



# Our relentless focus on quality

**Transparency Report  
2016**

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

---

[kpmg.com/transparency](http://kpmg.com/transparency)



# Contents

<b>1</b>	<b>Letter from the Head of Audit</b>	<b>4</b>
<b>2</b>	<b>Who we are</b>	<b>5</b>
	2.1 Our business	5
	2.2 Our strategy	5
<b>3</b>	<b>Our structure and governance</b>	<b>6</b>
	3.1 Legal structure	6
	3.2 Name ,ownership and legal relationships	6
	3.3 Responsibilities and obligations of member firms	6
	3.4 Governance structure	7
<b>4</b>	<b>System of quality control</b>	<b>8</b>
	4.1 Culture and tone at the Top	9
	4.2 Association with the right clients	10
	4.2.1 Acceptance and continuance of clients and engagements	10
	4.2.2 Prospective client and engagement evaluation process	10
	4.2.3 Continuance process	11
	4.2.4 Withdrawal	12
	4.2.5 Client portfolio management	12
	4.3 Clear standards and robust audit tools	12
	4.3.1 Audit methodology and tools	12
	4.3.2 Independence, integrity, ethics and objectivity	13
	4.3.2.1 Overview	13
	4.3.2.2 Personal financial independence	13
	4.3.2.3 Employment relationships	14
	4.3.2.4 Firm financial independence	14
	4.3.2.5 Business relationships/suppliers	14
	4.3.2.6 Business acquisitions, admissions and investments	14
	4.3.2.7 Independence clearance process	14
	4.3.2.8 Independence training and confirmations	14
	4.3.2.9 Non-audit services	16
	4.3.2.10 Fee dependency	16
	4.3.2.11 Conflicts of interest	16
	4.3.2.12 Breaches of independence policy	17
	4.3.2.13 Compliance with laws, regulations, and anti-bribery and corruption	17
	4.3.2.14 Partner and firm rotation Partner rotation	17
	4.4 Recruitment, development and assignment of appropriately qualified personnel	17
	4.4.1 Recruitment	18
	4.4.2 Personal development	18
	4.4.3 Inclusion and Diversity programs	18
	4.4.4 Evaluation, compensation and promotion	18
	4.4.5 Partner admissions	18
	4.4.6 Assignment of personnel	18

4.4.7	Employee engagement	19
4.5	Commitment to technical excellence and quality service delivery	19
4.5.1	Professional training	20
4.5.2	Accreditation and licensing	20
4.5.3	Access to specialist networks	21
4.5.4	Consultation	21
4.5.5	Developing business understanding and industry knowledge	21
4.6	Performance of effective and efficient audits	21
4.6.1	KPMG Audit Process	22
4.6.1.1	Timely Engagement Leader and manager involvement	22
4.6.1.2	Critical assessment of audit evidence with emphasis on professional skepticism	22
4.6.1.3	Ongoing mentoring ,supervision and review	23
4.6.1.4	Appropriately supported and documented conclusions	23
4.6.1.5	Appropriate involvement of the EQC Reviewer	23
4.6.1.6	Reporting	24
4.6.1.7	Insightful, open and honest two-way communication with those charged with governance	24
4.6.1.8	Focus on effectiveness of group audits	25
4.6.2	Client confidentiality, information security, and data privacy	25
4.7	Commitment to continuous improvement	25
4.7.1	Internal Monitoring and compliance programs	25
4.7.2	External feedback and dialogue	28
4.7.2.1	Regulators	28
4.7.2.2	Client feedback	28
4.7.2.3	Monitoring of complaints	28

## **5 Financial information 30**

## **6 Partner remuneration 31**

## **7 Network arrangements 32**

7.1	Legal structure	32
7.2	Responsibilities and obligations of member firms	32
7.3	Professional Indemnity Insurance	32
7.4	Governance structure	32
7.5	Area Quality & Risk Management leaders	33

## **8 Internal controls statement 34**

## **A Appendix 35**

A1.	Key legal entities and nature of business	35
A2.	Public Interest Entities	36
A3.	KPMG's values	38

# 1

# Letter from the Head of Audit

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises burg. CVBA/SCRL civile is pleased to provide you with its Transparency Report for the fiscal year ended September 30, 2016, prepared and published in accordance with applicable legal requirements.

The objective of this 2016 Transparency Report is to provide the reader with the information as required by article 15 of the Law of July 22, 1953 pertaining to the constitution of the Instituut van de Bedrijfsrevisoren / Institut des Réviseurs d'Entreprises and the organization of public oversight on the audit profession, which became effective on 31 August 2007.

Our Vision is to be the Clear Choice for our clients, our stakeholders, our people, and the society at large.

To turn our Vision into your Clear Choice we must remain committed to quality, ethics, independence, integrity and innovation. Our commitment is based on a strong set of core values and a culture that fosters open and honest communication across the organization. Such commitment is driven from the top (i.e. the firm's leadership), but it is ultimately the responsibility of all our partners, directors and employees.

When it comes to audit, we acknowledge the great responsibility we have not only towards our clients, but also in regards to the public interest. Audit quality therefore is a key strategic imperative for us. It is the bedrock of public trust. We are committed to working closely with our regulators, audit committees, workers councils, and other stakeholders to continuously invest in, and improve our audit quality. Our system of quality control employs numerous processes,

controls and activities designed to address audit quality within a structured framework. All of these are described in this Transparency Report.

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



**Karel Tanghe**  
**Sole Director,**  
**Head of Audit**  
**KPMG Bedrijfsrevisoren -**  
**Réviseurs d'Entreprises**

16 December 2016

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

# 2

# Who we are ?

## 2.1 Our business

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

Our network in Belgium operating through a number of companies, all KPMG member firms, has approximately 1.200 professionals working in Brussels, Antwerp, Ghent, Hasselt, Liège, Mont-Saint-Guibert, Oevel and Kortrijk. Further details of our service offerings can be found on our website at the following link:

<https://home.kpmg.com/be/en/home/services.html>

## 2.2 Our strategy

We have determined that a commitment to quality is one of the most important priorities in our strategy. We recognize that if we do not get the quality of our service and deliverables right then each and every one of the other objectives in our business plan may be jeopardized.

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

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

# 3

# Our structure and governance

## 3.1 Legal structure

KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises is a Belgian burg. CVBA/ SCRL civile with registered office at 40 Bourgetlaan – Avenue du Bourget, 1130 Brussels, Belgium (RPR/RPM number 0419 122 548 and IBR/IRE number B00001), hereafter referred to as KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises or the Firm.

KPMG Bedrijfsrevisoren-Réviseurs d’Entreprises is a member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative (“KPMG International”). KPMG International, a Swiss entity, provides no client services.

KPMG International is a global network of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. KPMG International’s structure is designed to support consistency of service quality and adherence to agreed values wherever the member firms operate. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business, including our relationship with it are set out in Section 7.

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

A list of operating entities in Belgium, together with details of legal structure, regulatory status and nature of their business is set out in Appendix 1. For the year ended 30 September 2016 the member firms comprising the KPMG network in Belgium generated aggregate revenues of EUR 175,5 million.

## 3.2 Name, ownership and legal relationships

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

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

- [https://www.ibr-ire.be/nl/register\\_lijsten/belgie/Pages/Kantoren.aspx](https://www.ibr-ire.be/nl/register_lijsten/belgie/Pages/Kantoren.aspx)
- [https://www.ibr-ire.be/fr/registre\\_listes/belgique/Pages/cabinets\\_de\\_revision.aspx](https://www.ibr-ire.be/fr/registre_listes/belgique/Pages/cabinets_de_revision.aspx)

During the year to 30 September 2016 there was an average of 24 partners and 13 executive directors (hereafter “Engagement Leader(s)”) in KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises (2015: 24 partners and 9 executive directors).

## 3.3 Responsibilities and obligations of member firms

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

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

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

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

### 3.4 Governance structure

Karel Tanghe is the sole director of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises. He has ultimate responsibility for proposing the Firm's strategy and overseeing its implementation. A list of matters to be monitored regularly includes matters of fundamental importance to the Firm such as quality of services, operating and financial performance, annual business plans and budgets, new business proposals, marketing, technology development, recruitment and retention, remuneration policies, etc.

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

- Quality and Risk Management (QRM): Provides support in the oversight of Quality & Risk Management matters for all Belgian member firms;
- Ethics & Independence (E&I): Implements and supervises firm policies in areas such as the independence of the Firm and the Firm's professionals;
- Department of Professional Practice (DPP): Supports the Firm's professionals in meeting their professional

responsibilities in the areas of accounting, reporting, auditing and attestation standards;

- Human Resources (HR): supports the Firm in having the right Engagement Leaders and staff members to assign to an engagement.

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

The Head of Audit assumes ultimate responsibility for KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises' system of quality control.

Operational responsibility for the system of quality control and risk management has been delegated to the Quality & Risk Management Partner. He is responsible for setting overall professional risk management and quality control policies and monitoring compliance for the Firm. The fact that the role is a national position underlines the importance that our organization places on risk and quality issues. He works with the Head of Audit and is supported by a team of professionals.

# 4

# System of quality control

## Overview

A robust and consistent system of quality control is an essential requirement in performing high quality services. Accordingly, KPMG International has quality control policies that apply to all member firms.

These are included in KPMG's Global Quality & Risk Management Manual available to all personnel. These policies and associated procedures are designed to guide member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances.

These policies 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), relevant to firms that perform statutory audits and other assurance and related services engagements.

The Firm implements KPMG International policies and procedures and adopts additional policies and procedures that are designed to meet the rules and standards issued by the IBR/ IRE and other regulators as well as applicable legal and other requirements.

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

Quality control and risk management are the responsibility of all KPMG personnel. This responsibility includes the need to understand and adhere to the Firm's policies and associated procedures in carrying out their day-to-day activities.

The system of quality control applies to KPMG personnel. While many KPMG quality control processes are cross-functional and apply equally to tax and advisory work, the

primary focus of the transparency report requirements relate to audit and the remainder of this section focuses on the delivery of quality audits.

## Audit quality framework

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

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

The Audit Quality Framework identifies seven drivers of audit quality.

- Culture and tone at the top;
- Association with the right clients;
- Clear standards and robust audit tools;
- Recruitment, development and assignment of appropriately qualified personnel;
- Commitment to technical excellence and quality service delivery;
- Performance of effective and efficient audits;
- Commitment to continuous improvement.

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

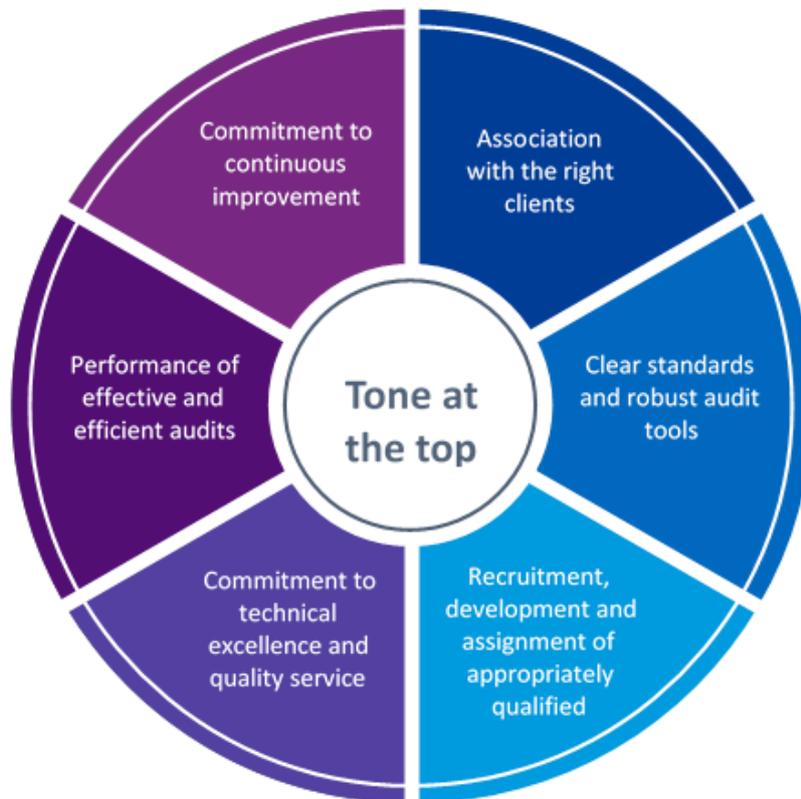
### 4.1 Tone at the top

The culture of KPMG International and the member firms is underpinned by a strong set of values and supporting policies and processes and enables the right attitudes and behaviors to permeate throughout the KPMG network, starting from

the very top. We promote a culture in which consultation is encouraged and recognized as a strength.

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

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.



Integrity means constantly striving to uphold the highest professional standards, providing sound good-quality advice to our clients and rigorously maintaining independence.

Our Values, which have been explicitly codified for a number of years, are embedded into working practices and our value-based compliance culture at KPMG. Individuals are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our values or professional responsibilities. Our Values are considered in the performance appraisal process that our people follow and adherence to these Values is also reviewed when our people are considered for more senior promotions, including to Partner. Our Values are set out in Appendix A3.

#### *Code of conduct*

KPMG International's Code of Conduct incorporates our Values and defines the standards of ethical conduct that is required from all KPMG people.

It sets out ethical principles, and helps partners and employees at the Firm to understand and uphold those principles. In addition, the Code of Conduct emphasizes that each partner and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility. It has provisions that require our people to:

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

In addition we have a whistle blowing hotline available which is a vehicle for KPMG partners, employees, clients and other parties 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 network itself and the senior leadership of our firms. The whistle blowing hotline allows people to report their concerns (via telephone, secure internet lines or surface mail) to a third party organization. Our people can raise matters anonymously and without fear of retaliation.

Matters reported to the hotline are investigated under the supervision of an independent ombudsman and are reported ultimately to the Quality & Risk Management Partner (QRM Partner). This report covers matters reported to the hotline, how the investigations were conducted, findings from the investigations, and the implications for our policies and procedures.

## **4.2 Association with the right clients**

### *4.2.1 Acceptance and continuance of clients and engagements*

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

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

### *4.2.2 Prospective client and engagement evaluation process*

Before accepting a client, KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises undertakes an evaluation of a prospective client. This involves an assessment of the prospective client's principals, its business, and other service-related matters. This also involves research on the prospective client, its key management and significant beneficial owners. A key focus is on the integrity of management at a prospective client and the evaluation considers breaches of law and regulation, anti-money laundering, anti-bribery and corruption and human rights among the factors to consider. A second partner, in addition to the Engagement Leader, approves each prospective client evaluation. Where the client is considered to be 'high risk' the QRM Partner is involved in approving the evaluation.

The Engagement Leader evaluates each prospective engagement. In practice this may be completed at the same time as the client evaluation, particularly in respect of audit appointments. The evaluation identifies potential risks in relation to the engagement. A range of factors is considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's global conflicts and independence checking system) as well as factors specific to the type of engagement, including for audit services, the competence of the client's financial

management team and the skills and experience of personnel assigned to staff the engagement. The evaluation is made in consultation with other senior Firm personnel and includes reviews by QRM as required.

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

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

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

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks.

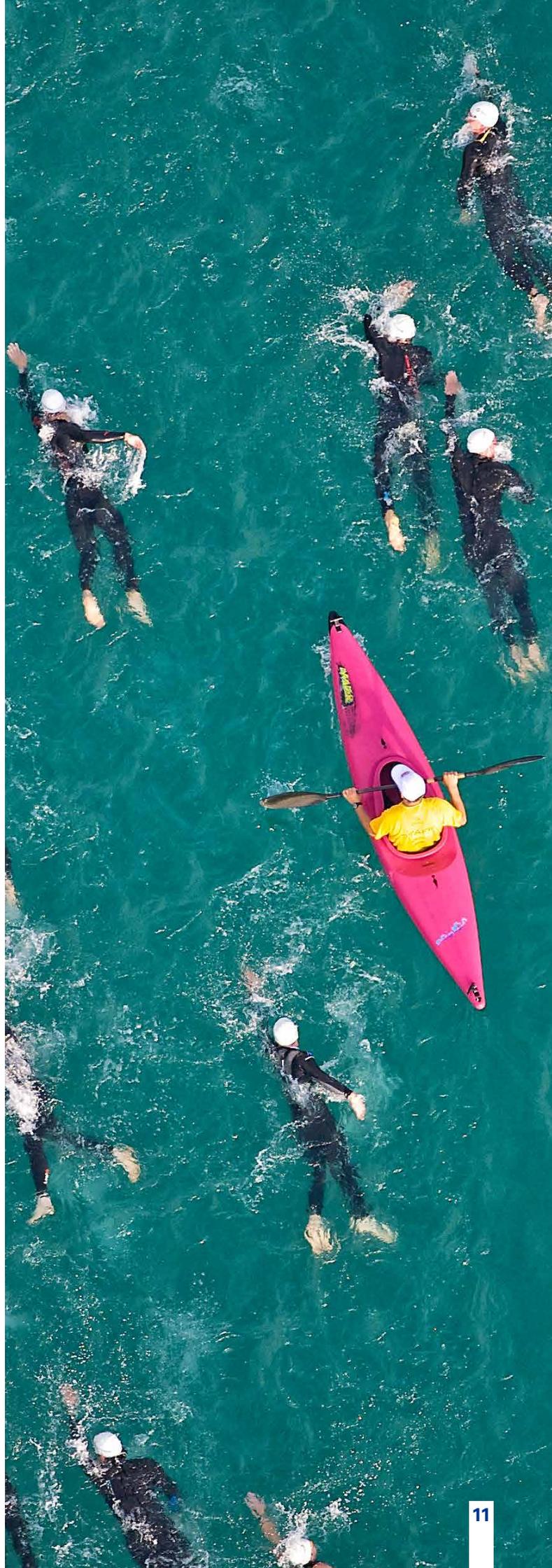
Any potential independence or conflict of interest issues are documented and resolved prior to acceptance.

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

The Non-Audit services and Conflicts of Interest sections provide more information on our independence and conflict checking policies.

#### *4.2.3 Continuance process*

An annual re-evaluation of all the Firm's audit clients is undertaken. In addition, clients are re-evaluated if there is an indication that there may be a change in their risk profile. Recurring or long running non-audit engagements are also subject to periodic re-evaluation. This re-evaluation serves two purposes. Firstly we will decline to continue to act for any client we consider it would not be appropriate to continue to be associated with. Secondly, and more commonly, we use the re-evaluation to consider whether or not any additional risk management or quality control procedures need to be put in place for the subsequent engagement we perform for that client (this may include the assignment of professionals such



as an EQCR or the need to involve additional specialists on the audit).

#### 4.2.4 *Withdrawal*

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

#### 4.2.5 *Client portfolio management*

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

## 4.3 Clear standards and robust audit tools

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

#### 4.3.1 *Audit methodology and tools*

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

Our audit methodology is supported by eAudit, KPMG International's electronic audit tool, which provides KPMG Bedrijfsrevisoren-Révisseurs d'Entreprises auditors with the methodology, guidance, and industry knowledge needed to perform high-quality audits.

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

#### **Engagement setup**

- Document engagement acceptance and scoping;
- Determine team selection and timetable.

#### **Risk assessment**

- Understand the entity;
- Identify and assess risks;
- Plan for involvement of our specialists and external experts, internal audit, service organizations and other auditors as required;
- Evaluate design and implementation of relevant controls;
- Conduct risk assessment and planning discussion;
- Determine audit strategy and planned audit approach.

#### **Testing**

- Test operating effectiveness of selected controls;
- Plan and perform substantive procedures.

#### **Completion**

- Update risk assessment;
- Perform completion procedures, including overall review of financial statements;
- Perform overall evaluation, including evaluation of significant findings and issues;
- Communicate with those charged with governance (e.g. the audit committee);
- Form the audit opinion.

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

core audit engagement team when certain criteria are met or where the audit team considers it appropriate or necessary.

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

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

#### *4.3.2 Independence, integrity, ethics and objectivity*

##### **4.3.2.1 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 Quality & Risk Management Manual. Automated tools facilitate compliance with these requirements.

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

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

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

Member firms' EIPs are supported by the Global Independence Group. The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that robust and consistent

independence policies, procedures and tools are implemented.

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

The Firm's personnel are required to consult with the EIP on certain matters as defined in the Global Quality & Risk Management Manual.

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

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

##### **4.3.2.2 Personal financial independence**

KPMG International policy extends the IESBA Code of Ethics restrictions on ownership of audit client securities to every member firm partner in respect of any audit client of any member firm.

Each member firm and its professionals must be free from prohibited financial interests in, and prohibited relationships with, KPMG's audit clients, their management, directors, and significant owners.

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

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

Partners and all client-facing staff who are manager grade or above are required to use the KICS system prior to entering into an investment to identify whether they are permitted

to do so. They are also required to maintain a record of all of their investments in KICS, which automatically notifies them if their investments subsequently become restricted and they must dispose of that investment within 5 business days of the notification. We monitor Partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals.

In 2016 27 of our people were subject to these audits (this included 9 partners).

#### **4.3.2.3 Employment relationships**

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

Former members of the audit team or former partners of a member firm are prohibited from joining an audit client in certain roles unless they have disassociated from the member firm financially and have ceased participating in KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises' business or professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to '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 Bedrijfsrevisoren-Réviseurs d'Entreprises professionals by audit clients.

#### **4.3.2.4 Firm financial independence**

KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises also uses KICS to record their own investments in SEC entities and affiliates (including funds), and in locally listed companies and funds, direct and material indirect investments held in pension, and employee benefit plans (including non-public entities and funds).

Additionally, we are required to record in the system all borrowing and capital financing relationships, and custodial, trust and brokerage accounts that hold member firm assets.

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

#### **4.3.2.5 Business relationships/suppliers**

We have policies and procedures in place that are designed to ensure that business relationships are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements.

#### **4.3.2.6 Business acquisitions, admissions and investments**

If we are in the process of considering the acquisition of or investment in a business, we are required to perform sufficient due diligence procedures on the prospective target to identify and address any potential independence and risk management issues prior to closing the transaction. Specific consultation requirements are applied to enable independence and other issues to be addressed when integrating the business into KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises and the network.

#### **4.3.2.7 Independence clearance process**

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

A 'KPMG Independence Checkpoint' tool was introduced in October 2015 to automate and standardize all the workflows that comprise the independence clearance process. This is in anticipation of the increasing number of audit tenders member firms will be participating in and the number of independence clearances that need to be completed as a result of mandatory firm rotation of statutory audits in certain parts of the world.

#### **4.3.2.8 Independence training and confirmations**

KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises provide 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 Bedrijfsrevisoren-réviseurs d'Entreprises or (b) before providing any services to a SEC client or its affiliates.

We also provide all personnel with training on the Code of Conduct and ethical behavior, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional



standards, and reporting suspected or actual non-compliance with laws, regulations, professional standards, and KPMG's policies on a biennial basis. New personnel are required to complete this training within three months of joining the firm.

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

In addition, all KPMG personnel are required to confirm their understanding of, and compliance with, the applicable Code of Conduct upon joining their member firm and on an annual basis thereafter.

#### **4.3.2.9 Non-audit services**

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

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

In addition to identifying potential conflicts of interest, KPMG International's proprietary system, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements that includes service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. Engagement Leaders are required to maintain group structures for their publicly traded (and certain other) audit clients and their affiliates in the system and to 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. The system enables Engagement Leaders for entities for which group structures are maintained to review and approve, or deny, any proposed service for those entities worldwide.

#### **4.3.2.10 Fee dependency**

KPMG International's policies recognize that self-interest or intimidation threats may arise if the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion. In particular, KPMG International's policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10% of the total fees received by a particular member firm for two consecutive years:

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

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

#### **4.3.2.11 Conflicts of interest**

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

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

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

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is

maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients, and making arrangements to monitor the operation of such dividers.

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

#### **4.3.2.12 Breaches of independence policy**

All KPMG personnel are required to report an independence breach as soon as they become aware of it. In the event of failure to comply with the firm's independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. The Firm 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 breach of auditor independence regulations is 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 and managers, are reflected in their individual quality and risk metrics.

#### **4.3.2.13 Compliance with laws, regulations, and anti-bribery and corruption**

Compliance with laws, regulations and standards is a key aspect for all KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises personnel. In particular, KPMG has zero tolerance of bribery and corruption.

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

Accordingly, training covering compliance with laws (incl. those relating to anti-bribery and corruption), regulations,

professional standards, and the KPMG Code of Conduct is required to be completed by client facing professionals at a minimum of once every two years, with new hires completing such training within 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 participate in anti-bribery training.

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

#### **4.3.2.14 Partner and firm rotation**

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

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

The Firm monitors the rotation of audit Engagement Leaders and develops transition plans to enable allocation of Engagement Leaders with the necessary competence and capability to deliver a consistent quality of service to clients. The partner rotation monitoring is subject to compliance testing.

## **4.4 Recruitment, development and assignment of appropriately qualified personnel**

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

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

#### *4.4.1 Recruitment*

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

KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises recruited over 135 new people in the year ended 30 September 2016 (2015: approximately 135).

Our recruiting strategies are focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, helping build relationships with a diverse talent pool.

The Firm recruits at an experienced hire and partner level.

#### *4.4.2 Personal development*

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

In relation to audit opportunities are provided for professionals to develop the skills, behaviors, and personal qualities that form the foundations of a successful career in auditing.

Courses are available to enhance personal effectiveness and develop technical, leadership and business skills. Our professionals are developed further for high performance through coaching and mentoring on the job, stretch assignments, country rotational and global mobility opportunities.

#### *4.4.3 Inclusion and Diversity programs*

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

Leadership and management teams also need to reflect the diversity of our organization and the diversity of our clients. Our established Global Inclusion and Diversity strategy

provides the framework to drive the actions we believe are necessary to promote inclusive leadership across the KPMG network.

#### *4.4.4 Evaluation, compensation and promotion*

The Firm'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 (including 'Delivering Quality'), technical capabilities and market knowledge. Partners and certain professionals are also evaluated on key quality and compliance metrics. These evaluations are conducted by performance managers and partners who are in a position to assess their performance and propose a performance rating.

#### **Compensation and promotion**

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

We monitor quality and compliance incidents and maintain quality metrics for the purposes of Engagement Leader assignments and also for the purposes of Engagement Leader evaluation, promotion and remuneration.

Our policies do not permit audit Engagement Leaders to be evaluated on or compensated for the sale of non-assurance services to audit clients.

#### *4.4.5 Partner admissions*

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

Our criteria for admission to partner are consistent with a commitment to professionalism and integrity, quality, and being an employer of choice. These are strongly aligned to KPMG's behavioral capabilities on consistent principles.

#### *4.4.6 Assignment of personnel*

The Firm has procedures in place to assign both the Engagement Leaders and other professionals to a specific engagement on the basis of their skill sets, relevant

professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the Engagement Leaders assignment process.

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

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

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

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

#### 4.4.7 Employee engagement

Biennially we invite all our people to participate in an independent Global People Survey (GPS) which measures

our people's attitudes and provides an overall Employee Engagement Index (EEI).

The GPS also provides insights about what drives engagement across different demographic groups and how we are faring in selected categories.

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

KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises 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 against agreed targets relevant to:

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

## 4.5 Commitment to technical excellence and quality service delivery

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

At the same time audit accreditation and licensing policies require professionals to have the appropriate knowledge and experience for their assigned engagements. Our structure enables our engagement teams to apply their business understanding and industry knowledge to maintain audit quality and deliver valued insights.



#### *4.5.1 Professional training*

In addition to personal development discussed at 4.4.2, our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements, including the requirements set by the IBR/IRE.

#### **Formal training**

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

#### **Mentoring and on the job training**

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

#### *4.5.2 Accreditation and licensing*

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

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

In addition, we have specific requirements for Engagement Leaders and managers working on engagements where US Generally Accepted Accounting Principles, US Generally Accepted Auditing Standards or the Standards of the Public Company Accounting Oversight Board (PCAOB) apply. These require that the Engagement Leader, manager, and

EQC reviewer have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

#### *4.5.3 Access to specialist networks*

Our engagement teams have access to a network of local KPMG specialists as well as specialists in other KPMG member firms. Engagement Leaders are responsible for ensuring that their engagement teams have the appropriate resources and skills. The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process.

Specialists who are members of an audit team are provided with training on audit concepts.

#### *4.5.4 Consultation*

We promote a culture in which consultation is recognized as a strength and that encourages personnel to consult on difficult or contentious matters.

To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues.

Appropriate consultation support is provided to audit engagement professionals through professional practice resources that include DPP.

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

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, QRM Partner or ultimately the Country Senior Partner.

Technical accounting and auditing support is available to the Firm through the International Standards Group (ISG) as well as the US Capital Markets group for work on SEC foreign registrants.

#### **Global Services Centre (GSC)**

The GSC maintains and updates KPMG's global audit platform and methodology, enabling audit professionals to perform high-quality audits that comply with the auditing standards.

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

The ISG works with Global IFRS and ISAs topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS between member firms, identify emerging issues and develop global guidance on a timely basis. Further details about the GSC and ISG and its activities are available in the KPMG International Transparency Report.

#### *4.5.5 Developing business understanding and industry knowledge*

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

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

## **4.6 Performance of effective and efficient audits**

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

#### 4.6.1 KPMG Audit Process

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

- Timely Engagement Leader and manager involvement;
- Timely access to the right knowledge – specialists, accredited individuals and relevant industry expertise;
- Critical assessment of audit evidence;
- Exercise of professional judgment and professional skepticism;
- Ongoing mentoring and on-the-job coaching, supervision and review;
- Appropriately supported and documented conclusions; and
- Robust challenge and review, including EQC review.

##### 4.6.1.1 Timely Engagement Leader and manager involvement

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

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

The Engagement Leader 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 Engagement Leader in these responsibilities and in the day to day liaison with the client and team, building deep business understanding that helps the Engagement Leader and team deliver valued insights.

##### 4.6.1.2 Critical assessment of audit evidence with emphasis on professional skepticism

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

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

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

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

The structured approach to auditing areas that require significant judgment involves:

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

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

#### **4.6.1.3 Ongoing mentoring, supervision and review**

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

Ongoing mentoring and supervision during an audit involves:

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

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

#### **4.6.1.4 Appropriately supported and documented conclusions**

KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises uses the KAM and KPMG International's electronic audit tool, eAudit, to provide guidance, mechanisms for and documentation of, the supervision and control of the audit engagement.

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

KAM recognizes that documentation prepared on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before our report is finalized. Teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, which is ordinarily not more than 60 calendar days from the date of the auditors' report but may be more restrictive under certain applicable regulations.

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

- The nature, timing, and extent of audit procedures performed to comply with the ISAs and KAM;
- Applicable legal and regulatory requirements;
- The results of the procedures performed, 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.

#### **4.6.1.5 Appropriate involvement of the EQC Reviewer**

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

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

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

- Review of selected audit documentation relating to significant judgments the engagement team made and the conclusions it reached;

- Review of the financial statements and proposed auditor’s report; and
- Evaluation of the conclusions reached in formulating the auditor’s report and consideration of whether the proposed report is appropriate.

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

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

- Ensuring that the role performed by EQC reviewers is also taken into account when performing the Engagement Leader Portfolio Review process (refer to Section 4.4.5) to ensure adequacy of time and appropriate skill set for the role and reallocation if needed;
- Issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers;
- Incorporating specific procedures into eAudit to facilitate effective reviews; and
- 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.

#### 4.6.1.6 Reporting

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

Engagement Leaders form audit opinions based on the audit performed.

In preparing audit reports, Engagement Leaders have access to extensive reporting guidance and technical support through consultations with DPPs, especially where there are significant matters to be reported to users of the audit

report, either as qualification to the audit report or through the inclusion of an emphasis of matter paragraph.

#### 4.6.1.7 Insightful, open and honest two-way communication with those charged with governance

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

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

Communications with audit committees include:

- An overview of the planned scope and timing of the audit, which includes communicating significant risks identified;
- Significant findings from the audit which may include control deficiencies and audit misstatements; and
- An annual written communication that states the engagement team and KPMG has complied with relevant independence requirements, describes all relationships and other matters between KPMG and the audit client that, in our professional judgment, may reasonably be thought to bear on independence, and 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, the KPMG Audit Committee Institute (ACI) was created in 2002 to help audit committee members enhance their commitment and ability to implement effective audit committee processes.

The ACI provides audit committee members with authoritative guidance on matters of interest to audit committees as

well as the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

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

#### **4.6.1.8 Focus on effectiveness of group audits**

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

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 subject to local law.

#### *4.6.2 Client confidentiality, information security, and data privacy*

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

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

The Firm has clear policies on information security that cover a wide range of areas. Data Privacy policies are in

place governing the handling of personal information, and associated training is required for all KPMG personnel.

## **4.7 Commitment to continuous improvement**

We commit to continually improve the quality, consistency and efficiency of our audits. Integrated quality monitoring and compliance programs enable member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans both in respect of individual audit engagements and the member firm's system of quality control. KPMG Internationals' integrated quality and monitoring programs include the Quality Performance Review (QPR) program, the Risk Compliance Program (RCP) and the Global Compliance Review (GCR) program.

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

### *4.7.1 Internal Monitoring and compliance programs*

Our monitoring programs evaluate both:

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

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

Two KPMG International developed and administered inspection programs are conducted annually across the Audit,

Tax & Legal, Advisory and Accounting functions: the Quality Performance Review (QPR) Program and the Risk Compliance Program (RCP).

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

#### *Audit Quality Performance Reviews (QPRs)*

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

#### *Risk-based approach*

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

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

#### *Reviewer selection, preparation and process*

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

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

#### *Evaluations from audit QPR*

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

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

#### *Reporting*

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

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

#### *Risk Compliance Program (RCP)*

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

The objectives of the RCP are to:

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

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

#### *Global Compliance Review Program (GCR)*

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

The GCR provides external validation 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; and
- The completeness and robustness of our RCP.

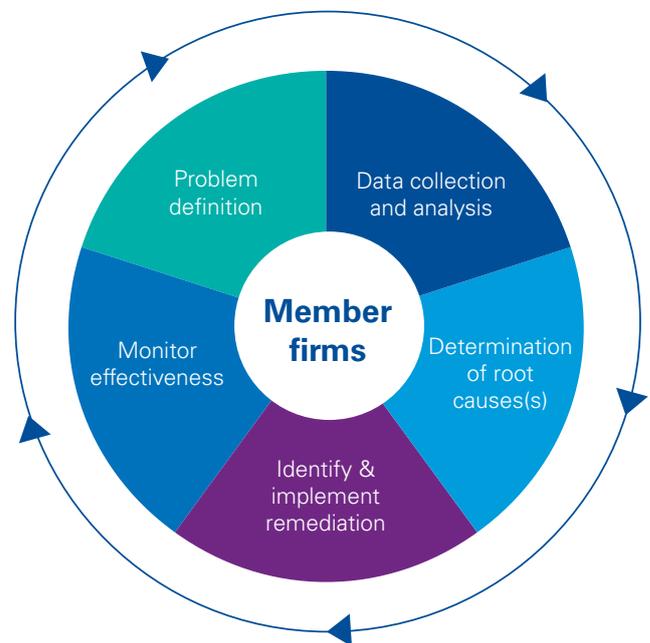
The GCR team performing the reviews is independent of KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises, objective and knowledgeable of Global Quality and Risk Management policies.

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

#### **Root cause Analysis (RCA)**

The Firm performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement. In 2016 Global RCA training based on our 5-Step principles was attended by those individuals who will be performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 step principles are as follows:



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

KPMG Bedrijfsrevisoren-Réviseurs d'Entreprises' Head of Audit is responsible for the development and implementation of action plans as a result of RCA including identification of solution owners. The QRM Partner monitors their implementation.

#### **Recommendations for improvements**

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

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

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

### *4.7.2 External feedback and dialogue*

#### **4.7.2.1 Regulators**

In Belgium, the Firm is also subject to the periodic inspections defined by article 33 of the law of 22 July 1953, as updated. The last inspection of our quality systems and procedures, including a sample of listed clients was carried out in 2014. The Firm has considered the findings and recommendations

included in the confidential report, issued as a result of such regulatory review.

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

#### **4.7.2.2 Client feedback**

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

#### **4.7.2.3 Monitoring of complaints**

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



## 5

# Financial information

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

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

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

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

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

For the 12 month period ended 30 September

Revenue by type of services (in million euros)	2016	2015
<b>KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises</b>	<b>66,9</b>	<b>62,7</b>
Statutory audit engagements	40,7	39,5
Consolidated statutory audit engagements	15,2	13,7
Other assurance engagements (e.g. other legal assignments, mergers & acquisitions)	8,4	8,4
Other engagements	2,6	1,1
<b>Other KPMG member firms in Belgium</b>	<b>108,6</b>	<b>98,2</b>
KPMG Advisory	53,1	43,3
KPMG Tax & Legal Advisers	42,2	39,5
KPMG Accountants	11,9	11,6
KPMG CFO Advisory	0,6	2,6
KPMG Eurometropole	0,2	0,4
KPMG Tax Services	0,6	0,8
<b>TOTAL</b>	<b>175,5</b>	<b>160,9</b>
<b>Key figures of KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises (in million euros except FTE and Partners)</b>	<b>2016</b>	<b>2015</b>
Revenue	66,9	62,7
Total assets	59,0	58,7
Shareholders’ funds	2,4	2,3
Total liabilities	56,6	56,4
Growth	9,1%	-1,1%
Full time equivalents (FTE)	422	385
Partners	24	24

# 6

## Partner remuneration

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

The final allocation of all variable elements of partners' remuneration and hence overall remuneration is approved by a Partners' Committee after the Head of each function has assessed each partner's contribution for the year in line with the process followed for all KPMG personnel. The policies for the variable element of partner remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG values. Audit partners are explicitly not rewarded for non-audit services sold to their audit clients.

The Partners' Committee makes recommendations on policies for partners' remuneration and approves the process. The Head of each function together with a member of the Partners' Committee reviews the remuneration of all partners on an individual basis, specifically considering their quality indicators.

# 7

# Network arrangements

## 7.1 Legal structure

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

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

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

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

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

## 7.2 Responsibilities and obligations of member firms

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

Member firms commit to a common set of KPMG values.

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

## 7.3 Professional Indemnity Insurance

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

## 7.4 Governance structure

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

### *Global Council*

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

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 58 member firms that are "members" of KPMG International as a matter of Swiss law. 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 and ratifies the Global Chairman's appointment of the Global Deputy Chairman.

The Global Board includes the Global Chairman, the Global Deputy Chairman, the Chairman of each of the 3 regions (the Americas, Asia Pacific (ASPAC) and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms. It is led by the Global Chairman who is supported by the Executive Committee, consisting of the Global Chairman, the Global Deputy Chairman, the Chairman of each of the regions and currently four other senior partners of member firms. The list of Global Board members, as at 1 October 2016 is available in the KPMG International Transparency Report.

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

#### *Global Management Team*

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

The list of Global Management Team members as at 1 October 2016 is available in the KPMG International Transparency Report.

#### *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; and
- Proactively identify and mitigate critical risks to the network.

The Global Steering Groups act under the oversight of the Global Management Team. The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the KPMG International Transparency Report.

#### *Regional Board*

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

Further details about KPMG International including the governance arrangements, can be found in its Transparency Report, which is available at <http://www.kpmg.com/Global/en/about/governance/Pages/transparency-report.aspx>

## **7.5 Area Quality & Risk Management leaders**

The Global Vice Chair—Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARLs) 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;
- Actively monitor alignment with global quality and risk management strategies and priorities;
- Share leading best practices in quality and risk management; and
- Report to Global Vice Chair – Quality, Risk and Regulatory.

## 8

# Internal controls statement

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

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

The Head of Audit of KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises has reviewed the effectiveness of the Firm's systems of internal control.

This monitoring covers all key controls including financial controls, operational and compliance controls, and risk management controls and considers whether significant risks are identified, evaluated, managed and controlled.

Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss, or non-compliance with relevant regulatory or legislative requirements.

The key elements of the review of the Head of Audit of the internal control process during the period under review have been:

- The design, implementation and effectiveness of the quality management systems including the independence practices and procedures and policies relating to continuing professional education;
- The findings from the monitoring activities operated by the Firm (including the KPMG International Review Programs as described in Section 4.7.1.1 and our local compliance monitoring programs);
- The findings from regulatory inspections;

- The status of the actions completed and being undertaken to address matters arising from the monitoring activities referred to above;
- The conclusion of the Firm's external auditor, incl. any control weaknesses or issues.

No significant weaknesses in internal controls have been identified during the course of this review. The issues which have been identified as a result of this year's review of quality control processes have been analyzed, and an appropriate action plan, together with a timetable for completion, has been agreed and put in place to address these issues.

The Head of Audit confirms with a reasonable level of assurance that the systems of quality control within the Firm have operated effectively in the year to 30 September 2016.

Further, the Head of Audit confirms that an internal review of independence compliance has been conducted in the year to 30 September 2016.

Finally, the Head of Audit confirms in accordance with Article 15 § 2 h) of the Act of 22 July 1953 that he believes that the training within the audit firm allows the auditors to comply with the principles laid down in Articles 14 § 4 and 31 of the law of 22 July 1953.

## A1

# Key legal entities and nature of business

Name of Entity	Legal Structure	Regulatory Status	Nature of Business
KPMG Bedrijfsrevisoren - KPMG Réviseurs d'Entreprises	Belgian Civil Cooperative Company with Limited Liability	Belgian Audit regulated	Audit services
KPMG Belastingconsulenten en Juridische Adviseurs - KPMG Conseils Fiscaux et Juridiques	Belgian Civil Cooperative Company with Limited Liability	Belgian Accounting and Tax regulated	Tax and legal services
KPMG Accountants - KPMG Experts-comptables	Belgian Civil Cooperative Company with Limited Liability	Belgian Accounting and Tax regulated	Accounting services
KPMG Advisory	Belgian Civil Cooperative Company with Limited Liability	None	Advisory services
KPMG Tax Services	Belgian Civil Cooperative Company with Limited Liability	Belgian Accounting and Tax regulated	Tax services
KPMG Support Services	Economic Interest Grouping	None	Internal services to KPMG companies in Belgium
KPMG Certification and Performance	Belgian Cooperative Company with Limited Liability	None	Advisory services
KPMG Eurometropool - KPMG Eurométropole	Belgian Private Company with Limited Liability	None	Transborder advisory services
KPMG Belgium	Belgian Cooperative Company with Limited Liability	None	Holding

# A2

# Public Interest Entities

The list of public interest entity audit clients for which KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises has signed an audit opinion in the year ended 30 September 2016 is given below. The definition of public interest for this purpose is that given under the provisions of article 2,7° of the Law of 1953, where a public interest entity is defined as a listed entity in the meaning of article 4 of the Belgian Company Code, the financial institutions in the sense of article 1 of the Law of 25 April 2014 and the insurance companies in the meaning of article 2 of the Law of 9 July 1975 regarding the statute and oversight on insurance companies.

## Listed companies

AGEAS
4ENERGY INVEST
AGFA-GEVAERT
D'IETEREN
ELIA SYSTEM OPERATOR
ETN. FR. COLRUYT
EURONAV
EXMAR
KBC ANCORA
KINEPOLIS GROUP
QUEST FOR GROWTH
SCHEERDERS VAN KERCHOVE'S VER.FABR
TELENET GROUP HOLDING
VIOHALCO

## Banks and insurance companies

ABK BANK

ABN AMRO BANK

ABN AMRO LIFE CAPITAL BELGIUM

AG INSURANCE

ALLIANZ BELGIUM

BANQUE DE LUXEMBOURG

BANK J. VAN BREDA & CO

BANQUE DEGROOF PETERCAM- BANK DEGROOF  
PETERCAM

BANQUE DEGROOF PETERCAM LUXEMBOURG

BPOST BANK - BPOST BANQUE

CAISSE D'EPARGNE ET DE PREVOYANCE NORD  
FRANCE EUROPE

CITIBANK EUROPE PLC

COMPAGNIE DE BANQUE PRIVEE QUILVEST

CREDIT EUROPE BANK

CREDIT FONCIER DE FRANCE

CURALIA

DAS RECHTSBIJSTAND

DEUTSCHE BANK

DKV BELGIUM

ERGO INSURANCE

EULER HERMES EUROPE

HOIST KREDIT

ICICI BANK UK PLC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA  
(EUROPE)

ING BANK

ING BELGIUM

MEDIRECT BANK

RECORD BANK

ROTHSCHILD & CIE BANQUE

SOCIALE HOSPITALISATIEVERZEKERINGEN

SOCIÉTÉ MUTUALISTE D'ASSURANCES DU BRABANT/  
VERZEKERINGSMAATSCHAPPIJ VAN ONDERLINGE  
BIJSTAND VAN BRABANT

SUMITOMO MITSUI BANKING CORPORATION

THE BANK OF NEW YORK MELLON

THE BANK OF NEW YORK MELLON (BRANCH)

TOTAL PENSIONS BELGIUM

TRIODOS BANK (BRANCH)

UNITED TAIWAN BANK

VMOB HOSPIPLUS

# A3

# KPMG's values

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

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



[kpmg.com/transparency](https://kpmg.com/transparency)

