



Transparency Report 2021

Our relentless focus on quality

KPMG in Bermuda



Contents

- 01 Message from the Chief Executive Officer and Head of Audit
 - 02 Living our culture and Values
 - 03 Applying expertise and knowledge
 - 04 Embracing digital technology
 - 05 Nurturing diverse skilled teams
 - 06 Associating with the right clients and engagements
 - 07 Being independent and ethical
 - 08 Performing quality engagements
 - 09 Assessing risks to quality
 - 10 Communicating effectively
 - 11 Monitoring and remediation
 - 12 Financial information
 - 13 Managing Directors remuneration
 - 14 Network arrangements
 - 15 Statement by the Board
- Appendices



Message from the Chief Executive Officer



Mike Morrison

Welcome to the 2021 KPMG in Bermuda Transparency Report providing information about our firm as at September 30, 2021.

This report illustrates how KPMG in Bermuda upholds our professional responsibilities, outlines our firm's structure, governance and approach to quality control, and articulates the innovative ways we maintain robust quality audit.

Through the pandemic, our audit practice and our firm have responded with agility to the challenges faced.

Our people have been at the forefront of our response demonstrating commitment and resilience to adapt to working remotely and meeting our firm and client deadlines whilst maintaining the highest standard of quality often under difficult personal circumstances.

KPMG in Bermuda has developed its strategy, fully aligned with KPMG's Collective Strategy of Trust and Growth, with an aim to be the most trusted and trustworthy professional services firm. Delivering quality audits is a strategic imperative that requires building and maintaining a quality-centric culture where our leaders are held accountable and our people are trained and developed and ultimately rewarded for meeting this goal. We measure our people's engagement in this and other areas through our Global People Survey.

Our culture is underpinned by Our Values which guide our actions and behaviors. The [KPMG's Global Code of Conduct](#) defines who we are and how we will act. Everyone at KPMG is expected to follow it.

In performing high-quality audits, we draw upon a wide range of specialist skills both within our firm and throughout the KPMG network. We are investing and equipping our people with leading technology through our "smart" audit platform, KPMG Clara, and related technologies. The platform brings our powerful data and analytical capabilities into one interface with the ability to integrate new technologies such as artificial intelligence and machine learning.

As we hope to emerge from the pandemic in 2022, we do so embracing the many positive changes that we have seen during the pandemic in particular the flexibility of how we work and the importance of the ESG agenda. There will be important work for our audit teams to undertake as ESG takes centre stage.

Message from the Head of Audit

Focus on quality to inspire confidence and empower change



James Berry

Audit is the foundation of our business, and audit quality is at the core of KPMG.

KPMG in Bermuda has an unwavering commitment to audit quality and integrity. Quality is engrained in our values and our mindset. We have deliberately designed and nurtured a culture that supports and promotes audit quality.

Our leaders stress quality work and monitor our progress toward consistently getting it right, from our incoming classes of interns to our most senior Managing Directors.

We always hold ourselves accountable for audit quality which, we define as:

- the outcome when audits are executed consistently, in line with the requirements and intent of applicable professional standards, within a strong system of quality controls; and
- all of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

In addressing our ambition to be the most trusted and trustworthy professional services firm:

- We consistently commit to the highest levels of quality in all that we do;
- We invest in our people, processes and systems to ensure a robust system of quality control; and
- We view innovation as essential to continuous improvement.

All our actions are guided by our Values. They drive our daily behaviors, guide our decisions, and shape our ethical culture. Integrity is a core Value we do what is right, in the right way, at the right time. We embody our Values of integrity and excellence in our commitment to quality.

Our people are at the heart of our business and supporting their wellbeing remains a priority through challenging times. This also means assessing the appropriate level of workloads as well initiatives that drive efficiencies through technology. Driving improvements in audit quality relies on exceptional people always doing the right thing, not taking shortcuts, and being able to speak up without fear of repercussion. Our new Global Quality Framework outlines how every partner and employee contributes to delivering high-quality audits. These are mandatory actions and behaviors, built on our Values that have been our guide throughout nearly 150 years of providing quality audits.

Thus as part of our commitment to stakeholders, we aim to be transparent and open in communicating how we address audit quality. We are always seeking to do better. We actively solicit suggestions from our professionals and value input from our regulators. We undertake rigorous root-cause analyses to assess and remediate deficiencies. In so doing, we help to foster public trust and inspire confidence in KPMG and in the capital markets.

This Transparency Report covers the year October 1, 2020 to September 30, 2021. We also invite you to browse our [website](#) for further information relating to other aspects of our firm.

We trust you find this report informative.

Throughout this document, “KPMG”, “we”, “our” and “us” refers to the global organization or to one or more of the member firms of KPMG International Limited, each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International Limited or any other member firm vis-à-vis third parties, nor does KPMG International Limited have any such authority to obligate or bind any member firm. Throughout this document, references to “Firm”, “KPMG firm”, “member firm” and “KPMG member firm” refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee. The overall governance structure of KPMG International Limited is provided in the ‘Governance and leadership’ section of the 2021 KPMG International Transparency Report.



Living our culture and Values

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

Our Values are:



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and draw strength from our differences.



For Better

We do what matters.





Fostering the right culture, starting with tone at the top



Tone at the top

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

At KPMG in Bermuda, we promote a culture in which consultation is encouraged and recognized as a strength.

We communicate our commitment to clients, stakeholders, and society at large to earn the public's trust.

Our Values lie at the heart of the way we do things. To do the right thing, the right way, at the right time. Always. They drive our daily behaviours, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward — through our work and the example we set — as we inspire confidence and empower change throughout the world.

Outlined in [KPMG's Global Code of Conduct \("the Code"\)](#) are the responsibilities all KPMG personnel have to each other, the public and our clients. It shows how our Values inspire our greatest aspirations and guide all of 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 is held accountable to behave consistent with the Code and is required to confirm their compliance. All KPMG personnel are required to take annual training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. Individuals are encouraged to speak up if they see something that makes them uncomfortable or is not in compliance with the Code, or our Values.

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

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

The KPMG International hotline is a further mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International, activities of KPMG firms or KPMG personnel.

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

The [Global People Survey](#) provides KPMG in Bermuda leadership and KPMG International leadership with results related to upholding the KPMG Values. KPMG in Bermuda and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings.



System of quality control

Tone at the top, leadership, and a clear set of Values and conduct are essential to set the framework for quality. However, these are required to be backed up by a system of quality control that holds us accountable to meet the highest professional standards.

KPMG continues to invest significantly in audit quality across the global organization. We are building on our sound audit quality foundations, both in terms of how we manage KPMG firms and how KPMG firms execute audit engagements.

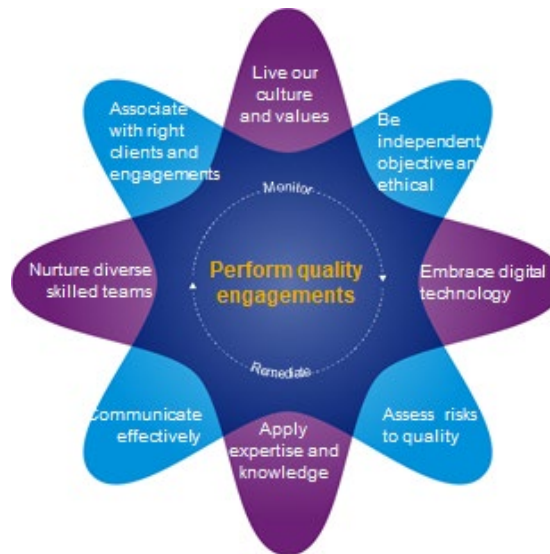
This means ongoing investment in the system of quality management, global monitoring of audit quality, enhanced support, and providing best-in class technology and tools for engagement teams.

KPMG's global audit quality program supports consistent deployment of investments to enhance and drive a common approach.

A robust and consistent system of quality control is essential to delivering quality services. KPMG International has quality control policies that apply to all KPMG firms. These are included in KPMG's Global Quality & Risk Management Manual (GQ&RM Manual), which applies to all KPMG personnel.

To adopt the new international standard on quality management (ISQM 1) which was approved by the IAASB and will be effective from December 2022, KPMG initiated a program to redesign the network-wide requirements for member firms' systems of quality management. ISQM 1 requires each KPMG firm to design, implement and operate a system of quality management to consistently deliver quality audits, and to evaluate the effectiveness of the system on an annual basis.

As we prepare for ISQM 1, we have adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable for its delivery. The principle of 'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate our processes as necessary.



The Global Quality Framework also meets the requirements of the current International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

While this Transparency Report summarizes KPMG's approach to audit quality, it may also be useful for stakeholders interested in member firms' Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.



Leadership responsibilities for quality and risk management

KPMG in Bermuda demonstrates commitment to quality, objectivity, independence, ethics and integrity, and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example — demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

Our leadership team is committed to building a culture based on quality, objectivity, independence, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions.

KPMG in Bermuda is required to seek input from the chair of the relevant Global Steering Group or his/her delegate on the performance of certain leaders within KPMG in Bermuda whose role most closely aligns with the activities of the Global Steering Group. Input is sought as part of the annual performance process and is based on an assessment of the leader's performance, which includes matters of public interest, audit quality and risk management activities.

The following individuals have leadership responsibilities for quality and risk management at KPMG in Bermuda.

1 Chief Executive Officer (CEO)

In accordance with the principles in ISQC 1, our CEO Mike Morrison has assumed ultimate responsibility for KPMG in Bermuda's system of quality control. Details of some of the measures that he and the rest of the Board have taken to ensure that a culture of quality prevails within KPMG in Bermuda are set on page 45.

2 Risk Management Partner (RMP)

The Risk Management Partner (RMP) is responsible for the direction and execution of risk, compliance and quality control in KPMG in Bermuda. The RMP is a member of the KPMG in Bermuda Executive Committee and has a direct reporting line to the CEO. The RMP consults with the appointed Area Quality and Risk Management Leader.

The fact that the role is a Managing Director position, and seniority of the reporting lines, underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of experienced professionals in each of the functions.

3

Ethics and Independence Partner (EIP)

The Ethics and Independence Partner has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG in Bermuda and reports on ethics and independence issues to the RMP and the CEO.

4

The Audit, Tax and Advisory functions – Function Heads

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

KPMG in Bermuda's Head of Audit is responsible for the effective management and control of the Audit Function. This includes:

- setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, ethics and integrity;
- developing and implementing an audit strategy which is aligned with KPMG in Bermuda's audit quality requirements; and
- working with the Risk Management Partner to monitor and address audit quality and risk matters as they relate to the Audit practice.

5

Audit Leadership Team

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

For more complex issues (which might require amendments to KPMG's global audit methodology or audit tools) these will be raised with the KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG). For more information about the KGSG and the ISG refer to page 30 and 31.





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



Our business

KPMG in Bermuda is a professional services firm that delivers Audit, Tax and Advisory services. KPMG in Bermuda has operated from a single location, Crown House, 4 Par-la-Ville Road, Hamilton, since October 1, 2000 and had an average of 176 employees (including 14 Managing Directors) in the year to September 30, 2021.

Our audit services in Bermuda are delivered through KPMG Audit Limited. Full details of the services offered by KPMG in Bermuda can be found on our [website](#).



Our strategy

Our strategy is set by the KPMG in Bermuda Board and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across the global organisation.

Defined accountabilities, roles and responsibilities, including for leadership



Legal structure

Legal structure and ownership from October 1, 2020

Effective October 1, 2020, KPMG in Bermuda and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organisation became 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. Professional services to clients are exclusively provided by member firms.

Further detail on the revised legal and governance arrangements for the KPMG global organization from October 1, 2020 can be found in section 'Governance and leadership' of the [2021 KPMG International Transparency Report](#).

KPMG International Limited 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 Limited, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International Limited or any of its related entities have any such authority to obligate or bind any member firm. KPMG in Bermuda is part of the KPMG global organisation of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organisations. The KPMG organisation structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate.

KPMG in Bermuda is made up of limited liability Bermuda registered companies providing Audit, Tax and Advisory services to a wide variety of public and private sector organisations. These entities, along with a company that provides internal administration services, are held under KPMG Bermuda Holdings Limited and collectively form "KPMG in Bermuda". A list of these entities, together with details of their legal structure, regulatory status, the nature of their business and areas of operation, is set out in [Appendix 1](#).

The term 'Partner(s)' used in this report refers generally to either the Managing Directors of KPMG in Bermuda, audit engagement leaders or to certain role titles prescribed by KPMG International (e.g. 'Risk Management Partner').



Name, ownership and legal relationships

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.

Member firms are generally locally owned and managed. Each 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.



Responsibilities and obligations of member firms

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

Each member 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 an annual payment paid to it by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG organisation may be terminated if, among other things, it has not complied with the policies, procedures and regulations set by KPMG International or any of its other obligations owed to KPMG International.

Living our culture and Values

Applying
expertise and
knowledge

Embracing
digital
technology

Nurturing
diverse skilled
teams

Associating
with the right
clients

Being
independent
and ethical

Performing
quality
engagements

Assessing
risks to quality

Communicating
effectively

Monitoring and
remediation

Financial
information

Managing
Directors
remuneration

Network
arrangements

Statement by
the Board

Appendices



Overseen using robust governance structures



Governance structure

KPMG in Bermuda applies high standards of corporate governance. The principal governance and oversight body of KPMG in Bermuda is the Board of Directors of KPMG Bermuda Holdings Limited (the "Board"). The CEO chairs the Board ensuring that the Board members receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large.

The Board

As at September 30, 2021, the Board consisted of 13 individuals including the CEO and 12 other Managing Directors, all of whom held an equity interest in the holding company. It is the Board's responsibility to steward the business, oversee the system of quality management, manage the statutory affairs and direct strategy. The Board meets at least quarterly, and during the year ended September 30, 2021 met six times. The Board delegates certain activities to the following committees of Board members.

The Executive Committee

The Executive Committee includes the Chief Executive Officer, the Function Heads, Head of People and the Risk Management Partner, subject to a maximum of seven Board members. The Executive Committee meets monthly and supports the Chief Executive Officer in the day-to-day operations of KPMG in Bermuda. It is further responsible for taking actions on key matters delegated to it by the Board to ensure the business can respond proactively in between meetings of the full Board.

The Compensation Committee

The Board's Compensation Committee, which meets once or twice on annual basis, has the delegated responsibility to approve and oversee the [Managing Director compensation process](#). The Compensation Committee comprises the CEO and at least one other Board member.

The composition of the Board and its Committees as at September 30, 2021 are set out in [Appendix 2](#).

Applying expertise and knowledge

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



Methodology aligned with professional standards, laws and regulations

Consistent audit methodology and tools

Bringing consistency through our methodology

Our audit methodology, tools and guidance enable a consistent approach to planning, performing and documenting audit procedures over key accounting processes:

- globally consistent and fully compliant with the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by KPMG firms
- inclusive of KPMG methodology interpretations that drive consistency in areas where the applicable standards are not prescriptive in the approach to be followed
- centered on identifying risk, focusing on risks of material misstatements and the necessary audit response
- made available to all KPMG audit professionals and required to be used, where necessary
- applied even where local auditing standards are less demanding than the ISAs
- focused on international assurance methodology and the alignment of assurance products in response to growth of Environmental, Social and Governance (ESG reporting).

The KPMG audit methodology is set out in the KPMG Audit Manual (for use with eAuditIT) and the KPMG Audit Execution Guide (for use with the KPMG Clara workflow) and includes KPMG interpretation of how to apply ISAs, which we believe enhance audit quality. The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence.

Enhancements to the audit methodology, guidance and tools are made regularly to maintain compliance with standards, and address emerging auditing areas of focus and audit quality results (internal and external). For example, as a result of the current COVID-19 pandemic, many businesses are experiencing significant financial pressures and many of our auditors are now working remotely. We have issued guidance to our auditors conducting audit procedures in a remote-working environment, raising awareness of key audit risks such as going concern and impairments and provided reminders of the importance of exercising professional skepticism taking appropriate actions if information is identified that is unexpected or unusual and may be indicative of potential management bias, a fraud risk or fraud.

KPMG firms may add local requirements and/or guidance to the KPMG Audit Manual and the KPMG Audit Execution Guide to comply with additional local professional, legal, or regulatory requirements.



Deep technical expertise and knowledge

Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit. KPMG in Bermuda engagement teams have access to a network of KPMG specialists – either within their firm or in other KPMG firms. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audits. They also receive a global annual update on global quality performance issues.

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

KPMG's commitment to audit quality during the COVID-19 pandemic

The COVID-19 pandemic has forced us all to think differently, we continue to respond to and embrace this challenge.

Since the start of the pandemic, we have maintained an online COVID-19 | Financial reporting resource center to assist companies and other stakeholders understand potential accounting and disclosure implications.

KPMG International has issued extensive guidance to assist teams in addressing the various accounting, financial reporting and audit related matters arising from the impacts of the COVID-19 pandemic including going concern, asset impairments, valuations and related disclosures, materiality, risk assessment, group audits, inventory, subsequent events and audit evidence of communications with those charged with governance.

Additionally, KPMG International has issued specific guidance for remote working environments which addresses how teams work together, communications with management and the design and performance of audit procedures.

KPMG's guidance has been continually updated throughout the pandemic as other significant auditing, accounting and reporting issues have been identified.

KPMG is a technology-enabled organization, with technical accounting and auditing resources, guidance and audit platforms and tools all available electronically, which greatly enabled the conversion to a remote working environment.

Enhanced communication has been increasingly important to everyone during the COVID-19 pandemic. We have leveraged our investments in technology to provide KPMG firms with regular communications, including virtual meetings to share best practices and guidance. In addition, we have enhanced our listening strategy to include specific COVID-19 pulse surveys to allow us to hear from our people in real time and shape our response accordingly.

Quality and risk management manual

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (GQRMM) which applies to all KPMG personnel. KPMG in Bermuda is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.



Embracing digital technology

At KPMG, we are committed to serving the public interest and create value through continuous innovation. By leveraging leading technologies, we are transforming the audit experience for our professionals and our clients – enabling us to provide an even higher quality audit by increasing our ability to focus on the issues that matter through the data and insights it provides.



Evolving our audit workflow

We recognize that to deliver quality audits, we need to continually evolve and develop our technology solutions to keep pace with today's digital world.

That is why KPMG embarked on a process of reimagining our audit platform, workflow and methodology to provide enhanced consistency and support to our audit engagement teams, deliver detailed insights, and future-proof our systems for the expected continued development of new technologies such as robotic process automation, machine learning and cognitive technologies.

The release of the KPMG Clara workflow and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalize and transform the audit. It is a significant investment that underlines our commitment to audit quality, consistency and innovation.



KPMG Clara

KPMG Clara is our smart and intuitive technology platform that is driving globally consistent audit execution. As a fully integrated, scalable, cloud-based platform, it enables the enhanced audit methodology through a data-enabled workflow.

Intelligent, standards-driven audit workflow

All KPMG in Bermuda professionals are expected to adhere to KPMG International and KPMG in Bermuda policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The KPMG in Bermuda policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards, and other relevant laws and regulations.

The platform integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualization.

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

KPMG Clara is helping auditors see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts. Examples of current capabilities include:

- enable the analysis of account balances and journal entry data
- automate 'period on period' balances comparison and 'time series' evolution information
- enable the analysis of sub-ledger, transactional data over certain business processes and accounts.

Our vision of the future

KPMG Clara was developed to be KPMG's foundational technology platform to deliver audit quality. It delivers this by being the base technology delivering new capabilities in a globally consistent way, enabling the audit workflows and a fully digital experience for our audit professionals.

The KPMG Clara platform evolves as technologies such as artificial intelligence, blockchain and cognitive capabilities transform how audits are delivered.

KPMG Clara workflow

We are replacing eAudit with a new workflow and revised audit methodology embedded into the KPMG Clara smart audit platform. Phased full deployment of KPMG Clara workflow commenced globally in 2020 with planned completion of full global transition for the 2022 fiscal period-end audits.

The web-enabled KPMG Clara workflow guides audit teams through a series of steps in a logical sequence aligned to the applicable professional auditing standards with a clear display of information, visuals, and guidance available, and with embedded advanced digital audit and project management capabilities. The workflow and revised audit methodology are scalable – adjusting the requirements to the size and complexity of the audit engagement. KPMG Clara workflow significantly enhances the execution of an audit by KPMG professionals and clearly drives audit quality and global consistency.

Using data mining and tracking of relevant engagement level data indicators, the KPMG Clara workflow can also facilitate monitoring of audit execution at the engagement level.

We continue to enhance the KPMG Clara smart audit platform to accommodate accelerating security demands, integrate existing audit applications into a single platform, and develop new capabilities to digitize additional audit processes.





Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the KPMG Global Code of Conduct.

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 relevant IESBA requirements as well as other applicable laws, regulations, and professional standards.

We provide training on confidentiality, information protection and data privacy requirements to all KPMG in Bermuda personnel annually.



© 2022 KPMG, a group of Bermuda limited liability companies which are member firms of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Message from the CEO and Head of Audit

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients

Being independent and ethical

Performing quality engagements

Assessing risks to quality

Communicating effectively

Monitoring and remediation

Financial information

Managing Directors remuneration

Network arrangements

Statement by the Board

Appendices



Nurturing 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 complex problems.



Recruiting appropriately qualified and skilled people, including specialists, with diversity of perspective and experience

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

Recruitment

KPMG in Bermuda has invested in understanding how we can attract the talent we need across the organization in the future. This requires the right recruitment, development, reward, promotion and assignment of professionals. This includes building an extraordinary people experience for all current and prospective Managing Directors and employees.

All candidates applying for professional positions follow a thorough 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 characteristics to perform competently, are suitable and best placed for their roles.

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate. KPMG in Bermuda does not accept any confidential information belonging to the candidate's former firm/employer.



Inclusion, Diversity and Equity programs

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

Inclusion, diversity and equity (IDE) is core to our very existence – helping us build great teams with diverse views that represent the world we live in. It leads to better decision making, drives greater creativity and innovation, and encourages us to stand up, live our Values, and do what is right.

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

Our KPMG Global Inclusion, Diversity & Equity Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity and equity at KPMG in Bermuda and across all KPMG firms.

For more about Inclusion & Diversity at KPMG read [here](#).



Reward and Promotion

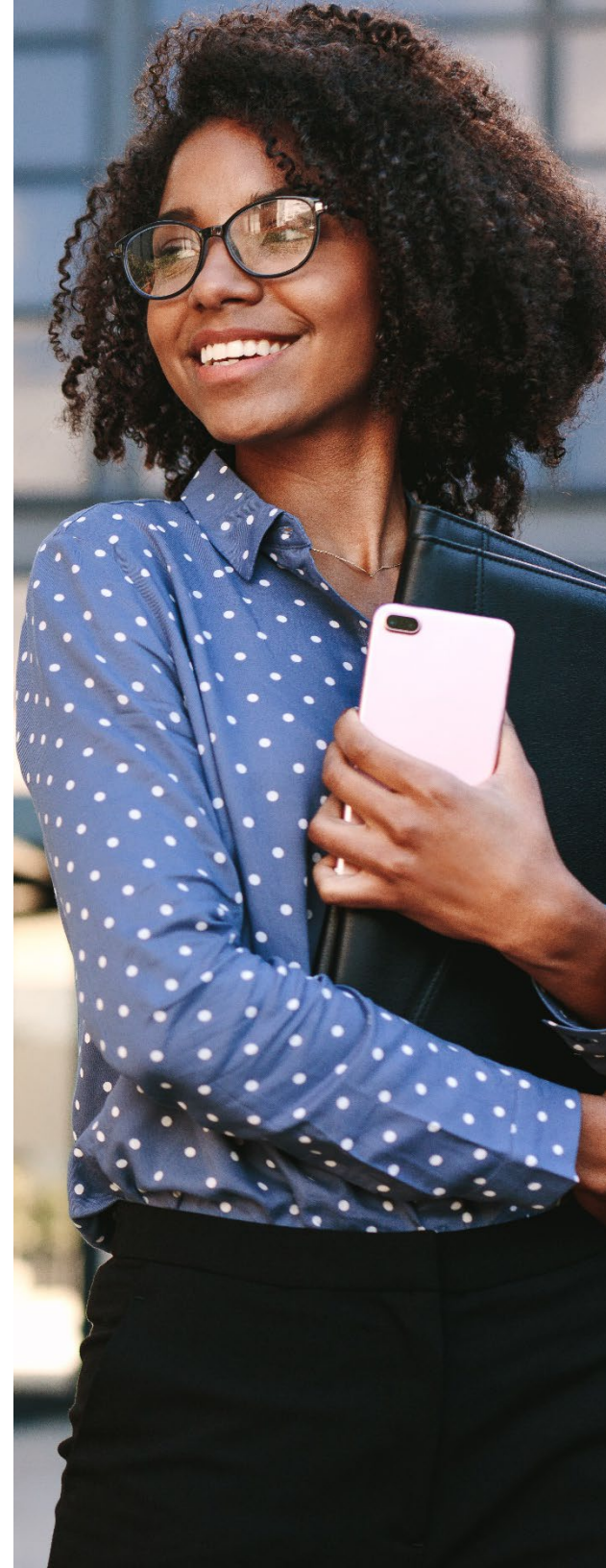
Reward

KPMG in Bermuda has compensation and promotion policies that are informed by market data, are clear, simple, fair and linked to the performance review process. This helps our Managing Directors and employees know what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved by assessing relative performance across a peer group to inform reward decisions. Reward decisions are based on consideration of both individual and firm performance.

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

Promotion

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



Message from the CEO and Head of Audit

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients

Being independent and ethical

Performing quality engagements

Assessing risks to quality

Communicating effectively

Monitoring and remediation

Financial information

Managing Directors remuneration

Network arrangements

Statement by the Board

Appendices



Assigning an appropriately qualified team

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

Audit engagement partners are required to be satisfied that 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 member firms or external experts.

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

- an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
- an 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 judgment
- an understanding of KPMG in Bermuda's quality control policies and procedures
- Quality Performance Review (QPR) results and results of regulatory inspections.

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

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



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



Commitment to technical excellence and quality service delivery

All KPMG in Bermuda professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department for consultation. Where the right resource is not available within KPMG in Bermuda, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

At the same time, audit policies require all KPMG audit professionals to have the appropriate knowledge and experience for their assigned engagements.



Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, KPMG firm level.

Mandatory learning requirements for audit professionals across the KPMG organization are established annually. Training is delivered using a blend of learning approaches and performance support.

Mentoring and on the job training

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

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

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



Licensing and mandatory requirements for IFRS Standards and U.S. GAAP engagements

Licensing

All KPMG in Bermuda professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development requirements in the jurisdiction where they practice. KPMG International/Bermuda policies and procedures are designed to facilitate compliance with license requirements. We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the local predominant financial reporting framework – e.g. US GAAP and IFRS.

Mandatory requirements – IFRS Standards and U.S. GAAP engagements

In addition, KPMG has specific requirements for Managing Directors, Directors, Managers and Engagement Quality Control (EQC) reviewers working on IFRS Standards engagements in countries where IFRS Standards are not the predominant financial reporting framework.

Similar policies apply to engagements performed outside the US to report on financial statements or financial information prepared in accordance with US GAAP and/or audited in accordance with US auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that at a minimum, all engagement partners, managers and, if appointed, the EQC reviewers (and for engagements conducted in accordance with US GAAP and/or US auditing standards engagements, the engagement partner, engagement manager, engagement in-charge and, if appointed the EQCR reviewers) assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

Recognizing quality



Personal development

KPMG in Bermuda's approach to performance development, 'Open Performance Development', is built around the Everyone a *Leader* performance principles, and includes:

- Global role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- a goal library (including audit quality content); and
- standardized review forms (with provision for audit quality ratings).

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

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

KPMG in Bermuda considers quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of Managing Directors and Directors and Managers. These evaluations are conducted by Performance Managers and Managing Directors who are in a position to assess performance.



Associating with the right clients and engagements

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

Following the client and engagement acceptance and continuance policies

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

KPMG firms are required to 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.

Accepting appropriate clients and engagements



Client evaluation

KPMG in Bermuda undertakes an evaluation of every prospective client.

This involves obtaining sufficient information about the prospective client, its key management and significant beneficial owners and then properly analysing the information to be able to make an informed acceptance decision. This evaluation includes an assessment of the client's risk profile and obtaining background information on the client, its key management, directors and owners. If necessary, we obtain additional information required to satisfy our local legal and/or regulatory AML requirements.



Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, whether the services would be unethical or inconsistent with our Values, as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of KPMG professionals assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG in Bermuda personnel and includes review by quality and risk management leadership as required.

Accepting appropriate clients and engagements (cont'd)



Engagement evaluation (cont'd)

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures, 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.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. 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.

Recurring or long running non-audit engagements are also subject to periodic re-evaluation. 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, and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.



Withdrawal process

Where KPMG in Bermuda comes to a preliminary conclusion that indicates that we should withdraw from an engagement or client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and any other appropriate authority.



Continuance process

KPMG in Bermuda undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control (EQC) reviewer or the need to involve additional specialists on the audit).

Managed portfolio of clients

KPMG in Bermuda leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform their role for each engagement.

They review each audit partner's client portfolio in individual discussions with the audit partner. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner and wider team to deliver a quality audit for every client.



Being independent and ethical

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

Acting with integrity and living our Values

KPMG International's detailed independence policies and procedures, incorporate the IESBA Code of Ethics. These are set out in KPMG's GORMM, which applies to all KPMG firms. Automated tools, which are required to be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

These policies are supplemented by other policies and processes to ensure compliance with the standards issued by CPA Bermuda and BPAB and those of PCAOB and FRC where applicable. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that robust and consistent independence policies and procedures are in place at KPMG firms, and that tools are available to help the firms and their personnel to comply with these requirements.

KPMG in Bermuda has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG in Bermuda. The EIP is responsible for communicating and implementing KPMG International policies and procedures and ensuring that local independence policies and procedures are established and effectively implemented when they are more stringent than the KPMG International requirements. The EIP fulfills this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;

- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- participating in the development and delivery of training materials,
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Amendments to KPMG International's ethics and independence policies are included in regular quality and risk communications with all KPMG firms. KPMG firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring programs described on page 36.

KPMG in Bermuda Managing Directors and employees are required to consult with the EIP on certain matters as defined in the GORMM. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

Maintaining an objective, independent and ethical mindset, in line with our code of conduct and policies



Personal financial independence

KPMG International policies require that KPMG firms and KPMG professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm assurance and audit clients (by definition, 'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners. All KPMG Managing Directors and Directors — irrespective of their firm or function — are generally prohibited from owning securities of any audit client of any KPMG firm.

KPMG firms use a web-based independence compliance system (KICS) to assist KPMG professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e., late reporting of an investment acquisition).

All Managing Directors and manager grade or above client-facing employees are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments are required to be disposed of within five business days of the notification. KPMG monitors Managing Director, director and manager compliance with this requirement as part of our program

of independence compliance audits of professionals. The Global Independence Group provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

In the year ended September 30, 2021, 33 of KPMG in Bermuda Managing Directors and employees were subject to these audits (this included approximately 39% of our Managing Directors and directors).



Employment relationships

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

Former members of the audit team or former Managing Directors of KPMG in Bermuda are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG in Bermuda, including payments which are not fixed and predetermined and/or would be material to KPMG in Bermuda and ceased participating in KPMG in Bermuda business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

An assurance team member is also required to notify the EIP when they enter into employment negotiations with the assurance client during the course of the engagement. Former assurance team members or former Managing Directors of KPMG in Bermuda who join an assurance client in certain roles cannot continue to participate in KPMG in Bermuda's business or professional activities.

We communicate and monitor requirements in relation to employment and partnership of KPMG in Bermuda professionals by audit and assurance clients.



Firm financial independence

KPMG firms are required also to be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors and, where required, significant owners.

In common with other KPMG firms, KPMG in Bermuda uses KICS to record its own direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in associated pension and employee benefit plans.

Additionally, KPMG in Bermuda is required to record in KICS all borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, KPMG in Bermuda confirms compliance with independence requirements as part of the Risk Compliance Program.

Business relationships/suppliers

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

Independence clearance process

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, KPMG in Bermuda follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as ‘the independence clearance process,’ are required to be completed prior to accepting an audit engagement for these entities.

Independence training and confirmations

All KPMG in Bermuda Managing Directors and client serving professionals, as well as certain other individuals are required to complete independence training that is appropriate to their grade and function upon joining KPMG in Bermuda and on an annual basis thereafter.

New Managing Directors and client facing professionals who are required to complete this training are required to do so by the earlier of (a) thirty days after joining KPMG in Bermuda or (b) before providing any services to, or becoming a member of the chain of command for, any audit client.

We also provide all Managing Directors and employees with annual training on:

- the Global Code of Conduct ; and
- bribery and compliance with laws, regulations, and professional standards.

New Managing Directors and employees are required to complete this training within thirty days of joining KPMG in Bermuda. All KPMG Managing Directors and employees are required to sign, upon joining KPMG in Bermuda/accepting their offer to join KPMG in Bermuda and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies.

Non-audit services

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

In addition to identifying potential conflicts of interest, Sentinel™ facilitates compliance with independence requirements. Certain information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees are required to be entered into Sentinel™ 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 Sentinel™ submission.

Lead audit engagement partners (LAEPs) are required to maintain group structures for their publicly traded and certain other audit clients including their related entities or affiliates in Sentinel™ . 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.

For entities for which group structures are maintained, Sentinel enables LAEPs to review and request revision, approve, or deny, any proposed service for those entities worldwide. For approved proposed services, Sentinel designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

KPMG in Bermuda is required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG in Bermuda. KPMG in Bermuda’s EIP is involved in the review of potential independence issues related to these new or modified services.

KPMG global independence policies prohibit KPMG firm audit partners from being evaluated on, or compensated based on, their success in selling non-assurance services to their audit clients.



Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the KPMG firm expressing the audit opinion. These policies require firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. In addition if the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years, these policies further require that:

- This be disclosed to those charged with governance at the audit client; and
- A partner from another KPMG member firm be appointed as the engagement quality control (EQC) reviewer.

No audit client accounted for more than 10 percent of the total fees received by KPMG in Bermuda over the last two years.



Resolving conflicts of interest

Conflicts of interest can arise in situations where KPMG in Bermuda Managing Directors or employees have a personal connection with the client which may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the Risk Management Partner (RMP) or the EIP is required in these situations.

KPMG International policies are also in place to prohibit KPMG personnel from offering or accepting inducements, including gifts and hospitality to or from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to have been offered with the intent to improperly influence the behaviour of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment.

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

All KPMG firms are required to use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG in Bermuda has risk management resources who are responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which is required to be documented.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict. If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated.



Independence breaches

All KPMG in Bermuda personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence requirements of the IESBA Code or other external independence requirements are required to be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG in Bermuda has a documented and communicated disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations. KPMG in Bermuda Disciplinary Committee oversees policies and procedures in relation to ethical matters and breaches of requirements.

Matters arising are factored into our promotion and compensation decisions and, in the case of engagement leaders and managers, are reflected in their individual quality and risk metrics.

Partner rotation

KPMG International partner rotation policies are consistent with the requirements of the IESBA Code of Ethics and require all member firms to comply with any stricter local applicable rotation requirements.

All KPMG in Bermuda Managing Directors and Directors serving as audit engagement partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that audit partners in certain roles may provide audit services to a client, followed by a 'time-out' period during which time these partners may not:

- participate in the audit;
- provide quality control for the audit;
- consult with the engagement team or the client regarding technical or industry-specific issues;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client.

KPMG in Bermuda monitors the rotation of audit engagement leaders (such as engagement partner, engagement quality control reviewer and any other key audit partner role, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

Zero tolerance of bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG in Bermuda. We have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third parties, including by our clients, suppliers or public officials. KPMG International requires KPMG firms to have appropriate internal controls in place to mitigate the risk of involvement in bribery by the firm and its partners and employees.

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

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

Message from
the CEO and
Head of Audit

Living our
culture and
Values

Applying
expertise and
knowledge

Embracing
digital
technology

Nurturing
diverse skilled
teams

Associating
with the right
clients

**Being
independent
and ethical**

Performing
quality
engagements

Assessing
risks to quality

Communicating
effectively

Monitoring and
remediation

Financial
information

Managing
Directors
remuneration

Network
arrangements

Statement by
the Board

Appendices



Performing quality engagements

How an audit is conducted is as important as the result. KPMG in Bermuda Managing Directors and employees are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.

Consulting where necessary



Encouraging a culture of consultations

KPMG encourages a strong culture of consultation that supports teams at KPMG firms throughout their decision-making processes and is a fundamental contributor to audit quality. KPMG in Bermuda promotes 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, firms are required to have established protocols for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. In addition, the GQRMM includes mandatory consultation requirements on certain matters.



Technical consultation and global resources

Technical accounting and auditing support is available to member firms through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG), the ISG and the PCAOB Standards Group (PSG).

Global Audit Methodology Group (GAMG)




KPMG's audit methodology is developed and maintained by the Global Audit Methodology Group (GAMG). The GAMG develops our audit methodology based on the requirements of the applicable auditing standards – International Standards on Auditing, PCAOB and AICPA.

KPMG Global Solutions Group (KGSG)

The KGSG is responsible for the envisioning, development and deployment of global audit solutions, including new technology and automation innovations.

The KGSG and GAMG work collaboratively to support member firms through collaboration, innovation and technology. We have made significant investment in our audit methodology and tools with the core focus of improving audit quality, global consistency and standardization.

With locations in each of the three KPMG regions (Americas, EMA and ASPAC), the KGSG and GAMG teams comprise professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world, who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.

Message from the CEO and Head of Audit
Living our culture and Values
Applying expertise and knowledge
Embracing digital technology
Nurturing diverse skilled teams
Associating with the right clients
Being independent and ethical
Performing quality engagements
Assessing risks to quality
Communicating effectively
Monitoring and remediation
Financial information
Managing Directors remuneration
Network arrangements
Statement by the Board
Appendices
  
31

Consulting where necessary (cont'd)



Technical consultation and global resources (cont'd)

International Standards Group (ISG)

The ISG works with Global IFRS Standards topic teams, with geographic representation from around the world, and the IFRS Standards Panel and ISA Panel to promote consistency of interpretation of IFRS Standards and auditing requirements between member firms, identify emerging issues, and develop global guidance on a timely basis.

PCAOB Standards Group (PSG)

The PCAOB Standards Group (PSG) comprises a dedicated group of professionals with backgrounds in PCAOB auditing standards who promote consistency of interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components of US companies and of foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

Member firm professional practice resource

Member firms provide consultation support on auditing and technical accounting matters to their audit professionals through professional practice resources (referred to as Department of Professional Practice or DPP). This resource also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. KPMG's International Standards Group and PCAOB Standards Group are also available for consultation support when required.

Critically assessing audit evidence, using professional judgement and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit including contradictory or inconsistent audit evidence. Each team member is required to exercise professional judgement and maintain professional skepticism throughout the audit engagements. Professional skepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence. Professional judgement encompasses the need to be aware of and alert to biases that may pose threats to good judgements.

Direct, coach, supervise and review



Embedding ongoing mentoring, supervision and review

To invest in the building of skills and capabilities of KPMG professionals, KPMG in Bermuda promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves:

- engagement partner participation in planning discussions
- tracking the progress of the audit engagement
- considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement
- helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.



Engagement quality control (EQC) reviewers

The EQC review is an important part of KPMG's framework for quality. An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the Risk Management Partner, AQPP or country Head of Audit.

An EQC review provides reasonable assurance that the team has appropriately identified significant risks, including fraud risks, and has designed and executed audit procedures to address them.

EQC reviewers are required to meet training and experience criteria to perform a quality control review for a particular engagement. Reviewers are independent of the engagement team and audit client and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

We continually seeking to strengthen and improve the role that the EQC review plays in member firm audits and have taken a number of actions to reinforce this, including issuing best practice guidance, incorporating specific review requirements into our audit workflow, and developing policies relating to recognition, nomination and development of EQC reviewers.

Appropriately support and document conclusions



Reporting

Auditing standards and various local regulatory requirements largely dictate the format and content of the auditors' report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners form all audit opinions based on the audit performed.

In preparing auditors' reports, engagement partners have access to extensive reporting guidance and technical support through consultations with our DPP, 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, as well as key audit matters to be communicated).



Engagement documentation

KPMG in Bermuda audit documentation is completed and assembled according to the timeline established by the firm policy and auditing standards and we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and firm information.

KPMG International recently adopted policies to apply to all KPMG firms to reduce the time period allowed to assemble audit documentation, which is significantly less than required by the applicable auditing standards.

Assessing risks to quality

Through the Global Audit Quality Council and the Global Quality & Risk Management Steering Group (GQRMSG), KPMG International reviews the results of the quality monitoring programs, reviews firm root causes and planned remedial actions and develops additional global remediation actions as required.

Global remediation is aimed at actions around culture and behavior across the global organization and at driving consistent engagement team performance within KPMG firms.



Communicating effectively

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

Provide insights and maintain open and honest two-way communication

At KPMG in Bermuda 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, when appropriate, 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.

Audit Committee Institute

In recognition of the demanding and important role that Audit Committees play for the capital markets and also 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.

The ACI operates in more than 40 countries across the globe and provides audit committee members with guidance on matters of interest to audit committees (such as cyber security and corporate culture); and the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

The ACI's offerings cover the array of challenges facing Audit Committees and businesses today — from risk management and emerging technologies to strategy and global compliance.

Further details and insights on the ACI are available [here](#).

IFRS Standards Institute

KPMG's Global IFRS Standards Institute provides information and resources to help the Board and Audit Committee members, executives, management, stakeholders and government representatives gain insight and access thought leadership about the evolving global financial and sustainability reporting frameworks.



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

Only with engaged, talented people can KPMG deliver audits in line with our audit quality expectations.

Annually KPMG in Bermuda personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception about their experience of working for KPMG. The GPS provides a measure of our people's engagement and insights into areas driving engagement. Results can be analysed by several factors, for example functional or geographic area, grade and gender to provide additional focus for action.

Through the GPS, KPMG in Bermuda gains additional insight on how we are faring on categories known to impact employee engagement. We also cover areas of focus which are directly relevant to audit quality; the survey includes specific audit quality related questions that all individuals who participated in an audit in the previous 12 months are asked to respond to, giving us a particular data set for audit quality related matters.

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

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

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

Monitoring and remediation

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

Rigorously monitor and measure quality at the local and global level

Commitment to continuous improvement

KPMG commits to continually improve the quality, consistency and efficiency of KPMG firm audits. The quality monitoring and compliance programs are globally consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG in Bermuda compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

Internal monitoring and compliance programs

KPMG in Bermuda monitoring programs are created by KPMG International and applied across KPMG firms. The programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulations and KPMG International policies and procedures; and

- KPMG in Bermuda compliance with KPMG International key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

Our internal monitoring programs also contribute to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively. These include Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP), which are conducted annually across the Audit, Tax and Advisory functions.

The results and lessons from the integrated monitoring programs are communicated internally and appropriate action is taken at local, regional and global levels.

Audit Quality Performance Reviews (QPRs)

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

Risk-based approach

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

KPMG in Bermuda conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at the KPMG in Bermuda level and are monitored regionally and globally. Firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the firm.

Reviewer selection, preparation and process

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the firm under review.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from Audit QPR

Consistent criteria are used to determine engagement ratings and member firm Audit practice evaluations.

Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

Reporting

Findings from the QPR program are disseminated to firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings.

These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement.

Lead audit engagement partners (LAEPs) are notified of unsatisfactory ratings on their respective cross-border engagements. Additionally, LAEPs of parent companies/head offices are notified where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all KPMG firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- document, assess and monitor the extent of compliance of KPMG in Bermuda system of quality control with Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements; and
- provide the basis for KPMG in Bermuda to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans and then monitor the status of each action item.

Global Quality & Compliance Review (GQ&CR) program

Each KPMG firm is subject to a GQ&CR conducted by KPMG International's GQ&CR team, independent of the member firm, at various intervals based on identified risk criteria.

The GQ&CR team performing the reviews is independent of the firm and is objective and knowledgeable of GQ&RM policies. GQ&CRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GQ&CR provides an independent assessment of:

- a firm's commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment;

- a firm's compliance with KPMGI policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

KPMG in Bermuda develops action plans to respond to all GQ&CR findings and agree these with the GQ&CR team. Our progress on action plans is monitored by the GQ&CR central team. Results are reported to the GQ&RM Steering Group and, where necessary, to appropriate KPMG International and regional leadership.

Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARLs) who serve a regular and ongoing monitoring function to assess the effectiveness of a member firm's efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to GQ&RM leadership.

Obtain, evaluate and act on stakeholder feedback

Regulators

Due to our international client base, KPMG in Bermuda is currently regulated by four primary audit regulators. KPMG in Bermuda is also a corporate member of the Institute of Chartered Professional Accountants in Bermuda (CPA Bermuda) and our audit professionals are also licensed to practice in Bermuda by CPA Bermuda. Many of our audit professionals are expatriates and they are also governed by their “home” institute where they earned their original professional designation.

Our primary audit regulators are (i) the Public Company Accounting Oversight Board (PCAOB), which regulates our audit work for all US SEC issuer entities, (ii) the Bermuda Public Accountability Board (BPAB), which regulates our audit work for Bermuda-domiciled public interest entities, (iii) the Canadian Public Accountability Board (CPAB) which regulates our audit work for Canadian public interest entities and (iv) the Financial Reporting Council (FRC) which regulates our audit work for UK listed entities.

The firm was subject to FRC inspection in January 2021. Our most recently published PCAOB inspection reports can be found [here](#).

We have considered each of the findings and recommendations and have implemented actions to address deficiencies and strengthen policies and procedures as appropriate.

The Area Quality and Risk Management Leader (ARL) is made aware of any findings and the proposed actions in order to assist in consistent application across the network.

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

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

Client feedback

We proactively seek feedback from clients through in-person conversations and third-party surveys to monitor their satisfaction with services delivered. We endeavour to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients’ needs.

Monitoring of complaints

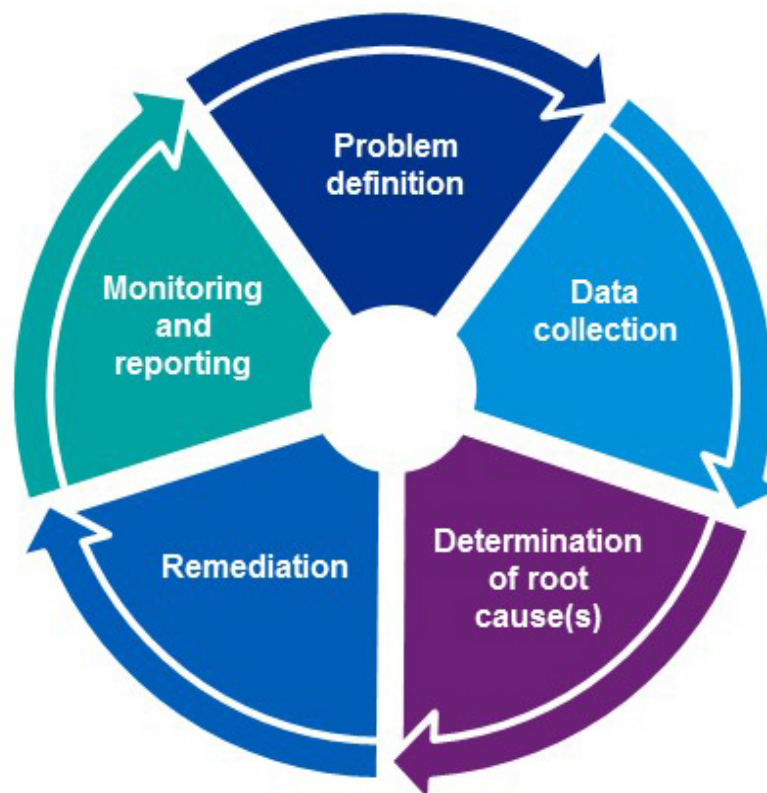
We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in our general terms of business.



Perform root cause analysis

KPMG in Bermuda conducts Root Cause Analysis (RCA) in respect of audit quality issues. In 2021, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at KPMG in Bermuda who will be performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 Step Principles are as follows:



It is the responsibility of all KPMG firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

KPMG in Bermuda's Head of Audit is responsible for audit quality including the remediation of audit quality issues. The firm's RMP monitors remediation plan(s) implementation.

Financial information

Public interest entities in the UK/EU/EEA

Entities that have transferable securities listed on the UK/EU/EEA regulated market for which KPMG in Bermuda has signed an audit opinion in the year 2021 are given below.

1	Oakley Capital Investments Limited
2	CATCo Reinsurance Opportunities Fund Ltd
3	Conduit Holdings Limited

Financial Information

The financial information of KPMG in Bermuda for the year ended September 30, 2021 is as follows:

Service	September 30, 2021
Audit and directly related services for audit clients listed in the UK/EU/EEA	2%
Permitted non-audit services for audit clients listed in the UK/EU/EEA	0%
Other audit and non-audit services	98%
Total revenue	100%

Managing Director and Director remuneration

Managing Directors who own an equity interest in KPMG in Bermuda are remunerated based on a fixed salary for the year plus a share of the distributable profits of KPMG in Bermuda. The allocation of the distributable profits to each Managing Director is determined and approved by the Board's Compensation Committee based on seniority and experience of each Managing Director plus an element which reflects individual performance against objectives for the year.

Managing Directors and Directors who do not hold an equity interest are remunerated based on a fixed salary plus a discretionary bonus dependent on their individual performance against set objectives and performance of KPMG in Bermuda as a whole.



Our policies for the variable element of Managing Directors and Directors remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG Values.

Managing Directors and Directors serving as audit engagement partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.

Network arrangements

Legal structure

On October 1, 2020, KPMG in Bermuda and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organisation became members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee.

Since October 1, 2020, KPMG International Limited has been the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International's policies, including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes being professionally and financially stable; having an ownership, governance and management structure that ensures continuity and stability and long-term success; and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

KPMG International Limited 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 Limited, any of its related entities

or any other member firm vis-à-vis third parties, nor does KPMG International Limited 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 from October 1, 2020 can be found in section 'Governance and leadership' of the [2021 KPMG International Transparency Report](#).

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

Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was 2.05 billion euros during the year ending September 30, 2021. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended September 30, 2021.

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

Responsibilities and Obligations of Member Firms

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

Each KPMG firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG Values (as set out in the Appendices to this document).

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the KPMG International Global Board and consistently applied to the firms. A firm's status as a KPMG member firm and its participation in the KPMG global organization may be terminated if, among other things, it has not complied with the policies set by KPMG International or any of its other obligations owed to 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.

Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team.

Global Council

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

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 56 KPMG firms that are "members" of KPMG International Limited as a matter of English law.

Global Board

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

It is led by the Global Chairman, Bill Thomas, and also includes the Chairman of each of the regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)), and a number of members who are also member firm Senior Partners.

The list of current Global Board members, is set out on the Leadership page of kpmg.com <https://home.kpmg/xx/en/home/about/who-we-are/our-leadership.html>.

Global Board committees:

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

- Executive Committee;
- Governance Committee;
- Global Quality, Risk & Reputation Committee; and
- Global Audit Quality Committee.

The overarching responsibility of the Global Audit Quality Committee is to strive for globally consistent audit quality across all firms and to oversee those KPMG International activities which relate to improving and maintaining the consistency and quality of audits provided by KPMG firms.



Governance structure (cont'd)

Global Management Team

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

It is led by the Global Chairman, Bill Thomas.

The list of current Global Management Team members is available in the Leadership section on [kpmg.com](https://www.kpmg.com).

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the Global Management Team and, together they assist the Global Management Team in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the Global Management Team (GMT). Under the oversight of the GMT, they promote the execution of the global strategy and compliance with KPMG International decisions and policies by member firms.

In particular, the Global Audit Steering Group and Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

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

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in section 'Governance and leadership' of the [2021 KPMG International Transparency Report](#).

Each firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region.

Further details about KPMG International including the governance arrangements for the year ending September 30, 2021, can be found in section 'Governance and leadership' of the [2021 KPMG International Transparency Report](#).



Statement by the Board of KPMG in Bermuda on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG in Bermuda outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Board of KPMG in Bermuda has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International review programs as described on page 36 and 37, and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of KPMG in Bermuda confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to September 30, 2021.

Further, the Board of KPMG in Bermuda confirms that an internal review of independence compliance within our firm has been conducted in the year to September 30, 2021.

January 31, 2022
Mike Morrison
CEO

Appendices

Appendix 1

Key legal entities and areas of operation

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
KPMG Audit Limited	Limited liability company	Subject to audit regulation by CPA Bermuda, BPAB, PCAOB, FRC and CPAB	Professional services	Audit and assurance services
KPMG Tax Limited	Limited liability company	Not regulated	Professional services	Tax services
KPMG Advisory Limited	Limited liability company	Not regulated	Professional services	Advisory services
KPMG Internal Services Limited	Limited liability company	Not regulated	Internal administrative services	Internal administrative services
KPMG Bermuda Holdings Limited	Limited liability company	Not regulated	Holding company	Holding company

Appendix 2

Current Board of KPMG in Bermuda



Mike Morrison*†
Managing Director,
CEO



James Berry*†
Managing Director,
Head of Audit



Umer Islam*
Managing Director,
Risk Management
Partner



Charles Thresh*
Managing Director,
Head of Advisory



Colin Couper
Managing Director
*(retired on
September 30, 2021)*



Will McCallum*†
Managing Director,
Head of Tax



Adam Smith*
Managing Director,
Head of People



Todd Kearns
Managing Director,
Ethics and
Independence Partner



Gary Pickering
Managing Director,
Head of Audit Quality



Damion Henderson
Managing Director



Steve Woodward
Managing Director



Mark Allitt
Managing Director



Himad Zafar
Managing Director

* Member of the Executive Committee

† Member of the Compensation Committee



kpmg.bm

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG, a group of Bermuda limited liability companies which are member firms of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.