



Transparency Report 2017

KPMG Luxembourg,
Société coopérative

January 2018

kpmg.lu

Contents

1	Who we are	6
1.1	Our business	6
1.2	Our strategy	6
2	Our structure and governance	7
2.1	Legal structure	7
2.2	Name, ownership and legal relationships	7
2.3	Responsibilities and obligations of member firms	7
2.4	Governance structure	8
3	System of quality control	9
3.1	Tone at the Top	10
3.2	Association with the right clients	12
3.3	Clear standards and robust audit tools	14
3.4	Recruitment, development and assignment of appropriately qualified personnel	18
3.5	Commitment to technical excellence and quality service delivery	21
3.6	Performance of effective and efficient audits	23
3.7	Commitment to continuous improvement	28
4	Financial information	32
5	Partner remuneration	33
6	Network arrangements	34
6.1	Legal structure	34
6.2	Responsibilities and obligations of member firms	34
6.3	Professional indemnity insurance	35
6.4	Governance structure	35
6.5	Area Quality & Risk Management Leaders	36
7	Statement by KPMG Luxembourg Executive Committee on effectiveness of quality controls and independence	37
Appendices		
1	Key legal entities and areas of operation	38
2	Details of those charged with governance at KPMG Luxembourg	39
3	Public interest entities	40
4	List of KPMG audit entities located in the EU & EEA	41
5	KPMG's Global Values	43

KPMG Luxembourg, Société coopérative 2017 Transparency Report



Philippe Meyer

**Welcome to the KPMG Luxembourg
Transparency Report for the year
ended 30 September 2017¹.**

¹ Our Transparency Report for the year ended 30 September 2017 has been prepared in accordance with the provisions of Article 13 of the EU Regulation 537/2014 of the European parliament and the Council of 16 April 2014.



Emmanuel Dollé

Our overall ambition remains to be the most relevant professional services firm in Luxembourg, focusing on and responding to our clients' needs in terms of the quality of our services and the expertise of our people.

At KPMG, we are passionate about audit quality and continuous improvement, and we are united in our commitment to providing independent assurance on what matters to stakeholders. We drive a relentless focus on quality and service excellence and aspire to be the standard of trust in our profession. We recognize that trust is not a 'given' — it must be earned.

Our audit quality initiatives are focused on:

- **Building public trust** and inspiring confidence in capital markets, by bringing to life our commitment to quality, ethics and integrity through our culture and values.
- **Ensuring that our people are extraordinary**, by finding and nurturing talent, creating high-performing teams and deploying talented staff globally to help deliver insights and innovative ideas.
- **Driving a relentless focus on quality and excellence** in our engagements and providing valued insights, so that clients see a difference in us.
- **Driving continuous improvement** through robust quality monitoring, with an increased focus on getting to the root cause of quality issues and effective remediation.

Audit quality, supported by our methodologies and processes, is at the heart of our culture of integrity and our drive for continuous improvement.

We are committed to working closely with regulators, audit committees, investors and businesses to meet their expectations of audit quality.

With this in mind we are continually investing in innovation and technology to help deliver quality, not only in our audit and assurance services but across all our lines of business. The quality of our services also relies on the strength of our talented pool of professionals, our culture of integrity and employing robust methodologies and processes.

We hope this 2017 edition of our Transparency Report provides you with a useful insight into our continuing commitment to quality and how we strive to deliver work of the highest standard.

Luxembourg, 31 January 2018

Philippe Meyer
Managing Partner

Emmanuel Dollé
Head of Audit

Who we are

1.1 Our business

KPMG Luxembourg, Société coopérative is a leading provider of professional services including Audit, Tax and Advisory.

As at 30 September 2017, we employ 1,677 people and operate out of one office in Luxembourg. Further details of our service offerings can be found on our website at the following link: www.kpmg.com/lu

1.2 Our strategy

Our vision is simple – it is to become the dominant professional services firm in Luxembourg. We have defined dominating professional services as being the most relevant firm for our clients, our people and for society.

To achieve that we must maintain and further increase the trust our clients, our people and wider society have in our ability to provide assurance in the widest sense. Our strategy to achieve this is underpinned by four key pillars (i) being an issues led business –

focusing relentlessly on the issues that keep our clients awake at night, (ii) being market focused – offering the breadth of our services to our clients where this is appropriate and being more concentrated on the market opportunities for growth, (iii) achieving operational excellence in everything we do – delivering our services in an efficient, agile and cost-effective manner but at the same time never compromising on quality and (iv) culture and motivation – maintaining a high performance culture where our people can excel.



Our structure and governance

2.1 Legal structure

KPMG Luxembourg, Société coopérative is affiliated with KPMG International Cooperative ('KPMG International'), 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 Appendix 1 to the [KPMG International Transparency Report](#).

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

KPMG Luxembourg, Société coopérative is incorporated as a Luxembourg private limited liability cooperative company which is controlled by its partners.

KPMG Luxembourg, Société coopérative is the entity which operated as a registered audit firm in Luxembourg ('Cabinet de révision agréé') during the year to 30 September 2017.

During the year to 30 September 2016 a wholly owned subsidiary, KPMG Services S.à r.l., was incorporated as a Professional of the Financial Sector.

The details of the legal structure, regulatory status, nature of business and area of operation of both entities are set out in Appendix 1.

2.2 Name, ownership and legal relationships

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

Ownership

During the year to 30 September 2017 there was an average of 40 partners at KPMG Luxembourg (2016: 38 partners).

2.3. Responsibilities and obligations of member firms

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

clients, manage risk, and deploy global methodologies and tools.

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

Member firms commit to a common set of KPMG Values.

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

2.4 Governance structure

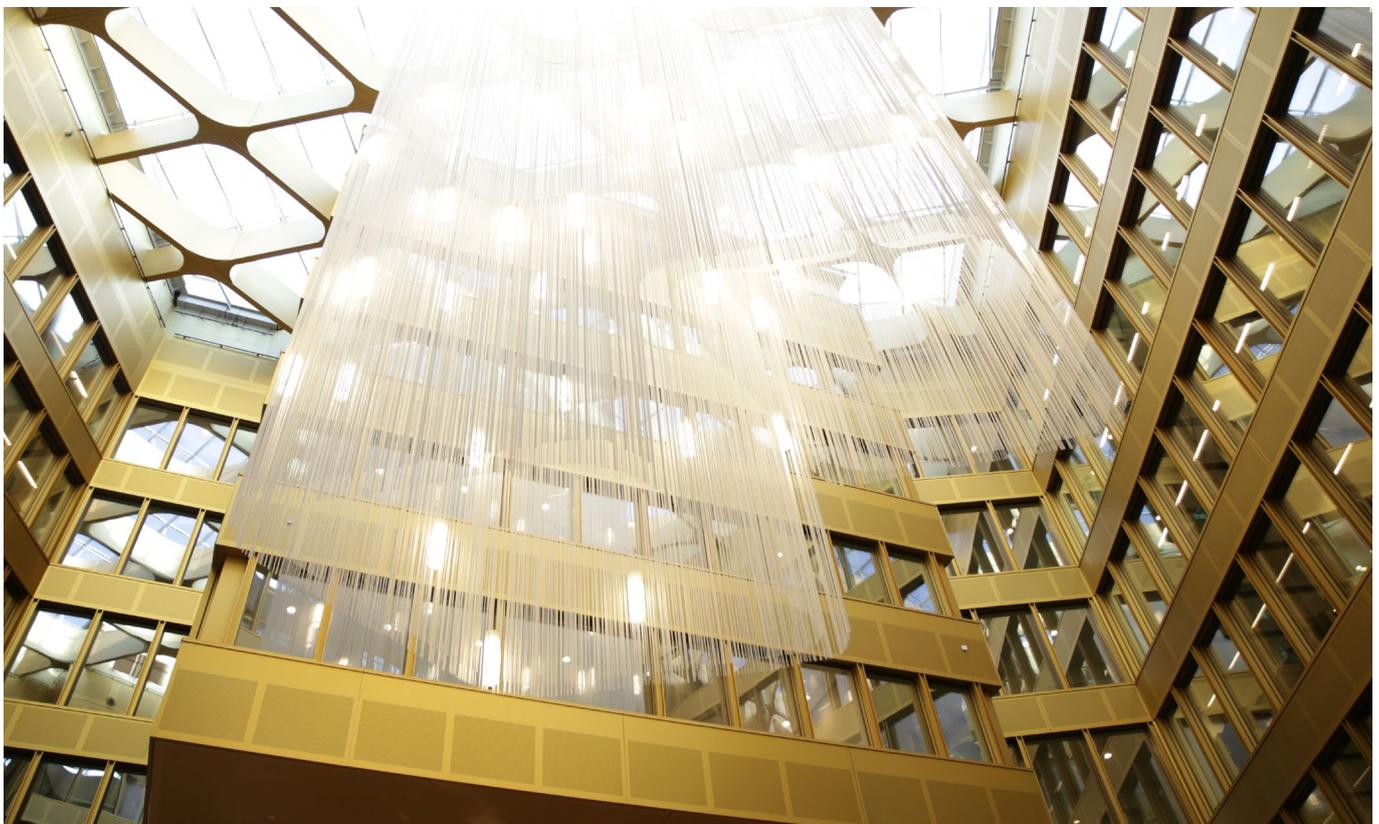
The key governance bodies for KPMG Luxembourg are the Executive Committee and the Supervisory Board.

The Executive Committee consisted of five members during the year, comprising a number of key national and functional leaders. The role of the Executive Committee is to implement the strategy of the firm within Luxembourg and also to deal with key Luxembourg operational issues. The Executive Committee meets regularly – in the year to 30 September 2017 it met 43 times.

The Supervisory Board consists of five members who are representative of the firm's partners.

The role of the Supervisory Board is to provide oversight of the management of the firm by the Executive Committee, to provide support by acting as a sounding board for the Executive Committee, and to review the local partner remuneration process and the financial statements of the local firm at the year end. In the year to 30 September 2017 the Supervisory Board met nine times, including two joint meetings with the Executive Committee.

Details of those charged with governance for KPMG Luxembourg are set out in Appendix 2.



System of quality control

A robust and consistent system of quality control is an essential requirement for performing high quality services.

Accordingly, KPMG International has policies of quality control that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual) available to all personnel. These policies and associated procedures are designed to assist member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances, as well as to help member firm personnel act with integrity and objectivity and perform their work with diligence.

These policies are based on the International Standard on Quality Control 1 (ISQC1), issued by the International Auditing and Assurance Standards Board (IAASB), and the Code of Ethics for Professional Accountants issued by the

International Ethics Standards Board for Accountants (IESBA), applicable to member firms that perform statutory audits and other assurance and related services engagements.

Our firm implements KPMG International policies and procedures and adopts additional policies and procedures that are designed to address rules and standards issued by the Commission de Surveillance du Secteur Financier (CSSF) and other relevant regulators as well as local 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.

Quality control and risk management are the responsibility of all KPMG personnel wherever they are based. This responsibility includes the need to understand and adhere to firm

policies and associated procedures in carrying out their day-to-day activities.

While many of KPMG's quality control processes are cross-functional and apply equally to tax and advisory work, the primary focus of the transparency report requirements relates to audit and the remainder of this section focuses on what we do to ensure delivery of quality audits.

Audit Quality Framework

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

To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver a quality audit, KPMG International developed the Audit Quality Framework. This Framework uses a common language that is adopted by all KPMG member firms, including KPMG Luxembourg, to describe what the KPMG network believes drives audit quality, and to highlight how every audit professional at each KPMG member firm contributes to the delivery of audit quality.

"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 the entire KPMG network.

All of the other drivers are presented within a virtuous circle, because each driver is intended to reinforce the others. Each of the seven key drivers is described in more detail in the following sections of this report.

3.1 Tone at the Top

The culture of KPMG International and KPMG member firms is underpinned by a strong set of values and supporting policies and processes that enable the right attitudes and behaviors to permeate throughout the KPMG network. At KPMG Luxembourg we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that our leadership demonstrates its commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large through a number of mechanisms including:

Audit Quality Framework



- Culture, Values, and Code of Conduct - clearly stated and demonstrated in the way we work;
- A strategy with quality at its heart;
- Standards set by leadership;
- Governance structures and clear lines of responsibility for quality, skilled and experienced people in the right positions to influence the quality agenda.

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

codified for a number of years, are embedded into the working practices and values-based compliance culture.

We communicate our Values clearly to our people and embed them in our people processes - induction, performance development and reward.

Our Values are set out in Appendix 5.

Building on the KPMG Values is the KPMG International Global Code of Conduct. Member firms, including KPMG Luxembourg, are required to adopt, as a minimum, the Global Code of Conduct.

KPMG Luxembourg's Code of Conduct incorporates the KPMG Values and defines the standards of ethical conduct that we require from our firm and our people. It sets out our ethical principles, and helps partners and employees to understand and uphold those principles. The Code of Conduct emphasises 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 includes provisions that require KPMG personnel to:

- Comply with all applicable laws, regulations and KPMG policies;
- Report any illegal acts, whether committed by KPMG personnel, clients or other third parties;
- Report breaches of KPMG policies;
- Uphold the highest levels of client confidentiality; and
- Not offer, promise, make, solicit or accept bribes (whether directly or through an intermediary).

All KPMG Luxembourg personnel are required to:

- Confirm their understanding of, and compliance with, the Code of Conduct upon joining the firm, and annually thereafter; and
- Complete training on the Code of Conduct upon joining the firm and on a biennial basis thereafter.

Our personnel are encouraged to raise their concerns if they see behaviors or actions that are inconsistent with our Values or

professional responsibilities and are required to do so when they see breaches of KPMG policies, laws and regulations, and professional standards.

We have procedures and established channels of communication so that our personnel can report ethical and quality issues and individuals who report in good faith will not suffer any adverse impact regardless of whether the concern is ultimately substantiated.

We operate a whistle-blowing hotline in Luxembourg which is available to KPMG personnel to confidentially report concerns they have relating to how others are behaving (both internally and externally) and concerns regarding certain areas of activity by members of the group itself, those who work for KPMG Luxembourg and the senior leadership of the Firm. The whistle-blowing hotline allows people to report their concerns via a secure internet line to a third-party organisation. Our people can raise matters anonymously and without fear of retaliation.

In addition, the [KPMG International hotline](#) is a mechanism for KPMG partners, employees, clients and other external parties to confidentially report concerns they may have relating to certain areas of activity by KPMG International itself, KPMG member firms or the senior leadership or employees of a KPMG member firm.

At KPMG Luxembourg, we regularly monitor the extent to which our people feel we live our Values through the Global People Survey (refer to section 3.4.5).

Leadership responsibilities for quality and risk management

KPMG Luxembourg 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.

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

Managing Partner

In accordance with the principles in the International Standard on Quality Control 1 (ISQC1), our Managing Partner assumes ultimate responsibility for KPMG Luxembourg's system of quality control. The Executive Committee has taken measures to ensure that a culture of quality prevails within KPMG Luxembourg.

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 Luxembourg and reports on ethics and independence issues to the Managing Partner.

Head of Audit, Tax and Advisory

The three heads of the client service functions (Audit, Tax and Advisory) are accountable to the Managing 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. These procedures make it clear that at the engagement level, risk management and quality control is ultimately the responsibility of all professionals.

The Head of Audit is responsible for leading a sustainable high-quality Audit practice. This includes:

- Setting the right 'tone at the top' by demonstrating an unwavering commitment to the highest standards of professional excellence, including scepticism, 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 Quality & Risk Management Partner to monitor and address audit quality and risk matters as they relate to the Audit practice, including an annual evaluation of activities considered to be key to audit quality.



Quality & Risk Management Partner

Operational responsibility for the system of quality control, risk management and compliance in KPMG Luxembourg rests with the Quality & Risk Management Partner. He is responsible for setting overall professional risk management and quality control policies and monitoring compliance in accordance with firm policy. The Quality & Risk Management Partner attends all meetings of the Executive Committee of KPMG Luxembourg. He has a direct reporting line to the Managing Partner and consults with the appointed Area Quality and Risk Management Leader. He is supported in Luxembourg by a full time Director and Functional Quality & Risk Management Partners.

Quality Performance Liaison Partner

The Quality Performance Liaison Partner (QPLP) is responsible for the performance of the Quality Performance Review Programme in the Audit practice. The nature of the programme is described in Section 3.7. The QPLP reports the results of the programme to the Quality & Risk Management Partner, the Head of Audit and the Managing Partner of KPMG Luxembourg.

3.2 Association with the right clients

3.2.1 Acceptance and continuance of clients and engagements

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

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

3.2.2 Client and engagement acceptance process

Client evaluation

KPMG Luxembourg undertakes an evaluation of every prospective client.

This involves an assessment of the prospective client's principals, its business, and other service-related matters. This also involves obtaining and analyzing 'know your client' information on the prospective client, its key management and beneficial owners. A key focus is on the integrity of management at a prospective client, and the evaluation considers factors including breaches of law and regulation, anti-bribery and corruption, and ethical business practices, including human rights. The Risk Management Department as well as the evaluating partner, approves the prospective client evaluation. Where the client is considered to be 'high risk' the Quality & Risk Management Partner is involved in approving the evaluation.

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) 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 personnel assigned to staff the engagement. The evaluation is made in consultation with other senior personnel and includes review by Quality & 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 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.

Our firm will decline a prospective client or engagement 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.

3.2.3 Continuance process

KPMG Luxembourg undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of 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 re-evaluation.

In addition, clients are required to be re-evaluated if there is an indication that there may be a change in their risk profile.

3.2.4 Withdrawal

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

3.2.5 Client allocation management

Our leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform the role for each engagement. Each partner's client portfolio is regularly reviewed to ensure that they have sufficient time to manage the portfolio and to ensure that the risks are being appropriately managed.

3.3 Clear standards and robust audit tools

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

3.3.1 Audit methodology and tools

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

The global audit methodology is supported by eAudit, KPMG's electronic audit tool, which provides KPMG auditors worldwide with the methodology, guidance, and industry knowledge needed to perform efficient, high-quality audits.

eAudit's activity-based workflow provides engagement teams with ready access to relevant information at the right time throughout the audit, thereby enhancing effectiveness and efficiency and delivering value to stakeholders.

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

KAM includes the implementation of quality control procedures at the engagement level that provide us with reasonable assurance that our engagements comply with the relevant professional, legal, regulatory and KPMG International policy requirements.

The policies and procedures set out in KAM are specific to audits and supplement the policies and procedures set out in the Global Quality & Risk Management Manual that is applicable to all KPMG member firms, functions and personnel.

Data & Analytics (D&A) and Clara

Technology and innovation are changing the way we execute our audit engagements, empowering our people to deliver greater quality and value. Making data and analytics (D&A) a core part of the

KPMG audit is critical to our mission of driving audit quality.

KPMG Clara, the KPMG smart audit platform, was launched in mid-2017. It puts technology and D&A right at the heart of our approach, bringing advanced capabilities and knowledge together in one environment.

KPMG Clara will integrate all of KPMG's advanced capabilities and knowledge, and empower our people to work in smarter ways, unlocking the power of innovation to help deliver a robust and leading-edge audit. It is our gateway to continued audit innovation, and incremental additions will be made over time.

Further details on innovation in audit tools and technology are set out in the [KPMG International Annual Review](#).

3.3.2 Independence, integrity, ethics and objectivity

3.3.2.1 Overview

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 Q&RM Manual. Automated tools facilitate compliance with these requirements.

KPMG International has a Partner-in-Charge of the Global Independence Group, who 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 them and their personnel comply with these requirements.

These policies are supplemented by other processes to ensure compliance with the EU Regulation No 537/2014 of 16 April 2014, the Luxembourg law of 23 July 2016 relating to the audit profession and the standards issued by the CSSF. These policies and processes cover areas such as firm independence, personal independence, post-employment relationships, partner rotation, and approval of audit and non-audit services.

Our firm has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Luxembourg.

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

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

3.3.2.2 Personal financial independence

KPMG International policies require that each member firm and its professionals must be free from prohibited financial interests in, and prohibited relationships with, KPMG's audit clients, their management, directors, and significant owners. The policies also extend the IESBA Code of Ethics restrictions on ownership of audit

client securities to every KPMG member firm partner in respect of any audit client of any member firm.

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

In common with other KPMG member firms we use a web-based independence tracking system, KICS, to assist our professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments.

Partners and all client-facing personnel who are manager grade or above are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in KICS, which automatically notifies them if their investments subsequently become restricted. They must dispose of that investment within five business days of the notification. We monitor partner and manager compliance with this requirement as part of our programme of independence compliance audits of a sample of professionals.

3.3.2.3 Employment relationships

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

Former members of the audit team or former partners of KPMG Luxembourg are prohibited from joining an audit client in certain roles unless they have disassociated from KPMG Luxembourg financially and have ceased participating in KPMG Luxembourg's 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 Luxembourg's professionals by audit clients.

3.3.2.4 Firm financial independence

KPMG Luxembourg also uses KICS to record the firm's own investments, made through the firm's pension and retirement plan.

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

3.3.2.5 Business relationships/suppliers

Our firm has policies and procedures in place that are designed to ensure that business relationships are maintained in accordance with the IESBA Code of Ethics and CSSF independence requirements.

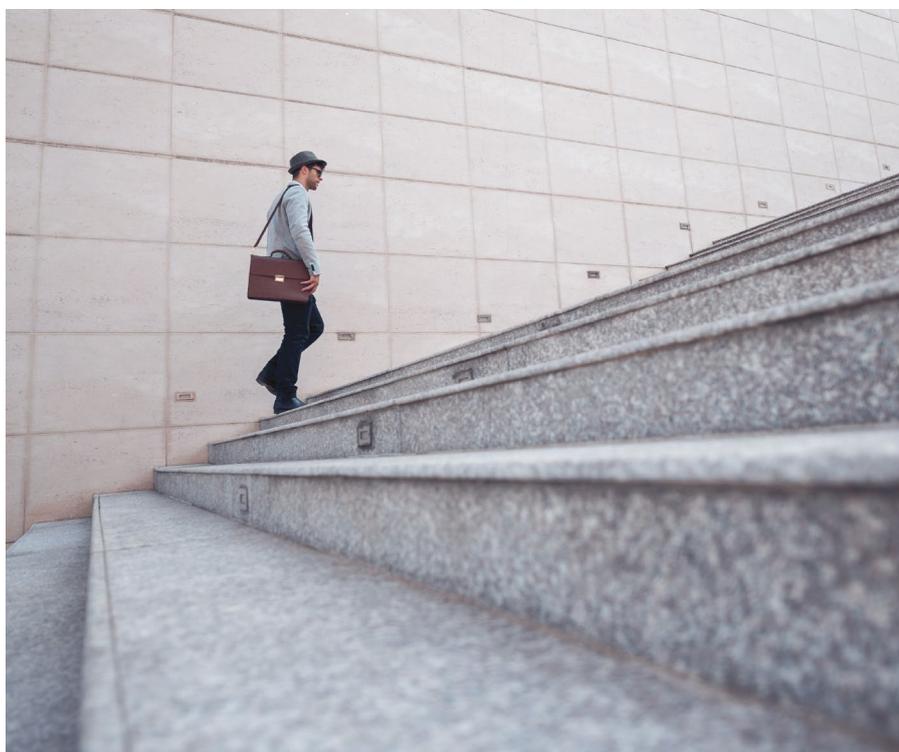
Compliance with these policies and procedures is reviewed periodically.

3.3.2.6 Independence training and confirmations

KPMG Luxembourg provides all relevant personnel (including all partners and client service professionals) with independence training that is appropriate to their grade and function on an annual basis. New personnel who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG Luxembourg or (b) before providing any services to, or becoming a member of the chain of command for any audit client, including any of its related entities or affiliates.

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

In addition, certain non-client-facing personnel who work in finance, procurement or sales and marketing departments, and who are at the



manager level and above, are also required to undertake anti-bribery training.

Upon acceptance of employment, all KPMG personnel are required to confirm that they are in compliance with, and will abide by, applicable ethics and independence rules and policies. Thereafter, all KPMG personnel are required to sign an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year covered by the confirmation as well as their understanding of, and compliance with, the applicable Code of Conduct. This confirmation is used to evidence the individual's compliance with and understanding of KPMG's independence policies.

3.3.2.7 Non-audit services

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

We are required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG Luxembourg. KPMG Luxembourg's EIP is involved in the review of potential independence issues, and the Global Independence Group is involved in the case of services developed which are intended to be delivered to audit or assurance clients in more than one jurisdiction.

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. Using Sentinel™ lead audit engagement partners are required to maintain group structures for publicly traded and certain other audit clients as well as their affiliates, and identify and evaluate any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. Sentinel™ enables lead audit engagement partners for those entities for which group structures are maintained, to review and approve, or deny, any proposed service for those entities worldwide.

3.3.2.8 Fee dependency

KPMG International's policies recognise that self-interest or intimidation threats may arise if the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion.

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

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

No audit client accounted for more than 10% of the total fees received by our firm over the last two years.

3.3.2.9 Conflicts of interest

Conflicts of interest can arise in situations where KPMG personnel have a personal connection with the client which may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the Quality & Risk Management and Ethics & Independence Partner is required in these situations.

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

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 Luxembourg has risk management resources ('Resolvers') 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. It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise or be perceived to arise so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example,

include establishing formal dividers between engagement teams serving different clients and making arrangements to monitor the operation of such dividers.

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

3.3.2.10 Breaches of independence policy

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

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

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

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

Compliance with laws, regulation and standards is a key aspect for all our personnel. In particular, we have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery. 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 can be found on the [anti-bribery and corruption site](#).

3.3.2.12 Partner and firm rotation

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

Our audit partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that partners in certain roles may provide statutory audit services to a client, followed by a "time-out" period during which time these partners may not participate in the audit, provide quality control for the audit, consult with the engagement team or the client regarding technical or industry-specific issues or in any way influence the outcome of the audit.

Our firm 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 that help audit engagement teams to deliver a consistent quality of service to clients. The rotation monitoring is subject to compliance testing.

KPMG Luxembourg is also subject to mandatory firm rotation requirements under the new EU Audit legislation for public interest entity audit clients. The firm has processes in place to track and manage audit firm rotation.

3.4 Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring that our professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit. This requires appropriate recruitment, development, promotion, retention and assignment of professionals. KPMG global behaviors, which are linked to the KPMG Values, are designed to articulate what is required for success - both individually and collectively. One of KPMG's global behaviors is 'Delivering Quality'.

We believe it is essential to attract and retain the best people. We actively manage our high-potential talent pool across the firm through our Emerging Leaders Programme. In 2017 we had 17 high-performing and passionate individuals engaged in our Emerging Leaders Programme.

KPMG Luxembourg 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.

3.4.1 Recruitment

KPMG Luxembourg strives to be an employer of choice by creating an environment where our people can fulfill their potential and feel proud and motivated to give their best.

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

We recruited at all levels during the year 642 talented people including experienced hires, graduates and trainees.

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

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

Upon joining our firm, new personnel are required to participate in a comprehensive on-boarding programme, which includes training in areas such as ethics and independence, quality and risk management principles and our people management procedures. Our on-boarding programme also includes ensuring that any issues of independence or conflicts of interest are addressed before the individual's employment or partnership commences.

3.4.2 Personal development

Talent and development is at the very top of our people agenda and there is a significant investment of time, money and other resources to build professional capability, leadership and business skills and technical expertise (see Section 3.5.1).

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

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

A partner development framework is in place that links particular training programmes to various partner levels and roles. Partners are encouraged to make use of these development opportunities, and also to contribute to the

development of other partners and staff through coaching, mentoring, and teaching on our core programmes.

3.4.3 Performance and Reward

Evaluation process including quality and compliance metrics

KPMG Luxembourg's professionals, including partners, have annual goal-setting and performance reviews. Each professional is evaluated on their agreed-upon goals, demonstration of our global behaviors, technical capabilities and market knowledge. A culture of continuous improvement is encouraged to drive feedback, both positive and developmental, from both junior and senior colleagues, as well as peers. Feedback gathered forms an integral part of performance reviews.

Going beyond performance reviews and compensation, the KPMG Global Behaviors are designed to extend across all our people processes, including recruitment methodologies, recognition approaches and development planning. The behaviors are a constant reference point, articulating to our people what is required for success individually and collectively.

KPMG Luxembourg monitors quality and compliance incidents and maintains quality metrics in assessing overall evaluation, promotion and remuneration of partner and certain personnel. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

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

Reward

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

Reward decisions are based on consideration of both individual and organizational (member firm) performance. 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 (refer to section 3.4.5).

Promotion

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

Partner admissions

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

to KPMG's behavioral capabilities and are based on consistent principles.

Anyone who is being considered for promotion to partner is evaluated against criteria which include evidence of the way that an individual has managed quality and risk as well as their overall adherence to our Values.

3.4.4 Assignment of professionals

Our firm has procedures in place to assign both the engagement partners and professionals to a specific engagement by evaluating their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement.

Function heads are responsible for the process of allocating particular engagement partners to clients. Key considerations include partner experience, accreditation and capacity based on the results of the annual partner portfolio review (see below) to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit engagement leaders are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with KAM, professional standards and applicable legal and regulatory requirements. This may include involving KPMG's local and global specialists.

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

- An understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- An understanding of professional standards and legal and regulatory requirements;
- Appropriate technical skills, including those related to relevant information technology and specialised areas of accounting or auditing;
- Knowledge of relevant industries in which the client operates;
- Ability to apply professional judgement;
- An understanding of KPMG's quality control policies and procedures; and
- Quality Performance Review (QPR) results and results of regulatory inspections.

As an additional control in Audit (where the services are of more of a recurring nature than across much of the rest of our business), our Head of Audit together with the Audit Group Leaders, under the oversight of the Quality & Risk Management Partner, performs an annual review of the portfolio of all of our Audit engagement leaders. 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 leader has the appropriate time, suitable experience and the right level

of support to enable him to perform a high-quality audit for each client. This process takes into account the findings of internal and external reviews and the quality and risk metrics.

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

Biennially KPMG Luxembourg invites all its people to participate in an independent Global People Survey (GPS) which measures their overall level of engagement with the firm. The GPS provides an overall Employee Engagement Index (EEI) and Performance Excellence Index (PEI) as well as insights into areas driving engagement which may be strengths or opportunities. The survey also identifies opportunities to strengthen those levels of engagement. Results can be analyzed by function, area, grade, role and gender to provide additional insight. Additional insight is provided on how we are faring on categories known to impact employee engagement.

The survey also specifically provides leadership with information on employee and partner attitudes to quality, leadership and tone at the top.

KPMG Luxembourg participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. This includes monitoring GPS results including those related to audit quality and tone at the top, referred to in the GPS as 'leadership behavior', and employee engagement through the EEI, and employee performance through PEI.

3.5 Commitment to technical excellence and quality service delivery

All KPMG Luxembourg professionals are provided with the technical training and support they need. This includes access to specialists and the professional practice department (DPP), which is made up of senior professionals with extensive experience in audit, reporting and risk management, either to provide resources to the engagement team or for consultation. Where the right resource is not available within KPMG Luxembourg, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

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

3.5.1 Lifetime learning strategy

In addition to personal development discussed in section 3.4.2 above, our lifetime learning strategy is underpinned by policies requiring all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global and regional levels and, where applicable, KPMG Luxembourg. Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job. Audit Learning and Development teams work with subject matter experts and leaders from the GSC, the ISG and member firm Department of Professional Practice (DPP) as appropriate, to ensure the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

Audit training is mandatory and completion is monitored at country level through a Learning Management System. This allows individuals to monitor their compliance both with their ongoing Continuing Professional Development (CPD) requirements and with KPMG's mandatory training and licensing requirements (see Section 3.5.2). Non-attendance at mandatory training is captured as one of the measures in the quality and risk metrics.

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.

3.5.2 Accreditation and licensing

All KPMG professionals are required to comply with applicable professional licence rules in the jurisdiction where they practice.

Our firm is responsible for ensuring that Audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the local predominant financial reporting framework. We have accreditation requirements for many of our services (including for US audit and accounting work, International Financial Reporting Standards, Transactions Services and Corporate Finance services) which ensure that only partners and employees with the appropriate training and experience are assigned to clients and are appropriately licensed where necessary.

Our firm requires that all Audit professionals have to maintain accreditation with their professional bodies and satisfy the Continuing Professional Development requirements of such bodies (at a minimum, professionals comply with IESBA and legal requirements). Our policies and procedures are designed to ensure that those individuals who require a license to undertake their work are appropriately licensed.

3.5.3 Access to specialist networks

Our engagement teams have access to a network of local and global specialists in KPMG member firms. Engagement partners are responsible for ensuring that their engagement teams have the appropriate resources and skills.

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

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

3.5.4 Consultation

We promote a culture in which consultation is recognized as a strength and that encourages personnel to consult on difficult or contentious matters. In addition, our Global Q&RM Manual includes mandatory consultation requirements where certain matters are identified such as concerns over client integrity.

Appropriate consultation support is provided to audit engagement professionals through our professional practice resources.

Across our firm, 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 International Financial Reporting Standards (IFRS) and ISAs.

To assist audit engagement professionals in addressing difficult or contentious matters, we have established protocols for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves such differences. In other circumstances, the matter may be elevated through the chain of responsibility for resolution by technical specialists. In exceptional circumstances, a matter may be referred to the Head of Audit, Head of DPP, the Quality & Risk Management Partner or ultimately the national Managing Partner.

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

Global Services Centre (GSC)

The GSC develops, maintains and deploys KPMG's global audit methodology and technology-based tools used by KPMG audit professionals to facilitate effective and efficient audits.

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.

Further details about the GSC and ISG and its activities are available in the [KPMG International Transparency Report](#).

3.5.5 Developing business understanding and industry knowledge

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

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

Our firm, along with other KPMG member firms, provides specialist input into the development of global industry knowledge, and deploys it via the use of eAudit.

3.6 Performance of effective and efficient audits

How an audit is conducted is as important as the final result.

Our personnel are expected to demonstrate key behaviors and follow policies and procedures in the performance of effective and efficient audits.

3.6.1 KPMG Audit process

As set out in Section 3.3, our audit workflow is enabled by eAudit, KPMG International's activity based workflow and electronic audit file. eAudit integrates the KPMG audit methodology, guidance and industry knowledge, and the tools needed to manage audits consistently from beginning to end. The KPMG high-quality audit process includes:

- Timely partner and manager involvement;
- Access to the right knowledge - specialists, accredited individuals and relevant industry expertise;
- Critical assessment of audit evidence - exercise of professional judgement and professional scepticism;
- Ongoing mentoring and on-the-job coaching, supervision and review;
- Appropriately supported and documented conclusions;
- If relevant, appropriate involvement of the EQC reviewer;
- Clear reporting of significant findings;
- Insightful, open and honest two-way communication with those charged with governance; and
- Client confidentiality, information security and data privacy.

3.6.1.1 Timely partner and manager involvement

To help identify and respond to the significant audit risks applicable to each audit, the engagement team acquires an understanding of the client's business, its financial position and the environment in which it operates. The engagement partner is responsible for the overall quality of the audit engagement and therefore responsible for the direction, supervision and performance of the engagement. Involvement and leadership from the engagement partner during the planning process helps set the appropriate scope and tone for the audit, and helps the engagement team obtain maximum benefit from the partner's experience and skill. Timely involvement of the engagement partner at other stages of the engagement allows the engagement partner to identify and appropriately address matters significant to the engagement, including critical areas of judgment, and significant risks.

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

3.6.1.2 Critical assessment of audit evidence with emphasis on professional scepticism

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

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

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

Our professional judgment process recognizes the need to be aware of, and alert to, biases which may pose threats to good judgment. The structured approach to auditing areas that require significant judgment involves:

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

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

3.6.1.3 Ongoing mentoring, supervision and review

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

The engagement partner, supported by the engagement manager, is responsible for driving a culture of coaching and continuous learning throughout the audit process and setting an example in the performance of the audit to drive a culture of continuous audit quality improvement.

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 significant matters that arise during the audit and modifying the planned approach appropriately; and
- Identifying matters for consultation with more experienced team members during the engagement.

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

3.6.1.4 Appropriately supported and documented conclusions

We use the KAM and KPMG's International electronic audit tool, eAudit, to provide guidance, mechanisms for and documentation of, the supervision and control of the audit engagement.

Audit documentation records the audit procedures performed, evidence obtained and conclusions reached on each audit engagement. Our policies require review of documentation by more experienced engagement team members.

KAM recognizes that documentation prepared on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before our report is finalized.

Engagement teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, ordinarily not more than 60 calendar days from the date of the audit report but which may be more restrictive under certain regulations.

The key principle that engagement team members are required to consider when preparing audit documentation is whether an experienced auditor, having no previous connection with the engagement, reviewing the audit documentation sometime in the future will understand:

- The nature, timing, and extent of audit procedures performed to comply with the ISAs, KAM and other requirements;
- Applicable legal and regulatory requirements;
- The results of the procedures performed and the audit evidence obtained;
- Significant findings and issues arising during the audit and actions taken to address them (including additional audit evidence obtained); and
- The basis for the conclusions reached, and significant professional judgments made in reaching those conclusions.

Our firm has a formal document retention policy in accordance with the local regulation that governs the period we retain audit documentation and other client-specific records.

3.6.1.5 Appropriate involvement of the Engagement Quality Control reviewer (EQC reviewer)

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

An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the Quality & Risk Management Partner or Head of Audit. The EQC review takes place before the date of the auditor's report and includes, among other matters:

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

Although the engagement partner is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered 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. In recent years we have taken a number of actions to reinforce this, including:

- Issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers;
- Incorporating specific procedures in eAudit to facilitate effective reviews;
- Implementing policies relating to recognition, nomination and development of EQC reviewers, as well as monitoring and assessing the nature, timing and extent of their involvement; and
- Ensuring that the role performed by EQC reviewers is also taken into account when performing the Partner Portfolio Review process (refer Section 3.4.4) to ensure adequacy of time and appropriate skill set for the role and reallocation if needed.

3.6.1.6 Reporting

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

In preparing audit reports, engagement partners have access to extensive reporting guidance and technical support

through consultations with the 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).

3.6.1.7 Insightful, open and honest two-way communication

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

At KPMG Luxembourg we stress the importance of keeping those charged with governance informed of issues arising throughout the audit and the need to listen to and to understand their views. We achieve this through a combination of reports and presentations, attendance at Audit Committee or Board meetings, and ongoing discussions with management and members of the Audit Committee.

Communications with Audit Committees include:

- An overview of the planned scope and timing of the audit, which includes communicating significant risks identified;
- Significant findings from the audit which may include control deficiencies and audit misstatements;
- An annual written communication, where applicable, that states the engagement team and KPMG Luxembourg have complied with relevant independence requirements; describes all relationships and other matters

between KPMG Luxembourg and the audit client that, in our professional judgment, may reasonably be thought to bear on independence; and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to independence.

We ensure such communications meet the requirements of professional standards.

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, our [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 (including KPMG Luxembourg) and provides Audit Committee members with authoritative guidance (such as the [ACI Audit Committee Handbook](#), as modified for Luxembourg) 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 programme 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.

3.6.1.8 Focus on effectiveness of group audits

The KPMG audit methodology covers the conduct of group audits in detail. We stress the importance of effective two-way communication between the group engagement team and the component auditors, which is a key to audit quality. The group Audit engagement leader is required to evaluate the competence of component auditors, irrespective of whether they are KPMG member firms or not, as part of the engagement acceptance process. Our audit methodology incorporates the heightened attention currently being given to key risk areas for group audits, e.g. emerging markets and business environments that may be subject to heightened fraud risks.

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

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

3.6.2 Client confidentiality, information security and data privacy

We are committed to providing a secure and safe environment for the personal data and confidential information we hold, as well as protecting the privacy of our clients, service providers and third parties. The importance of maintaining client confidentiality is emphasised through a variety of mechanisms including the Code of Conduct, training and the annual independence confirmation process, that all 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 governing the handling of personal information, and associated training is required for all KPMG Luxembourg personnel.

Our firm is required to meet the security requirements set out in the Global Information Security Policies and Standards published by KPMG International. Compliance monitoring against these standards and policies is carried out through our internal audit programme.

As part of these Global requirements, a National IT Security Officer (NITSO), with the necessary

authority, skills and experience, has been appointed to lead the information security function. The NITSO is in charge of the firm's information security programme and works closely with the local IT services and Quality and Risk Management. The NITSO also reports to the firm's Senior Management and also to the Global IT Security Officer and Global Head of Information Protection.

The firm is required to implement an incident response procedure to minimise the impact of a security breach or data loss.

Everyone has a role to play in protecting client and confidential information. Policies and practices are communicated to all personnel and, as appropriate, reinforced through guidance, awareness and training. An Acceptable Use Policy that applies to all KPMG personnel has been issued. The policy encourages effective and appropriate use of KPMG information technology resources, and highlights the protection requirements of all employees, KPMG, and client confidential and personal information. Data privacy policies are also in place governing the handling of personal information.



3.7 Commitment to continuous improvement

We commit to continually improve the quality, consistency and efficiency of our audits. Integrated quality monitoring and compliance programmes enable us to identify quality issues, to perform root cause analysis and develop, implement and report remedial action plans both in respect of individual audit engagements and our system of quality control. KPMG International's integrated quality and monitoring programmes include the Quality Performance Review (QPR) programme, the Risk Compliance Programme (RCP) and the Global Compliance Review (GCR) programme.

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

3.7.1 Internal monitoring and compliance programmes

Our monitoring programmes evaluate both:

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

The results and lessons from the integrated monitoring programmes

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

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

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

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

Annual Quality Performance Reviews (QPRs)

The QPR Programme assesses engagement level performance in the Audit, Tax and Advisory functions 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.

We conduct the annual QPR programme in accordance with KPMG International QPR instructions. The reviews are performed at KPMG Luxembourg level and are monitored regionally and globally. Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation and process

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

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

In 2017 our QPR Programme covered the following:

	Number of engagements reviewed	Number of engagement leaders reviewed
Audit	17	15
Tax	20	10
Advisory	24	12

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'.

A 'Satisfactory' grading requires both (i) the audit work performed, the evidence obtained and the audit documentation produced to all comply with our internal policies, applicable auditing standards and legal and regulatory requirements and (ii) key judgements concerning significant matters in the audit and the audit opinion itself to have been appropriate. A 'Performance Improvement Needed' grading is attributed where the auditors'

report is generally supported by the work performed and the auditors' report is appropriate but where improvements are necessary in one or more significant area including with respect to the documentation of the work performed. An 'Unsatisfactory' grading is attributed where the engagement was not performed in accordance with the firm's policy and professional standards in a significant area, in particular where there are significant deficiencies either in the financial statements themselves, the audit work paper documentation or the actual work undertaken.

Reporting

Findings from the QPR programme 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 monitoring programmes to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of less than satisfactory engagements (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 where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

Risk Compliance Programme (RCP)

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

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

The objectives of the RCP are to:

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



Where deficiencies are identified, we are required to develop appropriate action plans.

Global Compliance Review (GCR)

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

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

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

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

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

The firm was last subject to a GCR during 2015 with no serious deficiencies identified.

Root Cause Analysis (RCA)

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

KPMG Luxembourg'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 Quality & Risk Management Partner monitors their implementation.

3.7.2 Recommendations for improvement

At a global level, through the Global Audit Quality Issues Council (GAQIC), KPMG International reviews the results of the quality monitoring programmes, analyzes member firm root causes and action plans and develops additional global actions as required.

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

To date, global remediation plans developed by KPMG International have been aimed at changing culture and behavior across the KPMG network and at driving consistent engagement team performance within KPMG member firms. The remediation plans have been implemented through the development of global training, tools

The Global RCA 5 Step Principles are as follows:



and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the network.

3.7.3 External feedback and dialogue

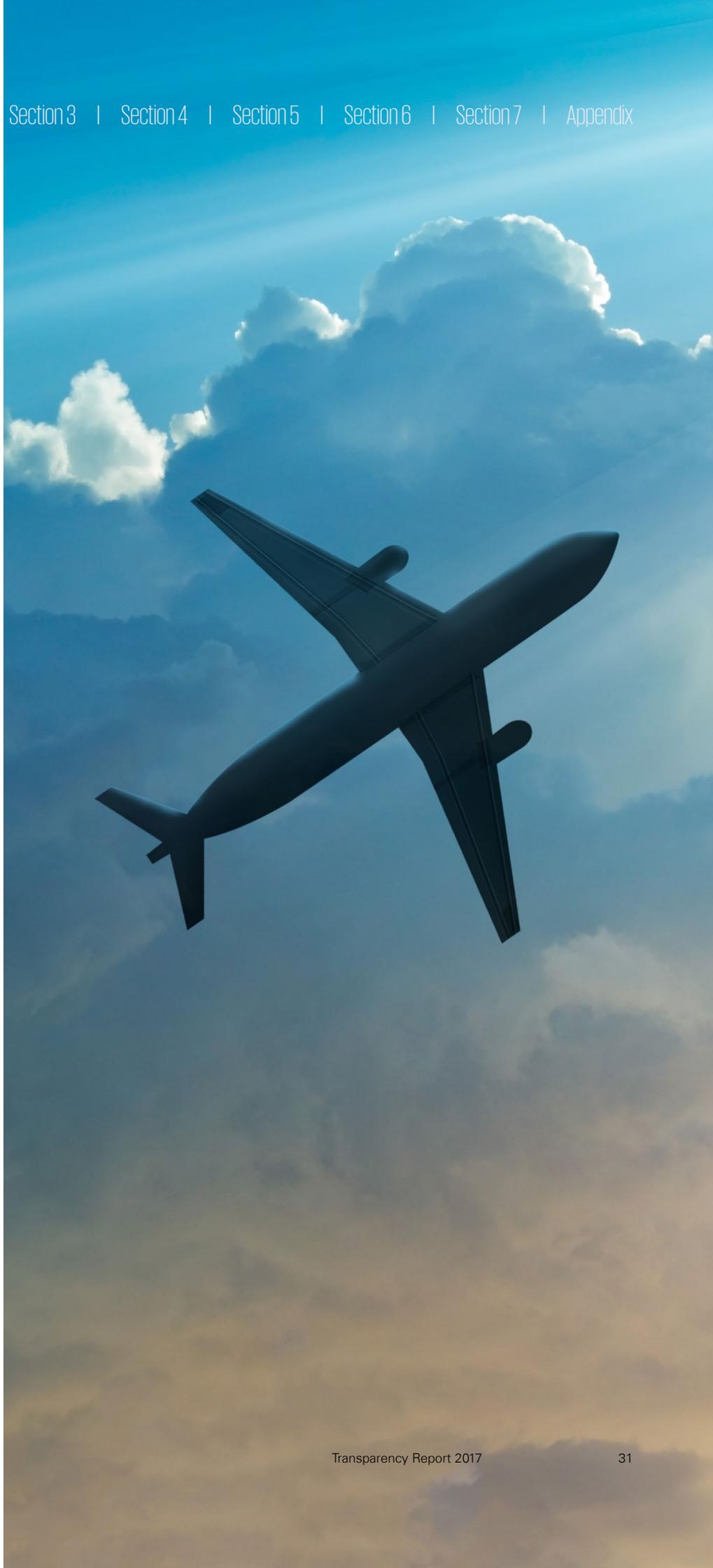
3.7.3.1 Regulators

The firm's audit practice and its registered statutory auditors (réviseurs d'entreprises agréés) are subject to annual inspection by the CSSF.

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR) to discuss audit quality findings and actions taken to address such issues at a network level. At a regional level, we also have regular dialogue with representatives of the Committee of European Auditing Oversight Bodies (CEAOB) - formerly known as the European Audit Inspection Group (EAIG), as well as the ASEAN Audit Regulators Group (AARG).

3.7.3.2 Client feedback

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



Financial information

The following table shows gross revenues from KPMG Luxembourg's entities in the year ended 30 September 2017, presented in accordance with Regulation (EU) No 537/2014:

Service	Revenue (EUR'000,000)	Percent
Statutory audit of annual and consolidated financial statements of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	19	10
Statutory audit of annual and consolidated financial statements of other entities	39	19
Permitted non audit services to entities that are audited by the firm	22	11
Non audit services to other entities	119 (*)	60
TOTAL	199	100

(*) Including contractual audits

Aggregated revenues generated by KPMG audit firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.7 billion during the year ending 30 September 2017. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2017.

The financial information set forth represents combined information of the separate KPMG member firms from EU and EEA Member States that perform professional services for clients. The information is combined here solely for presentation purposes.

Partner remuneration

Partners working in Luxembourg are employees of KPMG Luxembourg, Société coopérative.

Their remuneration packages comprise a base salary and associated benefits as for other employees. They receive an additional variable element to their pay which is established once the profits for the year have been determined. Remuneration is paid out as salary and bonus in accordance with prevailing company policies and tax laws. The Partner Remuneration Model determines the amounts available for distribution. The overall process lies under the responsibility of the Managing Partner and the KPMG Luxembourg Executive Committee. The Supervisory Board reviews the process.

The Partner Remuneration Model foresees clear rules for the variable elements including quality of work, excellence in client service, growth in revenue and profitability, leadership, responsibility and living the Values of the firm. Audit partners are explicitly not remunerated for non-audit services sold to their audit clients.

In Luxembourg, partners contribute to a common pension scheme operated for all employees meeting certain pre-defined seniority criteria for the firm (employee funded only).



Network arrangements

6.1 Legal structure

The independent member firms of the KPMG network (including KPMG Luxembourg, Société coopérative) 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 its 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.

The name of each audit firm that is a member of the network and the countries in which each network member firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business are available in Appendix 4.

6.2 Responsibilities and obligations of member firms

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

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

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global

Board and consistently applied to the member firms.

A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

6.3 Professional indemnity insurance

A substantial level of insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer through a programme that is available to all KPMG member firms. In addition member firms may enter into local insurance arrangements in respect of the amount below the deductible under the insurance programme.

6.4 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 for a term of up to four years (renewable once) and also approves the appointment of Global Board members. It includes representation from 58 member firms that are 'members' of KPMG International as a matter of Swiss law. 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 four other senior partners of member firms. The list of Global Board members, as at 1 October 2017 is available in the [International Annual Review](#).

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

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

Global Management Team

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

It is led by the Global 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 1 October 2017 is available in the [International Annual Review](#).

Global Steering Groups

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

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

The Global Steering Groups act under the oversight of the Global Management Team.



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 or Executive Officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in implementation of KPMG International’s policies and processes within the region.

Members of the Global Board and Global Management Team are members of the various network firms. Such members perform these roles on behalf of KPMG International and in that capacity do not act for KPMG Luxembourg.

Further details about KPMG International including the governance arrangements, can be found in Appendix 1 to the [KPMG International Transparency Report](#).

6.5 Area Quality & Risk Management Leaders

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

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

Statement by KPMG Luxembourg Executive Committee on effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG Luxembourg, Société coopérative outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by KPMG Luxembourg, Société coopérative comply with the applicable laws and regulations.

The Executive Committee of KPMG Luxembourg has considered:

- The design and operation of the quality control systems as described in this report; and
- The findings from the various compliance programmes operated by our firm (including the KPMG International Compliance Programmes as described in Section 3.7); and
- Findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the KPMG Luxembourg Executive Committee confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 September 2017.

Further, the KPMG Luxembourg Executive Committee confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 September 2017.

Key legal entities and areas of operation

The key legal entities delivering services that were part of our firm ('KPMG Luxembourg') during the year to 30 September 2017 are noted below.

Name of entity	Legal structure	Regulatory status	Nature of business	Area of operation
KPMG Luxembourg, Société coopérative	Luxembourg Private Limited Liability Cooperative Company	Cabinet de révision agréé Experts comptables	Audit, Tax and Advisory services	Luxembourg
KPMG Services S.à r.l.	Luxembourg Private Limited Liability Company	Professionel du Secteur Financier	IT services	Luxembourg

Details of those charged with governance at KPMG Luxembourg

The Executive Committee of KPMG Luxembourg exists to deal with local strategic and operational matters in Luxembourg. The Supervisory Board is a non-executive oversight body. Details of the members of both of those bodies and the roles that they have held for the Luxembourg firm are as follows:

Senior Leadership Team

Philippe Meyer* **	Managing Partner
Georges Bock*	Head of Tax
Pascal Denis*	Head of Advisory
Emmanuel Dollé*	Head of Audit
Fabrice Leonardi*	Chief Operating Officer
Stephen Nye***	Quality & Risk Management Partner and Ethics & Independence Partner
Frauke Oddone	Head of Markets
Thierry Ravasio	Head of People

Supervisory Board

Patrick Wies	Chairman
Ravi Beegun	Head of Asset Management
Michael Hofmann	Head of IT Risk Management
Sébastien Labbé	Tax Partner
Laurence Lhote	Head of Indirect Tax

* Executive Committee member and gérant of KPMG Luxembourg, Société coopérative

** Member of the Global Council of KPMG International

*** Has a permanent seat at the Executive Committee

Public interest entities

The list of public interest entity audit clients for which KPMG Luxembourg, Société coopérative has signed an audit opinion in the year ended 30 September 2017 is given below.

The definition of public interest entity for this purpose is that given under the provisions of Art. 1 (20) of the law of 23 July 2016 concerning the audit profession.

4finance S.A.	CIBA Specialty Chemicals Finance Luxembourg S.A.	HSH Nordbank Securities S.A.
Aberdeen Global SICAV	Citigroup Global Markets Funding Luxembourg S.C.A.	Industrial and Commercial Bank of China (Europe) S.A.
Aberdeen Liquidity Fund (Lux) SICAV	Claresco SICAV	Industrial Ré S.A.
ABLV Bank Luxembourg S.A.	Clearstream Banking S.A.	ING Belgium International Finance S.A.
ADO Properties S.A.	Compagnie de Banque Privée Quilvest S.A.	ING Luxembourg S.A.
Advanzia Bank S.A.	CPI Property Group S.A.	Interfund SICAV
Aeolos S.A.	CRC Breeze Finance S.A.	Intesa Sanpaolo Bank Luxembourg S.A.
AFI.ESCA Luxembourg S.A.	Credit Suisse (Luxembourg) S.A.	Japan Dynamic Fund SICAV
Agate Assets S.A.	D.A.S. Luxembourg Allgemeine Rechtsschutz - Versicherung S.A.	Kommun Garanti Reinsurance S.A.
Ageasfinlux S.A.	DB Vita S.A.	Koromo S.A.
Allegro Investment Corporation S.A.	DB Re S.A.	La Mondiale Europartner S.A.
Allianz Life Luxembourg S.A.	DekaBank Deutsche Girozentrale Luxembourg S.A.	Logwin AG
Alpha Trains Finance S.A.	DEPFA Pfandbrief Bank International S.A.	National General Lux Re I S.A.
A.M.E. Life Lux S.A.	Deutsche Bank Luxembourg S.A.	Nestlé Finance International Ltd.
AmTrust Insurance Luxembourg S.A.	DKV Luxembourg S.A.	NN (L) Flex (SICAV)
AmTrust Captive Solutions Limited S.A.	EQT Credit SICAV-FIS S.C.A.	NORD/LB Luxembourg S.A.
Andbank Luxembourg S.A.	EQT Credit II SICAV-FIS S.C.A.	Covered Bond Bank
Arisa Assurances S.A.	EQT Mid-Market Credit SV S.A.	O'Key Group S.A.
Arisa Ré S.A.	ERGO Life S.A.	Orco Property Group S.A.
Ashmore SICAV	Euler Hermes Ré S.A.	Palladium Securities 1 S.A.
Aspecta Assurance International Luxembourg S.A.	Euromaf Re S.A.	PFA Investment Fund SICAV
Banco Bradesco Europa S.A.	European Directories BondCo S.C.A.	PHARMA/WHEALTH
Bank GPB International S.A.	European Sicav Alliance	Robeco (LU) Funds III
Bank Julius Baer Luxembourg S.A.	Fideuram Bank (Luxembourg) S.A.	Robeco All Strategies Funds SICAV
Banque BCP S.A.	Fideuram Fund FCP	Robeco Capital Growth Funds SICAV
Banque de Luxembourg S.A.	FMC Finance VIII S.A.	Robeco Global Total Return Bond Fund SICAV
Banque Degroof Petercam Luxembourg S.A.	Fonditalia FCP	Robeco QI Global Dynamic Duration
Banque Hapoalim (Luxembourg) S.A.	FWU Life Insurance Lux S.A.	ROOF Leasing Austria S.A.
Bantleon Anleihenfonds FCP	GB Life Luxembourg S.A.	SB Capital S.A.
Bantleon Opportunities FCP	Global Bond Series I S.A.	Selectum Stock Picking Fund SICAV
Bavarian Sky S.A.	Global Bond Series II S.A.	SI UCITS ETF
BBGI SICAV S.A.	Global Bond Series IV S.A.	Silk
B&M European Value Retail S.A.	Global Bond Series V S.A.	Silver Arrow S.A.
Blackpoint SICAV	Global Bond Series VII S.A.	SMBC Nikko Bank (Luxembourg) S.A.
Braas Monier Building Group S.A.	Global Bond Series VIII S.A.	Spandilux S.A.
Breeze Finance S.A.	Global Bond Series X S.A.	Stabilus S.A.
Bumper 7 S.A.	Global Bond Series XIII S.A.	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.
	Global Bond Series XIV S.A.	Talanx Finanz (Luxembourg) S.A.
	Globality S.A.	The Bank of New York Mellon (Luxembourg) S.A.
	Grand City Properties S.A.	The Shipowners' Mutual Protection & Indemnity Association (Luxembourg)
	Hannover Finance (Luxembourg) S.A.	Wells Fargo (Lux) Worldwide Fund SICAV
	Hauck & Aufhäuser Fund Platforms S.A. (previously Sal. Oppenheim jr. & Cie. Luxembourg S.A.)	Windermere Private Placement 1 S.A.
		Worldwide Investors Portfolio SICAV

List of KPMG audit entities located in the EU & EEA

As at 30 September 2017

This is a list of KPMG audit firms as defined in Article 2 (3) of EU Directive 2006/43/EC which are located in EU/EEA countries. It has been prepared solely for the purpose of compliance by KPMG member firms with Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. It is prepared by KPMG International Cooperative ('KPMGI'), a Swiss entity which provides no professional services to clients. To the best of our knowledge, the list is accurate as of 30 September 2017.

Location	Firm Name
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Austria	Plan Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	Plan Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	Securitas Revisions- und Treuhandgesellschaft m.b.H.
Austria	T&A Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH
Austria	Treuhand - Salzburg GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Austria	K 17 Wirtschaftsprüfungs GmbH
Austria	K 41 Wirtschaftsprüfungs GmbH
Austria	KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH
Austria	KPMG Burgenland Wirtschaftstreuhand GmbH
Austria	SKP Schüßling, Kofler & Partner GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Austria	THS Wirtschaftsprüfungs- und Steuerberatungsgesellschaft m.b.H.
Belgium	KPMG Bedrijfsrevisoren/KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Bulgaria OOD
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG Limited
Czech Republic	KPMG Ceska republika Audit, s.r.o.
Denmark	KPMG P/S
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkishallinnon Palvelut Oy
France	Avignon Experts Comptables
France	CEGEST
France	FUTIN Associés
France	KPMG Audit DFA S.A.S.
France	KPMG Audit Est S.A.S.

Location	Firm Name
France	KPMG Audit FS I S.A.S.
France	KPMG Audit ID S.A.S.
France	KPMG Audit IS S.A.S.
France	KPMG Audit Nord S.A.S.
France	KPMG Audit Normandie S.A.S.
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Paris et Centre S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Audit Sud-Ouest S.A.S.
France	KPMG SA
France	KPMG Tartaroli
France	SALUSTRO REYDEL S.A.
France	SAS de Commissaires aux Comptes Berthoud Coldefy Chabaliér
France	SEGEC
France	SGADG
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft
Germany	ATH Allgemeine Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft
Germany	EUREVISIO GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Germany	KPMG Prüfungs-und Beratungsgesellschaft für den Öffentlichen Sektor Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Gibraltar	KPMG Limited
Greece	KPMG Certified Auditors AE
Hungary	KPMG Hungária Kft./KPMG Hungary Ltd.
Iceland	KPMG ehf.
Ireland	KPMG
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics SIA
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	'KPMG Baltics' UAB
Luxembourg	KPMG Luxembourg
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Sp. z.o.o.
Poland	KPMG Audyt Sp. z.o.o. Sp. Komandytowa
Portugal	KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Romania	KPMG Audit SRL
Slovakia	KPMG Slovensko spol. s r.o.
Slovenia	KPMG Slovenija, podjetje za revidiranje, d.o.o.
Spain	KPMG Auditores, S.L.
Sweden	KPMG AB
United Kingdom	KPMG LLP
United Kingdom	KPMG Audit Holdings Limited
United Kingdom	KPMG Audit Plc
United Kingdom	KPMG Holdings Limited
United Kingdom	KPMG Overseas Services Limited

KPMG's Global Values

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

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



KPMG Luxembourg,
Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg
T: +352 22 51 51 1
F: +352 22 51 71

www.kpmg.lu



© 2018 KPMG Luxembourg, Société coopérative,
a Luxembourg entity and a member firm of the KPMGnetwork
of independent member firms affiliated with KPMG
International Cooperative ("KPMG International"),
a Swiss entity. All rights reserved.