



Transparency Report 2024

1 July 2023 – 30 June 2024

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TRANSPARENCY AT A GLANCE

Our people say



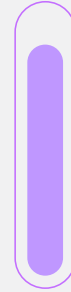
88% FY23: 85%

A commitment to audit quality is evident in our day-to-day behaviours



87% FY23: 89%

When providing independent assurance, the engagement teams I work with emphasise the importance of applying a sceptical mindset and our role in supporting the capital markets and protecting the public interest



86% FY23: 91%

The culture and tone set by Audit practice leadership promotes the importance of audit quality for audit and assurance engagements

Our people

Number

1,683 ↑ 8%

Client service staff

116 ↑ 5%

Audit partners

Diversity

36% Target
40% by 2025

Female audit partners

13% Target
20% by 2025

Culturally diverse audit partners (self-declared)

Ratio

1:15 FY23: 1:14

Partners to client service staff

1:3 FY23: 1:3

Directors, senior managers and managers to client service staff

Quality of our work

100% FY23: 100%

Partners retaining Audit Accreditation

8.2 out of 10 FY23: 8.3

Client feedback – overall client satisfaction

35% FY23: 32%

Audit partners reviewed through our internal monitoring program

0 FY23: 0

Audit opinions relating to KPMG Australia's clients examined by ASIC's audit surveillance that were reissued

100% FY23: 100%

No adverse monitoring findings when engagement supported by Second Line of Defence reviewers

Our technical excellence

23 years

Partner average years of experience at KPMG

62

professionals in DPP

45 hours

Average hours of mandatory learning across all staff levels

100%

Mandatory learning completed

Independence & ethical

49

Instances of individuals identified by our compliance reviews not achieving full adherence to firm policies and procedures (firm-wide)

2

Qualifications of an Auditor's Independence Declaration

0

Whistleblower complaints related to audit quality – internal and external

100%

Annual independence training completed (firm-wide)

100%

Annual confirmation of compliance completed (firm-wide)

FOREWORD – MARTIN SHEPPARD

Our profession has been, and remains, under an unprecedented spotlight, with heightened community awareness and expectations on integrity, confidentiality and trust. In response, KPMG has taken additional steps in FY24 to build on the industry-leading governance model we have developed over the past decade, to sharpen further our focus on transparency and accountability.

Over recent years, our firm has grown significantly, and this expanded reach has brought greater responsibility and required a further commitment to rigorous governance.

In terms of external audit, KPMG is keenly aware of the privileged and vital role we play in supporting capital markets and hence the wider economy and society. Audit is central to our DNA and we have invested heavily in both technology and people initiatives, which this report details, in our ongoing commitment to audit quality. All senior leaders at KPMG continue to have an audit quality focused goal as part of their annual performance and remuneration.

The steps we have undertaken to enhance transparency over the past 12 months have included becoming the first Australian professional services partnership to commit to publicly release executive partner remuneration on an annual basis. We were also the first to publicly release our Partnership Agreement.

In addition, we have increased from two to three the number of independent directors on our Board. We know the value they bring, imparting contemporary external perspectives and challenge – key to meeting stakeholder expectations.

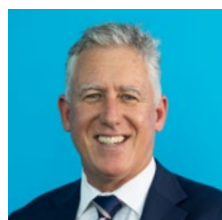
With large audit partnerships moving to varying degrees of financial assurance, KPMG supports the government's consideration of assurance guidelines to ensure there is a consistent reporting framework.

In the spirit of greater transparency, we continue to voluntarily include a number of audit quality metrics in this report. We know the importance of providing decision-useful information to the users of our audit services. This Transparency Report is published alongside [Our Impact Plan 2024](#), which includes voluntary disclosures on our firm-wide progress against 21 public commitments we have made on governance, people, planet and prosperity, in accordance with the Global Reporting Initiative (GRI) standards.

While KPMG Australia has undertaken steps to improve governance and transparency to meet the demands of the domestic environment, it is important to remember that we operate as part of a global network – KPMG International. We benefit greatly from that arrangement in terms of knowledge-sharing, access to resources, joint investments and other learnings which underpin audit quality and consistency of approach, which in turn helps cross-border companies and investors.

Complex modern audits require a broad range of skills and the multidisciplinary professional services model allows us to bring the best people, the most innovative technology and all our collective experience to help clients. Specialist expertise may be needed in the tax, cyber, actuarial, information technology, forensic, financial instrument valuation, or macroeconomic fields. With the new climate-related financial disclosure regime, the need for experts will grow.

I hope you find this Transparency Report useful and illuminating in terms of how KPMG auditors work, what we do and our commitment to the public interest.



Martin Sheppard
National Chairman,
KPMG Australia

INTRODUCTION – JULIAN MCPHERSON AND JULIE CLEARY

For KPMG, the two key elements underpinning our relentless focus on audit quality are our people and technology – and we invest heavily in both.

The wider firm is driving an Ethical Culture program and is continuing to align our Purpose, Values and culture. The Audit & Assurance (A&A) businesses have designed a Culture Change Program consistent with the firm-wide initiative but focused on critical elements that more directly focus on audit quality.

The centrepiece is our High Challenge, High Support (HCHS) program, which has been rolled out during the past 12 months. This initiative is focused on building a culture that is open, safe and inclusive, which operates to the highest ethical and quality standards.

The HCHS program represents a ‘speak up’ culture, where our people are encouraged to voice ideas and observations. It is based on listening, learning and evolving through constructive challenge of each other and our clients.

The coaching and development involved builds on the on-the-job learning that we have all benefited from since the pandemic. We are receiving positive feedback from our auditors about the program.

Another key initiative introduced this year – a key element of the HCHS program and consistent with its open culture – is the ‘team of choice’ (ToC).

ToC gives our teams a direct say in their work processes. It enables our audit teams to discuss how best to meet the needs of our clients while ensuring positive ways of working and the wellbeing of our people.

We have also had a significant focus on upskilling the capability of our people, investing in learning and leadership programs:

- Supporting a continuous learning culture with transition learning pathways and the introduction of Global Audit core competencies.
- Introducing soft skills courses tailored to the needs expressed by our people. These courses, supporting our active listening culture, include training in coaching, project management, presentation skills and influencing tactics.
- Developing talent through the Career Mentoring program.

- Investing in various senior leadership development programs including the Edge of Excellence program for high-performing directors, Women in Leadership program and executive coaching for senior managers, directors and partners.

In terms of technology, this year has seen the ongoing development of AI in the profession – a recent KPMG International survey found that three-quarters of Australian companies are now using or piloting AI in financial reporting. The report also finds that companies are looking to auditors to lead the way and help transform financial reporting.

KPMG has responded to this need by further deployment of our AI transaction scoring tool (Mindbridge). Excitingly, the end of FY24 saw the introduction of KPMG Clara AI – chat, a further AI development of our smart audit platform, which is designed to improve productivity, research and efficiency in our audit and assurance engagements.

The solution has been trained on KPMG-specific audit and assurance methodology, while also pulling from ChatGPT’s large language model. It also supports audit quality by making it easier for our people to source and clarify our audit methodology and amongst other things, will increasingly be able to review and provide suggested additional audit considerations and enhancements to audit documentation.

We remain pleased with our Audit Quality Transformation progress and are focused on delivering a program for our audit professionals to feel confident that they have the support, tools, and environment they need to consistently deliver a high-quality audit, whilst enabling compliance with the international quality management standards.

With the investments we are undertaking, we are excited about the future.



Julian McPherson
National Managing Partner
Audit & Assurance



Julie Cleary
National Partner in Charge
Enterprise Audit & Assurance

1. Our system of quality management is foundational for audit quality

OUR SYSTEM OF QUALITY MANAGEMENT IS FOUNDATIONAL FOR AUDIT QUALITY

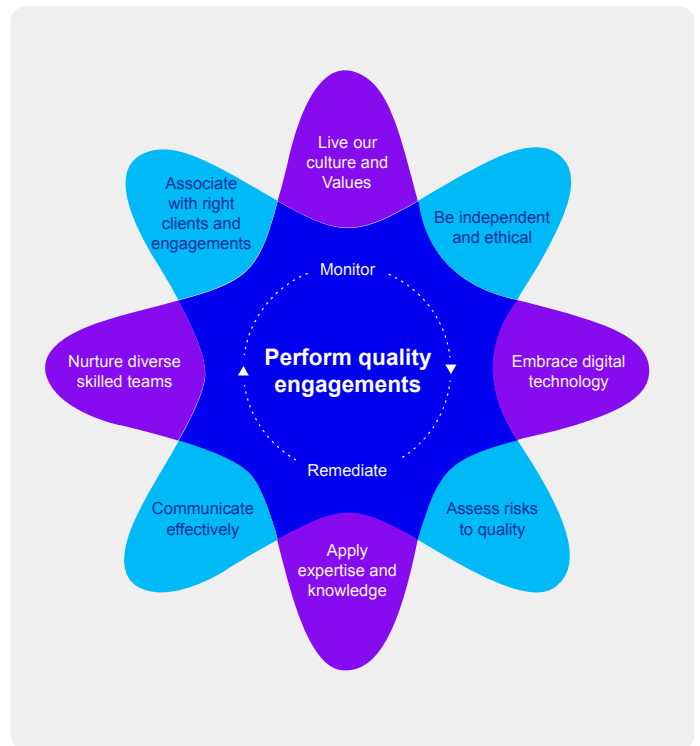
Audit quality is foundational to instilling confidence and public trust in the capital markets and it remains our highest priority. We¹ are committed to lead the profession in audit quality.

To provide more transparency on what drives KPMG audit quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how every partner and staff member contribute to its delivery.

The drivers outlined in the framework reflect the ten components of our system of quality management (SoQM), which align to the International Standard on Quality Management 1 (ISQM1).² This Transparency Report describes how KPMG Australia effectively operates each SoQM component, supporting the consistent performance of quality engagements.

Our report has been prepared to comply with Sections 332G of the *Corporations Act 2001* (the Act) and Regulation 2M.4A and Part 2 of Schedule 7A in the *Corporations Regulations 2001*. It covers the activities of KPMG Australia³ for the financial year to 30 June 2024, and all figures disclosed in this report are as at 30 June each financial year, unless otherwise stated.

This Transparency Report describes how KPMG Australia effectively operates each SoQM component, supporting the consistent performance of quality engagements.



KPMG's Global Quality Framework

¹ Throughout this document, 'KPMG', 'we', 'the firm', 'us' and 'our' refer to KPMG Australia. Any references to the KPMG global organisation mean the member firms of KPMG International Limited, each of which is a separate legal entity.

² In Australia, Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Service Engagements*, issued by the Auditing and Assurance Standards Board, is the Australian equivalent to ISQM1.

³ This report covers the activities of KPMG Australia in Australia. The operations of KPMG Fiji and KPMG Papua New Guinea (PNG) are not captured unless otherwise stated. Refer to Appendix 1 'Key legal entities and areas of operation'. Audit activities in this report represent our Audit & Assurance – External audit division and the Audit & Assurance business unit within the Enterprise division. The Enterprise division serves mainly private and mid-market clients.



2. Live our culture and values

LIVE OUR CULTURE AND VALUES

Our Purpose – to inspire confidence and empower change – is underpinned by our Values: Integrity, Excellence, Courage, Together and For Better. These guide our culture, the decisions we make, the work that we do and the way we behave with each other, our clients and all our stakeholders.

FOSTER THE RIGHT CULTURE, STARTING WITH TONE AT THE TOP

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

Tone at the top

At KPMG, our [Values](#) lie at the heart of the way we do things. To do the right thing, the right way. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our principal responsibility to serve the public interest.

We are committed to the highest standards of personal and professional behaviour in everything we do. Ethics and integrity are core to who we are and within our [Global Code of Conduct](#) (the Code), we outline the responsibilities all KPMG people have to each other, our clients and the public. The Code shows how our Values and Purpose inspire our greatest aspirations and guide all our behaviours and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities.

Everyone at KPMG can expect to be held accountable for their behaviour 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 in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

To safeguard this principle of holding each other accountable, we, along with all other KPMG firms, have agreed to establish, communicate and maintain clearly defined channels to allow our people 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.

Our global and independently operated whistleblower hotline is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to activities of KPMG or KPMG personnel. Reports received by the whistleblower hotline are taken seriously, and for each of them, we will consider how to respond and where necessary, investigate and take appropriate action.

Our firm 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 the disciplinary policy.

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

The KPMG multidisciplinary model

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

LIVE OUR CULTURE AND VALUES

CLEARLY ARTICULATED STRATEGY FOCUSED ON QUALITY, CONSISTENCY, TRUST AND GROWTH

Our Audit & Assurance strategy

The strategy of our Audit & Assurance practice is built on a foundation of uncompromising quality.

We are committed to being a Purpose-led organisation. Our Purpose and intent are embedded in our 'LEAP' strategy. The four strategic pillars of Audit & Assurance's LEAP strategy are: Leader in Audit Quality, Exceptional Client Outcomes and Growth, Accelerate and Explore, and Inspired People.

Our Audit Quality Transformation (AQT)

In FY24, we entered the second year of our AQT, a project designed to provide a step change in our audit quality, and improve the audit experience for our clients and people. During the year, we continued to invest in a wide range of initiatives to support audit quality. While we experienced a decline in our internal audit file inspection outcomes, with 78% of engagements meeting KPMG's internal requirements (FY23: 86%), we saw good performance against audit quality indicators with positive momentum in areas such as staff turnover (reducing), second line inflight file review coverage and technical staff ratios. Pleasingly, no audit opinions or financial statements were reissued as a result of findings from our internal audit file inspection program. We are focused on delivering a program for our audit professionals to feel confident that they have the support, tools, and environment they need to consistently deliver a high-quality audit, whilst enabling compliance with the international quality management standards.

We are creating a culture and environment that is continually listening, learning and evolving, by constructively challenging each other and our clients.

Embedding a High Challenge, High Support culture

Cultural change was one of the AQT projects we launched this year – embedding a standard of High Challenge, High Support.

At KPMG we are guided by our Values and doing great work that matters. As such, we are committed to building an open, safe, and inclusive culture that operates to the highest ethical and quality standards. We are creating a culture and environment that is continually listening, learning and evolving, by constructively challenging each other and our clients.

We are aspiring to achieve a culture where:

- we constructively challenge ourselves and our colleagues
- we constructively challenge our clients
- we coach peers and develop our skills
- we foster an open, safe and inclusive environment.

To help embed this cultural change, we have launched:

- learning for our staff on how to coach
- an Audit & Assurance Ethics Champions Network
- video modules for our staff around modelling the right behaviours.

Our High Challenge, High Support project aligns with our audit strategy focusing on three key elements: being a leader in audit quality, supporting a great people experience, and creating an inclusive culture and workforce that is fit for the future. A Purpose-led, Values-driven culture allows us to achieve this.

LIVE OUR CULTURE AND VALUES

DEFINED ACCOUNTABILITIES, ROLES AND RESPONSIBILITIES RELATED TO 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.

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



National Chairman

The National Chairman is responsible for leading the National Board, ensuring it meets its responsibilities of upholding the highest professional standards of governance, quality and integrity, and the overall strategic positioning of the firm. The National Chairman represents the firm both locally and internationally. Market-facing responsibilities include regular engagement with external stakeholders such as regulators, governments and clients.

The role of National Chairman is elected, voted on by the firm's partners. Each term of office is three years, for a maximum of two terms. This year, the partnership of KPMG Australia elected Martin Sheppard as our new National Chairman, effective from 1 September 2023.



CEO and National Executive Committee (NEC)

Under KPMG Australia's Partnership Agreement, the National Board appoints a CEO to manage the firm and its impacts. The CEO is the most senior executive charged with responsibility for effectively managing the firm against the business strategy, plans and policies as approved by the National Board; and the implementation of regulatory and risk management procedures across the business. The CEO leads the firm's principal management body, the NEC.

Andrew Yates is KPMG Australia's CEO, a position he has held since 1 July 2021. Following a rigorous process that included an independent external assessment and a thorough review of performance on a range of metrics, in March 2024 Andrew Yates was reappointed CEO by the National Board for a second term of three years, to 30 June 2027.



Chief Risk Officer (CRO)

KPMG Australia has a centralised risk function, and partners with risk responsibilities report to the CRO, who is part of the NEC. Every year, the NEC participates in a facilitated process to identify and assess the key risks which may impact the achievement of the firm's strategic objectives.



Our CRO⁴ retains responsibility for the monitoring and remediation of our system of quality management and risk management. The CRO is supported by a team of partners and professionals in each of the firm's service areas. Audit & Assurance has a dedicated Divisional Risk Management Partner (DRMP), Marcus McArdle, who is supported by an embedded network of Audit risk management partners across our offices.



Ethics and Independence Partner (EIP)

Kevin Leighton, our designated EIP, has primary responsibility for the direction and execution of ethics and independence policies and procedures.

The EIP is responsible for communicating and implementing our policies and procedures, which are collated in our Australian Quality and Risk Management Manual (AQ&RMM). Our independence policies are set at or above the requirements of professional standards and the Act. The EIP also chairs the Ethics and Independence Disciplinary Committee which monitors any compliance and disciplinary outcomes. The EIP reports directly to the CRO.

Our partners and staff are always encouraged, and mandated in certain circumstances, to consult with the EIP.



National Head of Audit Quality

Shaun Kendrigan, our National Head of Audit Quality, is responsible for monitoring internal and external audit quality indicators and driving actions for continuous improvement. Shaun is also

the Partner in Charge, Department of Professional Practice (DPP), the centre of technical excellence for audit and financial reporting.

⁴ Tanya Gilerman was the CRO for the year ended 30 June 2024. Paul Low officially commenced as the CRO on 1 July 2024.

LIVE OUR CULTURE AND VALUES

ROBUST GOVERNANCE STRUCTURES

Our governance structure includes committees that have risk and quality responsibilities to oversee and influence the firm's audit quality agenda. These include the below.⁵

National Board

The National Board is the principal governance body for KPMG Australia. It is responsible for oversight and monitoring of the firm's management to drive growth and the long-term prosperity of the firm while engendering trust from the firm's partners, people, clients, and the wider community.

The Board approves and oversees execution of the firm's strategy and ensures there are rigorous processes in place for identifying and managing risk and reputational matters.

Importantly, there is separation of the Board and management. We believe this is fundamental for the appropriate oversight and holding to account of the CEO and the firm's key management body, the National Executive Committee (NEC), on all aspects of performance. As such, the National Chairman is not part of the firm's executive.

The Board Audit Quality Committee

The Board Audit Quality Committee has direct oversight over financial statement audit quality, including the firm's strategy, culture, investment plan and compliance with and excellence in our system of quality management.

The Board Audit Quality Committee is comprised of at least three members of the National Board other than the National Chairman and contains one independent non-executive director.

Audit & Assurance Executive (Audit Executive) and Enterprise Audit & Assurance Leadership Group (Enterprise A&ALG)

Our Audit practice includes the Audit & Assurance division led by Julian McPherson (National Managing Partner, Audit & Assurance) and the Audit & Assurance Business Unit within the Enterprise division, led by Julie Cleary (National Partner in Charge, Enterprise Audit & Assurance).

The Audit Executive is led by Julian. Members of the Audit Executive include Partners in Charge of each of the audit groups, structured by location, and the National Head of Audit Quality. The Audit Executive with the National Head of Audit Quality are responsible for setting the strategy to promote, support and drive continuous improvement in audit quality. Audit quality is discussed by the National Head of Audit Quality during dedicated time at each meeting.

The Enterprise A&ALG is led by Julie. Members of the Enterprise A&ALG include the National Operations Manager, Enterprise Audit & Assurance Audit Quality leader and eight office leads across seven states/territories. Audit quality is discussed at each Enterprise A&ALG meeting and at the Enterprise Audit & Assurance all partner monthly meetings.

Management Audit Quality Committee

The Management Audit Quality Committee, chaired by the National Head of Audit Quality, which includes the National Managing Partner, Audit & Assurance and the National Partner in Charge, Enterprise Audit & Assurance as members, ensures the quality of financial statement audits and associated risks are a priority for Audit leadership.

Specifically, its responsibilities include:

- evaluating proposed audit initiatives to ensure the objectives and outcomes align with maintaining or enhancing audit quality. Initiatives are developed to address matters arising from internal monitoring and external inspections, root cause analysis and other relevant quality indicator and data sources
- assessing the strategic prioritisation, resourcing and timetabling of actions to be delivered through the AQT
- implementing global initiatives to deliver audit quality outcomes in a globally consistent manner
- overseeing the activities of the firm's Audit Quality networks and forums.

⁵ Further details about the firm's governance bodies are contained in 'Governance structure' in section 14.

3. Apply expertise and knowledge

APPLY EXPERTISE AND KNOWLEDGE

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

METHODOLOGY ALIGNED WITH PROFESSIONAL STANDARDS, LAWS AND REGULATIONS

Consistent audit methodology and tools

The KPMG audit methodology, tools and guidance are embedded within KPMG Clara, our global smart audit platform to drive a consistent approach to planning, performing and documenting audit procedures over key accounting processes. One of the key elements includes meeting the applicable standards, namely Australian Standards on Auditing (ASAs).

In Australia, auditing standards and standards of quality management⁶ are legally enforceable and we customise the global methodology for differences in these standards, relevant laws and regulations, and for additional requirements we believe enhance the quality of our audits.

Our audit methodology emphasises applying appropriate professional scepticism in the execution of procedures and requires compliance with relevant ethical requirements, including independence.

DEEP TECHNICAL EXPERTISE AND KNOWLEDGE

Access to specialist network

Specialist expertise is an increasingly important part of the modern audit and is a key feature of our multidisciplinary model. Our engagement teams have access to a network of KPMG specialists to consult. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audits.

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

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

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

This includes access to online financial reporting resources highlighting the potential financial statement implications of matters arising from significant external events. These resources assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications arising from these significant external events and conditions.

Guidance is continually updated as new significant accounting, auditing and reporting issues emerge.

QUALITY AND RISK MANAGEMENT POLICIES

Our AQ&RMM collates our policies, procedures and guidance. It reflects the International Ethics Standards Board for Accountants (IESBA) Code of Ethics combined with Australian specific provisions⁷ and, where applicable, US Securities and Exchange Commission (SEC), US Public Company Accounting Oversight Board (PCAOB) and other regulatory requirements. Our people annually confirm their compliance with these policies and procedures which include personal independence.

⁶ AUASB standards are legally enforceable to audits or reviews of financial reports required under the *Corporations Act 2001*.

⁷ Australian Professional & Ethics Standards Board Code of Ethics.

4. Embrace digital technology

EMBRACE DIGITAL TECHNOLOGY

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

We are a technology-enabled organisation, with technical accounting and auditing resources, guidance and audit platforms and tools available digitally, which enable our engagement teams to effectively operate in office and remote working environments.

KPMG CLARA

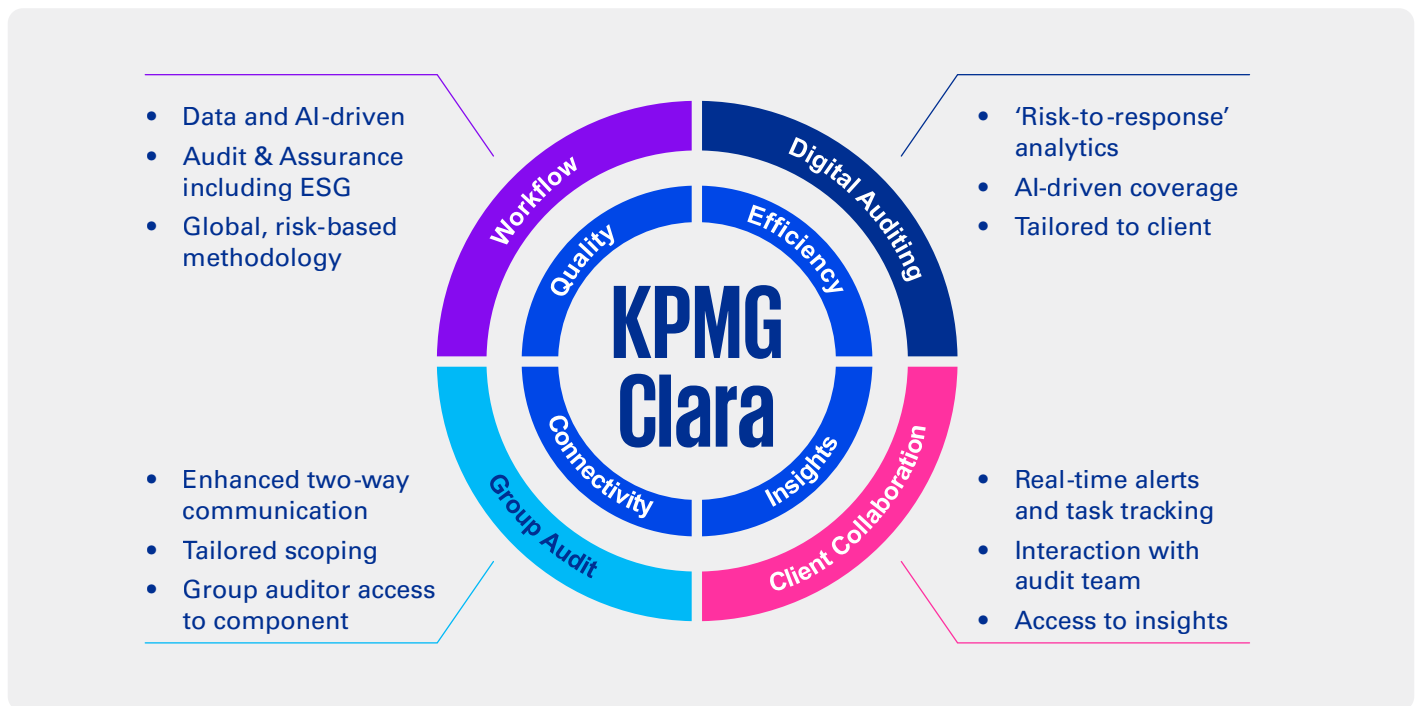
An intelligent audit and assurance technology platform, KPMG Clara integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualisation. KPMG Clara brings new insights by helping auditors to see meaningful patterns across a business, 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 we perform quality audit engagements and interact with our 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.

INTELLIGENT, STANDARDS-DRIVEN AUDIT WORKFLOWS

All our people are expected to adhere to 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 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 methodologies, through data-enabled workflows, that are aligned with the applicable standards, providing an improved experience to auditors.



EMBRACE DIGITAL TECHNOLOGY

DIGITAL DATA AND EMERGING TECHNOLOGIES

Our vision of the future

KPMG Clara was developed as 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. The KPMG organisation'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 an audit.

Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasised through a variety of mechanisms, including the Code and annual compliance attestations.

We have policies on information security, confidentiality, personal information and data privacy. We have a document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the Act, and relevant professional standards.

We provide training on confidentiality, information protection and data privacy requirements to all our people annually.⁸

KPMG Clara AI – chat

Our global smart audit platform, KPMG Clara, is now fully integrated with AI chat, specifically tailored for KPMG Audit & Assurance services.

The solution, known as KPMG Clara AI – chat, is designed to improve productivity, research and efficiency in our audit and assurance engagements. It has been trained on KPMG-specific audit and assurance methodology, while also pulling from ChatGPT's large language model. It also supports audit quality by making it easier for our people to source and clarify our audit methodology and, amongst other things, will increasingly be able to review and provide suggested additional audit considerations and enhancements to audit documentation.

KPMG Clara AI – chat provides our teams with the ability to upload PDF, text or Word documents directly into the tool, unlocking capabilities like analysing, summarising, or translating complex information, and comparing multiple documents.

With this tool, KPMG Partners and staff have access to a personalised coach and research assistant at their fingertips, plus their own administrative assistant that can review and recap large amounts of data, to save time and create new efficiencies.

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

⁸ Refer to KPMG Australia's ['Our Impact Plan 2024'](#) for information on how the firm manages data and cyber risks and our data privacy and security uplift.

5. Nurture diverse skilled teams

NURTURE DIVERSE SKILLED TEAMS

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 our clients' complex problems.

RECRUIT APPROPRIATELY QUALIFIED AND SKILLED PEOPLE, WITH DIVERSITY OF SPECIALIST SKILLS, PERSPECTIVE AND EXPERIENCE

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

Recruitment

We recognise the importance of attracting appropriately qualified and skilled people. We continue to enhance the targeted nature of our search and recruitment approach, by further embedding incentives to attract new talent with the right skills, experience, and passion.

Our recruitment strategy⁹ is focused on drawing entry-level talent from a broad talent base, including helping build relationships with a younger, diverse talent pool at an early age by working with established universities and Chartered Accountants Australia and New Zealand (CA ANZ). We also recruit significant numbers at an experienced hire level.

All candidates apply and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks. These leverage fair and job-related criteria to ensure that candidates possess the appropriate skills and experience to perform competently, are suitable and best placed for their roles.

Where individuals are recruited as partners or executive directors, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate. We do not accept any confidential information belonging to the candidate's former firm/employer.

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.

In FY24, we achieved 36% of female partners in Audit. We strive for a 40:40:20 gender balance in partnership – 40% men, 40% women and 20% all genders (which can include men, women and non-binary people). We have also set ourselves a firm-wide target of 20% culturally diverse partners by 2025, to better reflect the demographics within which we operate, and we will continue to direct further attention and increase our action to accelerate our progress. In FY24, 13% of audit partners identified as 'non-Anglo/Celtic/European', up from 11% in FY23.

The Audit & Assurance People Advisory Board

This year, the first Audit & Assurance People Advisory Board (APAB) was created, consisting of 13 staff across all areas of the division.

The purpose of the APAB is to enhance the experience of our Audit & Assurance team by providing an opportunity for them to engage in the design, development and implementation of operational and people solutions that align to KPMG's Audit & Assurance LEAP strategy vision and goals.

The APAB plays a critical role in bringing fresh thinking to our business challenges and helps develop initiatives that will transform Audit & Assurance for the better. In the last 12 months, the APAB has championed projects like Team of Choice (see page 20) and reinvigorated our reward approach, including introducing formal acknowledgement of day-to-day excellence and delivering to our LEAP strategy, e.g. being a leader in audit quality or role-modelling our High Challenge, High Support cultural ambitions (see page 10).

⁹ Refer to KPMG Australia's 'Our Impact Plan 2024' for information on how the firm manages talent attraction, recruitment and onboarding processes.

NURTURE DIVERSE SKILLED TEAMS

Reward and promotion

We have compensation and promotion policies that are informed by market data and linked to the performance review process. This helps our partners and employees understand what is expected of them, including audit quality accountabilities outlined in globally consistent audit role profiles and also in a mandatory audit quality goal. The results of our annual performance evaluation directly affect the promotion and remuneration of our partners and staff, and acknowledges the efforts required in achieving a high quality audit and, in some cases, their continued association with KPMG Australia.

Reward decisions are based on consideration of personal, divisional and firm performance.

AVERAGE STAFF RETENTION RATES

	FY24 (%)	FY23 (%)
Partner	99	97
Director	97	92
Senior manager	93	86
Manager	83	76
Senior team member	79	76
Team member	87	87

ASSIGN 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 skillsets, relevant professional and industry experience, and the nature of the assignment or engagement. Key considerations include partner experience and capacity to perform the engagement – based on a partner portfolio review – 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 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 specialised areas of accounting or auditing
- knowledge of relevant industries in which the client operates
- ability to apply professional scepticism
- understanding of our quality control policies and procedures
- QPR results and results of regulatory inspections.

We take care to assign the right people to the right clients. For engagements we deem to be ‘high risk’, we have a policy which can restrict the assignment of partners and staff who in the last 12 months have not performed to our standards.

Team of Choice

Team of Choice is a wellbeing program launched for Audit & Assurance in FY24, following a successful pilot last year.

Team of Choice encourages everyone on a team to be open and honest about how they like to work, and then create a blueprint for how they should work together. It’s about empowering our people to agree what is best for the individual and the team, then put it into practice.

Team of Choice conversations focus on staying connected, striving for balance to achieve the right wellbeing outcomes, creating an environment that fosters coaching and development, and thinking about how to celebrate achievements. It offers a psychologically safe environment that gives individual team members freedom to speak up. Benefits include improved wellbeing, greater team morale and better communication.

NURTURE DIVERSE SKILLED TEAMS

Accreditation and licensing

All our partners who sign statutory audit reports are Registered Company Auditors. Registration is granted by ASIC after an assessment of qualifications and competency.

Our partners and directors are subject to additional internal accreditation and knowledge requirements in relation to International Financial Reporting Standards, US accounting and auditing standards, Assurance Accreditation framework, and an Engagement Quality Control Reviewer (EQCR) accreditation framework, acknowledging the need for specific skills in auditing.

These frameworks specify the professional qualifications, training and experience, and results needed from the firm's QPR Program to obtain and maintain accreditation.

For the year ended 30 June 2024, 100% (FY23: 100%) of our eligible audit partners and directors maintained their relevant internal accreditations.

INVEST IN DATA-CENTRIC SKILLS INCLUDING DATA MINING, ANALYSIS AND VISUALISATION

We strategically invest in talent through partnering with world-class institutions to sustain strong leadership, while cultivating the skills and capabilities that will be needed in the future. In our firm, we recruit and train professionals who specialise in software, cloud capabilities and AI, who 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 how to use new technology responsibly. With this approach, we bring together the right people with the right skills and the right technology to perform exceptional audits.

FOCUS LEARNING AND DEVELOPMENT ON TECHNICAL EXPERTISE, PROFESSIONAL ACUMEN AND LEADERSHIP SKILLS

We foster a continuous and future-fit learning and development culture.

All our professionals are provided with the technical learning and support they need to perform their roles. This includes access to internal specialists and the DPP for consultation. Where the right resource is not available in our firm, we access a network of highly skilled KPMG professionals in other KPMG firms.

PROFILE OF KPMG AUSTRALIA'S AUDIT PERSONNEL

	FY24	FY23
No. of partners	116	111
No. of client service staff (excluding partners)	1,683	1,561 ¹⁰
Ratio of partners to client service staff	1:15	1:14
Ratio of directors, senior managers and managers to client service staff below manager	1:3	1:3

AVERAGE YEARS OF EXPERIENCE WITH KPMG¹¹

	FY24	FY23
Partner	23	24
Director	11	13
Senior manager	8	8
Manager	3	3

AVERAGE STAFF UTILISATION RATE IN THE AUDIT PRACTICE (IN %)

	FY24	FY23
Senior manager	62	61
Manager	68	65
Senior team member	80	84
Team member	74	79

¹⁰ FY23 comparatives presented on a consistent basis to allow a direct comparison.

¹¹ With the exception of partners, this table does not include time spent with other KPMG member firms or an individual's relevant experience prior to joining KPMG.

NURTURE DIVERSE SKILLED TEAMS

Lifetime learning strategy¹²

Formal learning

Annual learning priorities for development and delivery are identified by our Audit Learning and Development department.

Minimum mandatory learning requirements for audit professionals are established annually. Learning is delivered using a blend of learning approaches and performance support.

Mentoring and on-the-job coaching

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

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

We support a coaching culture as part of enabling our people 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.

Enhanced partner knowledge

To further develop the audit quality skills of our audit partner candidates, we require candidates to have specific audit quality oversight experience as part of their progression to partner. They fulfil this via a role either as a Second Line of Defence (2LoD) reviewer, a Quality Performance reviewer, or through spending at least six months within a specialised audit quality group within the DPP or the broader Audit & Assurance Division.

LEARNING HOURS FOR NON CA QUALIFIED (OR EQUIVALENT) STAFF

Represents average learning undertaken by team members within their first two and a half years with KPMG.

	FY24	FY23
Audit learning	156	140
Other learning	23	19
Total mandatory learning	179	159

LEARNING HOURS FOR OUR PARTNERS AND STAFF WITH A PROFESSIONAL DESIGNATION (E.G. CA OR EQUIVALENT)

	FY24	FY23
Audit learning	22	17
Other learning	8	6
Total mandatory learning	30	23

Continuing professional development

We require all our audit client service partners and staff to invest in continuing professional development (CPD). They must obtain a minimum of 30 CPD hours annually and at least 120 CPD hours over a three-year period.

We support a coaching culture as part of enabling our people to achieve their full potential.

¹² Besides the audit-specific initiatives listed out in this section, refer to KPMG Australia's '[Our Impact Plan 2024](#)' for our firm-wide initiatives such as KPMG Eclipse Academy.

NURTURE DIVERSE SKILLED TEAMS

RECOGNISE QUALITY

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:

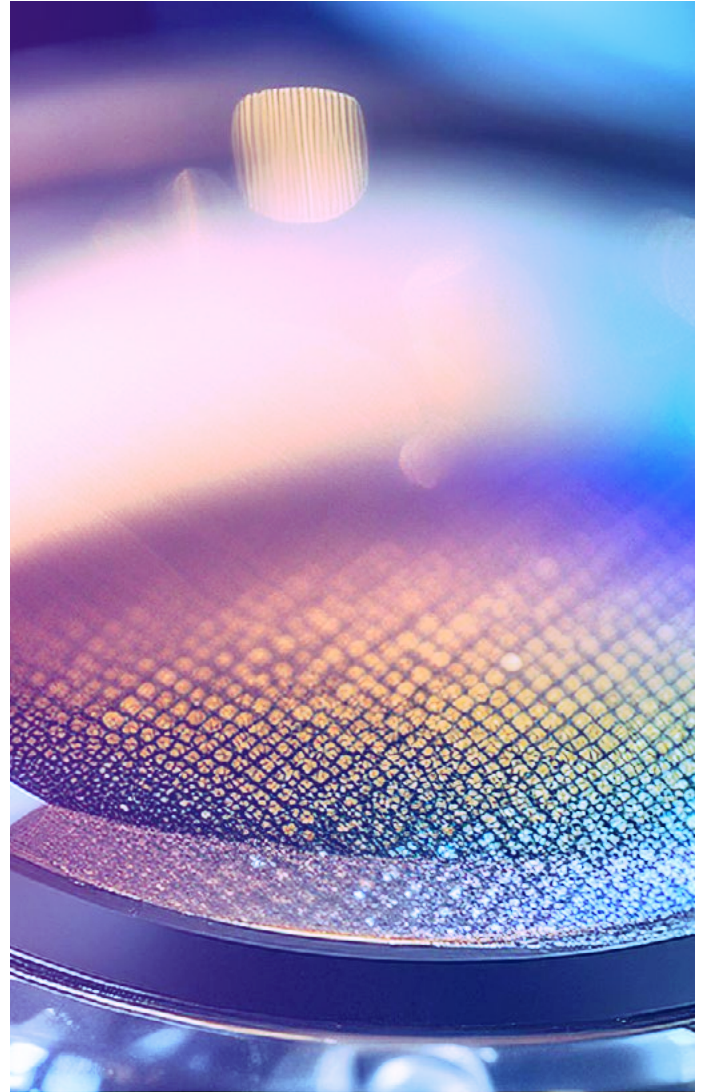
- globally consistent audit role profiles (including role profiles specific to audit quality accountabilities and responsibilities)
- a goal library (including a mandatory audit quality goal).

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 quality.

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

We consider quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners, directors and managers. Individuals are assessed on whether their quality indicators demonstrate that their audits are executed consistently in line with KPMG's definition of audit quality. Indicators used in determining the quality rating include performance in our internal inspection programs, results of ASIC audit inspections/surveillance and completion of mandatory learning.

For NEC members, cumulative results of these indicators for their function's contribution to audit quality, along with an individual's influence and effectiveness contributing to that performance is considered. Our CEO also assigns members of the firm's NEC an audit quality-focused goal and an Audit Quality Role Profile which feeds directly into annual performance and remuneration outcomes. This is to ensure that all our senior leaders – not just auditors – understand and are held accountable for audit quality.



We are driving a shift in our performance-driven culture, supported by and enacted through leading technology.

6. Associate with the right clients and engagements

ASSOCIATE WITH THE RIGHT CLIENTS AND ENGAGEMENTS

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

GLOBAL CLIENT AND ENGAGEMENT ACCEPTANCE AND CONTINUANCE POLICIES

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

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

ACCEPT APPROPRIATE CLIENTS AND ENGAGEMENTS

Client evaluation

Our annual 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.

Engagement evaluation

We consider a range of factors 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 to public interest entities for the first time, additional independence evaluation procedures are performed and then approved by the EIP, 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.

Sentinel, KPMG's proprietary global web-based application, facilitates compliance with auditor independence requirements and identifies potential conflicts of interest for prospective engagements.

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; for example, significant changes in their business, financial position, ownership structure, or issues reflecting on their integrity. The DRMP or their delegate, independent of the audit team, assesses the circumstances of our continuance and their acceptability.

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 by professional obligations.

MANAGE PORTFOLIO OF CLIENTS

High-risk clients

Clients are designated high risk when non-standard or additional risks are identified during acceptance or re-evaluation, and we are still capable of ensuring independence and audit quality. In these cases, we mandate additional risk management or quality control safeguards to the conduct of the audit.

Client portfolio management

We review each audit partner's portfolio at least annually. The reviews consider the industry, complexity and size of the client portfolio as a whole, along with the capabilities and capacity of the partner to deliver a quality audit for every client.



7. Be independent and ethical

BE INDEPENDENT AND ETHICAL

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

ACT WITH INTEGRITY AND LIVE OUR VALUES

We know that trust is earned by doing the right thing. Our Values and the Code spell out very clearly our expectations about our performance and our behaviour. They define for everyone at KPMG who we are and how we act.

MAINTAIN AN OBJECTIVE, INDEPENDENT AND ETHICAL MINDSET¹³

Our EIP is responsible for communicating and implementing independence policies and procedures. All partners and staff are required to complete annual training furthering their knowledge of compliance with laws, regulations and professional standards including those relating to independence, anti-bribery and corruption and confidentiality. In addition, all partners and employees are required to sign an annual confirmation stating, amongst other things, that they have remained in compliance with applicable ethics and independence policies.

Personal financial independence

Our people are required to be free from prohibited financial interests in, and prohibited financial relationships with our audit and assurance clients, their management, directors and, where required, significant owners. All KPMG partners are prohibited from owning securities of any audit client of any KPMG firm.

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

We monitor client service staff compliance with this requirement as part of our program of independence compliance audits of professionals.

Employment relationships

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

Specific prohibitions, and in some instances, cooling-off periods apply to accepting certain roles at audit and assurance clients.

Firm financial independence

Our firm is 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. In Australia, it is extremely rare that our firm will hold any direct or material indirect investments in listed or non-listed entities and funds.

All KPMG firms' 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 & Compliance Evaluation (KQCE) program.

Our Ethics Champions

In Audit & Assurance we have 10 Ethics Champions, who are led by our Audit & Assurance Ethics Ambassador and supported by the firm's Ethics Champions Network.

The Ethics Champions Network provides an additional channel for partners and staff to navigate ethical dilemmas or report unethical behaviour. This enables us to identify and act on instances of misconduct quickly.

KPMG has an ambition to improve psychological safety through its ethical culture program, and having an Ethics Champion in each office provides partners and staff with a familiar, approachable channel, where an individual feels safe and empowered to raise concerns.

We know that trust is critical as part of this process, and have zero tolerance for retaliation. So, to help our people feel more comfortable speaking up, we have a tool that monitors signs of potential retaliation against those who report misconduct.

¹³ Refer to KPMG Australia's 'Our Impact Plan 2024' for information on the firm's ethical culture and ethical decision-making framework.

BE INDEPENDENT AND ETHICAL

Business relationships/suppliers

We have policies and procedures in place to ensure our business relationships with Audit & Assurance clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the SEC.

Non-audit services

The regulatory rules and systems relating to the provision of non-audit services to an audited entity are extensive, which is appropriate given the risk of creating a real or perceived independence issue.

KPMG's Sentinel 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. Any proposed non-audit services to be provided to public interest entity audit clients of the firm require review and approval by the EIP or their delegate and pre-concurrence from those charged with governance at the client.

Our firm is prohibited from evaluating or compensating audit partners on selling non-audit services to any audit clients.

Fee dependence

We will consult with our Regional Risk Management Partner where total fees from an audit client are expected to exceed 10% of the annual fee income of our 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% of the total fees received by our firm in a single year, this would be disclosed to those charged with governance at the audit client. Where the total fees continue to exceed 15% for two consecutive years, we would engage a partner from another KPMG firm as the EQCR and the fee dependency would be publicly disclosed.

Independence training and confirmation

We monitor client service staff compliance with independence requirements of the Act, professional ethical standards, and our internal policies, systems and processes as part of our program of independence compliance audits of professionals.

The monitoring also includes an annual confirmation of compliance from partners and staff, the performance of personal independence compliance audits on a sample basis, and partner rotation compliance audits on a sample of engagements. Our annual KQCE program also tests a sample for compliance with these requirements, including partner terms on relevant audits and the appropriateness of non-audit services provided.

Our compliance testing identified 49 (FY23: 43) instances of individuals not achieving full adherence to our policies and processes. The primary source of non-compliance was failure by individuals to enter or update all their, their spouse's, their spousal equivalent's or their dependant's other investments, including superannuation funds other than our firm's default superannuation fund, into our investments tracking system on a timely basis.

All our partners and client service professionals must complete independence training upon joining the firm, and annually thereafter. We also require our people to complete an annual confirmation stating that they have remained in compliance with our independence requirements and firm policies during the previous year. There was a 100% completion rate for this confirmation, issued in November 2023.

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 combined with Australian specific provisions 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.

BE INDEPENDENT AND ETHICAL

ETHICS AND INDEPENDENCE

	FY24	FY23
No. of partners and staff subject to an independence compliance audit	313	339
Total no. of qualifications of an Auditors' Independence Declaration ¹⁴ – listed companies and listed registered scheme audit clients	0	0
Total no. of qualifications of an Auditors' Independence Declaration – other audit clients	2 ¹⁵	0

Avoiding conflicts of interest

The firm and our 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 the firm's and/or our partners' or employees' ability to be objective or otherwise act without bias.

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

The Commercial Conflicts Resolution Committee (CCRC) is responsible for reviewing, maintaining oversight of, and making decisions relating, but not limited to, commercial conflicts, including proposed engagements, communications, or expressions of thought leadership likely to detrimentally impact our relationship with one or more of our clients.

Our policies and procedures include assessing existing or potential conflicts of interest and risk – including reputational, human rights and environmental considerations – through our client and engagement processes and systems. Our people are prompted in our systems to consider whether an opportunity has the potential to give rise to a potential commercial conflict. Such matters are directed to a Risk Management Partner (or delegate) for review and assessment, and where required, the CCRC for consideration.

Prospective clients or engagements with conflicts that cannot be eliminated or safeguarded to an acceptable level (e.g. through the implementation of system information barriers and ethical divider memorandums) are rejected under our policies.

Audit partner rotation

Rotation requirements limit the number of years partners can provide audit services to a client.

All audit partners (including EQCRs) are subject to the rotation provisions of the Act and Australian professional and ethical requirements. 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. Where relevant, the rotation requirements of foreign regulators such as the US SEC and other local regulatory requirements are also considered. Our rotation requirements also address audit partners on engagements which are not ordinarily subject to any regulated rotation provisions.

KPMG's Global Partner Rotation System is an automated system allowing us to track and comply with increasingly complex regulations governing partner rotation for audits of public interest entities, which also facilitates the identification of suitable qualified and experienced partners during succession planning.

HAVE ZERO TOLERANCE OF BRIBERY AND CORRUPTION

We have zero tolerance for bribery and corruption. Along with the Code, our anti-bribery and corruption program is designed to ensure we uphold the highest standards of professional integrity. This includes detailed policies applicable to all KPMG firms and their personnel, as well as training, compliance procedures and an international whistleblower hotline.¹⁶ During the year, there were no reports of bribery or corruption for the Australian firm.

¹⁴ Required by the *Corporations Act 2001* section 307C.

¹⁵ The two qualifications were due to two partners (or their spousal equivalent) holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. All financial interest was disposed of as soon as practical. The partners did not provide any services to the respective audit clients on behalf of the firm nor were the partners a member of the respective audit teams.

¹⁶ Refer to KPMG Australia's ['Our Impact Plan 2024'](#) for information on our work against corruption.



8. Perform quality engagements

PERFORM QUALITY ENGAGEMENTS

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

ENCOURAGE A CULTURE OF CONSULTATION

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

To help with this, we have 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.

CRITICALLY ASSESS AUDIT EVIDENCE USING PROFESSIONAL JUDGEMENT AND SCEPTICISM

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 scepticism throughout the audit engagement. Professional scepticism involves a questioning mind and remaining alert to contradictory, or inconsistencies in, audit evidence. Professional judgement encompasses the need to be aware of and alert to biases that may pose threats to sound judgements.

DIRECT, COACH, SUPERVISE AND REVIEW

Embedding ongoing coaching and review

We promote a coaching culture as part of enabling our people 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 team members and sharing experiences while directing, supervising and reviewing their work.

Timely partner and manager involvement

During FY24, 95% (FY23: 95%) of our audits of listed entities complied with the audit planning milestones that mandate the timely completion of planning activities to enhance audit quality.

Second Line of Defence (2LoD)

2LoD reviewers work with specific audit teams to help enhance audit quality by conducting independent reviews for in-progress audits and providing real-time support and coaching to audit teams in key audit areas (revenue and significant risk areas bespoke to the specific audit) before the audit opinions are signed.

All 2LoD reviewers are specifically trained, high-performing senior staff. They coach teams to develop and robustly evidence risk assessment, audit approach, and execution of procedures in the key audit areas.

Eight out of eight engagements supported by 2LoD reviewers had no adverse findings when subsequently subjected to either an internal or external monitoring program in FY24 (FY23: five out of five).

Engagement Quality Control (EQC)

The EQC review is an important part of our approach to quality. An EQC review is an objective evaluation of the significant judgements made by the engagement team and its related conclusions, performed by the EQC reviewer (EQCR), and completed on or before the date of the report. The EQCR'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 EQCR 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.

An EQCR is an independent audit partner and is appointed to: all listed engagements and any review(s) of interim financial information, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements, including certain audit and assurance engagements, as designated by our DRMP or our National Managing Partner – Audit & Assurance.

PERFORM QUALITY ENGAGEMENTS

EQCRs are appointed by the local Audit Risk Management Partner. They must meet training, knowledge and experience criteria, and have sufficient time and appropriate authority to perform the EQC review for a particular engagement. Reviewers must be objective, cannot be members of the engagement team and must be independent of the audit client.

APPROPRIATELY SUPPORT AND DOCUMENT CONCLUSIONS

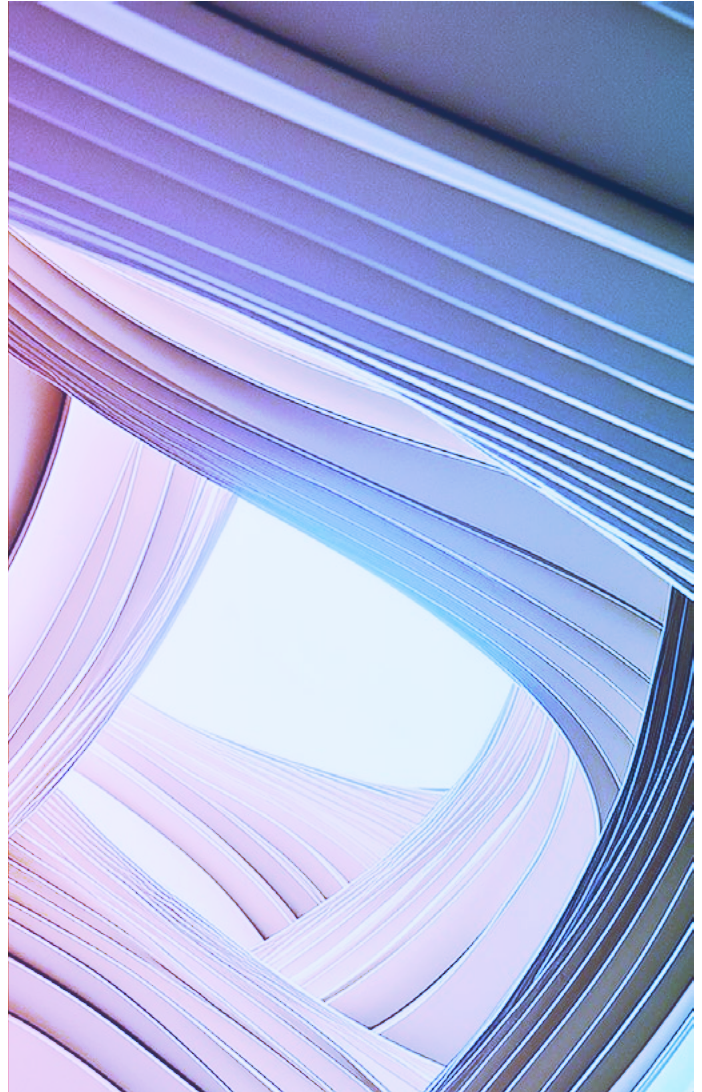
Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained. In preparing auditors' reports, engagement leaders have access to extensive reporting guidance and technical support through consultations with our Department of Professional Practice or Audit Risk Management Partner network, 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).

Engagement documentation

Our audit documentation is completed and assembled in accordance with our 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.

At KPMG, we promote a culture in which consultation is recognised as a strength and that encourages all KPMG professionals to consult on difficult or contentious matters.



9. Assess risks to quality

IDENTIFYING RISKS TO QUALITY AND IMPLEMENT EFFECTIVE RESPONSES

The quality of a KPMG audit rests on the foundational SoQM and our approach to ISQM1 emphasises 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.

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.

In Australia, we also perform our own I-RAP, annually, to identify any additional quality objectives, quality risks or controls specific to our facts and circumstances.

10. Monitor and remediate

MONITOR AND REMEDIATE

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

RIGOROUSLY MONITOR AND MEASURE QUALITY

To ensure our work continues to meet the needs of the capital markets, we use a broad range of mechanisms to monitor our performance, respond to feedback and seek opportunities for improvement.

We use both internal monitoring and external inspections against accepted relevant benchmarks to evaluate our performance, understand the quality of our audit work, prioritise areas for improvement and take appropriate actions.

Internal monitoring and compliance program

KPMG International quality monitoring and compliance programs are used by us to identify quality issues, perform root cause analysis and develop remedial action plans, both for individual audits and for their overall SoQM.

The programs evaluate:

- engagement performance in compliance with the applicable professional standards, applicable laws and regulations and key KPMG International policies and procedures
- our firm’s compliance with 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:

- Quality Performance Review (QPR) Program
- KPMG Quality & Compliance Evaluation (KQCE) program
- Global Quality & 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.

Quality Performance Review (QPR) program

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

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

Engagement partners and directors are reviewed at least once in a four-year cycle. A risk-based approach is used to select engagements.

Of the engagements that did not significantly meet all of our internal inspection program requirements, four audits were financial statement audits of public interest entities (FY23: two). Pleasingly, no audit opinions or financial statements were reissued as a result of findings from our internal audit file inspection program (FY23: none). We have already designed new initiatives for our Audit Quality Transformation program to ensure the underlying drivers of findings are being remediated.

QPR PROGRAM (AUDIT)

	FY24	FY23
No. of QPR financial statement audit reviews performed	40	36
Partners reviewed as a percentage of total partners ¹⁷	35%	32%
Engagements that met our internal inspection program requirements	78%	86%

KPMG Quality & Compliance Evaluation (KQCE) program

The KQCE program encompasses the testing and evaluation requirements of our SoQM which are necessary to support our compliance with ISQM1, and compliance with quality and risk management policies.

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

The SoQM Statement of Effectiveness as of 30 September 2023 is available at section 15. The SoQM Statement of Effectiveness as of 30 September 2024 will be published in late 2024 on the KPMG Australia Transparency Report website.

¹⁷ Note that partners reviewed as a percentage of total partners, only includes partners performing financial statement audits from a broader population of partners and engagements selected for internal monitoring. The overall percentage of partners reviewed will vary year on year depending on the rotation schedule of our smaller offices and their relative size and repeat selection criteria.

MONITOR AND REMEDIATE

Global Quality & Compliance Review (GQCR) program

A GQCR is carried out by a KPMG International team and firms are selected for review using a risk-based approach, which considers a number of factors, including financial conditions, country risks, results of 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 with leadership.

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

Lead audit engagement partners are notified of Audit QPR engagements that did not significantly meet all of our internal inspection program requirements, if relevant to their respective cross-border engagements.

Remediation and monitoring

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 Audit leadership.

Audit Quality Indicators (AQI) dashboard

Our AQI dashboard tracks relevant internal quality measures and data points, and helps us analyse and understand issues that may trigger a risk. The monthly dashboard is made available to the Management Audit Quality Committee, Board Audit Quality Committee and Audit Executive, with key indicators included in reporting to the NEC.

OBTAIN, EVALUATE AND ACT ON STAKEHOLDER FEEDBACK

Regulators

We invest in continuous improvement and rectify any identified deficiencies in audit quality. We also believe that the regulator has an important role to play in enhancing public confidence in the audit process.

Australian Securities and Investments Commission (ASIC)

ASIC conducts an annual risk-based audit surveillance which focuses on promoting the improvement and maintenance of audit quality and compliance with the requirements of the Act, Auditing Standards and Professional and Ethical Standards.

In terms of identifying which audit files to review, ASIC uses a risk-based approach to select files based on financial reporting areas of concern. As such, it considers more complex, challenging, and high-risk audits.

On 18 October 2023, ASIC published the Annual Financial Reporting and Audit Surveillance Report for 2022–2023, its first annual aggregated report covering outcomes from financial reporting and audit surveillances of all audit firms that were inspected. ASIC's annual reports on their surveillance programs are available on their website.¹⁸

In FY24, ASIC selected one higher risk (FY23: two), complex audit file as part of the audit surveillance process. ASIC reviewed select areas of this file requiring higher judgement or estimation.

ASIC routinely reports findings from audit file reviews to directors of the relevant entity as each audit surveillance is completed, in line with the revised RG 260.¹⁹

As well as the audit surveillances, ASIC may conduct focused reviews of aspects of our quality control systems. There were no such reviews conducted for FY24, however ASIC gathered information to scope a review of the firm's SoQM that will occur in FY25.

We take the findings from ASIC's work seriously and believe that the process provides valuable insights to improve the quality of our audits. We conduct an evaluation of all matters identified by ASIC. We also undertake analysis of ASIC's thematic findings, perform deep-dive analysis to identify possible root causes of issues raised, and design solutions as appropriate.

We integrate feedback from monitoring activities, including ASIC audit surveillances, into our Audit Quality Transformation Plan which is shared and discussed with ASIC.

¹⁸ www.asic.gov.au

¹⁹ RG 260 Communicating findings from audit files to directors, audit committees or senior managers. Refer to www.asic.gov.au

MONITOR AND REMEDIATE

Foreign regulators

Our Audit practice is registered with the US PCAOB, Japanese,²⁰ Canadian,²¹ Luxembourg,²² UK²³ and German²⁴ authorities. This is necessary to conduct audits of Australian clients which owing to overseas stock exchange listing requirements, file financial statements in those jurisdictions. The PCAOB inspected our firm during FY24. The inspection included a review of three engagements and an evaluation of our SoQM. The PCAOB has not yet released its final report.

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ promotes the Chartered Accountant (CA) designation and the associated high ethical standards. CA ANZ has advised that it considers the work of ASIC in determining the scope and timing of any review of the large firms to reduce duplication. In March 2021, CA ANZ completed a Quality Review of our practice which focused on our system of quality control, risk management, monitoring activities and the outcomes of those activities, including action plans and remediation programs.

Client feedback

KPMG Australia’s Client Insights Program actively solicits feedback from clients on the quality of our services. This feedback is considered at an individual audit team level and a firm level to inform our client service and quality processes.

	FY24	FY23
Overall satisfaction ²⁵	8.2	8.3

Monitoring of complaints

The global and independently operated Whistleblower Hotline is one of a number of channels for reporting concerns about potentially illegal, unethical or improper conduct. Callers’ reports are handled confidentially, and anonymously if they prefer.

In FY24 there were no internal complaints regarding audit quality (FY23: none). There were no external complaints received (FY23: two) via direct correspondence regarding audit quality at KPMG in Australia.

PERFORM ROOT CAUSE ANALYSIS

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.

Upon completion of the root cause analysis, 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 National Managing Partner Audit & Assurance is responsible for audit quality, including the remediation of audit quality issues. Our Management Audit Quality Committee monitors implementation of the remediation plans.

²⁰ Japanese Financial Services Authority.

²¹ Canadian Public Accountability Board.

²² Luxembourg Commission de Surveillance du Secteur Financier.

²³ UK Financial Reporting Council.

²⁴ Wirtschaftsprüferkammer.

²⁵ This is the score out of 10.

11. Communicate effectively

PROVIDE INSIGHTS, AND MAINTAIN OPEN AND HONEST TWO-WAY COMMUNICATION

A financial statement audit has two main deliverables, the formal audit report and s307C independence declaration, accompanying the signed financial report. These are the observable elements to shareholders. We stress the importance of keeping those charged with governance informed of issues arising throughout the audit through guidance and supporting resources. 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 company and auditor and challenging what auditors do and how they do it.

In recognition of the demanding and important role that Audit Committees play for the capital markets and of the challenges that they face in meeting their responsibilities, the Audit Committee Institute (ACI) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes.

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, partners and staff are invited to participate in KPMG's Global People Survey (GPS) to share their perception on their experience of working at KPMG. Results can be analysed by several factors, including functional or geographic area, partner/staff level and gender to provide additional focus for action.

Through the GPS, our firm measures our people's engagement and gains additional insight about what drives engagement for our people. The GPS includes specific audit quality questions for those individuals who participated in an audit in the previous 12 months, giving us a particular dataset for audit quality related matters.

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

We monitor the GPS results and take appropriate actions to communicate and respond to the findings of the survey.

GLOBAL PEOPLE SURVEY KEY RESULTS (AUDIT)

	FY24	FY23
Employee Engagement Index	73	71
In the engagement teams I work with, a commitment to audit quality is evident in our day-to-day behaviours	88	85
The culture and tone set by Audit practice leadership promotes the importance of audit quality for audit and assurance engagements	86	91
When providing independent assurance, the engagement teams I work with emphasise the importance of applying a sceptical mindset and our role in supporting the capital markets and protecting the public interest	87	89

12. Financial information

This section sets out financial information on the firm that shows the importance of statutory audit work to our overall business and results.

In breaking down the performance, total revenue (includes recoverable expenses) generated in Australia was \$2.345 billion (FY23: \$2.450 billion), and total revenue generated in Fiji and PNG was \$41 million (FY23: \$34 million).

This year we have made important strides in our ongoing commitment to transparency and accountability and the integrity of the data we publish. Grant Thornton Australia completed limited assurance over revenue of KPMG Australia, PNG and Fiji, among other key metrics.²⁶

REVENUE	FY24 (\$B)	FY23 (\$B)
Total revenue for the financial years ending 30 June ²⁶ (includes recoverable expenses)	2.386	2.484

TOTAL REVENUE OF KPMG AUSTRALIA BREAKDOWN

	FY24 (%)	FY23 (%)
Audits of financial statements ^{27, 28}	19	16
Assurance and other services for audit clients ²⁹	5	5 ³⁰
Services for non-audit clients	76	79 ³⁰

²⁶ Please refer to [Our Impact Plan FY24](#) for details of the work undertaken by Grant Thornton. FY24 figures have been prepared in accordance with IFRS Principles, with FY23 comparatives presented on a consistent basis to allow a direct comparison.

²⁷ 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 ending 30 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 30 September 2023.

²⁸ Includes audits and reviews conducted of financial statements, prepared pursuant to sections 292, 295, 302 and 303 of the *Corporations Act 2001*. Includes A\$10.2 million revenues from the statutory audit of annual and consolidated financial statements to Australian clients considered EU public interest entities (definition contained in Appendix 3).

²⁹ Includes A\$3.9 million revenues from other services to Australian clients considered EU public interest entities (definition contained in Appendix 3).

³⁰ 3% of revenue has been reclassified from 'Assurance and other services for audit clients' to 'Services for non-audit clients' to reflect a correction from amounts presented in prior year.

13. Partner remuneration

KPMG Australia sets out clear performance and conduct expectations for partners. The remuneration model is designed to reward performance and behaviours consistent with our LEAP strategy, the Code and Values. As outlined in our Partnership Agreement, our NEC and the Partner Remuneration and Nominations Committee (PRNC) ensure that the system for allocating the profit pool to partners is administered fairly and equitably and is subject to a formal Board approval process.

Any matters of conduct that may have arisen during the performance year are also considered, and appropriate remuneration consequences applied. The model promotes clarity and transparency among the partnership regarding their own remuneration and that of other partners.

Guidance has been established for the application of consequences to partners when incidents occur which relate to ethics and independence, quality, or other behavioural matters. The potential consequences include cautions, warnings, financial penalties, and separation from the partnership. Each year, incidents and recommended consequences are reported to the PRNC by the firm's Ethics & Independence Disciplinary Committee, Chief Risk Officer, Divisional Risk Management Partners, Head of Audit Quality, and National Managing Partner People & Inclusion. The Chief Risk Officer oversees a robust process to ensure the recommended consequences in relation to all reported incidents are fairly considered and appropriate. The PRNC ensures the quality issues are appropriately considered and the recommended consequence is consistent with the firm's guidance.

Additionally, the PRNC observed that the assessment of the performance of audit partners considered the conduct and execution of their audits with no attribution for success in selling non-audit and assurance services in respect of their audit accounts. This practice was consistently and rigorously applied.

There are two components to partner remuneration: a base distribution of profits reflective of role and seniority, and a variable distribution of profits, expressed as a percentage of base remuneration, reflective of performance against previously agreed goals, including audit quality.

Compensation is based on factors including results of internal and external audit inspections and other relevant quality metrics.

In FY24, 12 (FY23: 14) audit partners had their remuneration impacted through an adjustment to their performance bonus or performance rating due to such matters.

The PRNC makes recommendations on the policies for partners' remuneration and hears appeals from partners regarding their remuneration. The CEO remuneration is determined having regard to both the financial and non-financial performance of the firm, including the strength of leadership behaviours, consistent with our strategy and Values.



14. Network arrangements

NETWORK ARRANGEMENTS

KPMG Australia is part of a global organisation of independent professional services firms affiliated with KPMG International.

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 firms³¹ 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 organisation 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. 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-a-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 organisation can be found in the section 'Governance and leadership' of the [KPMG International Transparency Report](#).

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 multinational 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 organisation 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.

PROFESSIONAL INDEMNITY INSURANCE

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

³¹ The name of each audit firm that is a member of the organisation and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available here: [Lists of KPMG EU/EEA Audit Firms](#).

NETWORK ARRANGEMENTS

GOVERNANCE STRUCTURE

KPMG International

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team. Further details on KPMG International's governance structure can be found in the [KPMG International Transparency Report](#).

KPMG Australia

The National Board is the principal governance and oversight body of KPMG Australia.

The National Board is responsible and accountable to partners for:

- the stewardship of the Partnership for the benefit of current and future partners
- the successful conduct of the firm
- enhancing the image and profile of the firm
- the implementation of issues voted on by the partners.

The current standing committees of the National Board are the:

- Audit, Finance & Risk Committee
- Audit Quality Committee
- Governance, Regulation & Compliance Committee
- Nomination Committee.

The National Executive Committee (NEC) is the principal management body of KPMG Australia. It is responsible for driving the financial performance of the business, the development and execution of strategy and establishing the processes to monitor and enforce policy compliance. As at 30 June 2024, it was led by the Chief Executive Officer, and its members included the National Managing Partners of each of the Audit & Assurance, Consulting, Tax & Legal, Enterprise, Deal Advisory & Infrastructure, Clients & Markets, People & Inclusion and KPMG Futures divisions, along with the Chief Risk Officer (CRO), Chief Financial Officer, Chief Digital Officer and the Chief Operating Officer and Head of Corporate Affairs.

Through the CRO's membership of the NEC, the CRO provides regular updates and escalates key messages from the Service Delivery Risk Committee, which they chair, the Ethics and Independence Disciplinary Committee, the Commercial Conflicts Resolution Committee and the Risk Management and the OGC function.

Service Delivery Risk Committee

- Oversight of risk management arrangements relating to service delivery to clients.
- Discuss business risks, including emerging risks, and their potential impact, as they affect service delivery.
- Recommend improvements to firm systems and processes as needed.
- Support the efficient application of risk management practices across the firm.

Ethics and Independence Disciplinary Committee

- Deal with referrals of non-compliance with the firm's ethics and independence policies.
- Determine disciplinary sanctions with the approval of the National Executive Committee and/or the National Board.
- Recommend improvements to firm policies, systems and processes as needed.

Risk Management and OGC function

- Promote processes and structures to support risk management and quality.
- Develop risk and quality policies, systems and procedures.
- Support the implementation of risk and quality systems and procedures to comply with local and global requirements.
- Monitor and test risk and quality policies, systems and procedures.
- Create tools and templates to support the management of compliance obligations.
- Provide support and guidance to all professionals on application of appropriate policies and systems.

15. Statement on the effectiveness of the system of quality management

STATEMENT ON THE EFFECTIVENESS OF THE SYSTEM OF QUALITY MANAGEMENT



Statement on the effectiveness of the System of Quality Management of KPMG Australia 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 Australia (the "Firm") 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 Australia outlines how its System of Quality Management supports the consistent performance of quality engagements in the KPMG Australia Transparency Report 2023.

Integrated quality monitoring and compliance programs enable KPMG Australia 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 Australia performs its annual evaluation of the System of Quality Management, KPMG Australia 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.

A handwritten signature in black ink, appearing to read 'Martin Sheppard'.

Martin Sheppard
National Chairman, KPMG Australia
30 November 2023

A handwritten signature in black ink, appearing to read 'Andrew Yates'.

Andrew Yates
CEO, KPMG Australia
30 November 2023

Appendix 1

KEY LEGAL ENTITIES AND AREAS OF OPERATION

KPMG Australia is part of a global organisation of independent professional services firms, with more than 270,000 partners and employees working in member firms spanning over 140 countries and territories around the world.

KPMG Fiji and KPMG PNG remain separate firms to KPMG Australia and are not required to publish a transparency report under section 332 of the *Corporations Act 2001* (Cth). As such, their operations are not captured as part of this report unless expressly stated otherwise.

KPMG Australia's primary focus is to serve clients based in Australia. KPMG Australia operates in Australia through the KPMG Partnership (ABN 51 194 660 183) (Australian Partnership) and other associated entities. Our headquarters are split between Sydney and Melbourne, with offices in every state and territory capital within Australia, as well as offices in Geelong, Gold Coast, Newcastle, Parramatta, Townsville and Wollongong.

Appendix 2

DETAILS OF THOSE CHARGED WITH GOVERNANCE

The Board comprises the National Chairman, the CEO, seven other members from our Brisbane, Melbourne and Sydney offices, and three independent members. The Board met 20 times in the year to 30 June 2024.

Board members as at the date of this report are:

National Chairman Martin Sheppard, Melbourne

Chief Executive Officer Andrew Yates, Sydney

Andrew O'Connor, Brisbane

Brett Mitchell, Sydney

Carmel Mortell, Melbourne

Corrina Bertram, Melbourne

Guy Holland, Sydney

Kim Lawry, Sydney

Minh Dao, Sydney

Patty Akopiantz, Independent Board member

Jane Hemstritch, Independent Board member

Mike Baird, Independent Board member

NEC members as at the date of this report are:

Andrew Yates, Chief Executive Officer

Julian McPherson, National Managing Partner – Audit & Assurance

Paul Howes, National Managing Partner – Consulting

Naomi Mitchell, National Managing Partner – Enterprise

Stan Stavros, National Managing Partner – Deal Advisory & Infrastructure

Ben Travers, National Managing Partner – Tax & Legal

Eileen Hoggett, Chief Operating Officer and Head of Corporate Affairs

Paul Low, Chief Risk Officer

Dorothy Hisgrove, National Managing Partner – People & Inclusion

Louise Capon, OGC & Regulation

John Munnely, Chief Digital Officer

Cassandra Hogan, National Managing Partner – Clients & Markets

Andrew Wiles, Chief Financial Officer

Sarah Vega, National Managing Partner – KPMG Futures

Appendix 3

PUBLIC INTEREST AUDIT CLIENTS OF THE FIRM

The Australian listed companies, listed registered schemes, registrable superannuation entities, Authorised Deposit-Taking Institutions,³² General Insurers,³³ Life Companies³⁴ and EU public interest entities³⁵ for which KPMG Australia is statutory auditor for the financial years ended in the 12 months to 30 June 2024 are:

3P Learning Limited	Biotron Limited
AAI Limited	BNK Banking Corporation Limited
Agriculture Bank of China - Sydney	Boss Energy Ltd
Alpha HPA Limited	Bubs Australia Limited
Altium Limited	Burgundy Diamond Mines Limited
AMA Group Limited	Buru Energy Limited
Ampol Limited	BWP Trust
Ansarada Group Limited	Calix Limited
Ansell Limited	Capricorn Metals Ltd
Anteris Technologies Ltd	Carlton Investments Limited
ANZ Australian Staff Super Scheme	Centaurus Metals Limited
ANZ Group Holdings Limited	Centuria Capital Fund
ANZ Lenders Mortgage Insurance Pty. Limited	Centuria Capital Group
Appen Limited	Centuria Capital Limited
Artrya Limited	Centuria Capital No 2 Fund
Aspire Mining Limited	Centuria Industrial REIT
Aussie Broadband Limited	Centuria Life Limited
Austral Gold Limited	Centuria Office REIT
Australia and New Zealand Banking Group Limited	Chrysos Corporation Limited
Australian Agricultural Company Limited	Cochlear Limited
Australian Ethical Investment Limited	Codan Limited
Australian Military Bank Ltd	Community First Credit Union Limited
Australian Mutual Bank Ltd	Corrvas Insurance Pty Ltd
Australian Potash Limited	Coventry Group Limited
Australian United Investment Company Limited	Credit Union Australia Limited
Australian Unity Limited	Credit Union Sa Ltd
Australian Unity Office Fund	CTI Logistics Limited
Auto & General Insurance Company Limited	Cue Energy Resources Limited
Bank of Communications Co., Ltd.	Delta Lithium Limited
Barristers' Sickness And Accident Fund Pty Limited	Diversified United Investment Limited
Base Resources Limited	Dome Gold Mines Ltd
Bell Financial Group Limited	Duxton Water Limited
Berkley Insurance Company	Eml Payments Limited
Beyond Bank Australia Limited	Energy Resources of Australia Limited

³² Within the meaning of the Banking Act 1959 and associated Non-Operating Holding Companies (NOHC).

³³ Within the meaning of the Insurance Act 1973 and NOHC as per section 18.

³⁴ As registered under section 21 of the Life Insurance Act 1995 and NOHC as per section 28A.

³⁵ Within the meaning of Directive 2006/43/EC issued by the European Parliament and of the Council, where a public interest entity is an issuer whose transferable securities are admitted to trading on a regulated market, specific to the EU jurisdiction.

Appendix 3

Equus Mining Limited	Lendlease Corporation Limited
Euroz Hartleys Group Limited	Lendlease Group
EVT Limited	Lendlease Trust
Far East Gold Ltd	LFI Group Pty Ltd
Fiducian Group Limited	Liberty Financial Group Limited
Finbar Group Limited	Liberty Financial Group Trust
First American Title Insurance Company Of Australia Pty Limited	Linus Technologies Limited
FleetPartners Group Limited	Lovisa Holdings Limited
Gateway Bank Ltd	Lutheran Laypeople's League of Australia Limited
Generation Development Group Limited	MA Financial Group Limited
Gold Road Resources Limited	Macmahon Holdings Limited
Goodman Group	Matrix Composites & Engineering Ltd
Goodman Industrial Trust	Mayfield Group Holdings Limited
Goodman Limited	McGrath Limited
Group 6 Metals Limited	Mercedes-Benz Australia/Pacific Pty Ltd
GUD Holdings Limited	Metrics Credit Partner Master Income Trust
GWA Group Limited	Metrics Income Opportunities Trust
HealthCo Healthcare & Wellness REIT	Midway Limited
Helia Group Limited	Mitchell Services Limited
Helia Indemnity Limited	Mitsui Sumitomo Insurance Company Limited
Helia Insurance Pty Limited	Mitsui Sumitomo Insurance Company Limited Australia Branch
Heritage And People'S Choice Limited	Monash IVF Group Limited
HMC Capital Limited	Motorcycle Holdings Limited
HomeCo Daily Needs REIT	Namoi Cotton Limited
Hotel Property Investments	Next Science Limited
Hotel Property Investments Limited	Nick Scali Limited
Hotel Property Investments Trust	Nickel Industries Limited
Iluka Resources Limited	Nico Resources Limited
IMB Limited	Nido Education Limited
Indue Limited	Noumi Limited
ING Bank (Australia) Limited	Nuenergy Gas Limited
ING Bank N.V. Sydney Branch	Nufarm Limited
Inghams Group Limited	NUIX Ltd
Insignia Financial Ltd	OFX Group Limited
Insurance Australia Group Limited	oOh!Media Limited
Insurance Manufacturers Of Australia Pty Limited	Optus Insurance Services Pty Limited
IVE Group Limited	Ora Banda Mining Ltd
Johns Lyng Group Limited	Orica Limited
Jupiter Mines Limited	Orora Limited
Kogan.com Ltd	Pacific International Insurance Pty Limited
Korvest Ltd	Pacific Smiles Group Limited
Latitude Group Holdings Limited	Pearl Gull Iron Limited
	Perpetual Credit Income Trust

Appendix 3

Perpetual Equity Investment Company Limited

Perpetual Limited

Peter Warren Automotive Holdings Ltd

Pilbara Minerals Limited

Police Credit Union Ltd

Police Financial Services Limited

Poseidon Nickel Limited

Prospech Limited

PWR Holdings Limited

Qantas Airways Limited

Qualitas Limited

Qualitas Real Estate Income Fund

Qudos Mutual Ltd

Raa Insurance Holdings Limited

RACT Insurance Pty Ltd

RACT Investment Holdings Pty Ltd

Red 5 Limited

Red Hawk Mining Limited

Reece Limited

Regal Asian Investment Limited

Regional Australia Bank Ltd

Regis Resources Limited

Reliance Worldwide Corporation Limited

Retail Food Group Limited

Rex Minerals Limited

Ridley Corporation Limited

Rio Tinto Limited

Santana Minerals Limited

Scor Global Life Australia Pty Ltd

Scor Reinsurance Asia-Pacific Pte Ltd

Servcorp Limited

Seven West Media Limited

SG Fleet Group Limited

Silver Lake Resources Limited

Sky Metals Limited

Sompo Japan Insurance Inc (Australian Branch)

South32 Limited

Southern Cross Benefits Limited

Southern Cross Electrical Engineering Limited

Statecover Mutual Limited

Steadfast Group Limited

Sumitomo Mitsui Banking Corporation Sydney Branch

Suncorp Group Limited

Suncorp Insurance Holdings Limited

Sunrise Energy Metals Limited

Tai Dai-Ichi Life Australia Pty Ltd

Tanami Gold NL

The Bank Of New York Mellon Corporation

The Bank Of Nova Scotia

The Northern Trust Company

Tivan Limited

Touch Ventures Limited

Treasury Wine Estates Limited

Tuas Limited

Veris Limited

Waratah Minerals Limited

Wisetech Global Limited

Woori Bank

Youi Pty Ltd

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