



Transparency Report

KPMG Audit SRL

1 October 2022 - 30 September 2023



KPMG Audit SRL

[kpmg.ro](https://www.kpmg.ro)

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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 of our stakeholders.



Our Values are:



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and draw strength from our differences.



For Better

We do what matters.

Foreword



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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 global organization.

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. In a changing and increasingly complicated world, our role has never been more important. Audit is the foundation of the KPMG brand and is the backbone of our business.

Audit quality is fundamental to maintaining public trust and is the key measure on which our professional reputation stands. We define “audit quality” as the outcome when audits are executed consistently, in line with the requirements and intent of applicable professional standards, within a strong system of quality management. All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity. Audit and assurance quality remains the highest priority at KPMG. At KPMG we will never waiver from our commitment to deliver high-quality audit and assurance services. And it is helping us to become the Clear Choice for professional services in the markets we serve and the communities we represent.

This past year we’ve continued to invest in our system of quality management, global and local monitoring of audit quality, and enhanced support. Apart from traditional audit training, we’re also expanding access and training for innovative technology and tools for our engagement teams, such as KPMG Clara, our smart audit platform, to drive consistency, collaboration and efficiency.

Backed by a standards-driven methodology and advanced analytics capabilities, KPMG Clara drives our globally consistent audit execution while enabling our auditors to tap into enabling technologies that enhance audit quality through an ever-growing range and depth of insights into risks and anomalies. KPMG Clara was developed to be a foundational technology platform to deliver audit quality. KPMG Clara evolves with technologies such as artificial intelligence (AI), data & analytics and cognitive capabilities transforming how audits are delivered.

This past year was also the first year of implementation of the International Standard on Quality Management 1 (ISQM1). We are fully committed to meeting the expectations of our stakeholders related to the new standards and are building on our solid quality foundations to drive further sustainable advances in quality and consistency across the firm. Having a strong system of quality management that is robust, consistent and scalable drives quality engagement execution.

All of our actions are guided by our Values. They drive our daily behaviors, guide our decisions and shape our culture. Integrity remains a core Value — we do what is right, in the right way, at the right time. We embody our Values of integrity and excellence in our commitment to quality and our Global Quality Framework outlines how every partner and employee contributes to delivering high-quality audits.

Our people are at the heart of our business and supporting their wellbeing remains a priority through challenging times. This also means assessing the appropriate level of workloads as well as initiatives that drive efficiencies through technology.

This is what it means to work with and for KPMG. This is what makes us different. This Transparency Report offers you a clear perspective of how we do business. We open a door for you to see and understand us at a deeper level. We show to you our governance, our structure, our culture of integrity, our approach and systems of quality control, as well as our application of the provisions of the Statutory Audit Law (Law 162/2017) and Regulation (EU) No 537/2014 on specific requirements for statutory audit of public interest entities. Quality is what our profession is built on, and it’s why KPMG is relentless in its approach to delivering it.

This Transparency Report covers the period from the last reporting date, 1 October 2022 to 30 September 2023.

We invite you to read on in this report to learn more about how we’re working to ensure you can trust KPMG to deliver professional excellence and quality.



Ramona Jurubiță
Country Managing Partner



Cezar Furtună
Partner, Head of Audit



Tudor Grecu
Risk Management Partner

Throughout this document, “KPMG”, “we”, “our” and “us” refers to KPMG Audit SRL.

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 KPMG International Transparency Report.

Our system of quality management is foundational for audit quality

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

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

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



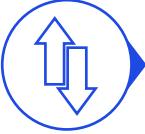
Sets **policies and procedures** to support KPMG firms’ effective SoQM in accordance with ISQM1 issued by the IAASB



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



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



Supports KPMG firms with **guidance, tools, and training** to drive consistent and effective firm SoQM operation



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



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

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

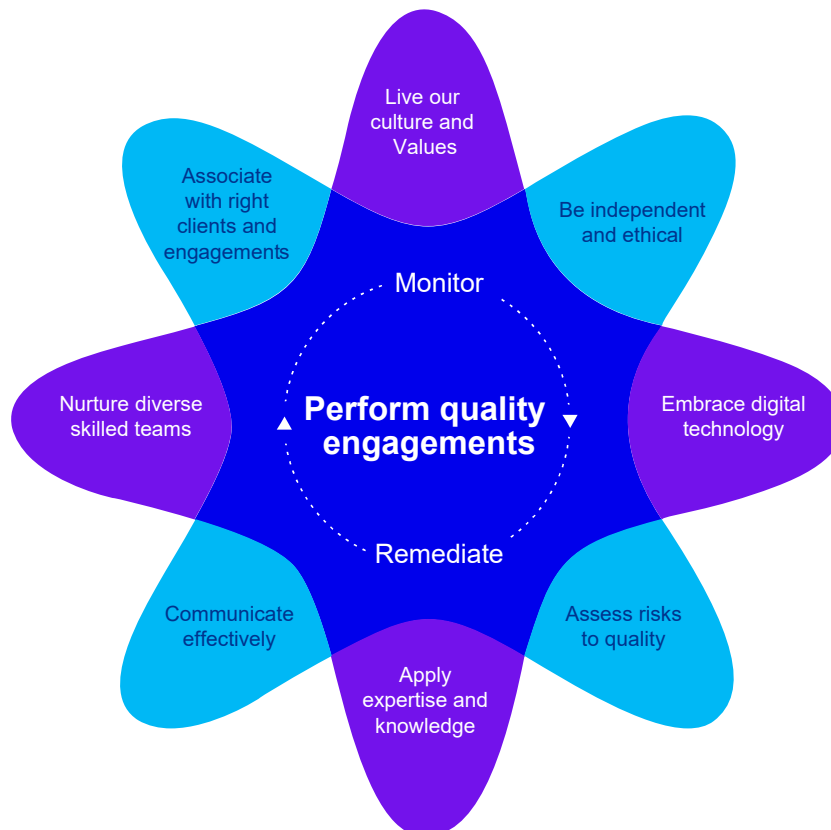
The globally consistent approach is used by all KPMG firms across the global organization. The objective of this centralized approach is to drive consistency, robustness, and accountability of responses within KPMG firms' processes.

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

we deliver quality and how every KPMG professional contributes to its delivery.

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

The Transparency Report sections describe how we effectively operate each SoQM component. Combined with our firm's SoQM Statement of Effectiveness (see section Statement on the effectiveness of the System of Quality Management of KPMG Audit SRL as at 30 September 2023), this Transparency Report summarizes how our SoQM effectively supports the consistent performance of quality engagements. This report may also be useful for stakeholders interested in KPMG firms' Tax and Advisory services, as certain aspects of our firm's SoQM are cross-functional and apply equally as the foundation of quality for all services offered.





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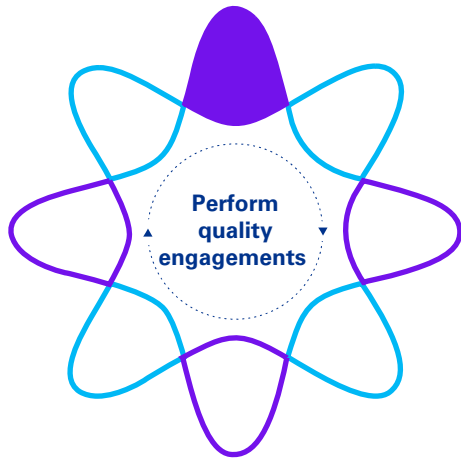
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Live our culture and Values

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

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

At KPMG, our [Values](#) lie at the heart of the way we do things. To do the right thing, the right way. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our

principal responsibility to serve the public interest. And they propel us forward — through our work and the example we set — as we inspire confidence and empower change throughout the world.

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

Everyone at KPMG can expect to be held accountable for their behavior consistent with the Code and

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

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

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

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

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

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 & legal 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.

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

Our business

KPMG in Romania is a professional services firm that delivers Audit, Tax & Legal and Advisory services. We operate out of 5 offices across Romania. In KPMG Audit SRL we had an average of 22 Partners, Associate Partners and Directors and a total average number of 302 employees in the year to 30 September 2023.

Our audit services in Romania are delivered through KPMG Audit SRL. Full details of the services we offer can be found on our [website](#). The current address of KPMG Audit SRL's office in Bucharest is 89A București-Ploiești Road, District 1, Bucharest, Romania.

Our strategy

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

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

Leadership responsibilities for quality and risk management

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

KPMG Audit SRL is required to seek input from the KPMG Central Eastern Europe (CEE) Chairperson, KPMG CEE Head of Audit and KPMG CEE Risk Management Partner on the performance of the Country Managing Partner, Risk Management Partner and Head of Audit whose role most closely aligns with the activities of KPMG CEE. 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.



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Country Managing Partner - Ramona Jurubiță

In accordance with the principles in ISQM 1, our Country Managing Partner, Ramona Jurubiță, and our Risk Management Partner, Tudor Grecu have assumed ultimate responsibility for KPMG Audit SRL's system of quality management.



Risk Management Partner - Tudor Grecu

Our firm's Risk Management Partner (RMP) is responsible for the firm's direction and execution of risk, compliance, and quality. The RMP has a direct reporting line to the Country Managing Partner. The RMP consults, as appropriate, with the Country Managing Partner, the Regional Risk Management Partner, Global Quality & Risk Management resources, and the general counsel or external counsel. The RMP is supported by a team of partners and professionals in each of the functions.



Ethics and Independence Partner – Bogdan Vlad

Our firm's Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Audit SRL and reports on ethics and independence issues to the RMP.



The Audit, Tax and Advisory functions - Function Heads

The three heads of the client service functions (Audit, Tax & Legal and Advisory) are accountable to the Country Managing Partner for the quality of service delivered in their respective functions. They are responsible for the execution of the risk management and quality management procedures for their specific functions within the framework set by the Risk Management Partner. 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.

Audit Function Head - Cezar Furtună

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

- Setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, and ethics and integrity;
- Developing and implementing an audit strategy together with the Country Managing Partner that is aligned with the firm's audit quality requirements and develops the Audit firm's strategy, annual/multi-year business plan and annual budget; also agreeing implementation with the local partners in the audit firm;
- Working with the RMP to monitor and address audit quality and risk matters as they relate to the Audit practice.
- Working with the Country Managing Partner and the Sector Leaders to develop the strategies for the Sectors in alignment with KPMG in Romania's strategy;
- Being responsible for the overall performance of KPMG Audit SRL;
- Driving initiatives to achieve targets and milestones included in the business plan;
- Liaising with KPMG Europe, Middle East & Africa (EMA) / KPMG in Central and Eastern Europe (CEE) audit functional leaders to implement global policies and service offerings, participate in relevant management groups and communicate relevant information with the local Partners;
- Ensuring that appropriate procedures, training programs and instructions are developed for maintaining selling skills, management development, technical competence and quality control within KPMG Audit SRL.

The Head of Audit has regular discussions with the Head of the Department of Professional Practice and the Risk Management Partner to agree actions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, our SoQM evaluation, root cause analysis procedures and other quality matters identified from a variety of sources.

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

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Robust governance structures

Our legal and governance structure

KPMG Audit SRL is a limited liability company incorporated under the Companies Law (Law 31/1990 with related amendments), which, as at 30 September 2023, is owned by the following shareholders: KPMG Romania SRL, Adela Ciucioi, Ori Efraim, Cezar Furtună, Aura Giurcăneanu, Tudor Grecu, Horațiu Mihali, Richard Perrin, Raluca Soare, Daniela Strusevici, Andreea Vasilescu and Bogdan Văduva.

The list of the administrators as at 30 September 2023 is: Adela Ciucioi, Ori Efraim, Cezar Furtună, Aura Giurcăneanu, Tudor Grecu, Ramona Jurubiță, Horațiu Mihali, Alin Negrescu, Richard Perrin, Madălină Racovițan, Nicoleta Rusu, René Schöb, Raluca Soare, Daniela Strusevici, Gabriel Tanase, Andreea Vasilescu, Bogdan Văduva, and Bogdan Vlad, who are also KPMG partners.

See sections Legal structure and Governance structure.



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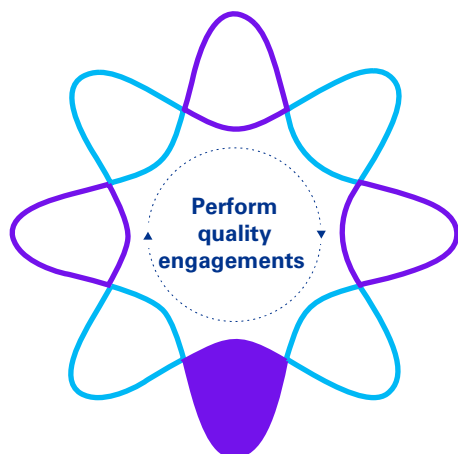
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Apply expertise and knowledge

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) standards and the American Institute of CPAs (AICPA) standards, which 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;
- Embedding the standards in the practice of our

audit and assurance professionals;

- Alignment to the International Standard on Assurance Engagements (ISAE) in response to the growth of ESG reporting;
- 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.

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

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

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

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

We are a technology-enabled organization, with technical accounting and auditing resources, guidance,

platforms and tools available digitally, which enables 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 reporting of financial data. We are making significant investments in putting ESG at the heart of the organization.

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

- Released a revised methodology for ESG assurance designed to be flexible and scalable, while enabling high quality, globally consistent assurance engagement delivery that complies with assurance standards and aligns with our financial statement audit methodology. The scope of the execution guide is broader than ESG assurance and is also applicable for all ISAE 3000 assurance engagements;
- Delivered guidance to be used in conjunction with the methodology that is supported by standardized risks and procedures 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;
- Released a learning curriculum to increase the foundational ESG literacy of KPMG professionals and enable upskilling on the new methodology and KPMG Clara workflow – Assurance.

Quality and risk management policies

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



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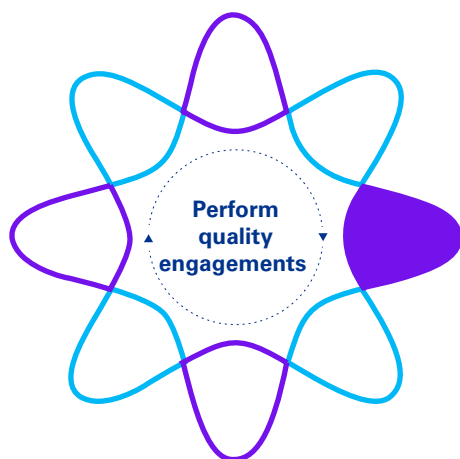
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Embrace digital technology

At KPMG, we are committed to serving the public interest and creating value through continuous innovation. We are anticipating the technologies that will shape our near future and are driving an ambitious innovation agenda. We are transforming and have transformed the audit experience for our professionals and clients by leveraging the data and insights of our alliances and leading technologies used across the KPMG global organization and are enhancing audit quality by increasing our ability to focus on the issues that matter.

KPMG Clara

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

A fully digital audit approach is integral to how KPMG firms perform quality audit and assurance engagements and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls in relation to 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 and our firm's policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. Our policies and procedures set for audit and assurance engagements incorporate the relevant requirements of accounting, auditing, assurance, ethical and quality management standards, and other relevant laws and regulations.

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



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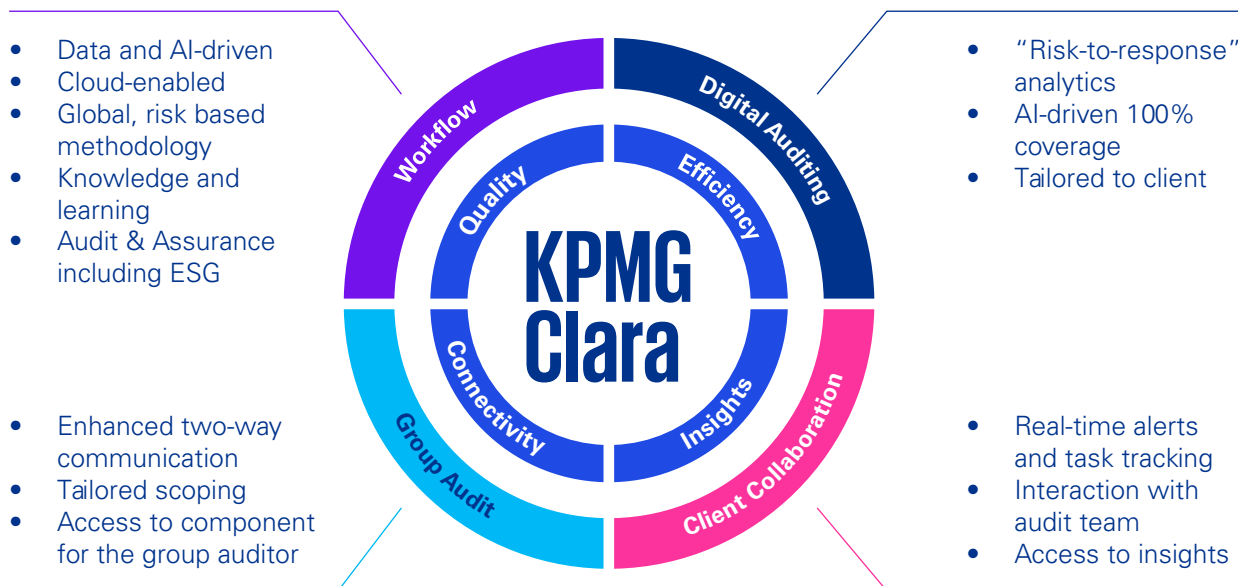
Digital data and emerging technologies

Our vision of the future

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

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

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



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 covering the retention period for audit documentation and other records relevant to an engagement in accordance with applicable laws, regulations, and professional standards.

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

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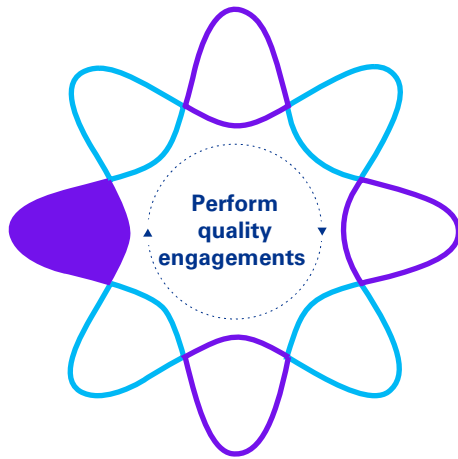
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Nurture diverse skilled teams

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

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

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

Recruitment

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

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

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

We hired over 38 new audit associates and 35 experienced hires in the year ending 30 September 2023.

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

Inclusion, diversity and equity programs

At KPMG, we are committed to building a diverse and equitable firm that is inclusive to all. Inclusion, Diversity and Equity (IDE) underpins our Values and is vital to our Purpose.

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

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

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

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

Reward and Promotion

Reward

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

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

The extent to which our people feel their performance has been reflected in their reward is measured

through the annual Global People Survey, with action plans developed as required.

Promotion

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

Assign an appropriately qualified team

At KPMG we have policies, procedures and controls in place to assign engagement Partners, Associate Partners and Directors and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the Partner, Associate Partner and Director assignment process. Key considerations include Partner, Associate Partner and Director experience and capacity – based on an annual Partner, Associate Partner and Director portfolio review – to perform the engagement taking into account the size, complexity and risk profile of the engagement, industry/ line of business knowledge and experience and the type of support to be provided (i.e. the engagement team's composition and specialist involvement).

Audit engagement Partners, Associate Partners and Directors are responsible for determining their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with our audit methodology, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own firm, other KPMG firms or external experts.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the Engagement Partner's, Associate Partner's and Director'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;



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- Knowledge of relevant industries in which the client operates;
- Ability to apply professional skepticism;
- Understanding of KPMG's quality control policies and procedures; Quality Performance Review (QPR) results and results of regulatory inspections.

Invest in data centric skills — including data mining, analysis and visualization

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

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

Commitment to technical excellence and quality service delivery

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

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

Lifetime learning strategy

Formal training

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

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

Mentoring and on-the-job coaching

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

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

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

In addition, the purpose of the “Accelerator Program” is to focus on developing the actual and next generation of auditors within KPMG. It is a local internal project dedicated to addressing accelerated pace onboarding of experienced new hires (typically 1 to 8 years of experience) and enhancing training materials to help both new hires and experienced staff to better incorporate both methodology changes and practical application of knowledge on the audit engagements. This program comes in addition to our regular curricula and includes technical training courses through one to one sessions, group sessions and on the job training courses, with the purpose of enhancing both technical knowledge and soft skills for our new graduates and experienced hires and also for our employees who are continuing their career path with us. The program was launched in June 2022.



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

Licensing

All KPMG 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 Audit SRL 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 – IFRS and Romanian GAAP.

As at 30 September 2023, KPMG Audit SRL had 38 authorized financial auditors. Audit professional staff enroll in the early stages of their career in the national licensing program which is administered by the Authority for Public Supervision of Statutory Audit Activity (ASPAAS) in order to become authorized financial auditors.

Mandatory requirements – US GAAP engagements

Specific policies apply to engagements performed outside the US to report on financial statements or financial information prepared in accordance with US GAAP and/or audited in accordance with US auditing standards, including reporting on the effectiveness of the entity’s internal control over financial reporting (ICOFR). These require that at a minimum, all Partners, Associate Partners and Directors, 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, Associate Partner, Director, 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.

Recognize quality

Personal development

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

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

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

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

We consider quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of Partners, Associate Partners, Directors and employees. These evaluations are conducted by Performance Managers and Partners, Associate Partners and Directors who are able to assess performance.



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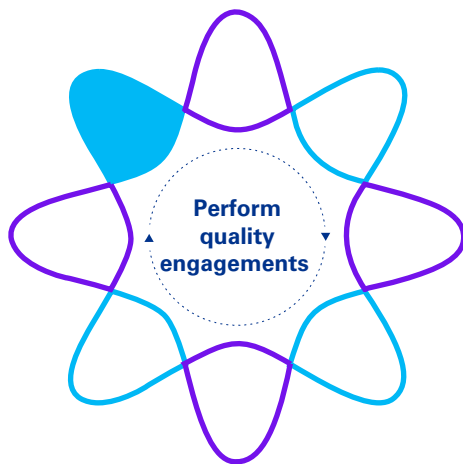
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Associate with the right clients and engagements

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

Global client and engagement acceptance and continuance policies

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

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

Accept appropriate clients and engagements

Client evaluation

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

Engagement evaluation

We consider a range of factors when we evaluate each prospective engagement including:

- Potential independence and conflict of interest issues,
- Intended purpose and use of engagement deliverables,
- Public perception,

- Whether the services would be unethical or inconsistent with our Values.

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

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

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

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

Continuance process

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

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

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.

Manage portfolio of clients

KPMG International and KPMG firms have policies and procedures to enable our firm to monitor the workload and availability of Engagement Partners, Managers and personnel to provide them 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

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 of 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 any additional national regulations.

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

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

Personal financial independence

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



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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 (e.g. late reporting of an investment acquisition).

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

Following the internal review of independence compliance, in financial year ending 30 September 2023, over 4% of our Partners, Associate Partners, Directors and employees were subject to these audits (this included approximately 19% of our Partners, Associate Partners and Directors).

Employment relationships

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

Firm financial independence

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

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

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

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

Business relationships/suppliers

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

Business acquisitions, admissions and investments

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

Independence training and confirmations

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

We also provide all Partners, Associate Partners, Directors and employees with annual training on the Global Code of Conduct.

Non-audit services

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

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



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

KPMG firms are prohibited from evaluating or compensating audit Partners on selling non-assurance services (other than audit, review or assurance) to their audit clients.

Fee dependency

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

Avoiding conflicts of interest

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

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

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

Independence breaches

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

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

Rotation of Partners, Associate Partners, Directors and the firm

Rotation of Partners, Associate Partners and Directors

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

Firm rotation

KPMG Audit SRL can act as auditor for:

- A maximum period of 5 (extendable up to maximum 7 years under certain circumstances) for public interest entities as defined in Financial Supervision Authority ("FSA") Norm 13/2019 with related amendments; KPMG Audit SRL may not act as statutory auditor for such clients for 2 years thereafter (referred to as the 'cooling off period'); EU Regulation 537/2014 specific firm rotation rules also apply for these entities (refer to point b) below)

- b. A maximum period of 6 years for entities within the scope of Law 187/2023 for the amendment and completion of Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises;

KPMG Audit SRL may not to act as statutory auditor for such clients for 3 years thereafter (referred to as the ‘cooling off period’); EU Regulation 537/2014 specific firm rotation rules also apply for these entities (refer to point c. below)

- c. Other public interest entities outside the scope of FSA Norm 13/2019 and outside the scope of Law 187/2023 with related amendments – for a period of a maximum of 10 years, which can be extended to 20 years when the selection procedure is organized in accordance with EU Regulation 537/2014; KPMG Audit SRL may not to act as statutory auditor for such clients for 4 years thereafter (referred to as the ‘cooling off period’).

Zero tolerance of bribery and corruption

We have zero tolerance of bribery and corruption.

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

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



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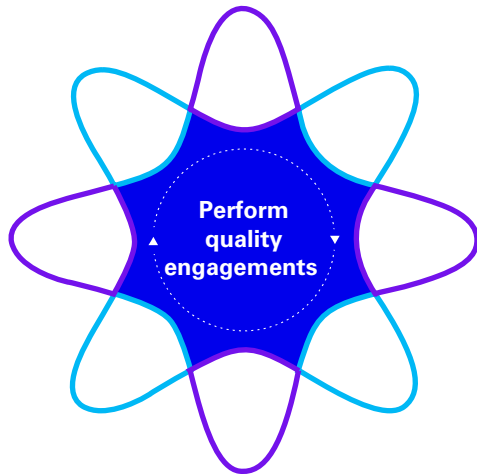
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Perform quality engagements

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

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Consult when appropriate

Encouraging a culture of consultation

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

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

Technical consultation and global resources

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

Global Audit Methodology Group (GAMG):

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

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

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



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

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

Member firm professional practice resources:

Provides consultation support on auditing and technical accounting matters to their audit professionals involving regional or global teams when required. On top of the technical support provided by the local Department of Professional Practice (or DPP), we also have access to the regional CEE DPP to address auditing and accounting matters both from the perspective of international standards and the perspective of local standards. Based on certain criteria and the underlying subject matter, the review is performed by the local DPP only or by both the local and CEE DPPs. The DPP also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. KPMG’s ISG and PSG are also available for consultation support when required.

Critically assess audit evidence using professional judgment and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit, including contradictory or inconsistent audit evidence. Each team member needs to exercise professional judgment and maintain professional skepticism throughout the audit engagement. Professional skepticism involves a questioning mind and remaining alert to contradictions, or inconsistencies in, audit evidence.

Professional judgment encompasses the need to be aware of and alert to biases that may pose threats to sound judgments.

Direct, coach, supervise and review

Embedding ongoing coaching, supervision and review

We promote a coaching culture as part of enabling our professionals to achieve their full potential. 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 engagement, including any related review(s) of interim financial information, on all listed entities, on non-listed entities with a high public profile, for engagements that require an EQC review under applicable laws or regulations, and for other engagements, including certain assurance engagements, as designated by our RMP or our Head of Audit.

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

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

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Appropriately support and document conclusions

Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained. In preparing auditors' reports, engagement leaders have access to extensive reporting guidance and technical support through consultations with our Department of Professional Practice and/or Risk Management Partner, 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 client and firm information and we have reduced the time period permitted to assemble audit documentation.



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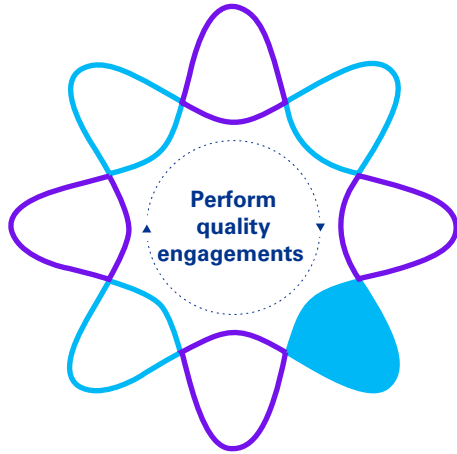
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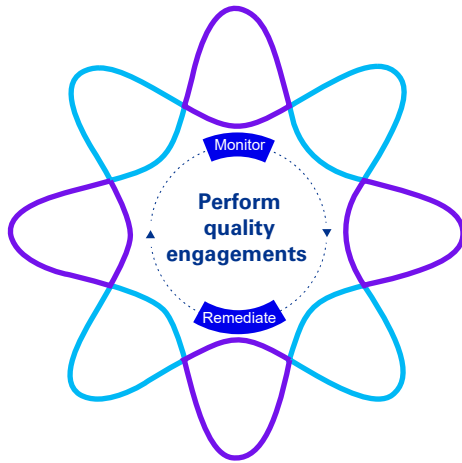
Identifying risks to quality and implement effective responses

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

The consistent global approach:

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

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



Monitor and remediate

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

Rigorously monitor and measure quality

Commitment to continuous improvement

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

Internal monitoring and compliance programs

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

The programs evaluate:

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

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

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

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

Audit Quality Performance Reviews (QPRs) program

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

Risk-based approach

Each engagement leader from KPMG Audit SRL is reviewed at least once in a four-year cycle. A risk-based approach is used to select engagements.

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

Evaluations from Audit QPR

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

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

KPMG Quality & Compliance Evaluation (KQCE) program

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

The 2023 KQCE program covered the period from 1 October 2022 to 30 September 2023 and helps support our conclusion on the operating effectiveness of our SoQM as at 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 program 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.

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

Lead Audit Engagement Partners are notified of Audit QPR not compliant ratings if relevant to their respective cross-border engagements.

Remediation and monitoring

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

Obtain, evaluate and act on stakeholder feedback

Regulators

For the audit firm KPMG Audit SRL, the latest audit quality assurance inspection conducted by the Authority for Public Oversight of the Statutory Audit Activity ("ASPAAS") was finalized in April 2022, and the inspection report issued by ASPAAS states that,



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following the inspection performed, no issues were identified.

The most recent audit quality assurance inspection carried out by the Romanian Chamber of Financial Auditors (“CAFR”) was finalized in September 2023 and the audit firm KPMG Audit SRL received an „A” rating.

As at 30 September 2023, we are also registered with the Financial Reporting Council UK as a third country audit firm. Starting 17 January 2024, KPMG Audit SRL is no longer registered with the Financial Reporting Council UK as a third country audit firm. KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through IFIAR’s Global Audit Quality Working Group (GAQWG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

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

Client feedback

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

Monitoring of complaints

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

Perform root cause analysis

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

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

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



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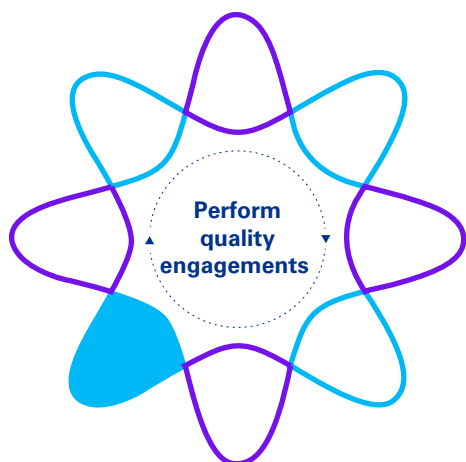
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Communicate effectively

We 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.

Global IFRS Institute

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

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

Only with engaged, talented people can we deliver audits in line with our audit quality expectations. Annually, our personnel are invited to participate in KPMG's Global People Survey (GPS) to share their

perception on their experience of working at KPMG. Results can be analyzed by several factors, including functional or geographic area, grade and gender to provide additional focus for action.

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

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

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

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



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The total turnover for KPMG Audit SRL for the financial year ending 30 September 2023 was RON 127.28 million. The total turnover of KPMG Audit SRL can be divided into the following categories:

- i. Revenues from the statutory audit of annual and consolidated financial statements of public interest entities and entities belonging to a group of undertakings whose parent undertaking is a public interest entity: RON 28.06 million
- ii. Revenues from the statutory audit of annual and consolidated financial statements of other entities: RON 39.44 million
- iii. Revenues from permitted non-audit services to entities that are audited by the audit firm: RON 38.82 million
- iv. Revenues from non-audit services to other entities: RON 20.95 million

For the purpose of the above classification, non-audit services include services other than statutory audits. In accordance with Law no.162/2017 with related amendments, "statutory audit" means an audit of annual financial statements or consolidated financial statements performed in accordance with international standards on auditing, to the extent that it is:

- a. Required by European Union law or required by national law or
- b. Voluntarily carried out at the request of small undertakings and the audited financial statements are published together with the statutory audit report, in accordance with the law.

Partners', Associate Partners' and Directors' remuneration

All professionals, including Partners, Associate Partners and Directors, undergo annual goal setting and performance evaluations. Each Partner/ Associate Partner/ Director is evaluated on his or her attainment of agreed-upon goals, set for each Partner/Director on a number of matters relevant to their role.

Our firm has Partner/ Associate Partner/ Director compensation policies that are clear, simple, and linked to the performance evaluation process. These compensation policies do not permit Audit Partners/ Associate Partners / Directors to be compensated for the sale of non- assurance services (i.e. for the sale of services other than audit, review or assurance engagements) to their audit clients.



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Legal structure

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

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

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

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

KPMG is the registered trademark of KPMG International and is the name by which the member

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

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

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

The name of each audit firm that is a member of the organization and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available [here](#).

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

The financial information set forth represents combined information of the separate KPMG firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes.

KPMG International performs no services for clients nor, concomitantly, generates any client revenue. Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.4 billion during the year ending 30 September 2023.

The EU/EEA aggregated statutory audit statutory revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ending 30 September 2023.

Responsibilities and Obligations of KPMG Member Firms

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

Each KPMG firm takes responsibility for its management and the quality of its work. Member

firms commit to a common set of KPMG Values.

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

Professional Indemnity Insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a local and 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 [KPMG International Transparency Report](#).



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Statement on the effectiveness of the System of Quality Management of KPMG Audit SRL as at 30 September 2023

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1) and KPMG International Limited Policy, KPMG Audit SRL (the "Firm" and/or "KPMG") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm. The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

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

KPMG Audit SRL outlines how its System of Quality Management supports the consistent performance of quality engagements in this Transparency Report.

Integrated quality monitoring and compliance programs enable KPMG Audit SRL to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management.

If deficiencies are identified when KPMG Audit SRL performs its annual evaluation of the System of Quality Management, KPMG Audit SRL evaluates the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of the Firm's System of Quality Management as at 30 September 2023, the administrators of KPMG Audit SRL confirm the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.



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The list of public interest entity audit clients for which our firm has signed a statutory audit opinion in the year ending 30 September 2023 is given below. The definition of public interest for this purpose is that given under the provisions of Law 162/2017 and Law 82/1991 republished.

- Access Financial Services - IFN S.A.
- Agricover Credit IFN S.A.
- Agricover Holding S.A.
- Banca Transilvania S.A.
- BT Asset Management SAI S.A.
- BT Capital Partners S.A.
- BT Direct IFN S.A.
- BT Leasing Transilvania IFN S.A.
- BT Microfinanțare IFN S.A.
- BT Pensii Societate de Administrare a Fondurilor de Pensii Facultative S.A.
- CEC Bank S.A.
- Credit Europe Bank Romania S.A.
- Deutsche Leasing Romania IFN S.A.
- Eurolife FFH Asigurări de Viața S.A.
- Eurolife FFH Asigurări Generale S.A.
- Fondul de investiții alternative BT Invest
- Fondul de investiții alternative cu capital privat BT Invest 1
- Fondul de Pensii Administrat Privat ARIPI
- Fondul de Pensii Administrat Privat NN
- Fondul de Pensii Facultative NN ACTIV
- Fondul de Pensii Facultative NN Optim
- Fondul de pensii facultative Pensia Mea
- Fondul de Pensii Facultative STABIL
- Fondul deschis de investiții BT Agro
- Fondul deschis de investiții BT Clasic
- Fondul deschis de investiții BT Dolar Fix
- Fondul deschis de investiții BT Energy
- Fondul deschis de investiții BT Euro Clasic
- Fondul deschis de investiții BT Euro Fix
- Fondul deschis de investiții BT Euro Obligațiuni
- Fondul deschis de investiții BT Fix
- Fondul deschis de investiții BT Index Austria ATX
- Fondul deschis de investiții BT Index România ROTX
- Fondul deschis de investiții BT Maxim
- Fondul deschis de investiții BT Obligațiuni
- Fondul deschis de investiții BT Real estate
- Fondul deschis de investiții BT Technology
- Fondul imobiliar de investiții alternative BT Property
- Generali Romania Asigurare Reasigurare S.A.
- Generali Societate de Administrare a Fondurilor de Pensii Private S.A.
- S.P.E.E.H Hidroelectrică S.A.
- Idea Bank S.A.
- Idea Leasing IFN S.A.
- Mercedes-Benz Leasing IFN S.A.
- NN Asigurări de Viață S.A.
- NN Asigurări S.A.
- NN Pensii Societate de Administrare a unui Fond de Pensii Administrat Privat S.A.
- Patria Bank S.A.
- Patria Credit Institutie Financiară Nebancară S.A.
- ProCredit Bank S.A.
- RCS&RDS S.A.
- Signal Iduna Asigurare Reasigurare S.A.
- Signal Iduna Asigurări de Viață S.A.
- Signal Iduna Asigurări S.A.
- UniCredit Bank S.A.
- UniCredit Consumer Financing IFN S.A.
- UniCredit Leasing Corporation IFN S.A.
- Vitas Instituție Financiară Nebancară S.A.



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KPMG in Romania

Bucharest Office

București-Ploiești Road no. 89A,
District 1, Bucharest, 013685
T: +40 (372) 377 800
F: +40 (372) 377 700
E: kpmgro@kpmg.ro

www.kpmg.ro

Iași Office

Ideo Business Center
Păcurari Road no. 138,
Ground Floor, Iași, 700522
T: +40 (756) 070 048
F: +40 (752) 710 048
E: kpmgro@kpmg.ro

Cluj-Napoca Office

Vivido Business Center
Alexandru Vaida Voevod Street no. 16,
Cluj-Napoca, 400592
T: +40 (372) 377 900
F: +40 (372) 333 800
E: kpmgro@kpmg.ro

Timișoara Office

ISHO Offices
Take Ionescu Blv. no. 50,
Building A, 7th floor,
Timiș, 300222
T: +40 (372) 377 999
F: +40 (372) 377 977
E: kpmgro@kpmg.ro

Constanța Office

Mamaia Blv. no. 208, 4th Floor,
Constanța, 900540
T: +40 (756) 070 044
F: +40 (752) 710 044
E: kpmgro@kpmg.ro

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