

Governance

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Message from the chair of the Oversight Board

We are dedicated to enhancing audit quality through sound governance by ensuring effective oversight of the leadership team and fostering constructive dialogue among members from diverse backgrounds who offer fresh perspectives.



Our 15 quality objectives ► p.54

Leadership and quality management process

- Objective 1 ► Leadership and quality management process

Ethics and objectivity

- Objective 2 ► Ethical requirements and values
- Objective 3 ► Objectivity and independence

Client selectivity management/ Solutions and opportunities management

- Objective 4 ► Client selectivity
- Objective 5 ► Managing services and products
- Objective 6 ► Engagement acceptance and continuance

People management

- Objective 7 ► Recruit, develop and retain
- Objective 8 ► Learning and education
- Objective 9 ► Assignment of people to engagements
- Objective 10 ► Evaluation and compensation

Technology management

- Objective 11 ► Technological resources

Solutions delivery management

- Objective 12 ► Support for engagement performance
- Objective 13 ► Direction, coaching and supervision
- Objective 14 ► Expert knowledge

Monitoring and enhancement process for the system of quality management

- Objective 15 ► Quality controls in performing engagements

Renewing members and strengthening governance

In December 2023, PricewaterhouseCoopers Aarata LLC and PricewaterhouseCoopers Kyoto successfully completed their integration and began operating as a unified organisation. FY2024 was a pivotal year in laying the foundation for our firm's competitiveness and future growth. This year also marked a leadership transition, with Masataka Kubota, the former Assurance Leader, assuming the role of CEO, and Takeshi Yamaguchi stepping into Assurance Leader position.

At the same time, as we assess the current landscape from a holistic viewpoint, it is evident that our industry is in a new era of a new audit model, driven by digital technology and generative AI. Our firm now stands at the forefront of this transformative era.

Amidst this backdrop, the Oversight Board underwent its first member renewal in four years. As a result, two-thirds of its members have changed, bringing greater diversity in backgrounds to the team. In addition, we welcomed external members from the Public Interest Body, who previously offered public interest perspectives from outside the Oversight Board framework, to participate directly on the Oversight Board. This change enabled us to engage in more timely and in-depth discussions, further strengthening the governance function of the Oversight Board.

Toward the success of audit quality

Audit quality remains our enduring and ultimate goal and is a source of professional pride for any audit firm. At the same time, the mechanisms, models and people required to achieve audit quality are profoundly influenced by changing times. Societal expectations continue to evolve, like the flow of a river. In this context, we recognise the emergence of a new era where audit quality is more



Takeaki Ishibashi
Chair of the Oversight Board

directly linked than ever to three key factors: (1) maintaining dialogue with a wide range of external stakeholders to remain alert, ensuring that public interest remains at the core of our thinking, (2) accurately capturing the momentum of digital technology and generative AI, and reflecting them timely in our audit tools and methodologies, and (3) flexibly recruiting, training and motivating people (who may not necessarily fit our traditional recruiting model) who are capable of fully leveraging these tools and methodologies.

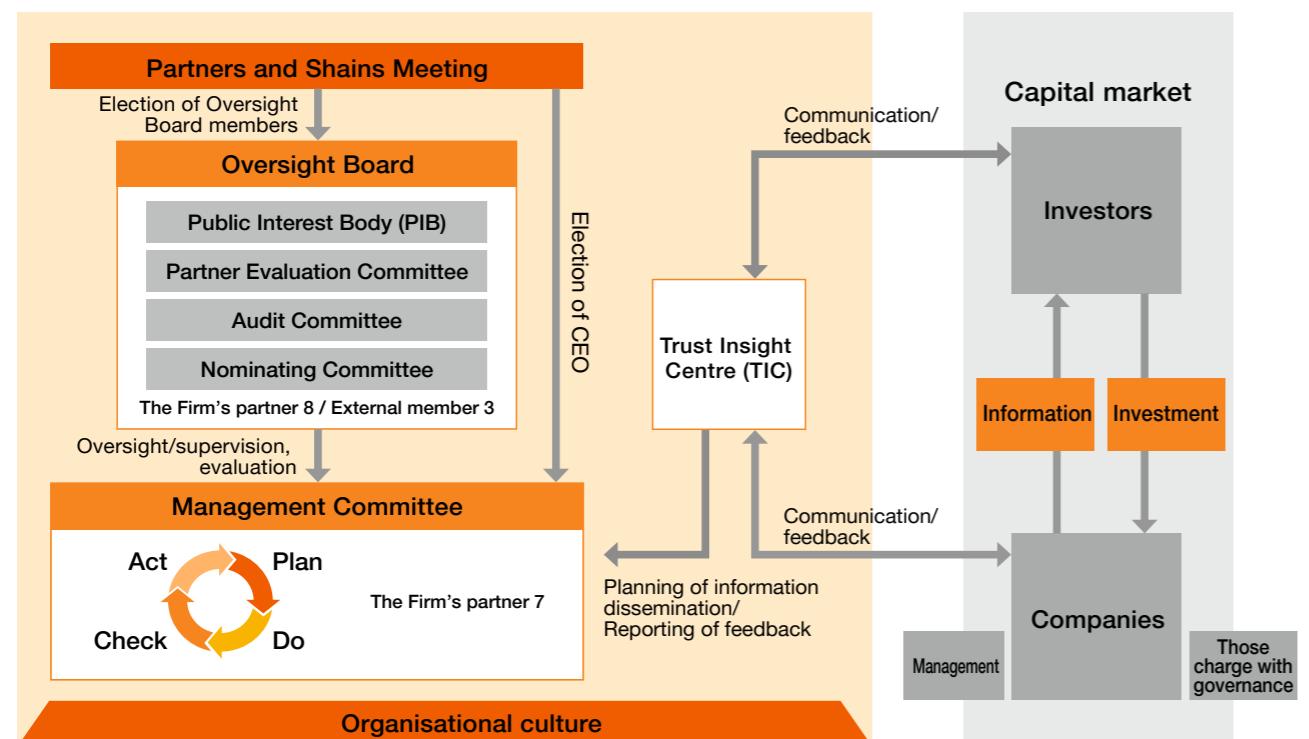
We will continue to monitor and oversee with calm and objectivity how the leadership team navigates the audit firm in this new era. At the same time, we will engage in dialogue and offer advice with fresh perspectives and sincere passion, thereby working in tandem with the leadership team to successfully enhance the Firm's audit quality.

Our governance structure

Our governance and organisation

To continuously improve the quality of our audits and realise an effective governance structure, the Firm has established three governance bodies: the Partners and Shains Meeting, the Oversight Board and the Management Committee.

Our governance structure



Partners and Shains Meeting:

The Partners and Shains Meeting is responsible for resolving matters prescribed by the articles of incorporation of the Firm as the highest decision-making body. The Partners and Shains Meeting consists of all partners.

Oversight Board:

The Oversight Board consists of the Chair of the Oversight Board and the Oversight Board members, and monitors, oversees and evaluates the management strategies formulated by the Management Committee and their implementation. Independent Non-Executives (INEs) participate in discussions at the Oversight Board.

Management Committee:

The Management Committee consists of the Chief Executive Officer (CEO), acting CEO, deputy CEO and other officers and makes decisions related to the execution of the Firm's operations.

Chief Executive Officer:

The CEO oversees the Management Committee and has ultimate responsibility for the Firm's system of quality management. The Nominating Committee established in the Oversight Board appoints candidates for CEO by holding hearings with partners of the Firm. The final candidate is proposed at the Partners and Shains Meeting and elected as the CEO with its approval.

Trust Insight Centre (TIC):

TIC aims to consolidate insights on trust and, through dialogue with stakeholders in the capital markets, listen to and identify both current and future trust gaps, and explore and examine ways to address them.

Internal Audit Office:

Personnel who have sufficient and appropriate experience and do not have special interests in the operations/activities of the Firm. They perform audits of the Firm's overall operations under the supervision of responsible personnel appointed by the CEO.

Oversight Board

The Oversight Board monitors the management strategies formulated by the Management Committee and their implementation, and is responsible for highly transparent governance.

The Oversight Board discussions include eight Oversight Board members and two partner observers, as well as three INEs appointed externally, and is operated by the Oversight Board itself, three committees and the PIB.

Strengthening the governance structure of the Oversight Board in FY2026

Until FY2025, the Public Interest Body (PIB), consisting of external experts, the Chair of the Oversight Board and the CEO of the Firm, has been responsible for overseeing, evaluating and advising on initiatives undertaken by the Management Committee to enhance audit quality. In FY2026, the external members of the PIB have been appointed as Independent Non-Executives (INEs) for the Oversight Board to further strengthen governance effectiveness. In addition, the PIB has been integrated into the Oversight Board as part of a structural reform. This change is intended to promote more timely and in-depth oversight, evaluation and advice by INEs, while enhancing the objectivity of those serving on the Oversight Board.

(As of July 1, 2025)

Chair: Takeaki Ishibashi (also the chair of the Partner Evaluation Committee)

Vice Chair: Ryuichi Nagano^{*1}

INE: Kazuhiro Suzuki (Chair of the PIB), Tadashi Shimamoto, Goro Kumagai

Members: Yoshitaka Yamada (Chair of the Audit Committee), Yoshiyuki Kure (Chair of the Nominating Committee), Trevor Tisseversasinghe, Daisuke Abe^{*1}, Masaji Hamanoue^{*2}, Shizuko Akama^{*2}
Observers: Hiroyuki Koga^{*1}, Shunsuke Horii^{*1}

^{*1} Partner of PwC Consulting LLC

^{*2} Partner of PwC Advisory LLC

Appointment and composition of Oversight Board members

The Oversight Board establishes an Oversight Board Member Nominating Committee for the

selection of the Oversight Board members. The Oversight Board Member Nominating Committee selects candidates for the Oversight Board members, who are then formally appointed by a resolution of the Partners and Shains Meeting.

- To leverage knowledge gained from business improvement projects for companies facing business challenges, four of the Oversight Board members are appointed from the Firm's partners and the remaining four from the partners of PwC Consulting LLC and PwC Advisory LLC, who provide non-audit perspectives which are beneficial to the business operation of the Firm.

Appointment and qualification criteria for INEs

- Individuals who meet certain criteria are appointed as INEs and invited to join the Oversight Board.

Qualification criteria for INEs

- A person who possesses appropriate knowledge as an INE, such as a track record of contributing to the financial and capital markets as an investor, experience and knowledge as management of a listed company or comparable experience and knowledge, experience in regulatory authorities and experience and knowledge as a stakeholder in the financial and capital markets.
- A person who complies with the Firm's independence requirements.
- To ensure independence, external experts do not assume a business execution responsibility of the Firm and periodically review whether their independence requirements are met.

Authority of the Oversight Board

- The Oversight Board has the authority to propose removal of the CEO at the Partners and Shains Meeting.
- The Oversight Board has the authority to annually evaluate the CEO and determine his or her remuneration based on that evaluation.
- In appointing the CEO, the Nominating Committee established within the Oversight Board has the authority to conduct soundings with all partners who have the right to vote and decide candidates for the CEO.

Sub-committees of the Oversight Board**Oversight Board*****Public Interest Body (PIB)**

Is comprised of INEs and the chair of the Oversight Board, and deliberates on matters such as the system of audit quality management and how it is operated, opinions from the PIB and the status of the Firm's actions to address the recommendations, and provides advice and recommendations to the Management Committee or the Oversight Board. The PIB has the authority to receive information on the system of quality management and how to operate the Firm, which is necessary for the performance of duties, from partners and employees at any time.

Partner Evaluation Committee*

Deliberates on matters such as partner enrollment and withdrawal, selection of CEO, evaluation and remuneration of partners.

Audit Committee*

Performs audits of finance and business operations of the Firm, and approves the internal audit execution plan and the internal audit results report submitted by the chief audit executive. Where remedial actions are deemed necessary, the Audit Committee requests the CEO to implement them. Additionally, the Audit Committee evaluates the audit plan and audit results provided by the financial statement auditor.

Nominating Committee*

Selects candidates to ensure fair and orderly nomination of candidates for the position of the CEO. The selected candidate for the CEO is reported to the Oversight Board, voted on by all partners, and the result is discussed at the Partners and Shains Meeting. The CEO is appointed with the approval of the Partners and Shains Meeting.

FY2025 Members of the PIB

As of June 30, 2025

Kazuhiro Suzuki: Lawyer, ex-superintending prosecutor of Fukuoka High District Public Prosecutors Office

Tadashi Shimamoto: Ex-CEO and chair of Nomura Research Institute, Ltd.

Hiroshi Hitomi: Chair and CEO of Kyoyu Shoji Co. Ltd.

Ex-representative executive director of Bank of Kyoto, Ltd.

Hitoshi Kiuchi: Chair of the Firm's Oversight Board

Masataka Kubota: CEO of the Firm



Kazuhiro Suzuki

Tadashi Shimamoto

Hiroshi Hitomi

FY2026 Independent Non-Executives (INE)

As of July 1, 2025

Kazuhiro Suzuki: Lawyer, ex-superintending prosecutor of Fukuoka High District Public Prosecutors Office

Tadashi Shimamoto: Ex-CEO and chair of Nomura Research Institute, Ltd.

Goro Kumagai: Executive Vice President, Head of Corporate Reporting, The Securities Analysts Association of Japan

Visiting Fellow of Centre for Advanced Research in Finance, Tokyo University



Kazuhiro Suzuki

Tadashi Shimamoto

Goro Kumagai

Members of the Oversight Board

(as of July 1, 2025)

Name / Title	Career summary*	Skill Matrix							
		Management/ Senior leadership	Audit	ESG	Digital	Business development	Quality management	Finance	Industry
Takeaki Ishibashi Chairperson (chair of the Partner Evaluation Committee)	1996 Joined a US accounting firm/2007 Joined the staff of PCAOB/ 2017 Joined PwC Arata LLC, appointed partner/2018 Appointed head of Quality Review of Risk & Quality/2022 Appointed client partner of the PwC global network/2025 Appointed chairperson of the Oversight Board		●				●		●
Ryuichi Nagano Vice-chair	1994 Joined a Japanese audit firm/1998 Seconded to PwC US Chicago Office/2006 Appointed partner of PwC U.S./2016 Appointed partner of PwC Arata LLC, seconded to PwC Singapore/2021 Transferred to PwC Consulting LLC/2025 Appointed member of the Oversight Board, appointed X-LOS Financial Service Leader	●	●	●	●	●	●	●	●
Yoshitaka Yamada Member (chair of the Audit Committee)	1994 Joined Aoyama Audit Corporation/2007-2011 Partner for supervising quality management at Kyoto Audit Corporation/2023-2025 Sub-leader of the Corporate Reporting Service/2023 Appointed member of the Oversight Board/2024 Appointed expert member of the business combination committee of the Accounting Standards Board of Japan, appointed board member of the Japan Auditing Association/2025 Appointed member of the PwC network Global Board	●		●			●		●
Yoshiyuki Kure Member (chair of the Nominating Committee)	1997 Joined a business management consulting firm/ 2006 Joined PwC Arata/2015 Appointed partner/ 2018 Appointed leader of the Stakeholder Engagement Office, responsible for Research Lab/ 2023 Appointed leader of the Trust Insight Centre/ 2024 Appointed leader of the Centre for Corporate Governance in Japan/2025 Appointed member of the Oversight Board		●	●	●	●	●		●
Trevor Tisseverasingthe Member	1996 Joined PwC UK London Office/1999-2000, 2002-2005 Seconded to PwC Japan/2008 Joined PwC Arata LLC/2017Appointed client partner of the PwC global network/2021 Appointed member of the Oversight Board	●	●	●			●	●	●
Daisuke Abe Member	2004 Joined BearingPoint Japan/2019 Appointed partner of PwC Consulting LLC/2025 Appointed member of the Oversight Board	●			●	●			●
Masaji Hamanoue Member	1996 Joined PwC US New York Office/ 2001 Transferred to Japan's Deals Advisory unit/2019 Seconded to PwC UK London Office, appointed leader of PwC UK Japanese Business Network/2024 Returned to PwC Advisory/2025 Appointed member of the Oversight Board		●						●
Shizuko Akama Member	2009 Joined PwC Advisory/2022 Appointed partner/2025 Appointed member of the Oversight Board		●						

* The organisation names described in "Career summary" reflect their names at the time.

* The INEs and observers do not have the right to vote.

Management Committee

Officers (as of July 1, 2025)

Name / Title	Career summary*	Skill Matrix												Industry	Technology/Entertainment, Communication
		Management/ Senior leadership	Audit	BAS	Quality management	Business development	Digital	ESG	Accounting/ Finance	HR/Labour management/ People development	Legal/Compliance/Risk management	Other industries/ Sector/Client experience	Global	Industry	Technology/Entertainment, Communication
 Masataka Kubota CEO	1998 Joined Aoyama Audit Corporation/2001 Seconded to PwC Chicago Office/2019 Appointed managing officer and assurance leader/2020 Appointed Deputy CEO/2024 Appointed CEO (and the leader of PwC Japan Group)	●	●	●		●	●	●		●		●	●	Global	Industry
 Keiichiro Kagi Acting CEO	1994 Joined Chuo Audit Corporation/2007 Joined Kyoto Audit Corporation/2013 Appointed leader of HR, general affair, accounting and Management Committee secretariat/2023 Appointed managing partner of PricewaterhouseCoopers Kyoto/2023 Appointed Acting CEO	●	●	●		●	●	●		●		●		Electric parts manufacturing, Distribution and retail, Entertainment	Technology/Entertainment, Communication
 Takeshi Yamaguchi Deputy CEO (Assurance Leader/ Chief Investment Officer)	1999 Joined Chuo Audit Corporation/2005 Seconded to PwC New York Office/2019 Appointed leader of asset management assurance/2024 Appointed CEO	●	●	●		●	●	●		●		●	●	Finance, Automotive	Finance, Automotive
 Takaki Suzuki Executive Officer (Chief Quality Officer)	1993 Joined Chuo Audit Corporation/2000 Seconded to PwC US New York Office/2019 Appointed leader of Chief Auditor/EPQ (*)/2022 Appointed head of Risk Management of Risk & Quality/2023 Appointed officer/2024 Appointed executive officer (*) Audit process transformation program		●		●					●	●	●		Insurance	Insurance
 Yoshihisa Chiyoda Executive Officer (Chief Audit and Assurance Service Officer)	1997 Joined Aoyama Audit Corporation/2004 Seconded to PwC US Boston Office/2020 Appointed head of Technology, Media and Telecom/2025 Appointed executive officer		●	●				●		●		●		Technology, Entertainment, Communication	Technology, Entertainment, Communication
 Hiroaki Naganuma Executive Officer (Chief Broader Assurance Service Officer)	1998 Joined Chuo Audit Corporation/ 2007 Seconded to PwC US New York Office/2019 Appointed head of Financial Reporting Advisory/2025 Appointed executive officer				●	●					●	●		Finance	Finance
 Naoko Mori Executive Officer (Chief Planning & Management Officer)	2001 Joined Chuo Aoyama Audit Corporation/ 2010 Seconded to PwC US New York Office/2025 Appointed executive officer			●					●	●	●	●		Finance, Automotive	Finance, Automotive

* The organization names described in "Career summary" reflect their names at the time.

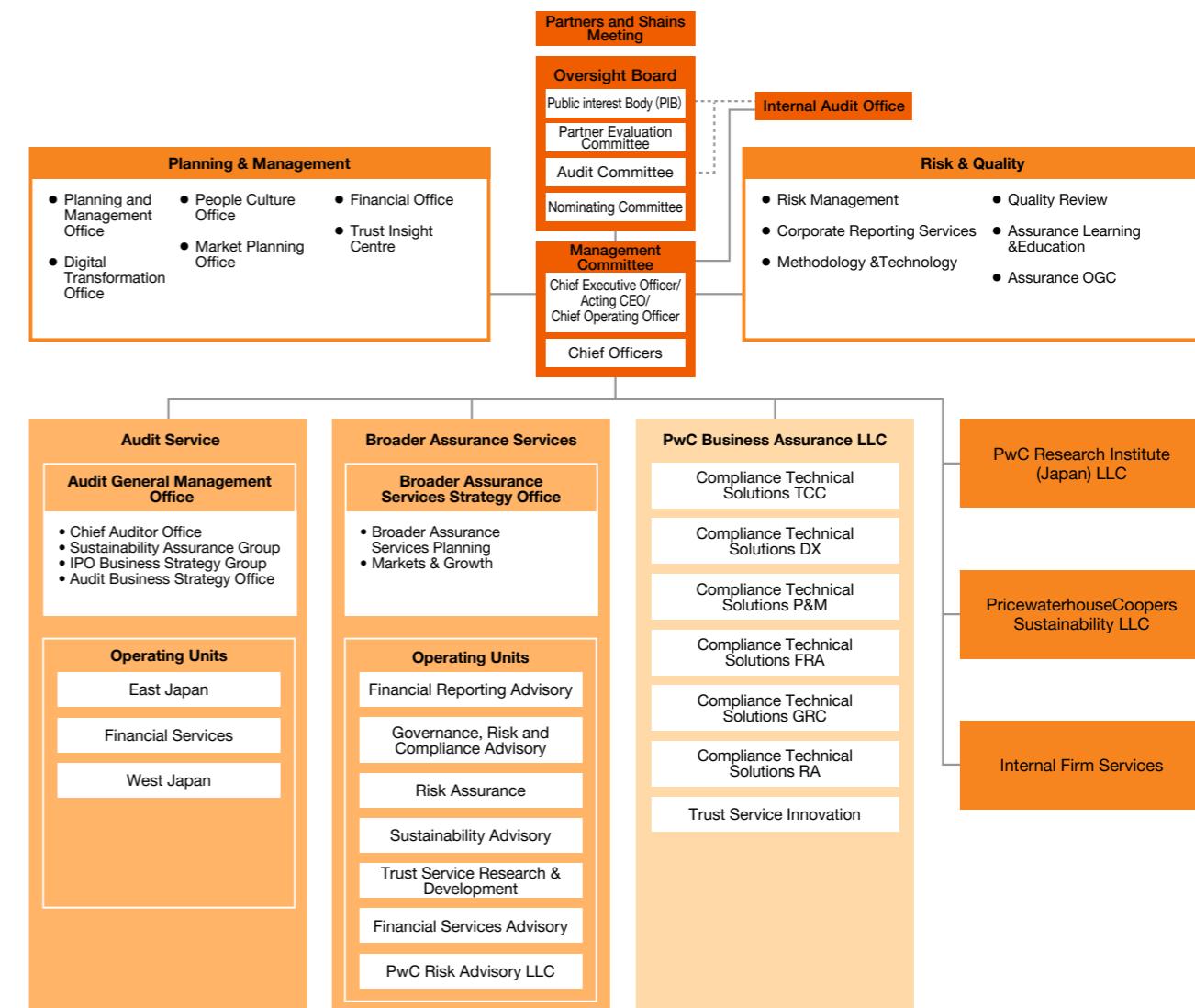
Advisers of the Management Committee

Masahiko Nara (Senior Officer, Head of People and Culture Office)
Eiichi Yamanaka (Senior Officer, Head of Market Planning Office)
Nobuki Otsude (Senior Officer, Head of Finance Office)
Kazuya Miyamura (Senior Officer, Head of Digital Transformation Office)

Observers of the Management Committee

Akane Yoshida (Subsidiary management)
Neil Weingarten (Senior Officer, Risk & Quality Co-Leader)
Takeshi Ishigami (Senior Officer, Assurance OGC Leader)
Taiji Ayabe (Senior Officer, Risk Assurance Leader)
Kenichi Hayashi (Officer, Planning and Management Office)

Organisational structure (after July 1, 2025)





* The titles described above are as of July 1, 2025.

Past year review

The Public Interest Body reflected on the key managerial challenges in FY2025 and assessed the progress of related initiatives.

1.FY2025 management initiatives

► Quality

Kubota: We have successfully completed the integration of the system of quality management of PricewaterhouseCoopers Kyoto (PwC Kyoto) and PricewaterhouseCoopers Aarata LLC (PwC Aarata). However, we observed some inconsistencies in how well this system is understood and embedded across the Firm. Therefore, we will continue to



undertake initiatives to further enhance quality. The integrated firm has been favorably evaluated in both external and internal inspections.

Suzuki: I believe the results of our past quality-related efforts are

beginning to materialise. During the integration, we had concerns about its potential impact on quality, but I feel we have moved in a positive direction. We will continue to ensure that the integration of the quality management system yields effective results. We hope this integration will foster synergy and drive further quality enhancements in the future.

Kubota: The integration has gone more smoothly than anticipated, but we still need to focus on harnessing synergy effects.

Shimamoto: Given the difference in organizational size between PwC Kyoto and PwC Aarata, we were initially concerned that PwC Kyoto might superficially accept the integration without fully embracing it. I expect the Firm to conduct verification efforts to ensure that the system of quality management is not only aligned superficially but also substantially integrated.



Hitomi: I have continued serving as an external member since the time of PwC Kyoto. When the integration was announced, I had two primary concerns. One was the potential negative impact on quality, and I've seen promising results in that regard. The other was how the post-integration approach to quality—its mindset and culture—would be effectively embraced within PwC Kyoto. I have observed positive progress in this aspect as well through various post-integration initiatives. Looking ahead, I hope the Firm will take further steps to build a structure that brings out the synergy effects of the integration.

Kiuchi: When I first participated in the Public Interest Body (PIB), there were some issues in quality. In response, we launched the '4+1' initiative to enhance quality across the Firm. Today, I believe the Firm's quality is at a high level, but maintaining that level is challenging. It is crucial to implement initiatives that ensure leadership and staff remain deeply committed to quality. Additionally, for the Firm and its people to continue to grow, a certain level of profitability is necessary. However, if the focus on growth becomes excessive, it may negatively impact quality. I believe we should continue initiatives that bolster both growth and enhance quality simultaneously.

► Responding to a fast-changing society

— Sustainability

Kubota: In Japan, discussions regarding sustainability disclosure and assurance frameworks are advancing. The Firm is focused on developing people and establishing a system of quality management for two areas: assurance and non-assurance services. Our strategy is to first cultivate expertise through non-assurance services, and then apply this knowledge to assurance services.

Suzuki: From an independence standpoint, my understanding is that sustainability-related assurance and non-assurance services cannot be offered simultaneously. Given this, what people strategy is in place for audits and broader assurance services (BAS)?

Kubota: As you understand, we cannot simultaneously provide both assurance and non-assurance services to the same company. However, even BAS, which offers non-assurance services, needs to offer advice that anticipates future assurance engagements. Similarly, audit OUs can deliver higher-quality assurance services by gaining firsthand experience from the preparer's perspective. Therefore, it is essential for both audit and BAS teams to have a comprehensive understanding of both assurance and non-assurance services. For this reason, I believe that people development initiatives should include personnel exchanges between OUs to allow people gain experience in both types of services.

Shimamoto: Having a competitive edge in the sustainability field could add value for existing clients. I believe that sustainability services will become increasingly vital for audit firms going forward.

Kiuchi: I completely agree. Our firm has been highly responsive to promoting sustainability services. Initially, developing a structure for assurance services was an urgent priority. However, over the past few years, the leadership team has focused on acquiring and developing talent, which has significantly furthered the progress of building our structure. The Oversight Board acknowledges and appreciates these efforts.

— Digital



Kubota: We are currently advancing digital initiatives within both audits and BAS. For audits, we are in the process of implementing next-generation audit tools, which utilise a platform powered by AI, in a phased approach. Regarding BAS, the development of generative AI is expected to transform the nature of business operations. As such, we will consider our future staffing strategies to align with potential shifts in our business model. In the following section, we will discuss the use of digital technology in audits.

► **Developing a structure to respond to social changes**

— **Use of digital technology in audits/Technical Competency Centre (TCC)**

Kubota: The phased implementation of next-generation audit tools is expected to significantly transform the audit process in the future. In preparation for this change, TCC has been promoting both standardisation and digitalisation. Our goal is to evolve our delivery model through further standardisation.



clearly define what we aim to achieve through their use, and then consider how to leverage the digital tools as efficient and effective enabler. As for the delivery model, a necessary approach may be to explore the optimal roles of TCC in driving operational efficiency and standardisation, while taking a broader perspective to clearly identify where digital technology and AI can deliver added value.

Suzuki: As for digitalisation, I think we should also consider how tasks should be divided between digital tools and humans. For example, once the next-generation audit tools automate document reconciliation, we could allocate more people to areas requiring judgement, thereby enhancing audit quality. It would be important to recognise this cycle.

Kubota: I agree. Investing in individuals who can effectively utilise these systems will be crucial.

Hitomi: As TCC continues to advance the standardisation and centralisation of operations, alongside automation facilitated by the next-generation audit tools, striking the right balance between investment in systems and investment in people has become a critical issue. Given that multiple initiatives are being implemented in parallel, I hope these efforts will be approached with careful consideration.

Shimamoto: We are observing two key themes emerge: digitalisation and the delivery model. Digitalisation serves as a means to achieve goals. For instance, an effective approach to implementing the next-generation audit tools would be to

clearly define what we aim to achieve through their use, and then consider how to leverage the digital tools as efficient and effective enabler. As for the delivery model, a necessary approach may be to explore the optimal roles of TCC in driving operational efficiency and standardisation, while taking a broader perspective to clearly identify where digital technology and AI can deliver added value.

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— **People and Culture**

Kubota: We are currently implementing PwC Professional. PwC Professional redefines our people model by placing greater emphasis on independent thinking and proactive action. Since it was originally designed as a global framework, we have tailored the Behaviour Guidelines (Critical Few Behaviours) to reflect what is valued in Japan, which have been determined using a bottom-up approach. We are working to embed them throughout the organisation.

Our efforts extend to transforming the people development model for audit services, with the goal of accelerating the growth journey for associates. On the digital front, the Firm has started using generative AI, but I perceive a shortage of people who can adapt to this new business model.

Shimamoto: When considering how to accelerate the people development model, the systems industry, which is my area of expertise, offers a useful example. Some argue that designing systems requires coding skills, while others contend that it is not necessarily the case. Similarly, in the audit field, opinions may differ on the extent of hands-on experience required during the development process.

Kubota: I believe a certain level of on-site experience is essential before we can delegate tasks to TCC. Therefore, I think it is beneficial to differentiate and define how much hands-on experience TCC members should gain in specific audit procedures during their development.

Kumagai: People are also a relevant factor in discussing AI. Since AI outputs are essentially generated from a black box, I believe professional skepticism of auditors who use these tools are vital. While AI will continue to improve in accuracy,

it is ultimately humans who are responsible for ensuring the quality of information. By combining AI with auditors' professional skepticism, we can enhance audit quality.

Kiuchi: The evolution of technology and the development of TCC are reshaping our approach to recruitment and team composition within audits,

ultimately transforming the business model itself. As these elements are interconnected, it is crucial to monitor them closely as we progress. It is also essential to increase the number of people who can embrace change and are motivated to capitalise on it. In this context, this year's employee engagement survey revealed a particularly high score in the people engagement index (PEI), which reflects the level of positive engagement by our employees. I attribute this to the leadership team's efforts in fostering a culture of Speak Up, Listen Up and Follow Up.

2. Structure in FY2026

Kubota: The pace of societal change shows no signs of slowing down; in fact, it is accelerating. In FY2026, we plan to redesign our organisation, with a focus on audit OUs, to promote further integration among our people. We will also revise our HR system to establish a framework that enables our employees to fully leverage their diverse expertise. Additionally, we will upgrade our core systems to improve operational efficiency.



Kiuchi: On the governance front, to meet stakeholder expectations for stronger audit firm governance, we plan to integrate the PIB and the Oversight Board beginning in FY2026. This integration will facilitate more timely and in-depth oversight, evaluation and advice, while enhancing the independence of the Oversight Board.

Suzuki: The integration of the PIB and the Oversight Board will increase opportunities for discussions. Topics such as audit acceptance and diversity that have been addressed at the PIB should continue to be discussed.

Shimamoto: In terms of governance, there is value in having Independent Non-Executives (INEs) join the Oversight Board, as it makes the structure more understandable externally. While there will likely be operational challenges, I am looking forward to seeing how this unfolds. Also, I hope management will continue their efforts to maintain the positive PEI results in FY2026.

Hitomi: It is great to have more frequent opportuni-

ties to participate in discussions as external members and to engage more with the Firm. I anticipate that substantial discussions will take place, while maintaining neutrality.

Kumagai: I am honored to have been appointed as the next INE, drawing on my experience in the capital markets. For capital markets to function effectively, the reliability of information is absolutely essential, making the proper operation of audit firms important. I have previously been involved in discussions concerning audit and assurance system reforms as an investor. As an INE, I seek to contribute to the public interest through active participation in discussions within the audit firm.

Ishibashi: I will assume the chairmanship of the Oversight Board. The landscape surrounding sustainability, AI and people development is evolving rapidly. These are critical challenges for us, and we intend to address them with a strong sense of urgency

by engaging in discussions that lead to concrete initiatives. Meanwhile, societal expectations for audit firms are rising, alongside international calls for stronger governance. In such an environment, merely aiming for high-quality audits is insufficient. We need a governance structure that continuously redefines the Firm's purpose through the lens of public interest. In this regard, I believe the PIB and the Oversight Board have integrated at a highly opportune moment.

Kiuchi: Since assuming the role of chair of the Oversight Board four years ago, I have witnessed significant improvements in both audit quality and people, thanks to the continued efforts of the leadership team. As we move forward, I hope for continued open communication and discussions between the leadership team and the Oversight Board.

