



# Transparency Report 2020/21

October 2020

---

[home.kpmg/jp/azsa](https://home.kpmg/jp/azsa)

あずさ監査法人

## Contents

<b>1. Message from the local Senior Partner</b>	<b>2</b>		
<b>2. Who we are</b>	<b>2</b>		
2.1 Our business	2		
2.2 Our strategy	2		
<b>3. Our structure and governance</b>	<b>2</b>		
3.1 Legal structure	2		
3.2 Name, ownership and legal relationships	2		
3.3 Responsibilities and obligations of member firms	2		
3.4 Governance structure	3		
<b>4. System of quality control</b>	<b>3</b>		
4.1 System of quality control	3		
4.2 Tone at the top	4		
4.2.1 Leadership responsibilities for quality and risk management			
4.3 Association with the right clients	5		
4.3.1 Acceptance and continuance of clients and engagements			
4.3.2 Client and engagement acceptance process			
4.3.3 Continuance process			
4.3.4 Withdrawal process			
4.3.5 Client portfolio management			
4.4 Clear standards and robust audit tools	6		
4.4.1 Our approach to audit			
4.4.1.1 Consistent audit methodology and tools			
4.4.2 Independence, integrity, ethics and objectivity			
4.4.2.1 Overview			
4.4.2.2 Personal financial independence			
4.4.2.3 Employment relationships			
4.4.2.4 Firm financial independence			
4.4.2.5 Business relationships/suppliers			
4.4.2.6 Independence clearance process			
4.4.2.7 Independence training and confirmations			
4.4.2.8 Long association of personnel (including partner rotation) with an audit client			
4.4.2.9 Non-audit services			
4.4.2.10 Fee dependency			
4.4.2.11 Resolving conflicts of interest			
4.4.2.12 Independence breaches			
4.4.2.13 Compliance with laws, regulations, and anti-bribery and corruption			
4.4.2.14 Insider trading prevention			
4.5 Recruitment, development, and assignment of appropriately qualified people	10		
4.5.1 Recruitment			
4.5.2 Personal development			
4.5.3 Inclusion and Diversity programs			
4.5.4 Reward and Promotion			
4.5.5 Assignment of professionals			
4.5.6 Insight from our people — Global People Survey (GPS)			
4.6 Commitment to technical excellence and quality service delivery	11		
4.6.1 Lifetime learning strategy			
4.6.2 Licensing and mandatory requirements for IFRS and U.S. GAAP engagements			
4.6.3 Access to specialist networks			
4.6.4 Culture of Consultation			
4.6.5 Developing business understanding and industry knowledge			
4.7 Performance of effective and efficient audits	13		
4.7.1 Ongoing coaching, supervision, and review			
4.7.2 Timely engagement quality control (EQC) reviewers			
4.7.3 Reporting			
4.7.4 Insightful, open, and honest two-way communication			
4.7.5 Communications between predecessor auditor and successor auditor			
4.7.6 Client confidentiality, information security, and data privacy			
4.7.7 Risk associated information			
4.8 Commitment to continuous improvement	14		
4.8.1 Internal monitoring and compliance programs			
Recommendations for improvements			
4.8.2 External feedback and dialogue			
4.8.3 Regulators			
4.8.3.1 Client feedback			
4.8.3.2			
<b>5. Financial Information</b>	<b>16</b>		
<b>6. Partner remuneration</b>	<b>16</b>		
<b>7. Network arrangements</b>	<b>16</b>		
7.1 Legal Structure	16		
7.2 Responsibilities and obligations of member firms	16		
7.3 Professional Indemnity Insurance	16		
7.4 Governance structure	17		
7.5 Area Quality & Risk Management Leaders	17		
<b>8. Statement by the Board of KPMG AZSA on the effectiveness of quality controls and independence</b>	<b>18</b>		
<b>Appendices</b>	<b>19</b>		
A.1 Key legal entities and areas of operation	19		
A.2 Details of those charged with governance at KPMG AZSA As of June 30, 2020	19		
A.3 Public Interest Entities	20		
A.4 Our values	28		

## 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 2020 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 147 countries and territories.

### 2.2 Our strategy

Our strategy is set by the KPMG AZSA Board and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across our entire global network.

## 3. Our structure and governance

---

### 3.1 Legal structure

#### ■ Legal structure and ownership

KPMG AZSA LLC is affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee. 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 the 'Governance and leadership' section of the [KPMG International Transparency Report](#).

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

As at 30 June 2020, there were 592 partners in KPMG AZSA (30 June 2019: 598 partners).

A list of the entities which form KPMG AZSA, together with details of their legal structure, regulatory status, the nature of their business and area of operation is set out in Appendix [A.1].

#### 3.2 Name, ownership and legal relationships

The KPMG name and logo are trademarks used under license by the

independent member firms of the KPMG global organization.

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

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

Each member firm takes responsibility for its management and the quality of its work.

Member firms commit to a common set of KPMG values (see section [4.2]).

KPMG International's activities are funded by a levy paid to it 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, procedures and regulations set by KPMG International or any of its other obligations owed to KPMG International.

### 3.4 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, 2020)

#### 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. The following sub-committees are established within the committee, the Nomination Committee, Audit Committee and Compensation Committee to oversee the processes of selecting management and determination of compensation.

The members of the committee attend meetings covering management and execution and express their opinions, and regularly report to and exchange opinions with Public Interest Oversight Committee. They are empowered to request to hold a Partner Meeting to express their opinions. Meetings are held twice or more a month.

#### Public Interest Oversight Committee

Independent outside and internal members who oversee firm management with a view to the public interest. The Committee is chaired by an outside member. 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

Tone at the top, leadership, and a clear set of values and conduct are essential to set the framework for quality. However, these must be backed up by a system of quality control that ensures our performance meets the highest professional standards.

To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG has developed the Audit Quality Framework, based on International Standards on Quality Control (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), which apply to professional services firms that perform audits of financial statements.

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) which applies to all KPMG partners and employees. KPMG AZSA is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.

KPMG AZSA 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.

Quality control and risk management are the responsibility of all KPMG AZSA partners and employees. 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 partners and employees wherever they are based.

While this Transparency Report summarizes KPMG’s approach to audit quality, it may also be useful for stakeholders interested in member firms’ Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.

### ■ Audit quality framework

At KPMG AZSA, audit quality is not just about reaching the right opinion, but how that opinion is reached. It is about the processes, thought and integrity behind the auditors’ report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with relevant professional standards and applicable legal and regulatory requirements. To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG International has developed the Audit Quality Framework. KPMG’s audit quality framework introduces a common language that is used by all KPMG firms to describe what drives audit quality and to help highlight to their audit professionals how they contribute to its delivery.



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 all KPMG firms. 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

KPMG global leadership, working with regional and member firm leadership, 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, we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG AZSA leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large to earn public trust.

### ■ KPMG Global Code of Conduct

KPMG’s commitment to integrity and quality is enshrined in the KPMG 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 emphasizing that, above all, KPMG people act with integrity. The KPMG values are communicated clearly to all people and are embedded into member firms’ people processes — induction, performance development and reward.

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

### ■ KPMG AZSA Code of Conduct

In addition, the KPMG AZSA Code of Conduct lays out the expectations of ethical behavior for all partners and employees at KPMG AZSA and is built on the foundation of the KPMG values. The KPMG AZSA 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 Code of Conduct sets out our commitments and includes provisions that require KPMG AZSA partners and employees, in summary to:

- comply with all applicable laws, regulations, professional standards and KPMG AZSA policies
- work with the right clients and third parties
- focus on quality
- maintain our objectivity and independence
- not tolerate any illegal or unethical acts, committed within KPMG AZSA, 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 partners and employees are required to:

- comply with both the Global Code of Conduct [and the KPMG AZSA Code of Conduct] and confirm their compliance with the Code of Conduct, and
- complete regular training covering the Code.

Individuals are encouraged to speak up when they see something that makes them uncomfortable or that is inconsistent with the KPMG 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 values, KPMG policies, applicable laws, regulations or professional standards.

We have procedures and established channels of communication so that our people 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 third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, activities of KPMG member firms or the senior leadership or employees of a KPMG member firm.

At KPMG AZSA, we regularly monitor the extent to which our people feel that the firm lives the KPMG values through the Global People Survey (GPS) (refer to section 4.5.(7)).

### ■ Inappropriate use of an internal e-learning system

The Certified Public Accountants Act and other regulations require all certified public accountants to undergo training on an ongoing basis and meet the credit requirements for Continuing Professional Education (CPE). We recently became aware that certain partners and employees failed to meet the credit requirements as a result of the inappropriate use of an internal e-learning system that our firm employs to meet such training requirements.

We take this matter with the utmost seriousness and recognize that this conduct resulted from both a failure to maintain professional ethics and the inadequate functioning of our internal management system. We are working diligently to prevent a recurrence of this conduct by enhancing compliance education and strengthening our internal management system.

(Initiatives to prevent recurrence)

Raise awareness through Tone at the Top

- issue firmwide communications on compliance from top management
- provide those who engaged in this conduct with targeted training
- strengthen ethical awareness through compliance training

Strengthen internal management systems

- secure time for training courses through periodic review of assignments
- establish a department responsible for firmwide compliance to strengthen monitoring
- perform regular monitoring to identify instances of inappropriate training completion
- implement comprehensive and thorough reviews of IT system changes

### 4.2.1 Leadership responsibilities for quality and risk management

KPMG AZSA demonstrates commitment to quality, ethics and integrity, and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example — demonstrating an unwavering commitment to the highest standards of professional

excellence and championing and supporting major initiatives.

Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions.

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

#### Managing partner

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

Rigorous global client acceptance and continuance policies are vital to being able to provide high-quality professional services.

KPMG's client and engagement acceptance and continuance systems and processes are designed to identify and evaluate any potential risks prior to accepting or continuing a client relationship, or performing a specific engagement.

KPMG firms must evaluate whether to accept or continue a client relationship, or perform a specific engagement. Where client/engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

### 4.3.2 Client and engagement acceptance process

#### ■ Client evaluation

KPMG AZSA undertakes an evaluation of every prospective client. This involves obtaining sufficient information about 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 completion of a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal or regulatory requirements.

#### ■ 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, public perception, as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement and fraud risk. The evaluation is made in consultation with other senior KPMG AZSA partners 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. 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 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 periodic 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, and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

#### 4.3.4 Withdrawal process

Where KPMG AZSA obtains 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 any other appropriate authority.

#### 4.3.5 Client portfolio management

KPMG AZSA 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, time and capacity of the partner to deliver a quality audit for every client.

### 4.4 Clear standards and robust audit tools

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

#### 4.4.1 Our approach to audit

KPMG has been investing significantly in evolving the Global Organization'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 coaching, supervision and review of the engagement team
- managing and documenting the audit.

##### 4.4.1.1 Consistent audit methodology and tools

The KPMG audit methodology, developed by the KPMG Global Solutions Group (KGSG) is based on the requirements of the International Standards on Auditing (ISAs) as well as the auditing standards of PCAOB and AICPA. 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 quality of the audit.

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 risk identification, assessment and response, accounting estimates, group audits and audit sampling. 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 workflow is enabled through eAudit's, an activity-based workflow and electronic audit file. eAudit is KPMG's audit documentation workflow that allows professionals to complete high quality and consistent audits. eAudit integrates KPMG's audit methodology, guidance and industry knowledge, and the tools

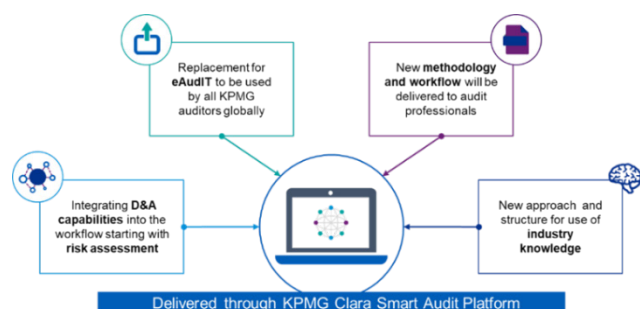
needed to execute and document the audit work performed. eAudit can be “scaled” to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to KPMG’s 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, 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 execution of audits and strengthen both the member firm and global monitoring of engagements.

#### ■ KPMG Clara

the global launch of KPMG Clara created a smart audit platform that brings together KPMG’s Audit Data & Analytics (D&A) capabilities, innovative new technologies, collaboration capabilities and audit workflow.



#### ■ 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 member firm 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 aligned to the standards with a clear display of information and visuals, knowledge and guidance available at the moment of need, and with embedded advanced data and analytics (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. KPMG Clara workflow incorporates monitoring capabilities (e.g. data mining) at the engagement level for use by member firms. The KPMG Clara workflow was piloted in 2018, with initial deployment globally in 2019 and full deployment beginning in 2020. The predecessor audit workflow tool, eAudit, is expected to be decommissioned in the 2021 fiscal year.

### ■ Audit data & analytics (D&A)

KPMG’s audit, powered by D&A is designed to:

- enhance audit quality; by providing a deeper understanding of data populations, giving focus to higher risk transactions;
- be secure; by restricting access to data both in transit and within KPMG’s IT environments; and
- be transparent; by facilitating detailed analysis to uncover the reasons behind, and root causes of, outliers and anomalies and provide 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 Quality & Risk Management Manual, which applies to all KPMG member firms. Automated tools, which must be used for every prospective engagement to identify potential independence and conflict of interest issues, 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.

The Partner-in-Charge of the Global Independence Group 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 the firms and their personnel to comply with these requirements. KPMG AZSA has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG AZSA. The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements. The EIP fulfills this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- participating in the development and delivery of training materials,



- monitoring compliance with policies;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications with member firms. Member firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring programs. KPMG AZSA partners and KPMG AZSA partners and employees are required to consult with the EIP on certain matters as defined in the Global Q&RM Manual. The EIP may also be required to consult 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 financial relationships with, KPMG member firm assurance and audit clients (by definition, 'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners. All KPMG partners — irrespective of their member firm and function — are generally prohibited from owning securities of any audit client of any member firm.

KPMG member firms 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 and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e., late reporting of an investment acquisition). All Partners and all manager grade and above client-facing employees 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 publically traded entities 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. The Global Independence Group provides guidance and suggested procedures relating to the audit and inspection by KPMG member firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

#### 4.4.2.3 Employment relationships

Any KPMG AZSA partners and personnel are required to notify our EIP, the engagement partner of an audit client, and the HR department if they intend to enter into employment negotiations with that audit client. Former members of the audit team or former partners of KPMG AZSA are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG AZSA,, including payments which are not fixed and predetermined and/or would be material to KPMG AZSA and ceased participating in KPMG

AZSA business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed. We communicate and monitor requirements in relation to employment and partnership of KPMG AZSA 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, where required, significant owners.

In common with other KPMG member firms, KPMG AZSA uses KICS to record its own direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in pension, and employee benefit plans.

Additionally, KPMG AZSA is required to record in KICS all borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, KPMG AZSA confirms compliance with independence requirements as part of the Risk Compliance Program.

#### 4.4.2.5 Business relationships/suppliers

KPMG AZSA has policies and procedures in place that are designed to ensure its business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the JICPA and SEC, US PCAOB rule requirements.

#### 4.4.2.6 Independence clearance process

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

#### 4.4.2.7 Independence training and confirmations

All KPMG AZSA 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 and on an annual basis thereafter.

New partners and employees who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG AZSA or (b) before providing any services to, or becoming a member of the chain of command for, any audit client (by definition, "audit client" includes its related entities or affiliates).

We also provide all partners and employees with biennial training on:

- the [Global Code of Conduct] or the [KPMG AZSA 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, KPMG and KPMG's policies.

New partners and employees are required to complete this training within three months of joining KPMG AZSA.

All KPMG partners and employees are required to sign, upon joining KPMG AZSA and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

#### 4.4.2.8 Long association of personnel (including partner rotation) with an audit client

KPMG International partner rotation policies are consistent with or exceed the requirements of the IESBA Code of Ethics and require all member firms to comply with any stricter local applicable rotation requirements.

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 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;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client

KPMG AZSA monitors the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and Engagement Quality Control 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

All KPMG firms are required, at a minimum, to comply with the IESBA Code of Ethics and applicable laws and regulations related to the scope of services that can be provided to audit clients.

KPMG AZSA are required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG AZSA. KPMG AZSA's EIP is involved in the review of potential independence issues.

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. When the engagement is for an audit client, an evaluation of potential threats and safeguards is also required to be included in the Sentinel™ submission. Lead audit engagement partners are required to: maintain group structures for their publicly traded and certain other audit clients as well as their related entities

or 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.

#### 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. These policies require KPMG member firms to consult with their Area Q&RM Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. 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, these policies further require that:

- This would be disclosed to those charged with governance at the audit client; and
- A senior partner from another KPMG member firm would be appointed as the engagement quality control (EQC) reviewer.

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

#### 4.4.2.11 Resolving conflicts of interest

Conflicts of interest can arise in situations where KPMG AZSA partners or employees 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 Risk Management Partner (RMP) or the EIP is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners and staff from accepting gifts and hospitality from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to be have been offered with the intent to improperly influence the behavior of the audit team member or the member firm. KPMG partners and staff are also precluded from offering inducements, including gifts and entertainment, which are made or perceived to be made with the intent to improperly influence the behavior of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment. 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 to have an impact on a member firm and/ or its partners or employees in their ability to be objective or otherwise act without bias. All KPMG member firms must use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG AZSA has risk management resource/s who are/is responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

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 Independence breaches

All KPMG AZSA 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. All breaches of independence rules must be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG AZSA has a documented and communicated disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations. Our Disciplinary Committee oversees policies and procedures in relation to independence breaches of requirements.

Matters arising are factored into our promotion and compensation decisions and, in the case of engagement leaders are reflected in their individual quality and risk metrics.

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

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG AZSA. 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 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 people

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

This requires the right recruitment, development, reward, promotion, retention and assignment of professionals.

#### 4.5.1 Recruitment

KPMG AZSA is committed to building an extraordinary people experience for all KPMG partners and employees and prospective

partners and employees.

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, but also working with secondary schools, helping build relationships with a younger, diverse talent pool at an early age.

KPMG AZSA also recruits significant numbers at an experienced hire and partner level.

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, and qualification/reference checks. These leverage fair and job-related criteria to ensure that candidates possess the appropriate characteristics to perform competently, are suitable and best placed for their roles.

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

#### 4.5.2 Personal development

##### Development

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

KPMG AZSA monitors quality and compliance incidents and maintains quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners [and directors and managers]. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

#### 4.5.3 Inclusion and Diversity programs

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

We encourage each partner and employee with diverse personalities to achieve high performance toward the common goal of "contributing to audit clients and society through the provision of high-quality services," while respecting and making the most of each other's differences. KPMG AZSA adopts a variety of approaches to establish an environment conducive to more diverse and flexible work styles. Specific initiatives include: developing globally minded personnel; promoting women's participation in the workforce; supporting our people as they balance work and childbirth, childcare, and nursing care; promoting employment of persons with disabilities; creating a corporate culture that allows and encourages our people to

embrace diversity; and introducing teleworking, as well as changing the office work style more generally.

Our leadership and management teams also need to reflect the diversity within our firm and the diversity of our clients.

We believe that the established KPMG Global Inclusion and Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at KPMG AZSA and across all KPMG member firms.

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

#### 4.5.4 Reward and Promotion

KPMG AZSA's policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

##### Reward

KPMG has compensation and promotion policies that are clear, simple, and linked to the performance review process. This helps our partners and employees know what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved through meetings where relative performance across a peer group is discussed and used to inform reward decisions.

Reward decisions are based on the consideration of both individual and organizational (member firm) performance.

The results of performance evaluations directly affect the promotion and remuneration of partners and employees.

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 employees.

##### Partner admissions

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

Our criteria for admission to the KPMG AZSA partnership are consistent with our commitment to professionalism and integrity, quality and being an employer of choice.

#### 4.5.5 Assignment of professionals

KPMG AZSA has procedures in place to assign both 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, other KPMG member firms or external experts. 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's quality control policies and procedures

Quality Performance Review (QPR) results and results of regulatory inspections.

#### 4.5.6 Insight from our people – Global People Survey (GPS)

Biennially KPMG Japan invites all its people to participate in an independent Global People Survey to share their perception about their experience working for KPMG.

The GPS provides an overall measure of our people's engagement through an Engagement Index (EI) as well as insights into areas driving engagement which may be strengths or opportunities. Results can be analyzed by functional or geographic area, grade, role, gender to provide additional focus for action. Additional insight is provided on how we are faring on categories known to impact engagement.

The survey also specifically provides KPMG AZSA leadership and KPMG global leadership with results related to quality and risk behaviors, audit quality, upholding the KPMG values, employee and partner attitudes to quality, leadership and tone at the top. KPMG AZSA participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. The results of the GPS are also aggregated for the entire Global Organization 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 professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department, either to provide resources to the engagement team or for consultation.

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

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

#### 4.6.1 Lifetime learning strategy

##### Formal training

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

##### Coaching and on the job training

Learning is not confined to the classroom — rich learning experiences are available when needed through coaching and just-in-time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths. All classroom courses are reinforced with appropriate performance support to assist auditors on the job.

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

##### Licensing

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

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

##### Mandatory requirements – IFRS and U.S. GAAP engagements

In addition, KPMG has 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 U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that at a minimum, all partners, managers, engagement in-charges and EQC reviewers assigned to the engagement 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 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 promotes a culture in which consultation is recognized as a strength and that encourages all KPMG professionals 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. In addition, the KPMG Global Q&RM Manual includes mandatory consultation requirements where certain matters are identified such as concerns over client integrity.

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.

##### Technical consultation and global resources

Technical auditing and accounting support is available to all member firms and their professionals through the KPMG Global Solutions Group (KGSG) (formally referred to as the Global Service Centre (GSC) and the ISG as well as the US Capital Markets Group for SEC foreign registrants.

##### KPMG Global Solutions Group (KGSG)

The KGSG's mission is to drive success for KPMG's global network of Audit practices through collaboration, innovation and technology. The KGSG 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 KGSG 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 ISA 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.

##### 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.



#### 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 partners and employees 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 coaching, 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 promotes a continuous learning environment and supports a coaching culture.

Ongoing 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 coaching and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.

KPMG AZSA 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.

The EQC is an important part of KPMG's framework for quality. 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.

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

##### 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, especially where there are significant matters to be reported to users of the auditors' report (e.g. a modification to the opinion or through the inclusion of an 'emphasis of matter paragraph, as well as key audit matters to be communicated).

##### 4.7.4 Insightful, open, and honest two-way communication

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

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

##### IFRS 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 Global and KPMG AZSA 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 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 are in place governing the handling of personal information, and associated training is required for all KPMG AZSA 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 commits to continually improve the quality, consistency and efficiency of KPMG audits. Integrated quality monitoring and compliance programs enable member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans, both in respect of individual audit engagements and the overall system of quality control.

The quality monitoring and compliance programs (see section 4.8.1 for details) are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG AZSA compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

##### 4.8.1 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; and
- KPMG AZSAs compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

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

- Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP), which are conducted annually across the Audit and Advisory functions; and
- A cross functional Global Compliance review (GCR) program which is conducted at least every three years.

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

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.

##### ■ Risk-based approach

Each engagement leader in every KPMG member firm is reviewed at least once in a three year cycle. A risk-based approach is used to select engagements.

KPMG AZSA conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG AZSA level and are monitored regionally and globally.

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

##### Reviewer selection, preparation and process

There are robust criteria for selection of reviewers.

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 KPMG 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:

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

Where deficiencies are identified, we are required to develop appropriate action plans 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 3 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 KPMG policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

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

### ■ Root Cause Analysis (RCA)

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

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

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

#### 4.8.2 Recommendations for improvements

At a global level, through the GAQSC and the Global Quality & Risk Management Steering Group, 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.

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

#### 4.8.3 External feedback and dialogue

##### 4.8.3.1 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.

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 across the entire organization.

##### 4.8.3.2 Client feedback

We proactively seek feedback from clients (through web-based questionnaires annually) to monitor their satisfaction with services delivered. We endeavour to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' need.

## 5. Financial Information

(Million JPY)	2019	2020
<b>Total turnover</b>	<b>100,493</b>	<b>105,970</b>
<b>Audit</b>	78,285	82,770
<b>Other non-audit service</b>	22,208	23,199

## 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 member firms of the KPMG global organization of independent firms are affiliated with KPMG International Limited, a private English company limited by guarantee. 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, Tax, and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies, standards of work and conduct by member firms, and protects and enhances the use of the KPMG name and brand. KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

### 7.2 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are

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

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values (as set out in the Appendices to this document).

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. Sublicensees are generally indirectly represented by a member.

### Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the 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 three other senior partners of member firms. The list of Global Board members, as at October 2019 is available in the [KPMG Global Review](#).

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 October 2019 is available in the KPMG Global Review (link to be provided).

### Global Steering Groups

The Global Steering Groups represent the function and infrastructure groups of KPMG International and are the main driving groups of the organization. They act under delegated authority from the Global Board and oversight by the Global Management Team, in particular the Global Audit Steering Group, Global Audit Quality Steering Committee and Global Quality Risk Management Steering Group 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 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](#).

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](#).

## 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 Global Quality & Risk Management (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
- assist in monitoring 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 on the effectiveness of quality controls and independence

---

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

The Board of KPMG AZSA has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 4.8.(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 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 2020.

Further, the Board of KPMG AZSA confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 June 2020.

## ■ Appendices

### A.1 Key legal entities and areas of operation

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
<b>KPMG AZSA LLC</b>	Limited Liability Company	Japan Registered Auditor	Audit and Advisory Services	Japan
<b>KPMG FAS Co., Ltd.</b>	Corporation	None	Advisory Services	Japan
<b>KPMG Consulting Co., Ltd.</b>	Corporation	None	Advisory Services	Japan
<b>KPMG Healthcare Japan Co., Ltd.</b>	Corporation	None	Advisory Services	Japan
<b>KPMG AZSA Sustainability Co., Ltd.</b>	Corporation	None	Sustainability audit / attestation / advisory	Japan
<b>KPMG Ignition Tokyo, Inc.</b>	Corporation	None	Building and development of common digital platform technologies for KPMG Japan's services and supporting the digital transformation of our clients	Japan

### A.2 Details of those charged with governance at KPMG AZSA As of June 30, 2020

<b>Hiroyuki Takanami</b>	CEO, Head of Digital Innovation
<b>Toshiya Mori</b>	Deputy Managing Partner, Head of GJP,
<b>Takuji Kanai</b>	Deputy Managing Partner, Head of Audit Head of Quality Assurance, Head of Risk Management
<b>Toshihiro Otsuka</b>	Senior Executive Board Member, COO, Office Managing Partner, Tokyo, CFO Partner-in-Charge-Corporate Governance CoE, Partner-in-Charge-Sport Business CoE, Partner-in-Charge-Integrated Reporting CoE
<b>Masahiko Chino</b>	Senior Executive Board Member, Head of Advisory Head of Public Sector, Head of Middle Market Development, Head of Business Development, Head of Clients & Markets
<b>Yutaka Terasawa</b>	Senior Executive Board Member, Head of Financial Services
<b>Daisuke Harada</b>	Senior Executive Board Member, Head of Kansai Region, Office Managing Partner, Osaka
<b>Michitaka Shishido</b>	Senior Executive Board Member, Head of Tokai Region Partner-in-Charge-Diversity
<b>Hiroyuki Yamada</b>	Senior Executive Board Member, CSO, Head of People
<b>Mitsugu Doi</b>	Senior Executive Board Member, Head of General Affairs CIO, Deputy Head of Digital Innovation

## A.3 Public Interest Entities

The list of public interest entity audit clients for which KPMG AZSA has signed an audit opinion during the year ended 30 June 2020 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 and includes large corporations as prescribed in the Certified Public Accountants Act.

### Fishery, Agriculture & Forestry/Mining

Maruha Nichiro Corporation  
SAKATA SEED CORPORATION  
K&O Energy Group Inc.  
Japan South Africa Chrome Company Limited

### Construction

MIRAIT Holdings Corporation  
Besterra Co., LTD.  
Daiseki Eco. Solution Co., Ltd.  
Hazama Ando Corporation  
Takamatsu Construction Group Co., Ltd.  
Taisei Corp.  
Fudo Tetra Corporation  
TEKKEN CORPORATION  
DAIHO CORPORATION  
TOTETSU KOGYO CO., LTD.  
PS. Mitsubishi Construction Co., Ltd.  
MAEDA ROAD CONSTRUCTION CO., LTD.  
WAKACHIKU CONSTRUCTION CO., LTD  
NIPPON RIETEC CO., LTD.  
TOENEC CORPORATION  
SUMITOMO DENSETSU CO., LTD.  
JGC HOLDINGS CORPORATION  
YAMATO CORPORATION  
Takasago Thermal Engineering Co., Ltd.  
SANKO METAL INDUSTRIAL CO., LTD.  
DAI-DAN CO., LTD.  
HIBIYA ENGINEERING, LTD.  
OSJB Holdings Corporation  
MESCO, INC.  
KAWASAKI SETSUBI KOGYO CO., LTD.  
Nakabohtec Corrosion Protecting Co., Ltd.  
Nankai Tatsumura Construction Co., Ltd.  
Mori-Gumi Co., Ltd.  
TENOX CORPORATION  
The Kodensha, Co., Ltd.  
DRAFT Inc.  
VIS co., Ltd.  
NIPPON STEEL ENGINEERING CO., LTD.  
TAISEI ROTEC CORP  
TAKENAKA CORPORATION  
Trans-Tokyo Bay Highway Corporation  
NIPPON STEEL TEXENG. CO., LTD.  
Mitsui Home Co., Ltd.  
Mitsubishi Heavy Industries Engineering, Ltd

### Foods

TOYO SUGAR REFINING CO., LTD.  
Nippon Beet Sugar Manufacturing Co., Ltd.  
Meito Sangyo Co., Ltd.

CALBEE, Inc.  
Marudai Food Co., Ltd.  
S Foods Inc.  
Itoham Yonekyu Holdings Inc.  
Asahi Group Holdings, Ltd.  
Kirin Holdings Company, Limited  
DyDo GROUP HOLDINGS, INC.  
ITO EN,LTD.  
Japan Foods Co., Ltd.  
FUJI OIL HOLDINGS INC.  
AJINOMOTO CO., INC  
TOYO SUISAN KAISHA LTD.  
DAIREI.CO., LTD.  
KENKO Mayonnaise Co., Ltd.  
Riken Vitamin Co., Ltd.  
AHJIKAN CO., LTD  
ASAHI SOFT DRINKS CO., LTD.  
ASAHI BREWERIES, LTD.  
Itoham Foods Inc.  
Kirin Brewery Company, Limited

### Textiles and Apparels/Pulp and Paper

TOYOBO CO., LTD.  
TEIJIN LIMITED  
SUMINOE TEXTILE CO., LTD.  
NIPPON FELT CO., LTD.  
DYNIC CORPORATION  
SOTOH CO., LTD.  
KOMATSU MATERE CO.,LTD.  
TSI HOLDINGS CO., LTD.  
Sanyo Shokai Ltd.  
DESCENTE, LTD.  
FUJI CORPORATION  
YAMAKI CO., LTD.  
KAWAMOTO CORPORATION  
Tokushu Tokai Paper Co., Ltd.  
Hokuetsu Corporation  
Tomoegawa Co., Ltd.  
RENGO CO., LTD.

### Chemicals

Showa Denko K.K.  
SUMITOMO CHEMICAL COMPANY, LIMITED  
Sumitomo Seika Chemicals Company, Limited.  
TOSOH CORPORATION  
AIR WATER INC.  
Toho Acetylene Co., Ltd.  
TODA KOGYO CORP  
KANEKA CORPORATION  
JSR Corporation  
Sumitomo Bakelite Co., Ltd.

Daikyo Nishikawa Corporation  
MORIROKU HOLDINGS COMPANY, LTD.  
DKS Co. Ltd.  
NICCA CHEMICAL CO., LTD.  
Dai Nippon Toryo Company,Limited  
Nippon Paint Holdings Co., Ltd.  
Kansai Paint Co., Ltd.  
SHINTO PAINT COMPANY, LIMITED  
SAKATA INX CORPORATION  
FUJIFILM Holdings Corporation  
Shiseido Company, Limited  
TAKASAGO INTERNATIONAL CORPORATION  
KONISHI CO., LTD.  
OAT Agrio Co., Ltd.  
Taisei Lamick Co., Ltd.  
NITTO DENKO CORPORATION  
SANKO GOSEI LTD.  
TOLI Corporation  
Nifco Inc.  
TANAKA CHEMICAL CORPORATION  
ISE CHEMICALS CORPORATION  
TAOKA CHEMICAL COMPANY, LIMITED  
Sugai Chemical Industry Co., Ltd.  
TAKAGI SEIKO CORPORATION  
POVAL KOGYO CO., LTD.  
KOEI CHEMICAL COMPANY, LIMITED  
NATOCO Co.,Ltd.  
TOKYO PRINTING INK MFG. CO., LTD.  
CHEMIPRO KASEI KAISHA, LTD.  
FUMAKILLA LIMITED  
Maruto Sangyo Co., Ltd  
MUTO SEIKO CO.  
NIHON DECOLUXE CO., LTD.  
Osaka Gas Chemicals Co., Ltd.  
Shiseido Japan Co., Ltd.  
TOYOBO FILM SOLUTIONS LTD  
NARIS COSMETICS CO., LTD.  
NICHIA CORPORATION  
JAPAN-SINGAPORE PETROCHEMICALS COMPANY,LIMITED.  
FUJIFILM Corporation  
Hokkaido Soda Co., Ltd.  
Maruzen Petrochemical Company, Limited

### Pharmaceutical

Kyowa Kirin Co., Ltd.  
Takeda Pharmaceutical Company Limited  
Sumitomo Dainippon Pharma Co., Ltd.  
CHUGAI PHARMACEUTICAL CO., LTD.  
HISAMITSU PHARMACEUTICAL CO.,INC.  
SANTEN PHARMACEUTICAL CO., LTD.  
Nichi-Iko Pharmaceutical Co., Ltd.

Fuji Pharma Co., Ltd.  
 SAWAI PHARMACEUTICAL CO., LTD.  
 Zeria Pharmaceutical Co., Ltd.  
 DAIICHI SANKYO COMPANY, LTD  
 Taiko Pharmaceutical Co., Ltd.  
 Daito Pharmaceutical Co., Ltd.  
 PeptiDream Inc.  
 MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.  
 CHUKYO IYAKUHIN CO., LTD.  
 Nanocarrier Co., Ltd.  
 Gene Techno Science CO., LTD  
 RIBOMIC Inc.  
 KYOWA HAKKO BIO CO., LTD.  
 KK Holdings KK  
 Teijin Pharma Limited  
 Pfizer Japan Inc.  
 Pfizer Pharmaceuticals K.K.

#### Oil and Coal/Rubber/Glass and Ceramics Products

Fuji Oil Company, Ltd.  
 Cosmo Energy Holdings Co., Ltd.  
 ABU DHABI OIL CO., LTD.  
 Cosmo Oil Co. Ltd.  
 Cosmo Oil Marketing Co., Ltd.  
 Toyo Tire Corporation  
 Sumitomo Rubber Industries, Ltd.  
 Sumitomo Riko Company Limited  
 NISHIKAWA RUBBER CO., LTD.  
 AGC Inc.  
 Nihon Yamamura Glass Co., Ltd.  
 Nippon Electric Glass Co., Ltd.  
 TAIHEIYO CEMENT CORPORATION  
 NORITAKE CO.,LIMITED  
 NGK SPARK PLUG CO., LTD.  
 MARUWA CO., LTD.  
 SHINAGAWA REFRACTORIES CO.,LTD.  
 KROSAKI HARIMA CORPORATION  
 ISOLITE INSULATING PRODUCTS CO., LTD.  
 NICHIIHA CORPORATION  
 KONOSHIMA CHEMICAL CO., LTD.  
 GEOSTR CORPORATION  
 Janis Ltd.  
 NIKKO COMPANY  
 JAPAN INSULATION CO., LTD.

#### Iron and Steel

NIPPON STEEL CORPORATION  
 Kobe Steel, Ltd.  
 NAKAYAMA STEEL WORKS LTD.  
 Godo Steel, Ltd.

TOKYO STEEL MANUFACTURING CO., LTD.  
 KYOEI STEEL LTD.  
 TOKYO TEKKO CO., LTD.  
 OSAKA STEEL CO., LTD.  
 MARUICHI STEEL TUBE Ltd.  
 Nippon Koshuha Steel Co., Ltd.  
 Sanyo Special Steel Co., Ltd.  
 Pacific Metals Co., Ltd.  
 NICHIA STEEL WORKS, LTD.  
 Chubu Steel Plate Co., Ltd.  
 Tohoku Steel Co., Ltd.  
 Shinko Wire Company, Ltd.  
 Powdertech Co., Ltd.  
 SANYU CO., LTD.  
 IBOKIN Co., LTD.  
 NIPPON STEEL COATED SHEET CORPORATION

#### Nonferrous Metals/Metal Products

Mitsui Mining and Smelting Company, Limited  
 MITSUBISHI MATERIALS CORPORATION  
 Sumitomo Metal Mining Co.,Ltd.  
 Sumitomo Electric Industries, Ltd.  
 JMC Corporation  
 JMACE Japan Co., Ltd.  
 Sumitomo Electric Hardmetal Corp.  
 Mitsubishi Nuclear Fuel Co., Ltd.  
 ALPHA Corporation  
 RS Technologies Co., Ltd.  
 Shinwa Co., Ltd  
 CORONA CORPORATION  
 TAKADAKIKO Co., Ltd.  
 Sankyo Tateyama, Inc.  
 ALINCO INCORPORATED  
 NORITZ CORPORATION  
 SANYO INDUSTRIES, LTD.  
 SANNO CO., LTD.  
 KIKUCHI SEISAKUSHO Co., Ltd.  
 SHINPO CO., LTD  
 TOYO KNIFE Co., LTD.  
 IWABUCHI CORPORATION  
 CHITA KOGYO CO., LTD.

#### Machinery

Takuma Co., Ltd.  
 TAKISAWA MACHINE TOOL CO., LTD.  
 FUJI CORPORATION  
 DISCO CORPORATION  
 NC Holdings Co., Ltd.  
 IWAKI CO., LTD.  
 HIRATA Corporation

Nabtesco Corporation  
 MODEC, Inc.  
 HOSOKAWA MICRON CORPORATION  
 GIKEN LTD.  
 OKADA AIYON CORPORATION  
 KOMATSU LTD.  
 Sumitomo Heavy Industries,Ltd.  
 NIKKO CO., LTD.  
 Kitagawa Corporation  
 TAKAKITA CO.,LTD.  
 Organo Corporation  
 DAIDO KOGYO CO., LTD.  
 SAMCO Inc.  
 RISO KAGAKU CORPORATION  
 DAIKOKU DENKI CO.,LTD.  
 SANDEN HOLDINGS CORPORATION  
 MAX CO., LTD.  
 SEGA SAMMY HOLDINGS INC.  
 TSUBAKI NAKASHIMA CO.,LTD  
 MAEZAWA KYUSO INDUSTRIES CO.,LTD.  
 NIPPON PILLAR PACKING CO., LTD.  
 Makita Corporation  
 Hitachi Zosen Corporation  
 MITSUBISHI HEAVY INDUSTRIES LTD.  
 Kojima Iron Works Co.,Ltd.  
 Okamoto Machine Tool Works,Ltd.  
 FUJI SEIKO LIMITED  
 TAKAMATSU MACHINERY CO.,LTD.  
 NAVITAS CO.,LTD.  
 FUJI HENSOKUKI CO.,LTD.  
 Kobelco Eco-Solutions Co.,Ltd  
 TESEC Corporation  
 KAJI TECHNOLOGY CORPORATION  
 OGURA CLUTCH CO.,LTD.  
 Kawasaki Thermal Engineering Co.,Ltd.  
 KOBELCO CONSTRUCTION MACHINERY CO., LTD.  
 Komatsu Customer Support Japan Ltd.  
 SUMITOMO(S.H.I) CONSTRUCTION MACHINERY CO.,LTD.  
 PANASONIC SMARTFACTORYSOLUTIONSCO., LTD.  
 Mitsubishi Heavy Industries Aero Engines, Ltd.  
 Mitsubishi Heavy Industries Thermal Systems, Ltd.  
 Mitsubishi Hitachi Power Systems, Ltd.

#### Electric Appliances

IBIDEN CO.,LTD.  
 KONICA MINOLTA, INC.  
 MinebeaMitsumi Inc.  
 MITSUBISHI ELECTRIC CORPORATION  
 SINFONIA TECHNOLOGY Co.,Ltd  
 Meidensha Corporation

TOREX SEMICONDUCTOR LTD.	GS Yuasa International Ltd.	PANASONIC SEMICONDUCTOR SOLUTIONS CO., LTD.
W-SCOPE Corporation	JOLED Inc.	PHC Corporation
DAIHEN Corporation	SUMITOMO ELECTRIC DEVICE INNOVATIONS, INC.	PHC Holdings Corporation
YA-MAN LTD.	Panasonic Liquid Crystal Display Co., Ltd.	
Nissin Electric Co., Ltd.	Panasonic Ecology Systems Co., Ltd.	<b>Other Products</b>
NITTO KOGYO CORPORATION	Fuji Xerox Co., Ltd.	TRANSACTION CO., LTD.
GS Yuasa Corporation		Eidai Co., Ltd.
NEC CORPORATION	<b>Transportation Equipment</b>	BANDAI NAMCO Holdings Inc.
Iwatsu Electric Co., Ltd.	Ashimori Industry Co., Ltd.	TOMY COMPANY, LTD.
Japan Display Inc.	Mitsui E&S Holdings Co., Ltd.	TOPPAN PRINTING CO., LTD.
Nippon Signal Company, Ltd.	Kawasaki Heavy Industries, Ltd.	TSUTSUMI JEWELRY CO., LTD.
NOHMI BOSAI LTD.	Sanoyas Holdings Corporation	OLIVER CORPORATION
Panasonic Corporation	THE KINKI SHARYO CO., LTD.	KING JIM CO., LTD.
ANRITSU CORPORATION	F-TECH INC.	ITOKI CORPORATION
TDK Corporation	Lecip Holdings Corporation	Mitsubishi Pencil Co., Ltd.
NIHON DEMPYA KOGYO CO., LTD.	Nissin Kogyo Co., Ltd.	KOKUYO CO., LTD.
NIHON TRIM CO., LTD.	KYB Corporation	OKAMURA CORPORATION
YOKOWO CO., LTD.	PRESS KOGYO CO., LTD.	Asaka Industrial Co., Ltd.
TEAC CORPORATION	Mazda Motor Corporation	Amifa Co., Ltd.
HIROSE ELECTRIC CO., LTD.	IMASEN ELECTRIC INDUSTRIAL CO., LTD.	Crossfor Co., Ltd.
SUMIDA CORPORATION	Honda Motor Co., Ltd.	ORVIS CORPORATION
JAPAN ELECTRONIC MATERIALS CORPORATION	SUBARU CORPORATION	People Co., Ltd.
HORIBA, Ltd.	TBK Co., Ltd.	TAKEDA PRINTING CO., LTD.
MegaChips Corporation	MEIWA INDUSTRY CO., LTD.	NODA CORPORATION
COSEL CO., LTD.	NIHON PLAST CO., LTD.	SEVEN INDUSTRIES Co., LTD.
Stanley Electric Co., Ltd.	Naikai Zosen Corporation	COMANY INC.
OKAYA ELECTRIC INDUSTRIES CO., LTD.	TANAKA SEIMITSU KOGYO CO., LTD.	Tosho Printing Company, Limited
Zuken Inc.	YUTAKA GIKEN CO., LTD.	Sammy Corporation
CASIO COMPUTER CO., LTD.	UNIVANCE CORPORATION	SEGA GROUP CORPORATION
TAIYO YUDEN CO., LTD.	HI-LEX CORPORATION	Bandai Co., Ltd.
SCREEN Holdings Co., Ltd.	CAR MATE MFG.CO., LTD.	BANDAI NAMCO Entertainment Inc.
ZOJIRUSHI CORPORATION	Yachiyo Industry Co., Ltd.	
TOKYO ELECTRON LIMITED	SUMITOMO WIRING SYSTEMS, LTD.	<b>Electric Power and Gas</b>
TECHNO HORIZON HOLDINGS CO., LTD.	Honda R&D Co., Ltd.	Chubu Electric Power Company, Incorporated
TERASAKI ELECTRIC CO., LTD.	Mitsubishi Aircraft Corporation	The Chugoku Electric Power Company, Incorporated
Ubiteq,INC.	Mitsubishi Fuso Truck and Bus Corporation	RENOVA, Inc.
SK-Electronics CO., Ltd.	Commercial Airplane Company	Tokyo Gas Co., Ltd.
SUN CORPORATION		OSAKA GAS CO., LTD.
SANTEC CORPORATION	<b>Precision Instruments</b>	TOHO GAS CO., LTD.
Meiko Electronics Co., Ltd.	TERUMO CORPORATION	HIROSHIMA GAS CO., LTD.
CHUO SEISAKUSHO, LTD.	CREATE MEDIC CO., LTD.	ENNET Corporation
Sansha Electric Manufacturing Co.,Ltd.	JMS Co., Ltd.	KOBELCO POWER KOBE No.2, INC.
NKK SWITCHES CO., LTD.	Mani, Inc.	KOBELCO POWER MOKA, INC.
FUKUDA DENSHI CO., LTD.	A&D Company, Limited	Chubu Electric Power Grid Co., Inc.
MITSUMI ELECTRIC CO., LTD.	DAIKEN MEDICAL Co., LTD.	Tokyo Gas Engineering Solutions Corporation
U-Shin Ltd.	Sincere Co., LTD.	
NEC Platforms, Ltd.	SEIKO HOLDINGS CORPORATION	<b>Land/Marine/Air Transportation</b>
ELIY Power Co., LTD	JECO CO.,LTD.	TOBU RAILWAY CO., LTD.
KOKUSAI ELECTRIC CORPORATION	Japan Tissue Engineering Co., Ltd.	Sotetsu Holdings, Inc.
SANYO Electric Co., Ltd.	SCREEN Semiconductor Solutions Co., Ltd.	Keio Corporation



East Japan Railway Company	MEIKO TRANS CO., LTD.	CAPCOM CO., LTD.
Kintetsu Group Holdings Co., Ltd.		SCSK Corporation
HANKYU HANSHIN HOLDINGS, INC.	<b>Information &amp; Communication</b>	NSD CO., LTD.
Nankai Electric Railway Co., Ltd.	NEC Networks and System Integration Corporation	Techfirm Holdings Inc.
Kobe Electric Railway Co., Ltd.	Systema Corporation	DATA HORIZON CO., LTD.
Nagoya Railroad Co., Ltd.	NS Solutions Corporation.	HOTTO LINK INC.
NIKKON Holdings CO., LTD.	AZIA CO., LTD.	IGNIS LTD.
JAPAN OIL TRANSPORTATION CO., LTD.	KOEI TECMO HOLDINGS CO., LTD.	FFRI Security, Inc.
FUKUYAMA TRANSPORTING CO., LTD.	Densan Co., Ltd	SYSTEMS DESIGN Co., Ltd.
SEINO HOLDINGS CO., LTD.	Broadleaf Co., Ltd.	Media Kobo, Inc.
S LINE CO., LTD.	SYSTEM INFORMATION CO., LTD	PACIFIC SYSTEMS CORPORATION
Chichibu Railway Co., Ltd.	MEDIA DO Co., Ltd.	Data Applications Company, Limited
ZERO CO., LTD.	V-cube, Inc.	NTT DATA INTRAMART CORPORATION
HIGASHI TWENTY ONE CO., LTD.	Encourage Technologies Co., Ltd.	Aiming Inc.
Hiroshima Electric Railway Co., Ltd.	Fixstars Corporation	RAKUS Co., Ltd.
TAIHO TRANSPORTATION CO., LTD.	CARTA HOLDINGS, INC.	Hatena Co., Ltd
ENSHU TRUCK CO., LTD.	TechMatrix Corporation	VALUE GOLF
Kanda Holdings Co., Ltd	ZAPPALLAS, INC.	PKSHA Technology Inc.
Meitetsu Transportation Co., Ltd.	Internet Initiative Japan Inc.	JUST PLANNING INC.
Osaka metro Co., Ltd.	I'LL INC	SIG CO., Ltd.
Kami-iida link Line KK	MarkLines Co., Ltd.	AI, Inc.
Kintetsu Railway Co., Ltd.	Mobile Factory, Inc	Logizard Co., Ltd
Metropolitan Intercity Railway Company	TERRASKY CO., LTD.	D.I.System Co., Ltd.
Nara Ikoma Rapid Railway Co., Ltd.	PIPEDO HD, Inc.	EduLab, inc.
NARA KOTSU BUS LINES CO., LTD.	Internetworking & Broadband Consulting Co., Ltd.	Ricksoft Co., Ltd.
Nishi-Osaka Railway Co., Ltd.	NEOJAPAN. Inc	Serverworks Co., Ltd.
JAPAN FREIGHT RAILWAY COMPANY	Akatsuki Inc.	kaonavi, inc.
Japan Post Transport Co., Ltd.	Kanamic Network Co.,LTD	gooddays holdings Inc.
HANKYU CORPORATION	ORO Co., Ltd.	VALTES CO., LTD.
HANSHIN ELECTRIC RAILWAY CO., LTD.	Needs Well Inc.	SANSAN, Inc.
Hiroshima Rapid Transit Co., Ltd.	Signpost Corporation	BASE, Inc.
Mitsui O.S.K. Lines, Ltd.	PROTO CORPORATION	freee K.K.
IINO KAIUN KAISHA, LTD.	INFOCOM CORPORATION	JTOWER Inc.
Japan Airlines Co., Ltd.	Trend Micro Incorporated	Computer Management Co., Ltd
Pasco Corporation	Toukei Computer Co., Ltd	Locoguide Inc.
Star Flyer Inc.	XNET Corporation	SAKURA KCS Corporation
Asia Air Survey Co., Ltd.	Cybozu, Inc.	Space Shower Networks Inc.
	Information Services Intl - Dentsu	Bell-Park Co., Ltd.
<b>Warehousing and Harbor Transportation Service</b>	ACCESS CO., LTD.	KSK CO., LTD.
NISSIN CORPORATION	Computer Institute of Japan, Ltd.	IX Knowledge Inc.
MITSUBISHI LOGISTICS CORPORATION	Marvelous Inc.	The Asahi Shimbun Company
Mitsui-Soko Holdings Co., Ltd.	Tokyo Broadcasting System Holdings, Inc.	AT TOKYO CORPORATION
The Sumitomo Warehouse Co., Ltd.	TV Asahi Holdings	NEC Solution Innovators, Ltd.
Toyo Logistics Co., Ltd.	Vision Inc.	NTT, Inc.
JAPAN TRANSCITY CORPORATION	CROPS CORPORATION	NTT Communications Corporation
Utoc Corporation	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	NTT COMWARE CORPORATION
SANRITSU CORPORATION	HIKARI TSUSHIN, INC.	NTT Security Corporation
Kintetsu World Express, Inc.	NTT DOCOMO, INC.	NTT Plala Inc.
Azuma Shipping Co., Ltd.	Fibergate, Inc	The Sapporo Television Broadcasting Co., Ltd.
AIT CORPORATION	NTT DATA CORPORATION	DOCOMO Systems, Inc.
Tokyo Kisen Co., Ltd.	PCA CORPORATION	NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

NISSHO ELECTRONICS CORPORATION

The Japan Research Institute, Limited

Asahi Satellite Broadcasting Limited

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

Nippon Automated Cargo and Port Consolidated System Inc.

#### Wholesale Trade

KAWANISHI HOLDINGS, INC.

Jalux Inc,

TOKYO ELECTRON DEVICE LIMITED

Sojitz Corporation

ALFRESA HOLDINGS CORPORATION

SHINYEI KAISHA

Yashima Denki Co., Ltd.

JUTEC Holdings Corporation

Cominix CO., LTD

WIN-Partners Co., Ltd.

SHIP HEALTHCARE HOLDINGS Co., Ltd

MEIJI ELECTRIC INDUSTRIES CO., LTD.

FUJI KOSAN COMPANY, LTD.

SATORI ELECTRIC CO., LTD.

HAKUTO CO., LTD.

MEDIPAL HOLDINGS CORPORATION

HAGIWARA ELECTRIC HOLDINGS CO., LTD.

SUZUDEN CORPORATION

DOSHISHA CO., LTD.

HASHIMOTO SOGYO HOLDINGS CO., LTD.

SIIX CORPORATION

TAKASHIMA & CO., LTD.

TSUBAKIMOTO KOGYO CO., LTD.

SUMITOMO CORPORATION

Uchida Yoko Co., Ltd.

SATO SHOJI CORPORATION

Ryoyo Electro Corporation

Tokyo Sangyo Co., Ltd.

Shinsho Corporation

HANWA CO., LTD.

IWATANI CORPORATION

SHOKO CO., LTD.

Kyokuto Boeki Kaisha, Ltd.

SAN-AI OIL CO., LTD.

Inabata Co., Ltd.

Mitsuuroko Group Holdings Co., Ltd.

MOS FOOD SERVICES, INC.

SODA NIKKA CO., LTD.

PALTAC Corporation

MITANI SANGYO CO., LTD.

KOA Shoji Holdings corporation

KATO SANGYO CO., LTD.

ZAOH COMPANY, LTD.

Pla Matels Corporation

O'llwill Corporation

gremz, Inc.

INEST, Inc.

C.I. MEDICAL CO.,LTD.

Toba Inc.

OKAYA & CO., LTD.

SEIWA CHUO HOLDINGS CORPORATION

MANSEI CORPORATION

Naito&Co., Ltd.

O-WELL CORPORATION

MOONBAT Co., Ltd.

CENTRAL AUTOMOTIVE PRODUCTS LTD.

ZETT CORPORATION

TECHNO ASSOCIE CO., LTD.

AIKO CORPORATION

NIPPO LTD.

ALFRESA CORPORATION

SMB Kenzai Co., Ltd.

KURODA ELECTRIC CO., LTD.

Kowa Company, Ltd.

Gyxix Corporation

DOUTOR COFFEE CO., LTD.

JAPAN ALCOHOL TRADING CO., LTD.

PANASONIC CONSUMER MARKETING CO., LTD.

MEDICEO CORPORATION

LION OFFICE PRODUCTS CORP.

WATANABE PIPE CO., LTD.

#### Retail Trade

ASKUL Corporation

PAL GROUP HOLDINGS CO. LTD

Halows CO., LTD.

Alpen Co., Ltd.

QoI Holdings Co., Ltd.

DOUTOR NICHIRETS Holdings Co., Ltd.

BRONCO BILLY CO., LTD.

Treasure Factory Co., LTD.

Ap company Co., Ltd

Torikizoku co., ltd

yossix co., ltd

ASAHI CO., LTD.

Seven & i Holdings Co., Ltd.

TSURUHA HOLDINGS INC.

TORIDOLL Holdings Corporation

KUSURI NO AOKI HOLDINGS CO., LTD.

Sushiro Global Holdings Ltd.

RIGHT-ON CORPORATION

Ryohin Keikaku Co., Ltd.

G-7 HOLDINGS Inc.

MARCHE CORPORATION

SRS HOLDINGS CO., LTD.

Totenko Co., Ltd.

SHIMACHU CO., LTD.

LIFE CORPORATION

TEN ALLIED CO., LTD.

AOYAMA TRADING CO., LTD.

SHIMAMURA CO., Ltd.

Takashimaya Company, Limited

H2O RETAILING CORPORATION

Kintetsu Department Store Co., Ltd.

IZUMI CO. LTD.

K'S HOLDINGS CORPORATION

YAMADA DENKI CO., LTD.

AIGAN CO., LTD.

Sagami Holdings Corporation

SAC'S BAR HOLDINGS INC.

PALEMO HOLDINGS CO., LTD.

JASON CO., LTD.

Market Enterprise Co.,LTD

Fundely Co., Ltd.

Kaitori Okoku Co, Ltd

GENERATION PASS Co., Ltd.

United & Collective Co., Ltd.

UNIFORM NEXT CO., LTD.

OM2 NETWORK CO., LTD.

HAMAYUU.CO., LTD.

WA. INC.

Merhålsa Corporation

JUNTENDO CO. LTD.

MAKIYA CO., LTD.

Ito-Yokado Co., Ltd.

QVC Japan, Inc.

KUSURI NO AOKI CO., LTD.

COSTCO WHOLESALE JAPAN LTD.

SEVEN-ELEVEN JAPAN CO., LTD.

Sogo & Seibu Co., Ltd.

DAISO INDUSTRIES CO.,LTD.

Nissen Holdings Co., Ltd.

Best Denki Co., Ltd.

METRO Cash & Carry Japan K.K.

Mercedes-Benz Japan Co., Ltd.

#### Banks

The Shimane Bank, Ltd.

JAPAN POST BANK Co., Ltd.

San ju San Financial Group, Inc.

Daishi Hokuetsu Financial Group, Inc.

Sumitomo Mitsui Trust Holdings, Inc.

Sumitomo Mitsui Financial Group, Inc.

Tsukuba Bank, Ltd	SMBC Nikko Securities Inc.	Seven CS Card Service Co., Ltd.
The Bank of Iwate, Ltd.	Citigroup Global Markets Japan Inc.	SEVEN & i Financial Center Co., Ltd.
The Ogaki Kyoritsu Bank, Ltd.	Daiwa Securities Co.,LTD.	SEVEN CARD SERVICE CO., LTD.
The Fukui Bank, Ltd.	Monex, Inc.	Seven Financial Service Co., Ltd
THE SHIMIZU BANK, LTD	Japan Post Insurance Co., Ltd.	CENTRAL TANSHI CO., LTD.
THE NANTO BANK, LTD.	MS&AD Insurance Group Holdings, Inc.	Daiwa Asset Management Co., Ltd.
The Hyakugo Bank, Ltd.	Dai-ichi Life Holdings, Inc.	Daiwa International Holdings Inc.
The Kiyo Bank, Ltd.	LIFENET INSURANCE COMPANY	Daiwa PI Partners Co., Ltd
The Hiroshima Bank, Ltd.	NFC Holdings, Inc.	Tokyo Financial Exchange Inc.
The Chugoku Bank, Limited	IRRC Corporation	WEST JAPAN CONSTRUCTION SURETY CO. LTD.
The Iyo Bank, Ltd.	Aioi Nissay Dowa Insurance Co., Ltd.	Nikko Asset Management Co., Ltd.
THE AWA BANK, LTD.	Aflac Life Insurance Japan Ltd.	Nippon Record Keeping Network Co., Ltd.
Seven Bank, Ltd.	NN Life Insurance Company, Ltd.	NIPPON STEEL FINANCE Co., Ltd
THE BANK OF KOCHI, LTD.	ORIX Life Insurance Corporation	Norinchukin Value Investments Co., Ltd.
Yamaguchi Financial Group, Inc.	Sakura Insurance Inc.	Barclays Securities Japan Limited
The Bank of Nagoya, Ltd.	Sumitomo Life Insurance Company	Hankyu Hanshin Financial Support Co., Ltd.
North Pacific Bank, Ltd.	Secom General Insurance Co., Ltd.	EAST JAPAN CONSTRUCTION SURETY CO., LTD.
The Aichi Bank, Ltd.	The Dai-ichi Life Insurance Company, Limited	Viewcard Co., Ltd
The Daisan Bank, Ltd.	The Dai-ichi Frontier Life Insurance Co., Ltd.	HONDA FINANCE CO. LTD.
SMBC Trust Bank Ltd.	Nippon Export and Investment Insurance	Mazda Credit, Inc.
Shinhan Bank Japan	The Neo First Life Insurance Company, Limited	Monex Finance Corporation
ORIX Bank Corporation	Mitsui Sumitomo Aioi Life Insurance Company, Limited	Sumitomo Mitsui Card Company, Limited
The Kitakyushu Bank, Ltd.	Mitsui Sumitomo Insurance Company, Limited	Sumitomo Mitsui Trust Club Co., Ltd.
THE SAIKYO BANK, LTD.	Mitsui Sumitomo Primary Life Insurance Company, Limited	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
Trust & Custody Services Bank, Ltd.	Mitsui Direct General Insurance Company, Limited	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
SBI Sumishin Net Bank, Ltd.	Meiji Yasuda Life Insurance Company	Sumitomo Mitsui Finance and Leasing Company, Limited
The Daishi Bank, Ltd.	Meiji Yasuda General Insurance Co., Ltd	Mitsubishi Electric Credit Co., Ltd.
Daiwa Next Bank, Ltd.	Medicare Life Insurance Co., Ltd	MEITETSU MANAGEMENT SERVICE, K.K.
The Tokyo Star Bank, Limited	JACCS CO., LTD.	Mercedes-Benz Finance Co., Ltd
Japan Trustee Services Bank, Ltd.	ORIX CORPORATION	
The Bank of New York Mellon Trust (Japan), Ltd	NEC Capital Solution Limited	<b>Real Estate</b>
The Hokuetsu Bank, Ltd	SMFL MIRAI Partners Co., Ltd.	Star Mica Holdings Co., Ltd.
The Mie Bank, Ltd.	SMBC Consumer Finance Co., Ltd.	The Global Ltd.
Sumitomo Mitsui Banking Corporation	SMBC Guarantee Co., Ltd.	Sansei Landic Co., Ltd
Sumitomo Mitsui Trust Bank, Limited	SMBC Finance Service Co., Ltd.	Tenpo Innovation CO., LTD.
Momiji Bank, Ltd.	SMBC Mobit Co., LTD	Mitsui Fudosan Co., Ltd.
The Yamaguchi Bank, Ltd.	SMBC Loan Business Planning Co., Ltd.	HEIWA REAL ESTATE CO., LTD.
	NTT TC Leasing Co., Ltd.	DAIBIRU CORPORATION
<b>Securities and Commodities Futures/Insurance/ Other Financing Business</b>	NTT FINANCE CORPORATION	Sumitomo Realty & Development Co., Ltd.
Mercuria Investment Co., Ltd.	MHI Finance Co., Ltd.	Japan Corporate Housing Service Inc.
Daiwa Securities Group Inc.	Orix Credit Corporation	tsukuruba inc.
TOYO SECURITIES CO., LTD.	ORIX Auto Corporation	LANDIX Co., Ltd.
THE KOSEI SECURITIES CO., LTD.	Global Factoring Co., Ltd.	URBANET CORPORATION CO., LTD.
Monex Group, Inc.	Kobelco Financial Center Ltd.	Koryojyuhan Co.,Ltd.
AIZAWA SECURITIES CO., LTD.	JACCS LEASE CO., LTD	AZoom Co., Ltd.
THE IMAMURA SECURITIES CO., LTD.	SUBARU FINANCE CO., LTD.	The Japan Living Service Co., LTD.
SMBC Nikko Securities Inc.	SUMITOMO FUDOSAN FINANCE CO., LTD.	WOOD FRIENDS CO., Ltd.
Citigroup Global Markets Japan Inc.	Sumitomo Mitsui Auto Service Company, Limited	Century 21 Real Estate Of Japan Ltd.
Daiwa Securities Co., LTD.	The Resolution and Collection Corporation	WADAKOHSAN CO., LTD.
THE IMAMURA SECURITIES CO., LTD.	Cedyna Financial Corporation	NTT Urban Development Corporation

NTT Urban Solutions, Inc.  
 KINTETSU REAL ESTATE CO., Ltd.  
 New Chitose Airport Terminal Building  
 Seven & i Asset Management Co., Ltd.  
 Sotetsu Urban Creates Co., Ltd  
 Tokyo Gas Real Estate Co., Ltd.  
 Hankyu Hanshin Properties Corp.  
 MITSUI FUDOSAN REALTY CO., LTD.  
 Mitsui Fudosan Residential Co., Ltd.  
 Meitetsu Real Estate Development  
 Nippon Accommodations Fund Inc.  
 MCUBS MidCity Investment Corporation  
 GLP J-REIT  
 Nippon Prologis REIT, Inc.  
 Nippon Reit Investment Corporation  
 Mitsui Fudosan Logistics Park Inc.  
 MORI TRUST Hotel Reit, INC.  
 Nippon Building Fund Inc.  
 ORIX JREIT INC.  
 Premier Investment Corporation  
 HEIWA REAL ESTATE REIT, Inc.  
 Daiwa Office Investment Corporation  
 Hankyu Hanshin REIT Inc.  
 Japan Hotel Reit Investment Corporation

#### Services

CHUCO CO., LTD.  
 TAKEEI CORPORATION  
 EJ Holdings Inc.  
 Artner Co., Ltd  
 GCA Corporation  
 COOKPAD Inc.  
 SAINT-CARE HOLDING CORPORATION  
 DIP Corporation  
 OPT Holding, Inc.  
 SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.  
 TSUKUI CORPORATION  
 Brass Corporation  
 Hakuodo DY Holdings Inc.  
 Gurunavi, Inc.  
 F@N Communications Inc.  
 LIKE Co., Ltd.  
 Dentsu Group Inc.  
 TAKE AND GIVE. NEEDS Co., Ltd.  
 Nippon Air Conditioning Services Co., Ltd.  
 ORIENTAL LAND CO., LTD.  
 RESORTTRUST, INC.  
 USS CO., LTD.  
 Interworks, Inc.  
 KeePer Technical Laboratory Co., Ltd

SANKI SERVICE CORPORATION  
 JAPAN MATERIAL Co., Ltd.  
 LIKE Kids Inc.  
 CAREERLINK Co., Ltd.  
 ERI HOLDINGS CO., LTD.  
 ABIST Co., Ltd.  
 WILL GROUP, INC.  
 Escrow AgentJapan, Inc.  
 JAPAN POST HOLDINGS Co., Ltd.  
 Strike Co., Ltd.  
 Solasto Corporation  
 GameWith  
 SoldOut, Inc.  
 RPA Holdings, Inc.  
 SPRIX co., Ltd.  
 Forum Engineering Inc.  
 TOSHO CO., LTD.  
 TOKYO DOME CORPORATION  
 NOMURA Co., Ltd.  
 KNFCT Holdings Co., Ltd.  
 Secom Co. Ltd.  
 Daiseki Co., Ltd.  
 nms Holdings Corporation  
 Sobal Corporation  
 CSS HOLDINGS, Ltd  
 PRAP Japan, Inc.  
 Adways Inc.  
 SHLJapan Ltd.  
 SECOM JOSHINETSU CO., LTD.  
 UCHIDA ESCO CO., LTD.  
 SHIDAX CORPORATION  
 EXTREME CO., LTD.  
 Emergency Assistance Japan Co., Ltd.  
 ARCHITECTS STUDIO JAPAN INC.  
 FreakOut Holdings, inc.  
 Phoenix Bio Co., Ltd.  
 HyAS&Co. Inc  
 DM SOLUTIONS Co., Ltd.  
 SUS Co., Ltd  
 Cookbiz Co., Ltd  
 AB HOTEL CO., LTD  
 SERIO CORPORATION  
 KNC laboratories co., Ltd  
 Bestone.Com Co., Ltd  
 Frontier Management Inc.  
 SUN·LIFE HOLDING CO., LTD.  
 CRG Holdings, KK  
 Access Group Holdings Co., Ltd.  
 Alue Co., Ltd.  
 PIALA INC.

TSUKUI STAFF Corporation  
 Copro Holdings, KK  
 fureasu Co., Ltd.  
 Peers Co., Ltd.  
 Branding Technology Inc.  
 Intimate Merger, Inc.  
 meinan M&A co., ltd.  
 Jimoty, Inc.  
 WILLTEC Co., Ltd.  
 Ligua Inc.  
 WILSON LEARNING WORLDWIDE INC  
 OS CO., LTD.  
 IMPERIAL HOTEL, LTD.  
 THE ROYAL HOTEL, LIMITED  
 HOTEL NEWGRAND CO., LTD.  
 Kabushiki Kaisha Seiyoken  
 Asahi Security Co., Ltd.  
 NTT Business Associe Corporation  
 NTT FACILITIES, INC.  
 Ohtone Country Club Limited  
 Kansai Airports  
 Kuroda Group Co., Ltd.  
 Keio Accounting Co., Ltd.  
 GS Yuasa Accounting Service Ltd.  
 JR East Management Service Co., Ltd.  
 Taisei-Yuraku Real Estate Co., Ltd.  
 Japan Environmental Storage & Safety Corporation  
 Tobu Shared Service Co., Ltd  
 TOBU TOWER SKYTREE CO., LTD  
 Japan-Brazil Niobium Corporation  
 Japan Post Co., Ltd.  
 HAKUHODO INCORPORATED  
 HAKUHODO DY MEDIA PARTNERS INCORPORATED  
 Pasmco CO., Ltd  
 BANDAI NAMCO Amusement Inc.  
 Mitsubishi Electric Building Techno-Service Co., Ltd.

#### National Universities

HOKKAIDO UNIVERSITY  
 Hirosaki University  
 Miyagi University of Education  
 Ibaraki University  
 University of Tsukuba  
 Utsunomiya University  
 SAITAMA UNIVERSITY  
 Tokyo University of Foreign Studies  
 Niigata University  
 UNIVERSITY OF FUKUI  
 HAMAMATSU UNIVERSITY SCHOOL OF MEDICINE  
 AICHI UNIVERSITY OF EDUCATION

TOYOHASHI UNIVERSITY OF TECHNOLOGY	Japan Railway Construction ,Transport and Technology Agency
Tokai National Higher Education and Research System	Japan Water Agency
National University Corporation Shizuoka University	Organization for Environment Improvement around Airport
Mie University	National Institute for Environmental Studies
SHIGA UNIVERSITY OF MEDICAL SCIENCE	Environmental Restoration and Conservation Agency
Kyoto University of Education	
KYOTO INSTITUTE OF TECHNOLOGY	<b>Local Incorporated Administrative Agencies</b>
Osaka University	Sapporo Medical University, Hokkaido Koritsu Daigaku Hojin
Osaka Kyoiku University	Kanagawa Prefectural Hospital Organization
Hyogo University of Teacher Education	Shizuoka University of Art and Culture
Kobe University	AICHI PREFECTURAL UNIVERSITY
Nara University of Education	Osaka Prefectural General Hospital
Nara Women's University	Osaka Research Institute of Industrial Science and Technology
Nara Institute of Science and Technology	University Public Corporation Osaka
wakayama university	UNIVERSITY OF HYOGO
okayama university	kobe city hospital organization
HIROSHIMA UNIVERSITY	Kakogawashimin Byoin Kiko, Chiho Dokuritsu Gyosei Hojin
Yamaguchi University	Nara Medical University
Tokushima University	WAKAYAMA MEDICAL UNIVERSITY
Naruto University of Education	OKAYAMA PREFECTURAL UNIVERSITY
Kochi University	Okayama City Genral Medical Center
Kyushu Institute of Technology	
Oita University	
University of Miyazaki	
KAGOSHIMA UNIVERSITY	
National Institutes for the Humanities	
Research Organization of Information and Systems	
National Institutes of Natural Sciences	
<b>Incorporated Administrative Agencies</b>	
Northern Territories Issue Association	
National Institute of Information and Communications Technology	
Organization for Postal Savings, Postal Life Insurance and Post Office Network	
Japan Mint	
National Printing Bureau	
National Institutes for Quantum and Radiological Science and Technology	
RIKENTHE INSTITUTE OF PHYSICAL AND CHEMICAL RESEARCH	
Japan Arts Council	
Japan Student Services Organization	
Japan Agency for Marine-Earth Science and Technology	
JAPAN ATOMIC ENERGY AGENCY	
Organization for Workers' Retirement Allowance Mutual Aid	
Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers	
Japan Organization of Occupational Health and Safety	
National Center for Geriatrics and Gerontology	
Agriculture Livestock Industries Corporation	
Agriculture, Forestry and Fisheries Credit Foundations	
New Energy and Industrial Technology Development Organization	
Japan External Trade Organization	
Organization for Small & Medium Enterprises and Regional Innovation, JAPAN	

## A.4 Our values

---

Our Values guide our behaviors day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all our stakeholders. Our values are:

---

**Integrity:** We do what is right.

---

**Excellence:** We never stop learning and improving.

---

**Courage:** We think and act boldly.

---

**Together:** We respect each other and draw strength from our differences.

---

**For Better:** We do what matters.

---



## **KPMG AZSA LLC**

[home.kpmg/jp/azsa/](http://home.kpmg/jp/azsa/)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2021 KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. 21-9009

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.