG AZSA confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 June 2018.

■ Appendices

A.1 Key legal entities and areas of operation

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
KPMG AZSA LLC	Limited Liability Company	Japan Registered Auditor	Audit and Advisory Services	Japan
KPMG FAS Co., Ltd.	Corporation	None	Advisory Services	Japan
KPMG Consulting Co., Ltd.	Corporation	None	Advisory Services	Japan
KPMG Healthcare Japan Co., Ltd.	Corporation	None	Advisory Services	Japan
KPMG AZSA Sustainability Co., Ltd.	Corporation	None	Sustainability audit/attestation /advisory	Japan

A.2 Details of those charged with governance at KPMG AZSA As of June 30,2018

Hiroyuki Sakai	Managing Partner, Planning
Tsutomu Takahashi	Deputy Management Partner, KPMG Japan Chairman, Chief Marketing Officer (CMO)
Hiroyuki Takanami	Chief Operating Officer (COO), Office Managing Partner, Tokyo
Kenryo Goto	Head of Kansai Region, Office Managing Partner, Osaka
Yasushi Yokoi	Head of Tokai Region, Partner-in-Charge–Diversity
Takuji Kanai	Head of Audit
Toshihiro Otsuka	Head of HR, Partner-in-Charge – Corporate Governance CoE, Sport Business CoE, Integrated Reporting CoE
Masahiro Mekada	Chief Financial Officer (CFO)
Hiroshi Miura	Head of Global Japanese Practice
Toshiya Mori	Head of Advisory

A.3 Public Interest Entities

The list of public interest entity audit clients for which KPMG AZSA has signed an audit opinion during the year ended 30 June 2018 is given below. The definition of public interest entities for this purpose is that given under the provision of the Code of Ethics issued by the Japanese Institute of Certified Public Accountants.

A&D Company, Limited	CAR MATE MFG.CO.,LTD.	DISCO CORPORATION
AB HOTEL CO.,LTD	CAREERLINK Co., Ltd.	DKS Co. Ltd.
ABIST Co., Ltd.	CASIO COMPUTER CO.,LTD.	DLE Inc.
ABU DHABI OIL CO.,LTD.	C-CUBE Corporation	DM SOLUTIONS Co., Ltd.
ACCESS CO., LTD.	Cedyna Financial Corporation	DOCOMO Systems, Inc.
Adways Inc.	CENTRAL AUTOMOTIVE PRODUCTS LTD.	DOSHISHA CO.,LTD.
Aflac Life Insurance Japan Ltd.	CENTRAL TANSHI CO.,LTD.	DOUTOR COFFEE CO.,LTD.
AGC Inc.	Century 21 Real Estate Of Japan Ltd.	DOUTOR NICHIRE Holdings Co., Ltd.
Agriculture Livestock Industries Corporation	CHEMIPRO KASEI KAISHA, LTD.	DyDo GROUP HOLDINGS, INC.
Agriculture, Forestry and Fisheries Credit Foundations	Chichibu Railway Co., Ltd.	DYNIC CORPORATION
AHJIKAN CO.,LTD	CHITA KOGYO CO., LTD.	EAST JAPAN CONSTRUCTION SURETY CO., LTD.
AI, Inc.	Chubu Electric Power Company, Incorporated	East Japan Railway Company
AICHI PREFECTURAL UNIVERSITY	Chubu Steel Plate Co., Ltd.	Eidai Co., Ltd.
AICHI UNIVERSITY OF EDUCATION	CHUCO CO.,LTD.	EJ Holdings Inc.
AIGAN CO.,LTD.	CHUGAI PHARMACEUTICAL CO., LTD.	ELIYY Power Co., LTD
AIKO CORPORATION	CHUKYO IYAKUHN CO., LTD.	Emergency Assistance Japan Co., Ltd.
Aiming Inc.	CHUO SEISAKUSHO, LTD.	Encourage Technologies Co., Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.	Citigroup Global Markets Japan Inc.	ENSHU TRUCK CO., LTD.
AIR WATER INC.	COLOWIDE Co., Ltd.	Environmental Restoration and Conservation Agency
AIT CORPORATION	COMANY INC.	EPOS CARD CO.,LTD.
AIZAWA SECURITIES CO.,LTD.	Cominix CO.,LTD	ERI HOLDINGS CO.,LTD.
Akatsuki Inc.	Commercial Airplane Company	Escrow Agent Japan, Inc.
Albert Inc.	Computer Institute of Japan, Ltd.	extreme Co., Ltd
ALFRESA CORPORATION	Cookbiz Co., Ltd	F@N Communications Inc.
ALFRESA HOLDINGS CORPORATION	COOKPAD Inc.	FFRI, Inc.
ALINCO INCORPORATED	CORONA CORPORATION	Fibergate. Inc.
Allianz Fire and Marine Insurance Japan Ltd.	COSEL CO.,LTD.	Fixstars Corporation
Allianz Life Insurance Japan Ltd.	Cosmo Energy Holdings Co., Ltd.	FreakOut Holdings, Inc.
Alpen Co., Ltd.	Cosmo Oil Co. Ltd.	F-TECH INC.
ALPHA Corporation	Cosmo Oil Marketing Co., Ltd.	Fudo Tetra Corporation
AMIYAKI TEI CO.,LTD.	CREATE MEDIC CO.,LTD.	FUJI CORPORATION
ANRITSU CORPORATION	Credit Suisse Securities (Japan) Limited	FUJI CORPORATION
AOYAMA TRADING CO., LTD.	CROPS CORPORATION	FUJI HENSOKUKI CO.,LTD.
Ap company Co., Ltd	Crossfor Co., Ltd.	FUJI KOSAN COMPANY,LTD.
ARCHITECTS STUDIO JAPAN INC.	CSS HOLDINGS, Ltd.	Fuji Oil Company, Ltd.
ART GREEN CO., Ltd	Cybozu, Inc.	FUJI OIL HOLDINGS INC.
Artner Co., Ltd	D.A.Consortium Holdings Inc.	Fuji Pharma Co., Ltd.
ASAHI BREWERIES, LTD.	Dai Nippon Toryo Company, Limited	FUJI SEIKO LIMITED
ASAHI CO.,LTD.	DAIBIRU CORPORATION	Fuji Xerox Co., Ltd.
Asahi Group Holdings, Ltd.	DAI-DAN CO., LTD.	FUJIFILM Corporation
Asahi Satellite Broadcasting Limited	DAIDO KOGYO CO., LTD.	FUJIFILM Holdings Corporation
Asahi Security Co., Ltd.	DAIHEN Corporation	FUKUDA DENSHI CO.,LTD.
ASAHI SOFT DRINKS CO., LTD.	DAIHO CORPORATION	FUKUYAMA TRANSPORTING CO., LTD.
Asahikawa Medical University	Dai-ichi Life Holdings, Inc.	FUMAKILLA LIMITED
Asaka Industrial Co., Ltd.	DAIICHI SANKYO COMPANY,LTD	Fundely Co., Ltd.

Ashimori Industry Co., Ltd.	DAIKEN MEDICAL Co., LTD.	G-7 HOLDINGS Inc.
Asia Air Survey Co., Ltd.	DAIKOKU DENKI CO.,LTD.	GameWith
ASKUL Corporation	DAIKYO INCORPORATED	GCA Corporation
Asunaro Aoki Construction Co., LTD.	Daikyo Nishikawa Corporation	Gene Techno Science CO., LTD.
AT TOKYO CORPORATION	DAIREI.CO.,LTD.	GENERATION PASS Co., Ltd.
ATOM CORPORATION	Daiseki Co., Ltd.	GEOSTR CORPORATION
au Insurance Company, Limited	Daiseki Eco. Solution Co., Ltd.	GIFU UNIVERSITY
AZIA CO.,LTD.	Daiso Holding Co., Ltd.	GIKEN LTD.
Azuma Shipping Co., Ltd.	DAITO GYORUI CO., LTD.	Global Factoring Co., Ltd.
Bandai Co., Ltd.	Daito Pharmaceutical Co., Ltd.	GLP J-REIT
BANDAI NAMCO Amusement Inc.	Daiwa Asset Management Co., Ltd.	Godo Steel, Ltd.
BANDAI NAMCO Entertainment Inc.	Daiwa International Holdings Inc.	gremz,Inc.
BANDAI NAMCO Holdings Inc.	Daiwa investment management Inc.	Gurunavi, Inc.
Barclays Securities Japan Limited	Daiwa Next Bank, Ltd.	Gyxix Corporation
Bell-Park Co., Ltd.	Daiwa Office Investment Corporation	H2O RETAILING CORPORATION
Best Denki Co., Ltd.	Daiwa PI Partners Co., Ltd.	HAGIWARA ELECTRIC HOLDINGS CO., LTD.
Besterra Co., Ltd.	Daiwa Securities Co., LTD.	Hakuhodo DY Holdings Inc.
Bestone.Com Co., Ltd	Daiwa Securities Group Inc.	HAKUHODO DY MEDIA PARTNERS INCORPORATED
BMW Japan Finance Corp.	Data Applications Company, Limited	HAKUHODO INCORPORATED
Brass Corporation	DATA HORIZON CO.,LTD.	HAKUTO CO., LTD.
Broadleaf Co., Ltd.	Densan Co., Ltd	Halows CO., LTD.
BRONCO BILLY CO.,LTD.	DENTSU INC.	HAMAMATSU UNIVERSITY SCHOOL OF MEDICINE
C.I. MEDICAL CO.,LTD.	DESCENTE,LTD.	HANKYU CORPORATION
CALBEE, Inc.	Deutsche Securities Inc.	Hankyu Hanshin Financial Support Co., Ltd.
CAPCOM CO., LTD.	DIP Corporation	HANKYU HANSHIN HOLDINGS, INC.
Hankyu Hanshin Properties Corp.	JAPAN ELECTRONIC MATERIALS CORPORATION	KITAGAWA IRON WORKS CO.,LTD.
Hankyu REIT Inc.	Japan Environmental Storage & Safety Corporation	KITAMURA Co., Ltd.
HANSHIN ELECTRIC RAILWAY CO., LTD.	Japan External Trade Organization	KM Holdings Co., Ltd.
HANWA CO.,LTD.	Japan Foods Co., Ltd.	KNC laboratories Co., Ltd
HASHIMOTO SOGYO HOLDINGS CO.,LTD.	JAPAN FREIGHT RAILWAY COMPANY	KNT-CT Holdings Co., Ltd.
Hatena Co., Ltd.	Japan Hotel Reit Investment Corporation	KOA Shoji Holdings Corporation
Hazama Ando Corporation	JAPAN MATERIAL Co., Ltd.	Kobe City Hospital Organization
HEIWA REAL ESTATE REIT, Inc.	Japan Mint	Kobe Electric Railway Co., Ltd.
HIBIYA ENGINEERING, LTD.	JAPAN OIL TRANSPORTATION CO.,LTD.	Kobe Steel, Ltd.
HIGASHI TWENTY ONE CO.,LTD.	Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers	Kobe University
HIKARI TSUSHIN,INC.	Japan Organization of Occupational Health and Safety	KOBELCO CONSTRUCTION MACHINERY CO., LTD.
HI-LEX CORPORATION	JAPAN POST BANK Co., Ltd.	Kobelco Eco-Solutions Co., Ltd.
HIRATA Corporation	Japan Post Co., Ltd.	Kobelco Financial Center Ltd.
Hirosaki University	Japan Post Holdings Co., Ltd.	Kochi University
HIROSE ELECTRIC CO.,LTD.	Japan Post Insurance Co., Ltd.	KOEI CHEMICAL COMPANY, LIMITED
Hiroshima Electric Railway Co., Ltd.	Japan Post Transport Co., Ltd.	KOEI TECMO HOLDINGS CO., LTD.
HIROSHIMA GAS CO., LTD.	Japan Railway Construction ,Transport and Technology Agency	Kojima Iron Works Co., Ltd.
Hiroshima Rapid Transit Co., Ltd.	Japan Tissue Engineering Co., Ltd.	KOKUYO CO., LTD.
HIROSHIMA UNIVERSITY	JAPAN TRANCITY CORPORATION	KOMATSU LTD.
HISAMITSU PHARMACEUTICAL CO.,INC.	Japan Trustee Services Bank, Ltd.	KOMATSU SEIREN CO., LTD.
Hitachi Zosen Corporation	Japan Water Agency	KONICA MINOLTA, INC.
Hokkaido Soda Co., Ltd.	Japan-Brazil Niobium Corporation	KONISHI CO., LTD.
HOKKAIDO UNIVERSITY	JAPAN-SINGAPORE PETROCHEMICALSCOMPANY, LIMITED	KONOSHIMA CHEMICAL CO., LTD.
Hokuetsu Corporation	JASON CO.,LTD.	Kowa Company, Ltd.

HONDA FINANCE CO. LTD.	JECO CO.,LTD.	KROSAKI HARIMA CORPORATION
Honda Motor Co., Ltd.	Jetstar Japan Co., Ltd.	K'S HOLDINGS CORPORATION
Honda R&D Co., Ltd.	JGC Corporation	KSK CO., LTD.
HORIBA, Ltd.	JIEC Co., Ltd.	KURODA ELECTRIC CO.,LTD.
HOSOKAWA MICRON CORPORATION	JMACS Japan Co., Ltd.	KUSURI NO AOKI HOLDINGS CO., LTD.
HOTEL NEWGRAND CO.,LTD.	JMC Corporation	KYB Corporation
HOTTO LINK INC.	JMS Co., Ltd.	KYOEI STEEL LTD.
HyAS&Co. Inc.	JOLED Inc.	Kyokuto Boeki Kaisha, Ltd.
Hyogo University of Teacher Education	JR East Management Service Co., Ltd	KYOTO INSTITUTE OF TECHNOLOGY
Ibaraki University	JSR Corporation	Kyoto University of Education
IBIDEN CO.,LTD.	JUNTENDO CO. LTD.	KYOWA HAKKO BIO CO., LTD.
IGNIS LTD.	JUST PLANNING INC.	Kyowa Hakko Kirin Co., Ltd.
IINO KAIUN KAISHA, LTD.	JUTEC Holdings Corporation	Kyushu Institute of Technology
I'LL INC	K&O Energy Group Inc.	Lecip Holdings Corporation
IMASEN ELECTRIC INDUSTRIAL CO., LTD.	Kabushiki Kaisha Seiyoken	LIFE CORPORATION
IMPERIAL HOTEL, LTD.	KAGOSHIMA UNIVERSITY	LIFENET INSURANCE COMPANY
Inabata Co., Ltd.	Kaitori Okoku Co, Ltd	LIKE Co., Ltd.
INEST, Inc.	KAJI TECHNOLOGY CORPORATION	LIKE Kidsnext Co., Ltd.
INFOCOM CORPORATION	Kakogawashimin Byoin Kiko,Chiho Dokuritsu Gyosei Hojin	LION OFFICE PRODUCTS CORP.
Information Services Intl - Dentsu	Kami-iida link Line KK	MAEDA ROAD CONSTRUCTION CO., LTD.
Internetworking & Broadband Consulting Co., Ltd.	Kanagawa Prefectural Hospital Organization	MAEZAWA KYUSO INDUSTRIES CO., LTD.
Interworks,Inc.	Kanamic Network Co., LTD.	Makita Corporation
ISE CHEMICALS CORPORATION	Kanda Holdings Co., Ltd.	MAKIYA CO.,LTD.
ISOLITE INSULATING PRODUCTS CO., LTD.	KANEKA CORPORATION	Mani, Inc.
ITO EN,LTD.	Kansai Airports	MARCHE CORPORATION
Itoham Foods Inc.	Kansai Paint Co., Ltd.	Market Enterprise Co., LTD.
Itoham Yonekyu Holdings Inc.	KAPPA CREATE CO.,LTD.	MarkLines Co., Ltd.
ITOKI CORPORATION	KATO SANGYO CO.,LTD.	Marudai Food Co., Ltd.
Ito-Yokado Co., Ltd.	KAWANISHI HOLDINGS, INC.	Maruha Nichiro Corporation
IWABUCHI CORPORATION	Kawasaki Heavy Industries, Ltd.	MARUI GROUP CO., LTD.
IWAKI CO.,LTD.	KAWASAKI SETSUBI KOGYO CO.,LTD.	MARUICHI STEEL TUBE Ltd.
IWATANI CORPORATION	Kawasaki Thermal Engineering Co., Ltd.	Maruto Sangyo Co., Ltd
Iwatsu Electric Co., Ltd.	Keeper Co., Ltd.	MARUWA CO., LTD.
IX Knowledge Inc.	KeePer Technical Laboratory Co., Ltd	Marvelous Inc.
IZUMI CO. LTD.	Keio Accounting Co., Ltd.	MassMutual Life Insurance Company
JACCS CO.,LTD.	Keio Corporation	Matsudo Kousan Co., Ltd.
Jalux Inc.	KENKO MAYONNAISE CO.,LTD.	MAX CO., LTD.
Janis Ltd.	KIKUCHI SEISAKUSHO Co., Ltd.	Mazda Motor Corporation
Japan Agency for Marine-Earth Science and Technology	KING JIM CO., LTD.	MCUBS MidCity Investment Corporation
Japan Airlines Co., Ltd.	Kintetsu Department Store Co., Ltd.	MEDIA DO HOLDINGS Co., Ltd.
JAPAN ALCOHOL TRADING CO., LTD.	Kintetsu Group Holdings Co., Ltd.	Media Kobo, Inc.
Japan Arts Council	Kintetsu Railway Co., Ltd.	Medicare Life Insurance Co., Ltd
JAPAN ATOMIC ENERGY AGENCY	KINTETSU REAL ESTATE CO., Ltd.	MEDICEO CORPORATION
Japan Corporate Housing Service Inc.	Kintetsu World Express, Inc.	MEDIPAL HOLDINGS CORPORATION
Japan Display Inc.	Kirin Brewery Company, Limited	MegaChips Corporation
JAPAN DRILLING CO.,LTD.	Kirin Holdings Company, Limited	Meidensha Corporation
MEIJI ELECTRIC INDUSTRIES CO.,LTD.	Naito & Co.,Ltd.	NIPPON RIETEC CO., LTD.
Meiji Yasuda General Insurance Co., Ltd	Nakabohtec Corrosion Protecting Co., Ltd.	Nippon Signal Company, Ltd.
Meiji Yasuda Life Insurance Company	NAKAYAMA STEEL WORKS LTD.	Nippon Steel & Sumikin Coated Sheet Corporation
Meiko Electronics Co., Ltd.	Nankai Electric Railway Co., Ltd.	NIPPON STEEL & SUMIKIN ENGINEERINGCO., LTD.

MEIKO TRANS CO., LTD.	Nankai Tatsumura Construction Co., Ltd.	NIPPON STEEL & SUMIKIN FINANCE CO., LTD.
MEITETSU MANAGEMENT SERVICE, K.K.	Nanocarrier Co., Ltd.	NIPPON STEEL & SUMIKIN TEXENG.CO., LTD.
Meitetsu Transportation Co., Ltd.	Nara Ikoma Rapid Railway Co., Ltd.	NIPPON STEEL & SUMITOMO METALCORPORATION
Meito Sangyo Co., Ltd.	Nara Institute of Science and Technology	NIPPON TELEGRAPH AND TELEPHONE EASTCORPORATION
MEIWA INDUSTRY CO.,LTD.	NARA KOTSU BUS LINES CO.,LTD.	NIPPON TELEGRAPH AND TELEPHONE WESTCORPORATION
Mercedes-Benz Finance Co., Ltd	Nara Medical University	NIPPON TELEGRAPH AND TELEPHONECORPORATION
Mercedes-Benz Japan Co., Ltd.	Nara University of Education	Nippon Usiminas Co., Ltd.
Merck Ltd.	Nara Women's University	NISHIKAWA RUBBER CO.,LTD.
Mercuria Investment Co., Ltd.	NARIS COSMETICS CO.,LTD.	Nishi-Osaka Railway Co., Ltd.
MESCO,INC.	Naruto University of Education	NISSEI BUILD KOGYO CO.,LTD.
METRO Cash & Carry Japan K.K.	National Center for Geriatrics and Gerontology	Nissen Holdings Co., Ltd.
Metropolitan Intercity Railway Company	National Institute for Environmental Studies	Nisshin Steel Co., Ltd.
MG Leasing Corporation	National Institute of Information and Communications Technology	NISSHO ELECTRONICS CORPORATION
MHI Finance Co., Ltd.	National Institutes for Quantum and Radiological Science and Technology	NISSIN CORPORATION
Mie University	National Institutes for the Humanities	Nissin Electric Co., Ltd.
Minebea Mitsumi Inc.	National Institutes of Natural Sciences	NITTO DENKO CORPORATION
Minnano Wedding Co., Ltd.	National Printing Bureau	NITTO KOGYO CORPORATION
MIRAIT Holdings Corporation	NATOCO Co., Ltd.	NKK SWITCHES CO., LTD.
MITANI SANGYO CO., LTD.	NAVITAS CO.,LTD.	nms Holdings Corporation
Mitsubishi Aircraft Corporation	NC Holdings Co., Ltd.	NN Life Insurance Company, Ltd.
Mitsubishi Electric Building Techno-Service Co., Ltd.	NDS CO.,LTD.	NODA CORPORATION
MITSUBISHI ELECTRIC CORPORATION	NEC Capital Solution Limited	NOHMI BOSAI LTD.
Mitsubishi Electric Credit Co., Ltd.	NEC CORPORATION	NOMURA Co., Ltd.
Mitsubishi Fuso Truck and Bus Corporation	NEC Networks and System Integration Corporation	NORITAKE CO.,LIMITED
Mitsubishi Heavy Industries Engineering, Ltd	NEC Platforms, Ltd.	NORITZ CORPORATION
Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.	NEC Solution Innovators, Ltd.	North Pacific Bank, Ltd.
MITSUBISHI HEAVY INDUSTRIES LTD.	Needs Well Inc.	Northern Territories Issue Association
Mitsubishi Heavy Industries Thermal Systems, Ltd.	NEOJAPAN. Inc.	NS Solutions Corporation
Mitsubishi Heavy Industries Engine & Turbocharger, Ltd.	Nestle Japan Ltd.	NSD CO.,LTD.
Mitsubishi Hitachi Power Systems, Ltd.	New Energy and Industrial Technology Development Organization	NTT Business Associe Corporation
MITSUBISHI LOGISTICS CORPORATION	NEWTON FINANCIAL CONSULTING INC.	NTT Communications Corporation
MITSUBISHI MATERIALS CORPORATION	NGK SPARK PLUG CO., LTD.	NTT COMWARE CORPORATION
Mitsubishi Pencil Co., Ltd.	NICCA CHEMICAL CO., LTD.	NTT DATA CORPORATION
Mitsui Direct General Insurance Company, Limited	NICHIA CORPORATION	NTT DATA INTRAMART CORPORATION
Mitsui E&S Holdings Co., Ltd.	NICHIA STEEL WORKS, LTD.	NTT DOCOMO, INC.
Mitsui Fudosan Co., Ltd.	NICHIHA CORPORATION	NTT FACILITIES, INC.
Mitsui Fudosan Logistics Park Inc.	Nichi-Iko Pharmaceutical Co., Ltd.	NTT FINANCE CORPORATION
MITSUMI FUDOSAN REALTY CO.,LTD.	Nifco Inc.	NTT Plala Inc.
Mitsui Fudosan Residential Co., Ltd.	NIHON DECOLUXE CO.,LTD.	NTT Security Corporation
Mitsui Home Co., Ltd.	NIHON DEMPA KOGYO CO.,LTD.	NTT Urban Development Corporation
Mitsui Mining and Smelting Company, Limited	NIHON PLAST CO., LTD.	OGURA CLUTCH CO., LTD.
Mitsui O.S.K. Lines, Ltd.	NIHON TRIM CO.,LTD.	Ohtone Country Club Limited
Mitsui Sumitomo Aioi Life Insurance Company, Limited	Nihon Yamamura Glass Co., Ltd.	Oita University
Mitsui Sumitomo Insurance Company, Limited	Niigata University	OIZUMI CORPORATION
Mitsui Sumitomo Primary Life Insurance Company, Limited	Nikko Asset Management Co., Ltd.	OKADA AIYON CORPORATION
Mitsui-Soko Holdings Co., Ltd.	NIKKO CO., LTD.	Okamoto Machine Tool Works, Ltd.
MITSUMI ELECTRIC CO.,LTD.	NIKKO COMPANY	OKAMURA CORPORATION
Mitsuuroko Group Holdings Co., Ltd.	NIKKON Holdings CO.,LTD.	OKAYA & CO.,LTD.
Miyagi University of Education	NIPPO LTD.	OKAYA ELECTRIC INDUSTRIES CO.,LTD.
Mobile Factory, Inc.	Nippon Accommodations Fund Inc.	Okayama City General Medical Center

MODEC ,Inc.	Nippon Air Conditioning Services Co., Ltd.	OKAYAMA PREFECTURAL UNIVERSITY
Momiji Bank, Ltd.	Nippon Automated Cargo and Port Consolidated System Inc.	Okayama University
Monex Group, Inc.	Nippon Avionics Co., Ltd.	OLIVER CORPORATION
Monex, Inc.	Nippon Beet Sugar Manufacturing Co., Ltd.	OM2 NETWORK CO.,LTD.
MOONBAT Co., Ltd.	Nippon Building Fund Inc.	OPT Holding, Inc.
MORI TRUST Hotel Reit, INC.	Nippon Electric Glass Co., Ltd.	Organization for Environment Improvement around Airport
Mori-Gumi Co., Ltd.	Nippon Export and Investment Insurance	Organization for Small & Medium Enterprises and Regional Innovation, JAPAN
MORIROKU HOLDINGS COMPANY , LTD.	NIPPON FELT CO., LTD.	Organization for Workers' Retirement Allowance Mutual Aid
MOS FOOD SERVICES, INC.	Nippon Healthcare Investment Corporation	ORIENTAL CHAIN MFG. CO.,LTD.
MS&AD Insurance Group Holdings, Inc.	Nippon Ichi Software, Inc.	ORIENTAL LAND CO.,LTD.
MUTO SEIKO CO.	Nippon Koshuha Steel Co., Ltd.	ORIX Auto Corporation
MYSTAR ENGINEERING CORP.	Nippon Paint Holdings Co., Ltd.	ORIX Bank Corporation
Nabtesco Corporation	NIPPON PILLAR PACKING CO., LTD.	ORIX CORPORATION
Nagoya Railroad Co., Ltd.	Nippon Prologis REIT, Inc.	Orix Credit Corporation
Nagoya University	Nippon Record Keeping Network Co., Ltd.	ORIX JREIT INC.
Naikai Zosen Corporation	Nippon Reit Investment Corporation	ORIX Life Insurance Corporation
ORO Co., Ltd.	SAGAMI GROUP HOLDINGS Co., Ltd.	SHOKO CO., LTD.
ORVIS CORPORATION	SAINT-CARE HOLDING CORPORATION	Showa Denko K.K.
OS CO.,LTD.	SAITAMA UNIVERSITY	SIG CO., Ltd.
Osaka City University	SAKATA INX CORPORATION	Signpost Corporation
Osaka Gas Chemicals Co., Ltd.	SAKATA SEED CORPORATION	SIIX CORPORATION
OSAKA GAS CO.,LTD.	SAKURA KCS Corporation	Sincere Co., LTD.
Osaka Kyoiku University	SAKURAI LTD.	SINFONIA TECHNOLOGY Co., Ltd
Osaka Prefectural Hospital Organization	SAMCO Inc.	SK-Electronics CO., Ltd.
Osaka Prefecture University	Sammy Corporation	SMBC Consumer Finance Co., Ltd.
Osaka Research Institute of Industrial Science and Technology	San ju San Financial Group, Inc.	SMBC Finance Service Co., Ltd.
OSAKA STEEL CO., LTD.	SAN-AI OIL CO.,LTD.	SMBC Guarantee Co., Ltd.
Osaka University	SANDEN HOLDINGS CORPORATION	SMBC Loan Business Planning Co., Ltd.
OSAKA YUKA INDUSTRY LTD.	SANKI SERVICE CORPORATION	SMBC Mobit Co., LTD
OSJB Holdings Corporation	SANKO GOSEI LTD.	SMBC Nikko Securities Inc.
O'will Corporation	SANKO METAL INDUSTRIAL CO., LTD.	SMBC Trust Bank Ltd.
P.S. Mitsubishi Construction Co., Ltd.	Sankyo Tateyama, Inc.	SMFG Card & Credit, Inc.
Pacific Metals Co., Ltd.	SANNO CO.,LTD.	SMFL Capital Company, Limited
PACIFIC SYSTEMS CORPORATION	Sanoyas Holdings Corporation	SMM Auto Finance, Inc.
PAL GROUP HOLDINGS CO.LTD	SANRITSU CORPORATION	Sobal Corporation
PALEMO HOLDINGS CO., LTD.	Sansei Landic Co., Ltd	SODA NIKKA CO.,LTD.
PALTAC Corporation	Sansha Electric Manufacturing Co., Ltd.	Sogo & Seibu Co., Ltd.
PANASONIC CONSUMER MARKETING CO., LTD.	SANTEC CORPORATION	Sojitz Corporation
Panasonic Corporation	SANTEN PHARMACEUTICAL CO., LTD.	Solasto Corporation
Panasonic Ecology Systems Co., Ltd.	SANYO Electric Co., Ltd.	SOLCOM CO.,LTD.
Panasonic Liquid Crystal Display Co., Ltd.	SANYO INDUSTRIES, LTD.	SoldOut, Inc.
PANASONIC SEMICONDUCTOR SOLUTIONS CO.,LTD.	Sanyo Shokai Ltd.	Sotetsu Holdings, Inc.
PANASONIC SMARTFACTORYSOLUTIONSCO., LTD.	Sanyo Special Steel Co., Ltd.	Sotetsu Urban Creates Co., Ltd
PARCO CO., LTD.	SANYU CO.,LTD.	SOTOH CO.,LTD.
Pasco Corporation	SATO SHOJI CORPORATION	Space Shower Networks Inc.
Pasmo CO., Ltd	SATORI ELECTRIC CO.,LTD.	SPC Kappa, KK
PCA CORPORATION	SAWAI PHARMACEUTICAL CO., LTD.	SPRIX Co., Ltd.
People Co., Ltd.	SBI Sumishin Net Bank, Ltd.	SRS HOLDINGS CO., LTD.
PeptiDream Inc.	SCREEN Holdings Co., Ltd	Stanley Electric Co., Ltd.
Pfizer Japan Inc.	SCSK Corporation	STAR MICA CO., LTD.

Pfizer Seiyaku K.K.	Secom Co. Ltd.	Star Flyer Inc.
PHC Corporation	Secom General Insurance Co., Ltd.	START TODAY Co., Ltd.
PHC Holdings Corporation	SECOM JOSHINETSU CO.,LTD.	Strike Co., Ltd.
Phoenix Bio Co., Ltd.	Sega Holdings Co., Ltd.	SUBARU CORPORATION
PIPEDO HD, Inc.	SEGA SAMMY HOLDINGS INC.	SUBARU FINANCE CO., LTD.
PKSHA Technology Inc.	SEIKO HOLDINGS CORPORATION	Sugai Chemical Industry Co., LTD.
Pla Matels Corporation	SEINO HOLDINGS CO., LTD.	SUMIDA CORPORATION
POVAL KOGYO CO.,LTD.	SEIWA CHUO HOLDINGS CORPORATION	Sumitomo Bakelite Co., Ltd.
Powdertech Co., Ltd.	SERIO CORPORATION	SUMITOMO CHEMICAL COMPANY, LIMITED
PRAP Japan, Inc.	Seven & i Asset Management Co., Ltd.	SUMITOMO CORPORATION
Premier Investment Corporation	SEVEN & i Financial Center Co., Ltd.	Sumitomo Dainippon Pharma Co., Ltd.
PRESS KOGYO CO., LTD.	Seven & i Holdings Co., Ltd.	SUMITOMO DENSETSU CO.,LTD.
PROTO CORPORATION	Seven Bank, Ltd.	SUMITOMO ELECTRIC DEVICE INNOVATIONS,INC.
Qol Co., Ltd.	SEVEN CARD SERVICE CO., LTD.	Sumitomo Electric Industries, Ltd.
QVC Japan, Inc.	Seven CS Card Service Co., Ltd.	Sumitomo Heavy Industries, Ltd.
RAKUS Co., Ltd.	Seven Financial Service Co., Ltd.	Sumitomo Life Insurance Company
RENGO CO.,LTD.	SEVEN INDUSTRIES Co., LTD.	Sumitomo Metal Mining Co., Ltd.
Research Organization of Information and Systems	SEVEN-ELEVEN JAPAN CO., LTD.	Sumitomo Mitsui Auto Service Company, Limited
RESORTTRUST,INC.	SHIDAX CORPORATION	Sumitomo Mitsui Banking Corporation
RIBOMIC Inc.	SHIGA UNIVERSITY OF MEDICAL SCIENCE	Sumitomo Mitsui Card Company, Limited
Ricoh Company, Ltd.	SHIMACHU CO., LTD.	Sumitomo Mitsui Finance and Leasing Company, Limited
RICOH JAPAN Corporation	SHIMAMURA CO., Ltd.	Sumitomo Mitsui Financial Group, Inc.
RICOH LEASING COMPANY, LTD.	SHIN NIPPON BIOMEDICAL LABORATORIES,LTD.	Sumitomo Mitsui Trust Bank, Limited
RIGHT-ON CORPORATION	SHINAGAWA REFRACTORIES CO.,LTD.	Sumitomo Mitsui Trust Club Co., Ltd.
RIKEN THE INSTITUTE OF PHYSICAL ANDCHEMICAL RESEARCH	Shinhan Bank Japan	Sumitomo Mitsui Trust Holdings, Inc.
Riken Vitamin Co., Ltd.	Shinko Wire Company, Ltd.	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
RISO KAGAKU CORPORATION	SHINPO CO., LTD	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
ROHTO PHARMACEUTICAL CO.,LTD.	Shinsho Corporation	Sumitomo Realty & Development Co., Ltd.
RPA Holdings, Inc.	SHINTO PAINT COMPANY, LIMITED	Sumitomo Riko Company Limited
RS Technologies Co., Ltd.	Shinwa Co., Ltd	Sumitomo Rubber Industries, Ltd.
Ryohin Keikaku Co., Ltd.	SHINYEI KAISHA	Sumitomo Seika Chemicals Company, Limited.
Ryoyo Electro Corporation	SHIP HEALTHCARE HOLDINGS Co., Ltd	SUMITOMO WIRING SYSTEMS, LTD.
S Foods Inc.	Shiseido Company, Limited	SUMITOMO(S.H.I) CONSTRUCTION MACHINERYCO.,LTD.
S LINE CO.,LTD.	Shiseido Japan Co., Ltd.	SUN LIFE CORPORATION
SAC'S BAR HOLDINGS INC.	Shizuoka University of Art and Culture	SUNCORPORATION
SAGAMI CHAIN CO.,LTD.	SHL-Japan Ltd.	SUS Co., Ltd.
SYSTEM INFORMATION CO.,LTD	The Japan Net Bank, Limited	Trend Micro Incorporated
SYSTEMS DESIGN Co., Ltd.	The Japan Research Institute, Limited	Trust & Custody Services Bank, Ltd.
Systema Corporation	THE KINKI SHARYO CO.,LTD.	TSI HOLDINGS CO., LTD.
TAIHEIYO CEMENT CORPORATION	The Kitakyushu Bank, Ltd.	TSUBAKI NAKASHIMA CO.,LTD.
TAIHO TRANSPORTATION CO., LTD.	The Kiyo Bank, Ltd.	TSUBAKIMOTO KOGYO CO.,LTD.
Taiko Pharmaceutical Co., Ltd.	The Kodensha, Co., Ltd.	Tsukuba Bank, Ltd
Taisei Corp.	THE KOSEI SECURITIES CO., LTD.	TSUKUI CORPORATION
Taisei Lamick Co., Ltd.	The Management Organization for PostalSavings and Postal Life Insurance	TSURUHA HOLDINGS INC.
TAISEI ROTEC CORP.	The Mie Bank, Ltd.	TSUTSUMI JEWELRY CO., LTD.
Taisei-Yuraku Real Estate Co., Ltd.	THE NANTO BANK,LTD.	TV Asahi Holdings
TAIYO KISOKOGYO CO.,LTD.	The Neo First Life Insurance Company, Limited	Ubiteq, INC.
TAIYO YUDEN CO., LTD.	The Ogaki Kyoritsu Bank, Ltd.	UCHIDA ESCO CO., LTD.
TAKADAKIKO Co., Ltd.	The Resolution and Collection Corporation	Uchida Yoko Co., Ltd.
TAKAGI SEIKO CORPORATION	THE ROYAL HOTEL,LIMITED	UKC Holdings Corporation

TAKAKITA CO.,LTD.	THE SAIKYO BANK,LTD.	UNIFORM NEXT CO., LTD.
Takamatsu Construction Group Co., Ltd.	The Sapporo Television Broadcasting Co., Ltd.	United & Collective Co., Ltd.
TAKAMATSU MACHINERY CO.,LTD.	The Shimane Bank, Ltd.	UNIVANCE CORPORATION
TAKASAGO INTERNATIONAL CORPORATION	THE SHIMIZU BANK,LTD	UNIVERSITY OF FUKUI
Takasago Thermal Engineering Co., Ltd.	The Sumitomo Warehouse Co., Ltd.	UNIVERSITY OF HYOGO
TAKASHIMA & CO.,LTD.	The Tokyo Star Bank, Limited	University of Miyazaki
Takashimaya Company, Limited	The Yamaguchi Bank, Ltd.	UNIVERSITY OF TOKUSHIMA
TAKE AND GIVE. NEEDS Co., Ltd.	Toba Inc.	University of Tsukuba
Takeda Pharmaceutical Company Limited	TOBU RAILWAY CO.,LTD.	URBAN LIFE Co., Ltd.
TAKEDA PRINTING CO., LTD.	Tobu Shared Service Co., Ltd	URBANET CORPORATION CO., LTD.
TAKEEI CORPORATION	TOBU STORE Co., Ltd.	USS CO., LTD.
TAKENAKA CORPORATION	TOBU TOWER SKYTREE CO., LTD.	Utoc Corporation
TAKISAWA MACHINE TOOL CO.,LTD.	TODA KOGYO CORP.	Utsunomiya University
Takuma Co., Ltd.	TOENEC CORPORATION	VALUE GOLF
TANAKA SEIMITSU KOGYO CO.,LTD	Toho Acetylene Co., Ltd.	V-cube, Inc.
TAOKA CHEMICAL COMPANY, LIMITED	TOHO GAS CO., LTD.	VeriServe Corporation
TATERU, Inc.	Tohoku Steel Co., Ltd.	Viewcard Co., Ltd
TBK Co., Ltd.	Tokushu Tokai Paper Co., Ltd.	Village Vanguard CO., LTD.
TDK Corporation	Tokyo Broadcasting System Holdings, Inc.	Vision Inc.
TEAC CORPORATION	TOKYO DOME CORPORATION	WADAKOSAN CO., LTD.
Techfirm Holdings Inc.	TOKYO ELECTRON DEVICE LIMITED	Wagokoro Co., Ltd.
TechMatrix Corporation	TOKYO ELECTRON LIMITED	WAKACHIKU CONSTRUCTION CO., LTD.
TECHNO ASSOCIE CO., LTD.	Tokyo Financial Exchange Inc.	WAKAYAMA MEDICAL UNIVERSITY
TECHNO HORIZON HOLDINGS CO.,LTD.	Tokyo Gas Co., Ltd.	Wakayama University
Teijin Film Solutions Limited	Tokyo Gas Engineering Solutions Corporation	WATANABE PIPE CO., LTD.
TEIJIN LIMITED	Tokyo Gas Urban Development Co., Ltd.	Welfare and Medical Service Agency
Teijin Pharma Limited	Tokyo Kisen Co., Ltd.	WEST JAPAN CONSTRUCTION SURETY CO. LTD.
TEKKEN CORPORATION	TOKYO PRINTING INK MFG. CO., LTD.	WILSON LEARNING WORLDWIDE INC
TEN ALLIED CO.,LTD.	Tokyo Sangyo Co., Ltd.	WIN-Partners Co., Ltd.
TENMA CORPORATION	TOKYO STEEL MANUFACTURING CO., LTD.	WOOD FRIENDS CO., Ltd.
TENOX CORPORATION	TOKYO TEKKO CO., LTD.	W-SCOPE Corporation
Tenpo Innovation CO.,LTD.	Tokyo University of Foreign Studies	XNET Corporation
TERRASKY CO.,LTD.	TOLI Corporation	Yachiyo Industry Co., Ltd.
TERUMO CORPORATION	TOMY COMPANY,LTD.	YAMADA DENKI CO., LTD.
TESEC Corporation	TOPPAN PRINTING CO., LTD	YAMADA SXL HOME Co., Ltd.
The Aichi Bank, Ltd.	TOREX SEMICONDUCTOR LTD.	YAMAE HISANO CO., LTD.
The Asahi Shimbun Company	TORIDOLL Holdings Corporation	Yamaguchi Financial Group, Inc.
THE AWA BANK, LTD.	Torikizoku Co., Ltd.	Yamaguchi University
The Bank of Iwate, Ltd.	TOSHO CO.,LTD.	YAMAKI CO., LTD.
THE BANK OF KOCHI,LTD.	Tosho Printing Company, Limited	YA-MAN LTD.
The Bank of Nagoya, Ltd.	TOSOH CORPORATION	YAMASHITA HEALTH CARE HOLDINGS, INC.
The Bank of New York Mellon Trust(Japan), Ltd.	Totenko Co., Ltd.	YAMATO CORPORATION
The Chugoku Bank, Limited	TOTETSU KOGYO CO., LTD.	Yashima Denki Co., Ltd.
The Chugoku Electric Power Company, Incorporated	Toukei Computer Co., Ltd.	YASUNAGA CORPORATION
The Dai-ichi Frontier Life Insurance Co., Ltd.	TOYAMA CHEMICAL CO., LTD	YOKOWO CO.,LTD.
The Dai-ichi Life Insurance Company, Limited	TOYO KNIFE Co., LTD.	yossix co., ltd
The Daishi Bank, Ltd.	Toyo Logistics Co., Ltd.	YUTAKA GIKEN CO.,LTD.
The Eighteenth Bank, Limited	TOYO SECURITIES CO., LTD.	ZAOH COMPANY, LTD.
The Fukui Bank, Ltd.	TOYO SUGAR REFINING CO., LTD.	ZAPPALLAS,INC.
The Global Ltd.	TOYO SUISAN KAISHA LTD.	Zeria Pharmaceutical Co., Ltd.
The Hiroshima Bank, Ltd.	Toyo Tire & Rubber Co., Ltd.	ZERO CO., LTD.

The Hokuetsu Bank, Ltd
The Hyakugo Bank, Ltd.
THE IMAMURA SECURITIES CO.,LTD.
The Iyo Bank, Ltd.
The Japan Living Service Co., LTD.

TOYOBO CO.,LTD.
TOYOHASHI UNIVERSITY of TECHNOLOGY
TRANSACTION CO., LTD.
Trans-Tokyo Bay Highway Corporation
Treasure Factory Co., LTD.

ZETT CORPORATION
ZOJIRUSHI CORPORATION
Zuken Inc.

A.4 KPMG Values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behavior when dealing with both clients and each other:

We lead by example:

At all levels we act in a way that exemplifies what we expect of each other and our clients.

We work together:

We bring out the best in each other and create strong and successful working relationships.

We respect the individual:

We respect people for who they are and for their knowledge, skills, and experience as individuals and team members.

We seek the facts and provide insight:

By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.

We are open and honest in our communication:

We share information, insight, and advice frequently and constructively and manage tough situations with courage and candor.

We are committed to our communities:

We act as responsible corporate citizens by broadening our skills, experience, and perspectives through work in our communities and protecting the environment.

Above all, we act with INTEGRITY:

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

KPMG AZSA LLC

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