



Transparency Report 2019

1. Message from the local Senior Partner

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

AZSA Quality 2019 introduces efforts at KPMG AZSA LLC to improve audit quality, the foundation of which is KPMG's globally consistent audit quality. In this transparency report, we will additionally introduce KPMG's system for ensuring audit quality.

2. Who we are

2.1 Our business

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

2.2 Our strategy

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

To be 'The Clear Choice' for our clients, people and society.

3. Our structure and governance

3.1 Legal structure

■ Legal structure and ownership

KPMG AZSA LLC is affiliated with KPMG International Cooperative ("KPMG International"). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business activities, including our relationship with it, are available in section 'Governance and leadership' to the KPMG International Transparency Report.

KPMG AZSA LLC is part of a global network of professional services firms providing Audit, and Advisory services to a wide variety of public and private sector organizations. KPMG International's structure is designed to support consistency of service quality and adherence to agreed values wherever its member firms operate. KPMG AZSA LLC is a limited liability company incorporated under the Japanese Certified Public Accountants Law.

As at 30 June 2019, there were 598 partners in KPMG AZSA LLC (30 June 2018: 603 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 the Appendix.

3.2 Name, ownership and legal relationships

KPMG is the registered trademark of KPMG International and is the

name by which the member firms are commonly known. The rights of member firms to use the KPMG name and trademarks are contained within agreements with KPMG International.

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

3.3 Responsibilities and obligations of member firms

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

Member firms commit to a common set of KPMG's values (see section 4.1).

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved

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

■ Governance structure

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

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

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

Partners Meeting

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

Senior Executive Board

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

Executive Board

Discuss execution of duties by Executive Board members.

Comprises the Managing Partner, Deputy Managing Partner, and Executive Board members. Meetings are held monthly.

Senior Review Board

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

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

Management Oversight Committee

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

Public Interest Oversight Committee

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

4. System of quality control

4.1 System of quality control

■ Overview

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

A robust and consistent system of quality control is an essential requirement in performing high-quality services. Accordingly, KPMG

International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual) available to all KPMG personnel.

These policies and associated procedures are designed to assist member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances, as well as help member firm personnel act with integrity and objectivity and perform their work with diligence.

These policies and procedures are based on the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB), and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). Both of these are relevant to member firms that perform statutory audits and other

assurance and related services engagements. KPMG AZSA LLC is required to implement KPMG International policies and procedures and also adopts additional policies and procedures that are designed to address rules and standards issued by the Financial Services Agency and JICPA, and other relevant regulators as well as applicable legal and regulatory requirements. Amendments to risk and quality policies, including ethics and independence policies, are included in quality and risk management alerts and are communicated by email. KPMG AZSA LLC is required to implement changes specified in the email alerts and this is checked through internal monitoring. Quality control and risk management are the responsibility of all KPMG AZSA LLC personnel. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to all KPMG personnel wherever they are based. While many KPMG's quality control processes are cross-functional and apply equally to advisory work, the remainder of this section focuses on the delivery of quality audits.

■ Audit quality framework

At KPMG AZSA LLC, audit quality is not just about reaching the right opinion but how that opinion is reached. It is about the processes, thought, and integrity behind the auditors' report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with relevant professional standards and applicable legal and regulatory requirements. To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG International has developed the Audit Quality Framework. This framework uses a common language that is adopted by all KPMG member firms, including KPMG AZSA LLC, to describe what the KPMG network believes drives audit quality, and to highlight how every audit professional at each KPMG member firm contributes to the delivery of audit quality.



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

4.2 Tone at the top

The culture of KPMG International and KPMG member firms is underpinned by a strong set of values and supporting policies and processes, which enable the right attitudes and behaviors to permeate throughout the KPMG network.

Our global leadership, working with regional and member firm leaderships, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence. A culture based on quality, integrity and ethics is essential in an organization that carries out audits and other services on which stakeholders and investors rely.

At KPMG AZSA LLC, we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG AZSA LLC leadership demonstrates commitment to quality, ethics, and integrity as well as communicates its commitment to clients, stakeholders, and society at large. Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG's value — "Above all, we act with integrity." Integrity means constantly striving to uphold the highest professional standards, providing sound good-quality advice, and rigorously maintaining our independence.

The KPMG values, which have been explicitly codified for a number of years, are embedded into working practices and compliance culture at KPMG AZSA LLC.

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

■ KPMG Global Code of Conduct

KPMG's commitment to integrity and quality is enshrined in KPMG's values that lie at the heart of the way we do things. They define KPMG's diverse and inclusive culture and our commitment to the right personal and professional conduct. KPMG's values emphasize that, above all, KPMG personnel act with integrity, uphold the highest professional standards, and provide sound advice while rigorously maintaining independence and complying with laws, regulations, and professional standards. KPMG's values are communicated clearly to all people and are embedded into member firms' people processes — induction, performance development, and reward.

Building on KPMG's values is the KPMG Global Code of Conduct. Member firms, including KPMG AZSA LLC, are required to adopt, as a minimum, the Global Code of Conduct.

■ KPMG AZSA LLC Code of Conduct

The KPMG AZSA LLC Code of Conduct lays out the expectations of ethical behavior for all partners and employees at KPMG AZSA LLC and is built on the foundation of KPMG's values, the shared set of beliefs and principles at KPMG. In addition, the KPMG AZSA LLC Code of Conduct emphasizes that each partner and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility. The KPMG AZSA LLC Code of Conduct sets out our commitments and includes provisions that require KPMG personnel, in summary, to:

- comply with all applicable laws, regulations, professional standards, and KPMG AZSA LLC policies;
- work with the right clients and third parties;
- focus on quality;
- not tolerate any illegal or unethical acts, committed within KPMG AZSA LLC, by clients or suppliers, or public officials with whom we deal;
- protect information;
- compete fairly;
- help our people to be extraordinary;
- be responsible corporate citizens;
- build public trust.

All KPMG AZSA LLC personnel are required to:

- comply with both the Global Code of Conduct and the KPMG AZSA LLC Code of Conduct and confirm their compliance with the Code of Conduct upon joining the firm and annually thereafter;
- complete regular training covering the Code of Conduct upon joining the firm and annually thereafter.

Individuals are encouraged to speak up when they see something that makes them uncomfortable or that is inconsistent with the KPMG's values. Moreover, everyone at KPMG is responsible for reporting, and is required to report, any activity that could potentially be illegal or in violation of the KPMG's values, KPMG's policies, applicable laws, regulations, or professional standards.

We have procedures and established channels of communication so that our personnel can report ethical and quality issues. Retaliation is prohibited against individuals who 'raise their hand' and speak up in good faith.

In addition, the KPMG International hotline is a mechanism for all KPMG partners, employees, clients, and other external parties to confidentially report their concerns related to certain areas of activity by KPMG International itself, KPMG member firms or the senior leadership or employees of a KPMG member firm. At KPMG AZSA LLC, we regularly monitor the extent to which our people feel we live KPMG's values through the Global People Survey (GPS) (refer to section 4.5.(7)).

4.2.1 Leadership responsibilities for quality and risk management

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

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

Managing partner

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

of quality control including audit response to fraud risk.

The Executive Board member in charge of Quality

Operational responsibility for the system of quality control, risk management, and compliance in KPMG AZSA LLC has been delegated to the Executive Board member in charge of Quality who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for the firm. Managing Partner and the Executive Board member in charge of Quality communicate our internal policy about our system of quality control, and behavior and message prioritizing audit quality to professionals, through internal meetings and newsletters. Engagement partner is responsible for quality and risk management of each engagement involved.

4.3 Association with the right clients

4.3.1 Acceptance and continuance of clients and engagements

One of the keys to managing audit quality is to understand the nature of our clients and the issues they face and build a robust audit response to the identified risks.

We understand our clients are linked to the quality of our work and our reputation.

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

4.3.2 Prospective client and engagement acceptance process

KPMG AZSA LLC undertakes an evaluation of every prospective client.

This involves background checks on the prospective client, its key management, and significant beneficial owners and then properly analyzing the information to be able to make an informed acceptance decision. This evaluation includes the completion of a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors, and owners. We also obtain additional information required to satisfy our local legal and/or regulatory requirements. A second partner, as well as the evaluating partner, approves each prospective client evaluation. Where the client is considered to be 'high risk', additional approvals by the Risk Management Partner and, in some cases, the office managing partner, or the Executive Board member in charge of Quality, are required.

■ Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, as well as factors specific to the type of engagement. For audit services, these include

the competence of the client's financial management team, the skills and experience of personnel assigned to staff the engagement and fraud risk. The evaluation is made in consultation with other senior KPMG AZSA LLC personnel and includes review by quality and risk management leadership as required.

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

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client. We follow specific procedures (detailed further in section 4.2) (7) to identify and evaluate threats to independence for prospective audit clients that are public interest entities.

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

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

4.3.3 Continuance process

KPMG AZSA LLC undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place.

Recurring or long-running non-audit engagements are also subject to the re-evaluation. In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile.

4.3.4 Withdrawal

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

4.3.5 Client portfolio management

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

We review each audit partner's client portfolio at least annually in individual discussions with the audit partner. The reviews consider the industry, nature, and risk of the client portfolio as a whole along with the competence, capabilities, and capacity of the partner to deliver a quality audit for every client.

4.4 Clear standards and robust audit tools

All KPMG AZSA LLC professionals are expected to adhere to KPMG International and KPMG AZSA LLC policies and procedures,

including independence policies. They are provided with a range of tools and guidance in order to meet these expectations.

The policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical, and quality control standards, as well as other relevant laws and regulations.

4.4.1 Our approach to audit

KPMG has been investing significantly in evolving the network's audit capabilities and will continue to do so in the coming years including a new global electronic audit workflow delivered through KPMG Clara platform — KPMG's smart, modular audit platform — capable of continually integrating new and emerging technologies, with advanced capabilities embedded that leverage data, automation, and visualization. Data & Analytics (D&A) is integral to the way how KPMG member firms obtain audit evidence and interact with clients in the digital era.

KPMG's high-quality audit process will continue to include:

- timely partner and manager involvement throughout the engagement
- access to the right knowledge including involvement of specialists, training and experience requirements, and relevant industry expertise;
- critical assessment of all audit evidence obtained during the audit, exercising appropriate professional judgment;
- ongoing mentoring, supervision, and review of the engagement team.

4.4.1.1 Consistent audit methodology and tools

Significant resources are dedicated to keeping KPMG's standards and tools complete and up to date. The KPMG audit methodology, developed by the Global Service Centre (GSC), is based on the requirements of the International Standards on Auditing (ISAs). The KPMG audit methodology is set out in KPMG Audit Manual (KAM) and includes additional requirements that go beyond the ISAs, which KPMG International believes enhance the audit quality. The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence. Enhancements to the audit methodology, guidance, and tools are made regularly to be in compliance with standards, emerging auditing areas of focus, and audit quality results (internal and external). Key topics include accounting estimates, internal control, revenue recognition, group audits, audit sampling and risk assessment.

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

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. The KPMG audit methodology encourages the use of specialists when appropriate, and also requires the involvement of relevant specialists in the core audit engagement team when certain criteria are met or where the audit team considers it appropriate or necessary.

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

and supplement the policies and procedures set out in the Global Q&RM Manual that is applicable to all KPMG member firms, functions, and personnel.

The KPMG audit workflow is enabled through eAudIT, an activity-based workflow and electronic audit file. eAudIT is KPMG's audit documentation workflow that allows 75,000+ professionals to complete high-quality and consistent audits. eAudIT integrates KPMG's audit methodology, guidance, and industry knowledge as well as the tools needed to execute and document the audit work performed.

eAudIT can be "scaled" to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to our audit guidance, professional standards, and documentation templates. Significant investments are underway to revise and enhance the KPMG audit methodology (KAM) and workflow tool (eAudIT), with the deployment of KPMG Clara Workflow which was piloted in 2018 and is planned for initial deployment globally in 2019 and full deployment beginning in 2020.

■ KPMG Clara, KPMG Clara Workflow and Audit Data & Analytics (D&A)

KPMG International is making significant investments to improve audit quality, drive consistency in the execution of audits, and strengthen both the member firm and global monitoring of engagements.

■ KPMG Clara

In 2017, KPMG International commenced the global launch of KPMG Clara — KPMG's Smart Audit Platform — bringing together KPMG's Audit Data & Analytics (D&A) capabilities, innovative new technologies, collaboration capabilities, and audit workflow.

This represents KPMG's ambition to:

- transform audit execution for our people and clients through new, modern technology-enabled interfaces and collaboration functionality;
- integrate the required capability to digitize the audit and deliver new D&A routines; enable an enhanced and re-designed workflow;
- incorporate the development of monitoring capabilities at the engagement-level and across engagement portfolios for use by engagement teams and member firms;
- support global leadership's monitoring of the effectiveness of member firm systems of quality control;
- develop an extendable audit platform to enable member firm customization and scale, as well as future capabilities.

■ KPMG Clara workflow

Building on the launch of KPMG Clara in 2017, KPMG International is creating a new workflow tool that will be used by KPMG audit teams to execute and document KPMG audits. It will be intuitive, user-friendly, and modern. The new system will genuinely be a workflow guiding audit teams through a series of steps in a logical sequence, with clearer display of information and visuals, knowledge and guidance available as and when needed, and with embedded advanced D&A capabilities. The workflow and methodology will also be scalable — adjusting the requirements to the size and complexity

of the audit engagement. This globally driven project will significantly overhaul and redesign the execution of an audit by KPMG professionals and drive improvements in audit quality.

■ Audit data & analytics (D&A)

KPMG's audit, powered by D&A:

- It enhances audit quality by providing a deeper understanding of data populations, giving focus to higher risk transactions.
- It is secure as it restricts access to data both in transit and within KPMG's IT environments.
- It provides transparency by facilitating detailed analysis to uncover the reasons behind, and root causes of, outliers and anomalies as well as providing increased visibility into higher risk transactions and process areas.

D&A tools and routines are built on principles and professional standards underlying an audit and do not relieve auditors of their responsibilities.

4.4.2 Independence, integrity, ethics and objectivity

4.4.2.1 Overview

Auditor independence is a cornerstone of international professional standards and regulatory requirements. KPMG International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics.

These are set out in KPMG's Global Q&RM Manual. Automated tools facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with the standards issued by the Certified Public Accountant Law and Code of Ethics issued by the JICPA.

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

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

KPMG AZSA LLC has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications.

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

KPMG AZSA LLC personnel are required to consult with the EIP on certain matters as defined in our internal rules. Consultations may also be required with the Global Independence Group, depending upon the facts and circumstances.

4.4.2.2 Personal financial independence

KPMG International policies require that KPMG member firms and KPMG professionals are free from prohibited financial interests in,

and prohibited relationships with, KPMG member firm audit clients, their management, directors, and significant owners. The policies also extend the IESBA Code of Ethics restrictions on ownership of audit client securities to every partner and all staff who are manager grade or above in our firm in respect of any audit client of any member firm.

KPMG AZSA LLC professionals are responsible for making appropriate inquiries and taking other appropriate actions on an ongoing basis to ensure that they do not have any personal financial, business or family interests that are restricted for independence purposes.

In common with other KPMG member firms, we use a web-based independence compliance system (KICS) to assist our professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments. Partners and all manager grade and above client-facing personnel are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments must be disposed of within five business days of the notification.

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

4.4.2.3 Employment relationships

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

Former members of the audit team or former partners of KPMG AZSA LLC are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG AZSA LLC, including payments which are not fixed and determined and/or would be material to KPMG AZSA LLC and ceased participating in KPMG AZSA LLC business and professional activities.

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

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

4.4.2.4 Firm financial independence

KPMG member firms must also be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors, and significant owners.

In common with other KPMG member firms, KPMG AZSA LLC uses KICS to record its own investments (made, for example, through pension and retirement plans and treasury activities) in the web-based independence tracking system. This record is monitored through our compliance process.

4.4.2.5 Business relationships/suppliers

KPMG AZSA LLC has policies and procedures in place that are

designed to ensure its business relationships are maintained in accordance with the IESBA Code of Ethics, Japanese Certified Public Accountant Law, Code of Ethics issued by the JICPA and SEC, US PCAOB rule requirements.

4.4.2.6 Independence clearance process

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

4.4.2.7 Independence training and confirmations

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

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

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

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

4.4.2.8 Partner rotation

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

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

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

KPMG AZSA LLC monitors the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and EQC Reviewer, where there is a rotation requirement) and develops

transition plans to enable the allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

The partner rotation monitoring is subject to compliance testing.

4.4.2.9 Non-audit services

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

We are required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG AZSA LLC. KPMG AZSA LLC's EIP is involved in the review of potential independence issues and the Global Independence Group is involved in the case of services developed which are intended to be delivered to audit or assurance clients in more than one jurisdiction.

In addition to identifying potential conflicts of interest, Sentinel™ facilitates compliance with these policies.

Certain information on all prospective engagements, including service descriptions and fees, must be entered into Sentinel™ as part of the engagement acceptance process.

Lead audit engagement partners are required to maintain group structures for their publicly traded and certain other audit clients as well as their affiliates in Sentinel™, and they are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

Sentinel™ enables lead audit engagement partners for entities for which group structures are maintained to review and approve, or deny, any proposed service for those entities worldwide.

4.4.2.10 Fee dependency

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

They require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years.

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

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

4.4.2.11 Avoiding conflicts of interest

Conflicts of interest can arise in situations where KPMG AZSA LLC personnel have a personal connection with the client which may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the RMP or the EIP is required in these situations.

All KPMG member firms and personnel are responsible for

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

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

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients, and making arrangements to monitor the operation of such dividers.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict.

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

4.4.2.12 Breaches of independence policy

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

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

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

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

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

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

Further information on KPMG International anti-bribery and corruption policies can be found on the anti-bribery and corruption site.

4.4.2.14 Insider trading prevention

In order to prevent insider trading, KPMG AZSA LLC has internal rules and procedures that aim to establish information credibility in the capital markets. These include the prohibition of holding or trading in the securities of audited entities and registration on a web-based independence tracking system to monitor personal

investments in publicly traded companies in Japan and other jurisdictions.

All partners and employees understand our insider trading policy through appropriate training and provide an annual confirmation that they have remained in compliance with applicable policies throughout the period.

4.5 Recruitment, development, and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring that our professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit.

This requires appropriate recruitment, development, promotion, and retention assignment of professionals.

The KPMG performance development approach, linked to the KPMG's values, is designed to articulate what is required for success — both individually and collectively. Ensuring audit quality is an essential element of the training, planning, and development underway to support the KPMG Clara Workflow roll-out and the associated updated KPMG audit methodology, with processes embedded in all KPMG learning programs.

4.5.1 Recruitment

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

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

KPMG AZSA LLC does not accept any confidential information belonging to the candidate's former firm/employer. Where individuals are recruited for senior grades (i.e. partner, director), a formal independence discussion is conducted with them by the EIP. The Partner hire process is rigorous and thorough, involving appropriate members of leadership, including the Partners' Meeting and the Senior Executive Board. Our criteria for Partner hires are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

4.5.2 Personal development

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

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

In addition, training sessions are successively provided for each partner and employer to ensure the importance of enhancing, keeping and exhibiting professional skepticism throughout the audit and also to provide member the appropriate opportunities of instruction and training about fraud.

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

4.5.3 Inclusion and Diversity programs

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

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

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

For more information about Inclusion & Diversity at KPMG, read [here](#).

4.5.4 Evaluation process including quality and compliance metrics

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

KPMG AZSA LLC monitors quality and compliance incidents and maintains quality metrics in assessing the overall evaluation, promotion, and remuneration of partners, directors, and managers.

[Partners are also evaluated on key quality and compliance metrics.](#)

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

Reward

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

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

Promotion

The results of performance evaluations directly affect the promotion and remuneration of partners and staff and, in some cases, their

continued association with KPMG.

4.5.5 Partner admissions

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

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

4.5.6 Assignment of professionals

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

Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity based on an annual partner portfolio review to perform the engagement taking into account the size, complexity, and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement). Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with KAM, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own firm or other KPMG member firms.

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

- an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- an understanding of professional standards and legal and regulatory requirements;
- appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing;
- knowledge of relevant industries in which the client operates;
- ability to apply professional judgment;
- an understanding of KPMG AZSA LLC's quality control policies and procedures;
- QPR results and results of regulatory inspections, as well as;
- Insights from our people (GPS).

4.5.7 from our people –People Survey (GPS)

Biennially, KPMG Japan invites all our people to participate in an independent GPS to share their perception about their experience working for KPMG.

The GPS provides an overall measure of our people's engagement through an Employee Engagement Index (EEI) as well as insights into areas driving engagement which may be strengths or opportunities.

The survey also identifies opportunities to strengthen those levels of

engagement. Results can be analyzed by functional or geographic area, grade, role, gender to provide additional insight.

Additional insight is provided on how we are faring on categories known to impact employee engagement.

The survey also specifically provides KPMG AZSA LLC leadership and KPMG global leadership with results related to audit quality, upholding KPMG's values, employee and partner attitudes to quality, leadership, and tone at the top.

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

This includes monitoring GPS results including those related to:

- audit quality and tone at the top;
- employee engagement through the EEI.

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

4.6 Commitment to technical excellence and quality service delivery

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

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

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

4.6.1 Lifetime learning strategy

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

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and KPMG AZSA LLC levels. Training is delivered using a blend of classroom, digital learning, and performance support to assist auditors on the job.

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

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

Licensing

All KPMG AZSA LLC professionals are required to comply with

applicable professional license rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice.

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

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

Mandatory requirements – IFRS and U.S.GAAP engagements

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

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

4.6.3 Access to specialist networks

KPMG AZSA LLC engagement teams have access to a network of local KPMG specialists as well as specialists in other KPMG member firms.

Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities, and objectivity to appropriately fulfill their role. Training on audit concepts is provided to these specialists.

The need for specialists (e.g. Information Technology, Tax, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process.

4.6.4 Culture of Consultation

KPMG encourages a strong culture of consultation that supports member firm teams throughout their decision-making processes and is a fundamental contributor to audit quality.

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

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

These protocols include the policies and procedures for consultation when indicators suggesting material misstatements due to fraud are identified.

Appropriate consultation support is provided to audit engagement professionals through our professional practice resources.

Technical auditing and accounting support is available to all member firms and their professionals through the GSC and ISG as well as the US Capital Markets Group for SEC foreign registrants.

Global Services Centre (GSC)

The GSC's mission is to drive success for KPMG's global network of audit practices through collaboration, innovation, and technology. The GSC develops, maintains, and deploys KPMG's audit methodology and technology-based tools used by KPMG audit professionals to facilitate effective and efficient audits. With three global locations, one in each region, the GSC audit team is made up of professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.

International Standards Group (ISG)

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

Further details about the GSC and ISG and its activities are available in the KPMG International Transparency Report.

Member firm professional practice resource

Appropriate consultation support on auditing and technical accounting matters is provided to audit engagement professionals through our professional practice resources (referred to as Department of Professional Practice or DPP). DPP also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to be escalated to senior partners for final resolution. The ISG is also available for consultation when required. KPMG International policies include minimum requirements for member firm DPPs.

4.6.5 Developing business understanding and industry knowledge

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

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

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

4.7 Performance of effective and efficient audits

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

4.7.1 Ongoing mentoring, supervision, and review

We understand that skills are developed over time and through exposure to different experiences. To invest in the development of skills and capabilities of KPMG professionals, without compromising

on quality, KPMG AZSA LLC promotes a continuous learning environment and supports a coaching culture.

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

We also have policies and procedures on supervision and review throughout the audit to respond appropriately to fraud risks.

Ongoing mentoring, 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;
- identifying matters for consultation with more experienced team members during the engagement.

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

KPMG AZSA LLC has policies and procedures to supervise and review the audit response to fraud risk.

4.7.2 Timely engagement quality control (EQC) reviewers

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

An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the Risk Management Partner or country Head of Audit.

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

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

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

Where any possibility of material misstatements due to fraud is identified, an EQC reviewer is required to evaluate the appropriateness of the risk assessment, audit procedures performed, and audit evidence obtained by the audit team. KPMG AZSA LLC is continually seeking to strengthen and improve the EQC reviewer's role in audits, as this is a fundamental part of the system of audit quality control. To reinforce this, a number of actions have been taken, including:

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

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

4.7.3 Reporting

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

4.7.4 Insightful, open, and honest two-way communication

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

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

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

KPMG Institute

KPMG's Global IFRS Institute provides the latest information about accounting and audit which influence many companies, to assist KPMG member firms and external parties.

For example, IFRS Institute ([Link](#)) provided by KPMG International and KPMG AZSA LLC web site provide easy access to the information.

4.7.5 Communications between predecessor auditor and successor auditor

We have established policies and procedures about communications between predecessor auditor and successor auditor when there is a change of auditors. These communications are monitored at the firm level.

4.7.6 Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Global and KPMG AZSA LLC Code of Conduct, training, and the annual affidavit/confirmation process, that all KPMG professionals are required to complete.

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

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

4.7.7 Risk associated information

We have a system in place for managing information relating to risk assessment and processes that ensure that significant auditing issues, including fraud risk, are communicated to succeeding engagement partners when there is a change of engagement partners.

4.8 Commitment to continuous improvement

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

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

4.8.1 Internal monitoring and compliance programs

Our monitoring programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulation, and KPMG International policies and procedures;

- KPMG AZSA LLC's compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

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

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

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

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

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

Further, in accordance with our system of quality control, we ensure the following processes are performed in order to monitor audit response to fraud risks.

- acceptance and continuance of clients and engagements;
- instruction and training;
- audit process (including supervision and review, response to information arising from within and outside the firm, consultation, timely EOC reviewers and partner rotation);
- communications between predecessor auditor and successor auditor.

■ Audit Quality Performance Reviews (QPRs)

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

Each engagement leader is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements. KPMG AZSA LLC conducts the annual QPR program in accordance with KPMG International QPR instructions.

The reviews are performed at the KPMG AZSA LLC level and are monitored regionally and globally.

Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation, and process

There are robust criteria for the selection of reviewers.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from Audit QPR

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

Reporting

Findings from the QPR program are disseminated to member firm

professionals through written communications; internal training tools; and periodic partner, manager and staff meetings. These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement.

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

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

■ Risk Compliance Program (RCP)

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

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

The objectives of the RCP are to:

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

Where deficiencies are identified, we are required to develop appropriate action plans and monitor the status of each action item.

■ Global Compliance Review (GCR) program

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

The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies. GCRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms.

The GCR provides an independent assessment of:

- a member firm's commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance, and financing support and reinforce this commitment;
- a member firm's compliance with key KPMG policies and procedures;
- the robustness with which the member firm performs its own compliance program (RCP).

We develop action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the Global Quality & Risk Management Steering Group (GQ&RMSG),

and where necessary to appropriate KPMG International and regional leadership, to help ensure timely remedial actions taken by the member firm.

■ Root Cause Analysis (RCA)

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

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

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

■ Recommendations for improvements

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

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

4.8.2 External feedback and dialogue

4.8.2.1 Regulators

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

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

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

4.8.2.2 Client feedback

We proactively seek feedback from clients to monitor their satisfaction with services delivered.

We endeavor to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs.

5. Financial Information

(Million JPY)	2018	2019
Total turnover	97,121	100,493
Audit	76,549	78,285
Other non-audit service	20,571	22,208

6. Partner remuneration

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

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

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

7. Network arrangements

7.1 Legal Structure

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

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

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

7.2 Responsibilities and obligations of member firms

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

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

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

7.3 Professional Indemnity Insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide

basis and is principally written through a captive insurer that is available to all KPMG member firms.

7.4 Governance structure

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

Global Council

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

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

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

Global Board

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

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

The list of Global Board members, as at 1 October 2018 is available in the International Annual Review.

From Japan, Toshiya Mori (Senior Executive Member and Chairman of KPMG Japan) participates as a member of the Global Board, playing an important role in KPMG International management. One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board ("non-executive" members). A key role of the lead director is to act as liaison between the Global Chairman and the "non-executive" Global Board members.

Global Management Team

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

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

The list of Global Management Team members as at 1 October 2018 is available in the KPMG Global Review.

Global Steering Groups

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

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

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

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in section 'Governance and leadership' of the KPMG International Transparency report ([Link](#)).

Each member firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating 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 section 'Governance and leadership' of the KPMG International Transparency Report ([Link](#)).

7.5 Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARL) who serve a regular and ongoing monitoring and consultation function to assess the effectiveness of a member firm's efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to GQ&RM leadership;

The objectives of the ARL role are to:

- assist GQ&RM leadership in the monitoring of member firms' quality and risk activities;
- work with GQ&RM leadership and the International Office of General Counsel (IOGC) when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled; and
- monitor the effectiveness of member firm remediation of significant issues, including identification of the root cause(s) of serious quality incidents.

8. Statement by the Board of KPMG AZSA LLC 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 LLC outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Board of KPMG AZSA LLC has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 4.8.1 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 LLC confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 June 2019.

Further, the Board of KPMG AZSA LLC confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 June 2019.

■ Appendices

A.1 Key legal entities and areas of operation As of June 30, 2019

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

A.2 Details of those charged with governance at KPMG AZSA LLC As of June 30, 2019

Hiroyuki Sakai	Managing Partner, KPMG Japan CEO
Tsutomu Takahashi	Deputy Management Partner, Chief Marketing Officer (CMO)
Hiroyuki Takanami	Senior Executive Board Member, Chief Operating Officer (COO), Office Managing Partner, Tokyo
Toshiya Mori	Senior Executive Board Member, KPMG Japan Chairman , Head of Advisory, Head of Global Japanese Practice, Head of Financial Service, Head of Public Sector, Head of Middle Market Development, Head of Business Development
Kenryo Goto	Senior Executive Board Member, Head of Kansai Region, Office Managing Partner, Osaka
Yasushi Yokoi	Senior Executive Board Member, Head of Tokai Region, Partner-in-Charge–Diversity
Takuji Kanai	Senior Executive Board Member, Head of Audit, KPMG Japan head of Audit
Toshihiro Otsuka	Senior Executive Board Member, Head of People / Chief Human resource Officer (CHO), Partner-in-Charge- Corporate Governance CoE, Sport Business CoE, Integrated Reporting CoE KPMG Japan head of PPC
Masahiro Mekada	Senior Executive Board Member, Chief Financial Officer (CFO), KPMG Japan COO, KPMG Japan CFO
Hiroshi Miura	Senior Executive Board Member, Global Special Missions and Foreign Affairs, Kyoto area counselor
Masahiko Chino	Senior Executive Board Member, Head of Advisory, KPMG Japan head of Advisory

A.3 Public Interest Entities

The list of public interest entity audit clients for which KPMG AZSA LLC has signed an audit opinion during the year ended 30 June 2019 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.

KIKUCHI SEISAKUSHO Co., Ltd.	ABIST Co., Ltd.	HORIBA, Ltd.
HyAS&Co. Inc	FreakOut Holdings, Inc.	Nabtesco Corporation
ZAPPALLAS,INC.	OSAKA YUKA INDUSTRY LTD.	Sincere Co., LTD.
COSEL CO.,LTD.	HOSOKAWA MICRON CORPORATION	W-SCOPE Corporation
ITO EN,LTD.	AZoom Co., Ltd.	TATERU, Inc.
YA-MAN LTD.	SK-Electronics CO., Ltd.	OPT Holding, Inc.
KONOSHIMA CHEMICAL CO.,LTD.	PKSHA Technology Inc.	NICHIA CORPORATION
LIKE Kidsnext Co., Ltd.	Asia Air Survey Co., Ltd.	The Japan Living Service Co., LTD.
KUSURI NO AOKI HOLDINGS CO.,LTD.	SPRIX co., Ltd.	Toyo Tire Corporation
Daito Pharmaceutical Co., Ltd.	Internetworking & Broadband Consulting Co., Ltd.	KOKUYO CO.,LTD.
ASKUL Corporation	Peers Co., Ltd.	ITOKI CORPORATION
TSURUHA HOLDINGS INC.	OLIVER CORPORATION	SAKATA INX CORPORATION
Sankyo Tateyama , Inc.	Koryojuhan Co., Ltd.	Mercuria Investment Co., Ltd.
LIKE Co., Ltd.	Fuji Pharma Co., Ltd.	IBOKIN Co., LTD.
WOOD FRIENDS CO., Ltd.	IGNIS LTD.	V-cube, Inc.
SANKO GOSEI LTD.	ORVIS CORPORATION	Broadleaf Co., Ltd.
Village Vanguard CO.,LTD.	CSS HOLDINGS, Ltd	Sansei Landic Co., Ltd
SATORI ELECTRIC CO.,LTD.	D.I.System Co., Ltd.	MarkLines Co., Ltd.
ERI HOLDINGS CO.,LTD.	LION OFFICE PRODUCTS CORP.	SIIX CORPORATION
SANKI SERVICE CORPORATION	EduLab, inc.	COOKPAD Inc.
EJ Holdings Inc.	HI-LEX CORPORATION	Emergency Assistance Japan Co., Ltd.
SANSAN, Inc.	NATOCO Co., Ltd.	Hokkaido Soda Co., Ltd.
SHINPO CO.,LTD	GENERATION PASS Co., Ltd.	ORO Co., Ltd.
SAKATA SEED CORPORATION	HOTEL NEWGRAND CO.,LTD.	Vision Inc.
GameWith	ZOJIRUSHI CORPORATION	Toukei Computer Co., Ltd
SERIO CORPORATION	NODA CORPORATION	OM2 NETWORK CO.,LTD.
KING JIM CO., LTD.	Kojima Iron Works Co., Ltd.	F@N Communications Inc.
Fibergate, Inc	Asahi Group Holdings, Ltd.	Besterra Co., LTD.
Computer Institute of Japan, Ltd.	Cookbiz Co., Ltd	Wagokoro Co., Ltd.
KeePer Technical Laboratory Co., Ltd	CHUGAI PHARMACEUTICAL CO., LTD.	DyDo GROUP HOLDINGS, INC.
DATA HORIZON CO.,LTD.	Shiseido Company, Limited	OS CO.,LTD.
URBANET CORPORATION CO., LTD.	FUJI HENSOKUKI CO.,LTD.	TAKENAKA CORPORATION
Alpen Co., Ltd.	Cybozu, Inc.	Ryoyo Electro Corporation
Logizard Co., Ltd	K&O Energy Group Inc.	TOKYO DOME CORPORATION
ZERO CO., LTD.	Aiming Inc.	Artner Co., Ltd
Crossfor Co., Ltd.	SHOKO CO., LTD.	People Co., Ltd.
KAWANISHI HOLDINGS, INC.	SEIWA CHUO HOLDINGS CORPORATION	JUST PLANNING INC.
PeptiDream Inc.	BRONCO BILLY CO.,LTD.	ACCESS CO., LTD.
The Global Ltd.	Albert Inc.	ASAHI CO.,LTD.
KOA Shoji Holdings corporation	NICCA CHEMICAL CO., LTD.	PIALA INC.
Ubiteq, INC.	MODEC, Inc.	VALUE GOLF
Techfirm Holdings Inc.	JMC Corporation	Kabushiki Kaisha Seiyoken
Market Enterprise Co., LTD	Alue Co., Ltd.	PALEMO HOLDINGS CO., LTD.
Japan Corporate Housing Service Inc.	AGC Inc.	Daiseki Eco. Solution Co., Ltd.
Uchida Yoko Co., Ltd.	DENTSU INC.	NEOJAPAN, Inc
SANNO CO.,LTD.	C.I. MEDICAL CO.,LTD.	Treasure Factory Co., LTD.
I'LL INC	TSUBAKI NAKASHIMA CO.,LTD	Daiseki Co., Ltd.
Bestone.Com Co., Ltd	ISE CHEMICALS CORPORATION	Escrow Agent Japan, Inc.
UCHIDA ESCO CO.,LTD.	Information Services Intl - Dentsu	JASON CO.,LTD.
Torikizoku co., ltd	UNIFORM NEXT CO., LTD.	NOMURA Co., Ltd.
Brass Corporation	Sanyo Shokai Ltd.	SHIMAMURA CO., Ltd.

SAMCO Inc.	Mobile Factory, Inc	DIP Corporation
Hatena Co., Ltd	HOTTO LINK INC.	Kintetsu Department Store Co., Ltd.
PRAP Japan, Inc.	RS Technologies Co., Ltd.	CAREERLINK Co., Ltd.
SHIMACHU CO.,LTD.	Frontier Management Inc.	Naito & Co., Ltd.
Mani, Inc.	Nippon Paint Holdings Co., Ltd.	WADAKOSAN CO.,LTD.
TRANSACTION CO.,LTD.	CREATE MEDIC CO.,LTD.	Seven & i Holdings Co., Ltd.
RIGHT-FON CORPORATION	Mitsubishi Pencil Co., Ltd.	OKAYA & CO.,LTD.
Access Group Holdings Co., Ltd.	Kyowa Kirin Co., Ltd.	JMACS Japan Co., Ltd.
Strike Co., Ltd.	Showa Denko K.K.	FUJI SEIKO LIMITED
Media Kobo, Inc.	Trend Micro Incorporated	Takashimaya Company, Limited
GIKEN LTD.	NORITZ CORPORATION	CHITA KOGYO CO., LTD.
SHLJapan Ltd.	Kirin Holdings Company, Limited	Kaitori Okoku Co, Ltd
KATO SANGYO CO.,LTD.	Bell-Park Co., Ltd.	PiPEDO HD, Inc.
Kanamic Network Co., LTD	SUMIDA CORPORATION	TSI HOLDINGS CO., LTD.
CRG Holdings, KK	GCA Corporation	PARCO CO., LTD.
SYSTEM INFORMATION CO.,LTD	Nippon Electric Glass Co., Ltd.	S Foods Inc.
Needs Well Inc.	San ju San Financial Group, Inc.	MEDIA DO HOLDINGS Co., Ltd.
SUS Co., Ltd	SoldOut, Inc.	TERRASKY CO.,LTD.
Fixstars Corporation	Sumitomo Rubber Industries, Ltd.	IZUMI CO. LTD.
JUNTENDO CO. LTD.	KENKO Mayonnaise Co., Ltd.	DAIICHI SANKYO COMPANY;LTD
Totenko Co., Ltd.	Adways Inc.	MITANI SANGYO CO., LTD.
Ryohin Keikaku Co., Ltd.	TOHO GAS CO., LTD.	Sumitomo Riko Company Limited
Sobal Corporation	Pla Matels Corporation	TAKISAWA MACHINE TOOL CO.,LTD.
HISAMITSU PHARMACEUTICAL CO.,INC.	Nippon Avionics Co., Ltd.	NIKKO COMPANY
LIFE CORPORATION	NTT Urban Development Corporation	ZOZO, Inc.
PAL GROUP HOLDINGS CO.LTD	Nippon Koshuha Steel Co., Ltd.	IWABUCHI CORPORATION
Halows CO.,LTD.	Kyokuto Boeki Kaisha, Ltd.	NTT DOCOMO, INC.
Signpost Corporation	Nifco Inc.	SAINT-CARE HOLDING CORPORATION
TOYO SECURITIES CO.,LTD.	NORITAKE CO.,LIMITED	TechMatrix Corporation
AMIYAKI TEI CO.,LTD.	POVAL KOGYO CO.,LTD.	Japan Post Insurance Co., Ltd.
Maruto Sangyo Co., Ltd	NITTO KOGYO CORPORATION	Sotetsu Holdings, Inc.
P.S. Mitsubishi Construction Co., Ltd.	LIFENET INSURANCE COMPANY	Encourage Technologies Co., Ltd.
DOUTOR NICHIRE Holdings Co., Ltd.	Daiwa Securities Group Inc.	JACCS CO.,LTD.
United & Collective Co., Ltd.	MEIKO TRANS CO., LTD.	The Chugoku Electric Power Company, Incorporated
RPA Holdings, Inc.	Extreme Co., Ltd	SUBARU CORPORATION
Ricksoft Co., Ltd.	Tsukuba Bank, Ltd	S LINE CO.,LTD.
AIKO CORPORATION	Janis Ltd.	KONISHI CO.,LTD.
Honda Motor Co., Ltd.	Sumitomo Bakelite Co., Ltd.	Japan Foods Co., Ltd.
TOMY COMPANY;LTD.	Meitetsu Transportation Co., Ltd.	HIRATA Corporation
INFOCOM CORPORATION	Kaonavi, Inc.	Sumitomo Mitsui Finance and Leasing Company, Limited
Mitsui Fudosan Co., Ltd.	TAKE AND GIVE. NEEDS Co., Ltd.	Trans-Tokyo Bay Highway Corporation
TECHNO HORIZON HOLDINGS CO.,LTD.	TODA KOGYO CORP.	PRESS KOGYO CO., LTD.
Serverworks Co., Ltd.	MEIJI ELECTRIC INDUSTRIES CO.,LTD.	Daiwa Securities Co., LTD.
AIT CORPORATION	OKAMURA CORPORATION	DESCENTE,LTD.
Hazama Ando Corporation	Fudo Tetra Corporation	NTT DATA CORPORATION
The Bank of Iwate, Ltd.	Zuken Inc.	Mazda Motor Corporation
IINO KAIUN KAISHA, LTD.	Yashima Denki Co., Ltd.	SCREEN Holdings Co., Ltd
KOEI TECMO HOLDINGS CO., LTD.	East Japan Railway Company	DKS Co. Ltd.
TOPPAN PRINTING CO., LTD	Sojitz Corporation	DYNIC CORPORATION
Mitsui Sumitomo Insurance Company, Limited	Solasto Corporation	NOHMI BOSAI LTD.
MS&AD Insurance Group Holdings, Inc.	Sagami Holdings Corporation	NTT FINANCE CORPORATION

TESEC Corporation	SAKURA KCS Corporation	NTT DATA INTRAMART CORPORATION
Jalux Inc,	Phoenix Bio Co., Ltd.	HANWA CO.,LTD.
THE AWA BANK, LTD.	Nankai Tatsumura Construction Co., Ltd.	Riken Vitamin Co., Ltd.
Monex Group,Inc.	Nagoya Railroad Co., Ltd.	MOONBAT Co., Ltd.
THE ROYAL HOTEL,LIMITED	MITSUBISHI ELECTRIC CORPORATION	NICHIHA CORPORATION
MAEDA ROAD CONSTRUCTION CO.,LTD.	OSAKA GAS CO.,LTD.	Nissin Electric Co., Ltd.
NEC CORPORATION	NGK SPARK PLUG CO., LTD.	Kobe Electric Railway Co., Ltd.
NEC Networks and System Integration Corporation	NIKKO CO., LTD.	SEINO HOLDINGS CO., LTD.
RISO KAGAKU CORPORATION	JUTEC Holdings Corporation	SECOM JOSHINETSU CO.,LTD.
IRRC Corporation	TOENEC CORPORATION	Secom Co. Ltd.
DaikyoNishikawa Corporation	JAPAN TRANSCITY CORPORATION	FUKUYAMA TRANSPORTING CO.,LTD.
CORONA CORPORATION	Sanoyas Holdings Corporation	Inabata Co., Ltd.
MESCO,INC.	NEC Capital Solution Limited	IWATANI CORPORATION
Azuma Shipping Co., Ltd.	THE NANTO BANK,LTD.	Nihon Yamamura Glass Co., Ltd.
IWAKI CO.,LTD.	JAPAN OIL TRANSPORTATION CO.,LTD.	AIGAN CO.,LTD.
Kintetsu World Express, Inc.	SANTEN PHARMACEUTICAL CO., LTD.	SANYO INDUSTRIES, LTD.
Fundely Co., Ltd.	DAIHEN Corporation	RESORTTRUST,INC.
KOEI CHEMICAL COMPANY, LIMITED	KAJI TECHNOLOGY CORPORATION	TOSOH CORPORATION
Tokyo Broadcasting System Holdings, Inc.	FUJI OIL HOLDINGS INC.	KANEKA CORPORATION
Zeria Pharmaceutical Co., Ltd.	TERUMO CORPORATION	Nichi-Iko Pharmaceutical Co., Ltd.
JAPAN POST BANK Co., Ltd.	Meiko Electronics Co.,Ltd.	Kintetsu Group Holdings Co., Ltd.
KONICA MINOLTA, INC.	DAIKEN MEDICAL Co., LTD.	Japan Airlines Co., Ltd.
Dai-ichi Life Holdings, Inc.	MARCHE CORPORATION	SHIP HEALTHCARE HOLDINGS Co., Ltd
IMPERIAL HOTEL, LTD.	Toho Acetylene Co., Ltd.	Akatsuki Inc.
Maruha Nichiro Corporation	Takuma Co., Ltd.	YAMAKI CO.,LTD.
Nippon Signal Company, Ltd.	FUJI KOSAN COMPANY,LTD.	Sumitomo Seika Chemicals Company, Limited.
BANDAI NAMCO Holdings Inc.	Tokyo Sangyo Co., Ltd.	NARA KOTSU BUS LINES CO.,LTD.
TAKEDA PRINTING CO., LTD.	Pacific Metals Co., Ltd.	Mitsui O.S.K. Lines, Ltd.
YOKOWO CO.,LTD.	TECHNO ASSOCIE CO., LTD.	TSUKUI CORPORATION
MinebeaMitsumi Inc.	Naikai Zosen Corporation	Tokyo Kisen Co., Ltd.
TAKASHIMA & CO.,LTD.	JAPAN POST HOLDINGS Co., Ltd.	TSUKUI STAFF Corporation
WILSON LEARNING WORLDWIDE INC	DM SOLUTIONS Co., Ltd.	CALBEE, Inc.
SUMITOMO CHEMICAL COMPANY, LIMITED	TAKAGI SEIKO CORPORATION	Space Shower Networks Inc.
TAKASAGO INTERNATIONAL CORPORATION	SANRITSU CORPORATION	Century 21 Real Estate Of Japan Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.	Taisei Lamick Co., Ltd.	MITSUBISHI HEAVY INDUSTRIES LTD.
TBK Co., Ltd.	Tohoku Steel Co., Ltd.	NEWTON FINANCIAL CONSULTING INC.
TOYO SUGAR REFINING CO., LTD.	Sumitomo Metal Mining Co., Ltd.	MAKIYA CO.,LTD.
Sumitomo Realty & Development Co., Ltd.	DAIDO KOGYO CO., LTD.	AIZAWA SECURITIES CO.,LTD.
JECO CO.,LTD.	COLOWIDE Co., Ltd.	JAPAN MATERIAL Co., Ltd.
CHUO SEISAKUSHO, LTD.	NIPPON PILLAR PACKING CO., LTD.	HAGIWARA ELECTRIC HOLDINGS CO., LTD.
CHUCO CO.,LTD.	Interworks, Inc.	TENMA CORPORATION
FUJI CORPORATION	TAKAMATSU MACHINERY CO.,LTD.	MEDIPAL HOLDINGS CORPORATION
Panasonic Corporation	TENOX CORPORATION	NKK SWITCHES CO., LTD.
Nippon Air Conditioning Services Co., Ltd.	THE BANK OF KOCHI,LTD.	SAC'S BAR HOLDINGS INC.
YUTAKA GIKEN CO.,LTD.	North Pacific Bank, Ltd.	NSD CO.,LTD.
TV Asahi Holdings	TAKADAKIKO Co., Ltd.	Stanley Electric Co., Ltd.
HIBIYA ENGINEERING, LTD.	The Iyo Bank, Ltd.	NISHIKAWA RUBBER CO.,LTD.
TEIJIN LIMITED	Shinko Wire Company, Ltd.	Mitsui-Soko Holdings Co., Ltd.
Makita Corporation	FUJIFILM Holdings Corporation	HIROSHIMA GAS CO., LTD.
RENGO CO.,LTD.	PALTAC Corporation	IX Knowledge Inc.
SHINYEI KAISHA	ALINCO INCORPORATED	Japan Display Inc.

Kawasaki Heavy Industries, Ltd.	A&D Company, Limited	Okamoto Machine Tool Works, Ltd.
JAPAN ELECTRONIC MATERIALS CORPORATION	MAX CO., LTD.	TAIYO YUDEN CO., LTD.
Nankai Electric Railway Co., Ltd.	TSUTSUMI JEWELRY CO.,LTD.	Eidai Co., Ltd.
CHEMIPRO KASEI KAISHA, LTD.	YAMATO CORPORATION	Meidensha Corporation
KAWASAKI SETSUBI KOGYO CO.,LTD.	TAKAKITA CO.,LTD.	WEST JAPAN CONSTRUCTION SURETY CO. LTD.
NIPPO LTD.	IBIDEN CO.,LTD.	Kowa Company, Ltd.
Systema Corporation	AB HOTEL CO.,LTD	TEAC CORPORATION
Kawasaki Thermal Engineering Co., Ltd.	TOLI Corporation	The Shimane Bank, Ltd.
The Aichi Bank, Ltd.	Kansai Paint Co., Ltd.	TOYO SUISAN KAISHA LTD.
SAKURAI LTD.	Hitachi Zosen Corporation	CAPCOM CO., LTD.
DAIKOKU DENKI CO.,LTD.	SINFONIA TECHNOLOGY Co., Ltd	Ap company Co., Ltd
MARUWA CO., LTD.	FUKUDA DENSHI CO.,LTD.	KROSAKI HARIMA CORPORATION
NIKKON Holdings CO.,LTD.	The Chugoku Bank, Limited	The Kodensha, Co., Ltd.
Japan Tissue Engineering Co., Ltd.	SRS HOLDINGS CO.,LTD.	The Ogaki Kyoritsu Bank, Ltd.
CROPS CORPORATION	SEVEN INDUSTRIES Co., LTD.	Fuji Oil Company, Ltd.
KOMATSU MATERE CO.,LTD.	Daiwa Asset Management Co., Ltd.	Yamaguchi Financial Group, Inc.
yossix co., ltd	Tokushu Tokai Paper Co., Ltd.	Densan Co., Ltd
Asaka Industrial Co., Ltd.	USS CO., LTD.	TOKYO STEEL MANUFACTURING CO.,LTD.
Tenpo Innovation CO.,LTD.	The Bank of Nagoya, Ltd.	Shinsho Corporation
IMASEN ELECTRIC INDUSTRIAL CO., LTD.	UNIVANCE CORPORATION	NIPPON FELT CO., LTD.
Cosmo Energy Holdings Co., Ltd.	GEOSTR CORPORATION	DAITO GYORUI CO., LTD.
Chubu Electric Power Company, Incorporated	Toyo Logistics Co., Ltd.	XNET Corporation
Shinwa Co., Ltd	Yachiyo Industry Co., Ltd.	KOMATSU LTD.
PROTO CORPORATION	MIRAIT Holdings Corporation	NICHIA STEEL WORKS, LTD.
TOSHO CO.,LTD.	Sumitomo Mitsui Trust Holdings, Inc.	ALFRESA HOLDINGS CORPORATION
Chubu Steel Plate Co., Ltd.	Sumitomo Mitsui Trust Bank, Limited	NS Solutions Corporation.
Meito Sangyo Co., Ltd.	Keio Corporation	MITSUBISHI MATERIALS CORPORATION
SUNCORPORATION	OGURA CLUTCH CO.,LTD.	DISCO CORPORATION
MUTO SEIKO CO.	DAI-DAN CO., LTD.	CAR MATE MFG.CO.,LTD.
Lecip Holdings Corporation	HIROSE ELECTRIC CO.,LTD.	SANKO METAL INDUSTRIAL CO., LTD.
CASIO COMPUTER CO.,LTD.	JGC Corporation	SHINAGAWA REFRACTORIES CO.,LTD.
Mitsuuroko Group Holdings Co., Ltd.	ORIENTAL LAND CO.,LTD.	Mitsui Mining and Smelting Company, Limited
SANTEC CORPORATION	TOKYO ELECTRON DEVICE LIMITED	TAOKA CHEMICAL COMPANY, LIMITED
MOS FOOD SERVICES, INC.	NIPPON RIETEC CO., LTD.	FFRI, Inc.
CHUKYO IYAKUHIN CO., LTD.	The Fukui Bank, Ltd.	SANYU CO.,LTD.
SOTOH CO.,LTD.	ANRITSU CORPORATION	gremz, Inc.
Marudai Food Co., Ltd.	ORIX CORPORATION	SEGA SAMMY HOLDINGS INC.
THE SHIMIZU BANK,LTD	The Sumitomo Warehouse Co., Ltd.	TOKYO ELECTRON LIMITED
WAKACHIKU CONSTRUCTION CO., LTD	Kobe Steel, Ltd.	SHiDAX CORPORATION
PACIFIC SYSTEMS CORPORATION	HAKUTO CO.,LTD.	Toba Inc.
JSR Corporation	Asunaro Aoki Construction Co., LTD.	Takasago Thermal Engineering Co., Ltd.
MITSUBISHI LOGISTICS CORPORATION	Takeda Pharmaceutical Company Limited	SAN-AI OIL CO.,LTD.
Pasco Corporation	INEST, Inc.	TORIDOLL Holdings Corporation
Sumitomo Electric Industries, Ltd.	K'S HOLDINGS CORPORATION	The Hiroshima Bank, Ltd.
CENTRAL AUTOMOTIVE PRODUCTS LTD.	Takamatsu Construction Group Co., Ltd.	F-TECH INC.
The Kiyo Bank, Ltd.	Sumitomo Dainippon Pharma Co., Ltd.	Marvelous Inc.
Sugai Chemical Industry Co., LTD.	HANKYU HANSHIN HOLDINGS, INC.	Itoham Yonekyu Holdings Inc.
Mitsui E&S Holdings Co., Ltd.	H2O RETAILING CORPORATION	NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Cominix CO.,LTD	NAKAYAMA STEEL WORKS LTD.	Hokuetsu Corporation
ATOM CORPORATION	Sanyo Special Steel Co., Ltd.	O-WELL CORPORATION
ENSHU TRUCK CO., LTD.	HIGASHI TWENTY ONE CO.,LTD.	ARCHITECTS STUDIO JAPAN INC.

SUMITOMO DENSETSU CO.,LTD.	Dai Nippon Toryo Company, Limited	Taiko Pharmaceutical Co., Ltd.
Nanocarrier Co., Ltd.	DOSHISHA CO.,LTD.	SEIKO HOLDINGS CORPORATION
ORIENTAL CHAIN MFG. CO.,LTD.	THE KINKI SHARYO CO.,LTD.	TAIHO TRANSPORTATION CO., LTD.
RAKUS Co., Ltd.	MegaChips Corporation	OSJB Holdings Corporation
TDK Corporation	TOYOBO CO.,LTD.	AHJIKAN CO.,LTD
Kobelco Eco-Solutions Co., Ltd	The Hyakugo Bank, Ltd.	DAIHO CORPORATION
Mori-Gumi Co., Ltd.	TOTETSU KOGYO CO.,LTD.	Nippon Accommodations Fund Inc.
SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.	NAVITAS CO.,LTD.	Mitsui Fudosan Logistics Park Inc.
Metropolitan Intercity Railway Company	Kitagawa Corporation	ORIX JREIT INC.
Data Applications Company, Limited	TOREX SEMICONDUCTOR LTD.	MORI TRUST Hotel Reit, INC.
KYB Corporation	NIPPON STEEL CORPORATION	Shiseido Japan Co., Ltd.
SCSK Corporation	Copro Holdings, KK	Kirin Brewery Company, Limited
OSAKA STEEL CO., LTD.	SYSTEMS DESIGN Co., Ltd.	ASAHI SOFT DRINKS CO., LTD.
NITTO DENKO CORPORATION	SIG CO., Ltd.	ASAHI BREWERIES, LTD.
OKADA AIYON CORPORATION	Taisei Corp.	KYOWA HAKKO BIO CO.,LTD.
Sansha Electric Manufacturing Co., Ltd.	MARUICHI STEEL TUBE Ltd.	Osaka metro Co., Ltd.
ISOLITE INSULATING PRODUCTS CO., LTD.	HIKARI TSUSHIN,INC.	Gyxis Corporation
Godo Steel, Ltd.	Utoc Corporation	Pfizer Japan Inc.
MORIROKU HOLDINGS COMPANY , LTD.	TEKKEN CORPORATION	Matsudo Kousan Co., Ltd.
NIHON DECOLUXE CO.,LTD.	Star Flyer Inc.	Mitsubishi Fuso Truck and Bus Corporation
NISSIN CORPORATION	Ohtone Country Club Limited	Citigroup Global Markets Japan Inc.
FUMAKILLA LIMITED	Ashimori Industry Co., Ltd.	METRO Cash & Carry Japan K.K.
AZIA CO.,LTD.	SAWAI PHARMACEUTICAL CO., LTD.	ABU DHABI OIL CO.,LTD.
KNT-CT Holdings Co., Ltd.	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Seven Financial Service Co., Ltd
TOYO KNIFE Co., LTD.	Tokyo Gas Co., Ltd.	SEVEN CARD SERVICE CO., LTD.
YAMADA DENKI CO.,LTD.	PCA CORPORATION	Seven CS Card Service Co., Ltd.
WIN-Partners Co., Ltd.	AI, Inc.	Sogo & Seibu Co., Ltd.
Nippon Beet Sugar Manufacturing Co.,Ltd.	Sumitomo Mitsui Financial Group, Inc.	SEVEN-ELEVEN JAPAN CO., LTD.
Sumitomo Heavy Industries,Ltd.	Sumitomo Mitsui Banking Corporation	Ito-Yokado Co., Ltd.
ZETT CORPORATION	TOKYO PRINTING INK MFG. CO., LTD.	Nissen Holdings Co., Ltd.
O'will Corporation	Nakabohtec Corrosion Protecting Co., Ltd.	Nippon Record Keeping Network Co., Ltd.
AIR WATER INC.	NC Holdings Co., Ltd.	Best Denki Co., Ltd.
TSUBAKIMOTO KOGYO CO.,LTD.	Branding Technology Inc.	DOUTOR COFFEE CO.,LTD.
TOKYO TEKKO CO.,LTD.	TEN ALLIED CO.,LTD.	Mercedes-Benz Japan Co., Ltd.
Gene Techno Science CO.,LTD	OKAYA ELECTRIC INDUSTRIES CO.,LTD.	The Neo First Life Insurance Company, Limited
Gurunavi, Inc.	Chichibu Railway Co., Ltd.	QVC Japan, Inc.
DAIREI.CO.,LTD.	Powdertech Co., Ltd.	SBI Sumishin Net Bank, Ltd.
Qol Holdings Co., Ltd.	Nippon Automated Cargo and Port Consolidated System Inc.	Monex, Inc.
YAMAE HISANO CO.,LTD.	SODA NIKKA CO.,LTD.	Japan Post Transport Co., Ltd.
THE IMAMURA SECURITIES CO.,LTD.	Tosho Printing Company, Limited	Komatsu Customer Support Japan Ltd.
COMANY INC.	Kanda Holdings Co., Ltd	Japan Post Co., Ltd.
The Tokyo Star Bank, Limited	SHINTO PAINT COMPANY, LIMITED	Mercedes-Benz Finance Co., Ltd
NIHON DEMPA KOGYO CO.,LTD.	MYSTAR ENGINEERING CORP	au Insurance Company, Limited
KYOEI STEEL LTD.	JAPAN ALCOHOL TRADING CO., LTD.	Sega Holdings Co., Ltd.
NARIS COSMETICS CO.,LTD.	The Asahi Shimbun Company	The Daishi Bank, Ltd.
DAIBIRU CORPORATION	The Sapporo Television Broadcasting Co., Ltd.	Seven & i Asset Management Co., Ltd.
NIHON TRIM CO.,LTD.	EAST JAPAN CONSTRUCTION SURETY CO., LTD.	Mitsui Sumitomo Aioi Life Insurance Company, Limited
FUJI CORPORATION	gooddays holdings Inc.	Medicare Life Insurance Co., Ltd
MEIWA INDUSTRY CO.,LTD.	HONDA FINANCE CO. LTD.	Aflac Life Insurance Japan Ltd.
Hakuhodo DY Holdings Inc.	Daishi Hokuetsu Financial Group, Inc.	Mitsubishi Heavy Industries Engine & Turbocharger, Ltd.
SUMITOMO CORPORATION	Nikko Asset Management Co., Ltd.	Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.

THE KOSEI SECURITIES CO., LTD.	SUN·LIFE HOLDING CO., LTD.	Honda R&D Co., Ltd.
RIBOMIC Inc.	Star Mica Holdings Co., Ltd.	Mitsubishi Heavy Industries Engineering, Ltd
KSK CO., LTD.	CARTA HOLDINGS,INC.	The Dai-ichi Frontier Life Insurance Co., Ltd.
AOYAMA TRADING CO., LTD.	MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.	Hiroshima Rapid Transit Co., Ltd.
SATO SHOJI CORPORATION	Nissin Kogyo Co., Ltd.	SEVEN & i Financial Center Co., Ltd.
TANAKA SEIMITSU KOGYO CO.,LTD	Asahi Industries Co., Ltd.	Sotetsu Urban Creates Co., Ltd
TOBU RAILWAY CO.,LTD.	WILL GROUP,INC.	NEC Platforms, Ltd.
ZAOH COMPANY, LTD.	Internet Initiative Japan Inc.	KURODA ELECTRIC CO.,LTD.
ALPHA Corporation	KAWAMOTO CORPORATION	The Dai-ichi Life Insurance Company, Limited
THE SAIKYO BANK,LTD.	TANAKA CHEMICAL CORPORATION	Mitsui Sumitomo Primary Life Insurance Company, Limited
JMS Co., Ltd.	TERASAKI ELECTRIC CO.,LTD.	Mitsui Direct General Insurance Company, Limited
Hiroshima Electric Railway Co., Ltd.	Tomoe-gawa Co., Ltd.	SMBC Nikko Securities Inc.
fureasu Co., Ltd.	Organo Corporation	NTT Business Associe Corporation
NIHON PLAST CO., LTD.	Japan Hotel Reit Investment Corporation	NTT COMWARE CORPORATION
MAEZAWA KYUSO INDUSTRIES CO.,LTD.	Premier Investment Corporation	Daiwa Next Bank, Ltd.
G-7 HOLDINGS Inc.	Nippon Healthcare Investment Corporation	SMBC Trust Bank Ltd.
nms Holdings Corporation	Daiwa Office Investment Corporation	DOCOMO Systems, Inc.
Seven Bank, Ltd.	Hankyu Hanshin REIT Inc.	WATANABE PIPE CO.,LTD.
SANDEN HOLDINGS CORPORATION	Nippon Prologis REIT, Inc.	HANKYU CORPORATION
HASHIMOTO SOGYO HOLDINGS CO.,LTD.	MCUBS MidCity Investment Corporation	HANSHIN ELECTRIC RAILWAY CO., LTD.
KNC laboratories co., Ltd	Sumitomo Mitsui Auto Service Company, Limited	Hankyu Hanshin Financial Support Co., Ltd.
Iwatsu Electric Co., Ltd.	HEIWA REAL ESTATE REIT, Inc.	Hankyu Hanshin Properties Corp.
KAPPA CREATE CO.,LTD.	Nippon Reit Investment Corporation	Japan South Africa Chrome Company Limited
TAIHEIYO CEMENT CORPORATION	Nippon Building Fund Inc.	NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
TAKEEI CORPORATION	GLP J-REIT	Sammy Corporation
TAISEI ROTEC CORP.	NEC Solution Innovators, Ltd.	National Institute for Environmental Studies
Kintetsu Railway Co., Ltd.	NISSHO ELECTRONICS CORPORATION	RIKEN THE INSTITUTE OF PHYSICAL AND CHEMICAL RESEARCH
Nara Ikoma Rapid Railway Co., Ltd.	Meiji Yasuda General Insurance Co., Ltd	Japan Organization of Occupational Health and Safety
Asahi Satellite Broadcasting Limited	Tobu Shared Service Co., Ltd	JAPAN ATOMIC ENERGY AGENCY
BANDAI NAMCO Amusement Inc.	Japan-Brazil Niobium Corporation	Organization for Postal Savings, Postal Life Insurance and Post Office Network
PANASONIC SMARTFACTORYSOLUTIONSCO., LTD.	SMBC Finance Service Co., Ltd.	Japan Railway Construction ,Transport and Technology Agency
JACCS LEASE CO.,LTD	Global Factoring Co., Ltd.	Japan Agency for Marine-Earth Science and Technology
The Hokuetsu Bank, Ltd	SPC Kappa, KK	Agriculture Livestock Industries Corporation
Kami-iida link Line KK	NIPPON STEEL ENGINEERING CO., LTD.	Japan Arts Council
Mitsui Home Co., Ltd.	JAPAN FREIGHT RAILWAY COMPANY	Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers
Cosmo Oil Marketing Co., Ltd.	Tokyo Financial Exchange Inc.	Agriculture, Forestry and Fisheries Credit Foundations
Bandai Co., Ltd.	Sumitomo Mitsui Card Company, Limited	Japan Water Agency
Fuji Xerox Co., Ltd.	SMBC Guarantee Co., Ltd.	Organization for Environment Improvement around Airport
FUJIFILM Corporation	SMBC Loan Business Planning Co., Ltd.	New Energy and Industrial Technology Development Organization
Mitsui Fudosan Residential Co., Ltd.	Japan Trustee Services Bank, Ltd.	Japan Mint
The Japan Research Institute, Limited	PHC Holdings Corporation	Organization for Workers' Retirement Allowance Mutual Aid
Barclays Securities Japan Limited	PHC Corporation	Northern Territories Issue Association
JR East Management Service Co., Ltd	Asahi Security Co., Ltd.	WAKAYAMA MEDICAL UNIVERSITY
Daiwa PI Partners Co., Ltd	HAKUHODO INCORPORATED	Kanagawa Prefectural Hospital Organization
BANDAI NAMCO Entertainment Inc.	HAKUHODO DY MEDIA PARTNERS INCORPORATED	Osaka Prefectural General Hospital
The Mie Bank, Ltd.	Mitsubishi Electric Credit Co., Ltd.	Nara Medical University
SUMITOMO WIRING SYSTEMS, LTD.	Panasonic Ecology Systems Co., Ltd.	Shizuoka University of Art and Culture
ORIX Life Insurance Corporation	CENTRAL TANSHI CO.,LTD.	Okayama City General Medical Center
The Yamaguchi Bank, Ltd.	Taisei-Yuraku Real Estate Co., Ltd.	Kakogawashimin Byoin Kiko, Chiho Dokuritsu Gyosei Hojin
Momiji Bank, Ltd.	Kobelco Financial Center Ltd.	UNIVERSITY OF HYOGO
MITSUMI ELECTRIC CO.,LTD.	NN Life Insurance Company, Ltd.	AICHI PREFECTURAL UNIVERSITY

ELIY Power Co., LTD	Nestle Japan Ltd.	kobe city hospital organization
Teijin Pharma Limited	DAISO INDUSTRIES CO.,LTD.	Osaka Research Institute of Industrial Science and Technology
ORIX Bank Corporation	MHI Finance Co., Ltd.	OKAYAMA PREFECTURAL UNIVERSITY
Keio Accounting Co., Ltd.	Trust & Custody Services Bank, Ltd.	University Public Corporation Osaka
Secom General Insurance Co., Ltd.	SMM Auto Finance, Inc.	Niigata University
SUBARU FINANCE CO.,LTD.	Panasonic Liquid Crystal Display Co., Ltd.	Wakayama University
DAIKYO INCORPORATED	Credit Suisse Securities (Japan) Limited	GIFU UNIVERSITY
MEITETSU MANAGEMENT SERVICE, K.K.	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	Oita University
Orix Credit Corporation	NTT Security Corporation	UNIVERSITY OF FUKUI
MEDICEO CORPORATION	Commercial Airplane Company	Kyushu Institute of Technology
The Bank of New York Mellon Trust (Japan), Ltd	Osaka Gas Chemicals Co., Ltd.	Okayama University
Teijin Film Solutions Limited	Shinhan Bank Japan	Naruto University of Education
Viewcard Co., Ltd	Sumitomo Electric Hardmetal Corp.	Kyoto University of Education
SUMITOMO ELECTRIC DEVICE INNOVATIONS, INC.	Deutsche Securities Inc.	HOKKAIDO UNIVERSITY
SMBC Consumer Finance Co., Ltd.	NTT Plala Inc.	Nagoya University
SMBC Mobit Co., LTD	PANASONIC SEMICONDUCTOR SOLUTIONS CO., LTD.	Utsunomiya University
SANYO Electric Co., Ltd.	Tokyo Gas Engineering Solutions Corporation	TOYOHASHI UNIVERSITY of TECHNOLOGY
NTT Communications Corporation	Kansai Airports	Mie University
KM Holdings Co., Ltd.	MG Leasing Corporation	Nara Institute of Science and Technology
Mitsubishi Electric Building Techno-Service Co., Ltd.	Mitsubishi Aircraft Corporation	Osaka University
NIPPON STEEL COATED SHEET CORPORATION	Tokyo Gas Real Estate Co., Ltd.	UNIVERSITY OF TOKUSHIMA
The Kitakyushu Bank, Ltd.	Cosmo Oil Co. Ltd.	Hyogo University of Teacher Education
ALFRESA CORPORATION	Nippon Export and Investment Insurance	Osaka Kyoiku University
Nishi-Osaka Railway Co., Ltd.	NIPPON STEEL FINANCE Co., Ltd	Nara University of Education
The Resolution and Collection Corporation	Sumitomo Mitsui Trust Club Co., Ltd.	KYOTO INSTITUTE OF TECHNOLOGY
NIPPON STEEL TEXENG. CO., LTD.	Japan Environmental Storage & Safety Corporation	National Institutes for the Humanities
Cedyna Financial Corporation	JAPAN-SINGAPORE PETROCHEMICALS COMPANY,LIMITED.	HAMAMATSU UNIVERSITY SCHOOL OF MEDICINE
Mitsubishi Hitachi Power Systems, Ltd.	Merck Ltd.	HIROSHIMA UNIVERSITY
Itoham Foods Inc.	IKEA Japan K.K.	University of Miyazaki
ORIX Auto Corporation	NTT Urban Solutions Junbi KK	Kochi University
NTT FACILITIES, INC.	Sakura P&C Incorporation Preparation Company	Hirosaki University
PANASONIC CONSUMER MARKETING CO., LTD.	NTT, Inc.	Yamaguchi University
Daiwa International Holdings Inc.	The Daisan Bank, Ltd.	Miyagi University of Education
Mitsubishi Heavy Industries Thermal Systems, Ltd.	COSTCO WHOLESALE JAPAN LTD.	Kobe University
NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION	Mitsubishi Fuso Bus Manufacturing Co., Ltd.	SAITAMA UNIVERSITY
NIPPON STEEL NISSHIN CO.,LTD.	SCREEN Semiconductor Solutions Co., Ltd.	Tokyo University of Foreign Studies
TOBU TOWER SKYTREE CO., LTD	SMB Kenzai Co., Ltd.	SHIGA UNIVERSITY OF MEDICAL SCIENCE
JOLED Inc.	Environmental Restoration and Conservation Agency	Research Organization of Information and Systems
KOBELCO CONSTRUCTION MACHINERY CO.,LTD.	National Institutes for Quantum and Radiological Science and Technology	University of Tsukuba
MITSUI FUDOSAN REALTY CO.,LTD.	Japan External Trade Organization	KAGOSHIMA UNIVERSITY
SUMITOMO(S.H.I) CONSTRUCTION MACHINERY CO.,LTD.	National Center for Geriatrics and Gerontology	AICHI UNIVERSITY OF EDUCATION
AT TOKYO CORPORATION	Organization for Small & Medium Enterprises and Regional Innovation, JAPAN	Ibaraki University
KINTETSU REAL ESTATE CO., Ltd.	National Printing Bureau	Nara Women's University
Pasmo CO., Ltd	National Institute of Information and Communications Technology	National Institutes of Natural Sciences
SHIZUOKA UNIVERSITY		
Sumitomo Life Insurance Company		
Meiji Yasuda Life Insurance Company		

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.

KPMG AZSA LLC

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