



Transparency Report 2023

Quality is how we make a difference.

KPMG International

kpmg.com/transparency



KPMG Values

KPMG is committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

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



Our Values are:



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and draw strength from our differences.



For Better

We do what matters.

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Committed to delivering quality

Quality is as much an outcome as it is the standard for which we hold ourselves to account. It is the gateway to building trusted relationships with clients, stakeholders, and between KPMG personnel across the global organization. Providing high-quality services is what allows people at KPMG to continuously earn and re-earn the trust that has underpinned the global organization for more than 150 years.

At KPMG, building trust is the key to our success and it starts with quality — even more so as the world evolves at a pace unrivaled in recent memory. Businesses are integrating technology in ways once unimaginable, shifting geopolitical winds and economic uncertainty have displaced norms, and businesses need to mobilize action against societal threats like the climate crisis.

The pace and scale of dramatic change happening around us only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG. KPMG firms have taken a consistent risk-based approach to their System of Quality Management to drive audit quality and meet the requirements of the International Standard on Quality Management (ISQM) 1.

We're investing significant resources across our global organization to stay ahead of the curve. This significant investment has occurred in tandem with greater investments in tools, technology and talented people across the organization — all to create a more seamless, integrated approach across borders.

Within KPMG firms across the global organization:

- We've transformed the audit experience by delivering a fully digital audit approach that is more efficient, more consistent and more adaptable.
- We're utilizing powerful technologies, including artificial intelligence, and leaning on our alliances with technology leaders to further enhance quality and provide even more value through deeper analysis of businesses, big and small, across the world.
- We're upskilling KPMG people and building teams that are fluent in ESG assurance reporting to help our clients meet the goals necessary to build a more sustainable future.

No process, technology or investment is foolproof, but our commitment and focus on ensuring that we uphold our standards and those of our profession is unyielding. We learn from shortcomings and constantly look for opportunities to improve our performance and quality.

KPMG has a responsibility to so many people, businesses and institutions across the world. By utilizing the breadth of our organization and the expertise of our people, KPMG firms are here to serve their clients and stakeholders to safeguard the public interest. At KPMG we will never waiver from our commitment to deliver high-quality audit and assurance services.

We encourage you to read this report to learn more about how we're working to ensure you can trust KPMG to deliver professional excellence and quality.



Bill Thomas
Global Chairman and CEO
KPMG International



Larry Bradley
Global Head of Audit
KPMG International



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Audit quality

Audit quality is fundamental to maintaining public trust and is the key measure on which our professional reputation stands.

We define “audit quality” as the outcome when audits are executed consistently, in line with the requirements and intent of applicable professional standards, within a strong system of quality management.

All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.



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A system of quality management is foundational for audit quality

Audit and assurance quality is foundational to instilling confidence and public trust in the capital markets and it remains our highest priority.

Across the global organization, KPMG firms have strengthened the consistency and robustness of their system of quality management (SoQM) to meet the requirements of the International Standard on Quality Management (ISQM) 1, issued by the International Auditing and Assurance Standards Board (IAASB). Foundational for quality management, our globally consistent approach to ISQM 1 drives compliance with the requirements of the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

KPMG International's global approach to SoQM and ISQM 1



Sets **policies and procedures** to support KPMG firms' effective SoQM in accordance with ISQM 1 issued by the IAASB



Establishes for each SoQM component, globally consistent **quality objectives, risks and responses**



Provides KPMG firms with a globally consistent **risk assessment framework** to use in identifying incremental KPMG firm specific quality objectives, risks and controls



Supports KPMG firms with **guidance, tools and training** to drive consistent and effective firm SoQM operation



Includes **monitoring activities** over KPMG firms' SoQM to drive global consistency



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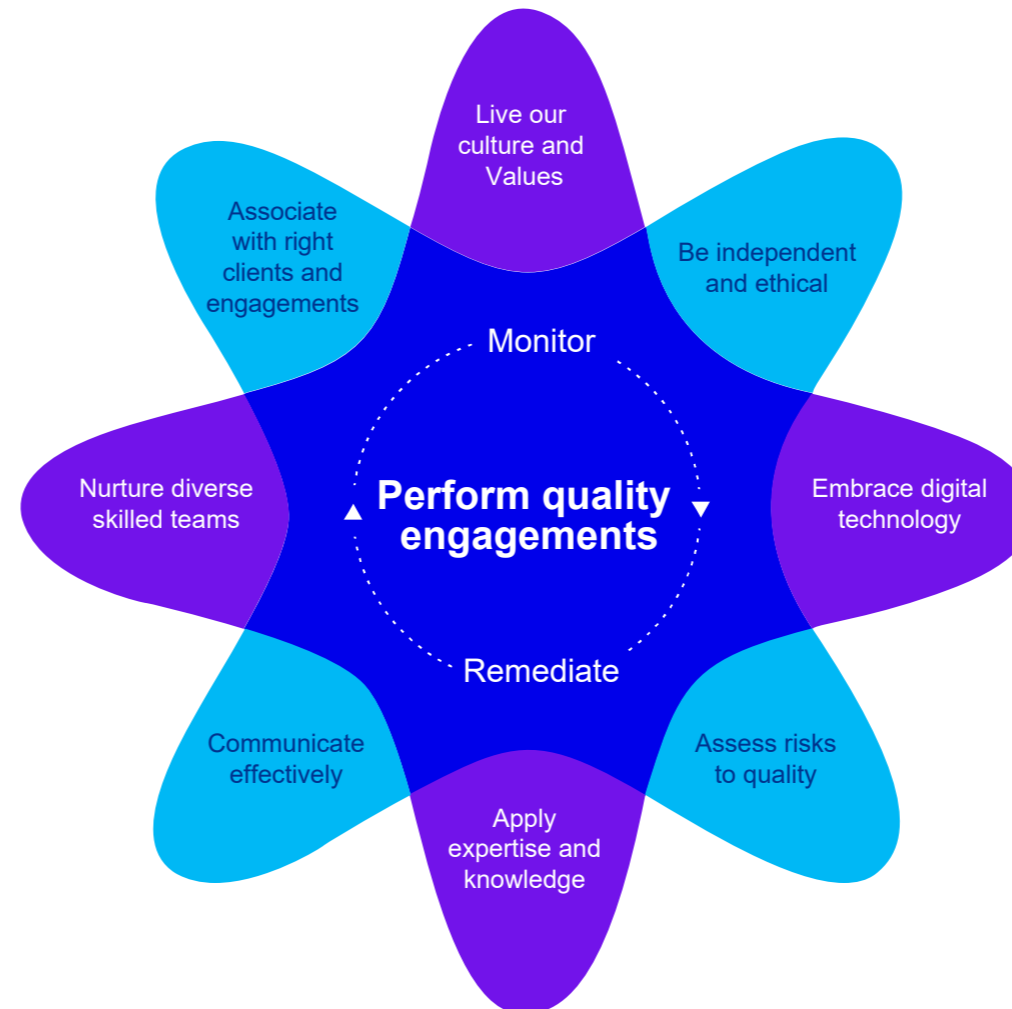
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KPMG's Global Quality Framework



The globally consistent approach to ISQM 1 is used by all KPMG firms across the global organization. The objective of this centralized approach is to drive the consistency, robustness and accountability of responses within KPMG firms' processes.

To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how every KPMG professional contributes to its delivery. The drivers outlined in the framework are the 10 components of the KPMG SoQM. In line with ISQM 1, the SoQM also aligns with the International Code of Ethics for Professional Accountants (including International Independence Standards), issued by the International Ethics Standards Board for Accountants (the IESBA Code of Ethics), which applies to professional services firms that perform audits of financial statements.

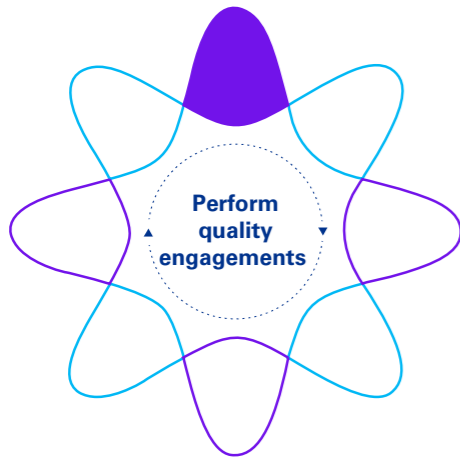
Sections 2-11 of the Transparency Report describe how KPMG firms effectively operate each SoQM component.

While this KPMG International Transparency Report summarizes KPMG's globally consistent approach to audit quality, it also applies across the organization, as many KPMG quality management procedures and processes are cross-functional and apply equally to other services offered by KPMG firms.

Throughout this document, "we" "KPMG"; "us," and "our" refers to the global organization, to KPMG International Limited ("KPMG International") or to one or more of the member firms of KPMG International Limited, each of which is a separate legal entity.

References to "Firm"; "KPMG firm"; "member firm" and "KPMG member firm" refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee. The overall governance structure of KPMG International Limited is provided in the 'Governance and leadership' section of this report.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International Limited or any other member firm vis-à-vis third parties, nor does KPMG International Limited have any such authority to obligate or bind any member firm.



Live our culture and Values

- **Foster the right culture, starting with tone at the top**
- **Define accountabilities, roles and responsibilities related to quality and risk management**
- **Robust governance structures**

It's not just what we do at KPMG that matters — we also pay attention to how we do it. The KPMG Values are our core beliefs, guiding and unifying our actions and behaviors. Shared across all personnel and in every country, jurisdiction and territory in which we operate, they are the foundation of KPMG's unique culture.

Foster the right culture, starting with tone at the top

As a global organization, we recognize that strong and clear leadership from KPMG International is critical to set the tone at the top and provides the blueprint for accountability to all KPMG firms.

KPMG International's leadership, working with regional and KPMG firm leadership, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence and ethics. A culture based on integrity, accountability, quality, objectivity, independence and ethics is essential in an organization of firms that carries out audits and other professional services on which stakeholders rely.



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All KPMG firms have agreed to follow a common set of Values, standards and service-quality expectations.

KPMG International’s leadership drives an awareness that everyone across the organization who is involved in supporting firms’ SoQM, performing an audit, assurance or any engagement across tax and advisory, has a responsibility for quality and a part to play.

Clear Values and a strong Code of Conduct

At KPMG, our Values lie at the heart of the way we do things. To do the right thing, the right way, at the right time. They form the foundation of a resilient culture ready to meet challenges with integrity, so that people in KPMG firms never lose sight of our principal responsibility to serve the public interest. And, they propel people in KPMG firms forward — through our work and the example we set — as we inspire confidence and empower change across the global organization.

We are committed to the highest standards of personal and professional behavior in everything we do. Ethics and integrity are core to who we are at KPMG and within our [Global Code of Conduct](#), we outline the responsibilities all KPMG people have to each other, to clients and to the public. It shows how our Values and Purpose inspire our greatest

aspirations and guide all of our behaviors and actions. It defines what it means to work at and be part of the KPMG organization, as well as our individual and collective responsibilities.

Everyone at KPMG can expect to be held accountable for their behavior, consistent with the Code, and are required to confirm their compliance with it. Individuals are strongly encouraged to speak up if they see something that makes them uncomfortable or is not in compliance with the Code or our Values.

Everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, our policies, applicable laws, regulations or professional standards.

To safeguard this principle of holding each other accountable, each KPMG firm has agreed to establish, communicate and maintain clearly defined channels to allow KPMG personnel and third parties to make inquiries about, raise concerns in relation to, provide feedback on, and notify reportable matters without fear of reprisal in accordance with applicable laws or regulations.

The [KPMG International hotline](#) is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to KPMG International, activities of KPMG firms or KPMG

personnel. Reports received by the KPMG International hotline are taken seriously, and for each of them, KPMG International will consider how to respond and, where necessary, investigate and take appropriate action.

All KPMG firms and personnel are prohibited from retaliating against individuals who have the courage to speak up in good faith. Retaliation is a serious violation of the Code and any person who takes retaliatory action will be subject to their firm’s disciplinary policy.

In addition to the processes outlined above, the Global People Survey provides KPMG International leadership and KPMG firms’ leadership with results related to upholding our Values.

The KPMG multidisciplinary model

Today’s organizations face complex problems that require the best, most integrated thinking. At KPMG, we firmly believe that our multidisciplinary model is the best way to serve clients and is essential to delivering the highest levels of quality on the largest and most complex audit, tax and consulting engagements. It allows us to be an agile and resilient business and means we can more easily respond to market conditions, as well, as it makes KPMG a more interesting and exciting place to work for KPMG personnel.

Define accountabilities, roles and responsibilities related to quality and risk management

Leadership responsibilities for quality and risk management

KPMG International's leadership plays a critical role in establishing and driving the quality agenda for the global organization. In respect to audit quality, our Global Head of Audit and Global Head of Audit Quality provide reports to the Global Audit Quality Committee of the Global Board and have responsibility for oversight of audit quality across the global organization.

Within KPMG International, a number of global steering groups drive the execution of the quality strategy. Each of these global groups have a specific areas of focus, and work closely with one another on quality matters, along with global, regional and KPMG firm leadership, to:

- Establish and ensure communication of appropriate audit, quality and risk management policies.
- Establish and support effective and efficient processes to promote audit quality.
- Promote and support the implementation of our strategy in KPMG firms' audit functions, including standards of audit quality.
- Assess and monitor audit engagement quality, including issues arising from quality performance and regulatory reviews, and seek to identify best practices to improve audit quality.

Taking responsibility for audit quality at the KPMG firm level

While KPMG International creates the global framework and policies for audit quality, individual KPMG firm leadership is responsible for the delivery of that quality.

Each KPMG firm is responsible for establishing and maintaining a SoQM. Within each KPMG firm, there is a Head of Audit, who has primary responsibility for audit quality and is supported by the firm's Risk Management Partner (RMP) in maintaining and monitoring a SoQM.

Robust governance structures

The overall governance structure of KPMG International and further detail on the KPMG International global leadership groups are provided in the '[Governance and leadership](#)' section of this report.

Responsibilities and obligations of KPMG firms

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

Each KPMG firm takes responsibility for its management and the quality of its work and commits to a common set of KPMG Values

A firm's status as a KPMG member firm and its participation in the KPMG organization may be terminated if, among other things, it has not complied with the policies, procedures and regulations set by KPMG International or any of its other obligations agreed with KPMG International.

Further details of KPMG International's governance structure can be found in the '[Governance and leadership](#)' section of this report.



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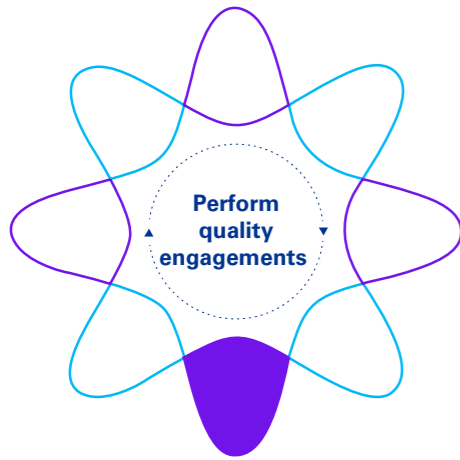
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Apply expertise and knowledge

- **Methodology aligned with professional standards, laws and regulations**
- **Standardized methodology and guidance**
- **Deep technical expertise and knowledge**
- **Quality and risk management policies**

Across the global organization, KPMG is committed to continuing to build on our professionals' technical expertise and knowledge recognizing its fundamental role in delivering quality audits.

Methodology aligned with professional standards, laws and regulations

Consistent audit and assurance methodology and tools

The KPMG audit and assurance methodology, tools and guidance drive a consistent approach to planning, performing and documenting procedures over key processes. Key elements include:

- Meeting the applicable standards, including International Standards on Auditing (ISA), standards issued by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA), and are supplemented by KPMG firms to comply with additional local auditing standards and regulatory or statutory requirements.
- Identifying risks of material misstatements and the necessary audit response.



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- Embedded in the practice of all KPMG audit and assurance professionals.
- Alignment with the International Standards on Assurance Engagements (ISAE) in response to the growth of ESG reporting.
- Consistent interpretation of how to apply ISAs and ISAEs.

KPMG’s audit and assurance methodologies emphasize applying appropriate professional skepticism in the execution of procedures and require compliance with relevant ethical requirements, including independence.

Standardized methodology and guidance

The KPMG standardized methodology and guidance are embedded within KPMG Clara, the KPMG smart audit platform, and assist KPMG firm engagement teams in meeting the ever-changing landscape of corporate reporting.

Deep technical expertise and knowledge

Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit and is a key feature of our multidisciplinary model. KPMG firm engagement

teams have access to a network of KPMG specialists to consult — either within their firm or in other KPMG firms. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfill their role on KPMG audits.

The need for specialists to be assigned to an audit engagement in areas such as information technology, tax, treasury, actuarial, forensic and valuations is considered as part of the audit engagement acceptance and continuance process, as well as during the planning and conduct of the engagement.

Our commitment to audit quality by responding to significant external events and conditions

Significant external events and conditions, such as the impacts arising from climate change, geopolitical events, volatile interest rates and elevated levels of inflation may have significant financial statement implications, increasing complexity, subjectivity and uncertainty for matters such as management’s going concern assessment, asset impairments and asset valuations. KPMG International issues extensive guidance to assist engagement teams in KPMG firms in addressing the financial reporting, auditing and reporting related matters arising from the impacts of these significant external events and conditions.

KPMG International maintains an online financial reporting resource center that highlights the potential financial statement implications of matters arising from significant external events to assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications arising from these significant external events.

KPMG International’s guidance is continually updated as new significant accounting, auditing and reporting issues emerge.

KPMG is a technology-enabled organization, with technical accounting and auditing resources, guidance, platforms and tools available digitally, which enables our engagement teams to effectively operate in office and remote-working environments.

ESG Assurance quality

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

We believe the same level of professionalism, quality, consistency and trust should apply to ESG reporting as to financial data. We are making significant investments in putting ESG at the heart of the organization.

During 2023, as part of the global organization's commitments to serving the public interest, KPMG International:

- Released a revised methodology for ESG assurance designed to be flexible and scalable, while enabling high-quality, globally consistent assurance engagement delivery that complies with assurance standards and aligns with our financial statement audit methodology. The scope of the execution guide is broader than ESG assurance and is applicable for all ISAE 3000 assurance engagements.
- Delivered guidance to be used in conjunction with the methodology that is supported by standardized risks and procedures for Greenhouse gas assurance engagements.

- Released a cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform — KPMG Clara — that provides our teams, and KPMG firms' clients, with a consistent user experience.
- Released a learning curriculum to increase the foundational ESG literacy of KPMG professionals and enable upskilling on the new methodology and KPMG Clara workflow — Assurance.

Quality and risk management policies

KPMG International has global quality and risk management policies that all KPMG firms have agreed to apply to themselves and their personnel and are consistent with ISQM 1 where applicable.



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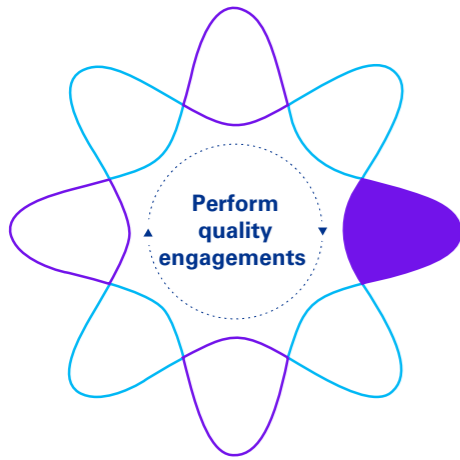
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Embrace digital technology

- **KPMG Clara**
- **Intelligent, standards-driven audit and assurance workflows**
- **Digital data and emerging technologies**

At KPMG, we are anticipating the technologies that can shape our near future and are driving an ambitious innovation agenda. KPMG has transformed the audit experience for KPMG professionals and clients. The alliances and leading technologies used across the global organization are enhancing audit quality by increasing our ability to focus on the issues that matter.

KPMG Clara

Our intelligent audit and assurance technology platform KPMG Clara integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation and data visualization. It brings new insights by helping auditors to see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process or simply adding up the accounts.

A fully digital audit and assurance approach is integral to how KPMG firms perform quality audit and assurance engagements and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls regarding the development, evaluation and testing, deployment and support of technology in KPMG audits.



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Intelligent, standards-driven audit and assurance workflows

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG firms. It enables delivery of KPMG’s audit and assurance methodologies through data-enabled workflows, that are aligned with the applicable audit standards, providing an improved experience to auditors.

Digital data and emerging technologies

Our vision of the future

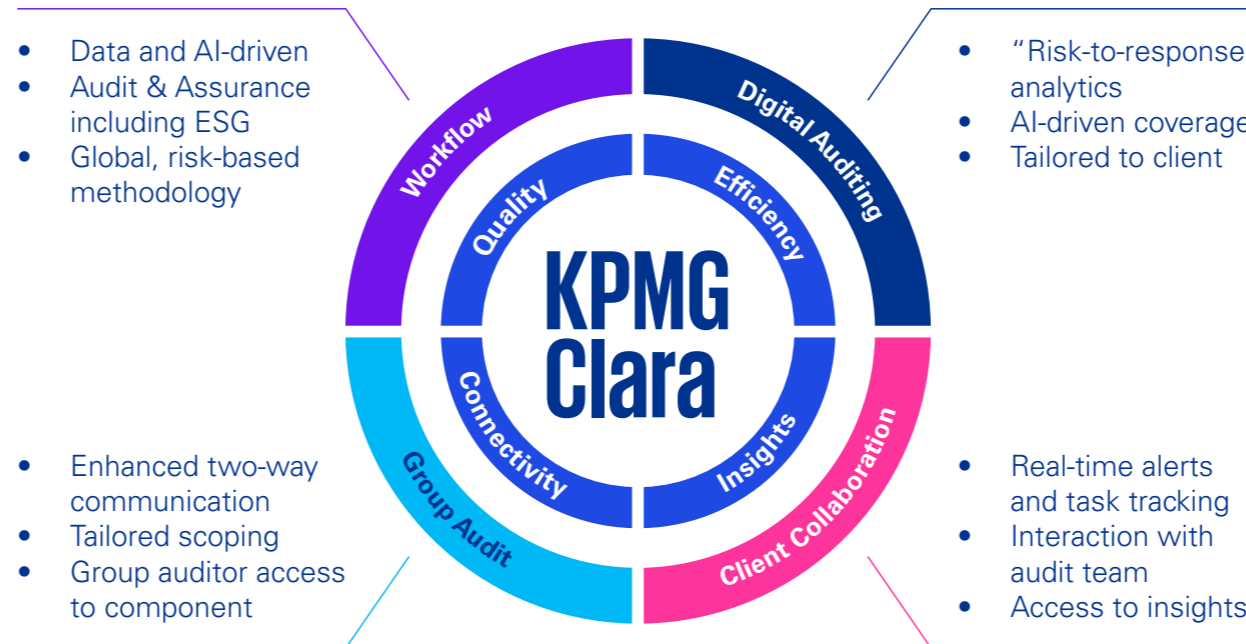
KPMG Clara was developed to be a foundational technology platform for KPMG to deliver audit and assurance quality.

It evolves with technologies such as artificial intelligence (AI), data & analytics and cognitive capabilities, transforming how audits are delivered.

AI plays an increasingly significant role in delivering audits; for example, the alliance with [MindBridge](#) is helping to better identify high-risk transactions, allowing us to obtain audit evidence and insights into client data.

The KPMG procurement and global alliance relationships with Microsoft were recently renewed

and expanded. The multi-year agreement further integrates data, automation and AI enablement into KPMG Clara to develop deeper, increasingly relevant insights, freeing up KPMG professionals to focus on higher-risk areas of audit.



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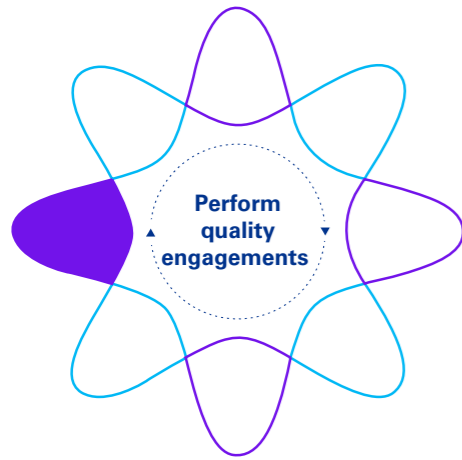
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Nurture diverse skilled teams

- **Recruit appropriately qualified and skilled people with diversity of specialist skills, perspective and experience**
- **Assign appropriately qualified team**
- **Invest in data-centric skills — including data mining, analysis and visualization**
- **Focus learning and development on technical expertise, professional acumen and leadership skill**
- **Recognize quality**

Across the global organization KPMG people make the real difference and are instrumental in shaping the future of audit at KPMG. We put quality and integrity at the core of our audit practice. KPMG auditors have diverse skills and capabilities to address complex problems.

Recruit appropriately qualified and skilled people with diversity of specialist skills, perspective and experience

One of the key drivers of quality is ensuring that KPMG professionals have the appropriate skills and experience, motivation and purpose to deliver high-quality audits. This requires the right recruitment, development, reward, promotion and assignment of professionals.

Recruitment

KPMG has invested in understanding how we can attract the talent we need now and in the future across the organization. This includes building an extraordinary people experience for all current and prospective partners and employees.

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KPMG International provides KPMG firms with guidance and training on sourcing high-quality talent with the necessary skills, expertise and qualifications to deliver organizational objectives and with the ability to make a positive contribution to the Values, capabilities and goals of the organization.

Additionally, KPMG firms perform candidate application screening that is based on fair and job-related criteria to ensure that candidates possess the appropriate skills and experience to perform competently and are suitable and best placed for their roles. KPMG firms also carry out rigorous reference and background checks on prospective partners and employees subject to legal and regulatory requirements.

Inclusion, diversity and equity programs

KPMG is committed to building a diverse and equitable organization that is inclusive to all. Inclusion, diversity and equity (IDE) underpins our Values and is vital to our Purpose.

It leads to better decision-making, drives greater creativity and innovation, and encourages us to stand up, live our Values and do what is right.

We recognize that our global position working with clients around the world affords us a privileged place. With that comes an opportunity and responsibility to achieve more and push for a fairer, more equitable society.

KPMG's Global IDE Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity and equity across all KPMG firms.

For more about inclusion and diversity at KPMG, [read here](#).

Reward and promotion

KPMG firms have compensation and promotion policies that are informed by market data and are clear, simple, fair and linked to the performance and talent review process. Such policies help audit teams understand what is expected of them, including the audit quality accountabilities outlined in globally consistent audit role profiles and a mandatory audit quality goal. The connection between performance and reward is achieved by assessing performance across a peer group to inform reward decisions. Reward decisions are based on the consideration of both personal and individual firm performance.

The extent to which our people feel their performance has been reflected in their reward is measured through the annual Global People Survey, with action plans developed by KPMG firms as required.

The results of performance evaluations inform the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

Assign an appropriately qualified team

Partner assignments

All KPMG firms have agreed to put procedures in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity — based on an annual partner portfolio review — to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Engagement teams

Audit engagement partners are responsible for determining that their engagement teams have appropriate competencies, training and capabilities, including time to perform audit engagements in accordance with the KPMG audit methodology, professional standards and applicable legal and regulatory requirements.

If the right resource is not available within the KPMG firm, each firm has access to a network of highly skilled KPMG professionals from other KPMG firms.

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Investing in data-centric skills, including data mining, analysis and visualization

KPMG is strategically investing in prospective talent by partnering with world-class institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. KPMG firms are recruiting and training professionals who specialize in software, cloud capabilities and AI and who can bring leading technology capabilities to our smart audit platform.

KPMG firms provide training on a wide range of technologies to help ensure that professionals not only meet the highest professional standards, but are also upskilled in new technologies. With this approach we are bringing together the right people with the right skills and the right technology to perform quality audits.

Focus learning and development on technical expertise, professional acumen and leadership skills

Commitment to technical excellence and quality service delivery

All KPMG professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department for consultation.

Lifetime learning strategy

Annual training priorities for development and delivery are identified by the audit learning and development

groups at the global, regional and, where applicable, KPMG firm level. Minimum mandatory learning requirements for audit professionals across the organization are established annually.

Ongoing mentoring and on-the-job coaching

Learning is not confined to a single approach — rich learning experiences are available when needed through coaching and just-in-time learning and aligned with job-specific role profiles and learning paths.

Mentoring and on-the-job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgment, technical excellence and instinct.

We support a coaching culture throughout KPMG as part of enabling our professionals to achieve their full potential and instill that every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

Licensing and mandatory requirements for IFRS® Standards and US GAAP engagements

Licensing

All KPMG professionals are required to comply with applicable professional license rules and satisfy the Continuing Professional Development requirements in the jurisdiction where they practice. KPMG International and KPMG firm policies and procedures are designed to facilitate compliance with license requirements. KPMG firms are responsible

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

Mandatory requirements — IFRS Standards and US GAAP engagements

Specific requirements apply to partners, managers and engagement quality control (EQC) reviewers working on IFRS Standards engagements in jurisdictions where IFRS Standards are not the predominant financial reporting framework.

Similar policies apply to engagements performed outside the US to report on financial statements or financial information prepared in accordance with US GAAP and/or audited in accordance with US auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR).

These require that, at a minimum, all partners, managers and, if appointed, the EQC reviewers (and for engagements conducted in accordance with US GAAP and/or US auditing standards engagements, the engagement partner, engagement manager, engagement in-charge and, if appointed, the EQCR reviewers) assigned to the engagement have completed relevant training and that, collectively, the engagement team has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.



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Recognize quality

KPMG's approach to performance development, known as 'Open Performance Development', is built around the 'Everyone a Leader' performance principles which are supplemented by the global audit technical core competencies to provide a holistic view of expectations. The performance development approach includes:

- Globally consistent audit role profiles (including role profiles specific to audit quality accountabilities and responsibilities).
- A goal library (including a mandatory audit quality goal applicable to everyone covered by the globally consistent audit role profiles and additional optional audit quality content).
- Standardized review forms (with provision for audit quality ratings).

Open Performance Development is linked to KPMG's Values and designed to articulate what is required for success — both individually and collectively. We know that by being clear and consistent about the behaviors and competencies we expect and rewarding those who demonstrate them, we will continue to drive a relentless focus on quality.

At the same time, KPMG is driving a shift in our performance-driven culture, supported by and enacted through leading technology that allows us to embed audit quality into the assessment of performance and the decisions around reward, as well as drive consistency across the global organization.

Quality and compliance metrics are considered in assessing the overall evaluation, promotion and remuneration of partners. These evaluations are conducted by performance managers and partners who are able to assess performance.



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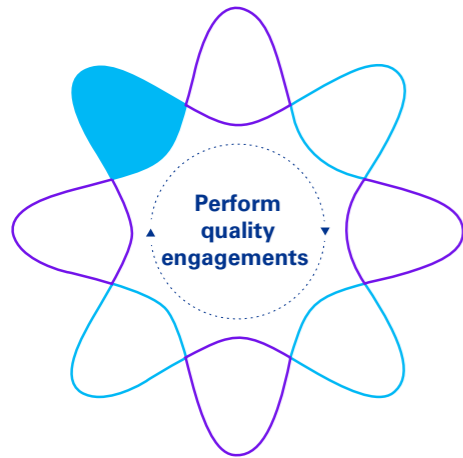
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Associate with the right clients and engagements

- **Global client acceptance and engagement and continuance policies**
- **Accept appropriate clients and engagements**
- **Manage portfolio of clients**

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

Global client and engagement acceptance and continuance policies

KPMG International’s global client and engagement acceptance and continuance policies and processes are designed to help KPMG firms identify and evaluate potential risks prior to accepting or continuing a client relationship or performing a specific engagement.

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

Accept appropriate clients and engagements

Client evaluation

KPMG firms' evaluation of a prospective client includes an assessment of the client's risk profile and background information on the client, its key management, directors and owners. If necessary, the evaluation includes additional information required to satisfy applicable legal/regulatory requirements.

Engagement evaluation

KPMG firms consider a range of factors when evaluating each prospective engagement including:

- Potential independence and conflict of interest issues.
- Intended purpose and use of engagement deliverables.
- Public perception.
- Whether the services would be unethical or inconsistent with our Values.

In addition, the evaluation of an audit engagement includes an assessment of the competence of the client's financial management team and the skills and experience of KPMG professionals.

Where a KPMG firm is providing audit services for the first time, additional independence evaluation procedures are performed, including a review of any non-audit services provided to the client and of other relevant business, financial and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client.

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

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

Continuance process

KPMG firms undertake an annual re-evaluation of all audit clients to identify risks in relation to continuing association and mitigating procedures that need to be put in place.

In addition, clients are required to be re-evaluated if there is an indication that there may be a change to their risk profile.

Withdrawal process

If a KPMG firm comes to a preliminary conclusion that indicates it should withdraw from an engagement or client relationship, it must consult internally and identify any required legal, professional and regulatory responsibilities with respect to that relationship. The firm will also have to consider further communications with those charged with governance and any other appropriate authority as required under its professional obligations.

Manage portfolio of clients

KPMG International and KPMG firms have policies and procedures to enable a KPMG firm to monitor the workload and availability of engagement partners, managers and staff, and personnel to provide sufficient time to complete their responsibilities.

Engagement partners are responsible for determining that members of the engagement team collectively have the appropriate competence and capabilities, including sufficient time, to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements. For more information, see section [Assigning an appropriately qualified team](#).



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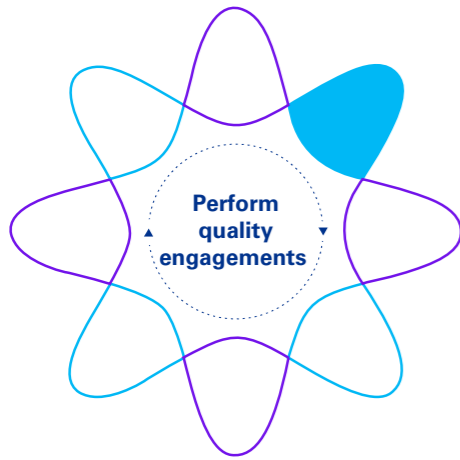
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Be independent and ethical

- **Act with integrity and live our Values**
- **Maintain an objective, independent and ethical mindset, in line with our code of conduct and policies**
- **Have zero tolerance of bribery and corruption**

Auditor independence is a cornerstone of international professional standards and regulatory requirements.

Act with integrity and live our Values

We know that trust is earned by doing the right thing. At KPMG we are committed to the highest standards of personal and professional behavior throughout the global organization in everything we do. Ethics and integrity are core to who we are. Within our [Global Code of Conduct](#), we outline the responsibilities KPMG people have to each other, clients and the public. It shows how our Values inspire our greatest aspirations and guide all of our behaviors and actions.



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Maintain an objective, independent and ethical mindset

KPMG International's independence policies and procedures incorporate the IESBA Code of Ethics, covering areas such as firm and personal independence, firm financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

Policies are supplemented at KPMG firms to help ensure compliance with additional standards issued by national or applicable regulatory bodies.

Each KPMG firm's Ethics and Independence Partner (EIP) is responsible for communicating and implementing KPMG policies and procedures and ensuring that any additional local independence policies and procedures are established and effectively implemented.

Automated tools identify potential independence and conflict of interest issues and facilitate compliance with these requirements. KPMG firm compliance with independence requirements are part of the global KPMG Quality & Compliance Evaluation (KQCE) program.

Personal financial independence

KPMG firms and KPMG personnel are required to be free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm audit and assurance clients (by definition, 'audit client' includes its related entities or affiliates), their

management, directors and, where required, significant owners. All KPMG partners — irrespective of their firm or function — are generally prohibited from owning securities of any audit client of any KPMG firm.

KPMG firms use a web-based independence compliance system to assist KPMG professionals in complying with personal independence investment policies. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e. late reporting of an investment acquisition).

KPMG firms monitor partner and manager compliance with this requirement as part of our program of independence compliance audits of professionals.

KPMG International provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

Employment relationships

Any KPMG professional providing services to an audit or assurance client is required to notify the KPMG firm's EIP if they intend to enter into employment negotiations with that client. For partners, this extends to any audit client of any KPMG firm that is a public interest entity. Specific prohibitions, and in some instances, cooling off periods, apply to accepting certain roles at audit and assurance clients.

Firm financial independence

KPMG firms are required to also be free from prohibited interests in, and prohibited relationships with, audit clients and their management, directors and, where required, significant owners. KPMG's independence compliance system records direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in associated pension and employee benefit plans.

All KPMG firms borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold firm assets must also be recorded.

KPMG firms confirm compliance with independence requirements annually as part of the global KQCE program.

Business relationships/suppliers

KPMG has policies and procedures in place that are designed to ensure its business relationships with audit and assurance clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the US Securities and Exchange Commission (SEC).



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Business acquisitions, admissions and investments

Any acquisition of, or investment in, a business requires sufficient due diligence procedures to identify and address any potential independence and risk management issues prior to closing the transaction. Specific consultations with KPMG International are required to enable independence and other issues to be addressed when integrating the business into a KPMG firm and the wider global organization.

Independence training and confirmations

All KPMG partners and client-facing professionals, as well as certain other individuals, are required to complete independence training upon joining KPMG and on an annual basis thereafter, and must sign an annual confirmation of compliance.

All partners and employees also receive annual training on the global or local Code of Conduct.

Non-audit services

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

KPMG's mandatory conflicts and independence checking system supports KPMG firm compliance with independence requirements. Certain information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees, are required to be entered as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential independence threats and safeguards is also required to be included in the submission.

Lead audit engagement partners are required to maintain group structures for their public interest entity and certain other audit clients, including their related entities/affiliates. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

KPMG firms are prohibited from evaluating or compensating audit partners on selling non-audit services to their audit clients.

Fee dependency

KPMG firms have agreed to consult with their Regional Risk Management Partner where total fees from an audit client are expected to exceed 10 percent of the annual fee income of the KPMG

firm for two consecutive years. If the total fees from a public interest entity audit client and its related entities were to represent more than 15 percent of the total fees received by a particular KPMG firm in a single year, this would be disclosed to those charged with governance at the audit client. Where the total fees continued exceed 15 percent for two consecutive years, the KPMG firm would engage a partner from another KPMG firm as the EQC reviewer and the fee dependency would be publicly disclosed.

Avoiding conflicts of interest

All KPMG firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that may have, or may be perceived to have an impact on a KPMG firm's ability to be objective or act without bias.

KPMG firms use the mandatory conflicts and independence checking system for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG personnel are prohibited from offering or accepting inducements, including gifts and hospitality to or from audit clients, unless the value is trivial and inconsequential.

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Independence breaches

All KPMG personnel are required to report an independence breach to their KPMG firm EIP as soon as they become aware of it. All breaches of independence requirements of the IESBA Code of Ethics or other external independence requirements are required to be reported to those charged with governance as soon as possible, except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG firms have a disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations.

Partner rotation

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

These requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a 'time-out' period during which these partners are restricted in the roles they can perform.

Firm rotation

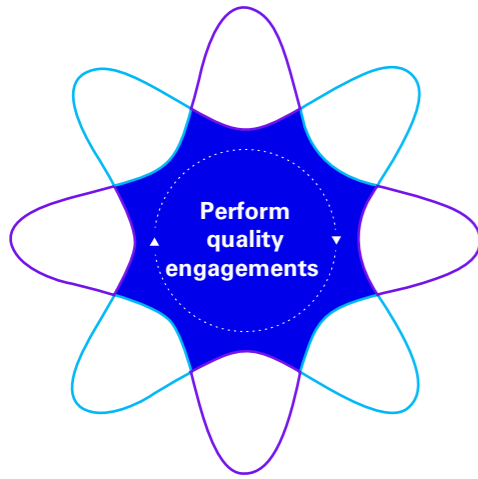
In certain jurisdictions, KPMG firms are only permitted to act as an auditor for a specific audit client for a defined period of time and then are not to act as auditor for that client for a specified period of time thereafter. KPMG firms in these jurisdictions are required to have processes in place to track and manage compliance with audit firm rotation requirements.

Have zero-tolerance approach to bribery and corruption

We have zero tolerance of bribery and corruption.

All KPMG firms' partners and employees are required to take training covering compliance with laws, regulations and professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance.

More about KPMG International's position and policies on anti-bribery and corruption can be found on the [anti-bribery and corruption site](#).



Perform quality engagements

- **Consult when appropriate**
- **Critically assess audit evidence, using professional judgment and skepticism**
- **Direct, coach, supervise and review**
- **Appropriately support and document conclusions**

How an audit is conducted is as important as the result. Everyone at KPMG is expected to demonstrate behaviors consistent with our Values and follow policies and procedures in the performance of effective and efficient audits.

Consult when appropriate

Encouraging a culture of consultation

KPMG encourages a culture of consultation that supports engagement teams in KPMG firms throughout their decision-making processes and is a fundamental contributor to audit quality. Across the organization, we promote a culture in which consultation is recognized as a strength and encourage all KPMG professionals to consult on difficult or contentious matters.



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To help with this, KPMG firms have established protocols for consultation and documentation of significant matters, including procedures to facilitate the resolution of differences of opinion on engagement issues. In addition, KPMG audit, assurance and risk reporting manuals also include required consultations on certain matters.

Technical consultation and global resources

Technical accounting, auditing and assurance support is available to KPMG firms through a number of subject matter expert global teams.

Global Audit Methodology Group (GAMG)

Develops KPMG's audit and assurance methodology based on the requirements of the applicable audit and assurance standards of the IAASB, PCAOB and AICPA.

KPMG Global Solutions Group (KGSG)

Deploys global audit and assurance solutions, including new technology and automation innovations.

The KGSG and GAMG teams bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit and assurance capabilities.

More information about KPMG's global audit and assurance methodology and technology-based tools is included in the [Embrace digital technology](#) section of this report.

International Standards Group (ISG)

Promotes consistency of interpretation of IFRS Standards and IFRS Sustainability Disclosure Standards by KPMG firms, and develops global guidance in response to emerging issues and to promote global consistency.

PCAOB Standards Group (PSG)

Promotes consistency in the interpretation of PCAOB standards in KPMG firms' audits of non-US components of US companies and of foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations.

The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates the delivery of such training.

Professional practice resources

KPMG firms provide consultation support on auditing and technical accounting matters to their audit professionals.

Critically assess audit evidence using professional judgment and skepticism

On all audits, KPMG firms design and perform audit procedures whose nature, timing and extent are based on and responsive to the assessed risks. All audit evidence obtained during the course of the audit is considered, including contradictory or inconsistent audit evidence.

Each KPMG team member needs to exercise professional judgment and maintain professional skepticism throughout the audit engagement. Professional skepticism involves a questioning mindset and remaining alert to contradictory or inconsistencies in audit evidence. Professional judgment encompasses the need to be aware of and alert to biases that may pose threats to sound judgments.

Direct, coach, supervise and review

Embedding ongoing coaching, supervision and review

At KPMG, we promote a coaching culture as part of enabling KPMG professionals across the global organization to achieve their full potential. We support a continuous learning environment where every team member in every KPMG firm is responsible for building the capacity of the team, coaching other team members and sharing experiences while directing, supervising and reviewing their work.



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Engagement quality control (EQC)

The EQC review is an important part of KPMG's approach to quality. KPMG firms have agreed to appoint an EQC reviewer for each audit engagement, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements, including certain assurance engagements, as designated by the RMP or individual firm Head of Audit.

An EQC review is an objective evaluation of the significant judgments made by the engagement team and its related conclusions, performed by the EQC reviewer, and completed on or before the date of the report. The EQC reviewer's evaluation of significant judgments includes an evaluation of the engagement team's assessment of significant risks, including fraud risks, the related responses and whether the related conclusions are appropriate. The EQC review is completed only after the EQC reviewer is satisfied that all significant matters they raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

EQC reviewers in each KPMG firm must meet training, knowledge and experience qualifications to perform the EQC review for a particular engagement.

Reviewers must be objective, cannot be members of the engagement team and must be independent of the audit client.

Appropriately support and document conclusions

Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained.

In preparing auditors' reports, engagement partners have access to reporting guidance and technical support through consultations with their Department of Professional Practice.

Engagement documentation

KPMG firms have agreed to complete and assemble audit documentation in accordance with KPMG International policy and applicable auditing standards. KPMG International policy includes safeguards, to protect the confidentiality and integrity of client and KPMG firm information, and a reduction in the time period allowed to assemble audit documentation.

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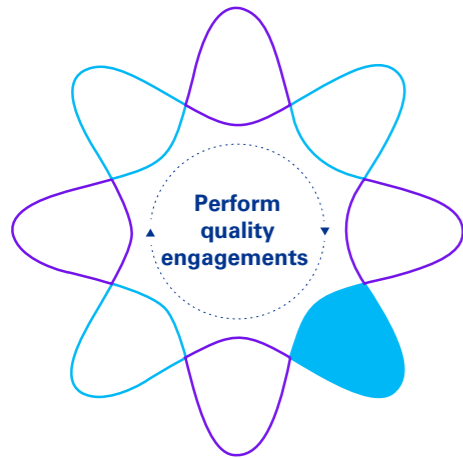
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Assess risks to quality

- **Identify and understand risks to quality and implement effective responses**

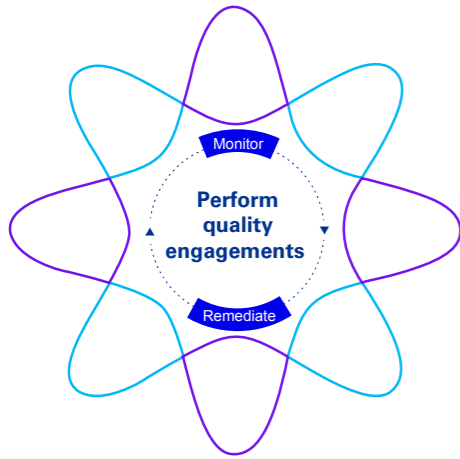
The quality of a KPMG audit rests on our SoQM and KPMG’s global approach to ISQM 1 emphasizes consistency and robustness of controls within KPMG firms’ processes.

Identifying risks to quality and implementing effective responses

KPMG International performs an annual iterative risk assessment process (I-RAP) to determine the baseline expected quality objectives, quality risks, process risk points and controls (responses to those risks) that all KPMG firms agree to adopt. KPMG firms also perform their own I-RAP, annually, to identify any additional quality objectives, quality risks or controls specific to their firm’s facts and circumstances.

The consistent global approach:

- Sets the minimum controls to be implemented within all KPMG firms’ SoQM processes in response to globally identified risks to meeting SoQM quality objectives.
- Defines the SoQM methodology used by KPMG firms in their annual evaluation of SoQM to demonstrate the SoQM controls are implemented and operating effectively.



Monitor and remediate

- **Rigorously monitor and measure quality**
- **Obtain evaluations and act on stakeholder feedback**
- **Perform root cause analysis**

Integrated quality monitoring and compliance programs enable KPMG firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans, both in respect of individual audit engagements and the overall SoQM.

Rigorously monitor and measure quality

Commitment to continuous improvement

KPMG commits to continually improving the quality, consistency and efficiency of KPMG firm audits.

The quality monitoring and compliance programs are globally consistent in their approach across all KPMG firms, including the nature of testing and reporting.

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Internal monitoring and compliance programs

KPMG firms have agreed to use quality monitoring and compliance programs developed by KPMG International to identify quality issues, perform root cause analysis and develop remedial action plans, both for individual audits and for their overall SoQM.

The programs evaluate:

- Engagement performance in compliance with the applicable professional standards, applicable laws and regulations, and key KPMG International policies and procedures.
- KPMG firms' compliance with key KPMG International policies and procedures, and the relevance, adequacy and effective operation of key quality management policies and procedures.

Our internal monitoring and compliance programs also contribute to the evaluation of KPMG firms' SoQM operating effectiveness. These programs include:

- Audit Quality Performance Reviews (QPR)
- The global KPMG Quality & Compliance Evaluation (KQCE)
- Global Quality & Compliance Review GQCR

All KPMG firms have agreed to participate in these KPMG International-led monitoring programs.

KPMG firms communicate the results of the integrated monitoring and compliance programs and establish

action plans to make improvements where needed. Results are also considered by KPMG International.

Global Audit Quality Monitoring Group (GAQMG)

The GAQMG identifies issues to help drive audit quality. The group comprises a team of partners, directors and senior managers experienced in performing quality performance reviews of listed and related entity audit engagements. The team also includes partners and professionals with experience in auditing general information technology controls and application controls.

Audit Quality Performance Reviews (QPR) program

The Audit QPR program assesses engagement-level performance and identifies opportunities to improve engagement quality. The objective is for each engagement leader to be reviewed at least once in a four-year cycle. A risk-based approach is used by KPMG firms to select engagements for review.

KPMG firms conduct the annual QPR program in accordance with KPMG International QPR instructions which promote consistency across the organization. Reviews are overseen by an independent experienced lead reviewer from another KPMG firm. QPR results are reported to KPMG International.

Consistent criteria are used to determine engagement ratings and audit practice evaluations, which can then be used to measure improvements in the future.

Audit engagements selected for review are rated as 'Compliant', 'Compliant- Improvement Needed' or 'Not Compliant'.

The global KPMG Quality & Compliance Evaluation (KQCE) program

The global KQCE program encompasses the testing and evaluation requirements of a KPMG firm's SoQM which are necessary to support their compliance with ISQM 1, and compliance with key quality and risk management policies. KQCE program requirements are completed by all KPMG firms.

The 2023 KQCE program covered the period from 1 October 2022 to 30 September 2023 and helps support KPMG firms' conclusions on the operating effectiveness of their SoQM as of 30 September 2023 and compliance with key quality and risk management policies in that period.

Global Quality & Compliance Review (GQCR) program

A GQCR is carried out by a KPMG International team and firms are selected for review using a risk-based approach, which considers a number of factors, including financial conditions, country risks, results of other monitoring programs and people surveys, with each firm subject to a GQCR at least once in a four-year cycle.



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The GOCR team comprises partners and managers who are independent of the firm subject to review. The overall objective of the GOCR program is to assess the firm’s compliance with selected KPMG International policies, including those related to governance and SoQM.

Internal monitoring and compliance program reporting

Findings from the global monitoring and compliance programs are disseminated to KPMG firms through written communications, internal training tools and periodic meetings with leadership.

Findings are also emphasized in subsequent monitoring and compliance programs to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of Audit QPR not compliant ratings if relevant to their respective cross-border engagements.

Remediation and monitoring

KPMG firms develop remedial action plans to respond to findings identified through the KPMG International monitoring and compliance programs. Progress on action plans is monitored and results are reported, as appropriate, to regional and global leadership.

Obtain, evaluate and act on stakeholder feedback

We recognize that another important contributor to upholding audit quality is to obtain and act upon feedback from key stakeholders.

Regulators

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through IFIAR’s Global Audit Quality Working Group (GAQ WG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

Every KPMG firm is expected to maintain professional and respectful relationships with applicable regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions.

Client feedback

Client feedback is also important. KPMG firms proactively seek feedback from clients through in-person conversations and third-party surveys.

Perform root cause analysis

In KPMG firms, the SoQM provides the foundation for consistent delivery of quality audit engagements. The firm’s Root Cause Analysis (RCA) program is an integral element of the monitoring and remediation component in the SoQM, driving enhancements to audit quality. Leveraging inputs from internal monitoring programs, external inspections and other activities, firms identify audit quality issues and undertake root cause analysis corresponding to the nature and severity of the issues. Firms design their RCA program in accordance with the KPMG International’s RCA guide.

Upon completion of root cause analysis, KPMG firms design and implement remedial actions that respond to the underlying cause of the audit quality issues and subsequently monitor the effectiveness of those actions. The RCA remedial action plans and monitoring results are reported to regional and global leadership.

Within a KPMG firm, the Head of Audit is responsible for audit quality, including the remediation of audit quality issues. The RMP monitors the remediation plans’ implementation.

We continue to strengthen our root cause analysis process and drive consistency across the organization.



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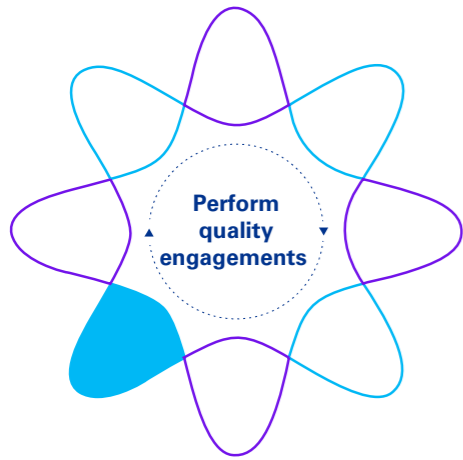
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Communicate effectively

- **Provide insights, and maintain open and honest two-way communications**
- **Conduct and follow up on the Global People Survey**

We recognize that another important contributor to upholding audit quality is to obtain and promptly act upon feedback from key stakeholders.

Provide insights, and maintain open and honest two-way communication

Communications with those charged with governance

KPMG International stresses the importance of keeping those charged with governance informed of issues arising throughout the audit through guidance and supporting resources. KPMG firms and professionals achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and, when appropriate, ongoing discussions with management and members of the audit committee.



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The role of Audit Committees is key in supporting quality auditing by overseeing the relationship between company and auditor and challenging what auditors do and how they do it.

Audit Committee Institute (ACI)

In recognition of the demanding and important role that audit committees play in driving audit quality and the challenges that they face in meeting their responsibilities, KPMG’s ACI aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes.

Global IFRS Institute

KPMG’s Global IFRS Institute provides information and resources to help board and audit committee members, executives, management, stakeholders and government representatives gain insight and access thought leadership about the evolving global financial and sustainability reporting frameworks.

Conduct and follow up on the Global People Survey (GPS)

Only with engaged, talented people can KPMG firms deliver audits in line with our audit quality expectations. Annually, all KPMG personnel are invited to participate in KPMG’s GPS to share their perception on their experience of working at KPMG.

Results can be analyzed by several factors, including functional or geographic area, grade and gender to provide additional focus for action. Through the GPS, KPMG measures our people’s engagement and gains additional insight on what drives engagement.

We also cover areas of focus that are directly relevant to audit quality; the survey includes specific audit quality-related questions that all individuals who participated in an audit in the previous 12 months are asked to respond to, giving us a particular data set for audit quality-related matters.

The survey also provides KPMG International leadership with insights related to quality and risk behaviors, upholding the KPMG Values, employee and partner attitudes to quality, leadership and tone at the top.

All KPMG firms participate in the survey each year and take appropriate actions to communicate and respond to its findings.

Audit-specific analysis of GPS results is also undertaken, with a particular focus on audit quality. Results and key themes are presented to the Global Audit Steering Group on an annual basis for consideration of appropriate remedial action, if needed. A global GPS action plan for audit is also communicated to KPMG firms annually.

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KPMG International structure and governance

KPMG International

KPMG is a global organization of professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited (“KPMG International”) operate and provide professional services. Each firm is a separate legal entity and together they form the KPMG global organization. “KPMG” is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

In many parts of the world, regulated businesses (such as audit and legal firms) are required by law to be locally owned and independent. KPMG member firms do not, and cannot, operate as a corporate multinational. KPMG member firms are generally locally owned and managed. Each KPMG member firm is responsible for its own obligations and liabilities.

KPMG International – Governance

KPMG International acts as the coordinating entity for the overall benefit of the KPMG organization. It facilitates audit quality across the organization

by establishing common policies, processes and standards to be applied across member firms.

KPMG International’s governance bodies are comprised of the Global Council, the Global Board (including its committees), the Global Management Team and the Global Steering Groups. Further detail on each of these is set out below.

KPMG International structure and governance



KPMG member firms – Legal structure and relationship with KPMG International

Member firms in the KPMG global organization are members in, or have other legal connections to, KPMG International, an English private company limited by guarantee. KPMG International acts as the coordinating entity for the overall benefit of the KPMG member firms but does not provide professional services to



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clients. Professional services to clients are exclusively provided by member firms who remain solely responsible and liable in respect of these services. Our structure is designed to support consistency of service quality and adherence to agreed Values wherever in the world KPMG member firms operate. KPMG member firms have agreed to conduct their operations in compliance with a common set of Values, standards and service quality expectations. Partners and employees within those firms commit to act with integrity at all times.

KPMG firms have agreed to comply with KPMG International's policies including quality standards governing how they operate and how they provide services to clients. This includes being professionally and financially stable, having an ownership, governance and management structure that ensures continuity, stability and long-term success, and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (incoming and outgoing), service multinational clients, manage risk, and deploy global methodologies and tools. KPMG firm Heads of Audit have direct responsibility for audit quality.

Each firm is part of one of three regions (the Americas, ASPAC and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region. Individual KPMG firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

A firm's status as a KPMG firm and its participation in the global organization may be terminated if, among other things, it has not complied with the policies set by KPMG International or any of its other obligations agreed with it.

KPMG International and the KPMG firms are not a global partnership, single firm, multinational corporation, joint venture, or in a principal or agent relationship or partnership with each other. No KPMG firm has any authority to obligate or bind KPMG International, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International or any of its related entities have any such authority to obligate or bind any KPMG firm.

Unless otherwise indicated, references in this document to a 'firm', 'KPMG firm', 'member firm' or 'member firms' are references to member firms of KPMG International.

KPMG International governance bodies

As set out above, as at 1 October 2023, the KPMG International Governance Bodies and their functions are as follows:

Global Council

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

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 53 KPMG firms.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing the Global Management Team, and approving policies with which KPMG firms have agreed to comply. It also approves the admittance or termination of KPMG firms to/from the global organization.

It is led by the Global Chairman, Bill Thomas, and includes the Chairman of each of the regions and a number of members who are also member firm Senior Partners. The list of Global Board members is available on the [Leadership page](#) of kpmg.com.

Global Board committees

The Global Board is supported in its oversight and governance responsibilities by several committees, including:

- Executive Committee
- Governance Committee
- Global Quality and Risk Management Committee
- Global Audit Quality Committee

Each of these committees is comprised of Global Board members and reports directly to the Global Board.

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Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team (GMT). These responsibilities include developing the global strategy by working together with the Executive Committee, and jointly recommending the global strategy to the Global Board for its approval and overseeing the activities of the Global Steering Groups. The GMT also supports KPMG firms in their execution of the global strategy and KPMG International policies by member firms, including holding them accountable against their commitments. The GMT also oversees the activities of the Global Steering Groups.

The list of GMT members is available on the [Leadership page](#) of kpmg.com.

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the Global Management Team (GMT) and, together, they assist the GMT in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the GMT. In particular, the Global Audit Steering Group (GASG) and Global Quality & Risk Management Steering Group (GQ&RMSG) work closely with regional and member firm leadership to:

- Establish and ensure communication of appropriate audit, quality and risk management policies.
- Establish and support effective and efficient risk processes to promote audit quality.
- Promote and support strategy implementation in member firms' audit functions, including standards of audit quality.
- Assess and monitor audit quality issues, including those arising from the SoQM, quality performance and regulatory reviews, and focus on best practices that reduce audit quality findings.

Global Audit Steering Group (GASG)

The GASG is responsible for driving the member firms' implementation of KPMG's audit strategy, including standards of audit quality. The GASG works closely with the GQ&RMSG in relation to quality and risk matters related to audit.

The GASG is chaired by the Global Head of Audit, and its other members are the Heads of Audit from the eight largest KPMG firms and also includes the Heads of Audit for each of KPMG's three regions (the Americas, EMA and ASPAC). Senior individuals with direct reporting responsibilities to the Global Head of Audit also regularly attend and provide reports to the GASG, as well as several standing invitees from key KPMG firms.

Global Quality & Risk Management Steering Group (GQ&RMSG)

The GQ&RMSG is chaired by the Global Head of Quality, Risk & Regulatory and its other members are the Risk Management Partners from the eight largest KPMG firms and the Risk Management Partners for each of the three regions. The Global Head of Audit and the Global Head of Risk Management, Audit, are regular attendees.

The GQ&RMSG is responsible for setting quality and risk management policies and procedures for the global organization and for providing associated guidance. When exercising its responsibilities, the GQ&RMSG considers, through the Quality Performance Review (QPR), the global KPMG Quality & Compliance Evaluation (KQCE) program and Global Quality & Compliance Reviews (GQCR), the following:

- Firm compliance with quality and risk management policies, processes and systems.
- Proactive identification and mitigation of significant risks faced by member firms.
- Performance of member firm professional services to drive and help ensure consistent high-quality work globally.

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Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements.

Aggregated revenues generated by KPMG firms from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements were 2.4 billion euros during the fiscal year ending 30 September 2023. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2023.



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