



KPMG Japan Our Story 2021/22

KPMG in Japan

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Inspire Confidence.

Inspire Confidence. Empower Change.

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

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

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

Our Purpose

Inspire Confidence. Empower Change.

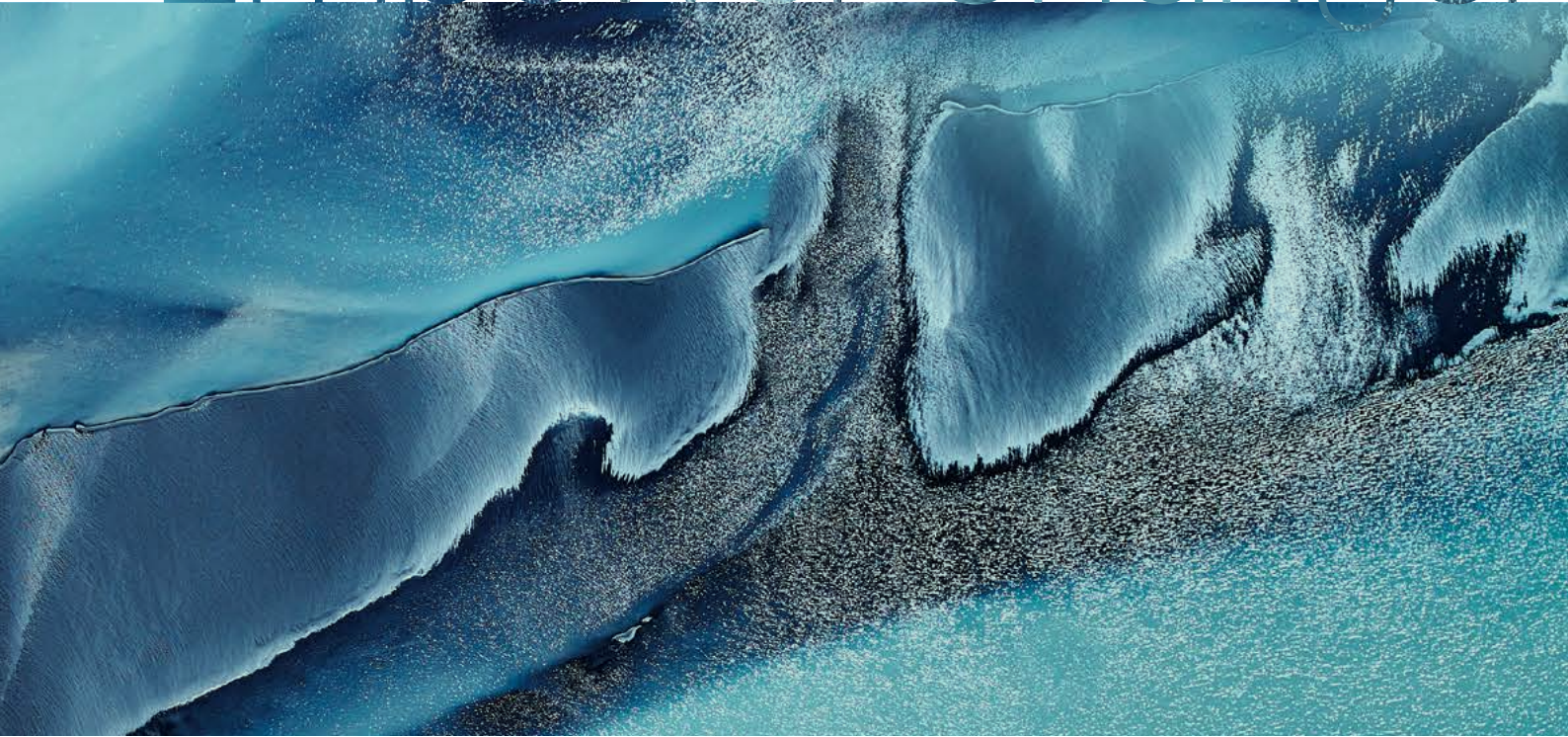
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Our Values

Integrity	We do what is right.
Excellence	We never stop learning and improving.
Courage	We think and act boldly.
Together	We respect each other and draw strength from our differences.
For Better	We do what matters.

Empower Change.



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Chairman/ CEO Message

Toshiya MORI

Chairman, KPMG in Japan

Our Purpose

Our Purpose at KPMG is to “Inspire Confidence. Empower Change.” We aim to contribute to the realization of a fair society and to the sound development of the economy by delivering high-quality services.

We value our relationships with clients that conduct their businesses with soundness and integrity, and we fulfill our responsibilities by delivering services that meet the expectations of society in order to remain recognized as a firm that is worthy of the trust placed in us by our key stakeholders.

The effects of rapid environmental changes

I would like to start by expressing my deepest sympathies to those who have been affected by the COVID-19 pandemic and are suffering from its various effects.

The ongoing pandemic has led to dramatic changes not only in the social environment but also in the economic environment surrounding companies, and has brought to light a variety of issues. These include a review of industry structure, a restructuring of global business and the acceleration of digitalization, in addition to the diversification of work styles and values.

As countries align their initiatives toward achieving the SDGs as common goals, Japan has also been promoting such initiatives as a priority. Continued inaction on sustainability issues that are a major worldwide concern could result in a loss of trust from society and undermine business foundations that have been established over the years.



Work experience: Toshiya served as KPMG in Japan's Head of Advisory from 2015 before serving as Chairman of KPMG in Japan from 2018. He was appointed CEO of both KPMG in Japan and KPMG AZSA in July 2021. He has extensive experience providing advisory and audit services to global companies on various management issues. After managing audits for major financial institutions with a focus on megabanks, Toshiya led the establishment of KPMG Consulting Co., Ltd. in 2014, where he concurrently served as its first president.

Chairman/ CEO Message

Meeting the ever-changing expectations of society

In line with the increasing speed and complexity of changes in our social environment and technologies, the expectations of our key stakeholders, including the public, our clients, and employees, are also changing. At KPMG in Japan, our strengths include our shared emphasis on fairness and public interest, our open culture, our global network that respects independence and diversity, and our collective strength across all service lines. We make full use of our strengths to quickly identify such changes and to continue to meet the expectations of our stakeholders, with a focus on the following themes.

Becoming a group of true professionals

At KPMG in Japan, we recognize the expectations society and companies have of us to provide added value by identifying issues and presenting appropriate solutions in a timely manner, so that they can address the various issues they face in this rapidly changing environment. The development of our people as the core element of value creation is vital for us to continue meeting the expectations of our stakeholders. We need to develop true professionals with ambition, a high level of expertise and advanced insights, and an unwavering spirit of fairness. We will do this by building multiple career models that accommodate diverse work

styles, allowing our people to work with confidence and motivation. We will also strengthen our global capabilities by further leveraging KPMG's global network, while fostering talent with a focus on improving digital capabilities and acquiring industry knowledge that will enable us to respond to industry- and sector-specific challenges.

Strengthening sustainability transformation support

Financial information alone does not clearly reflect a company's response to sustainability issues, especially as the results of such responses are not always immediately linked to a company's cash flow. As such, we recognize the role we





are expected to play in promoting sustainability information disclosure and supporting sustainable transformation with a sense of urgency by going beyond the framework of financial reporting, which has been the traditional focus of our work.

To meet these expectations, KPMG in Japan launched KPMG Sustainable Value Services Japan (SVJ) in July 2021. With SVJ at its core, KPMG in Japan will continue to provide high-quality information and services that leverage its advanced insights and expertise to help companies address sustainability-related issues. At the same time, we ourselves will tackle important social issues head-on based on a strong awareness of sustainability management.

Further progress in digitalization

The COVID-19 pandemic has accelerated the tide of digital transformation, and we recognize the resulting expectations for audit, tax, and advisory services to respond more efficiently and effectively than ever before by making full use of data analysis.

To continue to meet such expectations, KPMG in Japan member firms will work together, with KPMG Ignition Tokyo Inc.

playing a central role, and provide new insights and knowledge with high added value to our clients and society that enable transformation to be addressed on all fronts.

We believe that a steady implementation of the above initiatives will contribute to improving the credibility of corporate information disclosure and the effectiveness and efficiency of business transformation by clients. We also believe that a sense of social purpose and diverse growth opportunities for self-realization will promote the well-being of our people. We are confident that a fair and smooth-functioning investment chain will ensure the sound development of the economy and the prosperity of society.

Our Vision

We strive to be the Clear Choice, now and in the future, for our clients, society and all other stakeholders.

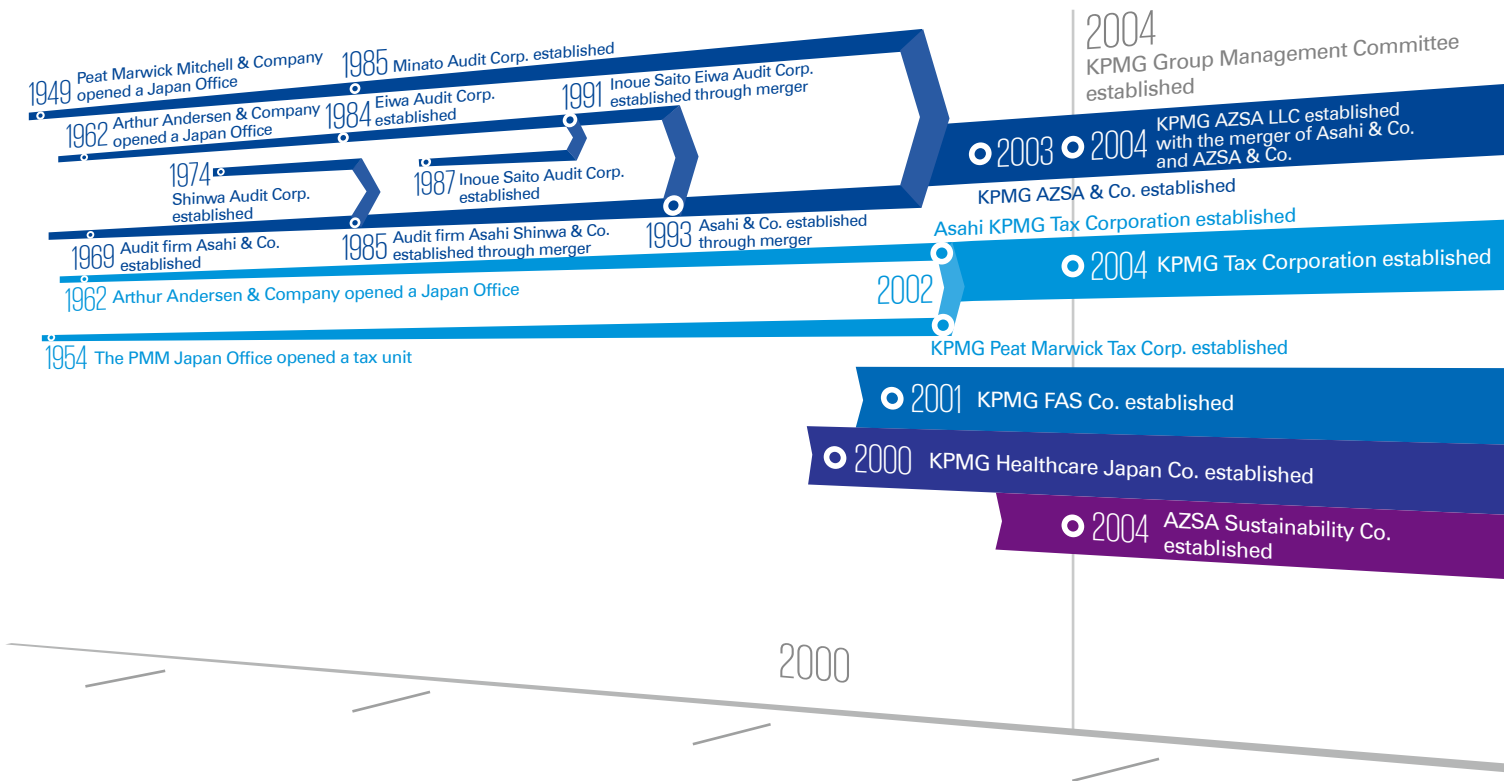
We see trust as the basis for everything we do — we intend to meet the expectations of society and clients tackling sustainability issues in this era of major transformation by fostering high ethical standards and providing high-quality services as a top priority, thereby

contributing to the realization of a sustainable society.

The Statement of Purpose

In an era that demands sustainability management, we have prepared a Statement of Purpose to clarify our purpose vis-à-vis our major stakeholders. In this statement, we express our awareness of our responsibility and our commitment to act with integrity and without fear of change. We hope that our stakeholders will take the opportunity to read KPMG in Japan's Statement of Purpose and gain a better understanding of the direction we are taking.

Our Journey



2000

Social Incidents

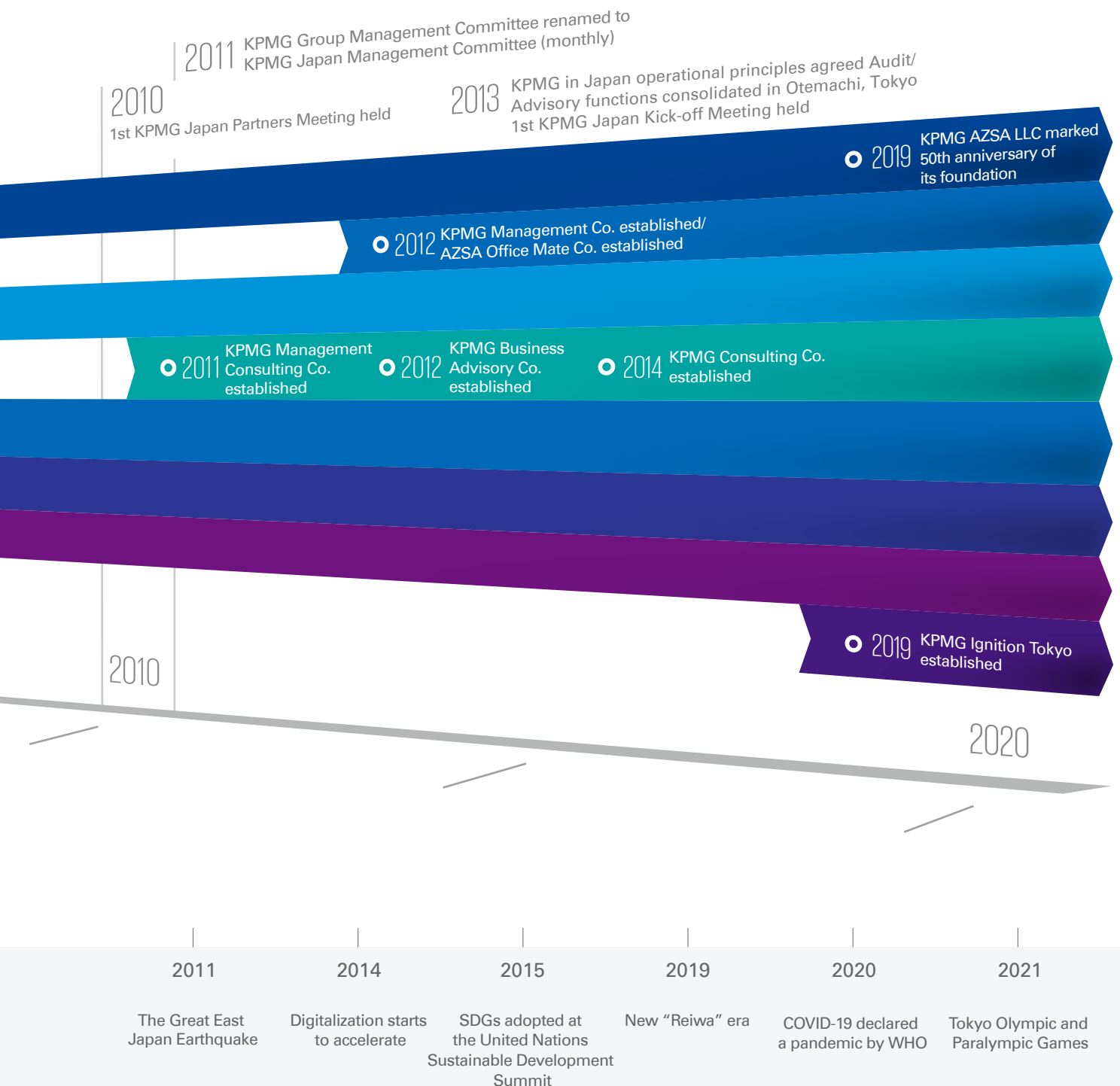
- 1991 Japan's economic bubble burst
- 1995 Explosive use of the Internet
Release of Microsoft Windows 95
- 1996 Financial Big Bang
- 2001 Dotcom bubble burst
- 2008 Global financial crisis
- 2010 Widespread use of cloud computing

KPMG in Japan's current culture has been cultivated through various personalities mixing together, a result of mergers and integrations and repeated organizational restructuring.

We value two goals which may seem contradictory:

- For individuals with different origins to exert their unique characteristics
- To increase our collective strength as an organization

The chemistry among our diverse talent is KPMG in Japan's identity.



The Statement of Purpose

At KPMG, we express our Purpose with the phrase
“Inspire Confidence. Empower Change.”

Trust is the means by which we inspire confidence. It is the foundation of our existence and it underpins our economic and social infrastructure. We value our relationships with clients that seek sound growth and act with integrity, and we fulfill our responsibilities by providing services that live up to the trust placed in us by our clients and society. At the same time, we acknowledge that we must remain trusted by our clients and members of society, and worthy of that trust.

The pace and complexity of societal and technological change is increasing, and the impact of such change is expanding and intensifying. In order to continue supporting the trust that underpins our social infrastructure, our firm and our services must constantly evolve. It is our mission to aid the transformation of stakeholders that are continually taking

on new challenges in this era of change, while focusing on our role in achieving the common goal of enhanced social well-being. With an awareness of the role expected of us, we will provide reliable, advanced services that contribute to long term social and corporate problem-solving, rather than recklessly chasing short-term growth. We will continually strive and invest to remain an ambitious professional firm of advanced, diverse expertise and broad insights.

The investment chain needs to function fairly and smoothly in order to ensure sound social and economic development. We are committed to using our professional insights to identify and solve issues in cooperation with the relevant authorities in order to ensure transparency and stability of the capital markets. At the same time, we will contribute to the

execution of asset managers' stewardship responsibilities and improve the quality of constructive communication with investors and companies.

Businesses play a major role in the economic system. KPMG provides professional support for the societal roles and operations of individual companies. We acknowledge in particular the magnitude of the mission entrusted to us by society, namely to ensure the reliability of reports issued by corporations to fulfill their duties of accountability as social entities. Generating ideas that go beyond common norms and practice, utilizing cutting-edge technologies, and the establishment of social infrastructure by public organizations are each indispensable for social prosperity. As these activities contribute to efficiency

Purpose Statement

—Value provided by KPMG—

Value provided by KPMG

- Sound development of society and capital markets
- Fair and smooth functioning of investment chain
- Social prosperity through transformation



Society

Value provided by KPMG

- Enhanced credibility of information
- Improved efficiency and effectiveness
- Fair and honest activities
- Ideas that go beyond common norms and practice, and transformation utilizing cutting-edge technologies



Clients

Value provided by KPMG

- Well-being
- Growth opportunities



Our people

KPMG

Inspire Confidence. Empower Change.

and effectiveness, we will provide our professional insights from a broad perspective to ensure that they are fairly and honestly implemented.

Through these activities, we hope to support the continued global success of Japan and Japanese companies, and the world-wide respect they have earned.

We realize that our people are essential for realizing our Purpose, and that we also have a responsibility to foster our people as valuable members of society. We are committed to having our people gain a sense of growth by acquiring advanced skills while maintaining personal well-being, and to be deserving of trust at all times. We will develop people with integrity and a high degree of expertise in the long term through investments in talent with a view to the maintenance of sound firm finances. This

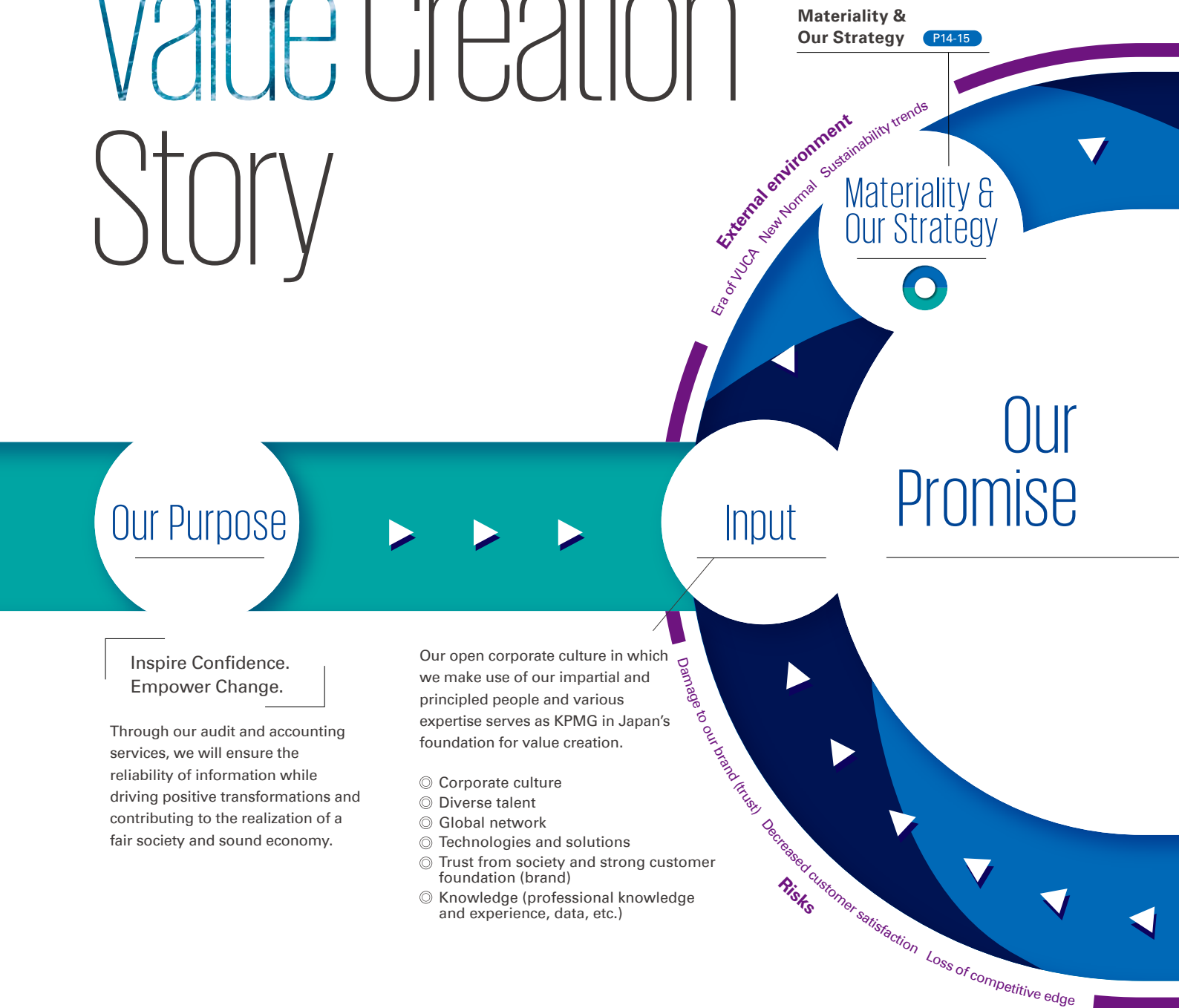
approach will not only improve the quality of our services (output), but also act as a benefit to the overall society (outcome).

The KPMG in Japan group constantly works as one team based on a common understanding of our Purpose and Values. We have built a system that allows us to demonstrate strong leadership in collaboration with KPMG's global network and to respond flexibly in providing solutions for the challenges faced by Japanese companies. This is rooted in KPMG's approach to governance, which enables decision-making that considers the legal system, economy and culture unique to each region.

We believe that KPMG's corporate culture of respecting autonomy and diversity and maintaining a global perspective is extremely important for achieving our Purpose.

At a time when each of us is being called upon to act based on an awareness of our responsibility to the future, KPMG will embrace our social responsibility with integrity. We will act to achieve value by working together with organizations and people who have the courage to continually change in order to fulfill these social responsibilities, and we will do this with a clear understanding of our Purpose.

Value Creation Story



Input

No. of employees	No. of Certified Public Accountants	No. of Certified Public Tax Accountants ^{*1}	Revenues	No. of global professionals ^{*2}	Global Network
9,016	3,240	258	1,659 billion yen	2,954	Countries 145 No. of employees 236,257
% of female employees	No. of female partners	% of non-Japanese	No. of nationalities	% of employees with a disability ^{*3}	No. of employees taking maternity or childcare leave
33.6%	57	3.5%	34	2.62%	Female 170 Male 19

*1 Certified Public Tax Accountants both registered and non-registered (including those who have passed the examination and those who are exempted from examination) who are engaged in Tax services

*2 Global professionals are those who have overseas work experience, those who have completed global skills training courses, and foreign nationals.

*3 Total percentage of persons with disabilities who are employed by KPMG AZSA LLC, the parent company of a special subsidiary, AZSA Office Mate Co., Ltd., and KPMG Consulting Co., Ltd.



Our ability to support clients in solving challenging issues and the diverse expertise of our people contribute to society by assisting our clients to create value, enabling KPMG to create our own value in turn.

The insights gained from this contribution result in a stronger foundation for our business which allows us to enhance our capabilities to solve ever more complex issues. Through this process we can achieve sustainable growth and fulfill the role expected of us by our clients and society.

Our Vision

To be the Clear Choice
— Now and in the Future

We strive to be the Clear Choice, now and in the future, for our clients, society and all other stakeholders, through our consistent provision of outstanding services.

We provide value to our stakeholders by constantly anticipating change and meeting expectations. The trust in our organization gained in return is the source of KPMG's growth.

Output

Share of audit market				
Share of top 100 listed companies by market cap No. 1 Share 36.0%	Share of 100 listed companies by revenue No. 1 Share 37.0%	Share of 235 Japanese companies reporting under IFRS® standards (or planning to) No. 1 Share 30.0%	Share of 11 SEC registrants in Japan No. 2 Share 36.3%	
No. of audit clients	Asia Tax Firm ranking ^{*4}	M&A advisory ranking		Global People Survey 2020 results ^{*5}
3,638	No. 1	Based on publicly announced deals No. 4	Based on In-Out deals No. 1	Motivation to contribute to and satisfaction with the firm 74%
		January 1, 2021–December 31, 2021 Source: Refinitiv		% of respondents giving a rating of four or more based on a five-point scale

*4 Received awards in four categories including "Asia Tax Firm of the Year" as KPMG Asia Pacific in the Asia Tax Awards 2021 selected by International Tax Review magazine.
*5 Global People Survey (GPS) is an awareness survey conducted on a regular basis for all people who work for KPMG member firms worldwide, as part of the firm's ongoing improvement initiatives.

Materiality & Strategy

We have identified our material issues after assessing the impact of major social issues on society and our stakeholders, as well as the impact on the management of our firm. We will implement strategies that will lead to the creation of long-term value for our firm, while contributing to the realization of a sustainable society.



Our Strength

KPMG Culture

We take the public responsibilities of our role seriously, and work together with our stakeholders, including the public, our clients and our people, to create a better society while maintaining a fair and impartial perspective. Our corporate culture is based on integrity, open discussion, doing what is right and creating better value.

Global Network & Governance

KPMG is a global network of more than 200,000 people working in over 150 countries around the world. We exchange insights on client needs within the network and establish mutual controls to ensure sound management, thereby providing high-quality services and contributing to the development of our clients and society.

One KPMG

KPMG in Japan comprises professional firms in the fields of audit, tax, and advisory, with approximately 9,000 members working in eight member firms. KPMG in Japan member firms work together to optimize their collective strength and to ensure the successful execution of strategies.

Materiality

Improved efficiency and transformation to address drastic changes in the business environment Business area

With the advent of Society 5.0, data collection and utilization through technological advancement and the related security considerations are becoming even more important. We believe that a new way of thinking going beyond current norms is needed to improve efficiency and promote transformation to address this trend.

Human resource development Management foundation

In order to execute our strategy and achieve our goals, it is vital that we understand our human resource issues, including the composition of our workforce, and optimize employment and assignments based on a clear understanding of our firm's issues. We believe that our efforts to develop more competent human resources and continuously improve the quality of individual members will contribute not only to our firm but also to our clients and society.

Responding to the needs of a changing capital market environment Business area

While the mechanisms supporting the growth of the capital markets and the economy and society have developed with the sophistication of financial systems, the issue of fraud and misconduct remains. In order to meet the new needs of the capital markets, enhanced disclosures and reliability of information including ESG data will become increasingly important.

Inclusion and Diversity Management foundation

Securing and developing talented human resources is one of the most important management issues in the medium to long term. It is essential that we are able to analyze increasingly complex frauds and scandals from various perspectives. We need to further promote the recruitment of diverse talent in terms of gender, nationality and other factors, while sharing professional insights across departments and changing the old way of thinking in order to drive organizational and work style reforms that enable all members to feel accepted and valued. We also believe that it is important for us to practice fairness for all of our people in our management of the firm.

Long-term management guidelines that meet the demands of society and investors Business area

The growing uncertainty due to changes in the environment and the global economy, as well as changes in the social structure, requires companies to clarify their approach to social issues. Companies are expected to understand the accountability that they have toward investors and society regarding their competitive advantage and continuous value enhancement in anticipation of the future, not only in the short to medium term, but also in the long term.

Governance and Compliance Management foundation

Audit, tax, and advisory services are highly confidential as they require clients to entrust us with their valuable information. Furthermore, the output of our services can have a significant impact on society and investors. We believe that having a robust management system that can avoid all manner of risks and ensure strict compliance with laws and regulations will only increase in importance going forward.

Our Strategy

VISIONING Business area

We always look to the future and explore our creativity in the development of unprecedented services that accommodate new business models and anticipated regulations. We do not wait for change to occur, but rather bring about change ourselves, and actively support the promotion of social innovation by having a positive impact on our clients and the capital markets.

QUALITY Business area Management foundation

Providing high quality services has been and will continue to be one of our top priorities. We will continue to raise the level of our existing services by utilizing digital technologies and other means, while pursuing further quality enhancement through diligent training and improvements made by our organization and members.

POTENTIALITY Management foundation

Our most important asset is our people. In order to provide a diverse range of services, our aim is to ensure that individuals can achieve their full potential by developing skills and global capabilities. We will recruit diverse talent with different values and lifestyles in order to promote the development of ideas and creativity within the firm.

TRANSFORMATION Business area

We will change existing frameworks and processes to promote transformation. We will support our clients in every way as they undergo both the digital transformation necessary to accommodate increasingly sophisticated business models as well as sustainability transformation.

EQUITY Management foundation

We will further strengthen our corporate governance to ensure fair transactions and to express honest opinions from an independent standpoint. We will continue to conduct our activities based on high ethical standards, with all individual members having a deep understanding of what it means to be fair and to do the right thing.

EXPERTISE Business area

We will support the ongoing development of our clients and the capital markets by utilizing our advanced practical expertise and thorough sector-specific knowledge based on our extensive insights and objective outlook derived from our long history and global network, and by providing highly reliable and value-added information.

FULFILMENT Management foundation

We will continue to promote a culture in which our diverse members can work with motivation and conviction, while feeling a sense of personal growth and physical, mental, and social fulfilment. We believe this will lead to the prosperity of our stakeholders.

Governance Structure

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

KPMG in Japan stands on the foundation formed by an audit firm and a tax accounting firm. Our audit firm is committed to contributing to the sound development of the economy by ensuring the credibility of financial information from an independent point of view, thus ensuring fair corporate activities and the protection of stakeholders. Our tax accounting firm’s mission is to live up to the trust placed in us by taxpayers and ensure, from an independent and fair-minded position, that tax obligations are fulfilled appropriately. As a professional firm that bears this social responsibility, member firms of KPMG in Japan provide advisory services to satisfy the needs of clients and society and achieve Our Vision of being the Clear Choice.

Management policies of KPMG Japan Management Committee

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

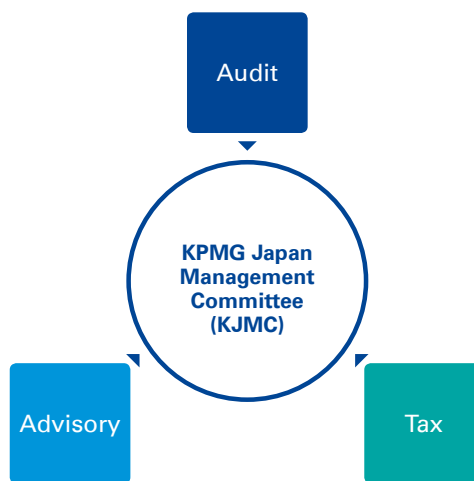
KPMG in Japan’s governance

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

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

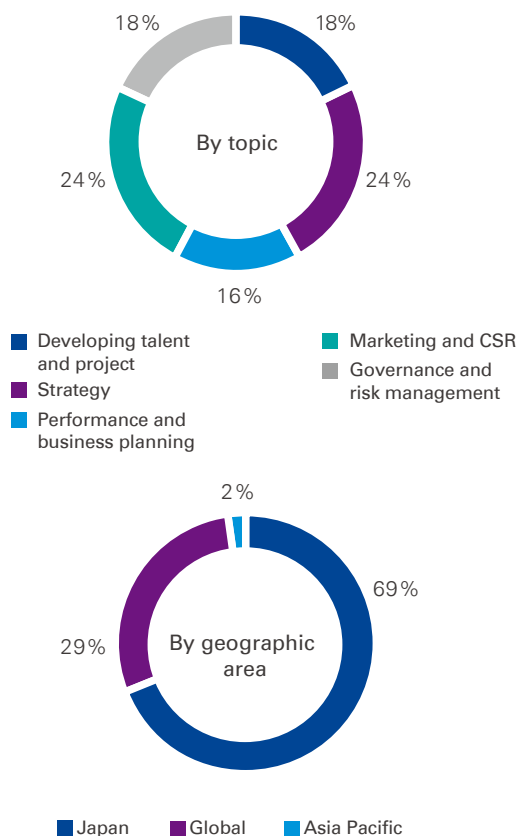
Provision of non-audit services may cause a breach of independence where we also provide audit services or a conflict of interest between non-audit services. To avoid these situations, we continue to strengthen firm governance and use Sentinel, KPMG International’s proprietary global conflicts and independence checking system.

KPMG Japan Management Committee



Agenda of the KPMG Japan Management Committee

July 1, 2020–June 30, 2021



Management Committee Members



Chairman and CEO, KPMG in Japan
Chairman, Global Japanese Practice

Toshiya MORI

A board member of KPMG International since 2018, Toshiya has extensive experience in advisory services related to various management issues and audits of global companies.



COO
Representative Partner, KPMG FAS

Osamu MATSUSHITA

Involved in numerous domestic and cross-border M&A transactions, and has extensive experience in advising domestic and foreign Private Equity (PE) funds from the earliest days of the PE sector.



CFO

Daisuke HARADA

Daisuke has extensive experience providing consulting services relating to IPO, M&A, and corporate revitalization, and is currently involved in audit engagements for leading Japanese companies headquartered in the Kansai area.



Head of Advisory,
Head of Clients & Markets
Representative Partner, KPMG FAS

Masahiko CHINO

Masahiko has a wealth of experience in various advisory services relating to domestic and cross-border deals.



Head of Audit

Toshihiro OTSUKA

Involved in audit engagements for global companies both in Japan and overseas, Toshihiro has served as a member of steering committees for both KPMG International and KPMG Asia Pacific.



Head of People,
Performance and Culture

Michitaka SHISHIDO

In addition to being involved in audits including global and group audits for various industries such as manufacturing, pharmaceuticals, and retail, Michitaka is also engaged in M&A deal advisory.



AZSA COO

Hiroyuki YAMADA

Hiroyuki engaged in audits of various industries including real estate and automobile manufacturers, in addition to financial institutions such as mega banks and major insurance companies. Representative of Asia and Japan on the Global Public Policy Committee.



Head of Quality and Risk Management

Kenji TANAKA

Kenji has experience leading and reviewing large global engagements in a variety of industries, including audits of U.S. SEC-registered firms, and is a member of the KPMG Global Quality and Risk Management Steering Group.



Head of Audit, KPMG Asia Pacific

Takuji KANAI

Takuji has extensive experience as an accountant in both Japan and the United States, and has successfully served as an engagement partner for a leading global company in Japan. Serves as Head of Audit & Assurance for the KPMG Asia Pacific region.



Head of Sustainability Services

Yoshihide TAKEHISA

Yoshihide has extensive experience in various privatization and PFI consulting services, and currently oversees sustainability services while engaging in the audits of leading Japanese companies.



Head of Tax
Senior Partner, KPMG Tax Corporation

Yuichi MIYAHARA

Yuichi has extensive experience with international tax services for cross-border transactions and tax advisory services to HR departments of multinational companies. Appointed Head of Tax in January 2022.



Deputy Senior Partner,
KPMG Tax Corporation

Naoki ISHIZUKA

After working in tax advisory services for corporations, Naoki engaged in tax advisory services focusing on M&A, restructuring, and corporate revitalization.



President, KPMG Consulting

Masahiro MIYAHARA

Masahiro serves in his current role since July 2017, having provided consulting in a wide range of fields including business transformation for global companies in Japan and overseas, and ERP, IFRS standards, and internal control implementations.



Head of Deal Advisory
Representative Partner, KPMG FAS

Hikaru OKADA

Hikaru has many achievements in advisory, business valuations and structuring services as a financial advisor relating to M&A deals both in Japan and overseas.



Head of Financial Services

Yutaka TERASAWA

Yutaka is responsible for audits for a wide range of financial institutions, including megabanks, major securities companies, life insurance companies, non-banks, and regional financial institutions.

Skills Matrix

Diverse experience and skills required of KPMG Japan Management Committee Members

	Management	Quality Management	Business Development and Marketing	Accounting and Finance	HR, Labor, and Human Resources Development	Legal, Compliance and Risk Management	ESG	Digital	Global
Toshiya MORI	Blue	Grey	Grey	Blue	Grey	Grey	Blue	Blue	Blue
Osamu MATSUSHITA	Blue	Blue	Grey	Blue	Blue	Grey	Grey	Grey	Blue
Daisuke HARADA	Blue	Grey	Grey	Blue	Grey	Grey	Grey	Grey	Grey
Masahiko CHINO	Blue	Grey	Blue	Blue	Grey	Grey	Grey	Blue	Blue
Toshihiro OTSUKA	Grey	Blue	Grey	Grey	Grey	Blue	Grey	Grey	Blue
Michitaka SHISHIDO	Blue	Grey	Grey	Grey	Blue	Grey	Grey	Grey	Grey
Hiroyuki YAMADA	Blue	Grey	Grey	Blue	Blue	Grey	Grey	Grey	Blue
Kenji TANAKA	Grey	Blue	Grey	Grey	Grey	Blue	Grey	Grey	Blue
Takuji KANAI	Grey	Blue	Grey	Grey	Grey	Grey	Grey	Grey	Blue
Yoshihide TAKEHISA	Blue	Grey	Grey	Grey	Grey	Grey	Blue	Grey	Grey
Yuichi MIYAHARA	Blue	Grey	Blue	Grey	Grey	Grey	Grey	Grey	Blue
Naoki ISHIZUKA	Blue	Grey	Grey	Blue	Grey	Grey	Grey	Grey	Grey
Masahiro MIYAHARA	Blue	Grey	Blue	Grey	Grey	Grey	Grey	Blue	Blue
Hikaru OKADA	Blue	Grey	Blue	Blue	Grey	Grey	Grey	Blue	Blue
Yutaka TERASAWA	Grey	Blue	Grey	Grey	Grey	Grey	Grey	Blue	Blue

Note: The above list does not represent all insights and experiences of KPMG Japan Management Committee members.



About KPMG in Japan

Feature 1 |
**Initiatives to address
sustainability-related
issues**

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Feature 2 |
**Our commitment
to ESG**

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Feature 3 |
**Our digitalization
initiatives**

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Sustainability

Feature 1 | Initiatives to address sustainability issues

At KPMG in Japan, we are accelerating our initiatives to resolve sustainability-related issues for society and clients.

1. The Sustainable Value Headquarters (SV Headquarters) was established within KPMG AZSA LLC. Under the strategy formulated by the SV Headquarters Steering Committee, the three governing organizations of Sustainable Value Promotion, Sustainability Report Assurance, and KPMG Sustainable Value Services Japan Advisory (SVJ Advisory), collaborate to promote a thorough implementation of KPMG in Japan's sustainability strategies.
2. KPMG in Japan established KPMG Sustainable Value Services Japan (SVJ) and is in the process of establishing a system for providing one-stop support for the sustainability transformation of our clients, led by our Advisory function.

Specifically, the following organizations will accelerate the PDCA cycle to realize the sustainability transformation of our clients by promoting their respective initiatives.

Sustainable Value Promotion

In addition to conducting surveys and research, disseminating information within and outside the organization, and fostering sustainability talent, provides cross-organizational support for SVJ Advisory and Sustainability Report Assurance.

Sustainability Report Assurance

Enhances the disclosure of sustainability information and works to improve the reliability of this information.

SVJ Advisory

Supports the transformation of clients' businesses and governance based on sustainability issues.



Sustainable Value Promotion

We incorporate insights relating to social issues into KPMG in Japan's strategies and services to make our organization more resilient and to contribute to sustainable value creation and the realization of our vision.

Disseminating information internally and externally to ascertain the latest trends and foster balanced understanding

- We will provide insights and cutting-edge information obtained through our research process and global network on a wide range of sustainability issues that include but are not limited to decarbonization, which is currently a major focus of attention, but also include such key topics as biodiversity and human rights.

Providing opportunities for KPMG professionals to acquire necessary knowledge on sustainability and improve applicable skills

- In addition to 50 courses with an emphasis on sustainability perspectives, we will also provide training on highly specialized individual topics. In 2023, the training programs will be made available to all professionals affiliated with KPMG in Japan.
- We will continue to offer opportunities for our people to participate in training courses provided by external specialized institutions and overseas business schools, as well as to go on secondment to affiliated overseas institutions.
- We plan to have 500 professionals involved in sustainability by the 2022 fiscal year.

Leadership Message



Yoshiko SHIBASAKA

Partner, KPMG AZSA LLC
Head of Sustainable Value Office

KPMG Sustainable Value Services Japan

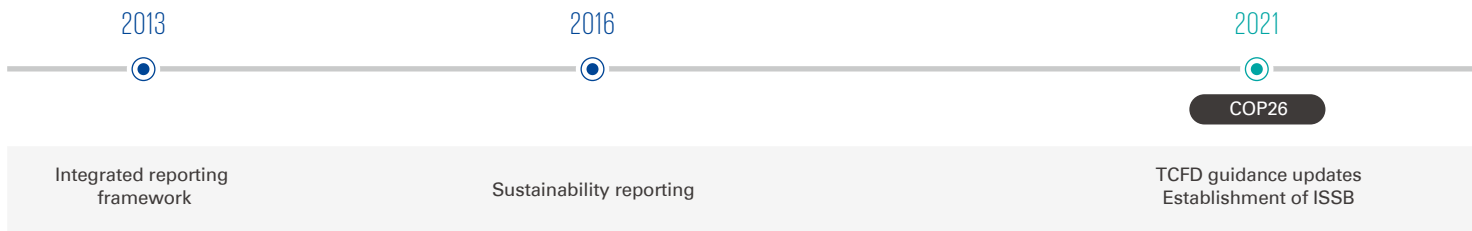
Our sustainability initiatives will lead to an overall improvement in corporate value on two fronts: first, in the realization of KPMG's Purpose, and second, through the activities of the various entities with which KPMG interacts. These two values are vital for leaving to the next generation a society which ensures the well-being of its members, while contributing to solving the various challenges we face. This is why we place importance on the perception of value in our various sustainability-related initiatives. Such value is not limited to external factors such as brand, or economic factors such as profit. It also encompasses internal values brought about in the process of realizing our purpose, as well as the value of our social

mission of supporting the reliability of capital markets through audits. Environmental issues such as climate change, and human rights and biodiversity issues that have emerged due to the acceleration of globalization, are increasingly recognized as risk factors. There is an urgent need to form an integrated process for linking sustainability-related issues with financial and economic issues in order to build a social system for addressing these concerns. Based on our rich experience observing the realities of financial value, we hope to further develop the kind of contributions that we can make as KPMG.

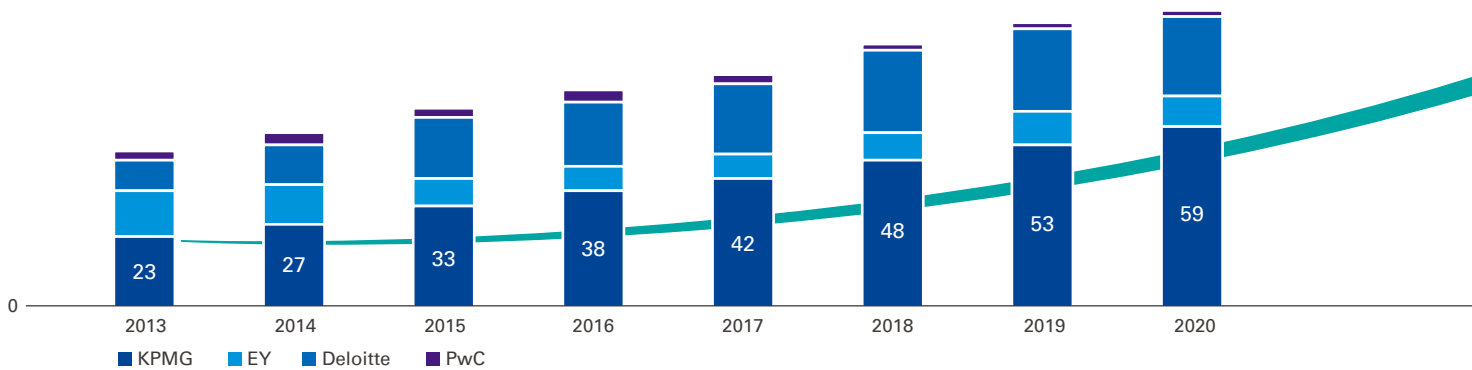
Sustainability Report Assurance

There are increasing expectations for the disclosure of sustainability information in order to address climate change and other sustainability issues. We also expect demands for improved reliability of information as the number of users increases in line with more thorough disclosures.

KPMG in Japan will promote strategic initiatives in anticipation of the growing need for reliable sustainability information.



Number of companies to receive sustainability information assurance services (performed by audit firms)



Past achievements

Over the past 20 years, KPMG AZSA Sustainability has accumulated a deep understanding of various sustainability issues based on practical experience through providing assurance and advisory services to companies in a wide variety of industries.

Sustainability covers a wide range of areas, including the environment, safety, and human rights, and it is difficult for a small number of professionals to cover the entire spectrum. KPMG AZSA Sustainability has over 60 professionals with a wide range of expertise and experience based in the Tokyo and Osaka offices.

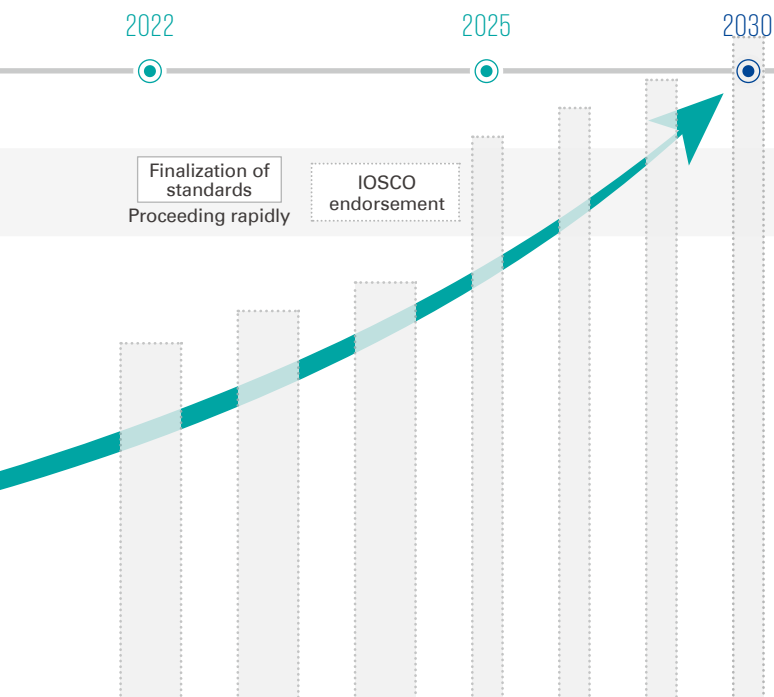
As a core practice of KPMG’s Sustainability Services, we routinely develop and share operational collaborations and methodologies through our global network covering 60 countries, in addition to sharing information on cutting-edge developments in the field of sustainability through our Global Center of Excellence.

A response tailored to future expectations

Responding to expected changes |

Research for comprehensive disclosure of sustainability information

- We are conducting research and disseminating information on how climate change risks should be disclosed in light of TCFD recommendations.
- In anticipation of the expansion of reporting practices based on the ISSB Council’s standards, we are conducting research and disseminating information on climate change risks and other sustainability information, with the aim of making disclosure more comprehensive in the future.



Execution of strategic initiatives |

Human resource development and quality control

- KPMG AZSA is fostering experts in assurance of sustainability information by assigning relevant work and providing training to some of its audit division managers. KPMG AZSA also provides systematic training to all its audit professionals.
- We participate in the activities of KPMG’s global network on sustainability information disclosure and assurance services, reflecting leading practices overseas in our domestic initiatives.



Tomokazu SEKIGUCHI
 Partner, KPMG AZSA LLC
 Head of Department of Professional Practice – Disclosure
 Head of Sustainability Reporting and Assurance,

KPMG Sustainable Value Services Japan

Company disclosures have traditionally focused on financial information. However, the need for new information has recently emerged — that is, information related to sustainability issues, with climate change risk at the forefront. While sustainability issues take time to materialize, making it difficult to reflect them in financial information, they need to be addressed in order to create medium- to long-term corporate value. This is why the investment community is showing a high level of interest in sustainability information, and questioning the reliability of this information. As experts in audit and assurance services, we will respond to the expectations of society and promote initiatives to ensure the reliability of sustainability information.

SVJ Advisory

KPMG in Japan provides one-stop support for clients on their journey to achieve sustainability transformation. We also accelerate SX x DX (Sustainability Transformation x Digital Transformation) through the proactive use of digital technologies.

Sustainability Transformation (SX) is an initiative to enhance corporate sustainability and increase medium- to long-term value by combining initiatives for enhancing social sustainability and strengthening corporate earning power.

SX includes addressing ESG (Environmental, Social, and Governance) issues, and represents a complex and diverse journey for companies. KPMG in Japan divides the practice of SX into seven stages, from analysis to assurance, and has the appropriate experts for each stage. We assign the right experts according to the current stage of SX implementation to ensure ongoing client support on the journey to achieving SX.

The risk consulting function will be required in the early stages of SX to identify, analyze and assess sustainability issues, and to integrate them into risk management and strategy planning.

The middle stages will also require knowledge of transaction services and taxation, including business portfolio reviews according to strategy and organizational change management.

In the final stages, creating a reliable system for measuring and evaluating performance is essential. With audit services at its core, KPMG in Japan can meet all of these expectations.

We will provide strong support enabling Japanese companies to gain a competitive edge in collaboration with KPMG IMPACT.

KPMG IMPACT was established in June 2020 to accelerate KPMG's global ESG strategy. KPMG IMPACT is a platform that supports KPMG professionals in their initiatives to help clients achieve their purpose, to realize ESG goals and to deliver against the United Nations Sustainable Development Goals (SDGs).

KPMG will support clients in addressing the following issues: ESG and sustainability; economic and social development; sustainable finance; climate change and decarbonization; and measuring, providing assurance, and reporting on impact.

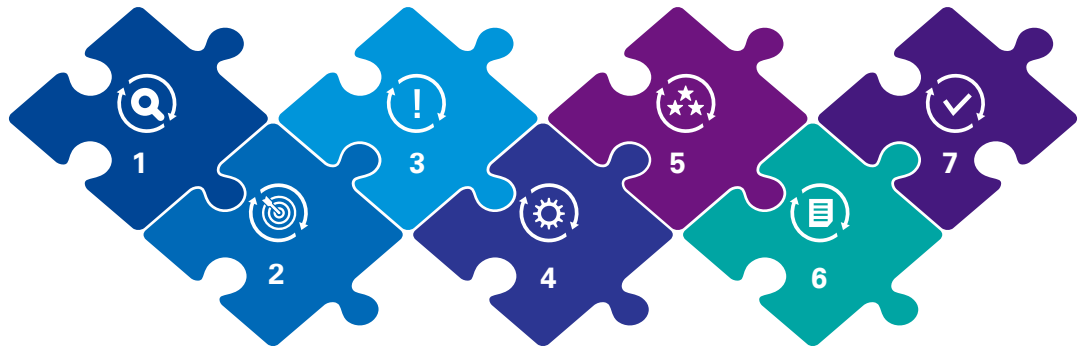
■ ESG policy development and business strategy services

■ Climate change risk response and decarbonization services

■ Social issues, human rights compliance, and related services

■ Governance, risk management, and related services

■ Other services



KPMG framework for SX practice

1. Analysis	2. Strategy planning	3. Transformation	4. Implementation and development	5. Measurement and assessment	6. Reporting	7. Assurance
Understanding the company's sustainability issues, including ESG factors, and the magnitude of their impact.	Setting policies and targets for addressing sustainability issues, and planning strategies for achieving them.	Implementing drastic business and operational transformations to address sustainability issues.	Implementing and developing business processes and systems to address sustainability issues.	Defining measurement methods for ESG-related data, and measuring, monitoring, and assessing performance.	Reporting to stakeholders on initiatives for enhancing corporate value, including environmental and social contributions.	Receiving assurance on ESG-related data measured and information included in sustainability reports.

Climate scenario analysis

Support for decarbonization strategy development
Support for climate change adaptation strategy development

Support for implementation of decarbonization measures

Support for establishment of a carbon tracking system

Support for ICP implementation

Support for TCFD disclosure

Verification of greenhouse gas (GHG) emissions

Leadership Message



Junichi ADACHI
Managing Partner,
KPMG AZSA Sustainability Co., Ltd.
KPMG Sustainable Value Services Japan

With the concept of corporate value undergoing a major transformation, the challenges of achieving a sustainable society are becoming corporate issues in themselves.

The need to address environmental issues, typified by climate change, and social issues, typified by diversity and human rights, are no longer external to business concerns. They are now part of a company's business strategy itself, and

management is faced with the difficult task of building a governance system for these issues, in addition to achieving financial value. Management also needs to enhance corporate value while communicating with an increasingly diverse range of stakeholders. KPMG in Japan has established SVJ, a cross-functional organization to support our clients' sustainability transformation initiatives from various angles.

Specific Examples

Introduction of decarbonization (net zero journey) support

The journey to net zero

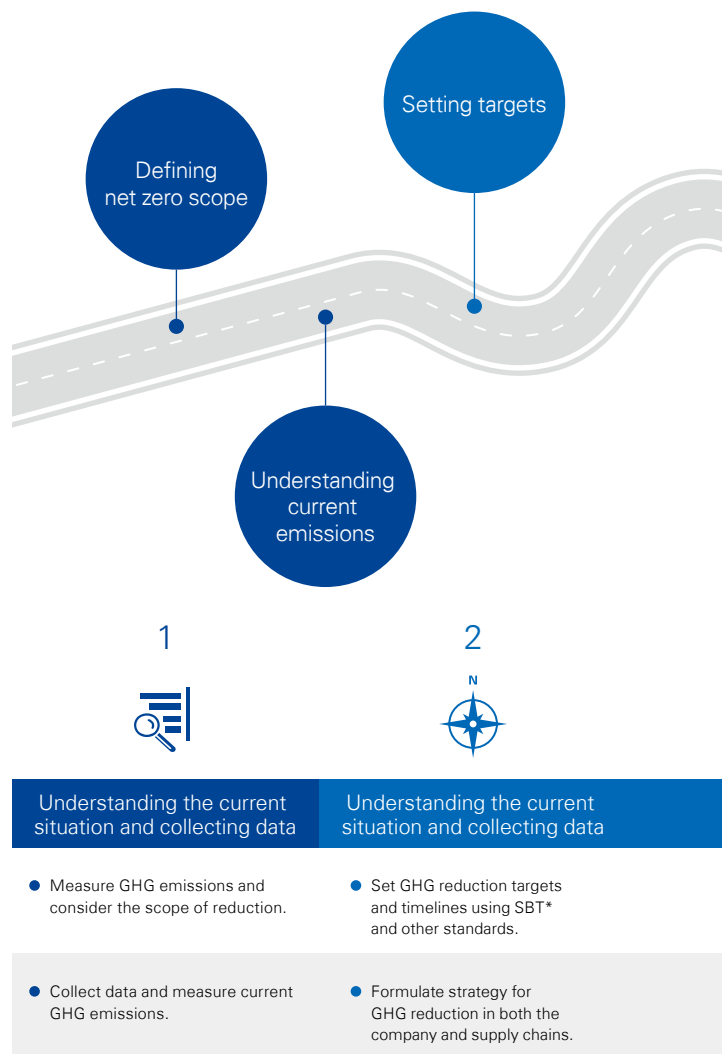
We introduce below some specific examples of how KPMG works with companies to help them on their SX journey. Climate change is the most pressing risk that requires a global response. Addressing climate change risk and decarbonization (net zero) have become important issues for corporate management in order to realize a sustainable environment and society.

Achieving net zero not only involves the reduction of greenhouse gas (GHG) emissions from products and goods, manufacturing processes, and normal operations of companies. It also involves decarbonization and GHG management including GHG emissions by business partners, and requires extensive long-term efforts. This long process, appropriately referred to as the “net zero journey,” requires a clear roadmap from understanding the current situation, planning strategies, and implementing measures, to reporting to stakeholders. KPMG accompanies our clients on this journey, providing end-to-end services to ensure the journey is a success.

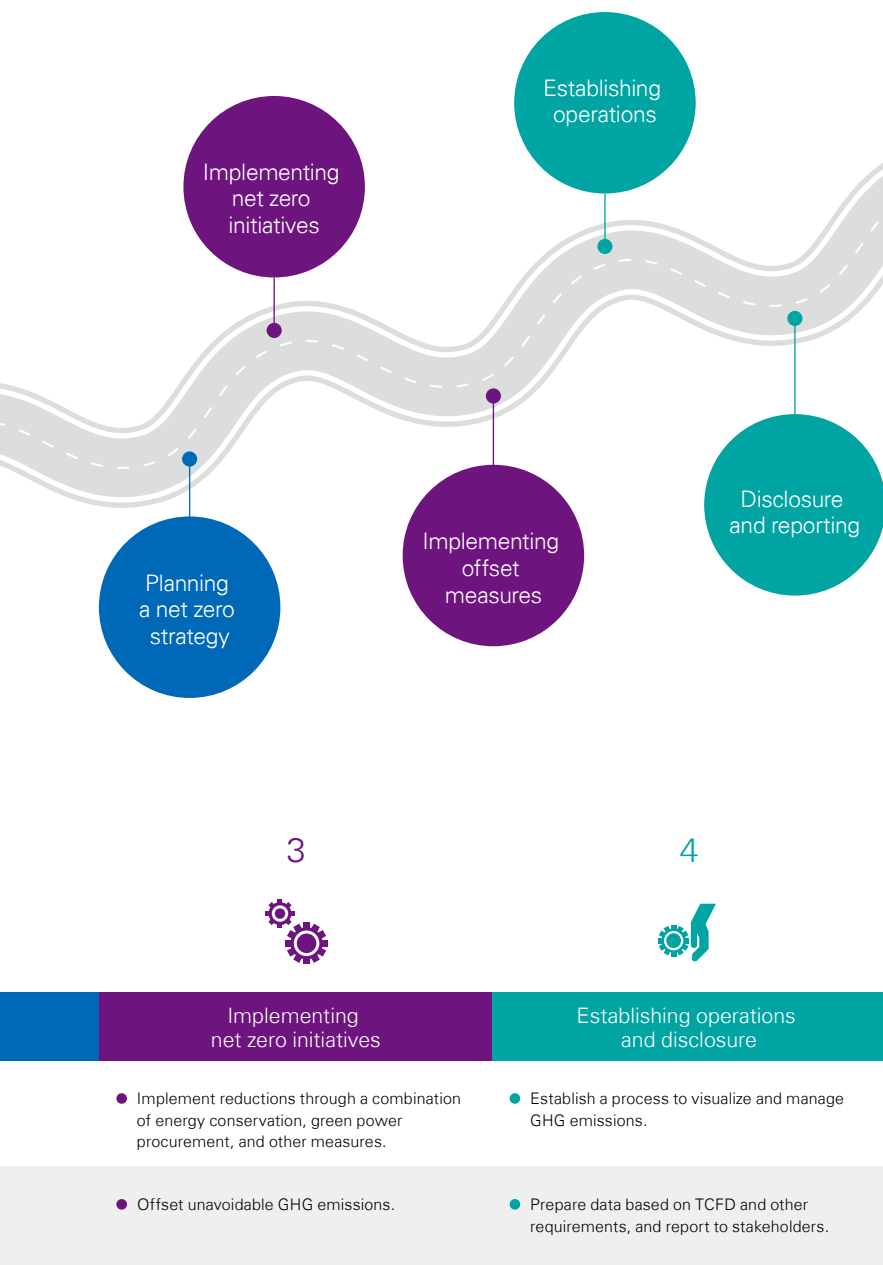
Utilizing technology

The utilization of technologies is effective for measuring, calculating and aggregating in an accurate, comprehensive and timely manner GHG emissions attributable to various company facilities, group companies in and outside of Japan, and also business partners — the latter being a new requirement. KPMG leverages blockchain and other technologies to facilitate the visualization of GHG emissions. By utilizing KPMG’s original Climate Accounting Infrastructure (CAI) framework, which leverages blockchain and cloud platforms to track, dashboard, and report on the GHG emissions and reductions of company operations and those of business partners, we ensure comprehensive, accurate and immediate data acquisition while supporting the development and implementation of effective strategies for reduction. We also utilize KPMG’s original modeling tool, Climate IQ, to assist companies in analyzing scenarios while envisioning the changing business environment associated with different climate scenarios, thereby supporting the provision of qualitative and quantitative information to management and internal and external stakeholders. Through use of these tools, we support efficient and effective carbon management and the integration of climate change risk response and strategy, as well as compliance with future disclosure requirements.

KPMG supports



*SBT: Science Based Target, GHG reduction targets and an international framework for achieving them.



Climate IQ Overview

- Climate IQ is a modeling tool that analyzes the impact of different climate change scenarios on specific clients using an integrated scenario analysis that includes physical risk, transition risk, and macroeconomic risk.
- Analyzes changes in value drivers caused by climate change, and performs a quantitative analysis of the potential impact of these changes as risks or opportunities for specific clients.
- Utilizes scientifically sound data, such as climate change-related, macroeconomic, or commodity price data, as well as client data (e.g., location information, revenue information, cost structure, cost information, future investment plans, etc.).
- Visualizes analysis results to facilitate internal understanding and discussion
- Supports consistent disclosure as the basis for climate change-related disclosures that will be required in the future.
- Supports management decision-making and provides information that meets investor needs.

KPMG's People

At KPMG in Japan, people with diverse backgrounds and experiences support our initiatives to resolve sustainability-related issues for society and our clients. This feature introduces four of our professionals.



Misa KIMURA
Director,
KPMG Consulting

“ I provide support that anticipates the next step in global trends. ”

Q. Please tell us about your current responsibilities.

I am involved in a wide range of advisory work, which includes providing support for corporate governance reform and evaluating the effectiveness of boards of directors, in addition to supporting the upgrade of global risk management systems, and sustainability policy reviews.

In addition to my responsibilities for corporate governance at KPMG Sustainable Value Services Japan, I also participate in sector activities across KPMG in Japan where I am in charge of risk consulting for the media sector and governance for the private enterprise sector.

Q. Please share your thoughts on the changes that companies and society are undergoing related to sustainability.

I feel that 2021 was the year in which the terms sustainability, SDGs, and ESG became widely recognized by the public. Many companies are now thinking about the sustainability of society as a whole, rather than merely their own sustainability, and I believe that a shift in business models and innovation are also rapidly accelerating. The revision of the Corporate Governance Code and other factors have encouraged boards of directors to thoroughly discuss the

sustainability of their companies, and I feel that it is becoming standard practice for companies to promote sustainability holistically, with management taking leadership rather than simply taking a bottom-up approach. As corporate sustainability initiatives accelerate in the future, I am conscious of the need to stay one step ahead of world trends to be able to provide clients with strong support.

Q. Please tell us about your current responsibilities.

In addition to the audits of financial statements which have been my main work, I have also been working for the Reporting Assurance Group at the Sustainable Value Headquarters since 2021. There, I am currently involved in information dissemination, disclosure research, and internal training relating to sustainability. I plan to be involved in TCFD disclosure advisory services and assurance services for non-financial information in the future. For certain industries, the assessment of climate change risk is an important topic for financial statement audits. My concurrent roles enable me to apply the knowledge I have gained at headquarters to the audit division, while being aware of connections between the two divisions.

Q. Could you give us your thoughts on taking on tasks outside the field of financial statement audits?

I almost feel it was meant to be, as I majored in the field of sustainability when I was a student and have a strong interest in the subject. While financial and sustainability information may appear to have no connection, they are common in that they are both used in determining corporate value. In addition, assurance of non-financial information is part of the audit process itself, and I feel that this is an area where I can make good use of the insights and experience I have gained in audit.

On the other hand, climate change is an area where I need to acquire completely new knowledge — in the field of chemistry for example. Working in accounting and auditing required expertise in topics specific to accounting such as IFRS standards and internal controls. However, in the future, I would like to meet the expectations of a changing society by gaining expertise in broader areas, including climate change and human rights.

“ I will use the knowledge gained in SV Headquarters to contribute to Audit. ”



Toshikazu TAKEUCHI
Senior Manager,
KPMG AZSA LLC

“ I’d like to utilize the expertise that I’ve gained for the benefit of both companies’ corporate value and sustainability. ”

Q. Please tell us about your current responsibilities.

I have a broad involvement in advisory services for improving the accounting and finance functions, such as the introduction of capital cost management, establishment of internal controls, and support for preparation of integrated reports. Since 2019, I have also participated in research and studies on sustainability information disclosure through the Survey on Corporate Reporting in Japan (formerly the Survey on Integrated Reporting in Japan). I consider financial accounting and sustainability to be the two pillars of my expertise. I feel that the needs of Japanese companies to incorporate ESG factors into the traditional field of financial accounting have been steadily increasing in recent years. I would like to contribute to our clients’ achievement of both corporate value enhancement and sustainability by utilizing the expertise that I have cultivated over the years.



Kaoru MAMIYA

Assistant Manager,
KPMG AZSA LLC

Q. What have you discovered through your involvement in the Survey on Integrated Reporting?

This is the third year that I have been involved in the survey. During this time, there have been rapid changes to the disclosure requirements in Japan and overseas, including revisions to the Corporate Governance Code and changes in global sustainability information disclosure standards. While Japanese companies are responding positively to such changes, I feel that they have not always been able to come up with a coherent and unique corporate value enhancement story, which is the ultimate objective of integrated reporting, as a result of being overly conscious of individual disclosure items or the disclosure status of other companies. I hope I can contribute to solving such issues by utilizing my experience in surveys and projects.



Shimpei KOIKE

Assistant Manager,
KPMG AZSA Sustainability

Q. Please tell us about your current responsibilities.

I am in charge of environmental affairs, mainly engaging in assurance services for various non-financial information (GHG emissions, waste volume, water consumption and withdrawal, emissions of water, air, and chemical pollutants, cessation of operations due to natural disasters, paid leave utilization rate, childcare leave utilization rate, etc.) used for integrated reporting and sustainability reporting. I am also engaged in the verification of GHG emissions based on the Ministry of the Environment’s subsidy program and the emissions trading scheme of the Tokyo Metropolitan Government. For assurance and verification services combined, I visit 10 to 20 business sites a year to observe their environmental management. I am also involved in advisory services such as assisting companies to calculate their Scope 3 emissions and surveying their compliance with environmental laws and regulations.

“ I’m convinced that working in this environment is a shortcut to realizing a sustainable society. ”

Q. What is your purpose for working at KPMG AZSA Sustainability?

I have been involved in the environmental world for almost 20 years since I majored in environmental engineering out of curiosity to see what kind of society awaits us beyond modern capitalism. I feel that the concept of sustainability is finally becoming more widely accepted by society. KPMG AZSA Sustainability has assembled a team of experts with insights in a variety of fields that can address specific areas of sustainability. We are an organization capable of providing consistent support from the formulation of corporate sustainability visions and strategies to the verification of GHG emissions at factories and business sites, and I believe that working here provides a direct path to helping achieve a sustainable society.

Our Impact Plan

Feature 2 | Our commitment to ESG

Planet

Reducing our impact on the environment to build a more sustainable and resilient future.

Our Commitments

Decarbonization

- Use of renewable electricity: 100% by 2022
- Greenhouse gas emissions: 50% reduction from 2019 by 2030

Addressing environmental and climate change risks

- Provide clear, comprehensive, and high quality information on environmental/climate change risks to society
- Consider the impact of climate change risks in management decision-making.

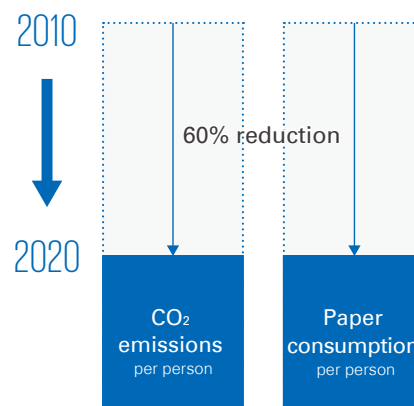
Nature and biodiversity

- Promote a circular office
- Promote nature conservation activities

Our Achievements

Toward the realization of a sustainable planet

KPMG in Japan has reduced per capita CO₂ emissions and paper consumption by 60% each over the past 10 years.



Providing comprehensive consulting services for climate change mitigation and adaptation

KPMG Consulting, in collaboration with the Japan Weather Association, provides comprehensive consulting services based on advanced forecasting analysis for both mitigation, which aims to reduce greenhouse gas emissions that cause climate change, and adaptation, which aims to reduce risks caused by climate change.





In January 2021, KPMG published Our Impact Plan which reports our environmental, social, and governance (ESG) action plan. Our Impact Plan clarifies our current and new ESG initiatives across four important categories: Planet, People, Prosperity, and Governance. We are committed to promoting the ESG initiatives described in this plan and will continue to improve our reporting of progress.

KPMG in Japan's Commitment

At KPMG in Japan, we believe we have a responsibility to contribute to the resolution of ESG issues, and we have clarified our commitments and actions across four important categories based on Our Values, and will continue to strengthen our initiatives.

People

Creating a caring, inclusive and values-led culture for our people.

Our Commitments

Inclusion, Diversity & Equity (IDE)

- Promotion of IDE led by top management
- Achieve 15% ratio of women in management at KPMG AZSA.
- Promote events for KPMG members to deepen their understanding of IDE.

Well-being

- Support reinstatement of employees who have taken childcare or nursing care leave.

Continuous learning

- Provide a variety of training opportunities, including in new areas such as digital and ESG.

Our Achievements

Promotion of employment of people with disabilities

KPMG in Japan is working to improve the workplace environment and follow-up systems to support the social independence of people with disabilities. At KPMG AZSA Office Mate, a special subsidiary company of KPMG in Japan, employees mainly with intellectual disabilities are engaged in the preparation of external seminars and the printing and binding of various materials and documents.

Promotion of women's success and childcare support

KPMG AZSA received the Platinum Kurumin certification in May 2020 for its high level of commitment to childcare support. KPMG Tax Corporation, KPMG Consulting, and KPMG FAS have been certified as Eruboshi companies that implement effective initiatives for promoting women's success.



Working Women's Network (WWN)

The Working Women's Network (WWN) was established in 2007 to provide our people with opportunities for growth and skill development, as well as networking and brainstorming. WWN offers seminars by outside experts, luncheons for networking, and workshops for career development.

KPMG AZSA LLC

Users of the flexible work program (as of January 2021)	Women with secondment experience
355 people	281 people

PRIDE Index

KPMG in Japan was awarded a gold rating in the PRIDE Index 2021 established by the voluntary organization "work with Pride." The PRIDE Index is an evaluation index for initiatives related to LGBT and other sexual minorities within the company. KPMG in Japan was recognized for its proactive initiatives for raising awareness both internally and externally, as well as revising various systems and regulations.

Our Impact Plan

Prosperity

Driving purposeful business practices and good corporate citizenship.

Our Commitments

Execution of business based on our purpose

Education and community support

- Supporting the development of youth who will lead the next generation
- Providing pro bono support to non-profit organizations addressing social issues
- Creating opportunities for employees to take volunteer leave

Our Achievements

Providing cyber literacy training

In conjunction with International Cyber Security Awareness Month, during the month of October we hold the KPMG Global Cyber Day, offering special classes to raise awareness of the importance of cyber security for children and students aged 10 to 16 worldwide. In 2021, KPMG Consulting also offered special classes for junior high school students in Tokyo.



Ongoing Support for Children Affected by the Great East Japan Earthquake

Since 2011, we have been carrying out year-end fund-raising campaigns to collect donations from our people to support children in the areas affected by the Great East Japan Earthquake.

Cumulative results from 2011 to 2021 (including donations)

- ▶ Number of participating employees: Approx. 16,000 in total
- ▶ Cumulative donations: Approx. 300 million yen

Support for the Japan Blind Football Association



Since 2015, KPMG in Japan has supported the Japan Blind Football Association in its efforts to realize a society in which the visually impaired and able-bodied can mingle naturally around the theme of blind soccer. In 2021, KPMG in Japan held a dialogue with board members and players on the men's Japan national team to promote understanding of diversity and communication within the firm.

Governance

Our Values lie at the heart of the way we do things. To do the right thing, the right way, always.

Our Commitments

Activities in the public interest

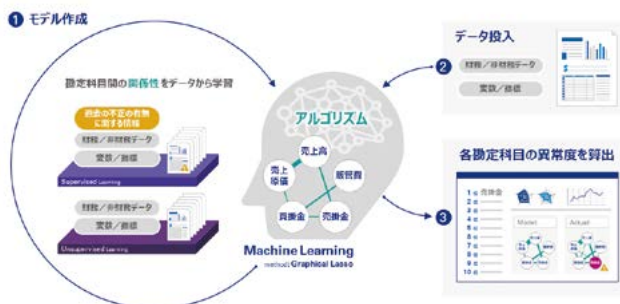
- Implementation of initiatives to prevent injustice and unethical behavior in society
- Disseminating Our Values among our people via our Code of Conduct

Our Achievements

Joint Research with Hitotsubashi University

KPMG AZSA, Hitotsubashi University, and Tokyo Shoko Research have been conducting joint research on models that can detect accounting fraud with high accuracy by applying machine learning methods to big data.

The research results of the model for scoring the risk of accounting fraud in unlisted companies by using machine learning have been summarized and published in Hitotsubashi University's working paper Using Machine Learning to Detect and Forecast Accounting Fraud: A Study Using Data of Unlisted Companies dated June 22, 2021.



Support for Women Corporate Directors (WCD)

KPMG supports the WCD, a network of women corporate directors from around the world, at the global level. KPMG in Japan has been supporting the activities of the WCD since its inception.



KPMG's Global Code of Conduct

In 2020, KPMG reviewed its Global Code of Conduct and Our Values, which clarify the responsibilities that all KPMG members have to clients, society, and each other. KPMG member firms have established a Code of Conduct that encompasses the basic principles of the Global Code of Conduct, and provide training to our people upon joining the firm, and subsequently on a regular basis, to ensure a clear understanding of the principles.

KPMG × Digital

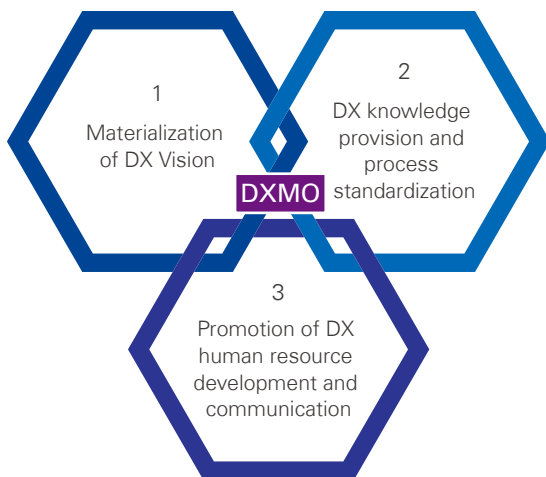
Feature 3 | Our digitalization initiatives

01

Support services for establishing a DX promotion organization

With a growing number of companies addressing digital transformation (DX), traditional IT processes and systems optimized in silos remain issues.

KPMG Consulting has launched a service to support the establishment of a DXMO (Digital Transformation Management Office) — a specialized organization to lead overall business process design and DX promotion based on an agile approach — and to support DX strategies. DXMO enables companies to steadily implement DX as a major transformation that affects the entire company and its business operations, while managing a complex and multifaceted organization.



02

Future of Tax: KPMG Digital Gateway and global tax governance

KPMG Digital Gateway is a platform that integrates a variety of tax-related tools built on Microsoft Azure. The platform utilizes KPMG’s machine learning, data analytics, and AI technologies, enabling not only cross-border tax management, but also visualization of the vast amount of data accumulated within a company in a format that meets the needs of management and tax professionals.

A major advantage of KPMG Digital Gateway, which was developed by KPMG International, is its ability to customize output according to client needs. Attracted by this feature, many clients have already begun implementation of the platform. KPMG Digital Gateway offers a wide range of solutions,



Image of progress management of tax operations at affiliated companies around the world

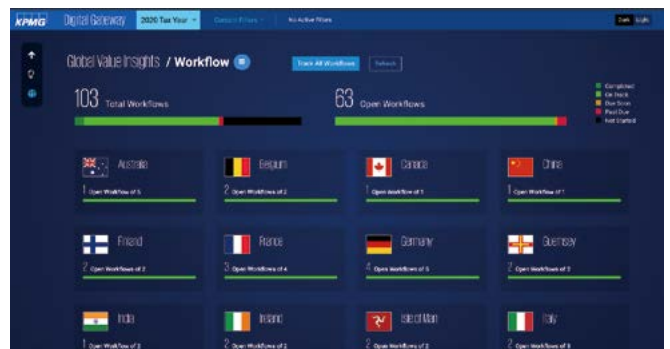


Image of workflow of tax operations at affiliated companies around the world



Creating added value combining our diverse insights and technologies
 KPMG in Japan will combine our diverse professional insights in the audit, tax and advisory fields with cutting-edge digital technologies, and provide society and companies with new insights and knowledge with high added-value. Here, we introduce three specific digital solutions.

03

Example of ERP data utilization in auditing
 - Process mining

including: 1. Coordination and workflow management of information related to tax compliance operations; 2. Preparation of country-by-country reports and tax tables categorized according to anti-tax haven measures; 3. Transfer pricing document management; and 4. Preparation of global tax management reports. By working with KPMG tax professionals around the world through the KPMG Digital Gateway website, clients can strengthen and optimize their tax governance structure based on the best practices of companies known for excellence in tax operations. With KPMG Digital Gateway as their guide, the establishment of optimized global tax governance structures for our clients is already underway.

An increasing number of companies are switching or renewing their ERP and core systems, and the volume and scope of data to be acquired and utilized in the process of audits are rapidly expanding. Process mining is one example of the effective use of such ERP data, where all transaction logs of business processes are visualized as operational flows. This enables us to analyze business processes of audit clients from a perspective different from that of conventional audit procedures, and provide advanced management and administrative support.

- Enables comprehensive and objective identification of high-risk processes and transactions that are not normally expected, or in other words that deviate from internal controls, thereby helping to strengthen governance.
- Enables searching for bottlenecks by analyzing the lead time and number of transactions, leading to greater operational efficiency.

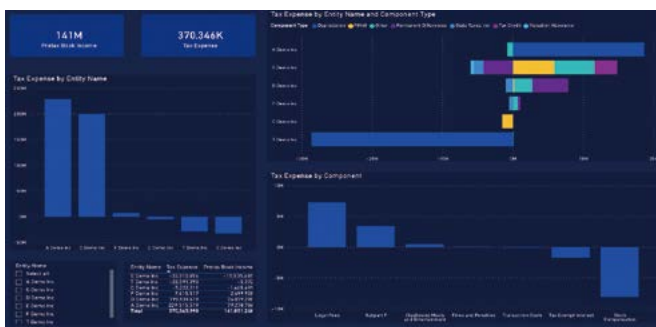


Image related to the breakdown of taxable expenses of affiliated companies



Image related to country-by-country reporting



KPMG in Japan Overview

KPMG in Japan supports a wide range of corporate activities to meet clients' needs through an integrated structure providing Audit, Tax and Advisory services.

KPMG in Japan represents a group of eight KPMG member firms, providing Audit, Tax and Advisory services in Japan.

We are committed to providing high-quality and value-added services to meet our clients' complex management needs through the seamless collaboration and enhancement of our professionals' expertise and knowledge as well as our global KPMG network.



Audit and Assurance

KPMG AZSA delivers Audit and Assurance services based on a uniform quality control system. We use the latest audit methodology uniformly applied by KPMG offices worldwide, to provide audits that meet KPMG's strict global standards for quality.

Statutory Audit

- Audit under the Financial Instruments and Exchange Act
- Audit under the Companies Act
- Audit of Financial Statements prepared in accordance with IFRS Standards
- Audit of Financial Statements under SEC Standards
- Incorporated Administrative Agency Audit
- Incorporated Educational Institution Audit
- Credit Union, Workers' Credit Union, Credit Cooperative Audit
- Labor Union Audit
- Investment Limited Partnership (LPS) Audit
- Special Purpose Company (SPC) Audit

Assurance

- Assurance Engagements on Controls at a Service Organization
- Assurance service engagement to report on compliance regarding separate management of customers' assets maintained by financial instruments business operators

Non Statutory Audit

- Financial Statement Audits of Companies to which Statutory Audits are not applicable
- Audit substantially in accordance with the Financial Instruments and Exchange Act for the purpose of Public Offering
- Audit of Financial Statements prepared in accordance with Special Purpose Framework
- Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

Initial Public Offering (IPO) Advisory

- IPO Advisory
- Venture Advisory
- Global Innovation Advisory
- Asia Listing Advisory

Tax

KPMG's tax services are tailored to meet our clients' specific commercial and business needs. By fully utilizing our global network, KPMG offers a team of professionals with a broad range of expertise and experience that can cater for all our clients' requirements.

International Tax Services

- Advice on establishing an effective global tax management structure
- Tax advice on outbound investments/research in relation to foreign taxation rules
- Advice on global tax strategies
- Effective utilization of overseas holding and operating companies
- Dealing with tax-haven related issues
- Foreign tax credit planning
- Tax advice with respect to inbound investments

Domestic Tax Services

- Tax return preparation services
- Feasibility studies and support with documentation and assistance with respect to consolidated tax and group taxation
- Assistance with advance ruling requests
- Assistance with all aspects of tax audits
- Support for tax appeals and litigation

M&A

- M&A MBO/LBO tax structuring advice
- Tax advice for mergers/acquisitions and other corporate reorganizations
- Tax due diligence in relation to mergers and acquisitions
- Due diligence and tax structuring advice in relation to overseas acquisitions

Corporate Reorganizations/Restructuring

- Onshore and offshore reorganizations
- Formulate strategies for corporate reorganizations
- Formulate strategies for business restructuring
- Tax due diligence in relation to business restructuring

Real Estate

- Structuring of inbound real estate investments
- Structuring of outbound real estate investments
- J-REITs, public and private real estate funds
- Formulate strategies for asset-backed securitization
- Formulate strategies for renewable energy
- Structures to use for investment in infrastructure/PFI

Securitization/Leasing

- Securitization structuring for financing and off balance sheet transactions
- Structuring of trusts, partnerships and other investment vehicles
- Tax advice on leases for large-scale moveable assets and cross border lease transactions

Transfer Pricing

- Analysis of transfer pricing risks and related planning
- Advance Pricing Agreements, facilitation and assistance with competent authority negotiations
- Support for transfer pricing audits
- Transfer pricing documentation
- BEPS
- Valuation (for tax purposes)

Financial

- Tax services to financial institutions (banks, securities, insurers, etc.)
- Tax advice on domestic/overseas investments by financial institutions
- Tax advice with respect to financial instruments
- US tax advice (QI, inbound investment into US, etc)

Technology

- Tax services for internet-related businesses
- Tax services for social media, game companies, etc.
- Tax services for growth-phase venture companies
- Tax advice for internet-based domestic and cross border transactions

Customs Duty/Indirect Tax Services

- Tax and duty optimization of intra-group supply chain
- Optimization of indirect tax compliance process
- Optimization of origin management process for FTA/EPA
- Assistance with post-entry customs audits
- Advice on customs valuations (especially where subsequent transfer price adjustments are expected), customs classification

Global Mobility

- Preparation of Japanese/US income tax returns
- Development of compensation strategies and benefits planning and reporting for international employees
- Tax advice on equity compensation plans such as stock options
- Individual income tax advice including on tax treaties and social security issues
- Global coordination and support for international assignees
- Advisory services for global HR

Outsourcing

- Bookkeeping, preparation of statement of accounts and financial reports
- Payments, cash management
- Payroll, social insurance administration
- Calculation of hypothetical tax for employees on overseas assignment
- Advice on labor procedures and setting of employment rules
- Support for establishing a corporation or a branch

Public/Medical Sector

- Tax advice for independent administrative agencies, national university corporations
- Tax advice for incorporated associations and educational corporations, etc.
- Advisory services for medical related corporations

Small and Medium-sized Enterprises (SMEs)

- Monthly calculations and filing of various tax returns for domestic corporations
- Advice on business succession/return filing for inheritance and gift taxes
- Support around capital policy and appraisal of shares for family owned businesses

Advisory

Our three service groups — Management Consulting, Deal Advisory and Risk Consulting — comprising professionals with expertise in their respective industries, assist companies in improving their corporate values through our global network.

Management Consulting

We support globalization of Japanese companies by utilizing our global network and abundant experience of cross border projects. We also support a variety of corporate transformations and implementation of projects from strategies to IT.

Strategy & Operations

- Business Strategy Planning
- Alliance Strategy Planning
- Market Entry Strategy Planning (Market/Competitor Analysis)
- Post Merger Integration (PMI)
- Customer Relationship Management
- Supply Chain Management
- Operational Transformation
- Change Management
- Post Merger Integration Business
- Shared Services & Outsourcing
- Intelligent Automation
- Cost Optimization
- Procurement Process Optimization
- Large-scale Program/Project Management

People & Change

- Behavioral Change Management
- Organizational Development
- HR Optimization
- Workforce Optimization/HR Management
- Talent Development

Financial Management

- Enterprise Performance Management
- Finance Strategy Transformation
- Efficient Finance Operation
- Finance and Accounting Process Optimization

IT Advisory

- IT Planning and Architecture Design
- IT Governance and Program Management
- Digital Transformation
- Enterprise Solution Implementation

Deal Advisory

We provide comprehensive support for developing and implementing strategies of M&A and corporate reorganizations/restructuring and to support clients as

M&A/PMI

- M&A Advisory (Buy-side, Sell-side, JV/Partnership)
- Due diligence (business, financial, and operational, IT, etc.)
- Development and execution of business synergy models
- Valuation, purchase price allocation, and impairment testing
- Integration of IT and operations
- Planning and execution of PMI
- Planning and execution of business separation
- Investigation of fraud in M&A/PMI

Management Strategy

- Development of mid-term strategy and business plans
- Realignment of business portfolio
- Development of new business and market strategy
- Development of M&A strategy
- Establishing group management structure
- Corporate real estate advisory
- Support to launch corporate venture capital (CVC)

they respond to drastic changes in the business environment in a prompt and flexible manner and achieve true global management.

Restructuring

- Optimization of financials and operations/restructuring
- Planning, consensus building and execution of business turnarounds
- M&A-type turnaround (restructuring/ JV formation/dissolution, divestiture/ withdrawal, distressed environment)
- Overseas business restructuring
- Verification/review/exit of investments
- Insolvency/out-of-court liquidation
- Lender advisory

Risk Consulting

We support promotion and improvement of initiatives relating to enterprise groups' governance, risks and compliance with regulations in order to meet various stakeholders' expectations, fulfill management's accountability and enhance business sustainability.

Accounting Advisory

- IFRS Advisory
- IFRS/US GAAP/JGAAP Accounting Change Advisory
- Financial Reporting Support for M&A
- IPO Advisory, SEC Filing advice
- Quality Closing Support
- Optimization of Group Financial Reporting Processes
- Group finance process transformation
- Group business management/ management accounting transformation

Governance, Risk and Compliance

- Corporate Governance/Group Governance
- Board Evaluation Assistance
- Enterprise Risk Management (ERM)
- Internal Control/Internal Audit
- Legal & Compliance Risk Management
- Overseas Business Risk Management
- Business Continuity & Crisis Management
- Sustainability
- Stakeholder Communication
- Integrated Reporting

Technology Risk

- Privacy Advisory
- Advanced Technology Risk Management
- System Risk Management
- Project Risk Management
- IT Audit

Cyber Security

- Cyber Strategy and Governance
- Cyber Transformation
- Cyber Defense
- Operational Technology Cyber

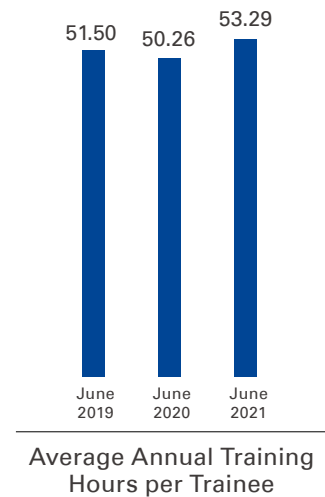
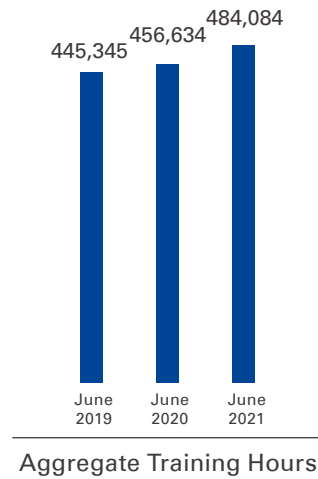
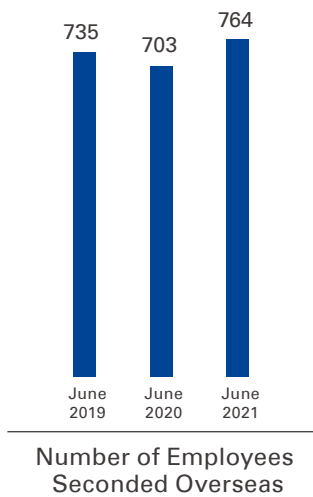
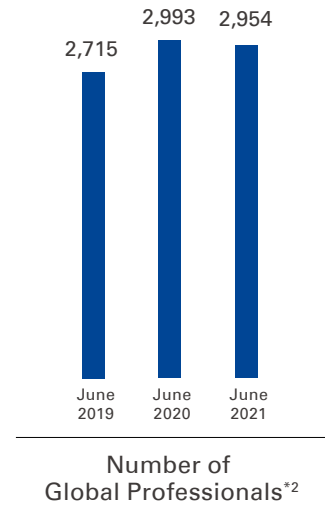
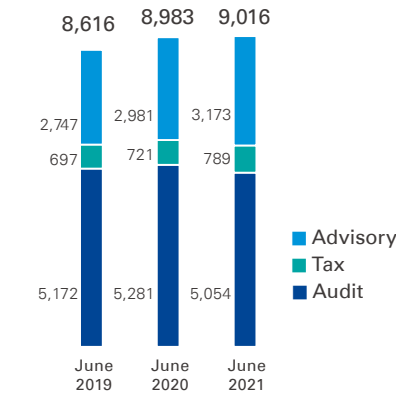
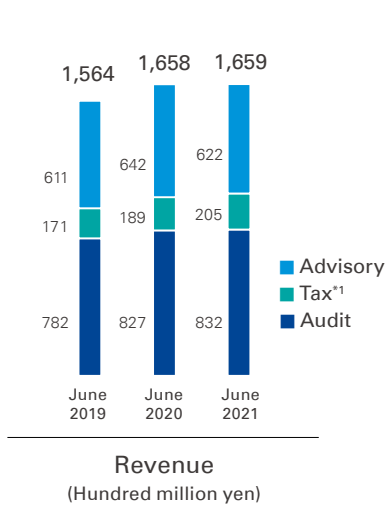
Financial Risk Management

- Global Financial Regulation, Financial Instruments Regulation, Enhancement of Risk Management and Compliance Framework
- Financial Crimes, Extra-territorial Issues (FATCA, CRS, Bribery & Corruption, Antitrust Regulations)
- Actuarial Services (Insurance/ Pension), Pension Risk Management
- Real Estate Risk Management
- Asset Management Business Support
- Enhancement of business and financial management with focus on capital cost
- Enhancement of group governance on treasury and foreign exchange risk management
- Advisory on FinTech implementation and management

Forensic

- Investigation of corporate fraud and misconduct, digital forensic technologies
- Designing group-wide structure for fraud prevention
- Prevention and investigation of product data falsification
- Cyber security initiatives and cyber forensic investigation
- Litigation support
- e-Discovery, support on information governance
- Corporate and individual intelligence
- Contract/legal compliance

Our Performance



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

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

Overview of Member Firms

About KPMG KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services.

We operate in 145 countries and territories and in FY21 had close to 236,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its affiliated business entities do not provide services to clients. For more detail about KPMG's structure please visit home.kpmg/governance.

KPMG International

(As of September 2021)

Revenues	32.13 billion
Number of personnel	236,257
Number of countries and territories	146
Registration in London, U.K.	

KPMG in Japan

Chairman & CEO Toshiya MORI

KPMG in Japan Member Firms

KPMG AZSA LLC CEO, Toshiya MORI

With approximately 6,000 employees based in major cities nationwide, we offer professional services, including audit, various assurance services, finance-related advisory services, and IPO support. We also deliver services requiring a high level of expertise tailored to sector-specific needs, including those for the financial, information/telecommunication/media, manufacturing and public sectors.

KPMG FAS Co., Ltd.

Representative Directors, Hikaru OKADA, Osamu MATSUSHITA, Masahiko CHINO

We support improving the sophistication of management operations and increasing the value of businesses to enable our clients to achieve sustainable growth, through corporate strategy planning, business restructuring and M&A for the optimization of business portfolios, regeneration of underperforming businesses and advice relating to addressing corporate scandals. Based on our industry group structure comprising 12 major industries, we gather information and insights regarding latest trends by industry both in Japan and overseas, and provide one-stop optimal solutions through working with professionals in their respective fields of expertise.

KPMG Social Insurance and Labor Advisors Corporation

Representative, Wataru KOSHIDA

We provide bilingual (Japanese-English) HR and labor-related services to Japanese companies and Japanese subsidiaries of foreign companies operating globally. Our services include support for new social insurance application procedures, payroll calculation, various social insurance procedures, social security agreements, and labor rules.

KPMG Tax Corporation

Senior Partner, Yuichi MIYAHARA

Our tax professional teams offer bespoke tax advice according to various business activities (preparation of tax returns, domestic and international taxation, transfer pricing, BEPS compliance, customs duty and indirect tax, M&A, restructuring and corporate revitalization, global mobility, business succession, etc.) to Japanese companies and Japanese subsidiaries of foreign companies in response to diversifying aspects of corporate management.

KPMG Healthcare Japan Co., Ltd.

Managing Partners,
Keiichi OWARI, Jun MATSUDA

KPMG Healthcare Japan provides business and financial services in the healthcare industry, including medical and nursing care. Advisory services are related to strategy, risk assessment, M&A, finance and business revitalization.

KPMG Ignition Tokyo, Inc.

CEO, Masayuki CHATANI

KPMG Ignition Tokyo's mission is to combine the knowledge of our professionals cultivated through our audit, tax and advisory services with the latest digital technologies, and together with all entities of KPMG in Japan to support the business transformation of companies accompanying digitalization through developing common foundations and solutions.

KPMG Consulting Co., Ltd.

President & CEO, Masahiro MIYAHARA

KPMG Consulting assists clients to transform business models and improve overall management operations. Specifically, we provide services related to business strategy planning, improvement in operational efficiency, profit management capability, governance, risk management, IT strategy planning, IT system/tool implementation support, organization and human resource management reform, and the like.

KPMG AZSA Sustainability Co., Ltd.

Managing Partners,
Junichi ADACHI, Kazuhiko SAITO

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

AZSA Office Mate Co., Ltd.

President, Michitaka SHISHIDO

In order to assist individuals with disabilities achieve independence, AZSA Office Mate employs individuals with primarily intellectual disabilities as "office mates." These employees are responsible for work including preparation for external seminars, printing and binding materials, sorting and filing accounting documents, sorting and shipping of stationery for reuse, business card printing and restocking of stationery.

Editorial Policy: Since 2015, we have been issuing KPMG Japan Our Story, which reports on KPMG in Japan's shared principles and philosophy, as well as initiatives whereby we can consistently respond to social and client expectations to provide more value as a group of professional firms dedicated to delivering outstanding service. This report is prepared and edited with the principles of integrated reporting in mind.
Scope of the Report: In principle, the Report focuses on KPMG in Japan's member firms. Information and performance data of specific organizations are

individually described. KPMG in Japan's member firms are listed above.

Reporting Period: Performance data is provided for primarily the period of July 2020–June 2021. In addition to reviewing the current state of the firm, the report also presents our outlook for the years to come.

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