



Transparency report 2023

Quality is how we make a difference.

KPMG Lower Gulf Limited

[kpmg.ae](https://www.kpmg.ae)



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 in our differences.



For Better

We do what matters.

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Message from the CEO and Senior Partner

Driving quality across all we do.

I am pleased to present KPMG Lower Gulf's (KPMG LG) Transparency Report for the financial year ended 30 September 2023.

At KPMG, our actions are guided by our values. They drive our daily behaviors, guide our decisions, and shape our culture. We have an exceptional business with remarkable people and an extraordinary history with a strong local and global brand of which we are all very proud. For about 50 years, **together** we have served our clients in the UAE and Oman with **integrity** and **excellence**, and we are proud of our **courage** to always do the right thing, the right way, at the right time, **for better**. Trust is at the heart of everything we do. We are a firm whose purpose is driven by inspiring confidence, and we are committed to maintaining the highest level of public trust.

In my first year as CEO and Senior Partner, my focus has been on assessing our business in the evolving economic landscape, deepening relationships with our stakeholders, ensuring that we have the right leadership, and strengthening our governance to achieve our vision to become the most valued multi-disciplinary firm in our market.

I am delighted to say that we have taken great strides in achieving this. I thank everyone involved in our governance journey which has ensured our adoption of global best practices, to make us a stronger firm today. As a culmination of a robust governance process overseen by an international law firm, KPMG LG Capital Partners elected a new Board of Directors, comprising Capital Partners and independent non-executive directors. We separated the roles of the CEO and the Chairman, thereby enhancing our governance structure. We also announced changes in management.

Our new Board and ExCom are inclusive and diverse, offering us a wealth of experience and knowledge. We are privileged to have such a committed and talented group of industry leaders at the helm of our firm, and I have full confidence that the diverse experience they bring will add significant value as we look to achieve our vision and ambition.

Our firm is constantly evolving, and I am proud of what we achieved in FY23: retaining and acquiring iconic clients who continue to trust us, transforming the governance of our business, our Inclusion, Diversity and Equity (IDE) and nationalization achievements, our Corporate Social Responsibility (CSR) initiatives, our market outreach programs, and importantly, despite challenges, we continued to grow.

KPMG LG have continued to defend our position in respect of the ongoing Abraaj-related litigation. During the course of the year the Court of Cassation overturned the decision of the Court of Appeal and remitted the case to the Court of Appeal for rehearing earlier in the year.

KPMG LG is committed to a process of continuous improvement to serve the capital markets. The firm has made significant investments in technology, training, and personnel to ensure that our teams attract and retain top talent and provide excellent service to our clients in the region.

The work of auditors is becoming more complex. Delivering high-quality audits takes commitment, dedication, and focus, as well as continued investment in the people that make it happen. Our people are our greatest assets and we are helping them expand their careers, supporting their well-being, and building a safe and inclusive workplace. Their individual success is key to our collective growth.

We are transforming the audit experience for both our clients and our teams by investing in KPMG Clara - our cloud-based audit methodology and workflow platform. KPMG Clara delivers smarter, data-driven outcomes and deeper insights by blending the best of technology with the best of our people. Globally, this market-leading technology helps our 90,000+ audit professionals in 143 countries, deliver consistent high-quality audits in a seamless manner.

Since FY19, our local investment in audit quality has reached USD 22 million, underscoring our commitment to transforming audit quality. We are continuously monitoring the quality of Audit engagements and have implemented an Audit Quality Indicators (AQI) Measurement System that includes a range of key metrics that allows us to pinpoint areas in need of attention and corrective action.

We have also strengthened the consistency and robustness of our System of Quality Management to comply with the new International Standard on Quality Management (ISQM 1). We believe consistent execution and adherence to these requirements and the intent of the professional standards behind them will help drive higher quality across our firm for all our local and global clients.

Increasingly a major area of focus for our firm and for our clients is Environmental, Social, and Governance (ESG) commitments. In FY23, we made progress across four ESG pillars: planet, people, prosperity, and governance. We made significant effort in minimizing our environmental impact through eco-friendly facilities and technology across all our offices. We also made diversity and inclusion our top priorities – continuing our gender diversity programs on our way to a more equal world, while also adhering to

nationalization objectives by increasing our targets across our KPMG LG workforce. We also contributed to improving the quality of life within our communities by participating in initiatives from uplifting blue collar workers, to planting mangroves, in addition to supporting charitable drives for natural calamities and humanitarian efforts.

KPMG LG has always been a firm of integrity and excellence and we will continue to deliver our services to the highest quality that you have come to expect from us.

Thank you for trusting KPMG.



Emilio Pera
CEO and Senior Partner,
KPMG Lower Gulf Limited

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.

Our system of quality management is the basis for audit quality

Audit and assurance quality is the basis to instilling confidence and public trust in the capital markets and it remains our highest priority. 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 (SoQM). All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics, and integrity.

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 our clients, the capital markets, and the public we serve. Tone at the top, leadership, and a clear set of Values and conduct are essential to set the framework for quality.

Key aspects of KPMG International’s global approach to SoQM and ISQM 1 include:



Establishing **policies and procedures** to support KPMG member firm’s effective SoQM in line with ISQM 1.



Setting globally consistent **quality objectives, risks and controls** for each SoQM component.



Providing a **risk assessment framework** for KPMG firms to identify firm-specific quality objectives, risks, and controls.



Offering **guidance, tools, and training** for consistent and effective SoQM operation across firms.



Monitoring activities to ensure global consistency in SoQM.

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

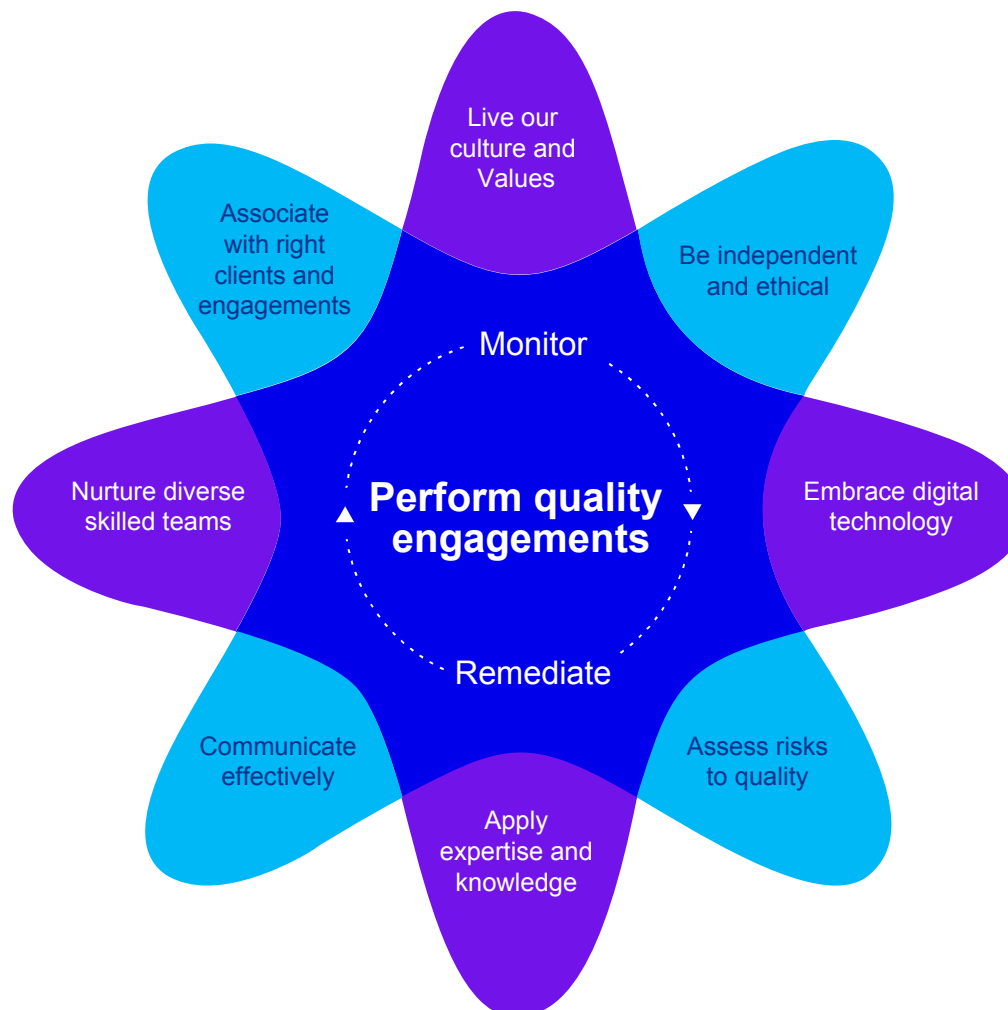
KPMG LG implemented the program initiated by KPMG International to redesign the network-wide requirements for member firms' systems of quality management and operated all the applicable controls during FY23. Our enhanced system of quality management, which is in line with ISQM 1, ensures our performance meets the highest professional standards.

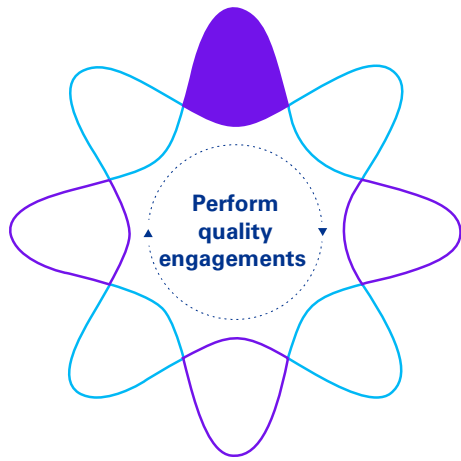
This report is structured around the KPMG global quality framework, offering transparency on what drives our audit and assurance quality. This framework illustrates our commitment to quality and the role of every KPMG professional in this endeavor.

The framework's drivers are ten components of our KPMG SoQM. Aligned with ISQM 1, they also adhere to the International Code of Ethics for Professional Accountants (including International Independence Standards) by the International Ethics Standards Board for Accountants (IESBA), relevant to firms conducting financial statement audits.

Sections 2-11 of the transparency report describe how we effectively operate each SoQM component. Combined with our firm's SoQM statement of effectiveness (See section 15), this transparency report summarizes how our SoQM effectively supports the consistent performance of quality engagements. This report may also be useful for stakeholders interested in KPMG firms' tax and advisory services, as certain aspects of our firm's SoQM are cross-functional and apply equally as the foundation of quality for all services offered.

KPMG's Global Quality Framework





Live our culture and Values

- **Foster the right culture, starting with tone at the top**
- **Clearly articulate strategy focused on quality, consistency, trust, and growth**
- **Define accountabilities, roles and responsibilities related to quality and risk management**
- **Oversee using robust governance structures**

It's not just what we do at KPMG that matters, we also pay attention to how we do it. Our 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 our unique culture.

2.1 Foster the right culture, starting with tone at the top

2.1.1 Tone at the top

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 that carries out audits and other professional services on which stakeholders rely.

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

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 and within our Global Code of Conduct, we outline the responsibilities all KPMG people have to each other, our clients and 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 is expected to be held accountable for their behavior consistent with the code and is required to confirm their compliance with it. Individuals are strongly encouraged to speak up if they see something that makes them uncomfortable or that 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, KPMG 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 law or regulation.

The **KPMG International hotline** is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by 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 our leadership and KPMG International leadership with results related to upholding the KPMG Values. Our firm and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings.

2.1.2 The KPMG multidisciplinary model

Today's organizations face complex problems that require the best, most integrated thinking. We firmly believe that our multidisciplinary model is the best way to serve our clients and is essential to delivering the highest levels of quality on the largest and most complex audit, tax, and advisory engagements. It allows us to be agile and resilient from a business perspective and means we can more easily respond to market conditions.

2.2 Clearly articulated strategy focused on quality, consistency, trust, and growth

2.2.1 Our business

We are proud that, for 50 years, KPMG LG has been providing audit, tax, and advisory services to

a broad range of domestic and international, public, and private sector clients across all major aspects of business and the economy in the United Arab Emirates and in the Sultanate of Oman. We work alongside our clients by building trust, mitigating risks, and identifying business opportunities.

KPMG LG is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited. KPMG firms operate in 143 countries and territories, and employ more than 265,000 partners and people, serving the needs of business, governments, public-sector agencies, not-for-profits and through KPMG firms' audit and assurance practices, the capital markets. KPMG LG is well connected with its global member network and combines its local knowledge with international expertise, providing the sector and specialist skills required by our clients.

KPMG is also widely represented in the Middle East. In addition to its presence in the UAE and Oman, KPMG has a presence across 21 countries and territories in the MESAC (Middle East, South Asia, and Caspian) sub-region, and has a combined talent pool of over 11,400 people as of 30 September 2023. The MESAC region is comprised of KPMG member firms operating in: Armenia, Azerbaijan, Bangladesh, Bahrain, Egypt, Georgia, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Lebanon, Oman, Maldives, Palestine, Pakistan, Qatar, Saudi Arabia, Sri Lanka, United Arab Emirates and Uzbekistan.

Established in 1973, KPMG LG now employs 1,730 people, including 166 partners and directors across the UAE and Oman, as of 30th September 2023.

As we continue to grow, we aim to evolve and progress, striving for the highest levels of public trust in our work. 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.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence and Empowering Change.

Over the years, KPMG LG has developed specialist industry and discipline groups to meet client requirements for professional advisors who understand and are experienced in a wide variety of business fields. We have significant experience across key geographic areas and are engaged with leading industry players on a range of issues critical to the future of their industries. Details of the services we offer can be found on our [website](#).

At KPMG, we inspire confidence and empower change in all we do. We challenge ourselves to bring our absolute best to clients, to the public and to one another, every single day. We set ourselves apart through our passion and pride, our expertise and our curiosity, our inclusive culture and our focus on developing the leaders of tomorrow. Over the coming decades, we commit to lending our support to the UAE's journey as it goes from strength to strength: together, for better.

2.2.2 Our strategy

Our vision is to be the most valued multi-disciplinary firm in our market and in the eyes of our:

- People: who have a sense of purpose and belonging
- Clients: who call on us as a strategic partner
- Stakeholders: who recognize our contribution to a better society

Quality forms the cornerstone of our business.

Our priorities are based on the '**VALUED**' strategy:

Virtuous, **A**iming, **L**everaging, **U**plifting, **E**conomic, **D**eliberate.

We elaborate on each of the pillars below.

Virtuous: We strive to demonstrably live out our values through a collaborative, inclusive and accountable leadership culture, and entrench trust with all our stakeholders.

Aiming: We want to be focused and dominant in our chosen markets and fields of play, target further profitable growth in our business, explore re-igniting or building new relevant sector, client, and solution footprints, and enable a one-firm experience for our clients, for life.

Leveraging: We hope to maximize the value from our network, skills, technology, investments, and expertise, unlock value from our investments

(especially technology), strengthen collaboration with the network and enable our people through digital and commercial upskilling.

Uplifting: We are constantly working for the betterment of our people, clients, society, and country. We want to provide our people with a sense of purpose and belonging, recruit, develop and retain the best skills, and make a tangible contribution to our community.

Economic: We are focused on adopting a value-add, commercial, client-centric mindset amongst all our people to optimize stakeholder returns, building performance excellence (improved margins, earnings, and liquidity), optimizing the middle and back-office support model, and inculcate a culture of service and client-centricity in all functions (including support teams).

Deliberate: We are making conscious, committed choices about what we do and do not do, for strategic, commercial or risk reasons. We are incorporating a balanced commercial, risk and quality mindset into all parts of the business and considering exploring inorganic growth.

In addition, we have set a financial target that we aim to achieve by the year 2028, as well as two or three goals for each priority. We have also developed a number of key performance indicators to measure progress up to 2026. A project management officer has been appointed to coordinate corresponding strategic initiatives to ensure we achieve these targets.

Our vision is to be a thriving firm of the future: one that nurtures and grows its people, is a trusted advisor to its clients, provides an exceptional experience to all its stakeholders, champions the local market with the power of our global network, and is aligned to the Global Collective strategy, channelling its values of Ambition, Trust, Growth, Consistency and Accountability. Our focus on empowering our people underpins everything we do and is vital to our success.

Integrity lies at the foundation of our firm, the very heart of being trusted and trustworthy. The excellence that we bring to all of our stakeholders differentiates us. Our courage as teams and as individuals helps us uphold our commitments. We are building a KPMG that's fit for the future, making us more agile, more connected, and better equipped for our people, clients, and society.

2.3 Defined accountabilities, roles and responsibilities related to quality and risk management

2.3.1 Leadership responsibilities for quality and risk management

Our leadership team is committed to building a culture based on integrity, quality, objectivity, independence, and ethics, demonstrated through their actions.

Our firm has agreed to seek input from the chair of the relevant global steering group or their delegate on the performance of certain leaders within the firm whose role most closely aligns with the activities of the global steering group. Input is sought as part of the annual performance process and is based on an assessment of the leader's performance, which includes matters of public interest, audit quality and risk management activities.

The following individuals have leadership responsibilities for quality and risk management in our firm.



CEO and Senior Partner

KPMG LG is led by the CEO and Senior Partner, Emilio Pera. The CEO and Senior Partner is responsible for the effective management of the firm, in accordance with the strategic direction, plans and policies which are approved and subsequently overseen by the Board of Directors. The CEO and Senior Partner heads the firm's Executive Committee (ExCom), which drives the execution of the business strategy and establishes processes to monitor and enforce policy compliance. In accordance with the principles of ISQM1, the CEO and Senior Partner also has ultimate responsibility for our SoQM.

Details of some of the measures he and the rest of the Board of Directors have taken to ensure that a culture of quality prevails within our firm are set out in **section 2.4.1**



Quality and Risk Management Partner

Our firm's Quality and Risk Management Partner (QRMP) who is also the **Ethics and Independence Partner (EIP)** is responsible for the firm's direction and execution of risk, ethics and independence, compliance, and quality related policies and

procedures of the firm. The QRMP is a member of ExCom, (a steering committee reporting line to the Senior Partner. The QRMP consults, as appropriate, with the Senior Partner, the Regional Risk Management Partner, global quality and risk management resources, and the general counsel or external counsel.

The ExCom position and seniority of the reporting lines, underlines the importance that the firm places on risk and quality matters. The QRMP is supported by a team of partners and professionals in each of the functions.



The audit, tax and advisory functions - function Heads

The three heads of the client service functions (Audit, Tax and Advisory) are accountable to the Senior Partner for the quality of service delivered in their respective functions. They are responsible for the execution of the risk management and quality management procedures for their specific functions within the framework set by the Quality and Risk Management Partner. These procedures make it clear that, at the engagement level, risk management and quality management is ultimately the responsibility of all professionals in the firm.

Our Head of Audit is responsible for the effective management and control of the Audit Function. This includes:

- Setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, and ethics and integrity;
- Developing and implementing an audit strategy that is aligned with the firm's audit quality requirements;
- Working with the QRMP to monitor and address audit quality and risk matters as they relate to the Audit practice.



Quality, risk, regulatory and compliance committee

This is also a subcommittee of the KPMG LG Board, established in line with the governing documents of the Firm. The principal role of the Quality, Risk, Regulatory and Compliance Committee (QRRCC) is to report to and assist the LG Board in fulfilling their oversight

responsibilities in relation to current and potential future risk exposures of KPMG LG including quality, regulatory and compliance risks. The QRRCC consists of three Capital Partners (Equity Partners) Board Members, chaired by Timothy Wood. Since the appointment of the QRRCC under the current Board in May 2023, the QRRCC has met four times during the year ended 30 September 2023.

Audit Leadership Team

The Audit Leadership Team (ALT) has regular discussions to agree actions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, our SoQM evaluation, root cause analysis procedures and other quality matters identified from a variety of sources.

More complex issues (which might require amendments to KPMG's global audit methodology or audit tools) are raised with KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG), Global Audit Methodology Group (GAMG) and the International Standards Group (ISG). For more information about the KGSG, the GAMG and the ISG refer to section 8.1.2.

Audit Quality Committee (AQC)

The AQC reports to the ExCom and QRRCC, which in turn reports to the KPMG LG Board and ensures the quality of audits and associated risks are a priority for audit leadership. The AQC is chaired by a Partner, who is independent of the audit practice and not a member of the ExCom or the Board of Directors.

The AQC responsibilities include:

- **Approve annual audit quality strategy** and monitor the progress and outcome of implementation.
- Overseeing compliance with **ISQM1** requirements.
- **Provide approvals or inputs required by ISQM1** for the components pertaining to audit quality including transparency report, root cause analysis, investment in networks supporting audit quality, GPS (AQ section).
- Review the **outcome of global audit quality initiatives/programs** including EMA audit quality

workshops, GAQT programs (Second line of Defence, Engagement Quality Control Review policy), Root Cause Analysis (RCA), Audit Risk and Quality Intelligence (ARQI), Clara data mining, and quality rating.

- Oversee implementation of a **system of internal controls** to effectively monitor, report and mitigate incidents impacting audit quality.
- **Review the significant findings and outcome** of the local initiatives addressing audit quality issues.
- Monitor and review **audit quality indicators** identified by the Audit Quality Monitoring Group (AQMG)
- **Obtain significant updates on networks and activities directly or indirectly impacting audit quality**, including the Department of Professional Practice (DPP), Learning and Development (L&D), Second Line of Defense (2LoD), Specialists, Clara, SoQM, Quality Performance Review (QPR), People, Performance, and Culture (PPC), Resourcing Operations, ALT composition change, and any significant audit-wide policy changes.
- **Review results and remediation plan** of QPR and regulatory reviews.

As of 30th September 2023, the AQC had six members with three members being independent of the audit function. Subsequently in FY24, the composition of the AQC changed, with the number of members increasing to seven, and the number of independent members increasing to four. Two of the independent members represent other KPMG practices – KPMG EMA Head of Audit and Audit Quality Leader of KPMG MESAC and Saudi Levant Cluster. Also in FY 24, the function of the SoQM steering committee to ensure the sustainable and consistent operation of SoQM in KPMG LG has been transferred to the AQC.

In FY23 AQC met five times. With effect from FY24, it was agreed that AQC will be conducted six times annually.

2.4 Overseen using robust governance structures

2.4.1 Our legal and governance structure

KPMG Lower Gulf Limited is an exempted limited liability company incorporated in the Cayman Islands, with operations in the Sultanate of Oman and the United Arab Emirates. KPMG Lower Gulf Limited is wholly owned by KPMG Lower Gulf Limited Partnership, a limited partnership established in the Cayman Islands.

At KPMG LG, we apply high standards of corporate governance.

“My experience shows that being trusted and trustworthy is a critical requirement to successfully achieve ambitious goals. As the Chair, I’m not just committed to achieving ambitious goals – I’m dedicated to building trust and securing a bright future for KPMG LG. This starts with implementing robust measures to enhance governance, increase transparency, and foster open communication with all stakeholders.”



Tony Cates
Chairman of the Board

The Board

The Board of Directors of KPMG LG (the “LG Board”) comprises Capital Partners (including the CEO who is also the Senior Partner of the firm) and independent non-executive directors.

Emilio Pera took on the role of CEO on January 1, 2023, after a competitive election process that was open to all Capital Partners. The appointment involved a confidential vote by the capital partners, overseen by the governance committee and supported by an international law firm.

The primary responsibility for the governance of KPMG LG lies with the LG Board, mandated

by the KPMG LG Partners to ensure compliance with policies, overseeing management, and the appointment of key positions in the chain of command. The Board of Directors’ composition is structured to ensure objectivity, both in its assigned mandate and by extension, the direction it provides to management. As a control in ensuring the objectivity of the Board of Directors, each Board member’s appointment is ultimately determined by KPMG LG Capital Partners through an agreed nomination and approval process. As an additional control with regards to independence and objectivity, the Board of Directors’ composition includes provision for the appointment of independent non-executive directors. The constitution of the LG Board is determined by the Partners’ Standard Operating Procedures (PSOP) of the firm.

In FY23, a new board was elected. The election of our new Board is the culmination of a robust governance process overseen by an international law firm as approved by the PSOP. The LG Board members were elected through a voting process by the Capital Partners. The Governance Committee as well as the Nominations Committee conducted a fair, independent, and robust process that has resulted in a Board that is inclusive, diverse, and balanced.

The LG Board is enabled to appoint such sub-committees as set out in the PSOP to contribute to the execution of its mandate. Some sub-committees are constituted in accordance with the firm’s governing documents, others are formed at the discretion of the LG Board and may consist of LG Board members or if required, other partners or delegates of the firm. The sub-committees currently constituted, together with short descriptions of their respective mandates, are set out below:

- **The remuneration committee.** The remuneration committee is responsible for ensuring the remuneration of Partners and Staff (including the CEO and Senior Partner) is fair, consistent, and appropriate in line with the framework and plan proposed by the remuneration committee. The remuneration committee is also charged with the resolution of appeals or other matters pertaining to the remuneration of Partners and employees. To ensure objectivity in the execution of these responsibilities, the remuneration committee consists of the Independent Non-Executive Director Board members and is chaired by the LG Board Chairman.

- **The nominations committee.** The nominations committee is charged with various processes for the nomination and appointment of people to specific roles within the firm, which includes the process for the appointment of Capital Partner Board Members, Capital Partner promotions and Independent Non-Executive Directors. The Nominations Committee consists of one Independent Non-Executive Director who is also the chairperson and three Capital Partners of the Firm (non-board members) to ensure objectivity in fulfilment of its obligations. The members of the nominations committee are appointed through confidential voting by the Capital Partners.
- **Quality, Risk, Regulatory and Compliance Committee (QRRCC).** The QRRCC is established in line with the governing documents of the Firm. The principal function of the QRRCC is to report to and assist the LG Board in fulfilling their oversight responsibilities in relation to current and potential future risk exposures of KPMG LG including quality, regulatory and compliance risks. The QRRCC consists of three Capital Partner Board Members with the chairperson elected from within its members.
- **Audit committee.** The audit committee is established in line with the governing documents of the Firm. The principal role of the audit committee is to report and assist the LG Board in fulfilling its oversight responsibilities to the stakeholders relating to i) Annual or other financial statements of the firm; ii) Capital adequacy and treasury arrangements; iii) Compliance with the provisions of the UAE corporate tax law; iv) The firm's internal audit function; and v) Correspondence with external and internal auditors. The audit committee consists of three Capital Partner Board Members with the chairperson elected from within its members.

In addition, the Executive Committee of the firm deals with key aspects of management of the firm and reports into the LG Board.

Details about the roles, responsibilities and composition of the Executive Committee are set out below.

The Executive Committee

The Executive Committee is responsible for management of the day-to-day activities of the firm,

recommending policy to the LG Board, and developing the business plan within the overall strategy set by the LG Board, together with its subsequent implementation. It deals with operational matters affecting the firm (including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment and retention and general remuneration, prioritization and allocation of resources and investment, and managing the firm's risk profile).

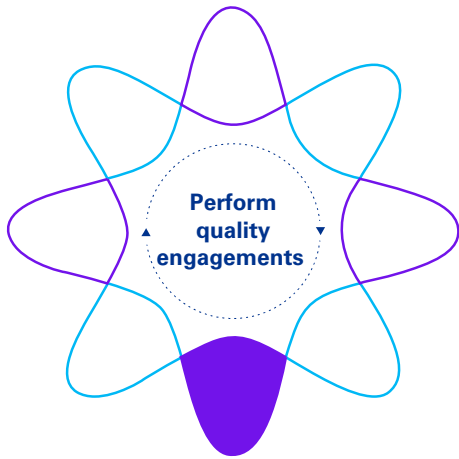
The Executive Committee members are all partners in our firm and are appointed by the CEO, who is the Senior Partner of the firm. As at October 2023, in addition to the CEO and SP, the Executive Committee included the Head of Audit, the Head of Tax, the Head of Advisory, the Head of Clients and Markets, the Head of People, Performance, and Culture, the Head of Quality and Risk Management and the Chief Operating Officer.

See [section 14.1](#) for information on the KPMG legal structure and [section 14.4](#) for information on the KPMG International Governance structure.

“I am pleased that our new Board and ExCom is inclusive, diverse, and balanced. We are privileged to have such a committed and talented group of industry leaders at the helm of our firm. I have full confidence that the diverse experience they bring will add significant value as we look to achieve our vision and ambition.”



Emilio Pera
CEO and Senior Partner,
KPMG Lower Gulf Limited



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**

We are committed to continuing to build on our technical expertise and knowledge recognizing its fundamental role in delivering quality audits.

3.1 Methodology aligned with professional standards, laws, and regulations

3.1.1 Consistent audit and assurance methodology and tools

Bringing consistency through our methodology

We use KPMG International’s audit and assurance methodology, tools, and guidance to drive a consistent approach to planning, performing and documenting audit procedures over key accounting processes.

Key elements include:

- Meeting the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA)
- Identifying risks of material misstatements and the necessary audit response;
- Using in practice by all our audit and assurance professionals

- Alignment to the International Standard on Assurance Engagements (ISAE) assurance products in response to the growth of ESG reporting;

- Consistent interpretation of how to apply ISAs and ISAEs.

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

3.2 Standardized workpapers and guidance

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

3.3 Deep technical expertise and knowledge

3.3.1 Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit and is a key feature of our multi-disciplinary model. Our 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 fulfil their role on our audits. They also receive a global annual update on global quality performance issues.

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.

Technology enabled audit

Engagement teams may involve ITA Audit (ITA) specific team members when determining the effect of IT on the audit, understanding relevant IT applications and IT control environments and for designing and performing tests of controls. The ITA team is led by a Partner who is also the head of ITA MESAC. The ITA team comprises qualified chartered accountants, certified Information Systems Auditors (CISA) and data scientists.

We also have a centralized Data and Analytics team (D&A). We use D&A to better understand the entities we audit, to carry out risk assessment and substantive procedures. Each of this adds confidence and valuable insights. The D&A team has carried out tailored analytics specific to client industry and nature of business, using advanced analytic tools with data mining capabilities.

Valuation (real estate and business valuation)

The valuation specialists' team was established in January 2019. The team has experienced and qualified professionals. The team has chartered valuation surveyors who are members of the Royal Institution of Chartered Surveyors (RICS) and a qualified Chartered Financial Analyst (CFA). The team supports UAE, Oman, and other Middle East engagement teams. The valuation specialists team provides assurance that

valuation estimates reported in financial statements are reasonable, well supported by market data and aligned with IFRS and RICS valuation standards. The type of valuations reviewed by the valuation specialists' team mainly cover real estate, business and purchase price allocation reports that support the audit.

Financial risk management (FRM)

The FRM team has been playing an instrumental role in the audit of banks and financial institutions since its establishment formally in 2016. Given the highly specialized skill sets related to statistical modelling, the team provides support on the validation of IFRS 9 ECL models used to determine provisions. The robustness of IFRS 9 mechanism is also benchmarked against leading industry practices across the globe. In addition, the team also provides support on hedge effectiveness testing and derivatives valuation for a few corporate clients.

Actuarial valuations

The actuarial valuations team was set up in year 2016 in the form of collaboration with KPMG South Africa and now includes KPMG India as well. The team together provides the following services:

- Review of the actuarial valuation reports (prepared by the client or independent consultants) of the post-employment benefits and other long-term employee benefits to ensure compliance with IAS 19 Employee benefits.
- Review of the insurance and reinsurance contracts liabilities of insurance companies included in the financial statements, to ensure compliance with IFRS 17.
- Review of the actuarial valuation reports (prepared by the client or independent consultants) of the liabilities of pension funds, where relevant.

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

Significant external events and conditions, such as the impact arising from climate change, geopolitical events, volatile interest rates and elevated levels of inflation, may potentially 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 addressing the financial reporting, auditing, and reporting-related matters arising from the impact of these significant external events and conditions.

We also have access to online financial reporting resource centres that highlight the potential financial statement implications of matters arising from these significant external events to assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications of the impact arising from these significant external events and conditions.

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

We are 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.

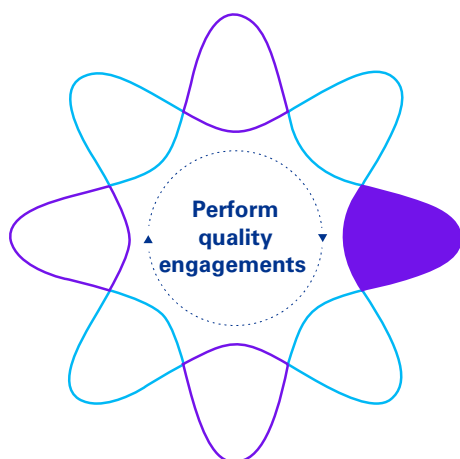
3.3.3 ESG assurance quality

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. The landscape in UAE and Oman is still shaping up with respect to ESG. Internal alerts are released to create awareness, if, any regulators make announcements with respect to ESG reporting. In addition, a general training has been provided to audit staff (Assistant Managers to Partners) and audit clients summarizing the current local regulatory landscape with respect to ESG and creating an awareness about the various ESG standards.

3.4 Quality and risk management policies

A robust and consistent SoQM is essential to delivering quality services. KPMG International has 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. On 30 November 2023, the first evaluation of operational effectiveness was undertaken. KPMG LG assessed that the SoQM provides the Firm with “Reasonable Assurance” that the objectives of the SoQM are being achieved.



Embrace digital technology

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

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

4.1 KPMG Clara

An intelligent audit and assurance technology platform, KPMG Clara is the smart and intuitive technology platform that drives globally consistent audit execution by KPMG firms. It is a fully integrated, scalable, cloud-based platform, that enables our enhanced audit methodology through data-enabled workflows.

The platform 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 approach is integral to how KPMG firms perform quality audits 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 our audits.

4.2 Intelligent, standards-driven audit and assurance workflows

At our firm, all professionals are expected to adhere to KPMG International and our firm's policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. Our policies and procedures set for audit and assurance engagements incorporate the relevant requirements of accounting, auditing, assurance, ethical and quality management standards, and other relevant laws and regulations.

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

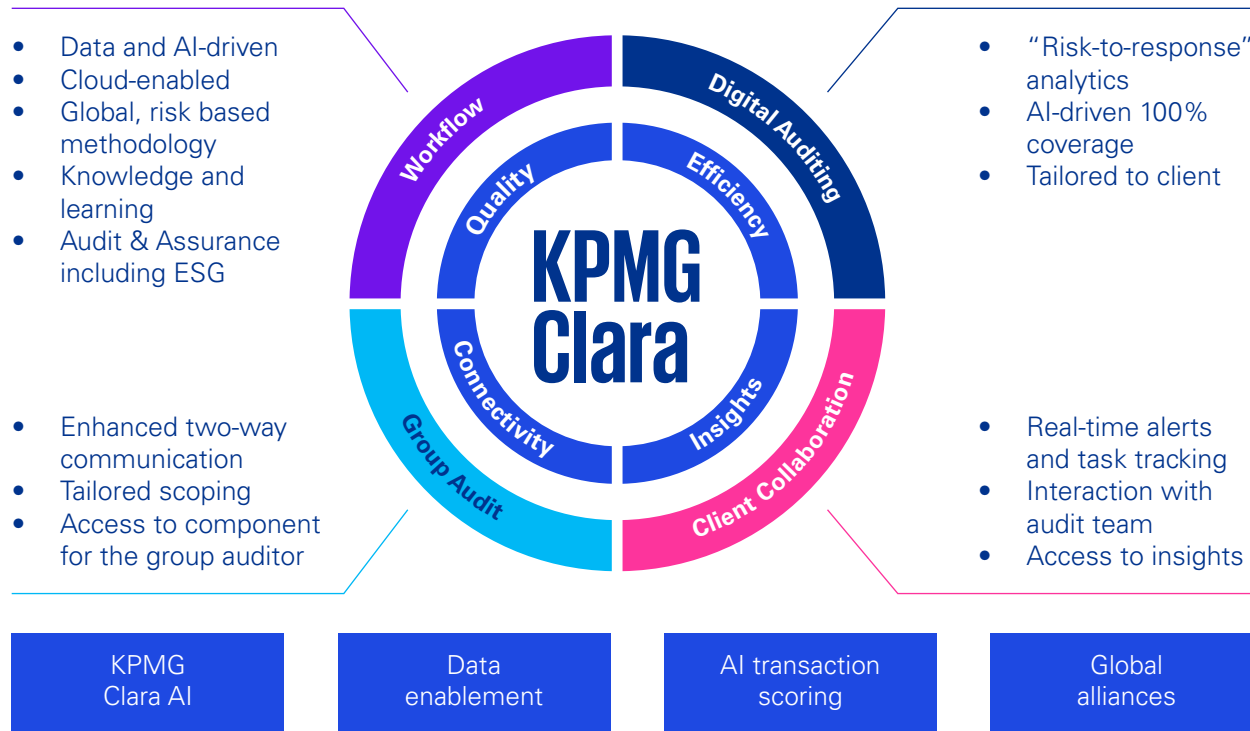
4.3. Digital data and emerging technologies

Our vision of the future

KPMG Clara was developed to be a foundational technology platform to deliver audit quality. It evolves with technologies such as artificial intelligence (AI), data and 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 organization’s 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 teams to focus on higher-risk areas of audit.



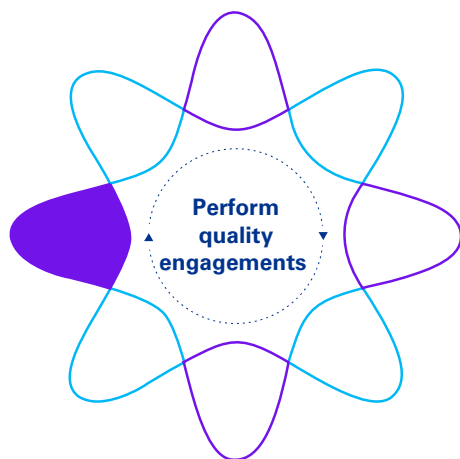
4.3.1 Client information security and data privacy

The protection of confidentiality of client information is emphasized through a variety of mechanisms, including the KPMG Global and our firm’s Code of Conduct.

We protect the confidentiality of our clients’ business information and personal data through our information

security and data protection policies. We have a documented retention and disposal policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with applicable laws, regulations, and professional standards.

KPMG provides training on information security and data privacy requirements to all KPMG personnel annually.



Nurture diverse skilled teams

- **Recruit appropriately qualified and skilled people, including specialists, with diversity of perspective and experience**
- **Assign appropriately qualified teams**
- **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**

Our 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. Our auditors have diverse skills and capabilities to address complex problems.

5.1 Recruit appropriately qualified and skilled people, including specialists, with diversity of 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, retention, and assignment of professionals.

5.1.1 Recruitment

KPMG LG has invested in understanding how we can attract the talent we need now and in the future across

the organization. This requires the right strategies towards recruitment, development, reward, promotion, the right design of candidate sourcing strategies, design of the interview process, recruitment operations, the offer and onboarding process, and the assignment of professionals. This includes building an extraordinary people experience for all current and prospective partners and employees.

Our recruitment talent acquisition strategy is focused on drawing talent across various sourcing channels: entry-level talent from a broad talent base, including working with established universities, colleges, and business schools, but also working with secondary schools, helping build relationships with a younger, diverse talent pool at an early age. KPMG LG also recruits significant numbers at an experienced hire and partner level.

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, behavioral and competency-based interviews, psychometric and ability testing as applicable, and qualification/reference checks. On joining the firm, the new joiners participate in a two-day long induction program which includes training in areas such as ethics and independence, quality and risk management principles, engagement management and our people management procedures. The program helps new joiners learn about the processes and procedures within the firm. The objective of this session is to ensure the new joiner has a smooth integration within KPMG and understands the history, future, vision, mission, and purpose of KPMG.

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate.

The Partner hiring process is rigorous and thorough, involving appropriate members of leadership. Our criteria for Partner hires are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice. These are strongly aligned to KPMG's behavioral capabilities and are based on consistent principles.

We recruited over 180 new graduates in the year ended 30 September 2023 (2022: approximately 56) and over 280 permanent employees in the year ended September 2023 across the audit function and within networks supporting audit quality.

5.1.2 Inclusion, diversity and equity programs

At KPMG, we are committed to building a diverse and equitable firm 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.

KPMG LG is committed to building a diverse and equitable firm that is inclusive to all.

We recognize our firms' 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.

Being inclusive and diverse enables us to bring together successful teams with the broadest range of skills, experiences, and ways of working. We promote a positive integration between work and life to encourage not only professional achievements but also to provide an environment that enables everyone, regardless of gender, ethnicity, age, disability, religion, or socio-economic background to reach their full potential. We strive to be an employer of choice by ensuring that all our people are empowered to make decisions and feel proud and motivated to do their best.

Over the past few years, we have improved our gender diversity firm-wide (male to female ratio) to 58:42 in FY2023. In 2022 KPMG LG signed the UAE gender balance pledge to achieve 30% women in leadership positions by 2025. In FY2023 we have 28% women in the positions of manager and above.

Further, our workforce includes 31% Arabic speakers who are integrated into our teams to support engagements where Arabic language skills are required. In addition, our partner group comprises 22% Arabic speakers.

We embrace and harness diversity of background, diversity of experience, and diversity of perspective – as a result of which our firm's workforce includes approximately 76 nationalities. KPMG LG recognizes diversity through several observance days throughout the year, notably International Women's Day, Emirati Women's Day, and Omani Women's Day.

Emiratization

Our Emiratization program is headed by Mohammad Zamani, the first Emirati Audit partner in KPMG LG, who joined the firm as an associate after graduating from university in 2011. Mohammad has also completed a 2-year secondment with KPMG UK.

KPMG UAE not only met the 2% Emiratization target mandated by the Ministry of Human Resources and Emiratization (MOHRE), but as of 30 September 2023, we had 30% UAE nationals in our Abu Dhabi office and 12% across the UAE. Further, UAE nationals represented 19% of the total audit staff in the UAE.

In FY23, in line with one of the firm's strategic priorities, the firm initiated a successful recruitment campaign, which resulted in the headcount of the UAE nationals across the firm exceeding 10% of the total headcount of KPMG UAE offices.

Omanization

Similar to Emiratization, KPMG is committed to supporting the Oman government's vision for Omanization. This is embedded in our hiring and sourcing strategy throughout the year. In particular, we invest into the development of Omani nationals through internship opportunities. Currently, 6 Omani interns are undergoing their internship program with us. Our required Omanization target is government-mandated at 45%. We currently have 39% Omanis across the Oman firm with 36% in the audit function.

Internship programs

These internship programs are an Omani National Development initiative led by Omani Partner Aqeel Al Lawati. They seek to provide opportunities to Omani employees to develop the relevant skills and knowledge to pursue a successful career.

ADGMA National Development Program: Pre-audit qualification training program (PAQT) and Management & Risk Consulting (MARC) Program for Advisory

This program was initiated with Abu Dhabi Global Market and Human Resource Authority in early 2019. The purpose of the program is to train Emirati graduates, help them obtain their Association of Chartered Certified Accountants (ACCA) qualification as part of PAQT and Project Management Professional (PMP) qualification as part of Management & Risk Consulting (MARC) Program for Advisory. In addition to providing them on-the-job experience. Through this program, KPMG has trained over 200 Emiratis.

Female Mentoring Program

This program was initiated in 2021 and is designed to provide mentoring opportunities to our female colleagues across the firm. The program provided a safe support structure for women and fostered constructive conversations between experienced mentors (females/males) and female mentees. In 2023 we had over 150 females mentored by senior leaders in the firm which supported their personal goals and career aspirations.

KPMG Women's Network (KNOW)

KPMG Network of Women is a network open to all colleagues that provides a platform where our people can connect with each other to share success stories, provide guidance, and foster a more caring environment. Quarterly conferences are held with themes linked to our vision and mission.

KPMG LG IDE Training

KPMG LG developed our own in-house training specific to the topic of IDE in 2022. This was rolled out to all our Partners and Directors, and we achieved 100% attendance. We continue to offer this training as part of our core learning curriculum to all colleges. The training is designed to educate everyone on our IDE definitions, goals and explore the topics of bias and inclusion.

IDE Champions Network

An IDE Champions network was also established in 2022. This group of passionate individuals are responsible for driving IDE at the grassroots level. We have over 30 members across LG.

The KPMG Global inclusion, diversity and equity 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](#).

5.1.3 Reward and Promotion

Reward

KPMG LG has compensation and promotion policies that are clear, simple, and linked to the performance review process which, for partners, includes the achievement of key audit quality and compliance metrics. This helps our partners and employees know what is expected of them, and what they can expect to receive in return.

Reward decisions are based on consideration of personal, service line, and organizational performance.

The extent to which our people feel their performance has been reflected in their reward is measured through the global people survey, with action plans developed as required.

Promotion

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

Evaluation process including quality and compliance metrics

KPMG LG professionals, including partners, have annual goal-setting and performance reviews. Each professional is evaluated on their agreed goals, demonstration of our global behavior, technical capabilities, and market knowledge. A culture of continuous improvement is encouraged to drive feedback, both positive and developmental, from junior and senior colleagues as well as peers. The feedback gathered forms an integral part of performance reviews.

Going beyond performance reviews and compensation, the 'KPMG Global Behaviors' are designed to extend across all our people processes, including recruitment methodologies, recognition approaches, and development planning. These are constant reference points articulating to our people what is required for success individually and collectively.

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

Effective FY2021, the Quality & Risk Compliance Rating (Q&RR) Framework ('the Framework') has been developed and:

- Is issued as input to the annual goal setting and performance review process to drive and reward quality performance and risk awareness.
- Uses quality, E&I, and risk metrics to objectively assess individuals who have fallen short in demonstrating the required standards of quality, E&I and risk management expected by the firm.
- Aims to improve the clarity of the linkage between quality-related input and the performance review and remuneration process.
- Supplements the existing performance evaluation model for partners and staff.

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

5.2 Assign an appropriately qualified team

At KPMG we have policies, procedures, and controls 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. The Head of Audit is responsible for the partner assignment process supported by the Audit COO, and Audit Leaders (Abu Dhabi and Muscat). Key considerations include partner experience and capacity – based on an annual partner portfolio review – to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit engagement partners are responsible for determining their engagement teams have appropriate competencies, training, and capabilities, including time, to perform audit engagements in accordance with our audit methodology, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own firm, other KPMG firms or external experts.

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

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

- Understanding of KPMG’s quality control policies and procedures;
- Quality Performance Review (QPR) results and results of regulatory inspections.

5.3 Invest in data-centric skills – including data mining, analysis, and visualization

The KPMG organization is strategically investing in prospective talent by partnering with world-class institutions to sustain strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. In our firm, we are recruiting and training professionals who specialize in software, cloud capabilities, and AI and who can bring leading technology capabilities to the smart audit platform that we use. We provide training on a wide range of technologies to help ensure that field professionals not only meet the highest professional standards but are also upskilled in new technology. With this approach, we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

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

5.4.1 Commitment to technical excellence and quality service delivery

Our audit policies require all KPMG audit professionals to have the appropriate knowledge and experience for their assigned engagements. All our 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.

Where the right resource is not available in our firm, we access a network of highly skilled KPMG professionals in other KPMG member firms. Further, our recruitment process is focussed on attracting skilled professional globally, including subject matter experts, to enhance our quality credentials.

5.4.2 Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development groups at global, regional and, where applicable, KPMG firm level. Our local Audit Learning and Development team further identifies training priorities focussed at country-specific topics and professional requirements.

The global, regional and local priorities are collated into an annual training curriculum and the minimum mandatory learning requirements for audit professionals across the KPMG organization are established. Training is delivered using a blend of learning approaches and performance support.

We also deploy training related to independence, integrity, and other risk management training that we deemed necessary for all professional in the firm.

Mentoring and on-the-job training

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 as part of enabling KPMG professionals to achieve their full potential and instil that every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

In relation to audit, KPMG LG:

- deploys a variety of learning solutions that are designed to reinforce our values and ensure our professionals get the fundamentals right. These learning solutions also aim at developing the necessary skills and attitudes to make judgments and apply professional skepticism that enhance audit quality. These training also includes independence, maintaining integrity and other risk management training.
- provides instructor-led and virtual classroom training, performance support tools, coaching guides, and just-in-time learning. Guidance is available on judgmental audit topics — this is used by audit teams and is embedded across our audit learning solutions.

- has developed professional judgment tools, designed to reinforce the importance of independence and objectivity, and to assist engagement teams in demonstrating professional skepticism
- provides courses to enhance personal effectiveness and develop leadership and business skills. Our partners and employees are developed further for high performance through stretch assignments and global mobility opportunities.

We provided 41,556 hours of training in 2023 CPD cycle (1 August 2022 to 31 July 2023), with an average of 50 learning hours per audit staff (FY 2022: 45,239 hours, average of 58 learning hours per audit staff).

5.4.3 Licensing and mandatory requirements for IFRS® standards and US GAAP engagements

Licensing

All KPMG professionals in our firm are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development requirements in the jurisdiction where they practice. KPMG LG policies and procedures are designed to facilitate compliance with licensing requirements. We ensure that audit professionals working on audit engagements have appropriate audit, accounting and industry knowledge, and experience in the local financial reporting framework, predominantly– IFRS Standards. Where required, we also access subject matter experts within our firm and the KPMG global network.

Mandatory requirements – IFRS Standards and US GAAP engagements

KPMG International has established specific requirements for partners, managers and Engagement Quality Control reviewers (EQCR) working on IFRS Standards engagements in countries 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). The policies require that at a minimum, all partners, managers and, if appointed, the EQCR (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 assigned to the engagement have completed all relevant trainings and that the engagement team, collectively, has sufficient knowledge and experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

5.5 Recognize quality

5.5.1 Personal development

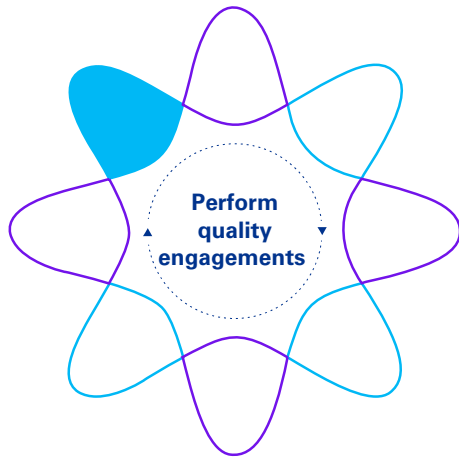
Our approach to performance development, ‘Open Performance Development’, is built around the ‘Everyone a Leader’ performance principles which are supplemented by the ‘global audit technical core competencies’ to provide a holistic view of expectations. The performance development approach includes:

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

At the same time, we are driving a shift in our performance-driven culture, supported by, and enacted through leading technology made available by KPMG International 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.

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



Associate with the right clients and engagements

- **Global client acceptance 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.

6.1 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.

6.2 Accepting appropriate clients and engagements

6.2.1 Client evaluation

Our 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 obtaining and assessing additional information required to satisfy applicable legal/regulatory requirements.

6.2.2 Engagement evaluation

We consider a range of factors considered when we are 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 we are 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 required to be documented and resolved prior to acceptance.

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

6.2.3 Continuance process

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

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

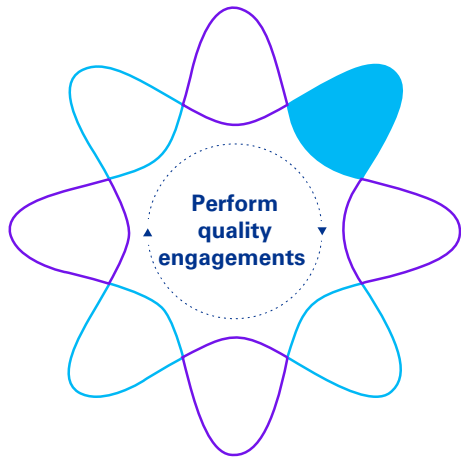
6.2.4 Withdrawal process

When we come to a preliminary conclusion that indicates we should withdraw from an engagement or client relationship, we must consult internally and identify any required legal, professional and regulatory responsibilities with respect to that relationship. We also consider further communications with those charged with governance and any other appropriate authority as required under its professional obligations.

6.3 Manage portfolio of clients

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

Our firm’s 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. See section 5.2 Assigning an appropriately qualified team.



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.

7.1 Act with integrity and live our Values

We know that trust is earned by doing the right thing. We are committed to the highest standards of personal and professional behaviour throughout our firm in everything we do. Ethics and integrity are core to who we are. Within our firm's Code of Conduct, we outline the responsibilities KPMG people have to each other, our clients and the public. It shows how our Values inspire our greatest aspirations and guide all of our behaviours and actions

7.2 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's financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

Policies are supplemented to help ensure compliance with the standards issued by the United Arab

Emirates Ministry of Economy, the Emirates Securities and Commodities Authority, the Abu Dhabi Accountability Authority, the Dubai Financial Services Authority, the Central Bank of the United Arab Emirates, the Abu Dhabi Global Markets, the Capital Market Authority of the Sultanate of Oman, and the Central Bank of Oman.

Our 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 is part of the global KPMG Quality and Compliance Evaluation program.

7.2.1 Personal financial independence

KPMG firms and KPMG professionals 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. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (e.g. late reporting of an investment acquisition).

We 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 the KPMG independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

7.2.2 Employment relationships

Any KPMG professional providing services to an audit or assurance client irrespective of function is required to notify the firm EIP if they intend to enter into employment negotiations with that client. For partners, this requirement 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.

KPMG professionals engaged in negotiations regarding possible employment with an entity we audit are immediately removed from the audit engagement.

If a professional accepts employment with an entity we audit, the engagement team considers the appropriateness or necessity of modifying the audit procedure to adjust for risk of circumvention by the former professional of the KPMG firm.

7.2.3 Firm financial independence

KPMG firms are required to also be free from prohibited interests in, and prohibited relationships with, audit clients, 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 firm borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets must also be recorded.

On an annual basis, we confirm compliance with independence requirements as part of the global KPMG quality and compliance evaluation program.

7.2.4 Business relationships/suppliers

We have policies and procedures in place to ensure our 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 SEC.

These include establishing and maintaining a process to evaluate potential third-party arrangements (for example business alliances and joint working arrangements, procurement relationships and marketing and public affairs activities) with particular regard to whether they have a bearing on auditor independence.

All prospective business relationships are evaluated to assess association risks and to identify potential auditor independence and conflicts of interest issues. A relationship involving a third-party service provider — that a KPMG firm will use to assist with client engagements or other purposes — is also required to be evaluated to determine whether the third party has the competence to provide the relevant services. The individuals providing the services are required to confirm they understand and will comply with applicable ethics and independence requirements, and they are also required to complete ethics training. Third parties providing services to audit or assurance clients are required to complete independence training.

7.2.5 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.

We also provide all partners and employees with annual training on our firm's Code of Conduct.

7.2.6 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 our 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 their success in selling non-audit services to their audit clients.

7.2.7 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 exceeding 15 percent for two consecutive years, we would engage a partner from another KPMG firm as the engagement quality control (EQC) reviewer and the fee dependency would be publicly disclosed.

7.2.8 Avoid conflicts of interest

All KPMG firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived to have, an impact on a firm's and/or its partners' or employees' ability to be objective or otherwise 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.

7.2.9 Independence breaches

All KPMG personnel are required to report an independence breach 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 with those charged with governance.

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

7.2.10 Partner and firm rotation

Partner rotation

Our 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 time these partners are restricted in the roles they can perform.

Firm rotation

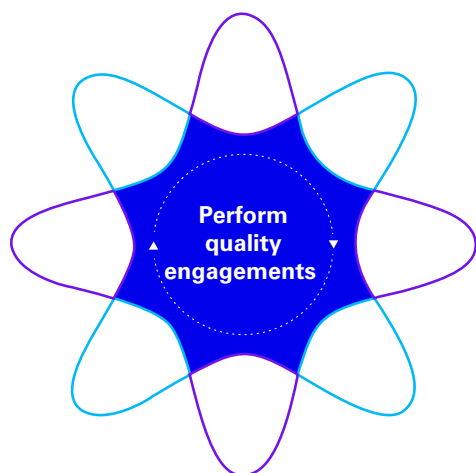
In certain jurisdictions, KPMG firms are only permitted to act as an auditor for a specific audit client for a defined period of time and then are not to act as auditor for that client for a specified period of time thereafter. KPMG firms in these jurisdictions are required to have processes in place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

7.3 Have zero tolerance of 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.

Further information on KPMG International anti-bribery and corruption policies can be found on the [anti-bribery and corruption site](#).



Perform quality engagements

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

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

8.1 Consult when appropriate

8.1.1 Encouraging a culture of consultation

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

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

8.1.2 Technical consultation and global resources

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

Global Audit Methodology Group (GAMG):

Develops KPMG International'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): Develops and deploys global audit and assurance solutions, including new technology and automation innovations. the GAMG and KGSG teams bring diverse experience and innovative ways of thinking to further evolve KPMG firms' audit and assurance capabilities.

International Standards Group (ISG): Promotes consistency of interpretation of IFRS Accounting Standards and IFRS Sustainability Disclosure

Standards by KPMG firms and develops global audit guidance in response to emerging issues and to promote global consistency.

PCAOB Standards Group (PSG): Promotes consistency in the interpretation of PCAO Bauditing standards in KPMG firms' audits of non-US components and 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 delivery of such training.

Member firm professional practice resources: Provide consultation support on auditing and technical accounting matters to their audit professionals involving regional or global teams when required.

KPMG LG Department of Professional Practice Resource (DPP):

Across our firm the role of DPP is crucial in terms of the support that it provides to the audit function. It provides technical guidance to client service professionals on specific engagement related matters, develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates international guidance on IFRS and ISAs.

Mandatory consultation requirements are communicated to the engagement teams via local DPP consultation policy.

Since the financial year 2016, DPP has undergone significant evolution. In FY23, KPMG LG, Saudi Levant and Caspian was led by a dedicated Partner supported by experienced directors and managers.

To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for formal and informal consultations. DPP also performs pre-issuance reviews of financial statements as per a defined DPP consultation policy.

Further, DPP delivers training courses, provides coaching, performs thematic review, and develops guidance material, templates and workpapers to help the audit engagement teams in performing audits.

DPP participates in global and local networks and working groups to ensure that they are updated

and able to communicate the most relevant and appropriate information to audit teams.

8.2 Critically assess audit evidence using professional judgment and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit including contradictory or inconsistent audit evidence. Each team member needs to exercise professional judgement 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.

8.3 Direct, coach, supervise and review

8.3.1 Embedding ongoing coaching, supervision, and review

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

8.3.2 Engagement quality control (EQC)

The EQC review is an important part of our approach to quality. We have agreed to appoint an EQC reviewer for each audit engagements, 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 our QRMP or our 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

judgements 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 must meet training, knowledge, and experience criteria 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.

8.4 Appropriately support and document conclusions

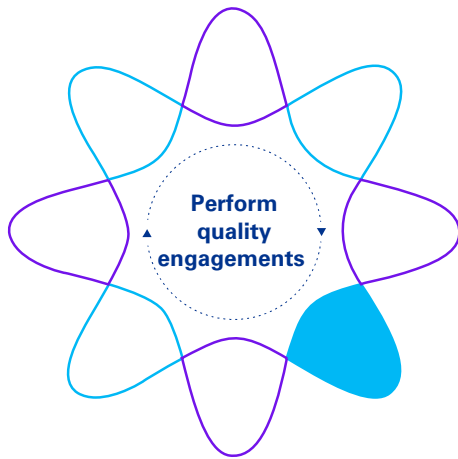
8.4.1 Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained. In preparing auditors' reports, engagement leaders have

access to extensive reporting guidance and technical support through consultations with our department of professional practice, especially where there are significant matters to be reported to users of the auditors' report (e.g., a modification to the opinion or through the inclusion of an 'emphasis of matter' or 'other matter' paragraph).

8.4.2 Engagement documentation

Our firm's audit documentation is completed and assembled in accordance with KPMG International policy and applicable auditing standards. We have implemented safeguards to protect the confidentiality and integrity of client and firm information and we have reduced the time period permitted to assemble audit documentation.



Assess risks to quality

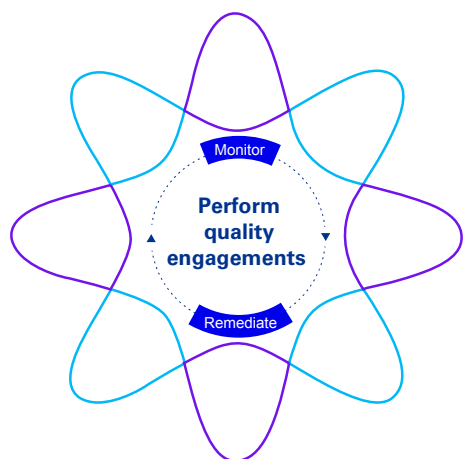
- **Identify and understand risks to quality and implement effective responses**

9.1 Identify risks to quality and implement effective responses

The quality of a KPMG audit rests on the foundational SoQM and our approach to ISQM 1 emphasizes consistency and robustness of controls within our processes. 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 system of quality management.

10.1 Rigorously monitor and measure quality

10.1.1 Commitment to continuous improvement

KPMG firms have committed to continually improving the quality, consistency, and efficiency of their audits. The quality monitoring and compliance programs are globally consistent in their approach across all KPMG firms, including the nature and extent of testing and reporting. In our firm, we compare the results of our internal monitoring programs with the results of any external inspection programs and take appropriate action.

10.1.2 Internal monitoring and compliance programs

Quality monitoring and compliance programs that are created by KPMG International are used by KPMG firms 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 KPMG International policies and procedures.
- Our firm’s compliance with key KPMG International key policies and procedures and the relevance, adequacy, and effective operation of key quality control policies and procedures.

The internal monitoring and compliance programs also contribute to the evaluation of our SoQM operating effectiveness. These programs include:

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

The results and lessons from the integrated monitoring and compliance programs are communicated and we establish action plans to make improvements where needed. Results are also considered by KPMG International.

Audit Quality Performance Review (QPR) program

The Audit QPR program assesses engagement level performance and identifies opportunities to improve engagement quality.

Risk-based approach

Each engagement leader is reviewed at least once in a four-year cycle. A risk-based approach is used to select engagements.

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

Evaluations from Audit QPR

Across the global organization, consistent criteria are used to determine engagement ratings and KPMG firm Audit practice evaluations.

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

KPMG Quality and Compliance Evaluation (KQCE) program

The KQCE program encompasses the testing and evaluation requirements of a KPMG firms SoQM which are necessary to support their compliance with ISQM1, and compliance with quality and risk management policies. KQCE program requirements are to be completed by all KPMG firms.

The 2023 KQCE programs covered the period from 1 October 2022 to 30 September 2023 and helped support our conclusion on the operating effectiveness of our SoQM as of 30 September 2023 and compliance with quality and risk management policies.

Global Quality and 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 risk, results of monitoring programs and people surveys, with each firm subject to a GQCR at least once in a four-year cycle.

The GQCR team comprises partners and managers who are independent of the firm subject to review. The overall objective of the GQCR 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 monitoring and compliance programs are disseminated to our professionals through written communications, internal training tools, and periodic meetings.

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

In our firm, we develop remedial action plans to respond to findings identified through our monitoring and compliance programs. Progress on action plans is monitored and results are reported, as appropriate, to regional and global leadership.

10.2 Obtain, evaluate and act on stakeholder feedback

10.2.1 Regulators

In 2023 we renewed our audit registrations and relevant accreditations in the UAE and Oman.

KPMG International has regular communication with the International Forum of Independent Audit Regulators (IFIAR), which has few UAE regulators as its members. Communication is conducted principally through IFIAR's Global Audit Quality Working Group (GAQWG), 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.

Regulatory Connect Program

Our Regulatory Connect program is designed to foster professional and respectful interactions with regulators in the UAE and Oman. This encompasses

our commitment to proactive engagement, timely responses to inquiries, and the implementation of suitable corrective measures as necessary. Emphasizing ongoing dialogue with key local regulatory bodies, the program includes our constructive engagement with the Abu Dhabi Accountability Authority (ADAA). We are dedicated to fully meeting regulatory expectations, ensuring that feedback from regulators is promptly and comprehensively addressed, and seamlessly integrated into our operational practices.

10.2.2 Client feedback

We proactively seek feedback from clients through in-person conversations and third-party surveys to monitor their satisfaction with services delivered.

10.2.3 Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in our general terms of business.

10.2.4 Other assessment of audit quality

Second line of defence

In 2019, our firm implemented the second line of defence program, with the objective to enhance audit quality by conducting independent review of areas of focus on audit engagements and provide direct real time support and coaching to engagement teams before the audit opinions are signed, with the goal of helping the team deliver an audit that complies with the relevant professional standards.

The second line of defence focuses on specific engagements based on well-designed selection criteria. The review is carried out on a timely basis during each stage of the audit process by an experienced reviewer, independent of the engagement team.

Audit milestone monitoring of selected engagements

Our firm released the audit planning milestone and closeout policy to monitor and review the timely completion of audit planning activities on a milestone basis, and appropriate file assembly with all required documents on the audit file. We use the globally designed data mining tool to monitor selected engagements' compliance with

audit planning milestones. The Data mining tool provides comprehensive and real-time status of the engagement files.

RI quality compliance and efficiency review

The RI quality compliance and efficiency review was launched in FY22. This is a peer review quality inspection program. The program was put in place to ensure that all our client-facing audit Partners and Directors are covered in an annual quality inspection program. At least one engagement of all client-facing Partners and Directors, not covered in our Global QPR or external review, is selected for a limited scope review performed by an independent partner. Engagements are rated compliant, compliant – improvement needed, or not compliant based on specific criteria. Partners and Directors quality rating is impacted based on the rating of their engagements.

The engagement selection process for the review focuses on the RIs who are not covered in any other (QPR or external) review process to ensure 100% coverage of client-facing Partners and Directors.

Pre-issuance

A pre-issuance review is an objective evaluation by a DPP/DPP designated reviewer on engagements which meet pre-defined criteria on or before the date of the auditors' report, of:

- The financial statements/financial information (or relevant sections thereof) for compliance with relevant presentation and disclosure requirements
- The related auditors' report on the financial statements/financial information for compliance with relevant auditing standards

10.3 Perform root cause analysis

In our firm, our SoQM provides the foundation for consistent delivery of quality engagements and our Root Cause Analysis (RCA) program is an integral element of the monitoring and remediation component of the SoQM, driving enhancements to audit quality. Leveraging inputs from internal monitoring programs, external inspections and other activities, we 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 the RCA, we design and implement remedial actions that respond to the underlying cause of the audit quality issues and subsequently monitor the effectiveness of such actions. The RCA remedial action plans and monitoring results are reported to regional and global leadership.

Our Head of Audit is responsible for audit quality, including the remediation of audit quality issues. Our firm's Quality and Risk Management Partner monitors the implementation of the remediation plan. RCA is performed by the audit quality team led by the audit quality leader. Over the last year we have significantly increased the formality of root-cause analysis performed. We conducted six (6) RCA projects in

total in the last three financial years. The outcome of this process is increased visibility of the underlying factors at engagement level that hinder the consistent delivery of high-quality audits. This improved visibility allows us to develop more insightful and focused actions. These actions are broader than training, tools and guidance and are designed to address behavioural and structural matters in addition to areas such as technical knowledge and work allocation.

The progress of the project and remediation plan is discussed and monitored by the AQC.



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.

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

We stress the importance of keeping those charged with governance informed of issues arising throughout the firm and the need to listen to and understand their views. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and ongoing discussions with management and members of the audit committee.

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

Communications with audit committees include:

- An overview of the planned scope and timing of the audit, which includes communicating significant risks identified.
- Significant findings from the audit which may include control deficiencies and audit misstatements.

- An annual written communication that states the engagement team and our firm have complied with relevant independence requirements; describes all relationships and other matters between our firm and the audit client that, in our professional judgment, may reasonably be thought to bear on independence; and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to independence.

We ensure such communications meet the requirements of professional standards. On an annual basis, DPP issues the standard templates of the audit reports from International Standards of Reporting Manual (ISRM) customized for entities regulatory framework. The audit reports are accompanied by tailored narratives for Key Audit Matters (KAMs), material uncertainty related to going concern and other matters.

Experienced partners form the audit opinion after involvement in and review of work performed by the team. The importance of ensuring the clarification of any uncertainties before signing audit reports with DPP is emphasized and well understood.

Global IFRS Institute

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

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

Only with engaged, talented people can we deliver audits in line with our audit quality expectations. Annually KPMG LG personnel are invited to participate in the KPMG's Global People Survey (GPS) to share their perception about their experience of working at KPMG. The GPS provides a measure of our people's engagement and insights into areas driving engagement. Results can be analysed by several factors, for example functional or geographical, grade, and gender to provide additional focus for action.

Through the GPS, KPMG LG gains additional insight into how we are faring on categories known to impact

employee 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 LG leadership and KPMG International leadership with insights related to quality and risk behaviour, audit quality, upholding the KPMG values, employee and partner attitudes to quality, leadership, and tone at the top.

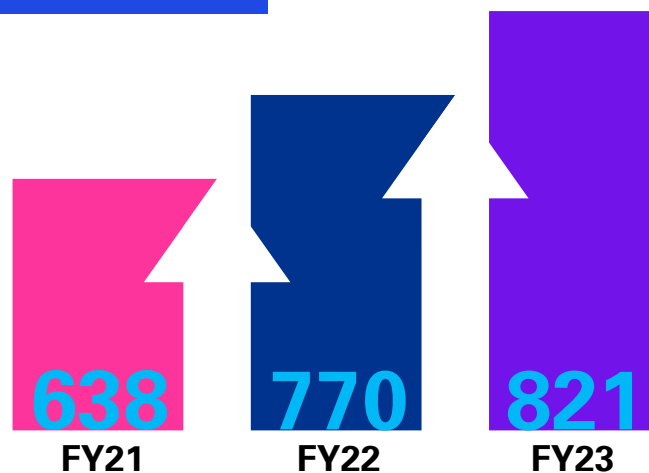
KPMG LG participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. The results of the GPS are also aggregated for the entire global organization and are presented to the Global Board each year and appropriate follow-up actions agreed.

Audit-specific analysis of GPS results is also undertaken with a particular focus on audit quality. Results and key themes are presented to the KPMG LG leadership on an annual basis for consideration of appropriate remedial action, if needed.

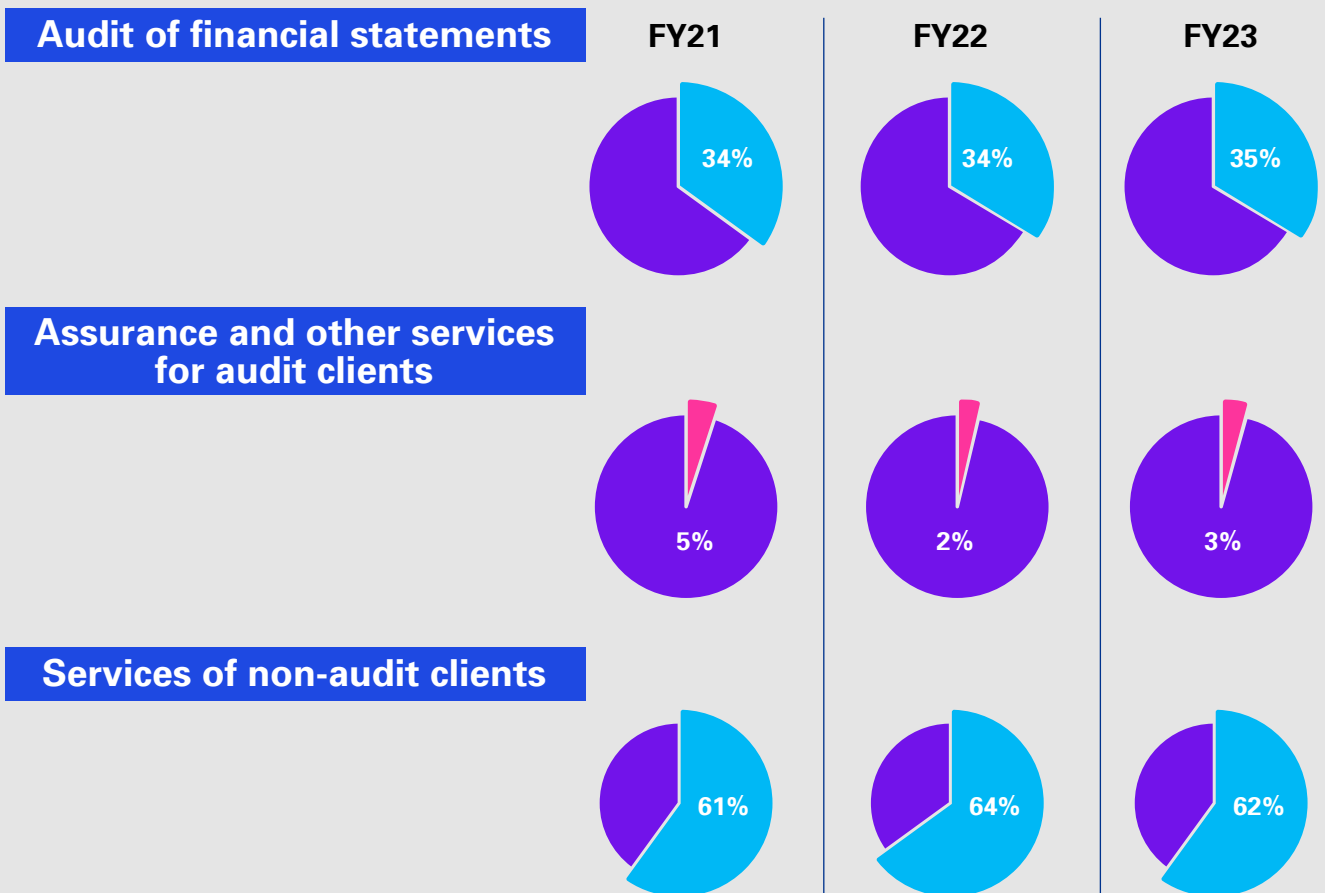
Financial information

Revenue (AED millions)

Total net revenue for KPMG LG



Total revenue split for the firm can be further analysed on the following percentage basis



Partner remuneration

Partners' profit share

Partners are remunerated out of the distributable profits of KPMG LG (such profits being determined by the KPMG LG Board) and are responsible for funding their own pensions along with KPMG LG's contribution towards pensions and other benefits. The final allocation of profits to partners is made by KPMG LG after assessing each partner's performance for the year. The remuneration committee (comprising independent non-executive directors) reviews the partner remuneration based on recommendations from ExCom, and this is presented to KPMG LG Board for final approval.

There are two elements to partner remuneration:

- Base component – a proportion of the KPMG LG budgeted profits are allocated to partners as base component; this is effectively partner salary. The amount of base component reflects the role and seniority of each partner;

and

- Performance related component – rewards performance in the year by each partner against individual objectives previously agreed and the service lines performance and profits of the KPMG LG as a whole. Our policies for this variable element of partner remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership, and living the values of KPMG LG. Audit partners are not permitted to have objectives related to or receive any remuneration from selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.

Drawings

During the year, partners working within KPMG LG received monthly drawings, and variable pay, a performance-related component pertaining to the previous year. The level of the variable component is decided by the executive committee (ExCom) and reviewed by the remuneration committee, and the timing of pay-out is at the discretion of the ExCom, taking into account cash requirements for operating and investment activities. Drawings represent monthly payments based on expected earnings in a year, and while the aim is to ensure these are stable month-to-month, the reality is that monthly drawings can vary in the course of a year if business conditions warrant this; this would require the involvement of the ExCom.

Network arrangements

- Legal structure
- Responsibilities and obligations of KPMG firms
- Professional indemnity insurance
- Governance structure

14.1 Legal structure

Legal structure

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

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

Our firm and all other KPMG firms are party to membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization are members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee.

KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients, directly or indirectly, to clients. Professional services to clients are exclusively provided by member firms.

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

KPMG International and the KPMG member 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 member 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 member firm.

Further detail on the revised legal and governance arrangements for the KPMG global organization can be found in section 'Governance and leadership' of the [KPMG International Transparency Report](#).

14.2 Responsibilities and obligations of KPMG firms

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

Each KPMG firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG Values.

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the KPMG International Global Board and consistently applied to the firms. A firm's status as a KPMG member firm and its participation in the KPMG 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 KPMG International.

14.3 Professional indemnity insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis.

14.4 Governance structure

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.

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 member 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 also includes the chairman of each of the regions

(the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)), and a number of members who are also member firm Senior Partners.

The list of current 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; and
- Global audit quality committee.

Each of these committees is comprised of global board members and reports directly to the global board.

The overarching responsibility of the global audit quality committee is to strive for consistent audit quality across all firms and to oversee KPMG International activities which relate to improving and maintaining the consistency and quality of audits, assurance engagements and the system of quality management provided by KPMG firms. The Global Head of Audit and the Global Head of Audit Quality (the latter being responsible for oversight of audit quality across KPMG for KPMG International) report on audit quality matters to this committee.

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. The GMT also supports KPMG firms in their execution of the global strategy and KPMG International decisions and policies by member firms, including holding them accountable against their commitments. The GMT promotes the commitment to KPMG being a multidisciplinary organization. The GMT also oversees the activities of the global steering groups.

It is led by the global chairman, Bill Thomas. The list of current 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 and global quality and risk management steering group 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; and

- Assess and monitor audit quality issues, including those arising from quality performance and regulatory reviews, and focus on best practices that reduce audit quality findings.
- The roles of the global audit steering group and the global quality and risk management steering group are detailed in 'Governance and leadership' section of the [KPMG International Transparency Report](#).

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.

Further details about KPMG International including the governance arrangements for the year ending 30 September 2023, can be found in the 'Governance and leadership' section of the [KPMG International Transparency Report](#).

Statement on the effectiveness of the system of quality management



Statement on the effectiveness of the System of Quality Management of KPMG Lower Gulf Limited as at 30 September 2023

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1) and KPMG International Limited Policy, KPMG Lower Gulf Limited (the "Firm" and/or "KPMG LG") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm. The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

- a) The Firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- b) Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

KPMG LG outlines how its System of Quality Management supports the consistent performance of quality engagements in the Transparency Report.

AND

Integrated quality monitoring and compliance programs enable KPMG LG to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management.

If deficiencies are identified when KPMG LG performs its annual evaluation of the System of Quality Management, KPMG LG evaluates the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

Emilio Pera
Country Senior Partner
United Arab Emirates, 30 November 2023



Statement on the effectiveness of the System of Quality Management of KPMG LLC as at 30 September 2023

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1) and KPMG International Limited Policy, KPMG LLC (the "Firm" and/or "KPMG LLC") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm. The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

- a) The Firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- b) Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

KPMG LLC outlines how its System of Quality Management supports the consistent performance of quality engagements in the Transparency Report.

AND

Integrated quality monitoring and compliance programs enable KPMG LLC to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management.

If deficiencies are identified when KPMG LLC performs its annual evaluation of the System of Quality Management, KPMG LLC evaluates the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

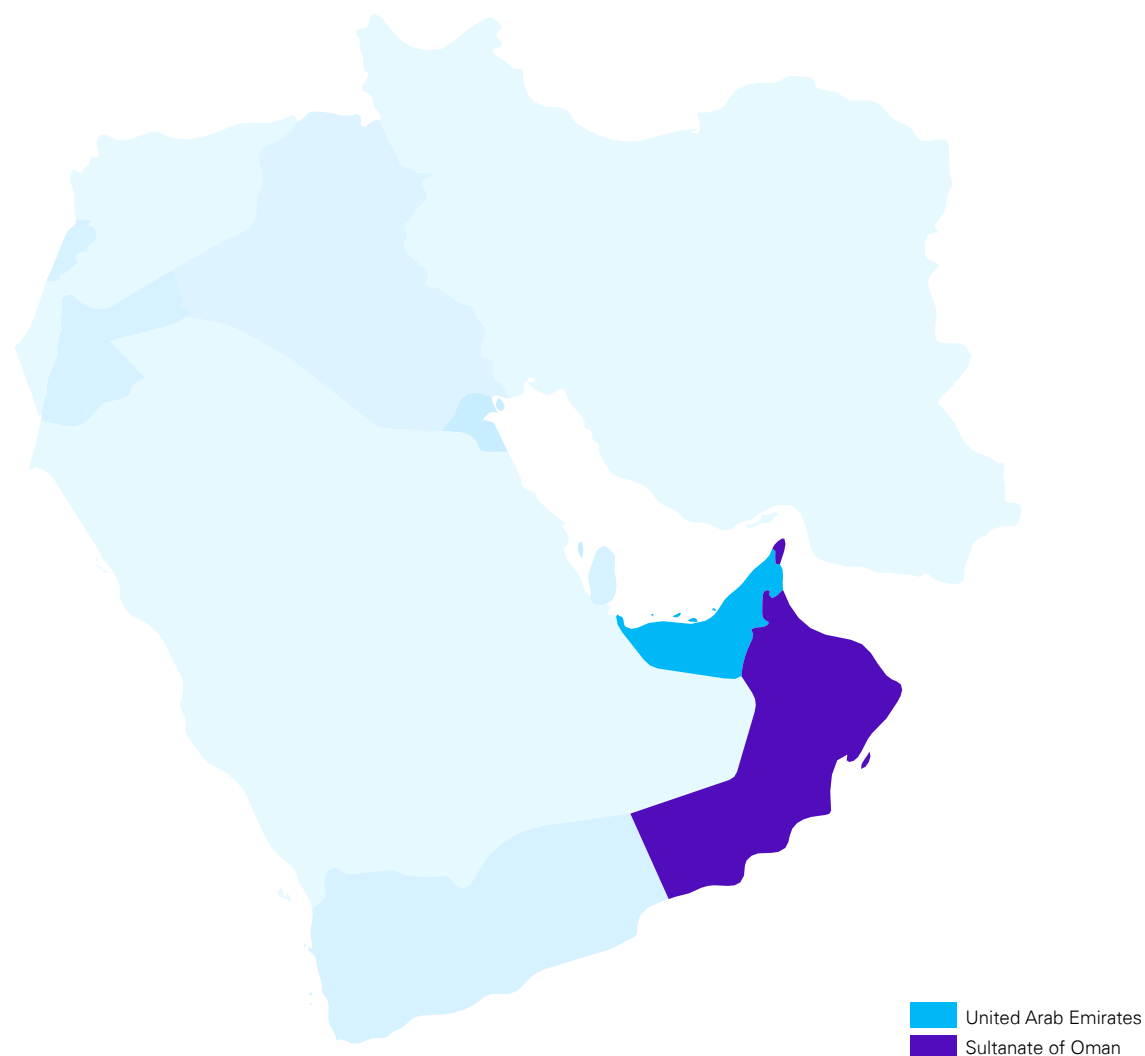
Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.


Emilio Pera
Country Senior Partner
Oman, 30 November 2023

Appendix 1

Key legal entities and areas of operation

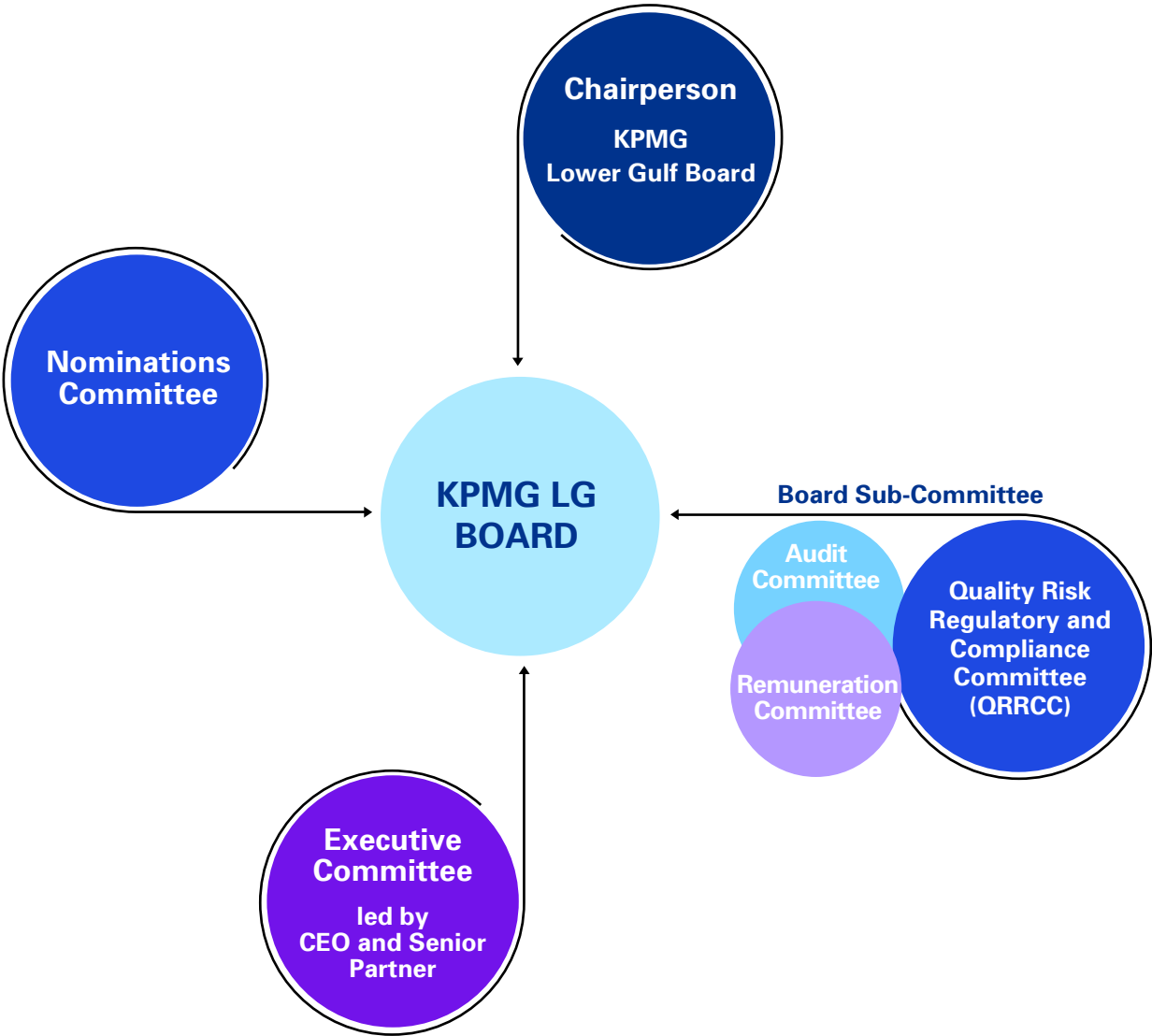
KPMG Lower Gulf Limited is an exempted limited liability company incorporated in the Cayman Islands, with operations in the Sultanate of Oman and the United Arab Emirates. KPMG Lower Gulf Limited is wholly owned by KPMG Lower Gulf Limited Partnership, a limited partnership established in the Cayman Islands.



Appendix 2

Governance structure of KPMG Lower Gulf

The governance structure of KPMG LG is presented on the scheme below.



Appendix 3

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 was EUR 2.4 billion during the year ended 30th September 2023. The aggregated EU/EEA 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 30th September 2023.

*The financial information set forth represents combined information of the separate KPMG member firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

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Throughout this document, “KPMG”, “we”, “our” and “us” refers to KPMG Lower Gulf.

Any references to the KPMG global organization mean the member firms of KPMG International Limited, each of which is a separate legal entity. 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.

KPMG International means KPMG International Limited unless the context requires the reference to mean KPMG International Services Ltd (which provides services, products, and support to, or for the benefit of, member firms or KPMG International Limited but not services, products, or support to clients) or KPMG International Cooperative (which owns and licenses the KPMG brand)

Throughout this document, 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 the KPMG International Limited is provided in the ‘Governance and leadership’ section of [KPMG International Transparency Report](#).

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