



30⁺ YEARS
IN VIETNAM
& CAMBODIA

Transparency Report 2023

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KPMG in Cambodia

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Message from the Chairman

The success of our firm will always be linked to the quality of the services we provide to those that rely on us. For more than 150 years at the global level, and 30 years in Cambodia, quality has helped us become a trusted advisor to so many businesses and stakeholders across the world and the measure of our success will always be determined by the level of quality we provide — no matter how the world turns.

Providing high-quality services takes hard work, dedication and focus, as well as a continued investment in the people and technology that make it happen.

We're making sure our incredible people — who respect the KPMG Global Code of Conduct, live our Values and care about doing the right thing — are with us every step of the way. These past few years have been challenging and our people's remarkable resilience and deep commitment to providing services of the highest quality to clients and stakeholders have been inspiring. And we're helping them expand their careers, supporting their well-being, and building a safe and inclusive workplace. Their individual success is key to our collective growth.

That's why we're transforming the audit experience for both our clients and our teams by investing in KPMG Clara — our cloud-based audit methodology and workflows platform.

KPMG Clara delivers smarter, data-driven outcomes and deeper insights by blending some of the best technology with the best of our people.

We have also strengthened the consistency and robustness of our system of quality management to comply with the new International Standard on Quality Management (ISQM 1) as adopted in Cambodia and referred to as ISQM 1 throughout this document.

We believe consistent execution and adherence to these requirements and the intent of the professional standards behind them will help drive higher quality across our organization for clients, large and small, no matter where they do business.

And as stakeholders demand more accountability on environmental, social and governance (ESG) issues, and

regulators begin to require disclosures across new metrics, KPMG International is investing more than 1.5 billion US dollars to make ESG the watermark running through KPMG. This has empowered our people, who can continue to tap into a diverse set of multidisciplinary skills and capabilities to help provide independent measurement, validation and quality assurance over ESG information as the standards evolve.

Audit has been a fundamental part of our business for generations and, as the world changes dramatically, our fidelity to ensuring the successful working of the capital markets through the robust quality of our audits has stayed constant. It's why we've been successful for 150 years at the global level, and 30 years in Cambodia, and the measure of our quality is the reason we expect to be here for more years to come.

We'll continue to work hard to provide you with quality and earn your trust.

Thank you for trusting KPMG.



Warrick Cleine
Chairman
KPMG in Cambodia

Throughout this document, "KPMG", "we", "our" and "us" refers to KPMG Cambodia Ltd.

Any references to the KPMG global organization mean the member firms of KPMG International Limited, each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients.

No member firm has any authority to obligate or bind KPMG International Limited or any other member firm vis-à-vis third parties, nor does KPMG International Limited have any such authority to obligate or bind any member firm.

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

Throughout this document, references to "Firm", "KPMG firm", "member firm" and "KPMG member firm" refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee. The overall governance structure of KPMG International Limited is provided in the 'Governance and leadership' section of the [KPMG International Transparency Report](#).

1 Our system of quality management is foundational for audit quality

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

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

KPMG International's global approach to SoQM and ISQM 1

- Sets policies and procedures to support KPMG firms' effective SoQM in accordance with ISQM 1 issued by the IAASB;
- Establishes for each SoQM component globally consistent quality objectives, risks and responses;
- Provides KPMG firms with a risk assessment framework that they have agreed to use in identifying incremental KPMG firm specific quality objectives, risks, and controls;
- Supports KPMG firms with guidance, tools, and training to drive consistent and effective firm SoQM operation;
- Includes monitoring activities over KPMG firms' SoQM to drive global consistency.

Our globally consistent approach to ISQM 1 drives the robustness of our responses to the risks of achieving the quality objectives set out in the standard. For each component in the standard, we have established minimum required quality objectives, quality risks and responses for all KPMG firms.

KPMG International has established a risk assessment process required to be used by KPMG firms in identifying additional firm specific quality objectives, quality risks, and responses and requirements for testing and evaluation of their system of quality management together with guidance, tools and templates to support the consistent implementation of ISQM 1 across KPMG firms.

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

To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global

Quality Framework outlines how we deliver quality and how every KPMG professional contribute to its delivery.

The drivers outlined in the framework are the ten components of our KPMG SoQM. In line with ISQM 1, our SoQM also aligns with the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and as adopted in Cambodia, which apply to professional services firms that perform audits of financial statements.

Section 2 to section 11 of the Transparency Report describe how we effectively operate each SoQM component.

Combined with our firm's SoQM Statement of Effectiveness (See section 15), this Transparency Report summarizes how our SoQM effectively supports the consistent performance of quality engagements. This report may also be useful for stakeholders interested in KPMG firms' Tax and Advisory services, as certain aspects of our firm's SoQM are cross-functional and apply equally as the foundation of quality for all services offered.



2 Live our culture and Values

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

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

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

2.1.1 Tone at the top

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

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

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

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

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

To safeguard this principle of holding each other accountable, each KPMG firm has agreed to establish, communicate and maintain clearly defined channels to allow KPMG personnel and third parties to make inquiries about, raise concerns in

relation to, provide feedback on and notify reportable matters, without fear of reprisal, in accordance with applicable law or regulation.

The [KPMG International hotline](#) is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to KPMG International, activities of KPMG firms or KPMG personnel. Reports received by the KPMG International hotline are taken seriously, and for each of them, KPMG International will consider how to respond and where necessary, investigate and take appropriate action.

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

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

2.1.2 The KPMG multidisciplinary model

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

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

2.2.1 Our business

KPMG Cambodia Ltd is a professional services firm that delivers audit, assurance and related services. We operate out of Phnom Penh in Cambodia and had an average of 331



partners and employees in the year to 30 September 2023 (2022: 312).

Our audit services in Cambodia are delivered through KPMG Cambodia Ltd. Full details of the services we offer can be found on our [website](#).

2.2.2 Our Strategy

Our strategy is set by our partners and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a global strategy execution.

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

2.3.1 Leadership responsibilities for quality and risk management

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

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

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

The Chairman

In accordance with the principles in ISQM 1, our Chairman is the leader who has ultimate responsibility for our SoQM.

Details of some of the measures that he and the rest of the ExCo have taken to ensure that a culture of quality prevails within our firm are set out in section [5.4](#)

Risk Management Partner

Our firm's Risk Management Partner (RMP) is responsible for the firm's direction and execution of risk, compliance, and quality. The RMP is a member of the firm's Executive Committee and has a direct reporting line to the Chairman and CEO. The RMP consults, as appropriate, with the Chairman and CEO, the Regional Risk Management Partner, Global Quality & Risk Management resources, and the general counsel or external counsel.

Ethics and Independence Partner

Our firm's Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in our firm and reports on ethics and independence issues to the RMP – if he or she is not also the RMP.

The Head of Audit

The Head of Audit is accountable to the Chairman for the quality of service delivered in his function. He is responsible for the execution of the risk management and quality management procedures for the Audit Function within the framework set by the RMP. These procedures make it clear that, at the engagement-level, risk management and quality management is ultimately the responsibility of all professionals in the firm.

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

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

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, our SoQM evaluation, root cause analysis procedures and other quality matters identified from a variety of sources.

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

Audit Quality Committee

In addition, within the Audit function, our Audit Quality Committee considered matters relating to maintaining and improving audit quality, including the detailed findings (and related actions) from our SoQM evaluation, external regulatory reviews, the internal Quality Performance Review program and other quality control programs, as well as papers on a range of issues designed to allow us to challenge ourselves in various aspects of audit quality and improvement. During the year, the Audit Quality Committee comprised of the Head of Audit, the Head of Professional Practice and the Audit Quality Partner. The Audit Quality Committee met every two weeks during the year.



2.4 Robust governance structures

2.4.1 Our legal and governance structure

KPMG Cambodia Ltd is a Cambodian single member private limited company incorporated and operating under the laws of Cambodia. It is wholly owned by KPMG Vietnam and Cambodia Limited, a company incorporated in the Cayman Islands. KPMG Vietnam and Cambodia Limited is a member firm of KPMG International.

At KPMG, we apply high standards of corporate governance.

Chairman

The Chairman is responsible for chairing meetings of Partners, acting as chief spokesman for the firm, liaising with major clients, mentoring Partners, and ensuring Partners are contributing positively to the development, growth and technical excellence of KPMG. In addition, he is also responsible for all aspects of management and implementation of the firm's strategy. This includes recommending the appointment of leaders such as Senior Partners in each office and taking responsibility for areas such as Sales & Markets, Brand & Innovation, People, Performance and Culture, Human Resources, Legal, Finance and Administration and Information Technology.

The Chairman is elected on a 5-year term basis based on a majority vote by the Participating Partners (partners who are members of the firm's partnership agreement), and in this capacity, may act on all matters on behalf of the firm.

The Executive Committee (ExCo)

Under our governance framework, the Chairman appoints an ExCo. Members of the ExCo act in an advisory capacity to the Chairman on strategic matters in relation to the firm as a whole.

In addition, the ExCo is to provide strategic leadership inputs, development and implementation of business plans, prioritization and allocation of investment and resources, and managing the risk profile of KPMG in Cambodia.

Members of the ExCo currently includes Functional heads,, Strategic workstream leads, and the Quality & Risk Management Partner.

Management Group

In addition to the ExCo, the Chairman is supported by a number of members of Senior Management who together comprise the firm's Operations Committee (OPSCO). The OPSCO is responsible for implementing firm policies as promulgated by the Chairman, developing strategies and tactical and operational plans to support such policies and for the sound operations of the firm. In addition, the OPSCO is also responsible for coordination and guidance of all Infrastructure Departments and Teams including maintenance of budgetary spend, defining and realizing benefits, and ultimately ensuring efficiency right across the firm.

The firm's current OPSCO includes Chief Financial Officer/Chief Information Officer/Head of Administration, Head of Markets, Head of People, and the firm's Chief Operating Officer.

Audit Quality Committee

The Audit Quality Committee, comprising of the Head of Audit, the Audit Quality Partner and the head of DPP, ensures risk and quality matters are a priority for audit leadership.

Specifically, its responsibilities include:

Reviewing the proposed significant audit initiatives ensuring the objectives and outcomes align with maintaining or enhancing audit quality.

Recommending the strategic prioritization, resourcing and timetabling of audit initiatives as they impact audit quality across all offices.

Confirming the robustness of our monitoring activities as consistent with our audit quality priorities.

See section 14.1 for information on the KPMG legal structure and 14.4 for information on the KPMG International Governance structure.

3 Apply expertise and knowledge

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

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

3.1 Methodology aligned with professional standards, laws and regulations

3.1.1 Consistent audit and assurance methodology and tools

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

- Meeting the applicable standards, including Cambodian International Standards on Auditing (CISA), International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA);
- Identifying risks of material misstatements and the necessary audit response;
- Embedded in the practice of our audit and assurance professionals;
- Alignment to the International Standard on Assurance Engagements (ISAE)s, as adopted in Cambodia, in response to the growth of ESG reporting;
- Consistent interpretation of how to apply CISAs, ISAs and ISAEs as adopted in Cambodia.

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

3.2 Standardized methodology and guidance

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

3.3 Deep technical expertise and knowledge

3.3.1 Access to specialist networks

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

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

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

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

We also have access to online financial reporting resource center maintained by KPMG International that highlights the potential financial statement implications of matters arising from significant external events to assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications of arising from these significant external events and conditions.



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Appendix 1

Appendix 2

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

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

3.3.3 ESG Assurance quality

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

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

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

- Released a revised methodology for ESG assurance designed to be flexible and scalable, while enabling high quality, globally consistent assurance engagement delivery that complies with assurance standards and aligns with our financial statement audit methodology. The scope of the execution guide is broader than ESG assurance and is also applicable for all ISAE 3000 assurance engagements and ISAE 3000 assurance engagements as adopted in Cambodia;

- Delivered guidance to be used in conjunction with the methodology that is supported by standardized risks and procedures for Greenhouse gas assurance engagements;
- Released cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform — KPMG Clara — that provides our teams, and our clients, with a consistent user experience
- Released learning curriculum to increase the foundational ESG literacy of KPMG professionals and enable upskilling on the new methodology and KPMG Clara workflow – Assurance.

3.4 Quality and risk management policies

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

4 Embrace digital technology

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

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

4.1 KPMG Clara

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

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

4.2 Intelligent, standards-driven audit and assurance workflows

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

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

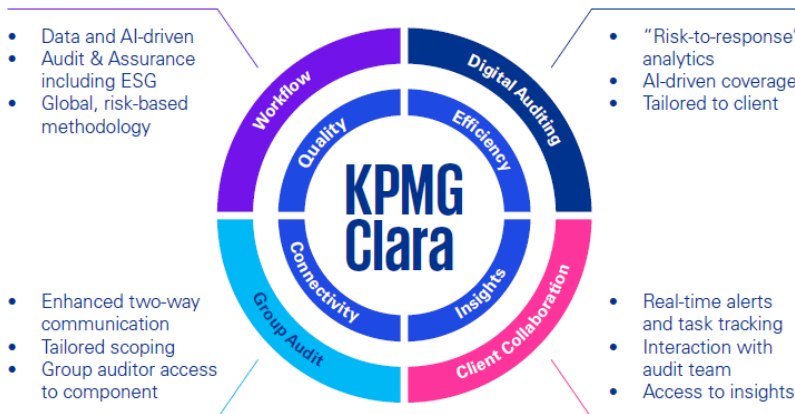
4.3 Digital data and emerging technologies

Our vision of the future

KPMG Clara was developed to be a foundational technology platform to deliver audit quality. It evolves with technologies such as artificial intelligence (AI), data & analytics and cognitive capabilities transforming how audits are delivered.

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

The KPMG organization’s procurement and global alliance relationships with Microsoft were recently renewed and expanded. The multi-year agreement further integrates data, automation and AI enablement into KPMG Clara to develop deeper, increasingly relevant insights, freeing up KPMG teams to focus on higher-risk areas of audit.





4.3.1 Client 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 applicable laws, regulations, and professional standards.

KPMG provides training on confidentiality, information protection and data privacy requirements to all the firm's personnel annually.

5 Nurture diverse skilled teams

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

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

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

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

5.1.1 Recruitment

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

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

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

We recruited over 50 new graduates in the year ended 30 September 2023 (2022: approximately 87).

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

5.1.2 Inclusion, diversity and equity programs

At KPMG, we are committed to building a diverse and equitable firm that is inclusive to all. Inclusion, diversity and equity (IDE) underpins our [Values](#) and is vital to our Purpose.

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

We recognize the KPMG organization's 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 across all KPMG firms.

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

5.1.3 Reward and Promotion

Reward

We have compensation and promotion policies that are informed by market data, clear, simple, fair and linked to the performance review process. This helps our partners and employees understand what is expected of them, including audit quality accountabilities outlined in globally consistent audit role profiles and the audit quality goal. The connection between performance and reward is achieved by assessing performance across a peer group to inform reward decisions.

Reward decisions are based on consideration of both personal and individual firm performance.

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

Nurture diverse skilled teams



Promotion

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

5.2 Assign an appropriately qualified team

At KPMG we have policies, procedures and controls in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. 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 responsible for determining their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with our audit methodology, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own firm, other KPMG firms or external experts.

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

- Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- Understanding of professional standards and legal and regulatory requirements;
- Appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing;
- Knowledge of relevant industries in which the client operates;
- Ability to apply professional skepticism;
- Understanding of KPMG’s quality control policies and procedures; Quality Performance Review (QPR) results and results of regulatory inspections.

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

The KPMG organization is strategically investing in prospective talent by partnering with world-class institutions to sustain strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the

future. In our firm, we are recruiting and training professionals who specialize in software, cloud capabilities and AI and who can bring leading technology capabilities to the smart audit platform that we use. We provide training on a wide range of technologies to help ensure that field professionals not only meet the highest professional standards but are also upskilled in new technology. With this approach we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

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

5.4.1 Commitment to technical excellence and quality service delivery

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

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

5.4.2 Lifetime learning strategy

Formal training

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

Minimum 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 coaching

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

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

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

5.4.3 Licensing and mandatory requirements for IFRS® Standards, otherwise referred to as the Cambodian International Financial Reporting Standards (CIFRS), and US GAAP engagements

Licensing

All KPMG professionals in our firm are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development requirements in the jurisdiction where they practice. The firm's policies and procedures are designed to facilitate compliance with licence 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.

Mandatory requirements – IFRS Standards and US GAAP engagements

In addition, KPMG International has specific requirements for partners, 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 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 EQC 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.

5.5 Recognize quality

5.5.1 Personal development

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

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

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

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

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

6 Associate with the right clients and engagements

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

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

6.1 Global client and engagement acceptance and continuance policies

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

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

6.2 Accept appropriate clients and engagements

6.2.1 Client evaluation

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

6.2.2 Engagement evaluation

We consider a range of factors considered when we are evaluating each prospective engagement including:

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

In addition, the evaluation of an audit engagement includes an assessment of the competence of the client's financial

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

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

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

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

6.2.3 Continuance process

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

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

6.2.4 Withdrawal process

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



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6.3 Accept Manage portfolio of clients

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

Our firm’s engagement partners are responsible for determining that members of the engagement team collectively have the appropriate competence and capabilities, including sufficient time, to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements. See section [5.2](#) Assign an appropriately qualified team.

7 Be independent and ethical



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

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

7.1 Act with integrity and live our Values

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

7.2 Maintain an objective, independent and ethical mindset

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

Policies are supplemented to help ensure compliance with the standards issued by the Accounting and Auditing Regulator (ACAR) and relevant regulators in Cambodia such as the non-bank regulators made up of the Securities and Exchange Regulator of Cambodia (SERC), Insurance Regulator (IRC), Trust Regulator (TR), Social Security Regulator (SSR), Real Estate and Pawnshop Business Regulator (REPBR), and the National Bank of Cambodia (NBC). 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.

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

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

7.2.1 Personal financial independence

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

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

We monitor partner and manager compliance with this requirement as part of our program of independence compliance audits of professionals. KPMG International provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

7.2.2 Employment relationships

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

7.2.3 Firm financial independence

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

KPMG's independence compliance system records direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or

funds. This includes investments held in associated pension and employee benefit plans.

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

On an annual basis, we confirm compliance with independence requirements as part of the global KQCE program.

7.2.4 Business relationships/suppliers

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

7.2.5 Business acquisitions, admissions and investments (if applicable)

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

7.2.6 Independence training and confirmations

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

We also provide all partners and employees with annual training on the Global Code of Conduct.

7.2.7 Non-audit services

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

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

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

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

7.2.8 Fee dependency

KPMG firms have agreed to consult with their Regional Risk Management Partner where total fees from an audit client are expected to exceed 10 percent of the annual fee income of the KPMG firm for two consecutive years. If the total fees from a public interest entity audit client and its related entities were to represent more than 15 percent of the total fees received by a particular KPMG firm in a single year, this would be disclosed to those charged with governance at the audit client. Where the total fees continued exceed 15 percent for two consecutive years, we would engage a partner from another KPMG firm as the engagement quality control (EQC) reviewer and the fee dependency would be publicly disclosed.

7.2.9 Avoiding conflicts of interest

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

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

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

7.2.10 Independence breaches

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

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

7.2.11 Partner and firm rotation

Partner rotation

Our partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a 'time-out' period during which time these partners are restricted in the roles they can perform.

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Firm rotation

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

7.3 Have zero tolerance of bribery and corruption

We have zero tolerance of bribery and corruption.

All KPMG firms' partners and employees are required to take training covering compliance with laws, regulations and

professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance.

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

8 Perform quality engagements

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

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

8.1 Consult when appropriate

8.1.1 Encouraging a culture of consultation

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

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

8.1.2 Technical consultation and global resources

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

Global Audit Methodology Group (GAMG): Develops KPMG International’s audit and assurance methodology based on the requirements of the applicable audit and assurance standards of the IAASB, PCAOB, and AICPA.

KPMG Global Solutions Group (KGSG): Develops and deploys global audit and assurance solutions, including new technology and automation innovations.

The GAMG and KGSG teams bring diverse experience and innovative ways of thinking to further evolve KPMG firms’ audit and assurance capabilities.

International Standards Group (ISG): Promotes consistency of interpretation of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards by KPMG firms and develops global audit guidance in response to emerging issues and to promote global consistency.

PCAOB Standards Group (PSG): Promotes consistency in the interpretation of PCAOB auditing standards in KPMG

firms’ audits of non-US components and foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

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

8.2 Critically assess audit evidence using professional judgment and skepticism

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

8.3 Direct, coach, supervise and review

8.3.1 Embedding ongoing coaching, supervision and review

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

8.3.2 Engagement quality control (EQC)

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



audit engagements, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements, including certain assurance engagements, as designated by our RMP or our Head of Audit.

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

EQC reviewers must meet training, knowledge and experience criteria to perform the EQC review for a particular engagement. Reviewers must be objective, cannot be members of the engagement team and must be independent of the audit client.

8.4 Appropriately support and document conclusions

8.4.1 Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained. In preparing auditors’ reports, engagement leaders have access to extensive reporting guidance and technical support through consultations with our Department of Professional Practice, especially where there are significant matters to be reported to users of the auditors’ report (e.g. a modification to the opinion or through the inclusion of an ‘emphasis of matter’ or ‘other matter’ paragraph).

8.4.2 Engagement documentation

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

9 Assess risk to quality

- Identify and understand risks to quality and implement effective responses

9.1 Identifying risks to quality and implement effective responses

The quality of a KPMG audit rests on the foundational SoQM and our approach to ISQM 1 emphasizes consistency and robustness of controls within our processes. KPMG International performs an annual iterative risk assessment process (I-RAP) to determine the baseline expected quality objectives, quality risks, process risk points and controls (responses to those risks) that all KPMG firms agree to adopt. KPMG firms also perform their own I-RAP, annually, to identify any additional quality objectives, quality risks or controls specific to their firm's facts and circumstances.

The consistent global approach:

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

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

10 Monitoring and remediate

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

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

10.1 Rigorously monitor and measure quality

10.1.1 Commitment to continuous improvement

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

10.1.2 Internal monitoring and compliance programs

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

The programs evaluate:

- Engagement performance in compliance with the applicable professional standards, applicable laws and regulations and key KPMG International policies and procedures;
- Our firm's compliance with key KPMG International key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

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

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

The results and lessons from the integrated monitoring and compliance programs are communicated and we establish

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

Audit Quality Performance Reviews (QPRs) program

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 four-year cycle. A risk-based approach is used to select engagements.

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

Evaluations from Audit QPR

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

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

KPMG Quality & Compliance Evaluation (KQCE) program

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

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

Global Quality & Compliance Review (GQ&CR) program

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



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people surveys, with each firm subject to a GQCR at least once in a four-year cycle.

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

Internal monitoring and compliance program reporting

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

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

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

Remediation and monitoring

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

10.2 Obtain, evaluate and act on stakeholder feedback

10.2.1 Regulators

In Cambodia, ACAR has been carrying out independent inspections for a number of years and completed their work on the 2022 inspection of KPMG Cambodia in September 2022 with no reportable findings.

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through IFIAR's Global Audit Quality

Working Group (GAQWG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

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

10.2.2 Client feedback

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

10.2.3 Monitoring of complaints

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

10.3 Perform root cause analysis

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

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

Our Head of Audit is responsible for audit quality, including the remediation of audit quality issues. Our firm's RMP monitors the remediation plans' implementation.

11 Communicate effectively

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

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

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

We stress the importance of keeping those charged with governance informed of issues arising throughout the audit through guidance and supporting resources. We achieve this through a combination of reports and presentations, attendance at Audit Committee or board meetings, and ongoing discussions with management and members of the Audit Committee.

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

Global IFRS Institute

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

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

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

personnel are invited to participate in KPMG’s Global People Survey (GPS) to share their perception on their experience of working at KPMG. Results can be analyzed by several factors, including functional or geographic area, grade and gender to provide additional focus for action.

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

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

We participate in the GPS, monitor results and take appropriate actions to communicate and respond to the findings of the survey. The results of the GPS, and the appropriate follow up actions, are also aggregated for the entire global organization and are presented to the Global Board each year.

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

12 Partner remuneration

Partner remuneration is composed primarily of a pre-determined portion, which is based, in part, on the seniority and experience of each Partner. Retirement allowance will be paid to Partners who have been a Participating Partner in the firm for at least 10 years with conditions specified in the Partner Remuneration policy.

There are four elements to partner remuneration:

- a) A fixed sum – shall be determined by the Chairman from time to time.
- b) Seniority – the seniority pool shall comprise the Partner Remuneration Pool minus the total fixed sum. The seniority points for each Participating Partner are specified in the resolution of Participating Partners and one additional point will be awarded on the last day of each financial year.
- c) Responsibility – the responsibility pool shall comprise the Partner Remuneration Pool minus the total fixed sum. The apportion to individuals shall be at the discretion of the Chairman based on responsibilities to client service, engagements, projects, management or leadership roles. Provisional allocations of incomes may be made to individual at commencement of and during the fiscal year subject to the final reconciliation pursuant to the overall size of the pool.
- d) Performance - the performance pool shall comprise the Partner Remuneration Pool minus the total fixed sum. The apportion to individuals shall be at the discretion of the Chairman based on the performance during the fiscal year.

13 Network arrangements

13.1 Legal structure

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

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

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

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

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

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

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

13.2 Responsibilities and obligations of KPMG firms

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

clients, manage risk, and deploy global methodologies and tools.

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

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

13.3 Professional Indemnity Insurance

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

13.4 Governance structure

KPMG International's governance bodies are comprised of the Global Council, the Global Board (including its committees), the Global Management Team and the Global Steering Groups.

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 53 KPMG member firms.

Global Board

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

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

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

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



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

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

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

The Global Head of Audit and the Global Head of Audit Quality (the latter being responsible for oversight of audit quality across KPMG for KPMG International) report on audit quality matters to this committee.

Global Management Team

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

It is led by the Global Chairman, Bill Thomas. The list of current GMT members is available on the [Leadership](#) page of kpmg.com.

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the GMT and, together they assist the GMT in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the GMT.

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

- Establish, and ensure communication of, appropriate audit, quality and risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- Promote and support strategy implementation in member firms' audit functions, including standards of audit quality; and
- Assess and monitor audit quality issues, including those arising from quality performance and regulatory reviews, and focus on best practices that reduce audit quality findings.
- The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in 'Governance and leadership' section of the [KPMG International Transparency Report](#).

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

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

14 Statement on the effectiveness of the System of Quality Management of KPMG Cambodia Ltd as at 30 September 2023

The annual evaluation of KPMG Cambodia Ltd's System of Quality Management as of 30 September 2023 concluded that the System of Quality Management provides KPMG Cambodia Ltd with reasonable assurance that the objectives of the System of Quality Management are being achieved in accordance with ISQM1.

The objectives of the System of Quality Management are to provide KPMG Cambodia Ltd with reasonable assurance that:

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

The statement on the effectiveness of the System of Quality Management of KPMG Cambodia Ltd as at 30 September 2023 is published on our [website](#).

Phnom Penh, 5 January 2024



Warrick Cleine

Chairman, KPMG Cambodia Ltd

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Appendix 1

Appendix 2

Appendix 1: Key legal entities and areas of operation

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
KPMG Cambodia Ltd	KPMG Cambodia Ltd, a Cambodian single member private limited company and wholly owned by KPMG Vietnam and Cambodia Limited, a company incorporated in the Cayman Islands. KPMG Vietnam and Cambodia Limited is a member firm of KPMG International.	Single member private limited company	Professional firm	Audit, Tax and Advisory

Appendix 2: Details of those charged with governance at KPMG Cambodia Ltd



Warrick Cleine

Warrick is the Chairman of KPMG Cambodia Ltd and has been a partner with KPMG for over 23 years.



Auvarin Phor

Auvarin is a Director, Chief Operating Officer and Audit Partner for KPMG Cambodia Ltd and has been a partner with KPMG for over 14 years.



Kwang Puay Chong

Kwang Puay is a Director of KPMG Cambodia Ltd and has been a partner with KPMG for 18 years.

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