



# Transparency report 2021

**Committed to driving audit quality**

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

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[home.kpmg/be](https://home.kpmg/be)

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# 1. Letter from the Head of Audit

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises BV/SRL<sup>1</sup> is pleased to provide you with its Transparency Report for the fiscal year ended September 30, 2021, prepared and published in accordance with article 23 of the Law of December 7, 2016 pertaining to the Organization of and public oversight on the audit profession and article 13 of European regulation (EU) 537/2014.

The global COVID 19-pandemic continues to impact working methods, business models and society in general. Our client's operational and business models are growing more complex, requiring new ways of working and increased digital transformation.

As auditors we adjust to these circumstances by devising innovative processes to gather appropriate audit evidence virtually, making increasing use of digital technologies and data analysis, and by learning the nuances of government assistance programs and pandemic-related business disruptions that need to be considered when we audit our clients' financial statements.

When it comes to audit, we acknowledge the great responsibility we have not only towards our clients, but also regarding the public interest. Audit quality therefore is and will remain a key strategic imperative for us. Trust in the quality and true and fair view of the financial statements is one of the cornerstones of decision making in the capital markets. It is the bedrock of public trust.

In this New Reality it therefore remains 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, innovation, ethics, independence and integrity.

This 2021 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.

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.

Stay safe,

**Karel Tanghe,**  
**Sole Director,**  
**Head of Audit**

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises  
28 January 2022

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

<sup>1</sup> Throughout this document "KPMG", "we", "our" and "us" refers to the global organization or to one or more of the member firms of KPMG International Limited, each of which is a separate legal entity. KPMG International Limited (hereafter also referred to as 'KPMG International') is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International Limited or any other member firm vis-à-vis third parties, nor does KPMG International Limited have any such authority to obligate or bind any member firm. Throughout this document, references to "Firm", "KPMG firm", "member firm" and "KPMG member firm" refer to firms which are either: members of KPMG International Limited; sublicensee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sublicensee. The overall governance structure of KPMG International Limited is provided in the 'Governance and leadership' section of the 2021 KPMG International Transparency Report.

# 2. Living our culture and Values

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

## 2.1 Fostering the right culture, starting with tone at the top

### 2.1.1 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 accountability, quality, objectivity, independence, integrity and ethics is essential in an organization that carries out audits and other services on which stakeholders rely.

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

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

The KPMG Values are set out in Appendix A3.

Our Values lie at the heart of the way we do things. To do the right thing, the right way. Always. They drive our daily behaviors, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward — through our work and the example we set — as we inspire confidence and empower change throughout the world.

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

Everyone at KPMG is held accountable to behave consistently with the Code and is required to confirm their compliance. All KPMG personnel are required to take annual training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code.

Individuals are encouraged to speak up if they see something that makes them uncomfortable or is not in compliance with the Code, or our Values.

Moreover, everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

To safeguard this principle of holding each other accountable, each KPMG firm is required to establish, communicate and maintain clearly defined channels of communication to allow KPMG personnel and third parties to make inquiries about, raise concerns in relation to, provide feedback on, and notify, reportable matters, without fear of reprisal, in accordance with applicable law or regulation.

In addition, we operate a Whistleblowing hotline which is a mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by any KPMG International entity, activities of KPMG firms or KPMG personnel.

All KPMG firms and personnel are prohibited from retaliating against individuals who have the courage to speak up in good faith. Retaliation is a serious violation of the Code, and any person who takes retaliatory action will be subject to their firm's disciplinary policy.

The Global People Survey provides KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises leadership and KPMG International leadership with results related to upholding the KPMG Values. KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings (refer to section 10.2).

### 2.1.2 System of quality control

Tone at the top, leadership and a clear set of Values and conduct are essential to set the framework for quality. However, these are required to be backed up by a system of quality control that holds us accountable to meet the highest professional standards.

KPMG 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 KPMG firms and how KPMG firms execute audit engagements.

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

KPMG’s global audit quality program supports consistent deployment of investments to enhance and drive a common approach.

A robust and consistent system of quality control is essential to delivering quality services. KPMG International has quality control policies that apply to all KPMG firms. These are included in KPMG’s Global Quality & Risk Management Manual (GQ&RM Manual), which applies to all KPMG personnel (i.e. partners, principals, directors and employees).

To adopt the new international standard on quality management (ISQM 1) which was approved by the IAASB and will be effective from December 2022, KPMG International initiated a program to redesign the network-wide requirements for member firms’ systems of quality management. ISQM 1 requires each KPMG firm to design, implement and operate a system of quality management to consistently deliver quality audits, and to evaluate the effectiveness of the system on an annual basis.

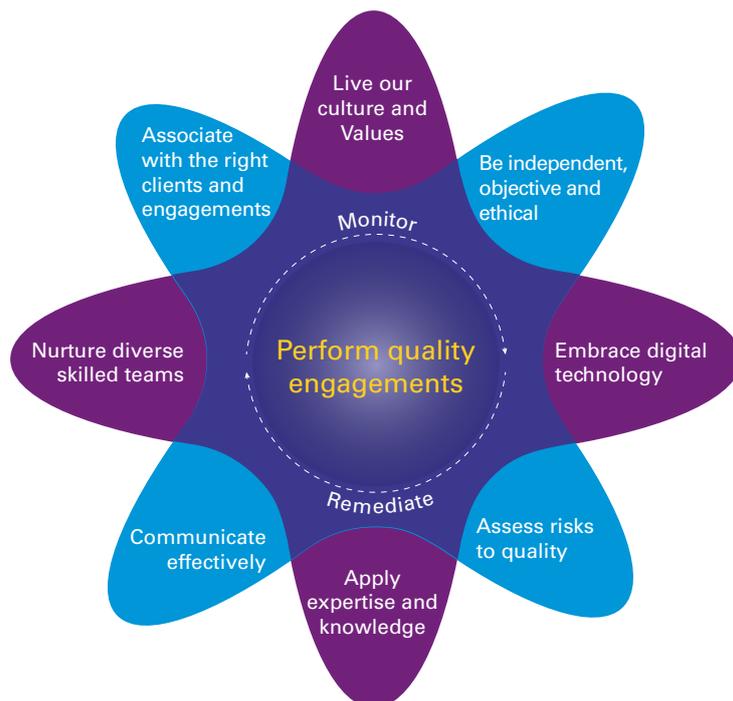
As we prepare for ISQM 1, we have adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable for its delivery. The principle of ‘Perform quality engagements’ sits at the core along with our commitment to continually monitor and remediate our processes as necessary.

While being ready for ISQM1 it also meets the requirements of the current International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and 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.

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, Advisory and Legal services as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.

*2.1.3 Leadership responsibilities for quality and risk management*

KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises demonstrates commitment to quality, objectivity, independence, 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, objectivity, independence, integrity and ethics, demonstrated through their actions - written and other communications, presentations to teams and one-to-one discussions.

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

The following individuals have leadership responsibilities for quality and risk management at KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises:

- In accordance with the principles in ISQC 1, the Senior Partner assumes ultimate responsibility for KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises 'system of quality control;
- the Quality & Risk Management Partner (QRM Partner) is responsible for the direction and execution of risk management, compliance and quality control within KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises. The QRM Partner has a seat on the Belgium Management Team and has a direct reporting line to the Belgium Senior Partner. The fact that the role is a national position underlines the importance that our organization places on risk and quality issues. The QRM Partner consults with the appointed Area Quality and Risk Management Leader. The QRM Partner works with the Head of Audit and is supported by a team of partners and professionals; and
- the Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises and other KPMG firms in Belgium and reports on ethics and independence issues to the QRM Partner or to the Belgium Senior Partner as well as to the Regional Ethics and Independence partner.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises' Head of Audit is responsible for the effective management and control of the Audit Function. This includes:

- setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, and ethics and integrity;
- developing and implementing an audit strategy which is aligned with KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises' audit quality requirements; and
- working with the QRM Partner to monitor and address audit quality and risk matters as they relate to the Audit practice.

### **Audit Leadership Team**

The Audit Leadership Team has regular discussions to agree actions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified from a variety of sources.

For more complex issues (which might require amendments to KPMG's global audit methodology or audit tools) these will be raised with the KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG). For more information about the KGSG and the ISG refer to section 8.1.2.

## **2.2 Clearly articulated strategy focused on quality, consistency, trust and growth**

### *2.2.1 Our business*

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises BV/SRL provides audit and assurance services and is a member firm of the KPMG global organization of member firms offering audit, tax, advisory and legal services.

Our network in Belgium operating through a number of companies, all KPMG member firms, has approximately 1.640<sup>2</sup> 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/audit.html>

<sup>2</sup> Number does not include professionals from KPMG Law BV/SRL, KPMG member firm since February 01, 2021.

## 2.2.2 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 the global organization.

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).

## 2.3 Defined accountabilities, roles and responsibilities, including for leadership

### 2.3.1 Legal structure

#### Legal structure and ownership from 1 October 2020

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, is a Belgian BV/SRL with its seat 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".

Effective 1 October 2020, KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization became members in, or have other legal connections to, KPMG International Limited, a private English company limited by guarantee. KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional

services to clients. Professional services to clients are exclusively provided by member firms.

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

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

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises is part of the KPMG global organization 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 2021 the member firms comprising the KPMG network in Belgium generated aggregate revenues of EUR 248,3 million.

### 2.3.2 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/auditor-detail>
- <https://www.ibr-ire.be/fr/auditors/auditor-detail>

During the year to 30 September 2021 there was an average of 26 partners, 2 principals and 15 executive directors (hereafter “Engagement Leader(s)”) in KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises (2020: 26 partners, 2 principals and 17 executive directors).

### 2.3.3 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 2.1.1).

KPMG International’s activities are funded by an annual payment paid to it 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 organization 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.

## 2.4 Overseen using robust governance structures

### 2.4.1 Governance structure

Karel Tanghe is the sole director of KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises. He has ultimate responsibility for defining 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 and other KPMG firms in Belgium and their 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; and
- 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 Senior Partner assumes ultimate responsibility for KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises ‘system of quality control;
- the Quality & Risk Management Partner (QRM Partner) 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. The QRM Partner works with the Head of Audit and is supported by a team of professionals; and
- 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 other KPMG firms in Belgium and reports on ethics and independence issues to the QRM Partner or to the Belgium Senior Partner as well as to the Regional Ethics and Independence partner.

# 3. Applying expertise and knowledge

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

## 3.1 Methodology aligned with professional standards, laws and regulations

### 3.1.1 Consistent audit methodology and tools

Bringing consistency through our methodology

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

- globally consistent and fully compliant with the applicable standards, including International Standards on Auditing (ISAs), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by KPMG firms;
- inclusive of KPMG methodology interpretations that drive consistency in areas where the applicable standards are not prescriptive in the approach to be followed;
- centered on identifying risk, focusing on risks of material misstatements and the necessary audit response;
- made available to all KPMG audit professionals and required to be used, where necessary;
- applied even where local auditing standards may be less demanding than the ISAs; and
- focused on the international assurance methodology and the alignment of assurance products in response to growth of Environmental, Social and Governance (ESG) reporting.

The KPMG audit methodology is set out in the KPMG Audit Manual (for use with eAudit) and the KPMG Audit Execution Guide (for use with KPMG Clara Workflow) and includes KPMG interpretation of how to apply ISAs which we believe enhance the audit quality.

The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence.

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

KPMG firms may add local requirements and/or guidance to the KPMG Audit Manual and the KPMG Audit Execution Guide to comply with additional local professional, legal, or regulatory requirements.

## 3.2 Deep technical expertise and knowledge

### 3.2.1 Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit. KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises' engagement teams have access to a network of KPMG specialists either within their firm or in other KPMG firms.

These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfill their role on our audits. They also receive a global annual update on global quality performance issues.

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

### 3.2.2 KPMG's commitment to audit quality during the COVID-19 pandemic

The COVID-19 pandemic has forced us all to think differently. We continue to respond to and embrace this challenge.

Since the start of the pandemic we have maintained an online [COVID-19 | Financial reporting resource center](#) to assist companies and other stakeholders understand potential accounting and disclosure implications.

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

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

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

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

### 3.3 Quality & Risk Management Manual

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (GQRMM) which applies to all KPMG personnel (i.e. partners, principals, 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.

# 4. Embracing digital technology

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

## 4.1 Intelligent, standards driven audit workflow

All 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.

### 4.1.1 Evolving our audit workflow

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

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

The release of the KPMG Clara workflow and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalize and transform the audit.

It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

### KPMG Clara

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

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

The digital audit is increasingly integral to how KPMG member firms perform quality audits and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls regarding the development, evaluation and testing, deployment and support of technology in our audits.

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

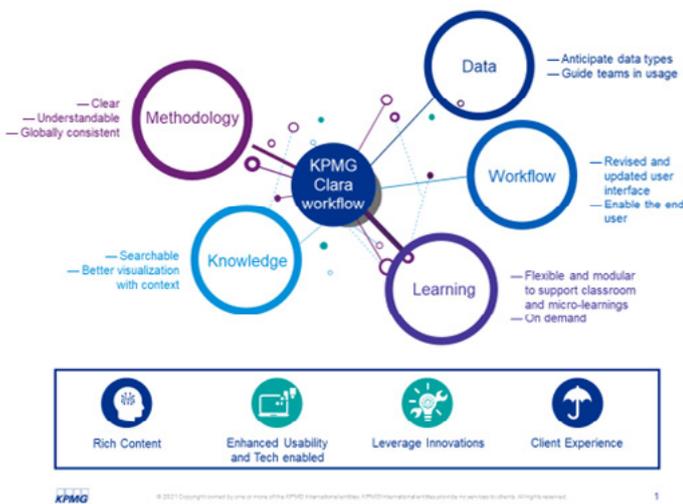
Examples of current capabilities include:

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

## Our vision of the future

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

The KPMG Clara platform evolves as technologies such as artificial intelligence, blockchain and cognitive capabilities transform how audits are delivered.



## KPMG Clara Workflow

We are replacing eAudit with a new workflow and revised audit methodology embedded into the KPMG Clara smart audit platform. Phased full deployment of KPMG Clara Workflow commenced globally in 2020, improved proportionality capability will be provided for our less complex national audits, with the overall transition completed by 2023.

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

Using data mining and tracking of relevant engagement level data indicators, the KPMG Clara Workflow can also facilitate member firms’ monitoring capabilities of audit execution at the engagement level.

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

### 4.1.2 Client confidentiality, information security, and data privacy

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

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

We provide training on confidentiality, information protection and data privacy requirements to all KPMG Bedrijfsrevisoren-Réviseurs d’Entreprises personnel annually.

# 5. Nurturing diverse skilled teams

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

## **5.1 Recruiting appropriately qualified and skilled people, including specialists, with diversity of perspective and experience**

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

### *5.1.1 Recruitment*

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises has invested in understanding how we can attract the talent we need across the organization in the future. This requires the right recruitment, development, reward, promotion and assignment of professionals. This includes building an extraordinary people experience for all current and prospective partners, principals, directors and employees.

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including working with established universities 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 level, including director 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 skills and experience to perform competently, are suitable and best placed for their roles.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises recruited over 218 new people in the year ended 30 September 2021 (2020: approximately 22<sup>3</sup>). 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.

### *5.1.2 Inclusion, Diversity & Equity programs*

The Firm is committed to building a diverse and equitable firm that is inclusive to all. Inclusion, diversity and equity (IDE) is core to our very existence – helping us build great teams with diverse views that represent the world we live in. It leads to better decision making, drives greater creativity and innovation, and encourages us to stand up, live our Values, and do what is right.

We recognize our firms' global position working with clients around the world affords us a privileged place. With that comes an opportunity and responsibility to achieve more and push for a fairer, more equitable society. Our KPMG Global Inclusion, Diversity & Equity Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity & equity at KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises and across all KPMG firms.

For more information about Inclusion & Diversity at KPMG read here.

### *5.1.3 Reward and Promotion*

#### **Reward**

KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises has compensation and promotion policies that are informed by market data, clear, simple, fair, and linked to the performance review process. This helps our partners, principals, directors and employees understand what is expected of them and what they can expect to receive in return. The connection between performance and reward is achieved by assessing relative performance across a peer group to inform reward decisions.

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

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

<sup>3</sup> In the wake of the Covid-19 pandemic and connected sanitary restrictions the decision was taken to exceptionally postpone the recruitment of additional new resources (which traditionally takes place in the month of September) to December 2020.

## 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.

### 5.2 Assigning an appropriately qualified team

The Firm has procedures in place to assign 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 our audit methodology, 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.

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

KPMG is strategically investing in our talent pipeline by partnering with world-class institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. We are recruiting and training professionals who specialize in software, cloud capabilities, and artificial intelligence and who can bring leading technology capabilities to our smart audit platform. We provide training on a wide range of technologies to ensure that field professionals not only meet the highest professional standards but are also upskilled in new technology. With this approach we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

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

#### 5.4.1 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) for consultation. Where the right resource is not available within the Firm, the Firm accesses a network of highly skilled KPMG professionals in other KPMG firms.

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

#### 5.4.2 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 KPMG firm level. Mandatory learning requirements for audit professionals across the KPMG organization are established annually. Training is delivered using a blend of learning approaches and performance support.

##### Mentoring and on the job training

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

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

We support a coaching culture throughout KPMG as part of enabling KPMG professionals to achieve their full potential and instill that every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

#### *5.4.3 Licensing and mandatory requirements for IFRS Standards and U.S. GAAP engagements*

##### **Licensing**

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

The Firm's 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 and IFRS Standards).

##### **Mandatory requirements – U.S. GAAP engagements**

In addition, KPMG has specific requirements for partners, principals, directors, managers and Engagement Quality Control (EQC) reviewers working on 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, if appointed, the EQC reviewers assigned to such an 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.

## **5.5 Recognizing quality**

### *5.5.1 Personal development*

KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises' approach to performance development, 'Open Performance Development' is built around the 'Everyone a Leader' performance principles and includes:

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

Open Performance Development is linked to the KPMG Values and designed to articulate what is required for success - both individually and collectively. We know that by being clear and consistent about the behaviors we expect and rewarding those who demonstrate them, we will continue to drive a relentless focus on audit quality.

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

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

# 6. Associating with the right clients and engagements

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

## 6.1 Following the client and engagement acceptance and continuance policies

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

KPMG firms are required to evaluate whether to accept or continue a client relationship or perform a specific engagement.

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

## 6.2 Accepting appropriate clients and engagements

### 6.2.1 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 an assessment of the client's risk profile and obtaining background information on the client, its key management, directors and owners. If necessary, we obtain additional information required to satisfy our local legal and regulatory requirements.

### 6.2.2 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, whether the services would be unethical or inconsistent with our Values, as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of KPMG professionals assigned to staff the engagement. The evaluation is made in consultation with other senior personnel of KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises and includes reviews by ORM as required.

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

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

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

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

### *6.2.3 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 (EQC) reviewer or the need to involve additional specialists on the audit).

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

In addition, clients and engagements are required to be reevaluated if there is an indication that there may be a change to the 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.

### *6.2.4 Withdrawal process*

Where the Firm comes to a preliminary conclusion that indicates that we should withdraw from an engagement or 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.

## **6.3 Managed portfolio of clients**

The Firm's leadership appoints Engagement Leaders who have the appropriate competence, capabilities, time and authority to perform their role for each engagement. They review each Engagement Leader's client portfolio 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 and wider team to deliver a quality audit for every client.

# 7. Being independent and ethical

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

## 7.1 Acting with integrity and living our Values

KPMG International's detailed independence policies and procedures incorporate the IESBA Code of Ethics. These are set out in KPMG's GQRMM, which applies to all KPMG member firms. Automated tools which are required to be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

These policies are supplemented by other policies and processes to ensure compliance with the legal requirements and those of 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, 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 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 International policies and procedures and ensuring that local independence policies and procedures are established and effectively implemented when they are more stringent than the KPMG International 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;
- 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 are included in regular quality and risk communications with all KPMG firms. KPMG firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring and compliance programs described in 11.1.2.

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

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

### 7.2.1 Personal financial independence

KPMG International policies require that KPMG firms and KPMG professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG firm assurance and audit clients (by definition,

'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners. All KPMG Engagement Leaders, irrespective of their firm or function are generally prohibited from owning securities of any audit client of any KPMG firm.

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

All partners, principals, directors and 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 publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments are required to be disposed of within 5 business days of the notification. KPMG monitors partner, principal, director and manager compliance with this requirement as part of our program of independence compliance audits of professionals. The Global Independence Group provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

In 2021, 14 of our audit people were subject to these audits (this included 11 audit partners and partner equivalents).

### *7.2.2 Employment relationships*

Any KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises professional providing services to an audit client irrespective of function is required to notify the Firm 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 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.

In accordance with Belgian law a certified auditor should respect a cooling-off period of 2 years before he can take up a position as director or any other function with a KPMG audit client for which the individual has acted as engagement leader.

In addition, a cooling off period of 1 year is required for the audit clients where the certified auditor has participated in the audit in another capacity than engagement leader. During this period, it is prohibited to take up any function with this client.

An assurance team member is also required to notify the EIP when they enter into employment negotiations with the assurance client during the course of the engagement. Former assurance team members or former partners of KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises who join an assurance client in certain roles cannot continue to participate in KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises's business or professional activities.

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

### *7.2.3 Firm financial independence*

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

In common with other KPMG 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 associated 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.

#### *7.2.4 Business relationships/suppliers*

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

#### *7.2.5 Business acquisitions, admissions and investments (if applicable)*

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.

#### *7.2.6 Independence clearance process*

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, 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' are required to be completed prior to accepting an audit engagement for these entities.

The 'KPMG Independence Checkpoint' tool is used to automate and standardize all the workflows that comprise the independence clearance process. The tool was developed in anticipation of the increasing number of audit tenders and independence clearances that need to be completed as a result of mandatory firm rotation of statutory audits.

#### *7.2.7 Independence training and confirmations*

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

New partners, principals, directors and client facing employees who are required to complete this training are required to 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.

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

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

New partners, principals, directors and employees are required to complete this training within three months of joining the Firm. All KPMG partners, principals, 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.

#### *7.2.8 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.

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

Engagement Leaders are required to maintain group structures for their publicly traded (and certain other) audit clients including their related entities or affiliates in

Sentinel™. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. For entities for which group structures are maintained, Sentinel™ enables Engagement Leaders to review and request revision, approve, or deny, any proposed service for those entities worldwide. For approved proposed services, Sentinel™ designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be completed or be re-evaluated for permissibility; otherwise, the services are required to be exited.

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 related to these new or modified services.

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

#### *7.2.9 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 KPMG firm expressing the audit opinion. These policies require KPMG firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years.

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

- this be disclosed to those charged with governance at the audit client; and
- a partner from another KPMG member firm 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.

#### *7.2.10 Resolving conflicts of interest*

Conflicts of interest can arise in situations where KPMG partners, principals, 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 personnel from offering or accepting inducements, including gifts and hospitality to or from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to have been offered with the intent to improperly influence the behavior of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgement.

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

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

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

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

### 7.2.11 Independence breaches

All 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 requirements of the IESBA Code or other external independence requirements are required to be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

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, principals, directors and managers, are reflected in their individual quality and risk metrics.

### 7.2.12 Partner and firm rotation

#### Partner rotation

KPMG International partner rotation policies are consistent with the requirements of the IESBA Code of Ethics and require all KPMG 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.

### 7.3 Zero tolerance of bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises. 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. KPMG International requires KPMG firms to have appropriate internal controls in place to mitigate the risk of involvement in bribery by the Firm and its partners and employees.

All KPMG firm partners and employees are required to take training covering compliance with laws, regulations and professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance.

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

# 8. Performing quality engagements

How an audit is conducted is as important as the result. KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises' partners, directors, principals and employees are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.

## 8.1 Consulting where necessary

### 8.1.1 Encouraging a culture of consultation

KPMG encourages a strong culture of consultation that supports engagement teams at KPMG firms 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 help with this, firms are required to have established protocols 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 GQRMM includes mandatory consultation requirements on certain matters.

### 8.1.2 Technical consultation and global resources

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

#### **Global Audit Methodology Group (GAMG)**

KPMG's audit methodology is developed and maintained by the Global Audit Methodology Group (GAMG). The GAMG develops our audit methodology based on the requirements of the applicable auditing standards – International Standards on Auditing, PCAOB and AICPA.

#### **KPMG Global Solutions Group (KGSG)**

The KGSG is responsible for the envisioning, development and deployment of global audit solutions, including new technology and automation innovations.

The KGSG and GAMG work collaboratively to support member firms through collaboration, innovation and technology. We have made significant investments in our audit methodology and tools with the core focus of improving audit quality, global consistency and standardization.

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

#### **International Standards Group (ISG)**

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

#### **PCAOB Standards Group (PSG)**

The PCAOB Standards Group (PSG) comprises a dedicated group of professionals with backgrounds in PCAOB auditing standards who promote consistency of interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components of U.S. companies and of foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

## Member firm professional practice resource

Member firms provide consultation support on auditing and technical accounting matters to their audit professionals through 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 EOC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution.

The ISG and PSG are also available for consultation support 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.

### 8.2 Critically assessing audit evidence, using professional judgement and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit including contradictory or inconsistent audit evidence. Each team member is required to exercise professional judgement and maintain professional skepticism throughout the audit engagements. Professional skepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence. Professional judgement encompasses the need to be aware of an alert to biases that may pose threats to good judgements.

### 8.3 Direct, coach, supervise and review

#### 8.3.1 Embedding ongoing mentoring, supervision and review

To invest in the building of the skills and capabilities of KPMG professionals, 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.

#### 8.3.2 Engagement quality control (EOC) reviewers

The EOC review is an important part of KPMG's framework for quality. An EOC 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.

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

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

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

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

## **8.4 Appropriately support and document conclusions**

### *8.4.1 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 auditor's 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).

### *8.4.2 Engagement documentation*

KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises' audit documentation is completed and assembled according to the timeline established by the firm's policy and auditing standards, and we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and firm information. KPMG International recently adopted policies to apply to all KPMG firms to reduce the time period allowed to assemble audit documentation, which is significantly less than required by the applicable auditing standards and by laws.

# 9. Assessing risks to quality

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

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

# 10. Communicating effectively

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

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

At KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises we stress the importance of keeping those charged with governance informed of issues arising throughout the audit through guidance and supporting resources. We achieve this through a combination of reports and presentations, attendance at Audit Committee or board meetings, and, when appropriate, ongoing discussions with management and members of the Audit Committee.

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

### Audit Committee Institute 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 guidance on 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 Standards Institute

KPMG's Global IFRS Standards 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 and sustainability reporting frameworks.

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

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

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

The GPS also provides the Firm's leadership and KPMG International 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.

Audit specific analysis of GPS results is also undertaken, with a particular focus on audit quality. Results and key themes are presented to the Global Audit Steering Group on an annual basis for consideration of appropriate remedial action, if needed.

# 11. Monitoring and remediation

Integrated quality monitoring and compliance programs enable KPMG 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.

## 11.1 Rigorously monitor and measure quality at the local and global level

### 11.1.1 Commitment to continuous improvement

KPMG commits to continually improve the quality, consistency and efficiency of KPMG firm 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 are globally 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.

### 11.1.2 Internal monitoring and compliance programs

#### Internal monitoring

The Firm's monitoring programs are created by KPMG International and applied across KPMG firms. The programs evaluate both:

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

Our internal monitoring programs also contribute 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. 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 Audit 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. Firm audit QPR reviews are overseen by a senior experienced lead reviewer independent from the 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 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

Findings from the QPR Program are disseminated to firm professionals through written communications, internal training tools, and periodic partner, principal, director, manager and staff meetings. These areas are also emphasized in subsequent inspection program to gauge the extent of continuous improvement.

Lead audit Engagement Leaders (LAEPs) are notified of unsatisfactory ratings on their respective cross-border

engagements. Additionally, LAEPs 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 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 KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises' system of quality control with Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements; and
- provide the basis for KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

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

### **Global Quality & Compliance Review Program (GQ&CR)**

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

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

The GQ&CR provides an independent assessment of:

- a 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 firm's compliance with KPMG International policies and procedures; and
- the robustness with which the firm performs its own compliance program (RCP).

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises develops action plans to respond to all GQ&CR findings that indicate improvement is required and agree these with the GQ&CR team. Our progress on action plans is monitored by the GQ&CR Central Team. Results are reported to the GQ&RM Steering Group, and where necessary to appropriate KPMG International and regional leadership.

#### *11.1.3 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 GQ&RM leadership.

### **11.2 Obtain, evaluate and act on stakeholder feedback**

#### *11.2.1 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, at least every 3 years 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.

In July 2021 the CTR-CSR formally announced a periodic inspection. The inspection activities in the context of this periodic inspection are ongoing as at 30 September 2021.

The Firm is also registered with the U.S. PCAOB. In April 2021, the PCAOB and the CTR-CSR reached a cooperative agreement, allowing for cooperation between the two organizations in the oversight of audit firms subject to the jurisdiction of both regulators. The cooperative agreement

provides a framework for joint inspections and allows for the exchange of confidential information in accordance with Belgian law and the Sarbanes-Oxley Act in the U.S. In July 2021, the PCAOB and CTR-CSR formally announced their intention to carry out a joint inspection of the Firm. Their inspection activities are ongoing as at 30 September 2021.

At an international level, KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through its Global Audit Quality Working Group (GAQ WG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

Every KPMG firm is expected to maintain professional and respectful relationships with regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions.

At a regional level, we also have regular dialogue with representatives of the Committee of European Auditing Oversight Bodies (CEAOB) - formerly known as the European Audit Inspection Group (EAIG)- as well as the ASEAN Audit Regulators Group (AARG).

### 11.2.2 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.

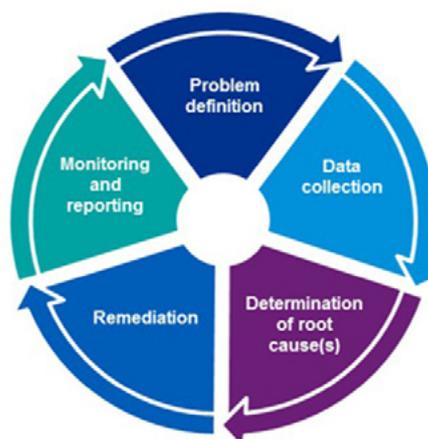
### 11.2.3 Monitoring of complaints

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

## 11.3 Perform root cause analysis

The Firm conducts Root Cause Analysis (RCA) in respect of audit quality issues. In 2021, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises 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 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 audit quality including remediation of audit quality issues. The Firm's ORM Partner monitors the remediation plan(s) implementation.

# 12. Financial Information

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

**Audit & Assurance:** 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:** Corporate Tax & Legal compliance, VAT and other indirect taxes, 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.

**Legal advice:** provision of legal advice with regard to legal business issues: corporate and M&A, administrative and public, real estate, banking and finance, employment, tax, dispute resolution as well as business and commercial law and international private law.

## For the 12 month period ended 30 September

Revenue by type of services (in million euros)	2021	2020
<b>KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises</b>	<b>77,0</b>	<b>76,7</b>
Statutory audit engagements - Belgian PIE's and subsidiaries of worldwide listed entities	36,1	37,7
Statutory audit engagements - other entities	30,0	26,5
Non-audit services - audit clients	3,6	5,1
Non-audit services - other entities (= non audit clients)	7,3	7,4
<b>Other member firms in Belgium</b>	<b>171,3</b>	<b>143,3</b>
KPMG Advisory	76,5	68,1
KPMG Tax, Legal & Accountancy (*)	70,4	51,8
KPMG Deal Advisory	16,0	10,8
KPMG Law (**)	7,4	
KPMG Tax Services	0,8	0,9
KPMG Certification	0,2	0,1
KPMG Eurometropole (***)	0,0	0,2
KPMG Accountants		11,4
<b>TOTAL</b>	<b>248,3</b>	<b>220,0</b>
<b>Key figures of KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises (in million euros)</b>	<b>2021</b>	<b>2020</b>
Revenue	77,0	76,7
Total assets	43,9	50,0
Shareholders’ funds	2,4	2,1
Total liabilities	41,6	48,0
Growth	12,9%	6,3%
<b>Full time equivalents (FTE)</b>	<b>531</b>	<b>425</b>
<b>Partners</b>	<b>25</b>	<b>26</b>

(\*) Change of name as of 01/03/2021 following merger of KPMG Belastingconsulenten en Juridische Adviseurs CVBA- KPMG Conseils Fiscaux et Juridiques KPMG SCRL and KPMG Accountants CVBA- KPMG Experts-comptables SCRL

(\*\*) KPMG member firm as of 01/02/2021. Figures have been restated accordingly.

(\*\*\*) Inactive company

# 13. Partner remuneration

The partners are voting members of limited liability companies 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 an Advisory Board 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 and compliance to the Firm policies and procedures, 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 Advisory Board makes recommendations on policies for partners' remuneration and approves the process. The Head of each function together with a member of the Advisory Board review 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.

# 14. Network arrangements

## 14.1. Legal structure

### Legal structure

On 1 October 2020, KPMG Bedrijfsrevisoren- Réviseurs d'Entreprises and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization became members in, or have other legal connections to, KPMG International Limited, a private English company limited by guarantee.

Since 1 October 2020, KPMG International Limited has been the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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

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

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

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

### **Total turnover achieved by EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements.<sup>4</sup>**

Aggregated revenues generated by KPMG firms<sup>5</sup>, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.05 billion during the year ended 30th September 2021. 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 2021.

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

<sup>4</sup> The financial information set forth represents combined information of the separate KPMG firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

<sup>5</sup> Does not include revenues from UK.

### 14.3. Professional Indemnity Insurance

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

### 14.4. 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.

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 56 KPMG firms that are “members” of KPMG International Limited as a matter of English law.

#### Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing the Global Management Team and approving policies with which KPMG firms are required to comply.

It also approves the admittance or termination of KPMG firms to/from the global organization.

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

The list of current Global Board members is set out in the [Leadership](#) section on KPMG.com.

#### Global Board committees

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

- Executive Committee;
- Governance Committee;
- Global Quality, Risk & Reputation Committee; and
- Global Audit Quality Committee.

The overarching responsibility of the Global Audit Quality Committee is to strive for globally consistent audit quality across all firms and to oversee those KPMG International activities which relate to improving and maintaining the consistency and quality of audits provided by KPMG firms.

#### Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing the global strategy by working together with the Executive Committee, and jointly recommending the global strategy to the Global Board for its approval. The Global Management Team also supports the KPMG firms in their execution of the global strategy and KPMG International decisions and policies by member firms, including holding them accountable against their commitments.

It is led by the Global Chairman, Bill Thomas.

The list of Global Management Team members is available in the [Leadership](#) section on KPMG.com.

#### Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the Global Management Team and, together, they assist the Global Management Team in discharging its responsibilities.

They act under delegated authority from the Global Board and oversight by the Global Management Team (GMT). Under the oversight of the GMT, they promote the execution of the global strategy and compliance with KPMG International decisions and policies by member firms.

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

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

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 [2021 KPMG International Transparency Report](#).

### **Regional Board**

Each 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 [2021 KPMG International Transparency Report](#).

# 15. 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 11.1.2 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 2021.

Further, the Head of Audit confirms that an internal review of independence compliance has been conducted in the year to 30 September 2021.

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  
28 January 2022

# A1 Key legal entities and areas of operation

NAME OF ENTITY	LEGAL STRUCTURE ON 30/09/2021	REGULATORY STATUS	NATURE OF BUSINESS
KPMG Bedrijfsrevisoren - KPMG Réviseurs d'Entreprises	"Belgische besloten vennootschap -Société à responsabilité limitée belge -Belgian private limited liability company (BV/SRL)"	Belgian Audit regulated	Audit services
KPMG Tax, Legal & Accountancy*	"Belgische besloten vennootschap -Société à responsabilité limitée belge -Belgian private limited liability company (BV/SRL)"	Belgian Accounting and Tax regulated	Tax, legal and accounting services
KPMG Tax Services	"Belgische besloten vennootschap -Société à responsabilité limitée belge -Belgian private limited liability company (BV/SRL)"	Belgian Accounting and Tax regulated	Tax services
KPMG Advisory	"Belgische besloten vennootschap -Société à responsabilité limitée belge -Belgian private limited liability company (BV/SRL)"	None	Advisory services
KPMG Deal Advisory	"Belgische besloten vennootschap -Société à responsabilité limitée belge -Belgian private limited liability company (BV/SRL)"	None	Advisory services
KPMG Central Services	"Economisch Samenwerkingsverband Groupement d'intérêt économique Economic Interest Grouping (ESV/GIE)"	None	Internal services to KPMG companies in Belgium
KPMG Certification	"Belgische besloten vennootschap -Société à responsabilité limitée belge - Belgian private limited liability company (BV/SRL)"	None	Certification services
KPMG Eurometropool - KPMG Eurométropole	"Belgische besloten vennootschap -Société à responsabilité limitée belge - Belgian private limited liability company (BV/SRL)"	None	Inactive company
KPMG Belgium	"Belgische besloten vennootschap -Société à responsabilité limitée belge - Belgian private limited liability company (BV/SRL)"	None	Holding
KPMG Law**	"Belgische besloten vennootschap -Société à responsabilité limitée belge - Belgian private limited liability company (BV/SRL)"	Regulated by relevant bar association(s)	Law firm

\*Change of name as of 01/03/2021 following merger of KPMG Belastingconsulenten en Juridische Adviseurs CVBA -KPMG Conseils Fiscaux et Juridiques SCRL et KPMG Accountants CVBA - KPMG Experts-comptables SCRL

\*\* Change of name as of 01/02/2021

# 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 2021 is given

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

## Listed companies

AGFA-GEVAERT  
BELGIAN LION  
D'IETEREN  
EURONAV  
GHELAMCO INVEST  
HYLORIS PHARMACEUTICALS  
KBC ANCORA  
KINEPOLIS GROUP  
LONZA FINANCE INTERNATIONAL  
MERCURIUS FUNDING  
ORANGE BELGIUM  
PENATES FUNDING BELGIUM  
PICANOL  
SCHEERDERS VAN KERCHOVE'S VER.FABRIEKEN  
TELENET GROUP HOLDING  
TESSENDERLO GROUP  
WERELDHAVE BELGIUM  
X-FAB SILICON FOUNDRIES

## Banks and insurance companies

ALPHA INSURANCE  
ASSURANCES CONTINENTALES -  
CONTINENTALE VERZEKERINGEN  
BANQUE TRANSATLANTIQUE BELGIUM  
BELFIUS BANK  
BELFIUS INSURANCE  
CORONA  
CREDENDO EXCESS & SURETY  
CREDENDO SHORT TERM NON EU RISKS  
ING BELGIUM  
JUSTITIA  
MS AMLIN INSURANCE  
NEWB  
NN INSURANCE BELGIUM  
NORTH EUROPE LIFE 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  
VMOB HOSPIPLUS

# A3 The KPMG Values

Our Values represent what we believe in, and what's important to us as an organization. They guide our behaviors day-to-day, informing how we act, the decisions we make,

and how we work with each other, our clients, companies that we audit, and all our stakeholders.

## Our Values are:

### Integrity

We do what is right.

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### Excellence

We never stop learning and improving.

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### Courage

We think and act boldly.

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### Together

We respect each other and draw strength from our differences

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### For Better

We do what matters.

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Our Values express our firm's long-standing core beliefs, and in 2020 the language was updated to make them bolder, simpler, and more memorable to help each of us bring them to life every day.

# A4 List of KPMG audit entities located in EU/EEA

## As at 30 September 2021

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 on behalf of KPMG International Limited, a company limited by guarantee incorporated in England and Wales, which provides no professional services to clients. To the best of our knowledge, the list is accurate as at 30 September 2021. 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
Belgium	KPMG Bedrijfsrevisoren/KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Audit OOD
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG
Cyprus	KPMG Limited
Czech Republic	KPMG Česká republika Audit, s.r.o.
Denmark	KPMG P/S
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkistarkastus Oy
France	KPMG Associés S.A.
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 Ouest S.A.S.
France	KPMG Audit Paris et Centre S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.

Location	Firm Name
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	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
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 SIA
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	'KPMG Baltics' UAB
Luxembourg	KPMG Luxembourg
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Sp z.o.o.
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością Spółka Komandytowa
Portugal	KPMG & Associados — Sociedade de Revisores Oficiais de Contas, S.A.
Romania	KPMG Audit SRL
Slovakia	KPMG Slovensko spol. s r.o.
Slovenia	KPMG Slovenija, podjetje za revidiranje, d.o.o.
Spain	KPMG Auditores, S.L.
Sweden	KPMG AB

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[home.kpmg/socialmedia](https://home.kpmg/socialmedia)

