



Quality is how we make a difference

Transparency Report 2023

KPMG Incorporated
www.home.kpmg.com/za

KPMG Values

KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviours both professionally and personally. Our Values guide our behaviours day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all of our stakeholders.



Integrity

We do what is right.

Integrity means we are honest, fair and consistent in our words, actions and decisions – both inside and outside work. We take responsibility and accountability for our day-to-day behaviour and we hold ourselves to the highest moral and ethical standards at all times – even when under pressure. We keep our promises and set an example for others to follow.



Excellence

We never stop learning and improving.

Excellence means relentlessly delivering quality work to the highest professional standards. We do this by staying curious and taking personal responsibility for our learning. We constantly look to improve our work through data and insight and are open to new challenges and feedback because that is how we develop and improve.



Courage

We think and act boldly.

Courage is about being open to new ideas and being honest about the limits of our own knowledge and experience. It's about applying professional scepticism to what we see and asking questions where we have doubts. We speak up if we see something we believe is wrong and we support those who have the courage to speak up themselves. Courage is being bold enough to step outside your comfort zone.



Together

We respect each other and draw strengths from our differences.

We do our best work when we do it together: in teams, across teams, and by working with others outside our organisation. Working together is important because we know it is collaboration that shapes opinions and drives creativity. We embrace people with diverse backgrounds, skills, perspectives and life experiences and ensure different voices are heard. We show care and consideration for others and strive to create an inclusive environment where everyone feels they belong.



For Better

We do what matters.

For better means taking a long-term view, even in our day-to-day choices, because we want to build a stronger KPMG for the future. We never lose sight of the importance of our role as guardians for capital markets, society and the planet. We generate sustainable, positive change in our local communities and in society at large, striving to make the world a better place.


Transparency at a glance

Our people

62  average audit partners
(2022 – 64) (**44** JSE accredited)
(2022 – 43)

1 096  average audit professionals
(2022 – 1 045)

They say...

87%  In the engagement teams I work with, a commitment to audit quality is evident in our day-to-day behaviour


91%  The culture and tone set by audit practice leadership promote the importance of audit quality for audit and assurance engagements

Source: 2023-GPS-KPMGSA-Audit 

Quality of our work

38%  audit engagement leaders reviewed through our internal monitoring program
(2022 – 35%)


92%  of engagements passed our internal quality performance reviews (2022 – 68%; **↑24%**)

100%  no adverse monitoring findings when engagements supported by second line of defence reviewers
(2022 – 90%)

Our technical excellence

100%  KPMG Clara workflow fully deployed

137 hours  Average hours of mandatory learning across all personnel levels (2022 – 163 hours)

70  personnel in our department of professional practice

Our system of quality management was fully implemented and provides reasonable assurance that our objectives are being achieved

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About this report

We present KPMG South Africa's fifth transparency report. This transparency report is for the year ended 30 September 2023 and covers activities for the financial year to 30 September 2023, unless otherwise stated.

We encourage you to read this transparency report to learn more about how we're working to ensure you can trust KPMG South Africa to deliver professional excellence and quality. Quality is how we make a difference.

Throughout this document, "KPMG," "we," "our" and "us" refers to KPMG South Africa. KPMG South Africa's legal structure is set out on page 12.

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

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

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

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

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Quality is how we make a difference. Delivering quality in everything we do is how we earn your trust.

As the world faces growing challenges, so our role and our purpose at KPMG South Africa grows in importance. We recognise our privileged opportunity as a multi-disciplinary firm to work together with South African organisations to embrace today's challenges and build a better tomorrow. We do this through a steadfast commitment to the highest standards of transparency, objectivity, independence, ethics, integrity and quality in everything we do.

We are pleased to provide you with our Transparency Report covering our financial year ended 30 September 2023. This report sets out how we manage quality by investing in our people, in technologies, processes and resources while building on our culture of consistency and accountability.

Our audit quality initiatives for the past year have been focused on 4C's – culture, capacity, capability and controls.

Culture – all audit professionals are focused on delivering quality in everything they do. Our Values guide our actions. A strong culture grounded in ethics and independence makes us more agile and resilient, laying the foundation for sustaining audit quality. We focus on fostering a culture of delivering exceptional service and quality.

Capacity – we continuously review our portfolio to ensure that we have the requisite resources to deliver quality audits, including the appropriate inclusion of specialists. Where gaps are identified, we implement measures to ensure that each audit is adequately resourced. We ensure that our Second Line of Defence and the Department of Professional Practice, who are key to supporting our audit professionals, are sufficiently resourced.

Capability – having the necessary skills is fundamental to delivering a quality audit. Training, on the job coaching and mentoring are critical in ensuring that all engagement teams have the capability to execute audits aligned with professional standards and our firm's methodology. The re-introduction of in-person training for some of our key training interventions during 2023 has been impactful and has been beneficial to our teams working together for better. Our latest audit methodology and technology platform, KPMG Clara, is now fully embedded and delivers smarter, quality and data-driven audits combining the best of what technology and our people bring to each audit.

Controls – we fully implemented the International System of Quality Management Standard (ISQM) 1 regarding the design, implementation and testing of operating effectiveness of controls across all eight components of ISQM 1 as at 30 September 2023. We have positively concluded that KPMG South Africa's System of Quality Management provides the firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

As our clients and the markets are increasingly focusing on environmental, social and governance (ESG) challenges, we continue to invest in upskilling our people and building teams that are proficient in ESG assurance reporting to help our clients meet the goals necessary to build a more sustainable future. Artificial intelligence has been a focus of many during 2023 and we are investing in the tools, technology and talented people in this area to enhance our quality and provide more value through deeper analysis of businesses to support our risk-based audit approach.

Quality is what our profession is built on and we remain relentless in our continuously evolving approach to delivering it. Thank you for the trust that you have in us.

28 March 2024



Ignatius Schoole

Chief Executive Officer
KPMG South Africa



Devon Duffield

Head of Audit
KPMG South Africa



Mandy Watson

Head of Audit Quality
KPMG South Africa

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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 organisation, KPMG firms have strengthened the consistency and robustness of their system of quality management (SoQM) to meet the requirements of 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** to use in identifying incremental KPMG firm specific quality objectives, quality 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

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

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

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

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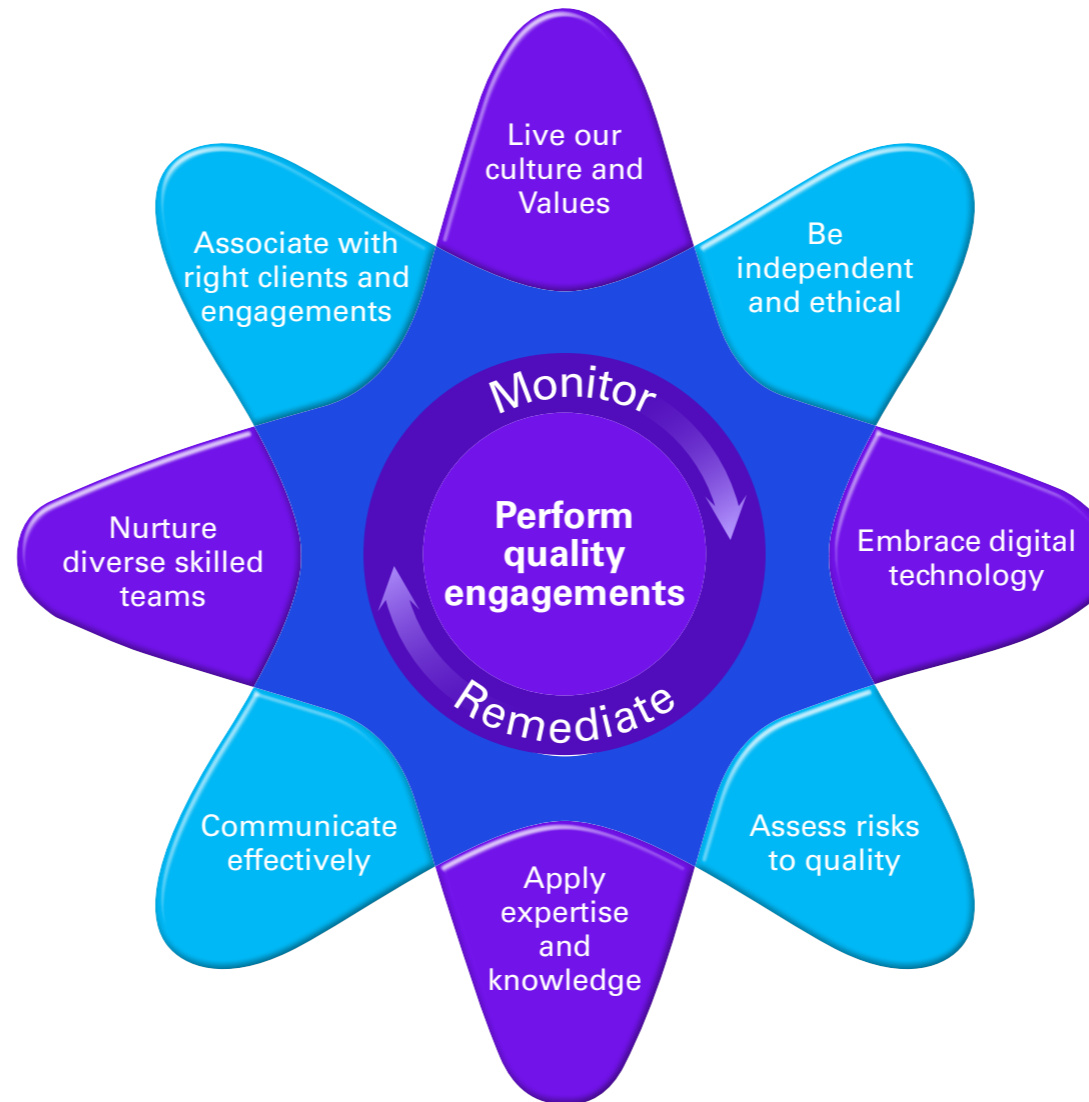
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To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how every KPMG professional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

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

Each section of the Transparency Report describes how we effectively operate each SoQM component. Combined with our firm's SoQM Statement of Effectiveness (set out on page 39), this Transparency Report summarises how our SoQM effectively supports the consistent performance of quality engagements. This report may also be useful for stakeholders interested in KPMG South Africa's 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.

Global Quality Framework



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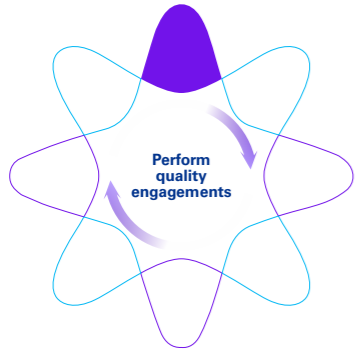
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Live our culture and Values

- **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 behaviours. Shared across all personnel and in every country, jurisdiction and territory in which we operate, they are the foundation of our unique culture.

Foster the right culture, starting with tone at the top

Tone at the top

KPMG International's leadership, working with regional and KPMG South Africa 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 organisation 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.

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

Everyone at KPMG can expect to be held accountable for their behaviour 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.

In addition to the [KPMG International hotline](#), we maintain a KPMG South Africa Ethics and Compliance Hotline, which is available 24 hours a day and 7 days a week ([KPMG Faircall](#)). The hotlines are mechanisms 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 and KPMG Faircall are taken seriously, and for each of them, KPMG International and the firm will consider how to respond and where necessary, investigate and take appropriate action. Reports filed through the hotlines are directed to the Head of Quality and Risk Management for review and, if necessary, assignment of appropriate firm resources or external 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. Matters reported to all the hotlines are reported on a quarterly basis to the Risk, Quality and Compliance Committee as well as to the Audit Quality Committee to the extent that reported matters impact audit quality.

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, the Global People Survey provides our leadership and KPMG International leadership with results related to upholding the KPMG Values.

The KPMG multidisciplinary model

Today’s organisations 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 advisory engagements. It allows us to be agile and resilient from a business perspective and means we can more easily respond to market conditions. And, it makes KPMG a more interesting and exciting place to work.

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

Our business

Our firm is a professional services firm that delivers Audit, Tax and Advisory services. We operate out of four offices in South Africa; Johannesburg, Cape Town, Durban and Gqeberha and had an average of 138 partners and 2 096 colleagues across all businesses in the year ended to 30 September 2023 (130 partners and 1 981 colleagues in the year ended 30 September 2022).

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

Our strategy

Our strategy is set by the KPMG South Africa Policy Board and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of the global strategy execution.

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

Leadership responsibilities for quality and risk management

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

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

Chief Executive Officer

In accordance with the principles of ISQM 1, our Chief Executive Officer (CEO), Ignatius Sehoole, is the leader who has ultimate responsibility for our SoQM at KPMG South Africa and is accountable to the Policy Board in this regard.

Audit Quality Committee

The Audit Quality Committee (AQC), a sub-committee of the Policy Board, is chaired by Prof Ben Marx. Its principal role is to provide oversight on matters related to audit quality. As part of its role, the committee is responsible for ensuring that a culture of quality and integrity is maintained within the firm and providing direction to the Audit and Assurance Quality Council and monitoring its output. The committee considers the impact of the detailed findings (and related actions) from our SoQM evaluation, the key findings from our internal or external compliance quality monitoring programs and the adequacy of proposed remedial actions.

During the year, the AQC consisted of three members – Prof Ben Marx, an Independent Non-Executive Member who chairs the committee, Prof Wiseman Nkuhlu (Independent Non-Executive Chairperson of the Policy Board) and Ignatius Sehoole, in his role as Chief Executive Officer. The Head of Audit for South Africa, The Head of Audit Quality, Head of DPP, Head of Quality and Risk Management, Audit Risk Partner, Chief Ethics Officer, and the SoQM Lead are invitees to the AQC. The AQC meets every quarter and met four times during the 2023 financial year.

The AQC does not function in isolation but in collaboration with the other committees of the Policy Board. This reflects our understanding that audit quality affects and is affected by matters such as risk, compliance, technology, transformation, ethics, public interest and talent management – matters which are the responsibilities of some of the other committees of the Policy Board. Therefore, effective oversight is ensured through cross membership between Independent Non-Executive Members serving on the AQC and other committees. Furthermore, responsibilities are assigned across committees so that a holistic system of checks and balances relating to all perspectives of audit quality is in place.

Audit and Assurance Quality Council

Our Audit and Assurance Quality Council (AAQC) is a council of senior partners which includes the Head of Audit Quality (Chairperson of the AAQC), Head of Audit, Head of the DPP, Head of DPP Audit and Assurance and Audit Risk Management Partner. The AAQC's objective is to:

- Oversee the Firm's audit quality and audit related risk management and compliance activities.
- Assess policies, projects and practices aimed at enhancing audit quality.
- Provide recommendation for change and improvement to the Audit Executive Committee (Audit Exco) in relation to the quality of financial statement audits conducted by the member firms within the Southern Africa region, including KPMG South Africa.

The Council also serve as coordinating body for relationships with relevant regulators and professional bodies and has dual reporting lines. It reports to the Executive Committee (Exco) through the Audit Exco and to the AQC of the Policy Board.

The AAQC met ten times during the 2023 financial year.

Department of Professional Practice

The Department of Professional Practice (DPP) is the custodian of the accounting and audit and assurance technical knowledge, expertise and related tools and methodologies within KPMG Southern Africa. DPP has a deep understanding of accounting, auditing standards and the KPMG audit and assurance methodology and technology and plays a critical role in delivering on audit quality. DPP assists our audit teams with the application of accounting, auditing and related standards. It provides updates on new or upcoming standards; the tools and guidance needed to correctly apply the standards and audit and assurance methodology and responds to technical queries and consultations. It also performs pre-issuance reviews of financial statements and reports issued and performs second line of defence (2LoD) reviews (refer to page 35 for further details on the 2LoD program). Our data & analytics professionals work with our audit teams to deliver data driven audits.

DPP participates in global, regional and local networks and working groups to ensure that it has the most up to date information and communicates and can apply the most relevant and appropriate information to the benefit of our audit teams.

DPP play a crucial role in supporting audit teams in delivering sustainable audit quality, ensuring that the audit and assurance methodologies and the accounting standards are consistently applied and by upskilling audit teams on the latest technical accounting and assurance topics.

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The Audit, Tax and Advisory functions – Function Heads

The three heads of the client service functions (Audit, Tax and Advisory) are accountable to the CEO 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 Head of Quality and Risk Management. These procedures make it clear that, at the engagement level, risk management and quality management is ultimately the responsibility of all professionals in the firm.

Head of Audit

The Head of Audit, a member of the Executive Committee (Exco), 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 scepticism, objectivity, and ethics and integrity.
- Developing and implementing an audit strategy which is aligned with KPMG South Africa’s audit quality requirements.
- Working with the Head of Audit Quality and the Audit Risk Management Partner to monitor and address audit quality and risk matters, as these relate to the audit practice.

Head of Quality and Risk Management

The Head of Quality and Risk Management is responsible for the direction and execution of risk, compliance and quality control within KPMG South Africa. The Head of Quality and Risk Management is a member of the Exco and has a direct reporting line to the CEO. The Head of Quality and Risk Management consults the Regional Risk Management Partner, Global Quality & Risk Management resources, and the general counsel or external counsel.

The Head of Quality and Risk Management is supported by functional risk management partners (Audit, Tax and Advisory) and other professionals in each function. All functional risk management partners report directly to the Head of Quality and Risk Management.

The Head of Quality and Risk Management also has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG South Africa.

Head of Audit Quality

The audit quality leader reports to the AQC and focuses on implementing audit quality initiatives centred around the global quality framework and in response to internal and external monitoring findings. The Head of Audit Quality works with the Head of Audit and the Audit Risk Management Partner to address audit quality and risk matters.

Robust governance structures

Our legal and governance structure

Legal structure

KPMG South Africa has two distinct legal entities:

- KPMG Incorporated, a South African company with registration number 1999/021543/21, provides assurance and attestation services. The shareholders and directors of KPMG Incorporated. (KPMG Inc.) are all Registered Auditors as defined by the Auditing Profession Act 26 of 2005.
- KPMG Services Proprietary Limited, a South African company with registration number 1999/012876/07, provides taxation and advisory services. The shareholders and directors of KPMG Services Proprietary Limited include all the directors of KPMG Inc. together with other directors who are not Registered Auditors.

Governance structure

At KPMG, we apply high standards of corporate governance. Below is our governance and leadership structure as it pertains to audit quality together with the individuals and groups with primary responsibility to drive and monitor audit quality within the firm.



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The Policy Board

The Policy Board is the governance and oversight body of KPMG South Africa. The Policy Board's responsibilities include:

- steering the KPMG South Africa strategic direction
- approving policy and planning to give effect to the direction set
- overseeing and monitoring implementation and execution of the strategy and planning
- ensuring accountability for performance including through reporting and disclosure

The Policy Board comprises three Independent Non-Executive Members, two Directors from the Executive Committee and six Directors elected by the partnership body from their own number. The Policy Board is chaired by Prof Wiseman Nkuhlu, an Independent Non-Executive Member of the Policy Board.

The Policy Board is supported by a number of sub-committees that are focused on specific functional governance areas of the business:

- Audit Quality Committee
- Transformation, Social and Ethics Committee
- Risk, Quality and Compliance Committee
- Combined Assurance and Reporting Committee
- Nomination and Remuneration Committee

The Policy Board often include invitees to ensure sufficient engagement and diverse input at a Policy Board level.

The Executive Committee

Exco is responsible for management of the day-to-day activities of KPMG South Africa, recommending policy to the Policy Board and developing the business plan within the overall strategy set by the Policy Board, together with its subsequent implementation. It deals with operational matters affecting the firm (including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment, and retention and general remuneration, prioritisation and allocation of resources and investment and managing the risk profile of KPMG South Africa).

The Audit Executive Committee

The Audit Executive Committee (Audit Exco) is responsible for management of day-to-day activities of the audit business units of KPMG South Africa. Audit Exco ensures that sufficient resources are available to deliver quality audits.

Partner/director admissions

Although we were historically and are still often referred to as a "Partnership", KPMG South Africa is an Incorporated company (Inc.), a separate legal entity from the people forming it. Colloquially, we may still refer to "Partners" in our business but, legally, we have directors who hold shares in the business and have responsibility for its operations.

Our process for the appointment of directors is rigorous and thorough, involving appropriate members of leadership. Our criteria for admission are consistent with our commitment to our Values and being an employer of choice as well as ethical considerations.

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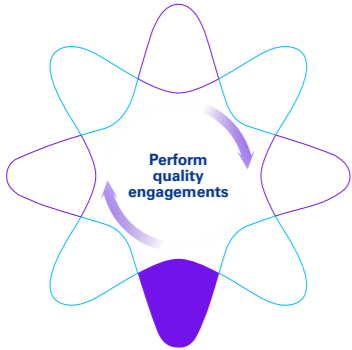
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Apply expertise and knowledge

- **Methodology aligned with professional standards, laws and regulations**
- **Standardised 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 recognising its fundamental role in delivering quality audits.

Methodology aligned with professional standards, laws and regulations

Consistent audit and assurance methodology and tools

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

- Meeting the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA).
- Identifying risks of material misstatements and the necessary audit response.
- Embedding our methodology in practice with our audit and assurance professionals.
- Aligning our assurance methodology to the International Standard on Assurance Engagements (ISAE) s in response to the growth of ESG reporting.
- Consistent interpretation of how to apply ISAs and ISAEs.

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

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Standardised methodology and guidance

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

Deep technical expertise and knowledge

Access to specialist networks

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

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

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

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

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

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

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

ESG assurance quality

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

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

During 2023, as part of the global organisation'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 standardised risks and procedures for greenhouse gas assurance engagements;
- Released a cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform – KPMG Clara – that provides our teams, and our clients, with a consistent user experience; and
- Released a learning curriculum to increase the foundational ESG literacy of KPMG professionals and enable upskilling on the new methodology and KPMG Clara workflow – Assurance.

Quality and risk management policies

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

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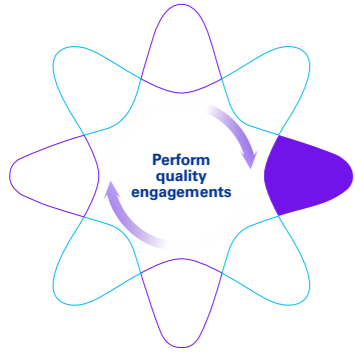
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Embrace digital technology

- **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 organisation are enhancing audit quality by increasing our ability to focus on the issues that matter.

KPMG Clara

An intelligent audit and assurance technology platform, KPMG Clara integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualisation. 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.

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Intelligent, standards-driven audit and assurance workflows

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

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

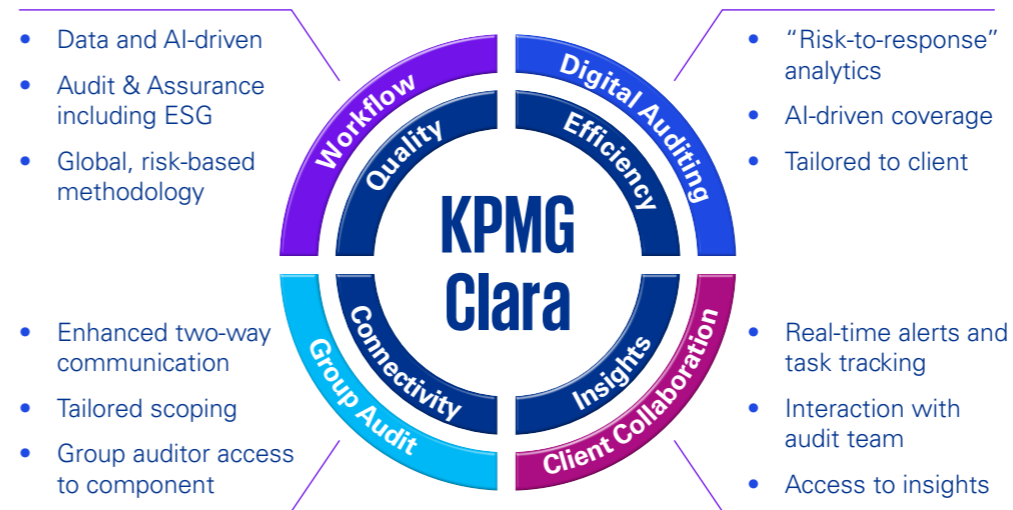
Digital data and emerging technologies

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



Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasised through a variety of mechanisms, including the KPMG Global and KPMG Southern Africa’s Codes 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.

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

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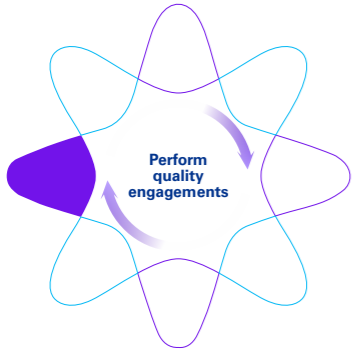
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Nurture diverse skilled teams

- **Recruit appropriately qualified and skilled people with diversity of specialist skills, perspective and experience**
- **Assign appropriately qualified teams**
- **Invest in data-centric skills – including data mining, analysis and visualisation**
- **Focus learning and development on technical expertise, professional acumen and leadership skills**
- **Recognise 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.

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

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

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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 interviews, psychometric and ability testing, and 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.

We recruited 271 new graduates in the audit function for year ended 30 September 2023 (2022: 250 new audit graduates.)

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

Inclusion, diversity and equity programs

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

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

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

The KPMG Global Inclusion, Diversity & Equity Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity, and equity across all KPMG firms. For more about Inclusion & Diversity at KPMG read [here](#).

Reward and Promotion

Reward

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

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

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

Promotion

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

Assign appropriately qualified teams

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

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

Invest in data centric skills – including data mining, analysis and visualisation

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

Focus learning and development on technical expertise, professional acumen, and leadership skills Commitment to technical excellence and quality service delivery

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

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

Lifetime learning strategy

Formal training

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

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

In relation to audit, our firm:

- Deploys a variety of learning solutions that are designed to reinforce the KPMG Values and ensure our professionals get the fundamentals right, and develop the necessary skills and attitudes to make judgements, and apply professional scepticism that enhance audit quality and the value of audit.
- Provide instructor-led and virtual classroom training on relevant technical topics to ensure our audit professionals are able to effectively deliver quality audits.

All partners and colleagues are required to complete the Continuing Professional Development (CPD) framework which is built around three elements:

- **Plan** – complete an initial assessment of competencies to develop for current and future roles.
- **Act** – undertake learning interventions to further develop competencies identified.
- **Reflect** – reflect on application of learning and future learning needs.

In addition to the undertaking of learning interventions, client facing partners and colleagues are required to complete a minimum of 30 hours CPD in a calendar year, which include at a minimum three hours of ethics related training.

Partners and colleagues, that are client facing, must complete mandatory technical training and successfully complete a post course assessment, where required. Compliance with mandatory training is monitored and non-compliance is considered as part of the partners and colleagues overall performance evaluation which may directly impact promotion, remuneration and/or result in disciplinary action.

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In addition, we have specific accreditation requirements for partners and managers working on engagements requiring knowledge and experience in US auditing and accounting standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICFR). These engagements require that the partner, manager, experienced in-charge and engagement quality control reviewers, if appointed, have completed the relevant training, globally mandated, and that the engagement team, collectively, has the appropriate experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

We have specific accreditation requirements for partners working on JSE listed entities. These partners are required to complete specific JSE training and are required to demonstrate that they have the necessary experience to audit listed entities.

Average hours of formal learning provided to audit partners and colleagues was 137 hours per person for 2023 (2022: 163 hours per person). The reduction was expected given the completion of the training in respect of the implementation of KPMG Clara.

Mentoring and on-the-job coaching

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

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

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

Licensing and mandatory requirements

All KPMG professionals in our firm are required to comply with applicable professional body rules, such as those of the Independent Regulatory Board for Auditors (the IRBA) and the South Africa Institute of Chartered Accountants (SAICA) and satisfy the CPD requirements. KPMG South Africa's policies and procedures are designed to facilitate compliance with these requirements. We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge.

Recognise quality

Personal development

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

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

Open Performance Development is linked to the KPMG Values and designed to articulate what is required for success – both individually and collectively. We know that by being clear and consistent about the behaviours 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 organisation.

We consider quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners, associate directors, managers and colleagues. These evaluations are conducted by performance managers and partners who are able to assess performance.

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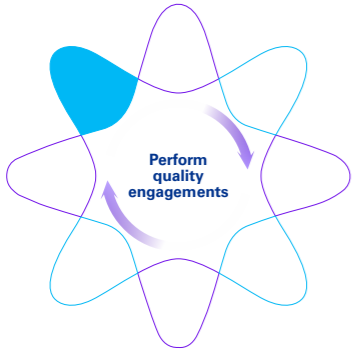
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Associate with the right clients and engagements

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

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

Global client and engagement acceptance and continuance policies

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

KPMG firms formally 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.

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Accept appropriate clients and engagements

Client evaluation

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

Engagement evaluation

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

- Potential independence and conflict of interest issues
- Intended purpose and use of engagement deliverables
- Public perception
- Whether the services would be unethical or inconsistent with our Values

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

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

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

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

Continuance process

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

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

Withdrawal process

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

Manage portfolio of clients

KPMG International and KPMG firms have policies and procedures to enable our firm to monitor the workload and availability of engagement partners, managers and personnel to provide sufficient time to complete their responsibilities. Each partner's client portfolio is regularly reviewed to ensure that they have sufficient time to manage their portfolio and to ensure that the risks are being appropriately managed.

Our firm's engagement partners are responsible for determining that members of the engagement team collectively have the appropriate competence and capabilities, including sufficient time, to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements. See section *Assigning an appropriately qualified team*.

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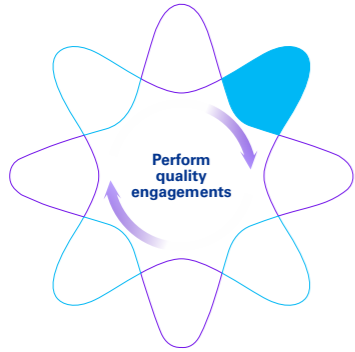
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Be independent and ethical

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

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

Act with integrity and live our Values

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

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KPMG South Africa has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG South Africa. The EIP is responsible for communicating and implementing KPMG International policies and procedures and ensuring that local independence policies and procedures are established and effectively implemented when they are more stringent than the KPMG International requirements. The EIP fulfils this responsibility through:

- Implementing/monitoring the ethics and independence quality control process and structure within the firm
- Approving/appointing partners responsible for ethics and independence within the firm
- Overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients
- Participating in the development and delivery of training materials
- Implementing procedures to address non-compliance
- Overseeing the disciplinary process for ethics and independence matters

Amendments to KPMG International's ethics and independence policies are included in regular quality and risk communications with all KPMG firms. KPMG firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring programs described in the section (*Monitor and remediate*).

KPMG South Africa partners and employees are required to consult with the EIP on certain matters as defined in the Global Quality & Risk Management Manual (GQRMM). The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

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.

Our global policies are supplemented by other policies and processes to ensure compliance with the standards issued by the IRBA Code of Professional Conduct for Registered Auditors and the independence requirements of the Companies Act of South Africa.

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

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

Personal financial independence

KPMG firms and KPMG personnel are required to be free from prohibited financial interests in, and prohibited financial relationships with, 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 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, associate director, manager and colleagues compliance with this requirement as part of our program of independence compliance audits of professionals. KPMG International provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

In 2023, over 131 (2022: 84) of our partners and colleagues were subject to these audits (this included approximately 38% of our partners (2022:44%).

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Employment relationships

Any KPMG professional providing services to an audit or assurance client irrespective of function is required to notify the firm EIP if they intend to enter into employment negotiations with that client. For partners, this extends to any audit client of KPMG South Africa 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.

KPMG professionals engaged in negotiations regarding possible employment with an entity we audit are immediately removed from the audit engagement. If a professional accepts employment with an entity we audit, the engagement team considers the appropriateness or necessity of modifying the audit procedures to adjust for risk of circumvention by the former professional of the KPMG firm.

Firm financial independence

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

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

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

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

Business relationships/suppliers

We have policies and procedures in place to ensure our business relationships with audit and assurance clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the SEC and including the IRBA Code of Professional Conduct for Registered Auditors. These include establishing and maintaining a process to evaluate potential third-party arrangements with particular regard to whether they have a bearing on auditor independence.

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 our firm's Code of Conduct.

Non-audit services

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

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

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

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

KPMG South Africa, having adopted a more restrictive policy, does not provide non-audit related services to our JSE equity listed audit clients. We continue to provide services closely related to the audit which includes services typically carried out by (or under the direction of) the auditor or require an IRBA registered auditor (with assurance status) to report on. Services that would typically not be permitted include tax and advisory/consulting services that are not provided as part of the audit engagement.

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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 continued 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.

No audit client accounted for more than 10 percent of the total fees received by KPMG South Africa over the last two years. No total fees exceeded 15 percent of total fees received by KPMG Inc.

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.

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 and the IRBA Code of Professional Conduct for Registered Auditors 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.

Partner and firm rotation

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. KPMG South Africa partners also comply with partner rotation requirements in terms of the Companies Act of South Africa and the IRBA Code of Professional Conduct for Registered Auditors. 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. KPMG South Africa monitors the rotation of audit engagement leaders such as the engagement partner, the engagement quality control reviewer and any other key audit partner role, where there is a rotation requirement and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

Firm rotation

With effect from 31 May 2023, the IRBA mandatory audit firm rotation (MAFR) rule, effective from 1 April 2023, was set aside by the Supreme Court of Appeal. No legislated firm rotation requirements are currently in place in South Africa. Where a public interest entity (PIE) has not rotated from the firm prior to MAFR being set aside, the firm will continue to critically evaluate the continuance of auditing the PIE in terms of the client and engagement evaluation procedures as set on page 23.

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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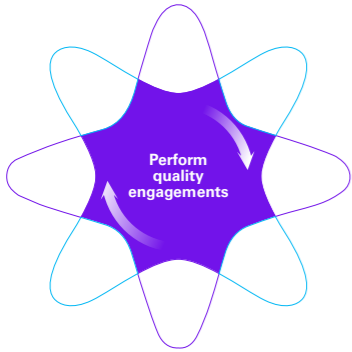
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Perform quality engagements

- **Consult when appropriate**
- **Critically assess audit evidence, using professional judgement and scepticism**
- **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 behaviours consistent with our Values and follow all policies and procedures in the performance of effective and efficient audits.

Consult when appropriate

Encouraging a culture of consultation

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

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

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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 experience and innovative ways of thinking to further evolve KPMG firms' audit and assurance capabilities.

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

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

Member firm DPP resources: Provide consultation support on auditing, assurance and technical accounting matters to their audit professionals involving regional or global teams when required. DPP also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution.

DPP is crucial in terms of the support that it provides to the audit function to deliver quality audits. To ensure that DPP remains up to date with the latest developments and requirements, DPP has representation on the following local professional bodies;

- Committee for Auditing Standards (CFAS) and membership on CFAS's Regulated Industries and Reports Standing Committee and Public Sector Standing Committee
- SAICA Accounting Practices Committee and SAICA Assurance Guidance Committee
- Various task groups of the IRBA and SAICA focusing on recently released auditing exposure drafts
- JSE Financial Reporting Investigations Panel (FRIP)
- Financial Reporting Technical Committee (FRTC)

Furthermore, DPP is represented on the following global KPMG bodies

- Global Methodology Advisory Group
- Global IFRS Panel
- Global and EMA topic and technical teams

Critically assess audit evidence using professional judgement and scepticism

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

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Direct, coach, supervise and review

Embedding ongoing coaching, supervision and review

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

Engagement quality control (EQC)

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

An EQC review is an objective evaluation of the significant judgements made by the engagement team and its related conclusions, performed by the EQC reviewer, and completed on or before the date of the 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 and assurance matters.

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

Appropriately support and document conclusions

Reporting

Engagement leaders form all audit opinions based on the audit performed and evidence obtained. In preparing auditor's reports, engagement leaders have access to extensive reporting guidance and technical support through consultations with our DPP, especially where there are significant matters to be reported to users of the auditor's report (e.g. key audit matters, a modification to the opinion or through the inclusion of an 'emphasis of matter' or 'other matter' paragraph).

Engagement documentation

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

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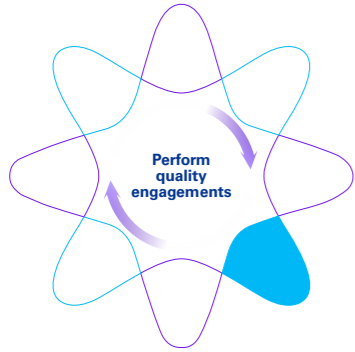
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Assess risks to quality

- **Identify risks to quality and implement effective responses**

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

Identifying risks to quality and implement effective responses

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.

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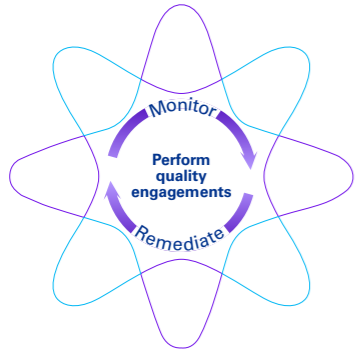
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Monitor and remediate

- **Rigorously monitor and measure quality**
- **Obtain, evaluate 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.

Rigorously monitor and measure quality 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.

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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 key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

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

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

The results and lessons from the integrated monitoring and compliance programs are communicated to audit professionals 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 organisation. Reviews are overseen by an independent experienced lead reviewer from another KPMG firm and the QPRs are performed by reviewers from other KPMG firms. QPR results are reported to KPMG International.

Evaluations from audit QPR

Across the global organisation, 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’. Set out below are the definitions of the outcomes.

Compliant – the relevant auditing, assurance, accounting and professional standards have been complied with in all significant respects with no or only minor instance(s) of non-compliance.

Compliant – Improvement Needed – when the relevant auditing, assurance, accounting and professional standards have been complied with in all significant respects, but more than minor instance(s) of non-compliance have been identified. However, the instance(s) of non-compliance are not significant, improvements are needed in the next audit and remediation should be considered for the engagement file subject to review.

Not Compliant – relevant auditing, assurance, accounting and professional standards were not complied with in respect of a significant matter(s) and remediation of the engagement file subject to review related to the significant matter(s) is required.

KPMG South Africa’s 2023 QPR results analysed

We are pleased with the improvement in our QPR results following the 2023 QPR program as set out below:

	2023	2022
Percentage of engagement leaders reviewed in audit	38%	35%
Number of engagements reviewed	24	25
Percentage of results that showed engagements reviewed that were either compliant or compliant – improvement needed	92%	68%

Our improved QPR results in 2023 demonstrate that our continued investment and deployment of KPMG Clara and the execution of our enhanced audit methodology, the KPMG Audit Execution Guide, is proving to be successful.

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.

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The 2023 KQCE program covered the period from 1 October 2022 to 30 September 2023 and helps support our conclusion on the operating effectiveness of our SoQM as of 30 September 2023 and compliance with quality and risk management policies. Refer to page 39 for our statement in respect of our SoQM.

Global Quality & Compliance Review (GQCR) program

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

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

Internal monitoring and compliance program reporting

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

Findings are also emphasised 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.

Obtain, evaluate and act on stakeholder feedback

Regulators

In South Africa the IRBA has been carrying out independent inspections for a number of years. They completed their work on the 2022 inspection of KPMG South Africa in March 2023.

KPMG South Africa is also registered with the PCAOB (U.S audit regulator) and CPAB (Canadian audit regulator). The public report on the 2023 inspection by the PCAOB was released on 9 January 2024 and both the report and our response are available on the PCAOB website. The firm does not currently audit any issuers subject to CPAB standards.

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

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through IFIAR’s Global Audit Quality Working Group (GAQWG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

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

IRBA inspections

Engagement file inspections

The IRBA inspection process serves an important role in the achievement of our objectives of improving audit quality and we are committed to responding to all deficiencies identified by the IRBA. We set out below the results of the IRBA inspections carried out during 2023 (the results of which were received in March 2024) and 2022 (the results of which were received in April 2023) in respect of audit engagement files –

	2023 inspections		2022 inspections	
No further action required	1	25%	-	-
Some improvement required	3	75%	-	-
Significant improvement required	-	-	3	60%
Referral for investigation	-	-	2	40%
Total	4		5	

The improvement in the results from the 2023 inspection is pleasing and is a reflection of the remediation efforts made to address all the reportable deficiencies identified by the IRBA in previous inspections. All the remedial actions have been fully implemented.

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Firm-wide inspection

While the firm was not subject to firm wide inspections during 2023 or 2022, the IRBA escalates certain matters identified during the inspection of the individual audit engagement files for firm level attention. Having regard to the specific findings on the individual audit engagement files, the IRBA has concluded that the firm received an overall rating of **some improvement required** for 2023 which is an improvement from the significant improvement required rating received in 2022. The 2023 IRBA inspection also included theme-based reviews covering the design and implementation of ISQM1, evaluation of independence consultations and non-assurance services, and materiality and evaluation of uncorrected misstatements identified during the audit. No deficiencies were identified from the theme-based inspections. The firm has fully implemented all remedial actions that were identified during the 2022 inspection.

Client feedback

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

Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in our discussion on “Tone at the top”.

Other assessment of audit quality

Second Line of Defence (2LoD)

The objective of the 2LoD program is to enhance audit quality by conducting independent reviews of areas of focus on audit engagements and providing direct real time support and coaching to engagement teams before the audit opinion is signed with the goal of helping the audit team deliver an audit that complies with the relevant professional standards.

Engagements are selected for a 2LoD review based on approved selection criteria with the focus being on listed and high-risk engagements.

A 2LoD program is used for each review and contain key areas of focus which considers the findings from our most recent internal quality reviews and regulatory reviews. Each review covers the planning and risk assessment, control and substantive testing, including general IT and application controls, and the completion phases of the audit. Our review program is updated periodically to ensure that we focus on emerging risk areas and themes identified in monitoring activities.

We have seen the positive impact of our 2LoD program in the outcome of our internal monitoring program in both 2023 and 2022. 100% (2022 – 90%) of all engagement files subject to 2LoD received either compliant or compliant-improvement needed ratings following the 2023 QPR.

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

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

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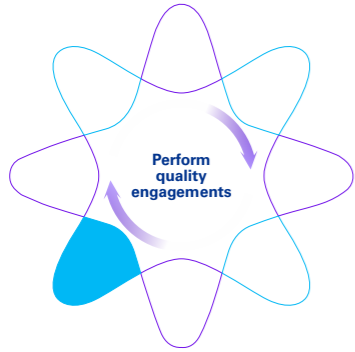
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Communicate effectively

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

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

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

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

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

Global IFRS Institute

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

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

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

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

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

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

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

Our 2023 GPS highlighted that audit quality is a priority for our audit professionals. A key area of focus is to ensure that our audit engagement teams have sufficient time to deliver quality audits.

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Partner remuneration is based on a Total-on-Target Remuneration model with an element of pay at risk depending on the performance of the individual and the firm and factors such as audit quality and compliance outcomes. The Total-on-Target Remuneration for each financial year is determined and approved by the Policy Board on recommendation of the Nomination and Remuneration Committee.

Partner reward and performance governance

Each partner's performance is evaluated in relation to goals set and against key performance indicators. Partner performance is also evaluated relative to their peers. Partner remuneration is proposed by Exco and recommended through the Nomination and Remuneration Committee to the Policy Board for its consideration and approval. Audit partners are not evaluated on, or compensated based on, their success in selling non-assurance services to their audit clients.

Sanctions and quality and compliance

At the end of each financial year, the quality and compliance findings of each partner are reviewed and sanctions imposed in accordance with the Partner Quality and Compliance Sanctions Policy based on factors including results of internal and external audit inspections and other relevant quality metrics.

The determination of whether a quality and/or compliance finding is significant will be based on the provisions of the Partner Quality and Compliance Sanctions Policy as evaluated and assessed by the Sanctions Committee. The Sanctions Committee comprises senior leadership from each function and risk and quality. The outcomes agreed at the Sanctions Committee and reported to the Nomination and Remuneration Committee.

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Embrace digital technology

Nurture diverse skilled teams

Associate with the right clients and engagements

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Perform quality engagements

Assess risks to quality

Monitor and remediate

Communicate effectively

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Statement on the effectiveness of the System of Quality Management of KPMG Incorporated and KPMG Services Proprietary Limited as at 30 September 2023

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1) and KPMG International Limited Policy, KPMG Incorporated and KPMG Services Proprietary Limited (collectively the "Firm" and/or "KPMG South Africa") 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 South Africa outlines how its System of Quality Management supports the consistent performance of quality engagements in this 2023 Transparency Report. Integrated quality monitoring and compliance programs enable KPMG South Africa 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 South Africa performs its annual evaluation of the System of Quality Management, the firm 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 KPMG South Africa'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.

Ignatius Schoole
Chief Executive Officer
22 January 2024

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Legal structure

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

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

Our firm and all other KPMG firms are party to membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global 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.

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

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 resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

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

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

Professional Indemnity Insurance

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

Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team. Further details on KPMG International's governance structure can be found in the [KPMG International Transparency Report](#).

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KPMG refers to the global organisation or to one or more of the member firms of KPMG International Limited (“KPMG International”), 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. For more detail about our structure please visit <https://home.kpmg/xx/en/home/misc/governance.html>.

KPMG Services Proprietary Limited is not a Registered Auditor in terms of the Auditing Profession Act, 26 of 2005 and does not provide audit services as defined in Section 1 of this Act.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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