



Transparency Report 2024

Quality is how we make a difference.

KPMG in Taiwan

kpmg.com/tw



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About this report

This KPMG in Taiwan's 2024 Transparency Report describes how our commitment to KPMG Values and quality lies at the heart of the way we do things at KPMG. The primary information includes our Firm's governance, culture, system of quality management and processes for risk management, which are focused on the KPMG Global audit practice, policies, and programs we have in place to support audit quality.

The content aligns with the "KPMG Global Quality Framework" and demonstrates compliance with "Principles for Preparation of Transparency Reports by Audit Firms" issued by FSC in 2021. The disclosure period for the audit quality-related activities of KPMG in Taiwan is January 1, 2023 to December 31, 2023.

In compliance with the International Standard on Quality Management 1 (ISQM1), our Global Quality Framework outlines how we deliver quality at KPMG, and how everyone at KPMG is accountable for the work they deliver. Our evaluation of the effectiveness of our System of Quality Management (SoQM) was performed as of September 30, 2023. The full statement can be found in the section of this report on the [Statement of effectiveness of system of quality management](#).



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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 represent what we believe in, and what's important to us as an organization. They guide our behaviors day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all our stakeholders.



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and find strength in our differences.



For Better

We do what matters.



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Committed to delivering quality

At KPMG, our success is based on public trust in our professional competence, and that trust starts with quality. Quality is both a result and a standard to which we hold ourselves accountable. It is a key element in building trust with our clients, stakeholders and employees around the world.

In 2023, the world is facing the continuous evolution of external environmental trends such as ESG sustainable transformation initiatives, AI-inspired innovations and leapfrog technological growth, which are driving companies to integrate digital technologies and business models in unimaginable ways, introducing the global business environment into a complex and volatile scenario, and transforming the uncertain environment into a normal one. In the volatile environment, we have adopted flexible and immediate organizational transformation and change to capture any dynamic needs in the market, stay true to our values, and take full responsibility for ensuring the high quality of our professional services and supervision. To this end, KPMG Taiwan has taken a number of groundbreaking actions to enhance the quality of our audits this year.

We continue to innovate the audit technology and methodology at KPMG Clara by leveraging AI innovations to incorporate integrated data and analytics tools into the audit execution process, allowing for further automation and more accurate identification of audit risks. AI-integrated audit tools have not only enabled us to make significant changes in our audit techniques and good progress towards the digital audit field, but have also provided a better experience for our clients and employees, enhancing our ability to provide our clients with more insightful professional advice and value as well as improving our ability to anticipate audit risks.

The implementation of ESG performance indicators has also led to the expansion of our services into new audit fields, which has prompted our employees to develop their skills accordingly. This year, in addition to the continuous improvement of our existing audit expertise, we have focused on the Firm's

digital transformation strategy and the expansion of knowledge in new fields. We have invested a lot of resources in the series of courses on emerging digital technologies and ESG expertise to create a wealth of knowledge and energy, systematically cultivate our employees, and form multi-skilled audit teams to be fully capable of solving various significant and complex issues for our clients, and at the same time, we are able to face the ever-changing audit environment with ease. We consider ourselves to have a competitive edge in attracting talents in a labor market with limited resources of excellent talents.

2023 is also the first year of the full implementation of the new International Standard on Quality Management 1 (ISQM 1), and KPMG Taiwan is also building a more complete System of Quality Management (SoQM) for the Global Headquarters. The audit quality control has taken a new journey across the board. The compliance of the quality management system is not only procedural, but also demonstrates the continuous improvement and transformation of our quality standards, as well as the responsibility and results of the highest degree of independence, accountability, transparency, risk management and corporate governance.

This year, KPMG Taiwan was also subject to a joint audit by the FSC and the PCAOB to evaluate our performance and understand our audit quality in accordance with generally accepted auditing standards, and to provide us with valuable suggestions for improvement in the course of the audit. Under the strict audit mechanism of the competent authority, the Firm's pursuit of professional knowledge and audit quality, implementation, supervision and management can keep pace with the time, and meanwhile, there is more positive interaction and close cooperation with the competent authority.

At KPMG, our core values are the cornerstone of our culture of integrity, and they are the guiding principles that lead all of our employees to do what is right in their behavior and attitudes. We also care for our employees and create a friendly



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workplace. In this respect, the Firm conducts the annual global people survey (GPS), creates a Firm culture of two-way communication, and ensures that employees have a sound channel to express their opinions, so as to create a friendly, inclusive, and egalitarian workplace where the KPMG Value can be practiced thoroughly.

Audit quality is an ongoing commitment, and KPMG Taiwan will continue to share updates on our Audit Quality Journey. We welcome you to read this report to learn how KPMG is committed to delivering excellence in professional services and quality. You can also find the latest information on audit and assurance issues on the Firm's [website](#).

Throughout this document, "KPMG", "we", "our" and "us" refers to "KPMG in Taiwan".

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

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

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

Throughout this document, references to "Firm", "KPMG firm", "member firm" and "KPMG member firm" refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee. The overall governance structure of KPMG International Limited is provided in the 'Governance and Leadership' section of the KPMG International Transparency Report.

Steven Shih
CEO



Jeff Chen
Chairman

Audit Quality

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

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

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



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Our system of quality management is foundational for audit quality

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

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

KPMG International's global approach to SoQM and ISQM 1



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



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



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



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



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



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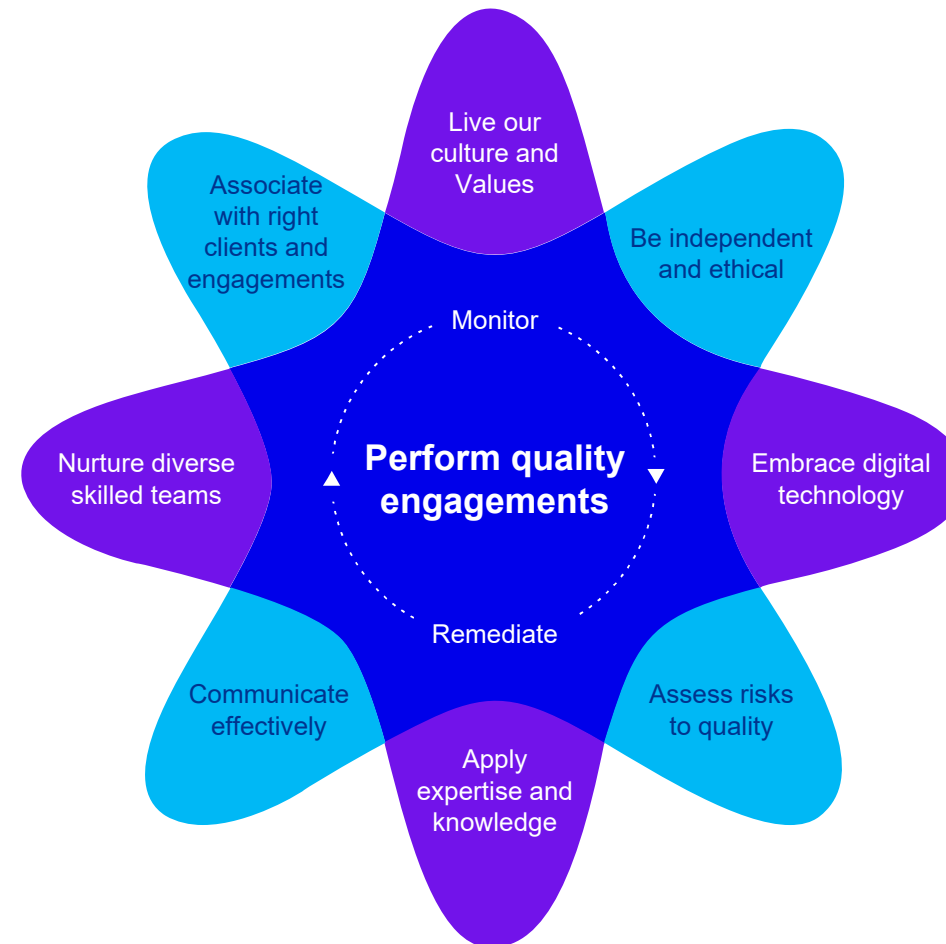
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In line with ISQM 1, our SoQM also aligns with the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA),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

Combined with our Firm's [Statement of effectiveness of system of quality management](#) section, 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



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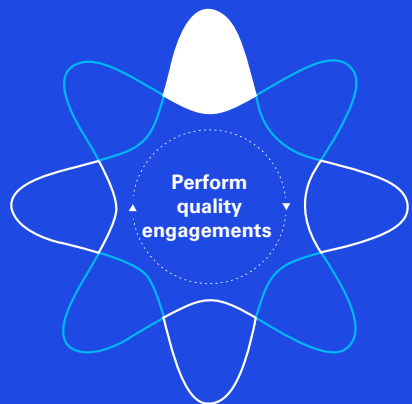
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Live our culture and values

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

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



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

2.1.1 Tone at the top

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

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

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

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

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

KPMG in Taiwan maintains an Ethics and Compliance Hotline that allows report to be made through an independent third-party provider.

We encourage use of the hotline when KPMG partners and employees feel uncomfortable reporting concerns about possible illegal, unethical, or improper conduct through normal channels or when the normal channels of communication are impractical or perceived as ineffective.

The hotline is available to external parties as well, and any person, including clients, vendors, and professionals from other KPMG firms working on any KPMG engagements, may file reports in two ways:

By calling the KPMG in Taiwan ethics hotline, 02 - 8758 9742, or internal extension number, 09000.

By accessing a web-based reporting system at: [TW-FM Ethics & Independence Dedicated mailbox](#)

Reports filed through the hotline are directed to our Ethic and Independence Partner (EIP) for review and, if necessary, assignment of appropriate firm resources for investigation and resolution. Reports are handled confidentially and anonymously to the extent allowable by law and consistent with the needs of a thorough investigation.

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



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The [KPMG International hotline](#) is also operated by Clear View Connects and can report your concerns in three ways:

- By calling a toll-free number (open 24 hours a day, 7 days a week)
- By accessing a web-based reporting system at www.clearviewconnects.com (select KPMG International)
- Via mail to the following address:
ClearView Connects
P.O. Box 11017
Toronto, Ontario M1E 1N0
Canada

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

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

2.1.2 The KPMG multidisciplinary model

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

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

2.2.1 Our business

KPMG in Taiwan is a professional services firm that delivers Audit, Tax and Advisory services. We operate out of 5 offices across the country and had an average of 2,722 partners and employees with a total of 134 partners and 2,588 employees as of December 31, 2023 (2022: total of 2,488 partners and employees with 144 partners and 2,344 employees).

Our audit services are delivered through KPMG in Taiwan. Full details of the services offered by KPMG in Taiwan can be found on our [website](#).

2.2.2 Our strategy

Our strategy is set by our Board and executed by Executive (Ex-Com) and demonstrates a commitment to quality and trust. Our focus is to invest significantly in the priorities that form part of the global strategy execution.

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

2.3.1 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.

Our Firm has agreed to seek input from the chair of the relevant Global Steering Group or their delegate on the performance of certain leaders within the firm whose role most closely aligns with the activities of the Global Steering Group. Input is sought as part of the annual performance process and is based on



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an assessment of the leader’s performance, which includes matters of public interest, audit quality and risk management activities.

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

In accordance with the principles in ISQM 1, our Chairman and CEO are the leaders who have ultimate responsibility for our SoQM.

Details of other and related measures taken by the Board to ensure that a culture of quality prevails within our Firm are set out in the “[Perform quality engagements](#)” section.

Setting the right tone is the key responsibility of our senior leadership team, which is committed to build a culture based on integrity, quality, objectivity and independence and ethics, demonstrated through their actions, written documents and video communications, as well as presentations to teams and one on one discussions. The focus and consistency of this message is important to reinforce our commitment to audit quality.

On every audit the engagement partner is responsible for the management and achievement of quality outcomes.

In our Firm, the Audit Quality Partners (AQPs) and Head of Audit (HoA), together with Firm Risk Management Partner (RMP) and dedicated group and functional RMPs, provide support and oversight to the performance of audits. Within the audit department, HoA and the group and functional RMPs are responsible for setting the framework for performance of high-quality audits, including expected attitudes and behaviors. Firm RMP, one of the most senior positions in our Firm, retains the overall operational responsibility for our system of quality and risk management.

● Risk Management Partner (RMP)

Our Firm’s Risk Management Partner (RMP) is responsible for the Firm’s direction and execution of risk, compliance and quality. The RMP is a member of KPMG in Taiwan’s Executive Committee (EX-Com) and has a direct reporting line to our

Senior Partner. The RMP consults, as appropriate, with the Senior Partner, the Regional Risk Management Partner, Global Quality & Risk Management (GQ&RM) resources, and the General Counsel or external counsel.

The fact that the role is an EX-Com member position, and the seniority of the reporting lines underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of partners and professionals in each of the functions.

● Ethics and Independence Partner (EIP)

The Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in our Firm and reports on ethics and independence issues to the RMP.

● The Audit, Tax and Advisory functions – Function Heads

The three heads of the client service functions (Audit, Tax and Advisory) are accountable to the Senior Partner for the quality of service delivered in their respective functions. They are responsible for the execution of the risk management and quality 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.

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, ethics and integrity;
- Developing and implementing an audit strategy that is aligned with the Firm’s audit quality requirements;
- Working with the RMP to monitor and address audit quality and risk matters as they relate to the Audit practice.



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● Audit Quality Efficiency platform (AQE)

In addition, within the Audit function, our Audit Quality Efficiency platform considered matters relating to maintaining and improving audit quality, including the detailed findings (and related actions) from our SoQM evaluation, external regulatory reviews, the internal Quality Performance Review program and other quality management programs, as well as papers on a range of issues designed to allow us to challenge ourselves in various aspects of audit quality and improvement.

● Committee structure

Our Firm consists of numbers of dedicated committees to providing sufficient oversight and resources to influence the audit quality and risk management. Further details about Firm’s governance bodies are contained in [Appendix A](#).



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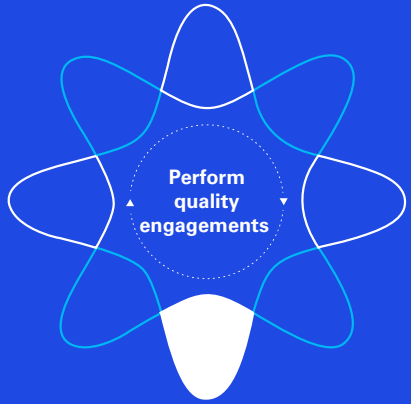
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Apply expertise and knowledge

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

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



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3.1 Methodology aligned with professional standards, laws and regulations

3.1.1 Consistent audit and assurance methodology and tools

We use KPMG International’s audit and assurance methodology, tools and guidance to drive a consistent approach to planning, performing and documenting audit procedures over key accounting processes.

Key elements include:

- Meet the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB), and the American Institute of CPAs (AICPA), and Taiwan Auditing and Assurance Standards;
- Risks of material misstatements and the necessary audit response;
- Used by all our audit and assurance professionals;
- Aligned to the International Standard on Assurance Engagements (ISAE) assurance products in response to the growth of ESG reporting;
- KPMG International’s interpretation of how to apply ISAs.

Our audit and assurance methodologies emphasize applying appropriate professional skepticism in the execution of procedures and require compliance with relevant ethical requirements, including independence.

3.2 Standardized methodology and guidance

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

3.3 Deep technical expertise and knowledge

3.3.1 Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit and is a key feature of our multi-disciplinary model. Our engagement teams have access to a network of KPMG specialists to consult– either within our Firm or in other KPMG firms. These specialists receive the training they need to ensure they have the competencies, capabilities, and objectivity to appropriately fulfil their role on our audits. They also receive a global annual update on global quality performance issues.

The need for specialists to be assigned to an audit engagement in areas such as information technology, tax, 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.

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

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

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



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KPMG professionals and enable upskilling on the new methodology and KPMG Clara workflow – Assurance.

3.4 Quality and risk management policies

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

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

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

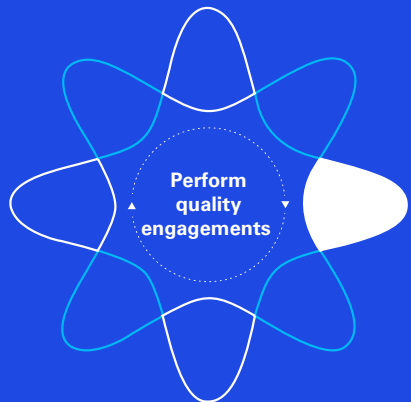
3.3.3 ESG Assurance quality

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

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

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

- Released a revised methodology for ESG assurance designed to be flexible and scalable, while enabling high-quality, globally consistent assurance engagement delivery that complies with assurance standards and aligns with our financial statement audit methodology. The scope of the execution guide is broader than ESG assurance and is also applicable for all ISAE 3000 assurance engagements;
- Delivered guidance to be used in conjunction with the methodology that is supported by standardized risks and procedures for Greenhouse gas assurance engagements;
- Released cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform – KPMG Clara – that provides our teams, and our clients, with a consistent user experience;
- Released learning curriculum to increase the foundational ESG literacy of



Embrace digital technology

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

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



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4.1 KPMG Clara

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

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

4.2 Intelligent, standards-driven audit and assurance workflows

At our Firm, all professionals are expected to adhere to KPMG International and our Firm's policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. Our policies and procedures set for audit and assurance engagements incorporate the relevant requirements of accounting, auditing, assurance, ethical and quality management standards, and other relevant laws and regulations.

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

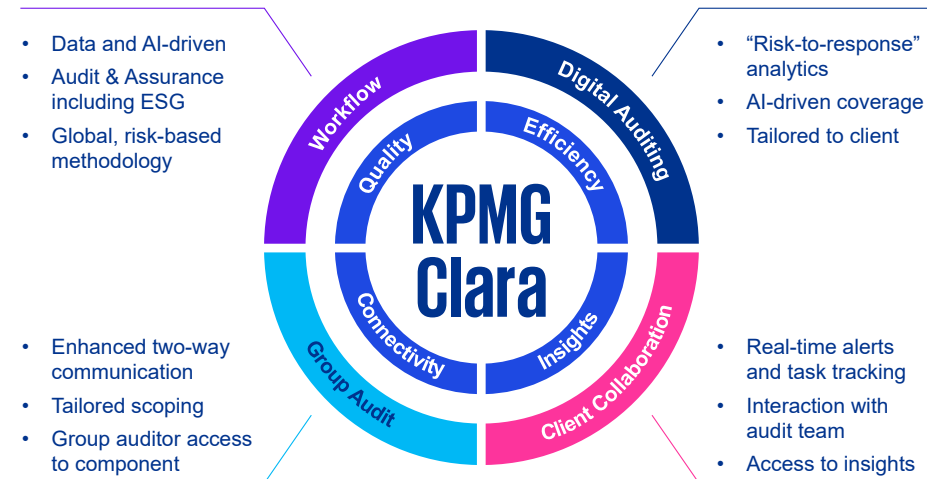
4.3 Digital data and emerging technologies

Our vision of the future

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

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

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



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4.3.1 Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms, including the KPMG Global Code of Conduct.

We have policies on information security, confidentiality, personal information, and data privacy. We have a document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with applicable laws, regulations, and professional standards.

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



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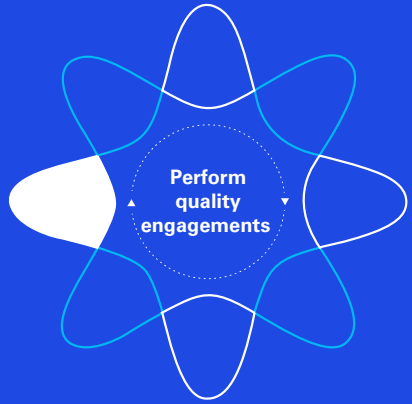
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Nurture diverse skilled teams

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

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



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

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

5.1.1 Recruitment

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

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

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

When individuals are recruited for senior level positions, a formal independence discussion is conducted by the Ethics and Independence Partner or a delegate. We do not accept any confidential information belonging to the candidate's former firm/employer.

5.1.2 Inclusion, diversity and equity programs

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

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

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

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

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

5.1.3 Reward and promotion

KPMG in Taiwan has compensation and promotion policies that are informed by market data, clear, simple, fair and linked to the performance review process. This helps our people know what is expected of them, and what they can expect to receive in return, including audit quality accountabilities outlined in globally consistent audit role profiles and the audit quality goal. The connection between performance and rewards is achieved through calibration meetings where relative 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 Global People Survey, with action plans developed as required.

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



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5.2 Assign an appropriately qualified team

At KPMG we have policies, procedures and controls in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement.

Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity – based on an annual partner portfolio review – to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit teams generally comprise an audit partner, a manager, an in-charge senior accountant, and junior team members. Larger engagements often have more than one audit partner to support the signing partner. With multinational audits, appropriately capable audit partners and staff are assigned from the relevant KPMG member firms.

Audit partners are responsible for determining their engagement teams have appropriate competencies, training and capabilities, including time to perform audit engagements in accordance with our methodology, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from within 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 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.

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

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

We provide our professionals with training on a wide range of technologies to help ensure that our field professionals not only meet the highest professional standards but are also upskilled in new technology. With this approach we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

We are committed to advancing the audit profession by offering the training and experience our people need to accelerate their careers in a data-driven world.

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

5.4.1 Commitment to technical excellence and quality service delivery

All of our professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and partners in DPP who have extensive experience in audit, reporting and risk



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management, for consultation. Where the right resource is not available in our Firm, we access a network of highly skilled professionals in other KPMG firms.

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

5.4.2 Lifetime learning strategy

Formal training

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

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

We deploy a variety of learning solutions that are designed to reinforce the KPMG Values and ensure our audit professionals get the fundamentals right, develop the necessary skills and attitudes to make appropriate judgments and apply professional skepticism that enhance audit quality and the value of audit.

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. We also provide courses to enhance personal effectiveness and develop leadership and business skills.

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

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

5.4.3 Licensing

All KPMG professionals in our Firm are required to comply with applicable professional licensing rules and satisfy the Continuing Professional Development (CPD) requirements of in jurisdiction where they practice. KPMG's policies and procedures are designed to facilitate compliance with license requirements. We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the financial reporting framework applicable to the engagement.

The CPA assistance program

The Certificated Public Accountants (CPA) qualification represents a fundamental level of professionalism and ethics for accounting and auditing professionals. It forms the foundation of our partners' and staffs' knowledge of the audit profession, business and ethics, and is a solid testament to the professional standards recognized by the business community, regulators and the public.

To help staffs obtain this professional qualification, KPMG in Taiwan requires professional staffs at the senior manager level who provide audit professional services to have the CPA license. Our CPA Assistance Program is designed to prepare and assist auditing professionals who wish to take the relevant courses to pass the CPA Exam.

We engaged local professional institutes to provide online cloud-based ROC CPA Pre-Exam training sessions for audit staffs annually and will continue to provide staffs with the necessary support and resources to help them obtain their licenses.

5.4.4 Mandatory requirements – U.S. GAAP engagements

KPMG has specific assignment requirements for engagements where the financial statements of financial information is prepared in accordance with U.S. GAAP and/or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR).



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These require that at a minimum, all Audit and IT Audit partners, managers, engagement in-charges, and if appointed, Engagement Quality Control (EQC) reviewers assigned to such engagements have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

5.5 Recognize quality

5.5.1 Personal development

KPMG's approach to performance development, 'Open Performance Development', is built around the 'Everyone a Leader' performance principles and the approach includes:

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

Open Performance Developments 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.

KPMG in Taiwan considers quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners who are able to assess performance.



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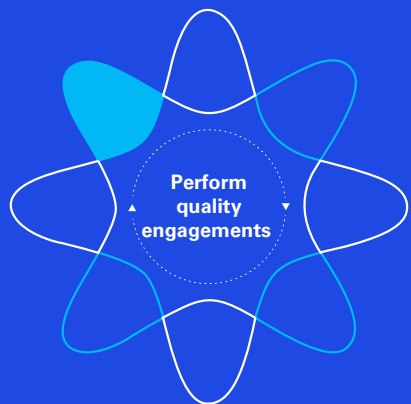
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Associate with the right clients and engagements

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

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



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6.1 Global client and engagement acceptance and continuance policies

KPMG International's global client and engagement acceptance and continuance systems 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.

6.2 Accept appropriate clients and engagements

6.2.1 Client evaluation

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

6.2.2 Engagement evaluation

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

- Potential independence and conflict of interest issues;
- Intended purpose and use of engagement deliverables;
- Public perception;
- Where 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 documented and resolved prior to acceptance.

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

6.2.3 Continuance process

We undertake an annual re-evaluation of all audit clients to identify risks in relation to continuing 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.

6.2.4 Withdrawal process

When we come to a preliminary conclusion that indicates we should withdraw from an engagement or from a client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities with respect to that relationship. We also consider further communication with those charged with governance and any other appropriate authority as required under professional obligations.



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6.3 Manage portfolio of clients

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

Our Firm’s engagement partners are responsible for determining that members of the engagement team collectively have the appropriate competence and capabilities, including sufficient time, to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements. For more information, see [Assign an appropriately qualified team](#).



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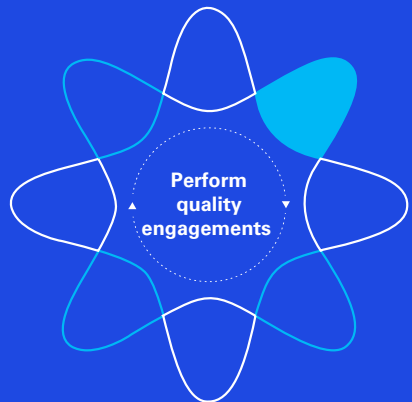
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Be independent and ethical

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

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



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7.1 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.

7.2 Maintain an objective, independent and ethical mindset

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

Policies are supplemented to help ensure compliance with Taiwan professional standards and regulations as well as the requirements of United State Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB), as applicable.

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

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

7.2.1 Personal financial independence

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

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

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

7.2.2 Employment relationships

Any KPMG professional providing services to an audit or assurance client irrespective of function is required to notify the lead audit engagement partner and firm's 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.

7.2.3 Firm financial independence

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



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KPMG’s independence compliance system records direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds.

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

On an annual basis, we confirm compliance with independence requirements as part of the global KPMG Quality & Compliance Evaluation program.

7.2.4 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.

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

All prospective business relationships with audit client are evaluated to identify potential auditor independence and conflicts of interest issues. A relationship involving a third-party service provider – that a KPMG firm may use to assist with client engagements or other purposes – is also required to be evaluated to determine whether the third party has the competence to provide the relevant services. The individuals providing the services are required to confirm they understand and will comply with applicable ethics and independence requirements, and they are also required to complete ethics training. Third parties providing services to audit or assurance clients are required to complete independence training.

7.2.5 Independence training and confirmations

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

We also provide all partners and employees with annual training on [Global Code of Conduct](#).

7.2.6 Non-audit services

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

KPMG’s mandatory conflicts and independence checking system supports or 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 publicly traded and certain other audit clients including their related entities/affiliates. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

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



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7.2.7 Fee dependency

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

7.2.8 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' or employees' ability to be objective or otherwise act without bias.

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

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

7.2.9 Independence breaches

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

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

7.2.10 Partner rotation

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

7.3 Have zero tolerance of bribery and corruption

We have zero tolerance of bribery and corruption.

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

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



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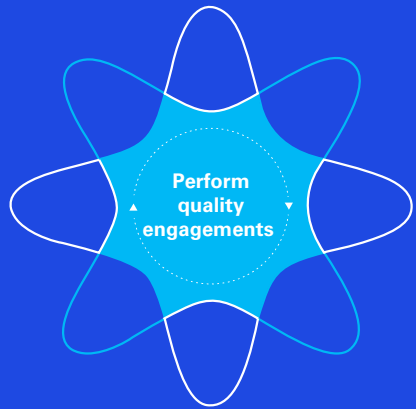
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Perform quality engagements

- 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.



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8.1 Consult when appropriate

8.1.1 Encouraging a culture of consultation

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

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

8.1.2 Technical consultation and global resources

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

Global Audit Methodology Group (GAMG)

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

KPMG Global Solutions Group (KGSG)

Develops and deploys global audit and assurance solutions, including new technology and automation innovations.

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

International Standards Group (ISG)

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

PCAOB Standards Group (PSG)

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

KPMG firm professional practice resources

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

8.2 Critically assess audit evidence, using professional judgment and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit, including contradictory or inconsistent audit evidence.

Each team member needs to exercise professional judgment and maintain professional skepticism throughout the audit engagement. Professional skepticism involves a questioning mind and remaining alert to contradictory, or inconsistencies in, audit evidence. Professional judgment encompasses the need to be aware of and alert to biases that may pose threats to sound judgments.



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8.3 Direct, coach, supervise and review

8.3.1 Embedding ongoing coaching, supervision and review

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

8.3.2 Engagement quality control (EQC)

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

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

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

We are continually seeking to strengthen and improve the role that the EQC review plays in audits and has taken a number of actions to reinforce this, including issuing best practice guidance, incorporating specific review requirements into our audit workflow, and developing policies relating to recognition, nomination and development of EQC reviewers and ensuring that sufficient time has been allocated to the role within the partner's workload forecast as part of the annual portfolio review.

8.4 Appropriately support and document conclusions

8.4.1 Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained.

In preparing auditors' reports, engagement leaders have access to extensive reporting guidance and technical support through consultations with our Department of Professional Practice, especially where there are significant matters to be reported to users of the auditors' report (e.g., a modification to the opinion paragraph).

8.4.2 Engagement documentation

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



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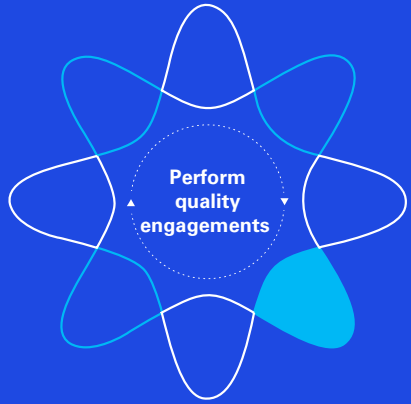
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Assess risks to quality

- Identify and understand risks to quality and implement effective responses



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9.1 Identifying risks to quality and implement effective responses

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

The consistent global approach:

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

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



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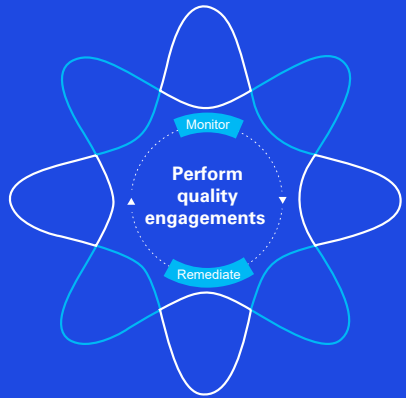
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Monitor and remediate

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

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



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10.1 Rigorously monitor and measure quality

10.1.1 Commitment to continuous improvement

KPMG firms have committed to continually improving 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.

10.1.2 Internal monitoring and compliance programs

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

The programs evaluate:

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

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

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

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

Audit Quality Performance Review (QPRs) program

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

Risk based approach

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

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

Evaluations from Audit QPR

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

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

For the five-year period ended September 30, 2023, our program has not identified any issues considered to have a material effect on the conduct of the firm's audit practice. Like most companies with quality review programs, we identify areas for continuous improvement. Where warranted we conduct formal root cause analysis over audit quality issues and design remedial actions that are responsive to the underlying root causes. These actions include the enhancement of policies and guidance, communications and training for our partners, managers and staff.



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KPMG Quality & Compliance Evaluation (KQCE) program

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

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

Global Quality & Compliance Review (GQCR) program

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

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

Internal monitoring and compliance program reporting

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

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

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

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.

10.2 Obtain, evaluate and act on stakeholder feedback

10.2.1 Regulators

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 regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions.

Financial Supervisory Commission R.O.C (Taiwan) (FSC)

Based on the Article 19 of Certified Public Accountant Act, the FSC has the right to inspect our Firm's business and financial position, including our internal quality performance review program and proposing the relevant improvement suggestions. To promote efficiency, FSC and Public Company Accounting Oversight Board (PCAOB) implement triennial joint inspection. The most recent general inspection was conducted in 2023, with the FSC and PCAOB issuing inspection results reports in February and June 2024, respectively.



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Public Company Accounting Oversight Board (PCAOB)

Considering audit clients of our Firm include SEC registrants, we are also registered with Public Company Accounting Oversight Board (PCAOB) in the United- States. The PCAOB performs inspections of registered public accounting firms and conducts investigations and disciplinary proceedings. KPMG in Taiwan is subject to the inspection processes of the PCAOB. As a SEC Registered audit firm with less than 100 SEC listed audit clients, KPMG in Taiwan was subject to triennial inspection by PCAOB.

The PCAOB's reports are presented in two parts. Part I is a public document containing observations relating to specific engagements reviewed by the PCAOB. Part II is a private document containing the PCAOB's observations regarding our quality control systems related to audit performance and firm-wide functions. This part of the report will be made public only to the extent that any of the POAOB's comments and observations have not been adequately addressed with 12 months of the date of the report.

We are committed to responding to all reports on a timely basis. The inspection reports for KPMG in Taiwan are available on PCAOB's website at: [Firm Inspection Reports | PCAOB \(pcaobus.org\)](https://www.pcaobus.org/Reports)

The National Federation of Certified Public Accountants Association (CPA Associations)

KPMG in Taiwan undergoes an external scheduled peer reviews that is conducted by the National Federation of Certified Public Accountants Association once every five years. This review is conducted in response to the request of the Securities and Futures Bureau (SFB)(organized by FSC (Financial Supervisory Commission R.O.C. (Taiwan))) of Taiwan to conduct a quality review program. If the year of joint inspected by FSC and Public Company Accounting Oversight Board (PCAOB) and the scheduled inspection year of CPA Association are encountered, we will apply CPA Associations inspection postponed for two years. Both firm wide and engagements quality issues are inspected respectively.

10.2.2 Client feedback

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

10.2.3 Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures require that we investigate, documents and deals appropriately with complaints and allegations.

10.3 Perform root cause analysis

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

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

Our HoA is responsible for audit quality, including the remediation of audit quality issues. Our Firm's RMP monitors the remediation plan(s) implementation.

Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public- Companies, Article B



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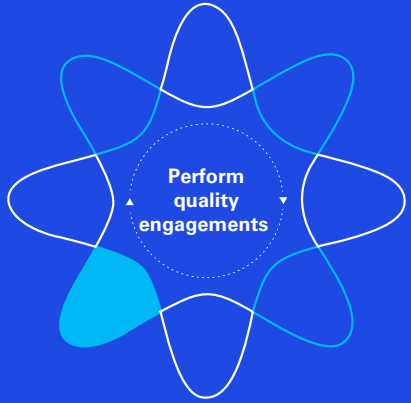
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Communicate effectively

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

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



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

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

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

Global IFRS Institute

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

11.2 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, KPMG in Taiwan personnel are invited to participate in 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, KPMG in Taiwan 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 KPMG in Taiwan and KPMG International leadership with insights related to quality and risk behaviors, upholding the KPMG Values, 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 Head of Audit and Audit Committee on an annual basis for consideration of appropriate remedial action, if needed.



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As of December 31, 2023, the Firm’s audit and non-audit service information as a percentage of total operating revenues, broken down by categories of public and non-public companies, is presented below:

Company category	Audit service revenue (%)	Non-audit service revenue (%)
Public	28.8%	19.8%
Non-public	13.6%	37.8%
Total	42.4%	57.6%

Note:

- Audit service revenue includes financial statement audit service.
- Non-audit service revenue includes tax compliance, assurance, consultation and other services.
- Entities involving revenue incomes of KPMG in Taiwan include: KPMG in Taiwan; KPMG Assurance Services Co., Ltd.; KMG Advisory Services Co., Ltd.; KPMG Deal Advisory Ltd.; KPMG Cybersecurity Co., Ltd.; KPMG Sustainability Consulting Co., Ltd.; KPMG Ltd.; KPMG Pharmaceutical and Life Science Consulting Co., Ltd.; KPMG Carbon Resource Assurance and Advisory Services Co., Ltd.; KPMG Real Estate Advisory Co., Ltd.



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The remuneration for partners at KPMG in Taiwan consists of Base Pay and Performance Bonus. The Board is responsible for setting and overseeing this process, and for approving the final distribution to the partners.

Our policies for this variable element of partner remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG Values. Audit partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.

There are two elements to partner remuneration:

- A proportion of KPMG in Taiwan's budgeted profits are allocated to partners as base component, this is effectively partner salary. The amount of base component reflects the role, sustained performance and expectations of each partner; and
- Profit-related performance component rewards performance in the year by each partner against individual objectives previously agreed and the overall profits of their part of KPMG in Taiwan as a whole.



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14.1 Legal structure

In many parts of the world, regulated businesses (such as accounting 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 that is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

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

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

KPMG is the registered trademark of KPMG International and is the name by which KPMG 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 Limited and the KPMG member firms are not a global partnership, single firm, multinational corporation, joint venture, or in 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 legal and governance arrangements for the KPMG global organization can be found in section 'Governance and leadership' of the [KPMG International Transparency Report](#).

14.2 Responsibilities and obligations of KPMG firms

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

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



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14.3 Professional indemnity insurance

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

14.4 Governance structure

KPMG Internationals governance bodies are comprised of the Global Council, the Global Board (including its committees), the Global Management Team and Global Steering Groups. Further details on KPMG International’s governance structure can be found in the [KPMG International Transparency Report](#).



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

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

KPMG International Limited has quality management policies and procedures that all KPMG member firms have agreed to comply with and aim to support the consistent performance of quality engagements. See [KPMG International's Transparency Report](#) for further details.

KPMG also outlines how its System of Quality Management supports the consistent performance of quality engagements in its [KPMG in Taiwan Transparency Report](#).

Integrated quality monitoring and compliance programs enable KPMG 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 performs its annual evaluation of the System of Quality Management, KPMG 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 of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

Jeff Chen, Country Senior Partner
30 November 2023



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Appendix A

Our structure and governance

The principal governance and oversight body of KPMG in Taiwan is our Board, which provides leadership to our Firm, and is responsible for our long-term growth and sustainability, setting our strategy and overseeing its implementation, monitoring the performance against our business plan, and protecting and enhancing the KPMG brand.

Ex-Com is composed of the CEO and the executive members within the management structure of KPMG in Taiwan. The management structure of our Firm is planned by the CEO and submitted to the Board for approval. The Ex-Com was established to be responsible for business development and planning, and the CEO is responsible for the implementation. In the event of any risk management and audit quality-related issues, the Risk & Independence Committee will report to the Ex-Com.



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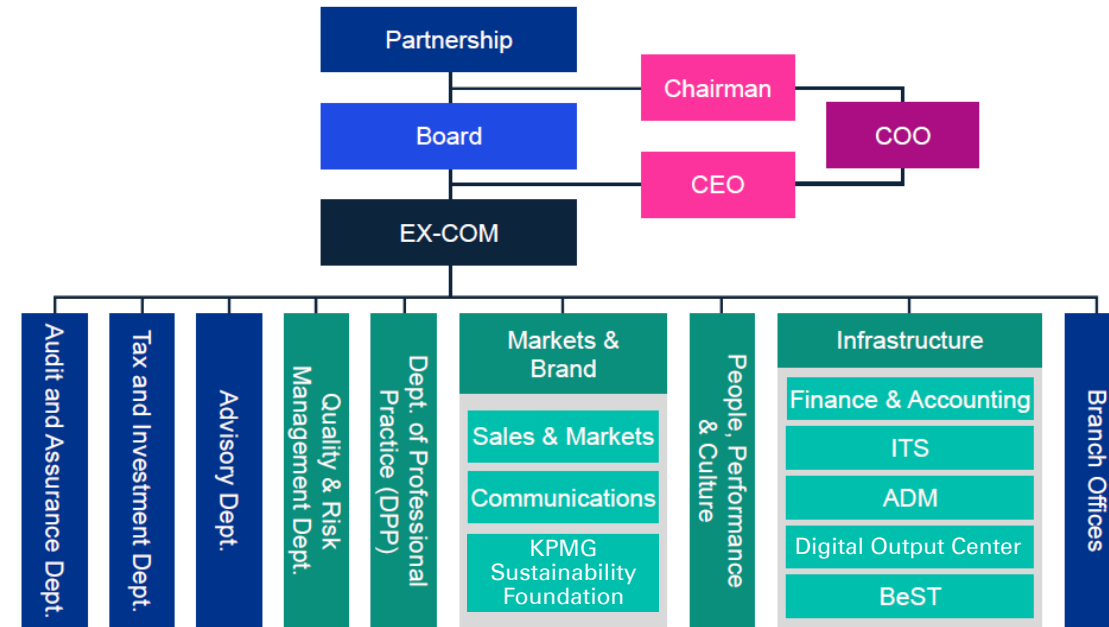
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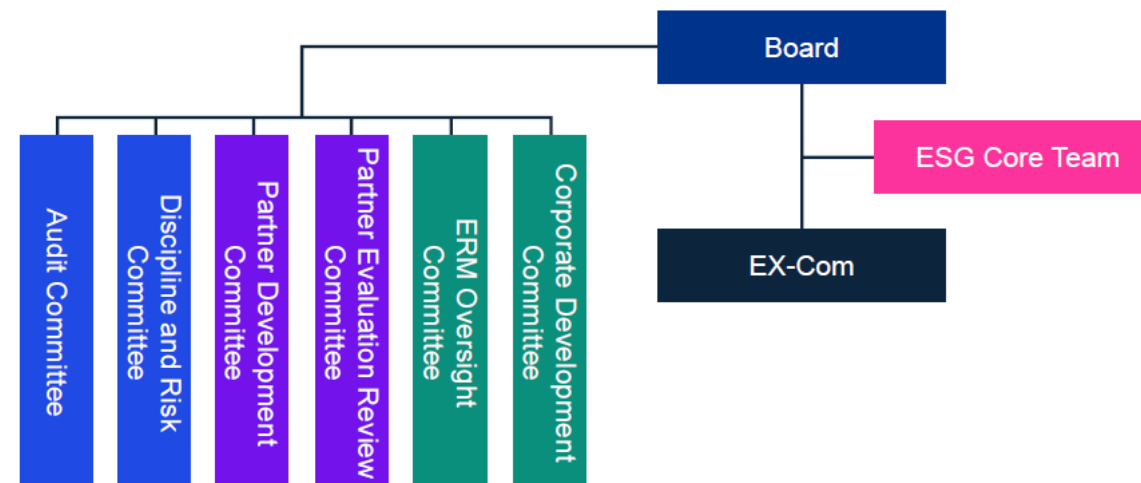
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The CEO shall be discharged automatically on the expiration date of each term of the Board, which means every Ex-Com’s term shall not be longer than the term of the current CEO.



For the part of the governance structure, our Firm has established some committees to report to the Board. The Discipline and Risk Committee and Audit Committee are the parts related to risk management and audit quality issues.



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Board members and Ex-Com members

The Board shall be composed of the Chairman and eight Directors elected by the Partners Meetings. The board members shall perform their duties faithfully and exercise due diligence as a goodwill manager. 18 meetings (11 general meetings and 7 informal meetings) were convened as of December 31, 2023

The members of the Board as of December 31, 2023, are:



Jeff Chen
Chairman



Maggie Chang



Vincent Chang



Fion Chen



Pearl Chen



Sandra Chou



Daisy Kuo



Steven Shih



Rita Yu

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The members of the Ex-Com as of December 31, 2023, are:



Lin Wu
CEO



Sherry Chang
Deputy CEO &
Spokesperson



Steven Shih
Deputy CEO



Sandra Chou
Head of Audit



Hazel Chen
Head of Tax



Jason Hsieh
Head of
Advisory



Johnny Chang
Head of Branch
Office



Victor Wang
RMP



Celia Chen
Head of DPP



Leo Chi
Head of
Markets



Daisy Kuo
Head of
Communication



Stella Huang
Head of PPC



Sandra Lin
CFO



Lillian Lien
COO



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The propose of transition, the new CEO Steven Shih was appointed by the Chairman at the Board Meeting for approval in late November 2023. Our Firm has consulted KPMG International before the appointment. The CEO and the members of Ex-Com took their offices on January 1, 2024.

Current members of the Ex-Com as of January 1, 2024, are:



Steven Shih
CEO



Daisy Kuo
Deputy CEO



Jacky Chen
Deputy CEO



Sandra Chou
Head of Audit



Hazel Chen
Head of Tax



Jason Hsieh
Head of
Advisory



Victor Wang
RMP



Grace Lu
Head of DPP



Leo Chi
Head of Markets



Ken Tang
Head of
Communications
& Spokesperson



Phyllis Chang
Head of PPC



Sandra Lin
CFO



Swimming Hsu
COO



Wayne Lai
CDO

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Our History

When the industrial revolution of the late eighteenth and nineteenth century helped transform accounting into a profession, KPMG's founding fathers were center stage, pioneering the industry. Further details are available on our [official website](#).

1891

William Barclay Peat (the P in KPMG) started his career in accountancy at just 17, working for Robert Fletcher & Co. He quickly rose through the ranks, and in 1891, Peat assumed leadership of the firm, and renamed it William Barclay Peat & Co.

1897

In 1897, the US firm Marwick, Mitchell & Company got its start in New York City. The company was formed by **James Marwick (the M in KPMG)** and Roger Mitchell – both Scottish immigrants. It wasn't easy establishing a firm in the city – many thought there was no place or need for accountants, but the two soon built a strong reputation.

1917

Meanwhile, in 1917 **Piet Klynveld (the K in KPMG)** opened small accounting firm in Amsterdam. Jaap Kraayenhof joined and firm became Klynveld Kraayenhof & Company (KKC). By the time Klynveld passed away in 1946, he left behind the largest accounting firm in the Netherlands.

1953

The last of our founding fathers, **Reinhard Goerdeler (the G in KPMG)** came into the story almost half a century later in 1953, when he joined Deutsche Treuhand-Gesellschaft (DTG).



KPMG operates worldwide. To search for the nearest member firm office near you, phone and address of global member firm offices are available on the [office locations](#) of KPMG Global website.



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KPMG in Taiwan is part of the KPMG global organization of professional services firms, providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate. The locations of our offices are as follows:

- 1952

Founded by Mr. Andrew Chang.
- 1971

Associated with Peat Marwick Mitchell & Co. (PMM), becoming the longest-standing international accounting and professional consulting service organization in Taiwan.
- 1978

Became a member firm of Peat Marwick International (PMI), a global accounting firm providing professional advisory services.
- 1987

Became a member of KPMG in Taiwan after the worldwide merger of PMI and Klynveld Main Goerdeler (KMG).
- 1999

Merged with Taiwan member firm of Coopers & Lybrand.
- 2005

KPMG Assurance Services Co., Ltd.
- 2009

Renamed in response to the amendment of the Certified Public Accountant Act.
- 2013

KPMG Sustainability Consulting Co., Ltd.
- 2014

Established strategic alliance with KPMG Law Firm.
- 2015

KPMG Deal Advisory Limited.
- 2017

KPMG Pharmaceutical and Life Science Consulting Co. Ltd.
- 2020

KPMG Cybersecurity Co.
- 2022

KPMG Carbon Resource Assurance and Advisory Services Co., Ltd.
- 2023

KPMG Real Estate Advisory Co., Ltd.



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KPMG LLP and a list of affiliated entities as at 2023/12/31.

No.	Name of entities
1	KPMG in Taiwan
2	KPMG Advisory Services Co., Ltd.
3	KPMG Ltd.
4	KPMG Assurance Services Co., Ltd.
5	KPMG Sustainability Consulting Co., Ltd.
6	KPMG Deal Advisory Ltd.
7	KPMG Pharmaceutical and Life Science Consulting Co., Ltd.
8	KPMG Cybersecurity Co., Ltd.
9	KPMG Carbon Resource Assurance and Advisory Services Co., Ltd.
10	KPMG Real Estate Advisory Co., Ltd.



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Appendix B

Public held audit clients

The list of public held audit client for KPMG in Taiwan has carried out statutory audits in the year ended December 31, 2023 is given below.

Capital marketplaces	Entities
Taiwan Stock Exchange (TWSE)	226
Taipei Exchange (TPEX)	172
Emerging Stock Market	75
Public Entities	53
US SEC listed entities	1

KPMG LOBs & Sectors Taxonomy	Entities
Technology Media and Telecommunications (TMT)	262
Infrastructure, Government and Healthcare (IGH)	119
Industrial Markets (IM)	54
Financial Service (FS)	26
Consumer & Retail (C&R)	34
Miscellaneous	31



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