



Transparency Report

Our relentless focus on quality

Year ended 31 December 2021

KPMG in Malaysia

[kpmg.com/my](https://www.kpmg.com/my)



KPMG Values

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



Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Our Values are:



Integrity

We do what is right

Embracing digital technology

Nurturing diverse skilled teams



Excellence

We never stop learning and improving

Associating with the right clients and engagements



Courage

We think and act boldly

Being independent and ethical



Together

We respect each other and draw strength from our differences

Assessing risks to quality

Communicating effectively



For Better

We do what matters

Performing quality engagements

Monitoring and remediation

KPMG's Values express the organization's long-standing core beliefs.



Focus on quality to inspire confidence and empower change

Audit is the foundation of our business, and audit quality is at the core of KPMG.

In our 2021 KPMG in Malaysia Transparency Report, we document how we are improving our quality management — by investing in new technologies and resources, while building a stronger culture of consistency and accountability. We share how our relentless focus on quality underpins our commitment to serve the public interest, drives our ambition to be the most trusted and trustworthy professional services organization and delivers on environmental, social and governance (ESG) commitments, in line with KPMG International [Our Impact Plan](#).

KPMG has a simple but bold ambition: to become the most trusted and trustworthy professional services organization. That aim is impossible without delivering quality audits, and even though we have a sound foundation to build on, we need to constantly innovate, never losing our focus especially as leaders of this proud profession.

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

All our actions are guided by our Values. They drive our daily behaviors, guide our decisions, and shape our ethical culture. Integrity is a core Value — we do what is right, in the right way, at the right time. We embody our Values of integrity and excellence in our commitment to quality.

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

Driving improvements in audit quality relies on exceptional people always doing the right thing, not taking shortcuts, and being able to speak up without fear of repercussion. Our new Global Quality Framework outlines how every partner and employee contribute to delivering high-quality audits. These are mandatory actions and behaviors, built on our Values that have been our guide throughout nearly 150 years of providing quality audits.

Finally, creating the right environment requires strong governance and practice management standards. It's why our Global Board implemented governance changes to achieve greater levels of consistency and accountability across our entire global organization. All KPMG member firms are now committed to a common set of Values, standards, and service quality expectations.

Together, we are making incredible strides for the better. Quality is what our profession is built on, and it's why we are relentless in our approach to delivering it.

Thank you for the trust you have in us.



Datuk Johan Idris
Managing Partner
KPMG in Malaysia



Foong Mun Kong
Head of Audit
KPMG in Malaysia

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Appendices



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 control.

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

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Driving the quality agenda

This section provides an overview on our overall approach to delivering audit quality.

Our approach to delivering audit quality

The Audit practice of KPMG in Malaysia continues to invest significantly in audit quality. We are building on our sound audit quality foundations, both in terms of how we manage our Audit practice and how we execute audit engagements.

This means ongoing investment in the system of quality management, monitoring of audit quality, enhanced support and providing leading technology and tools for engagement teams.

Our global audit quality program supports the consistent deployment of investments to enhance and drive a common approach.

Building consistency through a global approach

At KPMG, audit quality is about consistent execution across all member firms globally in line with the requirements and intent of professional standards, and within a strong system of quality control. All our related activities are undertaken in an environment of objectivity, independence, ethics and integrity.



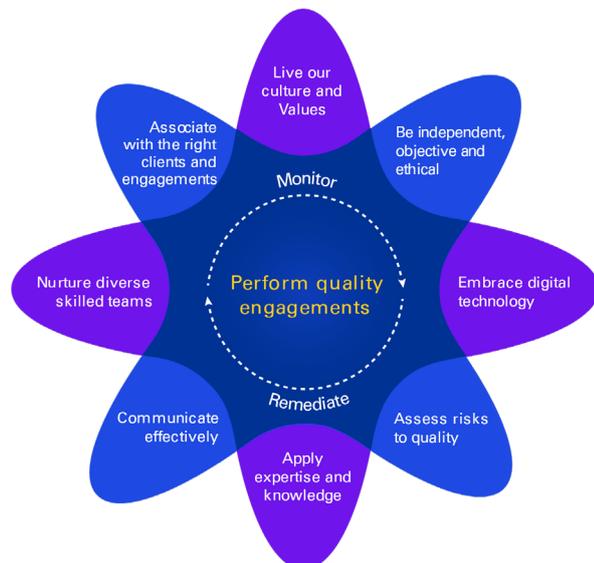
We have made significant investments in strengthening the consistency and robustness of our system of quality management, ensuring the effective implementation of the International Standard of Quality Management (ISQM 1), which will take effect in December 2022. KPMG International's approach to ISQM 1 is to drive the consistency and robustness of controls across the KPMG organization. KPMG International has initiated a program to support effective implementation of the organization-wide requirements for KPMG firms' systems of quality management.

Driving standards through a system of quality management

Our commitment to integrity and quality lies at the heart of the way we do things at KPMG in Malaysia. Our system of quality control helps to enable our performance meets the highest professional standards.

As we prepare for ISQM 1, we have adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable for its delivery. The principle of 'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate our processes as necessary. Our Quality Drivers give a clear direction to encourage the right behaviors in delivering audit quality. The Global Quality Framework also meets the requirements of the current International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

While this Transparency Report summarizes KPMG's approach to audit quality, it may also be useful for stakeholders interested in KPMG, as many KPMG quality control procedures and processes are cross-market segment and apply equally to all services offered. In this report we use our Global Quality Framework to describe our approach to quality.





KPMG’s commitment to audit quality during the COVID-19 pandemic

The COVID-19 pandemic has forced us to think differently, KPMG continues to respond to and embrace this challenge.

Since the start of the pandemic, KPMG has maintained an online COVID-19 | Financial reporting resource center to assist companies and other stakeholders understand potential accounting and disclosure implications.

KPMG has issued extensive guidance to assist audit teams in addressing the various accounting, financial reporting and audit-related matters arising from the impacts of the COVID-19 pandemic including going concern, asset impairments, valuations and related disclosures, materiality, risk assessment, group audits, inventory, subsequent events, audit evidence communications with Those Charged With Governance. Additionally, KPMG has issued specific guidance for remote working environments which addresses how teams work together, communications with management and the design and performance of audit procedures.

KPMG’s guidance has been continually updated throughout the pandemic as other significant auditing, accounting and reporting issues have been identified.

KPMG is a technology-enabled organization, with technical accounting and auditing resources, guidance and audit platforms and tools available electronically, which greatly enabled the conversion to a remote working environment.



Operating in different regulatory environments

The regulatory requirements under which KPMG operates differ across jurisdictions, we are committed to operating according to the local laws and regulatory environment. KPMG is supportive of international initiatives to promote consistency in regulatory requirements for the capital markets while recognizing that different jurisdictions will have different requirements.



Enhanced communication has been increasingly important to everyone during the COVID-19 pandemic. We have leveraged our investments in technology to provide regular communications, including virtual meetings to share leading practices and guidance. In addition, we have enhanced our listening strategy to include specific COVID-19 pulse surveys to allow us to hear from our people in real-time and shape our response accordingly.

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Governance and leadership

Legal, governance and leadership structure of KPMG in Malaysia

Legal and ownership structure of the Audit firm

The audit entities of KPMG in Malaysia, namely KPMG PLT and KPMG Desa Megat PLT (KPMG DM PLT), are entities that were converted from conventional partnerships into limited liability partnerships in December 2016, under the Limited Liability Partnerships Act 2012. Both the audit entities are member firms of the KPMG network of independent member firms affiliated with KPMG International Limited (KPMG International), a private English company limited by guarantee.

The audit practice of KPMG in Malaysia operates out of 8 offices across Malaysia namely in Petaling Jaya, Penang, Ipoh, Johor, Kota Kinabalu, Labuan, Kuching and Miri.

The number of audit partners in KPMG PLT and KPMG DM PLT as of 31 December 2021 was 38 (2020: 40) and 8 (2020: 9), respectively. In addition, there was a total of 1,055 personnel in the year 2021 comprising partners and employees (2020: 1,229) for these two audit entities.

KPMG in Malaysia is part of the KPMG global organization of professional services firms and we provide tax and advisory services through various private limited companies. These companies are also member firms of the KPMG network of independent member firms affiliated with KPMG International. Partners of KPMG PLT and KPMG DM PLT have a beneficial interest in these companies.

A list of all the entities which form KPMG in Malaysia, together with the nature of their businesses and country of incorporation is set out in **Appendix A**.

Network and structural arrangements of KPMG

A description of the network and structural arrangements where KPMG PLT and KPMG DM PLT are member firms of, are set out in **Appendix B**.



Substantial equity in the partnerships and family relationship

As of 31 December 2021:

- None of the audit partners in KPMG PLT and KPMG DM PLT held substantial equity (defined as any single partner with more than 10% equity share in the limited liability partnership) in both of the partnerships; and
- There was no family relationship between any of the licensed audit partners undertaking leadership roles or holding substantial equity in both of the partnerships with other partners in both of the partnerships.



KPMG in Malaysia Leadership Team - Executive Committee (EXCO)

Our strategy is set by the KPMG in Malaysia's Executive Committee (EXCO) and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across the global organization.

The principal oversight body of the business operations of KPMG in Malaysia is the EXCO. The executive chair of the EXCO is the Managing Partner (MP) and the EXCO comprises senior representatives from various market segments (i.e. audit, tax and advisory).

These senior representatives (Head of Audit, Head of Tax and Head of Advisory) are responsible for the leadership of their respective market segment business operations. These Heads are directly responsible for their respective market segment long-term growth and sustainability, setting strategies and overseeing their implementation, monitoring performance against the approved business plan, compliance with business laws/regulations and protecting and enhancing the KPMG brand in Malaysia



In addition, there are six other members in EXCO (i.e. Chief Operating Officer, Chief Financial Officer, Head of People, Head of Risk Management, Head of Markets and Head of Branches) who are responsible for overseeing functional areas of KPMG in Malaysia that include human resources, finance, information technology, business development, enterprise risk management and ethics & independence.

The respective Heads of Audit, Tax and Advisory also highlight compliance and regulatory matters in relation to their practice areas to the EXCO. These matters include results of internal quality review (i.e. Quality Performance Review) and external inspections, if any (i.e. Audit Oversight Board on the Audit practice) and the accountability of the specific engagement leader(s) in respect of the review results.

The EXCO aims to meet at least monthly and during the calendar year 2021, it met 13 times.

Leadership responsibilities for quality and risk management at KPMG in Malaysia

KPMG in Malaysia demonstrates a commitment to quality, objectivity, independence, ethics and integrity, and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example — demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

Our leadership team is committed to building a culture based on quality, objectivity, independence, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions.

KPMG in Malaysia is required to seek input from the chair of the relevant Global Steering Group or his/her delegate on the performance of certain leaders within KPMG in Malaysia whose role most closely aligns with the activities of the Global Steering Group. Input is sought as part of the annual performance process and is based on an assessment of the leader's performance, which includes matters of public interest, audit quality and risk management activities.

The following individuals have leadership responsibilities for quality and risk management at KPMG in Malaysia.

Head of Risk Management

The Head of Risk Management is responsible for the direction and execution of risk policies, compliance and quality control in KPMG in Malaysia. The Head of Risk Management is a member of KPMG in Malaysia's Executive Committee and Audit and Accounting Committee has a direct reporting line to the MP. The Head of Risk Management also consults with the appointed Area Quality & Risk Management Leader (AQRL). The Head of Risk Management is supported by a team comprising partners and professionals from each of the market segments of audit, tax and advisory.

The Head of Risk Management chairs the Risk Management Committee (RMC) which includes the Heads of Risk Management for the various market segments of audit, tax and advisory. The principal role of the RMC is to provide input to risk management policies and procedures (including setting policies and overseeing implementation) relating to KPMG in Malaysia's professional services across audit, tax and advisory functions.

The RMC meets quarterly each year and during the calendar year 2021, it met 4 times.

Head of Ethics and Independence

The Head of Ethics and Independence (E&I) has primary responsibility for the direction and execution of ethics and independence policies and procedures of KPMG in Malaysia in accordance with the requirements of the International Ethics Standards Board of Accountants (IESBA), By Laws (On Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants (MIA By-Laws) and KPMG global policies. The Head of E&I has a direct reporting line to the MP and is supported by a team of professionals. The Head of E&I also reports to the regional E&I partner on a regular basis to be agreed with them.

As part of the KPMG global ethics and independence policies, the Head of E&I also consults with the appointed AQRL as and when circumstances within the global policies are met.

For KPMG in Malaysia, the Head of Risk Management has also assumed the role of Head of E&I since 2019.

Audit Quality Leader

The Audit Quality Leader (AQL) is an essential and integral component for the Audit practice to focus on quality priorities through oversight, monitoring, and/or participation in KPMG's audit quality processes to enable the achievement of consistent high audit quality. The AQL reports to the Head of Audit (HOA) and works with the HOA in the oversight of the internal annual Quality Performance Review (QPR) Program for Audit practice, the evaluation of the internal review and external inspection findings, if any, and in the development of remedial action plans.

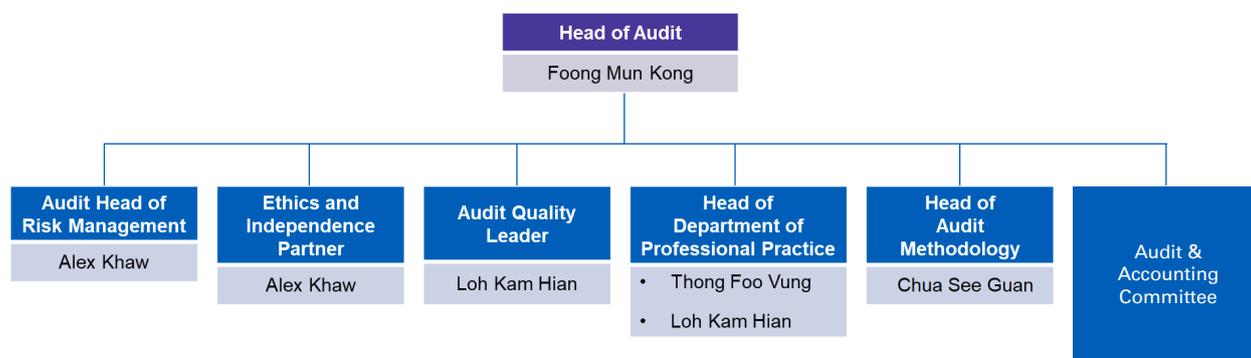
The Audit, Tax and Advisory Heads

The three heads of the client services market segments (audit, tax and advisory) are accountable to the MP for the quality of service delivered in their respective segments. They are responsible for the execution of the risk management and quality assurance procedures for their specific segments within the framework set by the Head of Risk Management. These procedures make it clear that, at the engagement level, risk management and quality control is ultimately the responsibility of all professionals in the firm.



The HOA responsible for the effective business management and control of the Audit practice. This includes:

- setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, and ethics and integrity;
- developing and implementing an audit methodology that is aligned with KPMG in Malaysia’s audit quality requirements; and
- working with the Head of Risk Management to monitor and address audit quality and risk matters as they relate to the Audit practice. The HOA has a direct reporting line to the MP and is a member of the EXCO of KPMG in Malaysia. In driving the Firm’s audit quality objectives, the establishment of required policies and procedures to maintain audit quality, the HOA is supported by as follows:



Leadership of the Audit practice as at 31 December 2021

Audit Leadership Team

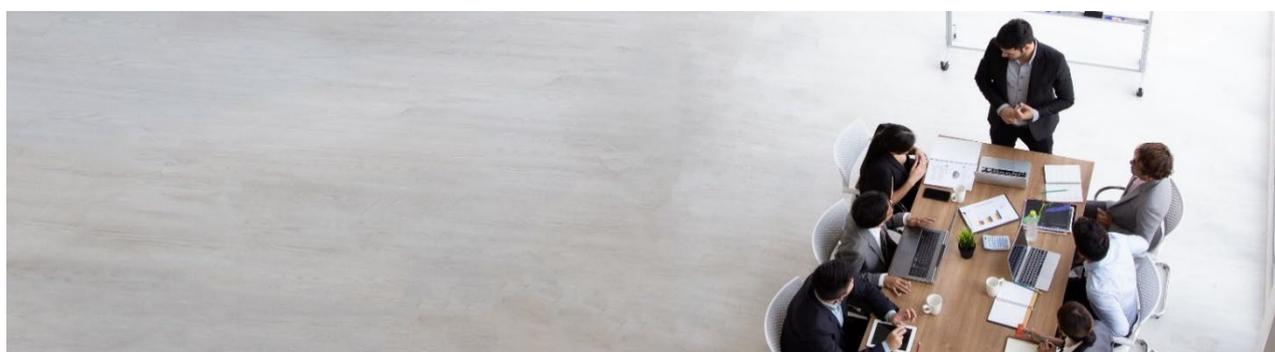
In the day-to-day business operations of the Audit Practice, the HOA is supported by a team of 4 other senior audit partners. The Audit Leadership Team has regular discussions to agree on actions about resourcing matters, current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified from a variety of sources.

The Audit and Accounting Committee

The Audit and Accounting Committee (AAC) of the Audit practice oversees the development and dissemination of guidance on accounting, financial reporting and auditing matters for the use of audit professionals. The AAC is supported by a team of professionals from the Department of Professional Practice (DPP). The AAC is also involved in approving policies in respect of accounting, auditing, audit risk management and technical training; approving formal guidance, templates, practice aides prior to their issuance; and serves as a consultation body for audit and accounting matters within the Audit practice.

For more complex auditing and accounting issues, these will be raised to the ASPAC Audit and Assurance Partners Group/KPMG International Global Audit groups and the ASPAC IFRS Technical Topics Team/International Standards Group (ISG), as applicable. The AAC will oversee this consultation process.

The AAC is chaired by an experienced audit partner (i.e. Head of AAC) and is supported by 4 other audit partners (including the HOA). The AAC aims to meet at least once a month, with additional meetings to be convened whenever necessary. During the calendar year 2021, it met 10 times. .





Living our culture and Values

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

Fostering the right culture, starting with tone at the top

As a global organization, we recognize that strong and clear leadership from KPMG International is critical to setting the tone at the top and providing the blueprint for accountability to all KPMG firms.

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

At KPMG in Malaysia, we promote a culture in which consultation is encouraged and recognized as a strength.

We communicate our commitment to clients, stakeholders, and society at large to earn the public's trust.

Clear Values and a strong Code of Conduct

Our Values lie at the heart of the way we do things. To do the right thing, the right way. Always. They drive our daily behaviors, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenges with integrity, so we never lose sight of our principal responsibility to protect 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.

Outlined in [KPMG's Global Code of Conduct](#) ("the Code") are the responsibilities all KPMG personnel have to each other, the public and the firms' clients. It shows how our Values inspire our greatest aspirations and guide our behaviors and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities.

Everyone at KPMG is held accountable to behave consistent with the Code and is required to confirm their compliance. Everyone at KPMG is also required to take regular training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. Individuals are encouraged to speak up if they see something that makes them uncomfortable or is not in compliance with the Code, or our Values.

Moreover, 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, each KPMG member firm is required 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 laws and regulations.

The KPMG International hotline is a further mechanism for KPMG personnel, the firms' clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International, activities of KPMG firms or KPMG personnel.

All KPMG member 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.

The Global People Survey (GPS) provides KPMG in Malaysia leadership and KPMG International leadership with results related to upholding the KPMG Values. KPMG in Malaysia and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings.

Consistent quality and risk management policies

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (GQ&RMM) which applies to all KPMG professionals. These policies and associated procedures are designed to assist KPMG firms in complying with relevant professional standards and regulatory and legal requirements.

They are based on the ISQC 1 and the IESBA Code of Ethics. Both are relevant to KPMG firms that perform statutory audits and other assurance and related services engagements. KPMG firms are required to implement KPMG International's policies and procedures and adopt their own additional policies and procedures that are designed to address rules and standards applicable to their own jurisdictions as well as applicable legal and regulatory requirements.



KPMG in Malaysia is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.

Global leadership takes responsibility for audit quality

KPMG’s global leadership plays a critical role in driving the quality agenda. With respect to audit quality, our Global Head of Audit and Global Head of Audit Quality provide reports to the Global Audit Quality Committee (GAQC) and have responsibility for oversight of audit quality across KPMG for KPMG International.

Certain global steering groups drive the execution of the quality methodology. Each of these global groups has its specific areas of focus, and they work closely with one another on quality matters, along with regional and KPMG firm leadership, to:

- establish and ensure communication of appropriate audit, quality and risk management policies;
- establish and support effective and efficient processes to promote audit quality;
- promote and support the implementation of methodology in KPMG firms’ audit functions, including standards of audit quality; and
- assess and monitor audit engagement quality, including issues arising from quality performance and regulatory reviews, and focus on leading practices to increase audit quality.

The overall governance structure of KPMG International and further detail on global leadership groups is provided in **Appendix B** of this report.

Enterprise Risk Management process of KPMG in Malaysia

At KPMG in Malaysia, we have undertaken a formal Enterprise Risk Management (ERM) process to identify the material risks that affect the KPMG entities operating in Malaysia and have established controls to extend appropriate measures to mitigate the identified material risks. Such controls are also leveraged from those which are applicable to the KPMG global network of member firms. The ERM process covered all the market segments (i.e. audit, tax and advisory) as well as the business support functions. It sets out our risk appetite and boundaries to align with our strategic objectives, values and vision. The EXCO provides oversight over the assessment and monitoring of the overall ERM process, including the effectiveness of risk mitigating controls/actions.

In summary, the following describes our ERM framework:

In relation to the ERM process, the Audit practice of KPMG in Malaysia maintains a risk register that provides information on the material risks descriptions, their related causes giving rise to the risks, the existing controls that are in place, the risk consequences, the risk impact and likelihood, and the residual risk ratings. Action plans to mitigate all risks are formulated and the risk owners would be identified to monitor the implementation.

Scope	Description
Risk Identification	We identified enterprise risks associated with our strategic priorities by gathering inputs from the respective market segment and functional leadership teams. These identified risks are reviewed on an ongoing basis in which emerging risks are added and mitigation plans are deployed, if applicable.
Risk Identification	We rated the identified risks based on the impact and likelihood criteria. The rating indicates the severity of the effect the risk may have on the business if the risk event occurs.
Risk Monitoring	On an annual basis, the Head of Risk Management Partner of KPMG in Malaysia reviews the results of the internal QPR, internal Risk Compliance Program (RCP) and results of external inspections to determine any impact of status of the risks identified, including the adequacy of the controls (together with the status of remedial action plans) and updates the EXCO.





Applying expertise and knowledge

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

Methodology aligned with professional standards, laws and regulations

KPMG audit methodology, tools and guidance enable a consistent approach to planning, performing and documenting audit procedures over key accounting processes:

- globally consistent and fully compliant with the applicable standards, including International Standards on Auditing (ISA) and in overseas, Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by KPMG firms;
- inclusive of KPMG methodology interpretations that drive consistency in areas where the applicable standards are not prescriptive in the approach to be followed;
- centered on identifying risk, focusing on risks of material misstatements and the necessary audit response;
- made available to all KPMG audit professionals and required to be used, where necessary.

The KPMG audit methodology is set out in KPMG’s Audit Manual (KAM) (currently used with eAudit) and the KPMG Audit Execution Guide (KAEG) (for use with the KPMG Clara workflow) and includes KPMG interpretation of how to apply ISAs, which we believe enhance audit quality. The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence.

Enhancements to the audit methodology, guidance and tools are made regularly to maintain compliance with standards and address emerging auditing areas of focus and audit quality results (internal and external). For example, as a result of the COVID-19 pandemic, many businesses are experiencing significant financial uncertainty. KPMG has issued guidance to auditors on conducting audit procedures in a remote-working environment, raising awareness of key audit risks such as going concern and impairments and has provided reminders of the importance of exercising professional skepticism taking appropriate actions if the information identified is unexpected or unusual and may be indicative of potential management bias, a fraud risk or fraud.

KPMG firms may add local requirements and/or guidance to supplement the KAM and KAEG to comply with additional local professional, legal, or regulatory requirements.

Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit. Our audit engagement teams have access to a network of KPMG specialists – either within KPMG in Malaysia or in other KPMG member firms. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfill their role in KPMG audits. The need for specialists to be assigned to an audit engagement in an area such as information technology, tax, actuarial, forensic, valuations is considered as part of the audit engagement acceptance and continuance process, as well as during the planning and conduct of an engagement.





Embracing digital technology

We are committed to serving the public interest and creating value through continuous innovation. By leveraging leading technologies, we are transforming the audit experience for our professionals and our clients — enabling us to provide an even higher quality audit by increasing our ability to focus on the issues that matter through the data and insights it provides.

Delivering through our current audit workflow

The current audit workflow of KPMG in Malaysia is enabled through eAudIT, an activity-based workflow and electronic audit file used by KPMG firms globally. eAudIT is KPMG’s audit documentation workflow that allows audit professionals to complete quality and consistent audits. eAudIT combines KPMG’s audit methodology, guidance and industry-specific knowledge, and the tools needed to execute and document the audit work performed.

Evolving our audit workflow

KPMG recognizes that in order to deliver quality audits, we need to continually evolve and develop our technology solutions to keep pace with today’s digital world.

That is why KPMG embarked on a process of reimagining our audit platform, workflow and methodology to provide enhanced consistency and support to our audit engagement teams, deliver detailed insights to our clients, and future-proof our systems for the expected continued development of new technologies such as robotic process automation, machine learning and cognitive technologies.

All professionals are expected to adhere to KPMG International and KPMG in Malaysia policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The KPMG in Malaysia policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards, and other relevant laws and regulations.

The release of the KPMG Clara workflow (KCw) and revised audit methodology is an important milestone in KPMG’s journey to innovate, digitalize and transform the audit. It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

The KCw introduced in year 2019, it is our smart and intuitive technology platform that is driving globally consistent audit execution. As a fully integrated, scalable, cloud-based platform, it enables the enhanced audit methodology through a data-enabled workflow.

The platform integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualization.



KPMG in Malaysia has deployed the new KPMG Clara workflow on a limited basis in 2020 and is expected to complete the full deployment in 2022. eAudIT will be phased out once KCw is fully deployed.



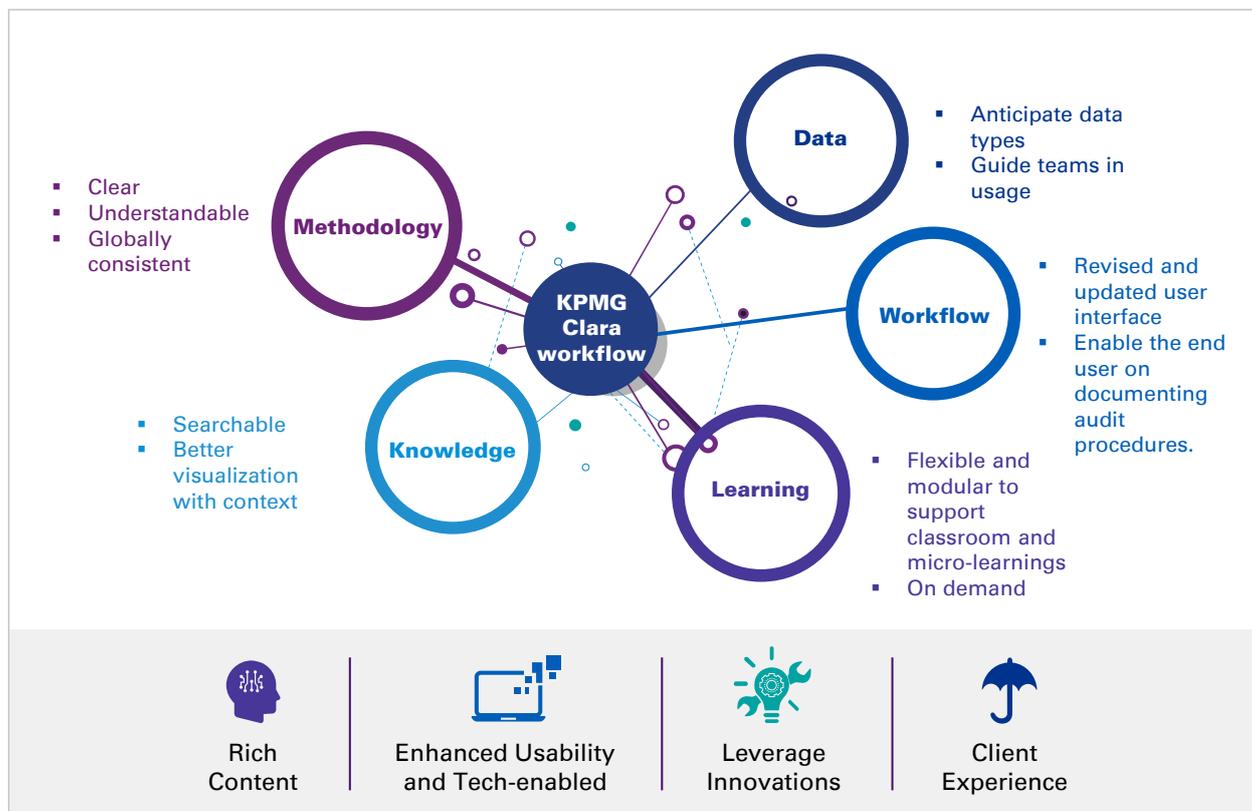
KPMG Clara

The digital audit workflow is increasingly integral to how KPMG firms perform quality audits 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.

KPMG Clara is helping auditors see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts. Examples of current capabilities include:

- enable the analysis of account balances and journal entry data
- automate 'period on period' balances comparison and 'time series' evolution information
- enable the analysis of sub-ledger, transactional data over certain business processes and accounts.

Selected audit engagements of KPMG in Malaysia have utilized digital audit capabilities of the KPMG Clara platform such as account analysis and journal entry data analysis in executing their audits.



Our vision of the future

KPMG Clara was developed to be KPMG's foundational technology platform to deliver audit quality. It delivers this by being the base technology delivering new capabilities in a globally consistent way, enabling the audit workflows and a fully digital experience for KPMG audit professionals.

The platform was developed to be KPMG's foundational technology platform that integrates new and emerging technologies (e.g. artificial intelligence, blockchain and cognitive capacities), with advanced capabilities that leverage data science, audit automation, and data visualization.





KPMG Clara workflow

The web-enabled KCw guides audit teams through a series of steps in a logical sequence aligned to the applicable professional auditing standards with a clear display of information, visuals, and guidance available, and with embedded advanced digital audit and project management capabilities. The workflow and revised audit methodology are scalable – adjusting the requirements to the size and complexity of the audit engagement. KPMG Clara workflow significantly enhances the execution of an audit by KPMG professionals and clearly drives audit quality and global consistency.

Using data mining and tracking of relevant engagement level data indicators, the KCw can also facilitate monitoring of audit execution at the engagement level.

KPMG continues to enhance the KPMG Clara smart audit platform to accommodate accelerating security demands, integrate existing audit applications into a single platform, and develop new capabilities to digitize additional audit processes.

Client confidentiality, information security, and data privacy

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

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

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



Nurturing diverse skilled teams

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

Recruiting appropriately qualified and skilled people, including specialists, with diverse perspectives and experience

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

Recruitment

KPMG in Malaysia has invested in understanding how we can attract the talent we need across the organization in the future. This requires the right recruitment, development, reward, promotion and assignment of professionals. 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 where appropriate, working with secondary schools, helping to build relationships with a younger, diverse talent pool at an early age. We also recruit professionals at an experienced hire level.

All candidates submit an application 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 perform competently, are suitable and best placed for their roles.

KPMG in Malaysia recruited over 350 new graduates in the year ended 31 December 2021 (2020: approximately 300).

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Head of E&I or a delegate. KPMG in Malaysia does not accept any confidential information belonging to the candidate's former firm/employer.

Inclusion, Diversity & Equity programs

KPMG in Malaysia is committed to building a diverse and equitable firm that is inclusive to all.

Inclusion, diversity and equity (IDE) is core to our very existence – helping us build great teams with creativity and innovation, and encourages us to stand up, live our Values, and do what is right.

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

Reward and promotion

We have compensation and promotion policies that are informed by market data, clear, simple, and linked to the performance review process. This helps our audit partners and professionals understand what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved by assessing relative performance across a peer group to inform reward decisions.

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

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

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

Assigning an appropriately qualified team

Partner assignments

KPMG in Malaysia has procedures in place to assign engagement partners, Engagement Quality Control (EQC) reviewers 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.

Our HOA and Head of Risk Management 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 industry, 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).



Engagement teams

Audit engagement partners are required to be satisfied that their engagement team members have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with our audit methodology, auditing standards, and applicable legal and regulatory requirements.

The team may include specialists from KPMG in Malaysia, other KPMG firms or external experts.

Investing in data-centric skills – including data mining, analysis and visualization

KPMG is strategically investing in the talent pipeline by partnering with leading institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. KPMG is also recruiting and training professionals who specialize in software, cloud capabilities. and artificial intelligence and who can bring leading technology capabilities to our smart audit platform.

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

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

Commitment to technical excellence and quality services delivery

All our audit partners and 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.

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



Lifetime learning strategy

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, at a local level. Mandatory learning requirements for audit professionals across the KPMG organization are established annually. Training is delivered using a blend of learning approaches and performance support resources.



On-going 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, available at the click of a mouse 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 throughout KPMG as part of enabling audit professionals to achieve their full potential and instill that every team member is responsible for building the capacity of the team, coaching other team members and sharing experience.

Accreditation requirements for U.S. GAAP engagements

Specific requirements apply to engagements performed outside the U.S. to report on financial statements or financial information prepared in accordance with U.S. GAAP and/or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR).

These require that at a minimum, all partners, managers and, if appointed, the EQC reviewers (and for engagements conducted in accordance with US GAAP and/or US auditing standards engagements, the engagement partner, engagement manager, engagement in charge and, if appointed the EQC reviewers assigned to the engagement have completed relevant training and that collectively the engagement team has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.



Recognizing quality

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

- global role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- a goal library (including audit quality content); and
- standardized review forms (with provision for audit quality ratings)

Open Performance Development is linked to the KPMG Values and designed to articulate what is required for success — both individually and collectively. It is based on a competency model that describes the behaviors which define high performance. We know that by being clear and consistent about the behavior we expect and rewarding those who demonstrate them, we will continue to drive a relentless focus on audit quality.

At the same time, KPMG is driving a shift to our performance-driven culture, supported by and enacted through leading technology that allows us to embed audit quality into the assessment of performance and the decisions around reward as well as drive consistency.



We consider quality and compliance metrics in supplementing the overall evaluation, promotion and remuneration of audit partners and directors and managers. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

Audit quality indicators on the capacity and competence of the Audit practice

The Audit practice operates in 8 offices in various locations in Malaysia. The overall requirements of human resources are monitored by the Audit leadership of the respective offices. Recruitment and personnel administration are assisted by a centralized People, Performance & Culture (PPC) department based in Petaling Jaya. PPC is also involved in various recruitment and retention strategies and initiatives to enable the Audit practice to recruit and retain the best talents that enable the delivery of the audit professional services at the highest quality and on a timely basis. Experience is key at various levels of our audit professionals as they play a key role in planning and performance of the audits to assist the engagement partner to deliver quality service so as to enable us to meet our Audit practice’s objective of being trustworthy.



The key indicators used to evaluate and monitor the capacity and competency of the Audit practice are set out below:

Headcount of audit personnel

	FYE 2021	FYE 2020	FYE 2019
Audit Partners	38	40	39
Other audit personnel*	1,017	1,125	1,145
Total	1,055	1,165	1,184

* Other audit personnel include Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers, Managers, Assistant Managers, Senior Associates and Associates. This excludes support and administrative staff.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



See below for further analysis of audit personnel to audit partner ratio.

Headcount of audit personnel with and without professional qualification

	FYE 2021	FYE 2020	FYE 2019
With professional qualification	243	217	179
Pursuing professional qualification	790	917	963
Without professional qualification	22	31	42
Total	1,055	1,165	1,184

Personnel with professional qualification refers to personnel who:

- has a MIA membership; or
- is a member of any of the recognized bodies specified in Part II of the First Schedule of the Accountants Act 1967 that includes Malaysian Institute of Certified Public Accountants (MICPA), Institute of Chartered Accountants in England and Wales (ICAEW), Association of Chartered Certified Accountants (ACCA) and Chartered Accountants Australia and New Zealand (CAANZ).

Turnover rate for audit personnel

	FYE 2021 (%)	FYE 2020 (%)	FYE 2019 (%)
Management group*	24	12	16
Assistant Managers	49	35	38
Staff**	34	23	24

* Management group comprises Audit Executive Directors, Audit Directors, Senior Managers and Managers.

** Staff comprise Senior Associates and Associates.

For each category of the table above, the turnover rate is computed based on the number of resigned personnel for the year over the total sum of the following:

- Headcount as at beginning of the year; add
- Number of new hires for the year; add
- Number of personnel promoted from previous level; less
- Number of personnel promoted to next level.



The key factors for higher turnover rate in 2021 are as follows:

- Auditors are in high demand globally with a growing shortage of accounting and audit professionals in some countries abroad. With many economies having reopened during 2021, there was a higher demand for Malaysian talents from other countries. The employment cost of the Malaysian talents is seen as one of the lowest in the ASPAC region that many companies abroad are attracted to hiring them. Hence, although some borders were still closed due to the COVID-19 pandemic, some companies abroad are willing to hire our professionals to work remotely from Malaysia and paying them in foreign currency.
- Locally within the country, the increased competition with attractive remuneration packages is seen from commercial and other industries. Many of our personnel have left the Firm for different work environment and better remuneration package. Various companies are willing to buy-out the notice required to be served by the professional staff.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation



Average number of years of experience* of audit personnel

	FYE 2021 (Average no. of years)	FYE 2020 (Average no. of years)	FYE 2019 (Average no. of years)
Audit Partners	24	24	22
Audit Principals/Audit Executive Directors/Audit Directors	18	18	17
Senior Managers	12	11	11
Managers	8	7	7
Assistant Managers	5	4	4
Senior Associates	3	3	3
Associates	1	1	1

* The average number of years is derived based on the average tenure of the audit personnel taken from the date of joining the Audit practice.

Audit quality indicators on the Audit practice's investment to uphold audit quality

Technical Learning and Continuous Professional Development

We provide all audit professionals with the technical training and support they need to perform their roles and responsibilities. We have formalized policies to require all audit professionals to have the appropriate knowledge and experience for their assigned engagements. We enable and empower our people to apply their business understanding and industry knowledge to deliver valued insights and to maintain audit quality.

Annual training priorities for development and delivery are identified by the KPMG in Malaysia's KPMG Business School (KBS) and Audit Learning and Development (L&D) that leverages on KPMG global and regional training modules/materials to supplement those developed at a local level. Training is delivered using a blend of classroom and digital learning to equip all audit professionals with the requisite accounting and auditing standards requirements that will be used when they are on-the-job.

Specialized industry knowledge is available through online resources and learning courses for specific industries and sectors including financial services, real estate and oil & gas.

All our audit partners and staff are required to comply with the Continuing Professional Development (CPD) requirements applicable in Malaysia. KPMG is responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the applicable financial reporting framework. The audit professionals must obtain a minimum of 20 CPD hours of structured learning annually and at least 60 CPD hours of structured learning over a three-year period that is in line with the CPD requirements of the Malaysian Institute of Accountants. To assist our people in maintaining their CPD records, we offer an attendance report tracking CPD hours.

We test a sample of our audit professionals' compliance with the CPD requirements in the Audit practice annual RCP monitoring program.

Audit Quality Support

Audit professionals of KPMG in Malaysia are supported by the following quality control functions:

Department of Professional Practice

The Department of Professional Practice (DPP) is the Audit practice national center of technical excellence responsible for: conducting technical research, interacting with local and global professional standards-setters and global technical resource teams of KPMG, and providing technical accounting and auditing guidance and support to our people in the field. It is organized into the following areas:

- Accounting Group – disseminating guidance and information relating to latest development in financial reporting standards (i.e. International Financial Reporting Standards (IFRS), Malaysian Financial Reporting Standards (MFRS) and Malaysian Private Entities Reporting Standard (MPERS) and facilitating public seminars/webinars.
- Auditing Group – disseminating guidance and information relating to our interpretations of auditing standards and national initiatives to enhance quality, identifying improvement opportunities, facilitating local workshops on topical matters, communicating new methodology guidance and key audit quality messages and providing input into the development of national audit quality initiatives.
- Audit risk management Group – disseminating guidance and information relating to conflict of interest and independence, issuing letter and report templates relating to Audit practice, assisting the Audit Quality Performance Liaison Partner (QPLP) in planning, reporting and monitoring annual QPR, liaising with Audit Oversight Board (AOB) on annual inspection matters and monitoring the remedial action plans arising from the inspection.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



The DPP is headed by two audit partners and is supported by full time DPP directors and managers. They are our technical experts, with deep understanding of Malaysian and international standards. They support the audit teams on technical research and assist to review/evaluate positions taken, bringing a further independent lens, in event that audit teams seek formal consultation.

In respect of policy matters relating to accounting, auditing and audit risk management of Audit practice or more complex accounting and auditing issues, these matters/issues will be referred to the AAC for final approval/decision.

KPMG Clara workflow Deployment Team

The KPMG Clara workflow (KCw) Deployment Team of KPMG in Malaysia, which is led by an audit partner and supported by DPP, is responsible for the staged implementation of our new audit workflow, KCw. In 2021, several audit managers are seconded to DPP to assist in developing guidance and course materials for KCw deployment with the end objectives to improve the audit quality.

Second Line of Defense (2LoD) Reviewers

2LoD reviewers perform in-depth review of selected areas of focus on audit engagements and support specific audit teams throughout the audit process. All 2LoD reviewers are experienced audit staff, who are independent of the audit teams. They coach the audit teams to develop and robustly evidence risk assessment, the audit approach, and execution of procedures in the areas of focus. Their goal is to improve audit quality on these specific audits as they are occurring and before opinions are issued, and more broadly through active engagement in the embedded quality networks.

Risk Management Department (RMD)

The RMD is headed by a partner (Head of Risk Management of KPMG in Malaysia) and is supported by full time directors and managers who are responsible for providing leadership on quality and risk management processes to enable audit teams to adhere to policies and professional standards applicable to Audit practice.

The tabulation below provides a summary of the average hours of training by categories on an annual basis:

	FYE 2021	FYE 2020	FYE 2019
Partners	66	87	55
Managerial level*	89	104	65
Non-managerial level**	134	102	96

* *Managerial level comprises Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers.*

** *Non-managerial level comprises Assistant Managers, Senior Associates and Associates.*

Tabulation below shows the total training hours recorded for the headcount as at 31 December of the respective years, based on the nature/area of training provided:

	FYE 2021	FYE 2020	FYE 2019
Accounting and auditing standards (including KPMG Audit Methodology)	123,716	103,614	92,606
Others*	9,763	10,909	12,316

* *Others comprise trainings in respect of Risk Management policies, independence, anti-bribery & corruption and personal development (soft skills).*

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation



The tabulation below provides a summary of the headcounts of the Audit practice quality control functions / support:

	FYE 2021			FYE 2020			FYE 2019		
	Full-time personnel	Part-time personnel*	Total	Full-time personnel	Part-time personnel*	Total	Full-time personnel	Part-time personnel*	Total
DPP	23	-	23	22	-	22	23	-	23
RMD	-	6	6	-	5	5	-	6	6
KBS	3	-	3	3	-	3	3	-	3

* Part-time personnel comprise personnel who handle matters from Audit practice as well as non-audit practice (i.e. tax and advisory functions).

Tabulation below shows the ratio of quality control functions personnel to audit personnel:

	FYE 2021	FYE 2020	FYE 2019
Ratio for the year	33.0	38.8	37.0

The ratio above is derived by dividing the number of audit personnel by the total headcounts of the Audit practice quality control functions/support.



Associating with the right clients and engagements

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

Following the client and engagement acceptance and continuance policies

KPMG’s client and engagement acceptance and continuance policies and processes are designed to identify and evaluate any potential risks prior to accepting or continuing a client relationship or performing a specific engagement.

KPMG member firms are required to 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.



Accepting appropriate clients and engagements

Client evaluation process

We undertake an evaluation of every prospective client. This involves obtaining sufficient information about the prospective client, its key management and significant beneficial owners and then properly analyzing the information collated to be able to make an informed acceptance decision. This evaluation includes an assessment of the client’s risk profile and obtaining background information on the client, its key management, directors and owners. If necessary, we obtain additional information required to satisfy our local legal and regulatory requirements (e.g. Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001).

Engagement evaluation process

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors is considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG’s conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, whether the services would be unethical or inconsistent with our Values, as well as factors specific to the type of engagement. For audit services, these include the competence of the client’s financial management team and the skills and experience of KPMG professionals assigned to staff the engagement. The evaluation is made in consultation with other senior partners of Audit practice in Malaysia and includes a review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures, 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.



Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. 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 the firm’s audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control (EQC) reviewer or the need to involve additional specialists on the audit).

Recurring or long-running non-audit engagements are also subject to periodic re-evaluation.

In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile, and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

Withdrawal process

When an audit team comes to a preliminary conclusion that indicates that we should withdraw from an engagement or from a client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and any other appropriate authority. For public listed entities, an auditor’s resignation is required to be communicated to the Malaysian stock exchange, Bursa Malaysia Berhad (Bursa).



Being independent and ethical

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

Acting with integrity and living our Values

KPMG International’s detailed independence policies and processes incorporate the requirements of the IESBA Code. These are set out in KPMG’s Global Quality & Risk Management Manual (GQ&RMM), which applies to all KPMG firms. Automated tools, which are required to be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

These policies are supplemented by other policies and processes to ensure compliance with the standards issued by the Malaysian Institute of Accountants (MIA). These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that robust and consistent independence policies and procedures are in place at KPMG member firms, and that tools are available to help the member firms and their personnel to comply with these requirements.

KPMG in Malaysia has a designated Head of E&I who has primary responsibility for the direction and execution of ethics and independence policies and procedures locally. The Head of E&I in Malaysia is responsible for communicating and implementing KPMG International’s 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’s requirements.

KPMG in Malaysia’s partners and professionals are required to consult with the Head of E&I on certain specific independence matters as defined in the GQ&RMM. The Head of E&I may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

We are required to clearly communicate our independence policies and procedures to our partners and professionals. Compliance with independence policies and processes is monitored through annual independence confirmations and compliance

audits locally, as well as through the network’s wider monitoring review programs described in the “Monitoring and remediation” section of this report.

Maintaining an objective, independent and ethical mindset, in line with our code of conduct and policies

Personal financial independence

KPMG International policies require that all KPMG member firms and KPMG professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm assurance and audit 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 and market segment — are generally prohibited from owning securities of any audit client of any KPMG member firm.

KPMG firms use a web-based independence compliance system (KICS) to assist KPMG professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e. late reporting of an investment acquisition).

All client-facing professionals of KPMG in Malaysia (partners, executive directors and management group) are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all their investments in publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted.

Newly restricted investments are required to be disposed of within five business days of the notification. KPMG in Malaysia monitors compliance with this requirement as part of our program of independence compliance audits of professionals.

The Global Independence Group provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



compliance with KPMG’s independence policies. This includes sample criteria for the minimum number of professionals to be audited annually.

Employment relationships

Any KPMG in Malaysia’s professional providing services to an audit client irrespective of function is required to notify our Head of E&I if they intend to enter into employment negotiations with that particular audit client. For partners, this requirement extends to any audit client of any KPMG firm that is a public interest entity.

Former members of the audit team or former audit partners of KPMG in Malaysia are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG in Malaysia.

Key audit partners and members of the “chain of command” for an audit client that is a public interest entity are subject to time restrictions (referred to as ‘cooling-off’ periods) that preclude them from joining that audit client in certain roles until:

- 12 months have passed since the member of the chain of command was in a position in the chain of command and
- Subsequent to the key audit partner ceasing to be a key audit partner, the public interest audit client has issued audited financial statements of the public interest entity on which KPMG in Malaysia will express an opinion and the partner was not a member of the audit team with respect to the audit of those financial statements.

An assurance team member is also required to notify the Head of E&I when they enter into employment negotiations with the assurance client during the course of the engagement. Former assurance team members or former assurance partners of KPMG in Malaysia who join an assurance client in certain roles cannot continue to participate in KPMG in Malaysia’s business or professional activities.

Firm financial independence

KPMG member 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.

In common with other KPMG member firms globally, KPMG in Malaysia uses KICS to record its own 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 benefits plans.

Additionally, KPMG in Malaysia is required to record in KICS all borrowing and financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, KPMG in Malaysia confirms compliance with the independence requirements as part of the RCP.

Business relationships/suppliers

KPMG in Malaysia has policies and procedures in place that are designed to ensure its business relationships with audit and assurance clients are maintained in accordance with the IESBA Code and other applicable independence requirements, such as those promulgated by the MIA By-Laws.

Ethics and Independence training and confirmations

All audit partners and client service professionals, as well as certain other individuals, are required to complete independence training that is appropriate to their grade and function upon joining KPMG in Malaysia and on an annual basis thereafter.

New partners and client service employees who are required to complete this training are required to do so by the earlier of

- a. thirty days after joining KPMG in Malaysia or
- b. before providing any services to, or becoming a member of the chain of comments for any audit client.

We also provide all partners and employees with annual training on:

- the Global Code of Conduct and
- bribery and compliance with laws, regulations, and professional standards.



New partners and employees are required to complete this training within three months of joining KPMG in Malaysia.

All audit partners and employees are required to sign, upon joining KPMG in Malaysia and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies.

KPMG’s Ethics & Independence policies and procedures in key areas are described in more detail below.

Independence clearance process

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, KPMG in Malaysia follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as ‘independence clearance process’, are required to be completed prior to accepting an audit engagement for these entities.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



Non-audit services

All KPMG member firms are required, at a minimum, to comply with the IESBA Code and applicable laws and regulations related to the scope of services that can be provided to audit clients. In Malaysia, we are required to comply with the MIA By-Laws.

In addition to identifying potential conflicts of interest, Sentinel™ facilitates compliance with independence requirements. Certain information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees are required to be entered into Sentinel™ as part of the client and 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 Sentinel™ submission.

Lead audit engagement partners (LAEP) are required to maintain group structures for their publicly traded and certain other audit clients including their related entities or affiliates in Sentinel™. The LAEP is 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.

For entities for which group structures are maintained, Sentinel™ enables LAEPs to review and request revision, approve, or deny, any proposed service for those entities worldwide. For approved proposed services, Sentinel™ designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

KPMG in Malaysia is required to establish and maintain a process to review and approve all new and modified services that are developed locally. Head of E&I in Malaysia is involved in the review of potential independence issues related to these new or modified services.

KPMG global independence policies prohibit KPMG firm audit partners from being evaluated on, or compensated based on, their success in selling non-assurance services to their audit clients.

Fee dependency

KPMG International’s policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the KPMG firm expressing the audit opinion.

These policies require KPMG member firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm audit practice for two consecutive years. In addition, if the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm audit practice for two consecutive years, these policies further require that:

- This is to be disclosed to those charged with governance at the audit client; and
- A partner from another KPMG member firm is appointed as the (EOC) reviewer.



Audit quality indicators for auditor independence

One of the areas that the Audit practice of KPMG in Malaysia considers in meeting independence requirements is fee dependency. Such consideration is in line with the independence requirements of the provisions of the Malaysian Code of Corporate Governance (MCCG) and MIA By-Laws. Accordingly, the nature and level of fees generated from services other than annual statutory audits are evaluated at each engagement to determine if there are any fee dependencies.

No audit client accounted for more than 10 percent of the total annual statutory audit fees received by the Audit practice over the last three years.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



The tabulation below represents the overall proportion of fees billed to clients being:

- fee income derived from all audit clients are segregated into statutory audit services, other assurance services and services provided by the Non-audit entities (i.e. either tax or advisory); and
- fee income between Audit practice and Non-audit entities.

Proportion of total fee income of the Audit practice that are derived from audit clients segregated into statutory audit services, other assurance services and services provided by the Non-audit entities

	FYE 2021 (%)	FYE 2020 (%)	FYE 2019 (%)
Statutory audit services*	79	76	74
Other assurance services**	5	6	7
Services provided by the Non-audit entities	16	18	19
Total	100	100	100

Non-audit entities refer to the private limited entities of KPMG in Malaysia that provides tax and advisory professional services.

* *Statutory audit services refer to annual statutory financial statements audit. It excludes review of internal control statements and quarterly financial information.*

** *Other assurance services refer to assurance/audit related services other than annual statutory audit services.*

Proportion of fee income between Audit practice and Non-audit entities

	FYE 2021 (%)	FYE 2020 (%)	FYE 2019 (%)
Audit Practice	54	55	51
Non-Audit entities	46	45	49
Total	100	100	100

Avoiding conflicts of interest

All KPMG member 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.

All KPMG member firms are required to use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

Personal conflicts

Conflicts of interest can arise in situations where KPMG in Malaysia's audit partners or employees have a personal connection with the client which may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the Head of Risk Management and Head of E&I is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners and staff from offerings or accepting inducements, including gifts and hospitality to or from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to be have been offered with the intent to improperly influence the behavior of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment.

Resolving conflicts of interest

KPMG in Malaysia has risk management resources who are responsible for reviewing an identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which is required to be documented.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict. If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation



KPMG prohibits involvement in any type of bribery – even if such conduct is legal or permitted under applicable law or local practice. KPMG also does not tolerate bribery by third parties, including by our clients, suppliers or public officials. KPMG International requires KPMG member firms to have appropriate internal controls in place to mitigate the risk of involvement in bribery by KPMG in Malaysia and its partners and employees.

All KPMG firm 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](#). In addition, KPMG in Malaysia has established and maintains policies and procedures on anti-corruption that is guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

Independence breaches

All KPMG in Malaysia professionals are required to report an independence breach as soon as they become aware of it to the Head of E&I. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary action. Where applicable, all breaches of independence requirements of the IESBA Code or MIA By-Laws 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 to with those charged with governance.

KPMG in Malaysia has a documented and communicated disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations. In the event of non-compliance with KPMG’s independence policies, irrespective of how that non-compliance is identified, KPMG professionals are subject to the disciplinary policy.

Partner rotation

KPMG International partner rotation policies are consistent with the requirements of the IESBA Code and require all member firms to comply with any stricter local applicable rotation requirements.

Our partners of the Audit practice are subject to the periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules under MIA By-Laws and KPMG International policy. These requirements generally 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 may not:

- participate in the audit;
- provide quality control for the audit engagement;
- consult with the engagement team or the client regarding technical or industry-specific issues;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the audit client
- oversee the relationship of the firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client.

We monitor the rotation of audit engagement leaders (such as the engagement partner, the EQC reviewer and any other key audit partner role, where there is a rotation requirement) and develops transition plans to enable the allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

Zero-tolerance approach to bribery and corruption

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG in Malaysia. We have zero tolerance for bribery and corruption.



Introduction

Assessing risk to quality

Through the Global Audit Quality Council and the Global Quality & Risk Management Steering Group, KPMG International reviews the results of the quality monitoring programs, reviews firm root causes and planned remedial actions and develops additional remediation actions as required.

Global remediation is aimed at actions around culture and behavior across the global organization and at driving consistent engagement team performance within KPMG member firms.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



Communicating effectively

KPMG recognizes that another important contributor to upholding audit quality is to obtain and act upon feedback from key stakeholders

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

Honest and candid communication with clients, including management and those charged with governance, is a key aspect of our reporting and quality service delivery. KPMG Clara, includes a client collaboration portal, allowing clients real-time monitoring of the status of the audit as well as seamless communication with the audit engagement team.

Communication with those charged with governance

At KPMG in Malaysia, 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, when appropriate, ongoing discussions with management and members of the Audit Committee.

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

Audit Committee Institute

In recognition of the demanding and important role that Audit Committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, the [Audit Committee Institute](#) (ACI) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes. The ACI operates in more than 40 countries across the globe, including KPMG in Malaysia and provides audit committee (such as cyber security and corporate culture); and the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

The ACI's offerings cover the array of challenges facing Audit Committees and businesses today — from risk management and emerging technologies to methodology and global compliance. Further details and insights on ACI of KPMG in Malaysia are available [here](#).

IFRS Institute

KPMG's Global IFRS Institute provides information and resources to help the KPMG in Malaysia's EXCO and Audit Committee members, executives, management, stakeholders, and government representatives gain insights and access thought leadership about the evolving global financial and sustainability reporting frameworks.

Conduct and follow-up on the Global People Survey

Only with engaged, talented people can KPMG deliver audits in line with our audit quality expectations.

Annually, all KPMG in Malaysia personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception about their experience of working for KPMG. The GPS provides a measure of our people's engagement and insights into areas driving engagement. Results can be analyzed by functional or geographic area and grade to provide additional focus for action. Through the GPS, KPMG in Malaysia gains additional insight into how we are faring on categories known to impact employee engagement. We also cover areas of focus that are directly relevant to audit quality; the survey includes specific audit quality-related questions that all individuals who participated in an audit in the previous 12 months are asked to respond to, giving us a particular data set for audit quality-related matters.

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

KPMG in Malaysia participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. The results of the GPS are also aggregated for the entire global organization and are presented to the Global Board each year and appropriate follow-up actions are agreed.



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.



Performing quality engagements

How an audit is conducted is as important as the result. KPMG in Malaysia's partners and employees are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.

Taking responsibility for audit quality at member firm level

While KPMG International creates the global framework and policies for audit quality, respective KPMG firm leadership is responsible for the delivery of that quality and for local quality control.

Each KPMG member firm is responsible for:

- establishing and maintaining a system of quality control; and
- designing, implementing and testing the operating effectiveness of quality controls.

In Malaysia, our Head of Audit has primary responsibility for audit quality and is supported by the Audit Head of Risk Management and the AQL in maintaining a system of quality control.

Encouraging a culture of consultations

KPMG encourages a strong culture of consultation that supports engagement teams throughout their decision-making processes and is a fundamental contributor to audit quality. KPMG promotes a culture in which consultation is recognized as a strength and that encourages all KPMG professionals to consult on difficult or contentious matters. To help with this, firms are required to have established protocols for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate the resolution of differences of opinion on engagement issues. In addition, the GQ&RMM, KAM and KAEG include mandatory consultation requirements on certain matters.

Technical consultation and global resources

Technical auditing and accounting support is available to Audit practice of all KPMG member firms through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG), the International Standards Group (ISG) and the PCAOB Standards Group (PSG).

Global Audit Methodology Group

KPMG's audit methodology is developed and maintained by the GAMG. The GAMG develops our audit methodology based on the requirements of the applicable auditing standards – ISA, PCAOB and AICPA.

KPMG Global Solutions Group

The KGSG is responsible for the envisioning, development and deployment of global audit services, including new technology and automation innovations. It also collaborates with GAMG to support KPMG member firms to deploy global audit services. KPMG has made a significant investment in our audit methodology and tools with the core focus of improving audit quality, global consistency and standardization.

With locations, in each of the three KPMG regions (Americas, EMA and ASPAC), the KGSG and GAMG teams comprise professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world, who bring diverse experiences and progressive ways of thinking to further evolve KPMG's audit capabilities.

More information about KPMG's audit methodology and technology-based tools is included in "Embracing digital technology" section of this report.

International Standards Group

The ISG works with Global IFRS Standards topic teams, with geographic representation from around the world, and the IFRS Standards Panel and ISA Panel to promote consistency of interpretation of IFRS Standards and auditing requirements among member firms, identify emerging issues, and develop global guidance on a timely basis.

PCAOB Standards Group

The PSG comprises a dedicated group of professionals with a background in PCAOB auditing standards who promote consistency of interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components and foreign private issuers and non-US components of U.S. Securities and Exchange Commission (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.





Professional practice resource

A department in the Audit Practice of KPMG in Malaysia referred to as the Department of Professional Practice (DPP) provides consultation support on auditing and technical accounting matters to our audit professionals through professional practice resources. See further detail of the roles/responsibilities of this DPP function set out under “*Monitoring and Remediation*” section.

Since 2021, Audit Practice of KPMG in Malaysia implemented Query Management System (QMS). QMS is part of the Digital Transformation initiative of the ASPAC Audit and Assurance Audit Delivery. It provides both DPP and audit engagement team with a modernist and more digitized application to raise, track and review responses to audit and accounting technical queries. The objective of the system is to drive audit quality and consistency across audit methods and financial reporting queries in the ASPAC region.

With effect from 1 November 2021, consultation in relation to accounting matters which meet certain criteria is required to be escalated to ASPAC Regional DPP to achieve consistency and maintain quality across the region/globally.

The DPP resource also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. KPMG’s ISG and PCAOB Standards Group are also available for consultation support when required.

Critically assessing audit evidence, using professional judgement and skepticism

In our audits, the nature and extent of the audit evidence we gather are 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 is required to exercise professional judgment and maintain professional skepticism throughout the audit engagements. Professional skepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence. Professional judgment encompasses the need to be aware of and alert to biases that may pose threats to good judgment.

Direct, coach, supervise and review

Embedding ongoing mentoring, supervision and review

To invest in the building of skills and capabilities of KPMG audit professionals, we promote a continuous learning environment and support a coaching culture. Ongoing mentoring, coaching and supervision during an audit engagement involves:

- engagement partner participation in planning discussions;
- tracking the progress of the audit engagement;
- considering the competence and capabilities of the individual members of the engagement team including whether they have sufficient time to carry

out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement;

- helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately; and
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is a timely review of the work performed so that significant matters are promptly identified, discussed and addressed.

Engagement quality control (EQC) reviewers

The EQC review is an important part of KPMG’s framework for quality. An EQC reviewer is required to be appointed for audits, 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 as designated by the Head of Risk Management.

An EQC review provides reasonable assurance that the team has appropriately identified significant risks, including fraud risks, and has designed and executed audit procedures to address them.

EQC reviewers are required to meet training and experience criteria to perform a quality control review for a particular audit engagement. Reviewers are independent of the engagement team and audit client and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

We continually seek to strengthen and improve the role that the EQC review plays in member firm audits and have taken a number of actions to reinforce this, including issuing leading practice guidance, incorporating specific review requirements into our audit workflow, and developing policies relating to recognition, nomination and development of EQC reviewers.

Appropriately support and document conclusions

Our audit documentation is completed and assembled according to the timeline established by the global policy and auditing standards, and we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and Audit practice information. KPMG International recently adopted policies that apply to all KPMG firms to reduce the time allowed to assemble audit documentation, which is significantly less than required by the applicable auditing standards.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation

Appendices



Audit quality indicators for audit partners workload

The audit partners' portfolio is reviewed by the Head of Audit (HOA) annually and on an ongoing basis when circumstances warrant it (e.g. acceptance of a prospective Public Interest Entity (PIE) client with the significant number of subsidiaries). KPMG member firms are required to have procedures in place for the HOA to assign the most suitable audit partner to an audit engagement based on the partner's skill sets, relevant professional and industry experience and the timing & nature of the engagements in order to achieve an appropriate balance of an audit partner workload. Such balance would enable an audit partner to devote the amount of time to the extent necessary to supervise the timely completion of all the audit engagements assigned to that particular partner. In line with the Firm's policies and requirements of auditing standards, audit partners may also assume the role of an EQC reviewer on PIE audits.

Factors that may influence audit partners' workload

During the assignment of the role of Engagement Partner (EP) by the HOA, the following factors are taken into consideration in order to manage the audit partners' overall workload:

- the relevant professional and industry experience of the audit partner
- the nature, industry, size, complexity and risk profile of the audit engagement
- existing number of clients (both PIE and non-PIE) in the client portfolio of the audit partner
- the roles held, if any, by the audit partner in other leadership or support functions
- assignment of senior/experienced level of engagement managers that would include an audit principal or audit director to assist with the audit partner's workload
- number of PIE audits that an audit partner had assumed the role of EQC reviewer.

In any event, all EPs and engagement teams have access to extensive reporting guidance and technical support through guidance materials and, where required, consultations with DPP can be undertaken for the resolution of complex auditing or accounting issues.

The key indicators used to determine the appropriateness of audit partners workload are as follows:

Average number of (PIEs), entities related to PIEs and non-PIEs per audit partner

	FYE 2021	FYE 2020	FYE 2019
PIEs*	4	4	4
Entities related to PIEs**	41	42	40
Non-PIEs***	85	78	78
Number of audit partners who were involved in PIE audits as audit signing partner	32	32	32

The ratio above is derived by dividing the number of entities under the aforesaid categories (see further definitions below) by the number of licensed audit partners who audit PIE audit clients that are assigned as the Engagement Partner for the audits of these categories.

* *PIEs refer to those entities that are currently specified under Part 1 of Schedule 1 of the Securities Commission Malaysia Act 1993. These include public listed entities, financial institutions supervised by Bank Negara Malaysia and certain CMSL license holders under Securities Commission.*

** *Entities related to PIEs refer to non-PIEs within the PIE Group which are audited by the Audit practice.*

*** *Non-PIEs refer to single legal entities audited by audit practice, other than PIEs and entities related to PIEs.*

The ratio above also does not include the Schedule Fund audit clients.

Average number of PIE audit clients with the same financial year-end per audit partner

	FYE 2021	FYE 2020	FYE 2019
Financial year ended other than on 31 December	1	1	1
Financial year ended on 31 December	2	2	3

The ratio above is derived by dividing the number of entities under the aforesaid categories by the number of licensed audit partners who are assigned as the EP for the PIE audit client.

Driving the quality agenda

Governance and leadership

Living our culture and Values

Applying expertise and knowledge

Embracing digital technology

Nurturing diverse skilled teams

Associating with the right clients and engagements

Being independent and ethical

Assessing risks to quality

Communicating effectively

Performing quality engagements

Monitoring and remediation



Audit quality indicators on audit engagement supervision

Pursuant to the requirements of the auditing standards, audit professionals will be required to be supervised in the day-to-day conduct of a statutory audit engagement. The supervision process involves provision of instructions to carry out the specific audit tasks, coaching and review of the documentation prepared by the audit professionals. Such supervision and review are carried out by the audit engagement partner, manager-in-charge and senior-in charge, as applicable.

The key indicators used to evaluate the appropriateness of audit engagement supervision are set out below:

Staff to partner ratio and staff to manager ratio

	FYE 2021	FYE 2020	FYE 2019
Staff* (including Manager**) to Partner ratio	26.8	28.1	29.4
Staff* to Manager** ratio	6.3	5.9	6.7

* Staff represents Assistant Managers, Senior Associates and Associates.

** Manager represents Audit Principals, Audit Executive Directors, Audit Directors, Senior Managers and Managers.

Pursuant to the requirements of the Companies Act 2016, every company in Malaysia (except for those companies opting to use the audit exemption rule) requires an annual audited financial statements.

Based on the number of audits that are required to be carried out by the Audit practice in respect of its' audit client portfolio (where a majority of the audits are in respect of financial year ended on 31 December), our Audit leadership has determined that the required number of headcount/audit professionals above is appropriate (see "Headcount of audit personnel" table shown under "Audit quality indicators on the capacity and competence of the Audit practice" section). The headcount requirement at each audit professional level (i.e. manager, senior or associate) also takes into account of the number of companies to be audited, audit team structure, the timing, size and complexities of each audit. Given these factors, the staff to partner/manager ratios shown above are reasonable and appropriate based on the nature of the auditing industry in Malaysia.



Monitoring and remediation

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

Rigorously monitor and measure quality at the local and global level

Commitment to continuous improvement

KPMG commits to continually improving the quality, consistency and efficiency of KPMG firm audits. The quality monitoring and compliance programs are globally consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG in Malaysia compares the results of its internal monitoring programs with the results of the external inspection programs carried out by AOB and takes appropriate action.

Internal monitoring and compliance programs

KPMG in Malaysia internal monitoring programs are created by KPMG International and applies across all KPMG member firms.

The programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulation and KPMG International key policies and procedures; and
- Audit practice's compliance with KPMG International key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

Our internal monitoring program also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively. These include:

- Quality Performance Reviews (QPR) and Risk Compliance Program (RCP), which are conducted annually across the Audit, Tax and Advisory functions; and
- a cross-functional Global Quality & Compliance Review (GQ&CR) program, with KPMG firms selected for review at various intervals based on identified risk criteria.

Participation in Audit QPRs, RCP and the GQ&CR programs is mandatory for all KPMG firms.

KPMG firms communicate the results of the programs internally and take action to make improvements where needed. The results and lessons from the integrated monitoring programs are communicated internally and appropriate action is taken at local, regional and global levels.

We give more detail on these programs and how they work in the following sections.

Global Audit Quality Monitoring Group (GAQMG)

The GAQMG identifies issues to help drive audit quality. The group comprised of a team of partners, directors and senior managers experienced in performing program reviews of listed and related entity (LRE) audit engagements. The team also includes partners and professionals with experience in auditing general information technology controls and application controls.

In 2021, a team of KPMG International GAQMG reviewers joined other QPR reviewers from Asia Pacific member firms to conduct the off-site QPR of the Malaysian audit practice.

Audit Quality Performance Reviews (QPR)

The Audit QPR program assesses engagement level performance and identifies opportunities to improve audit engagement quality. Each engagement leader is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements.

The QPR program is fair and objective, and they are overseen by a senior experienced lead reviewer independent from the firm. We conduct the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at Audit practice level in Malaysia, and results are monitored regionally and globally.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Consistent criteria are used to determine engagement ratings and member firm Audit practice evaluations, which can then be used to measure improvements in the future. Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Necessary' or 'Unsatisfactory' as summarized below.

Satisfactory

When the audit work performed, the evidence obtained, and documentation fully comply with internal policies, auditing standards and legal and regulatory requirement and key judgments concerning significant matters in the audit and audit opinion are appropriate.



Performance Improvement Necessary (PIN)

When the auditor’s report is supported by evidence, but the independent reviewer required additional information to reach the same conclusion as the auditor; or where supplementary information obtained as part of the audit but was not sufficiently documented in the audit file or where specific requirements of our audit methodology were not embedded.

A ‘PIN’ rated engagement does not indicate concerns about the appropriateness of the audit opinion issued or the financial statements to which the opinion referred.

Commencing in 2021, the KPMG International QPR guidance materials have been revised to reflect that a PIN-rated engagement does not constitute a quality incident.

Unsatisfactory

When the auditor did not perform the engagement in line with KPMG’s professional standards and policies in a more significant area, or where there are deficiencies in the related financial statements.

In March 2022, the rating description of “Satisfactory”, “PIN” and “Unsatisfactory” were changed to “Compliant”, “Compliant - Improvement Needed” and “Not Compliant” respectively. These changes better align our rating scale with others in our industry and thus improve the comparability of results across firms. The definitions of the new rating categories have been simplified to improve consistency of application and reflect that only engagements rated as Not Compliant represent an audit quality incident.

Lead audit engagement partners (LAEPs) are notified of unsatisfactory ratings on their respective cross-border engagements. Additionally, LAEPs of parent companies/head offices are notified where subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all KPMG firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- document, assess and monitor the extent of compliance of our system of quality control with the Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements; and
- provide the basis for us to evaluate that the KPMG in Malaysia to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans and then monitor the status of each action item.

Global Quality & Compliance Review (GQ&CR) program

Each KPMG firm is subject to a GQ&CR conducted by KPMG International’s GQ&CR team, independent of the member firm, at various intervals based on identified risk criteria.

The GQ&CR team performing the review is independent of the firm and is objective and knowledgeable of GQ&RM policies. GQ&CRs assess compliance with selected KPMG International policies and procedures and share leading practices among member firms. The GQ&CR provides an independent assessment of:

- a member firm’s commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment;
- a member firm’s compliance with KPMG International policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

KPMG in Malaysia develops action plans to respond to all GQ&CR findings that indicate improvement is required and agrees on these with the GQ&CR team. Our progress on action plans is monitored by the GQ&CR central team. Results are reported to the GQ&RM Steering Group and where necessary, to appropriate KPMG International and regional leadership.



Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (AQRLs) who serve a regular and ongoing monitoring function to assess the effectiveness of a member firm’s efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the AQRL, including member firm issues identified and related member firm response/remediation, are reported to GQ&RM leadership.

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Performing quality engagements

Monitoring and remediation



Obtain, evaluate and act on stakeholder feedback

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

Regulators

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

We maintain professional and respectful relationships with local regulators (e.g. Securities Commission (SC) and Audit Oversight Board (AOB) in Malaysia), including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions. We value the open, honest and transparent dialogue on audit quality issues. The AOB of Malaysia is a member of International Forum of Independent Audit Regulators (IFIAR).

The AOB has been carrying out independent inspections of all audit firms registered with AOB since 2010. The objectives of the inspections are to assess the degree of compliance with the auditing and ethical standards by the auditors and the sufficiency and appropriateness of the audit evidence obtained in relation to the audit report prepared by an auditor relating to the audited financial statements of PIE.

An AOB inspection may be carried out at the firm or engagement level or both. Any findings in relation to both firm and engagement review will be validated with the audit firm and the relevant auditors during the inspection. The audit firms are required to identify the root causes of all the findings and put in place remedial measures to address the root causes in improving audit quality.

The AOB issues an Inspection report upon conclusion of its inspection. The Inspection report is issued without prejudice to the SC and/or the AOB's powers to take any other action provided under the Securities Commission Malaysia Act 1993, in the event that the SC and/or the AOB is of the view that other appropriate action is required. The AOB accords the audit firm with an opportunity to provide its formal responses to the identified findings.



Further details of the results of the AOB annual inspections on the Audit practice are set out below as "Results of external inspection" under the header of "Audit Quality Indicators on internal monitoring reviews and external inspections".

Clients feedback

We proactively seek feedback from clients through in-person conversations and third-party surveys, and endeavor to take this feedback and make positive changes at both the engagement level and firm level to meet clients' needs.

Perform Root Cause Analysis (RCA)

Root cause analysis is important in order to identify and address audit quality issues and prevent them from recurring in the future. All KPMG firms are required to carry out such analysis. It is the responsibility of all KPMG firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

Our HOA is responsible for audit quality including the remediation of audit quality issues. The Audit Risk Management Partner monitors the remediation plans implementation.

Audit quality indicators on internal monitoring reviews and external inspections

To ensure our audit work continues to meet the needs of the capital markets, we use a broad range of mechanisms to continuously monitor our performance, respond to feedback and seek opportunities for improvement. The complexity and dynamic nature of the economic environment, the clients' businesses and the accounting and auditing frameworks are challenging. We always aim to optimize the inputs to the audit process, but opportunities to learn and improve arise. This is why continuous improvement is a specific driver of audit quality.

The Audit practice uses two formal internal review programs – the Audit QPR program and the RCP (conducted to annually assess audit quality and independence compliance), respectively. The QPR program reviews a sample of audits and our compliance with audit methodology, and the RCP reviews compliance with the risk management and independence policies, and practices supporting our broader system of quality control to comply with the requirements of ISQC 1.

We use results of both internal monitoring reviews and external inspections against accepted benchmarks, to evaluate our current performance, to understand the existing quality of our audit work and prioritize the areas for improvement. To maintain the confidence of the Firm's clients, the capital markets, regulators and shareholders, we are serious about learning from opportunities, no matter how small. The Audit practice is committed to continually improving the quality, consistency, and efficiency of the annual statutory audits.



We summarize below the results of the internal monitoring reviews:

Audit QPR results

	FYE 2021	FYE 2020*	FYE 2019
Total number of QPR audit reviews performed (includes both PIE and non-PIE engagements)	15	10	13
Number of audit partners reviewed as a percentage of total audit partners	39%	25%	33%
Percentage of quality reviews conducted by KPMG International GAQM reviewers and other QPR reviewers from Asia Pacific member firms	100%	100%	100%

*Due to the COVID-19 pandemic in 2020, the number of audit partners selected for review was reduced. Under our QPR guidelines, audit partners are generally selected for review once in a three-year cycle, with the ability to extend in certain cases to once every four years. For 2021 QPR, the number of audit partners selected for review was 15 (including those that were not covered during the 2020 QPR).

RCA is performed for pervasive issues, specific accountabilities for remediation are identified, and detailed action plans are drawn up. These are reported to our global and regional audit leadership and the action plans are subject to ongoing review. As of the date of this Transparency Report, the action plans have already been implemented in accordance with the scheduled timeline.

Partners who receive 'Unsatisfactory' rating are subject to additional reviews (where required) and remedial actions, among others including performance evaluations and/or remuneration adjustments.

The tabulation below shows the Audit QPR results of the selected PIE engagements:

Audit QPR rating*	No. of PIE engagements		
	FYE 2021	FYE 2020	FYE 2019
Satisfactory	7	3	8
Performance Improvement Necessary (PIN)**	4	3	3
Unsatisfactory	0	1***	0
Total number of PIE engagements reviewed	11	7	11

* See rating definition set out under "Monitoring and Remediation" section.

** Commencing in 2021, the KPMG International QPR guidance materials have been revised to reflect that a PIN rated engagement does not constitute a quality incident.

*** An area of improvement was identified that did not lead to a restatement of the financial statements or the audit report being reissued. The finding identified has since been addressed.

RCP results

KPMG in Malaysia's RCP results for FYE 2019 and 2020 were noted to be in substantial compliance with KPMG International's policies and procedures. The identified causes for the findings are not pervasive and these do not indicate serious deficiencies within the Firm's system of quality control. However, the identified causes of issues indicate that specific controls need to be strengthened. Meanwhile, the RCP results for FYE 2021 was noted to be in compliance with the KPMG International's policies and procedure, laws, regulations and professional standards and controls have been appropriately documented. The identified cause for the findings is mainly attributed to isolated cases and these do not indicate serious deficiencies within the Firm's system of quality control.

All action plans for the RCP have been successfully implemented within six months for FYE 2019 and FYE 2020 and within three months for FYE 2021 from the date of the exceptions identified.

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Communicating effectively

Performing quality engagements

Monitoring and remediation



Results of external inspections

AOB of Malaysia conducts an annual audit inspection program involving a review of compliance with the audit quality pursuant to auditing standards and auditor independence in accordance with the provisions of the Companies Act 2016, the MIA By-Laws and other relevant laws/regulations. The AOB Inspection is carried out at the firm level and engagement level.

In terms of identifying which audits to inspect, AOB considers its sample selection based on various factors and this may include those with the most complex and high-risk audits. At the conclusion of each inspection, AOB issues an inspection report outlining the findings arising from its inspection. We take the findings seriously and believe that the process provides valuable insights to improve the quality of our audits.

We conduct an evaluation of all matters identified by AOB. We undertake an analysis of AOB's findings, perform deep-dive root cause analysis to identify possible root causes of findings raised and design remedial action plans as appropriate. Our remedial action plans are shared with and approved by AOB. Our technical training generally will reinforce AOB's messages and addresses findings from the completed inspections and/or preliminary observations that arise from the inspection process.

Recognizing that transparency is needed for the public to gain insight into audit quality, we set out the results of AOB's annual inspection of the Audit practice in the following paragraphs.

AOB Inspection for Year 2019

AOB completed the "on-site" inspection of our Audit practice in the year 2019 and the AOB final inspection report for that year was issued on 18 May 2020. The inspection covered the ISQC 1 quality controls of the Audit practice and 3 audit engagements selected from those audits that were carried out by the Audit practice in respect of financial reporting years 2018 and 2019.

None of the financial statements or audit opinions in respect of the 3 audit engagements reviewed by AOB were restated or reissued. There was one finding in respect of the firm-level review that relates to controls over audit files assembly. Our remedial action plans for the findings highlighted by AOB on the Firm and on the 3 selected files have been shared with AOB and were approved by AOB.

AOB Inspection for the Year 2020

AOB had further fine-tuned its inspection plan for the 2020 inspection and introduced more extensive off-site monitoring and thematic reviews on specific areas of concern arising from the impact of COVID-19 and the Movement Control Order (MCO) on the audited financial statements and auditors' reports including the use of data analytics. For the year 2020, AOB conducted an "off-site" monitoring review on the Audit practice in respect of the ISQC1 quality controls and on selected audit engagements, which commenced in early October 2020.



For the selected engagement reviews, the AOB inspection (based on the publicly available financial statements of 14 public listed companies audited by KPMG in Malaysia in respect of financial reporting years 2019 and 2020, and the respective companies' latest quarterly announcements to Bursa) had covered the audit work done to address the appropriateness of the going concern basis of preparation, impairment of assets and adequacy of disclosures made in the financial statements pursuant to on-going effects of the COVID-19 pandemic. None of the financial reports or audit opinions relating to the 14 audit engagements reviewed by AOB were restated or reissued.

The common inspection findings, results of thematic reviews, trend analysis and remediation efforts taken by firms inspected by AOB have been presented in the AOB 2020 Annual Inspection Report.

AOB Inspection for the Year 2021

The most recent completed AOB "on-site" inspection of our Audit practice and the selected audit engagement files was for the year 2021 and the AOB final inspection report is yet to be issued. The inspection covered the ISQC 1 quality controls of the Audit practice and 5 audit engagements selected from those audits that were carried out by the Audit practice in respect of financial reporting years 2020 and 2021.

We have not received the final inspection report as of the issuance date of this Transparency Report.

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Performing quality engagements

Monitoring and remediation



Appendices

Appendix A

Details of KPMG PLT, KPMG Desa Megat PLT and all affiliated entities as at 31 December 2021 that form KPMG in Malaysia:

No.	Name of entity	Principal business activity	Country of incorporation
1	KPMG PLT	Provision of auditing and assurance services	Malaysia
2	KPMG Desa Megat PLT	Provision of auditing and assurance services	Malaysia
3	KPMG Ventures PLT	Investment holding	Malaysia
4	KPMG Consulting (Malaysia) Sdn. Bhd.	Provision of general consultancy services	Malaysia
5	KPMG Corporate Advisory Sdn. Bhd.	Provision of financial advisory and other advisory services	Malaysia
6	KPMG Deal Advisory Sdn. Bhd.	Provision of deal and transaction advisory services	Malaysia
7	KPMG Holdings Sdn. Bhd.	Dormant	Malaysia
8	KPMG Management & Risk Consulting Sdn. Bhd.	Provision of management consulting and risk advisory services	Malaysia
9	KPMG Tax Services Sdn. Bhd.	Provision of tax compliance and tax advisory services	Malaysia
10	KPMG Corporate Restructuring PLT (with effect from 18 March 2021)	Providing of liquidator and restructuring services	Malaysia





Appendix B

Network and the structural arrangements in the network

Legal structure from 1 October 2020

Effective 1 October 2020, KPMG in Malaysia and all other KPMG member firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization became members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee. Since 1 October 2020, KPMG International Limited has been the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International’s policies, including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes being professionally and financially stable; having an ownership, governance and management structure that ensures continuity and stability and long-term success; and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

KPMG International Limited 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 Limited, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International Limited or any of its related entities have any such authority to obligate or bind any member firm.



Further details on the revised legal and governance arrangements for the KPMG global organization from 1 October 2020 can be found in section “Governance and leadership” of the [2021 KPMG International Transparency Report](#).

Responsibilities and obligations of member firms

Under agreement with KPMG International, KPMG member firms (including KPMG PLT and KPMG DM PLT) are required to comply with KPMG International’s policies, procedures 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 member firm takes responsibility for its management and the quality of its work. KPMG member firms commit to a common set of KPMG Values.

KPMG International’s activities are funded by an annual payment paid by KPMG 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 organization may be terminated if, among other things, it has not complied with the policies set by KPMG International or any of its other obligations owed to 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 [2021 KPMG International Transparency Report](#).





Appendix C

Public listed audit clients of KPMG in Malaysia

1. ABM Fujiya Berhad
2. AEON Co. (M) Bhd
3. Ajinomoto (Malaysia) Berhad
4. ALCOM Group Berhad
5. AmanahRaya Real Estate Investment Trust
6. AME Elite Consortium Berhad
7. APM Automotive Holdings Berhad
8. ATA IMS Berhad
9. Axis Real Estate Investment Trust
10. Beshom Holdings Berhad
11. Bina Darulaman Berhad
12. Boilermech Holdings Berhad
13. British American Tobacco (Malaysia) Berhad
14. Can-One Berhad
15. CapitalLand Malaysia Trust
16. Classic Scenic Berhad
17. Comfort Gloves Berhad
18. Dayang Enterprise Holdings Bhd
19. Duopharma Biotech Berhad
20. Eco World International Berhad
21. Econpile Holdings Berhad
22. EITA Resources Berhad
23. Engtex Group Berhad
24. EP Manufacturing Bhd
25. Ewein Berhad
26. Fiamma Holdings Berhad
27. Fraser & Neave Holdings Bhd
28. Genetec Technology Berhad
29. Globaltec Formation Berhad
30. Globetronics Technology Bhd
31. Hap Seng Plantations Holdings Berhad
32. Hiap Teck Venture Berhad
33. Hock Seng Lee Berhad
34. Hong Leong Industries Berhad
35. HSS Engineers Berhad
36. Hume Cement Industries Berhad
37. IHH Healthcare Berhad
38. InNature Berhad
39. Ivory Properties Group Berhad
40. JcbNext Berhad
41. JKG Land Berhad
42. Karex Berhad
43. Kein Hing International Berhad
44. Kerjaya Prospek Property Berhad
45. KNM Group Berhad
46. Knusford Berhad
47. Kossan Rubber Industries Bhd.
48. Land & General Berhad
49. Landmarks Berhad
50. Lotte Chemical Titan Holding Berhad
51. LPI Capital Bhd
52. Lysaght Galvanized Steel Berhad
53. Malakoff Corporation Berhad
54. Malayan Flour Mills Berhad
55. Malaysian Pacific Industries Berhad
56. Marine & General Berhad
57. MESB Berhad
58. Mudajaya Group Berhad
59. Mulpha International Bhd.
60. Naim Holdings Berhad
61. Ni Hsin Group Berhad
62. OKA Corporation Bhd
63. Optimax Holdings Berhad
64. Oriental Holdings Berhad
65. Oriental Interest Berhad
66. Panasonic Manufacturing Malaysia Berhad
67. Paos Holdings Berhad
68. Pavilion Real Estate Investment Trust
69. Personic Holdings Berhad
70. Perdana Petroleum Berhad
71. Perusahaan Sadur Timah Malaysia (Perstima) Berhad
72. PETRONAS Chemicals Group Berhad
73. PETRONAS Dagangan Berhad
74. PETRONAS Gas Berhad
75. PGF Capital Berhad
76. PMB Technology Berhad
77. Pos Malaysia Berhad
78. Power Root Berhad
79. Press Metal Aluminium Holdings Berhad
80. QL Resources Berhad
81. Rapid Synergy Berhad



82. Salcon Berhad
83. Sam Engineering & Equipment (M) Berhad
84. Sarawak Oil Palms Berhad
85. Sarawak Plantation Berhad
86. Shangri-La Hotels (Malaysia) Berhad
87. SKB Shutters Corporation Berhad
88. SLP Resources Berhad
89. Southern Steel Berhad
90. Steel Hawk Berhad
91. Ta Ann Holdings Berhad
92. Tan Chong Motor Holdings Berhad
93. Texchem Resources Bhd
94. TH Plantations Berhad
95. Theta Edge Berhad
96. Thong Guan Industries Berhad
97. TIME dotCom Berhad
98. Tiong Nam Logistics Holdings Berhad
99. Tomypak Holdings Berhad
100. Top Builders Capital Berhad
101. Tower Real Estate Investment Trust
102. Tuju Setia Berhad
103. V.S. Industry Berhad
104. VSTECS Berhad
105. Wong Engineering Corporation Berhad
106. Y.S.P. Southeast Asia Holding Berhad
107. YKGI Holdings Berhad
108. Zhulian Corporation Berhad

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and knowledgeEmbracing digital
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skilled teamsAssociating with
the right clients
and engagementsBeing independent
and ethicalAssessing risks to
qualityCommunicating
effectivelyPerforming quality
engagementsMonitoring
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