



Transparency Report

Driving trust through quality

Year ended 31 December 2024



KPMG in Malaysia

kpmg.com.my/quality



KPMG Values

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

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

Our Values are:



Integrity

We do what is right.



Excellence

We never stop learning and improving.



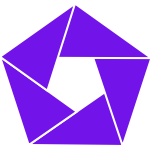
Courage

We think and act boldly.



Together

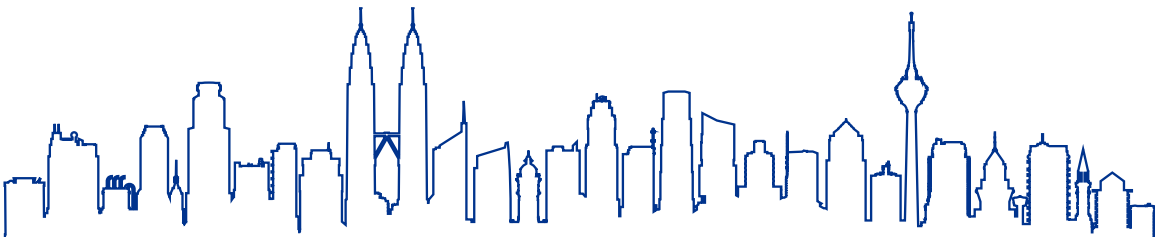
We respect each other and draw strength in our differences.



For Better

We do what matters.

- System of quality management
- Institute robust governance structure
- Live by our Values-driven culture
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- Assess risks to quality
- Monitor and remediate
- Communicate effectively
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Throughout this document, “KPMG”, “we”, “our” and “us” refers to KPMG in Malaysia or KPMG PLT.

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

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

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

Throughout this document, references to “Firm”, “KPMG firm”, “member firm” and “KPMG member firm” refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee. The overall governance structure of KPMG International Limited is provided in the [About Us](#) page of kpmg.com.

Evolving our approach to quality

Since 1928, KPMG in Malaysia has grown to be a part of KPMG's global organization of independent professional services firms around the world. KPMG has been a leader in delivering audit and assurance services that are essential to the successful working of the capital markets. The quality of our audit and assurance engagements remains a top priority at KPMG with a commitment across the organization to serve our clients, stakeholders and the public with the highest professional excellence, ethics and integrity.

The needs of the entities that KPMG firms audit around the world are growing and ever evolving with the demands of environmental, social and governance (ESG) reporting and the impact that artificial intelligence will have on those organizations. It's a moment that demands new levels of trust in disclosure and decision making. This also necessitates greater transparency in business governance, organizational structures and sustainability practices, all driven by new technologies, regulations and societal expectations.

With a focus on clients' complex issues, KPMG in Malaysia is driving sustainable quality through the use of globally consistent audit and ESG assurance methodologies that are embedded in a state-of-the art, cloud-based audit platform in KPMG Clara. Across the organization, we have accelerated the integration of generative AI capabilities into KPMG Clara. We are deepening the capabilities of the auditors by equipping them with the latest technology to evaluate data and help deliver seamless audits with real-time visibility.

Backed by ongoing investment, we're dedicated to a mindset of continuous improvement. Aligned with regulatory requirements, KPMG in Malaysia is operating a consistent and robust quality management system that is enabling stronger accountability, greater transparency and ongoing progress. Through a relentless focus, KPMG people are making the difference and are instrumental in evolving our approach to quality. Continuous improvement also means that we learn from shortcomings and constantly look for opportunities to enhance the rigor, reliability and quality of the audit process. KPMG has responsibilities across the world to businesses, institutions and wider society and we are dedicated to the highest standards of ethical behavior. By utilizing the breadth of our organization and the expertise of our people, KPMG in Malaysia is here to deliver quality audit and assurance services that safeguard the public interest.

We encourage you to read this report to learn how we are building a values-led firm of the future - an organization that we can be proud of and that our clients, stakeholders and communities can continue to trust.



Foong Mun Kong
Managing Partner
KPMG in Malaysia



Thong Foo Vung
Head of Audit
KPMG in Malaysia

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Audit Quality

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

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

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

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A system of quality management that sustains audit and assurance quality

Consistent and strong controls within our firm’s system of quality management (SoQM) helps to reduce quality issues, drive operational efficiencies, and enhance transparency and accountability. We are committed to continually strengthening the consistency and robustness of our SoQM.

Across the global organization, KPMG firms have strengthened the consistency and robustness of our SoQM to meet the requirements of the International Standard on Quality Management (ISQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and Malaysian Approved Standard on Quality Management* *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the International Auditing and Assurance Standards Board (IAASB) and the Malaysian Institute of Accountants (MIA) respectively.

*This is based on International Standard of Quality Management 1.

KPMG International’s global approach to SoQM and ISQM 1



Sets **policies and procedures** to support KPMG firms’ effective SoQM in accordance with ISQM 1 issued by the IAASB and MIA.



Establishes for each SoQM component globally consistent **quality objectives, risks and responses** including controls.



Provides KPMG firms with a risk assessment framework that they have agreed to use in identifying incremental KPMG firm specific quality objectives, risks and controls.



Supports KPMG firms with guidance, tools and training to drive consistent and effective firms’ SoQM operation and annual evaluation.



Includes monitoring activities over KPMG firms’ SoQM to drive global consistency.

The globally consistent approach to ISQM 1 is used by all KPMG firms across the global organization to drive consistency, robustness, and accountability of responses within KPMG firms’ processes.

To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework (Diagram 1). For KPMG, the Global Quality Framework outlines how we deliver quality and how every KPMG professional contributes to its delivery. The drivers outlined in the Global Quality Framework align with the 10 components of KPMG firms’ SoQM and ISQM 1.

In line with ISQM 1, our SoQM also aligns with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code of Ethics).

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

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Diagram 1: KPMG's Global Quality Framework

The section “Live by our Values-driven culture” of the Transparency Report describes how KPMG in Malaysia operates each driver in the Global Quality Framework, aligned with the SoQM components. Combined with our firm’s SoQM Statement of Effectiveness (see section “Statement on the effectiveness of the SoQM of KPMG in Malaysia” of the report), this Transparency Report summarizes how our SoQM effectively supports the consistent performance of quality engagements.

This report may also be useful for stakeholders interested in KPMG firms’ Tax and Advisory services, as certain aspects of our firm’s SoQM are cross functional and apply equally as the foundation of quality for all services offered.

KPMG in Malaysia has also established a local governance structure to support the implementation and testing of our SoQM.

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Institute robust governance structure of KPMG in Malaysia



- Institute robust governance structure.
- Our Leadership Team – Executive Committee (EXCO).
- Defined accountabilities, roles and responsibilities related to quality and risk management.
- Enterprise Risk Assessment.

Institute robust governance structure

Our legal and governance structure of the Audit firm

KPMG PLT, a limited liability partnership established under the Limited Liability Partnerships Act 2012.

A list of the entities which form KPMG in Malaysia, together with details of their legal structure, regulatory status, the nature of their businesses and country of incorporation is set out in **Appendix A**. Partners of KPMG PLT have a beneficial interest in these entities. There are no instances of partners with more than 10% share in the partnership, and there is no family relationships between partners undertaking leadership roles or holding substantial equity in the partnership of more than 10% share with other partners in the firm.

Network of KPMG

Information regarding the KPMG network is set out in section “Network arrangement” of the report.

Our strategy

Our strategy is set by the Executive Committee (EXCO) and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of the global strategy execution.

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Our Leadership Team – Executive Committee (EXCO)

Our Managing Partner chairs the EXCO ensuring that the EXCO members receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large.

The principal governance and oversight body of our firm is the EXCO, 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.

In addition, there are two main bodies that deal with key aspects of governance within the firm. The details about the role and responsibilities and composition of each of these key bodies are set out below :

The Board

The Board consists of five members, including the Managing Partner, one EXCO member nominated by the Managing Partner and three non-EXCO partners. The key roles of the Board include performing review and provide inputs, where necessary, to the EXCO on certain key matters pertaining to the management of KPMG in Malaysia. The Board meets twice a year.

SoQM Oversight Governance Body (SOGB)

The SOGB is a committee formed by the EXCO which is responsible to oversee controls and processes the Firm has in place in respect of engagement quality and SoQM as part of the implementation of ISQM 1.

The key roles of SOGB include making policy recommendations to the EXCO on all matters relevant to engagement quality and SoQM.

The SOGB consists of three members, where the Chairman (who is an experienced Audit partner) is appointed by the EXCO and the committee members include other experienced partners from Tax and Advisory functions.

The SOGB is required to meet 4 times a year, with additional meetings to be convened whenever necessary. The SOGB met 4 times in 2024.

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

Leadership responsibilities for quality and risk management at KPMG in Malaysia

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



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

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

Managing Partner

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

Details of some of the measures our firm has to ensure a culture of quality prevails within our firm are set out in section “Live by our Values-driven culture”.

Risk Management Partner

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

Our RMP is supported by a team of partners and professionals in each of the functions. The RMP chairs the Risk Management Committee (RMC) which comprises the functions' risk partners who act as a sounding board of the RMP on risk management, ethics and independence, quality control and compliance of the respective functions. The RMC meets quarterly.

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Ethics and Independence Partner

Our firm's Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in our firm. Besides his core role, our firm's RMP is currently also our EIP and reports on ethics and independence issues to the Managing Partner.

The Audit, Tax and Advisory Heads - Function heads

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

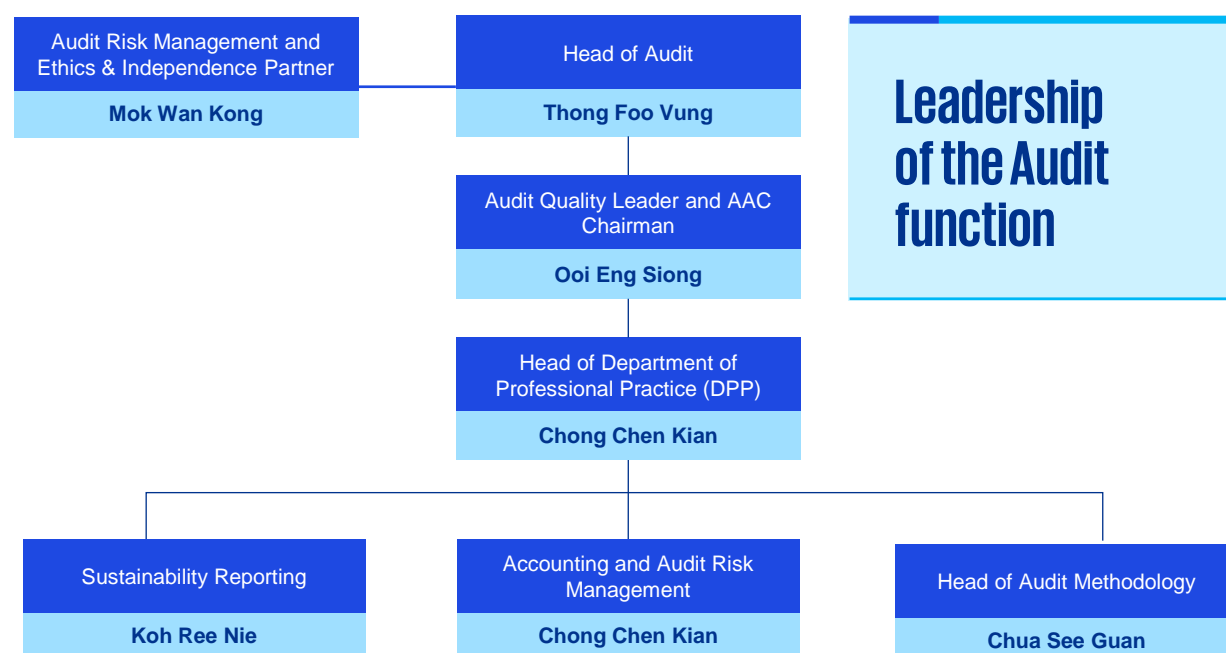
Our Head of Audit is responsible for the effective management and control of the Audit function. This includes:

- Setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, and ethics and integrity;
- Developing and implementing audit processes that are aligned with the firm's audit quality requirements;
- Working with the RMP to monitor and address audit quality and risk matters as they relate to the Audit function. The Head of Audit has a direct reporting line to the Managing Partner and is a member of the EXCO. In driving the firm's audit quality objectives, the establishment of required policies and procedures to maintain audit quality, the Head of Audit is supported by the following:

Audit Leadership Team

In the day-to-day business operations of the Audit function, the Head of Audit is supported by a team of 4 other senior Audit partners. The Audit Leadership Team has regular discussions to agree actions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, our SoQM evaluation, root cause analysis procedures and other quality matters identified from a variety of sources.

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



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Audit and Accounting Committee

Within the Audit function, the Audit and Accounting Committee (AAC):

- Considers matters relating to maintaining and improving audit quality, including the detailed findings (and related actions) from our SoQM evaluation, external regulatory reviews, the internal Quality Performance Review (QPR) program and other quality control programs, as well as papers on a range of issues designed to allow us to challenge ourselves in various aspects of audit quality and improvement.
- Oversees the development and dissemination of guidance on accounting, financial reporting and auditing matters for the use of audit professionals.
- Involves in approving policies in respect of accounting, auditing, audit risk management and technical training; approving formal guidance, templates and practice aides prior to their issuance; and serves as a consultation body for audit and accounting matters within the Audit function.

The AAC is supported by a team of professionals from the Department of Professional Practice (DPP).

The AAC is chaired by an experienced Audit partner (i.e., AAC Chairman) and is supported by 4 other Audit partners (including the Head of Audit). The AAC aims to meet monthly or whenever there are matters for discussion. The AAC had met 15 times in 2024.

Audit Quality Leader

Our Audit Quality Leader (AQL) considers matters relating to maintaining and improving audit quality including detailed findings (and related actions) from our SoQM evaluation, external regulatory reviews, the internal QPR Program and other quality control programs.

Enterprise Risk Assessment

The Firm adopts the required member firm Enterprise Risk Management (ERM) process policy to establish, maintain and conduct an ERM process to identify, assess and manage the member firm's enterprise risks, including those related to audit quality. Under the Firm's ERM process, the Firm takes into consideration risk taxonomies that includes strategic, compliance, operational and financial risks. This is on-going process with the risk responses to the Key Risk Indicators reported to EXCO for deliberation every 6 months and the conclusion is reported to the Global ERM Group annually. "

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Live by our Values-driven culture



- Foster the right culture, starting with tone at the top.
- Clearly articulate strategy focused on quality, consistency, trust and growth.

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

Foster the right culture, starting with tone at the top

Tone at the top

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

Clear Values and a strong Code of Conduct

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

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

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

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

To safeguard this principle of accountability, we are 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 laws and regulations.

We maintain our online [enquiry form](#) that allows submission of questions and concerns relating to KPMG Code of Conduct, laws and regulations. In addition, the [KPMG International hotline](#) is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to KPMG International, activities of KPMG firms or KPMG personnel. KPMG International considers how to respond to each report received through hotline and where necessary, investigates and takes 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 the firm's disciplinary policy.

In addition to the processes outlined above, the Global People Survey provides our leadership and KPMG International leadership with insights related to upholding the KPMG Values, employee and partner attitudes to quality, leadership and tone at the top.

KPMG's Global Values Week – Building a values-led firm of the future

Kicking off FYE 2024, nearly every country and territory in the KPMG global network came together to celebrate Our Values during a week-long series of events. Global Values Week engaged our people in dialogue around our five Values and the role they play in our everyday work. This organization-wide celebration was followed by the launch of a Values Immersion initiative in our firm that included leader-led group sessions focused on living our Values under pressure.

The KPMG multidisciplinary model

The KPMG global organization is at its strongest when its over 275,000 people across 142 countries and territories, aligned behind a common set of values, are working together to provide quality services to some of the most important organizations in the world, from the public sector to finance to healthcare. Regardless of the sector or industry they operate in, KPMG's people leverage multidisciplinary knowledge and experience from across the organization to deliver independent and rigorous audit and assurance, tax and consulting services to clients and stakeholders, earning their trust by meeting our commitment to deliver professional excellence. We firmly believe that our multidisciplinary model is the best way to serve our clients and is essential to delivering high quality.



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

Our business

Our professional services firm that delivers Audit and Assurance, Tax and Advisory services. Our audit and assurance services in Malaysia are delivered through KPMG PLT. KPMG PLT has 1,131 (2023: 1,215) audit partners and professional as of 31 December 2024. In Malaysia, we have eight [offices](#) located throughout the country.



Full details of the services we offer can be found on our [website](#).

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Apply expertise and knowledge



- Methodology aligned with professional standards, laws and regulations.
- Technology-enabled standardized methodology and guidance.
- Deep technical expertise and knowledge.
- Policies on applicable requirements, standards and laws.

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

Methodology aligned with professional standards, laws and regulations

Consistent audit and assurance methodology and tools

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

- Meeting the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB), the American Institute of Certified Public Accountants (AICPA) and the International Standards on Assurance Engagements (ISAE) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by KPMG firms;
- Identifying risks of material misstatements and the necessary audit response;
- Use by our audit and assurance professionals to drive consistent interpretation on the application of ISAs and ISAEs.

Our audit and assurance methodologies emphasize applying appropriate professional skepticism in the execution of procedures and require compliance with relevant ethical requirements, including independence. The methodologies evolve to reflect new and revised audit standards and requirements as well as to keep pace with innovative and technological advances that drive quality and efficiency.

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Technology-enabled standardized methodology and guidance

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

Driving consistency and quality through the KPMG Delivery Network

The KPMG Delivery Network (KDN) is a network of global delivery centres offering additional resources and specialist capacity and capability to KPMG firms. Driving greater consistency and quality, these global delivery centers leverage technology and offer KPMG firms standardized procedures and solutions.

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Deep technical expertise and knowledge

Access to specialist networks

Specialist experience is an increasingly important part of the modern audit and is a key feature of our multidisciplinary model. Our audit engagement teams have access to a network of KPMG specialists to consult – either within the firm or in other KPMG firms.

These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfill their role in KPMG audits. The need for specialists to be assigned to an audit engagement in areas such as information technology, tax, actuarial, forensic and valuations is considered as part of the audit engagement acceptance and continuance processes, as well as during the planning and conduct of the engagement.

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

Significant external events and conditions, such as the impacts arising from climate change, geopolitical events, volatile interest rates and elevated levels of inflation may have significant financial statement implications, increasing complexity, subjectivity and uncertainty for matters

such as management's going concern assessment, asset impairments and asset valuations. Guidance is available to assist engagement teams in our firm address the financial reporting, auditing and reporting related matters arising from the impacts of these significant external events and conditions.

We also have access to an online financial reporting resource center maintained on behalf of KPMG that highlights the potential financial statement implications of matters arising from significant external events.

This guidance is updated as new significant auditing, accounting and reporting issues emerge.

Licensing requirements – IFRS® Accounting Standards and US GAAP engagements

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

KPMG International has specific requirements for partners, managers and Engagement Quality Control (EQC) reviewers working on IFRS® Accounting Standards engagements in countries where IFRS Accounting Standards are not the predominant financial reporting framework. In Malaysia, the IFRS Accounting Standards is identified as the predominant financial reporting framework, as the MFRS Accounting Standards are identical to IFRS Accounting Standards.

Similar policies apply to engagements performed outside of the United States (US) to report on financial statements or financial information prepared in accordance with the US Generally Accepted Accounting Principles (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 provide that at a minimum, all partners, managers and, if appointed, the EQC reviewers (and for engagements conducted in accordance with US GAAP and/or US auditing standards engagements, the engagement partner, engagement manager, engagement in-charge and, if appointed the EQC reviewers) assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

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ESG Assurance quality

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

We believe the same level of professionalism, quality, consistency and trust should apply to ESG reporting as to financial data. We have significant investments in putting ESG assurance at the heart of the firm and we remain steadfast in our commitment to serving the public interest.

As part of the continuous improvement approach to quality, in 2024, the following updates were implemented:

- Revised methodology updates in accordance with the Corporate Sustainability Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and EU Taxonomy disclosure requirements.
- Enhanced the ESG Assurance methodology and KPMG Assurance workflow – Assurance training and released curriculum focused on the International Sustainability Standards Board (ISSB) standards and the ESRs.
- Invested in programs to strengthen KPMG professionals' skills and experience, to deliver high quality ESG assurance engagements and meet client needs, including access to technical ESG reporting and assurance subject matter professionals, including KDN.

Our ESG assurance delivery model is subject to our SoQM in accordance with ISQM 1.



Policies on applicable requirements, standards and laws

At our firm, all personnel are expected to adhere to KPMG International and our firm's policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them. Our policies and procedures for audit and assurance engagements incorporate the relevant requirements of accounting, auditing, assurance, ethical, quality and risk management standards that are consistent with ISQM 1, and other relevant laws and regulations.

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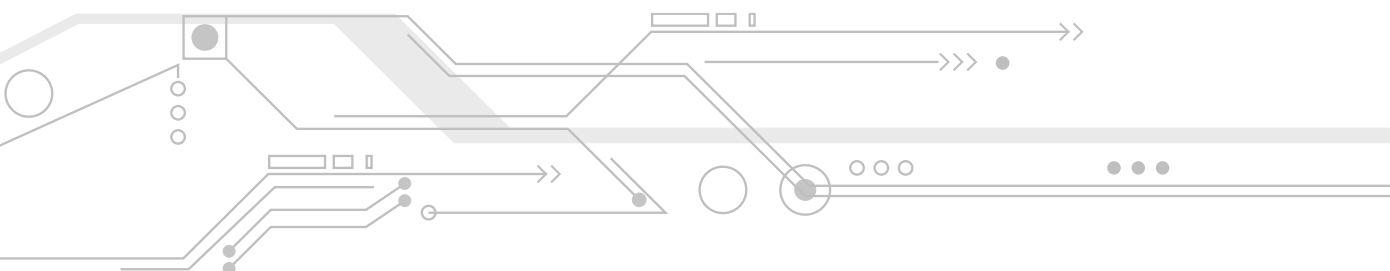
- KPMG Clara.
- Intelligent, standards-driven audit and assurance workflows.
- Digital data and emerging technologies.

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

KPMG Clara

An intelligence audit and assurance technology platform, KPMG Clara integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualization and harnesses the power of artificial intelligence (AI). KPMG Clara enables new insights by helping auditors to see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply reconciling the accounts.

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



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Intelligent, standards-driven audit and assurance workflows

At our firm, all professionals are expected to adhere to KPMG International’s and KPMG in Malaysia’s 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 Malaysia’s policies and procedures established for audit and assurance engagements incorporate the relevant requirements of accounting, auditing, ethical and quality management standards, and other relevant laws and regulations, such as Malaysian Financial Reporting Standards (MFRS), Malaysian Private Entities Reporting Standard (MPERS), Malaysian Approved Standards on Auditing (MASA) and Malaysian Institute of Accountants’ (MIA) By-Laws (On Professional Ethics, Conduct and Practice) (By-Laws).

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



Digital data and emerging technologies

Our vision of the future

The KPMG global organization is committed to continuously evolving our approach to quality and, as a technology-driven organization, is harnessing innovative capabilities to deliver high quality services.

Fully deployed across KPMG firms, KPMG Clara is the global platform for KPMG Audit and empowers our auditors to offer deeper insights, fresh perspectives and improved audit and assurance quality to the entities we audit.

Signalling our commitment to continual innovation, enhancement, and further digitization of the audit, we use KPMG Clara as a future-ready platform to harness the innovations of today and tomorrow.

As one example, generative AI has been integrated directly into the global KPMG Clara audit workflow, allowing our professionals, where permitted by clients and applicable laws, to more deeply interrogate audit documentation, search and apply KPMG’s knowledge base, and benefit from the productivity-boosting capabilities of AI.

Technologies such as KPMG Clara analytics AI transaction scoring enable audit teams to apply AI and machine learning algorithms to identify higher-risk transactions – focusing audit attention on risk areas that require follow up and providing greater assurance over the complete data set.

As KPMG works to fully harness the power of AI, we remain equally committed to upholding ethical standards for AI solutions that align with our Values and professional standards, and that foster the trust of KPMG clients, people, communities and regulators.

KPMG Trusted AI is our strategic approach and framework to designing, building, deploying and using AI solutions in a responsible and ethical way to help accelerate value with confidence.

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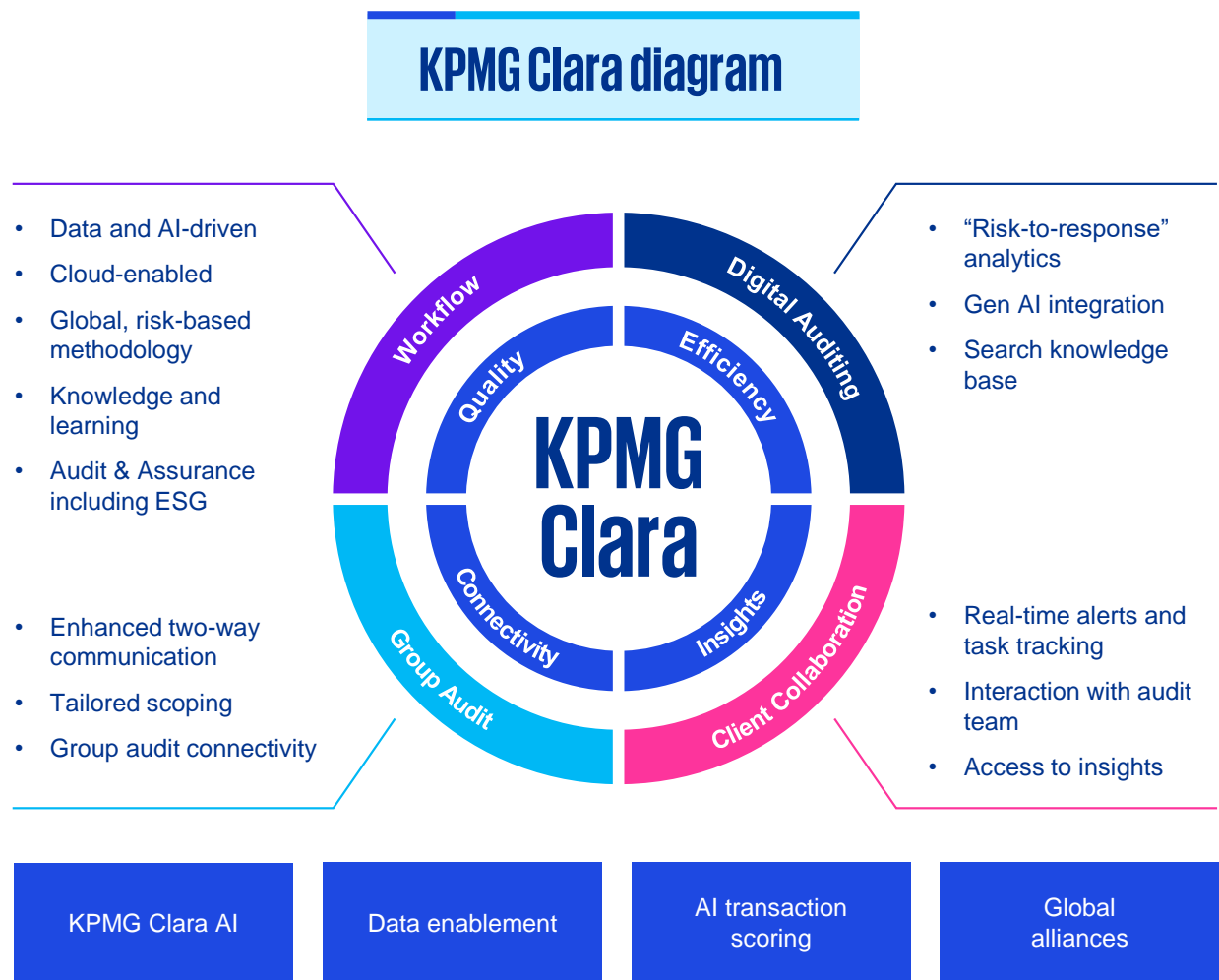
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Client confidentiality, information security, and data privacy

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 Malaysia’s personnel annually.

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Nurture diverse, skilled teams



- Recruit appropriately qualified and skilled people, with diversity of specialist skills, perspective and experience.
- Assign an appropriately qualified team.
- Audit role profile to drive quality.
- Invest in data-centric skills – including advanced AI solutions.
- Focus learning and development on technical expertise, professional acumen and leadership skill.
- Recognize quality.

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

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

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

Recruitment

KPMG in Malaysia have invested in understanding how we can attract the talent we need now and in the future across our firm.

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 to build relationships with a younger, diverse talent pool at an early age. We also recruit significant numbers at an experienced hire and partner level.

All candidates apply and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks. These leveraged 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.

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Fostering a culture that welcomes everyone — without exception — requires purposeful work. KPMG International issues guidance on global best practices related to those areas where an evolved IDE focus can help make the greatest impact through the creation of an inclusive environment — including hiring, compensation, performance evaluation and promotions.

Our Audit function recruited over 300 new graduates in the year ended 31 December 2024 (2023: over 350).

Where individuals are recruited for senior grades, a formal independence clearance by the EIP or a delegate is required, with discussion held if necessary.

Inclusion, diversity & equity programs

Inclusion, Diversity and Equity (IDE) underpins the KPMG [Values](#) of 'Together' and is vital to inspiring confidence and empowering change - our Purpose.

Fostering a culture that welcomes everyone — without exception — requires purposeful work. KPMG International issues guidance on global best practices related to those areas where an evolved IDE focus can help make the greatest impact through the creation of an inclusive environment — including hiring, compensation, performance evaluation and promotions.

Engage. Educate. Empower was the theme of KPMG's Global IDE Super Summit for 2024 and thousands of colleagues joined the celebration of togetherness uniting the KPMG IDE communities and allies through a landmark global event, with more ways to learn from each other, join conversations and share ideas.

Learn more about our commitment to have an inclusive culture built on trust in [Our Impact Plan](#).

Health and well-being

In our firm, we are committed to protecting the health of our people, both physically and mentally, and providing an environment of empathy and support that allows our people to thrive and deliver high-quality work to our clients. Professional services can be a fast-paced and demanding environment, so we are focused on creating a culture where people can be open about their well-being — and reach out for support when they need it.

Reward and promotion

Reward

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

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

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

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.

Assign an appropriately qualified team

A critical driver of quality management is the selection of the engagement team to deliver effective and high-quality audit and assurance services. At KPMG, we have policies, procedures and controls in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement.

Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity – based on an annual partner portfolio review – to perform the engagement considering 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).



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Audit engagement partners are responsible for determining that sufficient and appropriate resources to perform audit engagements are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the audit engagement, KPMG policies and procedures, professional standards and applicable legal and regulatory requirements and any changes that may arise during the engagement. This may include involving specialists from our firm, other KPMG firms or external experts.

- When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner’s considerations may include the following:
- Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - Understanding of professional standards and legal and regulatory requirements;
 - Appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing;
 - Knowledge of relevant industries in which the client operates;
 - Ability to apply professional skepticism; and
 - Understanding of KPMG’s quality control policies and procedures; i.e., Quality Performance Review (QPR) results and results of regulatory inspections.

Audit role profiles to drive quality

Driving a consistent approach to accountability for quality, we have a set of role profiles, issued by KPMG International, articulating the technical and behavioural competencies, and individual levels of accountability for contributing to audit quality and the SoQM. The role profiles offer KPMG personnel involved in audit delivery a clear articulation of their role and are updated annually to support the focus on continuous improvement. To connect the role profiles to goal setting, a mandatory audit quality goal is in place for those covered by the role profiles.



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Invest in data-centric skills – including advanced AI solutions

The KPMG organization is strategically investing in prospective talent 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.

In 2024, KPMG organization-wide AI training programs, '24 hours of AI', where every hour on the hour colleagues from around the globe took the opportunity to learn about the latest KPMG global AI tools and the advanced AI solutions that have been tailored for Audit and Assurance, Tax and Advisory functions; to take part in practical 'prompt crafting' workshops to improve AI skills; and to be upskilled on KPMG's principles for responsible use of AI.

In our firm, we are recruiting and training professionals who specialize in software, cloud and cybersecurity and who can bring leading technology capabilities to the smart audit and assurance platform that we use. KPMG firms provide training on a wide range of technologies to help ensure that field professionals not only meet the highest professional standards but are also educated 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.

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

Commitment to technical excellence and quality service delivery

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

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

Lifetime learning strategy

In our firm, we are committed to developing a culture of continuous learning in line with our desire to provide access to learning for a lifetime — where KPMG partners and employees can continually enhance their competencies and skills through functional, ethical and accelerated learning. With a focus on enabling excellence, our continuous learning culture helps our people make the difference for both clients and themselves.

With a focus on enabling excellence, our continuous learning culture helps our people make the difference for both clients and themselves.

Formal training

Rapid advances in technology have made education and reskilling more important than ever. Providing our people with opportunities to learn and develop their careers is a key pillar of KPMG's Global People strategy.

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

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

Mentoring and on-the-job coaching

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

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

We support a continuous learning environment where KPMG partners and employees contribute to building the team capacity, coaching other team members and sharing experiences.



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Recognize quality

Personal development

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

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

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

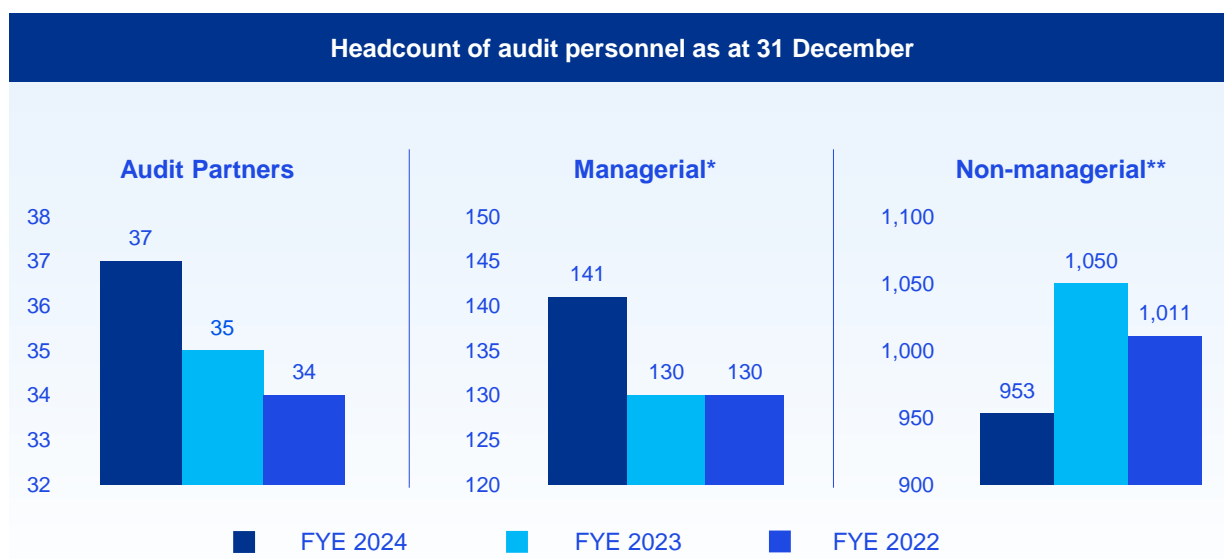
At the same time, we are driving a shift to our performance-driven culture, supported by and enacted through leading technology made available by KPMG International that allows us to embed audit quality into the assessment of performance and the decisions around reward, as well as drive consistency across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

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

Audit quality indicators on the capacity and competence of the Audit function

The overall requirements of human resources are monitored by the Audit leadership of the respective offices. Recruitment and personnel administration are assisted by a centralized People, Performance & Culture (PPC) department based in Petaling Jaya. PPC is also involved in various recruitment and retention strategies and initiatives to enable the Audit function to recruit and retain the best talents that enable the delivery of the audit professional services at the highest quality and on a timely basis. Experience is key at various levels of our audit professionals as they play a key role in planning and performance of the audits to assist the engagement partner to deliver quality service so as to enable us to meet our Audit function's objective of being trustworthy.

The key indicators used to evaluate and monitor the capacity and competency of the Audit function are set out below:



* Managerial includes Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers (excluding support and administrative staff).

** Non-managerial includes Assistant Managers, Senior Associates and Associates (excluding support and administrative staff).

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See below for further analysis of audit personnel to audit partner ratio.



Personnel with professional qualification refers to personnel who:

- has a Malaysian Institute of Accountants (MIA) membership; or
- is a member of any of the recognized bodies specified in Part II of the First Schedule of the Accountants Act 1967 that includes The Malaysian Institute of Certified Public Accountants (MICPA), Institute of Chartered Accountants in England and Wales (ICAEW), Association of Chartered Certified Accountants (ACCA) and Chartered Accountants Australia and New Zealand (CA ANZ).

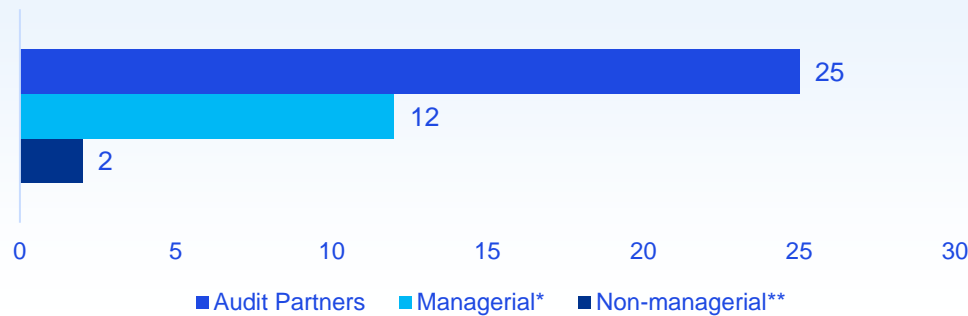


An expected trend on high turnover rate in Audit for 2024 is seen with continued high demand for audit professionals inside and outside the country. This is partly due to the continued growth, changing regulatory requirements and evolving business practices. Audit professionals can easily adapt to evolving roles in the sustainability field. The competition with attractive remuneration packages inside and outside the country continued to be seen not just for Audit but in other industries as well. The mentality of some young professionals seems to face challenges in adapting to the changing compliance standards for better reporting alignment and governance as it has been perceived as time-consuming and complex requirements and hence some have left for commercial and other industries.

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Average number of years' experience[#] of audit personnel as at 31 December

FYE 2022 to FYE 2024 ^{##}



[#] The average number of years is derived based on the average tenure of the audit personnel taken from the date of joining the Audit function.

^{##} The average number of years' experience of each audit personnel category is the same for FYE 2022, FYE 2023 and FYE 2024.

Percentage of audit personnel with years of experience in the assigned role as at 31 December

FYE 2024

	Less than 1 year (%)	Between 1 to 3 years (%)	Between 3 to 5 years (%)	More than 5 years (%)
Audit Partners	8	8	3	81
Managerial*	5	41	7	47
Non-managerial**	34	48	15	3
Average	30	46	13	11

FYE 2023




	Less than 1 year (%)	Between 1 to 3 years (%)	Between 3 to 5 years (%)	More than 5 years (%)
Audit Partners	9	0	9	82
Managerial*	17	23	15	45
Non-managerial**	35	49	13	3
Average	33	45	13	9

* Managerial includes Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers.

** Non-managerial includes Assistant Managers, Senior Associates and Associates.

Percentage of audit personnel with years of experience in the assigned role as at 31 December (continued)

FYE 2022

	Less than 1 year (%)	Between 1 to 3 years (%)	Between 3 to 5 years (%)	More than 5 years (%)
 Audit Partners	0	3	12	85
 Managerial*	26	15	13	46
 Non-managerial**	48	34	15	3
Average	44	30	15	11

* Managerial includes Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers.

** Non-managerial includes Assistant Managers, Senior Associates and Associates.

Audit quality indicators on the Audit function's investment to uphold audit quality

Technical Learning and Continuous Professional Development

We have formalized policies to require all audit professionals to have the appropriate knowledge and experience for their assigned engagements. We enable and empower our people to apply their business understanding and industry knowledge to deliver valued insights and to maintain audit quality.

Annual training priorities for development and delivery are identified by KPMG in Malaysia's Audit Learning and Development (L&D) team that leverages on KPMG global and regional training modules/materials to supplement those developed at a local level. Training is delivered using a blend of classroom and digital learning to equip all audit professionals with the requisite accounting and auditing standards requirements on-the-job.

Specialized industry knowledge is available through online resources and learning courses for specific industries and sectors including financial services, real estate, and energy and natural resources.

All audit partners and professional personnel are required to comply with the Continuing Professional Development (CPD) requirements applicable in Malaysia. KPMG in Malaysia is responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the applicable financial reporting framework. The audit professionals must obtain a minimum of 20 CPD hours of structured learning annually and at least 60 CPD hours of structured learning over a three-year period that is in line with the CPD requirements of the Malaysian Institute of Accountants. We use a Learning Management System (LMS) that keeps track of CPD hours to assist our people in monitoring and maintaining their CPD records.

We test a sample of our audit professionals' compliance with the CPD requirements in the Audit segment annual KPMG Quality & Compliance Evaluation (KQCE) monitoring program.

Audit Quality Support

KPMG's audit professionals in Malaysia are supported by the following quality control functions:

Department of Professional Practice (DPP)

DPP is part of the Audit function responsible for conducting technical research, interacting with regional/local and global professional standards-setters and global technical resource teams of KPMG, and providing technical accounting and auditing guidance and support to our people in the field.

It is organized into the following areas:

- Accounting Group – disseminating guidance and information relating to latest development in financial reporting standards (i.e., International Financial Reporting Standards (IFRS) Accounting Standards, Malaysian Financial Reporting Standards (MFRS) Accounting Standards and Malaysian Private Entities Reporting Standard (MPERS)) and facilitating public seminars/webinars.
- Auditing and Assurance Group – disseminating guidance and information relating to our interpretations of auditing standards and national initiatives to enhance quality, identifying improvement opportunities, facilitating local workshops on topical matters, communicating new methodology guidance and key audit quality messages and providing input into the development of national audit quality initiatives.
- Audit Risk Management Group – disseminating guidance and information relating to conflict of interest and independence, issuing letter and report templates relating to Audit function, assisting the Audit Quality Performance Liaison Partner (QPLP) in planning, reporting and monitoring annual QPR, liaising with Audit Oversight Board (AOB) on annual inspection matters and monitoring the remedial action plans arising from the inspection.
- Sustainability Group – disseminating guidance and information relating to latest development in sustainability reporting standards (i.e. International Sustainability Standards Board "ISSB" Sustainability Disclosure Standards), supporting internal teams on technical issues, developing training materials and facilitating internal/public trainings.

The DPP is headed by audit partners and is supported by full-time DPP directors and managers. They are our technical specialists, with deep understanding of Malaysian and international accounting and auditing standards. They support the audit teams on technical research and assist to review/evaluate positions taken, bringing a further independent lens, in event that audit teams seek formal consultation.

In respect of policy matters relating to accounting, auditing and audit risk management of Audit function, these matters will be referred to the AAC for final approval/decision.

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Second Line of Defense (2LoD) Reviewers

2LoD reviewers perform in-depth reviews of selected areas of focus on selected audit engagements and support specific audit teams throughout the audit process. All 2LoD reviewers are from DPP and are experienced audit personnel, who are independent of the audit teams. They coach audit teams to develop and sufficiently evidence risk assessment, audit approach, and execution of procedures in the areas of focus. Their goal is to improve audit quality on these specific audits as they are occurring and before opinions are issued, and more broadly through active engagement in the embedded quality networks.

Risk Management Department (RMD)

The RMD comprises a team of full-time directors and managers led by the Risk Management Partner (RMP). The team supports both the RMP and the Ethics & Independence Partner (EIP) in their respective roles in providing leadership on the direction of execution of quality and risk management policies and procedures to meet professional standards, and ethics and independence policies and procedures, including that which apply to auditors. The RMD liaises with all parts of the business, as necessary, on the compliance with KPMG's quality and risk management policies and procedures and facilitates the ongoing risk management initiatives.

Statistics in respect of KPMG in Malaysia's investment into learning and development, quality control and technical support

The tabulation below provides a summary of the average hours of training by categories on an annual basis:



* Managerial comprises Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers.

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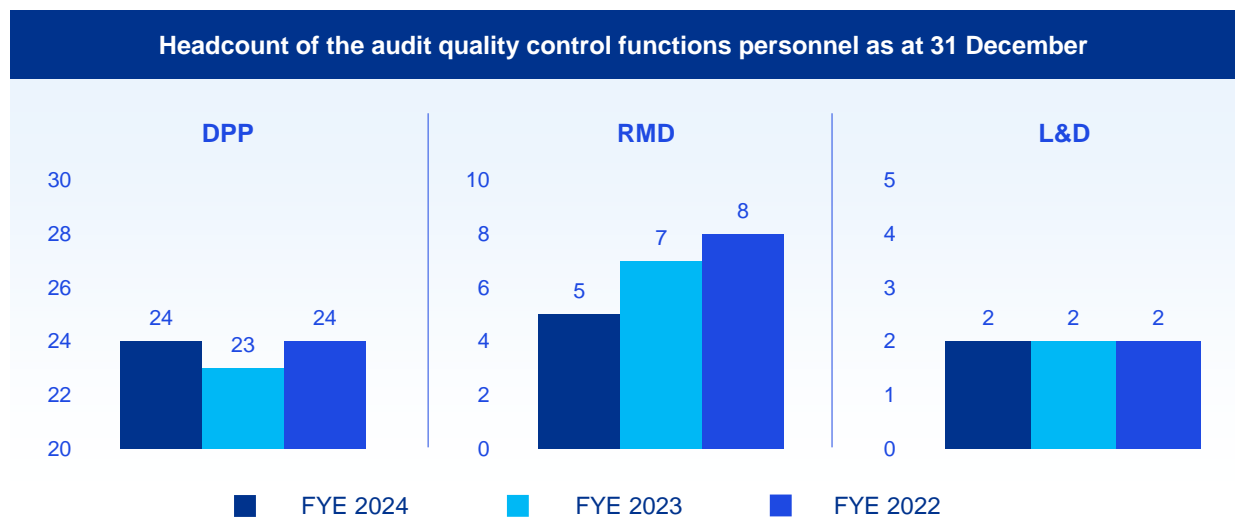
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The tabulation below provides a summary of the headcount of the audit quality control functions personnel:



The tabulation below shows the ratio of audit personnel to audit quality control functions personnel:



The ratio above is derived by dividing the total headcount of audit personnel by the total headcount of the audit quality control functions personnel.

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

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

Global client and engagement acceptance and continuance policies

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

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

Accept appropriate clients and engagements

Client evaluation

Our evaluation of a prospective client includes an assessment of the client's risk profile and background information of the client, its key management, directors and owners. If necessary, the evaluation includes obtaining and assessing

additional information required to satisfy applicable legal or regulatory requirements (e.g., Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001).

Engagement evaluation

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

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

In addition, the evaluation of an audit engagement includes an assessment of the competence of the client's financial management team and the skills and experience of KPMG audit professionals. Where we are providing audit services for the first time, additional independence evaluation

procedures are performed, including a review of any non-audit services provided to the client and of other relevant business, financial and personal relationships.

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

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

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

Continuance process

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

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

Withdrawal process

When we come to a preliminary conclusion that indicates we should withdraw from an engagement or client relationship, we must consult internally and identify any required legal, professional and regulatory responsibilities with respect to that relationship. We also consider further communications with those charged with governance and any other appropriate authority as required under its professional obligations. For public listed entities and public interest entities, an auditor's resignation is required to be communicated to the Malaysian stock exchange, Bursa Malaysia Berhad (Bursa) and the AOB respectively.

Manage portfolio of clients

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

Our firm's engagement partners are responsible for determining that members of the engagement team collectively have the appropriate competence and capabilities, including sufficient time, to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements. See section "Nurture diverse, skilled teams - Assign an appropriately qualified team" for more information.

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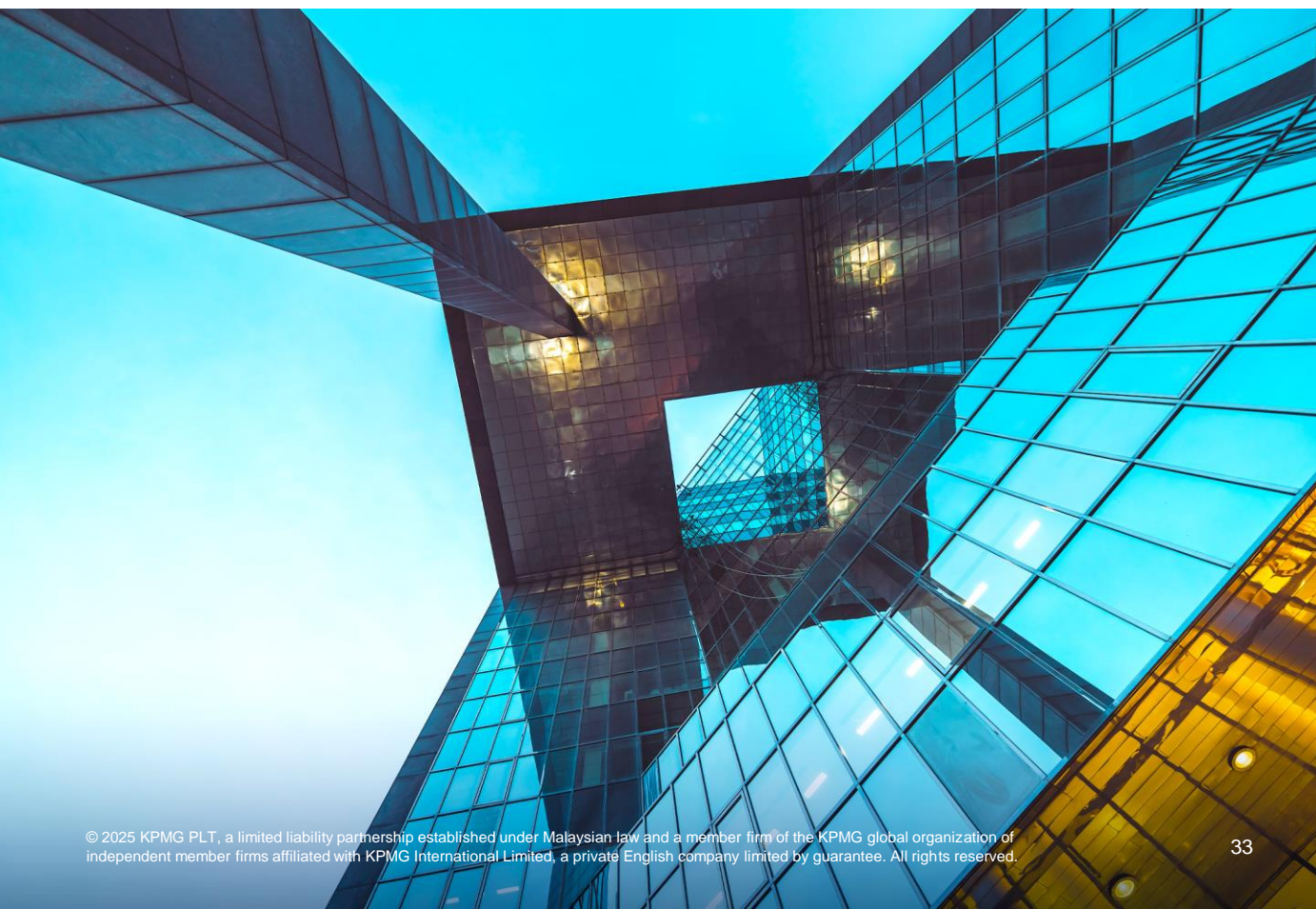
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Be independent and ethical



- Act with integrity and live our Values.
- Maintain an objective, independent and ethical mindset.
- Have zero tolerance of bribery and corruption.

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

Act with integrity and live our Values

We know that trust is earned by doing the right thing. We are committed to the highest standards of professional behavior throughout our firm in everything we do. Ethics and integrity are core to who we are. Within our [Global Code of Conduct](#), we outline the responsibilities KPMG people have to each other, our clients and the public. It shows how our Values inspire our greatest aspirations and guide all our behaviors and actions. At our firm, we provide annual training to all partners and employees on the Global Code of Conduct, anti-bribery and corruption, and compliance with laws, regulations and professional standards.

KPMG's ethical decision-making framework CARE (Consider, Assess, Respond, Evolve) is centered on building and reinforcing trust, and supports our Purpose, Values and Code of Conduct. A model shared across the organization, CARE helps our people to make ethical decisions, especially when faced with a challenging situation or ethical dilemma, and it also reminds them that they do not have to make these decisions alone.

CARE

Ethical decision-making framework

Consider

what is the issue



Assess

options to address the situation



Respond

with decision



Evolve

and reflect



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Maintain an objective, independent and ethical mindset

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

Policies are supplemented to help ensure compliance with the standards issued by the MIA and those of other applicable regulatory bodies.

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

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

Personal financial independence

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



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

KPMG firms and KPMG personnel are required to be free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm audit and assurance clients (by definition, ‘audit client’ includes its related entities or affiliates), their management, directors, and, where required, significant owners.

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

Employment relationships

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

Firm financial independence

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

KPMG’s independence compliance system records direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities and funds. This includes investments held in associated pension and employee benefit plans.

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

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

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Business relationships/suppliers

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

Independence training and confirmations

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

Non-audit services

All KPMG firms have agreed, at a minimum, to comply with the IESBA Code and applicable laws and regulations related to the scope of services that can be provided to audit clients. At KPMG in Malaysia, we are required to comply with the MIA By-Laws.

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

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

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

Fee dependency

KPMG firms have agreed to consult with their Regional Risk Management Partner where total fees from a public interest entity audit client are expected to exceed 10 percent of the annual fee income of the KPMG firm for two consecutive years. If the total fees from a public interest entity audit client and its related entities were to represent more than 15 percent of the total fees received by a particular KPMG firm in a single year, this would be disclosed to those charged with governance at the audit client.

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

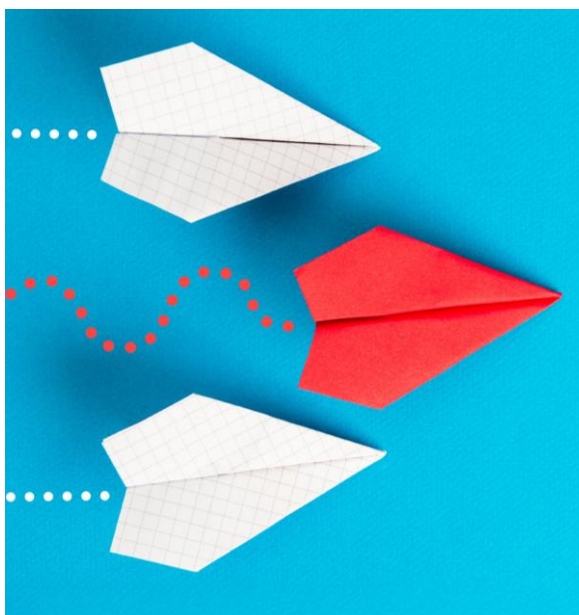
No audit client accounted for more than 10 percent of the total fees received by KPMG in Malaysia in 2024.

Avoiding conflicts of interest

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

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

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



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Independence breaches

KPMG in Malaysia professionals are required to report any independence breach to our firm’s EIP as soon as they become aware of it. Breaches of independence requirements of the IESBA Code of Ethics or other external independence requirements (including MIA By-Laws) are required to be reported to those charged with governance of our audit clients as soon as possible, except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG in Malaysia has a disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions that reflect the seriousness of any violations.

Partner rotation

Our partners of the Audit function are subject to periodic rotation of their responsibilities for audit clients. Requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a ‘time-out’ period during which time these partners are restricted in the roles they can perform.

Audit quality indicators for auditor independence

One of the areas that the Audit function of KPMG in Malaysia considers in meeting independence requirements is fee dependency. Such consideration is in line with the independence requirements of the provisions of the Malaysian Code of Corporate Governance (MCCG) and MIA By-Laws. Accordingly, the nature and level of fees generated from services other than annual statutory audits are evaluated at each engagement to determine if there are any fee dependencies.

The tabulation below represents the overall proportion of fees billed to clients being:

- Fee income derived from all audit clients are segregated into statutory audit services, other assurance services and services provided by the Non-audit entities (i.e., tax or advisory); and
- Fee income between the Audit function and the Non-audit entities.



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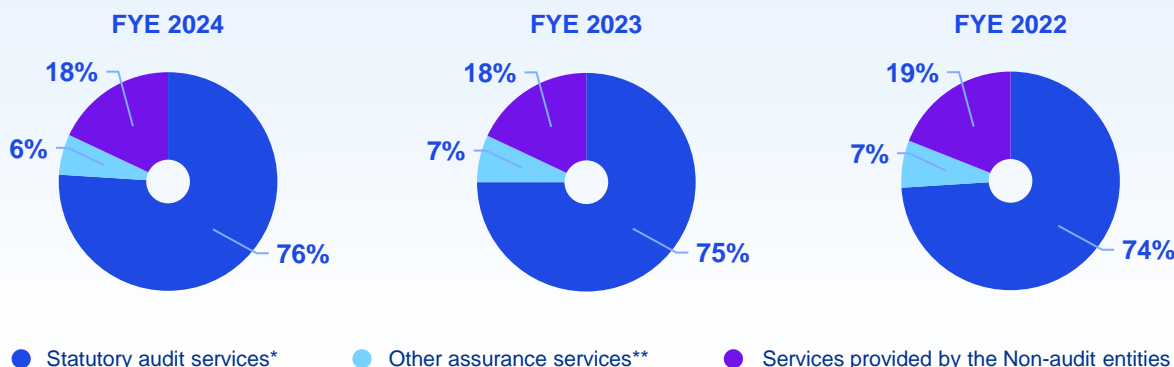
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Proportion of fee income derived from audit clients segregated into statutory audit services, other assurance services and services provided by the Non-audit entities for the year

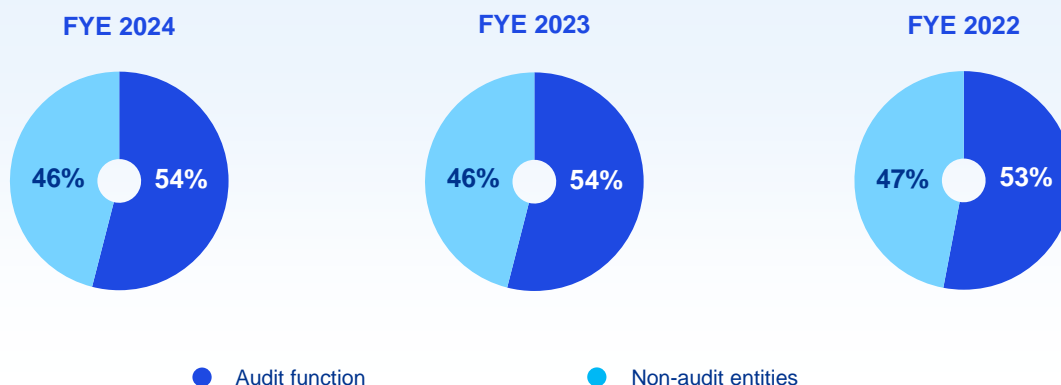


Non-audit entities refer to the private limited entities of KPMG in Malaysia that provide tax and advisory professional services.

* Statutory audit services refer to annual statutory financial statements audit. They exclude review of internal control statements and review of quarterly financial information.

** Other assurance services refer to assurance/audit-related services other than annual statutory audit services.

Proportion of fee income between Audit function and Non-audit entities for the year



Have zero-tolerance of bribery and corruption

We have zero-tolerance of bribery and corruption.

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

Further information on KPMG International's anti-bribery and corruption policies can be found on the [anti-bribery and corruption site](#). KPMG in Malaysia has established and maintains policies and procedures on anti-bribery and corruption based on the Guidelines on Adequate Procedures, pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, which applies to all partners, employees and third parties with whom we work.

Perform quality engagements



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

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

Consult when appropriate

Encouraging a culture of consultation

KPMG encourages a culture of consultation that supports engagement teams in KPMG firms throughout their decision-making processes and is a fundamental contributor to audit quality. Engagement teams are required to consult when difficult or contentious matters arise on engagement.

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

Technical consultation and global resources

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

Global Audit Methodology Group (GAMG):

Develops KPMG's audit and assurance methodology based on the requirements of the applicable auditing and assurance standards issued by the IAASB, PCAOB and AICPA.

KPMG Global Solutions Group (KGSG):

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

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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.

International Standards Group (ISG):

Develops global guidance to promote consistency in the interpretation of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards by KPMG firms, and to promote consistent response to emerging accounting and auditing issues.

PCAOB Standards Group (PSG):

Promotes consistency in the interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components and foreign private issuers and non-US components of US Securities and Exchange Commission (SEC) issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

Member firm professional practice resources:

Provide consultation support on auditing and technical accounting matters to our audit professionals involving regional and global teams when required.

KPMG in Malaysia's Audit function implemented the Query Management System (QMS), which is part of the Digital Transformation initiative of the Asia Pacific (ASPAC) Audit and Assurance Audit Delivery. It provides both DPP and audit engagement teams with a modernist and more digitized application to raise, track and review responses to audit and accounting technical queries. The objective of the system is to drive audit quality and consistency across audit methods and financial reporting queries in the ASPAC region.

Consultation in relation to accounting matters which meet certain criteria is required to be escalated to ASPAC Regional DPP to achieve consistency and maintain quality across the region and globally.

The DPP assists engagement teams where there are differences of opinion either within teams or with the engagement quality control (EQC) reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. The ISG and PSG are also available for consultation support when required.

For more complex issues (which might require amendments to KPMG's global audit methodology or audit tools), these are escalated the KPMG International Global Audit groups for consideration and potential development of solutions by the KGSG and ISG.

Critically assess audit evidence using professional judgment and skepticism

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

Direct, coach, supervise and review

Embedding ongoing coaching, supervision and review

We promote a coaching culture as part of enabling our professionals to achieve their full potential. Coaching fundamentals are embedded in the audit training curriculum, and we support a continuous learning environment where KPMG partners and professionals contribute to building the capacity of the team, coaching other team members and sharing experiences while directing, supervising and reviewing their work.

Engagement quality control (EQC)

The EQC review is an important part of our approach to quality management. We have agreed to appoint an EQC reviewer for each audit engagements, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements, including certain assurance engagements, as designated by our RMP or our Head of Audit.

An EQC review is an objective evaluation of the significant judgements made by the engagement team and its related conclusions, performed by the EQC reviewer, and completed on or before the date of the audit 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.

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Appropriately support and document conclusions

Reporting

Engagement leaders form all opinions and conclusions for audit, assurance and review engagements based on the work performed and evidence obtained. In preparing auditors' and assurance reports, engagement leaders have access to 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 the inclusion of an 'emphasis of matter' or 'other matter' paragraph).

Engagement documentation

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

Audit quality indicators for audit partners' workload

The audit partners' portfolio is reviewed by the Head of Audit annually, and on an ongoing basis when circumstances warrant it (e.g., the acceptance of a prospective PIE client with a significant number of subsidiaries). KPMG member firms are required to have procedures in place for the Head of Audit to assign the most suitable audit partner to an audit engagement based on the partner's skill sets, relevant professional and industry experience and the timing and nature of the engagements in order to achieve an appropriate balance of an audit partner's workload. Such balance would enable an audit partner to devote the amount of time to the extent necessary to supervise the timely completion of all the audit engagements assigned to that particular partner. In line with the firm's policies and requirements of auditing standards, audit partners may also assume the role of an EQC reviewer on PIE audits.

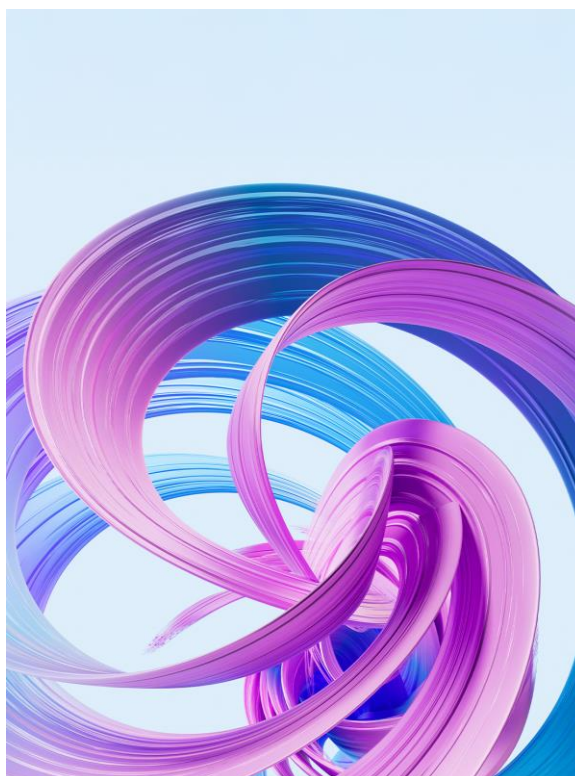
Factors that may influence audit partners' workload

During the assignment of the role of Engagement Partner (EP) by the Head of Audit, the following factors are taken into consideration in order to manage the audit partners' overall workload:

- The relevant professional experience of the audit partner;
- The nature, industry, size, complexity and risk profile of the audit engagement;
- The existing number of clients (both PIE and non-PIE) in the client portfolio of the audit partner;

- The roles held, if any, by the audit partner in other leadership or support functions;
- The assignment of senior or experienced engagement managers, including an audit principal or audit director to assist with the audit partner's workload; and
- The number of PIE audits that an audit partner had assumed the role of EQC reviewer.

In any event, all EPs and engagement teams have access to extensive reporting guidance and technical support through guidance materials and, where required, consultations with DPP can be undertaken for the resolution of complex auditing or accounting issues.



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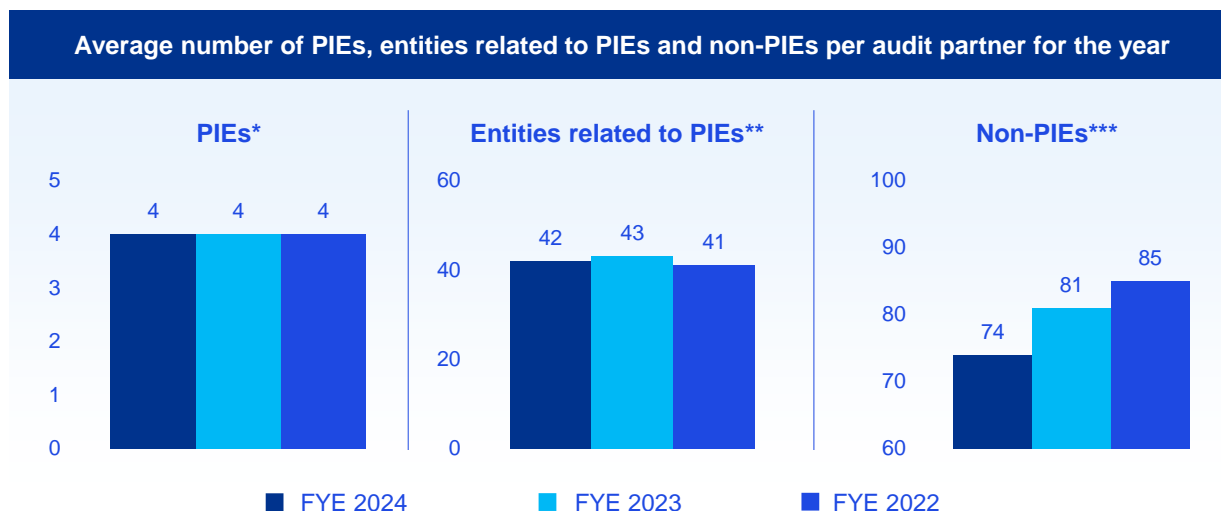
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The key indicators used to determine the appropriateness of audit partners' workload are as follows:



* PIEs refer to entities that are currently specified under Part 1 of Schedule 1 of the Securities Commission Malaysia Act 1993. These include public listed entities, financial institutions supervised by Bank Negara Malaysia and certain Capital Markets Services License holders under the Securities Commission.

** Entities related to PIEs refer to non-PIEs within the PIE Group which are audited by the Audit function.

*** Non-PIEs refer to single legal entities audited by the Audit function, other than PIEs and entities related to PIEs.

The ratio above is derived by dividing the number of entities under the aforesaid categories (see definitions above) by the number of licensed audit partners who audit PIE audit clients that are assigned as the Engagement Partner for the audits of these categories.

The ratio above excludes Schedule Fund audit clients.

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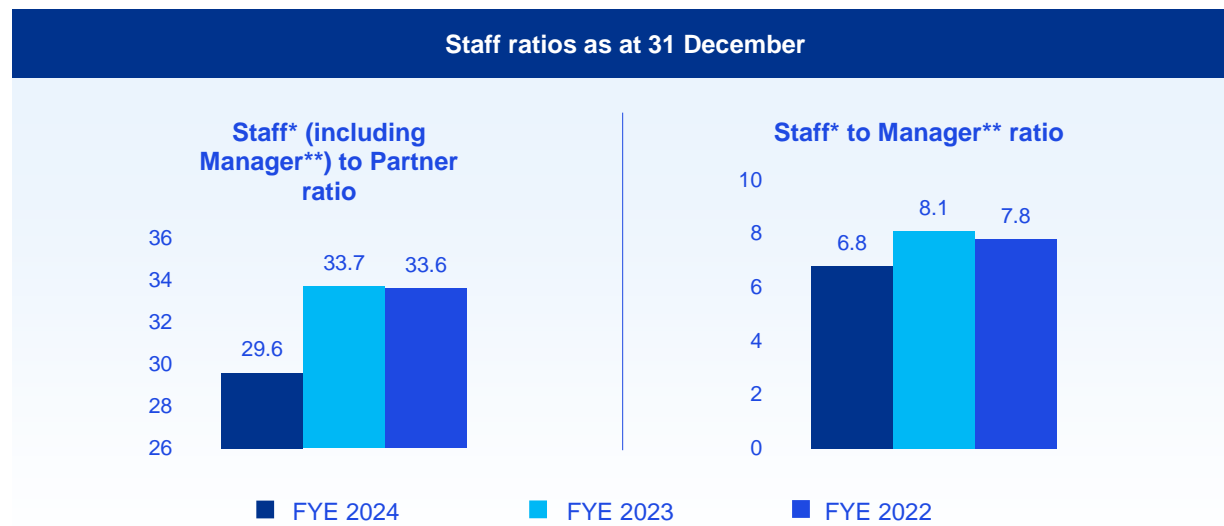
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Audit quality indicators on audit engagement supervision

Pursuant to the requirements of the auditing standards, audit professionals are required to be supervised in the day-to-day conduct of a statutory audit engagement. The supervision process involves providing instructions to carry out specific audit tasks, coaching and reviewing the documentation prepared by audit professionals. Such supervision and review are carried out by the audit engagement partner, manager in-charge and senior in-charge, as applicable.

The key indicators used to evaluate the appropriateness of audit engagement supervision are set out below:



* Staff represents Assistant Managers, Senior Associates and Associates.

** Manager represents Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers.

Pursuant to the requirements of the Companies Act 2016, every company in Malaysia (except for those companies opting to use the audit exemption rule) requires an annual audited financial statements.

Based on the number of audits that are required to be carried out by the Audit function in respect of its' audit client portfolio (where a majority of the audits were in respect of financial year ended on 31 December), our Audit leadership has determined that the required number of headcount or audit professionals above was appropriate (see "Headcount of audit personnel as at 31 December" tabulation shown under "Audit quality indicators on the capacity and competence of the Audit function" section). The headcount requirement at each audit professional level (i.e., manager, senior associate or associate) also took into account of the number of companies to be audited, audit team structure, the timing, size and complexities of each audit. The staff ratios shown above were reasonable based on the nature of the auditing industry in Malaysia and remain appropriate.

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Assess risks to quality



- Identifying risks to quality and implement effective responses.

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

Identifying risks to quality and implement effective responses

KPMG International performs an annual iterative risk assessment process (I-RAP) to determine the baseline expected quality objectives, quality risks, process risk points (responses to those risks, including controls) that all KPMG firms agree to adopt. In recognition that we are responsible for our SoQM being in compliance with ISQM 1, we also perform our own annual I-RAP, taking into account our firm's facts and circumstances in determining whether there are any incremental quality objectives, quality risks, process risk points or responses to those risks, including controls.

This consistent global approach:

- Sets the minimum controls to be implemented within all KPMG firms' SoQM processes in response to globally identified risks to meeting SoQM quality objectives.
- Defines the SoQM methodology used by KPMG firms in their annual SoQM evaluation to evaluate whether the SoQM controls are effective and whether the SoQM objectives have been achieved.

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Monitor and remediate



- Rigorously monitor and measure quality.
- Obtain, evaluate and act on stakeholder feedback.
- Perform root cause analysis and design and implement remedial action plans.

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

Rigorously monitor and measure quality

Commitment to continuous improvement

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

Internal monitoring and compliance programs

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

The programs evaluate:

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

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

These programs include:

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

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

Audit Quality Performance Review (QPR) program

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

Risk-based approach

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

The Audit QPR Program is designed by Global Quality & Risk Management. We conduct the annual QPR program in accordance with KPMG International QPR instructions which promote consistency across the KPMG organization. Responsibility for the QPR Program lies with our firm's RMP. Reviews are overseen by an independent experienced lead reviewer from another KPMG firm. QPR results are reported to KPMG International.

Evaluations from Audit QPR

Across the global organization, consistent criteria are used to determine engagement ratings and KPMG firms' Audit function evaluations. Audit engagements selected for review are rated as 'Compliant', 'Compliant - Improvement Needed' or 'Not Compliant' as summarized below.

Compliant (C)

When the relevant audit, assurance, accounting, and professional standards have been complied with in all significant respects with no or only minor instance(s) of non-compliance.

Compliant – Improvement Needed (CIN)

When the relevant audit, assurance, accounting, and professional standards have been complied with in all significant respects, but more than minor instance(s) of non-compliance have been identified. However, the instance(s) of non-compliance are not significant, improvements are needed in the next audit and remediation should be considered for the engagement file subject to review.

Not Compliant (NC)

When the relevant auditing, assurance, accounting and professional standards were not complied with in respect of a significant matter(s) and remediation of the engagement file subject to review related to the significant matter(s) is required.



KPMG Quality & Compliance Evaluation (KQCE) program

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

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

Global Quality & Compliance Review (GQCR) program

The GQCR program is a KPMG International monitoring program. The objective of the GQCR program is to assess a firm's compliance with selected KPMG International policies, including those related to governance and SoQM.

Firms are selected for review using a risk-based approach, which considers a number of factors, including financial conditions, country risks, results of monitoring programs and people surveys, with each firm subject to a GQCR at least once in a four-year cycle.

The GQCR team comprises partners and managers who are independent of the firm subject to review.

Internal monitoring and compliance program reporting

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

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

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

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Remediation and monitoring

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

Obtain, evaluate and act on stakeholder feedback



Regulators

In 2024, the Audit Oversight Board (AOB) completed its inspection of our firm in October 2024. We have received a copy of their draft report, which we expect to be finalized and issued after the issuance of this Transparency Report.

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

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

Further details of the results of the AOB annual inspections on the Audit function are set out below as “Results of external inspection” under the header of “Audit Quality Indicators on internal monitoring, compliance review and external inspection”.

Client feedback

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

Monitoring of complaints

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

Perform root cause analysis and design and implement remedial action plans

In our firm, our SoQM provides the foundation for consistent delivery of quality engagements and our Root Cause Analysis (RCA) program is an integral element of the monitoring and remediation component of the SoQM, driving enhancements to audit quality. Leveraging inputs from internal monitoring programs, external inspections and other activities, we identify audit quality issues and undertake root cause analysis corresponding to the nature and severity of the issues. Throughout the year, we have increased the number of accredited RCA members to cope with the increasing demands. We continue to strengthen our RCA process and have designed our RCA program in accordance with globally consistent RCA training materials and KPMG International’s RCA guide.

We design and implement remedial actions that respond to the identified root causes of the audit quality issues and subsequently monitor the effectiveness of such actions. The RCA remedial action plans and monitoring results are reported to regional and global leadership.

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

Audit quality indicators on internal monitoring, compliance review and external inspection

To ensure our audit work continues to meet the needs of the capital markets, we use a broad range of mechanisms to continuously monitor our performance, respond to feedback and seek opportunities for improvement. The complexity and dynamic nature of the economic environment, the clients’ businesses, and the accounting and auditing frameworks are challenging. We always aim to optimize the inputs to the audit process, but opportunities to learn and improve arise. This is why continuous improvement is a key driver of audit quality.



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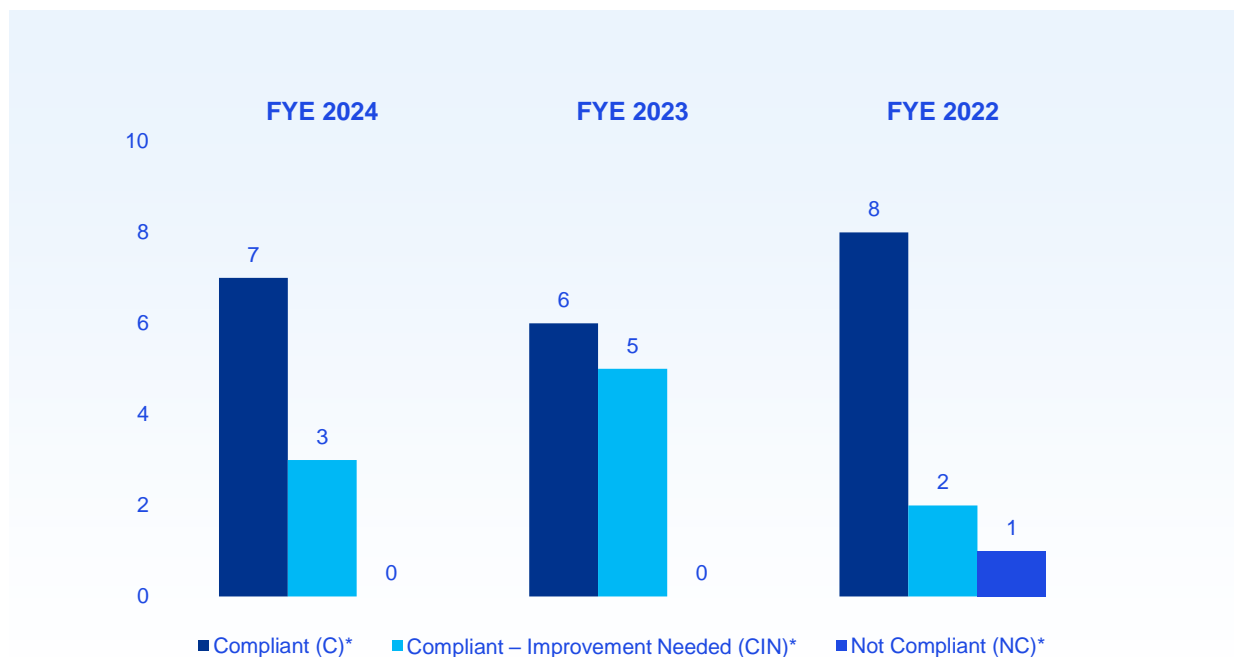
We summarize below the results of the internal monitoring, compliance review and external inspection:

Audit QPR results			
	FYE 2024	FYE 2023	FYE 2022
Total number of QPR audit reviews performed (includes both PIE and non-PIE engagements)	11	12	12
Percentage of quality reviews conducted by KPMG International's GAQMG reviewers and other QPR reviewers from Asia Pacific member firms	100%	100%	100%

RCA is performed for pervasive issues, specific accountabilities for remediation are identified, and detailed action plans are drawn up. These are reported to our global and regional audit leadership and the action plans are subject to ongoing review. As of the date of this Transparency Report, the action plans have already been implemented in accordance with the scheduled timeline.

Partners who receive 'Not Compliant' rating are subject to additional reviews (where required) and remedial actions, among others, including performance evaluations and/or remuneration adjustments.

The tabulation below shows the Audit QPR results of the selected PIE engagements:



* See rating definition set out under the "Monitor and remediate" section.

For the NC-rated engagement in FYE 2022, the areas for improvement that were identified did not lead to restatement of the financial statements or the audit report being reissued. The findings identified were related to the testing of high-risk journal entries and controls testing of inventories and they have since been addressed.

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KQCE results

KQCE result for FYE 2022 were noted to be substantially in compliance with KPMG International's policies and procedures, laws, regulations and professional standards. The identified cause for the findings is mainly attributed to isolated service lines or departments, not widespread and did not pertain to the quality of work. These findings did not indicate serious deficiencies within the firm's SoQM. All action plans for the KQCE FYE 2022 have been implemented.

KQCE results for FYE 2023 and FYE 2024 concluded that the SoQM provides KPMG in Malaysia with reasonable assurance that the objectives of the SoQM are being achieved.

Details of the KQCE result for FYE 2024 are included in the "Statement on the effectiveness of the SoQM of KPMG in Malaysia" section.

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AOB Inspection Results

	FYE 2024	FYE 2023	FYE 2022
Number of engagement selected (number of engagement with no finding)	5 (*)	6 (4)**	5 (5)
Number of firm-level finding	*	2**	0

* There is no result for FYE 2024 as the final inspection report had not been received as of the issuance date of this Transparency Report.

** None of the financial statements or audit opinions in respect of the six audit engagements reviewed by the AOB inspection team required any restatement or reissuance. The engagement-level observations were related to audit procedures associated to certain financial instrument balances and the documentation of going concern assessment. The firm-level observations were related to the identification of a quality risk for inclusion in the Firm's risk register and remediation of prior inspection findings.

Communicate effectively



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

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

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

Communication with those charged with governance

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

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

Audit Committee Institute (ACI)

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

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

Global IFRS Institute

The KPMG's [Global IFRS Institute](#) provides information and resources to help Board and Audit Committee members, executives, management, stakeholders, and government representatives gain insights and access thought leadership about the evolving global financial and sustainability reporting frameworks.

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

Only with engaged, talented people can we deliver audits in line with our audit quality expectations. Annually, our personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception on their experience of working at KPMG. Results can be analyzed by several factors, including functional or geographic area and grade to provide additional focus for action.

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

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

KPMG in Malaysia 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, and the appropriate

follow-up actions, are also aggregated for the entire global organization and are presented to the Global Board each year.

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

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- Legal structure.
- Responsibilities of KPMG firms.
- Professional indemnity insurance.
- Governance structure.

Legal structure

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

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

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

KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member

firms. It does not provide professional services, directly or indirectly, to clients. Professional services to clients are exclusively provided by member firms.

Each firm is part of one of three regions (the Americas, ASPAC, and Europe, Middle East & Africa (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.

KPMG is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights of member firms to use the KPMG name and marks are contained within agreements with KPMG International. KPMG International and the KPMG member firms are not a global partnership, single firm, multinational corporation, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to

obligate or bind KPMG International, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International or any of its related entities have any such authority to obligate or bind any member firm.

Further details on the revised legal and governance arrangements for the KPMG global organization can be found on the [About Us](#) page of kpmg.com.

Responsibilities of KPMG firms

Member firms (including KPMG PLT) have agreed with KPMG International 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 having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multinational clients, manage risk, and deploy global methodologies and tools.

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

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 agreements with KPMG International.

Professional indemnity insurance

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

Governance structure

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

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

Global Steering Groups

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

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

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

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



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Statement on the effectiveness of the SoQM of KPMG in Malaysia

As at 30 September 2024



As required by the IAASB's ISQM 1, Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and KPMG International Limited Policy, KPMG in Malaysia has the responsibility to design, implement and operate a SoQM for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm.

The objectives of the SoQM are to provide KPMG in Malaysia with reasonable assurance that:

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

KPMG in Malaysia outlines how its SoQM supports the consistent performance of quality engagements in this Transparency Report.

Integrated quality monitoring and compliance programs enable KPMG in Malaysia to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall SoQM.

If deficiencies are identified when we perform our annual evaluation of the SoQM, we evaluate the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individual and in the aggregate, on the SoQM, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of the firm's SoQM as of 30 September 2024, the SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved.

Download a copy [here](#).



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Appendix A

Details of KPMG PLT and all affiliated entities as at 31 December 2024 that form KPMG in Malaysia:

No.	Name of entity	Principal business activity	Country of incorporation
1	KPMG PLT	Provision of auditing and assurance services	Malaysia
2	KPMG Desa Megat PLT	Dormant	Malaysia
3	KPMG Ventures PLT	Investment holding	Malaysia
4	KPMG Consulting (Malaysia) Sdn. Bhd.	Provision of training, advisory and consultancy services	Malaysia
5	KPMG Corporate Advisory Sdn. Bhd.	Provision of consultancy services	Malaysia
6	KPMG Deal Advisory Sdn. Bhd.	Dormant	Malaysia
7	KPMG Holdings Sdn. Bhd.	Dormant	Malaysia
8	KPMG Management & Risk Consulting Sdn. Bhd.	Provision of advisory services	Malaysia
9	KPMG Tax Services Sdn. Bhd.	Provision of tax compliance and tax advisory services	Malaysia
10	KPMG Corporate Restructuring PLT	Providing of liquidator and restructuring services	Malaysia

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Public interest entity audit clients of KPMG in Malaysia

1. ABM Fujiya Berhad	38. Farm Fresh Berhad
2. abrdn Islamic Malaysia Sdn. Bhd.	39. FoundPac Group Berhad
3. abrdn Malaysia Sdn. Bhd.	40. Fraser & Neave Holdings Bhd
4. AEON Bank (M) Berhad	41. Generali Insurance Malaysia Berhad
5. AEON CO. (M) BHD.	42. Generali Life Insurance Malaysia Berhad
6. Ajinomoto (Malaysia) Berhad	43. GLM REIT Management Sdn. Bhd.
7. Alcom Group Berhad	44. Globaltec Formation Berhad
8. AmanahRaya Real Estate Investment Trust	45. GX Bank Berhad
9. AmanahRaya-Kenedix REIT Manager Sdn. Bhd.	46. Hap Seng Plantations Holdings Berhad
10. AME Elite Consortium Berhad	47. Hengyuan Refining Company Berhad
11. AME Real Estate Investment Trust	48. Hiap Teck Venture Berhad
12. APM Automotive Holdings Berhad	49. Hong Leong Industries Berhad
13. Apollo Food Holdings Berhad	50. HSS Engineers Berhad
14. ASTEEL Group Berhad	51. Hume Cement Industries Berhad
15. ATA IMS Berhad	52. I REIT Managers Sdn. Bhd.
16. Avangaad Berhad (formerly known as E.A. Technique (M) Berhad)	53. IHH Healthcare Berhad
17. Axis Real Estate Investment Trust	54. InNature Berhad
18. Bank Kerjasama Rakyat Malaysia Berhad	55. ITMAX System Berhad
19. Bank Muamalat Malaysia Berhad	56. JcbNext Berhad
20. Beshom Holdings Berhad	57. Jentayu Sustainables Berhad
21. BLD Plantation Bhd.	58. JKG Land Berhad
22. BM GreenTech Berhad	59. Johor Plantations Group Berhad
23. Boost Bank Berhad	60. Karex Berhad
24. British American Tobacco (Malaysia) Berhad	61. Kein Hing International Berhad
25. Can-One Berhad	62. Kerjaya Prospek Property Berhad
26. Citibank Berhad	63. KNM Group Berhad
27. Citigroup Global Markets Malaysia Sdn. Bhd.	64. Knusford Berhad
28. CLSA Securities Malaysia Sdn. Bhd.	65. Kossan Rubber Industries Bhd.
29. Comfort Gloves Berhad	66. Land & General Berhad
30. Dayang Enterprise Holdings Bhd.	67. Landmarks Berhad
31. DRB-HICOM Berhad	68. Leform Berhad
32. Duopharma Biotech Berhad	69. Lonpac Insurance Bhd
33. DXN Holdings Bhd.	70. LPI Capital Bhd
34. Eco World International Berhad	71. Lysaght Galvanized Steel Berhad
35. Econpile Holdings Berhad	72. MAA Group Berhad
36. EITA Resources Berhad	73. Malakoff Corporation Berhad
37. Engtex Group Berhad	74. Malayan Flour Mills Berhad
	75. Malaysian Life Reinsurance Group Berhad
	76. Malaysian Pacific Industries Berhad

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Public interest entity audit clients of KPMG in Malaysia (continued)

77. MCIS Insurance Berhad	114. Shangri-La Hotels (Malaysia) Berhad
78. Melewar Industrial Group Berhad	115. SKB Shutters Corporation Berhad
79. Mizuho Bank (Malaysia) Berhad	116. SLP Resources Berhad
80. MSIG Insurance (Malaysia) Bhd	117. Southern Steel Berhad
81. Muamalat Invest Sdn. Bhd.	118. Steel Hawk Berhad
82. Mulpha International Bhd.	119. Sumitomo Mitsui Banking Corporation Malaysia Berhad
83. Mycron Steel Berhad	120. Swiss Re Asia Pte. Ltd., Malaysia Branch
84. Naim Holdings Berhad	121. Ta Ann Holdings Berhad
85. Ni Hsin Group Berhad	122. TA Futures Sdn. Bhd.
86. Optimax Holdings Berhad	123. TA Investment Management Berhad
87. Oriental Holdings Berhad	124. TA Securities Holdings Berhad
88. Oriental Interest Berhad	125. Tan Chong Motor Holdings Berhad
89. Panasonic Manufacturing Malaysia Berhad	126. Texchem Resources Bhd.
90. Paos Holdings Berhad	127. TH Plantations Berhad
91. Pavilion Real Estate Investment Trust	128. Theta Edge Berhad
92. Pavilion REIT Management Sdn. Bhd.	129. Thong Guan Industries Berhad
93. PBA Holdings Bhd	130. Tiong Nam Logistics Holdings Berhad
94. Pensonic Holdings Berhad	131. Tomypak Holdings Berhad
95. Perdana Petroleum Berhad	132. Tower Real Estate Investment Trust
96. Perusahaan Sadur Timah Malaysia (Perstima) Berhad	133. Tuju Setia Berhad
97. PETRONAS Chemicals Group Berhad	134. Unisem (M) Berhad
98. PETRONAS Dagangan Berhad	135. Unitrade Industries Berhad
99. PETRONAS Gas Berhad	136. V.S. Industry Berhad
100. Phillip Capital Management Sdn. Bhd.	137. VSG Fides Capital Sdn. Bhd.
101. Phillip Capital Sdn. Bhd.	138. VSTECs Berhad
102. Phillip Mutual Bhd.	139. Webull Securities (Malaysia) Sdn. Bhd.
103. PMB Technology Berhad	140. Wong Engineering Corporation Berhad
104. Pos Malaysia Berhad	141. Y.S.P. Southeast Asia Holding Berhad
105. Power Root Berhad	142. YTL Digital Bank Berhad
106. Press Metal Aluminium Holdings Berhad	143. Zhulian Corporation Berhad
107. QES Group Berhad	
108. QL Resources Berhad	
109. Quality Concrete Holdings Berhad	
110. Salcon Berhad	
111. SAM Engineering & Equipment (M) Berhad	
112. Sarawak Oil Palms Berhad	
113. Sarawak Plantation Berhad	

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Legal proceedings

As of 31 December 2024:

A legal proceeding initiated by Serba Dinamik Holdings Berhad in June 2021 is currently in the process of being withdrawn. This matter is expected to be resolved without any material impact on our business.

Authority or regulatory actions

As of 31 December 2024:

There have been no instances of any authority or regulatory actions taken on KPMG PLT or its Audit partners.

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