



KPMG Japan Our Story 2017/18

KPMG Japan

our values

We lead by example

We work together

We respect the individual

We seek the facts and provide insight

We are open and honest in our communication

We are committed to our communities

Above all, we act with integrity

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CEO, KPMG in Japan
Managing Partner, KPMG AZSA LLC



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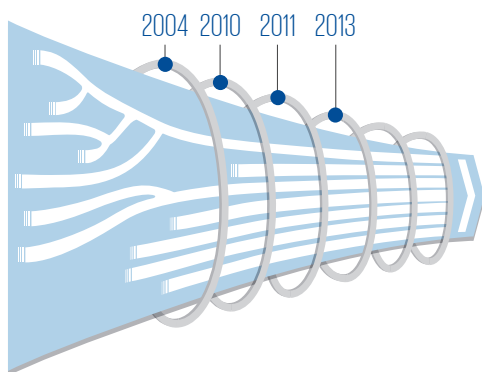
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Our Purpose

Inspire Confidence,
Empower Change.

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

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

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



CEO Message

What we want you to know

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

The Clear Choice Today and tomorrow

Hiroyuki SAKAI

CEO, KPMG in Japan
Managing Partner, KPMG AZSA LLC

Steady implementation of a mid-term management plan to realize Our Vision

In 2016, we established “The Clear Choice” as our Vision. We also identified “Quality,” “Cube” (comprehensive power through collaboration) and “Career” (people as the source of KPMG’s value creation) as the three strategic pillars of our mid-term management plan toward 2020. We have since actively worked to achieve our goals in these areas. As CEO of KPMG Japan, in 2017, the second year of the mid-term management plan, it is my role to work with the Management Committee members to implement the management plan and fulfill our social responsibility. In so doing we intend to transmit our knowledge and capability to the next generation, which will form part of the foundation for KPMG Japan’s sustained growth.

Digital 360 and Diversity are critical

From artificial intelligence to the digital world of the cloud, robotics and Blockchain, new technologies are

rapidly changing the world. We are combining these new technologies with our expertise, enabling us to offer better services to satisfy the new requirements of our clients. For example, in audit and tax services, we are promoting Data & Analytics. In our advisory business, we are enhancing our services lines with Robotic Process Automation (RPA) and Cyber Security. As a part of our workstyle innovation, we improved our IT environment, began to utilize RPA, and reviewed our work processes. We have decided to collectively call these initiatives “Digital 360” which we are promoting as KPMG Japan’s cross-functional, comprehensive initiative to generate synergies.

Today’s world is filled with significant uncertainties, in international and national politics, trade and economic relations of nations, and environmental challenges. Numerous examples include the challenges facing President Trump’s policy agenda in the U.S., difficult Brexit negotiations in Europe, and heightened geopolitical risk in Asia. Against this backdrop and with a view to KPMG Japan’s growth, I am keen to promote and benefit from the diversity of our teams, establish the

best possible work environment, and transform our mindset, so that our people with diverse talents are motivated and do good work, demonstrating their full capability.

We integrate our expertise to inspire confidence in society and to empower change of our clients.

We are committed to supporting clients and society as they transform themselves, as denoted in Our Purpose, “Inspire confidence, empower change.” As a precondition to achieving this, KPMG Japan made its own organizational reforms in July 2017. Specifically, KPMG AZSA LLC set up the Management Oversight Committee and the Public Interest Oversight Committee to enhance our firm’s supervisory and evaluation functions. In addition, we have eliminated the regional office structure. We are planning further initiatives to enhance governance and transparency of KPMG Japan as a whole. I am determined to work together with our people, clients, and all other stakeholders in order to realize Our Vision, to be “The Clear Choice.”

Chairman Message



KPMG, contributing to and
growing with clients
and society

Tsutomu TAKAHASHI Chairman, KPMG in Japan

From Our Story to My Story

KPMG is a network of member firms comprising nearly 190,000 professionals in over 150 countries. In 2015, over one hundred years into our corporate journey, professionals around the world took a fresh look at the meaning of our work and summed it up in Our Purpose: “Inspire Confidence, Empower Change.”

By sharing Our Purpose among the global KPMG network and by asking each individual to put it into their own words, we are able to make the most of our strong network to provide better service and deeper insight to clients and society. We hope that this report will help you better understand what we stand for and how we think.

Leading change in society

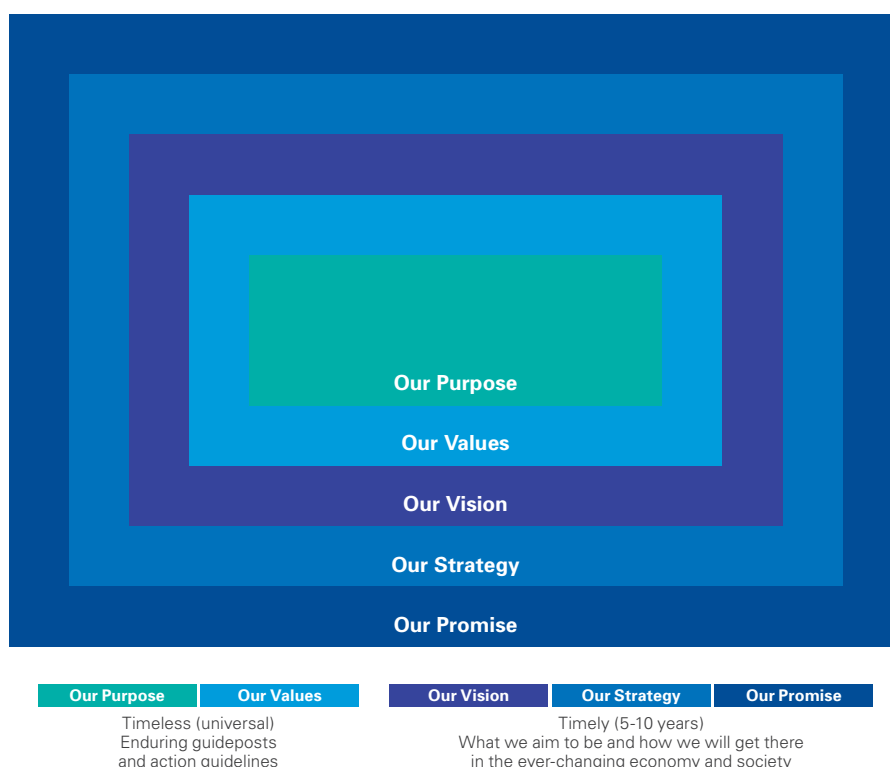
Our clients and society as a whole are facing uncertain, complex, and ambiguous issues that are changing by the day. While this makes it difficult to reliably foresee what lies ahead, we must be committed to constantly evolve our firm and diversify and develop our services to support our clients and society as they seek to prosper in this challenging environment. At the same time, our core principles must be

shared and preserved across our organization. This is a prerequisite we must keep in mind.

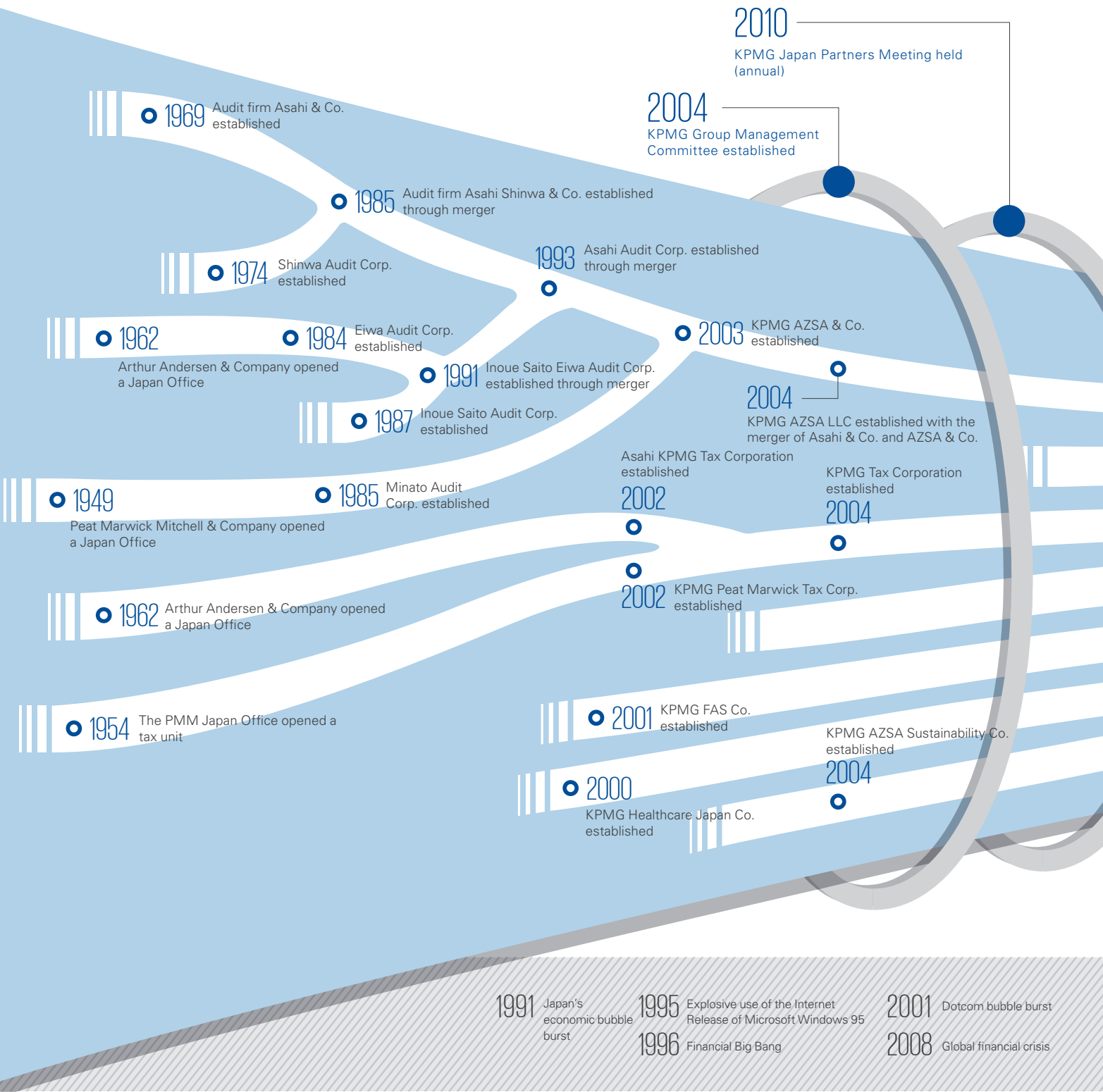
As our Audit, Tax and Advisory services are all dependent on our people, it is critically important that each of us works purposefully on actions to realize Our Vision in order to meet the expectations of society.

Embracing our differences, and being trusted

We pride ourselves on being a team of professionals with diverse backgrounds, knowledge, skills and competencies. That is why we continuously invest in our people, ensuring they have sufficient training and opportunities to grow. In particular, developing a global mindset is an area we emphasize in order to make the most of KPMG’s powerful global network. Through investments both tangible and intangible, we constantly seek to develop our people organically so that they see client issues through the same lens and interact with each other to bring the best practical solutions to clients and society as a whole. I am confident that this is where clients will see a difference in our services. Backed by our outstanding quality and expertise, we remain dedicated to contributing to clients and society, continuing to inspire confidence and empower change as we move forward into the future.

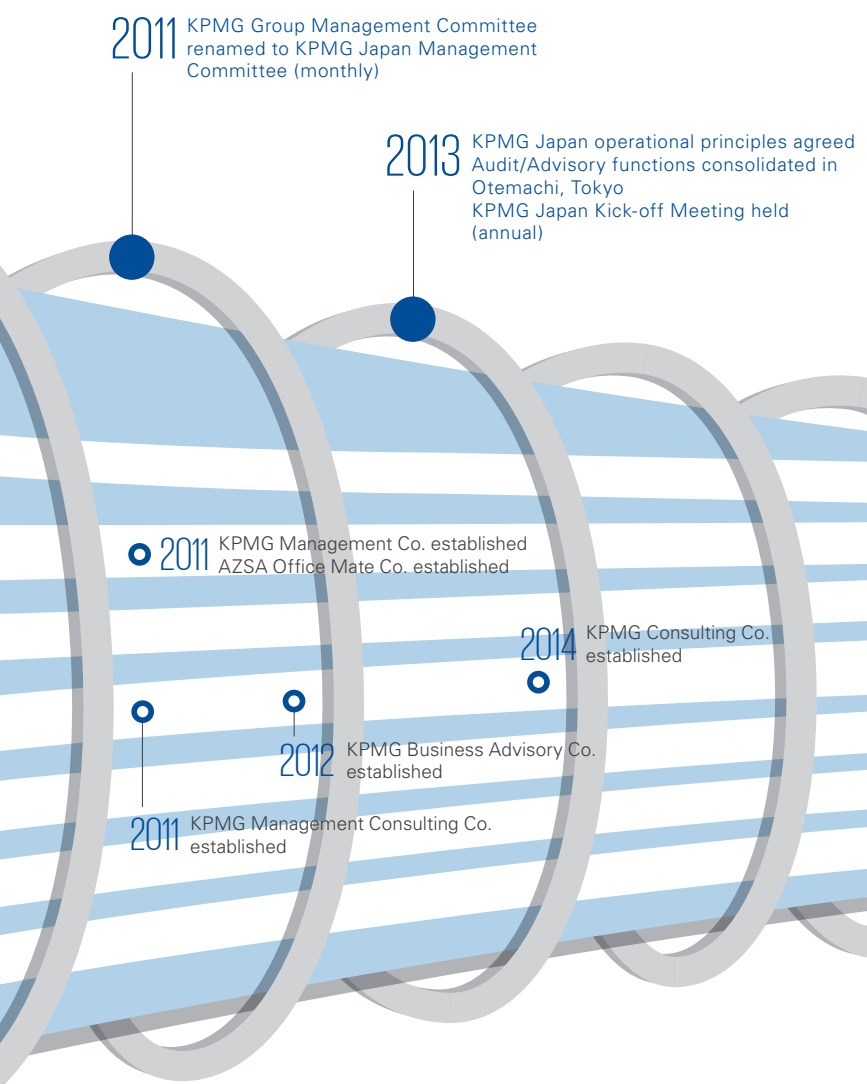


Our Journey



The culture of today's KPMG Japan is the result of people with diverse backgrounds being brought together and mixing through a series of mergers and reorganizations.

"Professionals from different corporate origins demonstrate their uniqueness." "Everyone contributes to the firm's comprehensive strength." While these statements may sound contradictory, we believe both are important. The chemistry that arises when putting together diverse talents is at the heart of KPMG Japan's identity.



KPMG Japan at present

A culture of openness
The Big Four firms may sound hierarchical, but our workplace in particular is open, allowing people to speak up regardless of their job title.

Senior staff
KPMG AZSA LLC

Working on a global stage
I am impressed with my boss's agility, meeting clients across the globe so frequently. I hope to someday contribute to solving Japanese companies' overseas issues.

Associate
KPMG FAS

Issues on diversity
We still have a lot to do in terms of diversity. I am eager to help increase opportunities for our professionals to become more "connected" and nurture a diversity of perspectives.

Manager
KPMG Tax Corporation

Advisory's strength
Thanks to the reorganization of KPMG Consulting, our service portfolio has expanded, ranging from strategy planning to execution. I am quite excited about our future.

Consultant
KPMG Consulting

2010 Widespread use of cloud computing

2011 The Great East Japan Earthquake

2014 Digitalization starts to accelerate

Increased awareness of VR/AR technology
Expansion of Fintech and spread of IoT technology
Increasing importance of cyber security
Evolution of artificial intelligence (AI) and robotics
Advances in Blockchain technology

Governance Structure

KPMG Japan stands on the foundation formed by an audit firm and a tax accounting firm. Our audit firm is committed to contributing to the sound development of the economy by ensuring the credibility of financial information from an independent point of view, thus ensuring fair corporate activities and the protection of stakeholders. Our tax accounting firm's mission is to live up to the trust placed in us by taxpayers and ensure, from an independent and fair-minded position, that tax obligations are fulfilled appropriately.



Management policies of KPMG Japan Management Committee

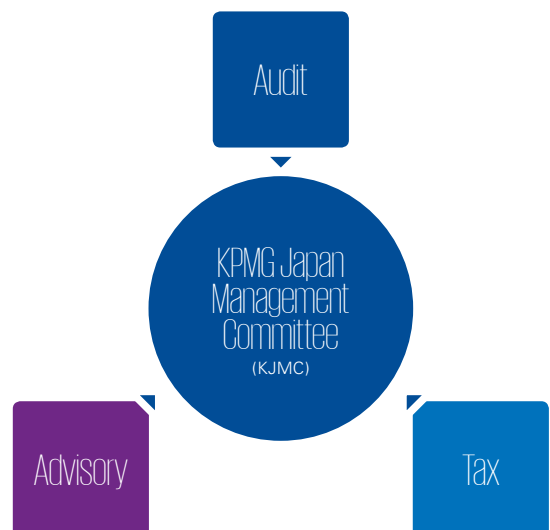
The KPMG Japan Management Committee comprises representatives from the major member firms of KPMG Japan including KPMG AZSA LLC, KPMG Tax Corporation, KPMG Consulting, and KPMG FAS. The Committee discusses and decides on the collaborative structure used by KPMG Japan as well as material matters pertaining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

KPMG Japan's governance

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

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

Provision of non-audit services may cause a breach of independence where we also provide audit services or a conflict of interest between



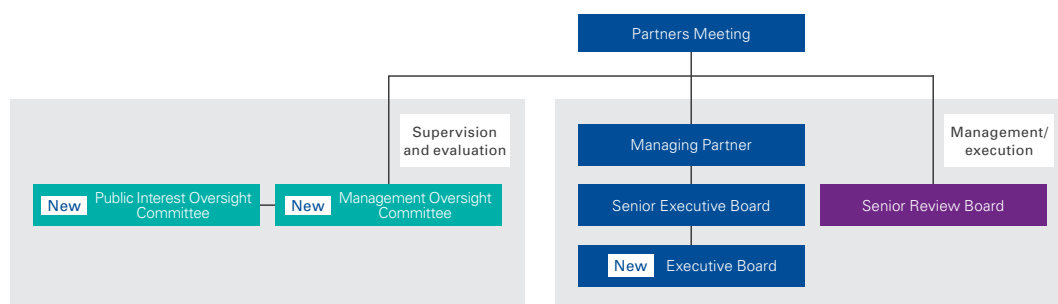
non-audit services. To avoid these situations, we continue to strengthen firm governance and use Sentinel, KPMG International's proprietary global conflicts and independence checking system.

KPMG AZSA's new governance structure

Effective July 1, 2017, KPMG AZSA LLC reorganized its management body and its supervisory and evaluation body. As for the latter, the Management Oversight Committee was newly established to replace the Management Advisory Committee. Partners who are not personally engaged in management supervise the management and evaluate the effectiveness of measures to enhance audit quality. The Public Interest Oversight Committee, made up of both independent outside members and internal members, was established to enhance the oversight function and

ensure organizational management with a view to the public interest. It also supervises and makes assessments of the Management Oversight Committee.

Management roles have been clarified by identifying the Senior Executive Board as a decision-making body and the newly-established Executive Board as an execution body. We believe this reorganization and enhancement of the governance structure meet the requirements of the Audit Firm Governance Code, which was released by Japan's Financial Services Agency (FSA) on March 31, 2017.



Management Oversight Committee Newly established

This committee is composed of members who are not personally engaged in management or execution. It supervises management and evaluates the effectiveness of measures to enhance audit quality. It also supervises the management selection process and the process of decision-making regarding their compensation.

Public Interest Oversight Committee Newly established

This committee is made up of independent outside members and internal members. It oversees management of KPMG Japan's member firms with a view to the public interest. It also supervises and evaluates the Management Oversight Committee.

Senior Executive Board

The Senior Executive Board makes decisions on firm management policies and other significant matters. It also prepares draft candidate lists for members of the Management Oversight Committee and the Public Interest Oversight Committee.

Executive Board Newly established

The Executive Board is convened and presided over by the Managing Partner, with the objective of ensuring appropriate execution of decisions made by the Senior Executive Board and sharing information on matters related to operational execution.

| Public Interest Oversight Committee | | The committee members were selected based on expertise and experience relevant to the role of audit firms, such as corporate management, legal affairs, and the promotion of industrial policy. | |
|-------------------------------------|--|---|--|
| Outside committee members | | | |
| Koji Ishida | Former Member of the Policy Board of the Bank of Japan | Masahiro Sakata | Lawyer, Of Counsel of Anderson Mori & Tomotsune, Former Director-General of the Cabinet Legislation Bureau |
| Mitsudo Urano | Advisor of Nichirei Corporation | Shinji Fukukawa | Chairman of Toyo University Former Vice Minister of the Ministry of International Trade and Industry |



Management Committee Members

KPMG Japan provides services in the three areas of Audit, Tax, and Advisory, with member firms working in harmony as one, under an efficient and disciplined management structure.

Management Committee Members: Their mottoes and biographies

1 **Bill THOMAS**
Global Chairman, KPMG International
"Relationships-Relationships-Relationships"
After serving as CEO and Senior Partner of KPMG in Canada and Chairman of KPMG's Americas region, Bill was appointed as Global Chairman of KPMG International in October 2017. He will lead the KPMG global network of professional services firms for a 4-year term.

2 **Tsutomu TAKAHASHI**
Chairman
"Proactive, open and honest communication"
Tsutomu has been a board member of KPMG International since 2013. He works to support the globalization of Japanese companies.

3 **Hiroyuki SAKAI**
CEO, Managing Partner, KPMG AZSA LLC
"Where there's a will, there's a way."
"My word is my bond."
Hiroyuki has served as CEO of KPMG Japan and Managing Partner of KPMG AZSA LLC since 2015. His wide-ranging experience includes China-related business and IT audit, and he is strongly action-oriented in working with other people.

4 **Masahiro MEKADA**
COO CFO
"Be Passionate!"
Masahiro has extensive experience working for global corporations both Japanese and foreign, including clients listed on the New York Stock Exchange.

5 **Takuji KANAI**
Head of Audit
"Prove worthy of trust."
Takuji leverages his deep experience as an accountant in both Japan and the US to fulfill the role of lead audit partner for Japanese companies, many of which are household names.

6 **Yuichi KOMAKINE**
Head of Tax, KPMG Tax Corporation
"Be valuable to others."
Yuichi was appointed Head of Tax in 2016. Having extensive experience working overseas, he is a leader in international tax services.

7 **Tatsuya ENDOH**
Deputy Head of Tax, KPMG Tax Corporation
"Act with integrity."
Tatsuya has extensive experience providing tax advisory services to audit clients, particularly in the manufacturing sector.

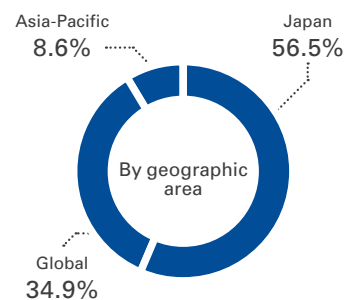
8 **Toshiya MORI**
Head of Advisory
"Believe." "Think before you act, act before it's too late."
Toshiya has extensive experience providing both audit as well as advisory work to assist global corporations with a wide range of management issues.

9 **Hiroshi MIURA**
Head of Global Japanese Practice
"Cross border, cross function."
Hiroshi has worked in New York and London and has many years of experience supporting Japanese companies' international business.



KPMG Japan Management Committee's Agenda

July 1, 2016 - June 30, 2017



10 Toshihiro OTSUKA

Head of People, Performance and Culture

"Act according to your principles."

In addition to audit and advisory work for domestic and foreign global companies, Toshihiro has a wide range of experience including responsibilities in KPMG's risk management and HR functions.

11 Hideaki KOYAMA

Head of Quality and Risk Management

"Challenge" "Perseverance"

Hideaki has been in charge of quality control and risk management since 2006. He mainly serves global clients of which a majority are SEC registrants.

12 Masahiko CHINO

Head of Deal Advisory
Representative Partner, KPMG FAS

"Do things differently from others."

Masahiko has extensive experience in advisory services related to both domestic and cross-border transactions.

13 Masahiro MIYAHARA

President, KPMG Consulting

"Stay positive."

Masahiro has extensive experience in management and risk control of global companies, as well as in management consulting.

14 Hiroyuki TAKANAMI

Chief Operating Officer and Tokyo Office Managing Partner, KPMG AZSA LLC

**"The mind as tabula rasa."
"Judge according to your ideology, but do so based on full understanding."**

Hiroyuki has extensive experience in financial services, providing megabanks and financial institutions with audit services and solutions to management issues.

15 Eiji MIZUTANI

Chairman of the Senior Review Board, KPMG AZSA LLC

"Integrity"

Eiji plays an important anchor role in the audit process as Chairman of the Senior Review Board, where his experience working overseas and auditing SEC-registered companies is invaluable.

16 Yasushi YOKOI

Head of Tokai Area, KPMG AZSA LLC

**"Study, stay thrilled and young."
"You only live once."**

Yasushi has extensive experience in services for the public sector, and is also in charge of diversity promotion in KPMG Japan.

17 Kenryo GOTO

Head of Kansai Area and Osaka Office Managing Partner, KPMG AZSA LLC

**"Be responsible."
"Out of selflessness comes success."**

Kenryo has been engaged in auditing major companies headquartered in Osaka. He also has extensive experience in advisory services.

Value Creation Story

By assisting our clients to create value, KPMG contributes to society which in turn creates our own value.

Our ability to support clients in solving challenging issues and the diverse expertise of our people are the ultimate source of KPMG's value.

The insights gained from contributing to the economy enables us to enhance our capability to solve ever-more complex issues.

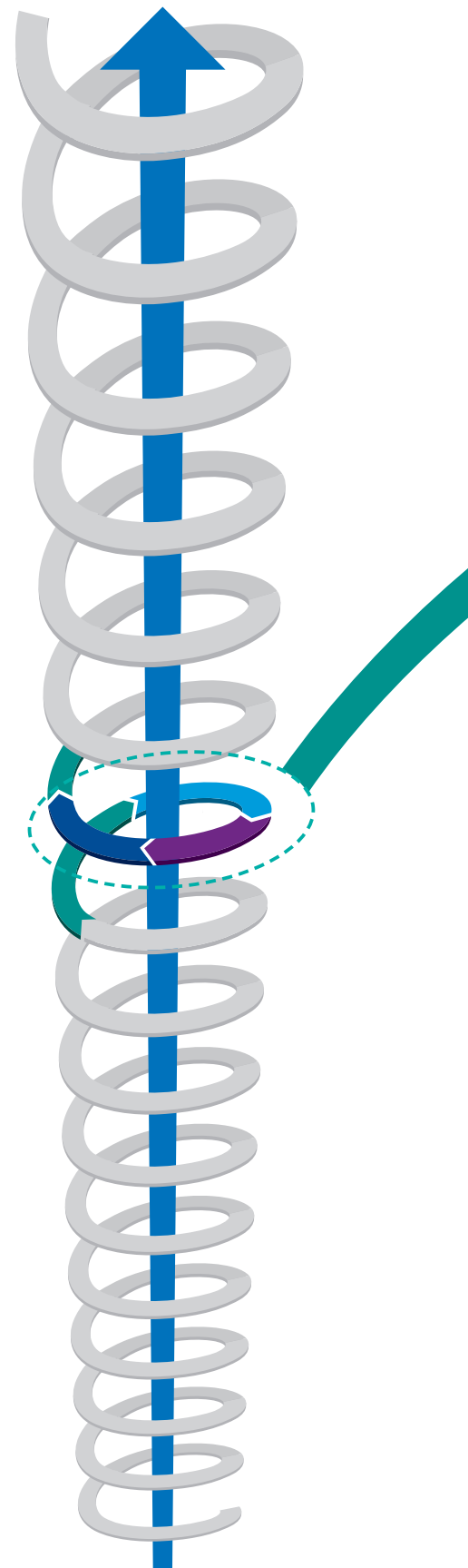
By continually strengthening our business base, we will keep growing and fulfill the role expected by our clients and society.

At a Glance (as of June 30, 2017, unless otherwise stated)

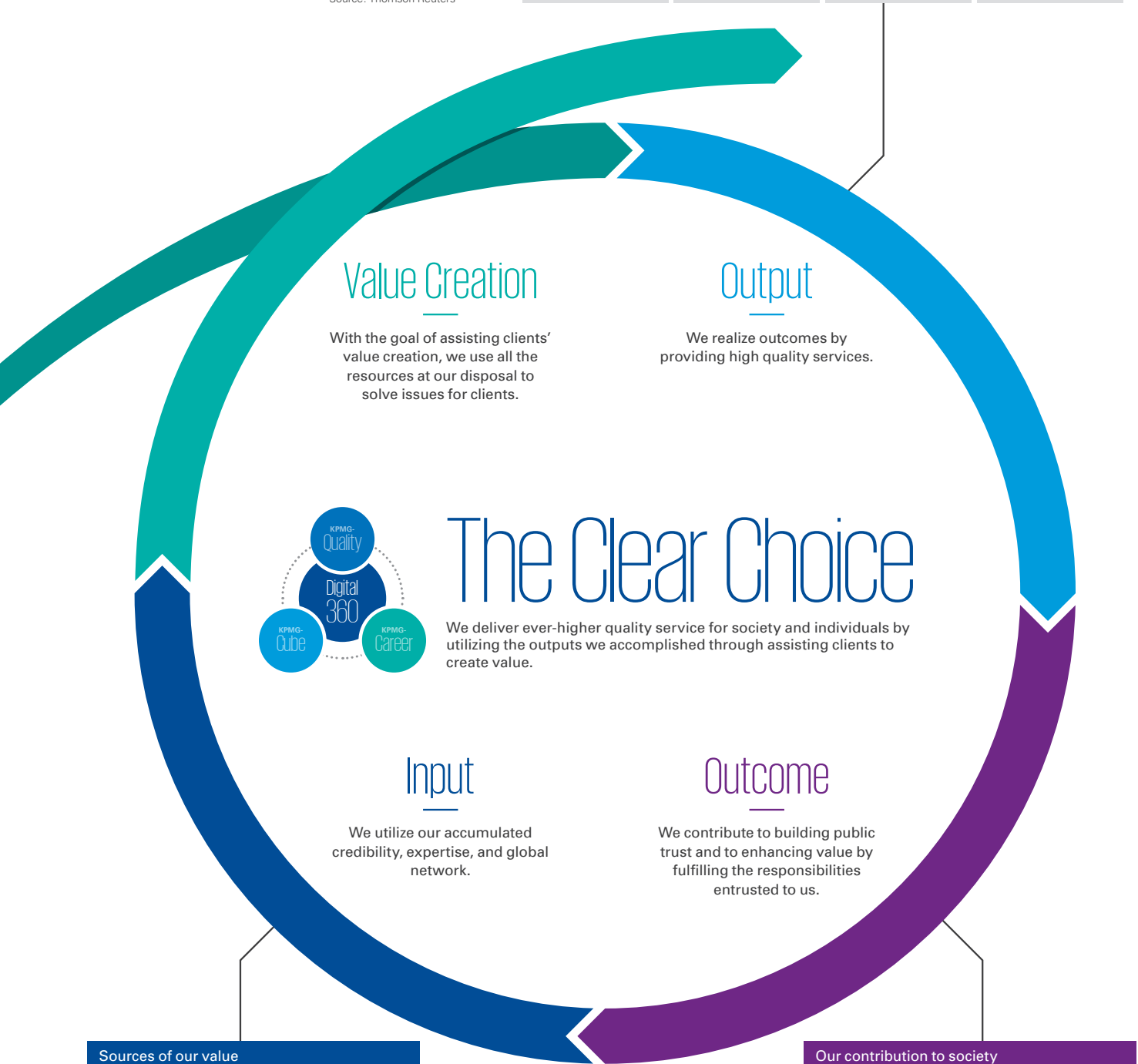
| Number of employees | Percentage of female employees | Number of Certified Public Accountants | |
|---------------------|---------------------------------|--|----------------------------|
| 7,883 | 30.0% | 3,326 | |
| Revenues | Number of global professionals* | KPMG Global Network | |
| 138.7 billion yen | 3,002 | Countries | 152 |
| | | Number of employees | 188,982 |
| | | | (As of September 30, 2016) |

Audit, Advisory
July 1, 2016 – June 30, 2017
Tax
October 1, 2016 – September 30, 2017

*Global professionals are those who have overseas work experience, have taken global skills training courses, or are foreign nationals.



| Number of audit clients | M&A advisory ranking | | Share of audit assurance market | | | |
|---|---|-----------------------|--------------------------------------|--|---|--|
| | Based on publicly announced deals | Based on In-Out deals | Share of 15 SEC registrants in Japan | Share of 51 Japanese companies in the Fortune Global 500 | Share of the top 100 companies in terms of listed companies' consolidated revenue | Share of the top 100 companies in terms of listed companies' market capitalization |
| 3,481 clients <small>(As of June 30, 2017)</small> | No. 5 <small>(January 1, 2016 – December 31, 2016) Source: Thomson Reuters</small> | No. 3 | No. 1 <small>Share: 33.4%</small> | No. 1 <small>Share: 43.1%</small> | No. 1 <small>Share: 40.0%</small> | No. 1 <small>Share: 36.0%</small> |



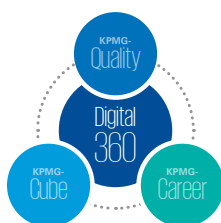
Value Creation

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

Output

We realize outcomes by providing high quality services.

The Clear Choice



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

Input

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

Outcome

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

Sources of our value

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

Our contribution to society

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

Our value creation

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

The Clear Choice



The Clear Choice

Mid-term Management Plan

Three strategic pillars and “Digital 360” that supports them

In 2016, we developed a mid-term management plan for the four years to 2020 with the objective of having KPMG become the Clear Choice for society, our clients and our people, and we have since steadily implemented measures in line with this policy. In 2017, the second year of the plan, we positioned “Digital 360” at the center of our existing strategy comprising three pillars — Quality, Career and Cube, each of which will be impacted by digital — and we are developing and implementing various cross-functional initiatives to achieve a unified “One KPMG” firm. Our mission-critical task is to grasp complex, rapidly-changing issues of clients and society, strengthen our ability to provide support, and contribute to society.

Strategy for realizing Our Vision

Quality

P21

Ensure steadfast quality

As a professional firm, we are dedicated to the pursuit of quality in our services, as may be judged from both the perspective of our clients and from the perspective of independent professionals.

Career

P23

Develop true professionals

We are committed to encouraging the development of our people, which ultimately contributes to the development of not only KPMG Japan but also our clients and society as a whole.

Cube

P25

Growth derived from our comprehensive power

Linking all KPMG Japan member firms and the KPMG global network, we continue to create appropriate solutions to empower innovative change.

Digital 360

P19

Providing new value

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



Our Choice

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



Digital 360

We are using advanced technology and methodologies to connect our professionals, KPMG Japan member firms and the KPMG global network with each other. These linkages drive the evolution of KPMG Japan as we pursue our ultimate aim of supporting the transformation and innovation agenda of our clients.

Impact on Quality

By accelerating the use of advanced technology we are creating a foundation for quality.

Impact on Career

Professionals equipped with advanced technologies and tools are the essence of diversity. These men and women also benefit from the greater career advancement potential that comes from being interconnected.

Impact on Cube

Being connected leads to active sharing and use of insights, resulting in more added value in development of our services and products for the benefit of clients.

Tim Companies around the world are trying various initiatives as they seek to innovate. The same is true in the consulting industry. The key reason I was motivated to take on innovation as a member of KPMG Japan is that I understood the firm's desire to make innovation happen in its core audit and tax services. I am delighted to have a role in evolving KPMG Japan's core businesses by using cutting-edge technologies to develop brand new services from within our existing service portfolio.

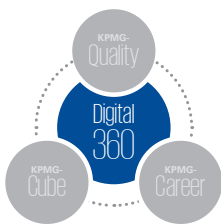
Ogawa Thank you, Tim. I am so encouraged by your enthusiasm. As the Head of the Statistical and Technological Audit Research Team, I am involved in a project to deliver new insights to audit clients through analysis based on coupling the clients' financial data with non-financial information. Our team leverages the talents of data scientists, who until now have had very little to do with financial audits, as well as experts in the use of increasingly popular Business Intelligence (BI) tools. We are hoping that introducing these specialists to the world of auditing will allow us to get closer to predicting the future in the context of the audit. I am excited about being connected with Tim's Digital Team and working together to explore ideas for next-generation audits.

Digital 360

Discussion

Delivering new value

KPMG delivers new value to clients by using technology to transform its core businesses.



Watanabe Regarding tax services in Japan, IT systems have been developed for routine work such as preparation of tax returns, but there is still work to be done in terms of how best to strategically use the data



Tim DENLEY

Partner, KPMG Consulting

Tim is a core member in the digital transformation space (referred to as "Digital 360" in Japan), an area of strategic investment by KPMG globally.



Tsutomu OGAWA

Partner, KPMG AZSA LLC
Head, Statistical and Technological Audit Research Team

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

obtained in the course of tax return preparation work. This may be partly due to a tendency of Japanese companies to regard tax management passively, merely as a compliance exercise. But can we tolerate this, given the continued globalization of the economy and the need for Japanese companies to not merely survive but to successfully compete and thrive? Tax authorities around the world are seeking methods of countering the “race to the bottom” of multinational corporations by coordinating globally to share information on tax payments of multinational organizations. In other words, tax authorities are beginning to “connect the dots” between corporate tax management structures rather than simple dealing with them on a country-by-country basis. By being connected with the Digital Team, we may be able to develop made-in-Japan global tax management tools and support clients to “connect the dots” of their global tax strategy. I believe this would be an important contribution to the success of Japanese companies.



Naoto WATANABE

Partner, KPMG Tax Corporation

Naoto was a leader in setting up a division focused on the media, entertainment and IT industries at KPMG Tax Corporation. He is now a core member of the Fintech Team.

Hayashi In advisory and management consulting in particular, clients expect us to work shoulder-to-shoulder with them, giving concrete answers that lead to significant results – not just marginal improvements of 10% or 20%, but impacts on the order of 2x or 3x. In order to fulfill such high expectations, we seek to deploy technologies that amplify our people’s capabilities. To create new techniques that don’t already exist, we must not only engage in active knowledge sharing but also maintain a long-term perspective. The Digital Team, which has a common global platform as its base, acts as an invaluable resource for our work.

Yuki I am looking forward to bringing digital transformation based on “design thinking” to the Digital Team’s connections with other KPMG professionals. By holistically visualizing the relationships, issues and way forward with clients, we are able to leverage solutions and resources that previously went unnoticed and respond promptly to the client’s needs. In



Yasuhiro HAYASHI

Partner, KPMG Consulting
Leader, Advanced Innovative Technology Group

Head of a group which uses advanced technology for business transformation, Yasuhiro also participates in KPMG’s global strategic initiative on technology.

addition to tech-savvy team members, the Digital Team also includes members with experience at global companies who have deep understanding of the unique business rules, practices, and circumstances in various countries as well as advanced global communication skills. Digital 360 will play a pivotal role in connecting professionals of KPMG Japan with other KPMG firms worldwide, as we provide clients with genuine solutions for realizing sustainable growth and together open the doors of innovation to the future.

Tim Our Digital Team is still in its early days, but we look forward to increasing opportunities to connect with our KPMG colleagues, combining our team’s latest thinking and technology with ideas from other parts of the business in order to create real solutions for clients. As an agent of change, KPMG Japan itself continues to evolve; at the same time, we seek to provide services that can empower change in our clients’ values. In this way we hope to further enhance KPMG Japan’s reputation for “trust.”



Yuki HOUSE

Senior Manager, KPMG Consulting

Yuki has led cross-functional projects for nearly 20 years in Silicon Valley. She currently uses Design Thinking and User Experience (UX) strategy to support clients with digital innovation.

Quality

Ensure steadfast quality



Takuji KANAI Head of Audit



Message from the Head of Audit

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

We have always made judgments based on criteria and ethics that are recognized by society as fair and reasonable, while maintaining a high degree of expertise and integrity and complying with a strict set of rules. We have also ensured the independence of our audit services and have maintained and enhanced the quality of all services that we provide.

Going forward, we will strive to make optimum use of advanced technology in order to maintain high levels of quality. That is why we are undertaking Digital 360 and other initiatives for the adoption of next-generation technology. We believe our passion for and commitment to quality will contribute to the robust future growth of clients and sustainable development of society.

How KPMG Japan views Quality

As an accounting firm that is determined to meet the expectations of society and our clients, KPMG Japan as a whole and each of the Audit, Tax and Advisory functions undertake various initiatives to ensure the quality of our work.

We make use of our global network and high level of professional knowledge, centered on accounting and tax, to provide quality service. We are also working on initiatives related to the use of technology to improve quality in each of our Audit, Tax and Advisory functions, with Digital 360 at the center. These initiatives, some of which require advanced data analysis techniques, leverage IT and specialized expertise.

Audit Quality

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

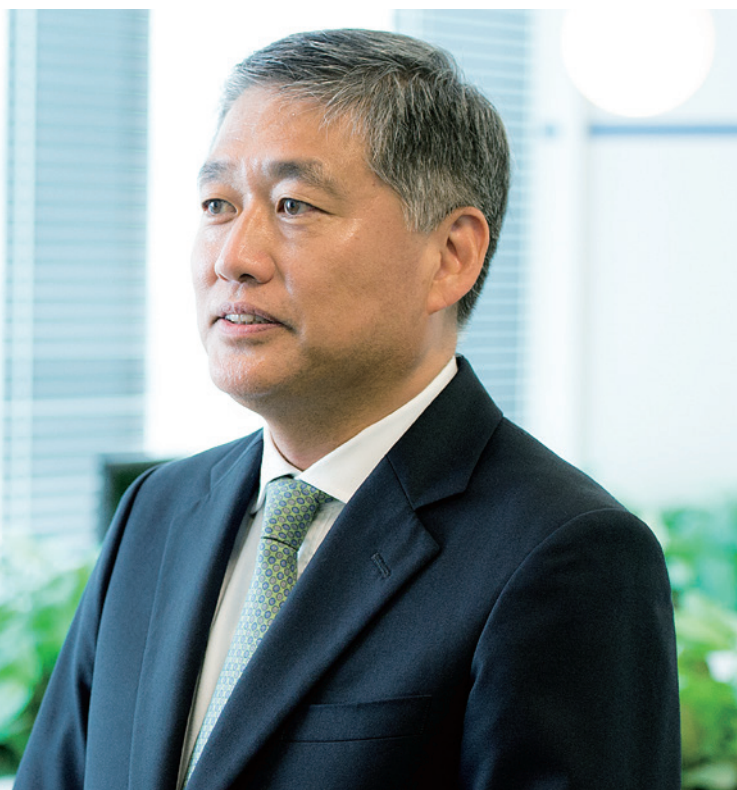
KPMG AZSA regards improving audit quality as its most crucial task. Initiatives taken to do this include fostering of an inclusive corporate culture to encourage free and robust discussions, the establishment of the Four Defense Lines to ensure management policies permeate throughout the organization, and the enhancement of the firm’s governance system to facilitate execution of effective management.

Inclusive corporate culture to encourage free, robust discussions

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

Four Defense Lines to help disseminate management policies

In order to provide audit quality that fulfills the expectations of society and clients, we have defined Four Defense Lines, namely: (1) firm management (AZSA LLC Managing Partner and Senior Executive Board Members), (2) quality control departments, (3) audit divisions and (4) audit teams. This structure ensures the



Tax Quality

Tax issues are becoming more diverse in today's increasingly complex and international business environment. Addressing the various aspects of corporate management, which is undergoing dramatic change in recent years, KPMG Tax Corporation's teams of tax specialists, each of which has a field of expertise, offer quality services to clients.

To develop such specialists, KPMG Tax Corporation provides training programs to further enhance tax-related technical skills and to strengthen client focus and communication skills, based on our determination to be "The Clear Choice" for clients.

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

operational effectiveness of the entire firm by disseminating management policies down to the audit teams and conveying and sharing information from each audit team with management. With such a quality control system, audit teams provide high-quality audit services that are responsive to advances in information systems, globalization and other challenges faced by Japanese companies.

Governance system to facilitate execution of effective management

In July 2017, we adopted a new governance system to enhance the effectiveness of the management function and ensure transparency (see page 12, "KPMG AZSA's new governance system"). Under the new system, the management body and the supervisory/evaluation body are separated. In addition, a Public Interest Committee, with a majority of members coming from outside KPMG, was established as an independent supervisory body to ensure the firm is managed with a view to the public interest.

Moreover, we publish AZSA Quality to help capital market participants and other stakeholders better understand our initiatives to enhance audit quality. We are planning more initiatives to ensure transparency, such as creating opportunities for direct exchange of opinions with participants in the capital market.

Advisory Quality

We have built good working relationships with clients forged in credibility and trust due to our client-focused attitude, commitment to excellence, and continuous delivery of value through consistent services based on a global perspective. We believe this reputation for "Quality" is highly valued by KPMG Japan's clients. To fulfill their expectations, we have developed a system to ensure an approach to operations and team formation that corresponds to the characteristics of the client company, the complexity of the service, and the expertise required.

Introspective questioning of what we are doing for clients

KPMG Japan maintains a database of skills and experience to enhance our capability to support clients. We use this database in forming teams with appropriate service capabilities and industry-specific insights. We believe it is important to listen to those at the front line of change at our clients and to be a trusted advisor for our clients. "Am I contributing to value creation for my clients? Will my work contribute to enhancing KPMG's reputation?" These are questions we ask ourselves. We provide quality services and make sure that we can say "Yes" to these questions.



Career

Developing professional talent

Toshihiro OTSUKA

Head of People, Performance and Culture

Message from the Head of People, Performance and Culture

KPMG expects its people to tackle the issues of clients and society in good faith, use their expertise to make appropriate judgments, and be determined and tenacious in solving problems. This means we need to develop personnel who deal with issues decisively and who can think logically with deep insight and persuasiveness. KPMG therefore strives to deepen the firm's culture of living and breathing Our Values, which are held in common by KPMG member firms worldwide. The KPMG work style is evolving and adapting to changes in the environment, which is characterized by a shrinking labor force, demographic changes, increasing need for workers to provide elderly and child care, and a diversification in lifestyles and values. KPMG Japan therefore offers various programs and schemes and has established a working environment that allows all of our people to achieve good performance. For efficient development of our talent, we encourage diversity and mutual respect. This is because Our Vision, "The Clear Choice," can only be achieved by developing true professionals who respect each other's individuality and contribute to clients and society both as individuals and team members.

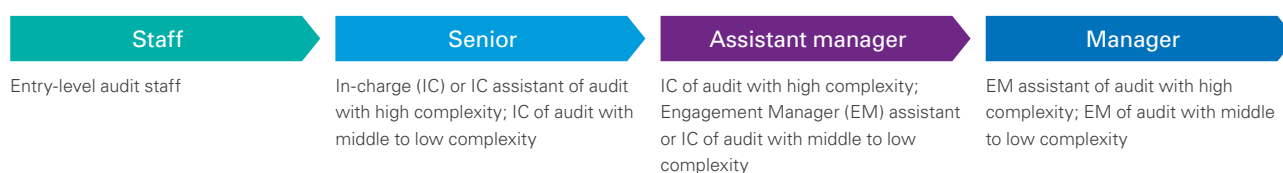
Audit Career

Three Os that foster true professionals

KPMG Japan has adopted the “Three Os” program, comprising On-the-job training (OJT), Off-the-job training (Off-JT) and wide-ranging work Opportunities.

New HR system allowing for continuous development over 10 years

This past year we launched a new HR system including clarified career paths and a new assistant manager position, with a continuous development plan over a 10-year period as the basic concept so that our people can work at ease, grow and maintain a high level of motivation.



Tax Career

Hiring of outstanding talent regardless of Certified Public Tax Account qualification status

KPMG Tax Corporation hires personnel who have outstanding talent whether or not they already have the Certified Public Tax Accountant qualification. Some of our employees started with us as interns while at university. Our interns obtain an overview of the engagements provided by KPMG tax professionals and first-hand experience with the key concepts, while also getting a sense of the advanced expertise and international nature of KPMG’s tax-related work. Those prospective employees also receive training programs before and after formally joining the firm and are well supported to develop expertise required as tax practice professionals.

Opportunities to develop capabilities desired for true professionals

Ample opportunities to participate in training programs spanning international taxation, corporate restructuring and transfer pricing among other topics are available to KPMG employees at all levels. We also have an overseas study program in the Philippines, Europe and the United States to foster professionals with bilingual or multilingual skills who can work on international tax matters. To support a broad range of talent, KPMG TAX Professional Camp sessions are held separately for each level, from staff to senior manager. We emphasize at every camp that our people need a high level of expertise, a client focus and the ability to work as a team. The camps also provide opportunities to think and learn about themselves as well as open up and learn about colleagues.

Advisory Career

Training programs for various service lines and diversity of our people

Advisory services cover a wide diversity of subjects and situations, and are increasingly complex. At the same time, globalization means a progressive increase in operations that require cooperation with overseas partners. We are therefore developing advisory professionals who can provide clients with valuable insight and experience relevant to their circumstances. We also respect the diversity of our professionals and have established an environment that encourages use of their experience and skills and pursuit of expertise.

Keeping up with technology and forming teams to support transformation

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

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

We began hiring new graduates who aspire to become professionals and have prepared various curricula to train them. In order to develop global talent, we encourage our people to seize opportunities to work abroad and participate in overseas training programs.



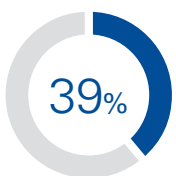
We want to make M&A worth the effort

Post-Merger Integration (PMI) to realize synergies

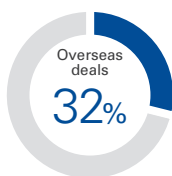
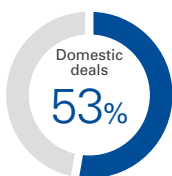
Since the global financial crisis in 2008, the number of M&A deals involving Japanese corporations has been increasing, exceeding 2,600 in 2016. However, companies which said that their M&A deal was a success represent only 39% of the total. In addition, companies which believed that they did not conduct sufficient "synergy analysis" to achieve their objective account for 53% for Japan and 32% for overseas M&A, despite this being a critical element in the success of M&A. In short, few companies are satisfied with the outcome of M&A. KPMG believes that Post-Merger Integration (PMI) is critically important to make M&A a success. Our team is involved from the pre-deal planning stage to the execution stage and helps to minimize potential merger risks and quickly realize the benefits of synergies.

Reality of M&A in Japan

Companies responding that M&A was a success



Companies responding that more emphasis should have been given to synergy analysis



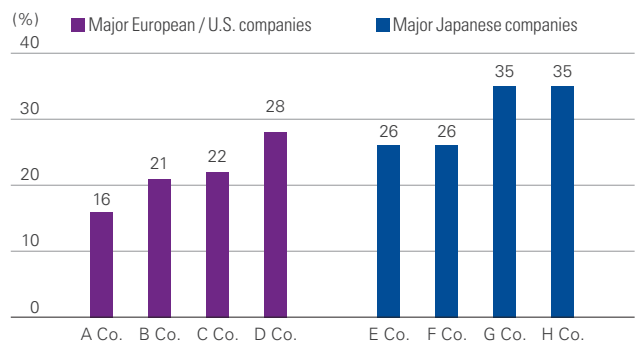
Source: KPMG FAS "M&A Survey – Value Creation by M&A and Its Key Factors" (2015)

We want to appropriately manage increasingly complex international taxation risks.

Global tax governance

The introduction and strengthening of taxation schemes that apply across corporate groups, including overseas subsidiaries, means that the operations of Japanese multinational companies will become more transparent. In order to achieve global tax management and cope with taxation risk, these companies must transform themselves on an unprecedented scale, addressing BEPS on a global basis including, for example, transfer pricing documentation requirements and taxation systems designed to counter tax havens. KPMG supports global Japanese companies as they face increasingly international and increasingly complex taxation issues through close collaboration between our Japanese and local tax experts, who are experienced in diverse tax management and international taxation services and knowledgeable about best practices. In addition to addressing taxation risk on a global scale, they also assist clients to realize globally-competitive effective tax rates for their corporate groups.

Effective tax rates on overseas subsidiaries' income



Source: KPMG research

Toshiya MORI Head of Advisory

Message from the Head of Advisory

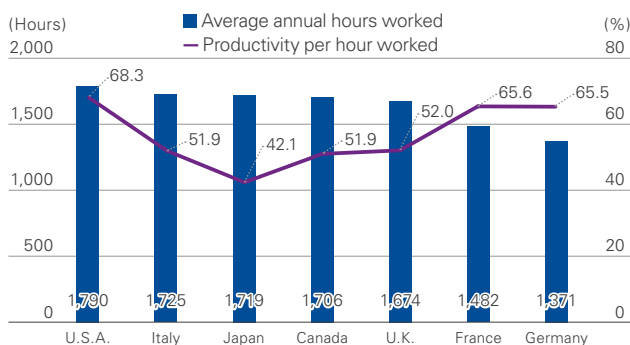
Rapidly-evolving technology is accelerating the transformation speed of business models, while a multitude of social issues, some associated with geopolitical risks and sustainability risks, are emerging. In such an environment, where there may not be useful precedents for action, clients are facing many complex challenges. KPMG Japan is fully committed to supporting those clients competing on the global stage as they cope with complex issues and create value. At KPMG Japan, professionals that specialize in areas requiring a high degree of expertise and professionals that are familiar with industry-specific practices and business environments work with digital experts to deliver ever higher value-added solutions to the challenges our clients face. Through such collaboration we can enhance our comprehensive power as an organization. We continue to work closely with the KPMG network of nearly 190,000 people around the world and support our clients on a global basis, while responding flexibly to unique geographic circumstances.

Everyone talks about work style reform... but the amount of work won't decrease and we can't hire

Robotic Process Automation (RPA) support to enhance competitiveness

Japan ranked 20th of 35 OECD member countries in per-hour labor productivity in 2015 at US\$42.1 (¥4,439 in terms of the purchasing power parity exchange rate). Japan's average annual hours worked was the third longest among seven major developed countries in 2015. In light of a projected decline in the working population and difficulty in transferring work to emerging countries where wages continue to increase, Japanese corporations are expected to face severe downward pressure on their corporate activities. KPMG provides clients with solutions for automating routine work using Robotic Process Automation (RPA), thereby raising clients' labor productivity while improving quality. Moreover, by applying KPMG's advanced technology and knowhow to the client's priority value-added operations, we can help create more value.

Seven major countries' hours worked and productivity per hour



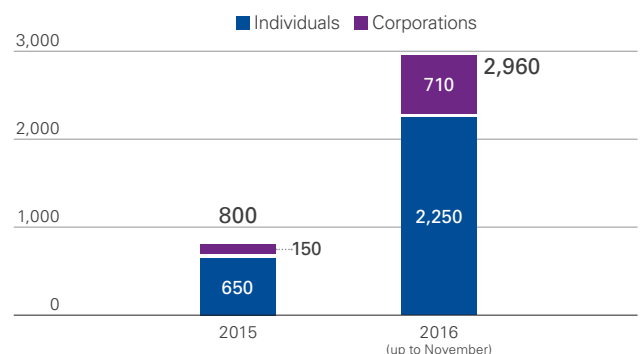
Source: Prepared by KPMG, based on the OECD database

How can we protect our business infrastructure and information?

Protecting social infrastructure against cyber threats

As we move towards an IoT society, cyber risk is not limited to conventional data leaks but increasingly includes risks of disruption to management and social infrastructure functions. For example, there is concern over potential growth of damage to Japanese companies caused by malware spam in both Japan and abroad. KPMG provides cutting-edge security solutions, in alliance with LAC Co., Ltd., a leading company in the cyber security field. With our end-to-end services, which cover all aspects of cyber security from management to technology and operations, we can contribute to protecting Japanese companies from cyber threats and realizing a safe, secure IoT society.

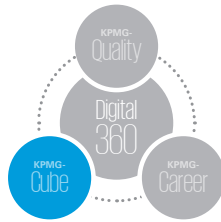
Number of reported incidents of damage caused by ransomware in Japan



Source: Survey by Trend Micro Support Center (January 2015 to November 2016)

Cube

Demonstrating comprehensive power



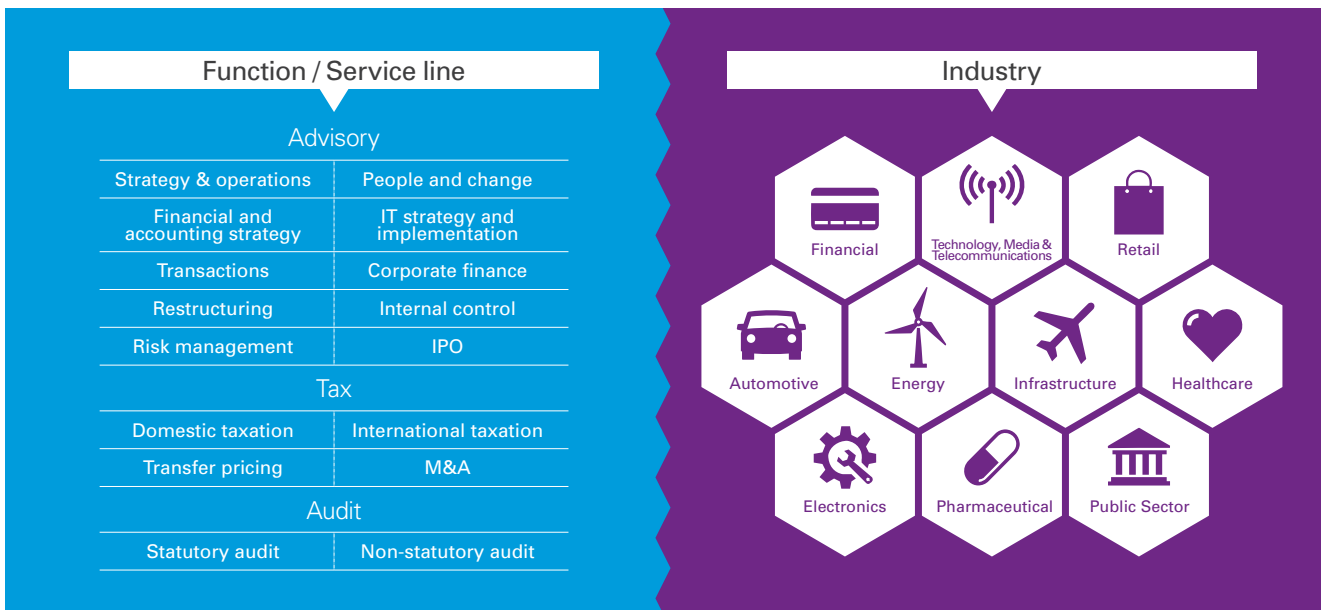
KPMG’s all-around strength combined with diverse expertise and global capability help empower change.

KPMG does not work in silos; Audit, Tax and Advisory achieve borderless and seamless collaboration across functions and services. By organizing the best teams we can send on the field, we mobilize for each client comprehensive power based on various areas of expertise and global capabilities. We support and catalyze our clients’ value creation and deliver solutions to their challenges.

Strength in diversity

Professionals of KPMG Japan’s member firms cooperate across the different organizations to which they belong. Each client project may require us to form a team, cutting across organizational boundaries and spanning multiple fields of expertise. Only by collaborating can we support our clients in creating value and tackling the issues they face.

This experience enriches our people and contributes to the growth of our organization as a whole.



Thought leadership

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



2017 Global CEO Outlook



Disruptive technologies barometer 2017



Practical guidance for Cyber Security Management (Japanese only)

Global Japanese Practice as the core of our global capabilities

The Global Japanese Practice (GJP) is our global network that assists Japanese companies to expand and succeed overseas. Expats from KPMG Japan as well as Japanese-speaking professionals based in 75 cities in 36 countries provide a wide range of services in cooperation with other KPMG member firms.



From left Kazutaka MORI (Chairman, Global Japanese Practice in the Americas)
Hiroshi MIURA (Chairman, Global Japanese Practice in ASPAC)
Isabelle ALLEN (Chairman, Global Japanese Practice in EMA)
Hiroaki SUGIURA (Head, Global Japanese Practice in EMA)

The Americas

The Americas region includes the United States, Canada, Mexico, Chile, and Brazil. The Head of the Americas GJP is based in New York. KPMG has worked for over 40 years as a pioneer supporting Japanese companies in the United States, where more than 250 Japanese professionals are currently located. The head of GJP for Latin America is based in Brazil and provides assistance to business development of subsidiaries of Japanese companies within the sub-region.

Europe, the Middle East and Africa

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

Asia Pacific

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

KPMG's global network

KPMG's global network has a presence in 152 countries and includes nearly 190,000 people. We have established an organization to provide high-quality, integrated services anywhere in the world and our professionals coordinate with each other across countries and regions, service lines and industry sectors.

| | | Europe, the Middle East, and Africa | Asia-Pacific | The Americas | Total |
|--|---------------------------------|-------------------------------------|---------------------------|--------------------------|---------------------------|
| KPMG International As of September 30, 2016 | Number of personnel | 54,111 | 96,404 | 38,467 | 188,982 |
| | Number of countries | 92 | 20 | 40 | 152 |
| Global Japanese Practice (GJP) As of August 31, 2017 | Japanese-speaking professionals | Approx.75 | Approx.340 | Approx.280 | Approx.700 |
| | Number of locations | 23 cities in 17 countries | 28 cities in 14 countries | 24 cities in 5 countries | 75 cities in 36 countries |

Audit

Revenues

72.1
Billion yen

In recent years, society expects from corporations not only financial information but also credibility and transparency in their activities. The scope of assurance engagements therefore has been expanding. With KPMG AZSA's financial audit services at our core, KPMG Japan also provides assurance services for areas including internal control, IT systems and sustainability related information. By providing credible services related to financial and non-financial information, we contribute to the growth of clients and the economy.

Reasons to choose us

- 1 A quality control system that clarifies roles and responsibilities and helps management policies to be disseminated throughout the organization (Four Defense Lines)
- 2 Initiatives centered around Digital 360 with the objective of using cutting-edge technology for advanced data analysis
- 3 Use of KPMG's global network and diversity of professionals who can cope with globalization issues faced by companies

Our Story - Audit 2017

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

Service portfolio

Statutory audit

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

Non-statutory audit

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

Assurance

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

Initiatives to enhance audit quality: AZSA Quality 2017

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



Tax

Revenues

16.9
Billion yen

KPMG Tax Corporation provides tax services in Japan. The global business landscape is continuing to undergo tremendous change and companies are ever more exposed to new challenges such as measures taken by tax authorities to address aggressive tax avoidance by multinational corporations. By drawing on not only our Japan network but also our tax professionals from KPMG's global network, we are dedicated to helping our clients succeed and are passionate about providing comprehensive advice. Using our understanding of governance and our deep industry knowledge, we help clients stay competitive and compliant.

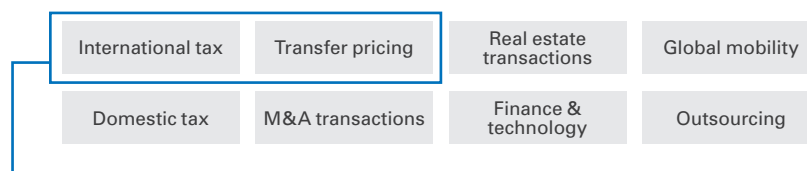
Reasons to choose us

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

Our Story - Tax 2017

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

Service portfolio



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

Following the OECD review of global tax rules, multinational companies are required to submit country-by-country reports which could increase the risk of double taxation. While appropriate control of tax-related risks is a key issue, many companies in Japan do not have a clear understanding of their overseas subsidiaries' tax status resulting in a lag in the implementation of a global tax governance policy. Going forward, it is only a

matter of time before tax authorities set up an information network globally and companies' profit and loss and tax burden in each jurisdiction will become transparent. In such an environment, proper handling of BEPS issues can be a critical challenge for companies to become truly global. At KPMG Japan, we help Japanese companies build a global tax governance system which is spearheaded by their headquarters in Japan. We support clients to enhance their management process and help them succeed amidst intense international competition.

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

KPMG Japan's initiatives for social value creation

The Fintech Promotion Support Office

was formed to provide multifaceted assistance to a new business model in the financial industry

Fintech, which combines technology and financial services to create new value, is currently sweeping across the financial industry. In addition to the advent of advanced technology such as smartphones, lifelog, cloud computing, AI and Blockchain, rising social needs for new types of financial services other than those provided by traditional financial institutions are a part of the reasons behind the emergence of fintech. Entrants to the fintech field therefore include ventures and other domestic and foreign companies besides traditional financial institutions. In December 2016, KPMG Japan established the Fintech Promotion Support Office as a cross-functional organization, based on its wealth of experience in delivering audit and advisory services to financial institutions. Targeting existing financial institutions as well as Japanese and foreign companies which plan to enter Japan's financial sector by using fintech, the team is promoting its supply of timely services by efficiently integrating insight on fintech, in coordination with KPMG Japan's member firms and KPMG's overseas teams dedicated to fintech. Services include: supply of fintech-related information; transaction process assistance to fintech-related companies in Japan and overseas; assistance to cope with IT security and financial regulations; support to fintech businesses for new business planning, work flow design, forming of governance structure, and advancing internal control; and, as a specific example, audit of financial statements of a virtual currency exchange service provider.

Advisory

Revenues

49.7
Billion yen

KPMG Japan's advisory services comprise three service groups: risk consulting, deal advisory, and management consulting. Leveraging KPMG's global network, we provide clients a wide range of solutions to challenging management issues and support them to grow.

Reasons to choose us

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

Our Story - Advisory 2017

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

Advisory Service Framework

Risk consulting

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

Deal advisory

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

Management consulting

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

Advisory by industry sector

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

KPMG Japan's initiative for social value creation

Corporate Governance Center of Excellence (CoE)

was formed to assist clients to enhance corporate governance, a foundation for raising corporate value

Since 2013, a series of measures to strengthen corporate governance have been introduced in Japan, including revisions to the Companies Act and establishment of Japan's Stewardship Code and Corporate Governance Code. Indeed, 2015 was noteworthy as the first year of corporate governance reform in Japan. Along with this trend, companies have been undertaking various measures for further enhancement of their corporate governance. With the aim to assist such moves so that they are substantive and effective, KPMG Japan formed a Corporate Governance Center of Excellence (CoE) as a cross-functional organization in September 2016. In this CoE we assembled internal experts who had been working separately in areas such as dialogue with investors, integrated reporting, information disclosure, general meetings of shareholders, and risk management.

At the time of forming the CoE in 2016, we issued the Corporate Governance Overview 2016 report. This report focused on the changes that Japanese companies have faced as a result of the first year of corporate governance reform. Based on this, the report also examined the current issues of corporate governance and their likely future direction, including the true meaning of effective governance, and how this leads to improvements in corporate value. The report is available on our website.

The CoE will continue to issue Corporate Governance Overview reports periodically, acquire knowledge on and best practices of corporate governance trends by using the KPMG global network and in cooperation with outside sources, and develop solutions to address client needs.

KPMG Japan's

Citizenship

There are various types of underlying issues in today's world. At KPMG Japan, we take those social issues seriously. By using our professional knowledge and experience, we create shared values with society and contribute toward realization of a sustainable society.

Corporate Citizenship Initiative

KPMG Japan promotes Corporate Citizenship with the following mission.

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



From top
 ■ Blind Soccer Club Championship
 ©NPO Japan Blind Soccer Association
 ■ Asubito Fukushima's hands-on study
 ■ AZSA audit classroom for high school students

Major Citizenship Initiatives

Managerial talent development

Endowed lecture series KPMG Japan is engaged in activities to present our accumulated expertise and insight to university students, with the aim of developing future managerial talent. One such example is our endowment of a series of lectures at academic institutions, notably at the Graduate School of International Corporate Strategy, Hitotsubashi University, and the Graduate School of Accountancy, Waseda University.

AZSA audit classroom for students AZSA audit classroom sessions are held for high school students as an initiative to increase the number of persons who understand what an audit is.

Sport-related initiatives

Sponsoring the FIT For Charity Run KPMG Japan is also aiding sport-related initiatives. One example is our participation in the FIT For Charity Run (Financial Industry in Tokyo for Charity Run), a charity event held by companies in the financial sector and related organizations. We continually support NPOs engaged in community-rooted meaningful activities.

Sponsoring blind soccer games We entered into a partnership contract with the NPO Japan Blind Soccer Association. The Club Championship was held in March 2016.

Support of Parasports Some of our professionals provide pro bono internal audit services to the Nippon Foundation Paralympic Support Center.

Women's empowerment support

Seminar for fostering women leaders in finance and accounting KPMG AZSA hosts the "Seminars for fostering women leaders in finance and accounting," targeted at female candidates for managerial positions in finance and accounting. We also organize an "Accounting Women's Network" for seminar graduates, providing a forum for exchange through study groups and alumnae events.

Global issues, environmental initiatives

KPMG Global Green Initiatives Based on KPMG's Global Green Initiatives, we take various measures to reduce CO₂ emissions.

Disaster-stricken area support

Secondment to Asubito Fukushima A KPMG AZSA accountant was seconded to the non-profit group Asubito Fukushima, which supports the restructuring of disaster-stricken Fukushima Prefecture. Through hands-on study of renewable energy and corporate training courses, he is helping foster talent who can contribute to rebuilding of the region.

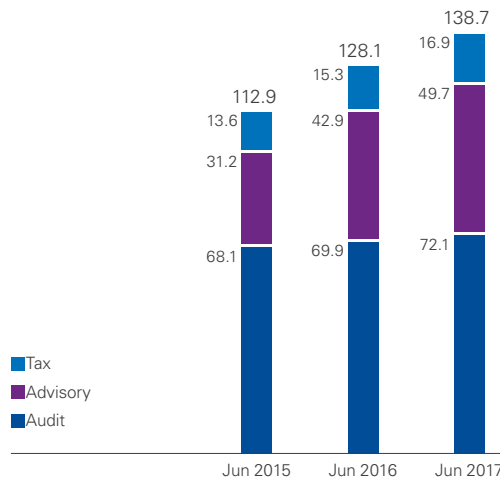
Participation in the "Keiei Mirai Jyuku" (Tutoring school for entrepreneurs) We participate in the "Keiei Mirai Jyuku" of the Tohoku Future Creation Initiative on a pro bono basis and help prepare business plans for entrepreneurs in the disaster-stricken areas.

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

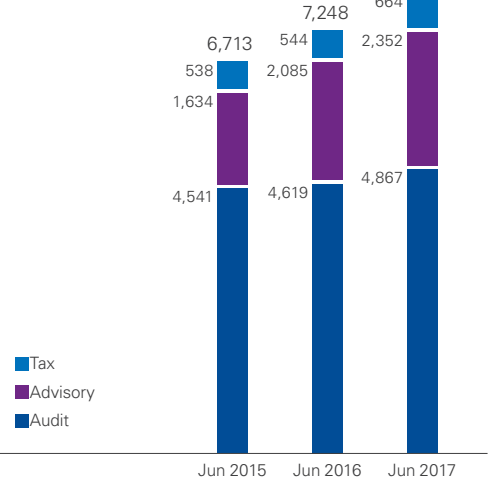


Three-year Performance

Revenue (billion yen)

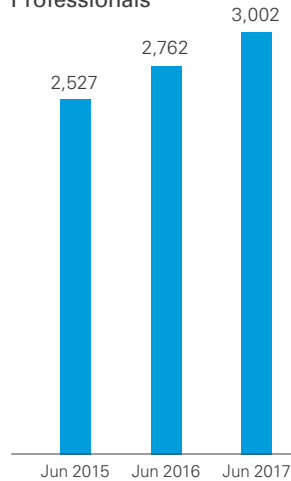


Number of Employees



* Tax service revenues included are for fiscal years from October 1 to September 30.

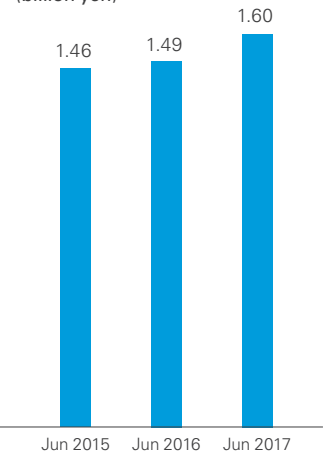
Number of Global Professionals*



Number of Employees Seconded Overseas



Investment in Human Resource Development (billion yen)



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

Aggregate Training Hours



M&A Advisory Ranking

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

| | 2014 | 2015 | 2016 |
|--|------|------|------|
| Based on publicly announced deals | 6 | 4 | 5 |
| Based on In-Out deals (Acquisition of foreign companies by companies based in Japan) | 2 | 1 | 3 |

Source: Thomson Reuters

Pursuant to the provisions of 16.3 of Article 34 of the Certified Public Accountants Act, KPMG AZSA LLC publishes documents explaining the status of its business operations and assets on the website: <http://kpmg.com/jp/azsa-pi-33>. These documents are also open to the public for inspection at our offices across Japan.

Member Firms

About KPMG

KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. In 1987, Peat Marwick International (PMI), Klynveld Main Goerdeler (KMG), and their member firms merged and became KPMG. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG International

| | |
|---------------------|-------------------|
| Revenues | US\$25.42 billion |
| Number of personnel | 188,982 |
| Number of countries | 152 |
| Registration | Zug, Switzerland |

(As of September 30, 2016)

KPMG Japan Member Firms



KPMG Consulting Co., Ltd.
President, Masahiro MIYAHARA

KPMG Consulting assists clients to transform their business model or improve their operations, by using advanced technology. Specific advisory services are diverse, including planning of business strategy, improvement in operational efficiency, profit management capability, governance, risk management, planning of IT strategy, assistance in implementation of IT systems and tools, reform of organization and human resource management, and cyber security.



KPMG FAS Co., Ltd.
Representative Directors,
Masahiko CHINO, Hiroyuki OSHIDA

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



KPMG AZSA LLC
Managing Partner, Hiroyuki SAKAI

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



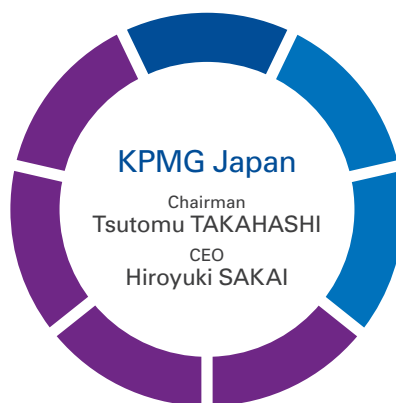
KPMG Tax Corporation
Representative Partner, Yuichi KOMAKINE

KPMG Tax Corporation's teams of specialists, with a high degree of expertise in each area, offer appropriate tax advice to Japanese companies, Japanese subsidiaries of foreign companies, and others. Our tax-related services include preparation of tax returns, tax investigation support, advice related to M&A, corporate restructuring and revitalization, consolidated tax return filing, international taxation, transfer pricing, customs and tariffs, and business inheritance.



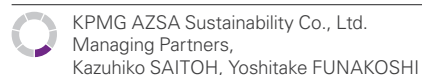
KPMG Social Insurance and Labor
Advisors Corporation
Representative, Mayumi OGAWA

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



KPMG Healthcare Japan Co., Ltd.
Representative Directors,
Keiichi OWARI, Jun MATSUDA

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



KPMG AZSA Sustainability Co., Ltd.
Managing Partners,
Kazuhiko SAITOH, Yoshitake FUNAKOSHI

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

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

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

Reporting Period Applicable period of performance data is mainly Fiscal Year 2017 (July 2016 – June 2017). In addition to reviewing the current state of the firm, the report also presents our outlook for the years to come.

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