



Transparency Report

Quality is how we make a difference.

Year ended 31 December 2023

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, companies that we audit, 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 find strength in our differences.



For Better

We do what matters.

Our system of quality management

Governance structure

Live our culture and Values

Apply expertise and knowledge

Embrace digital technology

Nurture diverse skilled teams

Associate with clients and engagements

Be independent and ethical

Perform quality engagements

Assess risks to quality

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Committed to delivering quality



Quality is as much an outcome as it is the standard for which we hold ourselves to account. It is the gateway to building trusted relationships with clients, stakeholders, and between KPMG personnel across the organization. Providing high-quality services is what allows people at KPMG to continuously earn and re-earn the trust that has underpinned the Malaysian firm for more than 96 years since our inception in 1928.

At KPMG, building trust is the key to our success and it starts with quality — even more so as the world evolves at a pace unrivaled in recent memory. Businesses are integrating technology in ways once unimaginable, shifting geopolitical winds and economic uncertainty have displaced norms, and businesses need to mobilize action against societal threats like the climate crisis.

The pace and scale of dramatic change happening around us only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG. KPMG has taken a consistent risk-based approach to their System of Quality Management (SoQM) to drive audit quality and meet the requirements of the International Standard on Quality Management (ISQM) 1.

We're investing significant resources to stay ahead of the curve. This significant investment has occurred in tandem with greater investments in tools, technology and talented people across the organization — all to create a more seamless, integrated approach across borders.

Within KPMG:

- We've transformed the audit experience by delivering a fully digital audit approach that is more efficient, more consistent and more adaptable.
- We're utilizing powerful technologies and leaning on our alliances with technology leaders to further enhance quality and provide even more value through deeper analysis of businesses, big and small, across the world.
- We're upskilling KPMG people and building teams that are fluent in environmental, social and governance (ESG) assurance reporting to help our clients meet the goals necessary to build a more sustainable future.

No process, technology or investment is foolproof, but our commitment and focus on ensuring that we uphold our standards and those of our profession is unyielding. We learn from shortcomings and constantly look for opportunities to improve our performance and quality.

KPMG has a responsibility to so many people, businesses and institutions across the world. By utilizing the breadth of our organization and the expertise of our people, KPMG in Malaysia is here to serve clients and stakeholders to safeguard the public interest. At KPMG, we will never waiver from our commitment to deliver high-quality audit and assurance services.

We encourage you to read this report to learn more about how we're working to ensure you can trust KPMG to deliver professional excellence and quality.



Datuk Johan Idris
Managing Partner
KPMG in Malaysia



Foong Mun Kong
Head of Audit
KPMG in Malaysia

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Our system of quality management is foundational for audit quality



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

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

KPMG International’s global approach to SoQM and ISQM 1:

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

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

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

The globally consistent approach is used by all KPMG member firms across the global

organization. The objective of this centralized approach is to drive consistency, robustness, and accountability of responses within KPMG firms’ processes.

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

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

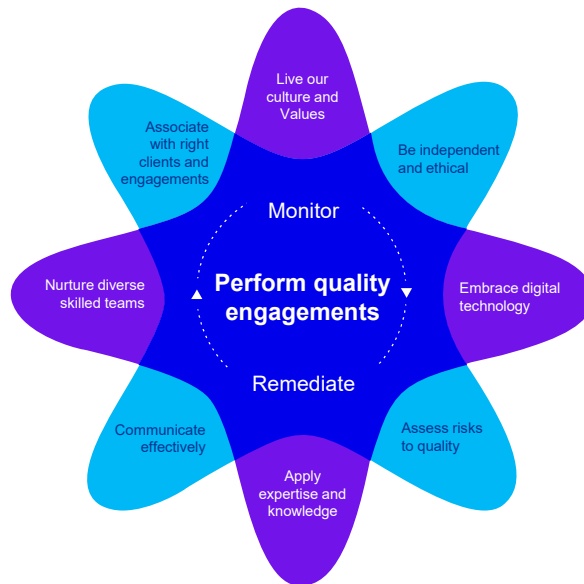


Diagram 1: KPMG’s Global Quality Framework

The section “Live our culture and Values” of the Transparency Report describes how we effectively operate each SoQM component.

Combined with our firm’s SoQM Statement of Effectiveness (see section “Statement of effectiveness”), this transparency report summarizes how our SoQM effectively supports the consistent performance of quality engagements.

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This report may also be useful for stakeholders interested in our tax and advisory services, as certain aspects of our firm's SoQM are cross-service function and applies equally as the foundation of quality for all services offered.

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Robust governance structure of KPMG in Malaysia



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Our legal and governance structure of the Audit firm

KPMG PLT is a limited liability partnership incorporated under the Limited Liability Partnerships Act 2012. It is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Our business

KPMG in Malaysia is a professional services firm that delivers audit, tax and advisory services.

KPMG’s audit service function in Malaysia operates out of 8 offices across the country namely in Petaling Jaya, Penang, Ipoh, Johor, Kota Kinabalu, Labuan, Kuching and Miri.

The number of audit partners in KPMG PLT as of 31 December 2023 was 35 (2022: 34). There was a total of 1,215 audit personnel in the year 2023 comprising partners and employees (2022: 1,175).

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

A list of the entities which forms KPMG in Malaysia, together with 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.

Network and structural arrangements of KPMG

A description of the network arrangements where KPMG PLT is a member firm of, is set out in **Appendix B**.

Substantial equity in the partnership and family relationship

As of 31 December 2023:

- None of the licensed audit partners in KPMG PLT held substantial equity (defined as any single partner with more than 10% equity share in the limited liability partnership) in the partnership; and
- There was no family relationship between any of the licensed audit partners undertaking leadership roles or holding substantial equity in the partnership with other partners in the partnership.

Our strategy

Our strategy is set by the KPMG in Malaysia’s 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.



KPMG in Malaysia’s Leadership Team – Executive Committee (EXCO)

The principal oversight body of the business operations of KPMG in Malaysia is the EXCO. The executive chair of the EXCO is the MP and the EXCO comprises senior representatives from various service functions (i.e., audit, tax and advisory).

These senior representatives (Head of Audit, Head of Tax, and Head of Advisory) are responsible for the leadership of their respective service functions business operations, including managing long-term growth and sustainability, setting strategies and overseeing their implementation, monitoring performance against the approved business plan, compliance with business laws/regulations and protecting and enhancing the KPMG brand in Malaysia.

In 2023, our Head of Advisory has assumed the roles of Chief Operating and Chief Financial Officer and in addition, there are three other members in EXCO (i.e., Head of People, Head of Risk Management and Head of Markets) who are responsible for overseeing functional areas of KPMG in Malaysia that include human resources, finance, information technology, business development, compliance, enterprise risk management and ethics and independence.

The respective Heads of Audit, Tax and Advisory are required to highlight compliance and regulatory matters in relation to their practice areas to the EXCO. These matters include results of internal quality review (i.e., Quality Performance Review (QPR)) and external inspections, if any (i.e., Audit Oversight Board (AOB) on the Audit service function) and the accountability of the specific engagement leader(s) in respect of the review results.

The EXCO aims to meet at least monthly and during the calendar year 2023, it met 12 times.

In addition, there are 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 established in 2021, consists of 5 members, including the Managing Partner (MP), and one EXCO member nominated by the MP 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 aims to meet twice a year and it has met 2 times in 2023.

SoQM Oversight Governance Body (SOGB)

The SOGB, established in September 2022, is a committee formed by the EXCO which is responsible to oversee controls and processes KPMG in Malaysia 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 3 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 service functions.

The SOGB aims to meet quarterly, with additional meetings to be convened whenever necessary. The SOGB met 4 times in 2023.

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.

KPMG in Malaysia has agreed to seek input from the chair of the relevant Global Steering Group or their delegee 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 MP is the leader who has ultimate responsibility for our SoQM.

Head of Risk Management

Our firm’s Head of Risk Management is responsible for the firm’s direction and execution of risk, compliance and quality. The Head of Risk Management is a member of the EXCO of KPMG in Malaysia and Audit and Accounting Committee, and has a direct reporting line to the MP.

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The Head of Risk Management consults, as appropriate, with the Managing Partner, the Regional Risk Management Partner, Global Quality & Risk Management resources, and the general counsel or external counsel.

The Head of Risk Management is supported by a team comprising partners and professionals from each of the service functions of audit, tax and advisory.

The Head of Risk Management chairs the Risk Management Committee (RMC) which includes the Heads of Risk Management for the various service functions of audit, tax and advisory. The principal role of the RMC is to provide input to risk management policies and procedures (including setting policies and overseeing implementation) relating to KPMG in Malaysia’s professional services across audit, tax and advisory service functions.

The RMC meets quarterly each year and during the calendar year 2023, it met 4 times.

Head of Ethics and Independence

Our firm’s Head of Ethics and Independence (E&I) has primary responsibility for the direction and execution of ethics and independence policies and procedures in our firm in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board of Accountants (IESBA Code), By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (MIA By-Laws) and KPMG global policies. The Head of E&I has a direct reporting line to the Managing Partner and is supported by a team of professionals. The Head of E&I also reports to the regional E&I partner on a regular basis to be agreed with them.

For KPMG in Malaysia, the Head of Risk Management has also assumed the role of Head of E&I since 2019.

Audit Quality Leader

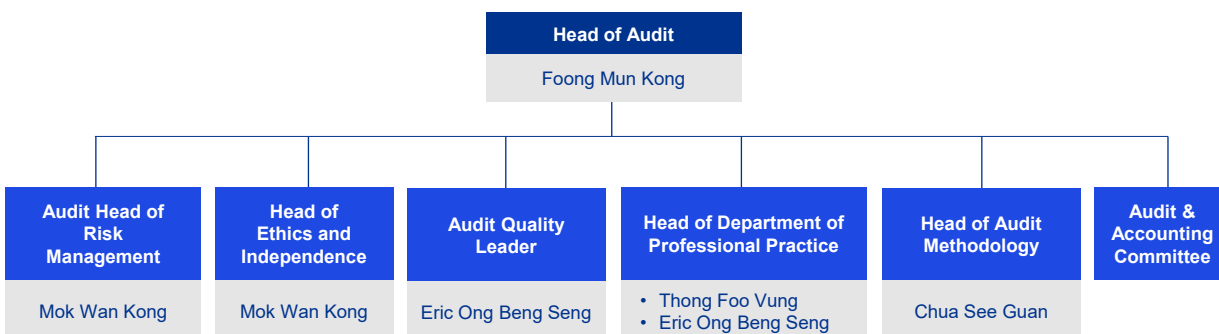
In addition, within the Audit service function, our Audit Quality Leader (AQL) considered matters relating to maintaining and improving audit quality including detailed findings (and related actions) from our SoQM evaluation, external regulatory reviews, the internal QPR Program and other quality control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

The Audit, Tax and Advisory Heads

The three Heads of the respective service functions (audit, tax and advisory) are accountable to the Managing Partner for the quality of service delivered in their respective segments. They are responsible for the execution of the risk management and quality management procedures for their specific segments within the framework set by the Head of Risk Management. 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 service function. This includes:

- setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, and ethics and integrity;
- developing and implementing an audit strategy that is aligned with the firm’s audit quality requirements; and
- working with the Head of Risk Management to monitor and address audit quality and risk matters as they relate to the Audit service function. The Head of Audit has a direct reporting line to the Managing Partner and is a member of the EXCO of KPMG in Malaysia. 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:



Leadership of the Audit service function as at 31 December 2023

Audit Leadership Team

In the day-to-day business operations of the Audit service function, the Head of Audit is supported by a team of 4 other senior Audit partners. The Audit Leadership Team has regular discussions on current and emerging audit quality issues arising from external regulatory review and internal quality review processes, queries being raised by engagement teams, our firm’s SoQM evaluation, root cause analysis procedures and other quality matters identified from a variety of sources. More complex issues (which might require amendments to KPMG’s global audit methodology or audit tools) are raised with KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG), Global Audit Methodology Group (GAMG) and the International Standards Group (ISG). For more information about the KGSG, the GAMG and the ISG, refer to “Perform quality engagements” of this Transparency Report.

The Audit and Accounting Committee

The Audit and Accounting Committee (AAC) of the Audit service function oversees the development and dissemination of guidance on accounting, financial reporting and auditing matters for the use of audit professionals. The AAC is supported by a team of professionals from the Department of Professional Practice (DPP). The AAC is also involved 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 service function.

The AAC is chaired by an experienced Audit partner (i.e., Head of AAC) and is supported by 5 other Audit partners (including the Head of Audit). The AAC aims to meet monthly or whenever there are matters for discussion. During the calendar year 2023, it met 8 times.

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Live our culture and Values



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

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



Foster the right culture, starting with tone at the top

Tone at the top

Our leadership, working with KPMG 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 audits and other professional services on which stakeholders rely.

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

We are committed to the highest standards of personal and professional behaviors in everything we do. Ethics and integrity are core to who we are and within our [Global Code of Conduct](#) (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. Everyone at KPMG is required to complete annual training covering the KPMG Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the KPMG Code.

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Individuals are strongly encouraged to speak up if they see something that makes them uncomfortable or that is not in compliance with the Code, or our Values. Everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

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

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 member firms or KPMG personnel. Reports received by the KPMG International hotline are taken seriously, and for each of them, KPMG International will consider how to respond and where necessary, investigate and take appropriate action.

All KPMG member 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 KPMG Code, and any person who takes retaliatory action will be subject to their firm's disciplinary policy.

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



The KPMG multidisciplinary model

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

Enterprise Risk Management process of KPMG in Malaysia

At KPMG in Malaysia, we have undertaken a formal Enterprise Risk Management (ERM) process since 2018 to identify the material risks affecting the KPMG entities operating in Malaysia and have established controls to extend appropriate controls to mitigate the identified material risks, including leveraging relevant mandatory controls which are applicable to the KPMG global network of member firms. The ERM process covered all the service functions (i.e., audit, tax and advisory) as well as the business support functions. It sets out our risk appetite and boundaries to align with our strategic objectives. The EXCO provides oversight over the assessment and monitoring of the overall ERM process, including the effectiveness of risk mitigating controls/actions.

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In summary, the following describes our ERM framework:

Scope	Description
Risk Identification	We identified enterprise risks associated with our strategic priorities by gathering inputs from the respective service functions and functional leadership teams. These identified risks are reviewed on an annual basis in which emerging risks are added and mitigation plans are deployed, if applicable.
Risk Assessment	We rated the identified risks based on the impact and likelihood criteria. The rating indicates the severity of the effect the risk may have on the business if the risk event occurs.
Risk Monitoring	On an annual basis, the Head of Risk Management of KPMG in Malaysia reviews the results of the internal QPR, internal KPMG Quality & Compliance Evaluation (KQCE) Program and results of external regulatory inspections to determine any impact of status of the risks identified, including the adequacy of the controls (together with the status of remedial action plans) and updates the EXCO.

In relation to the ERM process, the Audit service function of KPMG in Malaysia maintains an ERM's risk register that provides information on the material risks descriptions, their related causes giving rise to the risks, the existing controls that are in place, the risk consequences, the risk impact and likelihood, and the residual risk ratings. Action plans to mitigate all risks are formulated and the risk owners would be identified to monitor the implementation.

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

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



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 procedures over key accounting processes. Key elements include:

- Meeting the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA) 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;
- Embedded in the practice of our audit and assurance professionals;
- Alignment to the International Standard on Assurance Engagements (ISAE)s in response to the growth of ESG reporting; and

- Consistent interpretation of how to apply 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.

Standardized methodology and guidance

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

Deep technical expertise and knowledge

Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit and is a key feature of our multi-disciplinary model. Our audit engagement teams have access to a network of KPMG specialists to consult – either within KPMG in Malaysia or in other KPMG member 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. They also receive a global annual update on global quality performance issues.

The need for specialists to be assigned to an audit engagement in areas such as information technology, tax, 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 quality by responding to significant external events and conditions

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

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

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

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

ESG Assurance quality

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

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

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We are making significant investments in putting ESG assurance at the heart of the firm.

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

- Released a revised methodology for ESG assurance designed to be flexible and scalable, while enabling high quality, globally consistent assurance engagement delivery that complies with international standards on assurance engagements. The scope of the assurance execution guide is broader than ESG assurance as it is also applicable for all ISAE 3000 (Revised) assurance engagements;
- Provided guidance to be used in conjunction with the methodology for greenhouse gas assurance engagements;
- Released a cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform — KPMG Clara — that provides our teams, and our clients, with a consistent user experience; and
- Released learning curriculum to increase the foundational ESG literacy of KPMG professionals and enable upskilling on the new assurance methodology and the new KPMG Clara workflow – Assurance.

Quality and risk management policies

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



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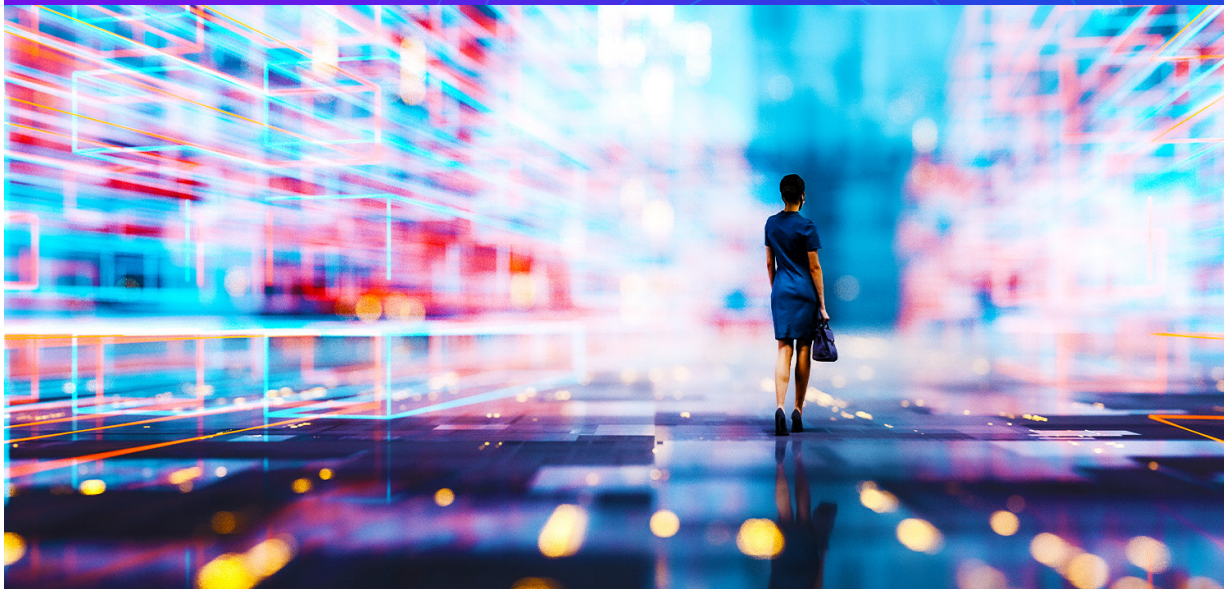
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- KPMG Clara
- Intelligent, standards-driven audit and assurance workflows.
- Digital data and emerging technologies

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



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. It brings new insights by helping auditors to see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts.

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

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 MIA 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, that are aligned with the applicable standards, providing an improved experience to auditors.

Digital data and emerging technologies

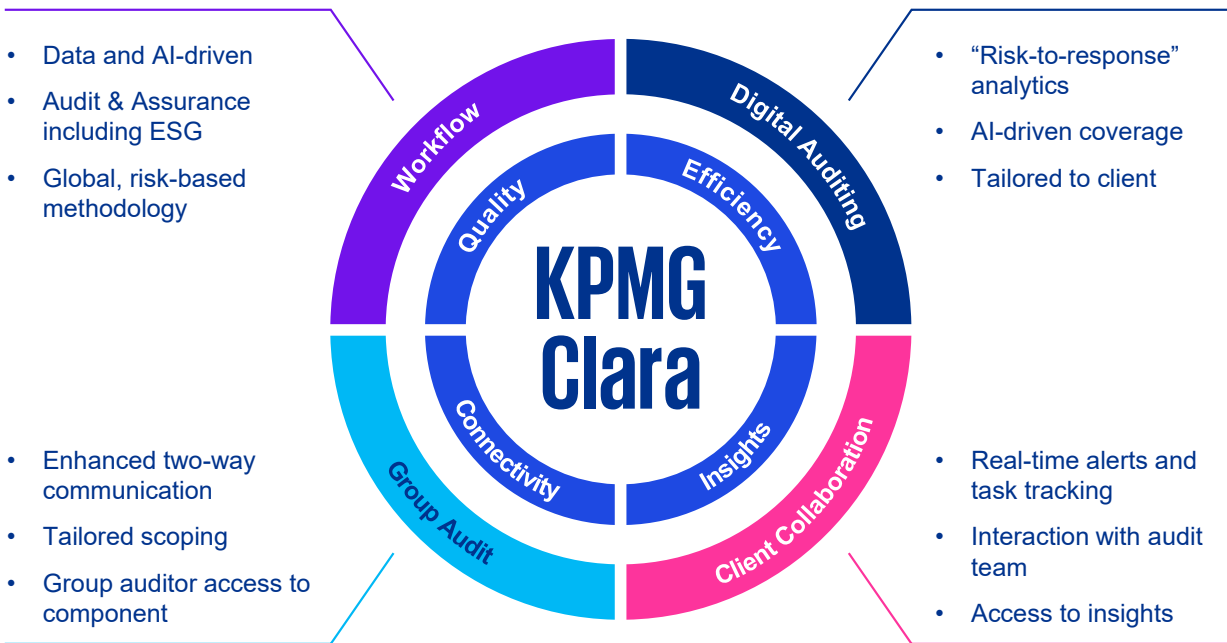
Our vision of the future

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

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

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

KPMG Clara diagram



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.

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



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

Our people make the real difference and are instrumental in shaping the future of audit at KPMG in Malaysia. We put quality and integrity at the core of our audit service 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. This requires the right recruitment, development, reward, promotion and assignment of professionals.

Recruitment

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

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, but also working with secondary schools, helping 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 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.

KPMG in Malaysia recruited over 400 new graduates for the audit service function in the year ended 31 December 2023 (2022: over 450).

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Head of E&I or a delegate. KPMG in Malaysia does not accept any confidential information belonging to the candidate's former firm/employer.

Inclusion, Diversity & Equity programs

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

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

For more about IDE at KPMG, [read here](#).



Reward and promotion

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

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

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

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

Assign an appropriately qualified team

At KPMG, we have policies, procedures and controls in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Our Head of Audit and Head of Risk Management are responsible for the partner assignment process.

Key considerations include partner experience and capacity – based on an annual partner portfolio review – to perform the engagement taking into

account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e., the engagement team composition and specialist involvement).

Audit engagement partners are responsible for determining their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with our audit methodology, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from KPMG in Malaysia, 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 in Malaysia’s quality control policies and procedures; i.e., QPR results and results of regulatory inspections.

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

The KPMG organization is strategically investing in prospective talent by partnering with world-class institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. In our firm, we are recruiting and training professionals who specialize in software, cloud capabilities and AI and who can bring leading technology capabilities to the smart audit platform that we use. 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 upskilled in new technology. With this approach, we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

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

Commitment to technical excellence and quality services 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 DPP for consultation. Where the right resource is not available at KPMG in Malaysia, we access a network of highly skilled professionals in other KPMG firms.

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

Lifetime learning strategy

Formal training

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

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

Mentoring and on-the-job coaching

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

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

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

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

Licensing

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.

Mandatory requirements – IFRS Standards and US GAAP engagements

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

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 require that at a minimum, all partners, managers and, if appointed, the EQC reviewers (and for engagements conducted in accordance with US GAAP and/or US auditing standards engagements, the engagement partner, engagement manager, engagement in-charge and, if appointed the EQC reviewers) assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.



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Recognize quality

Personal development

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

- Globally consistent audit role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- A goal library (including a mandatory audit quality goal applicable to everyone covered by the globally consistent audit role profiles and additional optional audit quality content);
- Standardized review forms with auto-population of a mandatory goal generally covering all audit quality goals relevant to respective roles profiles and compliance to relevant policies; and
- 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 behavior and competencies we expect and rewarding those who demonstrate them, we will continue to drive a relentless focus on quality.

At the same time, KPMG is 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 assessing the overall evaluation, promotion and remuneration of audit partners and directors and managers. These evaluations are conducted annually by performance managers and partners who are able to assess performance.

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

The Audit service function operates in 8 offices in various locations in Malaysia. 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 service 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 service function’s objective of being trustworthy.

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

Headcount of audit personnel

	FYE 2023	FYE 2022	FYE 2021
Audit Partners	35	34	38
Other audit personnel *	1,180	1,141	1,017
Total	1,215	1,175	1,055

* Other audit personnel include Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers, Managers, Assistant Managers, Senior Associates and Associates. This excludes support and administrative staff.

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

Headcount of audit personnel with and without professional qualification

	FYE 2023	FYE 2022	FYE 2021
With professional qualification	207	183	243
Pursuing professional qualification	983	979	790
Without professional qualification	25	13	22
Total	1,215	1,175	1,055

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 (CAANZ).

Turnover rate for audit personnel

	FYE 2023 (%)	FYE 2022 (%)	FYE 2021 (%)
Management group *	12	25	24
Assistant Managers	22	40	49
Staff **	26	30	34

* Management group comprises Audit Executive Directors, Audit Directors, Senior Managers and Managers.

** Staff comprise Senior Associates and Associates.

For each category of the table above, the turnover rate is computed based on the number of resigned personnel for the year over the total sum of the following:

- Headcount as at beginning of the year; add
- Number of new hires for the year; add
- Number of personnel promoted from previous level; less
- Number of personnel promoted to next level.

The turnover rate in Audit for 2023 improved markedly as the effects of the economic re-opening subside. The turnover rate remains at a reasonably high level as the demand for audit professionals inside and outside the country (i.e., mainly Singapore and Australia) continues to be strong. 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. Our young professionals encounter challenges in adapting to the changing compliance standards for better reporting alignment and governance. Some perceived the requirements as time-consuming and complex and have left for commercial and other industries.

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Average number of years' experience* of audit personnel

	FYE 2023 (Average no. of years)	FYE 2022 (Average no. of years)	FYE 2021 (Average no. of years)
Audit Partners	25	25	24
Audit Principals/Audit Executive Directors/Audit Directors	16	16	18
Senior Managers	11	12	12
Managers	7	7	8
Assistant Managers	5	5	5
Senior Associates	3	3	3
Associates	1	1	1

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

Average number of years' experience in the assigned role#

	FYE 2023				
	Less than 1 year (%)	Between 1 to 3 years (%)	Between 3 to 5 years (%)	More than 5 years (%)	Total (%)
Audit Partners	9	0	9	82	100
Managerial*	17	23	15	45	100
Non-managerial**	35	49	13	3	100
Average	33	45	13	9	100

	FYE 2022				
	Less than 1 year (%)	Between 1 to 3 years (%)	Between 3 to 5 years (%)	More than 5 years (%)	Total (%)
Audit Partners	0	3	12	85	100
Managerial*	26	15	13	46	100
Non-managerial**	48	34	15	3	100
Average	44	30	15	11	100

The above tabulation is disclosed in the Transparency Report for the first time in year 2022. Accordingly, there is only 2 years of comparatives being disclosed in this Transparency Report.

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

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

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Audit quality indicators on the Audit service 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 team (L&D) 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 that will be used when they are 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 oil & gas.

All our 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 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)

The DPP is the Audit service function national center of technical excellence responsible for: conducting technical research, interacting with 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., IFRS Accounting Standards, MFRS and MPERS) and facilitating public seminars/webinars.
- Auditing 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 service function, assisting the Audit Quality Performance Liaison Partner (QPLP) in planning, reporting and monitoring annual QPR, liaising with AOB on annual inspection matters and monitoring the remedial action plans arising from the inspection.



The DPP is headed by two audit partners and is supported by two audit partners and 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 service function or more complex accounting and auditing issues, these matters/issues will be referred to the AAC for final approval/decision.

KPMG Clara workflows (KCw) Deployment Team

The KCw Deployment Team at KPMG in Malaysia, which is led by an audit partner and supported by DPP, is responsible for the staged implementation of our new audit workflow, KCw. In the past, several audit managers were seconded to DPP to assist in developing guidance and course materials for KCw deployment.

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Second Line of Defense (2LoD) Reviewers

2LoD reviewers perform in-depth review 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 experienced audit personnel, who are independent of the audit teams. They coach the audit teams to develop and sufficiently evidence risk assessment, the 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 is headed by a partner, the Head of Risk Management of KPMG in Malaysia, who is supported by a team of full-time directors and managers and is responsible for providing leadership on the direction of execution of quality and risk management policies and procedures to meet professional standards including that which apply to auditors.

RMD liaises with all parts of the business, as necessary, on compliance with KPMG’s quality and risk management policies and procedures and facilitates the ongoing risk management initiatives in support of KPMG in Malaysia’s effort in achieving its trust and growth ambitions.

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:

	FYE 2023	FYE 2022	FYE 2021
Audit Partners	42	61	66
Managerial*	46	69	89
Non-managerial**	103	101	134

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

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

Tabulation below shows the total training hours recorded for the total headcount of audit professionals as at 31 December of the respective years, based on the nature/area of training provided:

	FYE 2023	FYE 2022	FYE 2021
Accounting and auditing standards (including KPMG Audit Methodology)	99,591	104,178	123,716
Others*	23,546	25,039	9,763

* Others comprise trainings in respect of risk management policies, independence, anti-bribery and corruption and personal development (soft skills).

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The tabulation below provides a summary of the headcounts of the Audit service function quality control functions/support:

	FYE 2023			FYE 2022			FYE 2021		
	Full-time personnel	Part-time personnel *	Total	Full-time personnel	Part-time personnel *	Total	Full-time personnel	Part-time personnel*	Total
DPP	23	-	23	24	-	24	23	-	23
RMD	-	7	7	-	8	8	-	6	6
L&D	2	-	2	2	-	2	3	-	3

* Part-time personnel comprise personnel who handle matters from Audit service function as well as non-audit service function (i.e., tax and advisory service functions).

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

	FYE 2023	FYE 2022	FYE 2021
Ratio for the year	38.0	34.6	33.0

The ratio above is derived by dividing the number of audit personnel by the total headcounts of the Audit service function quality control functions/support.

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Associate with the right clients and engagements



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

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



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

Accepting 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 and 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 as part of this evaluation, 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, an auditor’s resignation is required to be communicated to the Malaysian stock exchange, Bursa Malaysia Berhad (Bursa).

Manage portfolio of clients

At KPMG, 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 “Assign an appropriately qualified team”.



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Be independent and ethical



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

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



Act with integrity and live our Values

We know that trust is earned by doing the right thing. We are committed to the highest standards of personal and professional behavior throughout our firm in everything we do. Ethics and integrity are core to who we are. Within our 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.

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 Malaysian Institute of Accountants or applicable regulatory bodies.

Our Head of Ethics and Independence Partner 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 firms’ compliance with independence requirements is part of the global 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 and service function — are generally prohibited from owning securities of any audit client of any KPMG member 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 in Malaysia monitors 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 in Malaysia professional providing services to an audit or assurance client irrespective of service function is required to notify our Head of E&I 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 member firms are required to also be free from prohibited interests in, and prohibited relationships with audit clients, their management, directors and, where required, significant owners.



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

All KPMG firms' borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets must also be recorded. On an annual basis, KPMG in Malaysia confirms compliance with the independence requirements as part of the global KQCE program.

Business relationships/suppliers

KPMG in Malaysia has policies and procedures in place to ensure our business relationships with audit and assurance clients are maintained in accordance with the IESBA Code and other applicable independence requirements, such as those promulgated by the MIA By-Laws.

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 in Malaysia and on an annual basis thereafter and must sign an annual confirmation of compliance.

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

Non-audit services

All KPMG member 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. 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 requirement. 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 (LAEP) 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 member firms have agreed to consult with their Regional Risk Management Partner where total fees from an audit client are expected to exceed 10 percent of the annual fee income of the KPMG member 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 member firm in a single year, this would be disclosed to those charged with governance at the audit client.

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Where the total fees continued to exceed 15 percent for two consecutive years, the KPMG firm would engage a partner from another KPMG member 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 the firm in 2023.

Audit quality indicators for auditor independence

One of the areas that the Audit service 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., either tax or advisory); and
- fee income between Audit service function and Non-audit entities.

Proportion of total fee income of the Audit service function that are derived from audit clients segregated into statutory audit services, other assurance services and services provided by the Non-audit entities

	FYE 2023 (%)	FYE 2022 (%)	FYE 2021 (%)
Statutory audit services*	75	74	79
Other assurance services**	7	7	5
Services provided by the Non-audit entities	18	19	16
Total	100	100	100

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 assurance engagement on statement of risk management and 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 service function and Non-audit entities

	FYE 2023 (%)	FYE 2022 (%)	FYE 2021 (%)
Audit service function	54	53	54
Non-audit entities	46	47	46
Total	100	100	100

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Avoiding conflicts of interest

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

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

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

Independence breaches

All KPMG in Malaysia professionals are required to report an independence breach as soon as they become aware of it. All breaches of independence requirements of the IESBA Code or 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 reflecting the seriousness of any violations.

Partner rotation

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



Zero-tolerance of bribery and corruption

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

Further information on KPMG International anti-bribery and corruption policies can be found on the [anti-bribery and corruption site](#). In addition, KPMG in Malaysia has established and maintains policies and procedures on anti-bribery and corruption that are guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.



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

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

Technical consultation and global resources

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

Global Audit Methodology Group (GAMG):

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

KPMG Global Solutions Group (KGSG):

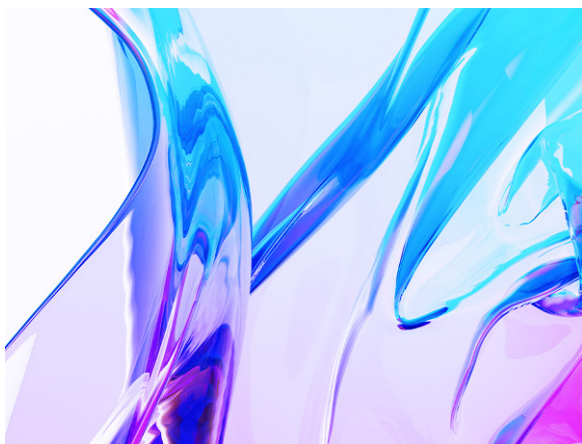
Develops and deploys global audit and assurance solutions, including new technology and automation innovations. The KGSG and GAMG teams bring diverse experience and innovative ways of thinking to further evolve KPMG member firms' audit and assurance capabilities.

International Standards Group (ISG):

Promotes consistency of interpretation of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards by KPMG firms and develop global audit guidance in response to emerging issues and to promote global consistency.

PCAOB Standards Group (PSG):

Promotes consistency of interpretation of PCAOB auditing standards in KPMG member 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 service function implemented the Query Management System (QMS), which is part of the Digital Transformation initiative of the 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/globally.

The DPP resource also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. KPMG’s ISG and PCAOB Standards Group 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 will be raised with the KPMG International Global Audit groups for consideration and potential development of solutions by the KGSG and the ISG.

Critically assess audit evidence using professional judgement and skepticism

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

Direct, coach, supervise and review

Embedding ongoing coaching, supervision and review

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

Engagement quality control (EQC)

The EQC review is an important part of our approach to quality. We have agreed to appoint an EQC reviewer for each audit engagements, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements, including certain assurance engagements, as designated by our Head of Risk Management 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, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

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

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Appropriately support and document conclusions

Reporting

Auditing standards and Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (MASA) largely dictate the format and content of the auditors' report which includes an opinion on the fair presentation of the reporting entity's financial statements in all material respects. Engagement partners form all audit opinions based on the audit performed and evidence obtained. In preparing auditors' reports, engagement leaders have access to extensive reporting guidance and technical support through consultations with our DPP, especially where there are significant matters to be reported to users of the auditors' report. (e.g. a modification to the opinion or through the inclusion of an 'emphasis of matter' or 'other matter' paragraph).

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 Audit service function information, and we have reduced 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., acceptance of a prospective Public Interest Entity (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;
- 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;
- assignment of senior/experienced level of engagement managers that would include an audit principal or audit director to assist with the audit partner's workload; and
- 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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The key indicators used to determine the appropriateness of audit partners' workload are as follows:

Average number of PIEs, entities related to PIEs and non-PIEs per audit partner

	FYE 2023	FYE 2022	FYE 2021
PIEs*	4	4	4
Entities related to PIEs**	43	41	41
Non-PIEs***	81	85	85
Number of audit partners who were involved in PIE audits as audit signing partner	31	31	32

- * PIEs refer to those 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 Securities Commission.
- ** Entities related to PIEs refer to non-PIEs within the PIE Group which are audited by the Audit service function.
- *** Non-PIEs refer to single legal entities audited by the Audit service 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 further 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 does not include the Schedule Fund audit clients.

Average number of PIE audit clients with the same financial year-end per audit partner

	FYE 2023	FYE 2022	FYE 2021
Financial year ended other than on 31 December	1	1	1
Financial year ended on 31 December	2	2	2

The ratio above is derived by dividing the number of PIEs under the aforesaid categories by the number of licensed audit partners who are assigned as the EP for the PIE audit client.

Audit quality indicators on audit engagement supervision

Pursuant to the requirements of the auditing standards, audit professionals will be required to be supervised in the day-to-day conduct of a statutory audit engagement. The supervision process involves provision of instructions to carry out the specific audit tasks, coaching and review of the documentation prepared by the 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 to partner ratio and staff to manager ratio

	FYE 2023	FYE 2022	FYE 2021
Staff* (including Manager**) to Partner ratio	33.7	33.6	26.8
Staff* to Manager** ratio	8.1	7.8	6.3

* 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 service 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/audit professionals above was appropriate (see "Headcount of audit personnel" table shown under "Audit quality indicators on the capacity and competence of the Audit service 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 to partner/manager 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



- Identify and understand risks to quality and implement effective responses

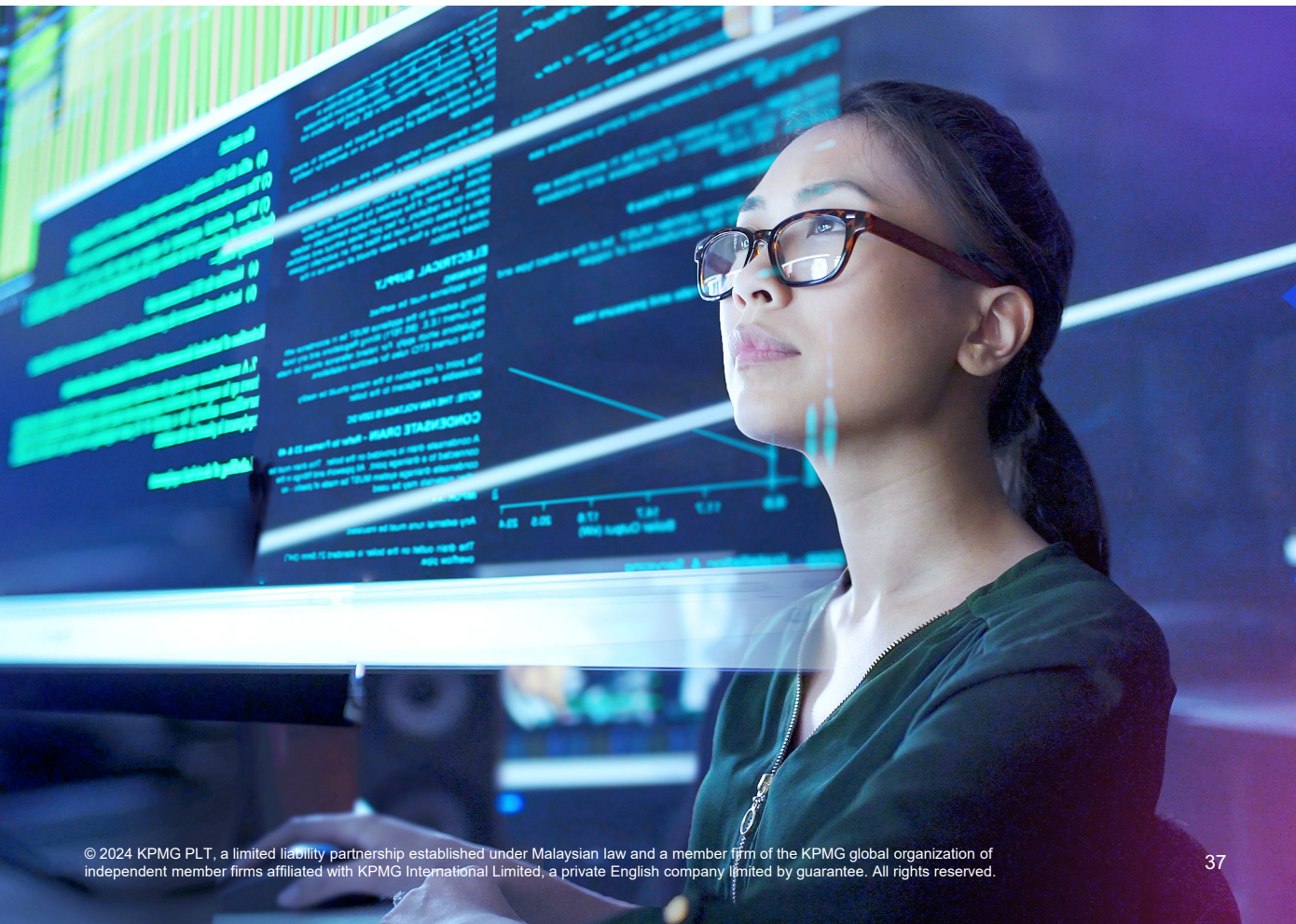
Identifying risks to quality and implement effective responses

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

The consistent global approach:

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

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



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

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



Rigorously monitor and measure quality

Commitment to continuous improvement

KPMG member 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 member 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 carried out by AOB and take appropriate action.

Internal monitoring and compliance programs

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

The programs evaluate:

- Engagement performance in compliance with the applicable professional standards, applicable

laws and regulations and key KPMG International policies and procedures;

- Audit service function’s 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 system of quality management operating effectiveness.

These programs include:

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

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



Audit Quality Performance 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.

We conduct the annual QPR program in accordance with KPMG International QPR instructions which promote consistency across the KPMG organization. Reviews are overseen by an independent experienced lead reviewer from another KPMG member 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 member firms' Audit service 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)

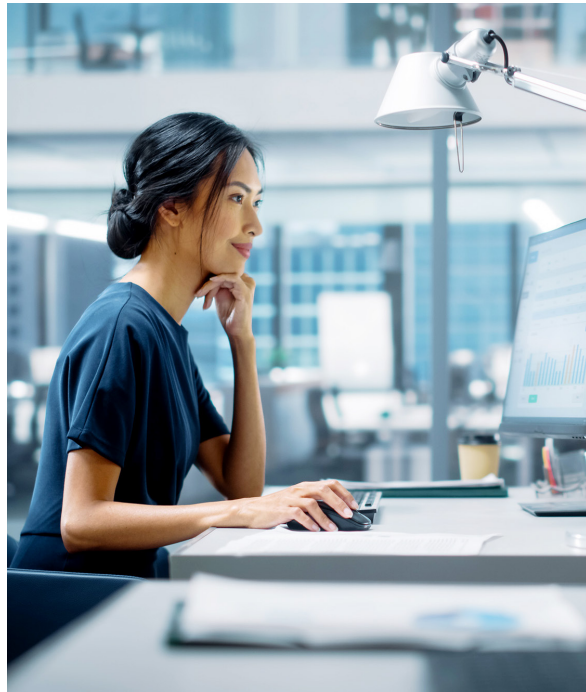
When the relevant audit, assurance, accounting, and professional standards have been complied with in all significant respects, but more than minor instance(s) of non-compliance have been identified. However, the instance(s) of non-compliance are not significant, improvements are needed in the next audit 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

KQCE program encompasses the testing and evaluation requirements of a KPMG member 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 member firms.



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

Global Quality & Compliance Review (GQCR) program

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

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

Internal monitoring and compliance program reporting

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

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

LAEPs 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

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

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 on audit quality issues. The AOB of Malaysia is a member of IFIAR.

Every KPMG member firm is expected to maintain professional and respectful relationships with applicable regulators (e.g., Securities Commission (SC) and AOB in Malaysia), including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions.

The AOB has been carrying out independent inspections of all audit firms registered with AOB since 2010. The objectives of the inspections are to assess the degree of compliance with the auditing and ethical standards by the auditors and the sufficiency and appropriateness of the audit evidence obtained in relation to the audit report prepared by an auditor relating to the audited financial statements of PIE.

An AOB inspection may be carried out at the firm or engagement level or both. Any findings in relation to both firm and engagement review will be validated with the audit firm and the relevant auditors during the inspection. The audit firms are required to identify the root causes of all the findings and put in place remedial measures to address the root causes in improving audit quality.

The AOB issues an Inspection report upon conclusion of its inspection. The Inspection report is issued without prejudice to the SC and/or the AOB’s powers to take any other action provided under the Securities Commission Malaysia Act 1993, in the event that the SC and/or the AOB is of the view that other appropriate action is required. The AOB accords the audit firm with an opportunity to provide its formal responses to the identified findings.

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

Client feedback

We proactively seek feedback from clients through in-person conversations and web-based 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 (RCA)

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 SoQM, driving enhancements to audit quality. Leveraging inputs from internal monitoring and compliance programs, external inspections and other activities, we identify audit quality issues and undertake root cause analysis corresponding to the nature and severity of the issues. Firms design their RCA program in accordance with the KPMG International’s RCA guide.

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

Our Head of Audit is responsible for audit quality including the remediation of audit quality issues. Our Head of Risk Management monitors the remediation plan(s) implementation.

Audit quality indicators on internal monitoring and compliance reviews and external inspections

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 specific driver of audit quality.

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The Audit service function uses two formal internal monitoring and compliance-programs – the Audit QPR program and the KQCE conducted to annually assess audit quality and independence compliance, respectively. We use results of both internal monitoring and compliance and external inspections against accepted benchmarks, to evaluate our current performance, to understand the existing quality of our audit work and prioritize the areas for improvement. To maintain the confidence of the firm’s clients, the capital markets, regulators and stakeholders, we are serious about learning from opportunities, no matter how small. The Audit service function is committed to continually improving the quality, consistency, and efficiency of the annual statutory audits.

We summarize below the results of the internal monitoring reviews:

Audit QPR results

	FYE 2023	FYE 2022	FYE 2021
Total number of QPR audit reviews performed (includes both PIE and non-PIE engagements)	12	12	15
Number of audit partners reviewed as a percentage of total audit partners	34%	35%	39%
Percentage of quality reviews conducted by KPMG International 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:

Audit QPR rating*	No. of PIE engagements		
	FYE 2023	FYE 2022	FYE 2021
Compliant / Satisfactory	6	8	7
Compliant – Improvement Needed (CIN) / Performance Improvement Necessary (PIN)**	5	2	4
Not Compliant (NC) / Unsatisfactory	0	1***	0
Total number of PIE engagements reviewed	11	11	11

* See rating definition set out under “Monitor and remediate” section.

** Commencing in 2021, the KPMG International QPR guidance materials have been revised to reflect that a PIN rated engagement does not constitute a quality incident.

*** For this NC rated engagement, the areas of improvement that were identified did not lead to restatement of the financial statements or the audit report being reissued. The findings identified have since been addressed.

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KQCE results

KPMG in Malaysia’s Risk Compliance Program (RCP) (now known as KQCE) results for FYE 2021 was noted to be in compliance with KPMG International’s policies and procedures, laws, regulations and professional standards and controls have been appropriately documented. The identified cause for the findings is mainly attributed to isolated cases and these findings do not indicate serious deficiencies within the firm’s system of quality control.



All action plans for the RCP have been successfully implemented within three months for FYE 2021 from the date of the exceptions identified.

KQCE results 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/departments, not widespread and did not pertain to quality of work. These findings did not indicate serious deficiencies within the firm’s system of quality management. All action plans for the KQCE FYE 2022 have been implemented.

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

The details of the KQCE result for FYE 2023 is included in the “Statement of effectiveness” section.

Results of external inspections

AOB of Malaysia conducts an annual audit inspection program involving a review of compliance with the audit quality pursuant to auditing standards and auditor independence in accordance with the provisions of the Companies Act 2016, the MIA By-Laws and other relevant laws/regulations. The AOB Inspection is carried out at the firm level and engagement level. In terms of identifying which audits to inspect, AOB considers its sample selection based on various factors and

high-risk audits. At the conclusion of each inspection, AOB issues an inspection report outlining the findings arising from its inspection. We take the findings seriously and believe that the process provides valuable insights to improve the quality of our audits.

We conduct an evaluation of all matters identified by AOB. We undertake an analysis of AOB’s findings, perform deep-dive root cause analysis to identify possible root causes of findings raised and design remedial action plans as appropriate. Our remedial action plans are shared with and approved by AOB. Our technical training generally reinforces AOB’s messages and addresses findings from the completed inspections and/or preliminary observations that arise from the inspection process.

Recognizing that transparency is needed for the public to gain insight into audit quality, we set out the results of AOB’s annual inspection of the Audit service function in the following paragraphs.

AOB Inspection for the Year 2021

The AOB “on-site” inspection of our Audit service function and the selected audit engagement files was for the year 2021 and the AOB Final Inspection Report was issued. The inspection covered the ISQC 1 quality controls of the Audit service function and five audit engagements selected from those audits that were carried out by the Audit service function in respect of financial reporting years 2020 and 2021.

None of the financial statements or audit opinions in respect of the five audit engagements reviewed by the AOB inspection team required any restatement or reissuance. For one of the engagements reviewed where going concern basis was addressed, there were observations in relation to clarity of documentation and the consultation process. Our remedial action plans which were approved by the AOB has been completed.

AOB Inspection for the Year 2022

The AOB inspection covered the ISQC 1 quality controls of the Audit service function and five audit engagements selected from those audits that were carried out by the Audit service function in respect of financial reporting years 2021 and 2022.

Based on the 2022 AOB Final Inspection Report, there were no findings noted for the firm and selected engagements reviewed.

AOB Inspection for the Year 2023

The most recent completed AOB inspection of our Audit service function was for the year 2023. The AOB inspection covered the ISQM 1 quality management of the Audit service function and six audit engagements selected from those audits that were carried out by the Audit service function in respect of financial reporting year 2022.

We have not received the final inspection report as of the issuance date of this Transparency Report.

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

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



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

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

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

Audit Committee Institute

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, KPMG's [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 of KPMG in Malaysia are available [here](#).

Global IFRS Institute

The KPMG's [Global IFRS Institute](#) provides information and resources to help the KPMG in Malaysia's EXCO 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

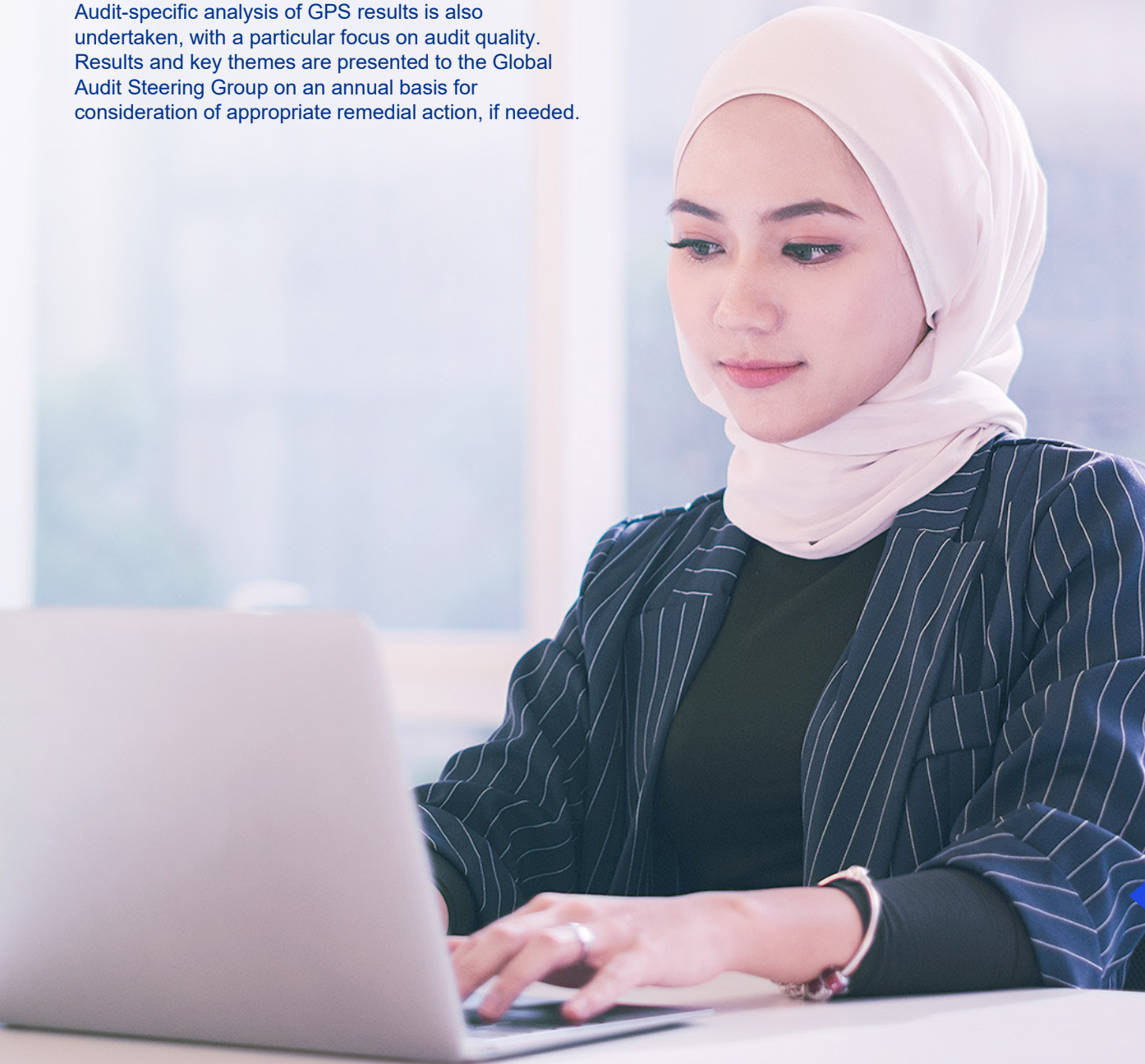
Only with engaged, talented people can we deliver audits in line with our audit quality expectations. Annually, all KPMG personnel in Malaysia are invited to participate in KPMG's GPS to share their perception on their experience of working at KPMG. Results can be analyzed by several factors; including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

Through the GPS, KPMG in Malaysia 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 the leadership of KPMG in Malaysia and KPMG International 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 the 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.



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SoQM Statement of effectiveness for KPMG in Malaysia

As at 30 September 2023



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As required by the IAASB's ISQM 1, KPMG International Limited Policy and 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 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 2023, the SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved.

The copy of the [Statement on the effectiveness of the SoQM of KPMG in Malaysia](#) as at 30 September 2023 is now available.

Appendices

Appendix A

Details of KPMG PLT and all affiliated entities as at 31 December 2023 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	Ceased provision of auditing and assurance services in June 2022.	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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Appendix B

Network arrangements

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

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

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

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

Further details on the revised legal and governance arrangements for the KPMG global organization can be found in section “Governance and leadership” of the [2023 KPMG International Transparency Report](#).

Responsibilities and obligations of KPMG member firms

Member firms (including KPMG PLT) have agreed with KPMG International to comply with KPMG

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

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

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

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 and the Global Steering Groups. Further details on KPMG International’s governance structure can be found in the [2023 KPMG International Transparency Report](#).

Global Council

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

Global Board

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

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

Global Board committees:

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

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

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

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

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

Global Management Team

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

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

Global Steering Groups

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

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

- Establish, and ensure communication of, appropriate audit, quality and risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- Promote and support strategy implementation in member firms’ audit functions, including standards of audit quality; and
- Assess and monitor audit quality issues, including those arising from quality performance and regulatory reviews, and focus on best practices that reduce audit quality findings.
- The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in ‘Governance and leadership’ section of the [2023 KPMG International Transparency Report](#).

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

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

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Appendix C

Public listed audit clients of KPMG in Malaysia

- | | |
|--|---|
| 1. ABM Fujiya Berhad | 40. Hume Cement Industries Berhad |
| 2. AEON CO. (M) BHD. | 41. IHH Healthcare Berhad |
| 3. Ajinomoto (Malaysia) Berhad | 42. InNature Berhad |
| 4. ALCOM Group Berhad | 43. ITMAX System Berhad |
| 5. AmanahRaya Real Estate Investment Trust | 44. JobNext Berhad |
| 6. AME Elite Consortium Berhad | 45. Jentayu Sustainables Berhad |
| 7. AME Real Estate Investment Trust | 46. JKG Land Berhad |
| 8. APM Automotive Holdings Berhad | 47. Karex Berhad |
| 9. Asteel Group Berhad | 48. Kein Hing International Berhad |
| 10. ATA IMS Berhad | 49. Kerjaya Prospek Property Berhad |
| 11. Axis Real Estate Investment Trust | 50. KNM Group Berhad |
| 12. Beshom Holdings Berhad | 51. Knusford Berhad |
| 13. Bina Darulaman Berhad | 52. Kossan Rubber Industries Bhd. |
| 14. BLD Plantation Bhd | 53. Land & General Berhad |
| 15. BM GreenTech Berhad | 54. Landmarks Berhad |
| 16. British American Tobacco (Malaysia) Berhad | 55. Lotte Chemical Titan Holding Berhad |
| 17. Can-One Berhad | 56. LPI Capital Bhd |
| 18. CapitaLand Malaysia Trust | 57. Lysaght Galvanized Steel Berhad |
| 19. Hextar Retail Berhad (formerly known as Classic Scenic Berhad) | 58. MAA Group Berhad |
| 20. Comfort Gloves Berhad | 59. Malakoff Corporation Berhad |
| 21. Dayang Enterprise Holdings Bhd. | 60. Malayan Flour Mills Berhad |
| 22. DRB-HICOM Berhad | 61. Malaysian Pacific Industries Berhad |
| 23. Duopharma Biotech Berhad | 62. Melewar Industrial Group Berhad |
| 24. DXN Holdings Bhd. | 63. Mulpha International Bhd. |
| 25. E.A. Technique (M) Berhad | 64. Mycron Steel Berhad |
| 26. Eco World International Berhad | 65. Naim Holdings Berhad |
| 27. Econpile Holdings Berhad | 66. Ni Hsin Group Berhad |
| 28. EITA Resources Berhad | 67. Optimax Holdings Berhad |
| 29. Engtex Group Berhad | 68. Oriental Holdings Berhad |
| 30. EP Manufacturing Bhd | 69. Oriental Interest Berhad |
| 31. Farm Fresh Berhad | 70. Panasonic Manufacturing Malaysia Berhad |
| 32. Fiamma Holdings Berhad | 71. Paos Holdings Berhad |
| 33. Fraser & Neave Holdings Bhd | 72. Pavilion Real Estate Investment Trust |
| 34. Globaltec Formation Berhad | 73. PBA Holdings Bhd. |
| 35. Globetronics Technology Bhd. | 74. Pensonic Holdings Berhad |
| 36. Hap Seng Plantations Holdings Berhad | 75. Perdana Petroleum Berhad |
| 37. Hiap Teck Venture Berhad | 76. Perusahaan Sadur Timah Malaysia (Perstima) Berhad |
| 38. Hong Leong Industries Berhad | 77. PETRONAS Chemicals Group Berhad |
| 39. HSS Engineers Berhad | |

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Public listed audit clients of KPMG in Malaysia (Cont.)

- 78. PETRONAS Dagangan Berhad
- 79. PETRONAS Gas Berhad
- 80. PMB Technology Berhad
- 81. Pos Malaysia Berhad
- 82. Power Root Berhad
- 83. Press Metal Aluminium Holdings Berhad
- 84. QES Group Berhad
- 85. QL Resources Berhad
- 86. Quality Concrete Holdings Berhad
- 87. Salcon Berhad
- 88. SAM Engineering & Equipment (M) Berhad
- 89. Sarawak Oil Palms Berhad
- 90. Sarawak Plantation Berhad
- 91. Shangri-La Hotels (Malaysia) Berhad
- 92. Siab Holdings Berhad
- 93. SKB Shutters Corporation Berhad
- 94. SLP Resources Berhad
- 95. Southern Steel Berhad
- 96. Steel Hawk Berhad
- 97. Ta Ann Holdings Berhad
- 98. Tan Chong Motor Holdings Berhad
- 99. Texchem Resources Bhd.
- 100. TH Plantations Berhad
- 101. Theta Edge Berhad
- 102. Thong Guan Industries Berhad
- 103. Tiong Nam Logistics Holdings Berhad
- 104. Tomypak Holdings Berhad
- 105. Tower Real Estate Investment Trust
- 106. Tuju Setia Berhad
- 107. Unitrade Industries Berhad
- 108. V.S. Industry Berhad
- 109. VSTECS Berhad
- 110. Wong Engineering Corporation Berhad
- 111. Y.S.P. Southeast Asia Holding Berhad
- 112. Zhulian Corporation Berhad

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Appendix D

Legal proceedings

As of 31 December 2023:

KPMG PLT is defending the suit brought by Serba Dinamik Holdings Bhd in June 2021 where the firm denies all allegations.

Authority or regulatory actions

As of 31 December 2023:

There is no instance of any authority or regulatory actions taken on KPMG PLT or its Audit partners.



kpmg.com.my/quality

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 ‘Governance and leadership’ section of the [KPMG International Transparency Report](#).

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