



Transparency Report 2023 supplement

Additional information required by
Article 13 of EU Regulation 537/2014

January 2024

audit.kpmg.us/auditquality/transparency.html

Contents

1 | Network arrangement

1.1 Legal structure of KPMG International Limited

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

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

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

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

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

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

Further detail on the legal and governance arrangements for the KPMG global organization can be found under "Governance and leadership" of the [KPMG International Transparency Report](#).

The name of each audit firm that is a member of the organization and the European Union/European Economic Area (EU/EEA) countries in which each firm is qualified as a statutory auditor or has its registered office, central administration, or principal place of business is available [here](#).

Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements.¹

Aggregated revenues generated by KPMG firms from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements were EUR 2.4 billion during the year ended September 30, 2023.

The EU/EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended September 30, 2023.

1.2 Responsibilities and obligations of member firms

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

Each KPMG firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values (as outlined in our [Transparency Report 2023](#)).

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the KPMG International Global Board and consistently applied to the firms. A firm's status as a KPMG member firm and its

¹ The financial information set forth represents combined information of the separate KPMG firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

participation in the KPMG global organization may be terminated if, among other things, it has not complied with the policies set by KPMG International or any of its other obligations agreed to with KPMG International.

1.3 Professional indemnity insurance

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

1.4 Governance structure

KPMG International's governance bodies are comprised of the Global Council, the Global Board (including its committees), the Global Management Team and the Global Steering Groups.

1.4.1 Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 53 KPMG member firms.

1.4.2 Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing the Global Management Team, and approving policies with which KPMG firms have agreed to comply. It also approves the admittance or termination of KPMG firms to and from the global organization.

The Global Board is led by the Global Chairman, Bill Thomas, and includes the chairs of each of the regions (the Americas; Asia Pacific [ASPAC]; and Europe, the Middle East, and Africa [EMA]) and a number of members who are also member firm senior partners.

The list of current Global Board members is available on the [Leadership](#) page of kpmg.com.

The Global Board is supported in its oversight and governance responsibilities by several committees, including the:

- Executive Committee
- Governance Committee
- Global Quality and Risk Management Committee
- Global Audit Quality Committee.

Each of these committees is comprised of Global Board members and reports directly to the Global Board.

The overarching responsibility of the Global Audit Quality Committee is to strive for consistent audit quality across all firms and to oversee KPMG International activities that relate to improving and maintaining the consistency and quality of audits, assurance engagements, and the system of quality management provided by KPMG firms.

The Global Head of Audit and the Global Head of Audit Quality (the latter being responsible for oversight of audit quality across KPMG for KPMG International) report on audit quality matters to this committee.

1.4.3 Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team (GMT). These responsibilities include developing the global strategy by working together with the Executive Committee and jointly recommending the global strategy to the Global Board for its approval. The GMT also supports KPMG firms in their execution of the global strategy and KPMG International decisions and policies, including holding those firms accountable for their commitments. The GMT promotes the commitment to KPMG being a multidisciplinary organization. The GMT also oversees the activities of the Global Steering Groups.

The Global Management Team is led by Global Chairman Bill Thomas

The list of current Global Management Team members is available on the [Leadership](#) page of kpmg.com

1.4.4 Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area chaired by the relevant member of the GMT, and together, they assist the GMT in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the GMT.

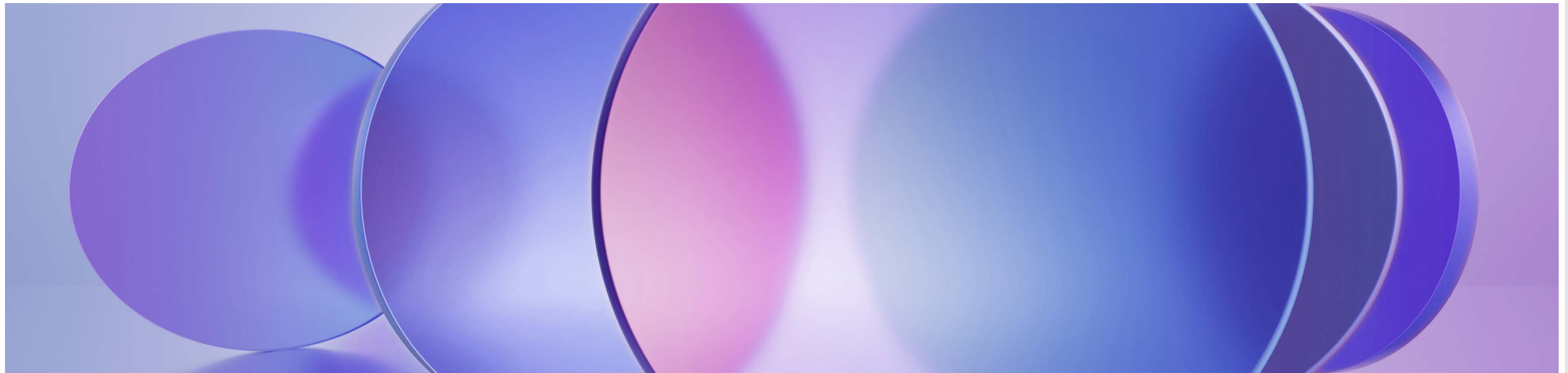
In particular, the Global Audit Steering Group and Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish and enable communication of appropriate audit, quality and risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- Promote and support strategy implementation in member 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 improve audit quality.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the "Governance and leadership" section of the [KPMG International Transparency Report](#).

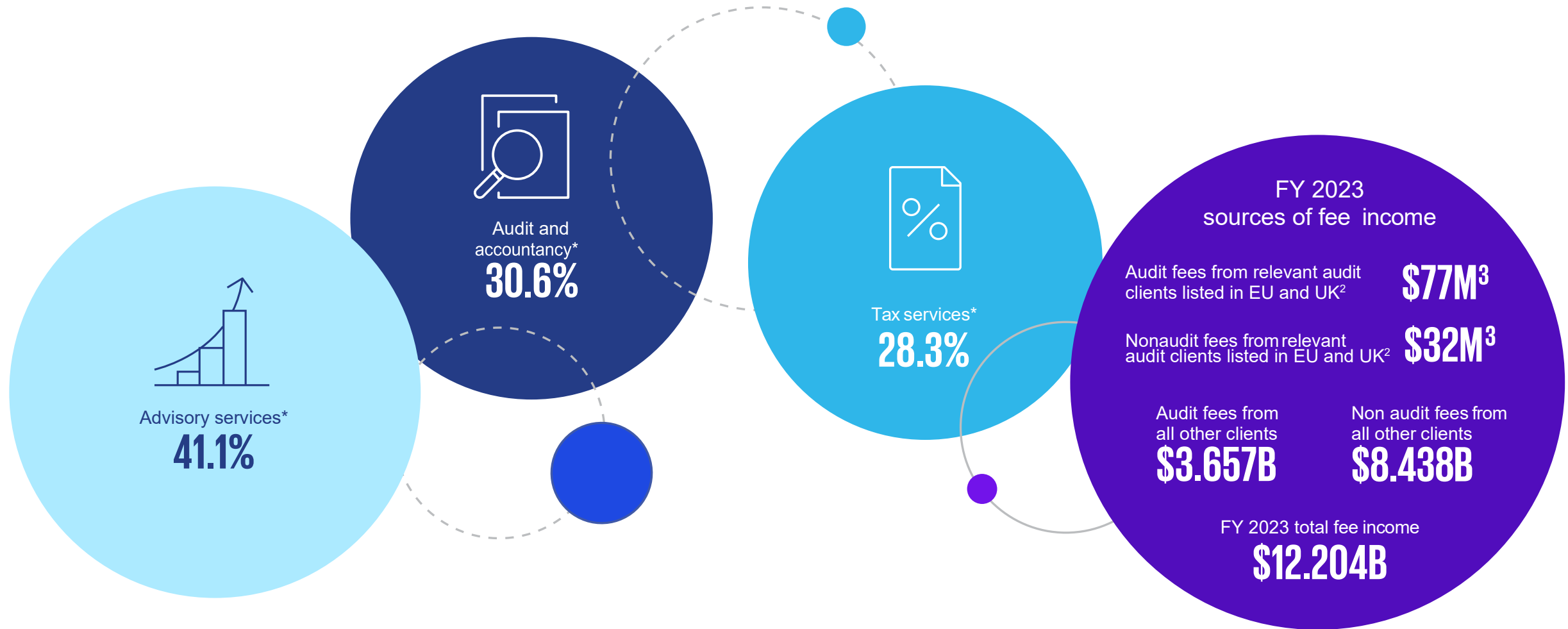
Each firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of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

Further details about KPMG International, including governance arrangements for the year ended September 30, 2023, can be found in the "Governance and leadership" section of the [KPMG International Transparency Report](#).



2 | Financial information

For the fiscal year ended September 30, 2023, KPMG LLP had a total fee income of \$12.204 billion, as follows:



² See section 3 for list of relevant Audit clients.

³ May include fees for reviews of interim financial statements and other audit-related services.

* Includes fee income associated with direct support of the Audit practice in the conduct of audits.

3 | Audited entities listed in UK and EU member countries

The following list includes the firm’s relevant audit clients whose transferable securities are admitted to trading on a regulated market within the EU and the United Kingdom during the firm’s fiscal year ended September 30, 2023.

Entities

- Citibank N.A.
- Citigroup Global Markets Holdings Inc.
- Citigroup Inc.
- Mercedes-Benz Finance Canada Inc.
- Mercedes-Benz Finance North America LLC
- Diebold Nixdorf Inc.
- National Rural Utilities Cooperative Finance Corporation
- Wells Fargo & Company
- VAALCO Energy Inc.

About KPMG LLP

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing audit, tax, and advisory services. The KPMG global organization operates in 145 countries and territories and has more than 236,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

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Throughout this document, “we,” “KPMG,” “us” and “our” refers to the global organization, to KPMG International Limited (“KPMG International”) or to one or more of the member firms of KPMG International, each of which is a separate legal entity.

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