Transparency Report 2020

KPMG Auditing S.A.

Committed to driving audit quality

30 June 2020

kpmg.com/gr

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What is audit quality?

Audit quality is fundamental to maintaining public trust and is the key measure on which our professional reputation stands.

We define 'audit quality' as being the outcome when:

Audits are executed consistently,

in line with the requirements and intent

of applicable professional standards,

within a strong system of quality controls;

and

All of our related activities are undertaken

in an environment of the utmost level of objectivity,

independence, ethics and integrity.

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1 Message from the Senior Partner

Commitment to driving audit quality is our philosophy. Audit is the cornerstone of our business and the basis on which KPMG was founded. What drives us is our relentless focus on audit quality. This is our strategy 's underlying foundation for efficient. robust and value added audit services. The fundamental principles of our profession are sustaining public trust and confidence in the capital markets.

On 17 June 2016 new EU reform rules on statutory audit became applicable throughout the European Union. The reform aims to improve audit quality and enhance investor confidence in financial information. The main elements of the reform are based on a revised European Statutory Audit Directive 2014/56/EU regarding the duties of statutory auditors and audit firms and a new European Regulation 537/2014 establishing specific requirements regarding statutory audit of public interest entities. The requirements of the European Statutory Audit Directive have been transposed into Law 4449/2017.

Our Transparency Report is published in compliance with the requirements of Regulation (EU} 537/2014 and Law 4449/2017, which is aligned with the revised EU Directive on statutory audits (2014/56/EU). This regulation and law require Greek statutory auditors of both public interest entities and non-public interest entities to publish annual transparency reports disclosing certain information. Our 2020 transparency report complies with these requirements and covers the financial year to 30 June 2020.

This report, which is structured around our unique seven drivers of audit quality, describes the policies and procedures that ensure, for the benefit of our clients and the capital markets we serve, that every KPMG audit is a high-quality audit. These unique drivers assist us to articulate clearly and consistently what audit quality means to us and to highlight how every partner and staff member at KPMG contributes to the delivery of audit quality.

We are pleased to present our Transparency Report of KPMG Auditing S.A., an entity recently established as a sub-licensee of KPMG Certified Auditors S.A., covering the financial year to 30 June 2020. We hope that this report provides you with insights into the audit processes as well as all aspects of our business, ensuring the delivery of the highest quality work.

Our focus for the future is to continue to be recognized for our relentless focus on audit quality, ethics, independence, integrity, innovation and professional excellence, and I am committed to doing everything we can to ensure that this is achieved.

Nick Vouniseas
Senior Partner

31 October 2020

Throughout this document, "KPMG " refers to the network of independent member firms operating under the KPMG name and affiliated with KPMG International Cooperative ("KPMG International") or to one or more of these firms or to KPMG International. KPMG International, a Swiss entity, provides no client services.

Throughout the document, "we, " "our, " and "us ") refer to KPMG Certified Auditors S.A. and its sub-licensees. KPMG Certified Auditors S.A. is a member firm of the KPMG network of independent firms affiliated with KPMG International. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-a-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

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Who we are

2.1 Our business

KPMG Certified Auditors S.A. and its sub-licensees operate in Greece as a multi-disciplinary professional service provider through a number of legal entities and deliver Audit, Tax, Accounting & Payroll, Legal and Advisory services. KPMG Certified Auditors S.A. is the member firm of KPMG International and KPMG Auditing S.A., KPMG Advisors Single Member S.A., KPMG Accountants Single Member S.A. and KPMG Holding S.A. (non-practicing) are sub-licensees of KPMG Certified Auditors S.A..

Our audit services are delivered through KPMG Certified Auditors S.A., the Greek member firm of KPMG International and KPMG Auditing S.A., its sub-licensee.

KPMG Auditing S.A. is a newly established entity incorporated on 19 December 2018, and for the financial year ended 30 June 2020 did not have any business activities owing to its recent establishment.

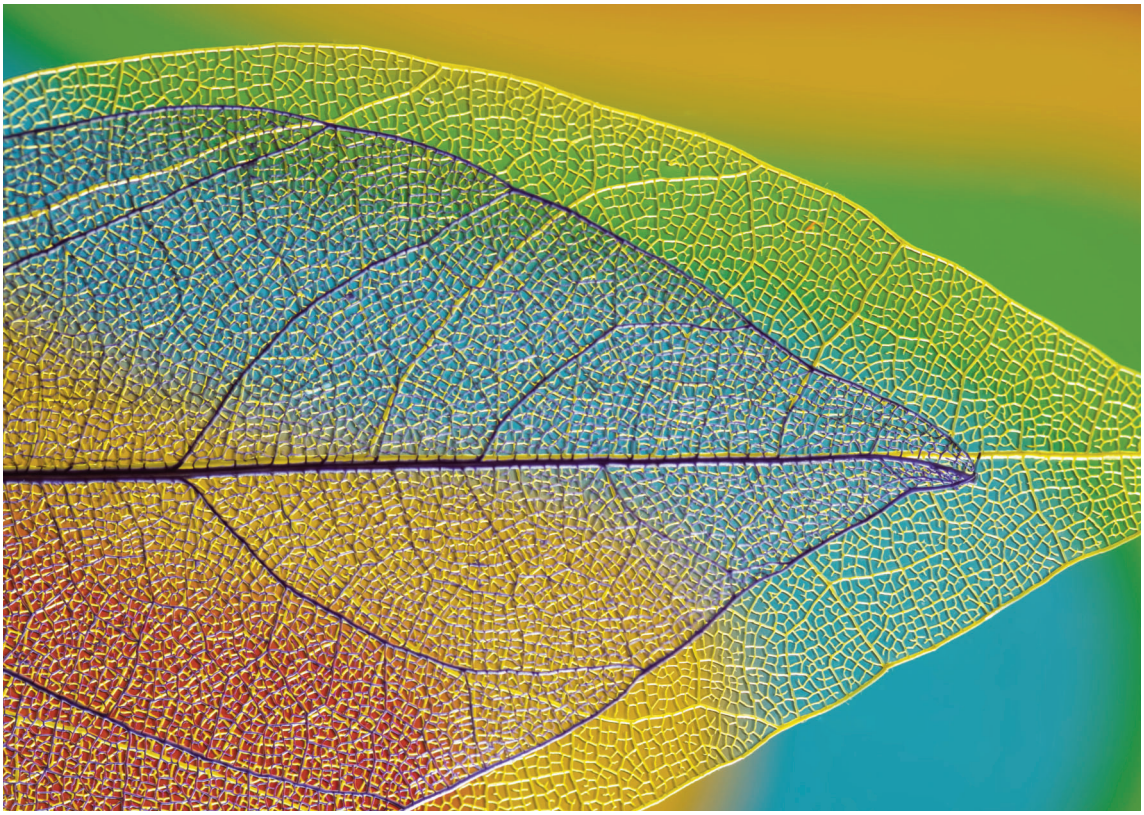
We operate out of our head office and three branch office locations in Greece and had an average of 535 personnel in the year to 30 June 2020 (2019: 524).

Our operations are governed by the Board of Directors of KPMG Certified Auditors S.A. and each of its sub-licensees, including KPMG Auditing S.A., each representing a separate legal entity, hereinafter referred to as "the Board of KPMG in Greece".

Full details of the services offered can be found on our *www.kpmg.com/gr*.

2.2 Our strategy

Our strategy is set by the Board of KPMG in Greece and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across our entire global network.



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3 Our structure and governance

3.1 Legal structure

Legal structure and ownership

KPMG Auditing S.A. is affiliated with KPMG International Cooperative ("KPMG International"). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business activities, including our relationship with it, are available in the 'Governance and leadership' section of the KPMG International Transparency Report *KPMG International Transparency Report.*

KPMG Certified Auditors S.A. and its sub-licensees, including KPMG Auditing S.A., are part of a global network of professional services firms, providing Audit, Tax and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed values wherever its member firms operate.

KPMG Auditing S.A. is an anonymous eteria incorporated on 19 December 2018 under the Laws of Greece and is governed by Greek Law. The shareholders as at 30 June 2020 are as follows:

— Nick Vouniseas (Senior Partner)
— Harry Sirounis (Partner)
— Marina Kapetanaki (Partner)
— Philippos Kassos (Partner)
— Aspasia Ermioni Kyriacou (Partner)
— Vangelis Apostolakis (Partner)
— George Raounas (Partner)
— Georgia Stamatelou (Partner)
— Effie Adamidou (Partner)
— Nikolaos Dimakos (Partner)
— Christos Krestas (Partner)
— Efthymia Katsouli (Partner)
— Peggy Velliotou (Partner)
— Veroni Papatzimou (Partner)
— Constantinos Zafiris (Partner)

During the year ended 30 June 2020, there were 2 partners in KPMG Auditing S.A. (2019: 2 partners). The following certified auditors are signing and equity partners of the audit firm:

— Aspasia Ermioni Kyriacou (Partner)
— Marina Kapetanaki (Partner)

In addition to the audit firms, KPMG Certified Auditors S.A. which is the member firm, and KPMG Auditing S.A. which is its sub-licensee, there are two other practicing sub-licensee anonymous eteries, KPMG Accountants Single Member S.A. and KPMG Advisors Single Member S.A., incorporated under the laws of Greece. These entities are also governed by Greek law.

KPMG Accountants Single Member S.A. provides tax, accounting advisory services, bookkeeping and payroll.

KPMG Advisors Single Member S.A. provides tax and advisory services.

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.

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3.3 Responsibilities and obligations of member firms

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

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

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

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

3.4 Governance structure

National governance

We apply high standards of corporate governance.

Our Senior Partner

The Senior Partner is responsible for ensuring that the members of the Board of KPMG in Greece receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large. The Senior Partner also meets with the partners and directors at least quarterly. The current Senior Partner, Nick Vouniseas, was elected on 1 March 2019 following a competitive election campaign and confidential vote of the equity partners.

The governance structure comprises two main governing bodies, the Board of KPMG in Greece and the Executive Committee which is chaired by the Senior Partner, Nick Vouniseas. Furthermore, the governance structure includes a Remuneration Committee which is chaired by Ioannis Tsavlakidis.

Specifically, the Board of KPMG in Greece refers to the following Board of Directors:

— KPMG Auditing S.A. which is chaired by the President and Managing Director, Nick Vouniseas (Senior Partner) who is also the legal representative.
— KPMG Certified Auditors S.A. which is chaired by the President, Aspasia Ermioni Kyriacou. The Managing Director and legal representative of KPMG Certified Auditors S.A. is Nick Vouniseas (Senior Partner).
— KPMG Accountants Single Member S.A. which is chaired by the President and Managing Director Konstantinos Zafiris who is also the legal representative.
— KPMG Advisors Single Member S.A. which is chaired by the President and Managing Director Evangelos Apostolakis who is also the legal representative.

The Board of KPMG in Greece

The principal governance and oversight body of KPMG Auditing S.A. is the Board of KPMG in Greece, which provides leadership to the organization 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 of KPMG Auditing S.A.

The Board of KPMG Auditing S.A. consists of the President and Managing Director, and four additional members which are set out below. The constitution of the Board is as determined by local Company Law and in accordance with the freewill of the Board members. The Board meets from time to time to undertake certain statutory duties for KPMG Auditing S.A. in addition to the duties noted above (including approving the annual accounts and the transparency report). The Board met 7 times in the period 1 July 2019 to 30 June 2020. The latest constitution of the Board of KPMG Auditing S.A., as a corporate body, took place on 25 February 2020, as follows:

— Nick Vouniseas, President and Managing Director
— Constantine Papacostopoulos, Member
— Michael Kokkinos, Member
— Harry Sirounis, Member
— Marina Kapetanaki, Member

Executive Committee

The Chairman of the Executive Committee, Nick Vouniseas (Senior Partner), appoints the other members of the Executive Committee, namely, the Deputy Senior Partner, Executive Director (Operations), Head of Q&RM, Head of Markets and Heads of Audit, Tax and Advisory all of whom are partners of the firm.

The Executive Committee meets at least monthly and as the need arises. A schedule of matters to be monitored regularly by the Executive Committee includes matters of

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fundamental importance to the firms such as operating and financial performance, annual business plans and budgets, new business proposals (considered individually), marketing, technology development, recruitment and retention, remuneration and risk management policies.

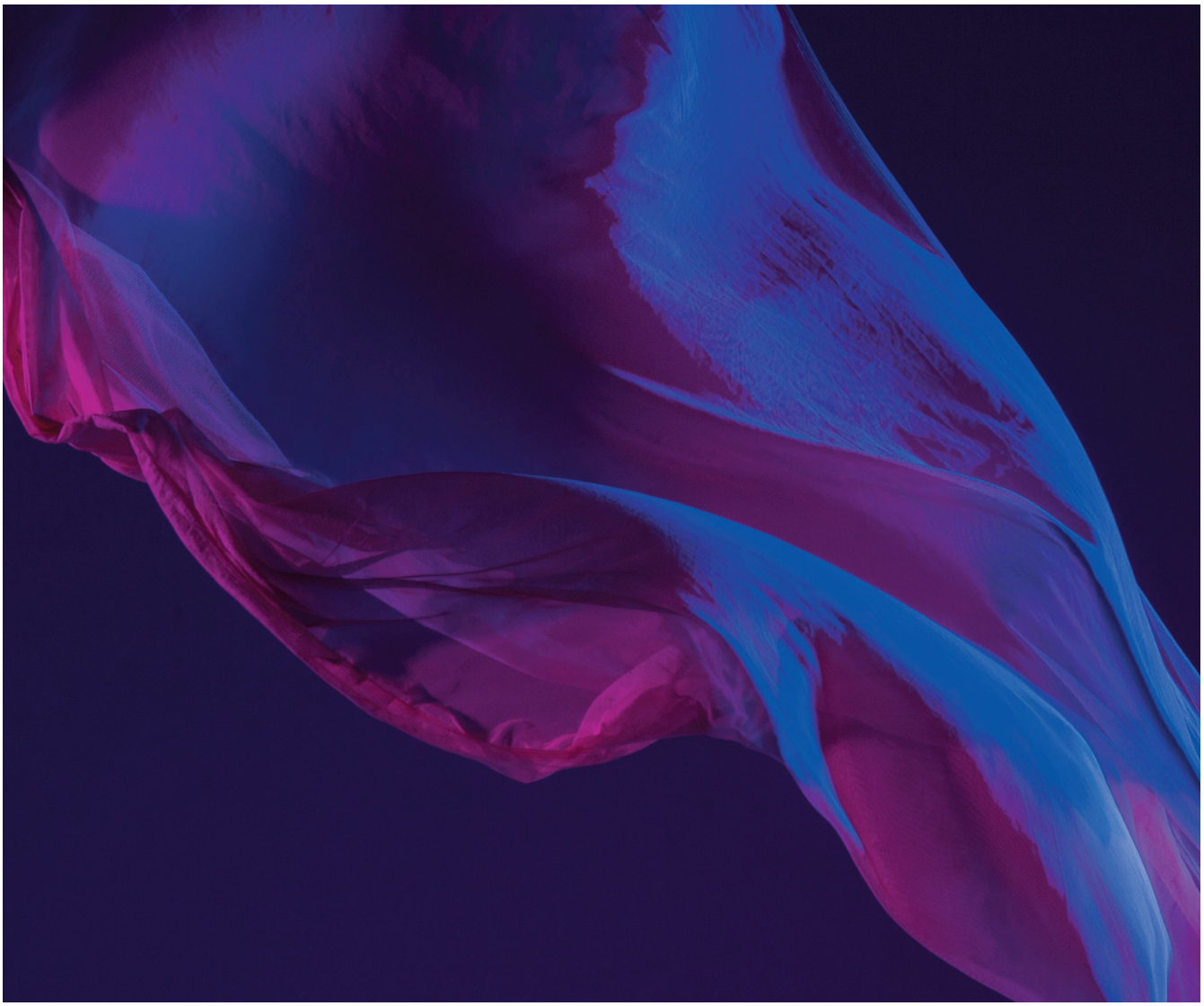
Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of the Senior Partner and making recommendations on policies for partners' remuneration. It is also responsible for approving the process for determining partner remuneration and hearing appeals from partners regarding their remuneration.

Other

Below are our audit partners in charge of various areas:

- Ethics, Independence and Risk Management – Nick Vouniseas and Dimitra Caravelis
- Audit Methodology and Training – Harry Sirounis and Alexandros Veldekis
- Quality Reviews – Dimitra Caravelis
- Professional Practice, Regulatory matters and compliance – Dimitra Caravelis and Michael Kokkinos
- Money Laundering Officer – Michael Kokkinos
- Operations – Fernando Garcia Ferrer



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4 System of quality control

Overview

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

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

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

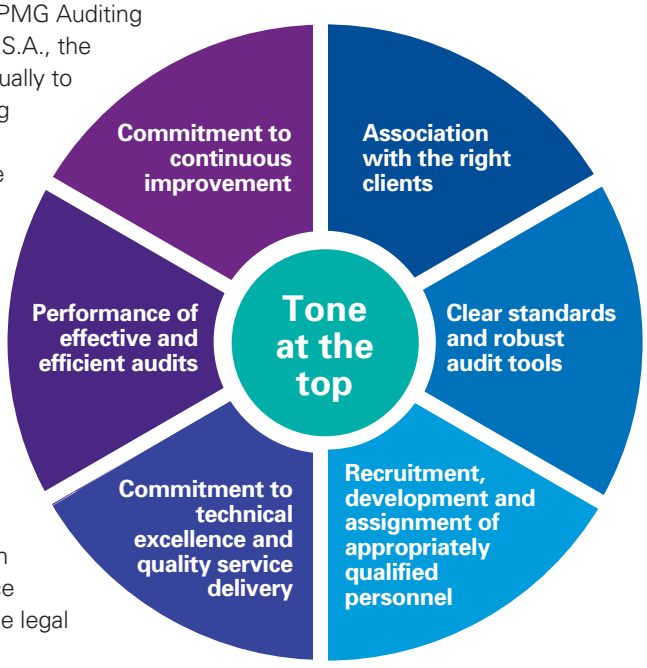
KPMG Auditing S.A. is required to implement KPMG International policies and procedures and KPMG Auditing S.A. also adopts additional policies and procedures that are designed to address rules and standards issued by the Accounting and Auditing Standards Oversight Board (ELTE) as well as applicable legal and regulatory requirements.

Amendments to risk and quality policies, including ethics and independence policies, are included in quality and risk management alerts and are communicated by email. KPMG Auditing S.A. 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 Auditing S.A. partners and employees. 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 partners and employees wherever they are based.

While this Transparency Report summarizes KPMG's approach to audit quality, it may also be useful for stakeholders interested in member firms' Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.

It should be noted that by virtue of the fact that KPMG Auditing S.A. is a sub-licensee of KPMG Certified Auditors S.A., the member firm, the quality control policies apply equally to KPMG Auditing S.A.. Furthermore, KPMG Auditing S.A. was incorporated on 19 December 2018 and for the financial year to 30 June 2020 did not have any business activities owing to its recent establishment.



Audit quality framework

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

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

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

'Tone at the top' sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviors permeate all KPMG firms. All of the other drivers create a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.

4.1 Tone at the top

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

At KPMG Auditing S.A. we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG Auditing S.A. leadership demonstrate commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders and society at large to earn public trust.

The KPMG Values are set out in Appendix A.2.

KPMG Global Code of Conduct

KPMG's commitment to integrity and quality is enshrined in the KPMG values that lie at the heart of the way we do things. They define KPMG's diverse and inclusive culture and our commitment to the right personal and professional conduct, emphasizing that, above all, KPMG people act with integrity. The KPMG values are communicated clearly to all people and are embedded into member firms' people processes – induction, performance development and reward.

Building on the KPMG Values is the *KPMG Global Code of Conduct*. Member firms, including KPMG Certified Auditors S.A. and its sub-licensee KPMG Auditing S.A. are required to adopt, as a minimum, the Global Code of Conduct.

Code of Conduct

In addition, the Code of Conduct lays out the expectations of ethical behavior for all partners and employees at KPMG Auditing S.A. and is built on the foundation of the KPMG values. 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. The Code of Conduct sets out our commitments and includes provisions that require KPMG Auditing S.A.'s partners and employees, in summary to:

- Comply with all applicable laws, regulations, professional standards and KPMG Auditing S.A.'s policies.
- Work with the right clients and third parties.
- Focus on quality.
- Maintain our objectivity and independence.
- Not tolerate any illegal or unethical acts, committed within KPMG Auditing S.A., by clients or suppliers, or public officials with whom we deal.
- Protect information.
- Compete fairly.
- Help our people to be extraordinary.
- Be responsible corporate citizens.
- Build public trust.

All KPMG Auditing S.A.'s partners and employees are required to:

- Comply with the Global Code of Conduct and confirm their compliance with, the Code of Conduct upon joining the firm, and annually thereafter; and
- Complete regular training covering the Code of Conduct upon joining the firm and on a biennial basis thereafter.

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

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

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

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At KPMG Auditing S.A., we regularly monitor the extent to which our people feel we live the KPMG values through the Global People Survey (refer to section 4.4.6).

4.2 Leadership responsibilities for quality and risk management

KPMG Auditing S.A. demonstrates commitment to quality, ethics and integrity and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example – demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

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

The following individuals have leadership responsibilities for quality and risk management at KPMG Auditing S.A..

Senior partner

In accordance with the principles in ISQC 1, our Senior Partner, Nick Vouniseas, has assumed ultimate responsibility for KPMG Auditing S.A. system of quality control and risk management. A key aspect of the firm's culture is a commitment to quality. The Board of KPMG in Greece and our Senior Partner help create a culture of quality within the firm through a number of mechanisms. We communicate our strategy widely and is available to all of our people on our intranet. The quality message is also reinforced in communications from leadership including from the Senior Partner.

Risk Management Partner (RMP)

Operational responsibility for the system of quality control, risk management and compliance in KPMG Auditing S.A. has been delegated to the National Risk Management Partner (RMP), Dimitra Caravelis, who is responsible for setting the overall professional risk management and quality control policies and monitoring compliance for KPMG Auditing S.A.. She is a member of the Executive Committee and has a direct reporting line to the Senior Partner. The RMP consults with the appointed Area Quality and Risk Management Leader.

The fact that the role is a national governance position with the Executive Committee and the seniority of the reporting lines, underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of partners and professionals in each of the functions.

Ethics and Independence Partner (EIP)

The Ethics and Independence Partner has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Auditing S.A. and reports on ethics and independence issues to the Senior Partner and the Executive Committee.

The Audit, Tax and Advisory functions – Function Heads

The four heads of the client service functions (Audit, Tax and Advisory which is comprised of the Deal Advisory and Consulting functions) are accountable to the Senior Partner 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 RMP. These procedures make it clear that at the engagement level, risk management and quality control is ultimately the responsibility of all professionals in the firm.

KPMG Auditing S.A. Head of Audit, Harry Sirounis, is responsible for leading a sustainable high-quality Audit practice that is attractive to KPMG partners and employees. 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 fulfil their professional responsibilities.
- Working with the RMP 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.

Audit Leadership Team

The Audit Leadership Team of KPMG Auditing S.A. meets monthly and these meetings include regular discussions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified from a variety of sources. These are debated together with other observations collected from client-facing teams, are considered and actions agreed. Typically, most of these actions are short term, in which case they are developed and communicated through the regular technical briefings issued to the whole Audit function of KPMG Auditing S.A. and also, if considered of sufficient magnitude, included in the next mandatory training.

For more complex issues (which might require amendments to KPMG's global audit methodology or audit tools), these will

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be raised with the KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Services Group (KGSG) and the International Standards Group (ISG). For more information about the KGSG and the ISG refer to section 4.6.4

In addition, during these meetings, matters relating to maintaining and improving audit quality are discussed together with findings (and related actions) from external regulatory reviews, the internal Quality Performance Review program and other quality control programs. Furthermore, the aforementioned matters are also discussed at the Executive Committee meetings..

Investing in continuous improvement

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

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

4.3 Association with the right clients

4.3.1 Acceptance and continuance of clients and engagements

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

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

KPMG firms must evaluate whether to accept or continue a client relationship, or perform a specific engagement. Where client/engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

4.3.2 Client and engagement acceptance process

Client evaluation

KPMG Auditing S.A. undertakes an evaluation of every prospective client.

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

Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG Auditing S.A. partners and employees 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 business and personal relationships.

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

We follow specific procedures (detailed further in section 4.4.2.7) 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 required to be documented and resolved prior to acceptance.

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

4.3.3 Continuance process

KPMG Auditing S.A. undertakes an annual re-evaluation of all its audit clients. For non-audit clients, this re-evaluation is carried out by the sub-licensees.

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

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

In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile, and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

4.3.4 Withdrawal process

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

4.3.5 Client portfolio management

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

Each audit partner's client portfolio is reviewed at least annually by the respective Function Head in individual discussions with the audit partner to ensure that the partner has sufficient time to manage the portfolio and to ensure that the risks are being appropriately managed. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner to deliver a quality audit for every client.

4.4 Clear standards and robust audit tools

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

4.4.1 Our approach to audit

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

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

— Timely partner and manager involvement throughout the engagement.

— Access to the right knowledge including involvement of specialists, training and experience requirements and relevant industry expertise.

— Critical assessment of all audit evidence obtained during the audit, exercising appropriate professional judgment.

— Ongoing mentoring, supervision and review of the engagement team.

— Managing and documenting the audit.

4.4.1.1 Consistent audit methodology and tools

The KPMG audit methodology, developed by the KPMG Global Service Group (KGSG), is based on the requirements of the International Standards on Auditing (ISAs) as well as the auditing standards of PCAOB and AICPA. The KPMG audit methodology is set out in KPMG Audit Manual (KAM) and includes additional requirements that go beyond the ISAs, which KPMG International believes enhance the quality of the audit. The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence. Enhancements to the audit methodology, guidance and tools are made regularly to be in compliance with standards, emerging auditing areas of focus and audit quality results (internal and external). Key topics include risk identification, assessment and response, accounting estimates, group audits, and audit sampling.

KPMG member firms may add local requirements and/or guidance in KAM to comply with additional professional, legal or regulatory requirements. KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks.

The KPMG audit workflow is enabled through eAudIT, an activity-based workflow and electronic audit file. eAudIT is KPMG's audit documentation workflow that allows professionals to complete high quality and consistent audits.

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4

eAudIT integrates KPMG's audit methodology, guidance and industry knowledge, and the tools needed to execute and document the audit work performed.

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

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

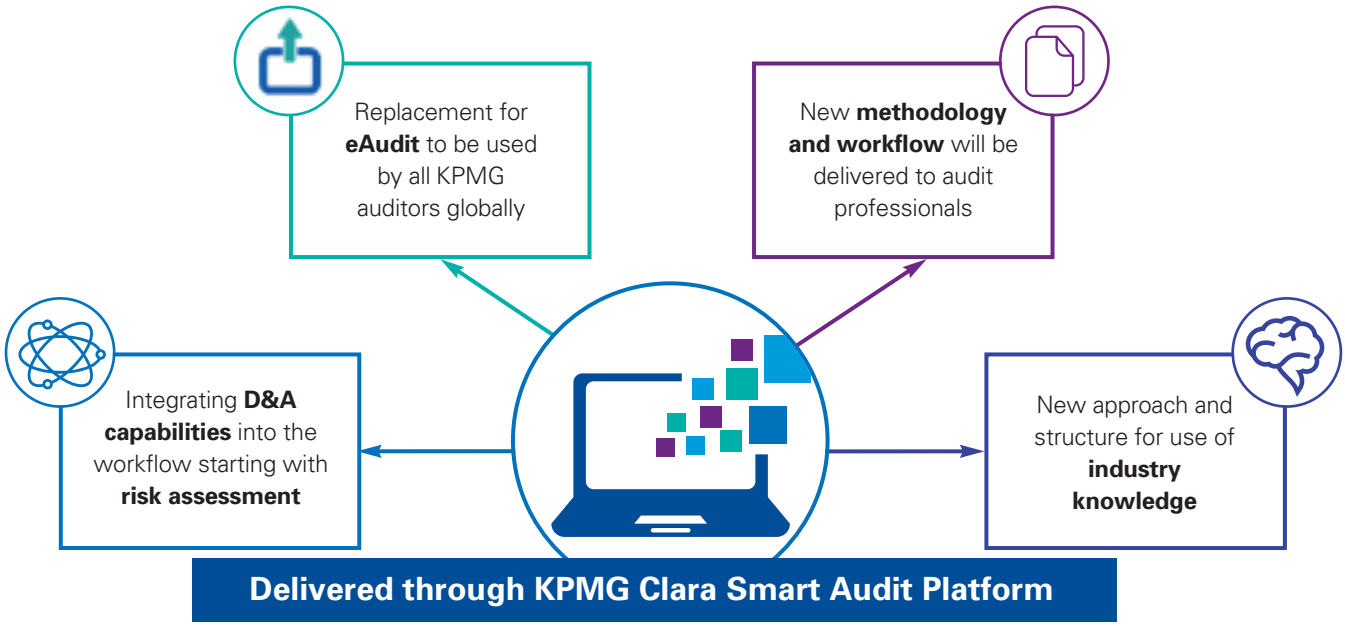
Refer below for more details on the KPMG Clara Workflow.

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

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

KPMG Clara

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



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KPMG Clara Workflow

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

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

Audit data & analytics (D&A)

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

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

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

4.4.2 Independence, integrity, ethics and objectivity

4.4.2.1 Overview

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

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

These policies are supplemented by other processes to ensure compliance with the standards issued by the Institute of Certified Auditors and Accountants of Greece and those of the Accounting and Auditing Standards Oversight Board (ELTE). These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services.

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

KPMG Auditing S.A. has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence

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policies and procedures in KPMG Auditing S.A.. The EIP is responsible for communication and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements. The EIP fulfills this responsibility through:

— Implementing/monitoring the ethics and independence quality control process and structure within the firm;
— Approving/appointing partners responsible for ethics and independence within the firm;
— Overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
— Participating in the development and delivery of training materials;
— Monitoring compliance with policies;
— Implementing procedures to address non-compliance; and
— Overseeing the disciplinary process for ethics and independent matters.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications with member firms. Member firms are required to implement changes as specified in the communications and this is checked through the internal monitoring programs described in section 4.8.1.

KPMG Auditing S.A.'s partners and employees are required to consult with the EIP on certain matters as defined in the Global Q&RM Manual. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

4.4.2.2 Personal financial independence

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

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

All partners and all manager grade and above client-facing personnel 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 any investments subsequently become restricted. Newly restricted investments must be disposed of within five business days of the notification.

KPMG monitors partner, director and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals. The Global Independence Group provides guidance and suggested procedures relating to the audit and inspection by KPMG member firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

In 2020, 40 of KPMG Certified Auditors S.A. and its sub-licensees' partners and employees are subject to these audits which are currently in progress (this includes approximately 27% of our partners).

4.4.2.3 Employment relationships

Any KPMG Auditing S.A. 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 KPMG Auditing S.A. are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG Auditing S.A., including payments which are not fixed and predetermined and/or would be material to KPMG Auditing S.A. and ceased participating in KPMG Auditing S.A. business and professional activities.

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

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

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4.4.2.4 Firm financial independence

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

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

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

On an annual basis, KPMG Auditing S.A. confirms its compliance with independence requirements as part of the Risk Compliance Program.

4.4.2.5 Business relationships/suppliers

KPMG Auditing S.A. has policies and procedures in place that are designed to ensure its business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the SEC.

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 required to be evaluated to determine whether the third party has the competence to provide the relevant services. The individuals providing the services are required to confirm their understanding and compliance with applicable ethics and independence requirements, and are also required to complete ethics training. Third parties providing services to audit or assurance clients are required to complete independence training.

4.4.2.6 Business acquisitions, admissions and investments

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

4.4.2.7 Independence clearance process

KPMG Auditing S.A. 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.

4.4.2.8 Independence training and confirmations

All KPMG Auditing S.A.'s partners and client service professionals, as well as certain other individuals must complete independence training that is appropriate to their grade and function upon joining KPMG Auditing S.A. and on an annual basis thereafter.

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

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

— The Global 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, KPMG and KPMG's policies.

New personnel are required to complete this training within three months of joining KPMG Auditing S.A..

All KPMG partners and employees are required to sign, upon joining KPMG Auditing S.A., and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

4.4.2.9 Non-audit services

All KPMG firms are required, at a minimum, to comply with the IESBA Code of Ethics and applicable laws and

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regulations related to the scope of services that can be provided to audit clients.

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

In addition to identifying potential conflicts of interest, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements, including service descriptions and fees, must be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential threats and safeguards is also required to be included in the Sentinel™ submission. Lead audit engagement partners are required to: maintain group structures for their publicly traded and certain other audit clients as well as their related entities or affiliates in Sentinel™, and they are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

4.4.2.10 Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion. These policies require KPMG member firms to consult with their Area Q&RM Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. In the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years, these policies further require that:

— This would be disclosed to those charged with governance at the audit client; and
— A senior partner from another KPMG member firm would be appointed as the engagement quality control (EQC) reviewer.

As KPMG Auditing S.A. is a recently established entity it has no audit activities for the financial year ended 30 June 2020, and therefore no audit fees from a public interest entity and its related entities for this period.

4.4.2.11 Resolving conflicts of interest

Conflicts of interest can arise in situations where KPMG Auditing S.A.'s partners and employees 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 RMP or the EIP is required in these situations.

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

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

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

KPMG Auditing S.A. has risk management resources who are responsible for reviewing an identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

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

Any potential conflict matters that raise important points of principle for our firm are referred to our Risk Management Partner for resolution; in cases of difficulty such matters are brought to the attention of the Executive Committee for resolution.

4.4.2.12 Independence breaches

All KPMG Auditing S.A.'s personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with our

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independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence rules must be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG Auditing S.A. has a documented disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations.

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

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

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG Auditing S.A. personnel. In particular, we have zero tolerance for 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.

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

4.4.2.14 Partner and firm rotation

Partner rotation

KPMG International partner rotation policies are consistent with or exceed the requirements of the IESBA Code of Ethics and require all member firms to comply with any stricter local applicable rotation requirements, which in Greece means we also comply with the Accounting and Auditing Standards Oversight Board (ELTE) and Law 4449/2017 regarding statutory audits.

KPMG Auditing S.A. 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;
— In any way influence the outcome of the audit;
— Lead or coordinate professional services at the client;
— Oversee the relationship of the firm with the audit client; or
— Have any other significant or frequent interaction with senior management or those charged with governance at the client.

KPMG Auditing S.A. monitors the rotation of audit engagement leaders (and any other key roles such as the Key Audit Partner and EQC Reviewer, where there is a rotation requirement) and develops 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.

Firm rotation

Under the new EU Audit legislation, KPMG Auditing S.A. is permitted to act as an auditor for a public interest entity for a maximum period of ten years and not to act as auditor for such clients for a period of four years thereafter (referred to as the 'cooling-off period'). KPMG Auditing S.A. has processes in place to track and manage audit firm rotation.

4.5 Recruitment, development and assignment of appropriately qualified people

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

4.5.1 Recruitment

KPMG Auditing S.A. are committed to building an extraordinary people experience for all KPMG partners and employees and prospective partners and employees.

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

KPMG Auditing S.A. also recruits significant numbers at an experienced hire and partner level.

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing and qualification/reference checks.

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These leverage fair and job-related criteria to ensure that candidates possess the appropriate characteristics to perform competently, are suitable and best placed for their roles.

KPMG Certified Auditors S.A. and its sub-licensees recruited 112 new people in the year ended 30 June 2020 (30 June 2019:130).

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or delegate. KPMG Auditing S.A. does not accept any confidential information belonging to the candidate's former firm/employer.

4.5.2 Personal development

Development

KPMG Auditing S.A. has launched a new approach to performance, development built around the *Everyone a Leader* performance principles, *Open* Performance Development, which includes:

— Global role profiles;

— A goal library; and

— Standardised review forms.

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

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

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

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

4.5.3 Inclusion and Diversity programs

KPMG Auditing S.A. works hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives.

Our leadership and management teams also need to reflect the diversity within our firm and the diversity of our clients.

We believe that the established KPMG Global Inclusion and Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at KPMG Auditing S.A. and across all KPMG member firms.

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

4.5.4 Reward and Promotion

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

Reward

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

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

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

Promotion

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

Partner admissions

The KPMG Auditing S.A. process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. Our criteria for admission to the KPMG Auditing S.A. partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

Each candidate for the partnership, whether via potential direct-entry hire or internal nomination, is nominated by an existing partner, approved by the Function Head and then undergoes a series of tests and interviews by an appropriate committee. Furthermore, the Partner in Charge of the Ethics and Compliance Group coordinates a comprehensive compliance review for each partner candidate. Once accepted the senior partner proposes the individuals for admission to partnership to the meeting of all existing partners and if the partners approve, the individuals are admitted to partnership.

4.5.5 Assignment of professionals

KPMG Auditing S.A. has procedures in place to assign both 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 taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (that is, the engagement team composition and specialist involvement).

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

When considering the appropriate competence and capabilities expected of the engagement team as a whole,

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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 Auditing S.A.'s quality control policies and procedures.
- QPR results and results of regulatory inspections.

As an additional control in Audit (where the services are more of a recurring nature than across much of the rest of our business), our Head of Audit performs 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..

4.5.6 Insights from our people – Global People Survey (GPS)

Biennially KPMG Certified Auditors S.A. and its sub-licensees invite all their people to participate in an independent Global People Survey to share their perception about their experience working for KPMG. The GPS provides an overall measure of our people's engagement through an Engagement Index (EI) as well as insights into areas driving engagement which may be strengths or opportunities.

Results can be analyzed by functional or geographic area, grade, role, gender, to provide additional focus for action. Additional insight is provided on how we are faring on categories known to impact engagement.

The survey also specifically provides local leadership and KPMG global leadership with results related to quality and risk behaviours, upholding the KPMG values, employee and partner attitudes to quality, leadership and tone at the top.

KPMG Certified Auditors S.A. and its sub-licencees participates in the GPS, monitor results and take appropriate actions to communicate and respond to the findings of the survey.

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

4.6 Commitment to technical excellence and quality service delivery

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

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

4.6.1 Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, at a local level. Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job.

Mentoring and on the job training

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

In relation to audit, KPMG Auditing S.A:

- Deploys a variety of learning solutions that are designed to reinforce the KPMG 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 instructor-led and virtual classroom training, performance support tools, coaching guides and just-in-time learning. Guidance is available on judgmental audit topics – this is used by audit teams and this guidance is embedded across audit learning solutions.

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— Have also developed professional judgment tools, designed to reinforce the importance of independence and objectivity and to assist engagement teams in demonstrating professional skepticism.
— Provide courses to enhance professional 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.

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

Licensing

All KPMG Auditing S.A. 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 facilitate compliance with license requirements. 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 – International Financial Reporting Standards and Greek Accounting Standards.

Specifically, audit professionals responsible for signing audit reports are required to meet the requirements of the Institute of Certified Auditors and Accountants and the Accounting and Auditing Standards Oversight Board (ELTE) in Greece as well as the requirements of Law 4449/2017.

KPMG Auditing S.A. is authorized by the Accounting and Auditing Standards Oversight Board (ELTE) in Greece as registered Auditors and is licensed to carry out audit work.

Mandatory requirements – IFRS and U.S. GAAP engagements

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

Similar policies apply to engagements performed outside the U.S. to report on financial statements or financial information prepared in accordance with U.S. GAAP and/or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that at a minimum, all partners, managers, engagement in-charges and EQC reviewers assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

4.6.3 Access to specialist networks

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

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

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

4.6.4 Culture of Consultation

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

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

Technical consultation and global resources

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

Across KPMG Auditing S.A., 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 ISA.

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

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of Audit, Head of DPP, Head of Quality and Risk or the Senior Partner.

KPMG Global Solutions Group (KGSG)

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

International Standards Group (ISG)

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

The ISG also supports the following groups to facilitate information sharing within the DPP network, and to ensure sector-specific issues are dealt with proactively:

— The KPMG Global ISA Panel, chaired by the Global Audit Quality and Risk Management Partner and which 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 Assurance Standards Board (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.

Member firm professional practice resource

Appropriate consultation support on auditing and technical accounting matters is provided to audit engagement professionals through our professional practice resources (referred to as Department of Professional Practice or DPP). DPP also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to be escalated to senior partners for final resolution. The ISG is also available for consultation when required.

4.6.5 Developing business understanding and industry knowledge

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

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

4.7 Performance of effective and efficient audits

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

4.7.1 Ongoing mentoring, supervision and review

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

Ongoing mentoring, coaching 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

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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.

4.7.1.1 Timely engagement quality control (EQC) reviewers

EQC reviews are independent of the engagement team and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The EQC is an important part of KPMG's framework for quality. An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, 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.

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 complete.

We are 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.

We ensure that the role performed by EQC reviewers is also taken into account when performing the Partner Portfolio Review (see section 4.5.5) process to ensure adequacy of time and appropriate skill set for the role and reallocation if needed. Furthermore, we assess, 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.

4.7.1.2 Reporting

Auditing standards and local legislation largely dictate the format and content of the auditor's report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners form all audit opinions based on the audit performed.

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

Effective for December 2017 year ends onward in compliance with the new IAASB requirements and local legal and regulatory requirements, we have enhanced auditor reporting for those auditors' reports prepared under the ISAs. The changes in auditors' reporting gives users more insight into the audit and improve transparency.

4.7.1.3 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 is a key aspect of reporting and service delivery.

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

Audit Committee Institute

In recognition of the demanding and important role that Audit Committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, the Audit Committee Institute (ACI) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes. The ACI operates in more than 40 countries across the globe and provides audit committee members with authoritative guidance (such as the ACI Audit Committee Handbook) on matters of interest to Audit Committees; updates on issues like EU audit reform, changes to accounting standards and other matters of interest to Audit Committees (such as cyber security and corporate culture); and the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

The ACI's offerings cover the array of challenges facing Audit Committees and businesses today – from risk management and emerging technologies to strategy and global compliance.

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IFRS Institute

KPMG's Global IFRS Institute provides information and resources to help the KPMG Auditing S.A. Board and Audit Committee members, executives, management, stakeholders and government representatives gain insight and access thought leadership about the evolving global financial reporting framework.

4.7.2 Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Global Code of Conduct, training and the annual affidavit/confirmation process that KPMG 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 govern- ing the handling of personal information and associated training is required for all KPMG Auditing S.A.'s personnel..

4.8 Commitment to continuous improvement

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

The quality monitoring and compliance programs (see section 4.8.1 for details) are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG Auditing S.A. compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

4.8.1 Internal monitoring and compliance programs

Our monitoring programs evaluate both:

— Engagement performance in compliance with the applicable standards, applicable laws and regulations and KPMG International policies and procedures.

— KPMG Auditing S.A.'s compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

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

— Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP), which are conducted annually across the Audit, Tax and Advisory functions; and

— A cross functional Global Compliance review (GCR) program which is conducted at least every three years.

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

4.8.1.1 Audit Quality Performance Reviews (QPRs)

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

Risk-based approach

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

KPMG Auditing S.A. conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG Auditing S.A. 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.

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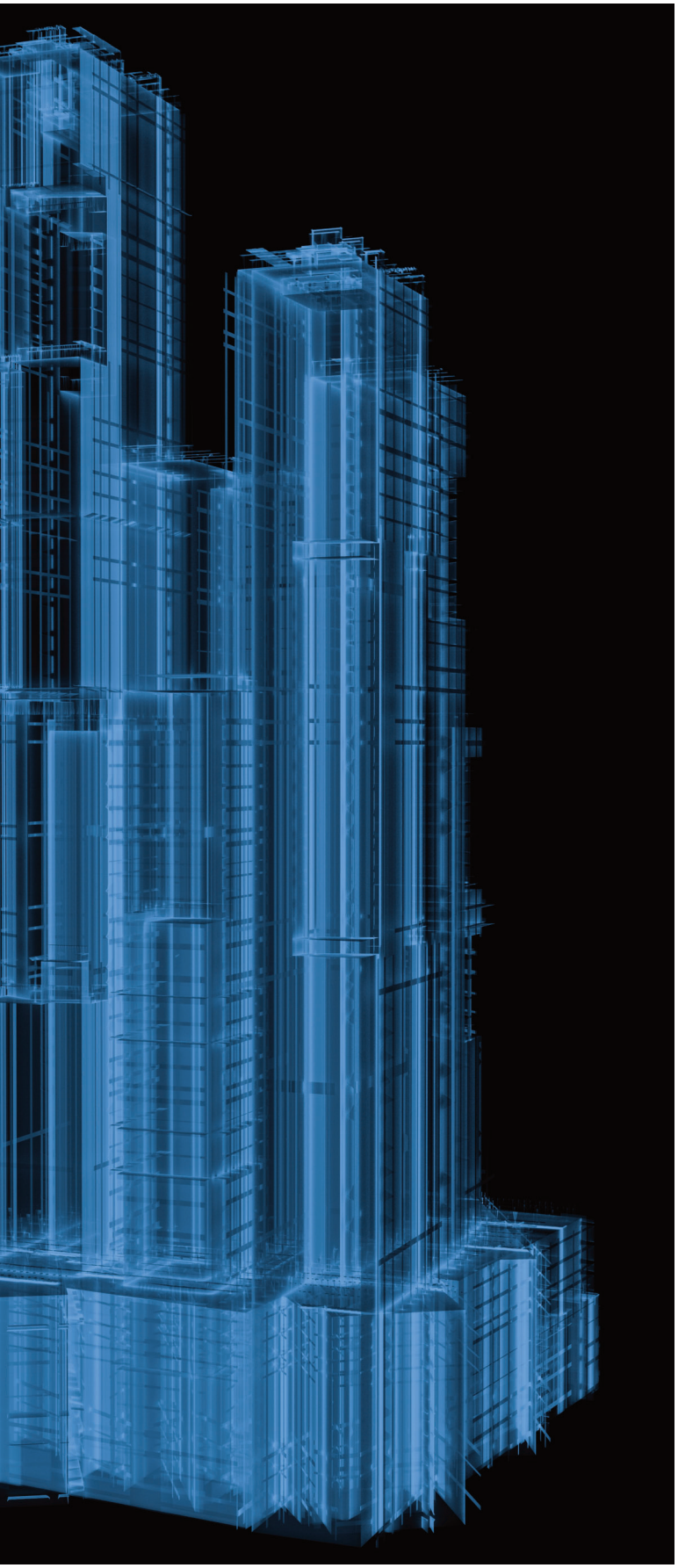

Reviewer selection, preparation and process

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

As KPMG Auditing S.A. is a recently established entity it has no audit activities for the year to 30 June 2020 and thererfore no QPR review has been carried out.

4.8.1.2 Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all KPMG member firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

— Document, assess and monitor, document and assess

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the extent of compliance of KPMG Auditing S.A.'s system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services; and

— Provide the basis for KPMG Auditing S.A. to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

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

The RCP review, which commenced in May 2020 is currently in progress.

4.8.1.3 Global Compliance Review (GCR) Program

Each member firm is subject to a GCR conducted by KPMG International's GCR team, independent of the member firm, at least once in a 3-year cycle.

The GCR team performing the reviews is independent of KPMG Auditing S.A., and is objective and knowledgeable of Global Quality and Risk Management policies. GCRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GCR provides an independent assessment of:

— A member firm's commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment;

— A member firm's compliance with key KPMG policies and procedures; and

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

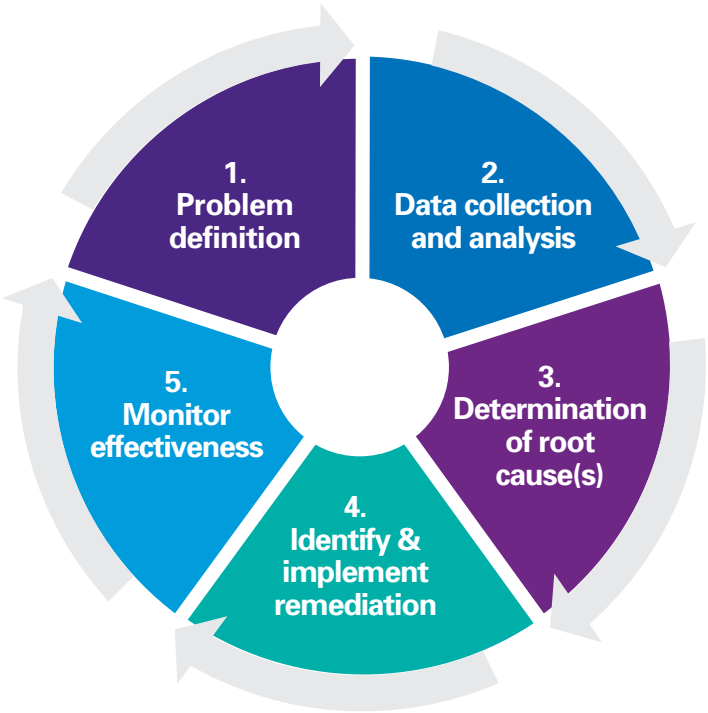
We develop action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the Global Quality & Risk Management Steering Group (GQ&RMSG) and, where necessary, to appropriate KPMG International and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

Greece was subject to a GCR review in the year ended 30 June 2019 which was conducted in April 2019. In addition a follow-up GCR review was carried out in March 2020.

4.8.1.4 Root Cause Analysis (RCA)

KPMG Auditing S.A. performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement. In 2019, RCA training based on our Global RCA 5-Step Principles was attended by those individuals at KPMG Certified Auditors S.A., the member firm, who will be performing RCA or directing those performing RCA for the sub-licensees. 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:



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

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

We have significantly increased the formality of root-cause analysis performed. We conducted more than 2 RCA projects. The RCA is performed by a team trained in our Global root-cause analysis 5-step methodology and independent of the engagement team.

The outcome of this process is increased visibility of the underlying factors at engagement level that hinder the consistent delivery of high quality audits. This improved visibility allows us to develop more insightful and focused actions. These actions are broader than training, tools and guidance and are designed to address behavioral and structural matters in addition to areas such as technical knowledge and work allocation.

4.8.2 Recommendations for improvements

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

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

4.8.3 External feedback and dialogue

Regulators

In Greece the Accounting and Auditing Standards Oversight Board (ELTE) has been carrying out independent inspections for a number of years with respect to KPMG Certified Auditors S.A., the member firm.

As KPMG Auditing S.A., the sub-licensee, is a recently established entity, it has no audit activities for the financial year to 30 June 2020, and therefore the Accounting and Auditing Standards Oversight Board (ELTE) has not carried out any reviews.

As KPMG Auditing S.A., the sub-licensee, is a recently established entity, it has no audit activities for the financial year to 30 June 2020, and therefore the Institute of Certified Auditors and Accountants in Greece has not carried out any reviews.

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

In Greece, our firm has regular two-way communication with our local regulator, the Accounting and Auditing Standards Oversight Board (ELTE), to discuss regulatory changes and any other matters relevant to our audit business.

Client feedback

We proactively seek feedback from clients through in-person conversations and third-party surveys to monitor their satisfaction with services delivered. We endeavor to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs. Any actions arising from client feedback are followed up by a designated partner by the Executive Committee to ensure that concerns on quality are dealt with on a timely basis and the respective feedback is provided to the engagement partner.

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5 Financial information

As KPMG Auditing S.A. is a recently established entity, it has no audit activities and therefore has not generated any audit revenues for the financial period 1 July 2019 to 30 June 2020.

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6 Partner remuneration

Remuneration of partners is determined by the Senior Partner in consultation with appropriate Executive and Remuneration Committee members, based on the objectives set for each partner on a number of matters relevant to their role in the group. These include quality of work, excellence in client service, growth in revenue and profitability, leadership and living the Values of KPMG Certified Auditors SA and its sub-licensees. Audit partner remuneration setting takes no account of the level of non-audit services provided to the partner's audit clients.

Specifically, there are three elements to partner remuneration:

— Base component - fixed amount as a base component

— Performance related bonus - rewards performance in the year by each partner against individual objectives

— Profit share - a share of residual profits not retained for future investment in the business.

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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.

More information about the KPMG network can be found in the *KPMG Global Review*.

The name of each audit firm that is a member of the network and the EU/EEA countries in which each network member firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business as at 31 March 2020 are available on *https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/06/list-of-kpmg-audit-entities-located-in-eu-and-eea-june-2020.pdf*

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

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

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

An updated statement of aggregated EU/EEA statutory audit revenues for the 12 months ended 30 September 2020 will be available within the Appendix to the 2020 KPMG International Transparency Report, also to be published in December 2020 on kpmg.com. The aggregated EU/EEA statutory audit revenue figures are presented to the best extent currently calculable and translated at the average exchange rate prevailing in the year ended 30 September 2019 (and 30 September 2020 for the updated numbers to be published in the KPMG International Transparency Report).

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

7.2 Responsibilities and obligations of member firms

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

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG Values.

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.

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7.3 Professional Indemnity Insurance

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

7.4 Governance structure

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

Global Council

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

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

Global Board

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

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

It is led by the Global Chairman, who is supported by the Executive Committee, consisting of the Global Chairman, the Chairman of each of the regions and currently three other senior partners of member firms. The list of Global Board members, as at October 2019 is available in the *KPMG Global Review*.

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

Global Management Team

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

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

The list of Global Management Team members, as at October 2019, is available in the *KPMG Global Review*.

Global Steering Groups

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

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

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

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

Further details about KPMG International including the governance arrangements, can be found in section 'Governance and leadership' of the *KPMG International Transparency Report*.

7.5 Area Quality & Risk Management Leaders

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

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

The objectives of the ARL role are to:

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

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8

Statement by the Board of Directors of KPMG Auditing S.A. 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 Auditing S.A. 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 Directors of KPMG Auditing S.A. has considered:

— The design and operation of the quality control systems as described in this report;

— the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 4.8 and our local compliance monitoring programs); and

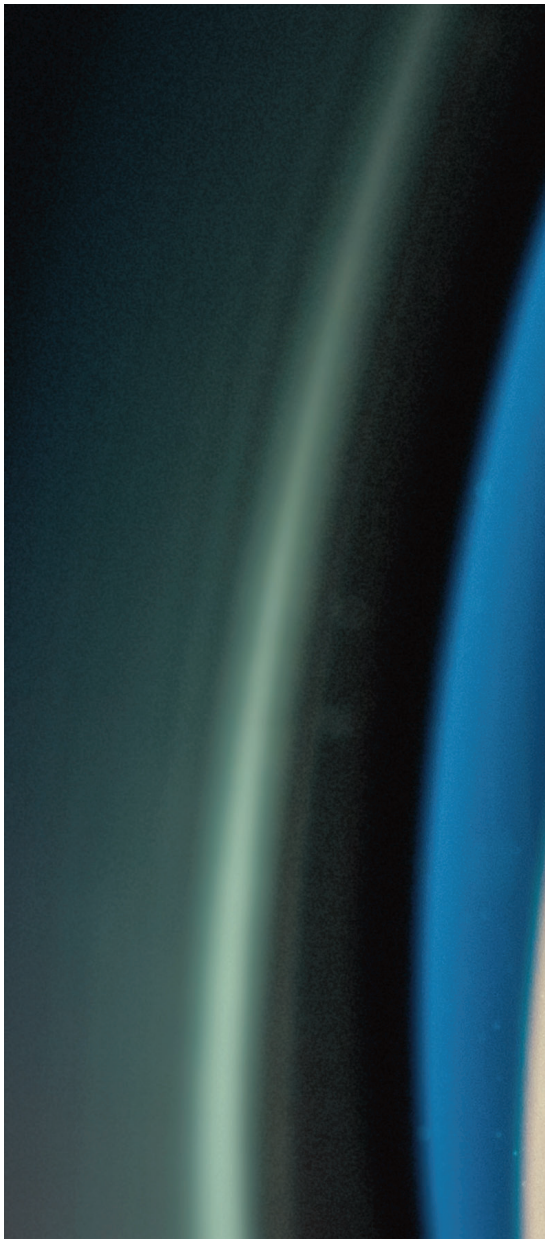
KPMG Auditing S.A. was incorporated on 19 December 2018 and for the financial year to 30 June 2020, did not have any business activities owing to its recent establishment.

Taking all of this evidence together, the Board of Directors of KPMG Auditing S.A. confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the financial year to 30 June 2020.

Further, the Board of Directors of KPMG Auditing S.A. confirms that an internal review of independence compliance within our firm has been conducted in the financial year to 30 June 2020.

Nick Vouniseas
President and Managing Director

31 October 2020



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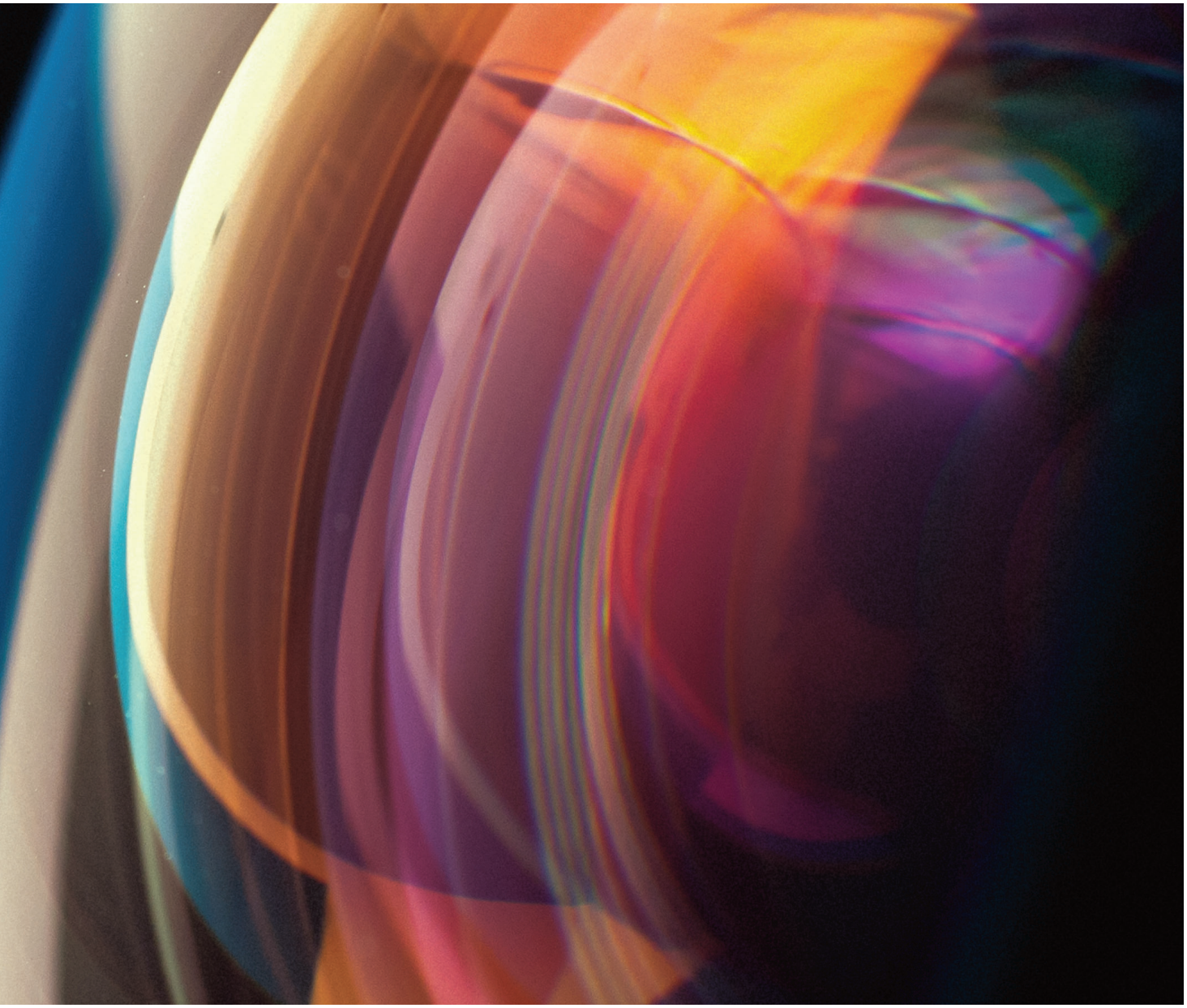
A Appendices

A.1 Public Interest Entities

As KPMG Auditing S.A. is a recently established entity, it has no audit activities for the financial year to 30 June 2020, and therefore there are no public interest entity audit clients for which KPMG Auditing S.A. has signed an audit/review opinion in the financial year to 30 June 2020. The definition of public interest for this purpose is that given under the provisions of Law 4449/2017 and EU Directive 2014/56/EU, where an EU public interest entity is an issuer whose transferable securities are admitted to trading on a regulated market in the European Union and the audit of which is a statutory audit within the meaning of Law 4449/2017, as well as banks and insurance companies whose transferable securities are not admitted to trading on a regulated market in the European Union.



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A

A.2 KPMG's Values

Our Values guide our behaviors day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all our stakeholders. Our values are:

Integrity:	We do what is right.
Excellence:	We never stop learning and improving.
Courage:	We think and act boldly.
Together:	We respect each other and draw strength from our differences.
For Better:	We do what matters.

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