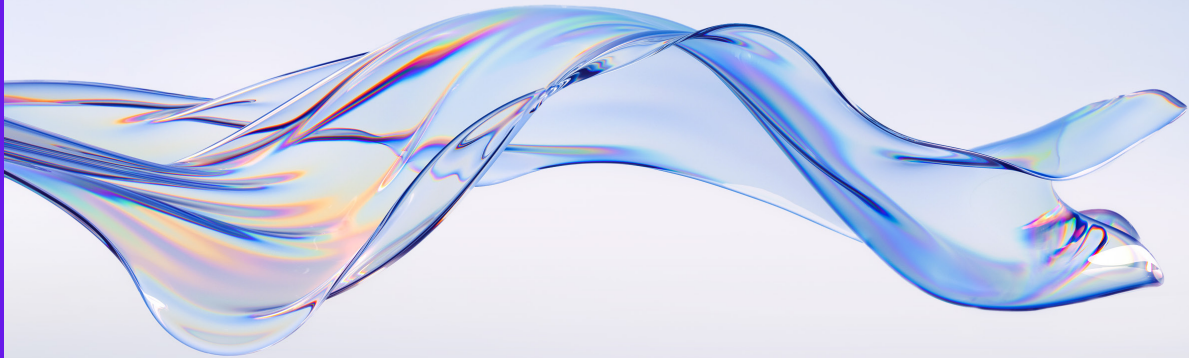




Transparency Report 2022

Our relentless focus on quality



January 2023

KPMG in Malta

www.kpmg.com.mt

Introducing the Transparency Report

This Transparency Report contains information that is in accordance with the terms of the disclosure requirements of Section 18 of the Accountancy Profession Act (CAP, 281 Laws of Malta) relevant to audit firms which carry out statutory audits of public interest entities.

This report provides information as to how we are organised, managed and how we ensure quality, which remains our top priority and underpins everything we do. All of our actions are guided by our Values. They drive our daily behaviours, guide our decisions and shape our culture. Integrity remains 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 KPMG Transparency Report will share with you how we are delivering on our fundamental promise of audit quality to serve the public interest, investors, audit committees and our stakeholders. Our leadership strives to promote a culture that quality is everyone's job. Our methodologies and processes, to which we refer in this document, similarly reflect the drive for quality.

KPMG in Malta has an unwavering commitment to audit quality. It begins with the outstanding people we recruit and the values we instil in developing professionals committed to meeting our responsibilities to client, capital markets, regulators, communities and the public. We know that our standards are required to be of the very highest level in order to build and maintain public trust. Responsibility for quality starts at the top and means driving and reinforcing accountability through the complete chain of command in all our audit teams and practices so that every action helps us meet our rigorous quality objectives. Audit is the cornerstone of our business and the basis on which KPMG was founded.



David Caruana
Compliance Principal



Hilary Galea-Lauri
Head of Audit

That is why audit quality is absolutely paramount to us: our strategy begins with a relentless focus on quality and further guides us to continuously improve quality and consistency. We have also strengthened the consistency and robustness of our system of quality management across our global organization to comply with the new International Standard on Quality Management (ISQM 1). We believe consistent execution and adherence to these requirements and the intent of the professional standards behind them will help drive higher quality across our organization for clients.

And as stakeholders demand more accountability on environmental, social and governance (ESG) issues, and regulators begin to require disclosures across new metrics, we're investing 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.

We can only be satisfied with the best – it's our duty to the public and the capital markets. For us, integrity and independence are non-negotiable: we take decisive action when individual behaviour or events occur that do not align with our Values or that run counter to achieving rigorous, independent audits.

This Transparency Report covers the year 1 October 2021 to 30 September 2022. We invite you to read our Annual Review and to browse our website for further information relating to other aspects of our firm.

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

Thank you for trusting KPMG

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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 [2022 KPMG International Transparency Report](#).



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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 behaviours. Shared across every level and in every country, jurisdiction and territory in which we operate, they are the foundation of our unique culture.

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

2.1.1 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 integrity, accountability, quality, objectivity, independence, and ethics is essential in an organization that carries out audits and other services on which stakeholders rely.

At KPMG Malta 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. Always. 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.

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

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

Our Values are:

Integrity: We do what is right.

Excellence: We never stop learning and improving.

Courage: We think and act boldly.

Together: We respect each other and draw strength from our differences.

For Better: We do what matters.

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 our behaviors 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 for behaviour consistent with the Code and is required to confirm their compliance with it. 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 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 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.



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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. We take reports received by the International hotline seriously, and for each of them we respond, 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.

The Global People Survey provides KPMG Malta leadership and KPMG International leadership with results related to upholding the KPMG Values. KPMG Malta and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings.

2.1.2 System of quality management

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

Tone at the top, leadership, and a clear set of Values and conduct are essential to set the framework for quality. The quality of each audit rests on a foundational system of quality management.

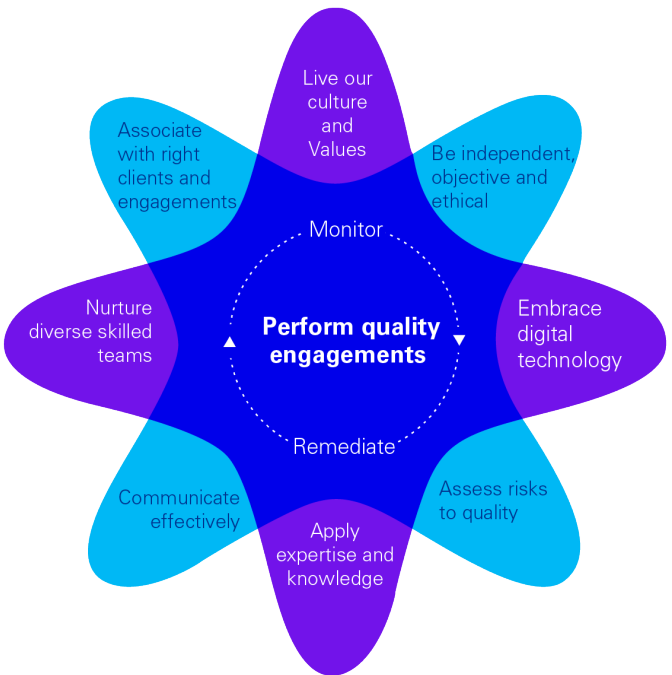
Across our global organization we have strengthened the consistency and robustness of our system of quality management that enables compliance with the International Standard on Quality Management Standard 1 (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB), which took effect on 15 December 2022. We consider this a transformational and fundamental change for KPMG firms.

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 new requirements apply to all KPMG firms within our global organization. The objective of this centralized approach is to drive the consistency, robustness, and accountability of responses within KPMG firm’s processes.

In preparation for ISQM 1, we adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable to 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 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.

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.

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

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

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



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2.1.3 Leadership responsibilities for quality and risk management

KPMG Malta demonstrates commitment to integrity, quality, objectivity, independence, and ethics, 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 integrity, quality, objectivity, independence, and ethics, demonstrated through their actions.

KPMG in Malta 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 Malta 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 Malta.



Senior Partner

In accordance with the principles in ISQC 1, our Senior Partner, Andre Zarb, has assumed ultimate responsibility for KPMG in Malta’s system of quality management.

Details of some of the measures that he and the rest of the Partnership Board have taken to ensure that a culture of quality prevails within KPMG in Malta are set out in this section of the report.



Risk Management Partner

The Risk Management Partner (RMP) is responsible for the direction and execution of risk, compliance, and quality control in KPMG in Malta. The RMP is a member of KPMG in Malta’s Partnership Board, Executive Management Committee, chairs the Quality, Risk & Reputation Committee and has a direct reporting line to the Senior Partner. The RMP consults, as appropriate, with the Senior Partner, the Regional Risk Management Partner, Global Quality & Risk Management resources, and the general counsel or external counsel.

This underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of partners and professionals in each of the functions.



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 Malta and reports on ethics and independence issues to the Senior Partner.



The Audit, Tax and Advisory functions – Function Heads

The three heads of the client service function (Audit, Tax and Advisory) are accountable to the Senior Partner for the quality of service delivered in their respective functions. They are responsible for the execution of the risk management and quality 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 Malta 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 scepticism, objectivity, and ethics and integrity;
- Developing and implementing an audit strategy which is aligned with KPMG in Malta’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.



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 section 8.1.2 of the member firm transparency report.

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

2.2.1 Our business

KPMG in Malta is a professional services firm that delivers Audit, Tax and Advisory services. We operate from 92, Marina Street, Pietà, Malta and had an average of 525 partners and employees in the year to 30 September 2022.

Full details of the services offered by KPMG Malta can be found on our website www.kpmg.com.mt.



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2.2.2 Our strategy

Our strategy is set by the KPMG in Malta’s Partnership Board and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a global strategy execution. We recognise in achieving this that our commitment to quality in everything we do is the most important element of our strategy, our reputation depends on it, as does our ability to achieve all other elements of our strategy.

2.3 Defined accountabilities, roles and responsibilities, including for leadership

2.3.1 Legal structure

KPMG in Malta 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. Professional services to clients are exclusively provided by member firms.

Further detail on the revised legal and governance arrangements for the KPMG global organization can be found in section ‘Governance and leadership’ of the [2022 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 Malta is part of the KPMG global organization of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate.

KPMG in Malta is a civil partnership constituted under the laws of Malta and is registered as an audit firm with the Accountancy Board in terms of the Accountancy Profession Act (CAP. 281). The Compliance Principal in terms of the Accountancy Profession Act (CAP. 281) is David Caruana. KPMG in Malta is wholly owned, and its voting rights are fully held, by its partners all of whom are professionals actively involved in the provision of audit, tax and advisory services to the firm’s clients. Most services, including all audit services, are provided by KPMG in Malta. The firm’s subsidiary and connected undertakings include KPMG Holding Limited which acts as the “paymaster” for the practice; KPMG Advisory Services Limited which provides certain non-audit

services; KPMG Talent (P5+) Limited which is licensed to provide recruitment services under the Employment and Training Services Act; K Software Limited which provides software services and KPMG Learning Academy which provides tuition.

KPMG and its subsidiary and connected undertakings in Malta are collectively referred to as KPMG in Malta in this report, unless the context clearly indicates otherwise. The contents of this report apply to the whole KPMG practice in Malta including that of its subsidiary and connected undertakings. During the year to 30 September 2022 there were 17 partners in KPMG in Malta (in 2021: 17 partners)

2.3.2 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.

2.3.3 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 (see section 2.1 Fostering the right culture, starting with tone at the top).

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 organization may be terminated if, among other things, it has not complied with the policies, procedures and regulations set by KPMG International or any of its other obligations owed to KPMG International.



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2.4 Overseen using robust governance structures

2.4.1 Governance structure

KPMG in Malta applies high standards of corporate governance. KPMG in Malta’s governance structure as reflected in the Partnership Agreement is summarised in the figure below:

Partnership Board

Chair: Senior Partner
Members: Partners

Executive Management Committee

Chair: Senior Partner
Members:
Head of Audit
Head of Tax
Head of Advisory (Head of Business Development)
Quality & Risk Management Partner
Head of Finance
People Performance Culture (PPC) Partner

Quality, Risk and Reputation Committee

Members:
Quality and Risk Management Partner (Compliance Principal)
Senior Partner
Head of Audit

EMC Sub-Committees

PPC Committee

Chair: PPC Partner

Business Development Committee

Chair: Head of Business Development

Audit Committee

Chair: Head of Audit

Members: Audit Partners and Directors

Advisory Committee

Chair: Head of Advisory

Members: Advisory Partners and Directors

Tax Committee

Chair: Head of Tax

Members: Tax Partners and Directors



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Partnership Board

The principal governance and oversight body of KPMG in Malta is the Partnership Board which provides leadership to the firm and is responsible for our long-term growth and sustainability, setting our strategy and overseeing its implementation, monitoring performance against our business plan and protecting and enhancing the KPMG brand as well as the appointment of partners and staff to carry out the managerial roles within the firm’s governance structure.

The Partnership Board is made up of all the Partners of KPMG in Malta. The Senior Partner chairs the Partnership Board ensuring that the Board members receive accurate, timely and clear information and ensuring effective communication. Andre Zarb is the current Senior Partner and was appointed in this role with effect from 1 October 2020. All the voting rights of the firm are held by the partners. The Partnership Board met 12 times during the year ending 30 September 2022.

Full details of the Partners of KPMG in Malta, including their roles within the firm and expertise are set out in Appendix B.

In addition, there are 3 main bodies that deal with key aspects of governance within the group that report into the Board. These are:

- The Executive Management Committee;
- The Quality, Risk Management, & Reputation Committee;
- Functional partners’ Committees

Details about the role and responsibilities and composition of each of these key bodies are set out below.

Executive Management Committee

The Executive Management Committee (EMC) is responsible for management of the day-to-day activities of the KPMG in Malta, recommending policy to the Board and developing the business plan within the overall strategy set by the Board, together with its subsequent implementation.



It deals with operational matters affecting the firm (including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment, and retention and general remuneration, prioritization and allocation of resources and investment and managing the risk profile of KPMG in Malta.

The Executive Management Committee, which is chaired by the firm’s senior partner, met 36 times during the year to 30 September 2022 either face-to face or via video link/conference call supplemented by frequent additional telephone calls and ad hoc meetings.

The Quality, Risk Management & Reputation Committee

The principal role of the Quality, Risk Management & Reputation Committee is to provide oversight of quality and risk management matters across the firm. As part of its role, it oversees that a culture of quality and integrity is maintained within the firm and, where required, it will act as a sounding board to the Risk Management Partner on the policies and procedures relating to professional risk management, ethics and independence, quality control and compliance. The Committee also considers the impact of the key findings from our compliance quality monitoring programs and the adequacy of proposed remedial actions.

Functional partners’ committees

The partners and directors working within each of the firm’s three client service functions form part of a partners’ committee for that function, chaired by the respective head of function. The objective of these committees is to ensure the effective management of each respective function within the firm.



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Applying expertise and knowledge

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

3.1 Methodology aligned with professional standards, laws and regulations

3.1.1 Consistent audit and assurance methodology and tools

Bringing consistency through our methodology.

Our audit and assurance 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 and assurance professionals and required to be used, where necessary;
- Applied even where local auditing standards may be less demanding than the ISAs; and
- Based on the requirements of the International Standard on Assurance Engagements (ISAE) and aligned to assurance products in response to the growth of 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 workflows) and includes KPMG interpretation of how to apply ISAs, which we believe enhance audit quality.

The KPMG Assurance Manuals provide the requirements and guidance for a consistent approach to performing assurance engagements, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. The audit and assurance methodologies emphasize applying appropriate professional skepticism in the execution of procedures and require compliance with relevant ethical requirements, including independence.

Enhancements to the audit and assurance methodologies, guidance and tools are made regularly to maintain compliance with the applicable standards and address emerging auditing and assurance areas of focus and audit quality results (internal and external). For example, the current focus on ESG assurance is driving updates to our assurance methodologies, tools and guidance.

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

3.2 Deep technical expertise and knowledge

3.2.1 Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit. KPMG in Malta 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.



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3.2.2 Our commitment to audit quality during significant external events

Significant external events such as the conflict in Ukraine, the COVID-19 pandemic and the emerging impacts of climate change have contributed to rising inflation and interest rates, supply chain disruption and increased global economic uncertainty.

Matters such as going concern, asset impairments and valuations will likely require careful judgment as organizations deal with elevated uncertainty and market volatility. KPMG firms' role as auditors is to evaluate these judgments.

We maintain an [online financial reporting resource center](#) to assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications of significant external events.

KPMG International issues extensive guidance to assist engagement teams in addressing the financial reporting, auditing and reporting related matters arising from the impacts of these external events, addressing the potential implications for going concern, asset impairments, valuations and related disclosures, materiality, risk assessment, group audits, subsequent events, audit evidence and communications with those charged with governance.

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

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

3.3 Quality and risk management manual

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



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Embracing digital technology

At KPMG, we are committed to serving the public interest and creating value through continuous innovation. We are transforming the audit experience for our professionals and clients by leveraging the data and insights of leading technologies and enhancing audit quality by increasing our ability to focus on the issues that matter.

4.1 Intelligent, standards-driven audit workflows

All KPMG in Malta professionals are expected to adhere to KPMG International and KPMG in Malta 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 Malta policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards as well as rules and standards issued by the Accountancy Board in Malta and other relevant regulators as well as applicable legal and regulatory requirements.

4.1.1 Evolving our audit workflows

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 we reimagined our audit platform, workflows 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 workflows and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalize and transform the audit experience. It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

4.2 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 data-enabled workflows.

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:

- Analysis of account balances and journal entry data;
- Automation of 'period on period' balances comparison and 'time series' evolution information;
- Analysis of sub-ledger, transactional data over certain business processes and accounts; and
- Integration (where applicable) with industry-specific digital procedures and solutions.



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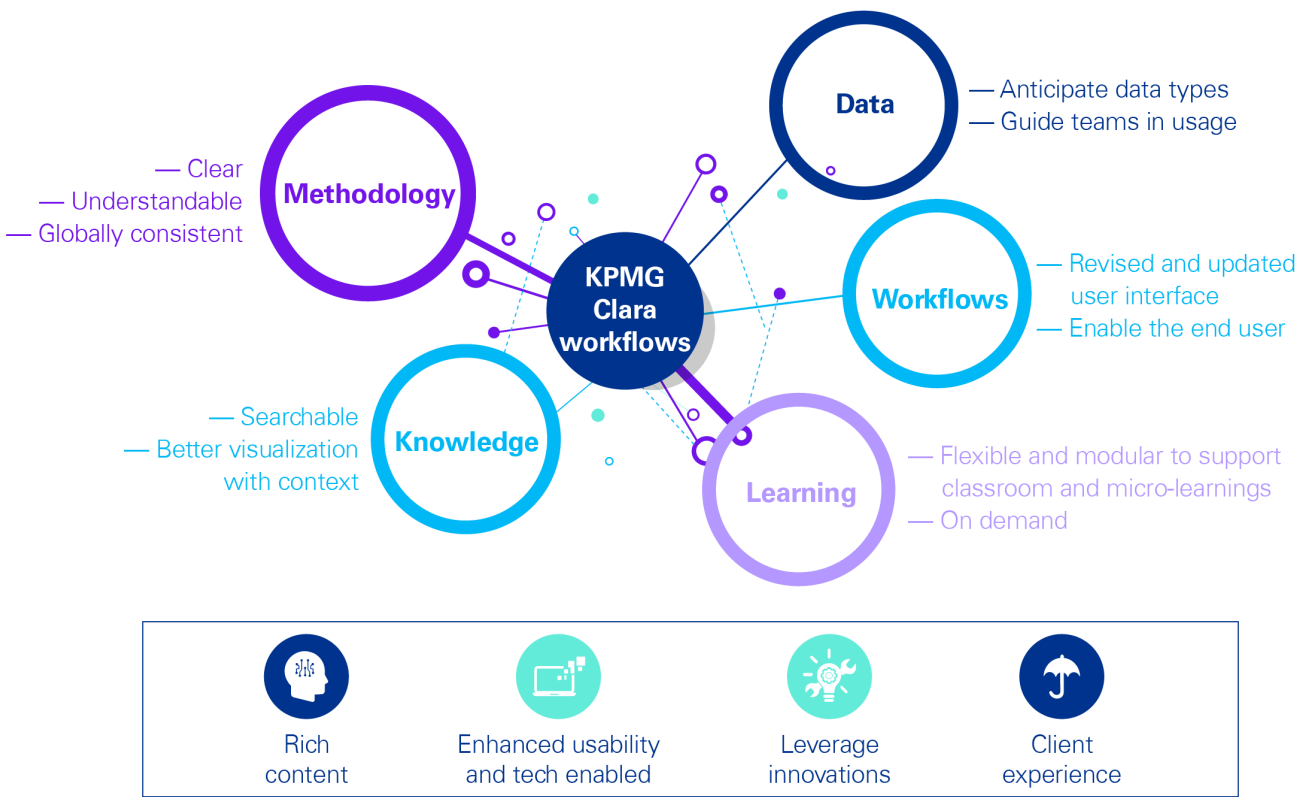
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Our vision of the future

KPMG Clara was developed to be a foundational technology platform for KPMG to deliver audit quality. It delivers this by being the base technology providing new capabilities in a globally consistent way, enabling the audit workflows and providing 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 workflows

Our previous platform, eAudIT, is being replaced with new workflows embedded with our revised audit methodology and enabled by the KPMG Clara smart audit platform. Phased full deployment of the KPMG Clara workflows (with the exception of very small and less complex national audits) commenced globally in 2020 with planned completion of full global transition for the 2022 fiscal period-end audits. Global transition for less complex national audits, leveraging enhanced scaling capability has commenced in 2022 and will be completed by 2023.

The web-enabled KPMG Clara workflows guide 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 workflows and revised audit methodologies are scalable – adjusting the requirements to the size and complexity of the audit engagement. KPMG Clara workflows significantly enhance the execution of an audit by KPMG professionals and drive audit quality and global consistency.

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

We continue to enhance the KPMG Clara smart audit platform to accommodate evolving security demands, further integrate existing audit applications, and develop new capabilities to digitalize additional audit processes.

4.2.1 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 KPMG in Malta personnel annually.



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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.

5.1 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 audits. This requires the right recruitment, development, reward, promotion, retention, and assignment of professionals.

5.1.1 Recruitment

KPMG in Malta has invested in understanding how we can attract the talent we need now and in the future across the organization. This requires the right recruitment, development, reward, promotion and assignment of professionals. This includes to 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. KPMG in Malta also recruits significant numbers at an experienced hire and director level.

All candidates apply and are employed following a variety of selection processes, which may include application screening, competency-based interviews 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. KPMG's policies also require that recruits undergo reference and background checks subject to legal and regulatory requirements.

KPMG in Malta recruited approximately 175 new people (excluding students and trainees) in the year ended 30 September 2022 (2021: approximately 100).

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 Malta does not accept any confidential information belonging to the candidate's former firm/employer.

5.1.2 Inclusion, diversity & equity programs

KPMG in Malta 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 Malta and across all KPMG firms.

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

5.1.3 Reward and Promotion

Reward

KPMG in Malta has 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, 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.



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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.

Partners are remunerated solely out of the profits of the whole firm and are personally responsible for funding pensions and other benefits. Audit partner remuneration setting takes no account of the level of non-audit services provided to the partner's audit clients.

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 Assigning an appropriately qualified team

KPMG in Malta 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:

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

5.3 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.

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

5.4.1 Commitment to technical excellence and quality service delivery

All KPMG in Malta 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 Malta, the firm accesses 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.

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, 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.



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

In relation to audit, KPMG in Malta:

- deploys a variety of learning solutions that are designed to reinforce the KPMG Values and ensure our professionals get the fundamentals right, and develop the necessary skills and attitudes to make judgments, and apply professional skepticism that enhance audit quality and the value of audit
- provide instructor-led and virtual classroom training, performance support tools, coaching guides and just-in-time learning. Guidance is available on judgmental audit topics — this is used by audit teams and this guidance is embedded across audit learning solutions
- provide courses to enhance personal effectiveness and develop leadership and business skills.

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

Licensing

All KPMG in Malta professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development requirements in the jurisdiction where they practice. KPMG in Malta 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 – IFRS.

We require that all client service professionals maintain accreditation with their professional body and satisfy the continuing professional development requirements of the respective body and, where applicable, that they satisfy the Continuing Professional Education requirements as referred in Directive 1 Accountancy Profession (Continued Professional Education) issued in terms of the Accountancy Profession Act (CAP 281) as holders of the warrant of Certified Public Accountants. Our policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

Mandatory requirements – IFRS Standards and US GAAP engagements

In addition, KPMG 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 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.

5.5 Recognizing quality

5.5.1 Personal development

KPMG in Malta’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 behaviors 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 into the assessment of performance and the decisions around reward, as well as drive consistency across the global organization.

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



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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.

6.1 Following the client and engagement acceptance and continuance policies

The KPMG 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.

6.2 Accepting appropriate clients and engagements

6.2.1 Client evaluation

KPMG in Malta 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 analyzing 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 regulatory requirements.

6.2.2 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 Malta personnel and includes additional reviews as required.

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.

6.2.3 Continuance process

KPMG in Malta undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any risks 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).

Recurring or long running non-audit engagements are also subject to periodic re-evaluation.



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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.

6.2.4 Withdrawal process

Where KPMG in Malta 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.

6.3 Managed portfolio of clients

KPMG in Malta leadership appoints engagement leaders (partners or directors) who have the appropriate competence, capabilities, time and authority to perform their role for each engagement.

They review each audit leader’s client portfolio in individual discussions with the audit leader to ensure that they have sufficient time to manage the portfolio and to ensure that the risks are being appropriately managed. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the leader and wider team to deliver a quality audit for every client.



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Being independent and ethical

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

7.1 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 the KPMG GQMMM, 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 the Accountancy Board. 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 Head 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 comply with these requirements.

KPMG in Malta 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 Malta. 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 fulfils 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.

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

7.2 Maintaining an objective, independent and ethical mindset, in line with the Code

7.2.1 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 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 (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.



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The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e. late reporting of an investment acquisition).

All partners 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 available funds and securities registered on recognized or regulated exchanges 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 partner 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 the KPMG independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

In 2022 over 85 of KPMG in Malta partners and employees were subject to these audits (this included approximately half of our partners).

7.2.2 Employment relationships

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

Former members of the audit or assurance team or former partners of KPMG in Malta are prohibited from joining an audit or assurance client in certain roles unless they have disengaged from all significant connections to KPMG in Malta, including payments which are not fixed and predetermined and/or would be material to KPMG in Malta and ceased participating in KPMG in Malta 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 has passed.

We communicate and monitor requirements in relation to employment and partnership of KPMG in Malta professionals by 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.

In common with other KPMG firms, KPMG in Malta 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 Malta 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 Malta confirms compliance with independence requirements as part of the KPMG Quality & Compliance Evaluation program.

7.2.4 Business relationships/suppliers

KPMG in Malta 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 SEC.

These include establishing and maintaining a process to evaluate potential third-party arrangements with particular regard to whether they have a bearing on auditor independence.

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

7.2.5 Business acquisitions, admissions and investments

If KPMG in Malta is in the process of considering the acquisition of, or investment in, a business, it is required to perform sufficient due diligence procedures on the prospective target to identify and address any potential independence and risk management issues prior to closing the transaction. Specific consultations with the Global Independence Group and Global Quality & Risk Management are required to enable independence and other issues to be addressed when integrating the business into KPMG in Malta and the wider global organization.

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7.2.6 Independence clearance process

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, KPMG in Malta 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.

The ‘KPMG Independence Checkpoint’ tool is used to automate and standardize the procedures that comprise the independence clearance process.

7.2.7 Independence training and confirmations

All KPMG in Malta partners and client facing 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 Malta and on an annual basis thereafter.

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

We also provide all partners and employees with annual training on:

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

New partners and employees are required to complete this training within three months of joining KPMG in Malta.

All KPMG partners and employees are required to sign, upon joining KPMG in Malta, and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies.

7.2.8 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.

KPMG in Malta have policies that are consistent with the IESBA principles, Directive 2, Code of Ethics for Warrant Holders issued in terms of the Accountancy Profession Act (CAP 281) and Article 18 of the Accountancy Profession Act (CAP 281) which address 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 public interest entity 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 to, 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 Malta is required to establish and maintain a process to review and approve all new and significantly modified services that are developed by KPMG in Malta. KPMG in Malta’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-audit services to their audit clients.

7.2.9 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 Regional Risk Management Partner 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 Malta over the last two years.

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7.2.10 Resolving conflicts of interest

Conflicts of interest can arise in situations where KPMG in Malta partners or employees have a personal connection with the client that 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 RMP or the EIP is required in these situations.

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.

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 Malta 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.

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 behavior of the recipient or which would cast doubt on the individual’s or the member firm’s integrity, independence, objectivity or judgment.

7.2.11 Independence breaches

All KPMG in Malta 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 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.

KPMG in Malta 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 Malta’s 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.

7.2.12 Partner and firm rotation

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.

KPMG in Malta leaders 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 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 Malta monitors the rotation of audit engagement leaders (such as the engagement partner, the 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.

Firm rotation

In terms of the 2016 changes to the Companies Act (CAP 386) subject to transitional requirements, a public interest entity shall appoint an auditor for a maximum period of 10 years extended to a maximum period of 20 years subject to a public tender process being held after 10 years. KPMG in Malta has processes in place to track and manage compliance with audit firm rotation requirements.



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7.3 Zero tolerance of bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG in Malta. 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](#).



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Performing quality engagements

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

8.1 Consulting when appropriate

8.1.1 Encouraging a culture of consultation

KPMG encourages a culture of consultation that supports engagement teams at KPMG firms throughout their decision-making processes and is a fundamental contributor to audit quality. KPMG in Malta promotes 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, firms are required to have established protocols for consultation and documentation of significant matters, including procedures to facilitate resolution of differences of opinion on engagement issues. KPMG audit, assurance and reporting manuals also include required consultations. GQRMM includes mandatory consultation requirements on certain matters.

8.1.2 Technical consultation and global resources

Technical accounting, auditing and assurance support is available to member firms through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG), the International Standards Group (ISG) and the PCAOB Standards Group (PSG), all of which report directly to the Global Head of Audit.

Global Audit Methodology Group (GAMG)

KPMG’s audit and assurance methodology is developed and maintained by the Global Audit Methodology Group (GAMG). The GAMG develops our 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)

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 and assurance 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, assurance, 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.

International Standards Group (ISG)

The KPMG ISG works with Global IFRS Standards topic teams, with geographic representation from around the world, and the IFRS Standards Panel and Methodology Advisory Group (MAG) 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. The ISG recently has expanded its remit to encompass the activities of the International Sustainability Standards Board (ISSB), including providing global thought leadership and guidance as the ISSB issues standards.

PCAOB Standards Group (PSG)

The KPMG PCAOB Standards Group (PSG) comprises a dedicated group of professionals with backgrounds in PCAOB auditing standards who promote 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.



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Member firm professional practice resources

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 ISG and PSG are also available for consultation support when required.

Across KPMG in Malta, the role of the sub-regional DPP (KIG DPP) is crucial in terms of the support that it provides to the Audit function. It provides technical guidance to client service professionals on specific engagement related matters, develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates international guidance on IFRS and ISAs.

Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves differences. In other circumstances, the matter may be elevated through the chain of responsibility for resolution by technical specialists. In exceptional circumstances, a matter may be referred to the Head of Audit, Head of DPP, Head of Quality and Risk or ultimately the country Senior Partner.

8.2 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.

8.3 Direct, coach, supervise and review

8.3.1 Embedding ongoing coaching, supervision and review

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

Ongoing direction, 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

engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions;

- Whether the team understands its instructions and 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; and
- Identifying matters to review and discuss with more experienced team members during the engagement.

The timely review of the work performed so that significant matters are promptly identified, discussed and addressed is also used as a coaching opportunity.

8.3.2 Engagement quality control (EQC) reviewers

The EQC review is an important part of KPMG's approach to quality. An EQC reviewer is required to be appointed for 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 the Risk Management Partner or country Head of Audit.

An EQC review is an objective evaluation of 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 are required to 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.

KPMG in Malta has procedures in place to ensure that the role performed by EQCRs is also taken into account when performing the Partner Portfolio Review process to ensure adequacy of time and appropriate skill set for the role and reallocation if needed.

In addition, as part of our Quality Performance Reviews, the work performed by the EQC reviewer and the adequacy of involvement including discussion with the EQC reviewer is also assessed.



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8.4 Appropriately support and document conclusions

8.4.1 Reporting

Auditing standards and the requirements of the Companies Act (CAP 386) largely dictate the format and content of the auditors' report which includes an opinion on the fair presentation of the reporting entity's financial statements in all material respects. 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 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).

8.4.2 Engagement documentation

KPMG in Malta audit documentation is completed and assembled according to the timeline determined by the KPMG firm in accordance with KPMG International policy and applicable auditing standards. We have implemented administrative, technical, and physical safeguards to protect the confidentiality and integrity of client and firm information. KPMG International adopted policies to apply to all KPMG firms to reduce the time period allowed to assemble audit documentation, which is significantly less than the time period required by the applicable auditing standards.



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Assessing risks to quality

KPMG International reviews the results of the quality monitoring programs and develops additional global remediation actions as needed.

Global remediation actions developed by KPMG International are aimed at changing behavior and driving quality and consistency across the global organization. Remediation actions may be implemented through the development of global policies, procedures, training, tools and guidance.



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Communicating effectively

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

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

At KPMG in Malta, 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.

IFRS Standards Institute

KPMG’s Global IFRS Institute provides information and resources to help the KPMG in Malta 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.

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

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

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

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

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



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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 management.

11.1 Rigorously monitor and measure quality

11.1.1 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 Malta compares the results of its internal monitoring programs with the results of those of any external inspection programs and takes appropriate action.

11.1.2 Internal monitoring and compliance programs

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

- Engagement performance in compliance with the applicable professional standards, applicable laws and regulations and KPMG International key policies and procedures; and
- KPMG in Malta 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 management has been appropriately designed, effectively implemented, and operates effectively. These include

Quality Performance Reviews (QPR), the KPMG Quality & Compliance Evaluation program (KQCE) and the Global Quality & Compliance Review (GQ&CR) program.

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) 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.

KPMG in Malta conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG in Malta level and are monitored regionally and globally.

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 engagement 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 'Compliant', 'Compliant- Improvement Needed' or 'Not Compliant'.

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.



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Lead audit engagement partners (LAEPs) are notified of not compliant 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 program.

KPMG Quality & Compliance Evaluation (KQCE) program (formerly known as Risk Compliance Program (RCP))

KPMG International develops and maintains quality management policies and processes that apply to all KPMG firms. These policies and processes, and their related procedures, include the requirements of the GQ&RM Manual, ISQC 1, and the implementation requirements of ISQM 1 for this transition period.

The objectives of the KQCE program are to:

- Document, assess and evidence KPMG Malta’s implementation of ISQM 1, extent of compliance of their system of quality management with the Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements and
- Provide the basis for KPMG in Malta to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where exceptions 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 review 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 quality and compliance program (former RCP and, current, KQCE program).

KPMG in Malta develops action plans to respond to all GQ&CR findings that indicate improvement is required 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.

11.2 Obtain, evaluate and act on stakeholder feedback

11.2.1 Regulators

In Malta the Quality Assurance Oversight Committee forming part of the Accountancy Board within the Ministry for Finance and Employment, has been carrying out independent inspections for a number of years. They completed their work on the 2020 inspection of KPMG in Malta in October 2020 and issued the final report in December 2020. No issues were identified that have a material impact on the conduct of our statutory audits.

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

At a regional level, we also have regular dialogue with representatives of the Committee of European Auditing Oversight Bodies (CEAOB) — formerly known as the European Audit Inspection Group (EAIG), as well as the ASEAN Audit Regulators Group (AARG)

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.

11.2.2 Client feedback

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

11.2.3 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 contractual agreements.



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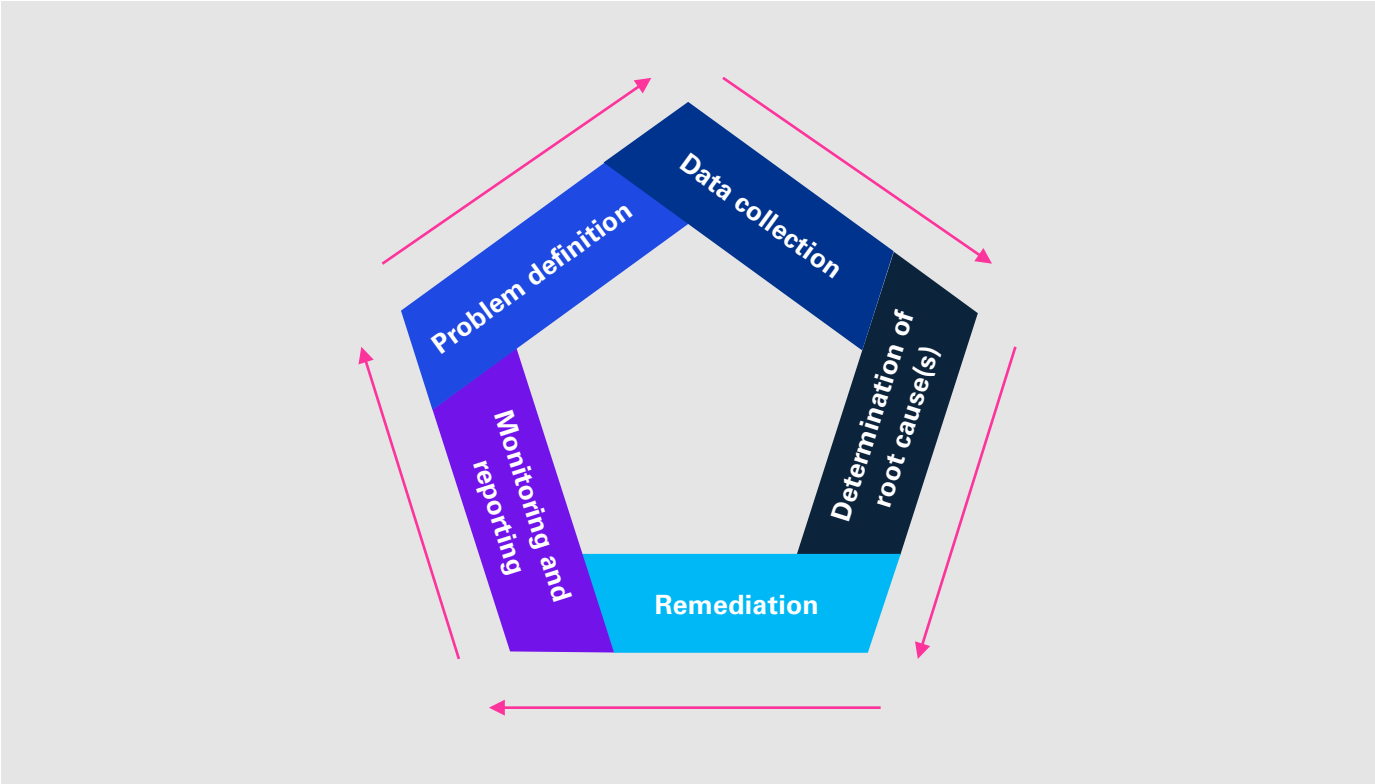
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11.3 Perform root cause analysis

KPMG in Malta conducts Root Cause Analysis (RCA) in respect of audit quality issues. In 2022, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at KPMG in Malta 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 Malta’s Head of Audit is responsible for audit quality including the remediation of audit quality issues. The firm’s Risk Management Partner monitors the remediation plan(s) implementation.



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Financial information

12.1 Revenue

Fee revenue (including disbursements) earned by the firm for services provided during the year ending 30 September 2022 are summarised in the table below.

2022 Revenue	2022 € 000's	
Revenue from audit services ¹	12,340	35%
Revenue from tax and advisory services	22,430	65%
	34,770	100%

The total revenue is divided as follows:

	€ 000's
Revenues from the statutory audit of annual and consolidated financial statements of public interest entities* and entities belonging to a group of undertakings whose parent undertaking is a public interest entity	4,056
Revenues from the statutory audit of annual and consolidated financial statements of other entities (non-PIEs)	5,089
Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm	2,264
Revenues from non-audit services to other entities	23,361

Revenues are reported gross, inclusive of expenses incurred in the performance of audits.

¹ Revenue earned from the secondment of audit professionals to the audit function of other KPMG member firms as well as other assurance services are included as part of revenue from audit services.



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Partner remuneration

Partners' profit share

Partners are remunerated solely out of the whole profits of KPMG in Malta and are personally responsible for funding pensions and most other benefits.

There are three elements to partner remuneration:

- Base component – a proportion of the KPMG in Malta budgeted profits are allocated to partners as base component. The amount of base component reflects the role and seniority of each partner;
- Performance related remuneration – rewards performance in the year by each partner against individual objectives previously agreed. Our policies for this variable element of partner remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG Values. Audit partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality, and
- Residual profit share – the residual profits are shared by the partners in accordance with the terms of the Partnership Agreement

There is transparency among partners over the total income allocated to each partner.

Drawings

During the year, partners received monthly drawings (the amount being dependent on their level of base component), and from time to time, additional profit distributions. The level and timing of the additional distributions is dependent on the firm's working capital requirements.

Remuneration of directors

Directors are salaried employees of the firm and receive a fixed salary plus performance related bonuses.



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14.1 Legal structure

Legal structure

KPMG in Malta 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 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 organization can be found in section 'Governance and leadership' of the [2022 KPMG International Transparency Report](#).

The name of each audit firm that is a member of the organization and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available on <https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/12/lists-of-kpmg-eu-eea-audit-firms.pdf>.

Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements²

Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.2 billion during the year ending 30th September 2022. 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 30th September 2022.

14.2 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.

² 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.



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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.

14.3 Professional Indemnity Insurance

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

14.4 Governance structure

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 Management and 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, assurance engagements and the system of quality management provided by KPMG firms.

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.

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.



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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 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 section ‘Governance and leadership’ of the [2022 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 2022, can be found in section ‘Governance and leadership’ of the [2022 KPMG International Transparency Report](#).



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The measures and procedures that serve as the basis for the system of quality management for KPMG in Malta 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 Malta 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 in section 11.1.2 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 Partnership Board of KPMG in Malta confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 September 2022.

Further, the Board of KPMG in Malta confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 September 2022.

Pietà, 30 January 2023



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Appendix A:

Public Interest Entities (PIEs)

The list of public interest entity audit clients for which KPMG in Malta has signed an audit opinion in the year ended 30 September 2022 is given below. The definition of public interest for this purpose is that given under the provisions of the Accountancy Profession Act (cap. 281) issued by the Accountancy Board. In accordance with this definition, public interest entities comprise (a) those entities whose transferable securities are admitted to trading on a regulated market of any Member State; (b) credit institutions; (c) insurance undertakings; and (d) any other entity as may be prescribed by the Accountancy Board (the Accountancy Board has to date not specified any such additional entities). In addition, the firm carries out audits for several other entities, which though not PIEs by definition are nevertheless entities of significant public interest.

List of PIE audit clients						
Name	Audit Report issued in 2021/2022	Listed Equities	Listed Corporate Bonds	Listed Funds	Credit Institutions	Insurance Companies
ACL Fund SICAV p.l.c.	✓			✓		
Alpha Quest Funds SICAV p.l.c. ^(a)	✓			✓		
Bank of Valletta p.l.c.	✓	✓	✓		✓	
Cowen Insurance Company Limited ^(b)	✓					✓
EUCare Insurance PCC Limited	✓					✓
FIMBank p.l.c.	✓	✓			✓	
Fraternity Funds SICAV p.l.c. ^(c)	✓			✓		
Mapfre Middlesea p.l.c.	✓	✓				✓
Mapfre MSV Life p.l.c.	✓					✓
MedservRegis p.l.c. ^(d)	✓	✓	✓			
Metatron Capital SICAV p.l.c. ^(e)	✓			✓		
QIC Europe Limited ^(f)						✓
Vilhena Funds SICAV p.l.c.	✓			✓		-



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Notes:

- (a) Sub-fund of the Company issued subordinated unsecured yield bonds. Bonds are traded on the Bratislava and Prague Stock Exchanges.
- (b) Audit report for year ended 31 December 2021 signed on 12 May 2022 following which we were not re-appointed as auditors.
- (c) Sub-fund of the Company issued subordinated unsecured yield bonds which are listed on the Prague Stock Exchange.
- (d) Audit report for the year ended 31 December 2021 signed on 16 June 2022 following which we were not re-appointed as auditors.
- (e) Audit report for the year ended 30 June 2021 signed on 31 October 2021 following which we were not re-appointed as auditors.
- (f) First audit report will be issued in 2023.

We are also the auditors of the Central Bank of Malta.



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Partners



Hermione Arciola
Partner, Advisory Services

Hermione joined the Deal Advisory team in 2007. She was appointed Director with effect from 1 January 2014 and Partner with effect from 1 October 2019. She focuses principally on local and cross border vendor and buy-side due diligence assignments for clients operating in various sectors, valuation engagements and corporate finance.



Alex Azzopardi
Partner, Advisory Services

Alex joined the firm in 2005 within the firm’s Audit function and after 8 years, Alex moved to the Advisory function. Alex was appointed Director with effect from 1 January 2016 and Partner with effect from 1 October 2022. He currently leads engagements mainly focused on the provision of services in enterprise risk, corporate governance, regulatory compliance (including licensing), AML/CFT and internal audit services across the regulated financial services sectors and other non-regulated businesses. Alex is the Chairman of the Malta Forum for Internal Auditors, Fellow of the MIA and a member of ISACA.



Giselle Borg
Partner, Advisory Services

Giselle was appointed Director with effect from 16 December 2017 and Partner with effect from 1 October 2022. She is currently working with the Risk Consulting Insurance Advisory Services team. She advises firms on corporate governance, regulatory reporting, enterprise risk management, internal audit and actuarial matters (including Solvency II and IFRS 17). Giselle has experience in the insurance market through her previous role as a director in KPMG Malta’s audit department, where she led audit and assurance engagements for various market players, with a focus on the insurance industry.



Juanita Brockdorff
Partner, Tax Services

Juanita, a lawyer, is a partner in the tax function and focuses on international and European taxation. She has more than 20 years of experience within the firm and has acted as advisor to the Government on various tax-related EU law issues since she is particularly interested in the EU’s impact on tax matters. She is a council member of the Institute of Financial Services Practitioners.



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David Caruana
Partner, Advisory Services
Risk Management and Ethics and Independence Partner
Member of the EMC
Compliance Principal

David, a partner for 20 years, is the firm’s Risk Management and Ethics and Independence Partner. David is the Compliance Principal in terms of the Accountancy Profession Act (CAP 281) as well as the firm’s Money Laundering Reporting Officer (MLRO).



Clifford Delia
Partner, Corporate Accounting Advisory Services

Clifford was appointed Partner with effect from 1 October 2019. He currently leads the firm’s accounting and payroll support service lines. Clifford joined the Accountancy Support Services team in 2008 following a number of years working within the Audit function in Malta and Ireland.



Jonathan Dingli
Partner, Corporate Accounting Advisory Services

Jonathan was appointed Director with effect from 1 January 2015 and Partner with effect from 1 October 2018. Jonathan leads both the Accounting Advisory Services team and the Learning Academy at KPMG in Malta. He has over 20 years of experience in the accountancy profession (where he is also an IFRS Specialist) and over 14 years teaching experience. He is an elected member of the Council of the MIA.



Claude Ellul
Partner, Audit Services

Claude is an Audit partner. He was appointed Partner with effect from 1 October 2019. He joined the audit function in 2003. He is specialised in the financial services sector, particularly in banking and asset management.



John Ellul Sullivan
Partner, Tax Services

John has been appointed Partner with effect from 1 January 2017. He has been employed with the firm since 2007. John advises a variety of multinationals and high net worth individuals on their international corporate structures, as well as focuses on advising retirement scheme administrators on their operations in Malta.



Doreen Fenech
Partner, Tax Services
Member of the EMC
People Partner

Doreen was appointed partner with effect from 1 January 2015. She has over 25 years of experience in domestic and international tax for large/medium sized family businesses and companies in the technology, manufacturing, hotel and pharmaceutical industry as well as a number of public interest entities.



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Thomas Galea
Partner, Audit Services

Thomas was appointed director with effect from 1 October 2017 and Partner with effect from 1 October 2021. He joined the audit function in 2005. During the past 18 years, other than in Malta, Thomas has also worked within the audit function of the Irish and US KPMG offices gaining experience in a number of industries, particularly Banking and Private Enterprise. Thomas currently also sits on ACCA's International Assembly as Malta's representative.



Hilary Galea-Lauri
Head of Audit
Partner, Audit Services
Member of the EMC

Hilary, an audit partner for 24 years, is the lead technical partner on the KPMG audit methodology and the system of quality management leader. During the year ended 30 September 2022 Hilary was the co-Head of Audit (Quality) and with effect from 1 October 2022, assumed the role of Head of Audit. Hilary chairs the firm's Audit Quality Panel and sits on the Quality, Risk & Reputation Committee, besides the Executive Management Committee. In his role as an audit partner, he manages a portfolio of clients operating in various sectors within and outside Malta, primarily engaged in Financial Services (insurance, banking and other regulated entities).



Curt Gauci
Partner, Advisory Services

Curt Gauci was appointed Director within the Digital Solution Advisory with effect from 1 October 2020 and Partner with effect from 1 October 2022. He has been working in the ICT industry in excess of 26 years. Throughout his career he has been involved in a variety of projects in the private and public sectors. He assisted local and foreign organisations coming from different industries in gaining operational efficiencies and competitive advantage through the leveraging of ICT. In the last few years Curt has been focused on assisting organisations on their digital transformation journeys specifically with adopting cloud and leveraging technologies, tools and methodologies to facilitate the transformation process and allow for faster return on investment.



Anthony Pace
Partner, Tax Services
Head of Finance
Head of Tax Services
Member of the EMC

Anthony is a partner in the taxation services function, particularly specialising in indirect taxation and succession planning for Maltese family businesses. Anthony joined the partnership in January 2003, and he currently heads the firm's tax function. In these 20 years as partner, he has led numerous direct and indirect tax advisory engagements in banking and financial services, gaming, real estate and family businesses. He has also led several tax due diligence engagements.



David Pace
Partner, Advisory Services
Head of Advisory Services
Head of Business Development
Member of the EMC

David was appointed partner with effect from 1 January 2015 within the Deal Advisory team, which he joined in 2002. He was also appointed as the Head of Business Development and Head of Advisory with effect from 17 June 2016 and 1 October 2018 respectively. David is actively involved in assisting with business negotiations and has a lead role in the firm's Merger and Acquisition service offering.



Giles Schembri
Partner, Audit Services

Giles is an Audit partner who leads the iGaming cluster within the audit function at KPMG and has been involved in the iGaming sector for the past 18 years. Giles joined KPMG in 1994 and has principally practiced within the firm's audit function in Malta and in Milan, Italy. He has built his audit career working on both local and international companies that include large group structures and listed companies. Giles currently sits on the Gaming Committee of the Malta Institute of Accountants and has been a former member of the Continuing Professional Education Committee of the same institute.

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Marco J. Vassallo
Partner, Advisory Services, Emerging Technologies

Marco was appointed Director with effect from 21 July 2017 and Partner with effect from 1 October 2018. Marco joined KPMG in 1995 and over the past 25 years he has progressed through various roles within the IT sphere. He is now leading the firm’s Emerging Technologies service line and journeying with organisations through Digital Transformation projects. He is helping businesses to benefit from advancements in technology enabling them to innovate and create value in entirely new ways to build a sustainable competitive advantage.



Simon Xuereb
Partner, Tax Services

Simon, a lawyer, is a tax partner specialised in international tax. He was appointed Director with effect from 1 January 2016 and Partner with effect from 1 October 2018. He has been actively involved in the ongoing development and broadcasting of KPMG in Malta’s Private client and Global Mobility Services offering, today leading a multi-disciplinary team of professionals in KPMG Malta’s Private Client, Family office and Global Mobility Practice.



André Zarb
Senior Partner
Chairs the EMC
Partner, Tax Services

André assumed responsibility for the tax function in Malta in 1993, followed by making partner in 1994. Andre was the Head of Tax Services till 30 September 2020 and appointed Senior Partner of the Firm with effect 1 October 2020. Over the years André has advised leading local businesses, international clients, multinationals and private equity firms on various tax matters. André has also regularly advised the public sector on major changes in tax legislation and has closely contributed into developments which helped establish Malta as a financial centre. In addition, following Malta’s accession to the European Union he has regularly advised on EU related fiscal matters.



Lisa Zarb Mizzi
Partner, Tax Services

Lisa, a lawyer by profession, was appointed Director with effect from 1 June 2019 and Partner with effect from 1 October 2022. She advises a variety of multinationals and high net worth individuals intending to structure a presence in Malta, on international corporate tax and cross-border tax planning, as well as focuses on advising financial services companies on their operations in Malta and corporate restructurings from a tax perspective. Lisa is also actively involved in the automatic exchange of information service offering of the firm. Lisa regularly delivers tax presentations and training both internally and externally.

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Directors

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Justin Axiaq
Director, Audit Services

Justin was appointed Director with effect from 16 October 2019. He manages audits of a diverse portfolio of local and international clients and listed clients operating in various industries including software, logistic services, consumer products, retail and manufacturing.



Christopher Azzopardi
Director, Audit Services

Christopher was appointed Director with effect from 1 October 2019. He leads the IT assurance team serving on statutory financial audit engagements and, on other ISAE 3000 and 3402 IT Assurance engagements. He is currently acting as the IT Audit Quality leader for KPMG member firms within KPMG Islands Group (KIG).



Sean Azzopardi
Director, Audit Services

Sean was appointed Director with effect from 1 October 2019. He currently co-leads the Banking and Asset Management cluster within the Audit function and has worked on some of the firm’s largest clients in this segment. Throughout his career with KPMG, he has also worked with the London and New York member firms gaining significant exposure in the Banking and Asset Management space. Sean also leads the local audit technology innovation committee whereby he is responsible for ensuring that the firm has the right audit tools to support engagement teams in carrying out their work efficiently. He is also the Environmental, Social & Governance lead within audit.



Roderick Borg
Director, Tax Services

Roderick was appointed director with effect from 1 October 2022. He advises organisations and individuals on various tax matters relating to cross-border and domestic transactions. He assists clients with the implementation of restructuring processes and actively handles corporate liquidation issues. Roderick regularly delivers training courses relating to tax.



Claudine Borg Azzopardi
Director, Advisory Services

Claudine is a Director within the People & Change Advisory function. She is a Psychologist, Executive Coach and Registered Supervisor. She has worked extensively in the field of change management, leadership development and personality and leadership profiling with diverse nationalities and on projects in different geographies. Her professional career started in 1999 as a Psychologist working within the NHS in the UK before moving to Leadership Consultancy and Executive coaching. She has led large, complex transformations including all aspects of technological, behavioural and cultural change. She has been involved in workforce transformation, including all aspects of talent strategy, data science and people analytics, organisation design, development of change methodology and toolkit development, stakeholder management (including experience at the Board level), communications strategy, development and delivery.



Daniel Brincat
Director, Audit Services

Daniel has been appointed Director with effect from 1 April 2022. Daniel joined KPMG Malta in 2010 and during the past 12 years he has also worked within the audit function of the Crown Dependencies and Canada offices gaining experience in a variety of industries, particularly Financial Services and Private Enterprise. Today, Daniel is predominantly focused on Private Enterprise clients, with a broad portfolio of local and international clients across various industries.



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Mark Dalli
Director, Audit Services

Mark was appointed director in Audit with effect from 1 October 2022. He has joined KPMG in 2009 and since then he has worked within the respective audit functions in Malta, Luxembourg and Toronto. During these years, he accumulated wealth of experiences from the audits of several group structures. He now services several clients operating in the iGaming and Technology spheres as well of other entities involved in the digital and affiliate marketing space. Many of these entities are among the largest players in this sector across the globe. Mark also participates in the Malta Institute of Accountants iGaming Committee.



Amanda Formosa
Director, Audit Services

Amanda was appointed Director with effect from 1 October 2022. She joined the Audit function in 2008. During her years with KPMG, other than in the Malta office, Amanda also worked within the Audit function of the Canadian and US KPMG offices, gaining experience on a number of industries, with particular focus on Banking and Asset Management. She currently forms part of the Banking and Asset Management cluster within the Audit function, whereby she leads the audits of a number of clients within this segment.



Noel Grima
Director, Audit and Advisory Services

Noel was appointed Director with effect from 1 October 2021. He is the firm’s subject matter expert on valuations and financial instruments, leading the local financial risk management team servicing clients across all functions. His background is in the areas of valuation, corporate finance, financial reporting, transaction services and M&A, having previously formed part of KPMG’s Deal Advisory team for ten years.



Thane Micallef
Director, Audit Services

Thane was appointed Director with effect from 1 October 2019. He co-leads the insurance cluster within KPMG’s audit function. He was instrumental in the setting up of this cluster following the reorganisation of the audit department and is heavily involved in its day-to-day management.



Russell Mifsud
Director, Gaming Services

Russell was appointed Director with effect from 1 October 2019. He leads KPMG’s Gaming industries. He has been involved with gaming and leisure businesses in advisory for his entire professional career and is a subject matter professional across the KPMG International network. He provides insight on the industry externalities and commercial strategy for KPMG and our Gaming clientele across borders. He is a founder member of a core group of professionals that specialise in gaming within the KPMG network globally and co-leads the KPMG 70+ Global Gaming team alongside the UK’s Global Head of Leisure. He sits on the board of the Malta Remote Gaming Council (MRGC) and is a Silicon Valletta board member. Russell plays a key role in the organisation of the KPMG Malta eSummit and the KPMG Gaming Faculty.



Ryan Mizzi
Director, Advisory Services

Ryan was appointed Director with effect from the 1st of October 2022. He joined the firm in 2011 and has extensive experience cutting across a number of advisory service offerings including vendor and buy-side assistance within the context of both local and foreign transactions. Ryan assists clients with their funding strategies including via capital markets and has led numerous valuation assignments covering various industries. Ryan has also led sizable strategy engagements involving multi-disciplinary workstreams. During his years with the firm, Ryan has worked in Europe, Middle East, North Africa, and for several months with the KPMG’s Silicon Valley and Philadelphia offices.

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Noel Mizzi
Director, Audit Services

Noel Mizzi retired from the Partnership on 30 September 2022 and with effect from 1 October 2022 continued as an engagement leader within the Audit function. During the year ended 30 September 2022 Noel was Head of Audit – Operations, a member of the Quality, Risk & Reputation Committee, and a member of the EMC. Noel has been with the firm for 35 years, 24 of which as partner. His industry experience covers numerous industry sectors from manufacturing to financial services and over the years has been responsible for most of the firm’s financial services entities operating in banking and investments.



Paul Pace Ross
Director, Tax Services

Paul was appointed Director with effect from 1 January 2015, and forms part of the firm’s Tax services, specialising in international corporate tax. He joined KPMG in 2002 and over the years he led numerous cross-border engagements and today he leads a multi-disciplinary team of professionals advising clients on the tax and corporate implication of restructuring, mergers, continuations, exit strategies and other reorganisation projects.



Eric Padovani
Director, Corporate Accounting and Advisory Services

Eric was appointed Director in the tax function with effect from 1 October 2021. He plays a key role in leading a team of professionals providing an array of accounting advisory and compliance services as well as VAT compliance services to a variety of clients.



Marlon Sammut
Director, Corporate Accounting services

Marlon was appointed director with effect from 1 October 2022. He joined KPMG in 2009 and his main areas of practice focus on accounting and financial reporting, VAT compliance and finance function transformation services to local and international clients. Today he leads the firm’s finance function transformation service line, assisting clients optimize their finance processes and procedures.



Steve Stivala
Director, Advisory Services

Steve was appointed director with effect from 1 October 2022. He is an economist by profession, leading the Infrastructure, Public Policy and Strategy team. Steve provides the economic background and specialist knowledge required in a firm providing multi-faced business solutions to clients. Steve and his team bring to the table an economic perspective to client problems, using both quantitative tools and qualitative insight.



Shirley Vella
Director, Tax Services

Shirley was appointed director with effect from 1 October 2022. She manages the Corporate Income Tax Compliance section. She has worked on national and multinational clients which have set up structures in Malta in various industries, including but not limited to Banks, Insurance Companies, Finance Companies, Funds, Shipping Companies. She has, over time, been providing suggestions to the Inland Revenue for improving their procedures, especially in relation to the income tax return, including the various attachments and electronic filings.

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Tonio Zarb
Consultant; Engagement Leader, Advisory Services

Tonio retired from the partnership on 30 September 2021 and with effect from 1 October 2021 is a Consultant to the firm and an Engagement Leader within the Advisory function. He first joined the firm in 1979 and was appointed a partner in 1989. He leads the firm’s Advisory function from 1989 to 2018 and was the firm’s Senior Partner from October 2012 to September 2020. Tonio is also the President of the Institute of Financial Services Practitioners and a Governor of Finance Malta.

Norbert Bugeja has terminated his employment with the firm on the 30th November 2022 and therefore he ceased to be director of the firm with effect from his termination date.



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Infrastructure



Ariane Azzopardi
Director, Quality and Risk Management

Ariane is a Director within the Quality and Risk Management function. She has over sixteen years’ experience in this field and is the delegate of the Risk Management Partner at KPMG in Malta. She is involved in the implementation and monitoring compliance with quality and risk management policies and procedures in KPMG in Malta also handling compliance and risk management queries. Ariane is also the chairperson of the MIA AML committee.



Edward Curmi
Director and Advisory Chief Operating Officer

Edward was appointed Director with effect from 1 October 2022. Along his career, Edward gained deep organisational insights, working within executive roles in industry as well as part of delivery teams within professional services firms. After six years involved in significant Deal Advisory mandates for KPMG, in September 2019 he moved on to fully dedicate his time to drive the operational and administrative functions across Advisory, as its Chief Operating Officer. As Advisory COO, Edward has been instrumental in championing a number of tools, structures and process improvement initiatives for this fast-growing function, improving the overall experience for people within and clients of Advisory.



Noel Fsadni
Director, IT Operations

Noel was appointed director with effect from 1 April 2022. Joining KPMG in 1999 as an IT administrator and, over the years, progressively moving into the internal IT administration, technology implementation, and digital transformation of the firm. Over the years at KPMG, he also project-managed and implemented a wide variety of internal IT and technology projects both locally and within the international KPMG network.



Konrad Grech
Director, Finance

Konrad is the firm’s Finance Director and heads the Infrastructure Operations. He has been with the firm for over 32 years and has served in this position for the past 15 years. He previously worked in the Audit and Tax functions. He is the secretary to the Executive Management Committee (EMC) and assists the partnership group in the strategic decisions of the firm.



Adrienne Mccarthy
Director, KIG Head of People

Adrienne joined the firm in 2015 as a Change Management Consultant. In 2016 she was appointed as the firm’s internal Head of People, Performance and Culture. Her main areas of expertise are attracting talented people and implementing key engagement strategies. She is MSc qualified in Organisational Psychology with over 21 years global HR experience. She was appointed Director with the firm with effect from 1 October 2018. Adrienne’s personal vision has been and continues to be about building a workplace of talented people who enjoy working together to achieve the Extraordinary. During 2022 Adrienne was appointed KIG Head of People.



Kevin Mifsud
Director, KIG E&I central team

Kevin has been employed with the firm since 1998 and was appointed director in January 2011. He was a director in the audit department with expertise in financial services, telecommunications and software development. During 2021 Kevin was instrumental in setting up and leading the KIG E&I central team.



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