



2016

Transparency

Report KPMG in

Cyprus

March 2017

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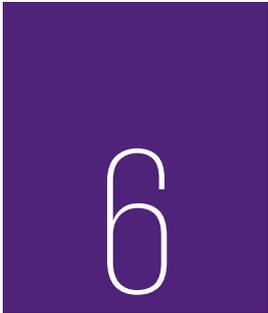
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Message from the Managing Director

I proudly present our 2016 Transparency Report in which our strategy, structure, governance and systems of quality control are presented, covering the financial year to 30 September 2016. Every year, we set our standards very high and we are focused and committed to the provision of high quality services to our dedicated clientele.

In 2016 we promised to stand next to our clients and employees and at the same time to take measures to reduce costs, maintaining at the same time efficiency and top quality of services. Cyprus Economy is improving and are pleased to note that our investment in developing our advisory services resulted in an impressive growth in 2016. Our clients continued to respond positively to our firm, maintaining KPMG as the number one audit firm in Cyprus.

We also made KPMG Story real, we made it happen and made it stick in order to achieve our vision to be the number one audit firm in Cyprus. The KPMG Story allows us to reach our full potential and therefore unleash the full potential of KPMG. Our determination in continuing our investment in talent and technology gives us confidence in, achieving our vision to be the clear choice in the professional services sector.

Our employees lead by example and work together to achieve the best result. They are open and honest and act with integrity. These values played a significant role and our clients continue to respond positively to our firm, maintaining KPMG as the number one audit firm in Cyprus.

At KPMG we are committed to the role we play in serving the public interest with full understanding of the critical importance of audit quality to the marketplace. Our aim continues to be the provision of high-quality audit services in an ethical and independent manner, recognizing this necessity particularly in the current economic climate.

Our tax team continues to promote Cyprus as an international investment and business center as well as examining the impact on our clients and our community of the Global trends regarding transparency and exchange of information in a changing international tax landscape.

Understanding the need for continuous improvement, we pay attention in our collaboration with regulators and our investment in audit quality, continuously reminding ourselves of our purpose which is to be the best firm for our clients, our people and our community.



A handwritten signature in black ink, appearing to read 'Andreas Christofides', written in a cursive style.

Andreas Christofides
Managing Director

30 March 2017

Message from the Head of Audit

I am very pleased to present our Transparency Report 2016 which articulates the steps that KPMG takes to uphold its professional responsibilities and describes the firm's structure, governance and approach to quality control. This report shows how we maintain and continuously improve our audit quality processes and procedures through monitoring activities, accumulating and analyzing findings to identify root causes and developing appropriate remedial actions.

We are committed to providing high-quality professional services in an objective and ethical manner. We are continually working to develop the most effective audit quality standards and processes and to educate and train our people to make sure that they have the right skills, tools and materials to enable them to perform a high quality, value added service. We are committed to complying with the high standards of our regulators and we seek to respond appropriately to their concerns and recommendations.

As part of KPMG's development and growth, we seek to be informed and keep our people updated on anything related

to the provision of audit quality. In this context, we have set highly on our agenda the adoption of the EU Audit Reforms which focus on auditor's independence and objectivity, audit rotation and tendering, audit quality and development in auditing practice.

We are committed to continue "leading by example" so as to safeguard KPMG's values and are proud of our partners and professionals who strive to uphold them.



Sylvia Loizides
Head of Audit
30 March 2017

KPMG's Values

We lead by example:

At all levels we act in a way that exemplifies what we expect of each other and our clients.

We work together:

We bring out the best in each other and create strong and successful working relationships.

We respect the individual:

We respect people for who they are and for their knowledge, skills, and experience as individuals and team members.

We seek the facts and provide insight:

By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.

We are open and honest in our communication:

We share information, insight, and advice frequently and constructively and manage tough situations with courage and candor.

We are committed to our communities:

We act as responsible corporate citizens by broadening our skills, experience, and perspectives through work in our communities and protecting the environment.

Above all, we act with INTEGRITY:

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

2

Who we are

2.1 Our business

KPMG Limited is a professional services firm that delivers Audit, Tax and Advisory services. KPMG Limited traces its origins back in 1948, and today is one of the largest Audit, Tax and Advisory organizations in the Cyprus market. Our firm currently employs more than 750 professionals, including 42 Board Members, working from six offices throughout the island. On 1 January 2017 the board members were 44 following the retirement of one of the Board Members and admission of 3 new Board Members.

Our audit services in Cyprus are delivered through KPMG Limited. Full details of the services offered by KPMG Limited can be found on our website www.kpmg.com.cy

2.2 Our strategy

Our strategy is set by the Executive Committee and has remained consistent for some time. It has determined that our overall ambition remains to be the number one multi-disciplinary professional services firm in Cyprus.

Our firm's strategy has five main drivers:

- Maintain the leading position as employer of choice in the market.
- Maintain leadership in local audit market.
- Further develop advisory services.
- Maintain quality and low cost base.
- Increase staff productivity.

3

Our structure and governance

3.1 Legal structure

Legal structure and ownership

KPMG Limited is affiliated with KPMG International Cooperative (“KPMG International”). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business, including our relationship with it, are available in the 2016 KPMG International Transparency Report. (<https://home.kpmg.com/xx/en/home/about/governance/transparency-report.html>)

KPMG International is a global network of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. KPMG International’s structure is designed to support consistency of service quality and adherence to agreed values wherever the member firms operate.

KPMG Limited is a private company limited by shares registered in Cyprus under registration number HE132822, with its registered office at 14 Esperidon street, 1087 Nicosia, Cyprus. KPMG Limited is wholly owned by its Board Members who, in practice, are commonly referred as partners.

The firm adopts 30 September as its financial year end for reporting to KPMG International and 31 December for local statutory purposes. The fees reported to KPMG International for the financial year under review are disclosed in the financial information section of this report.

During the year under review the firm had 42 Board Members (2015:43 Board Members).

3.2 Name, ownership and legal relationships

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.

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.

3.3 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 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.

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

3.4 Governance structure

KPMG Limited apply high standards of corporate governance.

Chairman and Managing Director

The Chairman and the Managing Director are responsible for leading the Board ensuring that the Board Members receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large. The current Chairman, Angelos Gregoriades and the current Managing Director, Andreas Christofides, were re-appointed on 1 January 2016 following a competitive election campaign and confidential vote (administered by 42) of the members.

The Board

The principal governance and oversight body of KPMG Limited is the Board of Directors, which provides leadership to the organisation and is responsible for our long term growth and sustainability, setting our strategy and overseeing its implementation, monitoring performance against our business plan and protecting and enhancing the KPMG brand.

The Board consists of 42 members, including the Chairman, the Managing Director and the Head of Quality & Risk and 39 additional members. The Board meets from time to time to undertake certain statutory duties for KPMG Limited.

The Board met five times in the year to 30th September 2016.

The Executive Committee

The Executive Committee is responsible for management of the day-to-day activities of KPMG Limited, recommending policy to the Board and developing the business plan within the overall strategy set by the Board, together with its subsequent implementation. It deals with operational matters affecting the firm (including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment, and retention and general remuneration, prioritisation and allocation of resources and investment and managing the risk profile of the our firm.

The Board of Directors effectively elects the members of the Executive Committee including the Chairman and the Managing Director.

The members of the Executive Committee during 2016 were as follows.:

- Angelos Gregoriades (Chairman)
- Andreas Christofides (Managing Director)
- Christos Vasiliou (Deputy Managing Director & Head of Advisory)

- Sylvia Loizides (Head of Audit)
- George Markides (Head of Tax)
- Michael Antoniadis (Head of Quality & Risk Management)
- Michalis Loizides (Ethics and Independence Partner (EIP))
- Panicos Loizou
- Demetris Vakis
- Apostolos Apostolou
- George Tziortzis
- Michael Halios

The meetings of the Executive Committee are also attended by Nicos G. Syrimis in his honorary Chairman Capacity.

The Executive Committee aims to meet at least monthly and during the year to 30 September 2016 it met formally 9 times either face-to face or via video link/conference call supplemented by frequent additional telephone calls and ad hoc meetings.

Full details of the Executive Committee of KPMG Limited, including their biographies are set out in Appendix A.2.

4

System of quality control

Overview

A robust and consistent system of quality control is an essential requirement in performing high-quality services. Accordingly, KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual) available to all personnel. These policies and associated procedures are designed to guide member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances.

These policies and procedures are based on the International Standard on Quality Control 1 (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). Both of these are relevant to firms that perform statutory audits and other assurance and related services engagements.

KPMG Limited implements KPMG International policies and procedures and adopts additional policies and procedures that are designed to address rules and standards issued by the Cyprus Public Audit Oversight Board (CyPAOB) and the Institute of Certified Public Accountants of Cyprus (ICPAC) and other relevant regulators as well as applicable legal and other requirements.

KPMG International's policies reflect individual quality control elements to help our personnel act with integrity and objectivity, perform their work with diligence, and comply with applicable laws, regulations, and professional standards. Amendments to risk and quality policies, including ethics and independence policies, are communicated by email alerts from KPMG International and included in quality and risk communications. KPMG Limited is required to implement changes specified in the email alerts and this is checked through internal monitoring.

Quality control and risk management are the responsibility of all KPMG Limited personnel. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to KPMG personnel. While many KPMG's quality control processes are cross-functional, and apply equally to tax and advisory work, the remainder of this section focuses on the delivery of quality audits.

Audit quality framework

At KPMG Limited audit quality is not just about reaching the right opinion, but how that opinion is reached. It is about the processes, thought and integrity behind the audit report. We view the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means, above all, being independent, and compliant with relevant legal and professional requirements.

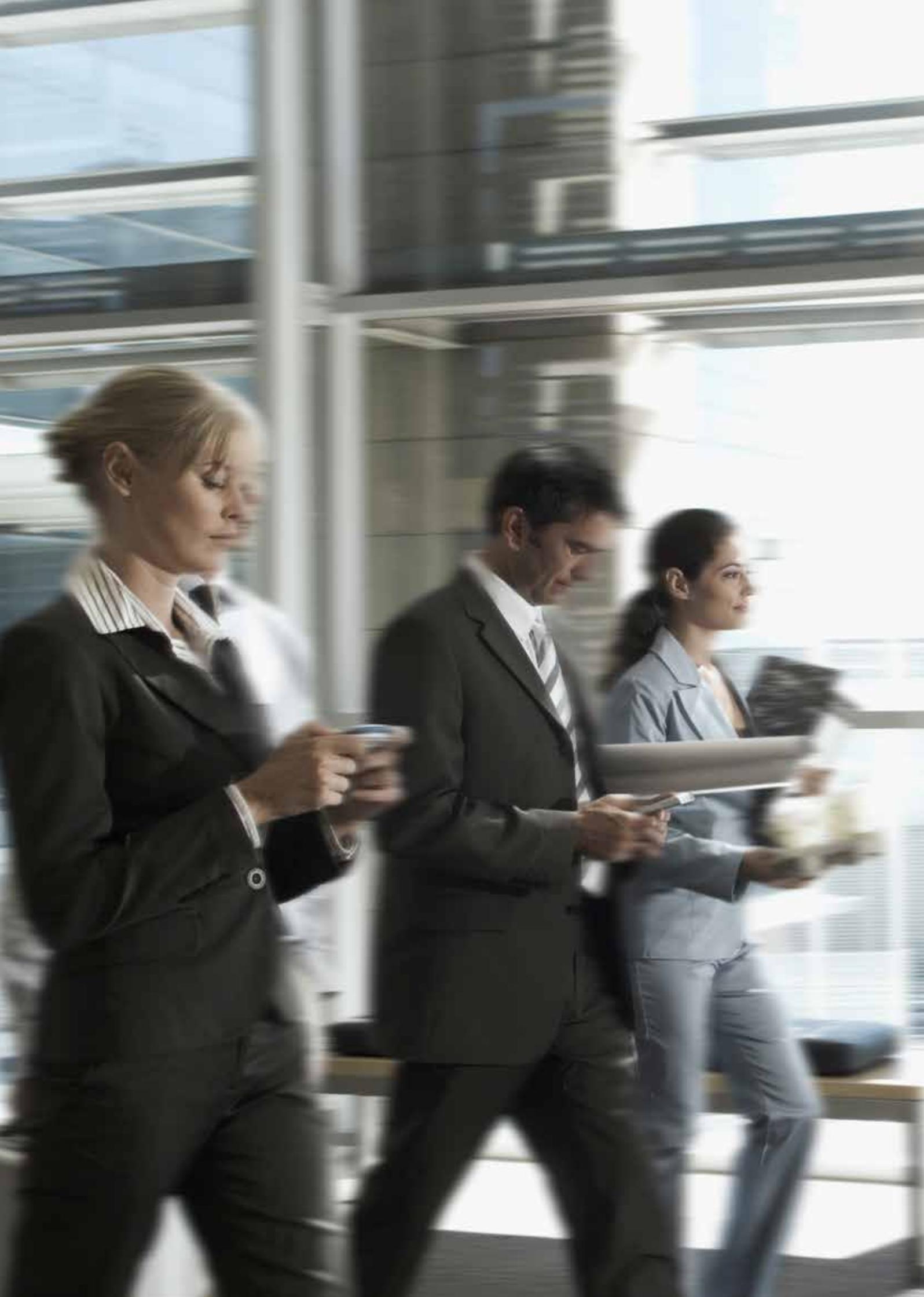
To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver an appropriate and independent opinion, KPMG International utilizes the Audit Quality Framework. This framework uses a common language that is used by all KPMG member firms to describe what we believe drives audit quality, and to highlight how every audit professional at KPMG contributes to the delivery of audit quality.

The Audit Quality Framework identifies seven drivers of audit quality:

1. tone at the top
2. association with the right clients
3. clear standards and robust audit tools
4. recruitment, development and assignment of appropriately qualified personnel







System of quality control continued

4.1 Tone at the top

The culture of KPMG International and the member firms is underpinned by a strong set of values and supporting policies and processes and enables the right attitudes and behaviors to permeate throughout the KPMG network, starting from the very top. We promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG Limited leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large.

KPMG's tone at the top provides a clear focus on quality through:

- Culture, values, and code of conduct - clearly stated and demonstrated in the way we work.
- Focused and well - articulated strategy - incorporating quality at all levels.
- Standard set by our leadership.
- Governance structure and clear lines of responsibility for quality - skilled and experienced people in the right positions to influence the quality agenda.

Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG Value: "Above all, we act with integrity". Integrity means constantly striving to uphold the highest professional standards, providing sound good-quality advice to our clients and rigorously maintaining independence.

Our Values, which have been explicitly codified for a number of years, are embedded into working practices and values-based compliance culture at KPMG Limited. Individuals are encouraged to raise their concerns

when they see behaviors or actions that are inconsistent with our values or professional responsibilities.

Our Values are considered in the performance appraisal process that our people follow and adherence to these Values is also reviewed when our people are considered for more senior promotions, including to Partner.

Code of conduct

KPMG International's Code of Conduct incorporates our Values and defines the standards of ethical conduct that is required from all KPMG people. It sets out our ethical principles and helps partners and employees at KPMG Limited to understand and uphold those principles. In addition, the Code of Conduct emphasizes that each partner and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility. It has provisions that require our people to

- comply with all applicable laws, regulations and KPMG Limited policies
- report any illegal acts, whether committed by KPMG Limited personnel, clients or other third parties
- report breaches of risk management policies
- uphold the highest levels of client confidentiality
- not offer, promise, make, solicit or accept bribes (whether directly or through an intermediary).

In addition, the KPMG International hotline is a vehicle for KPMG partners, employees, clients and other parties to confidentially report concerns they have relating to certain areas of activity by

KPMG International itself, its employees or the senior leadership of a KPMG member firm.

4.1.1 Leadership responsibilities for quality and risk management

KPMG Limited demonstrates commitment to quality, ethics and integrity, and communicate their focus on quality to clients, stakeholders and society. However, leadership plays a critical role in setting the right tone and leading by example.

Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions.

The following individuals have leadership responsibilities for quality and risk management at KPMG Limited.

Managing Director

In accordance with the principles in ISQC1, our Managing Director Andreas Christofides has assumed ultimate responsibility for system of quality control. The Executive Committee has taken the necessary steps to ensure the firm's system of quality control prevails within the firm.

Head of Quality and Risk

Operational responsibility for the system of quality control, risk management and compliance in KPMG Limited has been delegated to the Head of Quality and Risk who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for firm. He has a seat on the Executive Committee and has a direct reporting line to the Managing Director. He consults with

System of quality control continued

the appointed Area Quality and Risk Management Leaders.

The fact that the role is a position held by a member of the Executive Committee and seniority of the reporting lines, underlines the importance that the firm places on risk and quality issues. The Risk Management Partner is supported by a team of partners and professionals in each of the functions.

The Audit, Tax and Advisory functions – Function Heads

The three heads of the client service functions (Audit, Tax and Advisory) are accountable to the Managing Director for the quality of service delivered in their respective functions. Between them, they determine the operation of the risk management, quality assurance and monitoring procedures for their specific functions within the framework set by the National Risk Management Partner. These procedures make it clear that at the engagement level, risk management and quality control is ultimately the responsibility of all professionals.

KPMG Limited Head of Audit is responsible for leading a sustainable high-quality Audit practice that is attractive to KPMG people. This includes:

- setting the right ‘tone at the top’ by demonstrating an unwavering commitment to the highest standards of professional excellence, including skepticism, objectivity, and independence
- developing and implementing strategies to monitor and maintain knowledge and skills required of

partners and employees to fulfill their professional responsibilities

- working with the Risk Management Partner to monitor and address audit quality and risk matters as they relate to the Audit practice, including an annual evaluation of activities considered to be key to audit quality.

4.2 Association with the right clients

4.2.1 Acceptance and continuance of clients and engagements

Rigorous client and engagement acceptance and continuance policies and processes help protect KPMG’s reputation, support our brand and are an important part to our ability to provide high-quality professional services.

Accordingly, KPMG International has established policies and procedures which all member firms are required to implement in order to decide whether to accept or continue a client relationship, and whether to perform a specific engagement for that client.

4.2.2 Prospective client and engagement evaluation process

Before accepting a client, KPMG Limited undertake an evaluation of a prospective client.

This involves an assessment of the prospective client’s principals, its business and other service-related matters. This also involves background checks on the prospective client, its key management and significant beneficial owners. A key focus is on the integrity of management at a prospective client, and the evaluation considers breaches of law and regulation, anti-bribery and corruption, and human rights among the

factors to consider. A second partner, as well as the evaluating partner, approves each prospective client evaluation. Where the client is considered to be ‘high risk’ the Risk Management Partner or delegate is involved in approving the evaluation.

The prospective engagement partner evaluates each prospective engagement, in practice this may be completed at the same time as the client evaluation, particularly in respect of audit appointments. The evaluation identifies potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG’s conflicts and independence checking system) as well as factors specific to the type of engagement, including for audit services, the competence of the client’s financial management team and the skills and experience of personnel assigned to staff the engagement. The evaluation is made in consultation with other senior Q&R personnel and includes review by quality and risk management leadership 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 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.



System of quality control continued

We follow specific procedures (detailed further in section 4.3.2.7 Independence clearance process) to identify and evaluate threats to independence for prospective audit clients that are public interest entities.

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 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 and firm standards, or if there are other quality and risk issues that cannot be appropriately mitigated.

4.2.3 Continuance process

An annual re-evaluation of all audit clients is undertaken. In addition, clients are re-evaluated if there is an indication that there may be a change in their risk profile. Recurring or long running non-audit engagements are also subject to annual re-evaluation.

This re-evaluation serves two purposes. Firstly, we will decline to continue to act for any client we consider it would not be appropriate to continue to be associated with. Secondly, and more commonly, we use the re-evaluation process to consider whether or not any additional risk management or quality control procedures need to be put in place for the subsequent engagement we perform for that client (this may include the assignment of additional professionals such as an EQC reviewer or the need to involve additional specialists on the audit).



4.2.4 Withdrawal

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

4.2.5 Client portfolio management

Our leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform the role for each engagement.

4.3 Clear standards and robust audit tools

All our professionals are expected to adhere to KPMG International and KPMG Limited policies and procedures (including independence policies) and are provided with a range of tools and guidance to support them in meeting

these expectations. The 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.

4.3.1 Audit methodology and tools

Significant resources are dedicated to keeping our standards and tools complete and up to date. KPMG International's global audit methodology, developed by the Global Service Centre (GSC), is based on the requirements of the International Standards on Auditing (ISAs). The methodology is set out in KPMG International's Audit Methodology (KAM) and includes additional requirements that go beyond the ISAs, which KPMG International believes enhance the quality of audit. KPMG member firms may add local requirements and/or guidance in KAM to comply with additional professional, legal, or regulatory requirements.

System of quality control continued

Our audit methodology is supported by eAudIT, KPMG International's electronic audit tool, which provides KPMG Limited auditors with the methodology, guidance, and industry knowledge needed to perform high-quality audits. EAudIT's activity-based workflow provides engagement teams with ready access to relevant information at the right time throughout the audit, thereby enhancing effectiveness and efficiency and delivering value to stakeholders. The key activities within the eAudIT workflow are:

Engagement setup

- perform engagement acceptance and scoping
- determine team selection and timetable.

Risk assessment

- understand the entity
- plan for involvement of our specialists and external experts, internal audit, service organizations and other auditors as required
- evaluate design and implementation of relevant controls
- conduct risk assessment and planning discussion
- determine audit strategy and planned audit approach.

Testing

- test operating effectiveness of selected controls
- plan and perform substantive procedures.

Completion

- update risk assessment
- perform completion procedures, including overall review of financial statements

- perform overall evaluation, including evaluation of significant findings and issues
- communicate with those charged with governance (e.g. the audit committee)
- form the audit opinion.

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. The KPMG methodology encourages engagement teams to exercise professional skepticism in all aspects of planning and performing an audit.

Our methodology encourages use of specialists when appropriate, and also requires involvement of relevant specialists in the core audit engagement team when certain criteria are met or where the audit team considers it appropriate or necessary.

KAM includes the implementation of quality control procedures at the engagement level that provide us with reasonable assurance that engagements comply with the relevant professional, legal, regulatory and KPMG International requirements. The policies and procedures set out in KAM are specific to audits and supplement the policies and procedures set out in the Global Q&RM Manual that is applicable to all KPMG member firms, functions and personnel.

Data & Analytics (D&A)

We are rolling out D&A tools to assist engagement teams with identification and evaluation of key audit risks, and substantive testing. D&A innovations enable engagement teams, where appropriate, to dig deeper into financial data and to analyze it in different ways, revealing more about a client's business and its risks, thereby transforming the KPMG audit by helping to deliver high-quality, innovative audits with actionable insights for clients.





System of quality control continued

4.3.2 Independence, integrity, ethics and objectivity

4.3.2.1 Overview

KPMG International have detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Q&RM Manual. Automated tools facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with local requirements. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services.

To help ensure ethical conduct, including integrity and independence, KPMG International requires that each member firm, and its personnel, must be free from prohibited financial interests in, and prohibited relationships with, the audit clients, their management, directors and significant owners.

KPMG Limited has a designated EIP who has primary responsibility for the direction and execution of ethics and independence policies and procedures. Member firms' EIPs are supported by the Global Independence Group. The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that implement robust and consistent independence policies, procedures and tools are implemented.

Amendments to KPMG International's ethics and independence policies in the course of the year are communicated

by email alerts and included in regular quality and risk communications. Member firms are required to implement changes as specified in the email alerts, and this is checked through the internal monitoring programs described in 4.7.1

KPMG Limited personnel are required to consult with the EIP on certain matters as defined in the Global Q&RM Manual.

In the event of failure to comply with our independence policies, professionals are subject to an independence disciplinary policy. Matters arising are factored into promotion and compensation decisions and performance discussions.

The disciplinary policy is communicated to all professionals and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the seriousness of any violations.

4.3.2.2 Personal financial independence

KPMG International policy extends the IESBA Code of Ethics restrictions on ownership of audit client securities to every member firm partner in respect of any audit client of any member firm. Each member firm and its professionals must be free from prohibited financial interests in, and prohibited relationships with, KPMG's audit clients, their management, directors, and significant owners.

KPMG Limited professionals are responsible for making appropriate inquiries and taking other appropriate actions on an ongoing basis to ensure that they do not have any personal financial, business or family interests that are restricted for independence purposes.

In common with other member firms of KPMG International, we use a web-based independence compliance system (KICS) to assist our professionals in their compliance with personal independence investment policies. This system contains an inventory of publicly available investment products.

Partners and all client-facing staff who are manager grade or above 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 KICS, which automatically notifies them if their investments subsequently become restricted and they must dispose of that investment within 5 business days of the notification. We monitor partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals.

In 2016, 30 of our people were subject to these audits (this included approximately 40% of our partners).

4.3.2.3 Employment relationships

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

Former members of the audit team or former partners of a member firm are prohibited from joining an audit client in certain roles unless they have disassociated from the member firm financially and have ceased

System of quality control continued

participating in KPMG Limited business or professional activities.

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

We communicate and monitor requirements in relation to employment of KPMG Limited professionals by audit clients.

4.3.2.4 Firm financial independence

KPMG Limited also use KICS to record their own investments in SEC entities and affiliates (including funds), locally listed companies and funds, direct and material indirect investments held in pension, and employee benefit plans (including non-public entities and funds). Additionally, we are required to record in the system all borrowing and capital financing relationships, and custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, KPMG Limited confirms compliance with independence requirements as part of the Risk Compliance Program.

4.3.2.5 Business relationships/suppliers

KPMG Limited has policies and procedures in place that are designed to ensure their business relationships are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements. These include establishing and maintaining a process to evaluate potential third-party arrangements (for

example business alliances and joint working arrangements, procurement relationships and marketing and public affairs activities) with particular regard to whether they have a bearing on auditor independence.

All prospective business relationships are evaluated to assess association risks and to identify potential auditor independence and conflicts of interest issues. A relationship involving a third-party service provider - that a member firm will use to assist with client engagements or other purposes - is also evaluated to determine whether the third party has the competence to provide the relevant services. The individuals providing the services are required to confirm they understand and will comply with applicable ethics and independence requirements, and they are also required to complete ethics training. Certain third parties are required to complete independence training.

4.3.2.6 Independence clearance process

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

4.3.2.7 Independence training and confirmations

KPMG Limited provides all relevant personnel (including all Partners and client service professionals) with independence training that is appropriate to their grade and function

on an annual basis. New personnel who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG Limited or (b) before providing any services to and SEC client or its affiliates.

We also provide all personnel with training on the Code of Conduct and ethical behavior, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional standards, and reporting suspected or actual non-compliance with laws, regulations, professional standards, and KPMG's policies on a biennial basis. New personnel are required to complete this training within 3 months of joining the firm.

Upon acceptance of employment, all KPMG personnel are required to confirm that they are in compliance with, and will abide by applicable ethics and independence rules and policies. Thereafter, all KPMG personnel are required to sign an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year covered by the confirmation.

In addition, all KPMG personnel are required to confirm their understanding of, and compliance with, the applicable Code of Conduct upon joining their member firm and on an annual basis thereafter. This confirmation is used to evidence the individual's compliance with and understanding of our independence policies.

4.3.2.8 Non-audit services

We have policies, which are consistent with IESBA principles and applicable laws and regulations, which address the scope of services that can be provided to audit clients.

System of quality control continued

We establish and maintain a process to review and approve all new and modified services that are developed by the KPMG Limited or adopted from another member firm. The EIP is involved in the review of potential independence issues, and the Global Independence Group is involved in the case of services developed for global adoption.

In addition to identifying potential conflicts of interest, KPMG International's proprietary system, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements that includes service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. Using Sentinel™ lead audit engagement partners are required to: maintain group structures for their publicly traded and certain other audit clients as well as their affiliates, and identify and evaluate any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. Sentinel™ enables lead audit engagement partners for entities for which group structures are maintained, to review and approve, or deny, any proposed service for those entities worldwide.

4.3.2.9 Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the operating firm expressing the audit opinion. In particular, KPMG International's policies require that in the event that the total

fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years:

- This would be disclosed to those charged with governance at the audit entity
- A Senior Partner from another KPMG member firm would be appointed as the Engagement Quality Control (EQC) reviewer.

No audit client accounted for more than 10 percent of the total fees received by KPMG Limited over the last two years.

4.3.2.10 Conflicts of interest

Conflicts of interest can arise in situations where KPMG personnel have a personal connection with the client which may interfere, or 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 Risk Management Partner or the Ethics and Independence Partner is required in these situations. All KPMG member firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived by a fully informed, reasonable observer, to have an impact on a member firm or its personnel in their ability to be objective or otherwise act without bias.

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

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients, and making arrangements to monitor the operation of such dividers.

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

4.3.2.11 Breaches of independence policy

All KPMG personnel are required to report an independence breach as soon as they become aware of it. In the event of failure to comply with the our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy.

KPMG Limited has a documented disciplinary policy in relation to breaches of independence policies. The disciplinary policy is communicated to all professionals and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the seriousness of any violations. Any breaches of auditor independence regulations are reported to those charged with governance at the audit client, on the basis agreed with them.

System of quality control continued

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

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

Compliance with laws, regulation and standards is a key aspect for all KPMG Limited personnel. In particular, KPMG Limited has 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 by our clients, suppliers or public officials.

Accordingly, training covering compliance with laws (including those relating to anti-bribery and corruption), regulations, professional standards, and the KPMG Code of Conduct is required to be completed by client-facing professionals at a minimum of once every two years, with new hires completing such training within 3 months of joining KPMG Limited. In addition, certain non-client-facing personnel who work in finance, procurement or sales and marketing departments, and who are at the manager level and above, are also required to participate in anti-bribery training.

Further information on KPMG International anti-bribery and corruption can be found on the anti-bribery and corruption site.

4.3.2.13 Partner and firm rotation

Partner rotation

KPMG International rotation policies are consistent with the IESBA Code of Ethics and require our firm to comply with any stricter applicable rotation requirements.

KPMG partners 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 partners in certain roles may provide statutory audit services to a client, followed by a 'time-out' period during which time these partners 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 or in any way influence the outcome of the audit.

We monitor the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and EOC Reviewer, where there is a rotation requirement) and develop transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients. The partner rotation monitoring is subject to compliance testing.

4.4 Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring that KPMG professionals have the skills and experience to deliver on our vision. This requires recruitment, promotion and retention

of professionals and a robust capacity and resource management processes. KPMG's global behaviors, which are linked to our Values, are designed to help articulate what is required for success – both individually and collectively. One of KPMG's global behaviors is 'Delivering Quality'.

4.4.1 Recruitment

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.

KPMG Limited recruited over 124 new people in the year ended 31 December 2016 (2015: approximately 106).

Our recruiting strategies are focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, but also working with secondary schools, helping build relationships with a younger, diverse talent pool at an early age.

4.4.2 Personal development

It is important that all our professionals have the necessary business and leadership skills to be able to perform quality work in addition to technical skills (see section 4.5.1).

In relation to audit, opportunities are provided for professionals to develop the skills, behaviors, and personal qualities that form the foundations of a successful career in auditing. Courses are available to enhance personal effectiveness and develop technical, leadership, and business skills.

System of quality control continued

KPMG professionals are developed further for high performance through coaching and mentoring on the job, stretch assignments, and country rotational and global mobility opportunities.

4.4.3 Inclusion and Diversity programs

KPMG Limited work hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives. Leadership and management teams also need to reflect the diversity of our organization and the diversity of KPMG Limited clients. Our established Global Inclusion and Diversity strategy provides the framework to drive the actions we believe are necessary to promote inclusive leadership across the KPMG network.

4.4.4 Evaluation, compensation and promotion

KPMG Limited professionals, including partners, have annual goal-setting and performance reviews. Each professional is evaluated on their agreed-upon goals, demonstration of our global behaviors (one of which is 'Delivers Quality'), technical capabilities and market knowledge. Partners and certain professionals are also evaluated on key quality and compliance metrics. These evaluations are conducted by performance managers and partners who are in a position to assess their performance and propose a performance rating.



Compensation and promotion

We have compensation and promotion policies that are clear, simple, and linked to the performance evaluation process, which for partners includes the achievement of key audit quality and compliance metrics. This helps our partners and employees know what is expected of them, and what they can expect to receive in return.

KPMG Limited monitors quality and compliance incidents and maintain quality metrics for the purposes of partner assignments and also for the purposes of partner evaluation, promotion and remuneration.

KPMG's policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

4.4.5 Partner admissions

Our process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. Our criteria for admission to the partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice. These are strongly aligned to KPMG's behavioral capabilities and are based on consistent principles.

4.4.6 Assignment of professionals

KPMG Limited has procedures in place to assign both the engagement partners 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 partner assignment process. Key considerations include partner experience and capacity - based on an annual partner portfolio review - to perform the engagement in view of 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).

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

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner'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 KPMG Limited quality control policies and procedures
- QPR results and results of regulatory inspections.

As an additional control in Audit (where the services are of more of a recurring nature than across much of the rest of our business), our Heads of Audit and Quality & Risk Management together perform an annual review of the portfolio of all of our audit engagement partners. The purpose of this portfolio review is to look at the complexity and risk of each audit and then to consider whether or not taken as a whole the specific engagement partner has the appropriate time and the right support to enable them to perform a high-quality audit for each client in their portfolio.

4.4.7 Employee engagement

Annually KPMG invites all our people to participate in an independent Global People Survey (GPS) which measures our people's attitudes and provides an overall Employee Engagement Index (EEI) and Performance Excellence Index (PEI). The GPS also provides insights about what drives engagement across different demographic groups and how we are faring in selected categories.

The results of GPS provide leadership with information about employee/partner perceptions about audit quality, tone at the top, and employee engagement and motivation; helping track progress against strategic priorities as well as providing warning indicators if there are areas of concern.

KPMG participates in the GPS, monitor results and take appropriate actions to communicate and respond to the findings of the survey.

This includes monitoring GPS results against agreed targets relevant to:

- audit quality and tone at the top - referred to in the GPS as 'leadership behavior'
- employee engagement through the Employee Engagement Index (EEI)
- employee performance through the Performance Excellence Index (PEI).

The results of the GPS are presented to the Global Board each year and appropriate follow-up actions agreed.

4.5 Commitment to technical excellence and quality service delivery

All KPMG professionals are provided with the technical training and support they need. This includes access to networks of specialists and professional practice departments, which are made up of senior professionals with extensive experience in audit, reporting and risk management, either to provide resources to the engagement team or for consultation.

At the same time, audit accreditation and licensing policies require professionals to have the appropriate knowledge and experience for their assigned engagements.

4.5.1 Professional training

In addition to personal development discussed in the section above, our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

Formal training

Audit Learning and Development steering groups at global, regional and, where applicable, KPMG identify annual training priorities for development and delivery using a blend of classroom, e-learning and virtual classroom methods. Audit Learning and Development teams work with subject matter experts and leaders from GSC, the ISG and DPP, as appropriate, to ensure the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

Mentoring and on the job training

Learning is not confined to the classroom — rich learning experiences are available at the moment of need through coaching and just-in-time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths. All classroom courses are reinforced with appropriate performance support to assist auditors on the job.

In relation to audit, KPMG Limited:

- deploy a variety of learning solutions that are designed to reinforce our values and ensure our professionals get the fundamentals right, and develop the necessary skills and attitudes to make judgments, and apply professional skepticism that enhance audit quality and the value of audit
- provide courses to enhance personal effectiveness and develop leadership and business skills. Our personnel are developed further for high performance through coaching and mentoring on the job, stretch assignments and country rotational and global mobility opportunities.

4.5.2 Accreditation and licensing

All KPMG professionals are required to comply with applicable professional license rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice. Policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

We are 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.

In addition, we have specific requirements for partners and managers working on IFRS engagements in countries where IFRS is not the predominant financial reporting framework. Similar policies apply for US Generally Accepted Accounting Principles (US GAAP), US Generally Accepted Auditing Standards (US GAAS), and the Standards of the Public Company Accounting Oversight Board (PCAOB) for SEC and Internal Control Over Financial Reporting (ICOFR) engagements performed outside the US. These require that the partner, manager, and EQC reviewer have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

4.5.3 Access to specialist networks

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

System of quality control continued

partners are responsible for ensuring that their engagement teams have the appropriate resources and skills.

The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process. Specialists who are members of an audit team are provided with training on audit concepts.

4.5.4 Consultation

We promote a culture in which consultation is recognized as a strength and that encourages personnel to consult on difficult or contentious matters. To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues.

Appropriate consultation support is provided to audit engagement professionals through professional practice resources that include a Department of Professional Practice (DPP).

Across KPMG Limited, the Role of DPP is crucial in terms of the support that it provides to the Audit Function. 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 IFRS and ISAs.

Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves such differences. In other circumstances, the matter may be elevated through the chain of responsibility for resolution by technical specialists. In exceptional circumstances, a matter may be referred to the Head of Audit, Head of DPP, Head of Quality and Risk (or appropriate nationally qualified delegates) or ultimately the national senior partner (or appropriate nationally qualified delegates).

Technical accounting and auditing support is available to all member firms through the GSC and the ISG as well as the US Capital Markets Group for SEC foreign registrants.

Global Services Centre (GSC)

The GSC develops, maintains and deploys KPMG's global audit methodology and technology-based tools used by KPMG audit professionals to facilitate effective and efficient Audits. It also provides auditing support, with emphasis on global quality and consistency.

International Standards Group (ISG)

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

The ISG also supports the following groups to facilitate information sharing between the DPP network, and to

ensure sector-specific issues are dealt with proactively.

- The Global ISA Panel, chaired by the Global Audit Quality and Risk Management Partner includes senior DPP partners from key member firms and is responsible for monitoring the development of ISA guidance, and the development of response letters to the International Auditing and IAASB and/or regulators.
- Global Topic Teams, which formulate guidance on IFRS accounting and reporting practice on sector specific or specific technical areas, and act as central contact points for their regions/home practices in identifying and addressing issues related to relevant topics.
- The Global IFRS Panel is responsible for monitoring the development of IFRS guidance and response letters to the International Accounting Standards Board and/or regulators by the ISG and the Topic Teams. The panel is chaired by the Global IFRS Leader and includes global IFRS topic leaders.

Further details about the GSC and ISG and its activities are available in the supplement to the KPMG International Transparency Report.

4.5.5 Developing business understanding and industry knowledge

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

For significant industries, global audit sector leads are appointed to support the development of relevant industry information, which is made available

to audit professionals within eAudit. This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available which provide general and business information in respect of particular industries, as well as a summary of the industry knowledge provided in eAudit.

4.6 Performance of effective and efficient audits

How an audit is conducted is as important as the final result. KPMG people are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.

4.6.1 KPMG Audit Process

Our audit workflow is enabled through eAudit, KPMG International's activity based workflow and electronic audit file. EAudit integrates our audit methodology, guidance and industry knowledge, and the tools needed to manage audits consistently. Our high-quality audit process includes:

- timely partner and manager involvement
- timely access to the right knowledge
 - specialists, accredited individuals and relevant industry expertise
- critical assessment of audit evidence
 - exercise of professional judgment and professional skepticism
- ongoing mentoring, supervision, and review
- appropriately supported and documented conclusions
- robust challenge and review, including EQC review.



System of quality control continued

4.6.1.1 Timely partner and manager involvement

To help identify and respond to the significant audit risks applicable to each audit, the engagement team requires an understanding of the client's business, its financial position, and the environment in which it operates. The engagement partner is responsible for the overall quality of the audit engagement and therefore for the direction, supervision and performance of the engagement.

Involvement and leadership from the engagement partner during the planning process and early in the audit process helps set the appropriate scope and tone for the audit, and helps the engagement team obtain maximum benefit from the partner's experience and skill. Timely involvement of the engagement partner at other stages of the engagement allows the engagement partner to identify and appropriately address matters significant to the engagement, including critical areas of judgment, and significant risks.

The engagement partner is responsible for the final audit opinion and reviews key audit documentation – in particular, documentation relating to significant matters arising during the audit and conclusions reached. The engagement manager assists the partner in meeting these responsibilities and in the day-to-day liaison with the client and team, building a deep business understanding that helps the partner and team deliver valued insights.

4.6.1.2 Critical assessment of audit evidence with emphasis on professional skepticism

We consider all audit evidence obtained during the course of the audit, including consideration of contradictory or inconsistent audit evidence. The nature and extent of the audit evidence we gather is responsive to the assessed risks. We critically assess audit evidence obtained from all sources. For the purpose of obtaining sufficient appropriate audit evidence each team member is required to exercise professional judgment and maintain professional skepticism throughout the audit engagement.

Professional skepticism involves a questioning mind and alertness to contradictions or inconsistencies in audit evidence. Professional skepticism features prominently throughout auditing standards and receives significant focus from regulators. The KPMG Audit Quality Framework emphasizes the importance of maintaining an attitude of professional skepticism throughout the audit.

KPMG professional judgment process facilitates good judgment by introducing a structured approach to auditing areas that require significant judgment. It also reinforces the importance of independence and objectivity and emphasizes the importance of having the right mindset - the need to apply professional skepticism.

Our professional judgment process recognizes the need to be aware of, and alert to, biases which may pose threats to good judgment. The structured

approach to auditing areas that require significant judgment involves:

- considering alternatives
- critically assessing audit evidence by challenging management's assumptions and following up contradictory or inconsistent information
- documenting the rationale for conclusions reached on a timely basis as a means of evaluating their completeness and appropriateness.

The use of the professional judgment process and the application of professional skepticism is reinforced through coaching and training, acknowledging that judgment is a skill developed over time and with different experiences.

ENVIRONMENT

Influences / Biases

Coaching

Reflect on Previous Experience

Reflect on Lessons Learned

Coaching

5
Articulate &
Document
Rationale

1
Clarify
issues and
objectives

Mindset
Consultation

4
Reach
Conclusions

2
Consider
Alternatives

3
Gather and
Evaluate
Information

Strategier for Avoiding Traps and Mitigating Bias

Knowledge / Professional
Standards

System of quality control continued

4.6.1.3 Ongoing mentoring, supervision and review

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

Ongoing mentoring and supervision during an audit involves:

- engagement partner 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
- identifying matters for consultation with more experienced team members during the engagement.

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

4.6.1.4 Appropriately supported and documented conclusions

KPMG Limited uses the KAM and KPMG International's electronic audit tool, eAudit, to provide guidance, mechanisms for and documentation of, the supervision and control of the audit engagement. Audit documentation records the audit procedures performed, evidence obtained and conclusions reached on significant matters on each audit engagement. KPMG policies require review of documentation by more experienced engagement team members. KAM recognizes that documentation prepared on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before our report is finalized. Teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, which is ordinarily not more than 60 calendar days from the date of the auditors' report but may be more restrictive under certain applicable regulations.

The key principle that engagement team members are required to consider is whether an experienced auditor, having no previous connection with the engagement, will understand:

- the nature, timing, and extent of audit procedures performed to comply with the ISAs and KAM
- applicable legal and regulatory requirements
- the results of the procedures performed, and the audit evidence obtained

- significant findings and issues arising during the audit, and actions taken to address them (including additional audit evidence obtained)
- the basis for the conclusions reached, and significant professional judgments made in reaching those conclusions.

4.6.1.5 Appropriate involvement of the EQC Reviewer

EQC reviewers are independent of the engagement team and have 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.

An EQC reviewer is required to be appointed for the audits, including any related review(s) of interim financial information of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the risk management partner or country head of audit.

The EQC review takes place before the date of the auditor's report and includes, among other matters:

- review of selected audit documentation relating to significant judgments the engagement team made and the conclusions it reached;
- review of the financial statements and proposed auditor's report; and
- evaluation of the conclusions reached in formulating the auditors' report and consideration of whether the proposed report is appropriate.

Although the engagement partner is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered to be completed.

KPMG Limited is continually seeking to strengthen and improve the role that the EQC reviewer plays in audits, as this is a fundamental part of the system of audit quality control. In recent years, a number of actions have been taken to reinforce this, including:

- issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers
- incorporating specific procedures in eAudit to facilitate effective reviews
- implementing policies relating to recognition, nomination and development of EQC reviewers, as well as monitoring and assessing the nature, timing and extent of their involvement
- ensuring that the role performed by EQCRs is also taken into account when performing the Partner Portfolio Review process to ensure adequacy of time and appropriate skill set for the role and reallocation if needed; and
- Assessing, as part of our Quality Performance Reviews, the work performed by the EQC reviewer and the adequacy of involvement including discussion with the EQC reviewer.

4.6.1.6 Reporting

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

Experienced engagement partners form all audit opinions based on the audit performed.

In preparing audit reports, engagement partners have access to extensive reporting guidance and technical support to audit partners through consultations with DPPs, especially where there are significant matters to be reported to users of the audit report (e.g. a modification to the opinion or through the inclusion of an emphasis of matter or other matter paragraph).

Effective for December 2016 year ends onward in compliance with the new IAASB requirements, we are enhancing auditor reporting for those auditors' reports prepared under the ISAs. The changes in auditors' reporting will give users more insight into the audit and improve transparency.

4.6.1.7 Insightful, open, and honest two-way communication

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

At KPMG Limited we stress the importance of keeping those charged with governance informed of issues arising throughout the audit, the need to listen and understand their views. We achieve this through a combination of reports and presentations, attendance

at audit committee or board meetings, and, when appropriate, ongoing informal discussions with management and members of the audit committee.

Communications with audit committees include:

- an overview of the planned scope and timing of the audit, which includes communicating significant risks identified
- significant findings from the audit which may include control deficiencies and audit misstatements
- an annual written communication that states the engagement team and KPMG has complied with relevant independence requirements; describes all relationships and other matters between KPMG and the audit client that, in our professional judgment, may reasonably be thought to bear on independence; and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to independence.

We ensure such communications meet the requirements of professional standards.

4.6.1.8 Focus on effectiveness of group audits

Our audit methodology, KAM, covers the conduct of group audits in detail. We stress the importance of effective two-way communication between the group engagement team and the component auditors, which is a key to audit quality. The group audit engagement partner is required to evaluate the competence of component auditors, whether or not they are KPMG member firms, as part of the engagement acceptance process.

System of quality control continued

Consistent methodology and tools are used across the KPMG network. Lead audit engagement partners are provided with information on component auditors within the KPMG network to help them evaluate their competence and capabilities. In addition, for PCAOB engagements, the results of relevant inspections related to the KPMG component member firms are made available to the lead audit engagement partner.

Lead audit engagement partners may review component auditor engagement documentation in person or obtain electronic access.

Additional guidance, training and material has been issued in this area as follows:

- eAudit includes guidance and functionality based on revised ISA 600 for group audit engagement and heightened attention is being given to key risk areas for group audits, for example emerging markets and business environments that may be subject to heightened fraud risk;
- training for partners and managers in 2016 reinforced key principles and requirements about the responsibility of the group auditor for the work undertaken by component auditors.

4.6.2 Client confidentiality, information security, and data privacy

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

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in

accordance with the relevant IESBA requirements as well as other applicable laws, standards and regulations.

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

4.7 Commitment to continuous improvement

We commit to continually improve the quality, consistency and efficiency of our 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 member firm's system of quality control. KPMG International's integrated quality and monitoring programs include the Quality Performance Review (QPR) program, the Risk Compliance Program (RCP) and the Global Compliance Review (GCR) program.

The quality monitoring and compliance programs are globally administered and consistent in their approach across member firms, including the nature and extent of testing and reporting. KPMG Limited compares the results of internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

4.7.1 Internal monitoring and compliance programs

Our monitoring programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and

regulation and KPMG International policies and procedures

- KPMG Limited compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

The results and lessons from the integrated monitoring programs are communicated internally, and the overall results and lessons from the programs are considered and appropriate action is taken at local, regional and global levels. Our internal monitoring program also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively.

Two KPMG International developed and administered inspection programs are conducted annually across the Audit, Tax, and Advisory functions: QPR and RCP.

Additionally, all member firms are covered at least every 3 years by the cross functional GCR program. Participation in QPR, RCP and GCR is a condition of ongoing membership of the KPMG network.

Audit Quality Performance Reviews (QPRs)

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

Risk-based approach

Each engagement leader is reviewed at least once in a 3 year cycle. A risk-based approach is used to select engagements.

KPMG Limited conducts the annual QPR program in accordance with global QPR instructions. The reviews are performed at KPMG level and are monitored regionally and globally. Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation and process

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from Audit QPR

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

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

Reporting

Findings from the QPR program are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings.

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

Lead audit engagement partners are notified of less than satisfactory

engagement ratings on their respective cross-border engagements. Additionally, lead audit engagement partners 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 member firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- monitor, document and assess the extent of compliance of KPMG Limited system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services
- provide the basis for KPMG Limited 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.

Global Compliance Review (GCR) program

Each member firm is subject to a GCR conducted by the global GCR team, independent of the member firm, at least once in a 3 year cycle.

The GCR provides independent oversight of our assessment of our system of quality control, including:

- our commitment to quality and risk management (tone at the top) and the extent to which the overall structure, governance and financing support and reinforce this commitment
- the completeness and robustness of our RCP.

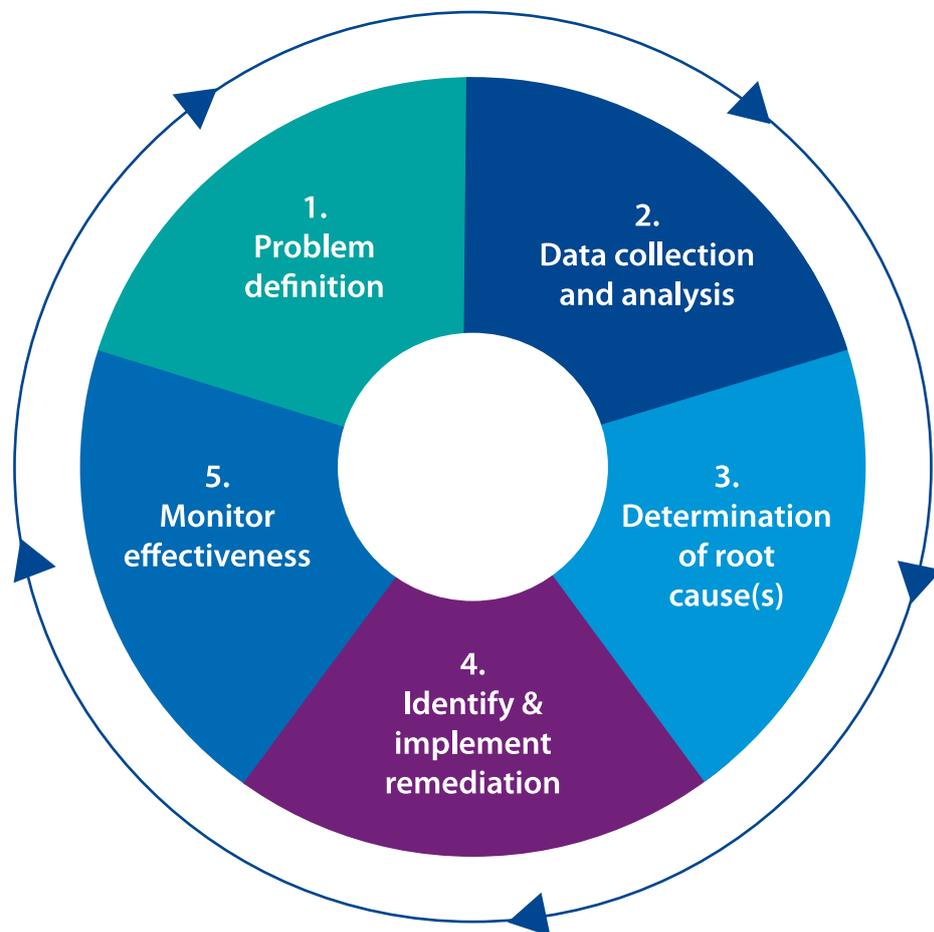
The GCR team performing the reviews is independent of KPMG Limited, objective and knowledgeable of Global Quality and Risk Management policies.

We develop action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by a global GCR central team. Results are reported to the Global Quality & Risk Management Steering Group (GQRMSG), and where necessary to appropriate KPMG International and regional leadership, to ensure timely remedial actions.

4.7.1.1 Root cause Analysis (RCA)

KPMG Limited performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement. In 2016, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at KPMG 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:



The Global RCA 5 Step Principles are as follows:

It is the responsibility of member firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

KPMG's Head of Audit is responsible for the development and implementation of action plans as a results of RCA including identification of solution owners. The Risk Management Partner monitors their implementation.

4.7.2 Recommendations for improvements

At a global level, through the GAQIC and the GQRMSG, KPMG International reviews the results of the quality monitoring programs, analyzes member firm root causes and action plans and develops additional global actions as required.

The GAQIC considers network-wide issues arising from internal quality control reviews and external inspections, monitors progress being made in addressing audit quality issues and makes recommendations to the GASG on audit quality issues.

Global remediation plans to date include holistic actions aimed at culture and behavior and at driving consistent engagement team performance. The global actions also include training, tools and guidance to drive consistency, ensure we have the fundamentals right and that best practice is shared across the network.

4.7.3 External feedback and dialogue

4.7.3.1 Regulators

KPMG Limited is regulated by the Cyprus Public Audit Overwrite Board (CyPAOB). The CyPAOB performed a review on both the firm's system of Internal Quality Control and specific audit engagement file reviews. Additionally, ICPAC has been carrying out independent inspections for a number of years. They completed their last inspection review of KPMG Limited with regards to compliance with the Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2013 in June 2016.

We have considered each of the findings and recommendations and have implemented actions to address deficiencies and strengthen policies and procedures as appropriate.

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

4.7.3.2 Client feedback

In addition to internal and external monitoring of quality, we operate a formal program where we actively solicit feedback from management and those charged with governance on the quality of specific services that we have provided to them. The feedback that we receive from this program is formally considered by our firm and individual client service teams to ensure that we continually learn and improve the levels of client service that we deliver. Any urgent actions arising from client feedback are followed up by the engagement Partner to ensure that concerns on quality are dealt with on a timely basis.

4.7.3.3 Monitoring of complaints

We have procedures in place for addressing complaints received relating to the quality of our work. These procedures are detailed in our general terms of business.

5

Financial information – segment reporting

Total firm's gross fees are analyzed as follows:

	FY16 €' 000	FY15 €' 000	% CHANGE
Audit	32.532	32.162	1,2
Tax	8.764	7.196	21,8
Advisory	7.110	6.590	7,9
Total	48.406	45.948	5,4

Total firm's fees from audit services are analyzed as follows:

	FY16 €' 000	FY15 €' 000	% CHANGE
Financial statements	31.413	31.366	0,2
Assurance Services	1.119	796	40,6
Total	32.532	32.162	1,2

Tax Contributions

Firm's payments of direct and indirect taxes and firm's and employees' contributions to social insurance, contributions through Pay As You Earn system, and payment of other related taxes, during 2016, amounted to €16.261 thousand (2015: €15.749 thousand).

6

Board of Directors remuneration

Board of Directors' profit share

Board of Directors are remunerated out of the distributable profits of the Firm and are personally responsible for funding pensions and most other benefits. The final allocation of profits to partners is made by the Executive Committee after assessing each member's contribution for the year. There are two elements to member of the Board of Directors remuneration:

- base component – a proportion of the firm budgeted profits are allocated to members as base component; this is effectively member salary. The amount of base component reflects the role and seniority of each partner. In the year 2016, the total base component was approximately 46% of the profits allocated to individual members (2015: 46%); and
- profit related performance component – rewards performance in the year by each partner against individual objectives previously agreed and the overall profits of their part of KPMG Limited and the Firm as a whole. Our policies for this variable element of partner remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the values of the Firm. Audit partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.

Drawings

During the year, members working within KPMG Limited received monthly drawings, and from time to time, additional profit distributions. The level and timing of the additional distributions are decided by the Executive Committee, taking into account cash requirements for operating and investing activities. All such drawings and profit distributions to members represent payments on account of current year profits and are reclaimable from members until profits have been allocated. Any over-distribution of profits during the year is also recoverable from members.



7

Network arrangements

7.1 Legal Structure

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

KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms. One of the main purposes of KPMG International is to facilitate the provision by member firms of high-quality Audit, Tax, and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies, standards of work and conduct by member firms, and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

7.2 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and

stability and being able to adopt global strategies, share resources (incoming and outgoing), service 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.

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

7.3 Professional Indemnity Insurance

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

7.4 Governance structure

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

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms.

It performs functions equivalent to a shareholders' meeting (albeit KPMG International has no share capital and,

therefore, only has members, not shareholders).

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 58 member firms that are "members" of KPMG International as a matter of Swiss law. Sublicensees are generally indirectly represented by a member.

Global Board

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

The Global Board includes the Global Chairman, the Global Deputy Chairman, the Chairman of each of the 3 regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms.

It is led by the Global Chairman, who is supported by the Executive Committee, consisting of the Global Chairman, the Global Deputy Chairman, the Chairman of each of the regions and currently four other senior partners of member firms. The list of Global Board members, as at 1 October 2016 is available in the International Annual Review.

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board ("non-executive"

members). A key role of the lead director is to act as liaison between the Global Chairman and the “non-executive” Global Board members.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments.

It is led by the Global Deputy Chairman and includes the Global Chairman, the Global Chief Operating Officer, global function and infrastructure heads, and the General Counsel.

The list of Global Management Team members as at 1 October 2016 is available in the International Annual Review.

Global Steering Groups

The Global Steering Groups work closely with regional and member firm leadership to:

- establish and communicate appropriate audit and quality/risk management policies;
- enable effective and efficient risk processes to promote audit quality;
- proactively identify and mitigate critical risks to the network.

The Global Steering Groups act under the oversight of the Global Management Team. The roles of the Global Audit Steering Group and the Global Quality

& Risk Management Steering Group are detailed in the KPMG International Transparency Report.

Each member firm is part of one of 3 regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating or executive 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 KPMG International Transparency Report, which is available at (<https://home.kpmg.com/xx/en/home/about/governance/transparency-report.html>)

7.5 Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders who:

- assess the effectiveness of a member firm’s quality and risk management efforts to identify and mitigate significant risks to the member firm and network, and actively monitor alignment with global quality and risk management strategies and priorities
- share leading best practices in quality and risk management
- report to Global Head of Quality, Risk and Regulatory.



Statement by the Board of Directors of KPMG Limited on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG Limited outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our 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 Board of KPMG Limited has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 4.7.1 and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of KPMG Limited confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 31 December 2016.

Further, the Board of KPMG Limited confirms that an internal review of independence compliance within our firm has been conducted in the year to 31 December 2016.

Nicosia, 30th March 2017

A.1 Public Interest Entities

Listed Entities

A&P (Andreou and Paraskevaides) Enterprises Public Company Ltd

A.L. ProChoice Group Public

A. Tsokkos Hotels Public Ltd

AFI Development Plc

Agros Development Company "Proodos" Public Ltd

Agroton Public Ltd

Alkis H. Hadjikyriacos (Frou-Frou Biscuits) Public Ltd

Alpha Bank Cyprus Ltd

Aroundtown Property Holdings PLC

Arricano Real Estates Plc

Asbis Enterprises Plc

Avangardco Investments Public

Blue Island PLC

C.T.O. Public Company Ltd

Centaur Group Finance Ltd

CPI Holdings Public Ltd

Cumulus Eastern European Property Fund Ltd

Cy Venture Capital Public Company Ltd

Cyprus Forest Industries Public Ltd

Cyprus Trading Corporation Public Ltd

Dolphin Capital Investors Ltd

Dome Investments Public Company Ltd

Ellinas Finance Public Company Ltd

Hellenic Bank Public Company Ltd

KDM Shipping Public Ltd

Logicom Public Ltd

Louis Plc

MD Medical Group Investments Plc

Minerva Insurance Company Public Ltd

Petrolina (Holdings) Public Ltd

Primetel Plc

Primecity Investments Plc

Prosafe SE

SFS Group Public Company Ltd

Stademos Hotel PLC

Urklanfarming Plc

Unigrowth Investments Public Company Ltd

Vassilico Cement Works Public Company Ltd

Triena Investment Public Company Ltd

Tharisa Plc

TMM Real Estate Development Public Limited

O1 Properties Finance PLC

Non Listed Banks

Cooperative Central Bank (Cyprus) Ltd

Cyprus Development Bank Public Company Ltd

Periferiaki SPE Lefkosias Ltd

Periferiaki SPE Lemesou Ltd

Sinergatiko Tamieftirio Ammoxostou Ltd

Sinergatiko Tamieftirio Astinomikon & Stratiotikon Kiprou Ltd

Sinergatiko Tamieftirio Ekpedeftikon Kiprou Ltd
Sinergatiko Tamieftirio Ipallilon Tilepikoinonion, Energias
& Trapezon Ltd
Sinergatiko Tamieftirio Lefkosias Ltd
Sinergatiko Tamieftirio Lemesou Ltd
Sinergatiko Tamieftirio Pafou Ltd
SPE Allileggiis Ltd
SPE Kokkinoxorion Ltd
SPE Lakatamias – Defteras Ltd
SPE Ledra Ltd
SPE Makrasikas – Larnaka – Eparxia Ammoxostou Ltd
SPE Tamasou – Orinis & Pitsilias Ltd
SPE Troodous Ltd
SPE Strovolou Ltd
Synergatiki Oikodomiki & Tamieftirio Dimosion Ipallilon
Kiprou Ltd

Non Listed Insurance Entities

Allianz Hellas Insurance – Cyprus Agency
Eurosure Insurance Company Ltd
GAN Direct Insurance Ltd
Hellenic Alico Life Insurance Company Ltd
Hermes Insurance Ltd
KLPP Insurance & Reinsurance Company Ltd
Olympic Insurance Company Limited
Pancyprian Insurance Ltd
Prime Insurance Company Ltd
Royal Crown Insurance Co Ltd
Ydrogeios Insurance Company (Cyprus) Ltd

A.2 Executive Committee



Angelos M. Gregoriades
Chairman of KPMG Limited

Angelos M. Gregoriades is the Chairman and Senior Partner at KPMG Limited. He also has over 30 years' experience as a member of KPMG's Tax Network. He has been a partner within KPMG since 1989 and a member of the executive committee since 1992.



Andreas K. Christofides
Managing Director

Andreas K. Christofides is the Managing Director at KPMG Limited. He has been a Partner since 1983 and a member of the Executive Committee since 1988. Andreas K. Christofides is also a member of the European and Local Council of KPMG International



Christos Vasiliou
Deputy Managing Director & Head of Advisory

Christos V. Vasiliou became a partner in 1999 and in 2016 he was appointed as the Deputy Managing Director of KPMG Limited. He also heads KPMG Advisory in Cyprus. Furthermore, he is a member of the Executive Committee of KPMG Cyprus since 2009.



Loizides Sylvia
Head of Audit

Sylvia is the Head of Audit of our firm and she is also a member of KPMG's EMA Audit Leaders Group. She has been a partner with KPMG for 20 years and has been serving on our executive board for the last 7 years. Sylvia also heads the firm's Shipping service line.



George Markides
Head of Tax

George Markides has been a partner for 10 years and a member of the Executive Committee since December 2015.



Michael Antoniadis
Head of Quality and Risk Management

Michael Antoniadis has been a partner for 19 years. He joined the Executive Committee on 1 January 2013. He holds the position of Risk Management Partner on 1 January 2016.



Panicos Loizou
In Charge of Limassol Office

Panicos G. Loizou is the Partner in Charge of Limassol Office and Member of the Firm's Executive Committee. He has been a partner within KPMG for 33 years and has served on our board for 30 years



Michalis Loizides
Ethics & Independence Partner

Michalis Loizides is a Partner sitting in our Limassol office. He is the Country service line leader for Corporate Recovery Services and heads the Advisory Services Department of our Limassol office. He has been a partner since 1997 and a member of the Executive Committee since 2016.



Demetris Vakis
Head of Sales and Markets

Demetris has been a Board Member for 26 years and a member of the Executive Committee for the past 15 years.



Apostolos Apostolou
In Charge of Larnaca Office

Apostolos Apostolou is the Partner in Charge of Larnaca Office and Member of the Firm's Executive Committee. He has been a partner with KPMG for 27 years and he was elected member of the Executive Committee in 1998.



George Tziortzis
Head of Management Consulting

George Tziortzis has been a Partner since 2007 and has joined the Executive Committee as of 1 January 2016. He is also the Head of Technology.



Michael Halios
Partner in Larnaca Office

Michael J. Halios has been a partner within KPMG for 17 years and member of the Executive Committee for 4 years.

Honorary Appointments



Nicos Syrimis
Partner in Nicosia Office & Honorary Chairman

Nicos G. Syrimis is Partner in Nicosia Office and Member of the Firm's Executive Committee. He has been a partner with KPMG since 1979 and a member of the Executive Committee since January 1988. Mr. Syrimis held the position of Chairman of KPMG Cyprus from 1st January 1998 to 31st December 2012. Since 1st January 2013, he is the Honorary Chairman of KPMG Cyprus.



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The views and opinions expressed herein are those of the author and do not necessarily represent the views and opinions of KPMG International Cooperative ("KPMG International") or KPMG member firms.

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