



KPMG AZSA LLC

Transparency Report 2015

As at 30 June 2015

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Message from the Managing Partner

When looking at state of the Japanese economy, the future of our social security system has been actively debated, including national finance debt issues as well as pension and medical care, in connection with declining birth rates and an aging population. On the other hand, many Japanese companies have started to accelerate their overseas expansion on the back of 20 years of economic downturn, resulting in rapid globalization of their business activities. Under this economic situation, we will follow an approach that will meet social expectations for audit firms, and that will therefore fulfill our duties.

In this, we will promote measures to further pursue the quality of audit services. The Corporate Governance Code and the Stewardship Code have been introduced to recover earning power of Japanese companies and address issues surrounding corporate governance. Whilst there is a growing expectation that these two codes will contribute to the growth of the Japanese capital markets, we need to take the situation of occasional misconduct in corporate disclosure very seriously. (Please see “1. Who we are” and “2. Our structure and governance” for further information about corporate governance.)

We will continue to innovate the audit practice through the use of technology and harnessing the power of data and analytics and new processes that enable us to make audit more relevant and continue to enhance our audit quality. Through this, we will deliver quality audit services that will reinforce our role as professional experts and contribute to the sound development of the capital markets.

Recently, there have been growing needs for support by professional firms, based on their knowledge and experience of Japanese companies overseas, to address a variety of business management issues. To meet such expectation, we will support the globalization of Japanese companies by expanding our service capabilities and depth in the service lines within each group firm providing advisory services, and strengthen our network in areas such as cooperation with KPMG Tax Corporation, and collaboration with international KPMG member firms.

Regarding people, the foundation of a professional firm, we will provide a work environment that enables career development through securing a diverse group of professionals with in-depth industry expertise over a broad range of services areas. I believe that creating a diverse work place consisting of an equally diverse range of employees will offer fresh insight and a diverse and interactive environment, including those who are engaged in cross boarder activities; resulting in our organization becoming more creative.

We aim to make KPMG the clear choice by adding value for all our stakeholders by being the trusted professional provider of independent assurance on aspects of enterprise disclosures and activities that matter to stakeholders. As a result we will “Inspire Confidence, Empower Change”. In doing so, we will serve society by aiding all markets to work effectively and in a sustainable manner.

We will continue to further our efforts to be a valuable contributor for our stakeholders and society, and through this, a professional firm always chosen.

Hiroyuki Sakai
Managing Partner, KPMG AZSA LLC
September 2015

1. Who we are

1.1 Our business

KPMG AZSA LLC (“KPMG AZSA” or the “firm”), a member firm of KPMG International, has approximately 5,500 people located in major cities in Japan, providing audit, attestation, and advisory services such as financial advisory services and preparation for initial public offerings. We also offer professional services in specialized fields including financial sector, manufacturing, retail, IT, media, government, and healthcare.

As a member firm of KPMG International, KPMG AZSA provides clients with a consistent set of professional services globally through a network in 155 countries. KPMG AZSA, a member firm of KPMG International, was formed in January 2004 with the merger of Asahi & Co. and AZSA & Co. Asahi & Co., founded in 1969, has provided audit as well as various other professional services to major Japanese companies and organizations for thirty-five years. KPMG AZSA & Co., formed in February 2003, is the successor to the KPMG in Japan accounting practice, which in 1949 became the first international accounting firm to open an office in Japan. KPMG AZSA is dedicated to continuously providing outstanding professional services while striving to meet and exceed clients' expectations.

1.2 Our strategy

Our business mission is “We aim to establish information credibility through audit and accounting services and promote the betterment of corporations and society, whilst contributing to the realization of a fair society and sound economic development.”

In order to execute our business mission, we have following vision: “We aim to be the firm that is always chosen among society, clients and members by continuing to provide prominent service.”

2. Our structure and governance

2.1 Legal structure

KPMG AZSA is affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law. Further details about KPMG International and its business, including our relationship with it, are available in the

[KPMG International Transparency Report](#). KPMG AZSA is a limited liability company incorporated under the Certified Public Accountant Law. As at 30 June 2015, there were 604 partners in KPMG AZSA (30 June 2014: 607 partners). A list of key entities, including details of legal structure, regulatory status, nature of their business and area of operation is set out in Appendix A.1.

2.2 Name and ownership

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 marks 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.

2.3 Governance structure

Consistent with our aspiration to be the most relevant, trusted firm of choice, we apply high standards of corporate governance.

Our Managing Partner

The Managing Partner is responsible for leading the Board and ensuring that the Board members receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large.

The Board

Board Members are selected from Partners at each Regional Offices based on “the Board Meeting Rule”. We have a Board that is comprised of Board Members (32 Partners) and the Managing Partner.

The Executive Board

The Executive Board is comprised of the Managing Partner and eleven Executive Board Members appointed by the Managing Partner from the Board Members. The Executive Board is the decision-making and consulting body. For further information can be found in Appendices A.2.

Independent Oversight Committee

The Independent Oversight Committee monitors the execution of duties by Board Members and the Managing Partner in order to ensure healthy and continuing growth of the firm and a good governance system that meets the public interest.

We use a system to ensure that the duties of Board Members are properly executed in accordance with certain rules, such as “the Partners’ Meeting Rule”, “the Board Meeting Rule”, “the Executive Board Meeting Rule”, “the Organization’s Rule” and “the Rule on the operation of the Office”. The rules include procedures for operation such as the process of appointing a Board Member, standards on matters that require resolution or reporting at Partners’ Meetings or Board Meetings and segregation of duties between each department at the Headquarters.

3. System of quality control

KPMG AZSA implements KPMG International policies and procedures and adopts additional systems of quality control that are designed to meet the 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, Civil Code, 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 policies of quality control that apply to all member firms. These policies and associated procedures are designed to guide member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances.

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 firms that perform statutory audits and other assurance and related services engagements.

KPMG's policies reflect individual quality control elements to help our personnel act with integrity and objectivity, perform their work with diligence, and comply with applicable laws, regulations, and professional standards.

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.

While many of KPMG AZSA's quality control processes are cross-functional, and apply equally to advisory work, the remainder of this section focuses on what we do to enable the delivery of quality audits. In this document we therefore focus on our system of audit quality control.

At KPMG AZSA, audit quality is not just about reaching the right opinion, but how we reach that opinion. It is about the processes, thought, and integrity behind the audit report. KPMG AZSA views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means, above all, being independent, and in compliance with relevant legal and professional requirements.

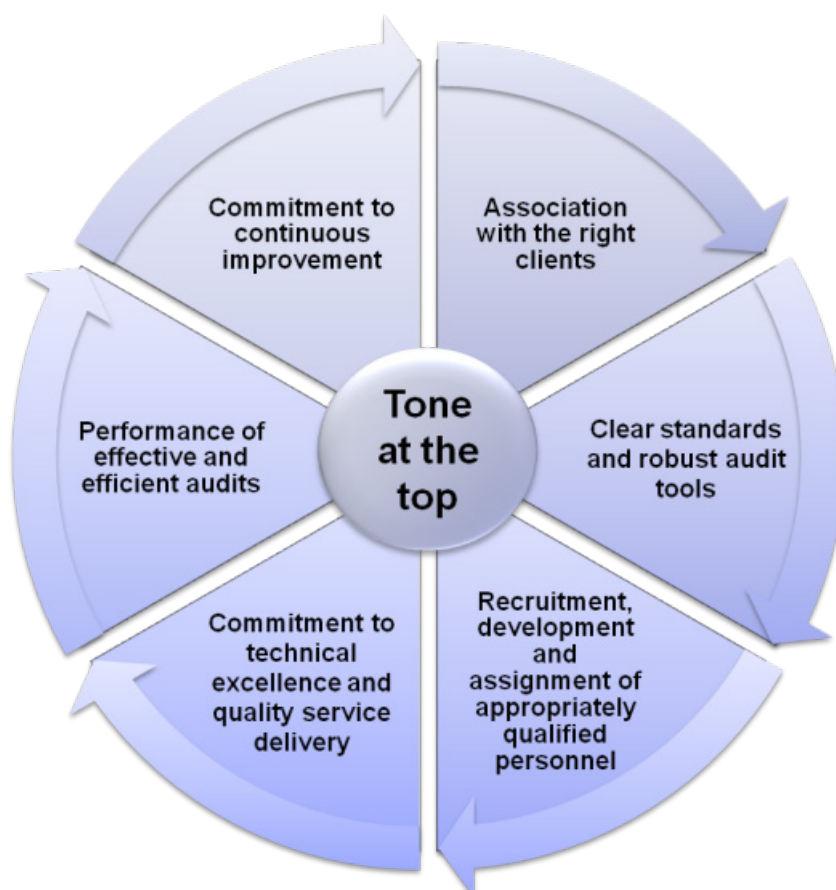
To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Our Framework introduces a common language that is used by all KPMG member firms to describe what we believe drives audit quality, and to highlight how every audit professional at KPMG contributes to the delivery of audit quality.

Our Audit Quality Framework identifies seven drivers of audit quality:

- 1 Tone at the top
- 2 Association with the right clients
- 3 Clear standards and robust audit tools
- 4 Recruitment, development and assignment of appropriately qualified personnel
- 5 Commitment to technical excellence and quality service delivery
- 6 Performance of effective and efficient audits
- 7 Commitment to continuous improvement

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 our entire 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.



3.1 Tone at the top – the foundation of audit quality

Tone at the top is a term used to describe an organization’s general ethical climate, as established by its leadership. KPMG and its leadership use “tone at the top” to indicate its commitment to quality, ethics and integrity.

KPMG’s focus on quality

KPMG AZSA’s tone at the top provides a clear focus on quality through:

- culture, values, and code of conduct - clearly stated and demonstrated in the way we work
- focused and well-articulated strategy - incorporating quality at all levels
- governance structure and clear lines of responsibility for quality - skilled and experienced people in the right positions to influence the quality agenda.

Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG AZSA’s core value – above all, we act with integrity.

This commitment underlies our values-based compliance culture where individuals are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our values or professional responsibilities.

KPMG AZSA’s Code of Conduct is the central tool that articulates the values and principles embodied in our firm’s policies and underscores our firm’s commitment to ethics and integrity. The Code of Conduct details the values and standards of behavior expected of all our firm’s partners and employees. Our core values are further described in Appendix A.4.

Partners and employees complete stand-alone and embedded ethics training on relevant Code of Conduct topics, and each year acknowledge that they understand and agree to comply with the firm's Code.

To further our commitment to integrity and ethical culture, KPMG AZSA maintains an [Ethics and Compliance Hotline](#). The firm encourages use of the hotline when KPMG AZSA partners and employees feel uncomfortable reporting concerns about possible illegal, unethical, or improper conduct through normal channels or when the normal channels of communication are impractical or perceived as ineffective. Any individual working with the firm in a business context, including clients, vendors, and other KPMG member firms' professionals working on engagements with KPMG AZSA's clients, may file a report by telephone, facsimile, letter, or interview.

A KPMG International [hotline](#) is available for KPMG personnel, clients, and other parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, those who work for KPMG International, or the senior leadership of a KPMG member firm.

3.1.1 Leadership responsibilities for quality and risk management

While we stress that all professionals are responsible for quality and risk management, the following individuals have leadership responsibilities.

Managing Partner

In accordance with the principles in ISQC1, our Managing Partner has assumed ultimate responsibility for KPMG AZSA's system of quality control. Details of some of the measures that he and the rest of the Executive Board have taken to ensure that a culture of quality prevails within KPMG AZSA are set out below.

Deputy Managing Partner in charge of Audit and Quality Assurance and Executive Board member in charge of Risk Management

Deputy Managing Partner in charge of Audit and Quality Assurance, and the Executive Board member in charge of Risk Management have responsibility for the quality of service delivered in the audit function.

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

3.2 Association with the right clients

3.2.1 Acceptance and continuance of clients and engagements

Rigorous client and engagement acceptance and continuance policies and processes are vital to our ability to provide high-quality professional services.

Accordingly, KPMG International has established policies and procedures which all member firms have implemented in order to decide whether to accept or continue a client relationship, and whether to perform a specific engagement for that client.

3.2.2 Prospective client and engagement evaluation process

Before accepting a client, we undertake an evaluation of the prospective client. This involves an assessment of its 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.

A second partner, as well as the evaluating partner, approves the prospective client and engagement 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 Deputy Managing Partner in charge of Audit and Quality Assurance, and Executive Board member in charge of Risk Management, are required.

A range of factors is considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, our global conflicts and independence checking system) as well as factors specific to the type of engagement, including for audit services, the competence of the client’s financial management team.

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 relationships.

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

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

The Non-Audit services and Conflicts of interests sections provide more information on our independence and conflict checking policies.

3.2.3 Continuance process

An annual re-evaluation of all audit clients and audit engagements is undertaken. In addition, clients are re-evaluated earlier if there is an indication that there may be a change in their risk profile.

Recurring engagements are also subject to re-evaluation.

This re-evaluation serves two purposes. First, we will decline to continue to act for any client where we are unable to deliver to our expected level of quality, or if we consider that it would not be appropriate to continue to be associated with the client.

We use the re-evaluation to consider whether or not any additional risk management or quality control procedures need to be put in place for the next engagement (this may include the assignment of additional professionals or the need to involve additional specialists on the audit).

3.2.4 Client portfolio management

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

For certain large clients, the Executive Board approves engagement partner assignments. For all other audit clients, the assignment of an engagement partner requires the approval from the business unit partner in charge.

Each partner is responsible for ensuring there is sufficient time to manage the audit quality for assigned engagements and to maintain or improve the quality and efficiency of the audit. Our leadership monitors partners’ workloads and the time expended in providing audit services.

3.3 Clear standards and robust audit tools

Professional practice, risk management, and quality control are the responsibility of every KPMG professional. Our professionals are expected to adhere to the clear policies and procedures (including independence policies), and are provided with a range of tools to support them in meeting

these expectations. The policies and procedures set for audit incorporate the relevant requirements of accounting, auditing, ethics, and quality control standards, and other relevant laws and regulations.

3.3.1 Audit methodology and tools

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

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

Our audit methodology is supported by eAudit, KPMG International's electronic audit tool, which provides KPMG auditors worldwide with the methodology, guidance, and industry knowledge needed to perform efficient, 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 our audit clients.

The key activities within the eAudit workflow are:

Engagement setup

- perform engagement acceptance and scoping
- determine team selection and timetable

Risk assessment

- understand the entity;
- identify and assess risks;
- plan for involvement of KPMG specialists and external experts, internal audit, service organizations and other auditors as required;
- evaluate design and implementation of relevant controls;
- conduct risk assessment and planning discussion;
- determine audit strategy and planned audit approach;

Testing

- test operating effectiveness of selected controls;
- plan and perform substantive procedures;

Completion

- update risk assessment;
- perform completion procedures, including overall review of financial statements;
- perform overall evaluation, including evaluation of significant findings and issues;
- communicate with those charged with governance (e.g., the audit committee); and
- form the audit opinion.

KAM contains, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. Our methodology encourages engagement teams to exercise professional skepticism in all aspects of planning and performing an audit. The 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. KAM includes the implementation of quality control procedures at the engagement level that provides us with reasonable assurance that our engagements comply with the relevant professional, legal, regulatory, and KPMG requirements.

The policies and procedures set out in KAM are specific to audits and supplement the policies and procedures set out in the Global Quality & Risk Management Manual (GQ&RMM) that is applicable to all KPMG member firms, functions and personnel.

3.3.2 Independence, integrity, ethics and objectivity

3.3.2.1 Overview

We have adopted the KPMG Global Independence Policies which are derived from the IESBA Code of Ethics and incorporate, as necessary, SEC, US PCAOB independence requirements.

Our firm has internal rules which reflect KPMG Global Independence Policies and the Certified Public Accountant Law and Code of Ethics issued by Japanese Institute of Certified Public Accountants and establish processes to ensure compliance with the policies.

To help ensure ethical conduct, including integrity and independence, our firm, and its personnel must be free from prohibited financial interests in, and prohibited relationships with KPMG member firm's audit clients, their management, directors, and significant owners.

KPMG AZSA has a designated Ethics and Independence Partner (EIP) supported by a core team of specialists to help ensure that we apply robust and consistent independence policies and procedures. Ethics and independence policies are set out on our intranet, which contains all our independence policies, and reinforced through an annual training program

Amendments to the ethics and independence policies in the course of the year are communicated by e-mail alerts and included in regular quality and risk communications.

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

3.3.2.2 Personal independence

KPMG International policy extends the IESBA Code of Ethics restrictions on ownership of audit client securities to every member firm partner in respect of any audit client of any member firm.

In addition, our firm policy extends the restriction on ownership of audit client securities to managers in our firm in respect of any audit client of any member firm.

Our professionals are responsible for making appropriate inquiries to ensure that they do not have any personal financial, business or family interests that are restricted for independence purposes. We use a Web-based independence tracking system to assist our professionals in their compliance with personal independence investment policies.

This system contains an inventory of publicly available investment products. Partners and managers are required to use this system prior to entering into an investment to identify whether they are able to do so. They are also required to maintain a record of all of their investments in the system, which automatically notifies them if their investments subsequently become restricted.

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

Any professional is also required to notify the EIP, engagement partner of that client and HR department if they intend to enter into employment negotiations with that audit client.

3.3.2.3 Firm financial independence

KPMG AZSA maintains a record of its 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.

3.3.2.4 Business relationships

We have policies and procedures in place that are designed to ensure that 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.

Compliance with these policies and procedures is reviewed periodically.

3.3.2.5 Independence training and confirmations

We provide all relevant personnel (including all partners and client service professionals) with annual independence training appropriate to their grade and function, and provide all new personnel with relevant training when they join.

All personnel are required to sign an independence confirmation upon joining the firm. Thereafter, professionals (including non-client-facing personnel who are at the manager level and above in our firm) are required to provide an annual confirmation that they have remained in compliance with applicable ethics and independence policies throughout the period. This confirmation is used to evidence the individual's compliance with, and understanding of, our independence policies.

3.3.2.6 Audit partner rotation

Audit Partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, and independence rules. These limit the number of years that partners in certain roles may provide audit services to an audit client.

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.

We monitor the rotation of audit engagement leaders (and any other key roles where there is a rotation requirement) and have transition plans to enable us to allocate partners with the necessary competence and capability to deliver a consistent quality of service to clients. The rotation monitoring is subject to compliance testing.

3.3.2.7 Non-audit services

We have policies as to the scope of services that may be provided to audit clients which are consistent with IESBA principles, Japanese Certified Public Accountant Law, Code of Ethics issued by Japanese Institute of Certified Public Accountants, and SEC, US PCAOB rules if relevant. Additionally, our policies require consideration by the lead audit engagement partner of threats arising from the provision of non-audit services and the safeguards available to address those threats.

KPMG International's proprietary system, SentinelTM, facilitates compliance with these policies. Lead audit engagement partners are required to maintain group structures for their publicly traded and certain other audit clients and their affiliates in the Sentinel system.

Every engagement entered into by any KPMG member firm in our network is required to be included in the system prior to providing services. The system 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.

In accordance with applicable auditor independence rules, none of our audit partners are compensated on their success in selling non-audit services to their audit clients.

3.3.2.8 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 operating 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, a senior partner from another

operating firm would be appointed as the engagement quality control (EQC) reviewer. Also, this would be disclosed to those charged with governance at the audit client. No audit client accounted for more than 10 percent of the total fees received by our firm during the last two years.

3.3.2.9 Conflicts of interest

Conflicts of interest may prevent our firm from accepting or continuing an engagement. The Sentinel™ system is also used to identify and manage potential conflicts of interest within and across member firms. Any potential conflict issues identified are resolved in consultation with other parties as applicable, and the outcome is documented. An escalation procedure exists in the case of a dispute between member firms. If a potential conflict issue cannot be resolved, the engagement is declined or terminated.

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.

3.3.2.10 Breaches of Independence Policy

In the event of failure to comply with the firm's independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. Significant matters arising are factored into personal evaluations. 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.

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

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

Accordingly, training covering compliance with laws (including those relating to anti-bribery and corruption), regulations, professional standards, and the KPMG's Code of Conduct is required to be completed at a minimum of once every two years, with new hires completing such training within three months of joining the firm. In addition, certain non-client-facing personnel who work in finance, procurement or sales and marketing departments, and who are at the manager level and above, are required to participate in anti-bribery training.

3.4 Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring the assignment of professionals with the skills and experience appropriate to the entity subject to audit.

This requires a focus on recruitment, development, promotion and retention of our personnel, and the development of robust capacity and resource management processes.

3.4.1 Recruitment

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

Upon joining KPMG AZSA, new personnel are required to participate in a comprehensive on-boarding program, which includes training in areas such as practice, ethics and independence, personal information protection and security. This also includes ensuring that any issues of independence or conflicts of interest are addressed before the individual's employment or partnership commences.

3.4.2 Personal development

It is important that all professionals have the necessary business and leadership skills to be able to perform quality work in addition to technical skills.

In relation to audit, we provide opportunities for professionals to develop the skills, behaviors, and personal qualities that form the foundations of a successful career in auditing. Courses are available to enhance personal effectiveness and develop technical, leadership, and business skills. We further develop our personnel for high performance through coaching and mentoring on the job, stretch assignments, and country rotational and global mobility opportunities.

3.4.3 Performance evaluation and compensation

All professionals, including partners, undergo annual goal-setting and performance reviews. Each professional is evaluated on his or her attainment of agreed-upon goals, demonstration of the KPMG global behaviors, technical capabilities and market knowledge.

These evaluations are conducted by performance managers and partners who are in a position to assess their performance.

This is achieved through our performance development process, which is supported by a local application or document-based procedure.

KPMG is committed to the career development of its people. To support this, the Global People, Performance, and Culture group has designed a new behavioral capability framework which has been adopted by member firms around the world. This framework, combined with development initiatives in areas such as coaching and mentoring, will support our people in enhancing their skills, maximizing their performance, and reaching their full potential.

Compensation and promotion

Our firm has compensation and promotion policies that are clear, simple, and linked to the performance evaluation process so that our people know what is expected of them and what they can expect to receive in return. We monitor quality incidents for the purposes of partner assignments and also for the purposes of partner evaluation, promotion and remuneration.

Our policies do not allow audit partners to be compensated for the sale of non-audit services to their audit clients.

3.4.4 Partner admissions

Our process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. Each candidate for the partnership is reviewed and interviewed by several members of firm leadership.

Our criteria for admission to the partnership are consistent with our commitment to professionalism and integrity and quality. These are aligned to KPMG's behavioral capabilities and are based on consistent principles.

3.4.5 Assignment

We have procedures in place to assign both the engagement partners and other professionals to a specific engagement on the basis of his or her skill sets, relevant professional and industry experience, and the nature of the assignment or engagement.

The business unit partner in charge is responsible for the partner assignment process. Key considerations based on an annual partner portfolio review include partner experience, accreditation, capacity, ability to perform the engagement in view of the size, the complexity and risk profile of the engagement including 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 and capabilities to perform audit engagements in accordance with KAM, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own 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's quality control policies and procedures.

3.5 Commitment to technical excellence and quality service delivery

We provide all professionals with the technical training and support they need. This includes access to networks of specialists and professional practice departments (DPP) (Audit Quality, Department of Review Practice, IFRS Advisory Group and US Capital Markets Group) and Risk Management department (Audit and Fraud Risk Management Group, Audit Engagement Monitoring Group and Risk Management), either to provide resources to the engagement team or for consultation.

At the same time we use our audit accreditation and licensing policies to require professionals to have the appropriate knowledge and experience for their assigned engagements. Our structure enables our engagement teams to apply their business understanding and industry knowledge to deliver valued insights and to maintain audit quality.

3.5.1 Technical training

In addition to personal development discussed in the section above our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

Our technical training provides professional knowledge, professional skills, and professional values, ethics and attitudes.

Audit Learning and Development steering groups at the global, regional and, where applicable, local levels identify annual technical training priorities for development and delivery using a blend of classroom, e-learning and virtual classroom methods.

Audit Learning and Development teams work with subject matter experts and leaders to ensure the training is of the highest quality, is relevant to performance on the job, and is delivered on a timely basis.

3.5.2 Accreditation and licensing

Our firm requires that professionals who are eligible to hold a certified public accountant (CPA) license (i.e. who have passed the exam) must do so.

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.

In addition, we have specific accreditation requirements for partners and managers working on IFRS engagements, US Generally Accepted Accounting Principles engagements, and US Generally Accepted Auditing Standards engagements to ensure that only partners and employees with the appropriate training and experience are assigned to clients and are appropriately licensed where necessary.

Our firm requires that all Audit professionals who have a Japanese CPA license (i.e. who have passed the exam) are also required to satisfy the Continuing Professional Education (CPE) requirements of the JICPA.

Our policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

3.5.3 Access to specialist networks

Our engagement teams have access to a network of local KPMG specialists or 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, Treasury, Pensions, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process.

3.5.4 Consultation

Internal consultation is a fundamental contributor to quality and is mandated in certain circumstances and always encouraged.

We provide appropriate consultation support through professional practice resources that include the DPP and the Risk Management department, which are made up of senior professionals with extensive experience of audit, reporting and risk management.

Across our firm, the Roles of Quality Assurance and Risk Management are crucial in terms of the support that they provide to the Audit Function.

They provide technical guidance to client service professionals on specific engagement related matters and develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates.

To assist audit engagement professionals in addressing difficult or contentious matters, we have established protocols for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves such differences. In circumstances where partners involved in the audit are unable to resolve an issue, the matter may be resolved using the chain of responsibility for resolution by the Senior Review Board.

Technical support is available to us through the International Standards Group (ISG) as well as the US Capital Markets Group for work on SEC foreign registrants.

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

3.5.5 Developing business understanding and industry knowledge

A key part of engagement 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 provision of relevant industry information 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.

3.6 Performance of effective and efficient audits

How an audit is conducted is as important as the final result. Our drivers of audit quality enhance the quality of the engagement team's performance during the conduct of every audit.

We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. These behaviors are discussed below.

3.6.1 KPMG Audit Process

As set out above, our audit workflow is enabled in eAudIT. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are:

- timely partner and manager involvement;
- critical assessment of audit evidence;
- exercise of professional judgment and professional skepticism;
- ongoing mentoring and on the job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- reporting;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

3.6.1.1 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 overall quality of the audit engagement and therefore for the direction, supervision and performance of the engagement. The engagement partner is a key participant in the planning meeting, reviews key audit documentation, in particular, documentation relating to significant matters arising during the audit, including conclusions reached, and is responsible for the final audit opinion. The engagement manager assists the partner in meeting these responsibilities and in the day-to-day liaison with the client and team. Involvement and leadership from the engagement partner during the planning process and early in the audit 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 significant risks and other critical areas of judgment.

3.6.1.2 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. The analysis of the audit evidence requires each of our team members to exercise professional judgment and maintain professional skepticism to obtain sufficient appropriate audit evidence.

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

We have developed a professional judgment process that provides audit professionals with a structured approach to making judgments. Our professional judgment process has professional skepticism at its heart. It recognizes the need to be alert to biases which may pose threats to good judgment, consider alternatives, critically assess audit evidence by challenging management's assumptions and following up contradictory or inconsistent information, and document rationale for conclusions reached on a timely basis as a means of testing their completeness and appropriateness.

3.6.1.3 Ongoing mentoring and on the job coaching, 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 our professionals, without compromising on quality, we use a continuous learning environment.

We support a coaching culture throughout KPMG as part of enabling personnel to achieve their full potential.

Ongoing mentoring, on-the-job coaching and supervision during an audit involves:

- 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; and
- identifying matters for consultation with more experienced team members during the engagement.

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

3.6.1.4 Appropriately supported and documented conclusions

Audit documentation records the audit procedures performed, evidence obtained and conclusions reached on significant matters on each audit engagement. Our policies require review of documentation by more experienced engagement team members.

Our methodology 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. 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 audit report but may be more restrictive under certain applicable regulations.

The key principle that engagement team members are required to consider 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 applicable standards of auditing;
- 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); and
- the basis for the conclusions reached, and significant professional judgments made in reaching those conclusions.

We have a formal document retention policy in accordance with Japanese regulations that govern the period we retain audit documentation and other client-specific records.

3. 6.1.5 Appropriate involvement of the EQC reviewer

Engagement Quality Control (EQC) reviewers have appropriate experience and knowledge to perform an objective review of the decisions and judgments made by the engagement team.

They are experienced partners who are independent of the engagement team. They provide an objective review of the more critical and judgmental elements of the audit.

Our internal policy requires the EQC review to be completed by reviewers who have considerable skills and experience to perform the review prior to the issuance of the audit report.

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

We perform the EQC review according to risk of the audit engagement, based on factors including, but not limited to the size and/ or complexity of the audit engagement and client. We have a policy which requires an EQC reviewer to be involved in a timely manner from the acceptance of the audit engagement and planning of an audit for every listed company as well as other entities with a high public profile and other business entities whose audit engagements are assessed as high-risk.

The audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved.

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

The Senior Review Board monitors the status of the EQC review process, including selection of the EQC reviewer and the result of the EQC review. The Senior Review Board is involved in significant judgments by consultation with EQC reviewers and evaluates significant judgments made in the audit.

We are continually seeking to strengthen and improve the role that the EQC review plays in audits, as this is a fundamental part of the system of audit quality control. In recent years we have taken a number of actions to reinforce this, including:

- issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers,
- incorporating specific procedures in eAuditIT to facilitate effective reviews, and
- implementing policies relating to recognition, nomination and development of EQC reviewers, as well as monitoring and assessing the nature, timing and extent of their involvement

3.6.1.6 Reporting

Auditing standards and related laws and regulations in Japan largely dictate the format and content of the audit report that includes an opinion on the fair presentation of the client's financial statements in all material respects.

Experienced engagement partners arrive at all audit opinions based on the audit work performed. We provide extensive reporting guidance and technical support to audit partners in preparing audit reports, where there are significant matters to be reported to users of the audit report, either as a qualification to the audit report or through the inclusion of an emphasis of matter paragraph.

3.6.1.7 Insightful, open and honest two-way communication with those charged with governance

Two-way communication with those charged with governance is key to audit quality.

We stress the importance of keeping those charged with governance informed of issues arising throughout the audit and of understanding their views.

We achieve this through a combination of reports and presentations, and ongoing discussions with 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. We share our industry experience to encourage discussion and debate with the client.

3.6.1.8 Focus on effectiveness of group audits

Our 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, whether or not they are KPMG member firms or not, as part of the engagement acceptance process. Our audit methodology incorporates the heightened attention currently being given to key risk areas for group audits.

3.6.2 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, compliance training, information security training and confirmation process such as an annual pledge for information security and privacy that all KPMG personnel 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 regulatory bodies' 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 personnel.

3.7 Commitment to continuous improvement

We focus on ensuring our work continues to meet the needs of participants in the capital markets. To achieve this goal, we employ a broad range of mechanisms to monitor our performance, respond to feedback, and understand our opportunities for continuous improvement.

Additionally, we have processes in place to proactively identify emerging risks and to identify opportunities to improve quality and provide insights.

3.7.1 Monitoring

3.7.1.1 Internal monitoring

KPMG International has an integrated monitoring program that covers all member firms to assess the relevance, adequacy, and effective operation of key quality control policies and procedures. This monitoring addresses both engagement delivery and KPMG International policies and procedures. The results and lessons from the programs are communicated within each member firm, and the overall results and lessons from the programs are considered and appropriate action taken at regional and global levels.

Our monitoring procedures involve ongoing consideration of:

- the relevance and adequacy of our firm's policies and procedures;
- the effectiveness of training and other professional development activities
- compliance with applicable laws and regulations and member firms' standards, policies, and procedures.

Two KPMG International developed and administered inspection programs are conducted annually across the Audit and Advisory functions, the Quality Performance Review (QPR) Program and the Risk Compliance Program (RCP).

Additionally all member firms are covered by cross-functional Global Compliance Reviews (GCRs). These programs are designed by KPMG International and participation in them is a condition of ongoing membership of the KPMG network.

Quality Performance Reviews (QPRs)

The international QPR Program is the cornerstone of our efforts to monitor engagement quality, and one of our primary means of ensuring that member firms are collectively and consistently meeting KPMG International's requirements and applicable professional standards.

The QPR Program assesses engagement level performance in the Audit and Advisory functions every year and identifies opportunities to improve engagement quality in our firm.

All engagement partners are generally subject to selection for review at least once in a three-year cycle.

The reviews are tailored to the relevant function, performed at a member firm level, generally overseen by a lead reviewer independent from the member firm, and are monitored regionally and globally.

Remedial action plans for all significant deficiencies noted are required at an engagement and member firm level.

We evaluate deficiencies identified during our internal reviews or inspections by regulatory bodies, to make sure they do not adversely affect our audit opinion.

We disseminate our findings from the QPR Program to our 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 ratings on their respective cross-border engagements.

Additionally LAEPs of global audit accounts are notified where a subsidiary of their global account is audited by a member firm where significant quality issues have been identified during the Audit QPR.

Risk Compliance Program (RCP)

The RCP is a member firm's annual self-assessment program. The objectives of the RCP are to monitor, assess, and document member firm-wide compliance with the system of quality control established through KPMG International's quality and risk management policies and applicable legal and regulatory requirements as they relate to the delivery of professional services. The program is overseen and monitored regionally as well as globally.

Global Compliance Review (GCR) Programs

GCRs are performed by reviewers independent of the member firm, who report to Global Quality & Risk Management and are led by the Global Compliance Group. GCRs are carried out on member firms once in a three-year cycle.

These reviews focus on significant governance, risk management, independence, and finance processes (including an assessment of the robustness of the firm's RCP). In the event that a GCR identifies significant issues that require immediate or near-term attention, a follow-up review will be performed as appropriate.

All three programs require action plans to address identified issues, with time lines, to be developed by the member firm, and these actions to improve performance are followed up at the regional and global level to ensure that the actions address the identified issues with the objective of continuous improvement.

3.7.1.2 External monitoring

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

The JICPA conducted a follow-up review of the firm related to the review conducted in 2013. We received a report on the follow-up review in December 2014. The CPAAOB inspected the firm, and we received a report of the inspection in June 2015.

Our firm is also registered with the US PCAOB. The US PCAOB inspected the firm in 2013. The public report on the inspection was released in 2014 and both it and our response are available on <http://pcaobus.org/Inspections/Reports/Pages/default.aspx>.

None of the external inspections have identified any issues that have a significant impact on the conduct of our statutory audit business.

3.8.2 Client feedback

In addition to internal and external monitoring of quality, we operate a formal program where we actively solicit feedback from management and those charged with governance on the quality of specific services that we have provided to them.

The feedback that we receive from this program is formally considered by our firm and individual engagement teams to ensure that we continually learn and improve the levels of client service that we deliver. Any urgent actions arising from client feedback are followed up by the engagement partner to ensure that concerns on quality are dealt with on a timely basis.

4. Financial Information

(Million JPY)	2014	2015
Total turnover	80,734	83,157
Audit	67,431	68,101
Other non-audit service	13,303	15,056

KPMG AZSA does not provide tax services.

5. 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. We monitor quality incidents for the purposes of partner assignments and also for the purposes of partner evaluation, promotion and remuneration. Our policies do not allow audit partners to be compensated for the sale of non-audit services to their audit clients.

6. Network arrangements

6.1 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.

The structure is designed to support consistency of service quality and adherence to agreed values wherever in the world the member firms operate. One of the main purposes of KPMG International is to facilitate the provision by member firms of high quality Audit, Tax, and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies and 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.

6.2 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 multinational clients, manage risk, and deploy global methodologies and tools. Each member firm takes responsibility for its management and the quality of its work.

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.

6.3 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 mutual that is available to all KPMG member firms.

6.4 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 that KPMG International has no share capital and, therefore, only has members, not shareholders). Among other things, the Global Council elects the chairman for a term of up to four years (renewable once) and also approves the appointment of Global Board members. It includes representation from 56 member firms that are "members" of KPMG International as a matter of Swiss law. Sub-licensees are generally indirectly represented by a member.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the 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 and ratifies the global chairman's appointment of the global deputy chairman and members of the Global Management Team.

The Global Board includes the global chairman, the global deputy 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 global deputy chairman, the chairman of each of the regions and currently three other senior partners of member firms.

One of the other Global Board members is elected as the lead director by these Global Board members who are not also members of the Executive Committee of the Global Board ("nonexecutive" members). A key role of the lead director is to act as liaison between the global chairman and the "nonexecutive" Global Board members. The list of Global Board members, as at 1 October 2014 is available in the [International Annual Review](#).

The Global Board is supported in its oversight and governance responsibilities by several other committees, including a Governance Committee, an Operations Committee, and Investments Committee, a Quality and Risk Management Committee, and a Professional Indemnity Insurance Committee. The lead director nominates the chairs and members of certain Global Board committees for approval by the Global Board.

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 deputy chairman, and includes the global chairman, the global deputy chairman, the global chief

operations officer, global function and infrastructure heads and the general counsel. The list of Global Management Team members, as at 1 October 2014, is available in the [International Annual Review](#). The Global Steering Groups are responsible for supporting and driving the execution of the strategy and business plan in their respective areas and act under oversight of the Global Management Team. The role of the Global Quality & Risk Management Steering Group is outlined in more detail in the [KPMG International Transparency Report](#).

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 its Transparency Report, which is available at

<http://www.kpmg.com/global/en/about/governance/pages/transparency-report.aspx>

6.5 Area Quality & Risk Management Leaders

KPMG International has a network of Area Quality & Risk Management Leaders (ARLs), reporting to the Global Vice Chair – Quality, Risk and Regulatory. The ARLs are members of the Global Quality & Risk Management Steering Group and each ARL performs a monitoring function over a group of member firms. Their role is to enhance the KPMG network's ability to proactively monitor quality and risk management across member firms.

7. 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 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 3.7.1 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 during the year ended 30 June 2015.

Further, the Board of KPMG AZSA confirms that an internal review of independence compliance within our firm has been conducted during the year ended 30 June 2015.

Hiroyuki Sakai
August 26, 2015

A. 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 the executive board at KPMG AZSA as of June 30, 2015

Hideyo Uchiyama, Managing Partner
 Hideki Amano, Deputy Managing Partner, Audit Partner In Charge/Quality Assurance
 Tsutomu Takahashi, Deputy Managing Partner, KPMG Japan
 Hiroyuki Sakai, Office Managing Partner – Tokyo/Planning
 Takashi Yoshida, Office Managing Partner - Osaka
 Yasushi Yokoi, Office Managing Partner - Nagoya
 Masahiro Mekada, IT Audit/ITS
 Shozo Tokuda, HR/Administration
 Hideki Yanagisawa, Risk Management
 Hiroyuki Takanami, Advisory
 Kenryo Goto, Internal Control
 Hiroshi Miura, Market/ Global Japanese Practice /International People

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 2015 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.

ACCESS CO.,LTD.	ASAHI CO.,LTD.	OPT Holding, Inc.
Aiming Inc.	Asahi Group Holdings, Ltd.	ORIENTAL CHAIN MFG. CO., LTD.
au Insurance Company,Limited	ASAHI BREWERIES, LTD	ORIENTAL LAND CO.,LTD.
Computer Institute of Japan, Ltd.	ASAHI DRINKS CO., LTD.	ORIX CORPORATION
CSS Holdings, Ltd.	Asia Air Survey Co.,Ltd.	ORIX Credit Corporation
E+J Holdings Inc.	AHIKAN CO.,LTD.	ORIX Bank Corporation
ERI HOLDINGS CO.,LTD.	ASKUL Corporation	ORIX Auto Corporation
FFRI,Inc.	AT TOKYO Corporation	ORIX Life Insurance Corporation
G-7 HOLDINGS Inc.	Adways Inc.	ORIX Real Estate Corporation
GCA Savvian Corporation	ATOM CORPORATION	ORIX JREIT INC.
GLP J - REIT	ABIST Co., Ltd.	OLIVER CORPORATION
IDEC CORPORATION	Abu Dhabi Oil Co., Ltd.	CAR MATE MFG. CO., LTD.
JIEC Co., Ltd.	AMIYAKI TEI CO.,LTD.	CASIO COMPUTER CO.,LTD.
JR East Information Systems Company	Allied Architects,Inc.	KAPPA·CREATE HOLDINGS CO., LTD.
JSR Corporation	Allianz Fire and Marine Insurance Japan Ltd.	KANEKA CORPORATION
K&O Energy Group Inc.	Allianz Life Insurance Japan Ltd.	CAPCOM CO., LTD.
KeePer Technical Laboratory Co.,Ltd	ALINCO INCORPORATED	KAYABA INDUSTRY CO., LTD.
KNT-CT Holdings Co., Ltd.	ARTNER CO.,LTD.	CALPIS CO., LTD.
KSK CO., LTD.	ALPHA Corporation	Kanda Holdings Co.,Ltd
MARUWA CO., LTD.	Alfresa Corporation	PAN POST INSURANCE Co., Ltd.
MCUBS MidCity Investment Corporation	Alfresa Holdings Corporation	KEEPER CO., LTD.
mmbi, Inc.	Alpen Co.,Ltd.	KITAMURA CO., LTD.
MS&AD Insurance Group Holdings, Inc.	ANRITSU CORPORATION	CAREERLINK Co., LTD.
Naito & Co., Ltd.	IGNIS LTD.	Kirin Beer Marketing Company, Ltd.
NDS CO.,LTD.	IZUMI CO.,LTD.	Kirin Holdings Company, Limited
NEC Capital Solutions Limited	Izumiya Co., Ltd.	KING JIM CO., LTD.
NEC Solution Innovators, Ltd.	ISOLITE INSULATING PRODUCTS CO., LTD.	Qol Co., Ltd.
NEC Networks & System Integration Corporation	Ito-Yokado Co., Ltd.	KUSURI NO AOKI CO.,LTD.
NEC Platforms, Ltd.	IWAKI & CO., LTD.	COOKPAD Inc.
NEC Mobile Communications, Ltd.	IWABUCHI CORPORATION	CREATE MEDIC CO.,LTD.
NKK SWITCHES CO., LTD	Interworks,Inc.	gremz,Inc.
NSD CO., LTD.	INTAGE HOLDINGS Inc.	Gurunavi, Inc.
NTT DOCOMO, INC.	INFOCOM CORPORATION	Credit Suisse Securities (Japan) Limited
NTT FINANCE CORPORATION	WILSON LEARNING WORLDWIDE INC.	Global Factoring Co., Ltd.
NTT FACILITIES, INC.	Village Vanguard CO.,LTD.	CROPS CORPORATION
NTT Plala Inc.	WIN-Partners Co., Ltd.	K'S HOLDINGS CORPORATION
OSJB Holdings Corporation	UCHIDA ESCO Co., Ltd.	KU HOLDINGS CO.,LTD.
Paltac Corporation	WOOD FRIENDS CO.,Ltd.	CHEMIPRO KASEI KAISHA, LTD.
QVC Japan, Inc.	AIR WATER INC.	KENKO Mayonnaise Co., Ltd.
RS Technologies Co., Ltd.	AZIA CO.,LTD.	KOEI TECMO HOLDINGS CO., LTD.
SANTEC CORPORATION	H2O RETAILING CORPORATION	COSEL CO.,LTD.
SBI Life Insurance Co., Ltd.	Hitachi Zosen Fukui Corporation	COCA-COLA WEST COMPANY, LIMITED
Shinhan Bank Japan	A&D Company, Limited	KOKUYO CO.,LTD.
SCREEN Holdings Co., Ltd.	AP COMPANY CO., LTD.	Cosmo Exploration & Production Co., Ltd.
SCSK Corporation	AIT CORPORATION	COSMO OIL COMPANY, LIMITED
SMBC Consumer Finance Co., Ltd.	EXTREME CO.,LTD.	COSMO PETROLEUM GAS CO., LTD.
SMBC Finance Service Co.,Ltd.	Escrow Agent Japan, Inc.	KONICA MINOLTA, INC.
SMBC Friend Securities Co.,Ltd.	SK-Electronics CO., LTD.	KONISHI CO.,LTD.
SMBC Loan Business Planning Co., Ltd.	S Foods Inc.	KOBELCO FINANCIAL CENTER, LTD.
SMBC Trust Bank Ltd.	S LINE CO.,LTD.	KOBELCO CONSTRUCTION MACHINERY CO., LTD.
SMBC Guarantee Co., Ltd.	XNET Corporation	COMANY INC.
SMBC Nikko Securities Inc.	NTT Communications Corporation	CORONA CORPORATION
SMFG Card & Credit, Inc.	NTT COMWARE CORPORATION	COLOWIDE CO., LTD.
SMM Auto Finance,Inc.	NTT DATA CORPORATION	Circle K Sunkus Co., Ltd.
SPC Kappa, KK	NTT DATA INTRAMART CORPORATION	Cybozu, Inc.
TBK Co., Ltd.	NTT URBAN DEVELOPMENT CORPORATION	SAKATA INX CORPORATION
TDK CORPORATION	NJK CORPORATION	SAKATA SEED CORPORATION
TDK-EPC Corporation	F-TECH INC.	SAGAMI CHAIN CO.,LTD.
The Global Ltd.	EPOS Card Co.,Ltd	SAGAMI Co., Ltd.
TSI HOLDINGS CO., LTD.	MG Leasing Corporation	SAKURA KCS Corporation
UCS CO., LTD.	ELIHY Power Co., Ltd.	SAC'S BAR HOLDINGS INC.
UKC Holdings Corporation	Encourage Technologies Co.,Ltd.	ZAPPALLAS,INC.
ARCHITECTS STUDIO JAPAN INC.	OIZUMI Corporation	Sanoyas Holdings Corporation
URBANET CORPORATION CO., LTD.	O'will Corporation	SAMMY CORP.
URBAN LIFE Co.,Ltd.	OS CO., LTD.	SAMCO INC.
IX Knowledge Incorporated	OM2 Network Co., Ltd.	SUN·LIFE CORPORATION
Aioi Nissay Dowa Insurance Company, Limited	Aucfan Co.,Ltd.	Sansei Landic Co.,Ltd
iFLAG Co., Ltd.	OHNAMI CORPORATION	SANDEN HOLDINGS CORPORATION

ILL INC
IREP Co.,Ltd
SANRIN CO.,LTD.
SUNCORPORATION
C-CUBE Corporation
SIX CORPORATION
Gene Techno Science Co., Ltd.
JMS CO., LTD.
JR East Management Service Co.,Ltd
J-COM Holdings Co., Ltd.
JASON CO.,LTD.
JECO CO.,LTD.
Jetstar Japan Co., Ltd.
GENERATION PASS CO., LTD.
GEOSTR Corporation
GYXIS CORPORATION
Systema Corporation
SYSTEMS DESIGN Co., Ltd.
SYSTEM INFORMATION CO., LTD.
SHIDAX CORPORATION
SHIP HEALTHCARE HOLDINGS Co.,Ltd.
Citi Cards Japan, Inc.
Citigroup Japan Holdings Corp.
Citigroup Global Markets Japan Inc.
Citibank Japan Ltd.
SHIMAMURA CO., Ltd.
Sharp Corporation
JUSTPLANNING INC.
JACCS CO.,LTD.
Janis Ltd.
Japan Hotel REIT Investment Corporation
Japan Display Inc.
The Japan Net Bank, Limited
JAPAN FOODS CO., LTD.
JAPAN MATERIAL Co.,Ltd.
JUTEC Holdings Corporation
JUNTENDO CO., LTD.
SHIROKI CORPORATION
SINFONIA TECHNOLOGY CO., LTD.
SHINPO CO., LTD.
Super Daiei Co., Ltd
SUGAI CHEMICAL INDUSTRY CO., LTD.
Star Mica Co., Ltd.
START TODAY CO., LTD.
Star Flyer Inc.
Stanley Electric Co., Ltd.
Subaru Finance Co.,Ltd.
SPACE SHOWER NETWORKS INC.
SUMIDA CORPORATION
SEIKO HOLDINGS CORPORATION
SEINO HOLDINGS CO., LTD.
SEGA SAMMY HOLDINGS INC.
SECOM CO., LTD.
SECOM JOSHINETSU CO.,LTD.
SECOM GENERAL INSURANCE COMPANY, LIMITED
ZETT CORPORATION
Cedyna Financial Corporation
Seven & i Asset Management Co., Ltd.
SEVEN & i Financial Center Co., Ltd.
Seven & i Holdings Co., Ltd.
Seven Card Service Co., Ltd.
Seven Financial Service Co.,Ltd
Seven CS Card Service Co., Ltd.
SEVEN-ELEVEN JAPAN CO., LTD.
Seven Bank, Ltd.
SEVEN INDUSTRIES CO., LTD.
ZERIA PHARMACEUTICAL CO., LTD.
ZERO CO., LTD.
CENTURY 21 REAL ESTATE OF JAPAN LTD.
SAINT-CARE HOLDING CORPORATION
Central Tanshi Co.,Ltd.
SOURCENEXT CORPORATION

ORVIS CORPORATION
OKADA AIYON CORPORATION
SODA NIKKA CO.,LTD.
Sobal Corporation
Sogo & Seibu Co.,Ltd.
SOTOH CO.,LTD.
SOLCOM CO., Ltd.
DaikyoNishikawa Corporation
DAIKOKU DENKI CO.,LTD.
DAI-DAN CO., LTD.
Daito Pharmaceutical Co., Ltd.
DyDo DRINCO,INC.
DYNIC CORPORATION
DAIBIRU CORPORATION
DAIHEN Corporation
Daimler Financial Services Japan Co.,Ltd.
DIAMOND ELECTRIC MFG. CO., LTD.
TAKAGI SEIKO CORPORATION
TAKAKITA CO.,LTD.
TOMY COMPANY,LTD.
Takiron Co., Ltd.
TAKUMA CO., LTD.
TAKEEI CORPORATION
W-SCOPE Corporation
DALTON CORPORATION
DUNLOP SPORTS CO. LTD.
TSUKUI CORPORATION
TSUTSUMI JEWELRY CO.,LTD.
TSUBAKI NAKASHIMA CO., LTD.
TEAC CORPORATION
DLE Inc.
TAKE AND GIVE. NEEDS Co.,Ltd.
DISCO CORPORATION
DIP Corporation
Data Applications Company, Limited
DATA HORIZON CO.,LTD.
TECHNO ASSOCIE Co., Ltd.
TECHNO HORIZON HOLDINGS CO.,LTD.
TECHMATRIX CORPORATION
DESCENTE,LTD.
D.A.Consortium Inc.
TESEC Corporation
Techfirm Inc.
TENOX CORPORATION
TerraSky Co., Ltd
Terilogy Co., Ltd.
TERUMO CORPORATION
TV Asahi Holdings Corporation
TEN ALLIED CO.,LTD.
Deutsche Securities Inc.
DOSHIHA CO.,LTD.
TOENEC CORPORATION
DOCOMO Systems, Inc.
Top REIT,Inc.
DOUTOR·NICHIRE Holdings Co., Ltd.
DOUTOR COFFEE CO., LTD.
TRANSACTION CO., Ltd.
Toridoll.corporation
Treasure Factory Co., LTD.
TOREX SEMICONDUCTOR LTD.
Trend Micro Incorporated
NICE CLAUP CO., LTD.
NAGAOKA INTERNATIONAL CORPORATION
Nakabohtec Corrosion Protecting Co.,Ltd.
NATOCO CO., LTD.
NanoCarrier Co., Ltd.
Nabtesco Corporation
NAMCO LIMITED
NARIS COSMETICS CO.,LTD.
NICHIIA CORPORATION
NIKKO COMPANY
Nissen Holdings Co., Ltd.

SANYU CO.,LTD.
SANRITSU CORPORATION
NIFCO INC.
NEWTON FINANCIAL CONSULTING,Inc.
The Bank of New York Mellon Trust (Japan), Limited
Nestlé Japan Ltd.
NORITZ CORPORATION
NODA CORPORATION
NORITAKE CO.,LIMITED
Hartford Life Insurance K.K.
PIPED BITS Co., Ltd.
Hypo Real Estate Capital JapanCorporation
HI-LEX CORPORATION
Powdertech Co.,Ltd.
PACIFIC SYSTEMS CORPORATION
PASCO CORPORATION
Panasonic Corporation
Panasonic Ecology Systems Co., Ltd.
Panasonic Consumer Marketing Co., Ltd.
Panasonic System Networks Co., Ltd.
Panasonic Factory Solutions Co., Ltd.
PANASONIC PLASMA DISPLAY CO., LTD.
Panasonic Healthcare Holdings Co.,Ltd.
Panasonic Liquid Crystal Display Co.,Ltd.
PAL CO.,LTD.
PARCO CO., LTD.
PALEMO CO., LTD.
HALOWS CO., LTD.
BANDAI CO., LTD.
BANDAI NAMCO Entertainment Inc.
BANDAI NAMCO Holdings Inc.
BMW Japan Corp.
BMW Japan Finance Corp.
PCA CORPORATION
PA Co.,Ltd.
P.S.Mitsubishi Construction Co., Ltd.
Asahi Satellite Broadcasting Limited
People Co.,Ltd.
HIGASHI TWENTY ONE CO.,LTD.
Viewcard Co.,Ltd.
HUMANWEB, Inc.
HIROSE ELECTRIC CO.,LTD.
Pfizer Japan Inc.
F@N Communications Inc.
Fundely Co., Ltd.
V-cube,Inc.
Fixstars Corporation
Photocreate Co., Ltd.
FUKUDA DENSHI CO.,LTD.
FUJI CORPORATION
FUMAKILLA LIMITED
PLATHOME CO., LTD.
PRAP Japan, Inc.
Pla Matels Corporation
FreakOut, inc
PRESS KOGYO CO., LTD.
Premier Investment Corporation
Broadleaf Co., Ltd.
PROTO CORPORATION
BRONCO BILLY Co., LTD.
BEST DENKI CO., LTD.
PeptiDream Inc.
VeriServe Corporation
Bell-Park Co., Ltd.
HOSOKAWA MICRON CORPORATION
Hotto Link Inc.
POVAL KOGYO CO., LTD.
HONDA FINANCE CO., LTD.
MarkLines Co., Ltd.
MarketEnterprise Co., Ltd.
Marvelous Inc.
Makita Corporation

MAKIYA CO.,LTD.
 MassMutual Life Insurance Company
 MAX CO., LTD.
 Mazda Motor Corporation
 MONEY SQUARE HOLDINGS, INC.
 Monex Group, Inc.
 Monex, Inc.
 MARCHE CORPORATION
 Maruha Nichiro Corporation
 Mitsuo Group Holdings Co.,Ltd.
 THE MINATO BANK, LTD.
 MINEBEA CO., LTD.
 MIRAIT Holdings Corporation
 MOONBAT Co.,Ltd.
 MUTO SEIKO CO.
 Meiko Electronics Co.,Ltd.
 MegaChips Corporation
 MEDIA DO Co.,Ltd.
 Mediaflag Inc.
 Media Kobo, Inc.
 Medicare Life Insurance Co., Ltd.
 MEDICEO CORPORATION
 MEDIPAL HOLDINGS CORPORATION
 METRO Cash & Carry Japan
 Mercian Corporation
 Mercedes-Benz Finance Co., Ltd
 Mercedes-Benz Japan Co., Ltd.
 MOS FOOD SERVICES, INC.
 Mobile Factory, Inc.
 Mobit Co.,LTD
 Momiji Bank, Ltd.
 YA-MAN LTD.
 YAMAE HISANO CO.,LTD.
 YAMADA SXL HOME CO., LTD.
 YAMADA DENKI CO.,LTD.
 YAMATO CORPORATION
 USS Co., Ltd.
 Japan Post Bank Co., Ltd.
 YUTAKA GIKEN CO.,LTD.
 UNY Co.,Ltd.
 UNY Group Holdings Co., Ltd.
 Universal Solution Systems Inc.
 UNIVERSAL ENGEISHA CO.,LTD
 UNIVANCE CORPORATION
 Ubiteq, INC.
 YOKOWO CO.,LTD.
 Yossix Co., Ltd.
 LION OFFICE PRODUCTS CORP.
 RIGHT ON Co., Ltd.
 LIFE CORPORATION
 LIFENET INSURANCE COMPANY
 REALWORLD,inc.
 RICOH COMPANY, LTD.
 RICOH JAPAN Corp.
 RICOH LEASING COMPANY, LTD.
 RESORTTRUST,INC.
 RIBOMIC Inc.
 Rengo Co., Ltd.
 THE ROYAL HOTEL,LIMITED
 ROHTO PHARMACEUTICAL CO.,LTD.
 The Awa Bank, Ltd.
 AIGAN CO.,LTD.
 AIKO CORPORATION
 The Aichi Bank, Ltd.
 Aichi Prefectural University
 ASAHI TEC CORPORATION
 Asahi Glass Company, Limited
 Ashimori Industry Co., Ltd.
 YASUNAGA CORPORATION
 HAZAMA ANDO CORPORATION

ISE CHEMICALS CORPORATION
 ITOHAM FOODS INC.
 ITO EN,LTD.
 The Iyo Bank, Ltd.
 Inabata & Co., Ltd.
 Utoc Corporation
 Eikoh Holdings Inc.
 Eidai Co., Ltd.
 ENSHU TRUCK CO., LTD.
 OKAMURA CORPORATION
 OKAYA & CO.,LTD.
 OKAYA ELECTRIC INDUSTRIES CO.,LTD.
 OKAMOTO MACHINE TOOL WORKS, LTD.
 KAJI TECHNOLOGY CORPORATION
 KATO SANGYO CO.,LTD.
 KAGETSUENKANKO Co., Ltd.
 Kansai Urban Banking Corporation
 KANSAI PAINT CO., LTD.
 Kanto Railway Co., Ltd
 MARUI GROUP CO.,LTD.
 Maruichi Steel Tube Ltd.
 MARUEI DEPARTMENT STORE COMPANY,
 LIMITED
 Marubeni Construction Material Lease Co., Ltd.
 MARUDAI FOOD CO., LTD.
 Maruto Sangyo Co., Ltd.
 IWATSU ELECTRIC CO., LTD.
 The Bank of Iwate, Ltd.
 IWATANI CORPORATION
 The Kiyo Bank, Ltd.
 GIKEN LTD.
 KIKUCHI SEISAKUSHO CO., LTD.
 YOSHIMOTO KOGYO CO., LTD.
 HISAMITSU PHARMACEUTICAL CO.,INC.
 Keio Corporation
 KYOEI STEEL LTD.
 HASHIMOTO SOGO CO.,LTD.
 Kowa Company, Ltd.
 Kyokuto Boeki Kaisha, Ltd.
 THE KINKI SHARYO CO.,LTD.
 KINTETSU CORPORATION
 Kintetsu World Express, Inc.
 Kintetsu Group Holdings Co., Ltd.
 Kintetsu Department Store Co., Ltd.
 KINTETSU REAL ESTATE CO.,LTD.
 TODA KOGYO CORP.
 The Kosei Securities Co., Ltd.
 HIKARI TSUSHIN,INC.
 Yokohama City University
 Kochi University of Technology
 Saitama Prefectural University
 Shizuoka University of Art and Culture
 Osaka City University
 Osaka Prefecture University
 Wakayama Medical University
 KOEI CHEMICAL COMPANY, LIMITED
 HIROSHIMA GAS CO., LTD.
 The Hiroshima Bank, Ltd.
 Hiroshima Rapid Transit Co., Ltd.
 Hiroshima Electric Railway Co., Ltd.
 The Kodensha, Co., Ltd.
 EMORI GROUP HOLDINGS CO.,LTD.
 TAKASAGO INTERNATIONAL CORPORATION
 Takasago Thermal Engineering Co.,Ltd.
 TAKAMATSU MACHINERY CO.,LTD.
 THE BANK OF KOCHI,LTD.
 TAKADAKIKO (Steel Construction) CO., LTD.
 TAKASHIMA & CO.,LTD.
 Japan Agency for Marine-Earth Science and Technology
 National Institute for Environmental Studies
 New Energy and Industrial Technology Development
 Organization

Japan Atomic Energy Agency
 RIKEN(The Institute of Physical and Chemical Research)
 UTSUNOMIYA UNIVERSITY
 Miyagi University of Education
 Kyoto University
 Mie University
 Hyogo University of Teacher Education
 Okayama University
 GIFU UNIVERSITY
 Kyoto University of Education
 Kyoto Institute of Technology
 Kyushu Institute of Technology
 Hiroshima University
 Hirosaki University
 Saitama University
 Kagoshima University
 Kobe University
 Osaka Kyoiku University
 OITA UNIVERSITY
 Tokyo University of Foreign Studies
 The University of Tokyo
 Tokyo University of Agriculture and Technology
 Tokushima University
 NARA UNIVERSITY OF EDUCATION
 Nara Women's University
 Hamamatsu University School of Medicine
 UNIVERSITY OF FUKUI
 Naruto University of Education
 Wakayama University
 KROSAKI HARIMA CORPORATION
 KURODA ELECTRIC CO.,LTD.
 Imasen Electric Industrial Co., Ltd.
 The Imamura Securities Co., Ltd.
 SATORI ELECTRIC CO.,LTD.
 SATO SHOJI CORPORATION
 Hankyu REIT, Inc.
 Hankyu Hanshin Financial Support Co.,Ltd.
 Hankyu Hanshin Holdings, Inc.
 Hankyu Corporation
 Hankyu Realty Co., Ltd.
 HANSHIN ELECTRIC RAILWAY CO., LTD.
 HANWA CO.,LTD.
 SAKURAI LTD.
 The Sapporo Television Broadcasting Co., Ltd.
 SAN-AI OIL CO.,LTD.
 Mitsui Direct General Insurance Co., Ltd.
 Mitsui Home Co.,Ltd.
 MODEC, INC.
 MESCO, Inc.
 MITSUI MINING & SMELTING CO.LTD.
 Sumitomo Mitsui Card Company, Limited
 Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
 Sumitomo Mitsui Trust Holdings, Inc.
 Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
 Sumitomo Mitsui Finance and Leasing Company,
 Limited
 Sumitomo Mitsui Financial Group, Inc.
 Mitsui Sumitomo Aioi Life Insurance Company, Limited
 Mitsui Sumitomo Primary Life Insurance Company,
 Limited
 Mitsui Sumitomo Insurance Company, Limited
 Sumitomo Mitsui Banking Corporation
 Sumitomo Mitsui Trust Bank, Limited
 Mitsui Engineering & Shipbuilding Co., Ltd.
 Mitsui Fudosan Co.,Ltd.
 MITSUI FUDOSAN REALTY CO.,LTD.
 Mitsui Fudosan Residential Co.,Ltd.
 MIMASU SEMICONDUCTOR INDUSTRY CO., LTD.
 SANKI SERVICE CORPORATION
 Sankyo Tateyama, Inc.
 SANKO GOSEI LTD.
 SANKO METAL INDUSTRIAL CO., LTD.

The Mie Bank, Ltd.
 MITANI SANGYO CO., LTD.
 Mitsubishi Fuso Truck and Bus Corporation
 MITSUBISHI MATERIALS CORPORATION
 MITSUBISHI PENCIL COMPANY, LIMITED
 Mitsubishi Logistics Corporation
 Mitsubishi Electric Corporation
 Mitsubishi Electric Credit Co., Ltd.
 MITSUBISHI ELECTRIC BUILDING
 TECHNO-SERVICE CO.,LTD.
 MITSUBISHI CABLE INDUSTRIES, LTD
 SANYO INDUSTRIES, LTD.
 SANYO Electric Co., Ltd.
 SANYO SHOKAI LTD.
 SANTEN PHARMACEUTICAL CO., LTD.
 SANNO Co., Ltd.
 YAMASHITA MEDICAL INSTRUMENTS CO., LTD.
 YAMAKI CO.,LTD.
 Yamagata JR Through Superexpress Holding Co., Ltd.
 Yamaguchi Financial Group, Inc.
 The Yamaguchi Bank, Ltd.
 Sanyo Special Steel Co., Ltd.
 Shiseido Company, Limited
 Shiseido Sales Co., Ltd.
 WAKACHIKU CONSTRUCTION CO., LTD.
 SBI Sumishin Net Bank, Ltd.
 Sumitomo Rubber Industries, Ltd.
 Sumitomo Bakelite Company Limited
 SUMITOMO CHEMICAL COMPANY, LIMITED
 Sumitomo Metal Mining Co.,Ltd.
 SUMITOMO (S.H.I.) CONSTRUCTION MACHINERY CO.,LTD.
 Sumitomo Mitsui Auto Service Company, Limited
 SUMITOMO HEAVY INDUSTRIES, LTD.
 SUMITOMO CORPORATION
 Sumitomo Shoji Financial ManagementCo.,Ltd.
 SUMITOMO LIFE INSURANCE COMPANY
 Sumitomo Seika Chemicals Company, Limited.
 The Sumitomo Warehouse Co.,Ltd.
 Sumitomo Electric Industries, Ltd.
 SUMITOMO ELECTRIC DEVICE INNOVATIONS,INC.
 SUMITOMO DENSETSU CO.,LTD.
 SUMITOMO WIRING SYSTEMS, LTD.
 Sumitomo Realty & Development Co.,Ltd.
 Sumitomo Fudosan Finance Co., Ltd.
 Sumitomo Real Estate Sales Co.,Ltd.
 Sumitomo Riko Company Limited
 The Eighteenth Bank, Limited
 Mitsui O.S.K. Lines, Ltd.
 KOMATSU SEIREN CO.,LTD.
 KOMATSU LTD.
 OGURA CLUTCH CO.,LTD.
 Kojima Iron Works Co.,Ltd.
 Ono Sangyo Co., Ltd.
 SHOKO CO., LTD.
 Showa Denko K.K.
 Matsudo Kousan
 ZOJIRUSHI CORPORATION
 T.D.I. CO., LTD.
 NIPPON STEEL & SUMIKIN ENGINEERING CO.,LTD.
 NS Solutions Corporation
 SHIN NIPPON BIOMEDICAL LABORATORIES,LTD.
 SHINNIHON CORPORATION
 NIPPON STEEL & SUMITOMO METAL CORPORATION
 Mori-Gumi Co.,Ltd.
 SHINYEI KAISHA
 Kobe Steel, Ltd.
 Kobe Electric Railway Co., Ltd.
 Kobelco Eco-Solutions Co., Ltd.
 Shinko Wire Company,Ltd.
 Shinsho Corporation
 Konoshima Chemical Co., Ltd.

SHINTO PAINT COMPANY, LIMITED
 ZUKEN INC.
 Tosho Printing Company, Limited
 SUGITA ACE CO., LTD.
 The Resolution and Collection Corporation
 THE SHIMIZU BANK, LTD.
 SEIWA CHUO HOLDINGS CORPORATION
 Kabushiki Kaisha Seiyoken.
 THE SAIKYO BANK, LTD.
 NISHIKAWA RUBBER CO.,LTD.
 Nishi-Osaka Railway Co.,Ltd.
 West Japan Construction Surety Co., Ltd.
 NIPPON TELEGRAPH AND TELEPHONE WESTCORPORATION
 Seiyo Food-Compass Group,Inc.
 AOYAMA TRADING Co., Ltd.
 Asunaro Aoki Construction Co., Ltd.
 Kawasaki Heavy Industries, Ltd.
 KAWASAKI SETSUBI KOGYO CO.,LTD.
 KAWASAKI THERMAL ENGINEERING CO., LTD.
 ASAKA INDUSTRIAL CO., LTD.
 MAEDA ROAD CONSTRUCTION CO.,LTD.
 MAEZAWA KYUSO INDUSTRIES CO.,LTD.
 Sojitz Corporation
 Sotetsu Urban Creates Co., Ltd
 Sotetsu Holdings, Inc.
 Soken Chemical & Engineering Co., Ltd.
 ZAOH COMPANY, LTD.
 TAIHEIYO CEMENT CORPORATION
 Taiyo Kisokogyo Co., Ltd.
 TAIYO YUDEN CO., LTD.
 The Ogaki Kyoritsu Bank, Ltd.
 National Institutes for the Humanities
 DAIKYO INCORPORATED
 DAIKEN MEDICAL CO., LTD.
 TAIKO PHARMACEUTICAL CO., LTD.
 Osaka Gas Chemicals Co., Ltd.
 OSAKA GAS CO., LTD.
 OSAKA KOHKI CO., LTD.
 OSAKA STEEL CO., LTD.
 Taisei Lamick Co.,Ltd.
 TAISEI ROTEC CORP.
 TAISEI CORPORATION
 Taisei-Yuraku Real Estate Co.,Ltd.
 DAISO INDUSTRIES CO., LTD.
 DAITO GYORUI CO., LTD.
 DAIDO KOGYO CO.,LTD.
 Sumitomo Dainippon Pharma Co., Ltd.
 Dai Nippon Toroy Company,Limited
 Pacific Metals Co., Ltd.
 Taiho Transportation Co., Ltd.
 DAIHO CORPORATION
 DAIREI CO., LTD.
 Daiwa PI Partners Co.Ltd.
 Daiwa International Holdings Inc.
 Daiwa investment management Inc
 Daiwa Next Bank, Ltd.
 Daiwa House REIT Investment Corporation
 Daiwa Securities Co. Ltd.
 Daiwa Office Investment Corporation
 Daiwa Securities Group Inc.
 Daiwa Asset Management Co.Ltd.
 DKS Co. Ltd.
 DAIICHI SANKYO COMPANY, LIMITED
 The Daishi Bank, Ltd.
 TAKISAWA MACHINE TOOL CO.,LTD.
 SAWAI PHARMACEUTICAL CO., LTD.
 CHITA KOGYO CO., LTD.
 Kobe City Hospital Organization
 OSAKA CITY HOSPITAL ORGANIZATION
 Tokyo Metropolitan Industrial Technology Research Institute

TAKENAKA CORPORATION
 TAKEDA PRINTING CO., LTD.
 Tsukuba Bank, Ltd.
 CENTRAL AUTOMOTIVE PRODUCTS LTD.
 Chuo Seisakusho, Ltd.
 CHUGAI PHARMACEUTICAL CO., LTD.
 Japan Environmental Storage & Safety Corporation
 CHUKYOIYAKUHIN CO., LTD.
 CHUCO CO.,LTD.
 The Chugoku Bank, Limited
 The Chugoku Electric Power Company, Incorporated
 Nakayama Steel Works, Ltd.
 Chubu Steel Plate Co.,Ltd.
 CHUBU SECURITIES FINANCING CO.,LTD.
 Chubu Electric Power Company, Incorporated
 The Asahi Shimbun Company
 TOBA, INC.
 Torikizoku co., ltd.
 TSUBAKIMOTO KOGYO CO.,LTD.
 IMPERIAL HOTEL, LTD.
 TEIJIN LIMITED
 Teijin DuPont Films Japan Limited
 Teijin Pharma Limited
 TEKKEN CORPORATION
 TENMA CORPORATION
 TAOKA CHEMICAL COMPANY, LIMITED
 TANAKA SEIMITSU KOGYO CO., LTD.
 DENSAN CO., LTD.
 THE SHIMANE BANK, LTD.
 SHIMACHU CO.,LTD.
 East Asia United Steel Corporation
 TOSOH CORPORATION
 TOLI Corporation
 TOKYO PRINTING INK MFG. CO., LTD.
 Tokyo Electron Limited
 TOKYO ELECTRON DEVICE LIMITED
 Tokyo Gas Urban Development Co.,Ltd.
 The Tokyo Star Bank, Limited
 TOKYO DOME CORPORATION
 TOKYO BOARD INDUSTRIES CO., LTD.
 Tokyo Gas Co.,Ltd.
 Tokyo Kisen Co.,Ltd.
 TOKYO SANGYO CO., LTD.
 TOKYO STEEL MANUFACTURING CO., LTD.
 TOKYO BROADCASTING SYSTEM HOLDINGS, INC.
 TRANS-TOKYO BAY HIGHWAY CORPORATION
 TOKYO TEKKO CO.,LTD.
 Toukei Computer Co., Ltd.
 TOSHO CO., LTD.
 TOTETSU KOGYO CO.,LTD.
 Totenko Co., Ltd.
 East Japan Construction Surety Co.,Ltd.
 NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION
 East Japan Railway Company
 Tobu Shared Service Co.,Ltd
 TOBU STORE CO., LTD.
 TOBU TOWER SKYTREE CO., LTD.
 TOBU RAILWAY CO.,LTD.
 Toho Acetylene Co., Ltd.
 TOHO GAS CO., LTD.
 Tohoku Steel Co.,Ltd.
 Toyo Tire & Rubber Co., Ltd.
 TOYO SECURITIES CO.,LTD.
 TOYO SUISAN KAISHA, LTD.
 Toyo Sugar Refining Co., Ltd.
 TOYOBO CO.,LTD.
 TOYO KNIFE CO., LTD.
 Toyo Logistics Co.,Ltd.
 Tokushu Tokai Paper Co.,Ltd.
 Organization for Environment Improvement around Airport

National Center for Geriatrics and Gerontology
Management Organization for Postal Savings and Postal Life Insurance
Japan Labour Health and Welfare Organization
Environmental Restoration and Conservation Agency
Organization for Workers' Retirement Allowance Mutual Aid
Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers
National Printing Bureau
National Agency for Automotive Safety and Victims' Aid
Japan Water Agency
Japan MINT
Organization for Small & Medium Enterprises and Regional Innovation, JAPAN
Japan Railway Construction, Transport and Technology Agency
JAPAN SOCIETY FOR THE PROMOTION OF SCIENCE
Japan Arts Council
Japan External Trade Organization
Nippon Export and Investment Insurance
Agriculture & Livestock Industries Corporation
Agriculture, Forestry and Fisheries Credit Foundations
WELFARE AND MEDICAL SERVICE AGENCY
Northern Territories Issue Association
TOPPAN PRINTING CO., LTD.
Nara Kotsu Bus Lines Co., Ltd.
Nara Ikoma Rapid Railway Co., Ltd.
Naikai Zosen Corporation
Uchida Yoko Co., Ltd.
Nankai Tatsumura Construction Co., Ltd.
Nankai Electric Railway Co., Ltd.
The Nanto Bank, Ltd.
NICHIA CORPORATION
NICHIA STEEL WORKS, LTD.
Nichi-Iko Pharmaceutical Co., Ltd.
NICCA CHEMICAL CO., LTD.
JGC CORPORATION
Nikko Asset Management Co., Ltd.
NIKKO CO., LTD.
The Japan Living Service Co., LTD.
NISSHO ELECTRONICS CORPORATION
NISSIN CORPORATION
Nissin Electric Co., Ltd.
NISSEI BUILD KOGYO CO., LTD.
NIPPON STEEL & SUMIKIN TEXENG. CO., LTD.
Nippon Steel & Sumikin Finance Co., Ltd.
Nippon Steel & Sumikin Koutetsu Wakayama Corporation
Nippon Steel & Sumikin Coated Sheet Corporation
NITTO DENKO CORPORATION
Japan-Brazil Niobium Corporation
Hibiya Engineering, Ltd.
NIPPO LTD.
GE Japan Corporation
Nippon Accommodations Fund Inc.
Nippon Avionics Co., Ltd.
JAPAN ALCOHOL TRADING CO., LTD.
Nippon Usiminas Co., Ltd.
SHL-JAPAN Ltd.
Emergency Assistance Japan Co., Ltd.
Nippon Conveyor Co., Ltd.
Japan-Singapore Petrochemicals Co., Ltd.
NIHON DECOLUXE CO., LTD.
Japan Trustee Services Bank, Ltd.
Japan Transcity Corporation
NIHON TRIM CO., LTD.
NIPPON PILLAR PACKING CO., LTD.
Nippon Building Fund Inc.
NIPPON FELT CO., LTD.
NIHON PLAST CO., LTD.
Nippon Prologis REIT, Inc.
Nippon Healthcare Investment Corporation
Nippon Manufacturing Service Corporation
NIPPON RIETEC CO., LTD.
NIPPON REIT Investment Corporation

Nippon Record Keeping Network Co., Ltd.
Nippon Ichi Software, Inc.
Japan Freight Railway Company
Japan Drilling Co., Ltd.
Nippon Air conditioning Services Co., Ltd.
Japan Airlines Co., Ltd.
Nippon Koshuha Steel Co., Ltd.
NIPPON KONPO UNYU SOKO CO., LTD.
Nihon Yamamura Glass Co., Ltd.
Japan Corporate Housing Service Co., Ltd.
Nippon Signal Company, Limited
Japan Oil Transportation Co., Ltd.
Japan Bond Trading Co., Ltd.
The Japan Research Institute, Limited
Nippon Beet Sugar Manufacturing Co., Ltd.
NEC Corporation
Nippon Electric Glass Co., Ltd.
JAPAN ELECTRONIC MATERIALS CORPORATION
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
NIHON ELECTRIC WIRE & CABLE CO., LTD.
NIHON DEMP KOGYO CO., LTD.
NGK SPARK PLUG CO., LTD.
JAPAN POST HOLDINGS Co., Ltd.
JAPAN POST HOLDINGS Co., Ltd.
JAPAN POST TRANSPORT Co., Ltd.
Hitachi Zosen Corporation
Government Pension Investment Fund, Japan
NOMURA Co., Ltd.
NOHMI BOSAI LTD.
KAITORI OKOKU CO., LTD.
HAGIWARA ELECTRIC CO., LTD.
Hakuto Co., Ltd.
HAKUHODO INCORPORATED
HAKUHODO DY HOLDINGS INCORPORATED
Hakuhodo DY Media Partners Incorporated
Yashima Denki Co., Ltd.
Yachiyo Industry Co., Ltd.
IINO KAIUN KAISHA, LTD.
RYOYO ELECTRO CORPORATION
The Hyakugo Bank, Ltd.
SHINAGAWA REFRACTORIES CO., LTD.
Fudo Tetra Corporation
FUJI OIL CO., LTD.
FUJI MACHINE MFG. CO., LTD.
FUJI KOSAN COMPANY, LTD.
Fuji Heavy Industries Ltd.
FUJI SEIKO LIMITED
Fuji Pharma Co., Ltd.
Fuji Oil Company, Ltd.
FUJI HENSOKUKI CO., LTD.
Takeda Pharmaceutical Company Limited
The Fukui Bank, Ltd.
FUKUYAMA TRANSPORTING CO., LTD.
HIRATA Corporation
HEIWA REAL ESTATE REIT, Inc.
HOKUETSU KISHU PAPER CO., LTD.
Hokkaido Soda Co., Ltd.
THE KITAKYUSHU BANK, Ltd.
KITAGAWA IRON WORKS CO., LTD.
North Pacific Bank, Ltd.
Hokuriku Denwa Kouji Co., Ltd.
HORIBA, Ltd.
HONDA MOTOR CO., LTD.
Honda R&D Co., Ltd.
MAINICHI BROADCASTING SYSTEM, INC., (MBS)
The Bank of Nagoya, Ltd.
Nagoya Railroad Co., Ltd.
Meitetsu Transport Co., Ltd.
Meito Sangyo Co., Ltd.
Meiji Yasuda Life Insurance Company

Meiji Yasuda General Insurance Co., Ltd.
MEIJI ELECTRIC INDUSTRIES CO., LTD.
MEIDENSHA CORPORATION
MEIWA INDUSTRY CO., LTD.
Nippon Automated Cargo and Port Consolidated System, Inc.
AIZAWA SECURITIES CO., LTD.
Riken Vitamin Co., Ltd.
RISO KAGAKU CORPORATION
RYOHIN KEIKAKU CO., LTD.
SUZUKI METAL INDUSTRY CO., LTD.
WADAKOHSAN CORPORATION
Kirin Brewery Company, Limited.
TAKAMATSU CONSTRUCTION GROUP CO., LTD.
Takashimaya Company, Limited
TAKAGI SECURITIES CO., LTD.

A.4 KPMG's 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.