TRANSPARENCY REPORT 2026

KPMG Australia

1 July 2025 - 30 June 2026

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Transparency at a glance

Audit quality

These measures provide indicators of audit quality, including accreditation, internal monitoring, regulatory outcomes and reported concerns.

9%
FY25: 17%
Engagements rated as Not Compliant through our internal monitoring program

0
FY25: 0
Audit opinions reissued subsequent to ASIC inspections

26%
FY25: 30%
Audit partners reviewed through our internal monitoring program

100%
FY25: 88%
Engagements with a Second Line of Defence reviewer with no adverse quality findings

100%
FY25: 100%
Partners retaining KPMG Audit Accreditation

8.5 out of 10
FY25: 8.4
Overall client satisfaction

Our people

These measures show the scale and composition of our audit workforce, including key metrics regarding their training and independence.

1,629 ↓ 2%
Client service staff

3 FY25: 0
Qualifications of an Auditor's Independence Declaration

125 ↑ 4%
Audit partners

31 FY25: 40
Individuals who did not maintain full compliance with independence policies (firmwide)

66
FY25: 63
Partners and staff in our Department of Professional Practice

57 hours
FY25: 44 hours
Average hours of mandatory learning per partner and staff

Our people say

Our annual people survey provides insight into how our people experience the culture, leadership and day-to-day behaviours that support audit quality.

88% FY25: 86%
The culture and tone set by Audit practice leadership promotes the importance of audit quality for audit and assurance engagements

92% FY25: 89%
A commitment to audit quality is evident in our day-to-day behaviours

90% FY25: 87%
When providing independent assurance, the engagement teams I work with emphasise the importance of applying a sceptical mindset and our role in supporting the capital markets and protecting the public interest

This report voluntarily includes additional indicators of audit quality beyond the prescribed information under 332B(1) of the *Corporations Act 2001* and reg 2M.4A and Pt 3 of Sch 7A in the *Corporations Regulations 2001*.

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Foreword

Audit quality is fundamental to confidence and trust in our capital markets. At KPMG, audit quality is at the heart of what we do.

This Transparency Report is structured around the KPMG Global Quality Framework. It sets out the 10 key drivers of audit quality and the role our people play in delivering it.

The report covers KPMG Australia's activities for the year ended 30 June 2026. It also reflects an important period of change for our firm, following the misuse of confidential client information in audit tenders. The matter was raised by a whistleblower and made public in March this year.

One of the central pillars of the Global Quality Framework is "Live by our Values-driven culture". We recognise that KPMG Australia did not live up to that standard in all respects, and we are deeply sorry. Significant organisational change has followed, and we are committed to rebuilding trust through greater accountability, enhanced governance and meaningful reform.

These reforms are set out in our Action Plan, first released in June 2026 and updated in October 2026. We remain committed to being open about our progress and reporting publicly on the changes we are making.

While the conduct of individuals was not consistent with our Values and the standards expected of our firm, it did not compromise our commitment to audit quality.

This year was also a year of transformation for the audit profession. Mandatory sustainability reporting and assurance requirements marked a significant milestone for the market, while advances in artificial intelligence continued to reshape how audits are performed.

During the year, we expanded and accelerated the integration of AI into KPMG Clara, our global smart audit and assurance platform. This is helping our people respond more effectively to risks and deliver deeper insights.

Looking ahead, we welcome the Government's continued focus on strengthening the regulatory framework for the sector. As set out in KPMG's recent submission to Treasury, we support reforms that strengthen governance, enhance audit quality and reinforce investor and public confidence. We will continue to engage constructively in that reform process, recognising our responsibility to contribute to a strong, trusted and sustainable profession.

Together, these developments reflect the changing nature of assurance. Auditors need to keep pace with new technologies, emerging risks and evolving stakeholder expectations, while continuing to uphold the highest standards of quality and independence.

In this report, we explain how we deliver, monitor and strengthen audit quality, and how we are putting our commitments into practice.

John Sams
Chief Executive Officer

Scott Guse
National Managing Partner, Audit & Assurance

Julie Cleary
National Partner in Charge, Mid-Market & Private, Audit & Assurance

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01. A system of quality management for audit and assurance quality

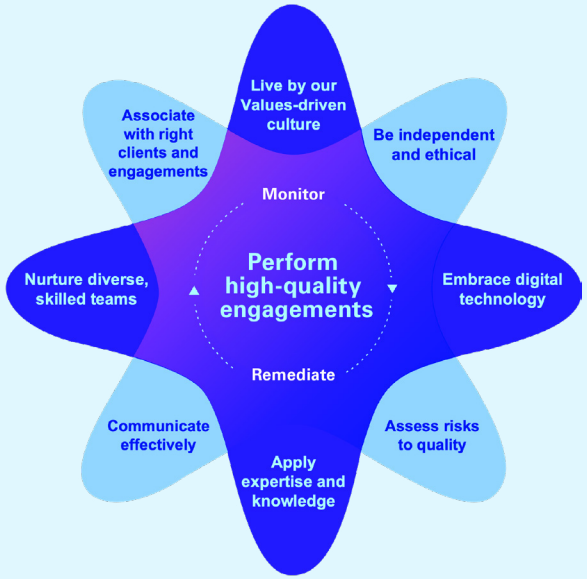
We are committed to continually strengthening the consistency and robustness of the firm's system of quality management (SoQM).

Audit quality[1] is foundational to instilling confidence and public trust in the capital markets and is at the heart of what we[2] do. It remains our highest priority.

To provide transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how our people contribute to its delivery. The drivers outlined in the framework reflect the 10 components of our SoQM, which align to the International Standard on Quality Management 1 (ISQM 1).[3] At the centre of the framework is the performance of high-quality engagements, supported by ongoing monitoring and remediation. Driving continual improvement of our firm's SoQM, integrated monitoring and remediation programs help enable our firm to identify deficiencies, perform root cause analysis, and implement targeted remediation plans, both at the engagement level and across the broader SoQM.

This Transparency Report describes how KPMG Australia[4] operates each driver in the Global Quality Framework. Combined with our firm's SoQM Statement of Effectiveness, this Transparency Report summarises how our SoQM supports the consistent performance of our engagements.

Our report has been prepared to comply with Section 332G of the *Corporations Act 2001* (the Act) and Regulation 2M.4A and Part 2 of Schedule 7A in the *Corporations Regulations 2001*. It covers the activities of KPMG Australia for the financial year to 30 June 2026. All figures disclosed in this report are as at 30 June each financial year, unless otherwise stated.



KPMG's Global Quality Framework

1 Australian Securities and Investments Commission (ASIC) Information Sheet 222 defines audit quality as 'matters that contribute to the likelihood that the auditor will achieve the fundamental objective of obtaining reasonable assurance that the financial report as a whole is free of material misstatement, and ensure material deficiencies detected are addressed or communicated through the audit report.'

2 Throughout this document, 'KPMG', 'we', 'the firm', 'us' and 'our' refer to KPMG Australia. Any reference to the KPMG global organisation means the member firms of KPMG International Limited, each of which is a separate legal entity.

3 Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Service Engagements, issued by the Auditing and Assurance Standards Board, is the Australian equivalent to ISQM 1.

4 The operations of KPMG Fiji and KPMG Papua New Guinea (PNG) are not captured unless otherwise stated. Refer to Appendix 4 'Key legal entities and areas of operation'. Audit activities in this report represent our Audit & Assurance division and the Audit & Assurance business unit within the Mid-Market & Private division.

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02. Live by our Values-driven culture

Our Purpose – to inspire confidence and empower change – is underpinned by our Values: Integrity, Excellence, Courage, Together and For Better. These guide our culture, the decisions we make, the work that we do and the way we behave with each other, our clients and all our stakeholders.

Foster the right culture

A pillar of KPMG's Global Quality Framework is to "Live by our Values-driven culture".

We recognise KPMG Australia has not lived up to this and we are deeply sorry. We acknowledge that certain leaders within our firm behaved poorly and that, when concerns were raised, we got important things wrong. In doing so, we have not upheld our commitment to fostering the right culture, starting with the tone at the top.

These matters relate to a whistleblower's concerns about ethical conduct and the handling of confidential information within KPMG. These concerns, initially raised in 2024, were not addressed appropriately and later escalated to the KPMG Australia Board.

The matter subsequently attracted significant public, regulatory and parliamentary interest, becoming the subject of scrutiny by the Parliamentary Joint Committee on Corporations and Financial Services (PJCCFS), alongside ongoing engagement with regulators and professional bodies.

Following further review and the emergence of new information, we concluded that KPMG's response to the matter did not meet the standards expected by the firm, the whistleblower and the broader community. We publicly acknowledged shortcomings in how we treated and handled the whistleblower's concerns and aspects of leadership's response to the issues raised.

On 29 May 2026, KPMG issued an unreserved apology to the whistleblower and committed to a program of transparency, accountability and remediation. We acknowledged that the way we engaged with the whistleblower was not good enough and that ethical concerns should have been investigated and evaluated more urgently. We also recognised that earlier action and greater transparency were needed.

We recognise that this matter has damaged the reputation of KPMG and breached the trust of our clients, our people and the community.

As we have stated publicly, trust can only be rebuilt through demonstrable action, independent scrutiny and a willingness to learn from the matter.

Therefore, we launched our original Action Plan in June 2026 setting out a program of reforms across governance, culture and ethics, controls and independent review, with a commitment to update the Plan as work progressed and further findings became available.

The reforms within the Action Plan are intended to address identified shortcomings, deliver lasting change and hold the firm accountable for its progress[5].

5 On 9 October 2026, we launched Action Plan 2.0. The updated Action Plan brings together the recommendations from the completed third-party reviews and provides an update on our progress to date. Full details and progress updates are publicly available here.

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As we look to demonstrate our commitment to ethics and integrity, KPMG personnel are subject to the Global Code of Conduct (the Code) and applicable accountability and disciplinary processes. They are required to confirm their compliance with it. Our people are encouraged and supported to raise concerns and report matters specified by the Code and applicable policies, professional standards and applicable laws or regulations.

To safeguard this principle of holding each other accountable, we, along with all other KPMG firms, have agreed to establish, communicate and maintain clearly defined channels to allow our people and third parties to make inquiries about, raise concerns in relation to, provide feedback on and notify reportable matters, supported by protections against retaliation in accordance with applicable laws, policies and procedures.

Our firm 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 our disciplinary policy.

The KPMG International Hotline is a mechanism for KPMG personnel, clients and other third parties to report concerns they have relating to activities of KPMG or KPMG personnel, including confidentially or anonymously, where available, and subject to applicable requirements.

Reports are assessed under established procedures to determine the response, which may include escalation, investigation and remedial or disciplinary action.

During the year, a new local internal Speak Up Hotline was launched for Australia, providing an additional confidential channel for raising concerns of a sensitive nature. It complements existing arrangements through our KPMG International Hotline.

In our Action Plan, we have committed to updating our entire whistleblower program to address the third-party review findings and recommendations, including redesign of the end-to-end whistleblowing and speak-up framework and review of our investigation processes (including the appointment and use of external investigators).

Importance of the multidisciplinary model

The multidisciplinary model remains a significant strength of the modern audit profession.

Complex audits increasingly require access to specialists in areas such as taxation, cybersecurity, technology, climate reporting, valuations, actuarial services and data analytics.

At KPMG, we firmly believe that our multidisciplinary model supports the delivery of high-quality audit and assurance services.

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

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

National Independent Chairman[6]

Michael Ebeid (appointed 12 August 2026), our first National Independent Chairman, is responsible for leading the National Governance Board (the Board), ensuring it meets its responsibilities of overseeing and monitoring governance, quality and integrity, and the overall strategic positioning of the firm.

Chief Executive Officer (CEO)[7]

Under KPMG Australia's Partnership Agreement, the Board appoints a CEO to manage the firm. The CEO, John Sams (appointed 21 July 2026), is the most senior executive charged with responsibility for effectively managing the firm against the business strategy, plans and policies as approved by the Board; and the implementation of regulatory and risk management procedures across the business. He leads the firm's principal management body, the National Executive Committee (NEC).

Chief Risk Officer (CRO)

KPMG Australia has a centralised risk function, and partners with risk responsibilities report to the CRO, Paul Low. Every year, the NEC participates in a facilitated process to identify and assess the key risks which may impact the achievement of the firm's strategic objectives. Paul retains responsibility for the monitoring and remediation of our SoQM and risk management. He is supported by a team of partners and professionals in each of the firm's service areas. Audit & Assurance has a dedicated Divisional Risk Management Partner (DRMP), Marcus McArdle, who is supported by an embedded network of Audit & Assurance risk management partners across our office.

National Managing Partner, Audit & Assurance[8]

Scott Guse (appointed 3 June 2026) leads our Audit & Assurance practice and is responsible for driving audit quality, professional excellence and strategic growth across the division. As a member of the NEC, he oversees the delivery of audit and assurance services and supports the firm's ongoing investment in people, technology and innovation.

National Partner in Charge, Mid-Market & Private, Audit & Assurance

Julie Cleary leads the Audit & Assurance business unit within the Mid-Market & Private division. She is responsible for driving audit quality and strategic growth across the business unit, reporting to the National Managing Partner, Mid-Market & Private.

Ethics and Independence Partner (EIP)[9]

Andrew Bryant (appointed 1 July 2026) has primary responsibility for the direction and execution of ethics and independence policies and procedures. He is responsible for communicating and implementing our policies and procedures, which are collated in our Australian Quality and Risk Management Manual (AQ&RMM). Our independence policies are set at or above the requirements of professional standards and the Act. He also chairs the Ethics and Independence Disciplinary Committee, which oversees ethics and independence compliance matters and related disciplinary outcomes. He reports directly to the CRO.

National Head of Audit Quality

Shaun Kendrigan is responsible for monitoring internal and external audit quality indicators and driving actions for continuous improvement. Shaun is also the Partner in Charge of our Department of Professional Practice (DPP), the centre of technical excellence for Audit & Assurance and financial reporting.

6 Martin Sheppard was KPMG Australia's National Chairman until 29 June 2026. Michael Ebeid was elected as the first independent chairman on 12 August 2026.
7 Stan Stavros succeeded Andrew Yates as the Interim CEO on 29 May 2026. John Sams was appointed as the CEO on 21 July 2026.
8 Scott Guse was appointed National Managing Partner, Audit & Assurance on 3 June 2026, succeeding Julian McPherson.
9 Andrew Bryant, who succeeded Kevin Leighton, was appointed as the EIP on 1 July 2026.

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Governance structure

Our governance structure includes committees that have risk and quality responsibilities to oversee and influence the firm's audit quality agenda. These include[10]:

The Board

The Board is responsible for oversight and monitoring of the firm's management to drive growth and the long-term prosperity of the firm while engendering trust from the firm's partners, people, clients, and the wider community.

The Board approves and oversees execution of the firm's strategy, processes for identifying and managing risk, the design, operation and evaluation of the SoQM and reputational matters. It has direct oversight over audit quality, including the firm's strategy, culture, investment plan and compliance with, and excellence in, our SoQM.

While the CEO serves as a member of the Board, the firm maintains a clear distinction between the governance responsibilities of the Board and the executive management.

This framework supports appropriate oversight and accountability of the CEO and the firm's key management body, the NEC, across all aspects of performance. Consistent with this approach, the National Independent Chairman is independent of executive management and does not hold an executive role within the firm.

As part of our Action Plan, we have committed to review and update the role and remit of our Board in line with corporate governance best practices. Certain changes, including appointing an independent chair, have been implemented. Refer to Appendix 5 for the Board members from 1 July 2025 to the date of this report.

Audit & Assurance Executive Committee (A&A Executive) and Mid-Market & Private Audit & Assurance Leadership Team (MM&P A&ALT)

Our audit practice includes the Audit & Assurance division led by Scott Guse and the Audit & Assurance Business Unit within the Mid-Market & Private division, led by Julie Cleary.

Members of the A&A Executive include Partners in Charge of each of the audit groups, structured by location, Environmental, Social and Governance (ESG), Technology Assurance, Audit Delivery & Innovation and the National Head of Audit Quality.

The A&A Executive, alongside the National Head of Audit Quality, are responsible for setting the strategy to promote, support and drive continuous improvement in audit and assurance quality.

Audit and assurance quality is discussed by the National Head of Audit Quality during dedicated time at each meeting.

Members of the Mid-Market & Private A&ALT include the National Operations Manager, Mid-Market & Private Audit & Assurance Audit Quality and Learning leader, Data & Analytics leader, ESG leader, and eight Office leads across seven states/territories. Audit and assurance quality is discussed at each A&ALT meeting and at the Mid-Market & Private Audit & Assurance all-partner monthly meeting.

Management Audit & Assurance Quality Committee

The Management Audit & Assurance Quality Committee (MAAQC), chaired by the National Head of Audit Quality, oversees and challenges how audit and assurance quality, and associated risks, are prioritised. The MAAQC includes the National Managing Partner, Audit & Assurance and the National Partner in Charge, Mid-Market & Private Audit & Assurance as members.

Specifically, its responsibilities include:

- Evaluating proposed initiatives to ensure the objectives and outcomes align with maintaining or enhancing quality. Initiatives are developed to address matters arising from internal monitoring and external inspections, root cause analysis and other relevant quality indicators and data sources
- Assessing the strategic prioritisation, resourcing and timetabling of actions to be delivered through the Audit & Assurance Quality Transformation (AAQT) program (more in Chapter 8)
- Implementing global initiatives to deliver outcomes in a globally consistent manner
- Executing the ISQM 1 controls that require deliberation and approval by the MAAQC and assessing the impact of developments in the broader ISQM 1 control environment on audit and assurance quality.

10 Further details about the firm's governance bodies are contained in 'Governance structure' in Appendix 3 'KPMG network arrangements'.

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03. Apply expertise and knowledge

We are committed to, and continue to build on, our technical expertise and knowledge, recognising its fundamental role in delivering quality audit and assurance services.

Methodology aligned with professional standards, laws and regulations

KPMG's audit and assurance methodologies, tools and guidance drive a consistent approach to planning, performing and documenting audit and assurance procedures.

Key elements include:

- Complying with the applicable standards, including Australian Standards on Auditing (ASAs), Australian Standards on Assurance Engagements (ASAEs), Australian Standards on Sustainability Assurance (ASSAs), Australian Standards on Review Engagements (ASREs) and regulatory or statutory requirements
- Identifying risks of material misstatements and designing and performing procedures to respond to these risks
- Usage by our audit and assurance professionals to drive consistent interpretation on the application of the applicable Standards and regulatory requirements.

Our audit and assurance methodologies emphasise applying appropriate professional scepticism in the execution of procedures. Our audit and assurance methodologies are updated throughout the year to reflect new and revised audit standards and requirements as well as to keep pace with innovative and technological advances that drive quality and efficiency.

Technology-enabled standardised methodology and guidance

KPMG innovates through the use of leading technology, including AI. Our digital strategy is built on KPMG Clara, a scalable, cloud-based, AI-enabled software platform that facilitates consistent execution across KPMG firms worldwide.

KPMG Clara workflow delivers a secure, compliant, data-driven and standardised audit or assurance engagement.

In Australia, Auditing and Assurance Standards and Standards of Quality Management[11] are legally enforceable and we customise the global methodology for differences in these Standards, relevant laws and regulations, and for additional requirements we consider enhance the quality of our work.

11 AUASB (including ASQM 1) standards are legally enforceable to audits, assurance or review engagements as required under the Act.

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Deep technical expertise and knowledge

Access to specialists

Specialist experience is an increasingly important part of modern audit and assurance engagements and is a key feature of our multidisciplinary model. Our engagement teams have access to a network of KPMG specialists to consult or directly involve as team members.

These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audit and assurance engagements.

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

Responding to significant external events and conditions

Significant external events and conditions – such as the impacts arising from geopolitical shifts, natural disasters, conflicts, climate effects, energy shocks, cyber security and inflationary pressures – may give rise to business risks that can have significant implications for financial statements.

These potential financial statement implications may include increased complexity, subjectivity and uncertainty when making accounting estimates and key judgements, such as asset impairments, asset valuations and management's going concern assessment.

Financial reporting guidance is reviewed and updated as necessary. Any new guidance is shared with our engagement teams as new reporting issues emerge in order for teams to appropriately consider and respond to the potential impacts arising from these significant external events and conditions.

Audit quality guidance is updated and shared with our engagement teams to address the potential audit and assurance strategy and approach implications of significant external events and conditions, for example expanded inquiries, new audit and assurance risks, materiality reassessments and involvement of specialists.

ESG assurance quality

During the year, we continued to enhance our ESG assurance capabilities to meet evolving market developments, including the completion of the first wave of assurance engagements supporting mandatory climate-related financial disclosures in Australia under the *Corporations Act 2001* and AASB Sustainability Reporting Standards (AASB S1 and S2).

Key developments included:

- Updated methodology suitable for providing assurance on all sustainability reporting Standards, including AASB Sustainability Reporting Standards (AASB S1 and S2) disclosure requirements
- Expanded training programs for our engagement teams focused on the latest AASB and Australian Sustainability Reporting Standards (ASRS) developments
- Strengthened expertise through investments in ESG talent and increased access to subject matter professionals
- Deployed the KPMG Clara workflow – Assurance which integrated our assurance methodology to ensure consistency and quality.

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04. Embrace digital technology

We continue to transform the audit and assurance experience for our professionals and clients. Leading technologies used across the KPMG global organisation are enhancing quality by increasing our ability to identify and respond to the issues that matter.

KPMG Clara

KPMG's commitment to continuously evolving quality drives our investment in technology and innovation. During the year, AI integration into KPMG Clara, our global smart audit and assurance platform, was expanded and accelerated to support our professionals to respond more effectively to risks, enhance quality and deliver deeper insights.

Intelligent, standards-driven audit and assurance workflows

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

- Data-driven & AI-enabled audit workflows
- Audit & assurance including ESG
- Global, risk-based methodology

- Human-guided agentic AI as part of risk assessment
- Exception-based audit via automated scoring of complete transaction populations
- AI-enabled knowledge search

- Globally consistent planning & execution
- Enhanced two-way communication
- Tailored scoping

- Secure, transparent & centralised interaction with the audit team
- Real-time alerts & tracking
- Access to insights

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Generative AI and AI agents

We are continuing the deployment of generative AI and AI agents, which perform audit tasks in concert with human review. AI agents can now assist audit and assurance teams by analysing engagement documentation and designing and performing substantive testing procedures aligned with KPMG's methodology. Additionally, through transaction scoring, KPMG's auditors are able to leverage advanced automated algorithms to analyse and risk-score complete populations of transactions (rather than sample), identifying outliers and areas requiring further investigation. These enhancements enable our auditors to focus on high-risk areas, exercise professional judgement and scepticism where it matters most, and strengthen audit quality.

All AI capabilities within KPMG Clara are developed under KPMG's Trusted AI framework, ensuring a human-in-the-loop approach that helps safeguard quality, data integrity, accuracy, reliability, security and ethical standards.

These capabilities are integral to our vision of a transformed AI-first, human-centric audit that delivers deeper insights and reinforces trust in the integrity of financial and non-financial information.

Looking ahead, we remain committed to responsibly deploying emerging technologies to support our professionals, enhance audit quality, and meet the evolving needs of the capital markets.

Information protection 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 Act, and relevant professional standards.

During the year, we continued to strengthen our enterprise approach to managing cyber, data and privacy risks in an increasingly complex threat environment, including the accelerated adoption of AI technologies.

Our training, Security Awareness for Everyone (S.A.F.E) training, which reinforces awareness of information security, AI, personal information and data privacy risks, was refreshed to reflect these evolving threats and emerging technologies, with firm-wide completion maintained. An additional focus has been on internal communications and capabilities building, including the introduction of a new mandatory learning on responsible AI use, with a 100% completion rate.

The most serious information protection failure in our firm this year came through the improper access to, and use of, confidential client information by some of our people, including Partners, in relation to the whistleblower matter.

As part of our Action Plan, we launched an updated and strengthened confidentiality policy and guidance and introduced tighter access restrictions on repositories holding client information. A new confidentiality attestation for all partners and staff was also released.

This was supported by mandatory firmwide training on client confidentiality, privacy, information protection and data security, together with targeted confidentiality training for all Audit partners and directors.

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05. Nurture diverse, skilled teams

Our engagement teams have diverse skills and capabilities to address our clients' complex problems.

Recruit appropriately qualified individuals who bring diverse skills, perspective and experience

One of the key drivers of quality is providing KPMG professionals with the appropriate experience, motivation and sense of purpose to develop the skills necessary to deliver high-quality audit and assurance services. This requires the effective recruitment, development, reward, promotion, retention and assignment of professionals.

Recruitment

We recognise the importance of attracting appropriately qualified and skilled professionals and continue to enhance the targeted nature of our search and recruitment approach. Our recruitment strategy focuses on sourcing entry-level talent from a broad and diverse pool. This includes building relationships with emerging, inclusive talent at an early stage through engagement with leading universities and Chartered Accountants Australia and New Zealand (CA ANZ). In addition, we actively recruit a significant number of experienced professionals to strengthen our workforce.

All candidates are assessed and appointed through a selection process that may include application screening, interviews, testing, and checks. These processes are designed to apply fair, job-related criteria to ensure candidates have the necessary skills and experience and are well suited to their roles. For individuals recruited as partners or executive directors, a formal independence assessment is conducted prior to joining. This includes a review of all financial relationships by the EIP or a delegate. We also ensure that no confidential information from a candidate's former employer is accepted.

Inclusion and access to equal opportunities

We strive to reflect the diverse communities in which we operate, while cultivating a strong sense of belonging and harnessing the collective strength of diverse perspectives and experiences to better serve our people, clients and society.

The Audit & Assurance People Advisory Board (PAB) plays a critical role in promoting our inclusive and diverse culture. By bringing a wide range of perspectives to business challenges, the PAB helps ensure that decision-making reflects the diverse experiences of our people. The PAB acts to amplify employee voice by creating opportunities for individuals to share feedback and insights, providing a route for feedback to be considered in shaping key decisions. It also contributes to the development of initiatives that enhance ways of working for our people.

For the year ended 30 June 2026, we remained at 38% of female audit partners. Cultural representation grew slightly to 17% of audit partners identifying as 'non-Anglo/Celtic/European', up from 16% in the prior year.

Learn more about our commitment to have an inclusive culture built on trust in KPMG Australia's 'Our Impact Plan 2026'.

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Health and wellbeing

This year, we progressed action against the industry-wide Sustainable Ways of Working Principles coordinated through the Australian Accounting and Assurance Public Policy Committee.

As part of this effort, we implemented a leading framework with clearly defined thresholds to trigger wellbeing and workload reviews, enabling the early identification of elevated job demands and timely intervention.

Average staff retention rates

	FY26 (%)	FY25 (%)
Managers and above	**81**	82
Team members	**69**	71

Reward and promotion

We maintain compensation and promotion policies that are informed by market data closely aligned with our performance review process.

The outcome of our annual performance evaluations directly influences the promotion and remuneration of our partners and staff. These evaluations recognise the effort required to deliver high-quality audits and, where appropriate, inform decisions regarding an individual's continued association with KPMG Australia.

Reward decisions are based on consideration of personal, divisional and firm performance.

Assign an appropriately qualified team

A critical driver of quality management is the effective selection of the engagement team to deliver high-quality audit and assurance services. At KPMG, we maintain policies, procedures and controls to assign engagement partners and other professionals to engagements based on their skillsets, relevant professional and industry experience, and the nature of the engagement. Key considerations include the engagement partner's experience and capacity – assessed through an annual engagement partner portfolio review – to perform the engagement, taking into account its size, complexity, and risk profile. We also consider the level of support required, including engagement team composition and the involvement of specialists, where appropriate. Audit and assurance engagement partners are responsible for ensuring that sufficient and appropriate resources are assigned to the engagement team in a timely manner. This is undertaken with consideration of the nature and circumstances of the engagement, our policies and procedures, professional standards, and applicable legal and regulatory requirements, as well as any changes that arise during the course of the engagement. This may include the involvement of specialists from within our firm, other KPMG member firms or external experts.

Our policies also require that all audit and assurance professionals possess the appropriate knowledge and experience for the engagements to which they are assigned. When considering the appropriate competence expected of the engagement team as a whole, the engagement partner's considerations may include the following:

- Understanding of, and practical experience with, audit and assurance engagements of a similar nature and complexity through appropriate training and participation
- Understanding of professional standards and legal and regulatory requirements
- Appropriate technical skills, including those related to relevant information technology and specialised areas of accounting, auditing or assurance
- Knowledge of relevant industries in which the client operates
- Ability to apply professional scepticism
- Understanding of our quality control policies and procedures
- Quality Performance Review (QPR) results and results of regulatory inspections.

We take a considered approach to assigning the right professionals to the right clients. For engagements assessed as 'high risk', we apply specific policies that may restrict the assignment of partners and staff who have not met our performance standards within the preceding 12 months.

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Average years of experience with KPMG[12]

	FY26	FY25
Partner	**22**	23
Director	**10**	11
Senior Manager	**7**	8
Manager	**4**	4

Average staff utilisation rate in the audit practice

	FY26 (%)	FY25 (%)
Senior Manager	**57**	59
Manager	**63**	62
Senior Team Member	**79**	80
Team Member	**77**	76

Role profiles to drive quality

Driving a consistent approach to accountability for quality, we have a set of globally consistent role profiles, articulating the technical and behavioural competencies required, as well as the individual levels of accountability for contributing to audit quality and the SoQM. Reviewed annually to support the focus on continuous improvement, the role profiles offer KPMG personnel involved in audit delivery and those in key firm-wide leadership positions, a clear articulation of their role and responsibilities. To connect the role profiles to goal-setting, a mandatory audit quality goal is in place.

Profile of KPMG Australia's audit personnel

	FY26	FY25
Number of partners	**125**	120
Number of client service staff (excluding partners)	**1,629**	1,655
Ratio of partners to client service staff	**1:13**	1:14
Ratio of Directors, Senior Managers and Managers to client service staff below Manager	**1:3**	1:3

Policies on applicable requirements, standards and laws

At our firm, all personnel are expected to adhere to our firm's policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them.

Our policies and procedures for audit and assurance engagements incorporate the relevant requirements of accounting, auditing, assurance, ethical, quality and risk management Standards that are consistent with ISQM 1, and other relevant laws and regulations, including the Act.

Accreditation and licensing

All our partners who sign statutory audit reports are Registered Company Auditors. Registration is granted by ASIC after an assessment of qualifications and competency.

Our partners and directors are subject to additional internal accreditation and knowledge requirements in relation to International Financial Reporting Standards, US Accounting and Auditing Standards, an Assurance Accreditation framework, and an Engagement Quality Control Reviewer (EQCR) accreditation framework, acknowledging the need for specific skills in auditing. These frameworks specify the professional qualifications, training and experience and results needed from the firm's Quality Performance Review (QPR) Program to obtain and maintain accreditation.

For the year ended 30 June 2026, 100% (FY25: 100%) of our eligible audit partners and directors maintained their relevant internal accreditations.

Investing in AI and data-centric skills

We strategically invest in talent by collaborating with leading learning institutions, while investing in building a future-enabled workforce equipped with the skills needed to thrive in a data-driven, AI-enabled audit and assurance environment. We recruit and train professionals who specialise in software, cloud capabilities and AI, who bring leading technology capabilities to our firm. We provide training on a wide range of technologies to ensure that our professionals not only meet the highest professional standards but are also educated in new technology responsibly. With this approach, we bring together the right people with the right skills and the right technology to perform quality audit and assurance engagements.

12 This does not include an individual's relevant experience prior to joining KPMG. With the exception of partners, this table does not include time spent with other KPMG member firms.

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

All our professionals are provided with the technical learning and support they need to perform their roles. This includes access to internal specialists and the DPP for consultation.

We require all our audit and assurance client service partners and staff to invest in Continuing Professional Development (CPD). They must obtain a minimum of 30 CPD hours annually and at least 120 CPD hours over a three-year period.

Lifetime learning strategy[13]

We are committed to developing a culture of continuous learning in line with our desire to provide access to learning for a lifetime – where KPMG partners and employees can continually enhance their competencies and skills through functional, ethical and accelerated learning. With a focus on enabling excellence, our continuous learning culture helps our people make the difference for both clients and themselves.

Formal learning

Rapid advances in technology have made education and reskilling more important than ever.

Annual learning priorities for development and delivery are identified by the Audit Learning & Development department. Minimum learning requirements for audit and assurance professionals are established annually. Learning is delivered using a blend of learning approaches and performance support.

Learning hours for non-CA qualified (or equivalent) staff

	FY26	FY25
Audit and assurance learning	**162**	181
Other learning	**21**	21
Total mandatory learning	**183**	202

The above table represents learning undertaken by team members within their first two and a half years with KPMG.

Average learning hours for our partners and staff with a professional designation (e.g. CA or equivalent)

	FY26	FY25
Audit and assurance learning	**39**	12
Other learning	**7**	7
Total mandatory learning	**46**	19

The increase in learning hours reflects the transition of our ESG Assurance learning program from implementation to business-as-usual delivery. The program, which supports sustainability reporting, ESG assurance methodology and KPMG Clara workflow – Assurance, was initially deployed across FY25 and FY26 and included a three-day offsite interactive learning experience for managers and above.

In FY26, the program became a mandatory business-as-usual component of the development curriculum for Senior Team members, contributing to the increase in reported learning hours. The increase also reflects continued investment in role-specific development for managers and technical training across the audit practice.

In addition, specialised learning is mandated based on an individual's audit client profile (for example, US audit and accounting, insurance or banking). These client-specific learning requirements are not included in the audit learning hours reported above, as participation varies according to client needs.

13 Besides the audit-specific initiatives listed in this section, refer to KPMG Australia's 'Our Impact Plan 2026' for our firm-wide initiatives.

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Recognise quality

Personal development

Our approach to performance development, 'Open Performance Development', is built around the 'Everyone a Leader' performance principles which are supplemented by the 'global audit technical core competencies' to provide a holistic view of expectations for those involved in audit and assurance engagements.

Open Performance Development is linked to the KPMG Values and designed to articulate what is required for success – both individually and collectively.

Ongoing mentoring and on-the-job coaching

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

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

We support a continuous learning environment where KPMG partners and employees contribute to building the team capacity, coaching other team members and sharing experiences.

Enhanced partner knowledge

To further develop the audit quality skills of our audit partner candidates, we require candidates to have specific audit quality oversight experience as part of their progression to partner. They fulfil this via a role either as a Second Line of Defence (2LoD) reviewer, a Quality Performance reviewer, or through spending at least six months within a specialised audit quality group within the DPP or the broader Audit & Assurance division.

We consider quality and compliance metrics in the overall performance assessment, promotion and remuneration of partners, directors and managers. Individuals are assessed on whether their quality indicators demonstrate that their audits are executed consistently in line with KPMG's definition of audit quality. Indicators used in determining the quality rating include performance in our internal inspection programs, results of ASIC audit inspections/surveillance and completion of mandatory training.

For NEC members, cumulative results of these indicators for their functions' contribution to audit quality, along with an individual's influence and effectiveness contributing to that performance, is considered. Our CEO also assigns members of the firm's NEC an audit quality focused goal and an Audit Quality Role Profile which feeds directly into annual performance and remuneration outcomes. This is to ensure that all our senior leaders – not just auditors – understand and are held accountable for audit quality.

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06. Associate with the right clients and engagements

Rigorous client and engagement acceptance and continuance policies are vital in providing high-quality professional services.

Global client and engagement acceptance and continuance policies

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

We evaluate whether to accept or continue a client relationship or perform a specific engagement.

Our client and engagement principles, ACCEPT, aid in the decision-making process as to which clients we accept and what work we will do for them. Where client and engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

Each letter of ACCEPT guides KPMG firms to consider:

A **All stakeholders are important:**
Could the client (or entity) and/or engagement erode stakeholder trust?

C **Conflicts of interest and objectivity:**
Are there any objectivity or independence concerns or any potential conflicts?

C **Client (or entity) considerations:**
Do we want to work with them?

E **Engagement considerations:**
Can we successfully deliver the product or service?

P **Public interest:**
Is the client (or entity) and/or engagement consistent with protecting the public interest?

T **Terms and commercial considerations:**
Can we comply with contractual obligations and manage financial outcomes?

Accept appropriate clients and engagements

Client evaluation

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

Engagement evaluation

We consider a range of factors when we are evaluating each prospective engagement including potential independence and conflicts of interest issues and intended purpose and use of engagement deliverables.

In addition, the evaluation of an audit and assurance engagement includes an assessment of the competence of the client's financial management team and the skills, experience and capacity of KPMG professionals.

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Where we are providing audit services to public interest entities for the first time, additional independence evaluation procedures are performed and then approved by the EIP, 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 and assurance client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client. Any potential independence or conflict of interest issues are required to be documented and resolved prior to acceptance.

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

We use a KPMG global web-based application to facilitate compliance with auditor independence requirements and identify potential conflicts of interest for prospective engagements.

Continuance process

We undertake regular re-evaluations of all audit and assurance clients and engagements to identify risks in relation to continuing our association and safeguards that need to be put in place.

In addition, clients and engagements are required to be re-evaluated when there is an indication that there may be a change to the risk profile, for example, significant changes in their business, financial position or ownership structure.

The DRMP or their delegate (including Audit & Assurance risk management partners), independent of the audit team, assesses the circumstances of our continuance and their acceptability.

Withdrawal process

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

Manage portfolio of clients

High risk clients

Clients are designated high risk when non-standard or additional risks are identified during acceptance or re-evaluation, and we are still capable of maintaining independence and audit quality. In these cases, we mandate additional risk management or quality control safeguards in the conduct of the audit.

Client portfolio management

We have policies and procedures to enable our firm to monitor the workload and availability of engagement partners and staff to provide sufficient time to complete their responsibilities.

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07. Be independent and ethical

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

Trust is fundamental to the role we play in supporting confidence in the capital markets and must be earned through our actions and by doing the right thing. We recognise the importance of maintaining high standards of professional behaviour and fostering an ethical culture and we acknowledge that we have not maintained those high standards expected of us by our clients, our partners and our people. We now need to rebuild trust not through our words, but by the actions we are taking.

Our people are required to learn about, and comply with, the Code, which applies throughout our activities and business relationships. Within our Code, we outline the responsibilities KPMG people have to each other, our clients and the public. These are being reinforced in our Action Plan through training to all partners and employees on the Code, anti-bribery and corruption, and compliance with laws and regulations and professional standards.

AI and academic integrity

Like many organisations, we have been grappling with the role and use of AI as it relates to internal training and testing.

Our mandatory assessments are open-book knowledge checks following internal mandatory training courses. People are allowed to download training materials to assist with a mandatory assessment but they are prohibited from uploading those materials into AI tools to assist them whilst completing a mandatory assessment or to use AI tools to request answers to mandatory assessment questions.

We emphasise education and monitoring around inappropriate AI use. We monitor AI usage for mandatory training assessments and implement individual or firm-wide responses to keep professionals informed of our policies prohibiting the use of AI in mandatory assessments. When individuals breach firm policies, we investigate and apply disciplinary outcomes, where appropriate.

This year, for the first time, we are reporting these breaches separately to other conduct matters[14]. Among the breaches identified in FY26, there was one involving a Registered Company Auditor that resulted in disciplinary outcomes.

14 Refer to KPMG Australia's 'Our Impact Plan 2026' for further information on the firm's AI governance and workplace reports, including the cases of code of conduct breaches relating to AI and academic integrity.

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Ethical culture

During the year, we aligned our locally developed ethical decision-making framework R.I.G.H.T to the global framework CARE (Consider, Assess, Respond, Evolve). A model shared across the organisation, CARE is designed to help KPMG people make ethical decisions, especially when faced with a challenging situation or ethical dilemma. The framework encourages personnel to seek advice and identifies routes for consultation and escalation.

CARE
Ethical decision-making framework

Despite this framework, serious questions were raised about the ethical culture of our audit practice, regarding the misuse of confidential client information in audit tenders. Certain clients have ended or are reviewing their relationship with us. We recognise that restoring confidence in our audit practice requires sustained action.

In October 2026, the CA ANZ CEO Quality Review examined our systems and processes for protecting client confidential information and promoting an ethical culture. It found no significant deficiencies in our systems and processes and made suggestions for improvements. We have accepted all of these and are acting on them. The report can be read here.

In the same month, we published Principia Advisory's Ethical Cultural Review of our firm and released our updated Action Plan. The report, which builds on the Andrews Group's work[15], was a retrospective review of the firm's whistleblowing system and our broader cultural context. All findings and recommendations were accepted in full and incorporated into our new Action Plan. The report can be read here.

Also in October 2026, Dr Ian Watt AC's Independent Review of KPMG Australia found serious failings in our handling of matters raised by the whistleblower and in the governance and culture that shaped our response.

We accepted the findings of the Independent Review and all recommendations relating to KPMG. We recognise that changing culture takes sustained effort and that confidence must be earned through evidence of effective, lasting change.

We are committed to implementing the Independent Review's recommendations alongside the broader reforms set out in our Action Plan.

Policies and procedures

Our independence policies and procedures incorporate the requirements of APES 110 Code of Ethics[16], together with applicable *Corporations Act 2001* and foreign regulatory requirements. They cover areas such as firm and personal independence, firm financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

Our EIP is responsible for communicating and implementing independence policies and procedures, including relevant controls. Automated tools help identify potential independence and conflict of interest issues and facilitate compliance with these requirements. Our compliance with independence requirements is part of the global KPMG Quality & Compliance Evaluation (KQCE) program.

Personal financial independence

Our people are required to be free from prohibited financial interests in, and prohibited financial relationships with, our audit and assurance clients, their management, directors and, where required, significant owners.

In addition, employees are likewise subject to risk-based independence requirements under the firm's independence policies. For example, a member of an audit engagement team is prohibited from holding securities in that audit client.

We use a web-based independence compliance system to assist our people to comply with personal independence investment policies. The system facilitates monitoring by identifying and reporting impermissible investments and enabling detection of other non-compliant activity (i.e. late reporting of an investment acquisition).

We monitor the compliance of partners and client service staff as part of our program of independence compliance audits.

15 Andrews Group (including Dennis Gentilin) completed an independent lessons learned review of KPMG Australia's handling of the specific whistleblower matter. The report can be read here
16 APES 110 Code of Ethics for Professional Accountants (including Independence Standards) is based on the IESBA Code of Ethics combined with Australian-specific provisions.

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Employment relationships

Any KPMG professional providing services to an audit or assurance client, irrespective of function, is required to notify the EIP if they intend to enter into employment negotiations with that client. For partners, this extends to any audit client of any KPMG firm that is a public interest entity. Specific prohibitions, and in some instances cooling-off periods, apply to accepting certain roles at audit clients.

Firm financial independence

Our firm is required to be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors and, where required, significant owners.

KPMG's independence compliance system records direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities and funds. In Australia, it is extremely rare that our firm will hold any direct or material indirect investments in listed or non-listed entities and funds.

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

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

Business relationships/suppliers

We have policies and procedures in place for maintaining our business relationships with audit and assurance clients in accordance with the APES 110 Code of Ethics and other applicable independence requirements, such as those promulgated by the US Securities and Exchange Commission (SEC).

Non-audit services

Given the risk of creating a real or perceived independence issue, the regulatory rules and associated KPMG systems relating to the provision of non-audit services to an audited entity are extensive.

KPMG's mandatory conflicts and independence checking system supports our compliance with independence requirements. Information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees, are required to be entered into the system as part of the engagement acceptance process.

When the engagement is for an audit client, an evaluation of potential independence threats and safeguards is also required to be included in the submission.

Lead Audit Engagement Partners (LAEPs) are required to maintain group structures in the system for their Public Interest Entity (PIE) audit clients and certain other audit clients, including related entities and affiliates. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

For PIE audit clients, all proposed non-assurance services must be submitted to a centralised Ethics & Independence (E&I) team for review and approval. The E&I team assesses the proposed service against applicable independence requirements and determines whether it may proceed. Following E&I approval, the proposed service must be approved by the LAEP, as applicable. Consistent with our independence policies and procedures, pre-concurrence from Those Charged with Governance is also required before the service can be provided.

Our firm is prohibited from evaluating the performance of, or compensating audit partners on, selling non-audit services to any audit client.

Fee dependence

We are required to monitor total fees from public interest entity audit clients and follow consultation, communication and disclosure requirements should such fees exceed established thresholds.

Independence training and confirmation

All our partners and client service professionals must complete independence training upon joining the firm, and annually thereafter. They are also required to complete an annual confirmation stating that they have remained in compliance with our independence requirements and firm policies during the previous year.

We monitor the compliance of partners and client service staff with independence requirements of the Act, professional ethical standards, and our internal policies. The monitoring includes the performance of personal independence compliance audits on a sample basis, and partner rotation compliance audits on a sample of engagements. Our annual KQCE program also tests a sample for compliance with these requirements.

Our compliance testing identified 31 (FY25: 40) instances of individuals not achieving full adherence to our independence policies. The primary source of non-compliance was failure by individuals to enter or update all of their, their spouse/spousal equivalent's or their dependant's investments, including superannuation funds, into our investments tracking system on a timely basis.

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Independence breaches

All KPMG personnel are required to report an independence breach to the EIP or delegate as soon as they become aware of it. Breaches of independence requirements of the APES 110 Code of Ethics combined with Australian specific provisions are required to be reported to Those Charged with Governance as soon as possible, except where alternative timing for less significant breaches have been agreed with Those Charged with Governance.

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

Ethics and independence

	FY26	FY25
Number of partners and staff subject to an independence compliance audit	**269**	272
Total number of qualifications of an Auditors' Independence Declaration[17] – listed companies and listed registered scheme audit clients	**2**	-
Total number of qualifications of an Auditors' Independence Declaration – other audit clients	**1**	-

The qualifications were due to non-audit partners holding a financial interest in an audit client with the lead audit engagement partner being located in the same office. The financial interest was disposed of as soon as practical and the partners did not provide any services to the audit client on behalf of the firm nor were they a member of the audit team.

Avoiding conflicts of interest

We use mandatory conflicts and independence checking systems to identify potential conflicts of interest and independence matters and ensure they are appropriately addressed in accordance with legal, regulatory and professional requirements.

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

The Commercial Conflicts Resolution Committee (CCRC) is responsible for reviewing, maintaining oversight of, and making decisions relating, but not limited to, commercial conflicts, including proposed engagements, communications, or expressions of thought leadership, and external appointments which may detrimentally impact our relationship with one or more of our clients, be inconsistent with the firm's values or purpose, or have adverse brand and reputational impacts.

Our policies and procedures include assessing existing or potential conflicts of interest and risk – including reputational, human rights and environmental considerations – through our client and engagement processes and systems. Our people are prompted in our systems to consider whether an opportunity has the potential to give rise to a commercial conflict.

Such matters are directed to a Risk Management Partner (or delegate) for review and assessment, and, where required, the CCRC for consideration.

Prospective clients or engagements with conflicts that cannot be eliminated or safeguarded to an acceptable level (e.g. through the implementation of system information barriers and ethical divider memorandums) are rejected under our policies.

Audit partner rotation

Rotation requirements limit the number of years partners can provide audit services to a client.

All audit partners (including EQCRs), where applicable, are subject to the relevant rotation provisions of the Act, APES 110 and our policies and procedures. These requirements prescribe time-on and cooling-off periods for specified roles and entities and require broader consideration of familiarity and self-interest threats arising from long association.

These requirements place limits on the number of successive years that partners in certain roles may provide audit services to a client, followed by a 'cooling-off' period during which time these partners are restricted in the roles they can perform.

Where relevant, the rotation requirements of foreign regulators such as the US SEC and other local regulatory requirements are also considered. Our rotation requirements also address audit partners on engagements which are not ordinarily subject to any regulated rotation provisions. KPMG's Global Partner Rotation System is an automated system allowing us to track and comply with increasingly complex regulations governing partner rotation for audits of public interest entities, which also facilitates the identification of suitably qualified and experienced partners during succession planning.

Bribery and corruption

Bribery and corruption are prohibited under our Code and policies, supported by training, reporting, monitoring and disciplinary processes. No confirmed findings of bribery, corruption or modern slavery incidents were made in FY26.

17 Required by section 307C of the Act.
18 Refer to KPMG Australia's 'Our Impact Plan 2026' for information on our work against corruption.

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08. Perform high-quality engagements

How an audit is conducted is as important as the result. Everyone at KPMG is expected to demonstrate behaviours consistent with our Values and follow all policies and procedures in the performance of effective and efficient audits.

AAQT

The strategy of our Audit & Assurance practice is built on a foundation of delivering audit quality.

The audit landscape is changing at pace, with advances in technology and AI reshaping how audits can be performed. This brings a new set of risks to address and skills required of our professionals.

During the year, a significant milestone was the introduction of mandatory sustainability reporting and assurance in Australia. As ESG information is now subject to formal assurance, trust and consistency are critical. We have embedded this new frontier of reporting into our Audit & Assurance framework, ensuring the same standards of professionalism, scepticism and quality apply to sustainability information as they do to financial statements.

Delivering against these changes requires sustained investment in our people, our technology and our operating model. Through our AAQT program, we are focused on building digital fluency across our teams, embedding enabling technology, and strengthening methodology, governance and execution across both financial and ESG assurance engagements.

Encourage a culture of consultation

We encourage a culture of consultation that supports engagement teams throughout their decision-making processes and is a fundamental contributor to audit and assurance quality. Our engagement teams are required to consult subject matter experts when difficult or contentious matters arise on an engagement.

To help with this, we have established protocols for consultation and documentation of significant matters, including procedures to facilitate resolution of differences of opinion on engagement issues.

In addition, KPMG audit, assurance, reporting and risk management manuals also include specific consultation requirements on certain matters.

Critically assess audit evidence using professional judgement and scepticism

We design and perform audit procedures whose nature, timing and extent are based on, and responsive to, the assessed risks. We consider all relevant audit evidence obtained during the course of the audit, including contradictory or inconsistent audit evidence. Each team member needs to exercise professional judgement and maintain professional scepticism throughout the audit engagement. Professional scepticism involves a questioning mind and remaining alert to contradictory or inconsistent audit evidence. Professional judgement encompasses the need to be aware of, and alert to, biases that may pose threats to sound judgements.

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Building knowledge

Embedding ongoing coaching and review

Coaching fundamentals are embedded in the audit training curriculum and we support a continuous learning environment where our partners and professionals contribute to building the knowledge and skill of the team, coaching other team members and sharing experiences while directing, supervising and reviewing their work.

Engagement management life cycle (EMLC)

To accelerate audit execution and strengthen project management to enhance our audit quality approach, we rolled out EMLC to provide a framework of the audit journey for our engagement teams that includes:

- A consistent framework to help achieve standardisation across the firm. EMLC drives a consistent, end-to-end cycle of the audit journey for our engagements
- Accelerating audit procedures by completing certain audit procedures earlier in the audit cycle, reducing workloads in peak periods
- Process monitoring to enable consistent progress monitoring at the engagement team, business unit and firm level to best support engagement teams throughout the audit cycle.

Timely partner and manager involvement

We value timely involvement of partners and managers in conducting quality audits. We require timely audit planning completion for audits of listed entities and public interest entities that are deemed to be high risk.

During FY26, 98% (FY25: 96%) of our audits of these entities complied with audit planning milestones that require the timely completion of planning activities to enhance audit quality.

Second Line of Defence (2LoD)

2LoD reviewers work with specific audit teams to help enhance audit quality by conducting independent reviews for in-progress audits and providing real-time support and coaching to audit teams in key audit areas (revenue and significant risk areas bespoke to the respective audit) before the audit opinions are signed.

All 2LoD reviewers are specifically trained, high-performing senior staff. They coach teams to develop robust evidence-based risk assessment, audit approach, and execution of procedures in the key audit areas.

For the year ended 30 June 2026, 100% of engagements supported by 2LoD reviewers had no adverse findings when subsequently subjected to either an internal or external monitoring program (FY25: 88%).

Engagement Quality Control (EQC)

The EQC review is an important part of our approach to quality management. An EQC review is an objective evaluation of the significant judgements made by the engagement team and its related conclusions, performed by the EQCR, and completed on or before the date of the report. The EQCR's evaluation of significant judgements includes an evaluation of the engagement team's assessment of significant risks, including fraud risks, the related responses including engagement documentation and whether the related conclusions are appropriate. The EQC review is completed only after the EQCR is satisfied that all significant matters they raised have been resolved.

An EQCR is an independent audit partner and is appointed to: all listed engagements and any related review(s) of interim financial information, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements, including certain audit and assurance engagements. They are appointed by Audit & Assurance risk management partners, who act as delegates of our DRMP.

Appropriately support and document conclusions

Reporting

Engagement partners form all opinions and conclusions for audit, assurance and review engagements based on the work performed and evidence obtained. In preparing audit and assurance reports, engagement partners have access to reporting guidance and technical support through consultations with our DPP or Audit & Assurance risk management partner network.

Engagement documentation

Our documentation is completed and assembled in accordance with our policies and applicable auditing and assurance standards.

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09. Assess risks to quality

The quality of KPMG audit and assurance services rests on our foundational SoQM.

Our approach to SoQM

Our approach to SoQM, including ISQM 1, emphasises global consistency and robustness of controls to respond to risks within our processes.

KPMG International performs an annual iterative risk assessment process (I-RAP) to determine the baseline expected quality objectives, quality risks and process risk points and controls (responses to those risks).

This consistent global approach:

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

In Australia, we also perform our own annual I-RAP, taking into account our facts and circumstances in determining whether there are any incremental quality objectives, quality risks, process risk points and controls (responses to those risks).

We are refining our processes and controls to meet the new QC 1000 requirements by its effective date of 15 December 2026. Our first formal evaluation and conclusion on the operating effectiveness of the SoQM under QC 1000 will be performed as at 30 September 2027.

Statement on the effectiveness of the SoQM

As required by ISQM 1 and ASQM 1 and KPMG International Limited Policy, KPMG Australia has responsibility to design, implement and operate an SoQM for audits or reviews of financial reports and other historical financial information, or other assurance or related services engagements performed. The objectives of the SoQM are to provide KPMG Australia with reasonable assurance that:

a) the firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and

b) engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

For the year ended 30 June 2026, the most recent annual evaluation of the firm's SoQM was undertaken as at 30 September 2025 and published on 20 November 2025. The evaluation concluded that the SoQM provides the firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

For the year ending 30 June 2027, the firm's SoQM Statement of Effectiveness, as at 30 September 2026, will be published in November 2026 on the KPMG Australia Transparency Report webpage. The conclusion will reflect identified deficiencies and other relevant information, including the implications of the whistleblower matter and regulatory and independent reviews, where relevant to the firm's SoQM.

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10. Monitor and remediate

Integrated quality monitoring and compliance programs enable us to identify quality deficiencies, perform root cause analysis and develop, implement and report remedial action plans, both for individual engagements and the overall SoQM.

Rigorously monitor and measure quality

To ensure our work continues to meet the needs of the capital markets, we use a broad range of mechanisms to monitor our performance, respond to feedback and seek opportunities for improvement.

We use both internal monitoring and external inspections against accepted relevant benchmarks to evaluate our performance, understand the quality of our audit and assurance work, prioritise areas for improvement and take appropriate actions.

Internal monitoring and compliance programs

The KPMG programs evaluate:

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

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

These programs include:

- Audit QPR
- KQCE
- Global Quality & Compliance Review (GQCR)

Audit QPR

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

Engagement partners and directors are reviewed at least once in a four-year cycle (three years for engagement partners involved in Public Company Accounting Oversight Board (PCAOB) engagements). A risk-based approach is used to select engagements.

The Audit QPR program is designed by Global Quality & Risk Management. We conduct the annual QPR program in accordance with KPMG International QPR instructions which promote consistency across the KPMG global organisation. Reviews are overseen by an independent experienced lead reviewer from another KPMG member firm. QPR results are reported to KPMG International.

Of the engagements that rated as Not Compliant, none were a financial statement audit of a public interest entity (FY25: one). No audit opinions or financial statements were reissued as a result of findings from our internal audit file inspection program (FY25: nil). We have taken the underlying drivers of engagements that rated as Not Compliant into account in designing certain aspects of our AAQT program.

QPR program (Audit)

	FY26	FY25
Number of QPR financial statement audit reviews performed	**33**	41
Partners reviewed as a percentage of total partners[19]	**26%**	30%
Engagements that were rated as Not Compliant	**9%**	17%

19 Partners reviewed as a percentage of total partners, only includes partners performing financial statement audits from a broader population of partners and engagements selected for internal monitoring. The overall percentage of partners reviewed will vary year-on-year depending on the rotation schedule of our smaller offices and their relative size and repeat selection criteria.

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KQCE program

The KQCE program encompasses the testing and evaluation requirements of our SoQM which are necessary to support our compliance with ISQM 1, and compliance with quality and risk management policies.

Global Quality & Compliance Review (GQCR) program

The GQCR program is a KPMG International monitoring program. The objective of the GQCR program is to assess a firm's compliance with selected KPMG International policies, including those related to governance and SoQM. Firms are selected for review using a risk-based approach, which considers a number of factors, including financial conditions, country risks, results of monitoring programs and people surveys, with each firm subject to a GQCR at least once in a four-year cycle.

The GQCR team comprises partners and managers who are independent of the firm subject to review.

Internal monitoring and compliance program reporting

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

Issues identified are also emphasised in subsequent monitoring and compliance programs to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of Audit QPR results that are rated as Not Compliant, if relevant to their respective cross-border engagements.

Remediation and monitoring

We develop remedial action plans to respond to issues identified through our monitoring and compliance programs. Progress on action plans is tracked and results are reported, as appropriate, to Audit leadership.

Audit Quality Indicators (AQI) dashboard

Our AQI dashboard tracks relevant internal quality measures and data points and helps us analyse and understand issues that may trigger a risk. The monthly dashboard is made available to the Management Audit & Assurance Quality Committee, Audit Executive and the Board, with key indicators included in reporting to the NEC.

Regulatory reviews and engagement

Regulators have an important role to play in maintaining public confidence in the audit and assurance process.

ASIC

ASIC is considering a number of issues concerning KPMG Australia in accordance with its statutory objectives:

- Alleged misuse of confidential information
- Whistleblower victimisation concerns
- The basis for certain statements in KPMG Australia's 2025 Transparency Report

ASIC has also announced a review into the Big Four accounting firms and how audit-related complaints are managed.

We continue to engage openly and constructively with ASIC on audit quality, surveillance activities, thematic reviews and whistleblower matters.

ASIC conducts an annual risk-based audit surveillance which focuses on promoting the improvement and maintenance of audit quality and compliance with the requirements of the Act, Auditing and Assurance Standards, and Professional and Ethical Standards.

During 2025-26, ASIC selected a total of four KPMG audit files (three financial statements audits and one registered superannuation entity (RSE) audit) for review as part of these annual surveillance programs (FY25: two). Findings were detailed in two reports as follows:

- *ASIC's oversight of financial reporting and audit for 2025–26 (Report 842):* this report summarises findings from ASIC's financial reporting and audit surveillances and other complementary work for the period 1 July 2025 to 30 June 2026.

  The report noted continued concerns with the quality of company financial reports and audits. Out of the three (FY25: one) KPMG financial statements audit files selected for surveillance, one (FY25: one) contained an audit finding where, in ASIC's view, insufficient audit work was completed. The financial report was not reissued or restated as a result of this finding.

  ASIC also noted that certain audits were selected due to concerns raised in their conflict of interest and independence surveillance conducted in 2024-25. No KPMG audits were selected due to these reasons.

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- *Accounting for your super: ASIC's review into the financial reporting and audit of super funds (Report 841):* this report summarises findings from ASIC's RSE financial reporting and audit surveillance for the period 1 July 2025 to 30 June 2026.

  This is the second year ASIC has conducted a dedicated surveillance into the financial reporting and audit of RSE's. One (FY25: one) audit file of KPMG was selected for surveillance and no (FY25: nil) audit finding was identified.

  KPMG recognises the importance of providing robust audit services to this sector and acknowledges ASIC's concerns within the report regarding the extent of audit work conducted on unlisted investments and member liabilities. We are pleased to have met ASIC's expectations in this area across both years of the surveillance and remain committed to driving audit quality moving forward.

In October 2025, ASIC released *Building trust: Auditors' compliance with independence and conflict of interest obligations* (Report 817): this report summarises findings from ASIC's review of compliance by auditors with their independence and conflict of interest obligations under the Act.

We completed a self-assessment against Report 817 findings and our remediation plan addresses all elements of the actions outlined in ASIC's report including governance, short term remediation, enhanced engagement level controls and improved firm-level monitoring. We support ASIC's view that independence is a core driver of audit quality and continue to engage with ASIC in this area to understand their expectations and monitor our improvements.

ASIC's annual reports on their surveillance programs are available on their website.

ASIC routinely communicates findings from audit file reviews to directors of the relevant entity as each audit surveillance is completed, in line with RG 260.14.[20]

We take the findings from ASIC's work seriously and conduct an evaluation of all matters identified. We also undertake analysis of ASIC's thematic findings, perform deep-dive analysis to identify possible root causes of issues raised and design solutions as appropriate.

We integrate feedback from monitoring activities, including ASIC audit surveillances, into our AAQT program which is shared and discussed with ASIC.

Foreign regulators

Our Audit Practice is registered with the US PCAOB, Japanese Financial Services Authority, Canadian Public Accountability Board, UK Financial Reporting Council and Germany's Wirtschaftsprüferkammer. This is necessary to conduct audits of Australian clients who, owing to overseas stock exchange listing requirements, file financial statements in those jurisdictions.

The PCAOB inspected our firm during FY24 as part of a triennial process. The inspection included a review of three engagements and an evaluation of our SoQM.

The PCAOB released its final report on 22 August 2024, which is available on their website. The report did not identify any deficiencies in the audit procedures of the three engagements examined.

In July 2026, the PCAOB also inspected our firm as part of the triennial review. We are awaiting the PCAOB's final report.

CA ANZ

CA ANZ promotes the Chartered Accountant designation. CA ANZ has advised that it considers the work of ASIC in determining the scope and timing of any review of the large firms to reduce duplication. In December 2025, CA ANZ completed a Quality Review of our practice which focused on our system of quality management, risk management, monitoring activities and the outcomes of those activities, including action plans and remediation programs.

On 1 October 2026, CA ANZ issued the results of the CA ANZ CEO Quality Review, which was a targeted quality review of KPMG Australia undertaken from July 2026 to October 2026. The review had a specific focus on the design and implementation of our systems and processes in two areas:

- The storage and handling of client confidential information, including how any unauthorised use is identified, reported and addressed; and
- How we promote an ethical culture across the firm, including our speak-up and whistleblower protections.

20 RG 260 Communicating findings from audit files to directors, audit committees or senior managers. Refer to www.asic.gov.au.

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CA ANZ identified no significant deficiencies in the design and implementation of systems and processes in either area. The report recognises the frameworks and controls we have in place to protect confidential information, promote ethical behaviour and accountability, help people speak up, and monitor and strengthen our culture.

CA ANZ outlined a number of suggestions in their report and we have adopted all of these, embedding them in our Action Plan.

During the year, we also provided information to CA ANZ in support of their surveillance of Chartered Accountants, including demonstrating compliance with continuing professional education and ethical training requirements.

Other regulatory reviews

As a result of the whistleblower matter, other related regulatory and external reviews have been finalised or are underway, including investigations into the conduct of certain Registered Company Auditors of the firm.

On 22 October 2026, Dr Ian Watt AC's Independent Review of KPMG Australia, was published by the Commonwealth Department of Finance. This report examined relevant aspects of KPMG's culture, ethics, integrity and governance.

We accepted the findings and recommendations within this report as detailed in our response and will update our Action Plan where required.

There are also investigations into the conduct of certain individuals of the firm by the regulatory and external bodies.

We will continue to keep stakeholders informed of significant developments and findings related to these matters.

Client feedback

KPMG Australia's Client Insights Program actively solicits feedback from clients on the quality of our services. This feedback is considered at an individual audit team level and a firm level to inform our client service and quality processes.

	FY26	FY25
Overall satisfaction (out of 10)	**8.5**	8.4

Monitoring of complaints

As we strengthen our firmwide approach to the identification, classification and reporting of complaints (as detailed in our Action Plan), we are reviewing how 'complaints (including whistleblower matters) relating to audit quality – internal and external' are defined and reported.

This review is informed by our broader work to enhance our whistleblowing and speak-up framework, ASIC's ongoing surveillance of the Big Four and how audit-related complaints are managed, and relevant independent reviews.

Accordingly, while this work is underway and we await completion of ASIC's surveillance, we have not included 'complaints (including whistleblower matters) relating to audit quality – internal and external' in this year's Transparency Report. We have expanded our broader complaints disclosures in Our Impact Plan 2026 and will continue to evolve our reporting within future Transparency Reports as this work progresses.

Perform root cause analysis and design and implement effective remedial actions

Our SoQM provides the foundation for consistent delivery of quality engagements. A key element of our SoQM is the Root Cause Analysis (RCA) program that supports identification of underlying causes, development of remedial actions and subsequent assessment of effectiveness. Leveraging inputs from internal monitoring programs, external inspections and other relevant activities, we identify audit and assurance quality issues and perform RCA corresponding to the nature and severity of the issues.

We continue to strengthen our RCA program, leveraging globally developed RCA methodology, training, guidance and tools.

We design and implement remedial actions that respond to the identified root causes of the quality issues and subsequently monitor the effectiveness of such actions. Our RCA projects, status of the projects and remedial actions are reported to regional and global leadership.

Our National Managing Partner, Audit & Assurance is responsible for audit and assurance quality, including supporting the effective remediation of quality issues. Our Management Audit & Assurance Quality Committee monitors implementation and completion of the remediation plans.

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11. Communicate effectively

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

Provide insights, and maintain two-way communication

Communicate with Those Charged with Governance

A financial statement audit has two main deliverables, the formal audit report and s307C independence declaration, accompanying the signed financial report. These are the observable elements to shareholders. We stress the importance of keeping Those Charged with Governance informed of issues arising throughout the audit through guidance and supporting resources. We achieve this through a combination of reports and presentations, attendance at Audit Committee or Board meetings, and ongoing discussions with management and members of the Audit Committee.

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.

In recognition of the demanding and important role that Audit Committees play for the capital markets, and 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.

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

Only with engaged, talented people can we deliver audit and assurance engagements in line with our audit quality expectations from the foundation of an effective SoQM. As we strive to continually improve, our partners and staff are invited annually to participate in KPMG's GPS to share their perception on their experience of working at KPMG.

Results can be analysed by several factors, including functional or geographic area, partner/staff level and demographics to provide additional focus for action.

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

The survey also provides our leadership and KPMG International leadership with employee and partners perceptions relevant to culture, Values, quality, leadership and tone at the top.

We monitor the GPS results and take appropriate actions to communicate and respond to the findings of the survey.

Global People Survey key results (Audit & Assurance and Mid-Market & Private Audit & Assurance)

	FY26	FY25
In the engagement teams I work with, a commitment to audit quality is evident in our day-to-day behaviours	**92**	89
When providing independent assurance, the engagement teams I work with emphasise the importance of applying a sceptical mindset and our role in supporting the capital markets and protecting the public interest	**90**	87
The culture and tone set by Audit practice leadership promotes the importance of audit quality for audit and assurance engagements	**88**	86

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Appendix 1 Financial information

This section sets out financial information of the firm that shows the importance of statutory audit work to our overall business and results.

In breaking down the performance, total revenue (includes recoverable expenses) generated in Australia was $2.223 billion (FY25: $2.246 billion), and total revenue generated in Fiji and Papua New Guinea was $34 million (FY25: $32 million).

Revenue ($billion)

	FY26	FY25[21]
Total revenue for KPMG in Australia for the financial years ending 30 June[22] (includes recoverable expenses)	**2.257**	2.278

Total revenue breakdown (% of revenue)

	FY26	FY25
Audits of financial statements[23]	**23**	21
Assurance and other services for audit clients[24]	**6**	6
Services for non-audit clients	**71**	73

21 FY25 Comparative has been presented on a consistent basis to FY26, reflecting refinements to our internal structure. This metric is subject to limited assurance by Grant Thornton Australia. Please refer to 'Our Impact Plan 2026'.
22 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 2.7 billion during the year ended 30 September 2025. The aggregated EU/EEA statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2025.
23 Includes audits and reviews conducted of financial statements, prepared pursuant to sections 292, 295, 302 and 303 of the Act. Includes $0 revenues generated from the statutory audit of annual and consolidated financial statements to Australian clients considered EU public interest entities (definition contained in Appendix 6).
24 Includes $0 revenues from other services to Australian clients considered EU public interest entities (definition contained in Appendix 6).

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Appendix 2 Partner remuneration

KPMG Australia sets out clear performance and conduct expectations for partners.

The remuneration model is designed to reward performance and behaviours consistent with our Code of Conduct and our Values.

The model promotes clarity and transparency among the partnership regarding their own remuneration and that of other partners.

As outlined in our Partnership Agreement, our NEC and the Partner Remuneration & Nominations Committee (PRNC) oversee that the system for allocating the profit pool to partners is administered fairly and equitably and is subject to a formal Board approval process.

There are two components to partner remuneration: a base distribution of profit reflective of role and seniority; and a variable distribution of profits, expressed as a percentage of base remuneration, reflective of performance against previously agreed goals, including audit quality.

Compensation is based on factors including results of internal and external audit inspections and other relevant quality metrics.

CEO remuneration is determined having regard to both the financial and non-financial performance of the firm, including the strength of leadership behaviours, consistent with our strategy and values.

Each year, incidents and recommended consequences are reported to the PRNC by the firm's Ethics & Independence Disciplinary Committee, CRO, Divisional Risk Management Partners, Head of Audit Quality and National Managing Partner, People & Inclusion. The CRO oversees the process to ensure the recommended consequences in relation to all reported incidents are fairly considered and appropriate. The PRNC reviews whether the quality issues have been appropriately considered and whether the recommended consequence is consistent with the firm's guidance.

Additionally, the PRNC observed that the assessment of the performance of Audit partners considered the conduct and execution of their audits with no attribution for success in selling non-audit services to any audit clients. This practice was consistently and rigorously applied.

The PRNC makes recommendations on the policies for partners' remuneration and hears appeals from partners regarding their remuneration.

In FY26, two (FY25: 10) audit partners had their remuneration impacted through an adjustment to their performance bonus or performance rating due to results of internal and external audit inspections.

There were separate conduct related consequences for a number of partners in FY26 due to the whistleblower matter, with rating outcomes, bands and performance distributions adjusted as a result.

We are currently reviewing our Partner remuneration process as part of our Action plan.

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Appendix 3 KPMG network arrangements

Legal structure

KPMG Australia, an Australian partnership, is part of a global organisation of independent professional services firms affiliated with KPMG International.

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[25] do not, and cannot, operate as a corporate multinational. KPMG member firms are generally locally owned and managed, including KPMG Australia. Each KPMG member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

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

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

KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients, directly or indirectly. Professional services to clients are exclusively provided by member firms who remain solely responsible and liable in respect of these services.

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 subregions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region.

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

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

Further details on the legal and governance arrangements for the KPMG global organisation can be found in the 'Governance structure' section of the KPMG International Transparency Report.

Responsibilities and obligations of KPMG firms

Member firms have agreed with KPMG International to comply with KPMG International's policies 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 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.

A firm's status as a KPMG member firm and its participation in the KPMG global organisation may be terminated if, among other things, it has not complied with the policies set by KPMG International or any of its agreements with KPMG International.

25 The name of each audit firm that is a member of the organisation and the EU/EEA countries in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available here

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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

KPMG International

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

KPMG South ASPAC Group[26] (the Group)

On 1 October 2025, KPMG Australia joined KPMG Singapore, KPMG New Zealand and KPMG Philippines to form the KPMG South ASPAC Group. The objective of the Group is to support these KPMG member firms to collaborate more closely together across their territories to better serve clients, create opportunities for their people and accelerate growth. To enable this, a Group governance framework was established including a Group Board with representatives from each Group member firm.

KPMG Australia remains a separate entity and the Australian Board is responsible for ensuring the firm meets all local laws, regulatory requirements, professional standards and stakeholder expectations.

KPMG Australia

The Board is the principal governance and oversight body of KPMG Australia.

The Board is responsible and accountable to partners for:

- The stewardship of the Partnership for the benefit of current and future partners
- The successful conduct of the firm
- Enhancing the image and profile of the firm
- The implementation of issues voted on by the partners.

The National Executive Committee is the principal management body of KPMG Australia. It is responsible for driving the financial performance of the business, the development and execution of the strategy, and establishing the processes to monitor and enforce policy compliance. As at 30 June 2026, it was led by the CEO, and its members included the National Managing Partners of each of Audit & Assurance, Consulting, Tax & Legal, Mid-Market & Private, Deal Advisory & Infrastructure, Clients & Markets, People & Inclusion and Office of General Counsel (OGC), along with the CRO, Chief Financial Officer, Chief Digital Officer and the Chief Operating Officer.

Through the CRO's membership of the NEC, the CRO provides regular updates and escalates key messages from the Service Delivery Risk Committee (which they chair), the Ethics & Independence Disciplinary Committee, the Commercial Conflicts Resolution Committee, and Risk Management.

Service Delivery Risk Committee

- Oversight of risk management arrangements relating to service delivery to clients.
- Discuss business risks, including emerging risks, and their potential impact, as they affect service delivery.
- Recommend improvements to firm systems and processes as needed.
- Support the efficient application of risk management practices across the firm.

Ethics and Independence Disciplinary Committee

- Deal with referrals of non-compliance with the firm's ethics and independence policies.
- Determine disciplinary sanctions with the approval of the National Executive Committee and/or the Board.
- Recommend improvements to firm policies, systems and processes as needed.

Risk Management Functions

- Promote processes and structures to support risk management and quality.
- Develop risk and quality policies, systems and procedures.
- Support the implementation of risk and quality systems and procedures to comply with local and global requirements.
- Monitor and test risk and quality policies, systems and procedures.
- Create tools and templates to support the management of compliance obligations.
- Provide support and guidance to all professionals on application of appropriate policies and systems.
- Maintain and oversee global conflict of interest systems to identify potential engagement related conflicts of interest and direct engagement teams to implement appropriate safeguards, including ethical dividers where necessary.

26 Refer to KPMG Australia's 'Our Impact Plan 2026' for information on the composition of the Board (including independent members) of the KPMG South ASPAC Group.

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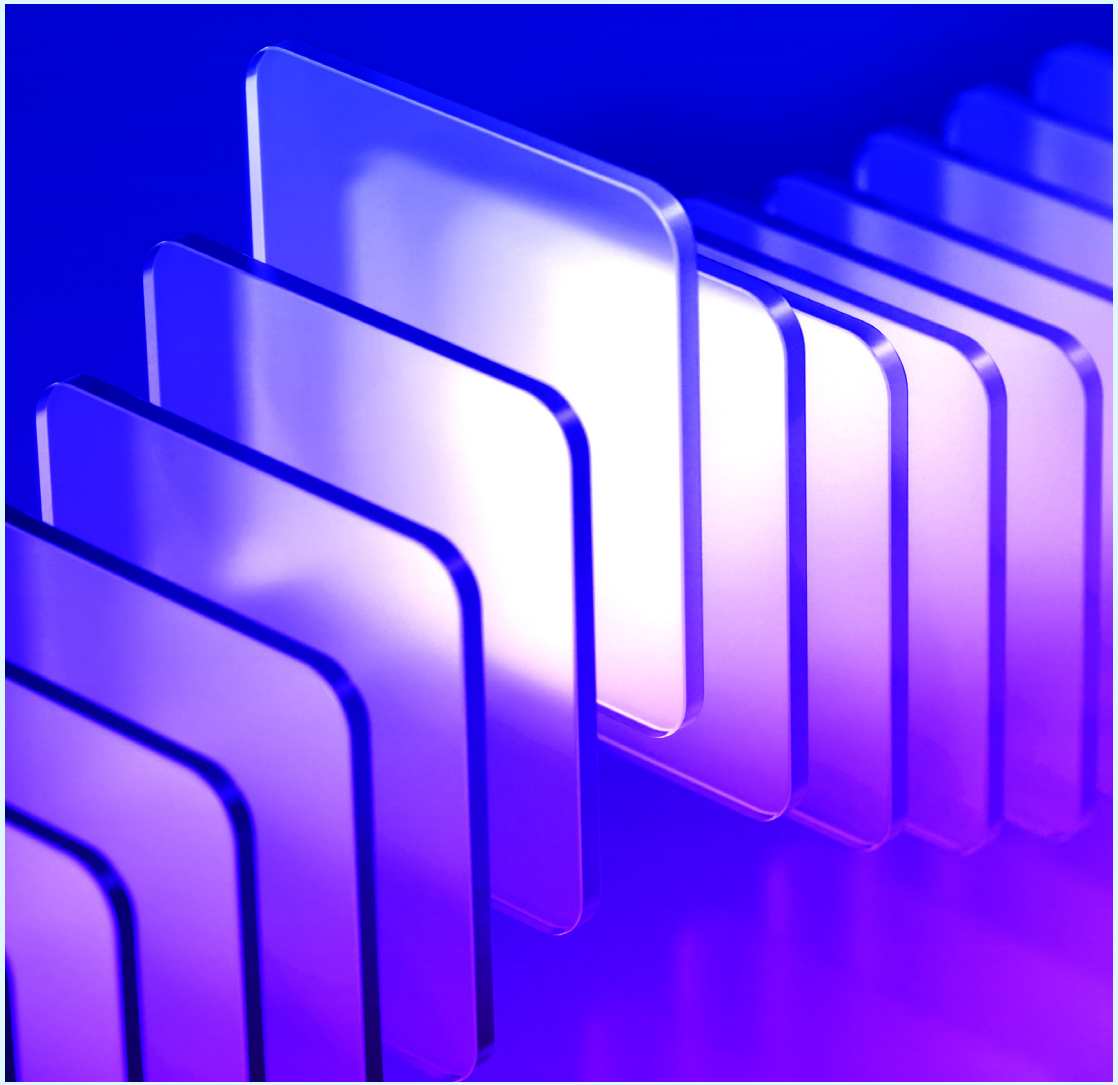
Appendix 4 Key legal entities and areas of operation

KPMG Australia is part of a global organisation of independent professional services firms, with more than 276,000 partners and employees working in member firms spanning 138 countries and territories around the world.

KPMG Fiji and KPMG PNG remain separate firms to KPMG Australia and are not required to publish a transparency report under section 332 of the Act. As such, their operations are not captured as part of this report unless expressly stated otherwise.

KPMG Australia's primary focus is to serve clients based in Australia. KPMG Australia operates in Australia through the KPMG Partnership (ABN 51 194 660 183) (Australian Partnership) and other associated entities. We have offices in every state and territory capital within Australia, as well as offices in Geelong, Gold Coast, Newcastle, Parramatta, Townsville and Wollongong.



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Appendix 5 Details of those charged with governance

The Board comprises the National Independent Chairman, the CEO, and other members from our Brisbane, Melbourne and Sydney offices.

Board members from 1 July 2025 to the date of this report:

MEMBER	APPOINTMENT DATE	RESIGNATION / END DATE
National Independent Chairman, Mike Ebeid	12 August 2026	**Current**
Deputy Chairman, Carmel Mortell	1 July 2021	**Current**
CEO, John Sams	21 July 2026	**Current**
Andrew O'Connor	1 July 2023	**Current**
Julie Cleary	11 June 2026	**Current**
Mike Baird	1 August 2024	30 September 2025
Stan Stavros	29 May 2026	21 July 2026
Kim Lawry	1 July 2021	17 July 2026
Martin Sheppard	1 September 2023	29 June 2026
Andrew Yates	1 July 2021	29 May 2026
Guy Holland	1 July 2024	31 March 2026
Corrina Bertram	1 July 2020	30 September 2025
Brett Mitchell	1 October 2020	30 September 2025
Minh Dao	1 July 2023	30 September 2025
Patty Akopiantz	16 September 2021	30 September 2025
Jane Hemstritch	1 February 2024	30 September 2025

NEC members from 1 July 2025 to the date of this report:

MEMBER	APPOINTMENT DATE	RESIGNATION / END DATE
John Sams, CEO (previously Chief Finance Officer)	1 October 2025	**Current**
Dorothy Hisgrove, National Managing Partner – People & Inclusion	1 July 2021	**Current**
John Munnelly, Chief Digital Officer	2 March 2022	**Current**
Naomi Mitchell, National Managing Partner – Mid-Market & Private	1 July 2023	**Current**
Ben Travers, National Managing Partner – Tax & Legal	1 July 2023	**Current**
Cassandra Hogan, National Managing Partner – Clients & Markets	1 August 2023	**Current**
Paul Low, Chief Risk Officer	1 July 2024	**Current**
Brad Miller, National Managing Partner – Consulting	1 October 2024	**Current**
Gayle Dickerson, National Managing Partner – Deal Advisory & Infrastructure	3 June 2026	**Current**
Scott Guse, National Managing Partner – Audit & Assurance	3 June 2026	**Current**
Louise Capon, OGC & Regulation	1 July 2024	11 August 2026
Dennis Krallis, Chief Strategy Officer	1 October 2025	11 August 2026
Stan Stavros, National Managing Partner – Deal Advisory & Infrastructure	1 July 2023	21 July 2026
Andrew Yates, CEO	1 July 2021	29 May 2026
Eileen Hoggett, Chief Operating Officer and Head of Corporate Affairs	1 July 2021	29 May 2026
Julian McPherson, National Managing Partner – Audit & Assurance	1 July 2023	29 May 2026
Paul Howes, National Managing Partner – Consulting	1 July 2019	30 September 2025

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Appendix 6 Public interest audit clients of the firm

The Australian listed companies, listed registered schemes, registrable superannuation entities, Authorised Deposit-Taking Institutions,[27] General Insurers,[28] Life Companies[29] and EU public interest entities[30] for which KPMG Australia[31] is statutory auditor for the financial years ended in the 12 months to 30 June 2026 are:

#

3P Learning Limited

A

AAI Limited
Agricultural Bank of China Limited
AIC Mines Limited
Allianz South Australia Insurance Limited
Alpha HPA Limited
AMA Group Limited
Amotiv Limited
Ampol Limited
Ansell Limited
Anteris Technologies Global Corp
ANZ Australian Staff Super Scheme
ANZ Group Holdings Limited
ANZ Lenders Mortgage Insurance Pty Limited
Apollo Series 2015-1 Trust
Appen Limited
Artrya Limited
Aspire Mining Limited
Aussie Broadband Limited
Australian Agricultural Company Limited
Australian Ethical Investment Limited
Australian Ethical Retail Superannuation Fund
Australian Military Bank Ltd
Australian Mutual Bank Ltd
Australian United Investment Company Limited
Australian Unity Limited
Australian Unity Office Fund
Auto & General Insurance Company Limited
Avanteos Superannuation Trust

B

Bank of Communications Co., Ltd.
Barclays Bank PLC, Australia
Barristers' Sickness and Accident Fund Pty Limited
Bell Financial Group Limited
Berkley Insurance Company
Beyond Bank Australia Limited
Bhagwan Marine Limited
Biotron Limited
Boss Energy Limited
Bubs Australia Limited
Burgundy Diamond Mines Limited
Buru Energy Limited
BWP Trust

C

Calix Limited
Capral Ltd
Capricorn Metals Ltd
Carlton Investments Limited
Centaurus Metals Limited
Centuria Capital Fund
Centuria Capital Group
Centuria Capital Limited
Centuria Capital No 2 Fund
Centuria Industrial REIT
Centuria Office REIT
China Everbright Bank Co., Ltd
Chrysos Corporation Limited
Citibank, N.A.
Cochlear Limited
Codan Limited
Colonial First State FirstChoice Superannuation Trust
Community First Credit Union Limited
Convenience Retail REIT No 1
Convenience Retail REIT No 3
Corrvas Insurance Pty Ltd
Count Limited
Coventry Group Limited

27 Within the meaning of the Banking Act 1959 and associated Non-Operating Holding Companies (NOHC).
28 Within the meaning of the Insurance Act 1973 and NOHC as per section 18.
29 As registered under section 21 of the Life Insurance Act 1995 and NOHC as per section 28A.
30 Within the meaning of Directive 2006/43/EC issued by the European Parliament and of the Council, where a public interest entity is an issuer whose transferable securities are admitted to trading on a regulated market, specific to the EU jurisdiction.
31 Excludes KPMG PNG and KPMG Fiji.

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Credit Union Australia Ltd
Credit Union SA Ltd
CTI Logistics Limited
Cue Energy Resources Limited

D

Delta Lithium Limited
Dexus
Dexus Convenience Retail REIT
Dexus Industria REIT
Dexus Operations Trust
Dexus Property Trust
DigiCo Infrastructure REIT
Diversified United Investment Limited
Dome Gold Mines Ltd
Dusk Group Limited

E

EML Payments Limited
Employers Mutual Limited
Energy Resources of Australia Limited
Essential Super
European Resources Limited
Euroz Hartleys Group Limited
Everest International Reinsurance Ltd.
EVT Limited

F

Far East Gold Ltd
Fiducian Group Limited
Fiducian Superannuation Fund
Finbar Group Limited
Fire and Emergency Services Superannuation Fund
First American Title Insurance Company of Australia Pty Limited
FleetPartners Group Limited
Fulcrum Lithium Ltd

G

Gateway Bank Ltd
Generation Development Group Limited
Gold Road Resources Limited
Goodman Group
Goodman Industrial Trust
Goodman Limited
GWA Group Limited

H

Hallmark General Insurance Company Ltd
Hallmark Life Insurance Company Ltd
Hana Bank
HealthCo HealthCare & Wellness REIT
Helia Group Limited
Helia Indemnity Limited
Helia Insurance Pty Limited
Helloworld Travel Limited
Heritage and People's Choice Limited
HMC Capital Limited
HMC Digital Infrastructure Ltd
HMC Digital Infrastructure Trust
HomeCo Daily Needs REIT

I

Iluka Resources Limited
IMB Ltd
Indue Limited
Industria Company No. 1 Ltd
Industria Trust No. 1
Industria Trust No. 2
Industria Trust No. 3
Industria Trust No. 4
ING Bank (Australia) Limited
ING Bank N.V.
ING Superannuation Fund
Inghams Group Limited
Insignia Financial Ltd
Insurance Australia Group Limited
Insurance Australia Limited
Insurance Manufacturers of Australia Pty Limited
IOOF Portfolio Service Superannuation Fund
IVE Group Limited

J

Johns Lyng Group Limited
Jupiter Mines Limited

K

KEB Hana Bank
Kogan.com Ltd
Korvest Ltd

L

Latitude Group Holdings Limited
Lendlease Corporation Limited
Lendlease Group
Lendlease Trust
LFI Group Pty Ltd
Liberty Financial Group
Liberty Financial Group Limited
Liberty Financial Group Trust
Linius Technologies Limited
Lovisa Holdings Limited

M

MA Credit Income Trust
MA Financial Group Limited
Macmahon Holdings Limited
Matrix Composites & Engineering Ltd
Mayfield Group Holdings Limited
Metrics Income Opportunities Trust
Metrics Master Income Trust
Metrics Real Estate Multi-Strategy Active Trust
Metrics Real Estate Multi-Strategy Fund
Metrics Real Estate Multi-Strategy Passive Trust
Mitchell Services Limited
Mitsui Sumitomo Insurance Company Limited
MLC Super Fund
Monash IVF Group Limited
Motorcycle Holdings Limited

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N

Nick Scali Limited
Nickel Industries Limited
Nido Education Limited
Norfina Limited
NorthStandard Limited
Noumi Limited
NuEnergy Gas Limited
Nufarm Limited
Nuix Limited

O

Oasis Superannuation Master Trust
OFX Group Limited
oOh!media Limited
Optus Insurance Services Pty Limited
Ora Banda Mining Ltd
Orica Limited
Orora Limited

P

Pacific Smiles Group Limited
Pearl Gull Iron Limited
Perpetual Credit Income Trust
Perpetual Equity Investment Company Limited
Perpetual Limited
Perpetual Super Wrap
Perpetual WealthFocus Superannuation Fund
Perpetual's Select Superannuation Fund
Peter Warren Automotive Holdings Ltd
PLS Group Limited
PM Capital Global Opportunities Fund Limited
Police Credit Union Limited
Police Financial Services Limited
PWR Holdings Limited

Q

Qantas Airways Limited
Qualitas Limited
Qualitas Real Estate Income Fund
Qudos Mutual Ltd

R

RAA Insurance Holdings Limited
RACT Insurance Pty Ltd
RACT Investment Holdings Pty Ltd
Reece Limited
Regal Asian Investments Limited
Regal Investment Fund
Regal Partners Global Investments Limited
Regal Partners Limited
Regional Australia Bank Ltd
Regis Resources Limited
Reliance Worldwide Corporation Limited
Retail Food Group Limited
Retirement Portfolio Service
Ridley Corporation Limited
Rio Tinto Limited

S

Santana Minerals Limited
SCOR Global Life Australia Pty Ltd
SCOR Reinsurance Asia-Pacific Pte Ltd
Series 2019-1 WST Trust
Series 2020-1 WST Trust
Series 2021-1 WST Trust
Series 2024-1 WST Trust
Series 2024-2 WST Trust
Servcorp Limited
Seven West Media Limited
Sky Metals Limited
Smartgroup Corporation Ltd
Societe Generale
Sompo Japan Insurance Inc
South32 Limited
Southern Cross Benefits Limited
Southern Cross Electrical Engineering Limited
SPSL Pooled Superannuation Trust
St Andrew's Australia Services Pty Ltd
St Andrew's Life Insurance Pty Ltd
StateCover Mutual Limited
Steadfast Group Limited
Stewart Title Limited
Sumitomo Mitsui Banking Corporation
Suncorp Group Limited
Suncorp Insurance Holdings Limited
Sunrise Energy Metals Limited
Swiss Re Asia Pte. Ltd.
Swiss Re International SE
Swiss Re Life & Health Australia Limited

T

TAL Dai-ichi Life Australia Pty Ltd
TAL Life Insurance Services Limited
TAL Life Limited
Tanami Gold NL
The Bank of New York Mellon Corporation
The Bendigo Superannuation Plan
The Koala Company Limited
The Northern Trust Company
Treasury Wine Estates Limited
Tuas Limited

V

Vault Minerals Limited
Veris Limited
Virgin Australia Holdings Limited

W

WAW Credit Union Co-Operative Limited
Westpac Banking Corporation
WiseTech Global Limited

Y

Youi Holdings Pty Ltd
Youi Pty Ltd

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