



Transparency report 2019

Committed to driving audit quality

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

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1. Letter from the Head of Audit

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises CVBA/ SCRL¹ is pleased to provide you with its Transparency Report for the fiscal year ended September 30, 2019, prepared and published in accordance with article 23 of the Law of December 07, 2016 pertaining to the Organization of and public oversight on the audit profession and article 13 of European regulation (EU) 537/2014.

These remain challenging times: the geo-political and socioeconomic environment continually changes and uncertainties continue to loom (eg. protracted Brexit, slowing economic growth, negative interest rates, increasing tensions in international foreign policy and trade relationships, climate change risks, cyber security issues...). We see our clients tackle these challenges by remaining positive and focusing their resources on their business, people, markets, technology and operations.

As an audit firm we tackle such challenges and uncertainties in a similar fashion: it is our Vision to be the Clear Choice for our clients, our stakeholders, our people, and the society at large by remaining committed to our core strengths and values: audit quality, ethics, independence, integrity and innovation. Such commitment is driven from the top (i.e. the Firm's leadership), but it is ultimately the responsibility of all our partners, directors and employees.

This 2019 Transparency Report demonstrates our unwavering commitment to quality and integrity and underlines the importance we place on meeting our responsibilities to clients, capital markets, regulators and the wider public.

When it comes to audit, we acknowledge the great responsibility we have not only towards our clients, but also

in regards to the public interest. Audit quality therefore is a key strategic imperative for us. It is the bedrock of public trust.

The "College van toezicht op de bedrijfsrevisoren" / "Collège de supervision des réviseurs d'entreprises" ("CTR-CSR") visited us for the first time in 2018-2019 in its role as independent oversight authority. This independent oversight is considered to be an important addition to our own monitoring systems and provides us with the opportunity to discuss potential improvements in Belgian laws and the necessity for further guidance and coherence.

The 2019 Transparency Report provides you with a concise description of our system of quality control placing a strong focus on audit quality and related processes, controls and quality initiatives.

I encourage you, our clients, potential clients and other stakeholders, who wish to discuss any matter set out in this report, to contact us. We would be delighted to discuss our approach and views with you.

Karel Tanghe,
Sole Director,
Head of Audit

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
29 January 2020

For more information, please check kpmg.com/be and <https://home.kpmg/be/en/home/about/governance.html>

¹ Throughout this document "KPMG" refers to the network of independent member firms operating under the KPMG name and affiliated with KPMG International Cooperative ("KPMG International") or to one or more of these firms or to KPMG International. KPMG International, a Swiss entity, provides no client services. Throughout the document, "we", "our" and "us" refer to KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises CVBA/SCRL. KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises CVBA/SCRL is a member firm of the KPMG network of independent firms affiliated with KPMG International. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.



2. Who we are

2.1 Our business



KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises CVBA/SCRL is a member firm of the international KPMG network of member firms offering audit, tax and advisory services.

Our network in Belgium operating through a number of companies, all KPMG member firms, has approximately 1.450 professionals working in Brussels, Antwerp, Ghent, Hasselt, Liège, Louvain-la-Neuve and Kortrijk.

Further details of our service offerings can be found on our website at the following link: <https://home.kpmg/be/en/home/services.html>.

2.2 Our Strategy



We have determined that a commitment to quality is one of the most important priorities in our strategy. Our strategy demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across our entire global network.

We recognize that if we do not get the quality of our service and deliverables right then each and every one of the other objectives in our business plan may be jeopardized.

As such, we put significant focus on ensuring that we deliver the quality of service that our clients expect, continually reinforcing the importance of quality across our Belgian member firms.

In terms of our expertise we offer a full-range of multidisciplinary services through our different Belgian member firms: Audit, Management consulting, Technology Advisory, Deal Advisory, Risk consulting, Tax & Legal and Accounting. To improve our client service, we aim to be first to market with new approaches, to make the most of our ideas and credentials, and work to the very highest standards of quality. Our aim is to help clients overcome their most significant challenges, working closely with both the market leaders in our region and in our priority sectors (which are aligned to those sectors identified as being most critical in KPMG's global growth strategy), with middle market clients and family owned businesses.



3. Our structure and governance

3.1 Legal structure



KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises, is a Belgian CVBA/ SCRL with registered office at Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium (RPR/RPM number 0419 122 548 and IBR/IRE number B00001), hereafter referred to as “KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises” or “the Firm”.

KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises is affiliated with KPMG International Cooperative (“KPMG International”). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business activities, including our relationship with it, are set out in Section 7 of this Transparency Report and are available in the ‘Governance and leadership’ section of the [KPMG International Transparency Report](#).

KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises is part of a global network of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed values wherever its member firms operate.

There are a number of other legal entities which form the KPMG network in Belgium and which are independent companies affiliated with KPMG International. These Belgian KPMG companies are governed by Belgian law. They are supported by KPMG Central Services GIE (Groupement d’intérêt économique) / ESV (Economisch Samenwerkings Verband), a Belgian economic interest grouping.

A list of operating entities in Belgium, together with details of legal structure, regulatory status and nature of their business is set out in Appendix A1. For the year ended 30 September 2019 the member firms comprising the KPMG network in Belgium generated aggregate revenues of EUR 207 million.

3.2 Name, ownership and legal relationships



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

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm’s obligations or liabilities.

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

The shareholders of KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises are listed on the website of the Instituut van de Bedrijfsrevisoren (IBR) – Institut des Réviseurs d’Entreprises (IRE) under the following links:

— <https://www.ibr-ire.be/nl/openbaar-register/belgi/bedrijfsrevisoren>

— <https://www.ibr-ire.be/fr/registre-public/belgique/reviseurs-d-entreprises>

During the year to 30 September 2019 there was an average of 24 partners and 17 executive directors (hereafter “Engagement Leader(s)”) in KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises (2018: 23 partners and 19 executive directors).

3.3 Responsibilities and obligations of member firms



Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International’s policies, procedures and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm



structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work.

Member firms commit to a common set of KPMG values (see section 4.1).

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

3.4 Governance structure



Karel Tanghe is the sole director of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises. He has ultimate responsibility for proposing the Firm's strategy and overseeing its implementation.

A list of matters to be monitored regularly includes matters of fundamental importance to the Firm such as quality of services, operating and financial performance, annual business plans and budgets, new business proposals, marketing, technology development, recruitment and retention, remuneration policies, etc.

Karel Tanghe is supported in his oversight and governance responsibilities by several partners and support departments, amongst others:

- Quality and Risk Management (QRM): Provides support in the oversight of Quality & Risk Management matters for all Belgian member firms;

- Ethics & Independence (E&I): Implements and supervises firm policies in areas such as the independence of the Firm and the Firm's professionals;
- Department of Professional Practice (DPP): Supports the Firm's professionals in meeting their professional responsibilities in the areas of accounting, reporting, auditing and attestation standards;
- Human Resources (HR): supports the Firm in having the right Engagement Leaders and staff members to assign to an engagement.

While we stress that all professionals are responsible for quality and risk management the following individuals have leadership responsibilities:

- The Head of Audit assumes ultimate responsibility for KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises' system of quality control;
- Operational responsibility for the system of quality control and risk management has been delegated to the Quality & Risk Management Partner (QRM Partner). He is responsible for setting overall professional risk management and quality control policies and monitoring compliance for the Firm. The fact that the role is a national position underlines the importance that our organization places on risk and quality issues. He works with the Head of Audit and is supported by a team of professionals;
- The Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in the Firm and reports on ethics and independence issues to the QRM Partner or to the Senior Partner or member firm leadership as defined by the KPMG member firm.



4. System of quality control

Overview



Tone at the top, leadership and a clear set of values and conduct are essential to set the framework for quality. However, these must be backed up by a system of quality control that ensures our performance meets the highest professional standards.

To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG has developed the Audit Quality Framework, based on International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual) which applies to all KPMG partners, directors and employees. KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.

The Firm is required to implement KPMG International policies and procedures and also adopts additional policies and procedures that are designed to meet the rules and standards issued by the IBR/ IRE and other regulators as well as applicable legal and regulatory requirements. All references to "KPMG policies and procedures" or "our policies and procedures" refer to the KPMG International policies and to the additional policies and procedures of the Firm together.

Quality control and risk management are the responsibility of all KPMG partners, directors and employees. This responsibility includes the need to understand and adhere to the Firm's policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to all KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises' partners, directors and employees wherever they are based.

While this Transparency Report summarizes KPMG's approach to audit quality, it may also be useful for stakeholders interested in member firms' Tax & Legal, Accounting and Advisory services as many KPMG quality

control procedures and processes are cross-functional and apply equally to all services offered.

Audit quality framework



At KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises audit quality is not just about reaching the right opinion, but how that opinion is reached. It is about the processes, thought and integrity behind the auditors' report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with relevant professional standards, and applicable legal and regulatory requirements.

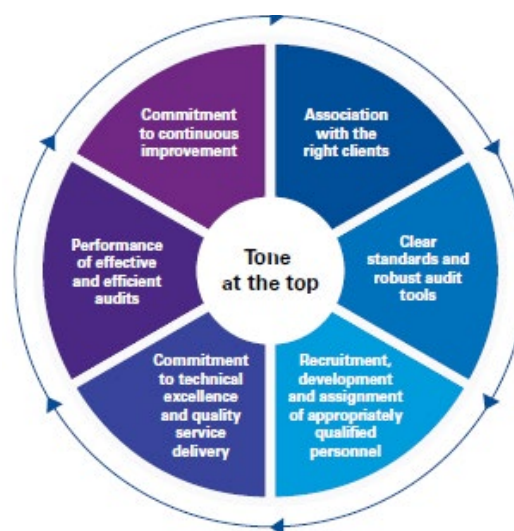
To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG International has developed the Audit Quality Framework.

KPMG's Audit Quality Framework introduces a common language that is used by all KPMG firms to describe what drives audit quality, and to help highlight to their audit professionals how they contribute to its delivery.

Tone at the top sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviors permeate all KPMG firms.

All of the other drivers create a virtuous circle, because each driver is intended to reinforce the others.

Each of the seven drivers is described in more detail in the following sections of this report.





4.1 Tone at the top

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

At KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that the Firm's leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders and society at large to earn public trust.

The KPMG values are set out in Appendix A3.

KPMG Global Code of conduct

KPMG's commitment to integrity and quality is enshrined in the KPMG values that lie at the heart of the way we do things. They define KPMG's diverse and inclusive culture and our commitment to the right personal and professional conduct emphasizing that, above all, KPMG people act with integrity.

The KPMG values are communicated clearly to all people and are embedded into member firms' people processes — induction, performance development and reward.

Building on the KPMG values is the [KPMG Global Code of Conduct](#). Member firms, including KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises are required to adopt, as a minimum standard, the Global Code of Conduct.

The Firm's Code of Conduct

In addition, the Firm's Code of Conduct lays out the expectations of ethical behavior for all partners, directors and employees at the Firm and is built on the foundation of the KPMG values.

The Firm's Code of Conduct emphasizes that each partner, director and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility.

The Firm's Code of Conduct sets out our commitments and includes provisions that require the Firm's partners, directors and employees, in summary, to:

- Comply with all applicable laws, regulations, professional standards and KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises' policies;
- Work with the right clients and third parties;
- Focus on quality;

- Maintain our objectivity and independence;
- Not tolerate any illegal or unethical acts, committed within the Firm, by clients or suppliers or public officials with whom we deal;
- Protect information;
- Compete fairly;
- Help our people to be extraordinary;
- Be responsible corporate citizens;
- Build public trust.

The Firm's partners, directors and employees are required to:

- comply with both the Global Code of Conduct and the Firm's Code of Conduct and confirm their compliance with the Code of Conduct; and
- complete regular training covering the Code of Conduct.

Individuals are encouraged to speak up when they see something that makes them uncomfortable or that is inconsistent with the KPMG values. Moreover, everyone at KPMG is responsible for reporting, and is required to report, any activity that could potentially be illegal or in violation of the KPMG values, KPMG policies, applicable laws, regulations or professional standards.

We have procedures and established channels of communication so that our people can report ethical and quality issues. Retaliation is prohibited against individuals who speak up in good faith.

In addition we have a Whistleblowing hotline available which is a mechanism for KPMG partners, directors, employees, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, activities of KPMG member firms or the senior leadership or employees of a KPMG member firm.

At KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises, we regularly monitor the extent to which our people feel that the firm lives the KPMG values through the Global People Survey (refer to section 4.5.6).

4.2 Leadership responsibilities for quality and risk management

Within the Firm

KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises demonstrates commitment to quality, ethics and integrity, and communicates its focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example — demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.



Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions. For more information on the leadership responsibilities for quality and risk management within the Firm please refer to section 3.4 'Governance structure'.

At a global level-Investing in continuous improvement

KPMG globally continues to invest significantly in audit quality across the global organization. We are building on our sound audit quality foundations, both in terms of how we manage our firms and our audit engagements.

This means significant ongoing investment in our system of quality management, global monitoring of audit quality, our professionals and enhanced support, technology and tools for engagement teams.

Our global audit quality program ensures consistent deployment of investments to enhance and support a common approach.

4.3 Association with the right clients

4.3.1 Acceptance and continuance of clients and engagements

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

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

KPMG firms must evaluate whether to accept or continue a client relationship, or perform a specific engagement.

Where client/engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

4.3.2 Client and engagement acceptance process

Client evaluation

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises undertakes an evaluation of every prospective client.

This involves obtaining sufficient information about the prospective client, its key management and significant beneficial owners and then properly analyzing the information to be able to make an informed acceptance decision. This evaluation includes completion of a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal and regulatory requirements.

Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement.

A range of factors is considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's global conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of the partners, directors and employees assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises partners, directors and employees and includes reviews by QRM as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures including a review of any non-audit services provided to the client and of other relevant business and personal relationships.

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

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues are required to be documented and resolved prior to acceptance.

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

4.3.3 Continuance process

The Firm undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of professionals such as an Engagement Quality Control reviewer (EQCR) or the need to involve additional specialists on the audit).

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

In addition, clients and engagements are required to be reevaluated if there is an indication that there may be a change in their risk profile, and, as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to



independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

4.3.4 Withdrawal process

Where the Firm obtains information that indicates that we should withdraw from an engagement or from a client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and any other appropriate authority.

4.3.5 Client portfolio management

The Firm's leadership appoints Engagement Leaders who have the appropriate competence, capabilities, time and authority to perform the role for each engagement. We review each Engagement Leader's client portfolio at least annually in individual discussions with him/her. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the Engagement Leader to deliver a quality audit for every client.

4.4 Clear standards and robust audit tools

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

4.4.1 Our approach to audit

KPMG has been investing significantly in evolving the global organization's audit capabilities and will continue to do so in the coming years including a new global electronic audit workflow delivered through KPMG Clara platform – KPMG's smart, modular audit platform – capable of continually integrating new and emerging technologies, with advanced capabilities embedded that leverage data, automation, and visualization. Data & Analytics (D&A) is integral to the way how KPMG member firms obtain audit evidence and interact with clients in the digital era.

KPMG's high-quality audit process will continue to include:

- **timely partner, director and manager involvement** throughout the engagement
- **access to the right knowledge** including involvement of specialists, training and experience requirements and relevant industry expertise
- **critical assessment of all audit evidence obtained during the audit**, exercising appropriate professional judgment

— **ongoing mentoring, supervision and review** of the engagement team

— **managing and documenting** the audit.

4.4.1.1 Consistent audit methodology and tools

The KPMG audit methodology, developed by the KPMG Global Solutions Group (KGSG), is based on the requirements of the International Standards on Auditing (ISAs) as well as the auditing standards of PCAOB and AICPA. The KPMG audit methodology is set out in KPMG's Audit Manual (KAM) and includes additional requirements that go beyond the ISAs which KPMG International believes enhance the quality of the audit.

The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence. Enhancements to the audit methodology, guidance and tools are made regularly to be in compliance with standards, emerging auditing areas of focus and audit quality results (internal and external). Key topics include risk identification, assessment and response, accounting estimates, group audits and audit sampling.

We have added local requirements and/or guidance in KAM to comply with additional professional, legal or regulatory requirements.

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks.

The KPMG audit workflow is enabled through eAudit, an activity-based workflow and electronic audit file. eAudit is KPMG's audit documentation workflow that allows professionals to complete high quality and consistent audits. eAudit integrates KPMG's audit methodology, guidance and industry knowledge, and the tools needed to execute and document the audit work performed.

eAudit can be "scaled" to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to KPMG's audit guidance, professional standards and documentation templates.

Significant investments are underway to revise and enhance the KPMG audit methodology (KAM) and workflow tool (eAudit), with the deployment of KPMG Clara Workflow which was piloted in 2018, planned for initial deployment globally in 2019 and full deployment beginning in 2020. Refer to section below for more details on the KPMG Clara Workflow.

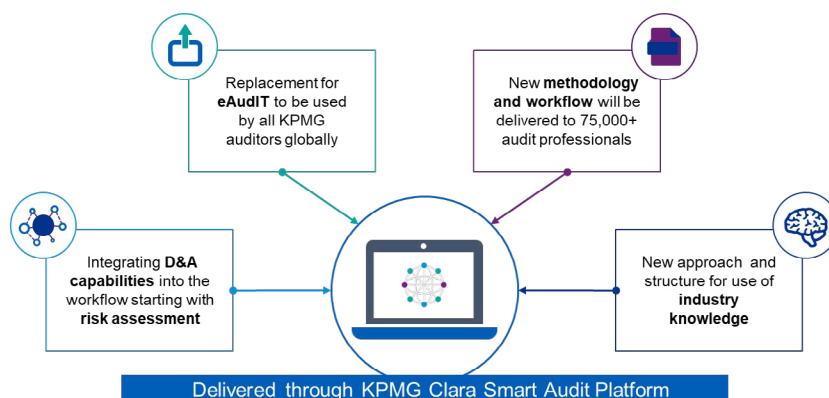


KPMG Clara, KPMG Clara Workflow and Audit Data & Analytics (D&A)

KPMG International is making significant investments to improve audit quality, drive consistency in execution of audits and strengthen both the member firm and global monitoring of engagements.

KPMG Clara

The global launch of KPMG Clara created a smart audit platform that brings together KPMG's Audit Data & Analytics (D&A) capabilities, innovative new technologies, collaboration capabilities and audit workflow.



KPMG Clara Workflow

Building on the launch of KPMG Clara in 2017, KPMG International is creating a new workflow tool that will be used by KPMG member firm audit teams to execute and document KPMG audits. It will be intuitive, user-friendly and modern. The new system will genuinely be a workflow – guiding audit teams through a series of steps in a logical sequence aligned to the standards, with a clear display of information and visuals, knowledge and guidance available at the moment of need, and with embedded advanced data and analytics (D&A) capabilities. The workflow and methodology will also be scalable – adjusting the requirements to the size and complexity of the audit engagement. This globally-driven project will significantly overhaul and redesign the execution of an audit by KPMG professionals and drive improvements in audit quality.

KPMG Clara Workflow incorporates monitoring capabilities (e.g. data mining) at the engagement level for use by member firms. The KPMG Clara Workflow was piloted in 2018, with initial deployment globally in 2019 and full deployment beginning in 2020. The predecessor audit workflow tool, eAuditIT, is expected to be decommissioned in the 2021 fiscal year.

Audit data & analytics (D&A)

KPMG's audit, powered by D&A is designed to:

- **enhance audit quality**; by providing a deeper understanding of data populations, giving focus to higher risk transactions;
- **be secure**; by restricting access to data both in transit and within KPMG's IT environments; and
- **be transparent**; by facilitating detailed analysis to uncover the reasons behind, and root causes of, outliers and anomalies and provide increased visibility into higher risk transactions and process areas.

D&A tools and routines are built on principles and professional standards underlying an audit and do not relieve auditors of their responsibilities.

4.4.2 Independence, integrity, ethics and objectivity

4.4.2.1 Overview

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

KPMG International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Quality & Risk Management Manual, which applies to all KPMG member firms. Automated tools which must be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with the standards issued by the IBR-IRE and those of other applicable regulatory bodies. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services.

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

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures in the Firm. The EIP is responsible for communicating and implementing



KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements.

The EIP fulfills this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- participating in the development and delivery of training materials,
- monitoring compliance with policies;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications with member firms. Member firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring and compliance programs described in 4.7.1.

The Firm's partners, directors and employees are required to consult with the EIP on certain matters as defined in the Global Quality & Risk Management Manual. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

4.4.2.2 Personal financial independence

KPMG International policies require that KPMG member firms and KPMG professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG member firm assurance and audit clients (by definition, 'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners. All KPMG Engagement Leaders, irrespective of their member firm and function are generally prohibited from owning securities of any audit client of any member firm.

KPMG member firms use a web-based independence compliance system (KICS) to assist our professionals in complying with personal independence investment policies. This system contains an inventory of publicly available

investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e. late reporting of an investment acquisition).

All partners, directors and all manager grade or above client facing employees are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in in publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments must be disposed of within 5 business days of the notification. KPMG monitors partner, director and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals. The Global Independence Group provides guidance and suggested procedures relating to the audit and inspection by KPMG member firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

In 2019, 25 of our audit people were subject to these audits (this included 20 audit partners).

4.4.2.3 Employment relationships

Any KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises professional providing services to an audit client irrespective of function is required to notify our EIP if they intend to enter into employment negotiations with that audit client. For partners, this requirement extends to any audit client of any KPMG member firm that is a public interest entity.

Former members of the audit team or former partners of the Firm are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to the Firm, including payments which are not fixed and predetermined and/or would be material to the Firm and ceased participating in KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises' business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

We communicate and monitor requirements in relation to employment and partnership of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises professionals by audit clients.



4.4.2.4 Firm financial independence

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

In common with other KPMG member firms, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises uses KICS to record its own direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in pension, and employee benefit plans, if any.

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

On an annual basis, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises confirms compliance with independence requirements as part of the Risk Compliance Program.

4.4.2.5 Business relationships

We have policies and procedures in place that are designed to ensure that business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements such as those promulgated by the SEC.

4.4.2.6 Business acquisitions, admissions and investments

If KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises is in the process of considering the acquisition of or investment in a business, it is required to perform sufficient due diligence procedures on the prospective target to identify and address any potential independence and risk management issues prior to closing the transaction. Specific consultations with the Global Independence Group and Global Quality & Risk Management are required to enable independence and other issues to be addressed when integrating the business into KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises and the wider global organization.

4.4.2.7 Independence clearance process

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as 'the independence clearance process' must be completed prior to accepting an audit engagement for these entities.

A 'KPMG Independence Checkpoint' tool was introduced in October 2015 to automate and standardize all the workflows that comprise the independence clearance process. This is in anticipation of the increasing number of audit tenders member firms will be participating in and the number of

independence clearances that need to be completed as a result of mandatory firm rotation of statutory audits in certain parts of the world.

4.4.2.8 Independence training and confirmations

All partners, directors and client facing employees of KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, as well as certain other individuals, must complete independence training that is appropriate to their grade and function upon joining the Firm and on an annual basis thereafter.

New partners, directors and client facing employees who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises or (b) before providing any services to, or becoming a member of the chain of command for, any audit client (by definition, "audit client" includes its related entities or affiliates).

We also provide all partners, directors and employees with biennial training on:

- the Global Code of Conduct, the Firm's Code of Conduct and ethical behavior, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional standards; and
- reporting suspected or actual non-compliance with laws, regulations, professional standards and KPMG's policies.

New partners, directors and employees are required to complete this training within three months of joining the Firm. All KPMG partners, directors and employees are required to sign, upon joining the Firm and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

4.4.2.9 Non-audit services

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

The Firm is required to establish and maintain a process to review and approve all new and modified services that are developed by the Firm. The Firm's EIP is involved in the review of potential independence issues.

In addition to identifying potential conflicts of interest, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements including service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential threats and safeguards is also required to be included in the Sentinel™ submission.



Engagement Leaders are required to maintain group structures for their publicly traded (and certain other) audit clients and their related entities or affiliates in Sentinel™ and they are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

4.4.2.10 Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise if the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion. These policies require KPMG member firms to consult with their Area Q&RM Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years.

In the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10% of the total fees received by a particular member firm for two consecutive years, these policies further require that:

- This would be disclosed to those charged with governance at the audit client; and
- A senior partner from another KPMG member firm would be appointed as the Engagement Quality Control (EQC) reviewer.

No audit client accounted for more than 10% of the total fees received by KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises over the last two years.

4.4.2.11 Resolving conflicts of interest

Conflicts of interest can arise in situations where KPMG partners, directors or employees have a personal connection with the client which may interfere or may be perceived to interfere with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the QRM Partner or the EIP is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners, directors and staff from accepting gifts and hospitality from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to have been offered with the intent to improperly influence the behavior of the audit team member or the member firm. KPMG partners, directors and staff are also precluded from offering inducements, including gifts and entertainment, which are made or perceived to be made with

the intent to improperly influence the behavior of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgement.

All KPMG member firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived to have an impact on a member firm and/ or its partners, directors or employees in their ability to be objective or otherwise act without bias.

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

The Firm has a risk management resource who is responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

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

4.4.2.12 Independence breaches

The Firm's personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with the firm's independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence rules must be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

The Firm has a documented and communicated disciplinary policy in relation to breaches of independence policies incorporating incremental sanctions reflecting the seriousness of any violations.

Matters arising are factored into promotion and compensation decisions and, in the case of partners, directors and managers, are reflected in their individual quality and risk metrics.

4.4.2.13 Compliance with laws, regulations, and anti-bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises. In particular, we have zero tolerance of bribery and corruption.



We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third-parties, including our clients, suppliers or public officials.

Further information on KPMG International anti-bribery and corruption policies can be found on the [anti-bribery and corruption site](#).

4.4.2.14 Partner and firm rotation

Partner rotation

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

The Firm's Engagement Leaders are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that Engagement Leaders in certain roles may provide audit services to a client, followed by a "time-out" period during which time these Engagement Leaders may not:

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

The Firm monitors the rotation of audit Engagement Leaders and Engagement Quality Control Reviewer and develops transition plans to enable allocation of Engagement Leaders with the necessary competence and capability to deliver a consistent quality of service to clients.

Firm rotation

The Firm is permitted to act as an auditor for a public interest entity (PIE) for a maximum period of 9 years (legal exceptions may apply) and not to act as auditor for such clients for 4 years thereafter (referred to as the 'cooling off period'). KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises has processes in place to track and manage audit firm rotation.

4.5 Recruitment, development and assignment of appropriately qualified people

One of the key drivers of quality is ensuring that all KPMG professionals have the appropriate skills and experience, passion and purpose to deliver the highest quality in audit. This requires the right recruitment, development, reward, promotion, retention and assignment of professionals.

4.5.1 Recruitment

The Firm is committed to building an extraordinary people experience for all KPMG partners, directors and employees and prospective partners, directors and employees

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, helping build relationships with a younger, diverse talent pool at an early age. The Firm also recruits significant numbers at an experienced hire and partner level.

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks. These leverage fair and job-related criteria to ensure that candidates possess the appropriate characteristics to perform competently, are suitable and best placed for their roles.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises recruited over 146 new people in the year ended 30 September 2019 (2018: approximately 69).

Where individuals are recruited for senior grades a formal independence discussion is conducted with them by the EIP or a delegate. KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises does not accept any confidential information belonging to the candidate's former firm/employer.

4.5.2 Personal development

KPMG is launching a new approach to Performance Development built around the 'Everyone a Leader' performance principles, Open Performance Development, which includes:

- global role profiles;
- a goal library; and
- standardized review forms.

Open Performance Development is linked to the KPMG values and designed to articulate what is required for success — both individually and collectively. We know that by being



clear and consistent about the behavior we're looking for and rewarding those who role model these behaviors, will enhance our ability to achieve quality and we have articulated this through our performance principles of seeking growth, inspiring trust and delivering impact.

At the same time, we are driving a shift in our performance-driven culture, supported by and enacted through leading technology that allow us to embed audit quality to the assessment of performance and the decisions around reward as well as drive consistency across the global organization.

The Firm monitors quality and compliance incidents and maintains quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners, directors and managers. These evaluations are conducted by performance managers, directors and partners who are in a position to assess performance.

4.5.3 Inclusion and Diversity programs

The Firm works hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives. Our Leadership and management teams also need to reflect the diversity within our firm and the diversity of our clients. We believe that the established KPMG Global Inclusion and Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at the Firm and across all KPMG member firms.

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

4.5.4 Reward and Promotion

The Firm's policy prohibits Engagement Leaders from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

Reward

KPMG has compensation and promotion policies that are informed by market data, clear, simple, and linked to the performance review process. This helps our partners, directors and employees know what is expected of them and what they can expect to receive in return. The connection between performance and reward is achieved through calibration meetings where relative performance across a peer group is discussed and used to inform reward decisions.

Reward decisions are based on consideration of both individual and organizational (member firm) performance.

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

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

Promotion

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

Partner admissions

Our process for admission to the partnership is rigorous and thorough, involving appropriate members of the Firms' leadership.

Our criteria for admission to the Firm's partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

4.5.5 Assignment of professionals

The Firm has procedures in place to assign both the Engagement Leaders and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the Engagement Leaders assignment process.

Key considerations include Engagement Leader experience and capacity, based on an annual Engagement Leader portfolio review, to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Engagement Leaders are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with KAM, professional standards and applicable legal and regulatory requirements. This may include involving specialists from our own firm, other KPMG member firms or external experts.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the Engagement Leader's considerations may include the following:

- An understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- An understanding of professional standards and legal and regulatory requirements;
- Appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing;



- Knowledge of relevant industries in which the client operates;
- Ability to apply professional judgment;
- An understanding of the Firm's quality control policies and procedures; and
- Quality Performance Review (QPR) results and results of regulatory inspections.

4.5.6 Insights from our people – Global People Survey

Annually we invite all our people to participate in an independent Global People Survey (GPS) to share their perception about their experience working for KPMG. The GPS provides an overall measure of our people's engagement through an Engagement Index (EI) as well as insights into areas driving engagement which may be strengths or opportunities. Results can be analyzed by functional or geographic area, grade, role, gender to provide additional focus for action. Additional insight is provided on how we are faring in categories known to impact engagement.

The GPS also specifically provides the Firm's leadership and KPMG global leadership with results related to quality and risk behaviors, audit quality, upholding the KPMG values, employee and Engagement Leader attitudes to quality, leadership and tone at the top.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey.

The results of the GPS are also aggregated for the entire global organization and are presented to the Global Board each year and appropriate follow-up actions agreed.

4.6 Commitment to technical excellence and quality service delivery

All our professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department (DPP), either to provide resources to the engagement team or for consultation. Where the right resource is not available within the Firm, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

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

4.6.1 Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering

groups at global, regional and, where appropriate, at a local level. Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job.

Mentoring and on the job training

Learning is not confined to the classroom — rich learning experiences are available when needed through coaching and just in time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths.

All classroom courses are reinforced with appropriate performance support to assist auditors on the job.

4.6.2 Licensing and mandatory requirements for IFRS and U.S. GAAP engagements

Licensing

The Firm's professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice.

KPMG policies and procedures are designed to facilitate compliance with license requirements.

The Firm is responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the local predominant financial reporting framework – BE GAAP.

Mandatory requirements – IFRS and U.S. GAAP engagements

In addition, KPMG has specific requirements for partners, directors, managers and EQC reviewers working on IFRS engagements in countries where IFRS is not the predominant financial reporting framework.

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

These require that at a minimum, all Engagement Leaders, managers, engagement in-charges, and EQC reviewers assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

4.6.3 Access to specialist networks

Our engagement teams have access to a network of local KPMG specialists as well as specialists in other KPMG member firms.



Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities and objectivity to appropriately fulfill their role. Training on audit concepts is provided to these specialists.

The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process.

4.6.4 Culture of Consultation

KPMG encourages a strong culture of consultation that supports member firm teams throughout their decision-making processes and is a fundamental contributor to audit quality. We promote a culture in which consultation is recognized as a strength and that encourages all KPMG professionals to consult on difficult or contentious matters.

To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. In addition, the KPMG Global Q&RM Manual includes mandatory consultation requirements where certain matters are identified such as concerns over client integrity.

Technical consultation and global resources

Technical auditing and accounting support is available to all member firms and their professionals through the KPMG Global Solutions Group (KGSG) and the ISG as well as the US Capital Markets Group for SEC foreign registrants.

KPMG Global Solutions Group (KGSG)

The KGSG's mission is to drive success for KPMG's global network of Audit practices through collaboration, innovation and technology. The KGSG develops, maintains and deploys KPMG's audit methodology and technology based tools used by KPMG audit professionals to facilitate effective and efficient audits. With three global locations, one in each region, the KGSG Audit team is made up of professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.

International Standards Group (ISG)

The ISG works with Global IFRS and ISA topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS and auditing requirements between member firms, identify emerging

issues and develop global guidance on a timely basis.

Member firm professional practice resource

Appropriate consultation support on auditing and technical accounting matters is provided to audit engagement professionals through our professional practice resources (referred to as Department of Professional Practice or DPP). DPP also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to be escalated to senior partners for final resolution. In exceptional circumstances, a matter may be referred to the Head of Audit, Head of DPP or QRM Partner.

The ISG is also available for consultation when required.

Across the Firm, the role of DPP is crucial in terms of the support that it provides. It provides technical guidance to client service professionals on specific engagement related matters, develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates international guidance on International Financial Reporting Standards (IFRS) and ISAs.

4.6.5 Developing business understanding and industry knowledge

A key part of quality is having a detailed understanding of the client's business and industry.

For significant industries, global sector leads are appointed to support the provision of relevant industry information which is made available to audit professionals through the KPMG audit workflow. This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available that provide general and business information in respect of particular industries as well as a summary of the industry knowledge provided in the KPMG audit workflow.

4.7 Performance of effective and efficient audits

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

4.7.1 Ongoing mentoring, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of the skills and capabilities of KPMG professionals, without compromising on quality, KPMG promotes a continuous



learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves:

- Engagement Leader participation in planning discussions;
- Tracking the progress of the audit engagement;
- Considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement;
- Helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately; and
- Identifying matters for consultation with more experienced team members during the engagement.

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

4.7.1.1 *Timely involvement of the EQC Reviewer*

Engagement Quality Control (EQC) Reviewers are independent of the engagement team and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The EQC is an important part of KPMG's framework for quality. An EQC Reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, other public interest entities, and other engagements as designated by the QRM partner or the Head of Audit.

Although the Engagement Leader is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC Reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered complete.

We are continually seeking to strengthen and improve the role that the EQC review plays in audits, as this is a fundamental part of the system of audit quality control.

4.7.1.2 *Reporting*

Auditing standards and local legislation largely dictate the format and content of the auditor's report that includes an opinion on the fair presentation of the client's financial statements in all material aspects.

Engagement Leaders form audit opinions based on the audit performed.

In preparing auditors' reports, Engagement Leaders have access to extensive reporting guidance and technical support through consultations with DPP, especially where there are significant matters to be reported to users of the auditors' report (e.g. a modification to the opinion or through the inclusion of an 'emphasis of matter' or 'other matter' paragraph, as well as key audit matters to be communicated).

4.7.1.3 *Insightful, open and honest two-way communication*

Two-way communications with those charged with governance, often identified as the audit committee, is key to audit quality and is a key aspect of reporting and service delivery.

We stress the importance of keeping those charged with governance informed of issues arising throughout the audit and the need to listen to and understand their views. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and, when appropriate, ongoing informal discussions with management and members of the audit committee.

Audit Committee Institute and Board Leadership Center

In recognition of the demanding and important role that audit committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, the [Audit Committee Institute \(ACI\)](#) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes.

The ACI operates in more than 40 countries across the globe and provides audit committee members with authoritative guidance (such as the [ACI Audit Committee Handbook](#)) on matters of interest to audit committees ; updates on issues like EU audit reform, changes to accounting standards and other matters of interest to Audit Committees (such as cyber security and corporate culture) ; and the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

Built on the ACI is the [Board Leadership Center \(BLC\)](#) which offers support and guidance to board directors and those working closely with them. The BLC offers board members a place within a community of board-level peers with access to topical seminars and 'lunch and learn' Board Academy sessions, invaluable resources and thought leadership, and lively and engaging networking opportunities. It aims to equip board members with the right tools to be highly effective in their role and focus on the issues that really matter to them and their businesses.

IFRS Institute

KPMG's Global IFRS Institute provides information and resources to help the Firm, Board and Audit Committee



members, executives, management, stakeholders and government representatives gain insight and access thought leadership about the evolving global financial reporting framework.

4.7.2. Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Global and the Firm's Code of Conduct, training and the annual affidavit/ confirmation process that all KPMG professionals are required to complete.

The Firm has a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA requirements as well as other applicable laws, standards and regulations.

The Firm has clear policies on information security that cover a wide range of areas. Data Privacy policies are in place governing the handling of personal information, and associated training is required for all KPMG personnel.

4.8 Commitment to continuous improvement

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

The quality monitoring and compliance programs (see section 4.8.1 for details) are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting.

The Firm compares the results of its internal monitoring programs with the results of those of any external inspection programs and takes appropriate action.

4.8.1. Internal monitoring and compliance programs

Internal monitoring

The Firm's monitoring programs evaluate both:

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

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

- Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP) which are conducted annually across the Audit, Tax & Legal, Advisory and Accounting functions; and
- a cross functional Global Compliance review (GCR) program which is conducted at least every three years.

The results and lessons from the integrated monitoring programs are communicated internally and appropriate action is taken at local, regional and global levels.

Audit Quality Performance Reviews (QPRs)

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

Risk-based approach

Each Engagement Leader is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises level and are monitored regionally and globally. Member firm audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation and process

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review. Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from audit QPR

Consistent criteria are used to determine engagement ratings and member firm Audit Practice evaluations.

Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

Reporting

We disseminate findings from the QPR Program to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff



meetings. These areas are also emphasized in subsequent inspection program to gauge the extent of continuous improvement.

Lead audit Engagement Leaders are notified of less than satisfactory engagement (defined as 'Performance Improvement Needed' or 'Unsatisfactory') ratings on their respective cross-border engagements. Additionally, lead audit Engagement Leaders of parent companies/head offices are notified where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all KPMG member firms.

These policies and processes, and their related procedures, include the requirements of ISQC-1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- document, assess and monitor the extent of compliance of the Firm's system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services; and
- provide the basis for the Firm to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

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

Global Compliance Review Program (GCR)

Each member firm is subject to a GCR conducted by KPMG International's GCR team, independent of the member firm, at least once in a three year cycle.

The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies. GCRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms.

The GCR provides an independent assessment of:

- a member firm's commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment;
- a member firm's compliance with KPMGI policies and procedures; and

- the robustness with which the member firm performs its own compliance program (RCP).

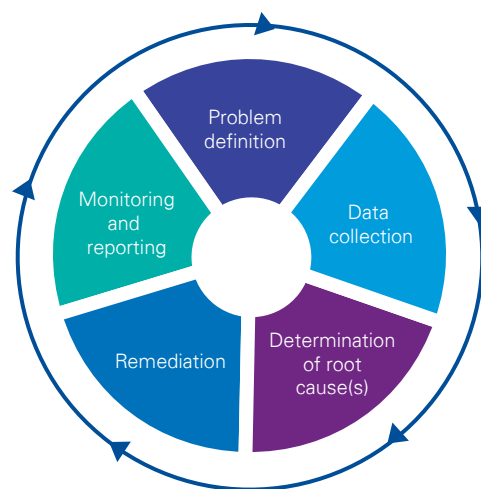
The Firm develops action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR Central Team. Results are reported to the Global Quality & Risk Management Steering Group, and where necessary to appropriate KPMG International and regional leadership, to help ensure timely remedial actions taken by the member firm.

Root Cause Analysis (RCA)

The Firm performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement. In 2019 Global RCA training based on our 5-Step principles was attended by those individuals who will be performing RCA or directing those performing RCA.

The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 step principles are as follows:



It is the responsibility of all KPMG member firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified. KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises's Head of Audit is responsible for the development and implementation of action plans as a result of RCA including identification of solution owners. Our QRM Partner monitors their implementation.

4.8.2 Recommendations for improvements

At a global level, through the GAQSC and the Global Quality & Risk Management Steering Group, KPMG International reviews the results of the quality monitoring programs, analyzes member firm root causes and action plans and develops additional global actions as required.



Global remediation plans developed by KPMG International are aimed at changing culture and behavior across the global organization and at driving consistent engagement team performance within KPMG member firms. The remediation plans have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the global organization.

4.8.3 External feedback and dialogue

4.8.3.1 Regulators

In Belgium, the Firm is also subject to the periodic inspections defined by article 52 of the law of December 7, 2016 pertaining to the Organization of and public oversight on the audit profession.

Consequently, the Firm is subject to inspection by the College van toezicht op de bedrijfsrevisoren / Collège de supervision des réviseurs d'entreprises (CTR-CSR). As part of its inspections, the CTR-CSR evaluates the quality control systems and assesses the selected engagements. The first quality control carried out by the CTR-CSR took place in 2018-2019. The final report of this inspection was sent to us in June 2019.

The Firm has considered the findings and recommendations included in the confidential report, issued as a result of such regulatory review.

At an international level, KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR) to discuss audit quality findings and actions taken to address such issues across the entire organization.

4.8.3.2 Client feedback

We proactively seek feedback from clients through in person conversations and third party surveys to monitor their satisfaction with services delivered. We endeavor to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs.

4.8.3.3 Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work.



5. Financial information

The member firms of the KPMG network in Belgium provide Audit, Tax & Legal, Advisory and Accountancy services.

Audit: Provision of statutory and regulatory attestation services, other assurance services and provision of advice in relation to compliance with reporting and regulatory requirements.

Tax & Legal: Tax & Legal compliance, VAT and customs duties, transfer pricing, employee taxes, remuneration, pensions and benefits and cross-border tax planning.

Advisory: Business performance services, IT advisory, financial risk management, deal advisory, forensic services, internal audit risk and compliance services.

Accountancy: SME advice, VAT, inheritance and gift taxes, tailor-made advice in the field of accounting legislation, VAT and direct taxes, bookkeeping and administration advice and tax law for SME.

For the 12 month period ended 30 September

| Revenue by type of services (in million euros) | 2019 | 2018 |
|---|--------------|--------------|
| KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises | 73,1 | 75,0 |
| Statutory audit engagements - PIE's and subsidiaries of worldwide listed entities | 36,5 | 37,6 |
| Statutory audit engagements - other entities | 23,8 | 22,9 |
| Non- audit services - audit clients | 5,0 | 6,4 |
| Non-audit services - other entities (= non audit clients) | 7,8 | 8,1 |
| Other member firms in Belgium | 133,9 | 123,4 |
| KPMG Advisory | 65,7 | 63,3 |
| KPMG Tax & Legal Advisers | 49,7 | 48,2 |
| KPMG Accountants | 11,0 | 10,9 |
| KPMG Deal Advisory | 6,5 | |
| KPMG Certification | 0,0 | 0,0 |
| KPMG Eurometropole | 0,2 | 0,3 |
| KPMG Tax Services | 0,8 | 0,7 |
| TOTAL | 207,0 | 198,4 |
| Key figures of KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises (in million euros) | 2019 | 2018 |
| Revenue | 73,1 | 75,0 |
| Total assets | 38,6 | 40,4 |
| Shareholders' funds | 2,2 | 2,3 |
| Total liabilities | 36,3 | 38,1 |
| Growth | 4,3% | 10,5% |
| Full time equivalents (FTE) | 474 | 429 |
| Partners | 24 | 24 |



6. Partner remuneration

The partners are voting members of limited liability partnerships and do not have employment contracts. The remuneration comprises a base amount and an additional variable element which is established once the profits of the year have been determined. The partners currently make their own provision for retirement.

The final allocation of all variable elements of partners' remuneration and hence overall remuneration is approved by a Partners' Committee after the Head of each function has assessed each partner's contribution for the year in line with the process followed for all KPMG personnel. The policies for the variable element of partner remuneration

take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG values. Audit partners are explicitly not rewarded for non-audit services sold to their audit clients.

The Partners' Committee makes recommendations on policies for partners' remuneration and approves the process. The Head of each function together with a member of the Partners' Committee reviews the remuneration of all partners on an individual basis, specifically considering their quality indicators as reflected in the individual quality and risk metrics prepared by the QRM Partner.



7. Network arrangements

7.1. Legal structure



The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law.

KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

One of the main purposes of KPMG International is to facilitate the provision by the member firms of high quality Audit, Tax and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies and standards of work and conduct by member firms and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture or in a principal or agent relationship or partnership with each other.

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

The name of each audit firm that is a member of the network and the EU/EEA countries in which each network member firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available in Appendix A4.

Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements.²

Aggregated revenues generated by KPMG audit firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.9 billion during the year ending 30th September 2019. The EU/

EEA aggregated statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30th September 2019.

7.2. Responsibilities and obligations of member firms



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

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values (as set out in Appendix 3 to this document).

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

7.3. Professional Indemnity Insurance



Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer that is available to all KPMG member firms.

² The financial information set forth represents combined information of the separate KPMG member firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue



7.4. Governance structure



The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team.

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. It performs functions equivalent to a shareholders' meeting (albeit that KPMG International has no share capital and only has members, not shareholders).

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 59 member firms that are "members" of KPMG International as a matter of Swiss law. Sub-licensees are generally indirectly represented by a member.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations. It also admits member firms.

The Global Board includes the Global Chairman, the Chairman of each of the 3 regions (the Americas, Asia Pacific (ASPAC) and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms. It is led by the Global Chairman who is supported by the Executive Committee, consisting of the Global Chairman, the Chairman of each of the regions and currently three other senior partners of member firms. The list of Global Board members, as at October 2019 is available in the [KPMG Global Review](#).

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board ("non-executive" members). A key role of the lead director is to act as liaison between the Global Chairman and the "non-executive" Global Board members.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities

include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments. It is led by the Global Chairman, and includes the Global Chief Operating Officer, Global Chief Administrative Officer, global function and infrastructure heads and the General Counsel.

The list of Global Management Team members as at October 2019 is available in the [KPMG Global Review](#).

Global Steering Groups

The Global Steering Groups represent the function and infrastructure groups of KPMG International and are the main driving groups of the organization. They act under delegated authority from the Global Board and oversight by the Global Management Team, in particular the Global Audit Steering Group, Global Audit Quality Steering Committee and Global Quality Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish and communicate appropriate audit and quality/risk management policies;
- Enable effective and efficient risk processes to promote audit quality; and
- Proactively identify and mitigate critical risks to the network.

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

Regional Board

Each member firm is part of one of 3 regions (the Americas, ASPAC and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating officer, representation from any sub-regions and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region.

Further details about KPMG International including the governance arrangements, can be found in section 'Governance and leadership' of the [KPMG International Transparency Report](#).



7.5. Area Quality & Risk Management leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARLs) who serve a regular and ongoing monitoring and consultation function to assess the effectiveness of a member firm's efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand.

Significant activities of the ARL, including the member firm issues identified and related member firm response/remediation, are reported to Global Quality & Risk Management (GQ&RM) leadership.

The objectives of the ARL role are to:

- assist GQ&RM leadership in the monitoring of member firms' quality and risk activities;
- work with GQ&RM leadership and the International Office of General Counsel (IOGC) when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled; and
- assist in monitoring the effectiveness of member firm remediation of significant issues, including identification of the root cause(s) of serious quality incidents.



8. Internal controls statement

The measures and procedures that serve as the basis for the system of quality controls for KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by the Firm comply with the applicable laws and regulations.

Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Head of Audit of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in Section 4.8.1 and our local compliance monitoring programs); and
- the findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Head of Audit confirms with a reasonable level of assurance that the systems of quality control within the Firm have operated effectively in the year to 30 September 2019.

Further, the Head of Audit confirms that an internal review of independence compliance has been conducted in the year to 30 September 2019.

Finally, the Head of Audit confirms in accordance with Article 13 h) of EU regulation N° 537/2014 that he believes that the continuous education organized within the audit firm allows the auditors to comply with the principles laid down in Article 27 of the Law of 7 December, 2016 and Article 13 of Directive 2006/43/EC.

Karel Tanghe,
Sole Director,
Head of Audit

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
29 January 2020



A1 Key legal entities of business

| NAME OF ENTITY | LEGAL STRUCTURE | REGULATORY STATUS | NATURE OF BUSINESS |
|---|---|---|---|
| KPMG Bedrijfsrevisoren - KPMG Réviseurs d'Entreprises | Belgian Cooperative Company with Limited Liability | Belgian Audit regulated | Audit services |
| KPMG Belastingconsulenten en Juridische Adviseurs - KPMG Conseils Fiscaux et Juridiques | Belgian Cooperative Company with Limited Liability | Belgian Accounting and Tax regulated | Tax and legal services |
| KPMG Accountants - KPMG Experts-comptables | Belgian Cooperative Company with Limited Liability | Belgian Accounting and Tax regulated | Accounting services |
| KPMG Advisory | Belgian Cooperative Company with Limited Liability | None | Advisory services |
| KPMG Deal Advisory* | Belgian Cooperative Company with Limited Liability | None | Advisory services |
| KPMG Tax Services | Belgian Cooperative Company with Limited Liability | Belgian Accounting and Tax regulated | Tax services |
| KPMG Central Services | Economic Interest Grouping | None | Internal services to KPMG companies in Belgium |
| KPMG Certification | Belgian Cooperative Company with Limited Liability | None | Advisory services |
| KPMG Eurometropool - KPMG Eurométropole | Belgian Private Company with Limited Liability** | None | Transborder advisory services |
| KPMG Belgium | Belgian Cooperative Company with Limited Liability | None | Holding |

* incorporation date 31/01/2019

**from 01/01/2020: Belgian private limited company (BV/SRL)



A2 Public Interest Entities

The list of public interest entity audit clients for which KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises has signed an audit opinion in the year ended 30 september

2019 is given below. The definition of "public interest entity" for this purpose is that given under the provisions of the Belgian Company Code.

Listed companies

2VALORISE
AGFA-GEVAERT
BELGIAN LION
CENERGY HOLDINGS
D'IETEREN
ELIA SYSTEM OPERATOR
EURONAV
GHELAMCO INVEST
KBC ANCORA
KINEPOLIS GROUP
ORANGE BELGIUM
PICANOL
QUEST FOR GROWTH
SCHEERDERS VAN KERCHOVE'S VER.FABRIEKEN
TELENET GROUP HOLDING
VIOHALCO
WERELDHAVE BELGIUM
X-FAB SILICON FOUNDRIES

Banks and insurance companies

ALPHA INSURANCE
ASSURANCES CONTINENTALES - CONTINENTALE VERZEKERINGEN
BANQUE DEGROOF PETERCAM- BANK DEGROOF PETERCAM
BANQUE TRANSATLANTIQUE BELGIUM
CREDENDO SHORT TERM NON EU RISKS
CURALIA
DAS Rechtsbijstand
DKV BELGIUM
ERGO INSURANCE
ING BELGIUM
JUSTITIA
NN INSURANCE BELGIUM
PARTNERS ASSURANCES - VERZEKERINGEN
P&V VERZEKERINGEN
SOCIALE HOSPITALISATIEVERZEKERINGEN
SOCIÉTÉ MUTUALISTE D'ASSURANCES DU BRABANT/ VERZEKERINGSMAATSCHAPPIJ VAN ONDERLINGE BIJSTAND VAN BRABANT
THE BANK OF NEW YORK MELLON
UNITED TAIWAN BANK
VMOB HOSPIPLUS



A3 KPMG's values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behavior when dealing with both clients and each other:

| | |
|---|--|
| We lead by example | At all levels we act in a way that exemplifies what we expect of each other and our clients. |
| We work together | We bring out the best in each other and create strong and successful working relationships. |
| We respect the individual | We respect people for who they are and for their knowledge, skills and experience as individuals and team members. |
| We seek the facts and provide insight | By challenging assumptions and pursuing facts, we strengthen our reputation to provide insight as trusted and objective business advisers. |
| We are open and honest in our communication | We share information, insight and advice frequently and constructively and manage tough situations with courage and candor. |
| We are committed to our communities | We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities. |
| Above all, we act with integrity | We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence. |



A4 List of KPMG audit entities located in EU/EEA

As at 30 September 2019

This is a list of KPMG audit firms as defined in Article 2 (3) of EU Directive 2006/43/EC which are located in EU/EEA countries. It has been prepared solely for the purpose of compliance by KPMG member firms with Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and

repealing Commission Decision 2005/909/EC. It is prepared by KPMG International Cooperative ("KPMGI"), a Swiss entity which provides no professional services to clients. To the best of our knowledge, the list is accurate as of 30 September 2019. However, we cannot and do not warrant its accuracy at any given time.

| 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 |
| Austria | Plan Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien) |
| Austria | Securitas Revisions- und Treuhandgesellschaft m.b.H. |
| Austria | T&A Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH |
| Belgium | KPMG Bedrijfsrevisoren / KPMG Réviseurs d'Entreprises |
| Bulgaria | KPMG Audit OOD |
| CEE | KPMG CEE Holdings Limited |
| 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 Associés S.A. |
| France | BRAUN EXPERTISE COMPTABLE ET COMMISSARIAT AUX COMPTES — BEC |
| France | FUTIN Associés |
| France | KPMG Audit DFA S.A.S. |



| Location | Firm Name |
|---------------|--|
| France | KPMG Audit Est S.A.S. |
| France | KPMG Audit FS I S.A.S. |
| France | KPMG Audit ID S.A.S. |
| France | KPMG Audit IS S.A.S. |
| France | KPMG Audit Nord S.A.S. |
| France | KPMG Audit Normandie S.A.S. |
| France | KPMG Audit Ouest S.A.S. |
| France | KPMG Audit Paris et Centre S.A.S. |
| France | KPMG Audit Rhône Alpes Auvergne S.A.S. |
| France | KPMG Audit Sud-Est S.A.S. |
| France | KPMG Audit Sud-Ouest S.A.S. |
| France | KPMG Fiduciaire de France |
| France | KPMG SA |
| France | SALUSTRO REYDEL S.A. |
| Germany | KPMG AG Wirtschaftsprüfungsgesellschaft |
| Germany | ATH Allgemeine Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft |
| Germany | EUREVISIO GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft |
| Germany | KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerbera- tungsgesellschaft |
| Germany | KPMG Prüfungs-und Beratungsgesellschaft für den Öffentlichen Sektor Aktiengesellschaft Wirtschaftsprü- fungsgesellschaft |
| Gibraltar | KPMG Limited |
| Greece | KPMG Certified Auditors S.A. |
| Greece | KPMG Auditing A.E. |
| Hungary | KPMG Hungária Kft./KPMG Hungary Ltd. |
| Iceland | KPMG ehf. |
| Ireland | KPMG |
| Italy | KPMG S.p.A. |
| Italy | KPMG Audit S.p.A. |
| Latvia | KPMG Baltics AS |
| Liechtenstein | KPMG (Liechtenstein) AG |
| Lithuania | 'KPMG Baltics' UAB |
| Luxembourg | KPMG Luxembourg |



| Location | Firm Name |
|----------------|---|
| Malta | KPMG |
| Netherlands | KPMG Accountants N.V. |
| Norway | KPMG Holding AS |
| Norway | KPMG AS |
| Poland | KPMG Audyt Sp. z.o.o. |
| Poland | KPMG Audyt Sp. z.o.o. Sp. 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 |
| United Kingdom | KPMG LLP |
| United Kingdom | KPMG Audit Holdings Limited |
| United Kingdom | KPMG Audit Pie |
| United Kingdom | KPMG Holdings Limited |
| United Kingdom | KPMG Overseas Services Limited |

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

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