



Transparency Report

1 October 2023 - 30 September 2024

KPMG Audit SRL

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

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. 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 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 second year of operating under 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.

The needs of the entities that KPMG audits are growing and constantly evolving, for example as a result of the increasing demands of ESG reporting, as well as the impact that artificial intelligence will have on those organizations. These developments create a demand for new levels of trust in disclosure and decision making. They also generate a need for greater transparency in business governance, organizational structures and sustainability practices, all driven by new technologies, regulations and societal expectations.

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

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 is why KPMG is relentless in its approach to delivering it.

This Transparency Report covers the period from the last reporting date, 1 October 2023 to 30 September 2024.

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



Ramona Jurubiță
Country Managing Partner



Adela Ciucioi
Partner, Head of Audit



Bogdan Vlad
Risk Management and Ethics
and Independence Partner

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

"KPMG in Romania" refers to all KPMG member firms domiciled in Romania.

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 set out in the [About Us](#) page of [kpmg.com](#).

A system of quality management that supports audit and assurance quality

A system of quality management that supports audit and assurance quality

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

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

Across the global organization, KPMG firms have strengthened the consistency and robustness of 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).

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



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



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



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



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



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

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

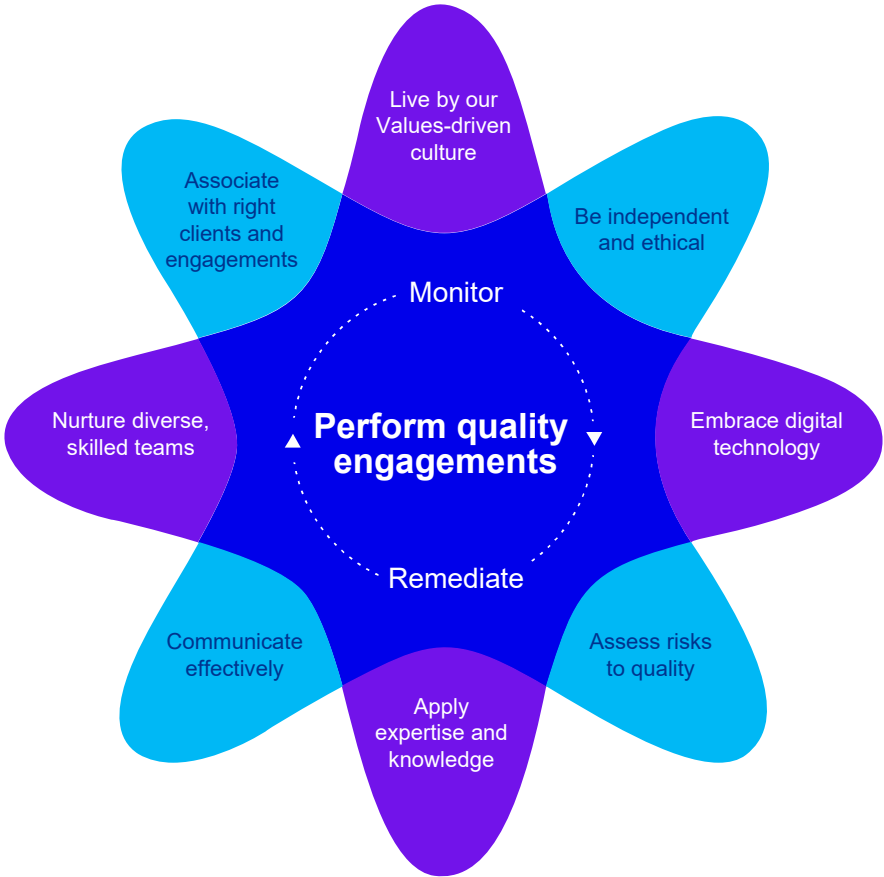
To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how every KPMG professional contributes to its delivery.

The drivers outlined in the Global Quality Framework align with the 10 components of our KPMG SoQM and ISQM 1.

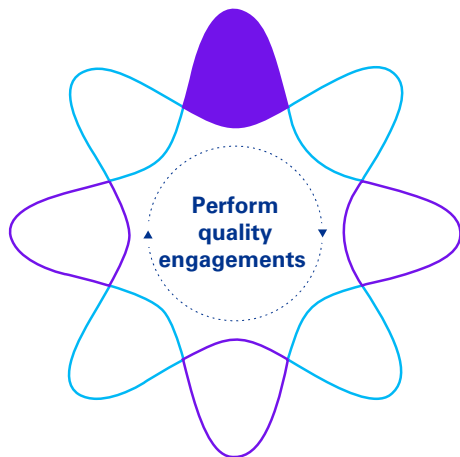
In line with ISQM 1, our SoQM also aligns with the International Code of Ethics for Professional Accountants (including International Independence Standards), issued by the International Ethics Standards Board for Accountants (IESBA Code of Ethics).

The following sections of the Transparency Report describe how we operate each driver in the Global Quality Framework, aligned with the SoQM components. Combined with our firm's SoQM Statement of Effectiveness (see the section *Statement on the effectiveness of the System of Quality Management of KPMG Audit SRL as at 30 September 2024*), this Transparency Report summarizes how our SoQM effectively supports the consistent performance of quality engagements. This report may also be useful for stakeholders interested in KPMG firms' Tax and Advisory services, as certain aspects of our firm's SoQM are cross-functional and apply equally as the foundation of quality for all services offered.

KPMG's Global Quality Framework



A system of quality management that supports audit and assurance quality



Live by our Values-driven culture

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

It's not just what we do at KPMG that matters; we also pay attention to how we do it. Our Values are our core beliefs, guiding and unifying our actions and behaviors. Shared across all personnel, 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 audit, assurance and other professional services on which stakeholders rely.

Live by our Values-driven culture

Clear Values and a strong Code of Conduct

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

We are committed to the highest standards of professional behavior in everything we do. Ethics and integrity are core to who we are and within our [Global Code of Conduct](#), the Code, we outline the responsibilities all KPMG people have to each other, our clients and the public. It shows how our Values and Purpose inspire our greatest aspirations and guide our 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 in accordance 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, professional standards and applicable laws or regulations.

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. KPMG International considers how to respond to each report received through the hotline and when necessary, investigates and takes appropriate action.

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

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

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

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

Following Global Values Week last year, we are continuing our efforts to highlight and spotlight our values with local events such as launching the call for ambassadors for the CARE ethical decision-making initiative, as well as organizing info sessions and briefings to disseminate these principles firm-wide.

Moreover, our onboarding process has been enriched with a gamified approach to values immersion for new joiners through the “Growth and Trust” game, which fosters engagement and understanding of our core values from the outset. These initiatives reflect our ongoing commitment to embedding our values into daily operations and cultivating a culture of integrity and collaboration.

Live by our Values-driven culture

The KPMG multidisciplinary model

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

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

Our business

KPMG in Romania is a professional services firm that delivers Audit and Assurance, Tax & Legal and Advisory services. We operate out of 5 offices across Romania. In KPMG Audit SRL we had an average of 26 Partners, Associate Partners and Directors and a total average number of 310 employees in the year to 30 September 2024.

Our audit and assurance 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.

Live by our Values-driven culture


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 and 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, quality and risk management activities.

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

**Country Managing Partner - Ramona Jurubiță**

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


**Risk Management and Ethics and Independence Partner - Bogdan Vlad**

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

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.

**The Audit, Tax & Legal 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 – Adela Ciucioi**

Until 30 September 2024 Cezar Furtună acted as the firm’s Head of Audit and Adela Ciucioi acted as Deputy Head of Audit. With effect from 1 October 2024, Adela Ciucioi was appointed as the firm’s Head of Audit.

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 requirements and develops the Audit firm’s strategy, annual/multi-year business plan and annual budget, also agreeing implementation with the Audit Partners;

- Working with the RMP to monitor and address 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 to the Audit Partners;
- Ensuring that appropriate procedures, training programs and instructions are prepared for developing and maintaining selling skills, management development, technical competence and quality control within KPMG Audit SRL.

Live by our Values-driven culture



Audit Function Head – Adela Ciucioi

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, accounting and audit queries raised by engagement teams, our SoQM evaluation, root cause analysis procedures and other quality matters identified from a variety of other 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 in the ‘Perform Quality engagements’ section.

Institute robust governance structures

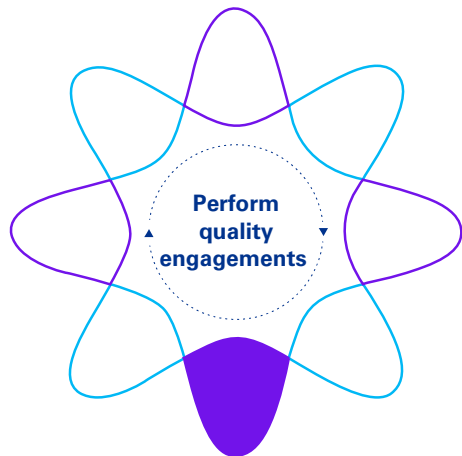
Our legal and governance structure

KPMG Audit SRL is a limited liability company incorporated under the Companies Law (Law 31/1990 with related amendments), which, as at 30 September 2024, is owned by the following shareholders: KPMG Romania SRL, Adela Ciucioi, Ori Efraim, Cezar Furtună, Aura Giurcăneanu, Tudor Grecu, Horațiu Mihali, Nicoleta Rusu, Raluca Soare, Daniela Strusevici, Andreea Vasilescu and Bogdan Vlad.

KPMG Audit SRL belongs to the CEE subregion, which includes the countries of Central and Eastern Europe, KPMG Romania SRL’s main shareholder being KPMG CEE HOLDING, A.S. from the Czech Republic (which holds 93,63% of the shares).

The list of the administrators as at 30 September 2024 is: Adela Ciucioi, Ori Efraim, Cezar Furtună, Aura Giurcăneanu, Tudor Grecu, Ramona Jurubiță, Horațiu Mihali, Alin Negrescu, Mădălina Racovițan, Nicoleta Rusu, René Schöb, Raluca Soare, Daniela Strusevici, Gabriel Tănase, Andreea Vasilescu and Bogdan Vlad, who are also KPMG Partners.

Live by our Values-driven culture



Apply expertise and knowledge

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

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

Methodology aligned with professional standards, laws and regulations

Consistent audit and assurance methodology and tools

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

Key elements include:

- Meeting the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) standards, the American Institute of CPAs (AICPA) standards and the International Standards on Assurance Engagements (ISAE)

Apply expertise and knowledge

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;
- Use by our audit and assurance professionals to drive consistent interpretation on the application of ISAs and ISAEs.

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

Technology-enabled standardized methodology and guidance

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

Deep technical expertise and knowledge

Access to specialist networks

Specialist experience is an increasingly important part of the modern audit and is a key feature of our 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.

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 and assurance quality by responding to significant external events and conditions

Significant external events and conditions, such as the impacts arising from climate change, geopolitical events, volatile interest rates and elevated levels of inflation may have significant

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

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

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

Licensing and requirements for IFRS® Accounting 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

Apply expertise and knowledge

responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the local predominant financial reporting frameworks – IFRS and Romanian GAAP.

As at 30 September 2024, KPMG Audit SRL had 36 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 and conducted 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, the engagement Partner, Associate Partner, Director, the engagement manager, the 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.

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 have made significant investments in putting ESG at the heart of the organization and remain steadfast in our commitment to serving the public interest.

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

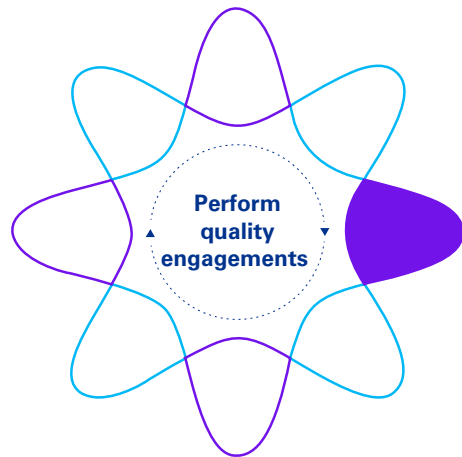
- Methodology updates in accordance with the Corporate Sustainability Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and EU Taxonomy disclosure requirements.
- Enhancement of the ESG Assurance methodology and KPMG Clara workflow - Assurance training and release of a curriculum focused on ISSB standards and the ESRSs.
- Investment in programs to strengthen KPMG professionals’ skills and experience, to deliver high quality ESG assurance engagements and meet client needs, including access to technical ESG reporting and assurance subject matter professionals.

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

Policies on applicable requirements, standards and laws

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

Apply expertise and knowledge



Embrace digital technology

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

At KPMG, we anticipate the technologies that will shape our near future and are driving an ambitious innovation agenda. We continue to transform the audit and assurance experience for our professionals and clients. The alliances and leading technologies used across the KPMG global organization are enhancing quality by increasing our ability to identify and respond to 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, as well as harnessing the power of artificial intelligence (AI). KPMG Clara enables new insights by helping auditors to see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply reconciling the accounts.

A fully digital 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.

Embrace digital technology

Intelligent, standards-driven audit and assurance workflows

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

Digital data and emerging technologies

Our vision of the future

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

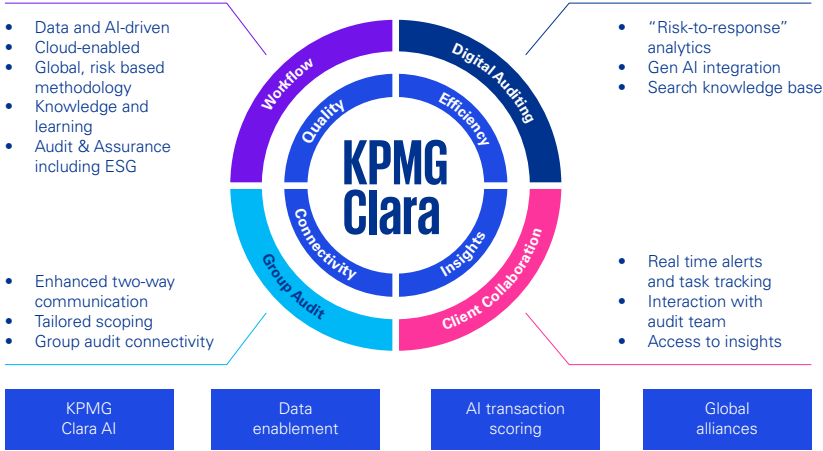
Fully deployed across KPMG firms, KPMG Clara is the global platform for KPMG Audit and empowers our auditors to offer deeper insights, fresh perspectives and improved audit and assurance quality to the entities we audit.

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

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

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

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



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

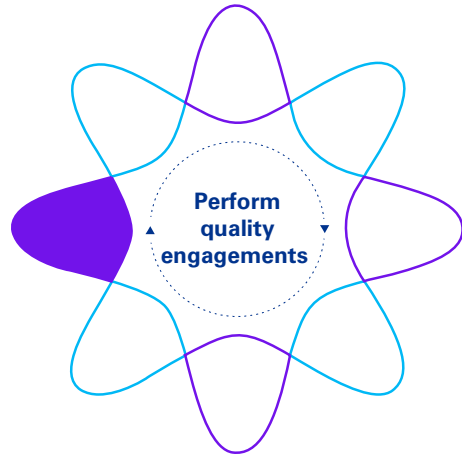
Client confidentiality, information security, and data privacy

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.

Embrace digital technology



Nurture diverse, skilled teams

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

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

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

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

Nurture diverse, skilled teams

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 level.

All candidates apply and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks. These 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 28 new audit associates and 21 experienced hires in the year ending 30 September 2024.

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

Inclusion, Diversity and Equity (IDE) underpins the KPMG Value of 'Together' and is vital to inspiring confidence and empowering change — our Purpose.

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

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

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

Health and well-being

In our firm, we are committed to protecting the health of our people, both physically and mentally, and providing an environment of

empathy and support that allows our people to thrive and deliver high-quality work to our clients. Professional services can be a fast-paced and demanding environment, so we are focused on creating a culture where people can be open about their well-being — and reach out for support when they need it.

Reward and promotion

Reward

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

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

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

Nurture diverse, skilled teams

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

A critical driver of quality management is the selection of the engagement team to deliver effective and high-quality audit and assurance services. At KPMG we have policies, procedures and controls in place to assign Engagement Partners, Associate Partners, 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 in consideration of 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 that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the audit engagement, KPMG policies and procedures, professional standards and applicable legal and regulatory requirements as well as any changes that may arise during the engagement. 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;
- 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.

Audit role profiles to drive quality

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

Invest in data centric skills – including advanced AI solutions

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

In 2024, KPMG organization-wide AI training programs, ‘24 hours of AI’, took place, in which every hour on the hour colleagues from around the globe took the opportunity to learn about the latest KPMG global AI tools and the advanced AI solutions that have been tailored for the Audit and

Nurture diverse, skilled teams

Assurance, Tax and Advisory functions. Colleagues took part in practical ‘prompt crafting’ workshops to improve AI skills; and to be upskilled on KPMG’s principles for responsible use of AI.

In our firm, we are recruiting and training professionals who specialize in software, cloud capabilities and AI and who can bring leading technology capabilities to the smart audit and assurance 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 educated in new technology. With this approach we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

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

Commitment to technical excellence and quality service delivery

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

Lifetime learning strategy

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

Formal training

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

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

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

Our “Accelerator Program” was launched in June 2022 with the purpose of focusing on developing the current and next generation of auditors within KPMG. It is a local internal project dedicated to facilitating accelerated pace onboarding of experienced new hires (typically 1 to 8 years of experience) and to 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 training 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.

Nurture diverse, skilled teams

In 2024, the focus of the program was maintained, and an addition was made to the program curricula to include workshops dedicated to 3 categories of employees that we consider to be in a transitioning position: staff transferred to Audit from our Shared Service center, new in-charges and new acting managers. These workshops were structured to address any concerns or “how to” of the individuals in these categories in an open discussion environment to enable them to embrace the transition to the new position.

Recognize quality

Personal development

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

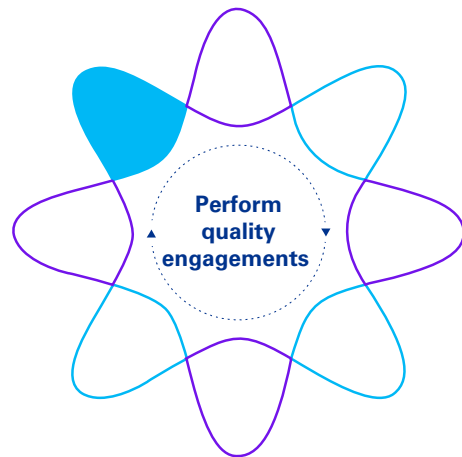
- Audit role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- A goal library (including a mandatory audit quality goal applicable to everyone covered by the audit role profiles and additional optional audit quality content);
- Standardized review forms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

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

At the same time, we are driving a shift 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 the overall performance assessment, 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.

Nurture diverse, skilled teams



Associate with the right clients and engagements

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

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

Global client and engagement acceptance and continuance policies

KPMG International's global client and engagement acceptance and continuance policies and processes are designed to help KPMG firms identify and evaluate 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.

Associate with the right clients and engagements

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

We have policies and procedures to enable our firm to monitor the workload and availability of Engagement Partners, Associate Partners and Directors, managers and staff and personnel to provide them sufficient time to complete their responsibilities.

Our firm’s Engagement Partners, Associate Partners and Directors 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 the section *Assign an appropriately qualified team* for more information.

Associate with the right clients and engagements



Be independent and ethical

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

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

Act with integrity and live our Values

We know that trust is earned by doing the right thing. We are committed to the highest standards of 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. At our firm, we provide annual training to all Partners and employees on the Global Code of Conduct, anti-bribery and corruption, and compliance with laws, regulations and professional standards.

Be independent and ethical

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

CARE
Ethical decision-making framework

Consider
what is the issue



Assess
options to address the situation



Respond
with decision



Evolve
and reflect



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, Associate Partner and Director 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, when these are more restrictive than the requirements of KPMG International.

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

Personal financial independence

KPMG firms and KPMG personnel are required to be free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm

audit and assurance clients (by definition, ‘audit client’ includes its related entities or affiliates), their management, directors and, where required, significant owners. All KPMG Partners, Associate Partners and Directors — irrespective of their firm or function — are generally prohibited from owning securities of any audit client of any KPMG firm.

KPMG firms use a web-based independence compliance system to assist KPMG professionals in complying with personal independence investment policies. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (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 2024, over 7% of our Partners, Associate Partners, Directors and employees were subject to these audits (this included approximately 42% of our Partners, Associate Partners and Directors).

Be independent and ethical

Employment relationships

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

Firm financial independence

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

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

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

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

Additionally, we offer all Partner, Associate Partners, Directors and employees annual trainings on the Global Code of Conduct.

Non-assurance services

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

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

Lead audit engagement partners are required to maintain group structures for their public interest entity and certain other audit clients including their related entities/affiliates. They are

Be independent and ethical

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 to their audit clients.

Fee dependency

KPMG firms have agreed to consult with their Regional Risk Management Partner where total fees from a Public Interest Entity audit client are expected to exceed 10 percent of the annual fee income of the KPMG firm for two consecutive years. If the total fees from a public interest entity audit client and its related entities were to represent more than 15 percent of the total fees received by a particular KPMG firm in a single year, this would be disclosed to those charged with governance at the audit client. 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 and KPMG firms are prohibited from offering or accepting inducements, including gifts and hospitality to or from audit and assurance clients, unless the value is trivial and inconsequential.

Independence breaches

KPMG personnel are required to report an independence breach to our firm’s EIP as soon as they become aware of it. Breaches of independence requirements of the IESBA Code of Ethics or other external independence requirements 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, in accordance with applicable laws, regulations and independence rules and the KPMG International policy. 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. 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 c) below). Following a recent legislative change dated 30 October

Be independent and ethical

2024, according to FSA Norm 19/2024 the maximum audit tenure is 5 consecutive years and can be extended by 5 years (except for private pension funds), with a cooling-off period of 4 years.

- b. With effect from 2023, for 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 act as statutory auditor for such clients for 4 years

thereafter (referred to as the 'cooling off period'). Following a recent legislative change, according to Government Emergency Ordinance no.137/2024, the maximum audit tenure is 10 years, with no option for further extension. Statutory audit engagements for which contracts were concluded before the date of entry into force of this Emergency Ordinance (i.e. 3 December 2024), under which audit services could be provided for the Public Interest Entity for a period of at least 10 years, may remain valid until 31 December 2025.

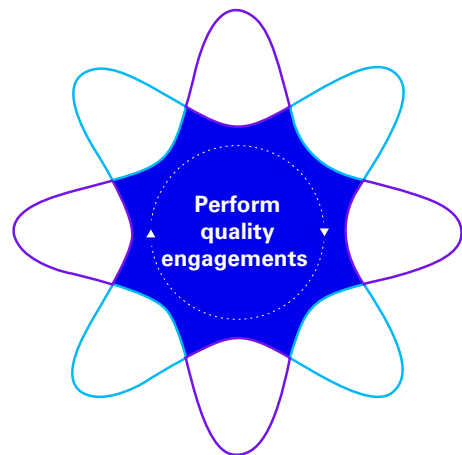
Have zero tolerance of bribery and corruption

We have zero tolerance of bribery and corruption.

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

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

Be independent and ethical



Perform quality engagements

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

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

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 and assurance quality. In our firm, engagement teams are required to consult within their firm when difficult or contentious matters arise on an engagement.

To help with this, our firm has established protocols for consultation and documentation of significant matters, including procedures to

Perform quality engagements

facilitate resolution of differences of opinion on engagement issues. In addition, KPMG audit, assurance, reporting and risk management manuals also include specific consultations on certain matters.

Technical consultation and global resources

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

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

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

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

International Standards Group (ISG): Develops global guidance to promote consistency of interpretation of IFRS Accounting Standards

and IFRS Sustainability Disclosure Standards by KPMG firms to promote a consistent response to emerging accounting and audit issues.

PCAOB Standards Group (PSG): Promotes consistency in the interpretation of PCAOB auditing standards in KPMG firms’ audits of non-US components and foreign private issuers and non-US components of 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.

Critically assess audit evidence using professional judgment and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all relevant audit evidence obtained during the course of the audit, including contradictory or inconsistent audit evidence. Each team member needs to exercise professional judgment and maintain professional skepticism throughout the audit engagement. Professional skepticism involves a questioning mind and remaining alert to 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. Coaching fundamentals are embedded in the audit training curriculum and we support a continuous learning environment where KPMG partners and professionals contribute to building the capacity of the team, coaching other team members and sharing experiences while directing, supervising and reviewing their work.

Perform quality engagements

Engagement quality control (EQC)

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

Appropriately support and document conclusions

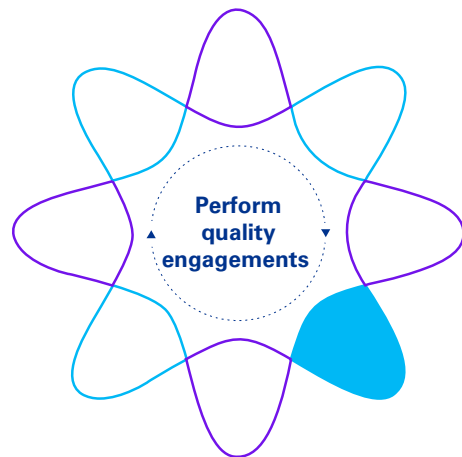
Reporting

Engagement leaders form all opinions and conclusions for audit, assurance, and review engagements based on the work performed and evidence obtained. In preparing auditors’ and assurance reports, engagement leaders have access to reporting guidance and technical support through consultations with our 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 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 member firm and 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.

Perform quality engagements



Assess risks to quality

- **Identifying risks to quality and implementing effective responses**

Identifying risks to quality and implementing effective responses

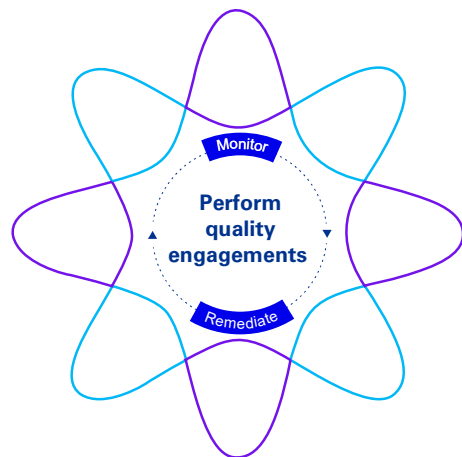
The quality of KPMG audit and assurance services rests on the foundational SoQM and our approach to ISQM 1 emphasizes consistency and robustness of controls within our processes.

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

This consistent global approach:

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

Assess risks to quality



Monitor and remediate

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

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

Rigorously monitor and measure quality

Commitment to continuous improvement

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

Monitor and remediate

Internal monitoring and compliance programs

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

The programs evaluate:

- Engagement performance in compliance with the applicable professional standards, applicable laws and regulations and key KPMG International policies and procedures;
- Our firm’s compliance with 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);
- KPMG Quality & Compliance Evaluation (KQCE);
- Global Quality & Compliance Review (GQCR).

The results of the integrated monitoring and compliance programs are communicated and we establish action plans to make improvements

where needed. Results are also considered by KPMG International.

Audit Quality Performance Reviews (QPR) 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.

The Audit QPR Program is designed by Global Quality & Risk Management. We conduct the annual QPR program in accordance with KPMG International QPR instructions which promote consistency across the KPMG organization. Responsibility for the QPR Program lies with our firm’s Risk Management Partner. 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 2024 KQCE program covers the period from 1 October 2023 to 30 September 2024 and helps support our conclusion on the operating effectiveness of our SoQM as at 30 September 2024 and compliance with quality and risk management policies.

Global Quality & Compliance Review (GQCR) program

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

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

The GQCR team comprises Partners and Managers who are independent of the firm subject to review.

Monitor and remediate

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, 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.

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.

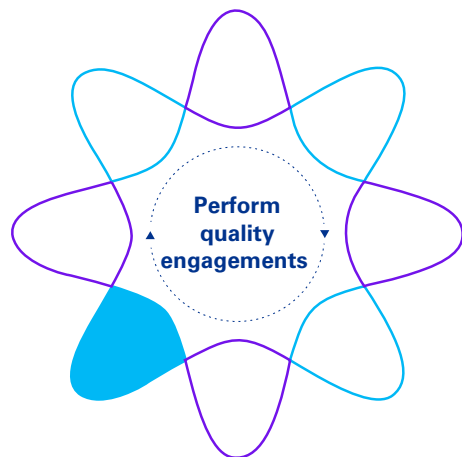
Perform root cause analysis and design and implement remedial action plans

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

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

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

Monitor and remediate



Communicate effectively

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

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

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

Communicate with those charged with governance

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

Communicate effectively

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.

Communicate effectively

Financial Information

The total turnover for KPMG Audit SRL for the financial year ending 30 September 2024 was RON 140.65 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 32.48 million
- ii. Revenues from the statutory audit of annual and consolidated financial statements of other entities: RON 57.07 million
- iii. Revenues from permitted non-audit services to entities that are audited by KPMG Audit SRL: RON 33.31 million
- iv. Revenues from non-audit services to other entities: RON 17.79 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 and Director is evaluated on his or her attainment of agreed-upon goals, set for each Partner, Associate Partner and Director on a number of matters relevant to their role.

Our firm has Partner, Associate Partner and Director compensation policies that are clear, simple, and linked to the performance evaluation process. These compensation policies do not permit Audit Partners, Associate Partners and 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.

Partners', Associate Partners'
and Directors' remuneration

Network arrangements

- **Legal structure**
- **Responsibilities of KPMG firms**
- **Professional Indemnity Insurance**
- **Governance structure**

Legal structure

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

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

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

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

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

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 on the [About Us](#) page of kpmg.com. 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 2.6 billion during the year ending 30 September 2024.

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 2024.

Responsibilities of KPMG firms

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

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 agreements with KPMG International.

Professional Indemnity Insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a 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](#).

Statement on the effectiveness of the System of Quality Management of KPMG Audit SRL as at 30 September 2024

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 leaders 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 2024, 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.

Appendix: Public Interest Entities

The list of Public Interest Entity audit clients for which our firm has signed a statutory audit opinion in the year ending 30 September 2024 is given below. The definition of public interest for this purpose is that given under the provisions of Law no. 162/2017, with related amendments, and Law no. 82/1991, republished.

Access Financial Services IFN S.A.

Aegon Towarzystwo Ubezpieczen Na Zycie S.A.
Varsovia Sucursala Floresti

Agricover Credit IFN S.A.

Agricover Holding S.A.

AGRO IFN S.A.

CEC Bank S.A.

Chimcomplex S.A. Borzesti

Credit Europe Bank (Romania) S.A.

Credit Europe Ipotecar IFN S.A.

Deutsche Leasing Romania IFN S.A.

Digi Romania S.A. (previously RCS & RDS S.A.)

Easy Credit 4 all IFN S.A.

Eurolife FFH Asigurari de Viata S.A.

Eurolife FFH Asigurari Generale

Fondul de Pensii Administrat Privat ARIPI

Fondul de Pensii Facultative STABIL

Generali Romania Asigurare Reasigurare S.A.

Generali Societate de Administrare a Fondurilor de
Pensii Private S.A.

Mercedes-Benz Leasing IFN S.A.

NN Asigurari S.A.

OMV Petrom S.A.

Patria Bank S.A.

Patria Credit Institutie Financiara Nebancara S.A.

ProCredit Bank S.A.

Roca Industry HoldingRock1 S.A.

Signal Iduna Asigurare Reasigurare S.A.

Signal Iduna Asigurari S.A.

Societatea de Producere a Energiei Electrice in
Hidrocentrale "Hidroelectrica" S.A.

Unicredit Bank S.A.

Unicredit Consumer Financing IFN S.A.

Unicredit Leasing Corporation IFN S.A.

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