



Meeting our reporting requirements

In respect of the year ended 30 September 2024

January 2025 | kpmg.com/uk/ourimpact



Introduction

KPMG in the UK's 2024 Transparency Report provides information about our firm's governance, culture, relentless focus on quality, and processes for risk management. Whilst KPMG is a multi-disciplinary firm, the report is primarily focused on our Audit practice and the policies and programmes we have in place to support audit quality.

The information disclosed relates to KPMG in the UK's activities as at 30 September 2024, and demonstrates compliance with the following reporting requirements:

- Audit Firm Governance Code (Revised 2022).
- Article 13 (Transparency Report) of Regulation (EU) No 537/2014 of the European Parliament and of the Council – as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019.
- The Local Auditors (Transparency) Regulations 2020.
- Consultative Committee of Accountancy Bodies Voluntary Code of Operative Practice on Disclosure of Audit Profitability (March 2009).
- The FRC's principles for operational separation of the audit practices of the Big Four firms.

The pages that follow provide an overview of where information in response to each requirement can be found.



Jon Holt / Group Chief Executive & UK Senior Partner

For and on behalf of KPMG LLP

29 January 2025



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Audit Firm Governance Code (2022)

The FRC published an updated [Audit Firm Governance Code \(2022\) \(the Code\)](#) which supersedes the 2016 Code and is applicable for financial years beginning on or after 1 January 2023. This 2022 Code has therefore been applied to KPMG in the UK's 2024 Transparency Report (this report).

A: Leadership

Principles

- A. A firm's Management¹ and governance structures should promote the long-term sustainability of the firm. To this end, the Management of a firm should be accountable to the firm's owners.
- B. A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management. There should be a clear division of responsibilities between a firm's governance structures and its Management. No one individual or small group of individuals should have unfettered powers of decision.
- C. A firm's Management should demonstrate its commitment to the public interest through their pursuit of the purpose of this Code and regular dialogue with the INEs. Management should embrace the input and challenge from the INEs (and ANEs).
- D. The members of a firm's Management and governance structures should have appropriate experience, knowledge, influence and authority within the firm, and sufficient time, to fulfil their assigned responsibilities.
- E. The Management of a firm should ensure that members of its governance structures, including owners, INEs and ANEs, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.

¹ A firm's most senior executives, responsible for running the business.

² A firm's most senior governance body.

| Provisions | 2024 response |
|--|---|
| 1 A firm should establish a Board ² or equivalent governance structure to oversee the activities of Management. | Contained in the LLPA. |
| 2 At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm. | Refer to: UK Board Terms of Reference. |
| 3 The chair of the Board should not also chair parts of the Management structure or be the managing partner | Chair and CEO role separate. |
| 4 A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures. | Refer to: UK Board UK ExCo Terms of Reference. |
| 5 A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management. | The Chair is the "third pen" for Board Members. Refer to: UK Nominations Committee Terms of Reference (this will be overseen by the Group Remuneration Committee from 1 October 2024). |
| 6 The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to reelection or re-selection. | Annual performance reviews. The Terms of Reference include term limits. |

Audit Firm Governance Code (2022)

Continued

| Provisions | 2024 response |
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| 7 There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. ³ A firm should consider having a regular externally-facilitated board evaluation at least every three years. | Internal Assessments annually, including external assessment every three years. |
| 8 Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management. | Regular MI packs provided to the PIC and AB. Terms of Reference also give members the authority to have access to any information required. |

| Provisions | 2024 response |
|---|---|
| 9 A firm should disclose in its annual transparency report: | |
| a) the names and job titles of all members of the firm's governance structures and its Management. | Refer to: Governance ("Members" sub-sections). |
| b) a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant ⁴ biographical details. | Refer to: Governance : <ul style="list-style-type: none"> – "Role" sub-sections – "Members" sub-sections – "Terms of Reference" sub-sections – "Meeting attendance" section |
| c) a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code's purpose. If elements of the Management and/or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code's purpose achieved in the UK. | Refer to: Governance : <ul style="list-style-type: none"> – "Legal structure" section – "Role" sub-sections – "Terms of Reference" sub-sections |
| d) an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice. | The Terms of Reference contain detail on decision making, no one individual has unfettered powers. The role of Board Members, including their ability to provide effective challenge and support to the executive is set out in the Elected Member Role Description. A copy of this is provided to every Board Member upon their induction. |

³ See Provision 29.

⁴ Relevant being judged by reference as to the Code's purpose



Audit Firm Governance Code (2022)

Continued

B: People, Values and Behaviour

Principles

- F. A firm is responsible for its purpose and values and for establishing and promoting an appropriate culture,⁵ that supports the consistent performance of high-quality audit, the firm's role in serving the public interest and the long-term sustainability of the firm.
- G. A firm should foster and maintain a culture of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work in a way that takes the public interest into consideration.
- H. A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the purpose and Principles of this Code.

Provisions

2024 response

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| 10 | A firm's Board and Management should establish the firm's purpose and values and satisfy themselves that its purpose, values and culture are aligned. If a firm's purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK. | UK Board Terms of Reference. |
| 11 | A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it. | KPMG in the UK's Code of Conduct can be found here . Refer to: UK Board and Public Interest Committee Terms of Reference. |
| 12 | A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures. | Ongoing communications linked to our culture to all staff and partners. Ethical Health Report and Ethics Programme tabled quarterly at the UK Board. |
| 13 | A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture. | Speak up/whistleblowing. Ethics Champions. Anti-retaliation tool. |
| 14 | A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports. | Refer to: Governance (Key performance indicators for our governance system). |

⁵ Consistent with the requirements of Provision A.1.1 of the 2019 Revised Ethical Standard for Auditors.

Audit Firm Governance Code (2022)

Continued

| Provisions | 2024 response | Provisions | 2024 response |
|---|--|--|--|
| 15 A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate cultures underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action. | <p>The Culture dashboard includes KPIs tabled regularly at the UK Board.</p> <p>Monitoring by Culture Steerco.</p> <p>Refer to: Public Interest Committee and Audit Board Terms of Reference.</p> | 18 INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people. | INEs and ANEs receive updates of the Global People Survey and Pulse Surveys. There is an annual INE and ANE engagement plan agreed. |
| 16 A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process. | <p>Regional visits by ExCo Members and by INEs and ANEs.</p> <p>There is direct engagement between the Public Interest Committee Members and Audit Board Members and Ethics Champions.</p> | 19 A firm should disclose in its annual transparency report a description of how: | |
| 17 INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process. | <p>Refer to: Public Interest Committee Terms of Reference and Audit Board Remuneration Committee Terms of Reference.</p> <p>The Chief People Officer also presents on people related policies and procedures at the Public Interest Committee meeting.</p> | <p>a) it engages with its people and how the interests of its people have been taken into account in decision making.</p> <p>b) opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code.</p> | <p>Refer to: "We listen, learn and evolve" section of People and Culture. Management information from sources such as our Global People Survey, Pulse surveys and Culture Amp is part of the firm's decision-making framework that's referenced on all recommendations or approvals being sought by the UK Board.</p> <p>Refer to:</p> <ul style="list-style-type: none"> – Quality control and risk management (Principal risks). – People and culture. |

Audit Firm Governance Code (2022)

Continued

C: Operations and Resilience

Principles

- I. A firm should promote a commitment to consistent high-quality audits and firm resilience in the way it operates. To these ends, a firm should collect and assess management information to evaluate the effectiveness of its policies and procedures and to enhance its operational decision-making.
- J. A firm should establish policies and procedures to identify, assess and manage risk, embed the internal control framework and determine the nature and extent of the principal risks the firm is willing to take while working to meet the purpose of this Code.
- K. A firm should communicate with its regulators in an open, cooperative and transparent manner.
- L. A firm should establish policies and procedures to ensure the independence and effectiveness of internal and external audit activities and to monitor the quality of external reporting.

Provisions

2024 response

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| 20 | A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly. | This is in line with our normal business activity but is supported by our Values, Engaging with Regulators Policy and Code of Conduct. |
| 21 | A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems. | This is managed by our Regulatory Affairs and Oversight Team and Audit Regulatory and Compliance Teams. |
| 22 | A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information. | Refer to: Emerging Risk Management (ERM) framework which is reported regularly at various governance meetings. This is also included in monthly MI reports. |
| 23 | A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK. | Refer to: Governance (Audit Committee – Terms of Reference). With effect from 1 October 2024, this will be the role of the UK Audit and Risk Committee. |
| 24 | A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems. | Refer to: the UK Risk Committee (with effect from 1 October 2024, this will be the role of the UK Audit and Risk Committee). |

Audit Firm Governance Code (2022)

Continued

| Provisions | 2024 response | Provisions | 2024 response |
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| 25 A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment. | Refer to: the Risk Committee Terms of Reference (with effect from 1 October 2024 this will be the role of the UK Audit and Risk Committee). Audit Board and Public Interest Committee Terms of Reference. | 28 The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report: | The Board has considered the disclosures within the 2024 Transparency Report and considers the report to be fair, balanced and understandable and in compliance with the 2022 Audit Firm Governance Code. |
| 26 A firm should publicly report how it has applied the Principles of this Code, and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code. | Refer to: the Risk Committee Terms of Reference (with effect from 1 October 2024 this will be the role of the UK Audit and Risk Committee). Audit Board and Public Interest Committee Terms of Reference. | a) a commentary on its performance, position and prospects. | Refer to the report of the Chief Executive. |
| 27 A firm should explain who is responsible for preparing the financial statements and the firm's auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701. | Refer to: the Risk Committee Terms of Reference (with effect from 1 October 2024 this will be the role of the UK Audit and Risk Committee). Audit Board and Public Interest Committee Terms of Reference. | b) how it has worked to meet the legal and regulatory framework within which it operates. | Refer to reports of the Risk Committee, Audit Committee and UK Board. |
| | | c) a description of the work of the firm's audit committee and how it has discharged its duties arising from the network and any action taken to mitigate those risks. | Refer to: Governance (Audit Committee). |
| | | d) confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review. | Refer to: Quality control and risk management : <ul style="list-style-type: none"> – Statement by the Board on the effectiveness of internal controls. – Statement on the effectiveness of the System of Quality Management. |
| | | e) a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary. | No material internal control issues disclosed in the financial statements. |
| | | f) an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated. | Refer to: Quality control and risk management (Principal risks). |
| | | g) a description of how it interacts with the firm's global network, and the benefits and risks of these arrangements, with reference to the purpose of this Code. This should include an assessment of any risks to the resilience of the UK firm. | Refer to: Governance (Legal structure). |

Audit Firm Governance Code (2022)

Continued

D: INEs and ANEs

Principles

- M. A firm should appoint INEs to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of this Code. INEs should be positioned so that they can observe, challenge and influence decision-making in the firm.
- N. INEs (and ANEs) should provide constructive challenge and specialist advice with a focus on the public interest. They should assess and promote the public interest in firm operations and activities as they relate to the purpose of this Code, forming their own views on where the public interest lies.
- O. INEs (and ANEs) should maintain and demonstrate objectivity and an independent mindset throughout their tenure. Collectively they should enhance public confidence by virtue of their independence, number, stature, diverse skillsets, backgrounds, experience and expertise. They should have a combination of relevant skills, knowledge and experience, including of audit and a regulated sector. They owe a duty of care to the firm and should command the respect of the firm's owners.
- P. INEs (and ANEs) should have sufficient time to meet their responsibilities. INEs (and ANEs) should have rights consistent with discharging their responsibilities effectively, including a right of access to relevant information and people to the extent permitted by law or regulation, and a right, individually or collectively, to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.
- Q. INEs (and ANEs) should have an open dialogue with the regulator.

Provisions

2024 response

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| <p>29 INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function or at an audit firm.</p> | <p>KPMG has five Independent Non-Executives. Three are Independent Non-Executives, and three are Audit Non-Executives as contemplated in the Audit Firm Governance Code 2022; one of the Independent Non-Executives is both an INE and ANE.</p> <p>The Public Interest Committee comprises the three Independent Non-Executives. The Audit Board comprises the three Audit Non-Executives, and two partners. For current information about these groups, and their members, visit: Governance.</p> |
| <p>30 INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.</p> | <p>The members of the Public Interest Committee have a private meeting before each committee meeting. They also meet outside of governance meetings independently.</p> <p>For the year ended 30 September 2024, the three INEs have focused on the UK business.</p> |
| <p>31 INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm's activities and how it is taken into account; and risks to the operational and financial resilience of the firm.</p> | <p>Refer to: Statement by the Independent Non-Executives and Audit Non-Executives.</p> <p>Refer to PIC and Audit Board reports.</p> |

Audit Firm Governance Code (2022)

Continued

| Provisions | 2024 response | Provisions | 2024 response |
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| 32 A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs' (and ANEs') time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee. | The Independent Non-Executive chair of our Public Interest Committee attends the Nominations Committee. | 37 The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties. | Refer to: Statement by the Independent Non-Executives and Audit Non-Executives. |
| 33 A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK | Public Interest Committee MI includes global matters. The Public Interest Committee Terms of Reference refers to their ability to obtain information that is necessary. | 38 The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and /or ANEs) and members of the firm's Management and/or governance structures. | Refer to: Terms of Reference for the Public Interest Committee and Audit Board. |
| 34 INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them. ⁶ | The members of the Public Interest Committee have a private meeting with the Ethics Partner after every Public Interest Committee meeting. | 39 An INE (and/or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances: <ul style="list-style-type: none"> — the INE or ANE believes the firm is acting contrary to the public interest; or — the INE or ANE believes the firm is endangering the objectives of this Code; or — the INE or ANE initiates the procedure for fundamental disagreements. | No such instances have arisen during the year ended 30 September 2024. |
| 35 INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice. | The INEs and ANEs have a dialogue with audit committees and investors throughout the year. Refer to: Statement by the Independent Non-Executives and Audit Non-Executives. | 40 A firm should disclose in its annual transparency report: <ul style="list-style-type: none"> a) information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it has. b) its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities. | Refer to: Appointment and Independence of the INEs and ANEs. |
| 36 Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total. | All INEs and ANEs have a contract for services. No INE or ANE has had a tenure in excess of nine years. | | |

⁶ Paragraph 1.14 of the FRC's 2019 Ethical Standard for Auditors.

Audit Firm Governance Code (2022)

Continued

E: Operational Separation

Principles

R. Where a firm applies the Principles for Operational Separation,⁷ has established an Audit Board with a majority of ANEs⁸ and is subject to regulatory monitoring of these arrangements, ANEs will fulfil the responsibilities of INEs under this Code in so far as these relate to the audit practice. A firm's INEs will focus on representing the public interest in high-quality audit at the firm-wide level as well as on the public interest in firm activities in non-audit parts of the business and the risks posed by these non-audit activities to the audit practice. In fulfilling their role ANEs should follow the Principles set out in section D as applied to the audit practice.

S. INEs should rely on ANEs to provide independent oversight of audit quality plans, audit strategy and remuneration in the audit practice. ANEs should rely on the INEs to monitor activities at the firm-wide and network levels for their potential impact on the audit practice.

Provisions

2024 response

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| 41 ANEs should have the same obligations regarding time commitment, independence and objectivity as INEs. They should focus their attention on the audit practice in accordance with the Principles for Operational Separation ⁹ . The Audit Board should have the authority to act independently of the firm-wide public interest body. | Refer to: Appointment and Independence of the INEs and ANEs. Refer to: Audit Board Terms of Reference. |
| 42 INEs should participate in governance structures operating across the entirety of the firm and pursue the purpose of this Code at the firm-wide level. They should: <ul style="list-style-type: none"> i) monitor the activities of the wider firm and global network for their potential to affect audit quality and the resilience of the audit practice; and ii) ensure the firm takes account of the public interest in its wider decision making. | The INEs and ANEs observe the Board, Risk Committee, Audit Committee, People Committee and Nomination Committee meetings throughout the year. Attendance can be seen in Appendix 2. They do not carry votes on the Board or its other Committees, however they have had access and opportunity to question and challenge KPMG leadership in the UK at these meetings. |
| 43 INEs and ANEs should maintain open dialogue, consult on matters of public interest and share information with one another to the extent this is relevant for the Audit Board's oversight of the audit practice and/or the effective discharge of the INEs' responsibilities at the firm-wide level. They should inform one another in the event they invoke the procedure for fundamental disagreements. | One of the Independent Non-Executives is both an INE and ANE, which supports this dialogue. The Audit Board Chair is invited to attend the Public Interest Committee. The Chair of the Public Interest Committee and the Chair of the Audit Board meet privately through the year to discuss matters arising. |

⁷ See Appendix C.

⁸ As required by Principle 3 of the Principles for Operational Separation.

⁹ As required by Principle 1 of the Principles for Operational Separation.

Article 13 (Transparency Report) of Regulation (EU) No 537/2014 of the European Parliament and of the Council

as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019

Article 13 (Transparency Report) of Regulation (EU) No 537/2014 of the European Parliament and of the Council – as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 – requires a statutory auditor that carries out the statutory audit of a public interest entity, to publish a signed, annual transparency report (see 2024 KPMG UK Transparency Report).

The Regulation requires that the Report is published at the latest four months after the end of each financial year, on the website of the statutory auditor, and shall remain available on that website for at least five years from the day of its publication on the website (KPMG in the UK's historical reports can be found in our [Report hub](#)).

The Regulation requires the Report to comprise specific disclosures. KPMG in the UK's response to these requirements is shown below.

| Para. | Requirement | 2024 response |
|-------|--|--|
| 2(a) | A description of the legal structure and ownership of the statutory auditor, if it is a firm; | Refer to: Governance (Legal structure). |
| 2(b) | Where the statutory auditor is a member of a network: | |
| | (i) a description of the network and the legal and structural arrangements in the network; | Refer to: Governance (Legal structure). |
| | (ii) the name of each member of the network that is eligible for appointment as a statutory auditor, or is eligible for appointment as an auditor in an EEA state or Gibraltar; | <p>Gibraltar</p> <p>KPMG operates in Gibraltar through KPMG LLP's wholly owned subsidiary, KPMG Limited, a company registered in Gibraltar. KPMG Limited is approved as a statutory auditor by the Gibraltar Financial Services Commission under the Gibraltar Financial Services Act 2019. Refer to: 2024 Gibraltar Transparency Report.</p> |
| | (iii) for each member of the network identified under paragraph (ii), the countries in which they are eligible for appointment as auditors or in which they have a registered office, central administration or principal place of business; | <p>EU/EEA countries</p> <p>The name of each audit firm that is a member of the organisation and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available here.</p> |

Article 13 (Transparency Report) of Regulation (EU) No 537/2014 of the European Parliament and of the Council

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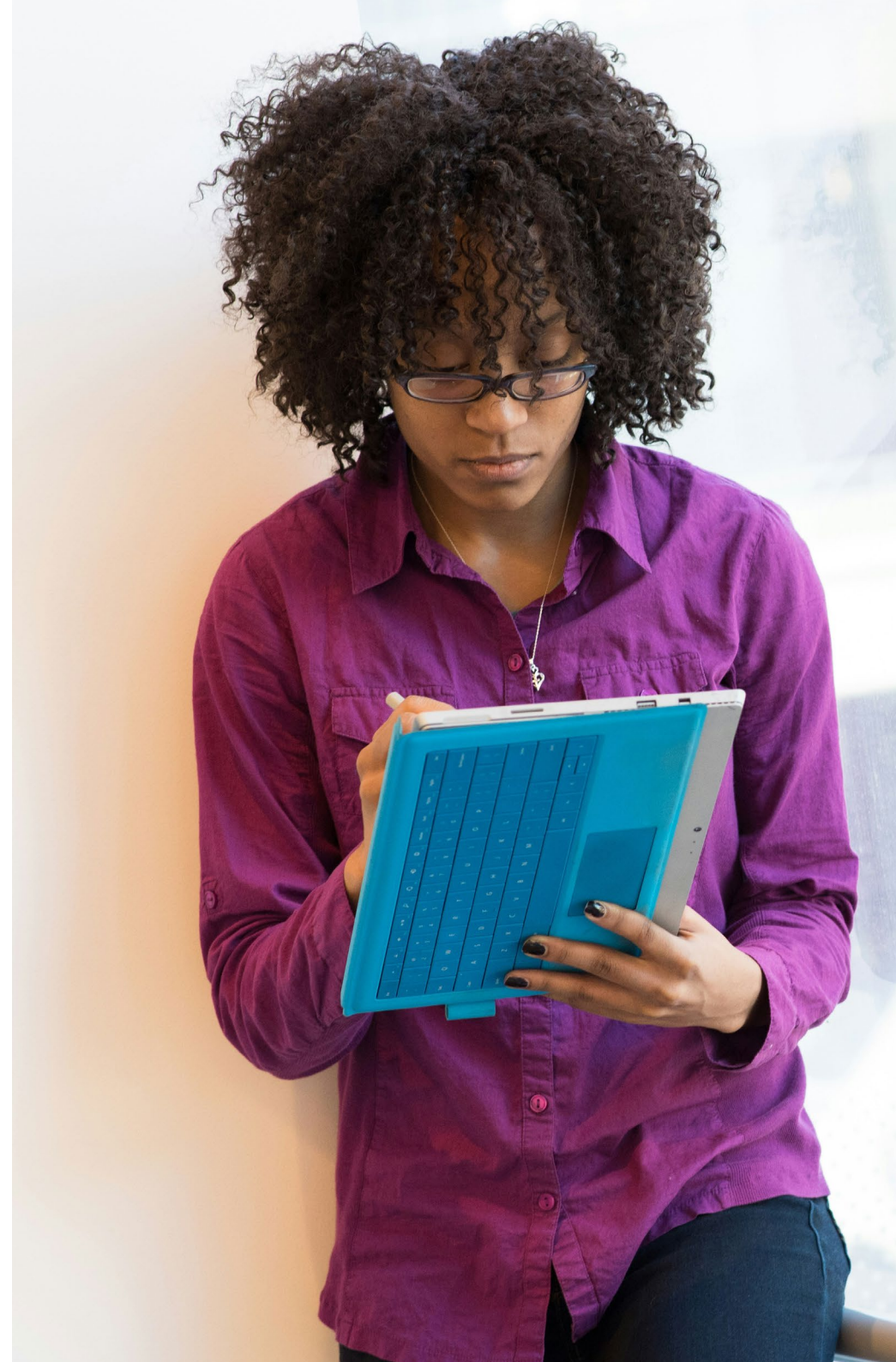
| Para. | Requirement | 2024 response | Para. | Requirement | 2024 response |
|-------|--|--|-------|---|--|
| | (iv) the total turnover of the members of the network identified under (ii) resulting from statutory audit work or equivalent work in EEA states of Gibraltar; | <p>Gibraltar Refer to: 2024 Gibraltar Transparency Report (Financial information).</p> <p>EU/EEA Member States¹⁰ Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.6 billion during the year ending 30 September 2024. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2024.</p> <p>The name of each audit firm that is a member of the organisation and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available here.</p> | 2 (e) | An indication of when the last quality assurance review referred to in Article 26 was carried out; | Refer to: Audit quality (Perform quality engagements). |
| | | | 2 (f) | A list of public-interest entities for which the statutory auditor carried out statutory audits during the preceding financial year; | Refer to: Appendix 5: UK Public Interest Entities (page 27). |
| | | | 2 (g) | A statement concerning the statutory auditor's independence practices which also confirms that an internal review of independence compliance has been conducted; | Refer to: Quality control and risk management (Maintaining an objective and independent mindset). |
| | | | 2 (h) | A statement on the policy followed by the statutory auditor concerning the continuing education of statutory auditors referred to in paragraph 11 of Schedule 10 to the Companies Act 2006; | Refer to: <ul style="list-style-type: none"> – Audit quality (Apply expertise and knowledge). – For information on how we ensure Key Audit Partners remain competent to deliver local audits, refer to: Appendix 6: UK Major Local Audits listing (page 29). |
| 2 (c) | A description of the governance structure of the statutory auditor, if it is a firm; | Refer to: Governance . | 2 (i) | Information concerning the basis for the remuneration of members of the management body of the statutory auditor, where that statutory auditor is a firm; | Refer to: People and culture (Uphold the highest ethical and quality standards). |
| 2 (d) | A description of the internal quality control system of the statutory auditor and a statement by the management body on the effectiveness of its functioning; | Refer to: Quality control and risk management : <ul style="list-style-type: none"> – Statement by the Board on the effectiveness of internal controls. – Statement on the effectiveness of the System of Quality Management. | 2 (j) | A description of the statutory auditor's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7); | Refer to: Quality control and risk management (Maintaining an objective and independent mindset). |

¹⁰ The financial information set forth represents combined information of the separate KPMG firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

Article 13 (Transparency Report) of Regulation (EU) No 537/2014 of the European Parliament and of the Council

Continued

| Para. | Requirement | 2024 response |
|-------|--|--|
| 2 (k) | <p>Where not disclosed in accounts, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories:</p> <ul style="list-style-type: none">(i) revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity;(ii) revenues from the statutory audit of accounts of other entities;(iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor; and(iv) revenues from non-audit services to other entities. | Refer to: Appendix 7: Financial information (page 30). |
| 3 | <p>The transparency report shall be signed by the statutory auditor.</p> | Refer to page 2 of this document. |



The Local Auditors (Transparency) Regulations 2020

The Local Auditors (Transparency) Regulations 2020 requires a “transparency reporting local auditor” (a local auditor that has issued an audit report in relation to one or more major local audits at any time during the financial year of that local auditor) to publish a signed, annual transparency report (see [2024 KPMG UK 2024 Transparency Report](#)).

The Regulation requires that the report is published at the latest four months after the end of each financial year, on the website of the transparency reporting local auditor, and shall remain available on that website for at least five years from the day of its publication on the website (KPMG in the UK’s historical reports can be found in our [Report hub](#)).

The Regulation requires the report to comprise specific disclosures. KPMG in the UK’s response to these requirements is shown in the table opposite.

| Para. | Requirement | 2024 response |
|-------|--|--|
| (a) | A description of the legal structure, governance and ownership of the transparency reporting local auditor; | Refer to: Governance . |
| (b) | Where the transparency reporting local auditor belongs to a network, a description of the network and the legal, governance and structural arrangements of the network; | Refer to: Governance (Legal structure). |
| (c) | A description of the internal quality control system of the transparency reporting local auditor and a statement by the administrative or management body on the effectiveness of its functioning in relation to local audit work; | Refer to: Quality control and risk management : <ul style="list-style-type: none"> – Statement by the Board on the effectiveness of internal controls. – Statement on the effectiveness of the System of Quality Management. |
| (d) | A description of the transparency reporting local auditor’s independence procedures and practices including a confirmation that an internal review of independence practices has been conducted; | Refer to: Quality control and risk management (Maintaining an objective and independent mindset). |
| (e) | Confirmation that all engagement leads are competent to undertake local audit work and staff working on such assignments are suitably trained; | Refer to: Appendix 5: UK Public Interest Entities (page 27). |
| (f) | A statement of when the last monitoring of the performance by the transparency reporting local auditor of local audit functions, within the meaning of paragraph 23 of Schedule 10 to the 2006 Act, as applied in relation to local audits by Section 18 and paragraphs 1, 2 and 28(7) of Schedule 5 to the 2014 Act, took place; | Refer to: Audit quality (Perform quality engagements). |
| (g) | A list of major local audits in respect of which an audit report has been made by the transparency reporting local auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list; | Refer to: Appendix 6: UK Major Local Audits listing (page 29). |
| (h) | A statement on the policies and practices of the transparency reporting local auditor designed to ensure that persons eligible for appointment as a local auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level; | Refer to: Appendix 6: UK Major Local Audits listing (page 29). |
| (i) | Turnover for the financial year of the transparency reporting local auditor to which the report relates, including the showing of the importance of the transparency reporting local auditor’s local audit work; and | Refer to: Appendix 7: Financial information (page 30). |
| (j) | Information about the basis for the remuneration of partners. | Refer to: People and culture (Uphold the highest ethical and quality standards). |

Consultative Committee of Accountancy Bodies Voluntary Code of Operative Practice on Disclosure of Audit Profitability (March 2009)

Following the recommendation from the Market Participants Group in 2007 that “audit firms should disclose the financial results of their work on statutory audits and directly related services on a comparable basis”, the Consultative Committee of Accountancy Bodies developed guidance (the Code) for audit firms on the voluntary disclosure of this information.

The Code establishes a basis for comparable reporting of audit profitability by defining the audit segment (the ‘reportable segment’) and suggesting principles designed to achieve more comparable and consistent treatment of costs relating to that segment.

KPMG in the UK’s voluntary disclosure of this information can be found in Appendix 7: Financial information (page 30).



Operational Separation financial disclosure

The FRC principles for operational separation of the audit practices of the Big Four firms have been implemented by KPMG in the UK.

The stated objectives of operational separation are to improve audit quality by ensuring that people in the audit practice are focused above all on delivery of high-quality audits in the public interest; and to improve audit market resilience by ensuring that no material, structural cross subsidy persists between the audit practice and the rest of the firm. The FRC note that in pursuing these objectives, they seek to ensure that audit remains an attractive and reputable profession and increase deserved confidence in audit.

| Para. | Requirement | 2024 response |
|-------|--|--|
| P20 | <p>Firms should produce annually a separate profit and loss account for the audit practice to a level which is consistent with the firm's own published statutory financial statements. This profit and loss account should be assured by the firm's auditors. Firms should submit more detailed financial information supporting the profit and loss account to the FRC no later than four months after the financial year end.</p> <p>After an agreed transition period, firms should publish the audit practice's profit and loss account described above in their Transparency Reports. Firms should provide to the FRC their budget for the audit practice and sensitivities for the coming year.</p> | <p>Please see Appendix 7, Financial Information.</p> |

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Appendix 1: Legal structure

Legal structure

KPMG LLP is constituted as a limited liability partnership under the Limited Liability Partnerships Act 2000. The capital in KPMG LLP is contributed by its members (the members are referred to as partners).

KPMG LLP is part of the KPMG global organisation of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organisations. The KPMG organisation structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate.

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

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

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

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

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

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

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

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

Governance

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



Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements¹¹

KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

Aggregated revenues generated by KPMG firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR xx billion during the year ending 30 September 2024. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2024.

¹¹ The financial information set forth represents combined information of the separate KPMG firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes.

Appendix 2: Meeting attendance records for the year ended 30 September 2024

| | Board | Public Interest Committee | Audit Board | Audit Committee | People Committee | Risk Committee | Nomination Committee | Executive Committee |
|-------------------------------|----------------|---------------------------|--------------|-----------------|------------------|----------------|----------------------|---------------------|
| Bina Mehta | 12 (12) | <i>3 (3)</i> | <i>2 (3)</i> | - | <i>7 (11)</i> | <i>6 (6)</i> | 4 (4) | - |
| Jonathan Holt | 10 (10) | - | - | - | - | - | - | 11 (11) |
| Chris Hearld | 9 (10) | - | - | <i>6 (6)</i> | - | - | - | 11 (11) |
| Annette Barker | 12 (12) | - | - | 6 (6) | 11 (11) | - | - | - |
| Melissa Geiger | 9 (12) | - | - | - | - | 5 (6) | 4 (4) | - |
| Jonathan Downer | 12 (12) | - | 8 (8) | 6 (6) | - | 6 (6) | - | - |
| Anthony Lobo | 9 (12) | - | 5 (6) | 4 (6) | - | - | - | - |
| Louise Kirby | 10 (12) | - | - | - | 11 (11) | - | 3 (3) | - |
| John Hallsworth ¹³ | 9 (10) | - | - | - | 10 (11) | - | 4 (4) | - |
| John Bennett | 4 (4) | <i>3 (3)</i> | <i>1 (1)</i> | <i>5 (6)</i> | - | <i>5 (6)</i> | - | 11 (11) |
| Catherine Burnet | - | - | <i>8 (8)</i> | - | - | - | - | 11 (11) |
| Lisa Fernihough | - | - | - | - | 1 (1) | - | - | 10 (11) |
| Karl Edge ¹⁴ | - | - | - | - | <i>5 (5)</i> | - | - | 7 (8) |
| Karim Haji ¹⁵ | - | - | - | - | - | - | - | 3 (3) |
| Victoria Heard | - | - | - | - | - | - | - | 11 (11) |
| Rachel Hopcroft | - | - | - | - | - | - | - | 10 (11) |
| Liz Claydon ¹⁶ | - | - | - | - | - | - | - | 3 (3) |
| David Rowlands ¹⁷ | - | - | - | - | - | - | - | 3 (3) |
| Suzanne Shenton ¹⁸ | - | - | - | - | - | - | - | 3 (3) |
| Dan Thomas ¹⁹ | - | - | - | - | - | - | - | 3 (4) |
| Anne Bulford | <i>9 (12)</i> | 3 (3) | - | <i>5 (6)</i> | - | - | - | - |
| Jonathan Evans | <i>9 (12)</i> | 3 (3) | - | - | - | <i>4 (6)</i> | <i>1 (2)</i> | - |
| Oonagh Harpur | <i>6 (8)</i> | 2 (2) | <i>4 (4)</i> | - | <i>6 (7)</i> | - | - | - |
| Melanie Hind | - | - | 7 (8) | - | <i>6 (6)</i> | - | - | - |
| Claire Ighodaro | <i>11 (12)</i> | <i>3 (3)</i> | 8 (8) | - | - | - | - | - |
| Kathleen O'Donovan | <i>7 (12)</i> | 3 (3) | 7 (8) | - | - | - | - | - |

Key information

- Meetings eligible to attend are shown in brackets.
- Numbers in blue italics relate to standing invitees of the Committees only and as such attendance is optional
- For the Audit Board, the Chair and the Chief Risk Officer are invited on a periodic basis
- The number of meetings included are formal meetings.

¹³ John Hallsworth stepped down as a Board member and retired from the firm on 31 July 2024

¹⁴ Karl Edge became a member of the Executive Committee in his capacity as Chief People Officer on 1 January 2024

¹⁵ Karim Haji became a member of the Executive Committee on 1 June 2024 in his capacity as Head of Markets and Growth

¹⁶ Liz Claydon stepped down as a member of the Executive Committee on 1 January 2024

¹⁷ David Rowlands stepped down as a member of the Executive Committee on 1 January 2024

¹⁸ Suzanne Shenton stepped down as a member of the Executive Committee on 1 January 2024

¹⁹ Dan Thomas left the firm on 28 February 2024

Appendix 3: Key performance indicators for our governance system

Our governance KPIs are selected for purposes of assessing the performance of our governance arrangements from the perspectives of not only ensuring there is regular, skilled and diverse oversight of the firm's delivery of its strategic and public interest objectives, but also maintaining the independence and objectivity of that oversight.

| Key Performance Indicator | 2024 response | Key Performance Indicator | 2024 response |
|--|--|--|--|
| The Board should meet at least six times each year with a minimum attendance target of 80% over a 12-month rolling period. | The Board had twelve formal meetings and one ad hoc meeting with average members' attendance of 89% | The terms of reference for all Board Committees are reviewed annually as a minimum. | The terms of reference for all Board Committees were reviewed during the year. |
| The gender diversity of the Board should be composed of a minimum one third women. | At 30 September 2024 the Board included 50% female members. | External Board evaluation conducted tri-annually. | An external review was initiated in the summer of 2022. |
| There should be a diverse range of skills represented in the composition of the Board (by reference to each triennial evaluation of Board effectiveness). | There is a diverse range of skills represented on the Board. The appointment of nominated Board members provides a mechanism for maintaining appropriate diversity of skills. | There is an annual self-assessment of Board and Committees' effectiveness (unless external review is undertaken). | This review was not performed due to the changes to the internal governance structure and framework. An external review will be commissioned on the effectiveness of the new governance model during FY25. |
| As part of the firm's culture assessment, the firm should hold an annual People Survey or Pulse Survey, with the Board acting upon the findings. | A Global People Survey was undertaken in autumn 2024. The UK findings (which provide data on engagement and other key metrics about partners' and employees' relationships with the firm) were tabled at the Board with appropriate action discussed. | The Board comprises a minimum of one practising audit partner. | During the year the Board included Jonathan Downer as a practising audit partner. |
| There should be at least three UK INEs, and the Public Interest Committee should meet at least four times each year. On an annual basis, the Board must satisfy itself that the INEs remain independent from the firm. | At 30 September 2024 there were three INEs. The Public Interest Committee had three formal meetings during the year. The Board has considered and (based on compliance returns, disclosures and relevant independence checks) is satisfied that the INEs remain independent from the firm. | Board comprises more than 50% members who are qualified auditors (per s.1219 of the Companies Act 2006 or equivalent). The cumulative number of Elected Board Members and Nominated Board Members of the Board shall always make up the majority of the Board. There shall at all times be a majority of Qualified Individuals (under the applicable auditor qualifications regulations) as members of the Board, as set out in the LLP Agreement; of which at least one of the Elected Board Members or Nominated Board Members shall be practising auditors. | During the year, and as at 30 September 2024, 63% of members of the Board were qualified auditors, and at least one of the Elected or Nominated Board Members was a practising auditor. |
| The Audit Board should meet at least six times each year to oversee the focus on audit quality. | The Audit Board had six formal meetings. | The Board should satisfy itself on at least an annual basis that a formal programme of investor dialogue is occurring. | The Board has assessed that an appropriate level of investor dialogue is in place as summarised here: Audit Quality – Communicate effectively. |
| The Board should review the annual Transparency Report to satisfy itself that it is fair, balanced and understandable, and complies with the Audit Firm Governance Code, or explains otherwise. | The Board has considered the disclosures within the Transparency Report and considers the report to be fair, balanced and understandable and in compliance with the Audit Firm Governance Code. | | |

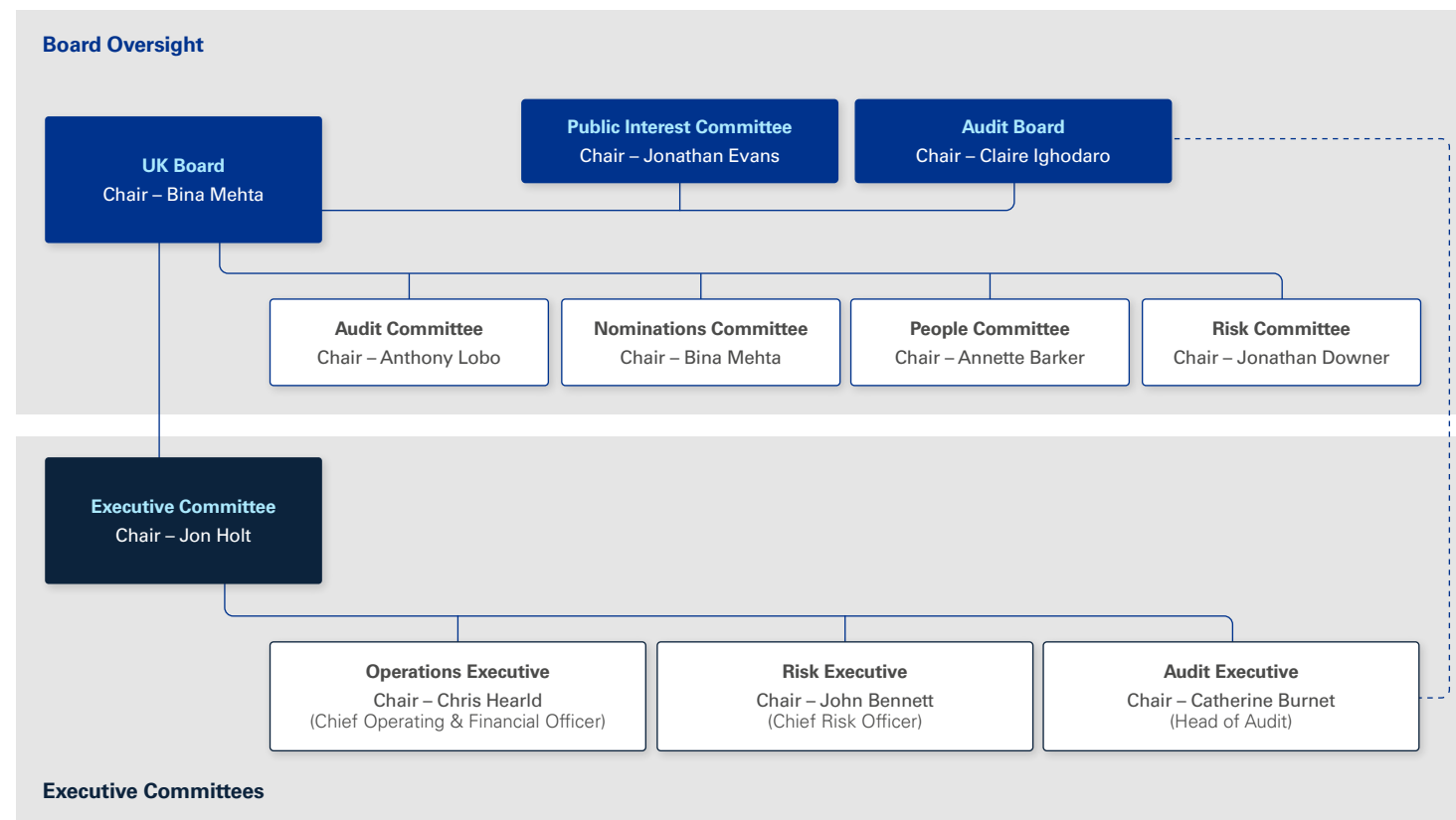
Appendix 4: Board and Committees of the Board membership

As at 30 September 2024, our UK Board was made up of eight members:

- The Chair
- The Senior Elected Member¹²
- The Chief Executive
- Three additional Elected Board Members, who are elected by the Partners¹³
- One Nominated Board Member, who is nominated by the Chair (under the new Terms of Reference of the UK Board, this Member will be referred to as an Elected Member)
- An additional Executive Board Member, who is nominated by the Chief Executive.
- More information about the role, membership and activities delivered during FY24 for each of the governance forums above is provided in the [Governance](#) section of the Transparency Report.

As a result of the merger between KPMG Switzerland and KPMG UK, a new governance structure has been established which came into effect on 1 October 2024. For details regarding the new structure, including membership and roles and responsibilities, and the terms of reference, please visit kpmg.com/uk

Governance structure at 30 September 2024



¹² The Senior Elected Member (Melissa Geiger) reached the end of her term on 30 September 2024 and stepped down with effect from 1 October 2024.

¹³ One Elected Board Member (Anthony Lobo) retired from the Partnership on 30 September 2024 and one Elected Board Member (Louise Kirby) stepped down from the Board on 30 November 2024.

Appendix 4: Board and Committees of the Board membership

Continued

UK Board

Bina Mehta

UK Chair

Bina has been a partner since 2015. Bina became Chair of the Board in February 2021. Bina's tenure was extended in September 2023 to end on 31 March 2026.

Jon Holt

Group Chief Executive

Jon has been a partner since 2005. Jon became a member of the Board in April 2021. Jon's tenure was extended in March 2024 to end on 30 September 2029.

Melissa Geiger

Senior Elected Member

Melissa has been a partner since 2008 and joined the Board in October 2019 (as at the year-end, this equates to approximately five years of service as a member of the Board). Melissa was previously a member of the Risk Committee and UK Nominations Committee. Melissa's tenure came to an end on 30 September 2024 and she stepped down from the UK Board and UK Board Committees with effect from 1 October 2024.

Annette Barker

Elected Member

Annette has been a partner since 2016 and joined the Board in October 2020 (as at the year-end, this equates to approximately four years of service as a member of the Board). Annette is a member of the newly combined UK Audit and Risk Committee and was previously a member of the Audit Committee, the Risk Committee and was Chair of the People Committee from 29 July 2024 until 30 September 2024.

Anthony Lobo

Elected Member

Anthony became a partner in 2007 and joined the Board in November 2020. Anthony was previously Chair of the Audit Committee and was a member of the Audit Board and Risk Committee. Anthony retired from the Partnership on 30 September 2024.

Jonathan Downer

Nominated Member

Jonathan has been a partner since 2006 and joined the Board in March 2022. Jonathan is the Chair of the newly combined UK Audit and Risk Committee and is a member of the Audit Board and a practising auditor. As at 1 October 2024, there is no concept of a Nominated Member under the revised terms of reference of the UK Board. Jonathan will be referred to as an Elected Member of the UK Board.

Chris Hearld

Group Chief Operating and Financial Officer

Chris was appointed as an Executive Member of the Board in his capacity as Chief Operating and Financial Officer with effect from 1 October 2022.

Louise Kirby

Elected Member

Louise has been a partner since 2018 and joined the Board in October 2023. Louise was previously a member of the People Committee and Risk Committee and stepped down from the Board on 30 November 2024.

The Executive Committee

Jon Holt (Chair)

CEO and Board Member

Jon has been a partner since 2005. Jon became Chair of the Executive Committee in April 2021 (as at the year-end, this equates to over three years of service as Chair).

Chris Hearld

CFO and Board Member

Chris has been a partner since 2004. Chris has been a member of the Executive Committee since June 2019 (as at the year-end, this equates to over five years of service as a member of the Executive Committee).

John Bennett

Chief Risk Officer and Ethics Partner

John has been a partner since 2013. John has been a member of the Executive Committee since June 2021 (as at the year-end, this equates to over three years of service as a member of the Executive Committee).

Rachel Hopcroft

Head of Corporate Affairs

Rachel has been a partner since 2018. Rachel has been a member of the Executive Committee since June 2021 (as at the year-end, this equates to over three years of service as a member of the Executive Committee).

Catherine Burnet

Head of Audit

Cath has been a partner since 2011. Cath has been a member of the Executive Committee since June 2021 (as at the year-end, this equates

to over three years of service as a member of the Executive Committee).

Victoria Heard

Head of Tax & Legal

Victoria has been a partner since 2014. Victoria has been a member of the Executive Committee since June 2021 (as at the year-end, this equates to over three years of service as a member of the Executive Committee).

Lisa Femihough

Head of Advisory

Lisa has been a partner since 2011 and a member of the Executive Committee since 1 January 2023 (as at the year-end, this equates to over one and a half years of service as a member of the Executive Committee).

Karl Edge

Chief People Officer

Karl has been a partner since 2012 and a member of the Executive Committee since 1 January 2024 (as at year-end, this equates to eight months as a member of the Executive Committee).

Karim Haji

Head of Markets & Growth

Karim has been a partner since 2009 and a member of the Executive Committee since 1 June 2024 (as at year-end, this equates to 4 months as a member of the Executive Committee).

Appendix 4: Board and Committees of the Board membership

Continued

Independent Non-Executives as at 30 September 2024

There were no new appointments or resignations of Independent Non-Executives during the year. There was one retirement, Oonagh Harpur.

Lord Evans of Weardale

Chair of the Public Interest Committee
Jonathan Evans joined the Public Interest Committee on 23 March 2017 and became its Chair on 1 October 2019. Jonathan was Director General of MI5 from 2007 to his retirement in 2013, having spent his career in the UK Security Service. From 2013 to 2019 he was a Non-Executive Director of HSBC Holdings and between 2018 – 2023 he was the Chair of the Committee on Standards in Public Life. Jonathan is currently a Non-Executive Director of Ark Data Centres Limited, an advisor to several small tech companies and Chairman of The HALO Trust. Jonathan also became a member of the International Advisory Council of the Institute of Business Ethics in January 2024.

Anne Bulford CB

Member of the Public Interest Committee
Anne joined the Public Interest Committee on 1 May 2019. She is a Chartered Accountant, a Non- Executive Director of Reach plc, Chair of GOSH Children’s Charity and a Royal Ballet Governor. Previous roles include Non-Executive member of the Executive Committee of the Army Board, Deputy Director General of the BBC, Channel 4’s Chief Operating Officer, Director of Finance and Business Affairs at the Royal Opera House, Chair of Ofcom’s Audit Committee and Finance Director at Carlton Productions.



Oonagh Harpur

Member of the Public Interest Committee
Oonagh Harpur joined the Public Interest Committee on 30 April 2018. Oonagh has over 30 years’ experience in the boardroom including 14 years in CEO roles in the private, public and third sectors. Her experience spans partnerships and professional service firms, financial and health services. Oonagh is also a member of the Civil Service Talent Advisory Group and the Culture Observatory Advisory Board, a trustee of the Scientific and Medical Network and senior board advisor to a number of professional service firms. Oonagh retired from the Public Interest Committee on 30 April 2024.

Kathleen O’Donovan

Member of the Public Interest Committee and Audit Board
Kathleen O’Donovan joined the Public Interest Committee on 1 July 2019. Kathleen is currently the Chair of the Invensys Pension Scheme and Founder Partner of Bird & Co Board & Executive Mentoring Ltd. Formerly she has held Non-Executive Director roles at ARM Holdings Plc, D S Smith plc, Prudential plc, O2 Plc, Great Portland Estates plc, EMI Group plc and the Bank of England. Kathleen was also co-Chair of International Rescue Committee UK, a charity supporting conflict zone refugees. Kathleen trained as a Chartered Accountant and her previous roles include CFO of BTR plc/ Invensys plc and Partner at EY.

Appendix 4: Board and Committees of the Board membership

Continued

Audit Non-Executives as at 30 September 2024

Claire Ighodaro CBE

Chair of the Audit Board (Audit Non-Executive)

Claire Ighodaro CBE is Remuneration Committee Chair of Pennon Group PLC and a Leadership Council Member of TheCityUK. Her previous board roles also include Board Chair of AXA XL – UK Entities, Audit Committee Chair of Lloyd's of London, Flood Re, UK Trade & Investment and the Open University, Governance Committee Chair of Bank of America's Merrill Lynch International and Board Member of IESBA (the International Ethics Standards Board for Accountants). She was a senior executive at BT PLC, working in the UK and Germany and was the first female global President of CIMA (the Chartered Institute of Management Accountants). Claire is a volunteer mentor on both executive and young people's development programmes. She was awarded an honorary doctorate by the Open University and a CBE, by HM the Queen, for services to business.

Melanie Hind

Member of the Audit Board

Melanie Hind is a former PwC audit and advisory partner, a former Chief Risk Officer and held the role of Executive Director at the FRC between 2012 and 2018. Since then, she has advised on accounting and audit regulation, and in 2020 acted as Head of Assurance Quality at BDO International. Melanie has also held non-executive roles associated with her role at the FRC; she was a board member of the International Forum of Independent Audit Regulators, chairing its Global Audit Quality working group, and is a former member of the Advisory Council to the International Financial Reporting Standards Foundation. Melanie has experience as an independent board member in the private and non-profit sectors in the UK and USA.

She is a board member, audit committee and people and remuneration committee chair of Talbot Underwriting Limited (a Lloyd's managing agent that is part of the AIG group), a board member and risk sub-committee chair at OneFamily (a mutual insurer and asset manager) and is an independent trustee and Honorary Treasurer of the Disasters Emergency Committee which raises funds in the UK to provide overseas humanitarian aid in emergency situations.

Kathleen O'Donovan

Member of the Public Interest Committee and Audit Board

Kathleen O'Donovan joined the Public Interest Committee on 1 July 2019. Kathleen is currently the Chair of the Invensys Pension Scheme and Founder Partner of Bird & Co Board & Executive Mentoring Ltd. Formerly she has held Non-Executive Director roles at ARM Holdings Plc, D S Smith plc, Prudential plc, O2 Plc, Great Portland Estates plc, EMI Group plc and the Bank of England. Kathleen was also co-Chair of International Rescue Committee UK, a charity supporting conflict zone refugees. Kathleen trained as a Chartered Accountant and her previous roles include CFO of BTR plc/ Invensys plc and Partner at EY.

Appendix 4: Board and Committees of the Board membership

Continued



Changes close to, or after, the year end

As a result of the merger between KPMG UK and KPMG Switzerland, a new governance structure has been established with effect from 1 October 2024.

For details of the UK governance structure, including roles and responsibilities, please visit the [leadership pages](#) of our website.

During the year, there were additional changes to the composition of our Board and Board Committees.

These changes were as follows:

Changes effective 1 January 2024:

- Suvro Dutta resigned from the Audit Executive with effect from 1 January 2024.
- Fleur Nieboer was appointed a member of the Audit Executive on 1 January 2024.
- Karl Edge was appointed a member of the Executive Committee on 1 January 2024.

Changes effective 7 January 2024:

- Donald Wilson stepped down as a member of the Operations Executive.
- Sameer Chadha stepped down as a member of the Operations Executive.

Changes effective 1 June 2024:

- Karim Haji was appointed a member of the Executive Committee on 1 June 2024.

Changes effective from 22 July 2024:

- Chris Hearld resigned from the Audit Executive on 22 July 2024.

Changes effective 31 July 2024:

- John Hallsworth retired from the UK Board, Nominations Committee and People Committee on 31 July 2024.

Changes effective close of business 30 September 2024 are as follows:

- Anthony Lobo retired from the UK Board, Audit Committee, Risk Committee and Audit Board on 30 September 2024.

Changes effective 1 October 2024:

- Melissa's tenure came to an end on 30 September 2024 and she stepped down from the UK Board, Nominations Committee and Risk Committee with effect from 1 October 2024.

Appendix 5: UK Public Interest Entities

In compliance with Article 13 (f) of EU Regulation 537/2014 as amended by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019, we have included the list of UK Public Interest Entities (as defined by the FRC Ethical Standard) for which we carried out statutory audits in the financial year ended 30 September 2024.

Please note:

- Engagements where we resigned, but signed an audit opinion in the year to 30 September 2024, have been included. These are indicated with an *.
- New audit engagements, which have not been signed between October 2023 – September 2024, have been excluded.

| | | |
|---|---|---|
| Abrdn Life and Pension Limited* | Abrdn Plc | Cardiff University |
| Amtrust Europe Limited* | Abrdn UK Smaller Companies Growth Trust Plc | Chemring Group Plc |
| Ascential Plc* | Affinity Sutton Capital Markets PLC | Citibank UK Limited |
| BRISTOL & WEST PLC* | Aoi Nissay Dowa Insurance UK Limited | Clarion Funding Plc |
| EMH Treasury Plc* | Alphawave IP Group Plc | Compass Group Plc |
| Forester Life Limited* | AO World Plc | Connect M77/GSO Plc |
| Invesco Asia Trust plc* | Aspire Defence Finance Plc | CONNECT PLUS (M25) ISSUER PLC |
| Ladbroke Group Finance plc* | Aster Treasury Plc | Consort Healthcare (Birmingham) Funding Plc |
| Markel International Insurance Company Limited* | Auto Trader Group PLC | Croda International Plc |
| Motors Insurance Company Limited* | Avon Technologies Plc | Currys Plc |
| National Casualty Company of America Limited* | AXA INSURANCE UK PLC | DFS Furniture Plc |
| Network International Holdings Plc* | AXA PPP HEALTHCARE LTD | DIRECT LINE INSURANCE GROUP PLC |
| Pendragon Plc (Pinewood Technologies Group plc) | B & C E Insurance Limited | DUNCAN FUNDING 2022-1 PLC |
| Pets at Home Group PLC* | B.A.T. INTERNATIONAL FINANCE P.L.C. | Fidelis Underwriting Limited |
| Rothschild & Co Continuation Finance PLC* | Balfour Beatty plc | Games Workshop Group Plc |
| Royal & Sun Alliance Insurance Limited* | Baltic Classifieds Group Plc | Gatwick Airport Finance plc |
| Royal & Sun Alliance Reinsurance Ltd* | Bank Of Ireland (UK) PLC | Gracechurch Card Programme Funding PLC |
| RSA Insurance Group Limited* | Barclays Bank PLC | Grainger Plc |
| Schroder UK Mid Cap Fund Plc* | Barclays Bank UK Plc | Haleon Plc |
| Smith & Nephew plc* | Barclays PLC | Hampshire Trust Bank Plc |
| The Marine Insurance Company Limited* | Big Yellow Group Plc | Heylo Housing Secured Bond Plc |
| Workspace Group plc* | BPHA Finance plc | HICL Infrastructure Plc |
| Zegona Communications PLC* | Breedon Group plc | Hollywood Bowl Group Plc |
| 3i Group Plc | British American Tobacco Plc | Howden Joinery Group Plc |
| ABC International Bank plc | British Telecommunications plc | INTERNATIONAL DISTRIBUTIONS SERVICES PLC |
| Abrdn European Logistics Income Plc | BT Group plc | IP Group Plc |
| Abrdn New India Investment Trust Plc | Cambridgeshire Housing Capital Plc | James Fisher and Sons Plc |
| | Capita Plc | John Lewis Plc |

Appendix 5: UK Public Interest Entities

Continued

| | | |
|---|---|---|
| John Wood Group PLC | Pavillion Mortgages 2022-1 PLC | Starling Bank Limited |
| Lancashire Insurance Company (UK) Limited | Peabody Capital No 2 Plc | TCHG Capital Plc |
| Legal & General Assurance (Pensions Management) Ltd | Peabody Capital Plc | Telecom Plus Plc |
| Legal & General Finance Plc | Pension Insurance Corporation plc | The Bank of New York Mellon (International) Limited |
| Legal & General Group Plc | Pod Point Group Holdings plc | The Berkeley Group Holdings plc |
| Legal And General Assurance Society Limited | Polar Capital Technology Trust Plc | TR Property Investment Trust Plc |
| Liontrust Asset Management Plc | Reckitt Benckiser Group plc | Travis Perkins plc |
| London & Quadrant Housing Trust | Reckitt Benckiser Treasury Services Plc | Tritax Eurobox Plc |
| Luceco PLC | Redrow PLC | TSB Bank Plc |
| Midland Heart Capital plc | Ricardo PLC | TSB Banking Group Plc |
| Mitchells & Butlers plc | Rio Tinto plc | Unilever PLC |
| Moneysupermarket.com Group PLC | Road Management Services (A13) plc | United Utilities Group plc |
| Motability Operations Group Plc | Rotork plc | United Utilities PLC |
| Myriad Capital PLC | Saga Plc | United Utilities Water Finance Plc |
| National Counties Building Society | Sanctuary Capital Plc | United Utilities Water Limited |
| Newday Funding Master Issuer Plc | Sanctuary Housing Association | Utilico Emerging Markets Trust Plc |
| NewDay Partnership Funding 2020-1 Plc | Scottish Power UK Plc | Vitality Health Limited |
| NewDay Partnership Master Issuer PLC | Senior PLC | Wesleyan Bank Limited |
| Odyssean Investment Trust plc | Serco Group plc | Wheatley Group Capital plc |
| Orbit Capital plc | Severfield Plc | Wickes Group Plc |
| Paragon Bank PLC | Shawbrook Bank Limited | |
| Paragon Banking Group Plc | SMBC Bank International PLC | |
| PARAGON MORTGAGES (NO. 27) PLC | Smiths Group plc | |
| Paragon Mortgages (No.12) Plc | Sovereign Housing Capital plc | |
| Paragon Mortgages (No.25) Plc | SP Distribution PLC | |
| Paragon Mortgages (No.26) Plc | SP Manweb plc | |
| PARAGON MORTGAGES (NO.28) PLC | SP Transmission PLC | |
| Paragon Treasury Plc | SSP Group Plc | |

Appendix 6: UK Major Local Audits listing

Confirmation

In accordance with the Local Auditors (Transparency) Regulations 2020, we confirm that all engagement leads are competent to undertake local audit work and staff working on such assignments are public sector specialists and Key Audit Partners.

Deep technical expertise and knowledge

Our Quarterly Improvement Network Quarterly Connect (QIN-QC) audit training programme within the Public Sector audit practice supports the development of technical expertise and knowledge within our audit practice. These mandatory in-person training days include audit and accounting technical training, public sector specific training and risk courses – such as training on the use of wider auditor powers and value for money assessments with NHS and local government audits – in-year technical updates and technical briefings, lunch and learns (including a programme on NHS and local government specific topics), core audit skills and fundamental sector knowledge.

Our national Public Sector team undertakes tailored and targeted technical accounting training sessions to ensure that they are sufficiently trained to undertake these types of audit engagements.

In addition, all our audit teams on these engagements have an individual RI appointed from our national pool of ‘Key Audit Partner’ (KAP) accredited RIs. All our engagement leaders for local audit work have been accredited as Key Audit Partners by the ICAEW.

On an annual basis, all KAPs are awarded a Certificate of Accreditation, with specific Public Sector Accreditation, on the basis of their experience and training specifically related to their knowledge, experience and hours of public sector defined audit work. For Public Sector team KAPs, this is directly linked to the local audits in their portfolio, which is in turn is directly linked to our Learning Management System, where each KAP can assign themselves the relevant training without the need to consult. Once a KAP has completed the relevant training, the Public Sector Accreditation element is automatically marked “green” in the audited entity on which they’re working.

All auditors, including KAPs, are expected to join annual KPMG Audit University (KAU) training. This year’s training was based around a case study with participants working in teams, mirroring a real audit team structure. The content included risk assessment, controls, sampling, journals testing and fraud, and introduced new technology in the audit in the form of AI transaction scoring.

The mandatory learning curriculum for all KAPs includes quarterly updates focusing on performing an effective quality audit with different topic areas included as relevant, which again for KAPs includes specific public sector related topics.

An Audit Quality and Risk Workshop is delivered twice a year for engagement leaders (including all KAPs) and focuses on key messages driven by internal and external regulatory (AQR etc) and monitoring findings, with all KAPs having

to also complete training relevant to their grade and role, which includes public sector specific training.

In order to meet the International Standard on Quality Management (ISQM1) requirements KPMG has established globally consistent quality objectives, quality risks and responses, with the objective, applied equally to the Public Sector audit practice, of this centralised approach being to drive consistency, robustness and accountability of responses for processes implemented across our global organisation. Where necessary, we have supplemented the requirements with additional quality objectives, quality risks and responses identified through a risk assessment process, such as those specific to the Public Sector audit practice.

Refer to the [Audit Quality](#) section of the Transparency Report for further information on:

- KPMG Audit University, and the role this plays in helping colleagues develop deep technical expertise and knowledge
- Our AQR results, which include a minimum of one local audit each year
- Our QAD results, which include a selection of local audits as part of the NHSI’s review remit of our health audits.
- Our QPR process, which include local audits within its scope.

Major Local Audits listing

The organisations below are those which:

- constitute a ‘major local audit’ for the purposes of Regulation 12 of The Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 (SI 2014/1627); and
- for which KPMG LLP signed an audit report on its annual financial statements during year ended 30 September 2024.

NHS Dorset ICB

NHS West Yorkshire ICB

NHS Devon ICB

University Hospitals Leicester NHS Trust

Nottingham University Hospitals NHS Trust

The Royal Wolverhampton Hospitals NHS Trust

University Hospitals Coventry and Warwickshire NHS Trust

NHS Derby & Derbyshire ICB

Shrewsbury and Telford Hospital NHS Trust

NHS Lancashire and South Cumbria ICB

London Ambulance Service NHS Trust

NHS Frimley ICB

NHS North East London ICB

NHS Surrey Heartlands ICB

NHS South Yorkshire ICB

NHS Mid and South Essex ICB

NHS North Central London ICB

London North West Healthcare NHS Trust

NHS Nottingham And Nottinghamshire ICB

Appendix 7: Financial information

Under Article 13.2 of the EU Audit Regulation (subsequently incorporated into UK Law) we are required to disclose certain financial information in respect of statutory audit work.

The information below showing the relative importance of statutory audit work is extracted from KPMG UK's financial reporting systems for the year ended 30 September 2024.

Transparency Reporting requirements

| | 2024 £m | 2023 £m |
|--|--------------|--------------|
| Statutory audits and directly related services for entities we audit: | | |
| UK public interest entities and their subsidiaries (see Appendix 1) | 318 | 260 |
| Major local audits (see Appendix 2) | 4 | 3 |
| Other entities | 556 | 577 |
| Statutory audit and directly related services for audit clients | 878 | 840 |
| Non-audit services provided to entities we audit | 95 | 96 |
| Total revenues from entities we audit | 973 | 936 |
| Non-audit services to entities we do not audit | 2,017 | 2,024 |
| Total UK firm revenue | 2,990 | 2,960 |

In line with Principle 20 of the FRC's Operational Separation Principles, a separate profit and loss account for the audit practice is presented below, prepared on a basis consistent with KPMG UK group's published statutory financial statements.

Operational Separation public reporting of Audit & Assurance financials

| | 2024 £m | 2023 £m |
|---|------------|------------|
| Gross revenue | 919 | 879 |
| Expenses and disbursements on assignments | (47) | (50) |
| Revenue attributable to the audit practice | 872 | 829 |
| Staff costs | (377) | (362) |
| Other operating charges | (368) | (354) |
| Operating profit | 127 | 113 |
| Finance expense | (4) | (3) |
| UK Audit practice profit | 123 | 110 |

Appendix 7: Financial information

Continued

Revenue, staff costs and operating profit for the separate Audit practice profit and loss account above are consistent with those measures presented in the KPMG UK group's published financial statements:

1. Revenue is stated gross of expenses and disbursements on assignments, consistent with the presentation of revenue in the KPMG UK group's published financial statements. Revenue for the Audit practice reflects all statutory audit work together with revenue from the following services:
 - Permitted audit practice services to entities we audit; and
 - Permitted audit practice and non-audit services to non-audited entities.
2. Staff costs relate to those staff based within the audit practice. No cost is included for the remuneration of members of KPMG LLP. This is consistent with the treatment of partners' remuneration in the KPMG UK group's published financial statements.
3. Other operating charges reflect the following:
 - Costs directly attributable to the Audit practice in delivery of services, based on information in our internal management accounts;
 - Allocations of indirect costs including overheads such as property and IT. These costs are allocated on a consumption basis where practical or on an equitable alternate basis, primarily headcount or revenue;
 - Charges for the work performed by individual specialists from outside the ring-fenced audit practice contributing to the delivery of assignments of the audit practice, net of charges for the work performed by audit practice specialists in delivery of assignments by other areas of the KPMG UK group. These charges are priced on an arm's length basis.





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