



KPMG AZSA LLC

Transparency Report 2014

As at 30 June 2014

Contents

Message from the local senior partner	3
1. Who we are	4
1.1 Our business	4
1.2 Our strategy	4
2. Our structure and governance	4
2.1 Legal structure	4
2.2 Name and ownership	4
2.3 Governance structure	5
3. System of quality control	5
3.1 Tone at the top – the foundation of audit quality	7
3.1.1 Leadership responsibilities for quality and risk management	7
3.2 Association with the right clients	8
3.2.1 Acceptance and continuance of clients and engagements	8
3.2.2 Prospective client and engagement evaluation process	8
3.2.3 Continuance process	8
3.2.4 Client portfolio management	9
3.3 Clear standards and robust audit tools	9
3.3.1 Audit methodology and tools	9
3.3.2 Independence, integrity, ethics and objectivity	10
3.4 Recruitment, development and assignment of appropriately qualified personnel	13
3.4.1 Recruitment	13
3.4.2 Personal development	13
3.4.3 Performance evaluation and compensation	14
3.4.4 Partner admissions	14
3.4.5 Assignment	14
3.5 Commitment to technical excellence and quality service delivery	15
3.5.1 Technical training	15
3.5.2 Accreditation and licensing	15
3.5.3 Access to specialist networks	16
3.5.4 Consultation	16
3.5.5 Developing business understanding and industry knowledge	16
3.6 Performance of effective and efficient audits	16
3.6.1 KPMG Audit Process	17
3.6.2 Client confidentiality, information security and data privacy	20
3.7 Commitment to continuous improvement	20
3.7.1 Monitoring	20
3.8.2 Client feedback	22
4. Financial Information	22

5. Partner remuneration	22
6. Network arrangements	22
6.1 Legal Structure	22
6.2 Responsibilities and obligations of member firms	23
6.3 Professional Indemnity Insurance	23
6.4 Governance structure	23
6.5 Area Quality & Risk Management Leaders	24
7. Statement by the Board of KPMG AZSA on the effectiveness of quality controls and independence	24
A. Appendices	26
A.1 Key Legal Entities and areas of operation	26
A.2 Details of those charged with governance at KPMG AZSA	26
A.3 Public Interest Entities	27
A.4 KPMG's Values	32

Message from the local senior partner

In the recent environment for Japanese companies, the trend of consolidation of business and globalization is accelerating and many Japanese companies are expanding overseas operations rapidly irrespective of size or sector of business.

We always have to bear in mind that it is our top priority to maintain and improve the quality of the financial statement audit as well as to improve upon firm infrastructure and quality control systems that enable the audit to be completed in an environment when the operations of companies are becoming more complex and borderless.

Reliable financial information and high quality audits have always been important to the stability of the capital markets. The independence, expertise and professional skepticism of auditors add value to financial statements by enhancing their credibility and it is important for us to ensure these qualities. It is also important for us to be transparent in how we maintain our system of quality control in performing high quality audits.

We shall continue to make every effort to maintain and enhance our quality control system to enable us to provide high-quality services. These efforts include establishing policies to improve the efficiency and sophistication of audit services and the use of audit methodologies that utilize IT technologies.

The basis of our Audit Corporation is our people. It is our Firm's mission to produce professionals with deep professional knowledge and broad vision as well as high ideals and conviction together with the ability to take action. We have begun globalization projects for our professionals and are establishing policies in order to improve our training programs, assigning engagements that require global responses or solutions and provide for increased opportunities for overseas assignments.

We shall continue to provide high-quality services with the aim to fulfill our vision to become the best firm for providing quality services, professionals with integrity and satisfaction to the community, our clients and our personnel.

Hideyo Uchiyama
Managing Partner, KPMG AZSA LLC
September 2014

1. Who we are

1.1 Our business

KPMG AZSA LLC (“KPMG AZSA” or the “firm”), a member firm of KPMG International, has approximately 5,000 people in major cities in Japan, providing audit, attestation, and advisory services such as financial advisory services and assistance in preparation for initial public offerings. We also offer professional services in specialized fields including financial institutions, manufacturing, retail, IT, media, government, and healthcare.

As a member firm of KPMG International, KPMG AZSA provides clients with a consistent set of professional services globally through a network in 155 countries.

KPMG AZSA, a member firm of KPMG International, was formed in January 2004 with the merger of Asahi & Co. and AZSA & Co. Asahi & Co., founded in 1969, has provided audit as well as various other professional services to major Japanese companies and organizations for thirty-five years.

AZSA & Co., formed in February 2003, is the successor to the KPMG Japan accounting practice, which in 1949 became the first international accounting firm to open an office in Japan.

KPMG AZSA is dedicated to continuously providing outstanding professional services while striving to meet and exceed clients' expectations.

We operate from 12 offices across Japan and had 5,680 personnel as at 30 June 2014 (30 June 2013: 5,459).

1.2 Our strategy

We make it our business mission “to ensure the reliability of information by providing quality audit and accounting services as well as to contribute to the healthy development of our clients, and thereby contribute to the growth of global capital markets and realization of a fair society”.

In order to execute our business mission, we have following vision:

We shall become the No.1 Professional Firm which society, our clients and our personnel support by utilizing professionalism as a core which we have cultivated through audit and accounting;

We shall endeavor to become No.1 in “Integrity (integrity to meet the expectations of society, clients and our personnel)”, “Quality (quality of services we provide)”, and “Satisfaction (satisfaction of society, clients and our personnel)”.

2. Our structure and governance

2.1 Legal structure

KPMG AZSA is affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law. Further details about KPMG International and its business, including our relationship with it, are available in the 2014 KPMG International Transparency Report. KPMG AZSA is a limited liability company incorporated under the Certified Public Accountant Law.

As at 30 June 2014, there were 607 partners in KPMG AZSA (30 June 2013: 607 partners).

A list of key entities, including details of legal structure, regulatory status, nature of their business and area of operation is set out in Appendix 1.

2.2 Name and ownership

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

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

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

2.3 Governance structure

We use a system to ensure that the duties of Board Members are properly executed in accordance with certain rules, such as "the Partners' Meeting Rule", "the Board Meeting Rule", "the Executive Board Meeting Rule", "the Organization's Rule" and "the Rule on the operation of the Office".

The rules include procedures for operation such as the process of appointing a Board Member, standards on matters that require resolution or reporting at Partners' Meetings or Board Meetings and segregation of duties between each department at the Headquarters.

We hold a Partners' Meeting, a Partners' Meeting at the Regional Offices, a Board Meeting and the Executive Board Meeting to ensure the proper execution of duties by the Executive Board Members. In addition, we have an independent Oversight Committee to monitor the execution of duties by Board Members and the Managing Partner in order to ensure healthy and continuing growth of the Firm and a good governance system that meets the expectation of society.

Board Members are selected from Partners at each Regional Offices based on "the Board Meeting Rule" and "the Executive Board Meeting Rule". We have a Board that is comprised of Board Members (31 Partners who are qualified Japanese CPAs, 1 Specified Partner) and the Managing Partner appointed upon the approval of the majority of all Partners (a Partner who is a qualified Japanese CPA) as well as the Executive Board that is comprised of the Managing Partner and 11 Executive Board Members appointed by the Managing Partner from Board Members (qualified Japanese CPAs, no Specified Partner) as a decision-making and consulting body.

3. System of quality control

KPMG AZSA implements KPMG policies and procedures and adopts additional systems of quality control that are designed to meet the rules and standards issued by the Business Accounting Council of the Financial Service Agency, Japanese Government and the Japanese Institute of Certified Public Accountants (JICPA), and other regulators as well as local laws, such as the Certified Public Accountants Law, Civil Code, Financial Instruments and Exchange Law, other applicable related regulations, the Auditing Standards and Quality Control Standards related auditing by laws of the JICPA, and the Code of Ethics and practical guidance on auditing from the JICPA. A robust and consistent system of quality control is an essential requirement in performing high quality services. Accordingly, KPMG International has policies of quality control that apply to all member firms. These policies and associated procedures are designed to guide member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances.

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

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

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

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

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

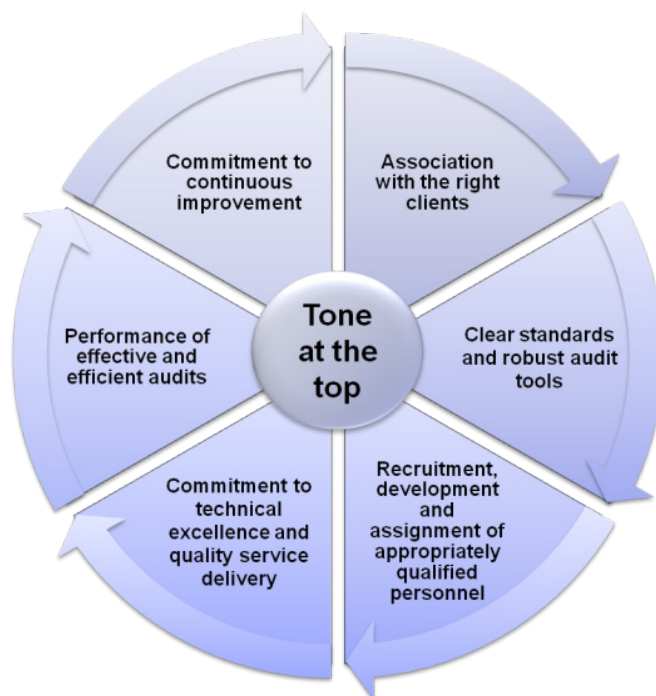
To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Our Framework introduces a common language that is used by all KPMG member firms to describe what we believe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

Our Audit Quality Framework identifies seven drivers of audit quality:

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

Tone at the top sits at the core of the Audit Quality Framework’s seven drivers of audit quality and helps ensure that the right behaviors permeate across our entire network.

All of the other drivers are presented within a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.



3.1 Tone at the top – the foundation of audit quality

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

KPMG’s focus on quality

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

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

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

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

KPMG AZSA’s Ethical Code of Conduct is the central tool that articulates the values and principles embodied in our firm’s policies and underscores our firm’s commitment to ethics and integrity. The Ethical Code of Conduct details the values and standards of behavior expected of all our firm’s partners and employees.

Our core values are further described in Appendix A.4.

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

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

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

3.1.1 Leadership responsibilities for quality and risk management

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

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

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

Operational responsibility for the system of quality control and risk management in KPMG AZSA has been delegated to the Deputy Managing Partner in charge of Audit and Quality Assurance and

Executive Board member in charge of Risk Management who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for the firm.

3.2 Association with the right clients

3.2.1 Acceptance and continuance of clients and engagements

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

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

3.2.2 Prospective client and engagement evaluation process

Before accepting a client, we undertake an evaluation of the prospective client. This involves an assessment of its principals, its business, and other service-related matters. This also involves background checks on the prospective client, its key management, and significant beneficial owners. A key focus is on the integrity of management at a prospective client.

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

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

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

Any potential independence or conflict of interest issues are documented and resolved prior to acceptance.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. We will decline a prospective client or engagement if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional and firm standards, or there are other quality and risk issues that cannot be appropriately mitigated.

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

3.2.3 Continuance process

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

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

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

3.2.4 Client portfolio management

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

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

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

3.3 Clear standards and robust audit tools

Professional practice, risk management, and quality control are the responsibility of every KPMG professional. Our professionals are expected to adhere to the clear policies and procedures (including independence policies), and are provided with a range of tools to support them in meeting these expectations. The policies and procedures set for audit incorporate the relevant requirements of accounting, auditing, ethics, and quality control standards, and other relevant laws and regulations.

3.3.1 Audit methodology and tools

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

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

Our audit methodology is enhanced through timely communications with management and Audit & Supervisory Board (audit committee) throughout the audit process.

Our audit methodology is supported by eAudIT, KPMG International's electronic audit tool, which provides KPMG auditors worldwide with the methodology, guidance, and industry knowledge needed to perform efficient, high-quality audits.

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

The key activities within the eAudIT workflow are:

Engagement setup

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

Risk assessment

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

Testing

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

Completion

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

KAM contains, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. Our methodology encourages engagement teams to exercise professional skepticism in all aspects of planning and performing an audit. The methodology encourages use of specialists when appropriate, and also requires involvement of relevant specialists in the core audit engagement team when certain criteria are met.

KAM includes the implementation of quality control procedures at the engagement level that provides us with reasonable assurance that our engagements comply with the relevant professional, legal, regulatory, and KPMG requirements.

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

3.3.2 Independence, integrity, ethics and objectivity

3.3.2.1 Overview

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

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

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

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

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

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

3.3.2.2 Personal independence

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

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

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

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

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

3.3.2.3 Firm financial independence

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

3.4.2.4 Business relationships

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

Compliance with these policies and procedures is reviewed periodically.

3.3.2.5 Independence training and confirmations

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

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

3.4.2.6 Audit partner rotation

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

Our rotation policies are consistent with the Certified Public Accountant Law, JICPA Code of Ethics and require our firm to comply with any stricter applicable rotation requirements, such as SEC rules. We monitor the rotation of audit engagement leaders (and any other key roles where there is a rotation requirement) and have transition plans to enable us to allocate partners with the necessary competence and capability to deliver a consistent quality of service to clients. The rotation monitoring is subject to compliance testing.

3.3.2.7 Non-audit services

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

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

Every engagement entered into by any KPMG member firm in our network is required to be included in the system prior to providing services. The system enables lead audit engagement partners for entities for which group structures are maintained to review and approve, or deny, any proposed service for those entities worldwide. In accordance with applicable auditor independence rules, none of our audit partners are compensated on their success in selling non-audit services to their audit clients.

3.3.2.8 Fee dependency

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

In particular, KPMG International's policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years, a senior partner from another operating firm would be appointed as the engagement quality control (EQC) reviewer. Also, this would be disclosed to those charged with governance at the audit client.

No audit client accounted for more than 10 percent of the total fees received by our firm during the last two years.

3.3.2.9 Conflicts of interest

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

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is maintained. Such

procedures may, for example, include establishing formal dividers between engagement teams serving different clients, and making arrangements to monitor the operation of such dividers.

3.3.2.10 Breaches of Independence Policy

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

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

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

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

Accordingly, training covering compliance with laws (including those relating to anti-bribery and corruption), regulations, professional standards, and the KPMG's Ethical Code of Conduct is required to be completed at a minimum of once every two years, with new hires completing such training within three months of joining the firm.

3.4 Recruitment, development and assignment of appropriately qualified personnel

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

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

3.4.1 Recruitment

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

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

3.4.2 Personal development

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

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

3.4.3 Performance evaluation and compensation

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

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

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

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

Compensation and promotion

Our firm has compensation and promotion policies that are clear, simple, and linked to the performance evaluation process so that our people know what is expected of them and what they can expect to receive in return.

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

3.4.4 Partner admissions

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

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

3.4.5 Assignment

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

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

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

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

- ability to apply professional judgment; and
- an understanding of KPMG's quality control policies and procedures.

3.5 Commitment to technical excellence and quality service delivery

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

At the same time we use our audit accreditation and licensing policies to require professionals to have the appropriate knowledge and experience for their assigned engagements.

3.5.1 Technical training

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

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

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

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

3.5.2 Accreditation and licensing

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

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

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

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

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

3.5.3 Access to specialist networks

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

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

3.5.4 Consultation

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

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

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

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

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

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

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

3.5.5 Developing business understanding and industry knowledge

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

For significant industries global audit sector leads are appointed to support the provision of relevant industry information to audit professionals within eAudIT. This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available which provide general and business information in respect of particular industries as well as a summary of the industry knowledge provided in eAudIT.

3.6 Performance of effective and efficient audits

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

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

3.6.1 KPMG Audit Process

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

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

3.6.1.1 Timely partner and manager involvement

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

The engagement partner is responsible for the overall quality of the audit engagement and therefore for the direction, supervision and performance of the engagement.

The engagement partner is a key participant in the planning meeting, reviews key audit documentation, in particular, documentation relating to significant matters arising during the audit, including conclusions reached, and is responsible for the final audit opinion.

The engagement manager assists the partner in meeting these responsibilities and in the day-to-day liaison with the client and team.

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

3.6.1.2 Critical assessment of audit evidence with emphasis on professional skepticism

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

We critically assess audit evidence obtained from all sources. The analysis of the audit evidence requires each of our team members to exercise professional judgment and maintain professional skepticism to obtain sufficient appropriate audit evidence.

Professional skepticism involves a questioning mind and alertness to contradictions or inconsistencies in audit evidence. Professional skepticism features prominently throughout auditing standards and receives significant focus from regulators. Our Audit Quality Framework emphasizes the importance of maintaining an attitude of professional skepticism throughout the audit.

We have developed a professional judgment process that provides audit professionals with a structured approach to making judgments. Our professional judgment process has professional skepticism at its heart. It recognizes the need to be alert to biases which may pose threats to good judgment, consider alternatives, critically assess audit evidence by challenging management's

assumptions and following up contradictory or inconsistent information, and document rationale for conclusions reached on a timely basis as a means of testing their completeness and appropriateness.

3.6.1.3 Ongoing mentoring and on the job coaching, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of skills and capabilities of our professionals, without compromising on quality, we use a continuous learning environment.

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

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

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

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

3.6.1.4 Appropriately supported and documented conclusions

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

Our methodology recognizes that documentation prepared on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before our report is finalized. Teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, which is ordinarily not more than 60 calendar days from the date of the audit report but may be more restrictive under certain applicable regulations.

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

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

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

3.6.1.5 Appropriate involvement of the EQC reviewer

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

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

Our internal policy requires the EQC review to be completed by reviewers who are proven to be capable for every audit engagement prior to the issuance of the audit report.

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

We have different types of EQC review to meet differences in the type of risk of the audit engagement. We have a policy which requires an EQC reviewer to be involved in a timely manner from the acceptance of the audit engagement and planning of an audit for every listed company as well as other socially influential business entities and other business entities whose audit engagements are assessed as high-risk.

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

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

The Senior Review Board monitors the status of the EQC review process. The Senior Review Board evaluates significant judgments made in the audit.

3.6.1.6 Reporting

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

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

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

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

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

We achieve this through a combination of reports and presentations, and ongoing discussions with members of the Audit & Supervisory Board.

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

3.6.1.8 Focus on effectiveness of group audits

Our audit methodology covers the conduct of group audits in detail.

We stress the importance of effective two-way communication between the group engagement team and the component auditors, which is a key to audit quality.

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

3.6.2 Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Code of Conduct, compliance training, information security training and the annual affidavit/confirmation process, that all KPMG personnel of our 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 rule requirements as well as other applicable regulatory bodies' standards and regulations.

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

3.7 Commitment to continuous improvement

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

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

3.7.1 Monitoring

3.7.1.1 Internal monitoring

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

Our monitoring procedures involve ongoing consideration of:

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

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

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

Quality Performance Reviews (QPRs)

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

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

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

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

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

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

We disseminate our findings from the QPR Program to our professionals through written communications, internal training tools, and periodic partner, manager and staff meetings. These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of less than satisfactory engagement ratings on their respective cross-border engagements.

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

Risk Compliance Program (RCP)

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

Global Compliance Review (GCR) Programs

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

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

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

3.7.1.2 External monitoring

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

The JICPA inspected the firm in 2013 and we received a report with an unqualified opinion on the inspection in 2014. In 2013, the CPAAOB inspected the firm and we received an inspection report.

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

3.8.2 Client feedback

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

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

4. Financial Information

(Million JPY)	2013	2014
Total turnover	80,081	80,734
Audit	67,757	67,431
Other non-audit service	12,324	13,303

5. Partner remuneration

Our firm has compensation policies that are clear, simple, and linked to the performance evaluation process so that partners know what is expected of them and what they can expect to receive in return.

6. Network arrangements

6.1 Legal Structure

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law. KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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

maintenance of uniform policies and standards of work and conduct by member firms, and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

6.2 Responsibilities and obligations of member firms

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

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

6.3 Professional Indemnity Insurance

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

6.4 Governance structure

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

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. It performs functions equivalent to a shareholders' meeting (albeit that KPMG International has no share capital and, therefore, only has members, not shareholders). Among other things, the Global Council elects the chairman for a term of up to four years (renewable once) and also approves the appointment of Global Board members. It includes representation from 56 member firms that are "members" of KPMG International as a matter of Swiss law. Sub-licensees are generally indirectly represented by a member.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations. It also admits member firms and ratifies the global chairman's appointment of the global deputy chairman and members of the Global Management Team.

The Global Board includes the global chairman, the global deputy chairman, the chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms. It is led by the global chairman who is

supported by the Executive Committee, consisting of the global chairman, the global deputy chairman, the chairman of each of the regions and currently three other senior partners of member firms. One of the other Global Board members is elected as the lead director by these Global Board members who are not also members of the Executive Committee of the Global Board (“nonexecutive” members). A key role of the lead director is to act as liaison between the global chairman and the “nonexecutive” Global Board members. The list of Global Board members, as at 1 October 2014 is available in the International Annual Review.

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

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments. It is led by the global deputy chairman, and includes the global chairman, the global deputy chairman, the global chief operations officer, global function and infrastructure heads and the general counsel. The list of Global Management Team members, as at 1 October 2014, is available in the International Annual Review. The Global Steering Groups are responsible for supporting and driving the execution of the strategy and business plan in their respective areas and act under oversight of the Global Management Team. The role of the Global Quality & Risk Management Steering Group is outlined in more detail in the KPMG International Transparency Report.

Each member firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating or executive officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International’s policies and processes within the region.

Further details about KPMG International including the governance arrangements, can be found in its Transparency Report, which is available at <http://www.kpmg.com/global/en/about/governance/pages/transparency-report.aspx>

6.5 Area Quality & Risk Management Leaders

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

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

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

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

The Board of KPMG AZSA has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 3.7.1 and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of KPMG AZSA confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively during the year ended 30 June 2014.

Further, the Board of KPMG AZSA confirms that an internal review of independence compliance within our firm has been conducted during the year ended 30 June 2014.

A. Appendices

A.1 Key Legal Entities and areas of operation

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
KPMG AZSA LLC	Limited Liability Company	Japan Registered Auditor	Audit and Advisory Services	Japan
KPMG FAS Co., Ltd.	Corporation	None	Advisory Services	Japan
KPMG BPA Co., Ltd. (*1)	Corporation	None	Advisory Services	Japan
KPMG Business Advisory Co., Ltd.(*2)	Corporation	None	Advisory Services	Japan
KPMG Consulting Co., Ltd. (*2)	Corporation	None	Advisory Services	Japan
KPMG Healthcare Japan Co., Ltd.	Corporation	None	Advisory Services	Japan
KPMG AZSA Sustainability Co., Ltd.	Corporation	None	Sustainability audit/attestation /advisory	Japan
AZSA Office Mate Co., Ltd.	Corporation	None	Shared Services to KPMG AZSA LLC	Japan
KPMG Management Co.,Ltd.	Corporation	None	Shared Services to KPMG Japan's entities	Japan

(*1) KPMG BPA Co., Ltd.is merged into KPMG FAS Co., Ltd. on 1 July 2014.

(*2) KPMG Consulting Co., Ltd. and KPMG Business Advisory Co., Ltd. are consolidated into one entity, named as KPMG Consulting Co., Ltd on 1 July 2014.

A.2 Details of those charged with governance at KPMG AZSA

Hideyo Uchiyama, Managing Partner

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 2014 is follows;

A&D Company, Limited	Chuo Seisakusho, Ltd.	Eikoh Holdings Inc.
Abu Dhabi Oil Co., Ltd.	Circle K Sunkus Co., Ltd.	ELIY Power Co., Ltd.
ACCESS CO.,LTD.	Citi Cards Japan, Inc.	Emergency Assistance Japan Co., Ltd.
Adways Inc.	Citibank Japan Ltd.	EMORI GROUP HOLDINGS CO.,LTD.
Agriculture & Livestock Industries Corporation	Citigroup Global Markets Japan Inc.	ENSHU TRUCK CO.,LTD.
Agriculture, Forestry and Fisheries Credit Foundations	Citigroup Japan Holdings Corp.	Environmental Restoration and Conservation Agency
AHJIKAN CO.,LTD.	COCA-COLA WEST COMPANY,LIMITED	EPOS Card Co., Ltd.
AI Beverage Holding Co., Ltd.	COLOWIDE CO.,LTD.	EXEDY Corporation
AICHI PREFECTURAL UNIVERSITY	COMANY INC.	F@N Communications Inc.
Aichi University of Education	Computer Institute of Japan,Ltd.	F-TECH INC.
AIGAN CO.,LTD.	COOKPAD Inc.	Fudo Tetra Corporation
AIKO CORPORATION	CORONA CORPORATION	FUJI CORPORATION
Aioi Nissay Dowa Insurance Co., Ltd	COSEL CO.,LTD.	Fuji Heavy Industries Ltd.
AIR WATER INC.	COSMO OIL COMPANY,LIMITED	FUJI HENSOKUKI CO.,LTD.
AIT CORPORATION	CREATE MEDIC CO.,LTD.	FUJI KOSAN COMPANY, LTD.
AIZAWA SECURITIES CO., LTD.	Credit Suisse Securities (Japan) Limited	FUJI MACHINE MFG.CO.,LTD.
Alfresa Corporation	CROPS CORPORATION	FUJI OIL CO.,LTD.
Alfresa Holdings Corporation	CSS HOLDINGS, LTD.	Fuji Oil Company, Ltd.
ALINCO INCORPORATED	Cybozu, Inc.	Fuji Pharma Co.,Ltd.
Allianz Fire and Marine Insurance Japan Ltd.	D&M HOLDINGS INC.	FUJI SEIKO LIMITED
Allianz Life Insurance Japan Ltd.	D.A.Consortium Inc.	FUKUDA DENSHI CO.,LTD.
Alpen Co.,Ltd.	Dai Nippon Toryo Company,Limited	FUKUYAMA TRANSPORTING CO.,LTD.
ALPHA Corporation	DAIBIRU CORPORATION	FUMAKILLA LIMITED
AMIYAKI TEI CO.,LTD.	DAI-DAN CO.,LTD.	G-7 HOLDINGS Inc.
ANRITSU CORPORATION	DAIDO KOGYO CO.,LTD.	GCA Savvian Corporation
AOKI MARINE CO., LTD.	DAIHEN CORPORATION	GE Japan Corporation
AOYAMA TRADING CO.,Ltd.	DAIHO CORPORATION	GE Japan Funding K.K.
AP COMPANY CO.,LTD.	DAIICHI SANKYO COMPANY,LIMITED	Gene Techno Science Co.,Ltd.
ARTNER CO.,LTD.	DAIKEN MEDICAL CO.,LTD.	GEOSTR Corporation
ASAHI BREWERIES, LTD.	DAIKO DENSHI TSUSHIN, LTD.	GIFU UNIVERSITY
ASAHI CO.,LTD.	DAIKOKU DENKI CO.,LTD.	GIKEN LTD.
Asahi Glass Company,Limited	DAIKYO INCORPORATED	Global Factoring Co., Ltd.
Asahi Group Holdings, Ltd.	Daimler Financial Services Japan Co., Ltd.	GLP J-REIT
Asahi Satellite Broadcasting Limited	DAINIPPON SCREEN MFG.CO.,LTD.	Government Pension Investment Fund
ASAHI SOFT DRINKS CO., LTD.	Dainippon Sumitomo Pharma Co.,Ltd.	gremz,Inc.
ASAHI TEC CORPORATION	DAISO INDUSTRIES CO., LTD.	Gurunavi, Inc.
ASAKA INDUSTRIAL CO.,LTD.	DAITO GYORUI CO.,LTD.	H2O RETAILING CORPORATION
ASHIMORI INDUSTRY CO.,LTD.	Daito Pharmaceutical Co.,Ltd.	HAGIWARA ELECTRIC CO.,LTD.
Asia Air Survey Co.,Ltd.	Daiwa Asset Management Co.Ltd.	HAKUHODO DY HOLDINGS INCORPORATED
ASKUL Corporation	Daiwa Corporate Investment Co., Ltd.	Hakuhodo DY Media Partners Inc.
Asunaro Aoki Construction Co.,Ltd.	Daiwa House REIT Investment Corporation	HAKUHODO INCORPORATED
AT TOKYO Corporation	Daiwa International Holdings Inc.	Hakuto Co.,Ltd.
ATOM CORPORATION	Daiwa investment management Inc	HALOWS CO.,LTD.
au Insurance Company,Limited	Daiwa Next Bank, Ltd.	HAMAMATSU UNIVERSITY SCHOOL OF MEDICINE
Aucfan Co.,Ltd.	Daiwa Office Investment Corporation	Hankyu Corporation
AZIA CO.,LTD.	Daiwa PI Partners Co. Ltd.	Hankyu Hanshin Financial Support Co., Ltd.
BANDAI CO., LTD.	Daiwa Securities Co.Ltd.	Hankyu Hanshin Holdings,Inc.
Bell-Park Co.,Ltd.	Daiwa Securities Group Inc.	Hankyu Realty Co., Ltd.
BEST DENKI CO.,LTD.	DALTON CORPORATION	Hankyu REIT Inc.
BMW Japan Finance Corp.	Data Applications Company, Limited	HANSHIN ELECTRIC RAILWAY CO., LTD.
Broadleaf Co.,Ltd.	DATA HORIZON CO.,LTD.	HANWA CO.,LTD.
BRONCO BILLY Co.,LTD.	DENSAN CO.,LTD.	HASHIMOTO SOGYO CO.,LTD.
Calpis Co.,Ltd.	DESCENTE,LTD.	HAZAMA ANDO CORPORATION
CAPCOM CO.,LTD.	Deutsche Securities Inc.	HEIWA REAL ESTATE REIT, Inc.
CAR MATE MFG. CO.,LTD.	DIAMOND ELECTRIC MFG. CO.,LTD.	Hibiya Engineering, Ltd.
CAREERLINK CO.,LTD.	DIGITAL Hearts Co., Ltd.	HIGASHI TWENTY ONE CO.,LTD.
CASIO COMPUTER CO.,LTD.	DIP Corporation	HIKARI TSUSHIN,INC.
C-CUBE Corporation	DISCO CORPORATION	HI-LEX CORPORATION
Cedyna Financial Corp.	DKS Co. Ltd.	HIRATA Corporation
CENTRAL AUTOMOTIVE PRODUCTS LTD.	DOSHISHA CO.,LTD.	HIROSAKI UNIVERSITY
Central Tanshi Co.,Ltd.	Doutor Coffee Co.,Ltd.	HIROSE ELECTRIC CO.,LTD.
CENTURY21 REAL ESTATE OF JAPAN LTD.	DOUTOR.NICHIRE Holdings Co.,Ltd.	Hiroshima Electric Railway Co.,Ltd.
CHEMIPRO KASEI KAISHA, LTD.	DUNLOP SPORTS CO. LTD.	HIROSHIMA GAS CO.,LTD.
CHITA KOGYO CO.,LTD.	DyDo DRINCO,INC.	Hiroshima Rapid Transit Co., Ltd.
Chubu Electric Power Company,Inc.	DYNIC CORPORATION	HIROSHIMA UNIVERSITY
CHUBU SECURITIES FINANCING CO.,LTD.	E.J Holdings Inc.	HISAMITSU PHARMACEUTICAL CO.,INC.
Chubu Steel Plate Co.,Ltd.	East Asia United Steel Corporation	Hitachi Zosen Corporation
CHUCO CO.,LTD.	East Japan Construction Surety Co.,Ltd.	Hitachi Zosen Fukui Corporation
CHUGAI PHARMACEUTICAL CO.,LTD.	East Japan Railway Company	HITOTSUBASHI UNIVERSITY
CHUKYO IYAKUHN CO.,LTD.	Eidai Co.,Ltd.	Hokuetsu Kishu Paper Co.,Ltd.

Hokuriku Denwa Kouji Co.,Ltd.	JMS CO.,LTD.	Kyoto Institute of Technology
HONDA FINANCE CO.,LTD.	JR East Management Service Co.,Ltd	Kyoto University
HONDA MOTOR CO., LTD.	JSR CORPORATION	Kyoto University of Education
Honda R&D Co.,Ltd.	JUNTENDO CO.,LTD.	Kyushu Institute of Technology
HORIBA, Ltd.	Jupiter Telecommunications Co., Ltd.	LIFE CORPORATION
HOSOKAWA MICRON CORPORATION	JUSTPLANNING INC.	LIFENET INSURANCE COMPANY
Hyogo University of Teacher Education	JUTEC Holdings Corporation	LION OFFICE PRODUCTS CORP.
Hypo Real Estate Capital Japan Corporation	K.K. BCJ-1	MAEDA ROAD CONSTRUCTION CO.,LTD.
IDEC CORPORATION	Kabushiki Kaisha Seiyoken.	MAEZAWA KYUSO INDUSTRIES CO.,LTD.
I-FREEK HOLDINGS INC.	KADOKAWA CORPORATION	MAGASseek Corp.
IINO KAIUN KAISHA, LTD.	KAGETSUENKANKO Co.,Ltd.	MAINICHI BROADCASTING SYSTEM, INC.
ILL INC	KAITORI OKOKU CO.,LTD.	Makita Corporation
Imasen Electric Industrial Co.,Ltd.	KAJI TECHNOLOGY CORPORATION	MAKIYA CO.,LTD.
Imperial Hotel,Ltd.	Kanda Holdings Co.,Ltd	MAMEZOU HOLDINGS CO.,LTD.
Inabata & Co.,Ltd.	KANEKA CORPORATION	Management
INFOCOM CORPORATION	KANSAI PAINT CO.,LTD.	Organization for Postal Savings and Postal Life Insurance
inspec Inc.	Kansai Urban Banking Corporation	MARCHE CORPORATION
INTAGE HOLDINGS Inc.	Kanto Natural Gas Development Co., Ltd.	Marine Technical Education Agency
IREP Co.,Ltd	Kanto Railway Co.,Ltd.	Marubeni Construction Material Lease Co.
ISE CHEMICALS CORPORATION	KAPPA.CREATE HOLDINGS CO.,LTD.	MARUDAI FOOD CO.,LTD.
Isolite Insulating Products Co.,Ltd.	KATO SANGYO CO.,LTD.	MARUEI DEPARTMENT STORE COMPANY,LIMITED
ITO EN,LTD.	Kawasaki Heavy Industries, Ltd.	Maruha Nichiro Corporation
ITOHAM FOODS INC.	KAWASAKI SETSUBI KOGYO CO.,LTD.	Maruha Nichiro Foods,Inc.
ITO-YOKADO CO., LTD.	KAWASAKI THERMAL ENGINEERING CO.,LTD.	MARUI GROUP CO.,LTD.
IWABUCHI CORPORATION	KAYABA INDUSTRY CO.,LTD.	Maruichi Steel Tube Ltd.
IWAKI & CO.,LTD.	KAZOKUTEI CO.,LTD.	MARUSEI Co.,LTD
IWATANI CORPORATION	KEEPER CO.,LTD.	MARUWA CO., LTD.
IWATSU ELECTRIC CO.,LTD.	Keio Corporation	Marvelous AQL Inc.
IX Knowledge Incorporated	KENKO Mayonnaise Co.,Ltd.	MassMutual Life Insurance Company
IZUMI CO.,LTD.	KIKUCHI SEISAKUSHO CO., LTD.	Matsudo Kousan Co.,Ltd.
J:COM East Co., Ltd.	KING JIM CO.,LTD.	MAX CO.,LTD.
J:COM West Co., Ltd.	Kintetsu Corporation	Mazda Motor Corporation
JACCS CO.,LTD.	Kintetsu Department Store CO.,Ltd.	Media Five Co.
Janis Ltd.	KINTETSU REAL ESTATE CO.,LTD.	Media Kobo,Inc.
Japan Aerospace Exploration Agency	Kintetsu World Express,Inc.	Mediaflag Inc.
Japan Airlines Co.,Ltd.	Kirin Beer Marketing Company, Ltd.	Medicare Life Insurance Co., Ltd.
JAPAN ALCOHOL TRADING COMPANY LIMITED	Kirin Brewery Company, Limited	MEDICEO CORPORATION
Japan Atomic Energy Agency	Kirin Holdings Company,Limited	MEDIPAL HOLDINGS CORPORATION
Japan Bond Trading Co.,Ltd.	KITAGAWA INDUSTRIES CO.,LTD.	Megachips Corporation
Japan Corporate Housing Service Co.,Ltd.	KITAGAWA IRON WORKS CO.,LTD.	MEIDENSHA CORPORATION
Japan Display Inc.	KITAMURA CO.,LTD.	MEIJI ELECTRIC INDUSTRIES CO.,LTD.
Japan Drilling Co.,Ltd.	Kiyo Holdings, Inc.	Meiji Yasuda General Insurance Co.,Ltd.
JAPAN ELECTRONIC MATERIALS CORPORATION	KNT-CT Holdings Co.,Ltd.	Meiji Yasuda Life Insurance Company
Japan Environmental Safety Corporation	Kobe City Hospital Organization	Meiko Electronics Co.,Ltd.
JAPAN ERI CO., LTD.	Kobe Electric Railway Co.,Ltd.	MEISEI ELECTRIC CO.,LTD.
Japan External Trade Organization	Kobe Steel, Ltd.	Meitetsu Transport Co.,Ltd.
JAPAN FOODS CO.,LTD.	Kobe University	Meito Sangyo Co.,Ltd.
Japan Freight Railway Company	KOBELCO CONSTRUCTION MACHINERY CO., LTD.	MEIWA INDUSTRY CO.,LTD.
Japan Hotel REIT Investment Corporation	Kobelco Eco-Solutions Co.,Ltd.	Mercedes-Benz Finance Co., Ltd.
Japan Labour Health and Welfare Organization	Kochi University of Technology	Mercedes-Benz Japan Co.,Ltd.
JAPAN MATERIAL Co.,Ltd.	KOEI CHEMICAL COMPANY,LIMITED	Mercian Corporation
Japan Mint	Kojima Iron Works Co.,Ltd.	MESCO,Inc.
Japan Oil Transportation Co.,Ltd.	KOKUYO CO.,LTD.	METRO Cash & Carry Japan K.K.
Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers	KOMATSU LTD.	MG Leasing Corporation
JAPAN POST BANK Co.,Ltd.	KOMATSU SEIREN CO.,LTD.	MID REIT, Inc.
JAPAN POST Co.,Ltd.	KONAMI CORPORATION	Mie University
JAPAN POST HOLDINGS Co.,Ltd.	Konami Digital Entertainment Co., Ltd.	MIMASU SEMICONDUCTOR INDUSTRY CO.,LTD.
JAPAN POST INSURANCE Co.,Ltd.	Konami Real Estate, Inc.	MINEBEA CO.,LTD.
JAPAN POST TRANSPORT Co., Ltd.	Konami Sports & Life Co., Ltd.	MITANI SANGYO CO.,LTD.
Japan Railway Construction,Transport and Technology Agency	KONICA MINOLTA, INC.	MITSUBISHI CABLE INDUSTRIES, LTD.
Japan Transcity Corporation	Konoshima Chemical Co.,Ltd.	MITSUBISHI ELECTRIC BUILDING TECHNO-SERVICE CO.,LTD.
Japan Trustee Services Bank, Ltd.	KOWA CO.,LTD.	Mitsubishi Electric Corporation
Japan Water Agency	KROSAKI HARIMA CORPORATION	Mitsubishi Electric Credit Co., Ltd
Japan-Brazil Niobium Corporation	K'S HOLDINGS CORPORATION	Mitsubishi Fuso Truck and Bus Corporation
Japan-Singapore Petrochemicals Co., Ltd.	KSK CO.,LTD.	Mitsubishi Logistics Corporation
JASON CO.,LTD.	KU HOLDINGS CO.,LTD.	MITSUBISHI MATERIALS CORPORATION
J-COM Holdings Co., Ltd.	KURODA ELECTRIC CO.,LTD.	MITSUBISHI PENCIL COMPANY,LIMITED
JECO CO.,LTD.	KUSURI NO AOKI CO.,LTD.	Mitsui Direct General Insurance Company, Limited
JGC CORPORATION	KYOEI STEEL LTD.	Mitsui Engineering & Shipbuilding Co.
JIEC Co.,Ltd.	Kyokuto Boeki Kaisha, Ltd.	Mitsui Fudosan Co.,Ltd.
		Mitsui Fudosan Realty Co.,Ltd.

Mitsui Fudosan Residential Co.,Ltd.	NIHON PLAST CO.,LTD.	OHNAMI CORPORATION
Mitsui Home Co.,Ltd.	Nihon Yamamura Glass Co.,Ltd.	OITA UNIVERSITY
Mitsui Mining and Smelting Company, Limited	Nikko Asset Management Co., Ltd.	OIZUMI Corporation
Mitsui O.S.K. Lines,Ltd.	NIKKO CO.,LTD.	OKADA AIYON CORPORATION
Mitsui Sumitomo Aioi Life Insurance Co.,Ltd.	NIKKO COMPANY	OKAMOTO MACHINE TOOL WORKS,LTD.
Mitsui Sumitomo Insurance Co.,Ltd.	NIPPO LTD.	OKAMURA CORPORATION
Mitsui Sumitomo Primary Life Insurance Co., Ltd.	Nippon Accommodations Fund Inc.	OKAYA & CO.,LTD.
Mitsuuroko Group Holdings Co.,Ltd.	Nippon Asahan Aluminium Co., Ltd.	OKAYA ELECTRIC INDUSTRIES CO.,LTD.
Miyagi University of Education	Nippon Avionics Co.,Ltd.	OLIVER CORPORATION
mmbi, Inc.	Nippon Beet Sugar Manufacturing Co.,Ltd.	Ono Sangyo Co.,Ltd.
MODEC,INC.	Nippon Building Fund Inc.	OPT,Inc.
Momiji Bank, Ltd.	NIPPON CAR SOLUTIONS CO.,LTD.	Organization for Environment Improvement around Airport
Monex Group, Inc.	Nippon Conveyor Co.,Ltd.	Organization for Workers' Retirement Allowance Mutual Aid
Monex,Inc.	Nippon Electric Glass Co.,Ltd.	ORIENTAL CHAIN MFG.CO.,LTD.
MONEY SQUARE JAPAN,INC.	Nippon Export and Investment Insurance	ORIENTAL LAND CO.,LTD.
MOONBAT Co.,Ltd.	NIPPON FELT CO.,LTD.	ORIX Auto Corporation
Mori-Gumi Co.,Ltd.	NIPPON FORMULA FEED MANUFACTURING CO.	ORIX Bank Corporation
MOS FOOD SERVICES, INC.	Nippon Ichi Software, Inc.	ORIX CORPORATION
MS&AD Insurance Group Holdings, Inc.	NIPPON KONPO UNYU SOKO CO.,LTD.	ORIX CREDIT CORPORATION
MUTO SEIKO CO.	NIPPON KOSHUHA STEEL CO.,LTD.	ORIX JREIT Inc.
MX Mobiling Co., Ltd.	NIPPON KUCHO SERVICE CO.,LTD.	ORIX Life Insurance Corporation
Nabtesco Corporation	Nippon Manufacturing Service Corporation	ORIX Real Estate Corporation
NAGOYA CITY UNIVERSITY	NIPPON PILLAR PACKING CO.,LTD.	ORVIS CORPORATION
Nagoya Railroad Co.,Ltd.	Nippon Polyurethane Industry Co.,Ltd.	Osaka City University
Naikai Zosen Corporation	Nippon Prologis REIT, Inc.	OSAKA GAS CO.,LTD.
Naito & Co.,Ltd.	Nippon Record Keeping Network Co., Ltd.	OSAKA KOHKI CO.,LTD.
Nakabohtec Corrosion Protecting Co.,Ltd.	NIPPON RESIBON CORPORATION	Osaka Kyoiku University
NAKAYAMA STEEL WORKS, LTD.	NIPPON RIETEC CO.,LTD.	OSAKA STEEL CO.,LTD.
NAMCO BANDAI Games Inc.	NIPPON STEEL & SUMIKIN COATED SHEET CORPORATION	OSJB Holdings Corporation
NAMCO BANDAI Holdings Inc.	NIPPON STEEL & SUMIKIN ENGINEERING CO.,LTD.	Otaki Gas Co., Ltd.
NAMCO LIMITED	Nippon Steel & Sumikin Finance Co., Ltd.	O'will Corporation
Nankai Electric Railway Co.,Ltd.	Nippon Steel & Sumikin Koutetsu Wakayama. Corporation	P.S.Mitsubishi Construction Co.,Ltd.
Nankai Tatsumura Construction Co.,Ltd.	NIPPON STEEL & SUMIKIN TEXENG. CO., LTD.	PA Co.,Ltd.
NanoCarrier Co.,Ltd.	NIPPON STEEL & SUMITOMO METAL CORP.	PACIFIC METALS CO.,LTD.
Nara Ikoma Rapid Railway Co., Ltd.	NIPPON TELEGRAPH & TELEPHONE CORPORATION	PAL CO.,LTD.
NARA INSTITUTE of SCIENCE and TECHNOLOGY	NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION	PALEMO CO.,LTD.
Nara Kotsu Bus Lines Co.,Ltd.	NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION	Paltac Corporation
Nara University of Education	Nippon Usiminas Co., Ltd.	Panasonic Consumer Marketing Co., Ltd.
NARIS COSMETICS CO.,LTD.	NISHIKAWA RUBBER CO.,LTD.	Panasonic Corporation
Naruto University of Education	Nishi-Osaka Railway Co.,Ltd.	Panasonic Ecology Systems Co., Ltd.
National Agency for Automotive Safety & Victims' Aid	NISSEI BUILD KOGYO CO.,LTD.	Panasonic Factory Solutions Co., Ltd.
National Center for Geriatrics and Gerontology	Nisshin Electronics Service Company Limited	Panasonic Liquid Crystal Display Co., Ltd.
National Institute for Environmental Studies	NISSHO ELECTRONICS CORP.	Panasonic Plasma Display Co., Ltd.
National Institutes for the Humanities	NISSIN CORPORATION	Panasonic System Networks Co., Ltd.
National Printing Bureau	Nissin Electric Co.,Ltd.	PARCO CO.,LTD.
National University Corporation Tsukuba University of Technology	NITTO DENKO CORPORATION	PASCO CORPORATION
NATOCO CO.,LTD.	NJK CORPORATION	PCA CORPORATION
NDS CO.,LTD.	NKK SWITCHES CO., LTD	PCA LIFE Insurance Co.,Ltd.
NEC BIGLOBE,Ltd.	NODA CORPORATION	People Co.,Ltd.
NEC Capital Solutions Limited	NOHMI BOSAI LTD.	PeptiDream Inc.
NEC Corporation	NOMURA Co.,Ltd.	Pfizer Holdings K.K.
NEC Fielding,Ltd.	NORITAKE CO.,LIMITED	Pfizer Japan Inc.
NEC Infrontia Corp.	NORITZ CORPORATION	Pharmaceuticals and Medical Devices Agency
NEC Networks & System Integration Corp.	North Pacific Bank, Ltd.	PION CO., LTD.
NEC TOKIN Corporation	Northern Territories Issue Association	PIPED BITS Co.,Ltd.
Nestle Japan Ltd.	NS Solutions Corporation	Pla Matels Corporation
New Energy and Industrial Technology Development Organization	NSD CO., LTD.	PLATHOME CO.,LTD.
Nextgen,Inc.	NTT Communications Corporation	Powdertech Co.,Ltd.
NGK SPARK PLUG CO.,LTD.	NTT COMWARE CORPORATION	PRAP Japan,Inc.
NICCA CHEMICAL CO.,LTD.	NTT DATA CORPORATION	PRESS KOGYO CO.,LTD.
NICE CLAUP CO.,LTD.	NTT DATA INTRAMART CORPORATION	PROTO CORPORATION
NICHIA CORPORATION	NTT DOCOMO, INC.	Qol Co.,Ltd.
NICHIA STEEL WORKS, LTD.	NTT FACILITIES,INC.	QVC Japan,Inc.
NICHIHA CORPORATION	NTT FINANCE CORPORATION	REINS international inc.
Nichi-Iko Pharmaceutical Co.,Ltd.	NTT Plala Inc.	Rengo Co.,Ltd.
NICHIZO TECH INC.	NTT Resonant Inc.	RESORTTRUST,INC.
NIFCO INC.	NTT URBAN DEVELOPMENT CORPORATION	RHYTHM WATCH CO.,LTD.
NIHON DECOLUXE CO.,LTD.	NTT Worldwide Telecommunications Corporation	RICOH COMPANY,LTD.
NIHON DEMA KOGYO CO.,LTD.	O S CO.,LTD.	RICOH JAPAN Corporation
NIHON ELECTRIC WIRE & CABLE CO.,LTD.	OGURA CLUTCH CO.,LTD.	RICOH LEASING COMPANY,LTD.

RIGHT ON Co.,Ltd.	SHINNIHON CORPORATION	SUN.LIFE CORPORATION
Riken Vitamin Co.,Ltd.	SHINPO CO., LTD.	SUNCORPORATION
RIKEN(The Institute of Physical and Chemical Research)	Shinsbo Corporation	SUZUKI METAL INDUSTRY CO.,LTD.
RISO KAGAKU CORPORATION	SHINTO PAINT COMPANY,LIMITED	Synergy Marketing, Inc.
ROHTO PHARMACEUTICAL CO.,LTD.	SHINYEI KAISHA	SYSTEMS DESIGN Co., Ltd.
RYOHIN KEIKAKU CO.,LTD.	SHIP HEALTHCARE HOLDINGS,INC.	Systema Corporation
RYOYO ELECTRO CORPORATION	SHIROKI CORPORATION	T.D.I. CO.,LTD.
S Foods Inc.	Shiseido Company,Limited	Taiho Transportation Co.,Ltd.
S LINE CO.,LTD.	Shiseido Sales Co., Ltd.	TAIKO PHARMACEUTICAL CO.,LTD.
SAGAMI CHAIN CO.,LTD.	SHL-JAPAN Ltd.	TAISEI CORPORATION
SAGAMI CO., Ltd.	Shoji Financial Management Co.,Ltd.	Taisei Lamick Co.,Ltd.
SAINT-CARE HOLDING CORPORATION	SHOKO CO., LTD.	TAISEI ROTEC CORP.
Saitama Prefectural University	Showa Denko K.K.	Taisei-Yuraku Real Estate Co.,Ltd.
Saitama Railway Corporation	SIIX CORPORATION	Taiyo Co.,Ltd.
Saitama University	SINFONIA TECHNOLOGY CO.,LTD.	Taiyo Kisokogyo Co.,Ltd.
SAKATA INX CORPORATION	SK-Electronics CO.,LTD.	TAIYO YUDEN CO., LTD.
SAKATA SEED CORPORATION	SMBC Consumer Finance Co.,Ltd.	TAKADAKIKO (Steel Construction) CO.,LTD.
SAKURA KCS Corporation	SMBC FINANCE SERVICE CO.,LTD.	TAKAGI SECURITIES CO., LTD.
SAKURAI LTD.	SMBC Friend Securities Co.,Ltd.	TAKAGI SEIKO CORPORATION
SAMCO INC.	SMBC Guarantee Co., Ltd.	TAKAKITA CO.,LTD.
SAMMY CORPORATION	SMBC Loan Business Planning Co.,Ltd.	TAKAMATSU CONSTRUCTION GROUP CO., LTD.
SAN-AI OIL CO.,LTD.	SMBC Nikko Securities Inc.	TAKAMATSU MACHINERY CO.,LTD.
SANDEN CORPORATION	SMFG Card Credit, Inc.	TAKASAGO INTERNATIONAL CORPORATION
SANKO GOSEI LTD.	SMM Auto finance ,Inc.	Takasago Thermal Engineering Co.,Ltd.
SANKO METAL INDUSTRIAL CO.,LTD.	Sobal Corporation	TAKASHIMA & CO.,LTD.
Sankyo Tateyama,Inc.	SODA NIKKA CO.,LTD.	Takashimaya Company, Limited
SANNO Co.,Ltd.	Sogo & Seibu Co.,Ltd.	TAKE AND GIVE. NEEDS Co.,Ltd.
Sanoyas Holdings Corporation	Sojitz Corporation	Takeda Pharmaceutical Company Limited
SANRIN CO.,LTD.	Soken Chemical & Engineering Co.,Ltd.	TAKEDA PRINTING CO.,LTD.
SANRITSU CORPORATION	SOKO SEIREN CO.,LTD.	TAKEEI CORPORATION
Sansei Landic Co.,Ltd	SOLCOM Co., Ltd.	TAKENAKA CORPORATION
SANTEC CORPORATION	Sotetsu Holdings, Inc.	Takiron Co.,Ltd.
SANTEN PHARMACEUTICAL CO.,LTD.	Sotetsu Urban Creates Co.,Ltd	TAKISAWA MACHINE TOOL CO.,LTD.
SANYO Electric Co., Ltd.	SOTOHO CO.,LTD.	TAKUMA CO.,LTD.
SANYO INDUSTRIES, LTD.	SOURCENEXT CORPORATION	TANAKA SEIMITSU KOGYO CO.,LTD.
SANYO SHOKAI LTD.	SPACE SHOWER NETWORKS INC.	TAOKA CHEMICAL COMPANY,LIMITED
Sanyo Special Steel Co.,Ltd.	Stanley Electric Co.,Ltd.	TBK Co., Ltd.
SATO SHOJI CORPORATION	Star Flyer Inc.	TDK CORPORATION
SATORI ELECTRIC CO.,LTD.	Star Mica Co.,Ltd.	TDK-EPC Corporation
SAWAI PHARMACEUTICAL CO.,LTD.	START TODAY CO.,LTD.	TEAC CORPORATION
SBI Sumishin Net Bank,Ltd.	Subaru Finance Co.,Ltd.	Techfirm Inc.
SCSK Corporation	SUGAI CHEMICAL INDUSTRY CO.,LTD.	TECHMATRIX CORPORATION
SECOM CO.,LTD.	SUGITA ACE CO.,LTD.	TECHNO ASSOCIE Co.,Ltd.
SECOM General Insurance Co.,Ltd.	SUMIDA CORPORATION	TECHNO HORIZON HOLDINGS CO.,LTD.
SECOM JOSHINETSU CO.,LTD.	Sumitomo Bakelite Company,Limited	TECMO KOEI HOLDINGS CO.,LTD.
SEGA CORPORATION	SUMITOMO CHEMICAL COMPANY,LIMITED	Teijin DuPont Films Japan Limited
SEGA SAMMY HOLDINGS INC.	SUMITOMO CORPORATION	TEIJIN LIMITED
SEIKO HOLDINGS CORPORATION	SUMITOMO DENSETSU CO.,LTD.	Teijin Pharma Limited
Seiko Instruments Inc.	SUMITOMO ELECTRIC DEVICE INNOVATIONS, INC.	TEKKEN CORPORATION
SEINO HOLDINGS CO.,LTD.	Sumitomo Electric Industries, Ltd.	TENMA CORPORATION
SEIWA CHUO HOLDINGS CORPORATION	Sumitomo Fudosan Finance Co., Ltd.	TENOX CORPORATION
Seven & i Asset Management Co., Ltd.	SUMITOMO HEAVY INDUSTRIES, LTD.	Terilogy Co.,Ltd.
SEVEN & i Financial Center Co., Ltd.	SUMITOMO LIFE INSURANCE COMPANY	TERUMO CORPORATION
Seven & i Holdings Co.,Ltd.	Sumitomo Metal Mining Co.,Ltd.	TESEC Corporation
Seven Bank,Ltd.	Sumitomo Mitsui Auto Service Company, Limited	The Aichi Bank, Ltd.
Seven Card Service Co.,Ltd.	Sumitomo Mitsui Banking Corporation	The Asahi Shimbun Co.
Seven CS Card Service CO., LTD.	Sumitomo Mitsui Card Company,Limited	The Awa Bank, Ltd.
Seven Financial Service Co.,Ltd	Sumitomo Mitsui Finance and Leasing Co.,Ltd.	The Bank of Iwate, Ltd.
SEVEN INDUSTRIES CO.,LTD.	Sumitomo Mitsui Financial Group, Inc.	THE BANK OF KOCHI,LTD.
SEVEN-ELEVEN JAPAN CO., LTD.	Sumitomo Mitsui Trust Bank, Ltd.	The Bank of Nagoya, Ltd.
Shachihata Inc.	Sumitomo Mitsui Trust Holdings,Inc.	The Bank of New York Mellon Trust (Japan), Ltd.
Sharp Corporation	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.	The Chugoku Bank,Limited
SHiDAX CORPORATION	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	The Chugoku Electric Power Company,Inc.
SHIMACHU CO.,LTD.	Sumitomo Pipe & Tube Co., Ltd.	The Daishi Bank, Ltd.
SHIMAMURA CO., Ltd.	Sumitomo Real Estate Sales Co.,Ltd.	The Eighteenth Bank, Limited
Shimane University	Sumitomo Realty & Development Co.,Ltd.	The Fukui Bank, Ltd.
SHIN NIPPON BIOMEDICAL LABORATORIES,LTD.	Sumitomo Rubber Industries, Ltd.	The Global Ltd.
SHINAGAWA REFRACTORIES CO.,LTD.	Sumitomo Seika Chemicals Company,Limited	The Hiroshima Bank, Ltd.
Shinhan Bank Japan	SUMITOMO WIRING SYSTEMS, LTD.	The Hyakugo Bank, Ltd.
Shinko Wire Company,Ltd.	SUMITOMO(S.H.I.)CONSTRUCTION MACHINERY CO.,LTD.	The Iyo Bank, Ltd.

The Japan Living Service Co., LTD.
 The Japan Net Bank, Limited
 The Japan Research Institute, Limited
 THE KINKI SHARYO CO.,LTD.
 The Kitakyushu Bank,Ltd.
 The Kiyo Bank, Ltd.
 The Kobe International House Inc.
 The Kodensha, Co., Ltd.
 The Kosei Securities Co.,Ltd.
 The Maruetsu,Inc.
 The Mie Bank, Ltd.
 THE MINATO BANK, LTD.
 The Nanto Bank, Ltd.
 The Nippon Signal Co.,Ltd.
 The Ogaki Kyoritsu Bank, Ltd.
 The Resolution and Collection Corporation
 THE ROYAL HOTEL,LIMITED
 THE SAIKYO BANK, LTD.
 The Sapporo Television Broadcasting Co.,Ltd.
 THE SHIMANE BANK,LTD.
 THE SHIMIZU BANK, LTD.
 The Sumitomo Warehouse Co.,Ltd.
 The University of Tokushima
 The University Of Tokyo
 The Yamaguchi Bank, Ltd.
 TOBA,INC.
 TOBU RAILWAY CO.,LTD.
 TOBU Shared Service Co., Ltd.,
 TOBU STORE CO.,LTD.
 TOBU TOWER SKYTREE CO.,LTD.
 TODA KOGYO CORP.
 TOENEC CORPORATION
 Toho Acetylene Co.,Ltd.
 TOHO GAS CO., LTD.
 Tohoku Steel Co.,Ltd.
 Tokai Rubber Industries, Ltd.
 Tokushu Tokai Paper Co.,Ltd.
 TOKYO BROADCASTING SYSTEM HOLDINGS, INC.
 TOKYO DERICA CO.,LTD.
 TOKYO DOME CORPORATION
 TOKYO ELECTRON DEVICE LIMITED
 Tokyo Electron Limited
 TOKYO GAS CO.,LTD.
 Tokyo Gas Urban Development
 Tokyo Kisen Co.,Ltd.
 Tokyo Metropolitan Industrial
 Technology Research Institute
 Tokyo Metropolitan Subway Construction Co.,Ltd
 TOKYO PRINTING INK MFG.CO.,LTD.
 TOKYO STEEL MANUFACTURING CO., LTD.
 TOKYO STYLE CO., LTD.
 TOKYO TEKKO CO.,LTD.
 Tokyo University of Agriculture and Technology
 Tokyo University of Foreign Studies
 TOLI Corporation
 TOMY COMPANY,LTD.
 TOP REIT,Inc.
 TOPPAN PRINTING CO.,LTD.
 Toridoll.corporation
 Toshin Group co.,ltd.
 TOSHO CO., LTD.
 Toshi Printing Company,Limited
 TOSOH CORPORATION
 Totenko Co.,Ltd.
 TOTETSU KOGYO CO.,LTD.
 Toukei Computer Co.,Ltd.
 TOYO KNIFE CO.,LTD.
 Toyo Logistics Co.,Ltd.
 TOYO SECURITIES CO.,LTD.
 Toyo Sugar Refining Co., Ltd.
 TOYO SUISAN KAISHA, LTD.
 Toyo Tire & Rubber Co.,Ltd.
 TOYOBO CO.,LTD.
 TRANSACTION CO.,Ltd.
 TRANS-TOKYO BAY HIGHWAY CORPORATION
 Treasure Factory Co.,LTD.
 Trend Micro Incorporated
 TSI HOLDINGS CO.,LTD.
 TSUBAKI NAKASHIMA CO., LTD.
 TSUBAKIMOTO KOGYO CO.,LTD.
 Tsukuba Bank, Ltd.
 TSUKUI CORPORATION
 TSUTSUMI JEWELRY CO.,LTD.
 TV Asahi Holdings Corporation
 Ubiteq, INC.
 UCHIDA ESCO CO.,Ltd.
 UCHIDA YOKO CO.,LTD.
 UCS CO.,LTD.
 UKC Holdings Corporation
 UNIVANCE CORPORATION
 UNIVERSAL ENGEISHA CO.,LTD
 Universal Solution Systems Inc.
 UNIVERSITY OF NAGASAKI
 UNY Group Holdings Co., Ltd.
 URBAN LIFE Co.,Ltd.
 URBANET CORPORATION CO., LTD.
 USJ Co., Ltd.
 USS Co.,Ltd.
 Utoc Corporation
 UTSUNOMIYA UNIVERSITY
 VeriServe Corporation
 Viewcard Co.,Ltd.
 Village Vanguard CO.,LTD.
 WADAKOHSAN CORPORATION
 WAKACHIKU CONSTRUCTION CO.,LTD.
 WAKAYAMA MEDICAL UNIVERSITY
 Wakayama University
 Wellco Holdings Corporation
 WEST JAPAN CONSTRUCTION SURETY CO.,LTD.
 WILSON LEARNING WORLDWIDE INC.
 WIN-Partners Co., Ltd.
 WOOD FRIENDS CO.,Ltd.
 W-SCOPE Corporation
 XNET Corporation
 Yachiyo Industry Co.,Ltd.
 YAMADA DENKI CO.,LTD.
 YAMADA SXL HOME CO.,LTD.
 YAMAE HISANO CO.,LTD.
 Yamagata JR Through Superexpress Holding Co., Ltd.
 Yamaguchi Financial Group,Inc.
 YAMAKI CO.,LTD.
 YA-MAN LTD.
 YAMASHITA MEDICAL INSTRUMENTS CO.,LTD.
 YAMATO CORPORATION
 Yashima Denki Co.,Ltd.
 YASUNAGA CORPORATION
 Yokohama City University
 YOKOWO CO.,LTD.
 YOSHIMOTO KOGYO CO., LTD.
 YUTAKA GIKEN CO.,LTD.
 ZAOH COMPANY,LTD.
 ZAPPALLAS,INC.
 ZERIA PHARMACEUTICAL CO.,LTD.
 ZETT CORPORATION
 ZOJIRUSHI CORPORATION
 ZUKEN INC.

A.4 KPMG's Values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behavior when dealing with both clients and each other:	
We lead by example:	At all levels we act in a way that exemplifies what we expect of each other and our clients.
We work together:	We bring out the best in each other and create strong and successful working relationships.
We respect the individual:	We respect people for who they are and for their knowledge, skills and experience as individuals and team members.
We seek the facts and provide insight:	By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.
We are open and honest in our communication:	We share information, insight and advice frequently and constructively and manage tough situations with courage and candor.
We are committed to our communities:	We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment.
Above all, we act with INTEGRITY:	We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.