



Transform. Courageously.

KPMG N.V. Integrated report 2022/2023



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Message from our CEO



Stephanie Hottenhuis

We are living in an increasingly complex and fragmented world. Large transformations that excite and challenge are underway, with technological advancements and ESG spearheading the change. At the same time, our economy remains vulnerable to outside geopolitical shocks. We have embraced the transformational journey in everything we do: starting with our own Impact Plan on Planet, People, Prosperity and Governance, and embedding these in our services and solutions to the market, in both Assurance and Advisory.

The past year was heavily marked by our investigation into answer sharing. We found that over the last five years over five hundred people, of all levels of seniority, had engaged in some form of improper answer sharing. We went through an intense process, including detailed investigative activities, establishing the facts, sanctioning everyone involved appropriately for the individual's level of involvement and seniority, while doing our utmost to keep our processes firm and fair for everyone.

In April 2024, we reached a Settlement Order with the US Public Company Accounting Oversight Board (PCAOB) and started a process of intensive supervision with the AFM on the remediation actions. These actions focus on how to prevent answer sharing from happening again but also have a broader scope, working out which aspects of our culture we must improve to prevent unethical behavior in the first place.

Let me be clear: answer sharing is wrong and we should have prevented it. That is why we apologized to our clients and stakeholders. In matters of trust and integrity, even one irregularity is one too many. We need to learn from this as our clients and

stakeholders need to rely on our quality and integrity as this is core to our role in society.

Trust is our license to operate. I deeply regret that this misconduct happened in our firm. The conclusions are damning, and the penalty of \$25 million is a reflection of that.

Live up to our values

Times like these require our continued and relentless focus on quality, trust and the value we bring. Times like these also demand leadership. That leadership in turn requires courage and, above all, clear values. We are learning from what happened and will use it to drive positive culture change, with our values – *Integrity, Excellence, Courage, Together, For Better* – serving as a compass to steer us toward our purpose.

We are taking decisive steps. We have reviewed our approach to mandatory testing and have made meaningful changes to our learning and development programs. We have also been implementing controls to monitor whether training tests are being completed appropriately and will continue to do so going forward. We will continuously improve, and we must ensure we deliver our training sessions appropriately, and sustainably.

We have started a dialogue about our ethical culture – first with our partners and directors, and then with all levels of leadership. We are discussing ethical dilemmas and choices, experiences and behaviors, reasserting the importance of speaking up and holding each other accountable. We are committed to, as the cliché goes, not wasting a good crisis but instead embracing the learnings and harnessing a new impetus to be the ever-better firm we want to be.

We are securely building upon our focus on our quality-oriented culture, by prioritizing critical professional judgment, encouraging open communication and psychological safety within our teams, good planning and predictability of work volume and investing in our learning organization. We realize that the attractiveness of the audit profession is under pressure, and we are working to engage and inspire our professionals with work that is relevant, societally impactful, technologically advanced and based on deep values of quality and excellence.

The financial results of the year included the costs of the investigation and the penalty imposed by the PCAOB. Operationally, we showed solid results, with steady growth in revenues in both Assurance and Advisory, aligned with our long-term strategy.

The long term: pushing new boundaries

We are steadily progressing on our long-term strategic objectives. Together with our clients and Alliance partners, we are pushing new boundaries. We are using groundbreaking AI-based applications to obtain audit evidence, and we are expanding our cooperation with our Alliance partners like Microsoft, Salesforce, SAP and ServiceNow. Within KPMG, we have established the Netherlands as a hub for ESG and digital innovation – a vital contribution to our network's increasingly aligned collective strategy.

Over the past year, we finalized the roll out of KPMG Clara, our new smart global audit platform – another step toward our objective to carry out a digitally-enabled audit. We are convinced that this will further improve quality, allow for greater integration of AI, and lay the foundation for new operating models where standardization and automation underpin quality. This is how we will meet society's growing expectations.

At the same time, we are well positioned to support clients in their sustainability transition given our deep ESG expertise combined with our capabilities in strategy and operations, systems and processes, change management and reporting. To support our leadership position, we have started to embed ESG thinking into all of our own solutions, internal processes and decision-making – what we call 'watermarking' ESG in all we do. In our own People commitments, we have established a 50% gender balance on our Board of Management and Supervisory Board.

Investing in people

We are proud of the dedication, energy and resilience of our people. By engaging with everyone and continually listening, we have managed to maintain high rates of retention. But we cannot afford to rest on our laurels. That is why we are working to ensure that KPMG N.V. remains an attractive place to work – where everyone feels comfortable, safe and supported, and has opportunities to learn and develop. Our approach is one of intentional inclusion because we realize that a diverse, inclusive, equitable workplace simply will not be achieved without consistent policies and processes, and the active sponsorship of all levels of management.

Transform. Courageously.

Over the past year, we have made strategic investments totaling more than EUR 40 million in improving quality, innovation, digitalization and ESG – in lockstep with our international network. Our commitment to long-term investment and strategy implementation, along with continued growth in sales from both Assurance and Advisory, underpin the confidence that our expertise will remain in demand in the coming years, despite continued economic and political turbulence.

These investments are for the future – in our digital and data capacity, in our readiness for the expansion of AI, in our new target operating models and in our Alliances. More importantly, we invest in our people, in their knowledge and expertise, and in their quality and excellence. Because as KPMG, we have a role to play in the big transformations underway: digitalization, the search for sustainable economic growth, and the creation of a fairer, more equitable society.



Changes in Board of Management and Supervisory Board

We have started the new fiscal year with a renewed management team, with Mariska van de Luur as our Head of Assurance. Her expertise in people management and implementing culture programs will be critical to us as we look to strengthen our ethical culture, while focusing on further increasing audit quality. I wish her success on behalf of all of us at KPMG. We have also welcomed Sandra Berendsen as

a new member of our Supervisory Board for her first four-year term, and Bernard Wientjes to serve as Chair for a maximum period of 18 months. We strongly believe that, with the diversity of experience and leadership perspectives across these two boards, we have the governance structure to continue on the path of trust and growth for the future.

Stephanie Hottenhuis

CEO of KPMG N.V.



Our business, values and workforce

KPMG N.V. is one of the Netherlands' leading providers of assurance and advisory services. We are part of the global KPMG network, operating in 143 countries and territories worldwide. We work with well-known public, private and not-for-profit companies in industries ranging from financial services and consumer retail to energy, infrastructure and healthcare. Through our work, we aim to ensure public trust in companies, institutions and financial markets.



Our businesses

KPMG has offices around the world. KPMG Accountants N.V. is a subsidiary of KPMG N.V., an independent member of the international KPMG network, affiliated with KPMG International Limited (KPMG International), a private UK company limited by guarantee. KPMG is the brand under which the member firms of KPMG International Limited (“KPMG International”) operate and provide professional services. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG N.V. is responsible for its own obligations and liabilities.

KPMG International Limited and its related entities do not provide services to clients. In many countries highly-regulated industries, such as audit and assurance, must be locally owned and managed. As a result, KPMG member firms do not – and cannot – operate as a typical multinational would. Being a member of KPMG International gives us access to KPMG’s worldwide resources and expertise. As a member firm, we also abide by common values, and comply with KPMG International’s policies, regulations and standards.

Assurance and Advisory are our two primary businesses, supported by Business Services. Tax advisory services are offered through Meijburg & Co B.V., which is also part of the KPMG network.^[1] KPMG N.V. has twelve offices across the Netherlands, and is headquartered in Amstelveen.

Assurance

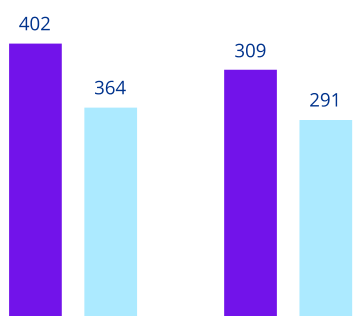
Assurance includes both audit and non-financial assurance. We audit financial statements, reports and other regulatory disclosures, both financial and non-financial. Our Assurance business comprises five main units: National Practice, Financial Services, IT Assurance, ESG Assurance and Accounting Advisory.

Advisory

Through our Advisory business, we help clients manage risk, improve strategy and performance, digitalize their systems and processes, and seize new opportunities for growth. Our Advisory business is organized by *suites*: Strategy & Operations, Deals, Finance & Business Services, Risk & Regulatory and Technology.

Revenue by function

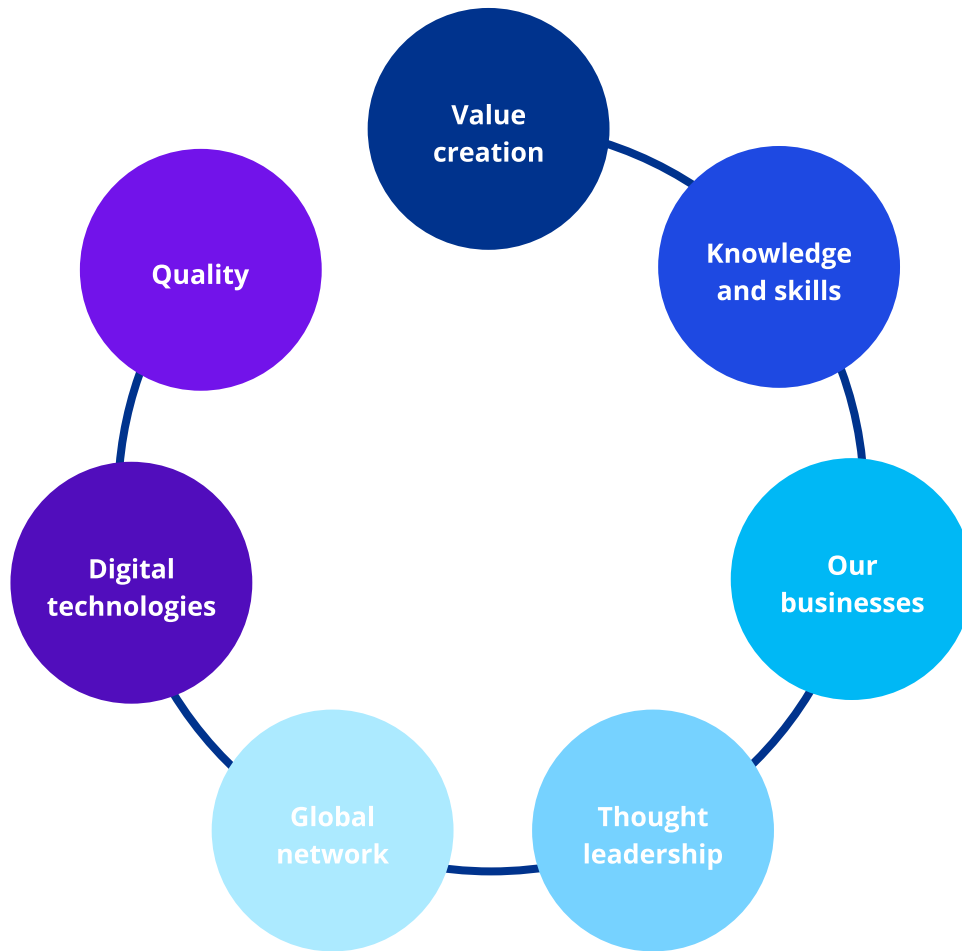
(EUR million)



Assurance Advisory
 ■ 2022/2023 ■ 2021/2022

¹ Please note that KPMG Meijburg N.V., though a member of the KPMG network, is not part of KPMG N.V. and is therefore not covered by this report (unless stated otherwise).

Our business model



Value creation

From our business activities, we create value for our clients, our partners and employees, as well as for wider society.



Knowledge and skills

To carry out our work, we rely on the knowledge, skills and expertise of our people.



Our businesses

Most of our revenue comes in fees from our two main businesses: Assurance and Advisory.



Thought leadership

We share our knowledge and expertise on important economic, social and environmental issues.



Global Network

In doing our work we are able to draw on the resources and know-how of KPMG's global network.



Digital technologies

Increasingly, we use data, new digital technologies and AI to support our work.

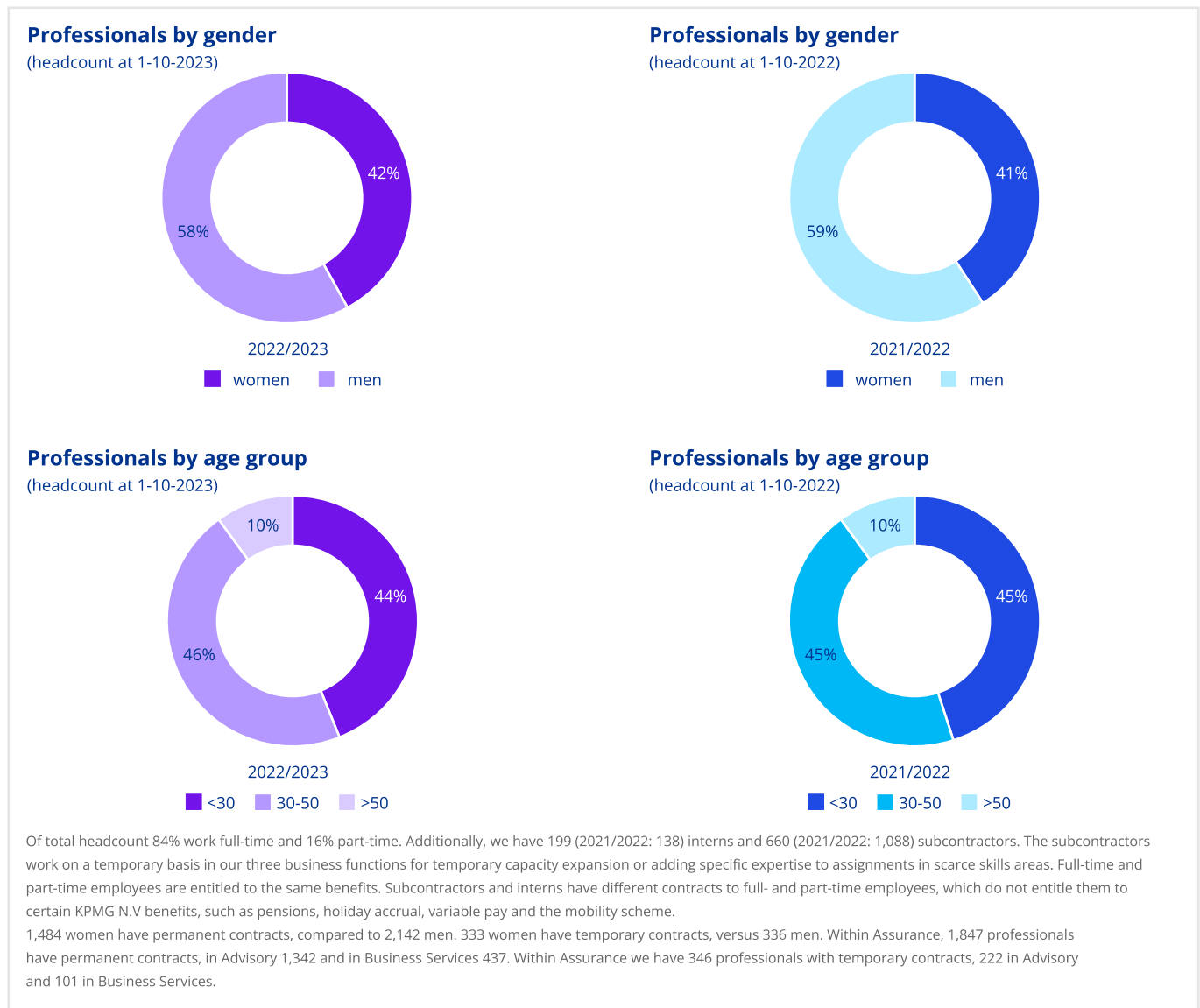
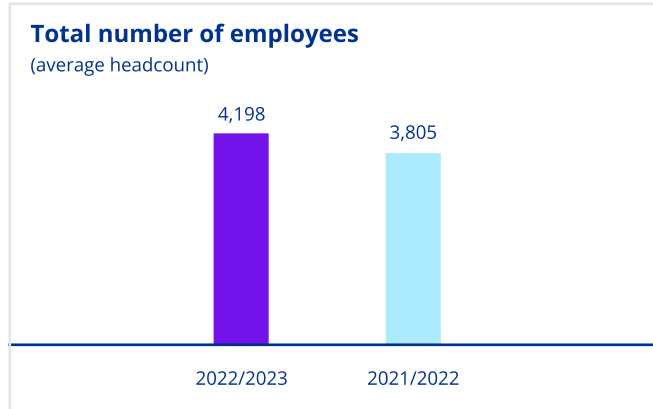


Quality

We have a robust System of Quality Management to ensure our work continues to meet the highest possible standards.

Our workforce

We rely on nearly 4,200 skilled professionals^[1] (4,067 average FTEs) across our business functions to deliver value to our clients and society. They define who we are as a company. Their work drives trust, impact and growth – inside and outside KPMG N.V..



1 Professional is used throughout this report to refer to any employee who is part of the KPMG N.V. workforce.

Our values

We have instilled a set of values to guide our actions and decisions, as well as the way we work with each other, our clients and other stakeholders.

Integrity



We do what is right.

Excellence



We never stop learning and improving.

Courage



We think and act boldly.

Together



We respect each other and draw strength from our differences.

For Better



We do what matters.



Our operating environment and strategy

Business and market environment

This past year has thrown up real challenges, not least a slowing economy and the worsening effects of climate change. Our own sector continued to face significant skills shortages. There were also new opportunities to be found in changing social attitudes, increased digitalization and a shift to more sustainable business models. Trust – among both businesses and the public – again proved to be imperative for the sector. Below are the key external factors that have affected our organization.

Trust

Trust has always been the most important topic for our sector. Ethics violations, such as answer sharing related to mandatory training tests, have affected KPMG N.V. and the professional services sector in general. Trust is something that has to be continuously maintained, and these violations have shown again the importance of integrity and maintaining the highest possible ethical standards across our business.

63%

Trust in the professional services sector declined in 2023 from 66% to 63%, which means that the sector is trusted (rather than neutral or distrusted).

Edelman 2023 Trust Barometer

Climate change

Climate change is increasingly impacting both the environment and society. That brings serious risks to our clients, like possible disruption to supply chains and scarcer resources. Increasingly, companies are expected to disclose the effects of their activities on society and climate change mitigation. But climate change also brings opportunities as companies switch to cleaner technologies and develop new, more sustainable business models.

9%

Dutch CO2 emissions dropped by a further 9% in 2022, with significant reductions in both the manufacturing and buildings & construction sectors.

Statistics Netherlands

Changing social attitudes

Our society is fundamentally changing. In the Netherlands, we are growing older, and more of our working-age population has a non-Dutch background, which will rise to over 40% by the middle of the century. At the same time, digital technology is altering the way we live our lives. Politically, we are more polarized. But there is also more awareness of the importance of fairness and diversity – and the need for employers to build safe and inclusive working environments.

42%

Currently, more than a quarter of the working-age population in the Netherlands has a non-Dutch background – this is forecast to rise to 42% by 2050.

Netherlands Interdisciplinary Demographic Institute

Economic uncertainty

In the Netherlands, economic growth slipped back in 2023 in line with most other European economies. Inflation continued to put pressure on costs and wages, both for ourselves and our clients. Meanwhile, a new government will bring a change in political priorities. By the end of 2023, inflation had begun to ease, though the Dutch economy remains subject to wider geopolitical tensions, not least over the continuing war in Ukraine.

0.9%

Economic growth in the Netherlands declined to just 0.9% in 2023, down from 4.5% the previous year.

Organization for Economic Cooperation & Development (OECD) economic snapshot

Skills shortages

Skills shortages are being felt across the economy, and the professional services sector is no exception. It has become increasingly difficult to find skilled auditors and tech professionals, for example. To attract talent, companies are putting more emphasis on learning, development and career opportunities; offering a more open, inclusive working environment; and hiring from the international labor market.

Attracting and retaining talent is the number one CEO concern worldwide.

The Conference Board, C-Suite Outlook Report, 2023

Digitalization

For several years, businesses have been digitalizing their operations. More are making use of Cloud technologies, big data and AI. The result is greater efficiency, lower operating costs, and more emphasis on online commerce. At the same time, digitalization brings greater competition and increased cybersecurity risk, while use of AI also comes with ethical dilemmas such as discrimination and a lack of human control.

13%

So far, only 13% of Dutch companies have adopted AI, but the figure is rising.

EU Digital Economy & Society Index, 2022

Regulation

Oversight is increasing – we are seeing new regulations in our sector in areas such as accounting standards and ESG reporting. More scrutiny is being put on the auditor's role in combating fraud and non-compliance. In the Netherlands, the Authority for the Financial Markets (AFM) is steering toward more data-driven supervision.

50,000

By the time it is fully implemented, the EU's new Corporate Sustainability Reporting Directive (CSRD) will apply to around 50,000 companies.

EU Commission

Our material topics

Every year, we carry out an assessment of our business environment to identify our material topics – i.e., those areas where we believe we can create most value for stakeholders and society. These topics provide the basis for our reporting, key performance indicators and engagement with stakeholders.

This year we carried out an internal review to decide our material topics, using our 2021/2022 results as a starting point. This review decided on six material topics for 2022/2023, approved by KPMG N.V.'s Board of Management. For more details of our assessment, including definitions used, methodology, and a comparison with results from our 2021/2022 analysis, please see our [Note on Materiality Assessment](#).

Managing our material topics

The table below provides details of our six material topics for 2022/2023, and explains our approach to managing the principal risks and opportunities associated with each of these topics:

Material topic	Associated impact, opportunities and risks	Management approach
Ongoing focus on (audit) quality	<p>Impact: providing high-quality assurance and advisory services to clients and society</p> <p>Opportunities: lower regulatory risk; better-positioned to win new business</p> <p>Risks: loss of public trust; damage to reputation among clients; possible fines from regulators and/or additional claims from clients</p>	<ul style="list-style-type: none"> • Extensive quality management system, backed up by regular inspections and internal quality reviews • Active participation of partners in Assurance and Advisory engagements • Extensive training, monitoring and compliance programs. These include measures to address shortcomings following the investigation into answer sharing
Well-being of our workforce	<p>Impact: creating a positive and inspiring working environment where our people can develop their careers to enable them to deliver value to clients and society</p> <p>Opportunities: higher employee engagement; increased retention rates; greater productivity; better reputation as employer</p> <p>Risks: time lost through absenteeism; increased workload for existing employees; reduced productivity</p>	<ul style="list-style-type: none"> • Health and well-being programs, including psychological safety built into processes and systems • Increased talent attraction, specifically in Assurance
Digital technologies and AI	<p>Impact: increasing the digital savviness of our people; helping clients with their digital transformation</p> <p>Opportunities: greater efficiency; accelerate internal processes; lower operating costs; greater insights for clients; new digital products and services for clients</p> <p>Risks: possible project delays; increased investment costs; cybersecurity exposure</p>	<ul style="list-style-type: none"> • Continued investment in target operating models for Assurance, Advisory and Business Services • Expansion of Connected, Powered, Trusted offering to clients • Increase in strategic investments in digital technologies (including roll-out of KPMG Clara)

Material topic	Associated impact, opportunities and risks	Management approach
ESG developments divided into three sub-topics: 1) ESG – Impact on clients 2) ESG – Impact on environment 3) ESG – Impact on society	Impact: sharing knowledge on ESG topics; supporting clients and our own organization in the ESG-transition Opportunities: contribution to mitigation of climate risk by helping clients in becoming more sustainable, make significant impact as responsible corporate citizen, new ESG-related services and growing demand from clients in supporting them in their ESG-transitions Risks: inability to attract candidates with deep ESG expertise; increased competition from other professional services firms, reduced reputation and possible loss of business	<ul style="list-style-type: none"> Increased investment in learning & development for professionals and C-level leaders in the Netherlands in ESG knowledge Increase in ESG work with clients, both Assurance and Advisory Extension of ESG talent attraction and training Continued engagement with regulators and other ESG standard setters
Inclusion, diversity & equity	Impact: creating a safe, diverse and inclusive working environment where our people can be themselves Opportunities: build fairer, more inclusive workforce; better decision-making; widen potential talent pool; strengthen public trust Risks: failure to meet stated targets at all career levels; loss of reputation as employer; failure to retain diverse talent in workforce	<ul style="list-style-type: none"> Increased investment in learning & development for professionals and C-level leaders in the Netherlands in ESG knowledge Eliminate bias in HR processes (including talent attraction, performance reviews, promotions and succession) Continue work to close gender pay gap
Skills shortages	Impact: building a high-quality learning organization; enabling our people to develop new skills to add value for clients and society Opportunities: skill up existing workforce; develop new skills in areas such as data, digital and AI; increase diversity of talent attraction and employee base Risks: 'capacity crunch' and increased workload for existing employees; loss of business; inability to execute strategy or growth plans	<ul style="list-style-type: none"> Inclusion, diversity & equity seen as a business priority Investment in skills development and learning for existing staff Increased hiring of experienced Assurance staff to reduce workload Adoption of more flexible talent attraction and ways of working More diverse approach to talent attraction to broaden available talent pool

How we create value

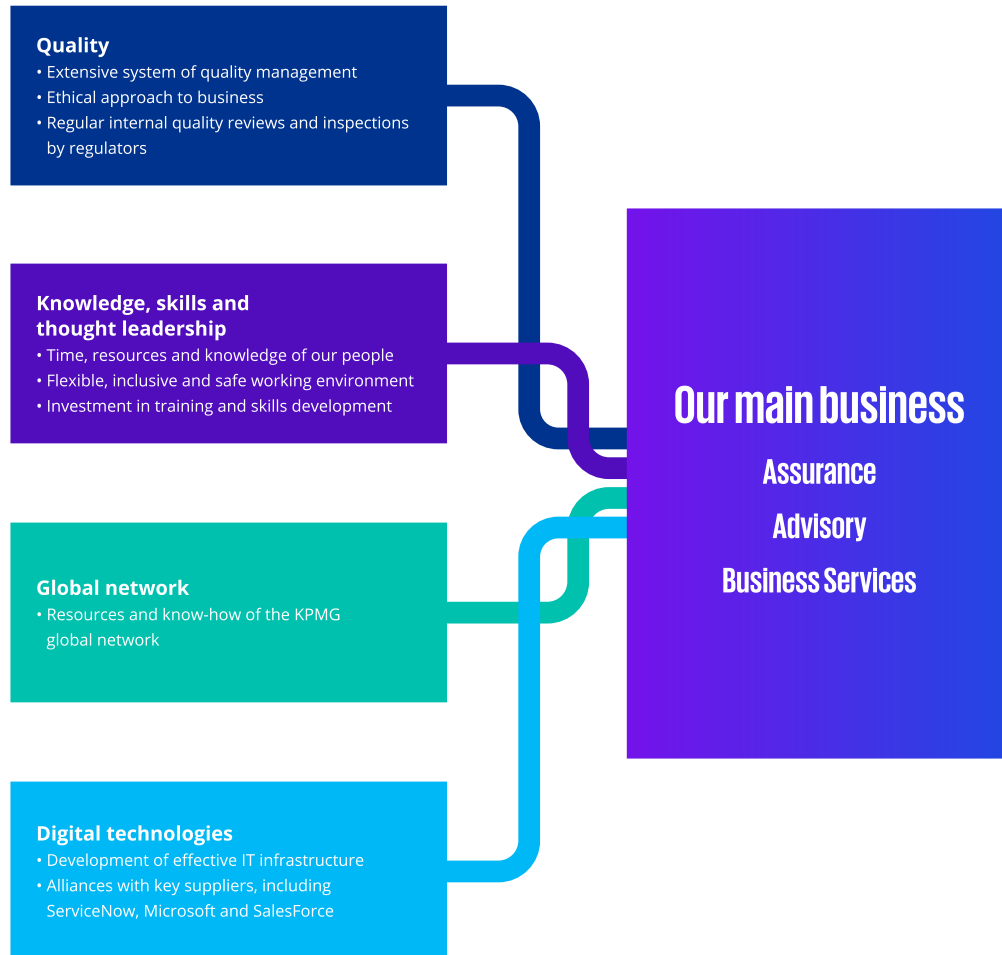
Through our business activities, we create value for society. Our assurance work helps build trust in financial markets and supports economic growth. Through advisory, we help improve our clients' management of important ESG issues, strategy challenges and digital transformations – all while guiding them in a fast-changing business environment.

The diagram below shows our value creation model, which consists of four main sections:

1. The **inputs** and resources we use to operate our business, ranging from the skills and knowledge of our people to our quality management system
2. Our **main functions** – Assurance, Advisory and our Business Services unit
3. **Outputs** from our business activities, and how these benefit our clients, our people and other stakeholders
4. Lastly, **outcomes**, which show the value we create for society as a whole, as well as the contribution KPMG N.V. makes to the UN Sustainable Development Goals (SDGs)

Value creation model

Inputs



Outputs

Growth in business, leading to increase in net sales and profit-sharing for partners and employees
Net sales: EUR 711 (vs. EUR 655)

More diversity across all levels of our workforce
21% of women at partner/director level (vs. 19%)

Better retention of employees – important at a time of skills shortages across the profession
Average retention rate among professionals: 85.6% (vs. 83.2%)

Better career paths, opportunities and skills development leading to more engaged employees
Employee engagement score: 80% (vs. 79%)

More time spent on internal quality reviews, leading to better results from external inspections
Engagement Quality Control Review (EQCR) hours spent as % of total hours spent on EQCR engagements: 1.2% (vs. 1.2%)
Results from external inspections: n/a (vs. 94%)

More investment in new digital technologies and tools
Total investments as percentage of audit revenues: 5% (vs. 5%)

Executing KPMG Global Impact Plan in Netherlands
Net CO₂ emissions 9,500 tCO₂e (vs. 7,403)*

* Calculated as gross emissions minus emissions from renewable energy use.

Outcomes

Increased trust in financial markets and corporate reporting.

Supporting economic growth and better management of environmental, social and governance (ESG) issues.

And contributing to UN Sustainable Development Goals

To illustrate outputs, we have used chosen key performance indicators, marked .

Further details may be found in our Performance Indicators chapter. Details of our contribution to the UN SDGs may be found [here](#).

Our strategy

Through our Trust & Growth strategy, we want KPMG N.V. to be the go-to firm in the Netherlands for Assurance and Advisory services. This means delivering high-quality services, building public trust, quickly adopting new digital, data and AI technologies, ensuring ESG runs through everything we do, and continuing to attract the best and brightest talent in our industry.

Our goal is to deliver quality audits and advisory engagements, resulting in profitable, sustainable growth for our businesses. We aspire for KPMG N.V. to play a role in society's big transformations – increased digitalization, greater equality, and the move to sustainable economic growth. To emphasize this, our strategy in 2022/2023 operated under the theme: *For Better in a Complex World*.

First introduced in 2018, we call our strategy **Trust & Growth** because we understand that trust is the foundation of our business (it guarantees our license to operate), and that without trust, we cannot grow our businesses.

Trust & Growth is built on five focus areas. For each area, we have formulated clear ambitions:

Focus area	Ambition
 Public trust	To be the most trusted and trustworthy professional services firm We want to be recognized as a leading brand in the Dutch market, highly appreciated for trust, digital and ESG transformations, resulting in societal recognition and talent attraction.
 Clients	For clients to choose us and remain loyal to us Our aim is to be the preferred supplier for our managed accounts, and to be recognized as a thought leader within our priority sectors.
 People	To offer the best human experience and help others succeed We want our people to be proud to work for us. We want them to thrive, and for KPMG to be the best place for them to develop their careers and to deliver value to clients and society.
 Digital innovation	To be recognized as a genuinely client-centric, innovative, and digitally enabled company We will use technology to power our products and services to drive impact at our customers, strengthen our IT backbone and increase the digital savviness of our people.
 Financial strength	To deliver profitable, long-term sustainable growth Our goal is to continue to pursue sustainable and profitable growth, above the market average.

To support these ambitions, we have also set **priorities** for each focus area, closely aligned with those of the broader KPMG network – as well as **priority sectors** and markets, including financial services, energy and resources, consumer and industrial, infrastructure, government and healthcare. Full details of our priorities can be found in our [Building public trust](#), [Financial and business performance](#) and [People, culture and learning](#) sections.

In addition to these priorities, we see culture as a key differentiator, crucial to the long-term success of our Trust & Growth strategy. For us, this is about creating a **psychologically safe working environment** in which our people feel included, can speak their minds and are encouraged to ask questions and experiment without fear of failure or reproof. Only then can our organization reap the benefits in productivity, innovation and well-being.

We are also convinced that our current **multidisciplinary model** – combining Assurance and Advisory – is the right one for KPMG N.V.. This model makes us more resilient, better able to respond to new challenges in areas such as ESG – and to invest, innovate and attract the talent we need to execute our strategy.

Progress against our strategy

Phase 1 of Trust & Growth ended in 2020/2021. Since then, we have made considerable progress. We have rolled out our [KPMG Clara](#) smart audit platform, and in doing so we have moved closer to a data-driven and digitally enabled audit. We have also expanded our digital and embedded ESG in all our solutions to increase our sustainability support to clients, and reported excellent retention rates – important at a time of severe skills shortages across the profession.

We still have work to do – in moving to more efficient operating models in Advisory, Assurance and Business Services; in extending use of [digital technologies](#) and AI across our business units; and in improving our ethical culture. These challenges are our highest priority and the focus of our current efforts to address them.

Performance indicators

We track progress against our strategy through a series of [key performance indicators](#) (KPIs). These KPIs are mapped both against our five strategic focus areas and our material topics. Throughout this report, we have marked these KPIs with a checkmark symbol. Details of current performance against each KPI can be found by clicking on the links in the [Material topics dashboard](#).







Material topics dashboard

Every year we carry out an assessment of our operating environment. We use this assessment to identify our 'material topics' for the next 12 months – in other words, those areas where we believe we can create the most value for stakeholders and society. These topics are then mapped to our four focus areas and provide the basis for both our reporting and engagement with stakeholders.

Note on methodology

Our assessment is based on a survey of stakeholders and senior KPMG N.V. management, and input used in our regular interactions as described in 'engaging with our stakeholders'. Survey respondents are asked to rank a series of economic, financial, environmental, social and governance issues according to their impact on both KPMG N.V. and its stakeholders. The material topics listed below were those that ranked the highest (among both stakeholders and management). Survey respondents are drawn from our main stakeholder groups and members of KPMG's Board of Management. For further details, see: Materiality assessment and Management of material issues, which provides details of how we manage potential risks and opportunities arising from our material topics.

Our latest assessment identified the following material topics:

<p>Ongoing focus on (audit) quality</p>  <p>Key performance indicators:</p> <ul style="list-style-type: none"> Results of internal KPMG N.V. audit inspections <input checked="" type="checkbox"/> Results of external inspections <input checked="" type="checkbox"/> Partner hours in Public Interested Entity (PIE) audit engagements <input checked="" type="checkbox"/> Partner hours in non-PIE audit engagements <input checked="" type="checkbox"/> Hours spent on PIE audit engagements by IT and other specialists <input checked="" type="checkbox"/> Hours spent on non-PIE audit engagements by IT and other specialists <input checked="" type="checkbox"/> Number of technical consultations as % of total audit engagements <input checked="" type="checkbox"/> Financial statements with restatements as % of audit opinions issued <input checked="" type="checkbox"/> Average number of hours spent in training per client-facing professional in audit <input checked="" type="checkbox"/> Technical resources support (FTEs) as % of total audit FTEs <input checked="" type="checkbox"/> EQCR hours spent as percentage of total hours spent on EQCR engagements (scope: all EQCR engagements excl. three largest clients) <input checked="" type="checkbox"/> Percentage of engagements involving EQCRs <input checked="" type="checkbox"/> Independence violations, both internal and external, as % of total audit headcount <input checked="" type="checkbox"/> GPS survey results related to coaching and audit quality <input checked="" type="checkbox"/> 	<p>Well-being of our workforce</p>  <p>Key performance indicator:</p> <ul style="list-style-type: none"> Employee engagement <input checked="" type="checkbox"/> 	<p>Inclusion, diversity & equity</p>  <p>Key performance indicators:</p> <ul style="list-style-type: none"> Workforce diversity by age, gender and career level <input checked="" type="checkbox"/> Membership of main governance bodies¹ by gender and age <input checked="" type="checkbox"/> 	<p>Digital technologies & AI</p>  <p>Key performance indicator:</p> <ul style="list-style-type: none"> Investments made in developing new audit technologies and tools as % of total audit revenues <input checked="" type="checkbox"/> 	<p>ESG developments</p>  <p>Key performance Indicators:</p> <ul style="list-style-type: none"> ESG – Impact on clients: Number of participants in ESG Innovation Institute's executive ESG program <input checked="" type="checkbox"/>² ESG – Impact on environment: Net CO₂ emissions per headcount <input checked="" type="checkbox"/> Percentage of renewable electricity <input checked="" type="checkbox"/> Net CO₂ emissions scope 1,2 and 3 <input checked="" type="checkbox"/> ESG – Impact on society: Doing good for broader society (cash contributions, in EUR) <input checked="" type="checkbox"/> Doing good for broader society by KPMG employees (hours in EUR) <input checked="" type="checkbox"/> 	<p>Skills shortages</p>  <p>Key performance indicator:</p> <ul style="list-style-type: none"> Employee retention <input checked="" type="checkbox"/>
<p><input checked="" type="checkbox"/> Audit Quality Indicator <input checked="" type="checkbox"/> Key Performance Indicator</p> <p>KPIs marked with <input checked="" type="checkbox"/> are also part of KPMG N.V.'s list of Audit Quality Indicators (AQIs). Other KPIs have been marked with <input checked="" type="checkbox"/>. We have marked them as such throughout our report. To comply with GRI, in addition to these material KPIs, we also disclose the KPIs New employee hires and employee turnover, Parental leave, Gender pay gap, Absenteeism and Training and education.</p> <p>Notes: ¹ Including the Supervisory Board, Board of Management and Group Leadership Team. ² Including KPMG N.V. partners and directors, as well as executives from client companies.</p>					





Building public trust

Trust enables us to set ambitions, execute our strategy and reach our goals. We know that without trust, we cannot grow and maintain our business. Our aim, ultimately, is to be the most trusted and trustworthy firm in our industry. Over the past year, we have worked hard to further improve the quality of our work, finalizing the roll-out of KPMG Clara and reducing workloads for our auditors. At the same time, we want to be recognized as a responsible corporate citizen. So, during 2022/2023, we continued to invest in local communities, worked to further reduce our environmental footprint, and expanded our ESG practice to support both clients and our people to understand the consequences of ESG on their operations.

Our priorities for **PUBLIC TRUST** in 2022/2023



1. Continue to make improvements in quality, including in compliance and digital audit
2. Address answer sharing related to mandatory training tests
3. Proactively engage with our stakeholders and fuel sector debates on how to improve (audit) quality and related topics such as ESG, digital and innovation
4. Make optimal use of our new System of Quality Management and finalize deployment of KPMG Clara
5. Be a thought leader in the Netherlands for both Assurance and Advisory
6. Be a recognized leader in ESG

Material topics for public trust

- Ongoing focus on (audit) quality
- ESG developments: Impact on clients, Impact on environment, Impact on society

Maintaining quality across our businesses

Retaining trust depends ultimately on the quality of our work – that is why we see quality as a *business imperative*.

We have an extensive System of Quality Management (SoQM), which applies across our business units. This system helps ensure we maintain high quality standards. Our current SoQM was implemented in December 2022 in line with the new International Standard on Quality Management (ISQM 1).

Why is quality so important?



In 2022/2023, we have made significant progress in several areas, including the implementation of our KPMG Clara smart audit platform, and decreasing workload on our auditors – an important factor in maintaining quality.

For more details on our SoQM, see Governance, risk management and decision-making.

Performance against quality indicators

Over the past year, we have taken steps to further strengthen quality. We finalized roll-out of KPMG Clara, refreshed our Root Cause Analysis (RCA) process, accelerated IT audit for selected clients, and continued implementation of our Audit Quality Plan. Independence violations due to late or inaccurate registrations decreased by nearly 50%. None of them impaired the independence of the firm. We expect a further decrease next year because of rigorous measures to help our people and by strengthening our guidelines on disciplinary actions.

This work continues the steps taken and investments made in recent years, which have resulted in encouraging results against our KPIs for audit quality. In 2022/2023, we are on target for eight out of the thirteen measured KPIs. The number of engagements with Engagement Quality Control Reviews (EQCR) is 9% point above our target, partner involvement in public interest entity (PIE) engagements increased year-on-year, and we are also involving more specialists – including IT – and providing more technical support to audit engagements.

Even so, five KPIs have come in under target, including our Quality Performance Review (QPR) scores, following internal audit inspections. Overall, the percentage of our files that are rated 'compliant' in internal reviews remained stable at 94%, which means that 6% is non-compliant. The 94% score contains both 'compliant' (82%) and 'compliant - improvement needed' (12%). This means we did not meet our target of 86% 'compliant' quality reviews, which is an unsatisfactory outcome. Inspections show a variety of reasons for this, with no firm-wide issue apparent.

Going into the next year, our goal is to further improve our QPR scores and to strengthen audit quality. We do this through Root Cause Analysis, analyzing recurring findings from our different quality initiatives. Along with this, while our GPS results on quality remain the same as last year, we are refocusing on ethical culture and behavioral elements that affect the quality of our work. We will also focus on targeted and relevant learning in live and virtual classrooms, as well as quality coaching and the sector specific focus of our Audit Quality Professional Practice Department (AQPPD). In addition, we will continuously work on further reducing workload as another means of ensuring our people have the conditions to deliver quality work.

KPIs – Ongoing focus on (audit) quality

		2022/2023	2021/2022	On target
Results of internal KPMG N.V. audit inspections	✓	82%	84%	no
Results of external inspections	✓	n/a	94%	n/a
Percentage of engagements involving EQCR	✓	29%	30%	yes
EQCR hours spent as percentage of total hours spent on EQCR engagements (scope: all EQCR engagements excl. three largest clients)	✓	1.2%	1.2%	yes
Partner hours:				
in PIE audit engagements	✓	9%	8%	no
in non-PIE audit engagements	✓	6%	7%	yes
Average number of hours spent in training per client-facing professional in audit	✓	210	210	yes
Hours spent by IT and other specialists:				
in PIE audit engagements	✓	18%	16%	yes
in non-PIE audit engagements	✓	6%	5%	yes
Technical resources support (FTEs) as % of total audit FTEs	✓	7%	6%	yes
Number of technical consultations as % of total audit engagements	✓	19%	20%	yes
Financial statements with restatements as % of audit opinions issued	✓	2%	2%	no
Independence violations, both internal and external, as % of total audit headcount	✓	4%	7%	no
GPS survey results relating to coaching and audit quality	✓	81%	81%	no

✓ Audit Quality Indicators

Abbreviations: AQI (audit quality indicator), EQCR (Engagement Quality Control Review), FTE (full-time equivalent) and PIE (public interest entity), n/a (not applicable). Definitions of our Audit Quality Indicators (AQIs) can be found [here](#).

Notes:

The table above represents only KPIs explicitly linked to the **Ongoing focus on (audit) quality** material topic. In this instance, all KPIs selected are the same as the AQIs. Details of other AQIs can be found in the *Quality management* section of this report. All AQIs are linked specifically to our material topics and quality drivers under our *System of Quality Management*. Figures are rounded to the nearest percentage.

In 2020, the Dutch government appointed two quartermasters to oversee reform in the audit sector. As part of their work, these quartermasters are drafting common AQIs, which are applicable across the industry. We are working to bring our AQIs into line with the quartermasters' recommendations. The quartermasters have released their final report in November 2023. See KPMG N.V.'s website for further details and our response to public consultations on this matter.

Engagements involving EQCRs: the number of engagements during the year does not necessarily equate to the number of reports issued. An engagement may result in multiple reports. Moreover, reports may not be produced for engagement still active at the end of the financial year.

EQCR hours: The three largest clients are excluded from this AQI and are measured separately, because they have a significant higher number of regular audit hours compared to EQCR hours (due to specialist involvement, component audits, etc.). If they are included, the total EQCR hours spent as percentage of total hours spent on EQCR engagements is 1.0% (2021/2022: 1.0%).

GPS and Pulse surveys: figures show positive responses ("strongly agree" and "agree" on a 5-point scale) to GPS questions relating to coaching and quality as % of total responses. Results from culture survey also relate to coaching and quality, but are assessed according to a 'traffic light' system as red, amber or green.

Restatements: In 2022/2023, 52 material errors have been detected in prior financial statements of clients. These errors do not include cases in which the errors have led to a serious deficiency in the view given by the client's financial statements as stated in Section 2:362(6) Dutch Civil Code.

External reviews, inspections and interactions with regulators

- The **Authority for the Financial Markets (AFM)**, our main regulator in the Netherlands, conducted an exploratory theme investigation on Non-Financial Information (NFI) in November 2022. Two engagement files of KPMG were in scope of the review. KPMG discussed the AFM's preliminary observations in February 2023, which we have taken on board. The AFM also conducted a combined exploratory and regulatory inspection, focused specifically on EQCR, in July-September 2023. As part of its inspection, the AFM reviewed our system of quality control regarding EQCR, with no findings and noted one best practice. The AFM also reviewed four engagements with findings on two reviews. We studied these findings, which gave us relevant insights and learning points, and performed a Root Cause Analysis. As a result, we accelerated the implementation of already scheduled measures and absorbed the learnings in our center of excellence to share knowledge and expertise on the topic. The observations on the specific engagements have been addressed. The AFM released its public report on 21 March 2024. Furthermore, the AFM issued a critical sector-wide report based on its review on the audit of fraud risks. During the year, we also discussed several topics with the AFM, including the AFM's plans for data-driven oversight. During the year, we reported four formal incidents (2021/2022: four) to the AFM (these are still in progress):
 - One incident reported was related to events at a PIE audit client of which we gained knowledge as auditor.
 - Two incidents reported were related to providing non-audit services to PIE audit clients outside the Netherlands.
 - One incident reported concerned a second whistleblower notification related to the [investigation into answer sharing](#).
- The US **Public Company Accounting Oversight Board (PCAOB)** conducted its regular three-year inspection in November-December 2021. The inspection reviewed three engagements. Of these, two attracted no comments. Action has been taken to correct the finding relating to the third engagement. In addition, there were two findings on the System of Quality Management that are in the process of being remediated. We have informed the PCAOB of our remediation plan and the progress thereof.
- The **Royal Netherlands Institute for Chartered Accountants (NBA)** carried out its inspection in September 2022. ^[1] As part of the inspection, the NBA reviewed 30 engagements. Of these engagements, it rated 29 engagements as satisfactory. One was rated unsatisfactory. Remedial action has been taken to correct this. The NBA stated KPMG's System of Quality Management complies with the [Auditors' Profession Act](#).

¹ *The Royal Netherlands Institute for Chartered Accountants reviews only those engagements not covered by the AFM (legal audits) or the PCAOB (US engagements).*

PCAOB Order concerning investigation into answer sharing

The PCAOB Settlement

In April 2024, the US Public Company Accounting Oversight Board (PCAOB) published an Order concerning the investigation into answer sharing and imposed a penalty of \$25 million on KPMG in the Netherlands. More than five hundred people were involved in some form of improper conduct, including sending or receiving answers for training tests and providing or receiving assistance in taking such tests. The Settlement with the PCAOB was concluded on a 'neither admit nor deny' basis and marked the conclusion of the investigation.

PCAOB findings

In the Order, the PCAOB concluded that 1) from at least October 2017 until December 2022, KPMG Netherlands violated PCAOB rules and quality control standards related to integrity and personnel management; 2) this misconduct revealed an inappropriate tone at the top to effectively promote an ethical culture with respect to improper answer sharing; 3) the leadership failed to respond appropriately to the risk that its people might be engaged in improper answer sharing and; 4) the firm failed to correct inaccurate representations to the PCAOB during its investigation.

Sanctions

Following the investigation, people at all levels of seniority who participated in answer sharing have been sanctioned. Some of them had to leave the firm. After the second whistleblower notification, among others with regard to a member of the Board of Management of KPMG N.V., all members of the Board of Management and Supervisory Board of KPMG N.V. were subject to additional investigation into their involvement in answer sharing. As a consequence, it was decided that Marc Hogeboom, former Head of Assurance and partner, would step down in July 2023 as Head of Assurance and he left our firm as partner on 1 January 2024. The former Chair of the Supervisory Board of KPMG N.V. resigned after admitting that he had received assistance in completing a training test.

Remedial measures

We realize that we need to act with ethics and integrity at all times. Since 2023, we have taken several remedial measures and we are working on further improvements in the areas of policies and procedures relating to the assessment of mandatory training and the internal culture. Based on the PCAOB Order and the enhanced supervision of the AFM, we are performing a thorough Root Cause Analysis (RCA) in order to further understand why this happened and how we can prevent it from happening again, with appropriate measures and meaningful change.

Along with this, we are evaluating the design of online mandatory training to ensure that these trainings are relevant to those taking them. We have also implemented an additional monitoring control in our System of Quality Management to mitigate the future risk of answer sharing. This remediation process is being conducted under the enhanced supervision of the AFM. The Supervisory Board of KPMG N.V. is also monitoring this closely.

Our ethical culture

Our findings so far show that we need to underline the importance of speaking up, address attempts to rationalize wrongdoing and reassert what we expect in terms of tone and ethical practice at all levels in our organization. As a result, we have started an internal dialogue about our ethical culture, discussing ethical dilemmas and choices, experiences and behaviors. In the future, we will build further upon our focus on our quality-oriented culture, by encouraging open communication and psychological safety within our teams, and investing in our learning organization. Focus on ethical culture is here to stay.

Managing our environmental, social and governance impact

Part of public trust is making sure we behave as a responsible corporate citizen and that we contribute positively to society. We do this by sharing our knowledge and expertise through thought leadership programs and active [stakeholder engagement](#), by investing in local communities and by reducing the impact of our business activities on people and the environment.

During 2022/2023, we made investments to further strengthen our [ESG expertise](#), launching an internal ESG awareness campaign, introducing a dedicated ESG traineeship, hosting ESG roundtables and setting out three ESG Golden Rules to guide our approach (see below). We also established a partnership with Naturalis Biodiversity Center to bring their scientific expertise to the business community. Over the past year, 137 KPMG partners and directors, as well as executives from client companies, took part in the ESG executive program, developed jointly with the Nyenrode Business University.

A large part of our ESG impact comes through the work we do with clients on their transformational strategies and operations. Over the past year, we have expanded our ESG business in both Advisory and Assurance – in fact, we more than doubled our business and expect to continue at double digit growth. We provide assurance on clients' reporting on ESG and help them in the transformation towards more sustainable business models. Compared with the previous year, we increased net sales from ESG by more than 25% in 2022/2023, a reflection of growing demand among clients. We are also assisting clients in starting or improving reporting on their sustainability strategy, targets and results, ahead of the upcoming introduction of the EU's new Corporate Sustainability Reporting Directive (CSRD) and increasing national and international ESG related laws and regulations.

ESG Golden Rules

Environmental – we reduce our carbon footprint.

Social – we care for each other and others in society.

Governance – we help clients in their ESG transformation.



Governance looks at how our purpose and values guide everything we do. We are aware of the impact we have in society. Supporting our clients in their ESG transformation is the most powerful tool we have to drive change and truly improve society. Therefore, we are embedding ESG into our Advisory, Assurance and Business Services units. ESG, we believe, should be the *watermark* that runs through everything we do. In Advisory, we are now incorporating ESG into our client proposals, and looking to include ESG targets in all our sector and account plans. In Assurance, we have started work on a new ESG target operating model, to be finalized in 2023/2024. Our own operations on ESG are guided by the objectives included in the KPMG Impact Plan.

KPIs – ESG developments

Indicator ^[1]	2022/2023	Target	2021/2022	Change
Impact on clients				
• Number of participants in the ESG Innovation Institute's executive ESG program (including KPMG partners and directors, as well as executives from client companies)	137	100	14 ^[2]	123 up
Impact on the environment^[3]				
• Net CO ₂ emissions ^[4]	9,500	-	7,403	2,097 up
• Emissions by headcount	2.26	-	1.95	0.31 up
• Renewable electricity use (as % of total use)	97.4%	100%	96.9%	0.5% up
Impact on society				
• Doing good for broader society (cash contributions, in EUR)	444,882	-	634,236	189,354 down
• Doing good for broader society by KPMG employees (7,417 hours in EUR; 3,288 hours in EUR in 2021/2022)	698,371	-	345,294	353,077 up
• Doing good for broader society (total in EUR)	1,143,253	-	979,530	163,723 up

● Key Performance Indicator

1 Excluding KPMG International and outbound expats. For comparison reasons the 2021/2022 emissions have been restated, see *Restatement of prior year figures*.

2 The ESG Innovation Institute's executive ESG program only started in September 2022.

3 We measure the emissions of our operations by guidelines that are broadly based on the Greenhouse Gas Protocol and from our global firm KPMG International Limited.

4 Our Net CO₂ emissions are based on total of scope 1, 2 and 3 deducted with emissions from scope 2 purchased renewable electricity.

Our Impact Plan

Across KPMG, we are pursuing our 2022/2025 Impact Plan, which sets out commitments in four areas: Planet, People, Prosperity and Governance. In the Netherlands, we have translated this plan into goals and targets for KPMG N.V.. The aim of the Impact Plan is to integrate ESG fully into our decision-making – it is important for our entire organization that we practice what we preach regarding ESG.

On climate, as a global organization, we committed to set a science-based target (SBT) aligned with the +1.5°C Paris Climate Agreement objective, which was validated by the Science Based Targets initiative (SBTi) in 2021. Our targets at KPMG N.V. are aligned with this global goal, committing us to achieve net zero carbon emissions by 2030. To do so, we plan to halve our emissions over the same period and invest in externally verified carbon removal solutions.

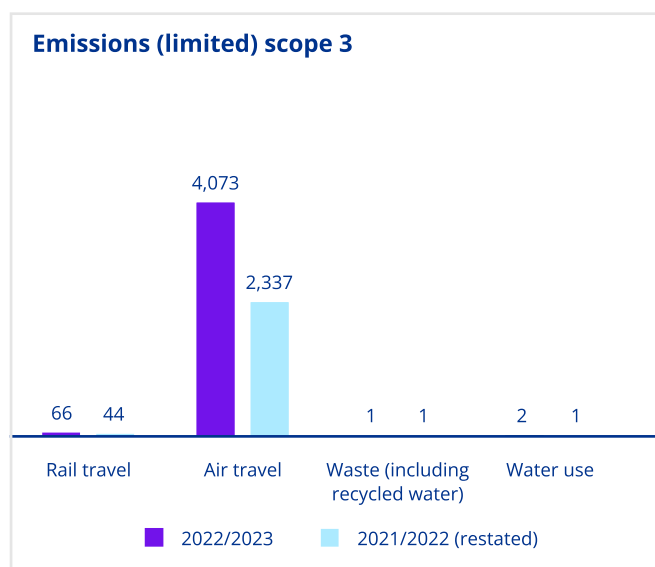
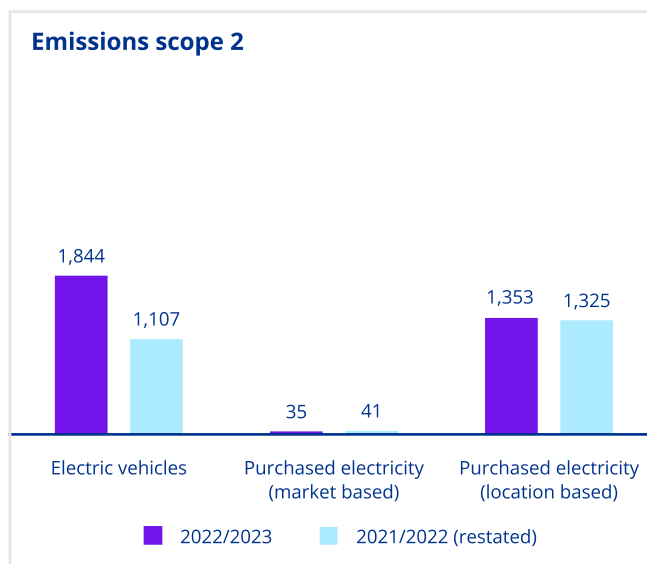
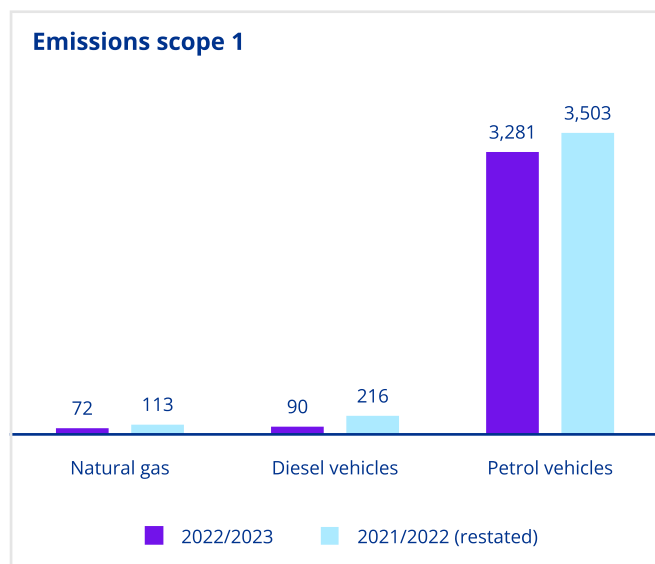
[1]

In the Netherlands, our emissions increased in 2022/2023 – the result mainly of a rise in business travel as expected in the first full year not affected by COVID 19 travel restrictions, where traveling again became part of our everyday life. However, thanks to changes in our travel policy and behavior, emissions on air travel are still 32% lower than they were pre-pandemic, in 2019.

We switched more fleet vehicles to electric, part of our plan to phase out petrol and diesel cars as of 2025. We also started implementing an internal carbon price as a key tool in our decarbonization journey. We will continue to work on reducing our emissions, make conscious decisions on the need for travel, and invest in carbon reduction initiatives to meet our 2030 goal.

1 Compared with 2019 baseline. Scopes 1, 2 and 3, as defined under the Greenhouse Gas Protocol.

KPMG N.V. emissions by scope (2022/2023, metric tons of CO₂ equivalent)



Currently, we do not measure all Scope 3 emissions – only those related to business and travel. We will report on our extended Scope 3 emissions starting in 2023/2024, which will also serve as a baseline for meeting our emission targets for 2030 and beyond.

Scope 1 Natural Gas, Scope 2 Purchased electricity Market Based and Location based, and Scope 3 Water Use apply to usage calendar year 2022.

Scope 2 Leased vehicles electric: emissions are calculated using the purchased electricity market based factor, also restated for 2021/2022.

Scope 3 Rail Travel: emissions from international rail travel included, also restated for 2021/2022.

We measure the emissions of our operations by guidelines that are broadly based on the Greenhouse Gas Protocol and from our global firm, KPMG International Limited.

Excluding KPMG International and outbound expats.

For comparison reasons the 2021/2022 emissions have been restated, see Restatement of prior year figures.

On social, our goal is to empower at least 1,000 disadvantaged young people in the Netherlands by 2025, through education and employment opportunities. To do this, we continued our support for the [KPMG Jan Hommen Scholarship](#), the [Refugee Talent Hub](#), the [Petje Af Foundation](#) and the [JINC program](#), which helps create equal opportunities for young people in education. Along with this, as part of our efforts to give people from disadvantaged backgrounds equal career opportunities and diversify our definition of ability, we signed up for [Emma at Work's GAP200 Membership](#) in July 2023 – an initiative aimed at getting more young people with disabilities into the formal labor market. We also raised money for charities and other good causes, including the [Red Cross](#) and victims of the devastating February 2023 earthquake in Syria and Türkiye.

The number of hours spent by our staff on pro bono and volunteering work increased significantly (by 126%) in 2022/2023. Our donations to charitable organizations have decreased, reflecting the exceptional donation that was made in 2021/2022 to support the victims of the war in Ukraine.

Thought leadership and brand

KPMG N.V. is a knowledge company; one of the main benefits we can bring to society is to share this knowledge. Over the past year, we organized regular webinars, courses and other events, and published dozens of studies and articles on subjects ranging from data mining and accounting standards to behavioral science, reporting regulations and the digital euro. We also made available the ESG Health Check, an online assessment designed to help companies identify their ESG risks, strengths and weaknesses. Furthermore, as an audit sector lead, we played a significant role in revising NBA Practice Note 1118 regarding 'The position of the external auditor in the general meeting' – providing auditors with clear guidelines for their role in answering questions from shareholders at AGMs.

Thought leadership is an important part of the KPMG brand. We regularly measure the performance of our brand – potential clients within our marketing target audience rank us number one on ESG^[1]. We believe the combination of our brand and our thought leadership has the potential to foster change, inspiring organizations to become more sustainable.

Our global brand attributes

<p>Innovative</p>  <p>We help clients stay ahead by anticipating tomorrow</p>	<p>Results driven</p>  <p>We deliver results by focusing on what matters</p>	<p>Expert</p>  <p>We deliver world-class solutions powered by our deep understanding of the world around us</p>	<p>Passionate</p>  <p>We work with clients from concept to delivery and are devoted to their success</p>	<p>Global mindset</p>  <p>We deliver fresh perspectives by leveraging our global network</p>
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Compliance with CSRD

Over the past year, we started work preparing for the EU's upcoming Corporate Sustainability Reporting Directive (CSRD). While the Directive is due to come into force for companies like KPMG N.V. from our financial year 2025/2026, we are aiming to comply earlier than legally required - part of our ambition to be at the forefront of CSRD reporting.

To achieve this, we have put in place a dedicated CSRD Readiness project under the direction of our CFO and a detailed roadmap. We have begun the process of preparation with a discussion of our 'double materiality' analysis, which will determine our material topics. This will be included first in our 2023/2024 Integrated Report. After that, we will update our double materiality assessment annually. We are drafting a plan for CSRD compliance and, as part of this, we will carry out an initial analysis to identify reporting gaps, and establish a data base of necessary financial and non-financial data.

Currently, we produce our Annual Integrated Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI).

1 Blauw Brand Research 2023

Responsible tax

We have a Corporate Tax Policy, which commits us to paying our fair share of taxation in the Netherlands. Under this policy, we avoid the use of artificial structures, particularly if these bear no relation to the company's core business and objectives. In 2022/2023, we paid a total of EUR 2.3 million in income tax. Taxable income is shared between KPMG N.V., Coöperatie KPMG U.A. and the practices companies of the individual equity partners; over 90% of taxable income is taxed at the level of the practice companies of the individual equity partners.

Group tax payments (EUR million)

	2022/2023	2021/2022
Total taxable income	99.6	115.1
• KPMG N.V.	5.3	6.4
• KPMG Coöperatie U.A.	1.2	1.1
• Equity partners	93.1	107.6
Income tax expense (including deferred amounts)	1.9	2.1
Total income tax paid	2.3	1.7
Average tax rate	25.4%	25.0%

For further information, see Note 12 to the Consolidated Financial Statements.



Financial and business performance

In 2022/2023, despite a mild recession, we managed to increase revenue from our two main businesses: Assurance and Advisory. We also continued to invest in digital & innovation, particularly in pursuit of our objective to carry out a digitally-enabled and data-driven audit. We continued our focus during the year on priority sectors.

Our priorities for **FINANCIAL STRENGTH** in 2022/2023



1. Persevere in sustainable growth
2. Implement new target operating models across our three business functions: Assurance, Advisory and Business Services
3. Increase collaboration with the global KPMG network

Our priorities for **CLIENTS** in 2022/2023



1. Further strengthen sales growth in priority sectors
2. Offer a unique, consistent client experience
3. Lead in selected propositions and priority growth areas
4. Activate client teams for Mandatory Firm Rotations (MFRs)

Our priorities for **DIGITAL & INNOVATION** in 2022/2023



1. Enhance digital offering to clients and business support services
2. Further strengthen our technology infrastructure and digital workplace
3. Strengthen our competencies in tech and innovation

Material topics for financial and business performance

- Digital technologies & AI
- ESG developments

Financial performance

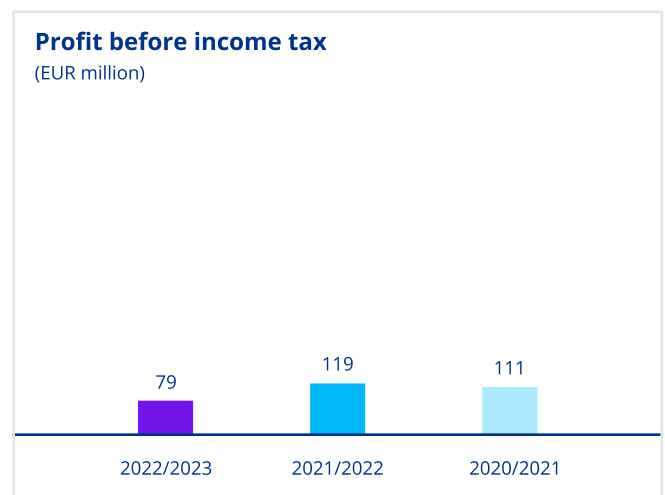
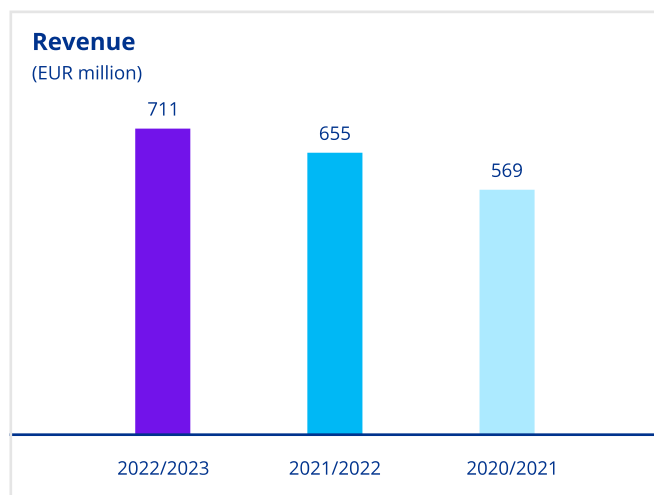
During 2022/2023, we realized growth in revenue, which increased 8.5% from the previous year, thanks to an increase in volumes and a continued demand in both Assurance and Advisory. We continued to win strong mandates in the current Mandatory Firm Rotation (MFR). Our operational results were strong. Total profit before income tax was lower, due to the PCAOB penalty and the costs of the investigation into answer sharing.

In **Assurance**, we achieved double-digit growth. This is the result of FTE increase (+7%), larger volumes and higher rates.

In **Advisory**, strong demand for our services came from clients in growth sectors such as Infrastructure, Government and Healthcare (IG&H), Energy & Natural Resources and the Financial Services industry as a result of increased regulation and transformation needs. New opportunities related to ESG, energy transition, housing developments and infrastructure projects.

Growth in Technology, Media & Telecommunications was slowed by economic unpredictability in the second half of the year. Revenues from our Deals Advisory business recovered from a slow start to the year, while revenues from our Risk and Regulation advisory service remained strong the entire year.

Our operating expenditure increased by 17% year-on-year. Rising inflation put pressure on costs and we continued to invest on strategic projects. Non operationally, costs were impacted by the PCAOB penalty and costs related to the investigation into answer sharing. As a result, profit before income tax declined by 34%.



Strategic investments

We continued to invest in our business in 2022/2023, with strategic investments totaling EUR 40.6 million, up from EUR 39.4 million the year before and in line with our budget for the year. As part of our strategic investment program, which constitutes of both capital and operating expenditures, we implemented [KPMG Clara](#), developed and rolled out the firm's data strategy and our cybersecurity enhancement project. Along with these, in Advisory, we invested in Alliances with key partners such as Microsoft, Salesforce, SAP and ServiceNow. These Alliances will help increase our use of data, digital technologies and AI – vital for scaling our digital advisory business. See [Digital & innovation](#) section for specific details on investments in new audit tools and technologies.

Capital position and funding from equity partners

Our policy is to maintain a strong capital position so that we retain the confidence of the firm's clients and creditors, and can continue to invest in business growth. Most financing comes from mandatory contributions from our equity partners (in the form of equity and mandatory loans). Partners may also provide additional financing through voluntary loans. In 2022/2023, our total funding was 18.8% lower compared with 2021/2022, as a result of lower short-term funding, including profits that are not distributed until the end of the calendar year.

Note on tax

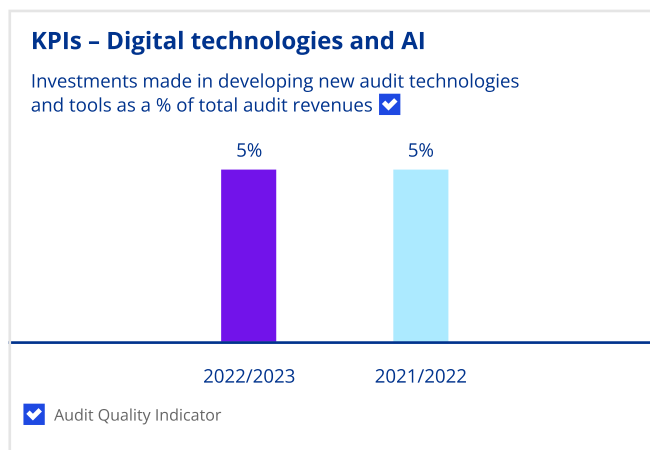
Our total profit before income tax is subject to standard corporate income tax at the same rate as Coöperatie KPMG U.A., KPMG N.V. and the individual equity partners' practice companies. Only a limited part of our total income tax expense is included in KPMG's profit & loss account as the majority of our tax is paid via the equity partners' practice companies. Our income tax expense includes temporary differences for which a deferred tax asset or liability has been accounted. KPMG N.V., Coöperatie KPMG U.A. and the individual equity partners pay their taxes in the Netherlands.

Digital & innovation

Our ambition is to be recognized as client-centric, digitized and innovative – and we have defined our strategic priorities in line with this. We are helping clients to build their digital target operating models, as well as further digitalizing our own services and operations to improve agility, efficiency, reduce costs and deliver a better service to clients.

In Advisory, we continued to adopt and invest in our Global KPMG Connected, Powered, Trusted, ESG programs and in Managed Services. In our approach, we look to combine the latest technologies – supplied through our Alliance partners – with our functional and sector expertise to provide clients with best practices and solutions, built on our years of Advisory experience. For example, we have combined our understanding of ESG with the advanced technology of our Alliance partner Microsoft to develop the KPMG Circularity Tracker, helping clients to set and track clear targets on circularity.

In Assurance, we invested EUR 20.4 million in new IT tools for audit – a 5% increase on the previous year. Alongside these investments, KPMG Clara has helped us to develop and deploy new tooling to improve audit quality, including solutions related to the assessment and audit of fraud risks. We have also implemented two new Enterprise Resource Planning (ERP) products to improve the transfer of data from clients to KPMG N.V., successfully piloted continuous auditing for selected clients, and agreed on a plan to use data in the coming year – moving us closer to our ambition of a digitally enabled and data-driven audit.



To maximize our use of rapidly advancing technologies and ensure seamless collaboration between them, we need a strong digital backbone within KPMG N.V. This is why we fully deployed a new Enterprise Service Management platform in 2022/2023 through our Alliance partner ServiceNow. This enables us to manage IT, portfolio, financial services and HR workflows more efficiently – all on a platform that is easy for our people to engage with.

In terms of Artificial Intelligence, KPMG International secured a new five-year group-wide Alliance partnership with Microsoft, giving everyone at KPMG N.V. access to advanced technology and cutting-edge low-code/no-code and AI solutions that will help us achieve our digital & innovation aims. At KPMG N.V., we are exploring the use of generative AI and Microsoft Copilot – while tailored generative AI guardrails have been introduced to protect KPMG's proprietary and client data.

During the year, we continued to invest in our cybersecurity enhancement initiative. We successfully hired an experienced Chief Data Officer and have developed a data strategy set to be implemented in the 2024 fiscal year. We have a robust governance structure for our internal innovation process – meaning we can fast-track innovations without compromising oversight or losing sight of value creation.

Business growth and approach

Our commercial approach is to focus on sectors in which we are recognized experts, meaning we can help clients grow by providing them with practical and actionable insights. Specifically, we continue to see strong client demand for digital & innovation, strategy, acquisition-based growth and ESG services. Since 2020 up to financial year-end 2023, we have won 62% of our designated targets as part of the Mandatory Firm Rotation.

Developments in our priority sectors in 2022/2023

- **Financial Services:**

Client demand remained strong, partly driven by continued desire to digitalize and increased regulation, including new ESG reporting requirements.

- **Infrastructure, Government and Healthcare:**

Client demand in these sectors increased, driven in particular by infrastructure projects, housing and the energy transition.

- **Consumer & Retail:**

We saw further revenue growth from the consumer & retail sector, though the sector faced resource scarcity and supply chain pressures during the year. Companies continued, however, to invest in digitalizing their operations and customer experience, as well as their ESG reporting to meet new requirements.

- **Energy & Natural Resources:**

Demand for our ESG services increased as a result of continued investment in the energy transition. Meeting commitments to achieve net zero and fulfilling reporting regulation remained a key topic for many clients.

- **Technology, Media & Telecommunications:**

In this sector, large-scale digital transformations and the replacement of legacy systems continued, as did client efforts to become more customer-centric and future-proof themselves against further technological advances.

In addition to these sectors, we also continue to work with family businesses and emerging giants – the next generations of leading companies in the Netherlands.

Our approach to client management is to continuously move and grow with the trends shaping these sectors and our clients' individual businesses. We look to work collaboratively with clients, and provide them with detailed and specific insights they can act on. This helps us build trust, which is crucial to our chances of success with both advisory and assurance work.

To gain more insights and to further develop our products and services for clients, we have renewed our client insights process. Our client satisfaction survey scores show a high level of satisfaction: Assurance 95%, Advisory 96% and overall 95%^[1]. Our Net Promoter Score (NPS) can range from -100 to +100. 38% of our clients are willing to recommend our services to others, 6% are not, resulting in an overall NPS of +32 (Assurance: +19 and Advisory: +45).

¹ As we have renewed our client insights process, results are not comparable to previous fiscal years.

Outlook

Going into 2024, the Dutch economy still faces headwinds. However, economic growth is forecast to increase – though only to 1.4%.^[1] Inflation has now stabilized, though prices remain high and the impact of outside shocks on the economy and widening geopolitical tensions, remains to be seen.

In the near term, we expect skills shortages to persist in the professional services sector. However, for Assurance we still expect growth in our workforce to serve new clients and to provide new services related to, for example, the CSRD legislation. M&A activity is expected to pick up next year. Elections in November 2023 will lead to a change of government; we believe public sector funding could come under pressure after significant government spending during the recent cost-of-living crisis.

We expect to see continued environmental issues, including climate change; this may affect supply chains in some countries and public attitudes toward sustainability. It strengthens our ambition to help clients in their ESG transformations and drives our sustainability ambitions on further. Furthermore, increased regulation in the area of ESG, such as CSRD, will increase demand for especially Assurance services, as well as Advisory. Digital technologies will continue to advance. Last year marked an important breakthrough for generative AI. At KPMG N.V., we are looking at how AI can help us improve quality and efficiency. Trust, as always, will remain of paramount importance, both in society and in the professional services sector.

Fundamental to our revenue and profitability growth is being an attractive employer that is able to attract talented professionals. Crucial element to achieve this is to provide an attractive work environment and competitive financial package. We aim to be a profitable firm with healthy margins and continue to make investments in staff. We aim to grow the business organically by focusing on retaining existing staff and increasing recruitment efforts when necessary. We expect to see an increase in staff between 2% – 10% based on client and business requirements in the upcoming years. Our investments in research & development lie in digital & innovative solutions that support the delivery of services and propositions.

2023/2024 will be the final year of this second phase of our Trust & Growth strategy. During the year, we will begin to set out new strategic priorities taking us through to 2026/2027. In the meantime, we have set clear ambitions for the new year under the theme: *Transform. Courageously.*

1 Source: Organization for Economic Cooperation & Development (OECD) – Netherlands economic snapshot

Focus area		Ambitions for 2023/2024
	Public trust	We will continue our unrelenting focus on quality and ethical culture, further strengthen our brand, and look to establish KPMG N.V. as a leader in ESG. Read more >
	Clients	We will invest more in our Powered, Managed Services and ESG propositions and further improve relationship management, underpinned by collaboration with our Alliance partners and the KPMG Delivery Network (KDN). Read more >
	People	We will prioritize culture, expand career opportunities in ESG and digital technologies, and update our talent and resourcing models. Read more >
	Digital & innovation	We will continue to enhance our digital offering to clients, and strengthen our own digital and innovation capacities, including AI. Read more >
	Financial strength	We will focus on sustainable and profitable growth, implement new target operating models, and invest in tech and new strategic hires using resources within the KPMG network. Read more >



People, culture and learning

The success of KPMG N.V. depends on its people. We set out to attract and retain the best talent, from diverse backgrounds. We engage with our people and provide them with a safe and inclusive working environment where they feel invested in, supported, protected – so they in turn can reach their full potential and service our clients' needs. The wellbeing of our people is key to achieving a high-performance culture, in which all our people embody our five values: *Integrity, Excellence, Courage, For Better, Together*.

The current skills shortage in professional services is, in part, due to deeper trends: people want companies with a clear purpose that value them – if not, they're increasingly willing to change jobs. As KPMG N.V., we are finding ways of attracting and retaining people. To do this, over the past year, we have created new career paths, promoted a culture of continuous learning, invested in development – particularly in digital and ESG – and prioritized well-being and psychological safety for our people, as well as inclusion, diversity & equity.

Our priorities for **PEOPLE, CULTURE AND LEARNING** in 2022/2023



1. Attract talent and put an innovative resourcing model in place
2. Retain, engage and develop the strengths of our people, spotlighting ESG and digital
3. Prioritize culture as a business differentiator
4. Through strong leadership, increase our focus on People

Material topics for people, culture and learning

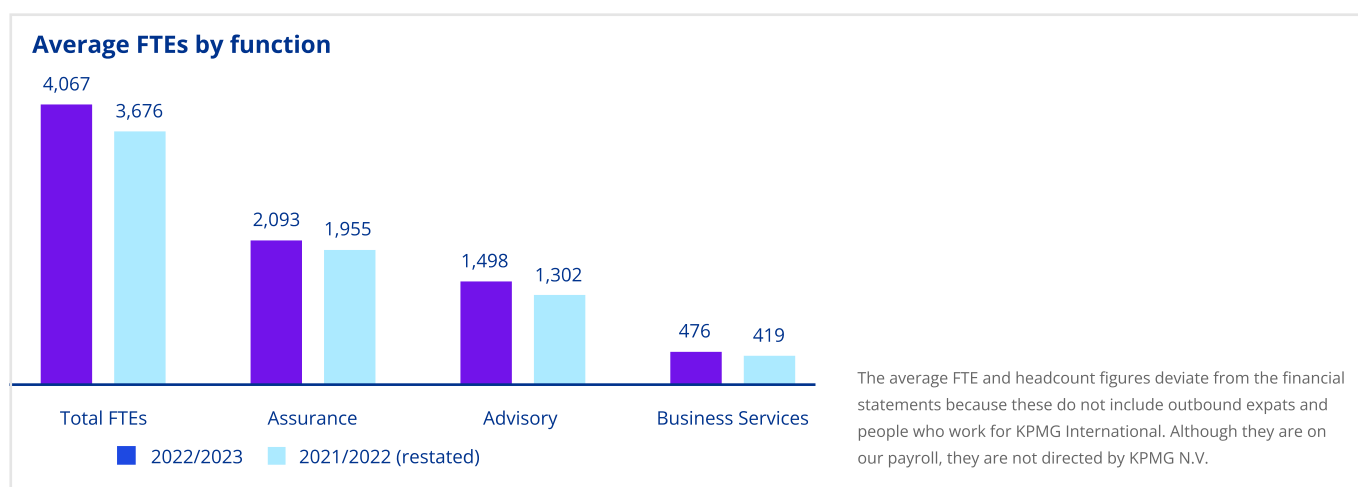
- Well-being of our workforce
- Inclusion, Diversity & equity



Our workforce and organization

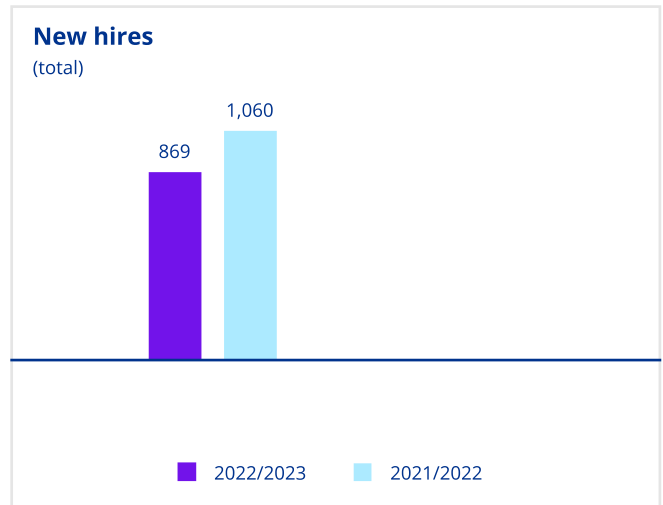
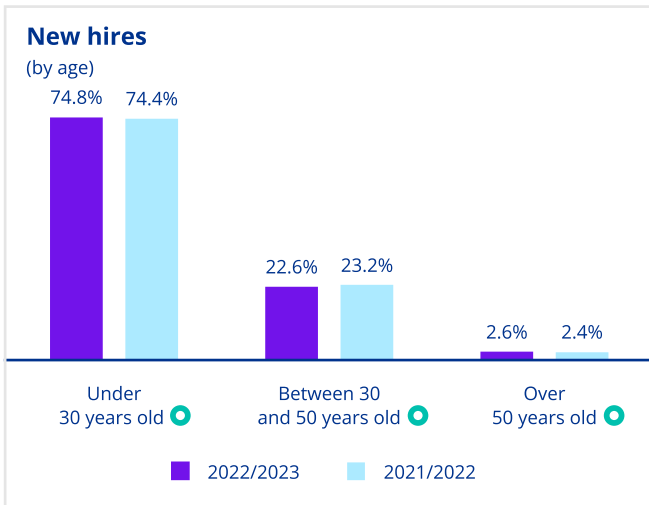
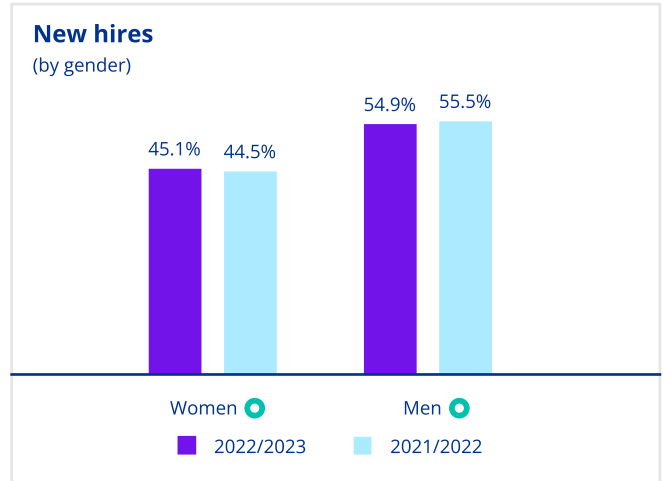
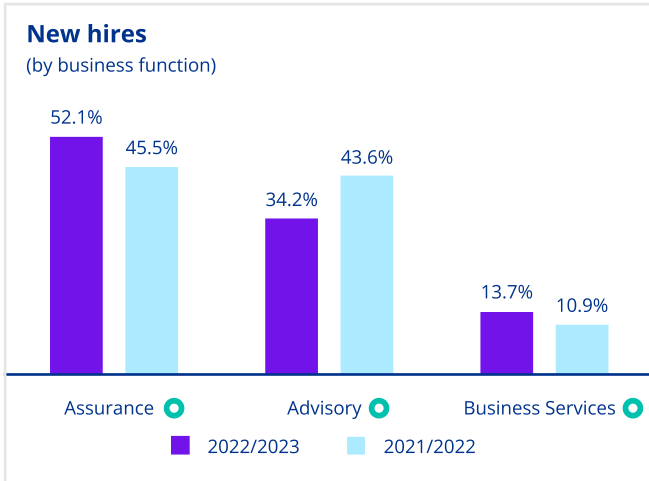
We are adapting our approach to workforce management and career paths within KPMG N.V.. This is to ensure we can attract highly-skilled professionals in line with our strategic growth areas – so we can continue to support the growth of our clients and that of KPMG.

Regarding talent attraction, we hired 869 new people in 2022/2023, a decrease on the previous year of 18%. This effect is a combination of growth of our delivery centers abroad and less market demand in certain areas of Advisory. Hires were made across the business – though we specifically increased recruitment targets in Assurance. In future, to meet client demand, we will continue our focus on different skill profiles, and we will intensify talent attraction efforts for ESG and STEM^[1] specialists, technical engineers and IT solution architects. During the year, annual retention rates remained high, aided by improved learning and development opportunities, extensive well-being programs and a strong focus on culture – resulting in growth of our overall headcount, despite the decrease in new hires.

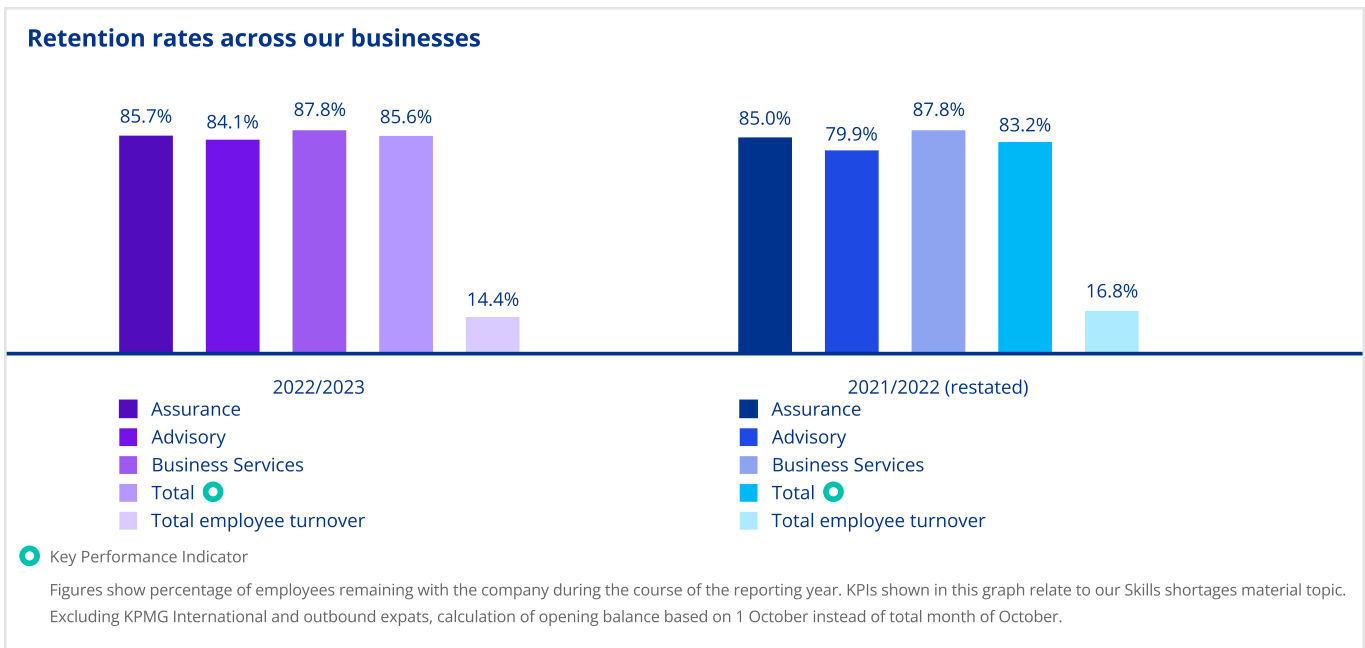


For comparison reasons the 2021/2022 figures have been restated, see [Restatement of prior year figures](#).

1 Science, technology, engineering and mathematics



Key Performance Indicator
 KPIs shown above relate to our Inclusion, diversity & equity material topic. Based on formation: excluding interns and contractors.



Key Performance Indicator
 Figures show percentage of employees remaining with the company during the course of the reporting year. KPIs shown in this graph relate to our Skills shortages material topic. Excluding KPMG International and outbound expats, calculation of opening balance based on 1 October instead of total month of October.

Learning, development and succession planning

One of the best ways to attract and retain talent is by investing in learning & development opportunities, aimed at fostering an inspiring, continuous learning environment, which ultimately encourages our people to re-invest in the company. This is crucial for growth, too, as it helps ensure we have the right capabilities, expertise and experience in place to be fit for a future in which we will be adopting new technologies and navigating rapidly changing industries.

We invested EUR 12.7 million in learning in development, compared to EUR 11.4 million last year. The average amount of training hours remained the same: 122^[1]. On average, women invested 113 hours in training, versus 128 by men (2021/2022: 116 hours by women versus 126 by men). This is because – in terms of gender – more men are employed in Assurance and Advisory, where the average training hours are higher, while a greater number of women work in Business Services, where the average training hours are lower. In Assurance, we saw an average of 180 hours per employee (2021/2022: 183), 78 in Advisory (2021/2022: 71), and 20 training hours per Business Services employee (2021/2022: 17). For details on our KPI 'Average number of hours spent in training per client-facing professional in audit' we refer to the section [Maintaining quality across our businesses](#).

For our people to thrive, we are working together to put a strong emphasis with engagement. We also see this as an opportunity to enhance our learning culture, so that it is not solely defined by factual learning, but one that enables our people to immerse themselves in subjects. Annual performance reviews are mandatory for all our professionals including equity partners that were in employment before the start of the yearly performance review process. This does not apply for working students.

We conduct formal assessments to meet regulatory requirements, taking into account learnings following the [investigation into answer sharing](#), but we also continue to move toward blended learning, combining e-learning, workshops and intervision sessions, for example – so our people can further strengthen their critical thinking skills through sharing practices and dilemmas. We are also using blended learning for strategic topics like ESG – including CSRD – leadership, digital, sales, ethics and independence.

For us, training on digitalization and innovation has been a key focus, because we want our people to have access to new technologies, and to be able to use them effectively. We want to make our client services stand out by developing professionals who can combine subject matter expertise with a knowledge of new digital technologies. We have redesigned our mandatory digital MBA for partners and directors to reflect changing requirements and skills needs within the firm, with all participants who have not yet finalized the program expected to complete the new version in 2024. We also welcomed a second cohort of 15 young professionals in Assurance on a new digital & innovation traineeship.

During the year, we launched a new *leadership curriculum*, invested in clear succession planning and increased our focus on putting every professional's unique talents to use for the benefit of our clients. At the same time, to attract diverse talents with differing career needs and goals, we are mapping out new career paths, encouraging those who prefer to become *deep specialists*. This approach is supported by a shift to a more value-add business model, in which new technologies take care of time-consuming operational activities, freeing up our people to focus on more complex matters. We realize this kind of career progression appeals particularly to younger generations entering the workforce, so we are making these opportunities as clear as possible during onboarding.

¹ The average amount of training hours per career level is as follows: 63 hours for partners/directors, 59 hours for senior managers, 77 hours for managers, 113 hours for senior staff and 215 hours for junior staff.

Wages, benefits and engagement

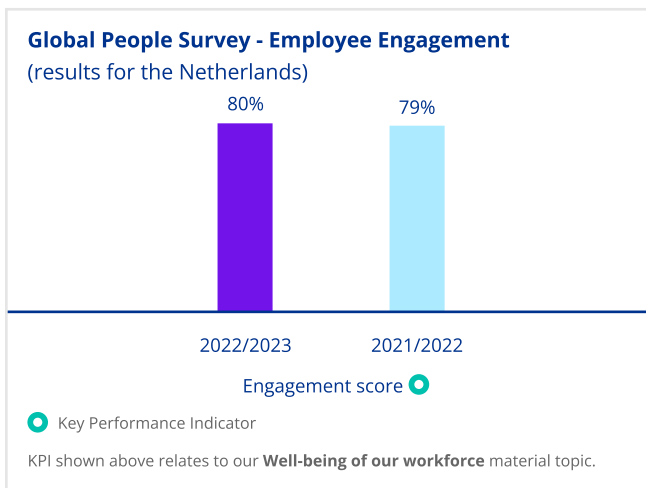
We ran our annual benchmark test on our remuneration packages in April 2023. The benchmark showed we are well positioned. We invested in salary structure and secondary benefits to ensure we remain an attractive employer.

During the year, we promoted our Klynveld Fund, open to all of our people experiencing financial stress. All KPMG N.V. professionals receive expense allowances, home office allowances, pension contributions, a share in the firm's profits and the opportunity to participate in short-term employee bonds, as well as their regular salaries. In 2022/2023, total employee expenses amounted to EUR 399.2 million¹.

In addition, we are committed to further enhancing our compensation and non-financial benefits package where possible. During the past year, for instance, we increased our leasing budget for electric cars and extended our flexible working policy, allowing our people to work remotely abroad multiple times a year. In 2022/2023, we continued to work closely with the Works Council, discussing topics such as pensions, job structures, and mobility schemes; target operating model changes; culture and psychological safety; people development; and diversity and inclusion.

Employee engagement

Across KPMG, we conduct an annual Global People Survey (GPS). This survey measures the engagement of our people as well as our performance in other areas from career growth and collaboration to innovation, clients, leadership and working environment. Our annual survey is supported by regular pulse surveys to ensure we can take quick action, if required, throughout the year. Our annual GPS took place in October 2022. Results for the Netherlands showed an overall engagement rate of 80%, an improvement from the previous year. Audit quality, Learning and Career Growth all scored particularly well – above group benchmarks. We identified areas that require our undivided attention and continuous focus, such as communicating a compelling vision, double down on inclusive leadership as well as wellbeing. The best aspects about working at KPMG are the people and our learning opportunities.



¹ Including pension benefits. For reference, our annual compensation ratio (of the highest-paid individual to the median for all employees) stood at 25.8 for 2022/2023.

Culture and inclusion, diversity & equity

We promise our people the best human experience, so our workplace needs to be one people want to be a part of – inclusive, diverse and equitable, where they feel safe and supported. We value different perspectives and encourage all our people to be themselves completely. This commitment ensures we have the people in place to meet current and future client demands, protect quality and our reputation, broaden our talent pool, and contribute to a fairer society.

At the same time, we recognize that, as a consequence of the [answer sharing investigation](#) related to mandatory training tests, we fell short of the ethical standards we set ourselves. We are addressing these shortcomings by focusing on our values. We will also work to ensure our culture remains an ethical one, where people feel safe and supported enough to speak out if they see wrongdoing, and where we uphold the highest standards.

In 2022/2023, we added equity as a central commitment for KPMG N.V.. We want to move beyond equality to give our people from disadvantaged backgrounds the opportunities they need to put them on an equal footing. To help succeed in this, we signed up for [Emma at Work's GAP200 Membership](#) in 2023. We are aiming for a co-creation for a 5-year period and to hire 20 people with a disability in the period 2024 until 2027/2028.

In terms of gender diversity, we believe in inclusive sponsorship for women at management and senior management levels. Rather than simply mentoring women, we use sponsorship to ensure women get the opportunities they need to progress within KPMG N.V., plugging the talent drain among women at management levels.

Although our gender diversity numbers are improving in general, and specifically at executive level, we need to forge forward in strengthening our pipeline of talent across all function levels. Root cause analysis showed us that we need to focus on life defining moments, clearly spotlighting role models and continuing to address unconscious bias. These form the basis of our inclusion, diversity & equity (IDE) activities going forward.

We value the cultural^[1] diversity within our organization. In 2022/2023 our people represented 80 different nationalities. We actively foster an inclusive environment through various initiatives, including International Day and our Ramadan Challenge, encouraging mutual learning and making everyone feel included.

We also invested more during the year in IDE programs and unbiasing our HR processes. We annually review our people processes for unconscious bias risks – for example, by assessing decisions on promotions to partner/director and equity partner to strip out bias.

We worked on making vacancy ads more inclusive to encourage a wider selection of applicants, and employed blind selection – removing candidate information that could bias selectors until after evaluations are complete – to create a more diverse pipeline of talent entering the business. We are getting close to gender parity, which remained stable compared with the previous financial year.

Recruitment efforts continued throughout the year, doubling down on hiring talents in Assurance. The average age of our people is 34, which means younger generations are strongly represented in our workforce and, via our Young Board Now, we make sure their voices are heard and their ideas are integrated in our strategy. We also invested in experienced hires to accelerate our strategic priorities.

Following last year's change in law on paid parental leave, we entitle all our people to nine working weeks of partly-paid leave for children under the age of one. As an organization we believe a healthy work-life balance is important. When private situations change due to the arrival of a child, we actively support our people to devote more time and attention to their home life.

1 *Cultural refers to individuals with a non-Dutch heritage or background.*

	2022/2023	2021/2022
Total number of leavers	622	631
Distribution of leavers by gender		
Men	61%	58%
Women	39%	42%
Distribution of leavers by age group		
Under 30 years old	53%	49%
Between 30 and 50 years old	42%	48%
Over 50 years old	5%	3%
Distribution of leavers by business function		
Assurance	50%	50%
Advisory	40%	41%
Business Services	10%	9%

	2022/2023		2021/2022 (restated)	
	women	men	women	men
Employees entitled to parental leave	133	202	99	118
Employees taking parental leave	90	172	45	90

- This concerns additional paid parental leave on top of the legally due pregnancy leave.
- For comparison reasons the 2021/2022 parental leave figures have been restated, see *Restatement of prior year figures*.

Crucially, we know healthy IDE practices begin at the top. In 2022/2023, our partners and directors completed our mandatory IDE Impact Program, in which they were confronted with their own biases and encouraged to create a collective language on IDE. It is our partners and directors who are responsible for taking us to the forefront of this topic. In 2022/2023, four incidents of discrimination were reported compared with one the year before. These are dealt with by our confidential counsellors.

We also measure our gender pay gap: results from our latest assessment show that there is no significant pay gap, and changes from last year are marginal.

Gender pay gap

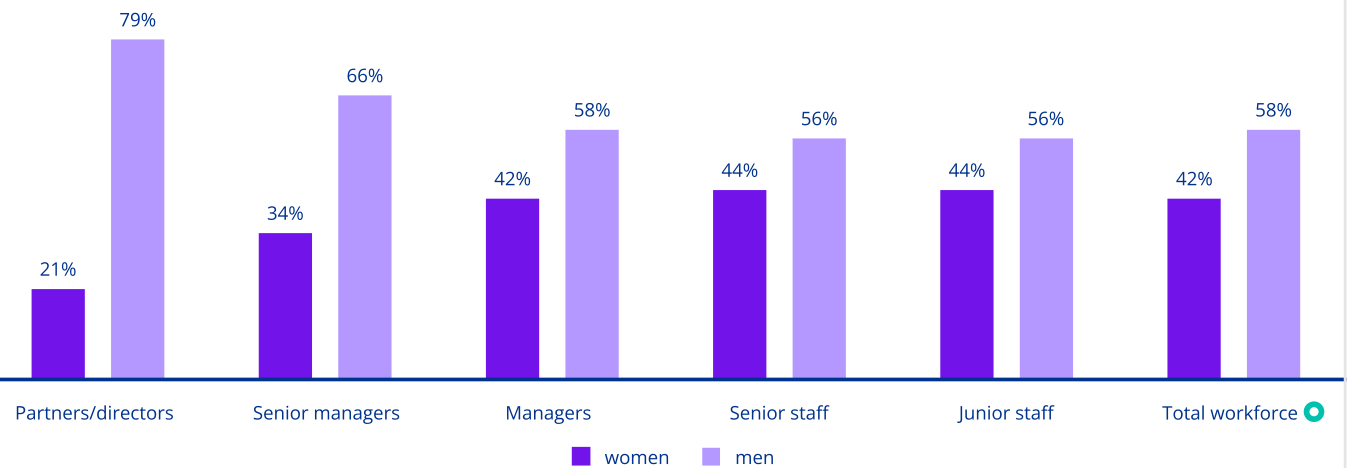
	2022/2023	2021/2022 (restated)
Partners/directors	+0.95% (in favor of men)	+1.2% (in favor of men)
Senior managers	+1.17% (in favor of men)	+1.36% (in favor of men)
Managers	0.14% (equal pay)	0.05% (equal pay)
Senior staff	-0.22% (equal pay)	-0.11% (equal pay)
Junior staff	+0.58% (in favor of women)	0.45% (equal pay)

*Our gender pay gap is calculated as the ratio between total pay for women vs. total pay for men in each of the categories above. Figures for 2021/2022 have been restated to reflect this method of calculation and exclude the employees of KPMG International, the outbound expats, equity partners and CEO. Calculation of opening balance based on 1 October instead of total month of October. See *Restatement of prior year figures*.*



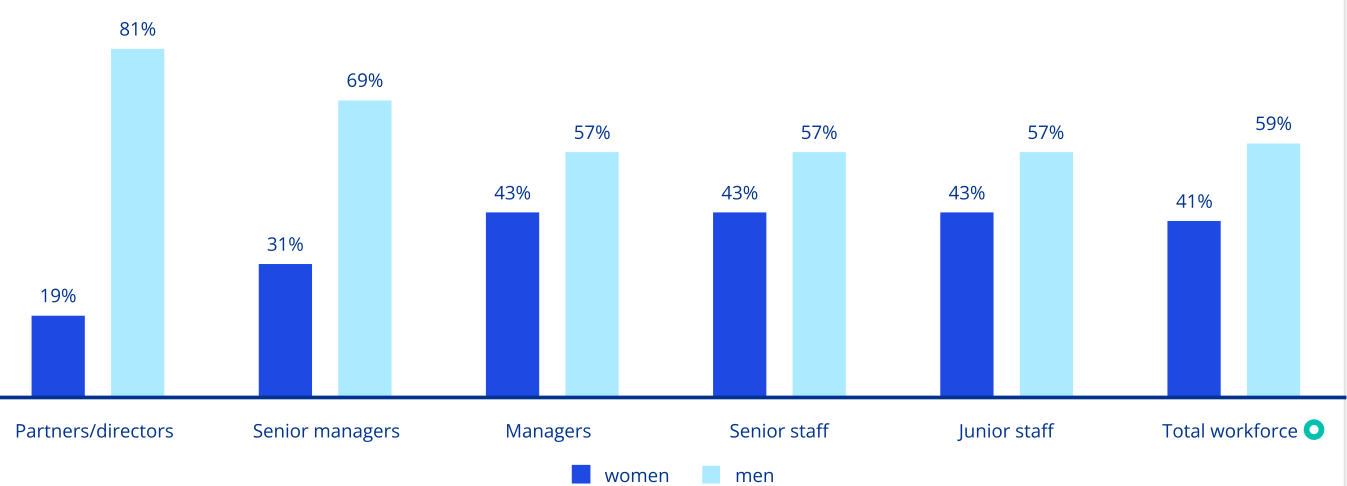
Workforce diversity by gender and career level

(2022/2023)

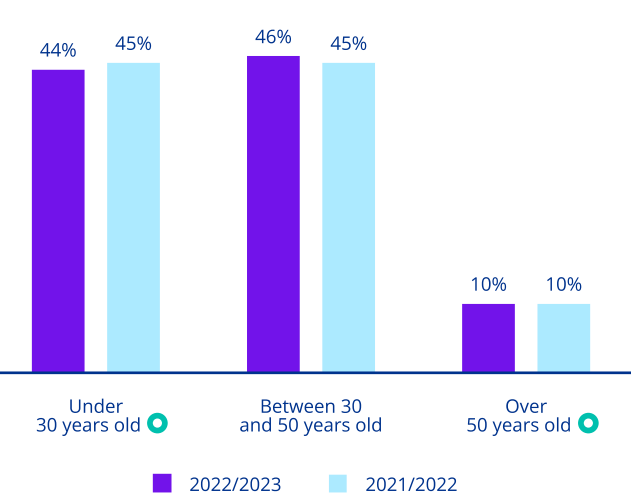


Workforce diversity by gender and career level

(2021/2022, restated)



Workforce diversity by age



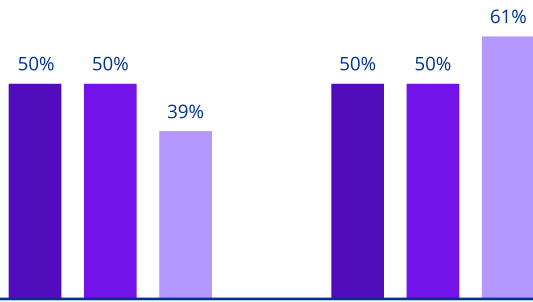
● Key Performance Indicator

KPI shown above relate to our Inclusion, diversity & equity material topic. Figures show percentage of men/women by headcount on 1 October 2022 or 2023 (the start of our reporting year). This is because promotions made during the year become effective at the beginning of October. Excluding KPMG International and outbound expats. Calculation of opening balance based on 1 October instead of total month of October. For comparison reasons the 2021/2022 figures have been restated, see Restatement of prior year figures.



Diversity of governance bodies

(by gender, 2022/2023)



- Board of Management ●
- Supervisory Board ●
- Leadership Teams ●

● Key Performance Indicator

KPIs shown above relate to our **Inclusion, diversity & equity** material topic.

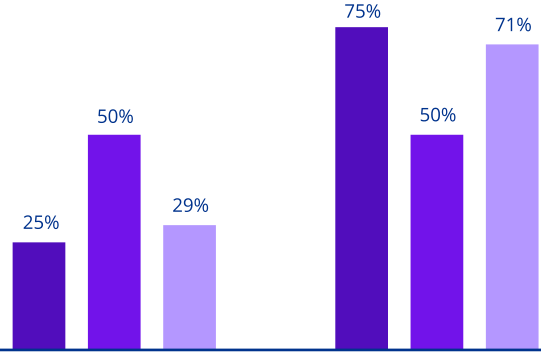
Leadership Teams combines KPMG N.V.'s Group Leadership Team and the separate leadership teams of our Assurance, Advisory and Business Services units.

Figures show percentage of men/women by headcount on 1 October 2022 or 2023 (the start of our reporting year).

This is because promotions made during the year become effective at the beginning of October.

Diversity of governance bodies

(by age, 2022/2023)



- Board of Management ●
- Supervisory Board ●
- Leadership Teams ●

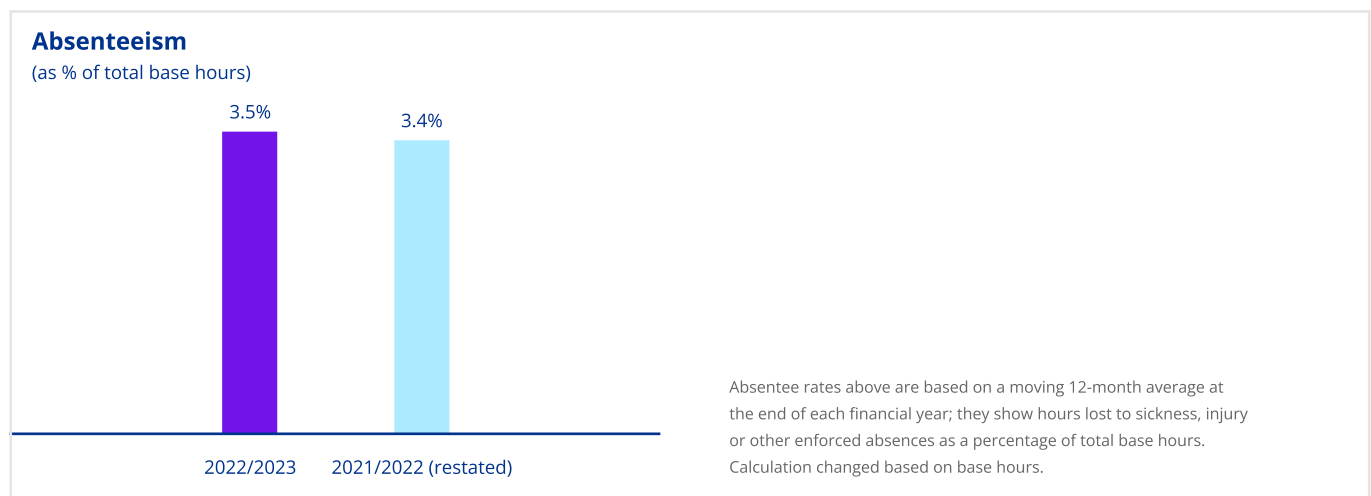
Health & well-being

The health and well-being of our people is a key priority. Our people feeling safe and well – both mentally and physically – also supports engagement and retention rates, and contributes to our ability to execute on projects by maximizing performance and reducing absenteeism. Our [Code of Conduct](#) commits us to providing a safe and healthy working environment.

Psychological safety begins when people feel included, welcome, and able to be who they are – which is why we adopted a full-focus approach to psychological safety alongside our inclusion strategy in 2022/2023. This approach will support work carried out previous financial year, including empathic leadership training for 110 development managers to encourage a more supportive and compassionate style of management, as well as confidential counsellors, a dedicated complaints committee and a whistleblowing hotline.^[1] There are several contact moments per year during which the effectiveness of these grievance mechanisms are evaluated.

The Board of Management ensures that employees have the opportunity to report on alleged irregularities without fear of reprisal. All notifications are investigated independently by the Internal Audit & Compliance Office. The Supervisory Board is immediately informed by the Board of Management of signals of critical concerns within KPMG.

We are also working on providing the opportunity for all our people to connect with a coach, as well as other mental health services, in both online and offline settings. This is being organized in partnership with well-being platform [OpenUp](#), which brings together (mental) health and vitality programs and other HR services on one easy-to-access platform that has been used extensively by our professionals in the first year. You can read more about our wider digitalization efforts in the [Digital & innovation](#) section. Absenteeism rates remained stable compared with the previous year.



For comparison reasons the 2021/2022 absenteeism figures have been restated, see [Restatement of prior year figures](#).

¹ During 2022/2023, we received 13 reports or complaints through our hotline (compared with 11 the previous year). Five reports related to other KPMG member firms and were forwarded to KPMG International for follow up. All other cases have been included in our follow-up process and actions were imposed when necessary.

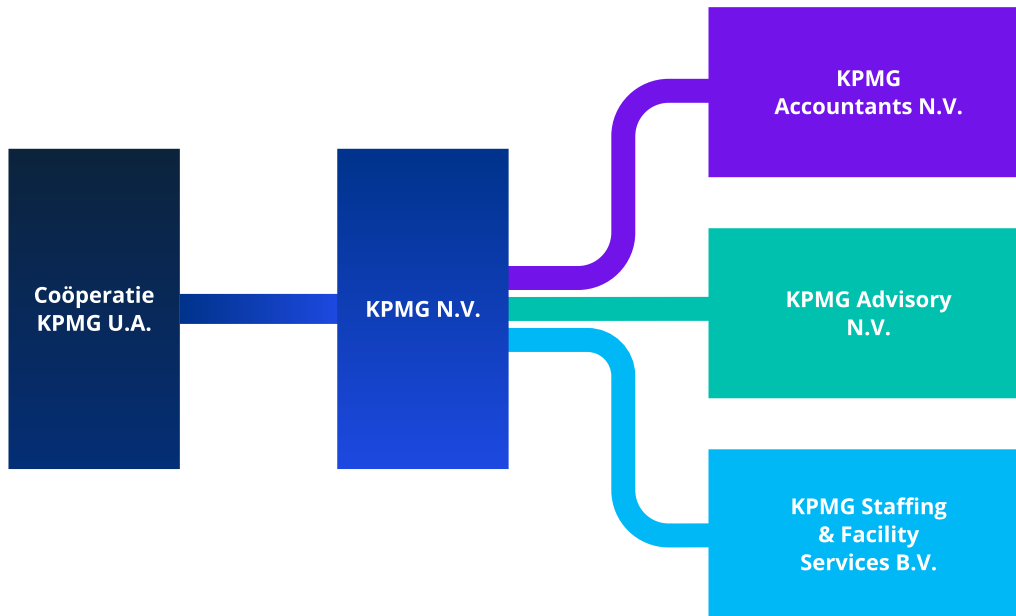


Governance, risk management and decision- making

Our system of governance is based on checks and balances, helping ensure we take the best possible decisions. We have a formal governance structure, including a Supervisory Board and a Board of Management. This structure is supported by internal policies, controls and a Code of Conduct, setting out our values and commitment to responsible business.

Our organizational structure

KPMG N.V. is a holding company for our Assurance, Advisory and Business Services activities.^[1] All shares in KPMG N.V. are held by Coöperatie KPMG U.A.. Our equity partners are members of this cooperative through practice companies of the individual equity partners. These partners provide services to KPMG N.V. clients under a management agreement with the cooperative. Under Dutch law, Coöperatie KPMG U.A. board members are considered co-policyholders. KPMG Accountants N.V. is a 100% subsidiary of KPMG N.V..



Note: KPMG Accountants N.V.'s Board of Management acts as the formal policymaker under the terms of the Audit Firms Supervision Act in the Netherlands. The Board of Management of KPMG N.V. acts as co-policyholder. Our Assurance leadership team is responsible for the operational management of KPMG Accountants N.V.. Members of this leadership team are also qualified co-policyholders under the Act.

External regulation

The Authority for the Financial Markets (AFM) is responsible for overseeing audit firms in the Netherlands. This oversight is, among others, based on two Acts:

- [Wet toezicht accountantsorganisaties \(Wta, Dutch Audit Firms Supervision Act\)](#)
- [Wet op het accountantsberoep \(Wab, Dutch Auditors' Profession Act\)](#)

To operate, all audit firms must have a license from the AFM. KPMG N.V. aims to maintain an active, two-way communication with the AFM, which conducts regular inspections of KPMG, as do the US Public Company Accounting Oversight Board (PCAOB) and the Royal Netherlands Institute for Chartered Accountants (NBA). Please see [Performance on quality](#) for more information on recent inspections.

In the Netherlands, audit clients – if they are classified as public interest entities (PIEs) according to Dutch law – must change their audit firm at least once every ten years. They need to change the external auditor at least once every five years. In addition, there is a four-year cooling-off period before a former audit firm may be re-hired. We also endorse the principles and best practices in the [Dutch Corporate Governance Code](#); while an unlisted firm as KPMG N.V. is not legally required to apply the Code, we voluntarily use it as guidance in the corporate governance disclosures made and undertake to adhere to the principles where relevant.

At an international level, KPMG regularly discusses industry matters with the International Forum of Independent Audit Regulators (IFIAR) and representatives from the Committee of European Auditing Oversight Bodies (CEAOB). See [Maintaining quality across our businesses](#) for more information on our compliance with industry policies and procedures.

¹ Please note that the contents of this Governance chapter relate to KPMG N.V., but also apply equally to KPMG Accountants N.V. (our Assurance business), as well as KPMG Advisory N.V. and KPMG Staffing & Facility Services B.V.

Role of Board of Management and Supervisory Board

We have a two-tier management structure:

- Our **Board of Management** manages the firm. It is responsible for strategy, performance and value creation.
- The work of the Board of Management is overseen by our **Supervisory Board**, which operates in part through three committees: [Assurance Quality](#), [Audit & Risk](#) and [Remuneration & Appointment](#).

Our Board of Management is made up of [four members](#): the Chief Executive Officer (CEO), the Chief Operating Officer (COO), and the Heads of our Advisory and Assurance businesses.

Our Supervisory Board comprises [six members](#). These members are all external and independent of the firm's management. All Supervisory Board members are appointed by the shareholder, Coöperatie KPMG U.A.. Supervisory Board members are elected for terms of up to four years, and may serve no more than two terms. Our Supervisory Board members are also considered co-policymakers under the [Dutch Audit Firms Supervision Act](#). Board of Management members are appointed by our Supervisory Board, following approval by its shareholders, the cooperative. Members may serve up to a maximum of eight consecutive years. For further information, see our [Supervisory Board Report](#).

We aim for diversity among members of both our Board of Management and Supervisory Board. We believe diversity makes for better long-term decision-making. Diversity is built into the rules of procedure and profile descriptions for both the Board of Management and Supervisory Board. Under the rules, our aim is to have 50% women on our Supervisory Board and a minimum of 40% women (or, if applicable, 40% men) on the Board of Management. See the [Culture and inclusion, diversity & equity](#) section for more information.

Our Supervisory Board and Board of Management Rules may also be found online on the [KPMG N.V. website](#).

Our Board of Management



Stephanie Hottenhuis
CEO and Chair of the
Board of Management
Dutch, female, born 1965

Stephanie has been CEO and Chair of KPMG N.V.'s Board of Management since August 2018. She has over 20 years' experience in professional services.

Prior to joining KPMG, Stephanie served on the Executive Board of Arcadis. She was also formerly Director for Arcadis' European operations and the company's CEO in Germany. When appointed, Stephanie became the first woman to serve as CEO of our one of the Big Four accountancy firms in the Netherlands.



Marc Broskij
Chief Operating Officer
Dutch, male, born 1976

Marc first joined KPMG in 1999 as an audit professional, working with international companies.

After four years at Blokker Holding, he returned to KPMG and became Head of Finance and Chief Operating Officer for Assurance in 2019. Two years later, Marc was named Chief Financial Officer before being appointed Chief Operating Officer at the beginning of 2022/2023.



Edwin Herrie
Head of Advisory
Dutch, male, born 1970

Edwin started his career at NIBC Bank before going on to manage the Structured Finance Fund at APG.

He joined KPMG in 2000, establishing the firm's debt advisory team. In 2016, Edwin was named Head of Markets. He has been Head of Advisory since July 2020, and is Chair of the Leadership Team for Advisory.



Mariska van de Luur
Head of Assurance
Dutch, female, born 1972

Mariska has been Head of Assurance since October 2023, having joined KPMG as an auditor in 1995.

She became partner in 2007, specializing in healthcare and auditing public sector clients. In 2017, Mariska was appointed Vice-Chair in the Assurance leadership team, taking responsibility for managing national practice and partnership affairs. From July to October 2023, she served the role of interim Head of Assurance.

Supervisory Board Report

Letter from the Supervisory Board Chair

When reflecting on the past year, it is impossible to ignore the decreased stability and predictability of the world order, accompanied by increased polarization and a decline in trust in institutions. In these distressing times, people, businesses and governments alike seek certainty – for 'anchors'. There is a growing need for reliable information to counter misinformation and disinformation. Reliable information needs knowledgeable and trustworthy sources. The Supervisory Board believes that KPMG N.V. should fulfil this role and is uniquely positioned to do so.

Businesses and institutions increasingly feel responsible for the community in which they operate. ESG (Environmental, Social and Governance) is no longer an abstract concept but rather a touchstone for their actions. Therefore, there is a considerable demand for support and advice in pursuing ESG goals. There are also strong societal forces calling for reviews of ESG outcomes. The Supervisory Board applauds KPMG's efforts to lead in advising and providing assurance on ESG. Not only because there is a compelling business case but also because it will contribute toward creating a better society. A dedicated focus on societal developments is also a prerequisite for strengthening KPMG's appeal as an employer. Ongoing investment in diversity, inclusion and culture is vital to maintaining and attracting talent.

The Supervisory Board supports and encourages the focus on quality without compromise. Quality should not and cannot ever be sacrificed. Society cannot and does not expect this from KPMG N.V.. The fact that we suffered a slight decrease in the Quality Performance Review scores last year, after several years of steadily improving quality outcomes, is an incentive to increase our efforts in this regard. The Assurance Quality Committee, which includes all members of the Supervisory Board, will make undiminished efforts to stimulate this. Investments in new technology, such as artificial intelligence, will also strengthen audit quality. The continued rollout of the smart audit platform KPMG Clara is expected to play a major role in this.

The outcome of the [investigation into answer sharing](#), deeply shocked the Supervisory Board. It is totally unacceptable that over the last five years over five hundred people, at all levels of seniority, could participate in answer sharing for mandatory training tests. Along with the Board of Management, the Supervisory Board believes that KPMG must continue to thoroughly investigate the causes and take clear measures to prevent this in the future and to improve our ethical culture. The Supervisory Board intensified its supervisory role and initiated its own investigation followed by the stepping down of Roger van Boxtel as Chair of the Supervisory Board, and Marc Hogeboom as Head of Assurance.

Vice Chair Jolande Sap could only briefly serve as Chair following Roger van Boxtel's departure, because she served the maximum of eight years. During her entire tenure as Supervisory Board member, Vice-Chair and Chair of the Assurance Quality Committee, Jolande Sap made a major contribution to KPMG N.V.. The Supervisory Board hereby expresses its gratitude to her for her dedication. We are pleased to announce that we have appointed Sandra Berendsen as her successor. She possesses the knowledge and experience needed to make a significant mark on the Supervisory Board's work. Finally, the Supervisory Board also welcomes Mariska van de Luur as Head of Assurance and a member of the Board of Management. Her attention to the personal aspects of auditing and a sharp eye for quality make her a perfect addition to the Board of Management.

Given the current situation, I have been asked to act as Chair of the Supervisory Board for a maximum of 18 months. Although it is my pleasure to assume this role, I certainly do not underestimate the challenges it poses in these difficult times. Following the outcome of the [investigation into answer sharing](#), the PCAOB Settlement and the enhanced supervision of the AFM, the Supervisory Board has reflected on its own functioning as well as that of the organization.



Given KPMG N.V.'s importance to society and the inherent strength and quality of its partners and staff, I am convinced that its future is as bright as ever. Going into the next year, KPMG N.V. will continue to push toward this vision of the future, under our Board of Management, supported and supervised by the Supervisory Board in close cooperation with the Cooperative, as representatives of the equity partners, and the Works Council.

Bernard Wientjes

Chair of the Supervisory Board

Functioning of the Supervisory Board

The Supervisory Board is responsible for overseeing and advising the Board of Management, with a view to protecting public interest and creating long-term value for the firm's stakeholders. This includes advising on Assurance and Advisory businesses (as well as the challenges and opportunities that arise from KPMG being present in both businesses).

The Supervisory Board also advises the Board of Management on KPMG N.V.'s supporting organization, including the internal risk controls in place as part of the firm's Enterprise Risk Management (ERM) Framework. The Supervisory Board's responsibilities are set out in KPMG N.V.'s Articles of Association and the Board's own rules of procedure, available online.^[1]

Consultation with internal and external stakeholders

Members of the Supervisory Board regularly meet other internal stakeholders. These stakeholders include Board members at Coöperatie KPMG U.A., equity partners, employees, Young Board Now and representatives from the firm's Works' Council. The Board also maintains regular contact with KPMG International, clients, regulators and other external stakeholders. These conversations keep the Supervisory Board informed of developments, and help it constantly assess and review its role within KPMG N.V..

Current Board composition and membership of committees

At the end of 2022/2023, our Supervisory Board comprised six members. Each of these members complied with the profile description set out in the Supervisory Board Rules. Taken together, the Board has considerable expertise in management, finance, IT, risk and compliance, ESG, governance and human resources.

On 25 June 2023, Roger van Boxtel stepped down as Supervisory Board Chair, two years ahead of the end of his mandate. He made the decision to resign after admitting that he had received assistance in completing a training test. On his resignation, Vice-Chair Jolande Sap served as interim Chair with immediate effect, until 18 August 2023 – the end of her second and final mandate as a member of KPMG N.V.'s Supervisory Board. Linda Hovius took over as interim Chair as of the end of the term of Jolande, until 13 September 2023, when Bernard Wientjes was appointed Chair. He was Chairman of the Supervisory Board for 6.5 years between 2015 and 2021 and has now been appointed for a maximum period of 1.5 years. One other new member was appointed to the Supervisory Board during the year: as of 1 September 2023, Sandra Berendsen will further strengthen the Board's diversity and expertise, particularly in ESG.

¹ *These rules of procedure are compliant with the Audit Firms Supervision Act and measures introduced by the Royal Netherlands Institute of Chartered Accountants as part of its 2014 Public Interest Report, as well as the Supervisory Board's 'Toezichtsvisie'. For more information, please see KPMG's website.*

Details of Board members, their appointments and committee membership may be found in the table below:

Supervisory Board members	Appointed	First term, ending	Second term, ending	Committee memberships	Relevant experience
Gosse Boon	1 August 2016	2020	2024	Assurance Quality Audit & Risk	Legal, Finance & Management
Claartje Bulten	1 September 2020	2024		Assurance Quality Audit & Risk	Legal
Kuldip Singh	1 March 2022	2026		Assurance Quality Audit & Risk	Digital technologies
Linda Hovius^[1]	8 March 2022	2026		Assurance Quality Remuneration & Appointment	Industry experience, Finance & Management
Sandra Berendsen^[1]	1 September 2023	2027		Assurance Quality Remuneration & Appointment	Industry experience, Finance & Management
Bernard Wientjes^[2]	13 September 2023	n/a	n/a	Assurance Quality	Leadership, Industry experience, Change Management, Quality Management

¹ Supervisory Board members appointed on the recommendation of the Works' Council are, by law, members of the Board's Remuneration & Appointment Committee. Of the Committee's current members, this provision applies to Linda Hovius and Sandra Berendsen only.

² Bernard Wientjes re-joins as temporary Chair of the Supervisory Board for a period of 1.5 years. He will, among other things, be responsible for appointing a future Chair.

Former members, leaving Board during 2023	Appointed	First term, ending	Second term, ending	Committee memberships	Date of departure
Roger van Boxtel (Chair)	1 June 2021	2025		Assurance Quality Remuneration & Appointment	Resigned position on 25 June 2023
Jolande Sap (Vice-Chair)	19 August 2015	2019	2023	Assurance Quality Remuneration & Appointment	Served as Chair between 25 June and 18 August, end of her second and final mandate as a member of the Supervisory Board

Board independence

All Supervisory Board members qualify as *independent* under the terms of the Dutch Corporate Governance Code and Audit Firms Supervision Act (as well as KPMG N.V.'s own Supervisory Board Rules). Members' independence is monitored by the Ethics & Independence unit, part of our Quality and Risk Management function. Supervisory Board members are obligated to notify KPMG N.V.'s Ethics & Independence department of any material change in their positions. Members' continued independent status is verified at all meetings of the Supervisory Board, and members must inform the Chair of potential conflicts of interest.

Training and evaluation

There is a training curriculum for all Supervisory Board members that comprises:

- Board program training modules and meetings
- Internal KPMG and other e-learning courses (covering subjects such as data privacy, Board independence and information protection)

There is also an extensive induction program for new Supervisory Board members. During the past year, the Supervisory Board focused its training program on ESG, digital, and inclusion, diversity & equity.

Board evaluation

When relevant during the year, discussions took place during closed preparatory sessions of the Supervisory Board. Profile and composition of the Supervisory Board were extensively discussed in light of (upcoming) vacancies and the conclusions thereof were implemented in the recruitment processes. The performance of the members of the Board of Management (against agreed targets) was discussed in advance of the yearly evaluation conversations with members of the Board of Management.

In February 2023 a joined session of the Supervisory Board and the Board of Management took place to assess the cooperation between the Supervisory Board and the Board of Management. This session was facilitated by an external party. In September 2023 the Supervisory Board underwent the annual self-assessment. In this self-assessment inter alia the composition of committees of the Supervisory Board, board room dynamics with the Board of Management and the functioning of the members of the Supervisory Board and the Board of Management were discussed. As a follow-up action, another joint session with the Board of Management to evaluate the cooperation took place in November 2023.

Members of the Supervisory Board



Bernard Wientjes Chair of the Supervisory Board

Dutch, male, born 1943

Bernard has been Chair of the Supervisory Board since September 2023. This is his second time as Chair, having already served for 6.5 years between 2015 and 2021.

Bernard is an entrepreneur who has been in charge of a family-owned business for over three decades and was chairman of the employer's association VNO-NCW. He was also a member of the Executive Board of Villeroy & Boch and is Emeritus Professor of Entrepreneurship and Leadership at the University of Utrecht.

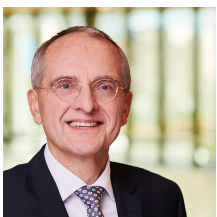


Sandra Berendsen Chair of the Assurance Quality Committee and member of the Remuneration & Appointment Committee

Dutch, female, born 1973

Sandra was appointed as a member of the Supervisory Board in September 2023. She is a dairy farmer, and co-owner of the Addink-Berendsen farm.

She also worked for nearly 20 years with accountancy firm Countus in Zwolle. Sandra (formerly) served on the boards of Royal FrieslandCampina N.V., ForFarmers N.V., and Alfa Accountants and Advisors. For four years, she was Ambassador for the industry group Global Dairy Platform.



Gosse Boon Chair of the Audit & Risk Committee and member of the Assurance Quality Committee

Dutch, male, born 1959

Gosse was first appointed to the Supervisory Board in 2016. He is also Chair of the Supervisory Board at Albron and Vice-Chair of Royal BAM Group's Supervisory Board.

In addition, Gosse acts as an expert member – or lay judge – at the Enterprise Chamber, part of the Dutch Court of Appeal. Gosse was previously CFO and member of the Executive Board at Nutreco and, prior to that, at Van Gansewinkel Group. He also worked at Unilever for 20 years in various senior general management, supply chain, finance and IT positions.



Claartje Bulten
Member of the Audit &
Risk and Assurance Quality
Committees

Dutch, female, born 1975

Claartje works as a professor of company law at Radboud University in Nijmegen. She has been a member of the Supervisory Board since 2020.

She is also Chair of the Van der Heijden Institute, which specializes in business law, and Chair of the Dutch Ministry of Justice & Security's Committee on Company Law. Previously, Claartje served as a crown member of the Netherlands' Social and Economic Council and clerk of the Enterprise Chamber of the Dutch Court of Appeal.



Linda Hovius
Vice-Chair of the
Supervisory Board, Chair
of the Remuneration &
Appointment Committee,
and member of the
Assurance Quality
Committee

Dutch, female, born 1961

Linda was appointed to the Supervisory Board in March 2022 after being a boardroom consultant for many years.

She was formerly founder and managing partner at Aberkyn and Director of Consulting Staff at McKinsey & Co. in Amsterdam. In addition to her position at KPMG N.V., Linda is also a non-executive board member at Flow Traders, Royal FloraHolland and Triple Jump Impact Investment, as well as a member of the Advisory Board at Vereniging Rembrandt and Vice-Chair of the Royal Holland Society of Sciences and Humanities.



Kuldip Singh
Member of the Audit &
Risk and Assurance Quality
Committees

Dutch, male, born 1973

Kuldip has been a member of the Supervisory Board since March 2022. He is a business economist by profession, has two post-graduate degrees and attended Harvard Business School.

Previously, he worked for Innogy Retail International in digital and digital business transformation. He was also Global Head of Digital Transformation Customer Solutions at E.ON Group, Chief Operating Officer at Sanoma Digital, and CEO and CFO of Grüner + Jahr in India. Kuldip is also a member of the Supervisory Board at Tennet, chair of the Supervisory Board at Kyndryl and Whiffle, and he is a lecturer in 'Digital Technology, AI and Cyber Security' for the supervisory board training program at Governance University.

Board activities in 2022/2023

During the past year, the Supervisory Board worked closely with KPMG N.V.'s Board of Management in several important areas:

- Strategy and value creation (implementation of the firm's long-term vision and strategy; digital & innovation; business growth; regulatory developments; new business models and services; and brand management)
- Quality and independence (implementation of a vision/strategy for quality; policies, controls and measures to further improve quality and protecting independence and supporting a broader culture of quality within the firm)
- Culture (helping the Board of Management create a culture that encourages high performance, innovation and integrity; supporting greater openness, diversity and inclusion and encouraging our people to show accountability and leadership)

During the year, the Supervisory Board held 6 meetings, based on the annual plan, each beginning with a closed preparatory session. In light of the [investigation into answer sharing](#) and the impact it had on both Boards, many further meetings were held on this subject during the year. Attendance at all regular meetings was 100%.

The meetings addressed a number of topics – some part of the Board's annual planning, others relating to events or developments during the year. Principal topics discussed in 2022/2023 were:

- The investigation into answer sharing, including preliminary Root Cause Analysis (RCA), mitigating measures, and communication with stakeholders.
- Recent developments in the firm's operating environment, including the economic slowdown, rising prices, climate change and continued skills shortages within the profession
- Trust & Growth, with the Board regularly reviewing progress on the firm's strategy, focusing on quality, ESG and digital & innovation
- Annual Integrated Report, with the Board discussing the external auditor's report prior to publication (in the presence of both the auditor and the Board of Management)

Work of Supervisory Board Committees

The Supervisory Board operates through three committees: Assurance Quality, Audit & Risk, and Remuneration & Appointment. The [terms of reference](#) for these committees can be found online. Committee meetings are attended by subject matter specialists, where necessary.

Assurance Quality Committee (AQC)

Responsibilities	<p>Overseeing the firm's system of controls affecting audit quality, independence, integrity and stakeholder/public interest</p> <p>Advising the Board of Management on quality performance</p> <p>Approving the long-term vision and strategy to further improve the firm's approach to quality</p>
2022/2023 meetings and other activities	<p>All Supervisory Board members are also members of the AQC. AQC meetings are held in the presence of members of the Board of Management. The AQC held five meetings during the year.</p> <p>The main topics of discussion were:</p> <ul style="list-style-type: none"> • Results of external inspections • Outcomes of Quality Performance and Engagement Quality Control Reviews • Annual ratings for the firm's equity partners with respect to quality • Recent policy developments in the Dutch accountancy sector • Implementation of KPMG Clara and ISQM 1



I became Chair of the Assurance Quality Committee on 1 September, toward the end of a year marked by the investigation into answer sharing, the outcome of which shocked us all. The AQC agrees that what happened was unacceptable. We strongly encourage the remedial measures taken and support further improvements related to the assessment of mandatory training and internal culture. As the AQC, we were pleased to see the prioritization of audit quality. This is crucial, as being a leader in audit quality means maintaining a high level of focus. As we achieved a lower-than-targeted QPR score, our goal is to further improve our QPR scores and to strengthen audit quality through Root Cause Analysis, analyzing recurring findings and implementing improvements. We were pleased to see success in mandatory firm rotations. Finally, we will continue to monitor employee well-being and work volume in light of the measures management has taken to maintain KPMG N.V.'s supportive, ethical culture and its focus on psychological safety – and we look forward to seeing further measures in the near future."

Sandra Berendsen

Chair of the Assurance Quality Committee

Audit Risk Committee (ARC)

Responsibilities	<p>Monitoring the functioning of the firm's ERM framework, as well as compliance with laws and regulations, including the EU's General Data Protection Regulation (GDPR)</p> <p>Overseeing financing of operations, financial and non- financial reporting, the firm's tax position, and the use of IT</p> <p>Advising on accounts, budgets and investments, and monitoring delivery of the Trust & Growth strategy</p> <p>Nominating, selecting, assessing and maintaining regular dialogue with the firm's external auditor^[1]</p>
2022/2023 meetings and other activities	<p>The ARC met 7 times in 2022/2023 in the presence of the Chief Operating Officer, Chief Financial Officer and Head of the Internal Audit & Compliance Office. Representatives from the new external auditor PwC were also present at relevant moments in several meetings. During the year, one closed meeting took place involving the ARC and the previous external auditor BDO.</p> <p>The main topics of discussion were:</p> <ul style="list-style-type: none"> • Business plan, financial and business performance, tax, insurance, fraud risk, ERM and 'soft controls' • External audit scope, approach and fees, and annual management letter • Cybersecurity as part of the firm's overall digital and data strategy • Enterprise service management • Internal audit & compliance plan and Annual Report, M&A strategy and IT general controls • Findings from internal and external audits and follow-up actions • Annual accounts and Annual Integrated Report for 2022/2023 • GDPR compliance

¹ The external auditor is assessed annually, using the following criteria: professional performance, communications, independence and professional criticism, and expertise/composition of the audit team. The auditor's independence is also (re-)confirmed every year. We started working with a new external auditor in 2022/2023: PwC Netherlands.



The past year saw new COO and CFO leadership. The ARC is pleased to observe that these personnel changes have left unchanged the high ambition levels and continuous improvement mindset in the finance/IT areas. Internal controls and reporting remained at high levels. Furthermore, it is encouraging that fruitful cross-fertilization between Finance/IT and Advisory took place e.g. in the areas of enterprise service management (ServiceNow) as well as the maturity assessments of cyber security and GDPR, respectively."

Gosse Boon

Chair of the Supervisory Board's Audit & Risk Committee

Remuneration & Appointment Committee (RAC)

Responsibilities	<p>Overseeing remuneration, selections and (re-)appointments</p> <p>Monitoring compliance with policies related to remuneration and appointments</p> <p>Reviewing performance of Board of Management members</p> <p>Advising Supervisory Board on appointment or dismissal of external auditors</p>
2022/2023 meetings and other activities	<p>The RAC held 5 meetings during the year, with the CEO and Chief HR Officer present for most agenda items.</p> <p>At these meetings, the main topics of discussion were:</p> <ul style="list-style-type: none"> • Results of the annual Global People Survey (and follow-up actions), together with Young Board representatives. • Overview of the firm's People Agenda, including talent management; culture; inclusion, diversity & equity; and psychological safety • Search for and selection of a new Supervisory Board Chair, a new member of the Supervisory Board, and a new Head of Assurance • Overseeing the firm's policies and procedures for the appointment of partners and directors • Setting of key performance indicators and performance assessment for members of the Board of Management



We enjoyed a regular agenda for the RAC and productive and insightful RAC meetings for the most part of the year, discussing topics like culture, psychological safety, diversity and inclusion, talent development, reward & recognition, retention and attrition. The last quarter has had its challenges, given the stepping down of both the Chairman of the Supervisory Board and the Head of Assurance, and the conclusion of Jolande Sap's final term. In that regard, we were very happy to see Sandra Berendsen join RAC and the Supervisory Board on 1 September 2023.

We were pleased to see high retention scores, considering the current skills shortage, while at the same time the company is upping the ante of performance management. KPMG N.V.'s human approach remains incredibly important to both of those things, something that was confirmed in our conversations with representatives from the Young Board Now, who enthusiastically give constructive and honest feedback and with whom we greatly enjoy working as RAC. Operational effectiveness of the HR systems and diversity and inclusion were further topics of attention for the RAC, as they are crucial for an impactful and efficient HR organization."

Linda Hovius

Chair of the Remuneration & Appointment Committee

Remuneration Report

Across KPMG N.V., we have a clear, consistent approach to remuneration. Our people are entitled to both a fixed salary and performance-related variable pay. In determining variable pay, we consider several criteria. Of these, the most important is *quality*. As a matter of policy, professionals who underperform on quality are not eligible for variable pay. However, we do reward those who go beyond the original scope of their roles and/or have a positive impact on their team and the company as a whole.

For all our people, performance is assessed against pre-agreed annual goals, which are linked to KPMG N.V.'s business plan, culture, values and behaviors. Performance is graded; we use these grades – plus an individual's potential career path – to determine remuneration. As a company, we regularly benchmark our remuneration against peers to ensure we remain competitive.

For engagement leaders – i.e., those leading audits or advisory projects with clients – performance scores are determined using standardized quality and risk metrics (including the results of external reviews and internal monitoring programs, "leading by example", and timely completion of training).

Partners

Our equity partners do not receive salary and have a different remuneration structure. Each year, they receive a share of profits, which is also adjusted for performance (starting with quality). In 2022/2023, partners received an average profit-share of EUR 457,000, a decrease of 39% compared with the previous year (EUR 752,000). This was predominantly caused by the PCAOB penalty and the costs of the [investigation into answer sharing](#). Pay for partners is determined by two factors: the company's profit for the year and personal performance. Management monitors closely any partners scoring 4 or 5 (the two lowest grades). For these, individual improvement plans are put in place. This process is overseen by the Supervisory Board. Equity partners – in both Assurance and Advisory – are subject to clawbacks; this allows the firm to recover part of their annual management fees in the case of "demonstrably culpable conduct". As such, clawbacks were also part of the (financial) sanctions imposed following the investigation into answer sharing. A deferred profit-sharing scheme is also in place for assurance partners (in line with measure 3.5, published by the Royal Netherlands Institute for Chartered Accountants).

Board of Management

Members of the Board of Management receive fixed compensation. They are not eligible for variable pay. Equity partners serving as members of the Board of Management are also excluded from profit sharing. The remuneration for Board of Management members is determined at the beginning of each year by the Supervisory Board, based on levels of partner pay over the past three years (so-called rolling mechanism), market trends and professional responsibility. This is done in order to focus remuneration on the longer term performance of the firm. The CEO – as non-equity partner – is in specific circumstances eligible for a termination payment and receives retirement benefits as participant of the pension scheme agreement. When evaluating the performance of members of the Board of Management, the Supervisory Board takes into account personal performance, as well as members' approach to long-term KPIs in areas such as quality, public trust, client satisfaction, people management and sustainable business growth.

For this current year the remuneration of the Board of Management does not reflect the PCAOB penalty and the costs of the [investigation into answer sharing](#). By way of the rolling mechanism, these costs will be reflected in the Board remuneration in the coming three fiscal years accordingly. Please refer to our [Financial Statements](#) for details of the Board of Management's annual remuneration.



Supervisory Board

Members of the Supervisory Board receive fixed annual fees. They received a total remuneration of EUR 461,000 (2021/2022: EUR 320,000). Remuneration (in EUR) for 2022/2023 can be specified as follows:

Roger van Boxtel	Gosse Boon	Claartje Bulten	Linda Hovius	Jolande Sap	Kuldip Singh	Sandra Berendsen	Bernard Wientjes
71,000	79,000	76,000	79,000	69,000	76,000	7,000	4,000

Statement of Effectiveness

Statement on the effectiveness of the System of Quality Management of KPMG as at 30 September 2023

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM 1) and KPMG International Limited Policy, KPMG N.V. and its subsidiaries (jointly referred to as 'KPMG') have responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by KPMG.

The objectives of the System of Quality Management are to provide KPMG with reasonable assurance that:

- a. KPMG 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 KPMG or engagement partners are appropriate in the circumstances.

Integrated quality monitoring and compliance programs enable KPMG to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management. The programs include the conduct of an internal review of compliance with the independence regulations and the monitoring that the continuing education policy of the partners, directors and staff of KPMG has been followed.

If deficiencies are identified when we perform our annual evaluation of the System of Quality Management, we evaluate the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of KPMG's System of Quality Management as of 30 September 2023, we identified a deficiency that was evaluated as having an effect on our System of Quality Management that was severe but not pervasive. We evaluated actions taken to address the identified deficiency and concluded that those actions were effective in limiting the effect of the deficiency as of 30 September 2023. Further details in respect of the identified deficiency are included in the [PCAOB Order concerning investigation into answer sharing section of the Integrated report](#).

As of 30 September 2023, except for matters related to the identified deficiency that has a severe but not pervasive effect, the System of Quality Management provides KPMG with reasonable assurance that the objectives of the System of Quality Management are being achieved.

Amstelveen, 30 November 2023^[1]

Stephanie Hottenhuis

CEO of KPMG N.V. and Country Senior Partner

¹ The statement as of the end of our financial year is dated on 30 November 2023, when we finished our test work and issued the statement in accordance with the instructions of KPMG International.

Managing risk

We use an Enterprise Risk Management (ERM) framework to identify risks. Once identified, we take measures to prevent or mitigate these risks. Ultimately, risk management is the responsibility of our Board of Management. Twice a year, we review the effectiveness of our internal controls and risk-mitigation measures on an enterprise level. The Board of Management also regularly discusses risk with the Supervisory Board.

Our risk appetite

Our business is based on trust – we realize that any loss of trust could adversely affect our social or market position. Our objective – through risk management – is to ensure the long-term security of our business.

We operate in a complex environment. Some risks are inherent to our business. We will accept some net risk (i.e., the risk remaining after mitigation measures) on the condition:

- That it is in line with our overall strategic objectives and contributes responsibly to achieving them
- That it does not violate our core values or quality standards.

As a matter of principle, we will not take on net risk that promotes revenue growth at the expense of our sustainability standards or principles, as defined in our Impact Plan.

On decisions that may affect public trust in KPMG N.V., we have a relatively low appetite for risk (given the importance of trust to our business). For decisions relating to growth, our appetite is moderately higher.

Key risks

In the course of our business, we face both financial and strategic (including operational and compliance) risks.

Financial risks consist of financial reporting risks and financial positions risks. The financial reporting risk relates to the financial statements containing a material misstatement, either due to fraud or error. Financial position risks generally fall into three main categories: credit risk, liquidity risk and market risk. Strategic risks vary from non-compliance with laws and regulation, to a loss of public trust, breach of privacy, or failure to meet stakeholder expectations regarding management of environmental, social or governance (ESG) topics.

We carry out an annual assessment of our strategic risks, updated every six months. This assessment is based on detailed discussion with our Board of Management and other business leaders. As part of this assessment, risks are assessed according to impact and percentage likelihood.

See our [Consolidated Financial Statements](#) for further disclosures on our financial risks and [Our material topics](#) for how we manage risks and opportunities arising from our material topics.

Overview of our financial and financial reporting risks

Our risk appetite with regard to financial reporting is low. That is why the business is continuously monitored and managed through internal processes which include monthly financial reporting. We consider the risk as low. Estimates and complex valuations for example are used on a very limited basis.

Our risk appetite with respect to our financial risks is low, as the risks could be substantial, and for that reason we monitor the following financial position risks on a monthly basis. Based on the current state of affairs, the financial reporting is prepared on a going-concern basis.

Credit risk	This relates to potential losses for KPMG N.V. in the event of a client or counterparty default.
	We keep our exposure under constant monitoring. Clients' creditworthiness is routinely checked for transactions above a certain amount. All cash is deposited at banks with a minimum BBB credit rating. Our risk is also diversified, given the limited number of clients that may owe payments at any given time.
Liquidity risk	This relates to KPMG N.V. being unable to meet its financial commitments because of a lack of available liquidity.
	Our aim is to ensure, as far as possible, that there are always liquid funds available. This avoids financial loss and damage to KPMG N.V.'s reputation. Surplus funds are deposited in business savings accounts or held aside for specific periods.
Market risk	This relates to changes in market prices adversely affecting income or asset values.
	We aim to keep market risks within acceptable limits (while maximizing income). Changes in exchange and interest rates, if persistent, will have an impact on KPMG N.V.'s profit.

Overview of strategic risks (including operational and compliance risks)

Risk	Risk Appetite	Potential impact	Mitigation measures
Failure to comply with quality or professional standards	Low	Loss of public trust; damage to reputation among clients; possible claims from clients or regulatory fines or even temporary or permanent loss of audit license	<p>Extensive system of quality management, including quality improvement programs, based on rigorous root cause analysis</p> <p>Engagement Quality Control Reviews (EQCRs), where appropriate</p> <p>Implementation of clear standards and robust audit methodology</p> <p>Board of Management "steering on quality"</p> <p>Rigorous client and engagement acceptance procedures</p>
Inability to adapt business to strategy, client base, brand positioning or changes in economic conditions	Low	Weaker market position; increased risk of litigation; inability to develop, maintain or monetize high-quality assets and services	<p>Priorities and focus areas clearly identified as part of strategy</p> <p>Code of conduct and detailed policies governing client and engagement acceptance, auditor independence</p> <p>Continuous monitoring of resource availability and review of business model</p> <p>Investment in key client products and services</p>
Failure to create a fast, innovative and inclusive culture	Low	Lower employee engagement; reduced ability to compete in labor market; eventual loss of efficiency and quality	<p>Clear values and behaviors</p> <p>Identification of culture as a <i>business differentiator</i></p> <p>Strategic investments in digital technologies, data and AI</p> <p>Performance KPIs cascaded through organization</p>

Risk	Risk Appetite	Potential impact	Mitigation measures
Failure to execute strategy or business plans successfully	Low	Missed targets or objectives; loss of confidence in management reduced morale among partners and other professionals	Clear governance procedure and independent Supervisory Board Regular reporting on progress to Board of Management Constant monitoring against strategic priorities Cascading strategic key performance indicators to individual professionals
Inability to attract or retain talented professionals to work for KPMG N.V.	Low	Disengaged staff; lower productivity; potential lost revenue and market share; failure of succession planning	KPMG Story, encompassing the group's purpose, values, vision, strategy and promise Extensive system of workforce planning Clear career paths, succession planning and global mobility program Firm-wide inclusion, diversity & equity program
Impact of hostile political, social or media environment	Medium	Reputational damage, weakening in social license to operate	Contingency programs to manage impact on brand and reputation Independent Supervisory Board with responsibility to take into account interests of stakeholders
Not making full use of the collaboration within the KPMG network	Low	Missed opportunities to share knowledge; potentially inadequate resources for investment	Alignment with network strategy and investment priorities Increasing international collaboration with KPMG International and other member firms
Inability to scale resources or skills in changing economic conditions	Low	Loss of market opportunities; reduced ability to attract new clients or talent	Strengthening technical capacity, as well as enhancing ESG and digital skills Extensive training and education programs Innovative resourcing model
Failure to meet regulators' expectations or correct non-compliance with laws and regulations	Low	Loss of public trust; reputation damage; potential fines or other regulatory sanctions	Regular, constructive dialogue with regulators Qualified individuals appointed to leadership positions Internal policies and controls to reduce risk of non-compliance Strict approval process for products and services
Breaches of privacy, loss of data or other technology risk	Low	Possible loss of service delivery, Reputation damage and possible loss of clients, Potential litigation or regulatory sanctions (including fines)	Robust IT security policies and processes ISO 27001 accreditation for cyber security management Ongoing training and awareness campaigns Business continuity management



Fraud risk assessment

We believe our fraud risk with a financial impact is relatively low; this is because preventing and detecting fraud is an inherent part of our business. Fraud risk may be detected through regular risk assessments because of its potentially significant impact on other strategic and financial risks. Even so, we recognize that fraud risk is structurally present in our business. We take measures to mitigate this risk, including policies, procedures, training, monitoring and regular reporting, as well as clear values in our Code of Conduct and elsewhere. We have found these measures to be effective in reducing “net risk” to acceptable levels.

Note on climate change risk

Climate risk is incorporated into our overall risk management processes, along with other ESG risks. As an office-based company, KPMG N.V. is not responsible for significant carbon emissions. We do, however, work with clients exposed to greater climate risk (including energy and resources, infrastructure and financial services). Our main climate risk relates to clients operating in these sectors, i.e. that they may face sanctions or fines, damage to their reputation, or fail to adopt more sustainable, low-carbon technologies quickly enough. To counter climate-related risks, we are embedding ESG issues, including climate, across our Assurance, Advisory and Business Services units. We are also executing our Impact Plan to reduce emissions from our own business activities and extending our reporting on climate and the environment. For more information, please see [Managing our environmental, social and governance impact](#).

Internal policies and controls

We have a series of internal policies, controls and guidelines. These support our formal system of governance and decision-making. We have a [Code of Conduct](#), which applies to all KPMG member firms. All employees are required to abide by the Code's provisions. The Code sets out commitments in areas ranging from compliance and maintaining quality to fair competition and independence. The Code also details employees' responsibilities – the conduct and behavior we expect of the people working for KPMG. Employees are required to undergo training on the Code. The [KPMG International Hotline](#) meanwhile allows employees and outside parties to report suspected violations in confidence.

Alongside the Code, we have separate policies covering areas such as risk management, remuneration and data privacy. We also have a [Global Supplier Code of Conduct](#), a [Business & Human Rights Statement](#) and [Corporate Tax Policy](#), committing KPMG to maintaining a constructive and open relationship with tax authorities, to pay its fair share of tax and not to use artificial structures that bear no relationship to our business. We also publish an annual [Modern Slavery Statement](#).^[1] These policies and controls are supported by mandatory training – to ensure partners and employees are fully aware of their responsibilities. Many of our policies are based on international commitments, including the [UN Global Compact](#) and the [UN Guiding Principles for Business and Human Rights](#). KPMG is also a signatory to the [World Economic Forum's Partnering Against Corruption – Principles for Countering Bribery](#). See our [ISQM 1 statement for the effectiveness of our internal policies and controls during 2022/2023](#). We engage with our people on these policies through newsletters, webcasts and various means of communication on our intranet.

1 *In line with the UK's Modern Slavery Act*

Quality management

Quality remains our foremost priority. To manage our commitment to quality, we have an extensive System of Quality Management (SoQM). This system is in line with the International Standard on Quality Management (ISQM 1), which came into effect in December 2022. Our SoQM also meets the following standards and regulations:

- The International Code of Ethics for Professional Accountants
- Wet toezicht accountantsorganisaties (Wta, Dutch Audit Firms Supervision Act)
- Besluit toezicht accountantsorganisaties (Bta, Dutch Audit Firms Supervision Decree)
- Wet op het accountantsberoep (Wab, Dutch Auditors' Profession Act)
- Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Dutch Code of Ethics for Professional Accountants)
- Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics)

Our system describes how we ensure quality and accountability throughout the organization, and puts emphasis on quality management rather than simply quality controls (in line with ISQM 1).

Under the system, our Board of Management has ultimate responsibility for quality. The Board sets *tone at the top* and makes sure we have the right skills and knowledge within the organization to maintain quality standards. Every year, the Board reviews the effectiveness of our SoQM.

Within our business units, the Heads of Assurance and Advisory are responsible for managing and upholding our SoQM, assisted by our Country Quality & Risk Management Partner, who reports to the CEO and works closely with other member firms across the KPMG network.

All staff are required to understand and abide by quality management policies and procedures. To ensure this, staff undergo regular mandatory training and updates. In addition, we emphasize the importance of personal responsibility – it is important that quality is part of our DNA and is not regarded merely as an issue of compliance.

In addition, we have a Head of Audit Quality, whose role it is to oversee all quality initiatives, ensure we maintain our focus on quality and continue to identify areas of improvement. Our quality management policies apply to all KPMG member firms, and these are included in our Global Quality and Risk Management manual. Our Supervisory Board oversees our approach to quality, partly through the work of its Assurance Quality Committee.

Quality drivers

Our SoQM is built around ten quality drivers, ranging from culture and values to knowledge application, effective communications and nurturing diversity. Formally, our SoQM applies to Assurance, but where appropriate we use the same basic approach for Advisory and Business Services as well.^[1] Both in Assurance and Advisory, the Financial Supervision Office (Bureau Financieel Toezicht) performs inspections.^[2] We also track our performance internally through a series of Audit Quality Indicators (AQIs) and targets; reporting against these AQIs is done twice a year.

1 In Advisory, all projects worth over EUR 1 million are subject to active quality control and monitoring.

2 Inspections are carried out by various regulatory authorities, including the Authority for the Financial Markets (AFM), the US Public Company Accounting Oversight Board (PCAOB), the Royal Netherlands Institute of Chartered Accountants (NBA), NOREA (the Dutch professional organization for IT auditors), Financial Supervision Office (BFT), the central government audit services (Auditdienst Rijk, ADR), 'De Nederlandse Zorgautoriteit' (NZa) and 'Inspectie van het Onderwijs'.



For ease of use, these drivers are divided into three categories: *core drivers*, *value drivers* and *supporting drivers*, as follows:

Value drivers

	Live our culture and values	Quality begins with having the right culture – tone at the top is important in setting our culture. All other quality drivers depend, to one degree or another, on culture. Our values, behaviors and Code of Conduct all support our culture of quality.
	Embrace digital technology	We are committed to continuous innovation. Technology makes us more efficient, speeds up our processes, provides new insights and ultimately improves the quality of our audits.
	Apply expertise and knowledge	We continue to build on our technical expertise and knowledge – these are fundamental to quality. We have a clear, consistent audit methodology, beyond basic standards, supported by our KPMG Clara smart audit platform.
	Nurture diverse, skilled teams	We work hard to ensure our professionals have the right skills, experience and diversity. Quality is built into our HR processes from recruitment to reward and promotion.

Supporting drivers

	Associate the right clients and engagements	When taking on new work, we apply strict acceptance criteria – we don't want to work with clients who pose an unacceptable financial, operational or ethical risk.
	Assess risks to quality	We continuously assess risks to audit quality, and act to reduce or eliminate risk where possible. Failure to comply with quality or other professional standards is one of our strategic risks.
	Communicate effectively	We encourage open, honest and effective communication – this means obtaining feedback from clients and other stakeholders, and acting to make improvements.
	Be independent, objective and ethical	To ensure quality, our professionals must be independent and objective; they must live up to the highest ethical standards.

Core drivers

	Perform quality engagements	We base our audits on an assessment of likely risks. We consider all audit evidence, even if it's contradictory or inconsistent. Auditors are required to exercise their professional judgement and remain alert to possible biases.
	Monitor and remediate	We have programs to monitor quality and compliance – this allows us to identify deficiencies, perform Root Cause Analyses (RCAs) and remedy shortcomings where necessary.

Quality processes

Onboarding clients – We carry out thorough risk assessments before accepting new clients or engagements. These include background checks on management and ownership, identifying possible conflicts of interest, issues of independence, or any breaches of laws or regulations, including those relating to corruption and human rights. If necessary, we ask for additional safeguards or decline clients if issues cannot be resolved or we do not receive sufficient information to carry out our assessment.

Personal independence and rotation – For all employees, we have clear rules on personal independence, and a system of regular rotation for partners and other senior team members, so that no individual remains in an engagement longer than allowed or appropriate. KPMG complies with the applicable rotation requirements of the Wta, ViO, IESBA Code of Ethics and the US Securities and Exchange Commission where required. Monitoring of rotation requirements and overall threats to independence arising from the long-term association of senior member of the audit team is performed by engagement teams with use of tools and checklists. Compliance with partner rotation requirements is monitored centrally via partner portfolio review procedures. In 2022/2023, we carried out 158 personal independence audits, compared with 173 the previous year. During the year, we identified two independence violations, which were mainly related to untimely or incorrect internal registration. None of them impaired the independence of the firm.

Technical support – Technical support is provided by our Audit Quality Professional Practice Department (AQPPD) and our Quality & Risk Management Group. Our auditors can also access support through KPMG's global network. In 2022/2023, there were 713 technical consultations with the AQPPD on difficult or contentious issues (compared with 774 the previous year).^[1] Approximately 19% of these consultations related to 'going concern' issues and 11% issues related to fraud, money laundering and anti-bribery.

Engagement Quality Control Reviewer (EQCR) – For many engagements, we appoint Engagement Quality Control Reviewers to oversee decisions made by our assurance teams.^[2] In 2022/2023, EQCRs applied to 29%^[3] of all assurance engagements. We expect our partners to be closely involved in engagements, and measure this as an AQI. Partners' involvement helps set the right tone and ensures our teams benefit from partners' skills and experience. Partners and directors must demonstrate their commitment to quality before being promoted to these positions.^[4]

Quality monitoring and compliance – Across the firm, we have extensive quality monitoring and compliance programs, as well as quality coaching and training. These include regular Quality Performance Reviews (QPRs) and our KPMG Quality & Compliance Evaluation (KQCE) program. To support continuous improvement, we also perform Root Cause Analysis (RCAs) on problems emerging during our work; these RCAs are based on a five-step approach to: 1) define the problem; 2) collect and analyze relevant data; 3) determine the root causes; 4) decide and implement corrective actions; and 5) monitor the effectiveness of these actions. Our RCAs are conducted by an RCA team, which is part of AQPPD. In 2022/2023, we conducted engagement specific RCA on non-compliant quality reviews and all restatements. Furthermore, we carried out three RCAs on firm-wide issues, including the RCA related to the investigation into answer sharing. Generally, these RCAs showed the importance of:

- Maintaining a culture of quality, accountability and ethical decision-making
- Improving internal communications and didactic quality of our trainings
- Acting more quickly on reports of shortcomings in current processes

Internal quality reviews – In **Assurance**, Quality Performance Reviews (QPRs) are conducted regularly by our Internal Audit & Compliance Office, led by partners and senior management. Engagements are rated as follows:

- *Compliant* – i.e., the engagement complied, in all significant respects, with all relevant audit, assurance, accounting and other professional standards.

1 *KPMG N.V. has protocols governing technical consultations with AQPPD, including specific procedures to resolve any differences of opinion between professionals.*

2 *In Advisory, a second partner fulfills a similar function.*

3 *Percentage of engagements involving EQCRs.*

4 *For partners, we have a specific program called Audit Quality Curriculum for Partner Promotion.*

- *Compliant – improvement needed* – i.e., the engagement complied with relevant standards in all significant respects, but instances of non-compliance that were more than minor but not significant were also identified.
- *Not compliant* – i.e., the engagement did not comply with relevant standards in respect of a significant matter and remedial action was required.

In **Advisory**, QPRs are performed by our Functional Quality & Risk Management Partner. Two criteria are used to rate engagements: *engagement set-up* and *engagement execution*. Engagements are rated *green, yellow or red*; both *green* and *yellow* are considered satisfactory. Internal reviews are conducted throughout the year to assess quality and identify possible improvements. Findings are communicated to professionals and benchmarked against KPMG's global quality baselines.

Audit Quality Indicators (AQIs)

This table has been prepared in accordance with guidelines published by the Royal Netherlands Institute of Chartered Accountants (NBA). Definitions are provided in full [here](#).

◆ Value driver ♥ Supporting driver ● Core driver

Quality driver	Indicator
◆ Live our culture & values	GPS survey results relating to coaching and audit quality
◆ Embrace digital technology	Investments in developing new audit technologies and tools as % of total audit revenue
◆ Apply expertise and knowledge	Technical resources support (FTEs) as % of total audit FTEs
◆ Nurture diverse, skilled teams	Partner hours in PIE audit engagements
◆ Nurture diverse, skilled teams	Partner hours in non-PIE audit engagements
◆ Nurture diverse, skilled teams	Average number of hours spent in training per client-facing professional in audit
◆ Nurture diverse, skilled teams	Hours spent on PIE audit engagements by IT and other specialists
◆ Nurture diverse, skilled teams	Hours spent on non-PIE audit engagements by IT and other specialists
♥ Be independent, objective and ethical	Independence violations, both internal and external as % of total audit headcount
● Perform quality engagements	Number of technical consultations as % of total audit engagements
● Perform quality engagements	Percentage of engagements involving EQCRs
● Perform quality engagements	EQCR hours spent as % of total hours spent on EQCR engagements (scope: all EQCR engagements excl. three largest clients)
● Perform quality engagements	Financial statements with restatements as % of audit opinions issued
● Monitor and remediate	Results of external inspections
● Monitor and remediate	Results of internal KPMG N.V. audit inspections

Due diligence

The table below summarizes our ESG commitments, and processes in place to manage these commitments across our value chain, mitigate potential adverse impacts and to measure and monitor suspected violations or infringements of KPMG N.V. standards.

ESG risks	Commitments	Due diligence across KPMG N.V. value chain			Management approach
		Own operations	Upstream (suppliers)	Downstream (clients)	
Environmental (climate risk, both physical and transition risk)	<ul style="list-style-type: none"> Limit environmental impacts (Global Code of Conduct) Precautionary approach/development of environmentally-friendly technologies/greater environmental responsibility (UN Global Compact principles) 	Science-based targets to reduce environmental impact from own business activities	All suppliers are subject to our Supplier Code of Conduct, which includes ESG clauses. Furthermore, as part of contract management, we agree to KPIs on ESG aspects and discuss these quarterly with our suppliers.	Embedding ESG into both Assurance and Advisory engagements	ESG risks are included in our Enterprise Risk Management approach. This is supported by extensive internal policies and controls relating to ESG topics, including our Code of Conduct , which applies the same standards to KPMG employees, clients, suppliers and subcontractors. Outside stakeholders may report suspected violations of our standards in confidence via the KPMG International Hotline . We report on our ESG performance every year in our annual Integrated Report .
Social (human/labor rights violations)	<ul style="list-style-type: none"> Inclusive, healthy and safe work environment/work-life balance (Global Code of Conduct) Business and Human Rights Statement (in line with UN Guiding Principles on Business and Human Rights) Support for UN Declaration on Human Rights, Interational Labor Organization core standards Anti-bribery policy (UN Global Compact principles) Human rights/labor/anti-corruption (UN Global Compact principles) 	In-house IDE programs, skills development, career paths and proportional promotions	As above	Embedding ESG risks and factors into Assurance and Advisory services	
Governance (legal, regulatory or ethical risk)	<ul style="list-style-type: none"> Zero tolerance on unethical behavior/data protection/quality focus/fair competition (Global Code of Conduct) Corporate values (<i>Integrity, Excellence, Courage, Together, For Better</i>) 	Extensive SoQM, regular internal and external inspections, in-house training and education	As above	Established due diligence process for onboarding clients	

Stakeholder engagement

We maintain constant dialogue with our stakeholders; this helps us understand their needs, build trust and define value creation, as well as identify specific risks and opportunities for our business. We engage with our stakeholders, among others, through regular meetings, conferences, events and surveys.

Defining our stakeholders

To identify our stakeholders, we use a 360-degree definition – i.e., any individual or group affecting our business, operations or performance or who, in turn, may be affected by our activities or decision-making. Using this definition, we recognize six separate stakeholder groups:

- Clients (including public, private and volunteer sectors)
- Employees (including professionals, graduates and other jobseekers)
- Equity partners
- Wider society (including NGOs and local community groups)
- Regulators, policymakers and other standard setters
- Suppliers, business partners, membership associations and other KPMG member firms

Stakeholder group /methods of engagement	Principal issues addressed (2022/2023)
Clients	
Client satisfaction surveys (including client care interviews)	Regulatory changes (including CSRD)
Client events	Mandatory Firm Rotations (MFRs)
Visits by Board members (as part of our Client Connect program)	ESG/adoption of new digital technologies
Regular contact during assurance/advisory engagements	Price increases in both Assurance/Advisory Roll-out of KPMG Clara Continued public sector investment in infrastructure, healthcare etc.
Employees	
Annual Global People Survey (supported by multiple pulse surveys)	Ethical standards and (audit) quality
Dialogue with Works Council and KPMG Young Board	Workload/work-life balance
Performance reviews, training, education and awareness programs	Cost of living and approach to pay
Regular internal communications	Psychological safety in workplace
Careers section on website, in-house days and KPMG events for jobseekers and professionals	Inclusion, diversity & equity programs and initiatives
Partnerships with universities and business schools	New career paths (ESG/digital) Introduction of new target operating models
Equity partners	
Quarterly partner meetings	Maintaining high standards of ethics/audit quality
General shareholder meetings/meetings with Management Board of Coöperatie KPMG U.A.	Financial performance/rising costs
Performance reviews, training, education and awareness programs	Strategic investments program

Stakeholder group /methods of engagement	Principal issues addressed (2022/2023)
Global People Survey and pulse surveys	Introduction of target operating models Skills shortages, recruitment and succession planning
Wider society	
Thought leadership through KPMG Insights, surveys and other publications	Support for community initiatives
Support for community initiatives	Thought leadership program (including KPMG Insights)
Press releases and engagement with media	Roll-out of KPMG Impact Plan Investigation into answer sharing related to mandatory training tests
Regulators, policymakers and other standard setters	
Inspections by external regulators	Investigation into answer sharing related to mandatory training tests, inspection of our system of quality control regarding engagement quality control reviews (EQCR), as well as inspection of the role of the EQCR on four engagements
Participation in public conferences, debates and round tables	Maintaining audit quality and ethical culture
Feedback given on proposed legislation and rule changes	Introduction of ISQM 1
Quarterly meetings with the Dutch Authority for the Financial Markets (AFM)	New EU non-financial reporting requirements (CSRD) Future of audit (including education) Audit quality indicators
Suppliers, business partners and other KPMG member firms	
Regular dialogue with other KPMG member firms	Group projects (including KPMG Clara)
Global projects (including KPMG Clara, Service Now, and Connected, Powered, Trusted)	Key alliances (such as Microsoft, Salesforce, SAP and ServiceNow)
KPMG representation in professional and industry associations	Increasing prices for goods and services
Regular engagement with suppliers and other business partners during projects	Use of group resources (e.g. Global Growth Accelerator and KPMG Delivery Network)

Membership associations

As part of our stakeholder management, we engage in different membership associations. These include the Confederation of Netherlands Industry and Employers, VNO-NCW; the Dutch network for Sustainably Responsible Organizations, MVO Nederland; UN Global Compact Network Netherlands, a network to promote the sustainability of companies with the aim of improving the lives of future generations; and Anders Reizen (Travel Differently), a coalition with the aim of reducing business travel emissions with 50% in 2030.



Financial statements & notes

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2023

EUR 000		2022/2023	2021/2022
Revenue	5	710,955	655,446
Other income	6	30,786	31,193
Operating income		741,741	686,639
Costs of outsourced work and other external charges	7	70,331	63,938
Employee benefits expenses	8	399,242	352,829
Depreciation, amortization and net impairment loss	5, 14, 15	37,071	36,110
Other expenses	9	147,197	106,840
Operating expenses		653,841	559,717
Operating result		87,900	126,922
Finance income	10	899	188
Finance expenses	11	-9,971	-7,629
Profit before income tax		78,828	119,481
Income tax expense	12	1,907	2,066
Fees payable to Coöperatie KPMG U.A.	13	76,293	117,415
Profit and total comprehensive income for the year		628	-
<i>Profit and total comprehensive income attributable to:</i>			
Owners of the Company		628	-
Non-controlling interest		-	-
		628	-

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 30 September 2023

EUR 000		30 September 2023	30 September 2022
Assets			
Non-current assets			
Intangible assets and goodwill	14	13,905	13,554
Property, plant and equipment	15	142,048	135,081
Other financial assets	16	3,788	6,302
Contract assets	5	6	-
Deferred tax assets	12	1,786	2,340
Total non-current assets		161,533	157,277
Current assets			
Contract assets	5	38,229	34,142
Receivables	17	165,653	122,991
Cash and cash equivalents	18	136,154	179,267
Total current assets		340,036	336,400
Total assets		501,569	493,677
Equity and liabilities			
Equity			
Share capital	19	5,500	5,500
Share premium		17,960	16,970
Reserves		5,768	6,396
Profit for the year		628	-
Total equity		29,856	28,866
Non-current liabilities			
Loans and borrowings	20	158,819	154,816
Employee benefits	21	1,632	1,910
Provisions	22	12	-
Total non-current liabilities		160,463	156,726
Current liabilities			
Loans and borrowings	20	98,938	135,074
Trade and other payables	23	67,847	58,459
Employee benefits	21	41,484	51,335
Provisions	22	43,879	200
Contract liabilities	5	59,102	63,017
Total current liabilities		311,250	308,085
Total liabilities		471,713	464,811
Total equity and liabilities		501,569	493,677

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 30 September 2023

EUR 000		2022/2023	2021/2022
Profit for the year		628	-
<i>Adjustments for:</i>			
Income tax expense	12	1,907	2,066
Impairment trade receivables and contract assets		189	181
Depreciation and amortization	14, 15	36,927	35,469
Net impairment loss	14	88	528
Finance income	10	-899	-188
Finance expenses	11	9,971	7,629
Gain on sale of shares in KPMG Investments Malta Ltd.		-	-4,634
Cash flows before movements in working capital and provisions		48,811	41,051
Change in contract assets	5	-4,093	-1,885
Change in receivables	17	-45,303	-25,447
Change in other assets		2,560	482
Change in contract liabilities	5	-3,915	7,780
Change in trade and other payables	23	10,379	6,720
Change in provisions	22	43,063	-613
Change in employee benefits	21	-10,129	5,867
Cash flows from operating activities		41,373	33,954
Income tax paid		-2,344	-1,681
Net cash from operating activities		39,029	32,273
Acquisition of property, plant and equipment	15	-6,019	-6,685
Investment in software	14	-2,578	-1,574
Net proceeds of sale shares in KPMG Investments Malta Ltd.		-	4,634
Net cash used in investing activities		-8,597	-3,625
Addition to share premium by partners		2,310	2,160
Net (repayment)/proceeds of loans and borrowings from partners	20	-35,638	20,277
Net (repayment)/proceeds of loans and borrowings from former partners	20	-1,234	532
Interest paid to Coöperatie KPMG U.A. re partners and former partners	11	-5,945	-4,530
Repayment of share premium to Coöperatie KPMG U.A.		-1,320	-990
Interest and bank charges paid		-4,054	-3,126
Interest received	10	899	188
Payment of lease liabilities		-29,453	-29,830
Proceeds of employee bonds	20	2,040	1,977
Repayment of employee bonds	20	-1,150	-632
Net cash used in financing activities		-73,545	-13,974
Net change in cash and cash equivalents		-43,113	14,673
Cash and cash equivalents at 1 October		179,267	164,594
Cash and cash equivalents at 30 September	18	136,154	179,267

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Transactions attributable to owners of the Company

EUR 000	Share capital	Share premium	Reserves	Profit for the year	Total equity
Balance at 1 October 2021	5,500	15,800	6,396	-	27,696
2020/2021 Result appropriation	-	-	-	-	-
Total comprehensive income for the year					
Profit/(loss) for 2021/2022	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners of the Company recognized directly in equity					
Contributions and distributions					
Repayment	-	-990	-	-	-990
Additions by partners	-	2,160	-	-	2,160
Balance at 30 September 2022	5,500	16,970	6,396	-	28,866
Balance as at 1 October 2022, as previously reported	5,500	16,970	6,396	-	28,866
Adjustment on initial application of amendments to IAS 37	-	-	-628	-	-628
Balance at 1 October 2022	5,500	16,970	5,768	-	28,238
2021/2022 Result appropriation	-	-	-	-	-
Total comprehensive income for the year					
Profit/(loss) for 2022/2023	-	-	-	628	628
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners of the Company recognized directly in equity					
Contributions and distributions					
Repayment	-	-1,320	-	-	-1,320
Additions by partners	-	2,310	-	-	2,310
Balance at 30 September 2023	5,500	17,960	5,768	628	29,856

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General

1.1 Reporting entity

KPMG N.V. (the Company) is the holding company of companies that operate in the Assurance or Advisory business segments. Coöperatie KPMG U.A. (the Cooperative) holds the shares in KPMG N.V. The only members of the Cooperative are the practice companies of the partners. On the basis of a management agreement the services of the partners are made available to the Cooperative. The Cooperative subsequently makes the services of the partners available to KPMG N.V. and its subsidiaries.

Coöperatie KPMG U.A. is the ultimate parent company of KPMG N.V. KPMG N.V. is registered with the Dutch Chamber of Commerce under number 34153857, and is a member firm of the KPMG network of independent member firms affiliated with KPMG International limited (KPMG International), a private English company limited by guarantee.

KPMG N.V.'s registered office in the Netherlands is at Laan van Langerhuize 1-11, 1186 DS Amstelveen. The Company's consolidated financial statements for the year include the financial statements of the Company and its subsidiaries and the Group's investments in associates. The Company and its subsidiaries are jointly referred to as 'KPMG' or 'the Group'.

1.2 Reporting period

The Company's financial year runs from 1 October to 30 September of the following calendar year.

The financial statements for 2022/2023 were approved for issue by the Board of Management on 24 May 2024.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code. The consolidated financial statements have also been prepared on a historical cost basis, unless otherwise stated in the respective note or [Note 3 Significant accounting policies](#).

2.2 Functional currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All tables and amounts are in thousands of euros unless otherwise stated. In addition, all amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with EU-IFRS requires the Board of Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expenses. The estimates and associated assumptions are based on past experience and various other factors considered reasonable in the circumstances.

The estimates and underlying assumptions are assessed periodically. Any revised estimates are accounted for in the period in which they are revised, if such revision only affects that period, or the period in which the revision is made and future periods, if the revision has implications for both the period under consideration and future periods.

Judgements

Information about judgements as at 30 September 2023 that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- [Note 22 Provision for claims/legal proceedings](#) (key judgement relates to the possibility of receiving a claim).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 30 September 2023 that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- [Note 5 and 17 Measurement of unbilled services and trade receivables](#): in the measurement of ECL allowance for trade receivables and contract assets, key assumptions relate to the determination of the weighted-average loss rate;
- [Note 22 Provision for claims/legal proceedings](#) (in the recognition and measurement of provisions and contingencies, key assumptions relate to the likelihood and magnitude of an outflow of resources).

Other areas that require management to make judgements, estimates and assumptions relate to deferred tax assets (assumptions include the availability of future taxable profit against which deductible temporary difference and tax losses carried forward can be utilized), intangible assets (in the impairment test of intangible assets and goodwill, key assumptions are included relating to underlying recoverable amounts, including the recoverability of development costs), lease liabilities due to the use of Incremental borrowing rates to discount the future payments and financial instruments (key assumptions relate to the measurement of fair values as described below).

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews the Group's significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, management uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in [Note 24 Financial instruments and associated risks](#).

2.4 Going concern

The financial statements have been prepared on a going concern basis.

2.5 Application of Section 402, Book 2 of the Dutch Civil Code

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate profit and loss account of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the separate financial statements, as included.

2.6 Changes in IFRS and other accounting policies/Accounting policies adopted for the preparation of the consolidated financial statements

The Group has adopted the following new standards, interpretations and/or amendments to a standard with a date of initial application of 1 October 2022 unless otherwise stated:

- Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements 2018-2020. The amendments in IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

Except for the changes in IAS 37, the implementation of the above-mentioned amendments did not have an effect on profit or equity. A number of other changes to IFRSs are not applicable to the Group. The nature and effect of the changes in IAS 37 are explained below.



The Group has adopted Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37) from 1 October 2022. This resulted in a change in the accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analyzed all contracts existing at 1 October 2022 and determined the contracts that are onerous, applying the revised accounting policy.

At the date of initial application, the cumulative effect of applying the amendments amounting to EUR 628 is recognized as an opening balance adjustment to retained earnings.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by all companies included in the consolidation, except those explained in [Note 2.6](#), which address changes in accounting policies.

3.1 New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these consolidated financial statements.

They will be applied as of 1 October 2023 or later:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The amendments clarify how the classification of liabilities as current or non-current should be determined;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions for which equal amounts of deductible and taxable temporary differences arise on initial recognition;
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease provided that the transaction satisfies the requirements in IFRS 15 to be accounted for as a sale;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

These amendments are not expected to have a material impact on profit or equity. Management is currently investigating the impact of the changes in IAS 12.

A number of other changes to IFRSs are not applicable to the Group.

3.2 Consolidation principles

3.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

A list of significant subsidiaries is included in [Note 26](#) List of subsidiaries.

3.2.2 Loss of control of subsidiaries

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of other comprehensive income. Any resulting gain or loss is recognized in the statement of profit or loss.

3.2.3 Transactions eliminated on consolidation

Intra-group balances, intra-group transactions and any unrealized gains or losses on transactions within the Group are eliminated in preparing the consolidated financial statements.

3.3 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the exchange rate as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate as at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of profit or loss and other comprehensive income.

When derivative financial instruments are used to hedge exposure to foreign exchange risks of recognized monetary assets or liabilities, hedge accounting is not applied.

A gain or loss on the hedging instrument is recognized in the statement of profit or loss.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2 Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

In this case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model, the objective of which is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis. The Group has not elected to present subsequent changes in the investment's fair value in OCI for any equity investments.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group has not designated any financial asset to be measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way in which the business is managed and information is provided to management.

For the purposes of assessing whether the contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

After initial recognition, financial instruments are valued in the manner described below.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group has the following other non-derivative financial liabilities: loans and borrowings, and trade and other payables.

3.4.3 Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.4.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4.5 Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are in general recognized in profit or loss.

3.5 Property, plant and equipment

3.5.1 Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where property, plant and equipment consist of significant parts that have different useful lives, they are accounted for as separate items under property, plant and equipment.

3.5.2 Right-of-use assets

For information regarding right-of-use assets, see [Note 3.6 Leases](#).

3.5.3 Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group, and that the cost of the asset can be measured reliably. All other costs are recognized as expenses in the statement of profit or loss and other comprehensive income when they are incurred.

3.5.4 Depreciation

Depreciation is recognized in the statement of profit or loss and other comprehensive income in accordance with the straight-line method over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

- Fittings, fixtures and alterations: up to ten years;
- Computers and communications equipment: five to eight years;
- Office furniture and equipment: five to eight years depending on the lease term;
- Buildings: up to fifteen years depending on the lease term;
- Lease cars: four to five years depending on the lease term.

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Leases

The Group has long-term property leases, leases for cars and leases for printers and photocopiers.

Lessee accounting

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of either the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements or modifications of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. In general, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments less temporary deductions;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured if there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of cars that have a lease term of 12 months or less. The Group recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

- For disclosure on right-of-use assets, please see [Note 25](#);
- For disclosures regarding interest expenses on lease liabilities, please see [Note 11](#);
- For disclosure on leasing related cash outflows and the split between interest and principal payments, please see the consolidated statement of cash flows;
- For disclosures on lease liabilities and maturity analysis, please see [Note 20](#);
- For future lease obligations, please see [Note 24.3](#).

Lessor accounting

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is considered an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3.7 Intangible assets and goodwill

3.7.1 Goodwill

Goodwill is stated at cost less accumulated impairment losses, if any. An impairment loss is recognized if the recoverable amount of the cash generating unit to which the goodwill pertains is lower than its carrying value.

3.7.2 Intangible assets

Purchased software and licenses are stated at cost. Software development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. If not, the costs of software development are recognized in profit or loss as incurred.

Subsequent to initial recognition, software is measured at cost less accumulated amortization and any accumulated impairment losses. Expenditure on research activities is recognized in profit or loss as incurred.

Each category is amortized over its estimated useful life, except for licenses with an indefinite useful life, as follows:

- Software five to eight years;
- Software under construction is not amortized until ready for use or sale.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

The useful life of an intangible asset that is not being amortized is reviewed in each annual reporting period to determine whether events and circumstances continue to support an indefinite useful life for that asset.

3.8 Contract balances

Contract balance comprises mainly unbilled services and other contract assets. Unbilled services represent the gross unbilled amount expected to be collected from customers for rendering services performed to date. It is measured at cost plus profit recognized to date, in proportion to the progress of the project, less progress billings and recognized losses.

Unbilled services are presented as part of contract assets for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as part of contract liabilities.

3.9 Impairment

3.9.1 Intangible and tangible assets

The carrying amount of the Group's tangible and intangible assets with a definite useful life is reviewed in case there is an objective indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. In the event that the recoverable amount is lower than the carrying amount, an impairment loss is recognized in the consolidated statement of profit or loss. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time, irrespective of indications that they are impaired.

The recoverable amount of an asset represents the greater of the fair value less cost to sell and the value in use. In determining the value in use, the present value of the estimated future cash flows is calculated on the basis of a discount factor before tax that reflects the current market estimates of the time value of money and the specific risk to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

Impairment losses in respect of goodwill cannot be reversed. An impairment loss related to other assets is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount, and only to the extent that the asset's carrying amount on the reporting date does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.9.2 Financial assets measured at amortized cost

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortized cost; and
- Contract assets.

The Group currently does not own any debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities and bank deposits that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, together with informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days overdue.

The Group considers a financial asset to be in default if:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days overdue.

The Group considers a debt security to have low credit risk if its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher based on the rating scale employed by credit rating agency Moody's Investor Services, or BBB- or higher as per S&P Global Ratings or Fitch Ratings.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI, if any, are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty experienced by the borrower or issuer;
- A breach of contract such as a default or being more than 90 days overdue;
- The restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Group measures ECLs on a collective basis. Financial assets are grouped on the basis of shared credit risk characteristics, where the main driver is instrument type. In addition, credit-impaired or defaulted loans are assessed individually.

3.10 Employee benefits

3.10.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and if the obligation can be estimated reliably.

3.10.2 Pension schemes

The Group has an individual defined contribution pension plan (het.kpmg.pensioen) for all employees, which is administered by an insurance company.

3.10.3 Long-term employee benefits

The net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method, and is discounted to determine its present value. The discount rate is the yield at the reporting sheet date on AA credit-rated corporate bonds that have maturity dates approximating the term of the obligations.

These employee benefits relate primarily to supplementary WIA (Occupational Disability Insurance Act) benefits and a provision for long-service benefits.

3.11 Provisions

A provision is recognized in the statement of financial position when, as a result of a past event, the Group has a legal or constructive obligation that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

A provision for claims and/or legal proceedings is recognized following an evaluation of the matters that resulted in the Group being held liable by third parties, or the matters in which the relevant circumstances are such that it is reasonable to assume that they will result in the Group being held liable on the grounds of alleged failure to perform professional duties.

An assessment has been made on a case-by-case basis as to whether it is probable that the case will involve an outflow of resources from the Group. The estimates of both the probability of an outflow of resources and the amounts required involves a degree of uncertainty due to the nature of making such estimations. In general, such proceedings are long-term in nature and estimates are therefore revised from time to time. The amounts provided for include legal expenses, and are presented net of expected reimbursements from the insurance company where appropriate. Reimbursements from the insurance companies are recognized when it is virtually certain that reimbursement will be received when settling the obligation.

Employee benefits provisions relate to long-term disability benefit supplements, pay-out obligations for secondary years of illness and long-service entitlements. The provisions for long-term disability benefit supplements is carried at its present value using a discount rate of 4.4% (2021/2022: 3.8%), the pay-obligations for secondary years of illness are carried at present value using a discount rate of 1.9% (2021/2022: 1.1%) and long-service entitlements are carried at present value using a discount rate of 4.4% (2021/2022: 3.8%) and taking account of staff turnover probability.

3.12 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group has determined that for assurance and advisory services, the Group recognizes revenue when (or as) it satisfies a performance obligation by transferring services to a customer. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

The Group has elected to apply the practical expedient of IFRS 15.63. That means it does not adjust the promised amount of the consideration for the effects of a significant financing component if the Group expects, at the inception of a contract, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies, is described below.

Assurance and advisory services

Nature and timing of satisfaction of performance obligations, including significant payment terms

The Group has determined that for assurance and advisory services, the customer controls all of the work in progress as the services are being provided. Furthermore, under such contracts, services provided do not create an asset with an alternative use to the Group as they relate to facts and circumstances that are specific to the customer and, in the event that a contract is terminated by the customer, the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin, unless a contract is onerous.

Invoices are issued according to contractual terms and are usually payable within 15 days. Amounts not yet invoiced are presented as unbilled services, as part of contract assets or contract liabilities.

Revenue recognition

Revenue is recognized over time by measuring the proportion of costs incurred to date compared with the estimated total costs of the service.

For those contracts with a constrained variable consideration that is highly susceptible to factors outside the Group's influence (e.g. success fees), the constrained amount is not included in the transaction price until the uncertainty associated with the variable consideration is resolved.

In contracts with multiple performance obligations, the stand-alone selling price of assurance and advisory services is estimated based on the cost-plus margin approach.

Software as a Service (SaaS) licenses

Nature and timing of satisfaction of performance obligations, including significant payment terms

Customers obtain control of the SaaS over time, during the period that the customer has the ability to consume and receive benefit from its access to the SaaS. Invoices are issued according to contractual terms and are usually payable within 15 days. Amounts not yet invoiced are presented as unbilled services.

Revenue recognition

Revenue is recognized over time using a time basis as a measure of progress after the go-live date of the SaaS.

In contracts with multiple performance obligations, the stand-alone selling price of SaaS is based on the list prices at which the Group sells the SaaS licenses. In the event that discounts are given in those contracts, and there is no observable evidence that the discount corresponds completely to a single performance obligation, the discount is allocated proportionally to all performance obligations of the contract.

3.13 Other income

Included in other income are amounts billed to third parties for services other than assurance and advisory services. This relates to housing expenses and IT services charged externally, primarily Meijburg & Co and KPMG International, which occupy buildings leased by the Group. Furthermore, the Group employs personnel working for KPMG International at KPMG Staffing & Facility Services B.V. These costs are rebilled in full to KPMG International.

3.14 Finance expenses

Finance expenses comprise interest payable on borrowings, which is calculated using the effective interest method, interest on leases, which is calculated using the incremental borrowing rate, and foreign exchange gains and losses.

3.15 Finance income

Interest income is recognized as it accrues in the statement of profit or loss and other comprehensive income using the effective interest method.

3.16 Fees payable to Coöperatie KPMG U.A.

In accordance with KPMG regulations and management agreements, partners are entitled to a variable contractual fee as compensation for services performed. This variable fee is equal to the profit after income tax of KPMG N.V. before deducting the variable fee and excluding the amount the Board of Management proposes to add to the reserves.

These contractual fees payable are recognized as expenses in the statement of profit or loss and comprehensive income.

3.17 Income taxes

Under management agreements, all earnings of KPMG N.V. are distributed to the partners, through Coöperatie KPMG U.A., who pay tax on these earnings. The Group has a ruling for corporate income tax purposes, under which the total net income before tax is subject to corporate income tax at the level of Coöperatie KPMG U.A., KPMG N.V., and the practice companies of the individual equity partners respectively. For this reason, the income tax payable by the Group itself is limited.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. For the financial year 2022/2023, the tax rate applied was 25.8% for 2023 and later years (2021/2022: 25% for 2022 and 25.8% for 2023 and later years).

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only in the event that certain criteria are met.

3.18 Principles for presentation of the consolidated cash flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments.

Cash flows in foreign currencies are translated at the rate at the date of the cash flow. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes and dividends received are presented under the cash flow from operating activities. Dividends paid, issuance of share capital, interest received, interest paid and payments of lease liabilities are presented under the cash flow from financing activities.

4 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has the following primary operating segments, which have been identified based on the way operations and financial information are organized and financial information is reported to the Board of Management:

- Assurance;
- Advisory.

The operating results of all operating segments for which discrete financial information is available is reviewed regularly by the Board of Management so that it can make decisions about resources to be allocated to the segment and to assess the segment's performance.

As the Group operates in the Netherlands, there is only one geographic segment.

The pricing of intersegment transactions is determined in accordance with the applicable internal policies.

The Group's operating segments are its reportable segments.

Information about reportable segments

Information related to each reportable segment is set out below. Net sales, Income and Operational results are used to measure performance as management believes this information to be the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. In addition, average FTEs per segment are closely monitored.

Segmentation 2022/2023	Assurance	Advisory	Total reportable segments	Other segments and intersegment eliminations	Total
Net sales	378,268	271,790	650,058	-	650,058
Income	362,721	287,550	650,271	-2,073	648,198
Operational result	101,908	89,785	191,693	-111,492	80,201

The total of Net sales, Income and Operational result is reconciled to the amounts reported in the financial statements below. Other segments and intersegment eliminations include the elimination of revenues between operating segments on the one hand and central departments and support services on the other hand, on income level. On Operational result level, intersegment eliminations relate to the elimination of all costs of central departments and support services providing services to the operating segments.

	Assurance	Advisory	Total reportable segments	Other segments	Total
Average FTEs					
Equity partners	94	69	163	5	168
Other professionals	1,841	1,340	3,181	7	3,188
Support staff	158	89	247	603*	850
Total FTEs	2,093	1,498	3,591	615	4,206

Segmentation 2021/2022	Assurance	Advisory	Total reportable segments	Other segments and intersegment eliminations	Total
Net sales	342,005	250,765	592,770	-2	592,768
Income	330,189	261,640	591,829	-351	591,478
Operational result	94,025	91,121	185,146	-100,454	84,692

	Assurance	Advisory	Total reportable segments	Other segments	Total
Average FTEs**					
Equity partners	91	61	152	6	158
Other professionals	1,708	1,171	2,879	-	2,879
Support staff	156	70	226	534*	760
Total FTEs	1,955	1,302	3,257	540	3,797

* This includes personnel working for KPMG International.

** For comparison reasons average FTEs for 2021/2022 have been restated.

Reconciliation of information on reportable segments to the amounts reported in the financial statements

EUR 000	2022/2023	2021/2022
Net sales and income		
Net sales	650,058	592,768
Adjustment internal revenue	-1,860	-1,290
Income	648,198	591,478
Client related expenses	62,757	63,968
Consolidated revenue	710,955	655,446
Operational result		
Operational result	80,201	84,692
Advanced fees paid to the Cooperative	40,158	37,606
IFRS 16 adjustments	2,439	1,976
Extraordinary results	-34,898	2,648
Consolidated operating result	87,900	126,922

Work performed by employees for internal purposes (adjustments internal revenue) is included in net sales for internal reporting purposes. This is excluded from income or consolidated revenue.

Income for internal reporting purposes is exclusive of client-related expenses, such as travel expenses, expense declarations or external client-related invoices. When these expenses are invoiced to the client, they are included in consolidated revenue.

Operational result presented for internal reporting purposes includes “notional” advanced fees paid to Coöperatie KPMG U.A. as a cost element, while they are not a cost element under IFRS. In addition, for internal reporting purposes, IFRS 16 is not followed and therefore the effects thereof are presented as a reconciling item. For internal reporting purposes, certain items that are considered one-off and non-operational are presented separately and are therefore not considered part of operational result, however they are included in consolidated operating result. In 2022/2023 these extraordinary results comprise, amongst others, expenses for claims and legal proceedings and non-operational expenses related to the PCAOB Settlement and costs of the answer sharing investigation.

5 Revenue

Revenue streams

The Group generates revenue primarily from single or multiple performance obligations to deliver assurance and advisory services. The main component of these contracts is labor.

EUR 000	2022/2023	2021/2022
Revenue from contracts with customers	710,955	655,446

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary service lines.

EUR million	Wet toezicht Accountantsorganisaties (Wta) audits	Other financial statements audits	Other assurance services	Total assurance services	Advisory services	Total
FY 2022/2023						
OOB clients (Wta)	76.7	5.7	9.1	91.5	-	91.5
Non-OOB clients (Wta)	165.3	16.5	10.4	192.2	14.3	206.5
Other audit clients	-	48.2	7.9	56.1	4.6	60.7
Other clients	-	-	15.9	15.9	336.4	352.3
Total	242.0	70.4	43.3	355.7	355.3	711.0
Of which revenue is related to:						
Assurance	242.0	70.4	43.0	355.4	46.4	401.8
Advisory	-	-	0.3	0.3	308.9	309.2
Total	242.0	70.4	43.3	355.7	355.3	711.0
FY 2021/2022						
OOB clients (Wta)	70.1	4.9	9.4	84.4	-	84.4
Non-OOB clients (Wta)	136.1	18.6	11.4	166.1	9.9	176.0
Other audit clients	-	49.4	7.0	56.4	4.3	60.7
Other clients	-	-	12.9	12.9	321.4	334.3
Total	206.2	72.9	40.7	319.8	335.6	655.4
Of which revenue is related to:						
Assurance	206.2	72.9	40.2	319.3	45.1	364.4
Advisory	-	-	0.5	0.5	290.5	291.0
Total	206.2	72.9	40.7	319.8	335.6	655.4

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

EUR 000		2022/2023	2021/2022
Trade Receivables which are included in 'Receivables'	17	114,945	107,887
Contract assets		38,235	34,142
Contract Liabilities		-59,102	-63,017

The contract assets primarily relate to unbilled services in relation to contracts with customers, amounting to EUR 38,205 as at 30 September 2023 (30 September 2022: EUR 34,142).

The remainder of the contract assets are related to costs to fulfil contracts where the Group performs set-up activities to deliver Software as a Service (SaaS licenses). These costs were determined based on the cost price of consulting hours related to the set-up activities performed before the go-live date of the SaaS licenses. These contract assets are amortized over the period that the SaaS license is provided to the customer.

The amount of amortization of contract assets during the year ended 30 September 2023 was EUR 56 (30 September 2022: EUR 113). The amortization expenses relate partly to contract assets formed during the financial year and partly to existing contract assets as at the start of the financial year.

The contract liabilities primarily relate to advance billings for various activities in line with KPMG's services to be provided. Contract liabilities also include setup activities that do not transfer a service to the customer on their own, but are necessary for the use of the SaaS licenses to be provided to the customer.

No amount has been recognized as revenue for the year ended 30 September 2023 (EUR 0 for the year ended 30 September 2022).

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6 Other income

Other sources of income include amounts billed to third parties for services other than assurance and advisory services. This relates to housing expenses and IT services charged externally, primarily to Meijburg & Co and KPMG International, which occupy buildings leased by the Group. Furthermore, the Group employs personnel working for KPMG International at KPMG Staffing & Facility Services B.V. These costs are rebilled in full to KPMG International. In 2021/2022, the Group's 15% interest in KPMG Investments Malta Ltd. was sold to KPMG UK for a total consideration of EUR 4.6 million, which has been included in other income in the comparative financial year.

7 Cost of outsourced work and other external charges

Costs of outsourced work and other external charges relate to third-party services, including those from other members of the KPMG network, and expenses directly attributable to engagements.

8 Employee benefits expenses

EUR 000	2022/2023	2021/2022
Salaries and other employee benefit expenses	333,714	299,411
Social security costs	43,353	34,589
Pension costs	20,947	18,247
Long-term employee benefits	146	15
Severance expenses	1,082	567
	399,242	352,829

Salaries and other employee benefit expenses increased by over 11% mainly in line with the increase in number of staff of more than 10% and additionally as a result of increased fixed pay. Social security cost have increased by over 25%, as in part of 2021/2022 discounts on social security premiums were applicable due to the covid pandemic, that were no longer applicable in 2022/2023. The average salary per KPMG employed FTE increased by 1.6% (2021/2022: increase 3.7%).

Total employee expenses increased by 13.2% (2021/2022: increase 16.6%).

Number of staff and partners

Average FTEs	2022/2023	2021/2022*
Professional staff	3,188	2,879
Support staff	711	639
Support staff for KPMG International	139	121
	4,038	3,639
Partners	168	158
	4,206	3,797

* For comparison reasons average FTEs for 2021/2022 have been restated.

Please see Note 6 Other income for more details with respect to support staff for KPMG International.

9 Other expenses

EUR 000	2022/2023	2021/2022
Other employee expenses	39,346	35,292
Travelling and representation expenses	20,481	14,344
Housing expenses	8,779	7,905
Office and IT expenses	16,808	17,438
(Reversal of) impairment on trade receivables	189	181
Other expenses	61,594	31,680
	147,197	106,840

Other employee expenses increased as a result of higher training costs and costs related to secondments of personnel.

Travel and representation expenses increased as a result of higher car lease expenses and increased travel compared to 2021/2022, which year was still impacted by COVID-19. Housing expenses increased due to higher rent (inflation) and catering costs. Office and IT expenses decreased due to less cost of IT supplies compared 2021/2022 when there was a larger demand for IT home office related supplies.

Other expenses included in Other expenses mainly relate to contributions to KPMG International, insurance expenses, legal expenses, AFM fees, expenses for legal proceedings and research and development costs. Expenses for legal proceedings include the PCAOB Settlement and related costs relating to the answer sharing investigation, and are net of reimbursement where appropriate.

An amount of EUR 8.7 million is recognized in the other expenses (employee expenses and IT expenses) related to research and development costs (2021/2022: EUR 7.8 million).



10 Finance income

EUR 000	2022/2023	2021/2022
Interest on lease receivables	73	120
Foreign exchange results	-	68
Interest on bank accounts	794	-
Other finance income	32	-
	899	188

11 Finance expenses

EUR 000	2022/2023	2021/2022
Interest expense on employee bonds	419	254
Interest expense due to Coöperatie KPMG U.A.	5,945	4,530
Foreign exchange results	244	102
Adding of interest and change in discount rate	-12	-535
Interest on lease liabilities	2,439	1,976
Interest and bank charges	936	1,302
	9,971	7,629

12 Income taxes

Under management agreements, all earnings of KPMG N.V. are distributed to the partners, through Coöperatie KPMG U.A., who pay tax on these earnings. The Group has a ruling for corporate income tax purposes, under which total net income before tax is subject to corporate income tax at the level of Coöperatie KPMG U.A., KPMG N.V. and the practice companies of the individual equity partners respectively. For this reason, income tax payable by the Group itself is limited.

Tax on the profit share of KPMG N.V. is calculated using the average tax rate applicable for the year. For 2022/2023, the average tax rate was 25.4% (2021/2022: 25.0%).

The table below provides a reconciliation between accounting profit and taxable profit.

EUR 000	2022/2023	2021/2022
Profit before income tax	78,828	119,481
Expenses related to early retired partners	-1,467	-274
Tax-exempt income	-694	-3,331
Non-deductible expenses	25,002	1,355
Temporary differences	-2,098	-2,130
Taxable profit	99,571	115,101

Non-deductible expenses mainly relate to the PCAOB Settlement.

Taxable profit is taxable at the level of:

EUR 000	2022/2023	2021/2022
KPMG N.V.	5,323	6,419
Coöperatie KPMG U.A.	1,140	1,076
Practice companies of the individual equity partners	93,108	107,606

12.1 Amounts recognized in profit or loss

EUR 000	2022/2023	2021/2022
Current tax expense		
Current year	1,353	1,605
Adjustments for prior years	-	-
	1,353	1,605
Deferred tax expense/(income)		
Recognized deductible temporary differences	554	461
Tax expense on continuing operations	1,907	2,066

12.2 Movement in deferred tax balances

EUR 000	Net balance at 1 October	Recognized in profit or loss (see 12.1)	Net balance at 30 September	Deferred tax asset	Deferred tax liability
2021/2022					
Property plant and equipment	1,977	-617	1,360	1,360	-
Jubilee benefits	245	-80	165	165	-
Lease liabilities	579	236	815	815	-
Deferred tax balance	2,801	-461	2,340	2,340	-
2022/2023					
Property plant and equipment	1,360	-680	680	680	-
Jubilee benefits	165	6	171	171	-
Lease liabilities	815	120	935	935	-
Deferred tax balance	2,340	-554	1,786	1,786	-

The key factors that determine the valuation of deferred tax assets are the probability of future taxable profits, the tax rates that are expected to be applied to temporary differences when they reverse, and the assumption that it is expected that the carrying amount can be recovered. No amount was recognized in profit or loss related to changes in enacted or substantially enacted tax rates (2021/2022: an increase of EUR 89).

12.3 Current tax balances

Coöperatie KPMG U.A. is head of the fiscal unity for income tax purposes. For this reason, current tax balances are included in the current account with Coöperatie KPMG U.A.

13 Fees payable to Coöperatie KPMG U.A.

The management fee payable to the partners, through Coöperatie KPMG U.A., is remuneration for professional services performed and entrepreneurial risk. Partners must make their own pension arrangements and pay social security costs from this fee.

The level of the management fees payable to individual partners reflects their roles and specific responsibilities as well as corresponding levels of performance and, to a certain extent, reflects growth based on seniority in their initial years as partners.

In addition to their management fee, the practice companies of the partners also received expense allowances amounting to a total of EUR 111 (2021/2022: EUR 104), car allowances amounting to EUR 2,617 (2021/2022: EUR 2,328) and interest on financing totaling EUR 5,945 (2021/2022: EUR 4,530). These costs are shown in the statement of profit or loss and other comprehensive income under other expenses and finance expenses respectively.

14 Intangible assets and goodwill

EUR 000	Goodwill	Software	Internally developed software	Licences	Total
Balance at 1 October 2021:					
Cost	6,395	17,765	3,971	544	28,675
Accumulated amortization and impairment	-	12,649	1,764	16	14,429
Carrying amount	6,395	5,116	2,207	528	14,246
Movements during 2021/2022:					
Additions	-	1,428	146	-	1,574
Amortization	-	-962	-776	-	-1,738
Disposals cost	-	-	-	-528	-528
Impairment	-	-10,839	-62	-544	-11,445
Disposals accumulated amortization	-	10,839	62	544	11,445
Balance at 30 September 2022	6,395	5,582	1,577	-	13,554
Cost	6,395	8,354	4,055	-	18,804
Accumulated amortization and impairment	-	2,772	2,478	-	5,250
Balance at 30 September 2022	6,395	5,582	1,577	-	13,554
Movements during 2022/2023:					
Additions	-	2,243	335	-	2,578
Amortization	-	-1,245	-894	-	-2,139
Impairment	-	-88	-	-	-88
Disposals cost	-	-164	-367	-	-531
Disposals accumulated amortization	-	164	367	-	531
Balance at 30 September 2023	6,395	6,492	1,018	-	13,905
Cost	6,395	10,433	4,023	-	20,851
Accumulated amortization and impairment	-	3,941	3,005	-	6,946
Balance at 30 September 2023	6,395	6,492	1,018	-	13,905

Software

Software mainly relates to back-office systems. The remaining period of amortization as at 30 September 2023 is two to eight years (30 September 2022: two to eight years).

Internally developed software

Internally developed software mainly relates to digital risk software. During 2022/2023 an amount of EUR 335 was capitalized (2021/2022: EUR 146).

Impairment loss

In 2022/2023, an impairment of EUR 88 was recorded with respect to backup software that became economically obsolete and is no longer in use.

The impairment loss in 2021/2022 relates to a perpetual license in respect of cultural software, consisting of an app that was used to provide examples on how to surpass cultural differences when working together. The app became economically obsolete and is no longer in use. For this reason, the license was impaired to nil.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs). The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

EUR 000	30 September 2023	30 September 2022
KPMG Advisory	6,395	6,395

On an annual basis, the Group carries out impairment tests on capitalized goodwill, which are based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segment as reported in Note 4 Segment reporting. The recoverable amount of the relevant CGU is determined on the basis of its value in use. Determination of the value in use is performed by using estimated future cash flows, based on the 2022/2023 business plan approved by the Board of Management and further financial projections for the financial years through 2024/2025. Cash flows after this period are extrapolated by using a growth rate to calculate the terminal value.

The key assumptions in the cash flow projections are:

- Total revenue growth and result development, which is based on historical performance, expected future market developments, and the 2023/2024 business plan. For the period 2023/2024, a real revenue growth of 9.0% is included. For the period thereafter, KPMG has used a real growth of 0%, in addition to an inflation component based on inflation forecasts derived from the Economist Intelligence Group (IEU);
- A discount rate of 8.1% (2021/2022: 8.1%) to calculate the present value of the estimated future cash flows, to which pre-tax discount rates have been applied. The pre-tax discount rates are determined on the basis of the individual post-tax weighted average cost of capital calculated;
- An indefinite growth rate, including an inflation correction, based on the lowest of the risk-free rate assumed in the weighted average cost of capital and the long-term inflation forecasts derived from IEU: 2% (2021/2022: 2%).

The values assigned to the key assumptions represent management's assessment of future trends in the respective markets, and are based on both external and internal sources (historical and forward-looking data).

A sensitivity analysis has been performed, taking a change in the pre-tax weighted average cost of capital and the revenue growth expectations into consideration. An increase of 5 percentage points in the discount rate confirms sufficient headroom in the cash-generating unit.

Based on the outcome of the impairment tests, no impairments have been recorded.

15 Property, plant and equipment

	Fixtures fittings and alterations	Computers and communication equipment	Office furniture and equipment	Lease cars	Buildings	Total			
EUR 000	Owned	Owned	Owned	Right of use	Right of use	Right of use	Owned	Right of use	Total
Balance at 1 October 2021									
Cost	11,847	6,384	7,393	537	72,187	118,357	25,624	191,081	216,705
Accumulated depreciation and impairments	7,368	3,720	2,615	219	33,348	27,205	13,703	60,772	74,475
Carrying amount	4,479	2,664	4,778	318	38,839	91,152	11,921	130,309	142,230
Movements during 2021/2022:									
Additions	1,133	3,856	1,877	-	17,842	1,975	6,866	19,817	26,683
Depreciation	-866	-2,047	-1,082	-90	-17,772	-11,874	-3,995	-29,736	-33,731
Remeasurement	-	-	-	-	1,223	-180	-	1,043	1,043
Modification	-	-	-	-	3	-	-	3	3
Disposals cost	-4,459	-3,414	-571	-	-1,601	-	-8,444	-1,601	-10,045
Disposals accumulated depreciation	4,459	3,414	571	-	454	-	8,444	454	8,898
Balance at 30 September 2022	4,746	4,473	5,573	228	38,988	81,073	14,792	120,289	135,081
Cost	8,521	6,826	8,699	537	89,654	120,152	24,046	210,343	234,389
Accumulated depreciation and impairments	3,775	2,353	3,126	309	50,666	39,079	9,254	90,054	99,308
Balance at 30 September 2022	4,746	4,473	5,573	228	38,988	81,073	14,792	120,289	135,081
Movements during 2022/2023:									
Additions	1,560	2,200	2,259	-	25,774	824	6,019	26,598	32,617
Depreciation	-836	-2,010	-1,312	-91	-19,430	-11,109	-4,158	-30,630	-34,788
Remeasurement	-	-	-	-	402	7,923	-	8,325	8,325
Modification	-	-	-	-	-19	2,450	-	2,431	2,431
Disposals cost	-1,106	-1,422	-139	-	-2,489	-	-2,667	-2,489	-5,156
Disposals accumulated depreciation	1,106	1,422	139	-	871	-	2,667	871	3,538
Balance at 30 September 2023	5,470	4,663	6,520	137	44,097	81,161	16,653	125,395	142,048
Cost	8,975	7,604	10,819	537	113,322	131,349	27,398	245,208	272,606
Accumulated depreciation and impairments	3,505	2,941	4,299	400	69,225	50,188	10,745	119,813	130,558
Balance at 30 September 2023	5,470	4,663	6,520	137	44,097	81,161	16,653	125,395	142,048

16 Other financial assets

EUR 000	30 September 2023	30 September 2022
Profit share derivative of the employee bonds	–	64
Lease receivables	3,788	6,238
	3,788	6,302

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 24 Financial instruments and associated risks.

Further information on lease receivables is included in Note 25.2 Leases as Lessor.

17 Receivables

EUR 000	30 September 2023	30 September 2022
Trade receivables	118,056	110,444
Other receivables	38,807	5,045
Prepayments	8,790	7,502
	165,653	122,991

The recoverable amounts of trade receivables are estimated every quarter. The important factors to be considered when estimating trade receivables are historical performance, the terms and conditions of contracts, and progress on and results of work performed. Both expected macro-economic factors and the financial position of the debtor are important when assessing the loss allowance.

Unbilled services on contracts with customers are presented as contract assets in [Note 5](#).

Other receivables include receivables from the Dutch Tax Authorities, as well as insurance receivables with respect to legal proceedings.

17.1 Trade receivables

All trade receivables are due within one year.

Trade receivables are shown net of expected credit losses of EUR 603 (2021/2022: net of expected credit losses of EUR 1,033). In the statement of profit or loss and other comprehensive income a loss of EUR 189 (2021/2022: a loss of EUR 181) has been recognized under impairment on trade receivables.

17.2 Other

All other receivables are due within one year. The prepayments mainly consist of prepaid insurance premiums.

18 Cash and cash equivalents

Bank balances, including business savings accounts, are at the free disposal of the Group.

19 Equity

19.1 Share capital

The Company has an authorized capital of EUR 20,000 (2021/2022: EUR 20,000), which is divided into 800 shares of EUR 25 each (2021/2022: 800 shares of EUR 25 each). The issued share capital consists of 220 (2021/2022: 220) shares at a nominal value of EUR 25 each (2021/2022: EUR 25 each), representing a total nominal value of EUR 5,500 (2021/2022: EUR 5,500). All of the shares are fully paid up.

KPMG N.V. is obliged to distribute all earnings that constitute profits as contractual fees to Coöperatie KPMG U.A. or as dividend, except for the amount the Board of Management proposes to add to the reserves.

19.2 Reserves

The reserves contain the profits of previous years.

19.3 Appropriation of profit

The Group's profit totals EUR 628 and the Company proposes to add this amount to the reserves.

20 Loans and borrowings

EUR 000	30 September 2023	30 September 2022
Non-current loans and borrowings		
Loans payable to Coöperatie KPMG U.A. (partners)	53,684	52,289
Loans payable to Coöperatie KPMG U.A. (former partners)	1,009	1,321
Lease liability	104,126	101,206
Total non-current loans and borrowings	158,819	154,816
Current loans and borrowings		
Employee Bonds	4,911	3,903
Loans payable to Coöperatie KPMG U.A. (partners)	66,934	103,967
Loans payable to Coöperatie KPMG U.A. (former partners)	3,908	4,830
Lease liability	23,185	22,374
Total current loans and borrowings	98,938	135,074
	257,757	289,890

20.1 Employee Bonds

Employees have had the opportunity to participate in short-term employee bonds with a maturity of one year, a one-year EURIBOR + 3% base rate interest, and a variable surplus based on the realized profit before income tax of KPMG N.V. In 2023, 4,820 bonds with a nominal value of EUR 1 were issued, of which 103 bonds were redeemed early (2022: 3,922 bonds with a nominal value of EUR 1, of which 91 bonds were redeemed early). The balance includes an interest accrual for the expected payout of EUR 190 (2021/2022: EUR 72).

20.2 Loans payable to Coöperatie KPMG U.A. relating to partners

The interest charged on current accounts included in loans is 3.0% (2021/2022: 0.9%). Partners participate in a mandatory loan program totaling EUR 27.8 million as at 30 September 2023 (30 September 2022: EUR 25.9 million) bearing an interest of 8.0% (2021/2022: 8.0%). Partners also have the opportunity to subscribe to deposits with a duration varying between one and five years. The total amount subscribed as at 30 September 2023 was EUR 38.6 million, with an interest rate of 3.5% to 6.3% depending on the duration of the loan (30 September 2022: EUR 36.6 million with an interest rate of 2.5% to 6.3%).

Movements in financing by partners:

EUR 000	2022/2023	2021/2022
Balance at 1 October	156,256	135,979
Fees to partners under management agreements	76,293	117,415
Interest due to Coöperatie KPMG U.A. relating to partners	5,636	4,260
Other movements (net withdrawal)	-117,567	-101,398
Balance at 30 September	120,618	156,256

Other movements refer mainly to amounts withdrawn by partners.

20.3 Loans payable to Coöperatie KPMG U.A. relating to former partners

Non-current loans payable to Coöperatie KPMG U.A. relating to former partners comprise early retirement liabilities to former partners and have an average term of 2.0 years (2021/2022: 2.1 years) and an average interest rate of 3.5% (2021/2022: 2.9%). The average interest on current loans payable to former partners is 1.7% (2021/2022: 0.8%).

20.4 Lease liability

Lease liabilities are payable as follows:

EUR 000	30 September 2023			30 September 2022		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	25,425	2,240	23,185	24,526	2,152	22,374
Between one and five years	67,891	4,919	62,972	60,629	4,251	56,378
More than five years	44,369	3,215	41,154	48,208	3,380	44,828
	137,685	10,374	127,311	133,363	9,783	123,580

21 Employee benefits

EUR 000	30 September 2023			30 September 2022		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Long-term employee benefit obligations	375	1,632	2,007	255	1,910	2,165
Short-term employee benefit obligations	41,109	-	41,109	51,080	-	51,080
	41,484	1,632	43,116	51,335	1,910	53,245

Long-term employee benefits mainly consist of WIA supplement (Occupational Disability Insurance Act) benefits and provisions for long-service entitlements.

Short-term employee benefit obligations consist of accruals for variable pay amounting to EUR 17,343 (30 September 2022: EUR 30,279), holiday allowances amounting to EUR 13,492 (30 September 2022: EUR 11,790) and benefit-on-demand liabilities amounting to EUR 10,274 (30 September 2022: EUR 9,011). In addition, these obligations include a number of special schemes that relate to supplements to social benefits.

Movements in long-term employee benefits:

EUR 000	2022/2023	2021/2022
Balance at 1 October	2,165	2,715
Utilized	-247	-205
Addition	101	190
Adding of interest and change in discount rate	-12	-535
Balance at 30 September	2,007	2,165

22 Provisions

Movements in provisions in 2022/2023:

EUR 000	Onerous contracts	Claims and legal proceedings	Total
Balance as at 1 October, as previously reported	-	200	200
Adjustment on initial application of amendments to IAS 37	628	-	628
Balance at 1 October	628	200	828
Utilized	-567	-	-567
Addition	14	43,616	43,630
Balance at 30 September	75	43,816	43,891

The provision for onerous contracts relates to contracts with clients where the expected costs to complete the engagement exceed the expected benefits.

The provision for claims and legal proceedings relates to various claims and proceedings against the Group on the grounds of alleged failure to perform professional duties and other legal matters. The Group carries professional indemnity insurance.

In 2022, an investigation in relation to answer sharing during mandatory training tests was initiated. In April 2024, the PCAOB imposed a USD 25 million civil money penalty on KPMG.

In addition, the Group faces other claims and/or legal proceedings. No separate disclosure is made of the detail of claims and/or legal proceedings as to do so could prejudice seriously the position of the Group.

In situations where the Group estimates that it is probable that an outflow of economic benefits will be required, a provision is recognized.

The periods during which the provisions are expected to be utilized are as follows:

	30 September 2023			30 September 2022		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Onerous contracts	63	12	75	567	61	628
Claims and legal proceedings	43,816	-	43,816	200	-	200
	43,879	12	43,891	767	61	828

23 Trade and other payables

EUR 000	30 September 2023	30 September 2022
Trade payables	12,543	7,201
Tax and social insurance contributions	37,874	35,997
Other current liabilities	2,005	4,576
Accruals	15,425	10,685
	67,847	58,459

The Group's liquidity risk relating to trade and other payables is disclosed in Note 24.3 Liquidity risk.

Advance billings are presented under contract balances in Note 5.

Trade payables increased mainly due to an increase of expenses towards the end of the financial year which were not yet due. Accruals were primarily made to cover housing expenses, charges for third-party services still to be paid, and insurance premiums; the increase of which mainly relates to third-party services. Increase in tax and social insurance contributions are related to VAT payables in line with our increase in invoicing.

24 Financial instruments and associated risks

24.1 General

24.1.1 Background and policies

Financial instruments that are used by KPMG N.V. arise directly from normal business operations. During the financial year it was KPMG N.V.'s policy not to trade in financial instruments.

The Group is exposed to credit, interest, liquidity and foreign exchange risks as part of its normal business operations. The Group does not trade in financial derivatives, and has procedures and policies in place to limit the credit risk relating to counterparty default or market risk.

If a counterparty defaults in its payments due to the Group, any resulting losses will be limited to the fair value of the instruments concerned. The contract values or notional principals of the financial instruments are only an indication of the extent to which such financial instruments are used, and do not reflect credit or market risks.

These notes provide information about the extent to which the Group is exposed to the specified risks, together with the objectives, policies and processes relating to the measurement and management of these risks, as well as management of capital by the Group.

The Board of Management evaluates and confirms the policy for mitigating each of these risks as summarized below. There were no changes to the policy during the period under consideration.

The Board of Management has general responsibility for establishing and supervising risk management. The Group's risk management policy is used to identify and analyze the risks to which the Group is exposed, to set risk limits and controls, and to monitor and minimize risks. The risk management policy and the relevant systems are tested on a regular basis against changes in market conditions and the Group's business activities.

24.1.2 Concentrations of risks

The operational activities of the Group relate to a diversity of clients and suppliers predominantly in the Netherlands. As a result, the concentration of risks for the operations of the Group is limited, except for the geographic risk. Funding of operations is arranged by a diversity of partners through Coöperatie KPMG U.A. and an additional bank's credit facility. The Group has current accounts of over EUR 56 million at the same bank (2021/2022: over EUR 39 million), and it notes that this results in a concentration of risks associated with this bank. The bank is also one of the Group's clients for professional non-audit services. The Group has confirmed that from an independence perspective this is allowed, as all transactions with the bank are at arm's length. The Group closely monitors the credit rating of the bank (A+ according to S&P Global). In addition, the Group has divided its cash and cash equivalents over multiple banks in order to mitigate risks related to high cash levels at one bank.

24.2 Credit risk

It is inherent in the nature of the activities of the organization that it is exposed to credit risk. This risk relates to the loss that may be incurred if a counterparty defaults. It is limited mainly by depositing cash with banks rated BBB+ or higher, and by the large number and diversity of clients that owe amounts to the organization for unbilled services and trade and other receivables. The carrying amount of each financial asset represents the maximum credit exposure.

24.2.1 Trade and other receivables and contract assets

The exposure to credit risks is monitored continuously, and the creditworthiness of all clients is checked for transactions exceeding a certain amount. The Group does not require protection in respect of non-current financial assets.

Credit risk exposure is mitigated by the large number and diversity of clients, and therefore by diversifying risk. Only a limited percentage of revenue is attributable to any single client and, as a result, there is no major concentration of credit risk at the level of individual clients.

The recoverable amount of unbilled services and trade receivables is estimated on an ongoing basis. The important factors to be considered when estimating unbilled services and trade receivables are historical performance, the terms and conditions of the contract and the progress and results of the work performed. Both macro-economic factors and the financial position of the debtor are important when assessing the loss allowance.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, with the main driver being the instrument type. In addition, the Group actively monitors the economic environment in the Netherlands.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognized due to collateral.

24.2.2 Exposure to credit risk

Maximum exposure to credit risk as at 30 September was as follows:

EUR 000	30 September 2023	30 September 2022
Unbilled services	38,205	34,142
Trade receivables	118,056	110,444
Lease receivables	3,788	6,238
Other receivables	38,807	5,045
Cash and cash equivalents	136,154	179,267
	335,010	335,136

Loss allowance

Debtor and unbilled services ageing analysis:

EUR 000	30 September 2023		30 September 2022	
	Gross	Loss allowance	Gross	Loss allowance
Not yet due	118,607	31	108,054	99
Overdue: age 1-180 days	35,616	37	34,692	63
Overdue: age 181-365 days	1,773	364	1,522	166
Overdue: age over 365 days	869	171	1,368	722
	156,865	603	145,636	1,050

The movement in the loss allowance in respect of trade receivables during the year is presented below.

EUR 000	2022/2023	2021/2022
Balance at 1 October	1,050	740
Added	393	727
Written off	-189	-181
Released	-651	-236
Balance at 30 September	603	1,050

24.2.3 Cash and cash equivalents

At 30 September 2023, the Group held cash and cash equivalents of EUR 136,154 (30 September 2022: EUR 179,267). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated at A-, at least based on ratings by Moody's Investor Services, S&P Global Ratings and Fitch Ratings (ranging from A- to AA). Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

24.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities as they fall due. The Group's liquidity management policy is to ensure as far as possible that there are sufficient liquid funds available to be able to meet its liabilities when due without incurring unacceptable losses or damaging its reputation.

The aim of the Group's treasury policy is to ensure that there are sufficient funds available to finance day-to-day activities. The Group has a combined credit and guarantee facility of EUR 50,000 (2021/2022: EUR 50,000), of which no drawdown was made (2021/2022: no drawdown) in the form of cash or guarantees.

The credit facility is available until 30 June 2024. Interest payable is based on the average one-month EURIBOR rate plus a margin of 1.95%.

The Group has to comply to certain covenants in connection with the credit facility made available by the bank. These covenants relate to the maintenance of a certain tangible net worth, EBITDA, asset coverage and sales coverage. During and at the end of the financial year, the Group complied with all covenant requirements.

Summary of financial liabilities:

EUR 000	Carrying amount	Contractual cash flow	Due within 1 year	Due between 1 and 5 years	Due after 5 years
30 September 2023					
Loans and borrowings from partners	125,535	152,107	76,252	41,006	34,849
Loans and borrowings from employee bonds	4,911	4,911	4,911	-	-
Trade and other payables	125,375	125,375	125,375	-	-
Employee benefits	41,926	41,926	41,420	330	176
Lease liability	127,311	137,685	25,426	67,890	44,369
	425,058	462,004	273,384	109,226	79,394
30 September 2022					
Loans and borrowings from partners	162,407	187,428	113,309	41,719	32,400
Loans and borrowings from employee bonds	3,903	3,903	3,903	-	-
Trade and other payables	121,476	121,476	121,476	-	-
Employee benefits	51,853	51,853	51,265	149	439
Lease liability	123,580	133,363	24,526	60,629	48,208
	463,219	498,023	314,479	102,497	81,047

24.4 Market risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, will affect the income of the Group or the value of its assets. The aim is to maintain these market risks within acceptable limits, while maximizing income. In the longer term, however, permanent changes in exchange and interest rates will have an impact on consolidated profits.

24.4.1 Interest rate risk

Interest rate risk mainly relates to interest-bearing financial liabilities as a result of the funding positions by former and current partners.

Financial assets of the Group consist primarily of investments in non-current assets, trade receivables and cash and cash equivalents. Trade and other receivables do not bear interest.

It is estimated that as at 30 September 2023, a general rise in interest rates by one percentage point would have a negative effect of EUR 0.1 million on the Group's profit before income tax (30 September 2022: negative effect of EUR 0.3 million), and no effect on equity (30 September 2022: no effect).

The table below presents the effective interest rates for interest-bearing financial assets and financial liabilities at the reporting date and the contractual maturities for these assets and liabilities (excluding interest receipts and payments):

EUR 000	Effective interest rate						Longer than 5 years	Total carrying amount
		<1 year	>1 year < 2 years	>2 years < 3 years	>3 years < 4 years	>4 years < 5 years		
2022/2023								
Fixed-rate interest:								
Lease receivable	10.5%	311	311	311	311	311	2,233	3,788
Coöperatie KPMG U.A.	0.0%	-733	-	-	-	-	-3,113	-3,846
Current account Coöperatie KPMG U.A. relating to partners	3.0%	-52,590	-	-	-	-	-	-52,590
Loans payable to partners	6.2%	-15,076	-4,867	-9,707	-8,240	-6,151	-27,833	-71,874
Loans payable to former partners	1.3%	-3,908	-329	-132	-43	-43	-462	-4,917
Lease liability	7.2%	-23,185	-23,228	-17,870	-12,484	-9,389	-41,155	-127,311
Variable rate interest:								
Cash and cash equivalents	1.7%	136,154	-	-	-	-	-	136,154
Employee bonds	6.2%	-4,911	-	-	-	-	-	-4,911
		36,062	-28,113	-27,398	-20,456	-15,272	-70,330	-125,507
2021/2022								
Fixed-rate interest:								
Lease receivable	11.1%	473	473	473	473	473	3,873	6,238
Coöperatie KPMG U.A.	0.0%	-994	-	-	-	-	-3,113	-4,107
Current account Coöperatie KPMG U.A. relating to partners	0.9%	-88,976	-	-	-	-	-	-88,976
Loans payable to partners	6.3%	-15,985	-5,537	-5,207	-9,272	-9,461	-25,926	-71,388
Loans payable to former partners	0.5%	-4,830	-502	-193	-120	-43	-462	-6,150
Lease liability	7.0%	-22,374	-21,186	-15,745	-11,098	-8,349	-44,828	-123,580
Variable rate interest:								
Cash and cash equivalents	0.0%	179,267	-	-	-	-	-	179,267
Employee bonds	8.0%	-3,903	-	-	-	-	-	-3,903
		42,678	-26,752	-20,672	-20,017	-17,380	-70,456	-112,599

Part of the current account relating to partners is non-interest bearing.

24.4.2 Currency risk

In the normal course of business, foreign currency risks are limited as transactions are carried out in foreign currency on a limited basis, and assets and liabilities are usually denominated in euros.

When derivative financial instruments are used to economically hedge exposure to foreign exchange risks associated with recognized monetary assets or liabilities, hedge accounting is not applied, and any gain or loss on a hedging instrument is recognized in the statement of profit or loss and other comprehensive income.

It is estimated that a general drop in the value of the euro by one percentage point relative to other currencies would have no effect on the Group's profit before income tax for 2022/2023 (2021/2022: no effect), and no effect on equity (30 September 2022: no effect).

24.5 Fair value

The principal methods and assumptions used to estimate the fair values of financial instruments are set out below. For all instruments below, the fair value measurement is based upon level 3, unobservable inputs. There were no transfers of levels during 2022/2023 to other levels of fair value measurement input.

Fair values per class of financial assets and liabilities can be summarized as follows:

	Financial assets at fair value through profit or loss		Financial assets at fair value through OCI		Financial assets at amortized cost		Other financial liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
EUR 000								
2022/2023								
Other financial assets	-	-	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-	-	-
Loans payable to (former) partners	-	-	-	-	-	-	125,535	125,535
Employee bonds	-	-	-	-	-	-	4,911	4,911
Total financial liabilities	-	-	-	-	-	-	130,446	130,446
2021/2022								
Other financial assets	64	64	-	-	-	-	-	-
Total financial assets	64	64	-	-	-	-	-	-
Loans payable to (former) partners	-	-	-	-	-	-	162,407	162,407
Employee bonds	-	-	-	-	-	-	3,903	3,903
Total financial liabilities	-	-	-	-	-	-	166,310	166,310

24.5.1 Cash and cash equivalents

In view of the short maturity of deposits, the fair value of cash and cash equivalents is equal to nominal value.

24.5.2 Interest-bearing loans and borrowings

In determining the value of the obligations to partners and former partners, the present value of future cash flows is calculated using a discount rate before tax that reflects current market assessments of the time value of money and the specific risks relating to the liability. As interest on loans and borrowings is determined based on market rates, fair value is approximately equal to the carrying amount.

Considering that the obligations to employees have a maturity of less than one year, face value is considered to be a reflection of fair value.

24.5.3 Trade and other receivables/trade and other payables

For receivables and payables with a maturity of less than one year, face value is considered to be a reflection of fair value.

24.6 Capital management

The Board of Management's policy is to maintain a strong capital position (equity and partner financing) in order to retain the confidence of clients, creditors and finance providers, and to ensure the future development of business activities. The Group is largely financed by Coöperatie KPMG U.A., partly in the form of a contribution of up to EUR 180 per partner to the Group's equity (30 September 2022: up to EUR 180 per partner), and partly in the form of loans.

Average financing per partner (excluding other reserves) amounted to EUR 843 as at 30 September 2023, compared with EUR 1,161 as at 30 September 2022. Total financing by partners as at 30 September 2023 amounted to 30% of total assets (30 September 2022: 37.5%).

The Group may repurchase shares from Coöperatie KPMG U.A. and sell them back to Coöperatie KPMG U.A. in connection with partners who are leaving or joining the Group. These transactions are carried out at nominal value plus a share premium.

25 Leases

25.1 Leases as Lessee

The Group leases office buildings, cars and office equipment. The leases typically run for a period of five years for cars, five to 15 years for buildings and five years for office equipment. Lease payments are indexed depending on the contracts: for cars usually once a year; and for buildings after three years upon contract start date to reflect market rentals. For certain leases, the Group is restricted from entering into sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

25.1.1 Right-of-use-assets

EUR 000	Cars	Buildings	Office equipment	Total
2022/2023				
Balance at 30 September 2022	38,988	81,073	228	120,289
Depreciation charge for the year	-19,430	-11,109	-91	-30,630
Additions to right-of-use assets	25,774	824	-	26,598
Remeasurement	402	7,923	-	8,325
Modification	-19	2,450	-	2,431
Disposals	-1,618	-	-	-1,618
Balance at 30 September 2023	44,097	81,161	137	125,395
2021/2022				
Balance as at 30 September 2021	38,839	91,152	318	130,309
Depreciation charge for the year	-17,772	-11,874	-90	-29,736
Additions to right-of-use assets	17,842	1,975	-	19,817
Remeasurement	1,223	-180	-	1,043
Modification	3	-	-	3
Disposals	-1,147	-	-	-1,147
Balance as at 30 September 2022	38,988	81,073	228	120,289

25.1.2 Amounts recognized in profit or loss

EUR 000	2022/2023	2021/2022
Interest on lease liabilities	-2,439	-1,976
Income from sub-leasing right-of-use assets presented in 'Other Income'	1,860	1,912
Interest on lease receivables	73	120

25.1.3 Amounts recognized in the statement of cash flows

EUR 000	2022/2023	2021/2022
Total cash outflow for leases	29,453	29,830

25.1.4 Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

As at 30 September 2023, the Group has determined based on a business decision that three of the extension options will be exercised, which resulted in an increase of lease liabilities of EUR 398 (30 September 2022: one of the extension options will be exercised, which resulted in an increase of lease liabilities of EUR 507).

25.2 Leases as Lessor

The Group leases out some of its leased buildings. The majority of the sub-leases are classified as operating leases from a lessor perspective, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Operational lease income recognized by the Group during 2022/2023 amounted to EUR 908 (2021/2022: EUR 1,492).

The following table sets out a maturity analysis of operational lease receivables, showing the undiscounted lease payments to be received after the reporting date.

EUR 000	2022/2023	2021/2022
Less than one year	899	968
One to two years	651	464
Two to three years	510	90
Three to four years	498	81
Four to five years	498	69
More than five years	446	69
Total	3,502	1,741

One of the sub-leases classifies as financial lease and is included in the balance sheet as other financial assets amounting to EUR 3,788 (30 September 2022: EUR 6,238). The annual lease payments amount to EUR 345 (30 September 2022: EUR 540) for the remainder of the lease term (till 2035).

The following table sets out a maturity analysis of financial lease receivables, showing the undiscounted lease payments to be received after the reporting date.

EUR 000	2022/2023	2021/2022
Less than one year	345	540
One to two years	345	540
Two to three years	345	540
Three to four years	345	540
Four to five years	345	540
More than five years	2,504	3,778
Total undiscounted lease receivable	4,229	6,478
Unearned finance income	4,229	6,478
Net investment in the lease	-	-

During 2022/2023, the Group recognized interest income on lease receivables of EUR 73 (2021/2022: EUR 120).



26 List of subsidiaries

Unless otherwise stated, the following subsidiaries are wholly owned by KPMG N.V.

KPMG Accountants N.V. Amstelveen

KPMG Advisory N.V. Amstelveen

KPMG Staffing & Facility Services B.V. Amstelveen

There have been no changes in shareholdings.

27 Liabilities and assets not recognized in the consolidated statement of financial position

27.1 Other commitments

The Group has long-term property leases for which the service costs are excluded from the lease liability and right-of-use asset in the consolidated balance sheet. In addition, the Group has commitments that are exempt from recognition in the balance sheet in accordance with IFRS 16, such as for personal computers and IT services, and commitments under long-term sponsorship agreements. The total of these commitments as at 30 September 2023 amounted to EUR 30,362 (30 September 2022: EUR 35,616).

Non-cancellable commitments:

EUR 000	30 September 2023			30 September 2022		
	Service costs related to property	Other contracts	Total	Service costs related to property	Other contracts	Total
Within 1 year	1,981	8,407	10,388	1,915	13,406	15,321
Between 1-5 years	6,095	8,089	14,184	6,155	7,102	13,257
After 5 years	5,790	–	5,790	7,038	–	7,038
	13,866	16,496	30,362	15,108	20,508	35,616

The Group has significant long-term commitments that are based on FTEs and/or volume used, such as telecom contracts (the longest of which until 2024/2025), mobility related contracts (the longest of which until 2027/2028) and subscriptions to certain news channels (the longest of which until 2025/2026).

The future rental income from sub-leases is as follows:

EUR 000	30 September 2023	30 September 2022
Within 1 year	1,748	2,063
Between 1 and 5 years	5,090	5,084
After 5 years	8,549	9,125
	15,387	16,272

The following expenses related to other commitments and rental expenses were recognized in the consolidated statement of profit or loss and other comprehensive income:

EUR 000	2022/2023	2021/2022
Properties	2,363	2,616
Cars	442	317
Other contracts	13,406	7,093

27.2 Tax Group

Together with its 100% subsidiaries, including KPMG N.V., Coöperatie KPMG U.A. forms a tax group for corporate income tax purposes. Each of the companies in the tax group is, under the relevant standard tax conditions, jointly and severally liable for the tax payable by all of the companies in the tax group. As the head of the income tax fiscal unity, the Cooperative pays the income tax assessments. It is, however, KPMG N.V. that incurs the total income tax expense of the tax group, except for the amount attributable to the Cooperative under the ruling with the Dutch Tax Authorities.

KPMG N.V. is part of a tax group for value added tax purposes, headed by Coöperatie KPMG U.A. Each of the companies in the tax group is, under the relevant standard tax conditions, jointly and severally liable for the tax payable by all of the companies in the tax group.

27.3 Guarantees and pledges

The Group has a combined credit and guarantee facility of EUR 50,000 (2021/2022: EUR 50,000), of which no drawdown was made (2021/2022: no drawdown) in the form of cash or guarantees. All trade receivables and bank balances including business savings accounts are subject to a first pledge in favor of the bank in connection with the credit facility provided.

Unbilled services and Property, plant and equipment, with the exception of assets under construction are subject to a first pledge in favor of Coöperatie KPMG U.A. as security for loans advanced. In addition, all trade receivables and bank balances including business savings accounts are subject to a second pledge in favor of Coöperatie KPMG U.A. as security for loans advanced.

The Company provided Parent Company guarantees related to some of the properties that are leased. The total of those guarantees as at 30 September 2023 amounted to EUR 3,383 (30 September 2022: EUR 3,629).

The Company provided a guarantee to a bank relating to all audit partners of the KPMG group that are financed by this bank. The guarantee relates to outstanding balances insofar used to finance KPMG and to the extent that profits have been deferred in line with measure 3.5, published by the Royal Netherlands Institute for Chartered Accountants.

27.4 Legal disputes and other contingencies

Claims have been filed and proceedings have been instituted against the Group on the grounds of alleged failure to perform professional duties. The Group evaluates whether relevant circumstances are such that it is reasonable to assume that they will result in the Group entity being held liable on the grounds of alleged failure to perform professional duties. A decision is taken on a case-by-case basis as to whether it is probable that the case will involve an outflow of resources from the Group. In such cases, a provision is accounted for. The Group carries professional indemnity insurance. The status of cases of this nature can be such that either no financial impact is expected or no estimation can be made as to the financial impact. Consequently, in these cases no provision was recognized.

28 Collaboration agreements and related parties

28.1 Collaboration agreements

Meijburg & Co.

In the Netherlands, the Group collaborates with an independent firm of tax consultants, Meijburg & Co. The financial figures of this firm are not included in the consolidated financial statements of KPMG N.V.

KPMG International

KPMG N.V., registered with the Dutch Chamber of Commerce, is a subsidiary of Coöperatie KPMG U.A. and a member firm of the KPMG network of independent member firms affiliated with KPMG International. As a result of this affiliation, the Group collaborates closely with other KPMG member firms.

28.2 Related parties

28.2.1 Parent company

Coöperatie KPMG U.A. holds the shares in KPMG N.V. The members of the Cooperative are the practice companies owned by partners. Under these agreements, the services of the partners are made available to the Cooperative, which in turn makes these services of the partners available to KPMG N.V. and its subsidiaries.

Transactions between the Group and Coöperatie KPMG U.A. during 2022/2023 can be specified as follows:

EUR 000	2022/2023	2021/2022
Management fees	-76,293	-117,415
Interest paid to Coöperatie KPMG U.A.	-5,945	-4,530
Repayment of share premium	-1,320	-990

As at 30 September, the following positions relate to Coöperatie KPMG U.A.:

EUR 000	30 September 2023	30 September 2022
Loans received from Coöperatie KPMG U.A.	125,535	162,407

28.2.2 Key management

Board of Management

As at 30 September 2023, 2 members of the Board of Management (2021/2022: 3 members) indirectly hold 1% (2021/2022: 2%) of shares in the Group in aggregate.

Compensation of the Group's key management includes management fees, salaries, non-cash benefits and contributions to a post-employment defined contribution plan. Compensation can be specified as follows:

EUR 000 (if applicable)	S. Hottenhuis	M.A. Broskij	M. Hogeboom*	E. Herrie	M.W.J. Van de Luur*	Total
2022/2023						
FTEs (pro rata)	1.0	1.0	0.8	1.0	0.2	4.0
Management fees	-	880	927	1,174	127	3,108
Short-term employee benefits	1,213	-	-	-	-	1,213
Interest	4	41	27	37	9	118
Post-employment benefits	18	-	-	-	-	18
Bridging allowance	-	-	91	-	-	91
Other short-term benefits	16	15	9	13	4	57
Total	1,251	936	1,054	1,224	140	4,605
EUR 000 (if applicable)	S. Hottenhuis	R.P. Kreukniet	M. Hogeboom	E. Herrie		Total
2021/2022						
FTEs (pro rata)	1.0	1.0	1.0	1.0		4.0
Management fees	-	1,173	1,173	1,173		3,519
Short-term employee benefits	1,311	-	-	-		1,311
Interest	4	33	31	26		94
Post-employment benefits	23	-	-	-		23
Other short-term benefits	16	27	11	15		69
Total	1,354	1,233	1,215	1,214		5,016

* M.W.J. Van de Luur was appointed as ad interim Head of Assurance per 14 July 2023, succeeding M.A. Hogeboom who stepped down as per the same date. Therefore, she is considered to be part of key management for 2022/2023. As of 17 October 2023, she was formally appointed as Head of Assurance and as member of the Board of Management. M.A. Hogeboom received a bridging allowance from 14 July to 30 September 2023 for the intended transition as member of the Board of Management back to the business of KPMG.

In addition, the Group has the following outstanding balances in the form of equity and loans payable to the Board of Management:

EUR 000	S. Hottenhuis	M.A. Broskij	E. Herrie	M.W.J. Van de Luur*	Total
30 September 2023					
Equity contribution in Coöperatie KPMG U.A. by key management	-	120	180	180	480
Loans payable to key management	50**	799	914	637	2,400
EUR 000	S. Hottenhuis	R.P. Kreukniet	M. Hogeboom	E. Herrie	Total
30 September 2022					
Equity contribution in Coöperatie KPMG U.A. by key management	-	180	180	180	540
Loans payable to key management	50**	589	658	705	2,002

* This includes M.W.J. Van de Luur, as mentioned above.

** Relates to employee bonds.

Supervisory Board

Supervisory Board members received a total remuneration of EUR 461 (2021/2022: EUR 320). Remuneration can be specified as follows:

EUR 000 (if applicable)	R.H.L.M. van Boxtel*	G. Boon	C. Bulten	L. Hovius	J.C.M. Sap	K. Singh	S. Berendsen	B.E.M. Wientjes*	Total
2022/2023									
Short-term benefits	71	79	76	79	69	76	7	4	461
EUR 000 (if applicable)	B.E.M. Wientjes**	G. Boon	R.H.L.M. van Boxtel**	C. Bulten	L. Hovius	J.C.M. Sap	K. Singh	Total	
2021/2022									
Short-term benefits	12	58	69	57	34	58	32	320	

* R.H.L.M. van Boxtel was chair of the Supervisory Board until 25 June 2023, and was succeeded by B.E.M. Wientjes per 14 September 2023

** B.E.M. Wientjes was chair of the Supervisory Board until 30 November 2021, and was succeeded by R.H.L.M. van Boxtel as per 1 December 2021.

29 Subsequent events

In March 2024, KPMG reached an agreement with the bankruptcy trustees of Imtech.

In April 2024, the PCAOB imposed a civil money penalty on KPMG in relation to the answer sharing investigation.

These events have no impact on the 2023/2024 results.

Company statement of financial position

as at 30 September 2023

(before appropriation of results)

EUR 000		30 September 2023	30 September 2022
Assets			
Non-current assets			
Investments in subsidiaries	31	28,739	27,652
Deferred tax assets		1,786	2,340
Total non-current assets		30,525	29,992
Current assets			
Amounts due from group companies	36	53,000	59,383
Cash and cash equivalents	32	131,795	176,187
Total current assets		184,795	235,570
Total assets		215,320	265,562
Equity and liabilities			
Shareholders' equity			
Share capital	33	5,500	5,500
Share premium		17,960	16,970
Legal reserves		1,018	1,577
Other reserves		4,750	4,819
Profit for the year		628	-
Shareholders' equity		29,856	28,866
Non-current liabilities			
Loans and borrowings	34	54,693	53,610
Current liabilities			
Loans and borrowings	34	70,842	108,797
Amounts owed to group companies	36	32,640	48,065
Tax and social insurance contributions	37	27,289	26,224
Total current liabilities		130,771	183,086
Total liabilities		185,464	236,696
Shareholders' equity and liabilities		215,320	265,562

The accompanying notes form an integral part of these company financial statements.

The accompanying notes form an integral part of these company financial statements.

Company statement of profit or loss

for the year ended 30 September 2023

EUR 000	2022/2023	2021/2022
Share in results from participating interests after tax	19,143	17,428
Other results after tax	57,778	99,987
Contractual fees payable to Coöperatie KPMG U.A.	-76,293	-117,415
Net result after tax	628	-

The accompanying notes form an integral part of these company financial statements.

The accompanying notes form an integral part of these company financial statements.

Notes to the company financial statements

30 Basis of preparation

30.1 General

The company financial statements and the consolidated financial statements together constitute the statutory financial statements of KPMG N.V. (the Company). The financial information of the Company is included in the consolidated financial statements.

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results in the company financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) in the company financial statements are the same as those applied for the consolidated financial statements, which are prepared in conformity with IFRS as adopted by the European Union (EU-IFRS). These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the company financial statements should be read in conjunction with the consolidated financial statements.

Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements.

30.2 Accounting policies

Participating interests in group companies

Group companies are all entities over which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognized from the date on which control is obtained by the Company and derecognized from the date that control by the Company over the group company ceases.

Participating interests in group companies are accounted for in the company financial statements according to the equity method. For further information, please see the basis of consolidation accounting policy in the consolidated financial statements.

Results of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

The terms governing profits of group companies are laid down by contract between KPMG N.V. and its operating companies, which specifies that 97.5% of their revenue – less any amount payable by the relevant companies to KPMG Staffing & Facility Services B.V. for services provided by KPMG Staffing & Facility Services B.V. to the companies concerned, and less expenses that they are required to bear themselves – must be paid to KPMG N.V. for the provision of services by partners and for the provision of Group financing.

31 Non-current financial assets

Non-current financial assets represent investments in group companies. Movements in these investments during the 2022/2023 financial year were as follows:

EUR 000	2022/2023	2021/2022
Balance as at 1 October, as previously reported	27,652	25,264
Adjustment on initial application of amendments to IAS 37	-628	-
Balance at 1 October	27,024	25,264
Share in results	19,143	17,428
Dividends received	-17,428	-15,040
Balance at 30 September	28,739	27,652

A summary of the main subsidiaries is provided in Note 26 List of subsidiaries of the notes to the consolidated financial statements. A full list of subsidiaries, joint ventures and associates is filed with the Chamber of Commerce in Amsterdam, the Netherlands.



32 Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and bank balances that are freely available. The interest rate applicable in 2022/2023 was 1.7% (2021/2022: 0.0%).

33 Shareholders' equity

Movements in equity can be specified as follows:

EUR 000	Share capital	Share premium	Legal reserves	Other reserves	Profit for the year	Total equity attributable to equity holders
Balance at 1 October 2021	5,500	15,800	2,207	4,189	-	27,696
Release of legal reserves	-	-	-630	630	-	-
Profit for 2021/2022	-	-	-	-	-	-
Transaction with owners of the Company recognized directly in equity						
Repayment	-	-990	-	-	-	-990
Additions	-	2,160	-	-	-	2,160
Balance at 30 September 2022	5,500	16,970	1,577	4,819	-	28,866
Balance as at 1 October 2022, as previously reported (brought forward)	5,500	16,970	1,577	4,819	-	28,866
Adjustment on initial application of amendments to IAS 37	-	-	-	-628	-	-628
Balance at 1 October 2022	5,500	16,970	1,577	4,191	-	28,238
Release of legal reserves	-	-	-559	559	-	-
Profit for 2022/2023	-	-	-	-	628	628
Transaction with owners of the Company recognized directly in equity						
Repayment	-	-1,320	-	-	-	-1,320
Additions	-	2,310	-	-	-	2,310
Balance at 30 September 2023	5,500	17,960	1,018	4,750	628	29,856

Other details of equity are disclosed in Note 19 Group equity to the consolidated financial statements and the consolidated statement of changes in equity.

33.1 Share capital

The Company has an authorized capital of EUR 20,000 (2021/2022: EUR 20,000), which is divided into 800 shares of EUR 25 each (2021/2022: 800 shares of EUR 25 each). The issued share capital consists of 220 (2021/2022: 220) shares at a nominal value of EUR 25 each (2021/2022: EUR 25 each), representing a total nominal value of EUR 5,500 (2021/2022: EUR 5,500). All of the shares are fully paid up.

KPMG N.V. is obliged to distribute all earnings that constitute profits as contractual fees to Coöperatie KPMG U.A. or as dividend, except for the amount the Board of Management proposes to add to the reserves.

33.2 Legal reserves

The legal reserve for participating interests, which amounts to EUR 1,018 (2021/2022: EUR 1,577), pertains to participating interests that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both of which are calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may affect without restrictions. The latter share takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

33.3 Other reserves

The other reserves contain the profits of previous years.

33.4 Appropriation of profit

The Company's profit totals EUR 628 and the Company proposes to add this amount to the reserves.

34 Loans and borrowings

EUR 000	30 September 2023	30 September 2022
Partners		
Non-current loans Coöperatie KPMG U.A.	53,684	52,289
Current loans Coöperatie KPMG U.A.	66,934	103,967
	120,618	156,256
Former partners		
Non-current loans Coöperatie KPMG U.A.	1,009	1,321
Current loans Coöperatie KPMG U.A.	3,908	4,830
	4,917	6,151
Total loans and borrowings	125,535	162,407

Movements in financing by partners can be specified as follows:

EUR 000	2022/2023	2021/2022
Balance at 1 October	156,256	135,979
Fees paid to partners under management agreements through Coöperatie KPMG U.A.	76,293	117,415
Interest due to partners	5,636	4,260
Other movements (net withdrawal)	-117,567	-101,398
Balance at 30 September	120,618	156,256

Other movements refer mainly to amounts withdrawn by partners.

For further explanation on loans and borrowings relating to partners and former partners, please see [Note 20.2](#) Loans payable to Coöperatie KPMG U.A. relating to partners, and [Note 20.3](#) Loans payable to Coöperatie KPMG U.A. relating to former partners of the consolidated financial statements.

35 Financial instruments

For general information on financial instruments and associated risks, please see Note 24 Financial instruments and associated risks of the consolidated financial statements.

35.1 Exposure to credit risk

Maximum exposure to credit risk as at 30 September is as follows:

EUR 000	30 September 2023	30 September 2022
Amounts due from group companies	53,000	59,383
Cash and cash equivalents	131,795	176,187
	184,795	235,570

All amounts due from group companies are due within one year.

35.2 Liquidity risk

Summary of financial liabilities:

EUR 000	Carrying amount	Contractual cash flow	Due within 1 year	Due between 1 and 5 years	Due after 5 years
30 September 2023					
Loans and borrowings	125,535	152,107	76,252	41,006	34,849
30 September 2022					
Loans and borrowings	162,407	187,428	113,309	41,719	32,400

Further details on financial instruments are provided in Note 24 Financial instruments and associated risks to the consolidated financial statements.

36 Related parties

The Company's related parties comprise subsidiaries, Coöperatie KPMG U.A., and key management.

36.1 Parent company

Please see Note 28.2.1 Parent Company of the consolidated financial statements for information with respect to Coöperatie KPMG U.A.

36.2 Subsidiaries

Transactions between the Company and its subsidiaries relate to contractual fees and dividends received, and recharges for insurance premiums and license fee expenses.

The transactions can be specified as follows:

EUR 000	Received contractual fees	Received dividend	Expenses charged
2022/2023			
KPMG Accountants N.V.	29,930	8,812	6,363
KPMG Advisory N.V.	48,556	8,616	6,195
Total	78,486	17,428	12,558
2021/2022			
KPMG Accountants N.V.	50,715	7,917	6,775
KPMG Advisory N.V.	57,997	7,123	6,674
Total	108,712	15,040	13,449

In addition to the above, on behalf of its subsidiary KPMG Staffing & Facility Services B.V., KPMG N.V. pays various expenses, such as employee expenses and other operating expenses. These payments amounted to EUR 421 million in 2022/2023 (2021/2022: EUR 374 million).

Transactions between the Company and its subsidiaries are in general settled through current accounts. The current accounts are not interest-bearing.

As at 30 September, the following (payable) and receivable positions relate to subsidiaries of the Company:

EUR 000	30 September 2023	30 September 2022
KPMG Accountants N.V.	-8,208	5,525
KPMG Advisory N.V.	53,000	53,858
KPMG Staffing & Facility Services B.V.	-24,432	-48,065

36.3 Key management

Please see Note 28.2.2 Key management of the consolidated financial statements for related party information with respect to key management.

37 Tax and social insurance contributions

Tax and social insurance contributions relate to VAT payable by the Company for the last quarter of the financial year.

38 Liabilities not recognized in the company statement of financial position

38.1 Guarantees

The Company has given guarantees that its subsidiaries, the financial figures of which are included in the consolidated financial statements, will comply with certain contractual obligations.

The Company has a combined credit and guarantee facility of EUR 50,000 (2021/2022: EUR 50,000), of which no drawdown was made (2021/2022: no drawdown) in the form of cash or guarantees.

The Company provided Parent Company guarantees related to some of the properties that are leased. The total of those guarantees as at 30 September 2023 amounted to EUR 3,383 (30 September 2022: EUR 3,629).

The Company provided a guarantee to a bank relating to all audit partners of the KPMG group that was financed by this bank. The guarantee relates to outstanding balances insofar used to finance KPMG and to the extent that profits have been deferred in line with measure 3.5, published by the Royal Netherlands Institute for Chartered Accountants.

38.2 Tax group

Together with its 100% subsidiaries, including KPMG N.V., Coöperatie KPMG U.A. forms a tax group for corporate income tax purposes. Each of the companies of the tax group is, under the relevant standard tax conditions, jointly and severally liable for the tax payable by all of the companies in the tax group. As the head of the income tax fiscal unity, the Cooperative pays the income tax assessments. It is, however, KPMG N.V. that incurs the total income tax expense of the tax group, except for the amount attributable to the Cooperative under the ruling with the Dutch Tax Authorities.

KPMG N.V. is part of a tax group for value added tax purposes, headed by Coöperatie KPMG U.A. Each of the companies of the tax group is, under the relevant standard tax conditions, jointly and severally liable for the tax payable by all of the companies in the tax group.

39 Number of partners

On average in 2022/2023, 168 (2021/2022: 158) FTE partners were active for the Company under management agreements.

40 Remuneration of the Board of Management

Details of the remuneration of members of the Board of Management are disclosed in [Note 28.2.2 Key management to the consolidated financial statements](#).

41 Auditor's remuneration

The remuneration of the Company's auditors for the 2022/2023 financial year was EUR 0.5 million (2021/2022: EUR 0.4 million), which was completely related to the audit of financial statements of the Company (2021/2022: EUR 0.3 million).

Amstelveen, 24 May 2024

Board of Management:

S. Hottenhuis (chair)

M.A. Broskij

E.G. Herrie

M.W.J. Van de Luur

Supervisory Board:

B.E.M. Wientjes (chair)

J.W. Berendsen

G. Boon

C.D.J. Bulten

A.P.H.M. Hovius

K. Singh

Other information

Provisions in the Company's Articles of Association governing the appropriation of profit

Article 26 of the Company's Articles of Association reads as follows:

- Distribution of profit pursuant to the provisions of this article shall be made after approval of the financial statements disclosing that such distribution is permitted.
- The profit shall be at the disposal of the General Meeting of Shareholders.
- The Company may make distributions to the shareholders and other persons entitled to distributable profits only to the extent that its capital and reserves exceed the sum of the issued capital and the reserves that must be maintained by law.
- A deficit may only be offset against the statutory reserves to the extent permitted by law.

Independent auditor's report

To: the general meeting and the supervisory board of KPMG N.V.

Report on the audit of the financial statements 2022/2023

Our opinion

In our opinion:

- the consolidated financial statements of KPMG N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 30 September 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of KPMG N.V. ('the Company') give a true and fair view of the financial position of the Company as at 30 September 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022/2023 of KPMG N.V., Amstelveen. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 September 2023;
- the following statements for the year ended 30 September 2023: the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 30 September 2023;
- the company statement of profit or loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of KPMG N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

KPMG N.V. provides assurance and advisory services in the Netherlands. The Group is comprised of several group entities and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2.3 'Use of estimates and judgements' of the notes to the consolidated financial statements, the Group describes the areas of judgement in applying accounting policies and the estimation uncertainty.

Given the complexity, judgement required and the risk of management bias in the valuation of contract assets and contract liabilities, we considered this matter as a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the impact of the answer sharing case on the accounting and disclosures in the integrated report as a key audit matter. This consideration was based on the sensitivity of the case, the involvement of a board member and the magnitude of the provision balance.

KPMG N.V. assessed the possible effects of climate change and its plans to meet the net zero commitments on its financial position, refer to the section 'Managing our environmental, social and governance impact' of the integrated report. We discussed KPMG N.V.'s assessment and governance thereof with the board of management and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered a key audit matter or to impact the existing key audit matters.

We ensured that the audit team has the appropriate skills and competences which are needed for the audit of a professional services firm. The Group uses multiple IT-systems. The adequacy and effective operation of controls over these systems are an important element of the integrity of financial reporting within the Group. We utilized IT-specialists in our audit to evaluate the adequacy and effective operation of these controls considered relevant to our audit. Furthermore, we included specialists with expertise in the areas of forensics and cyber in our team.

The outline of our audit approach was as follows:



First-year audit consideration

After our appointment as the Group's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment, and IT-systems. We examined where and how this affected the Group's and the Company's financial statements and internal control framework. Additionally, we read the prior year financial statements, and we reviewed the predecessor auditor's files and discussed and evaluated the outcome of the audit procedures included therein. We attended the closing meeting related to the 2021/2022 audit performed by the previous auditor. Based on, amongst others, these procedures, we obtained sufficient appropriate audit evidence regarding the opening balances.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€7.045.000
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 7,5% of profit before tax according to the draft financial statements. After receiving the final financial statements, we considered our initially determined materiality as still being appropriate. Our materiality level represents approximately 7% of the profit before tax according to the financial statements excluding the provision relating to the civil money penalty.
Rationale for benchmark applied	We used profit before income tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax is the most relevant metric for the financial performance of the Group.
Component materiality	Based on our judgement, we used stand-alone statutory materiality for all components in our audit scope.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €347.500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

KPMG N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of KPMG N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of the group of entities, the accounting processes and controls, and the market in which the Group operates. In establishing the group audit strategy and plan, we determined the type of work required to be performed for each group entity.

We as a group audit team conducted the audit work on all the Group entities:

- KPMG N.V.
- KPMG Accountants N.V.
- KPMG Advisory N.V.
- KPMG Staffing & Facility Services B.V.

By performing the procedures outlined above, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section 'Fraud risk assessment' of the integrated report for the board of management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the global code of conduct and whistle-blower procedures. We asked members of the board of management as well as the compliance officer, finance department, the legal counsel and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement. We evaluated the management's assessment of the answer sharing case in which management concluded this case is related to non-compliance with laws and regulations from the perspective of the financial statements.

As part of our process of identifying fraud risks, we evaluated in close co-operation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks

Risk of management override of controls

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records information and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

That is why, in all our audits, we pay attention to the risk of management override of controls in:

- journal entries and other adjustments made in the preparation of the financial statements,
- estimates, and
- significant transactions, if any, outside the normal course of business for the entity.

We pay particular attention to tendencies due to possible interests of management. We also identified a risk of management override of controls in relation to the answer sharing case. We refer to our key audit matter 'impact of the answer sharing case on the accounting and disclosure in the integrated report'.

Our audit work and observations

We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.

We performed our audit procedures primarily substantive based.

We selected journal entries based on unexpected users and unexpected account combinations in revenue, unbilled services and advance billings positions and expenses. We conducted specific audit procedures for these entries. These procedures include, amongst others, tracing the entries to source documentation and paying attention to transactions outside the normal course of business. We also paid particular attention to consolidation and elimination entries. We performed specific audit procedures related to important estimates of management, including the provisions and the valuation of contract assets and contract liabilities. We specifically paid attention to the inherent risk of bias of management in these estimates. We refer to the key audit matter 'valuation of contract assets and liabilities' for more details on this estimate.

We did not identify any significant transactions outside the normal course of business.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risks

The risk of fraud in revenue recognition

As part of our risk assessment process and based on the assumed risk of fraud in revenue recognition, we have evaluated which type of revenue or assertion gives rise to a risk of material misstatement due to fraud.

The board of management has an incentive to increase revenue to realize their goals. The board of management has a fixed remuneration.

Revenue is partly based on work that is invoiced based on actual hours written times hourly rates and partly based on fixed fee projects. For the latter, the revenue is recognized in line with the project's progress, requiring an estimate of management.

We concluded that the risk of fraud in revenue recognition relates to manual or unusual journal entries to increase revenues (occurrence and accuracy) and management's estimates relating to revenue recognition.

Our audit work and observations

We evaluated the design and implementation of the internal controls related to the revenue process and the processes for generating and processing journal entries related to revenue.

We performed our audit procedures using a combination of controls and substantive procedures.

We used data analysis to identify revenue transactions that do not follow the standard business process and performed substantive testing on those transactions. This included, amongst others, postings which involve account combinations which are not consistent with our understanding of the revenue process.

We refer to our key audit matter 'valuation of contract assets and liabilities' for audit procedures related to management estimates in revenue recognition.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence and occurrence of revenue.

We incorporated an element of unpredictability in our audit. We reviewed lawyers' letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

The board of management prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements.

Our procedures to evaluate board of management's going concern assessment included, amongst others:

- Considering whether the board of management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).
- Considering whether the board of management's going concern assessment included all relevant information of which we were aware as a result of our audit and inquired with the board of management regarding the board of management's most important assumptions underlying its going concern assessment.
- Evaluating the board of management's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we were aware as a result of our audit.
- Analysing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk, including compliance with relevant covenants.
- Performing inquiries of the board of management as to its knowledge of going concern risks beyond the period of the board of management's assessment.

Our procedures did not result in outcomes contrary to the board of management's assumptions and judgments used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	Our audit work and observations
<p>Valuation contract assets and contract liabilities <i>Refer to note 3.8 'contract balances' and note 5 'revenue' in the financial statements</i></p> <p>Approximately 7.7% (2022: 6.9%) of the Group's total assets relates to contract assets (€38.2 million; 2022: €34.1 million) and 11.9% (2022: 12.8%) of the Group's total liabilities relates to contract liabilities (€ 59.1 million; 2022: € 63.0 million).</p> <p>A part of the contract assets- and liabilities have an inherent lower risk since revenue recognition is based on hours written times hourly rates. The remainder of the positions are projects in which fixed fees are agreed with KPMG's clients. Due to the year-end of 30 September most of the assurance engagements relate to 2023 audits that have just started and inherently have a lower risk. Based on our understanding and risk assessment we see a higher risk of misstatement relating to fixed fee projects with for example high fees, a longer term or aged balances.</p> <p>Management has an incentive to increase revenue to realize their goals.</p> <p>The 'over time' revenue recognition on fixed price projects requires the Company to apply a single method of measuring progress towards complete satisfaction of the performance obligation (an input method). The input for the performance obligation is based on the actual time spent and costs incurred. Progress is measured based on the sum of the hours and costs incurred compared to the total estimated costs for the project. When it is probable that total costs will exceed total project revenue, the expected loss is recognized immediately.</p>	<p>We evaluated the process and the design and implementation of the internal control system related to revenues, contract assets and contract liabilities. We identified a deficiency in the internal controls relating to the visibility of monitoring controls. We reported our findings in writing to the board of management. As a result of this deficiency, we performed substantive procedures.</p> <p>We tested the operating effectiveness of other internal controls that were relevant for our audit such as controls testing over the opening of project codes and quarterly balance confirmations made by partners.</p> <p>To determine the quality of the estimates we performed so-called look-back procedures, in which we assessed the outcome of prior year's estimates in current financial year. These procedures showed us that the outcome of the projects versus the board's estimates fell within an acceptable range. We used this to determine the rigor and depth of this year's audit.</p> <p>Next to the identified risks based on our understanding, we also applied analytical procedures to identify projects with specific risks including, among others, aged positions, and high balances. Based on this analysis, we performed substantive procedures. These procedures included reconciliation to underlying documents such as contracts, invoices, approvals for additional billing, customer correspondence and where relevant bank statements. We examined documentation on the status, progress, and forecasts of projects and discussed and challenged those with board of management, engagement partners and the business control department.</p>

Key audit matter

Revenue recognition related to fixed price projects is a key audit matter based on the quantitative materiality, the degree of complexity, judgement required and the risk of management bias for revenue recognition including valuation of contract assets and -liabilities.

The board of management has also considered this area to be a key accounting estimate as disclosed in the 'use of estimates and judgements' note (note 2.3) to the consolidated financial statements.

Impact of the answer sharing case on the accounting and disclosures in the integrated report

Refer to section 'maintaining quality across our business' subsection 'PCAOB order concerning investigation into answer sharing' of the integrated report and note 9 and 22 of the financial statements

In July 2023, the Group published the first results of the investigation performed on answer sharing of mandatory training taken by employees over the period October 2017 - 2022. In April 2024 the regulator imposed a civil money penalty on KPMG following the outcome of the investigation on answer sharing within the Group.

Management performed an investigation, supported by an external law firm, KPMG forensic and data analytics experts, into answer sharing amongst employees and partners on mandatory training.

Our audit work and observations

We did not identify material exceptions and we obtained sufficient appropriate audit evidence with respect to management's assumptions used in valuations of contract assets and contract liabilities.

After completing our fieldwork, we evaluated our procedures and the outcome for the estimates and discussed within the team whether there were indications of management bias in preparing the estimates. We found no such indications.

We inspected the reports from the external law firms, KPMG forensic and data analytic experts who supported management and the supervisory board in their respective investigations.

We evaluated the objectivity, competency and capabilities of the management experts involved.

We gained insight into their work by evaluating the scope and extent of their work together with forensic specialists from PwC.

We reviewed the results of their work, asked questions, received answers and explanations. Conclusions were discussed with the external experts, board of management and the supervisory board. We evaluated the appropriateness of the work performed and the findings in the context of the financial statements audit.

Key audit matter

The supervisory board performed their investigation, supported by another external law firm, to assess if, and to what extent, answer sharing by (previous) members of the board of management and (previous) supervisory board members has taken place.

Based on the outcome of the investigations and the civil money penalty imposed by the regulator, a provision of USD 25 million has been accounted for relating to non-compliance with laws and regulations.

Impact of the answer sharing case is a key audit matter based on the sensitivity of the case, the involvement of a board member and the magnitude of the provision balance.

Our audit work and observations

We reviewed correspondence with regulators and had direct communication with the Group's internal and external lawyers.

We validated that the board of management prepared a remediation plan including measures taken and to be implemented to prevent answer sharing in the future.

Based on the investigations' outcome, it was concluded that one of the board members was involved in answer sharing for mandatory training. Consequently, we identified an integrity risk related to this board member, and therefore we evaluated the potential impact on the preparation of the financial statements. We evaluated the design and implementation of the internal control measures with respect to the preparation of the financial statements, with a specific focus on the responsibilities of the respective board member. We performed specific procedures including:

- Evaluation of the involvement of the respective board member in the year-end closing process, including application of significant accounting estimates, judgements, and assumptions.
- Evaluation of segregation of duties and access rights regarding authorization of contracts, approval of invoices, and authorization of payments by the board member.
- Expense claims declared.
- Journal entries made.

Our work did not result in any material observations due to possible unethical behavior relating to the preparation of these financial statements.

We reviewed the disciplinary order announced by the regulator. We evaluated the information included in the order and verified that the information was consistent with the information provided by management, supervisory board and their respective experts. We reconciled the imposed civil money penalty with the amount accounted for in the financial statements.

We reviewed the disclosures in note 9 and 22 of the financial statements and the section 'maintaining quality across our business' subsection 'PCAOB order concerning investigation into answer sharing' of the integrated report on this matter, considering the audit evidence obtained from the investigations, findings noted and communication with the regulators.

Key audit matter	Our audit work and observations
	Based on our procedures we found the board of management's assumptions underlying the provision to be supported by available evidence and we did not identify material exceptions in the disclosures related to the answer sharing case.

Report on the other information included in the annual report

The integrated report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

The supervisory board approved the proposal of the board of management dated 14 June 2022 to appoint us as auditors. We were appointed as auditors of KPMG N.V. on 24 June 2022 by the meeting of shareholders. Our appointment now represents a total period of uninterrupted engagement of one year.

Responsibilities for the financial statements and the audit

Responsibilities of the board of management and the supervisory board for the financial statements

The board of management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of management should prepare the financial statements using the going-concern basis of accounting unless the board of management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 May 2024

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.C. Bond RA

Appendix to our auditor's report on the financial statements 2022/2023 of KPMG N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Reasonable assurance report of the independent auditor

To: the shareholders and the supervisory board of KPMG N.V.

Reasonable assurance report on the sustainability information 2022/2023

Our opinion

In our opinion the sustainability information included in the integrated report 2022/2023 of KPMG N.V. presents, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 30 September 2023,

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have audited

We have audited the sustainability information included in the following sections of the integrated report for 2022/2023 (hereafter: the sustainability information):

- Message from our CEO;
- Our business, values and workforce;
- Our operating environment and strategy;
- Building public trust;
- Financial and business performance, limited to the section "Digital & Innovation";
- People, culture and learning;
- Governance, risk management and decision-making, limited to the sections "Our Board of Management", Letter from the Supervisory Board Chair", "Members of the Supervisory Board" and "Stakeholder engagement".

This audit is aimed at obtaining a reasonable level of assurance.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' (assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the audit of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and quality control

We are independent of KPMG N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria used for the preparation of the sustainability information needs are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in appendix 'Definitions of key performance indicators (KPIs) and other metrics' of the integrated report.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our audit

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information audited by us. We therefore do not provide assurance on this information.

Our opinion is not modified in respect to these matters.

Responsibilities for the sustainability information and the audit thereon

Responsibilities of the board of management and the supervisory board for the sustainability information

The board of management of KPMG N.V. is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in section 'Reporting criteria', including selecting the reporting criteria, the identification of stakeholders and the definition of material matters. The board of management is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the board of management regarding the scope of the sustainability information and the reporting policy are summarized in appendix 'Basis of preparation' of the integrated report.

Furthermore, the board of management is responsible for such internal control as the board of management determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the audit of the sustainability information

Our responsibility is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things of the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the company's materiality assessment and the reasonableness of estimates made by the board of management.
- Obtaining an understanding of the systems and reporting processes for the sustainability information, including obtaining an understanding of internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Identifying and assessing the risks if the sustainability information is misleading or unbalanced, or contains material misstatements, whether due to errors or fraud. Designing and performing further audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the sustainability information is misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Those other audit procedures consisted amongst others of:
 - Obtaining inquiries from management and relevant staff at corporate level responsible for the sustainability strategy, policy and results.
 - Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
 - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
 - Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the sustainability information.

Reconciling the relevant financial information to the financial statements.

- Reading the information in the integrated report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the sustainability information.
- Evaluating the overall presentation, structure and content of the sustainability information.
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant findings that we identify during our audit.

Amsterdam, 24 May 2024

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.C. Bond RA



Appendices

Basis of preparation

Purpose

This report is intended to provide an overview of KPMG N.V.'s business, strategy and performance. It explains how KPMG N.V., over time, creates value for its stakeholders and society, as an employer, business and supplier of professional services. This report has been written for all KPMG N.V. stakeholders (including clients, employees and the firm's partners, policymakers, regulators and business partners). Our previous Annual Integrated Report was published in December 2022.

Scope

This report covers KPMG N.V. and its subsidiaries. KPMG Meijburg & Co. is a separate KPMG member firm, and as such is not included in the scope of this report. Contents relate to KPMG N.V.'s 2022/2023 financial year, which runs from 1 October 2022 to 30 September 2023.

Content

Content is based on internal reporting. Where external sources are used, this is indicated clearly in the text. Content has been chosen for inclusion based on two criteria:

- That it is material – i.e., that it has significant impact, or potential impact, on either the company or its stakeholders, as set out in the firm's annual material assessment.
- That it is mandated – i.e., that it relates to information required under current reporting obligations (or future obligations if already known, see note below).

Except for the [Financial Statements](#), figures used in the report are generally rounded to the nearest million or billion. In some cases, rounded figures have been used to calculate percentages. Throughout this report, all numbers per FTE (full-time equivalent) are based on average FTEs for the financial year, unless otherwise stated.

Review and approval

This report (including the annual financial statements) was prepared by KPMG N.V.'s Board of Management. The report also includes the 2022/2023 KPMG Accountants B.V. Transparency Report, drafted in line with EU Regulation 537/2014 Article 13 regarding statutory audits of public interest entity (PIE) clients. The reporting process was overseen by a project team led by KPMG N.V.'s Finance department. All content was reviewed by the firm's Board of Management and Supervisory Board prior to publication. Additionally, financial statements were subject to external assurance, as were parts of the report (see [note below](#)).

Financial information

Financial statements in this report were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with Section 2:362(9) of the [Dutch Civil Code](#). All financial performance data is presented in euros (EUR), the firm's functional currency. For more information, see [Note 2 to the Consolidated Financial Statements \(Basis of Preparation\)](#).

Non-financial information and ESG reporting frameworks

This report is published in accordance with the latest standards issued by the Global Reporting Initiative (GRI). A GRI Contents Index is available [here](#). In drafting this report, KPMG N.V. also takes into account the [Integrated Reporting <IR> Framework](#). KPMG N.V. is currently working toward compliance with the EU's Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). More information on this can be found under [Managing our environmental, social and governance impact](#).

External assurance

External assurance was provided by PwC Netherlands. For further information, please see the [independent auditor's report](#) and [independent assurance report](#). This is the first year PwC Netherlands has provided external assurance on this report. KPMG N.V. works closely with its external auditor to strengthen its disclosures, reporting process and internal data collection and verification. Please note that PwC Netherlands provided assurance on the PDF version of this report.

Note on materiality assessment

We carried out an internal review of our operating, business and market environment to determine our material topics for this 2022/2023 Integrated Report. Following this review, management decided:

- That five of the six material topics identified in 2021/2022 should be retained
- That one topic – Impact of the war in Ukraine on the economic and business environment – no longer warrants inclusion because, despite the severity of the geopolitical situation, its impact has reduced over the past year both from an impact and a financial perspective
- That *Inclusion, diversity & equity* should be added, given its importance to KPMG N.V.'s strategy, performance and approach to recruitment and retention

Management also decided to make minor amendments to the definitions used for these topics, mainly for the purposes of clarification and to reflect recent developments in the Company's operating environment. This resulted in a final list of six material topics, as follows:

Material topic	Definition
Ongoing focus on (audit) quality	Delivering high quality services, resulting in added value to society, our clients and economic markets by providing assurance, insights and public trust
Well-being of our workforce	Growing importance of maintaining the mental and physical well-being of KPMG N.V. employees
Digital technologies & AI	Growing use of digital technologies both at KPMG N.V. and throughout the wider economy, including the possible disruptive impact of generative artificial intelligence (AI)
ESG developments Including sub-topics: ESG impact on clients, ESG impact on the environment and ESG impact on society	Comprehensive focus on ESG strategy, performance and disclosures, both internally and externally among external stakeholders
Inclusion, diversity & equity	Need for greater diversity and inclusion at KPMG N.V. to create a positive work environment and ensure talent attraction and retention
Skills shortages	Effects of continued shortages of specific skills in both Assurance and Advisory, as well as the wider Dutch economy

Our 2021/2022 material topics were as follows: Ongoing focus on audit quality; Well-being of our workforce, both mental and physical; Growing use of digital technologies throughout the economy; Increased focus on ESG issues among both clients and regulators; Impact of the war in Ukraine on the economic and business environment; Skills shortages in the audit sector and wider Dutch economy.

These material topics form the basis for this report and for disclosures against our [key performance indicators \(KPIs\)](#). Results of our assessment were reviewed and approved by members of the Board of Management before publication.

For 2023/2024, we will revert to an annual materiality assessment based on input from both internal and external stakeholders. In addition, we will adopt the new *double materiality* concept, as defined in the EU's upcoming Corporate Sustainability Reporting Directive (CSRD), reflecting both financial and impact materiality.

Our 2021/2022 materiality assessment was based on a three-step process:

- First, conduct an extensive review of KPMG N.V.'s operating environment. Use results from this review to compile a long list of potential material topics.
- Second, reduce this long list to a short list, based on an initial assessment of topics' impact and likelihood.
- Third, ask stakeholder representatives and senior management to rank short-listed topics through an independent online survey. A total of 13 topics were short-listed as follows: compliance with GDPR; continuing to strengthen quality safeguards within the audit industry; cybersecurity and data protection; digital technologies; diversity & inclusion; energy transition; ESG compliance; gatekeeper role; greater transparency in audit industry; increased ESG focus among clients and regulators; skills shortages; war in Ukraine; well-being of workforce.

Note on availability of resources and inputs

Our business relies on certain resources being available. These resources include financial capital, for example, and sufficient skills and labor. Inevitably, changes to our business environment may affect the future availability of these resources and therefore our ability to continue creating value for society. We see the principal risks in this respect as follows:

- Persistence of skills shortages across the profession, leading to a competitive labor market, rising labor costs and possible capacity constraints
- Slowdown in public sector demand following recent elections in the Netherlands, and possible reductions in public spending
- Need to adapt to continued regulatory change, particularly the introduction of the EU's Corporate Sustainability Reporting Directive (CSRD)
- Keeping pace with strategic investments required, especially in new digital, data and AI technologies

For further information, see [Managing risk](#) section.

List of Public Interest Entity (PIE) clients

The following is a list of our public interest entity clients (as at 30 September 2023). These are clients for whom KPMG partners have either signed an audit opinion on behalf of KPMG Accountants N.V., or have started work on a legal audit by the date above (in accordance with the Dutch Audit Firms Supervision Act).

ABN AMRO Levensverzekering N.V.

ABN AMRO Schadeverzekering N.V.

Almunda Professionals N.V.

AMG Advanced Metallurgical Group N.V. (new name: AMG Critical Materials N.V.)

AnderZorg N.V.

ASM International N.V.

ASML Holding N.V.

ASR Aanvullende Ziekttekostenverzekeringen N.V.

ASR Basis Ziekttekostenverzekeringen N.V.

ASR Levensverzekering N.V.

ASR Nederland N.V.

ASR Schadeverzekering N.V.

AT Securities B.V.

ATF Netherlands B.V.

Atlanteo Capital B.V.

Bank Mendes Gans N.V.

Bank ten Cate & Cie N.V.

Boiro Finance B.V.

Bumper NL 2020-1 B.V.

Centrale Zorgverzekeringen NZV N.V.

Cetin Finance B.V.

Cnova NV

Corbion N.V.

Coteq Netbeheer B.V.

Credit Europe Bank N.V.

CTP N.V.

CZ Zorgverzekeringen N.V.

Digi Communications N.V.

Douro Finance B.V.

E.ON INTERNATIONAL FINANCE B.V.

Enel Finance International N.V.

Enel Insurance N.V.

Energy Transition Partners B.V.

Envipco Holding N.V.

EQUATE Petrochemical B.V.

Eurocommercial Properties N.V.

EXMAR Netherlands B.V.

FBN Finance Company B.V.

ForFarmers N.V.

Goudse Levensverzekeringen N.V.

Goudse Schadeverzekeringen N.V.

HMH Holding B.V.

Holland Colours N.V.

Iberdrola International B.V.

Icebear Steenwijk B.V.

ING Bank N.V.

ING Groenbank N.V.

ING Groep N.V.

Koninklijke Ahold Delhaize N.V.

Koninklijke Bibliotheek

Koninklijke DSM N.V. (new name: DSM B.V.)

Koninklijke Heijmans N.V.

Laurentius

LeasePlan Corporation N.V.

Lifetri Verzekeringen N.V.

Madrileña Red de Gas Finance B.V.

MEGlobal B.V.

Menzis N.V.

Menzis Zorgverzekeraar N.V.

Mercedes-Benz International Finance B.V. (previously: Daimler International Finance B.V.)

N.V. Levensverzekering-Maatschappij "De Hoop"

Nationale-Nederlanden Bank N.V.

Nationale-Nederlanden Levensverzekering Maatschappij N.V.

Nationale-Nederlanden Schadeverzekering Maatschappij N.V.

NN Group N.V.

NN Non-Life Insurance N.V.

NN Re (Netherlands) N.V.

OCI N.V.

OHRA Zorgverzekeringen N.V.

Onderlinge Levensverzekering-Maatschappij 's Gravenhage U.A.

Onderlinge Verzekering Maatschappij Donatus U.A.

Onderlinge Waarborgmaatschappij CZ groep U.A.

Onderlinge Waarborgmaatschappij SAZAS U.A.

Onderlinge Waarborgmaatschappij voor Instellingen in de Gezondheidszorg MediRisk B.A.

Orange Lion 2013-10 RMBS B.V.



Orange Lion XVI RMBS B.V.
Postnl N.V.
Qiagen N.V.
Robeco Afrika Fonds N.V.
Robeco Sustainable Global Stars Equities Fund N.V.
Robeco Umbrella Fund I N.V.
Robeco US Conservative High Dividend Equities N.V.
Robeco US Large Cap Equities N.V. (previously: Robeco Customized US Large Cap Equities N.V.)
Rolinco N.V.
RoodMicrotec N.V.
Royal Schiphol Group N.V.
Sika Capital B.V.
Stichting Algemeen Pensioenfonds KLM
Stichting Cazas Wonen (previously: Stichting Groenwest)
Stichting de Alliantie
Stichting Domesta
Stichting Elan Wonen
Stichting Havensteder
Stichting HW Wonen
Stichting Pensioenfonds ABP
Stichting Pensioenfonds PGB
Stichting Pensioenfonds Vliegend Personeel KLM
Stichting Vidomes
Stichting Welbions
Stichting Woningbedrijf Velsen
Stichting Woonbedrijf ieder1
Stichting Woonservice Drenthe
Stichting Woonwaarts
Südzucker International Finance B.V.
Syngenta Finance N.V.
Unilever Finance Netherlands B.V.
Unilever Insurances N.V.
Vivoryon Therapeutics N.V.
Vonovia Finance B.V.
VVAA Schadeverzekeringen N.V.
Wereldhave N.V.
Woningborg N.V.
Woningstichting Wierden en Borgen
Woonstichting Lieven de Key

Other KPMG member firms in EU and/or European Economic Area (EEA)

The following is a list of KPMG audit member firms in the EU and/or the European Economic Area (as at 30 September 2023) in compliance with EU Regulation 537/2014/Article 13, paragraph 2 sub b (ii and iii). In 2022/2023, turnover from these firms totaled EUR 2.4 billion (based on the statutory audit of annual and consolidated financial statements).

Location	Firm name
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Belgium	KPMG Bedrijfsrevisoren / KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Audit OOD
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG
Cyprus	KPMG Limited
Czech Republic	KPMG Česká republika Audit, s.r.o.
Denmark	KPMG P/S
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkistarkastus Oy
France	KPMG SA
France	KPMG Audit FS I S.A.S.
France	KPMG Audit IS S.A.S.
France	KPMG Audit Nord S.A.S.
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Fiduciaire de France
France	SALUSTRO REYDEL S.A.
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Greece	KPMG Certified Auditors S.A.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft.
Iceland	KPMG ehf.
Ireland	KPMG

Location	Firm name
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics SIA
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	KPMG Baltics UAB
Luxembourg	KPMG Audit S.à.r.l.
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Spółka z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Spółka z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa
Portugal	KPMG & Associados — Sociedade de Revisores Oficiais de Contas, S.A.
Romania	KPMG Audit SRL
Slovakia	KPMG Slovensko spol. s r.o.
Slovenia	KPMG Slovenija, podjetje za revidiranje, d.o.o.
Spain	KPMG Auditores, S.L.
Sweden	KPMG AB

Global Reporting Initiative (GRI) contents table

Statement of use	KPMG N.V. has reported in accordance with the GRI standards for the period 10/1/2022 – 09/30/2023			
GRI 1 used	GRI 1: Foundation 2021			
Applicable GRI sector standard(s)	Not applicable			
Standard disclosures	Included (y/n)	Section(s)	Reason for omission	
GRI 2: General disclosures (2021)				
The organization and its reporting practices				
2-1	Organizational details	Y	Our businesses	
2-2	Entities included in the organization's sustainability reporting	Y	Basis of preparation Independent auditor's report	
2-3	Reporting period, frequency and contact point	Y	Basis of preparation Contacts, notes and acknowledgements	
2-4	Restatements of information	Y	Throughout report where necessary, using footnotes Restatement of prior year figures	
2-5	External assurance	Y	Independent auditor's report	
Activities and workers				
2-6	Activities, value chain and other business relationships	Y	How we create value	
2-7	Employees	Y	Our workforce	Partly not applicable. The breakdown of employees by region is not reported as it does not contribute to the insight in our approach to employment. There are no employees that have a non-guaranteed hours contract.
2-8	Workers who are not employees	Y	Our workforce	
Governance				

Standard disclosures		Included (y/n)	Section(s)	Reason for omission
2-9	Governance structure and composition	Y	Our organizational structure Our Board of Management Functioning of the Supervisory Board Members of the Supervisory Board	Partly not applicable: the composition of the Board of Management and Supervisory Board by under-represented social groups is not disclosed as there is no formal measurement nor policy thereon.
2-10	Nomination and selection of the highest governance body	Y	Our organizational structure	
2-11	Chair of the highest governance body	Y	Supervisory Board report	
2-12	Role of the highest governance body in overseeing the management impact	Y	Supervisory Board report	
2-13	Delegation of responsibility for managing impact	Y	Supervisory Board report	
2-14	Role of the highest governance body in sustainability reporting	Y	Basis of preparation	
2-15	Conflicts of interest	Y	Functioning of the Supervisory Board	Partly not applicable: no transactions involving any potential or actual conflict of interest occurred in 2022/2023.
2-16	Communication of critical concerns	Y	Health and well-being	
2-17	Collective knowledge of the highest governance body	Y	Functioning of the Supervisory Board Training and education	
2-18	Evaluation of the performance of the highest governance body	Y	Board evaluation	



Standard disclosures		Included (y/n)	Section(s)	Reason for omission
2-19	Remuneration policies	Y	Remuneration Report	Partly not applicable: the remuneration policies for the Board of Management and the Supervisory Board do not include sign-on bonuses, recruitment incentive payments, termination payments or retirement benefits other than those described in the Remuneration Report.
2-20	Process to determine remuneration	Y	Remuneration report	
2-21	Annual total compensation ratio	Y	Wages, benefits and engagement	Information partly unavailable: the ratio of the % increase in annual total compensation for highest-paid individual to the median % increase for all employees is currently not measured.
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Y	Message from our CEO	
2-23	Policy commitments	Y	Responsible tax	
			Fraud risk assessment	
			Internal policies and controls	
			Quality management	
2-24	Embedding policy commitments	Y	Supervisory Board report	
			Fraud risk assessment	
			Internal policies and controls	
2-25	Process to remediate negative impacts	Y	Quality management	
			How we create value	
			Our material topics	
			Stakeholder engagement	

Standard disclosures		Included (y/n)	Section(s)	Reason for omission
2-26	Mechanisms for seeking advice and raising concerns	Y	Internal policies and controls	
2-27	Compliance with laws and regulations	Y	Managing quality across our business Quality management	
2-28	Membership associations	Y	Stakeholder engagement	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	Y	Stakeholder engagement	
2-30	Collective bargaining agreements	N		Not applicable. KPMG is not subject to collective bargaining agreements.
Material topics				
3-1	Process to determine material topics	Y	Note on materiality assessment	
3-2	List of material topics	Y	Our material topics	
3-3	Management of material topics	Y	Our material topics	



KPMG material topic	Corresponding GRI disclosure	Included (y/n)	Relevant section	Reason for omission
Ongoing focus on (audit) quality	GRI 3-3 Management of material topics			
	Own indicator: Audit Quality Indicators	Y	Quality management	
Well-being of our workforce	GRI 3-3 Management of material topics			
	GRI 404 Training and education 2016			
	GRI 404-1	Average hours of training per year per employee	Y	Learning, development and succession planning
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Y	Learning, development and succession planning
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Y	Learning, development and succession planning
Digital technologies & AI	GRI 3-3 Management of material topics			
	Own indicator: Investments in developments of new Audit technologies and tools	Y	Digital & innovation	

KPMG material topic	Corresponding GRI disclosure	Included (y/n)	Relevant section	Reason for omission	
ESG developments					
Impact on clients	GRI 3-3 Management of material topics				
	Own indicator: Number YTD of KPMG partners/directors and C-level clients that participated in the Executive ESG program of ESG Innovation Institute		Managing our environmental, social and governance impact		
Impact on the environment	GRI 3-3 Management of material topics				
	GRI 305 Emissions 2016				
			Y	Managing our environmental, social and governance impact	
	GRI 305-1	Direct (Scope 1) GHG emissions	Y	Managing our environmental, social and governance impact	
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	Y	Managing our environmental, social and governance impact	
	GRI 305-3	Other indirect (Scope 3) GHG emissions	Y	Managing our environmental, social and governance impact	
	GRI 305-4	GHG emissions intensity	N		Information unavailable/incomplete. KPMG NL does currently not measure all scope 3 emissions. We will report on our extended scope 3 emissions starting in 2023/2024.
	GRI 305-5	Reduction of GHG emissions	N		Information unavailable/incomplete. Currently, KPMG does not have the data quality to link reductions in GHG emissions to specific initiatives. We are working to improve this data quality.
GRI 305-6	Emissions of ozone-depleting substances (ODS)	N		Not applicable. As an office-based company, ODS emissions is not a relevant indicator to KPMG NL.	
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N		Not applicable. As an office-based company, NOx and SOx emissions are not relevant indicators to KPMG NL.	

KPMG material topic	Corresponding GRI disclosure	Included (y/n)	Relevant section	Reason for omission	
Impact on society	GRI 3-3 Management of material topics				
	Own indicators:	Doing good for broader society (cash contributions)	Y	Managing our environmental, social and governance impact	
		Doing good for broader society (hours KPMG employees)	Y	Managing our environmental, social and governance impact	
Inclusion, diversity & equity	GRI 3-3 Management of material topics				
	GRI 405 Diversity and equal opportunity 2016		Y	Culture and inclusion, diversity & equity	
	GRI 405-1	Diversity of governance bodies and employees	Y	Supervisory Board report	
	GRI 405-2	Ratio of basic salary and remuneration of women to men.	Y	Culture and inclusion, diversity & equity	
	GRI 406 Non-discrimination 2016		Y	Culture and inclusion, diversity & equity	
	GRI 406-1	Incidents of discrimination and corrective actions taken	Y	Culture and inclusion, diversity & equity	
Skills shortages	GRI 3-3 Management of material topics				
	GRI 401 Employment 2016		Y	Culture and inclusion, diversity & equity	
	GRI 401-1	New employee hires and employee turnover	Y	Our workforce	Partly not applicable: the breakdown of new employee hires and employee turnover by region is not reported as it does not contribute to the insight in our approach to employment.
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Y	Culture and inclusion, diversity & equity	
	GRI 401-3	Parental leave	Y	Culture and inclusion, diversity & equity	Information partly unavailable: employees returning to work after parental leave and employees still in employment after their return to work are not reported, because this data is currently not measured in a way that it contributes to the insight into this topic.



Contribution to UN Sustainable Development Goals (SDGs)

Through our business activities, we contribute to the UN Sustainable Development Goals (SDGs). The table below shows KPMG N.V.'s principal contributions to the SDGs over the past year by strategic focus area. For ease of reference, we have classified our contributions as either internal (i.e., within our own business operations) or external (i.e., through client engagements and relations with other outside partners):

Where we are contributing through our client engagements and other business relations (**external**):

SDG and underlying target	KPMG N.V. contribution	Strategic focus area
 SDG10: Reduce inequalities Improve regulation and monitoring of global financial markets (10.5)	Support for Assurance clients in company reporting and disclosure, strengthening confidence in financial markets	Public trust, Clients
 SDG 12: Responsible production and consumption Encourage companies to adopt sustainable practices and integrate sustainability into reporting (12.6)	<ul style="list-style-type: none"> • Advice for clients on sustainability strategies (climate risk, responsible supply chain management etc.) • Support for Assurance clients in producing regular, high-quality sustainability reporting 	Public trust, Clients
 SDG13: Climate action Strengthen resilience to climate-related hazards and natural disasters (13.1)	Advice for clients on strategies to strengthen climate resilience and manage physical/transition risk	Public trust, Clients
 SDG 8: Decent work and economic growth <ul style="list-style-type: none"> • Support economic growth according to national circumstances (8.1) • Achieve higher economic productivity through diversification, technological upgrading and innovation (8.2) 	Support and advice to clients on expanding business operations, developing new growth opportunities and digitalizing systems and processes	Clients, Digital & Innovation
 SDG 4: Quality education Increase number of young people and adults with skills for employment, decent jobs and entrepreneurship (4.4)	Support for training/education among younger people from disadvantaged backgrounds	Public trust

Where we are contributing by improving and strengthening our own business operations (**internal**):

SDG and underlying target	KPMG N.V. contribution	Strategic focus area
 SDG 5: Gender equality Ensure equal opportunities for leadership at all levels of decision-making in political, economic and public life (5.5)	Initiative to support greater gender diversity in workplace and management (including psychological safety)	People
 SDG 13: Climate action Integrate climate change measures into national policies, strategies and planning (13.2) ^[1]	Target to achieve net zero by 2030 (halving carbon emissions)/increasing percentage of energy use from renewables	Public trust

¹ Indicator relating to this target is total greenhouse gas emissions (13.2.2).

Please note that, in the table above, we have used shortened versions of the underlying targets. For more information on these targets and the SDGs, see sdgs.un.org/goals.

Definitions of key performance indicators (KPIs) and other metrics

The table below provides definitions used for key performance indicators and other metrics relating to our six material topics:

Indicator	Definition	Material topic
Results of internal KPMG N.V. audit inspections	Percentage of audit engagements rated compliant during internal Quality Performance Reviews completed during the reporting period	Ongoing focus on (audit) quality
Results of external inspections	Percentage of external reviews by AFM, NBA and PCAOB performed during the reporting period rated satisfactory as percentage of total external reviews carried out	
Percentage of engagements involving EQCR	Number of EQCRs being carried out prior to publication of auditor's report as percentage of statutory audits being conducted during the reporting period	
EQCR hours spent as % of total hours spent on EQCR engagements (scope: all EQCR engagements excl. three largest clients)	Number of hours spent on EQCRs by the EQCR partner and designated EQCR assist (senior manager and up) as percentage of total hours spent on audit engagements involving an EQCR during the reporting period – excluding the three largest clients	
Partner hours in PIE audit engagements	Percentage of hours spent by KPMG N.V. partners and directors on financial statement audit engagements for PIE clients during the reporting period	
Partner hours in non-PIE audit engagements	Percentage of hours spent by KPMG N.V. partners and directors on financial statement audit engagements for non-PIE clients during the reporting period	
Average number of hours spent in training per client-facing professional in audit	Average number of hours spent by audit professionals (excl. non-client facing staff) in study or training during the reporting period	
Hours spent on PIE audit engagements by IT and other specialists	Percentage of hours spent by specialists working in Assurance departments (other than audit) on financial statement audit engagements for PIE clients during the reporting period	
Hours spent on non-PIE audit engagements by IT and other specialists	Percentage of hours spent by specialists working in Assurance departments (other than audit) on financial statement audit engagements for non-PIE clients during the reporting period	
Technical resources support (FTEs) as % of total audit FTEs	Percentage of FTE support from Quality & Risk Management, Internal Audit & Compliance Office and Department of Professional Practice provided to audit engagements during the reporting period as % of total audit FTEs	

Indicator	Definition	Material topic
Number of technical consultations as % of total audit engagements	Technical audit or accounting consultations at the Audit Quality Professional Practice Department that are finalized as percentage of total financial statement audit engagements during the reporting period	
Financial statements with restatements as % of audit opinions issued	The number of consultations for material errors in financial statements to be corrected during the reporting period as a percentage of the average number of audit opinions issued during the current and prior reporting period	
Independence violations, both internal and external, as % of total audit headcount	Number of internally (Internal Audit & Compliance Office) and externally (AFM) reported violations of personal financial independence and employment relationship rules as percentage of average total headcount of audit employees (excl. non-client facing staff) during the reporting period	
GPS survey results related to coaching and audit quality	Percentage of positive responses to GPS questions ("strongly agree" and "agree" on a 5-point scale) relating to coaching and quality as % of total response by employees who indicated in the survey that they worked on audit engagements in the reporting period	
Employee engagement	Percentage of positive responses ("strongly agree" and "agree" on a 5-point scale) to GPS questions in the reporting period relating to employee engagement (e.g. "I'm proud to work for KPMG" and "I would recommend KPMG as a great place to work")	Well-being of our workforce
Absenteeism rates	Hours lost to sickness, injury or absence within workforce as percentage of total base hours worked during the reporting period	
Workforce diversity by age, gender and career level	Number of employees at 1 October 2023 by age and gender according to career level (partner/director, senior management, management, senior employees, junior employees) as percentage of total workforce (excl. KPMG International and outbound expats)	Inclusion, diversity & equity
Membership of main governance bodies by gender and age	Percentage of individuals within KPMG's main governance bodies (Board of Management, Supervisory Board and Group Leadership Team) as per 1 October 2023 by gender and age	
Employee hires by age, gender and business function	Number of new employees hired during the reporting period by age, gender and business function	
Number of employees entitled to and taking parental leave	Number of employees that are (based on self-reporting) entitled to additional paid parental leave based on organizational policy or contractual agreements and those taking additional paid parental leave during the reporting period by gender	
Gender pay gap	The difference in average salary between men and women employees (excl. KPMG International and CEO) per career level as at 1 October 2023	

Indicator	Definition	Material topic
Investments in developing new audit technologies and tools as % of total audit revenue	The investments made by KPMG N.V. in audit technologies, processes and tools, calculated as the sum of predefined percentages of the Daní, Quality Risk Management Group and Audit Quality Professional Practice department costs, added up with 100% of the costs for the implementation of KPMG Clara. The predefined percentages are a best estimate of costs classifying as investment in audit technologies, processes and tools. This measurement method has applied consistently over the past years.	Digital technologies & AI

Doing good for broader society (cash contributions in EUR)	Cash donations to charities or community organizations (focusing on selected target groups such as environmental, diversity & inclusion, and education & young people) during the reporting period	Impact on society
Doing good for broader society by KPMG employees (hours in EUR)	Hours spent by partners and employees on volunteering for charities or community organizations (focusing on selected target groups such as environmental, diversity & inclusion, and education & young people) during the reporting period multiplied by the average recovery or realized rate (pro bono hours), average labor costs (skilled volunteering hours) and the Netherlands' national minimum wage rate (general volunteering hours)	
Gross CO ₂ emissions scope 1, 2 and 3	KPMG 's gross CO ₂ emissions consist of the total metric tons of CO ₂ equivalents from material scope 1, 2 and 3 emissions. This includes company owned vehicles (purchased or leased) and stationary energy (e.g. natural gas for heating) consumption at the offices. Gross market-based GHG emissions (scope 2) in metric tons of CO ₂ equivalent are calculated using the methodology used to calculate location-based GHG emission and then corrected for renewable energy to calculate our net CO ₂ emissions (see definition below). This includes electricity and district heating/cooling if used in the respective office. Gross indirect (scope 3) GHG emissions in metric tons of CO ₂ equivalent from the scope 3 sources as described under Scope 3 definition and boundary setting. The general carbon accounting policies and emission factors are described below. Location-based emissions (scope 2) is our total energy consumption, market-based emissions (scope 2) emissions are adjusted based on renewable energy procurement. Our definition of renewable energy is included below.	Impact on environment
Net CO ₂ emissions per headcount	The Net CO ₂ emissions per headcount are calculated by dividing the net CO ₂ emissions by the average headcount for employees (excl. KPMG international and outbound expats) within KPMG NL during the reporting period	ESG developments

Indicator	Definition	Material topic
Net CO ₂ emissions scope 1,2 and 3	KPMG 's net CO ₂ emissions are calculated based on the gross CO ₂ emissions corrected by subtracting the emissions from renewable energy. Our definition of renewable energy is included below.	
Percentage of renewable electricity	The percentage of renewable energy is defined by calculating the percentage of renewable electricity as % of total electricity consumption. Renewable energy is defined as energy from natural resources that that are abundant and able to be constantly renewed, including the sun and wind.	
Number of participants in ESG Innovation Institutes' Executive ESG program	Number of KPMG partners/directors and executive-level clients attending the executive ESG program at the ESG Innovation Institute during the reporting period	Impact on clients
Employee retention	Percentage of employees (excl. KPMG international, outbound expats and interns) by FTE at the beginning of the reporting period who are still active employees at the end of the reporting period	Skills shortages
Total number and distribution of leavers	The total number of leavers (headcount, excl. KPMG International, outbound expats and interns) during the reporting period including distribution % on gender, age group and business function	

Emission calculation rationale

General accounting policies and emission factors

- Our emissions calculations are based on the GHG Protocol 'Corporate Accounting and Reporting Standard' (World Resources Institute and World Business Council for Sustainable Development, March 2004), as well as the reporting guidelines from KPMG International. The organizational boundaries of KPMG are drawn up using the so-called 'Operational control approach'. This means that KPMG N.V. takes responsibility for the emissions of the business units over which it has operational control, not being KPMG International.
- The usage for natural gas (scope 1), purchased electricity market based and location based (scope 2) and water usage (scope 3) is calculated based on the calendar year 2022 due to data availability. All other usage data are calculated for the financial year (1 October 2022 - 1 October 2023).
- For the usage data of our lease fleet (leased diesel, petrol and electric vehicles), we don not have all final emissions data points by the time our Integrated Report gets published. When final data is not available, an estimation is calculated. An extrapolation is made based on historical data of the previous year.
- As emission factors we used the factors from Defra passenger vehicles (version 2023) for leased vehicles diesel and petrol. For the other sources of emissions we used the Defra factors (version 2021) in line with the reporting guidelines of KPMG International. For leased electric vehicles we used the emission factor for non-renewable energy.

Scope 3 definition and boundary settings

- In our scope 3 we currently include Category 5 *Waste generated in operations* and Category 6 *Business travel (including airplanes and public transportation)*. Any other scope 3 categories are not reported yet as we are still developing our reporting in this area.
- For scope 3 Category 6 *Business travel*, data is collected by an external provider, Schiphol Travel, directly from our travel bookings.

Restatement of prior year figures

In anticipating upcoming CSRD requirements, we have carefully reviewed the definitions and calculation of our key performance indicators in 2022/2023. This resulted in refining and adjusting some of the definitions. In order to present like-for-like figures, we have restated the prior year KPIs concerned. Key changes relate to:

- Presenting employee figures that include professionals that are based in the Netherlands (excluding KPMG International and outbound expats)
- Determining the gender pay gap excluding the CEO and equity partners
- Changing the reference date from 30 September or 31 October to 1 October in order to present employee figures that reflect the situation at the end of the financial year
- Adjusting the nominator for absence from actual total hours (including overtime) to the contractual base hours
- Adding two internal codes for parental leave calculation that were incorrectly excluded last year
- Replacing renewable and non-renewable purchased electricity with market-based and location-based, following GHG guidance

The effects per KPI affected are summarized in the tables below.

Average FTE


	Correction of KPMG International expats/		
	2021/2022	1 October	2021/2022 restated
Assurance	1,952	+3	1,955
Advisory	1,303	-1	1,302
Business Services	558	-139	419
Total	3,813	-137	3,676

Retention rate

	Correction of KPMG International expats/		
	2021/2022	30 September	2021/2022 restated
Assurance	82.8%	2.2%	85.0%
Advisory	79.0%	0.9%	79.9%
Business Services	86.6%	1.2%	87.8%
Total	82.0%	1.2%	83.2%

 Key Performance Indicator

Workforce diversity

	Correction of KPMG International		
	2021/2022	expats / 1 October	2021/2022 restated
	% men/women	% men/women	% men/women
Partners/directors	80/20	+1/-1	81/19
Senior managers	69/31	0/0	69/31
Managers	59/41	-2/+2	57/43
Senior staff	60/40	-3/+3	57/43
Junior staff	52/48	+5/-5	57/43
Total workforce 	59/41	0/0	59/41



 Key Performance Indicator

Gender pay gap

	Correction of KPMG International			
	2021/2022	expats / 1 October / employee category change	Correction CEO and equity partners	2021/2022 restated
Salary partners and directors	+5.88% (in favor of women)	2.07%	-9.15%	+1.2% (in favor of men)
Senior managers	+1.69% (in favor of men)	-0.33%	-	+1.36% (in favor of men)
Managers	-0.39% (equal pay)	0.44%	-	0.05% (equal pay)
Senior staff	-0.11% (equal pay)	0%	-	-0.11% (equal pay)
Junior staff	+1.1% (in favor of women)	-0.65%	-	0.45% (equal pay)

Figures in our 2021/2022 Integrated Report were rounded to the nearest full percentage. As of 2022/2023, we use decimals to provide insight into reconciliations and developments.

Parental leave

	Correction of KPMG International/expats		Correction birth leave and parental leave	
	2021/2022	Men/women	2021/2022 restated	Men/women
Employees entitled to parental leave 	89/74	-4/-1	+33/+26	118/99
Employees taking parental leave 	30/43	-1/-1	+61/+3	90/45

 Key Performance Indicator

Absence

	Correction of Base		
	2021/2022	Hours	2021/2022 restated
Absentee rate 	3.0%	+0.4%	3.4%

 Key Performance Indicator

CO₂ Emissions

	2021/2022 emissions	Correction in emission calculation following GHG guidance	Correction in emmission calculation regarding rail travel	Emissions after adjusting calculation	Correction for excluding KPMG International	2021/2022 restated emissions
Scope 1						
Natural gas used ^[1]	113			113		113
Leased vehicles - diesel	225			225	-9	216
Leased vehicles - petrol	3,573			3,573	-70	3,503
Total scope 1	3,911			3,911	-79	3,832
Scope 2						
Purchased electricity (location based) ^[1]		+1,362		1,362	-36	1,325
Purchased electricity (market based) ^[1]		+41		41		41
Leased vehicles - electric***	174	+951		1,125	-19	1,107
Total scope 2	1,536	+992		2,528	-55	2,473
Scope 3						
Rail travel**	38		+6	44		44
Air travel	2,524			2,524	-187	2,337
Total waste (includes recycled waste)	1			1		1
Recycled waste	87%			87%		87%
Water used ^[1]	1			1		1
Total scope 3	2,564		+6	2,570	-187	2,383
Total gross emissions	8,011	+999	+6	9,010	-322	8,688
Net CO₂ emissions	6,690	+999	+6	7,689	-286	7,403
Net CO ₂ emissions/ Headcount				1.96	-0.01	1.95
Renewable electricity %				97.0%	-0.08%	96.9%

¹ Usage for calendar year 2021

Correction in emission calculation following GHG guidance:

- Scope 2 Purchased electricity market based and location based restated as a replacement of (non)renewable
- Scope 2 Leased vehicles electric: emissions are calculated using the purchased electricity non-renewable factor

Correction in emission calculation regarding rail travel:

- Scope 3 Rail travel emissions from international rail travel are included

Correction excluding KPMG International:

- Scope 1: For comparison reasons the 2021/2022 figures have been completely restated. For natural gas the emissions remained the same, despite the restatement in usage figures.
- Scope 2: For comparison reasons the 2021/2022 figures have been restated except for purchased electricity (market based), because KPMG International staff is only located at our Amstelveen office, which uses green energy.
- Scope 3: For comparison reasons the 2021/2022 figures have been restated. Emissions only changed for air travel. In other categories restatements were made in the usage figures but the emissions remained the same. For recycled waste the ratio remains the same.

Segmentation of revenue/other income

Audit and advisory fees

The tables below provide a breakdown of KPMG Netherlands' revenue for 2022/2023, segmented by business. Amounts are based on our taxonomy and are provided by our clients' legal entities. Statutory legal audits are those where there is a legal obligation to have financial statements audited by an independent auditor. These audits may relate either to Public Interest Entity (PIE^[1]) clients or to non-PIE clients.

For PIEs, we use the definition contained in the Dutch Audit Firms Supervision Act (Wet toezicht accountantsorganisaties, Wta), Article 1.p, to determine the segmentation of revenue. Other audit and assurance(-related) reports, referred to in the tables below, include: financial statement audits, attestation reports, sustainability assurance, ISAE 3402 certification, IT audits etc. Advisory engagements are those that include certification or audit elements.

To uphold standards of independence, we do not deliver non-audit services to PIEs that are audited by us. None of our audit clients accounted for more than 15% of total audit fees received in 2022/2023, in line with International Federation of Accountants (IFAC) thresholds.

For reference, Article 13(2)(k) of EU Regulation 537/2014 regarding statutory audit of PIE clients, relates to the following:

- i. Revenues from the statutory audit of annual and consolidated financial statements of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE;
- ii. Revenues from the statutory audit of annual and consolidated financial statements of other entities;
- iii. Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm;
- iv. Revenues from non-audit services to other entities.

(in EUR million)		2022/2023		2021/2022	
i	OOB clients (Wta)	75.9	10%	70.1	10%
ii	Non-OOB clients (Wta)	163.5	22%	136.1	20%
iii	Other audit clients	55.6	8%	54.3	8%
iv	Other clients	446.9	60%	426.9	62%
Total		741.9	100%	687.4	100%

1 In Dutch: Organisaties van openbaar belang

Roman numbers indicate the combinations for the summary table

KPMG N.V. 2022/2023	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total	
	i	76.7 84%	iii	5.7 6%	9.1 10%	91.5 100%	-	0%	-	0%	91.5	100%		
OOB clients (Wta)	i	76.7 84%	iii	5.7 6%	9.1 10%	91.5 100%	-	0%	-	0%	91.5	100%		
Non-OOB clients (Wta)	ii	165.3 80%		16.5 8%	10.4 5%	192.2 93%	14.3	7%	-	0%	206.5	100%		
Other audit clients			iv	48.2 79%	7.9 13%	56.1 92%	4.6	8%	-	0%	60.7	100%		
Other clients					15.9 4%	15.9 4%	336.4	88%	30.9	8%	383.2	100%		
Total		242.0 32%		70.4 9%	43.3 6%	355.7 47%	355.3 48%	30.9 4%			741.9 100%			

Assurance 2022/2023	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total	
	i	76.7 84%	iii	5.7 6%	9.1 10%	91.5 100%	-	0%	-	0%	91.5	100%		
OOB clients (Wta)	i	76.7 84%	iii	5.7 6%	9.1 10%	91.5 100%	-	0%	-	0%	91.5	100%		
Non-OOB clients (Wta)	ii	165.3 83%		16.5 8%	10.4 5%	192.2 97%	6.1	3%	-	0%	198.3	100%		
Other audit clients			iv	48.2 84%	7.9 14%	56.1 98%	1.2	2%	-	0%	57.3	100%		
Other clients					15.6 25%	15.6 25%	39.0	63%	7.2	12%	61.8	100%		
Total		242.0 59%		70.4 17%	43.0 11%	355.3 87%	46.4 11%	7.2 2%			408.9 100%			

Advisory 2022/2023	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total	
	i	- 0%	iii	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%		
OOB clients (Wta)	i	- 0%	iii	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%		
Non-OOB clients (Wta)	ii	- 0%		- 0%	- 0%	- 0%	- 0%	8.2	100%	- 0%	- 0%	8.2	100%	
Other audit clients			iv	- 0%	- 0%	- 0%	- 0%	3.4	100%	- 0%	- 0%	3.4	100%	
Other clients					0.3 0%	0.3 0%	297.3	99%	3.1	1%	300.7	100%		
Total		- 0%		- 0%	0.3 0%	0.3 0%	308.9 99%	3.1 1%			312.3 100%			

Shared Service 2022/2023	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total	
	i	- 0%	iii	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%		
OOB clients (Wta)	i	- 0%	iii	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%		
Non-OOB clients (Wta)	ii	- 0%		- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%		
Other audit clients			iv	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%	- 0%		
Other clients					- 0%	- 0%	- 0%	- 0%	20.6	100%	20.6	100%		
Total		- 0%		- 0%	- 0%	- 0%	- 0%	- 0%	20.6 100%			20.6 100%		

Roman numbers indicate the combinations for the summary table

KPMG N.V. 2021/2022	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total
OOB clients (Wta)	i	70.1 83%	iii	4.9 6%	9.4 11%	84.4 100%	-	0%	-	0%	-	0%	84.4
Non-OOB clients (Wta)	ii	136.1 77%		18.6 11%	11.4 6%	166.1 94%	9.9	6%	-	0%	-	0%	176.0
Other audit clients			iv	49.4 81%	7.0 11%	56.4 93%	4.3	7%	-	0%	-	0%	60.7
Other clients					12.9 4%	12.9 4%	321.4	88%	31.9	9%	-	0%	366.2
Total		206.2 30%		72.9 11%	40.7 6%	319.8 47%	335.6	49%	31.9	5%	687.4		

Assurance 2021/2022	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total
OOB clients (Wta)	i	70.1 83%	iii	4.9 6%	9.4 11%	84.4 100%	-	0%	-	0%	-	0%	84.4
Non-OOB clients (Wta)	ii	136.1 80%		18.6 11%	11.4 7%	166.1 98%	3.3	2%	-	0%	-	0%	169.4
Other audit clients			iv	49.4 86%	7.0 12%	56.4 98%	0.9	2%	-	0%	-	0%	57.3
Other clients					12.4 23%	12.4 23%	40.9	74%	1.6	3%	-	0%	54.9
Total		206.2 56%		72.9 20%	40.2 11%	319.3 87%	45.1	12%	1.6	0%	366.0		

Advisory 2021/2022	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total
OOB clients (Wta)	i	- 0%	iii	- 0%	- 0%	- 0%	-	0%	-	0%	-	0%	-
Non-OOB clients (Wta)	ii	- 0%		- 0%	- 0%	- 0%	6.6	100%	-	0%	-	0%	6.6
Other audit clients			iv	- 1%	- 0%	- 1%	3.4	99%	-	0%	-	0%	3.4
Other clients					0.5 0%	0.5 0%	280.6	98%	6.1	2%	-	0%	287.2
Total		- 0%		- 0%	0.5 0%	0.5 0%	290.6	98%	6.1	2%	297.2		

Shared Service 2021/2022	Wta audits		Other financial statements audits		Other Assurance services		Total Assurance services		Advisory services		Other services		Total
OOB clients (Wta)	i	- 0%	iii	- 0%	- 0%	- 0%	-	0%	-	0%	-	0%	-
Non-OOB clients (Wta)	ii	- 0%		- 0%	- 0%	- 0%	-	0%	-	0%	-	0%	-
Other audit clients			iv	- 0%	- 0%	- 0%	-	0%	-	0%	-	0%	-
Other clients					- 0%	- 0%	-	0%	24.2	100%	-	0%	24.2
Total		- 0%		- 0%	- 0%	- 0%	- 0%	- 0%	24.2	100%	24.2		

Abbreviations

This report uses the following abbreviations:

ADR	Auditdienst Rijk (central government audit services)
AFM	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
AI	Artificial intelligence
AQC	Assurance Quality Committee
AQI	Audit quality indicator
AQPPD	Audit Quality Professional Practice Department
ARC	Audit Risk Committee
BFT	Bureau Financieel Toezicht (Financial Supervision Office)
Bta	Besluit toezicht accountantsorganisaties (Dutch Audit Firms Supervision Decree)
CEAOB	Committee of European Auditing Oversight Bodies
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSRD	Corporate Sustainability Reporting Directive
Daní	Digital Assurance & Innovation
EEA	European Economic Area
EQCR	Engagement Quality Control Review
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environmental, social and governance
ESRS	European Sustainability Reporting Standards
EU	European Union
FTE	Full-time equivalent
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
GPS	Global People Survey
GRI	Global Reporting Initiative
HR	Human resources
IDE	Inclusion, diversity & equity
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IG&H	Infrastructure, government & healthcare
ISAE	International Standard on Assurance Engagements
ISQM	International Standard on Quality Management
KDN	KPMG Delivery Network



KPI	Key performance indicator
KQCE	KPMG Quality & Compliance Evaluation
MFR	Mandatory firm rotation
NA	Not available or not applicable
NBA	Koninklijke Nederlandse Beroepsorganisatie van Accountants (Royal Netherlands Institute of Chartered Accountants)
NGO	Non-governmental organization
NM	Not measured
NOREA	Nederlandse Orde van Register EDP-Auditors (Dutch professional organization for IT auditors)
NPS	Net Promoter Score
OECD	Organization for Economic Cooperation & Development
PCAOB	Public Company Accounting Oversight Board
PIE	Public interest entity
QPR	Quality Performance Review
QRMG	Quality & Risk Management Group
RAC	Remuneration & Appointment Committee
RCA	Root cause analysis
SBT	Science Based Target
SBTi	Science-Based Targets initiative
SDG	Sustainable Development Goal
SoQM	System of Quality Management
STEM	Science, technology, engineering and mathematics
tCO₂e	Tonnes CO ₂ equivalent
UN	United Nations
VGBA	Verordening gedrags- en beroepsregels accountants (Dutch Code of Ethics)
ViO	Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten (Dutch regulation on the independence of auditors in assurance engagements)
WAB	Wet op het accountantsberoep (Dutch Auditors' Profession Act)
Wta	Wet toezicht accountantsorganisaties (Dutch Audit Firms Supervision Act)

Contacts, notes and acknowledgements

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