



# Transparency Report for Financial Year 2015/2016

**KPMG Accountants B.V.**

—

**December, 2016**

# Introduction

The European Eighth Company Law Directive (*Directive 2006/43/EC of the European Parliament and of the Council* – and the implementation hereof (hereafter also the “Directive”) requires that statutory auditors and audit firms that carry out statutory audits of public interest entities in the European Union publish annual transparency reports on their websites, within three months of the end of each financial year.

This is the transparency report for KPMG Accountants B.V., established in Curacao (hereafter also “KPMG” or the “firm”) as meant in Article 40 of the Directive. The objective of this transparency report concerning the KPMG 2015-2016 financial year, which ended on 30 September 2016, is to provide the reader with general insight into the design of KPMG Accountants B.V.’s system of quality management and the way in which this has operated during the past financial year. Appendix 2 contains a summary of public interest entities in the European Union of which KPMG Accountants B.V. conducted a statutory audit during the past financial year.

Curacao, December 2016



KPMG Accountants B.V.

Mr. R.A. Begina

**Throughout this document, “KPMG” (“we,” “our,” and “us”) refers to KPMG International Cooperative (“KPMG International”), a Swiss entity, and/or to any one or more of the member firms of the KPMG network of independent firms affiliated with KPMG International. KPMG International provides no client services.**



© 2016 KPMG Accountants B.V., a Curacao limited liability company with branches elsewhere and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved..

# 1. Who we are

## 1.1. Our business

KPMG Accountants B.V. is a professional services firm that delivers Audit services. We operate from offices in Curacao, Bonaire and Sint Maarten (the latter two are branch offices so they do not have any responsibility for issuing audit reports in relation to relevant audit clients according to Article 45(1) of the Directive). and had an average of 100 personnel (through KPMG Beheer N.V.) in the year to 30 September 2016 (2015: 125-130 through KPMG Beheer N.V.).

Our audit services in the Dutch Caribbean are delivered through (branches of) KPMG Accountants B.V. and affiliated entities. Full details of the services offered by KPMG Accountants B.V. can be found on our website [www.kpmg.com/dutchcaribbean](http://www.kpmg.com/dutchcaribbean).

KPMG Accountants B.V. provides services in the accountancy field. Specialised services in the Advisory field are provided by a number of Advisory entities that are its fellow subsidiaries.

## 1.2 Our Strategy

The strategy for our firm is set by the Management Board and has remained consistent for some time. It has determined that our overall ambition remains to be the number one multi-disciplinary professional services firm in the Dutch Caribbean and Suriname.

# 2 Our structure and governance

## 2.1. Legal structure

### ***Legal structure and ownership***

- KPMG Accountants B.V. is affiliated with KPMG International, a Swiss cooperative, which is a legal entity formed under Swiss law. Further details about KPMG International and its business, including our relationship with it, are available in the 2015 KPMG International Transparency Report.
- KPMG Accountants B.V. is a limited liability company (*besloten vennootschap*) established on Curacao. It is governed by Curacao law. It is wholly owned by KPMG Holding C.V., a limited partnership under Curacao law.
- The managing partner (*beherend vennoot*) of KPMG Holding C.V. is KPMG Beheer N.V., a limited liability company (*naamloze vennootschap*) under Curacao law. KPMG Beheer N.V. provides in-house services to KPMG Accountants B.V. and its fellow subsidiaries, including services in the area of IT and Human Resources, among other things. The members of the daily management of KPMG Holding C.V. and its subsidiaries are: Mr. Lindomar Scoop (Audit) Mr Sanjay Agarwal (Audit), Mr. Patrick Newton (Advisory), Mr. Raymond Begina (Advisory and Chairman) and Mr. Henk de Zeeuw (Corporate Finance). During the financial year 2015-2016 the management was supported by Mrs. Carlanne Emerenciana (Chief Financial Officer).
- KPMG Accountants B.V. has branch offices on Bonaire and Sint Maarten, from which audits are also conducted. The Sint Maarten and Bonaire office do not have any responsibility for issuing audit reports in relation to relevant audit clients according to Article 45(1) of the Directive.
- KPMG Accountants B.V. provides services in the accountancy field. Specialised services in the Advisory field are provided by a number of Advisory entities that are its fellow subsidiaries.
- The authorisation held by the partners and duly authorised directors of KPMG Accountants B.V. implies, among other things, that they are competent to issue auditor's reports and other statements concerning the results of auditing work.
- During the year to 30 September 2016, there was an average of 5 limited partners in KPMG Holding C.V. (and thereby indirectly in its subsidiaries) (2015: 5 partners)

## 2.2 Name and ownership

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

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

The current transparency report for KPMG International is available at the following link: <https://assets.kpmg.com/content/dam/kpmg/pdf/2012/03/transparency-report-2015v2.pdf>

## 2.3 Governance structure

The key governance and management body of KPMG Accountants B.V. is the Management Board.

In its corporate governance, KPMG Accountants B.V. identifies the following bodies:

the General Meeting of Shareholders being (indirectly the Partners of KPMG Holding C.V.);

the Statutory Directors; and

the Management Board.

The organizational structure of KPMG Accountants B.V. and its affiliates is also subdivided into Business Units and Lines of Business, each of which is managed by one or more statutory directors or proxy holders.

The shareholders exercise their rights at the General Meeting of Shareholders. The General Meeting of Shareholders meets at a minimum on an annual basis. Mr. Lindomar Scoop is the chairman of the General Meeting of Shareholders. See also the description at section 2.1 "Legal structure".

### ***The Board***

The Management Board consists of six Partners. They are assisted by the Chief Financial Officer. They meet from time to time to undertake certain statutory duties for KPMG Accountants B.V. (including approving the annual accounts and the transparency report).

Full details of those charged with governance for KPMG Dutch Caribbean, including their biographies are set out in Appendix 1.

In addition, there is one main body that deals with key aspects of governance within the group that report into the Board. This is:

the Quality & Risk Committee

Details about the role and responsibilities and composition of this key body is set out below.

### ***The Quality & Risk Committee***

The principal role of the Quality & Risk Committee is to provide oversight of quality & risk management matters across the group. As part of its role it oversees that a culture of quality and integrity is maintained within the group and, where required, it will act as a sounding board to the Head of Quality & Risk on the policies and procedures relating to professional risk management, ethics and independence, quality control and compliance. The Committee also considers the impact of the key findings from our compliance quality monitoring programs and the adequacy of proposed remedial actions.

During the year ended 30 September 2016, The Quality & Risk Committee consisted of RMP and Lindomar Scoop; Raymond in the role of Senior Partner, EIP- Patrick Newton and RCM-Lydia Wijnerman-Obispo. The Quality & Risk Committee met 7 times in the year to 30 September 2016.

### 3. System of Quality control

- KPMG International has policies of quality control that apply to all member firms. These policies are based on professional standards issued by the International Ethics Standards Board for Accountants (IESBA), including International Standard on Quality Control 1, relevant to firms that perform statutory audits and other assurance and related services engagements. 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.
- Our firm implements KPMG International policies and procedures and adopt additional systems of quality controls that are designed to meet the rules and standards issued by the Royal Netherlands Institute of registered Accountants (NBA) and other regulators such as the US Public Company Accounting Oversight Board (US PCAOB) and also other relevant regulators as well as local 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.
- Quality control and risk management are the responsibility of all KPMG personnel. This responsibility includes the need to understand and adhere to member firm policies and associated procedures in carrying out their day-to-day activities.
- While many KPMG quality control processes are cross-functional, implemented by quality and risk management and apply equally to tax and advisory work, the focus of this section is on explaining what we do to achieve the highest quality in the audits supporting opinions issued by our firm. In this section we therefore focus on our system of audit quality control.
- At KPMG audit quality is not just about reaching the right opinion, but how we reach that opinion. It is about the processes, thought and integrity behind the audit report. KPMG views 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, compliant with relevant legal and professional requirements, and offering insight and impartial advice to our clients. The Audit practice was subjected to QPR by KPMG International.
- In order to deliver an appropriate and independent opinion, we have our global audit methodology (see section 3.3.1 for further information on our methodology). We also have our Audit Quality Framework which we use to describe, focus on and enhance audit quality for the benefit of all our stakeholders. In particular it highlights what we believe drives audit quality and how we address these.

The Audit Quality Framework identifies seven drivers of audit quality.

Tone at the top.

Association with the right clients.

Clear standards and robust audit tools.

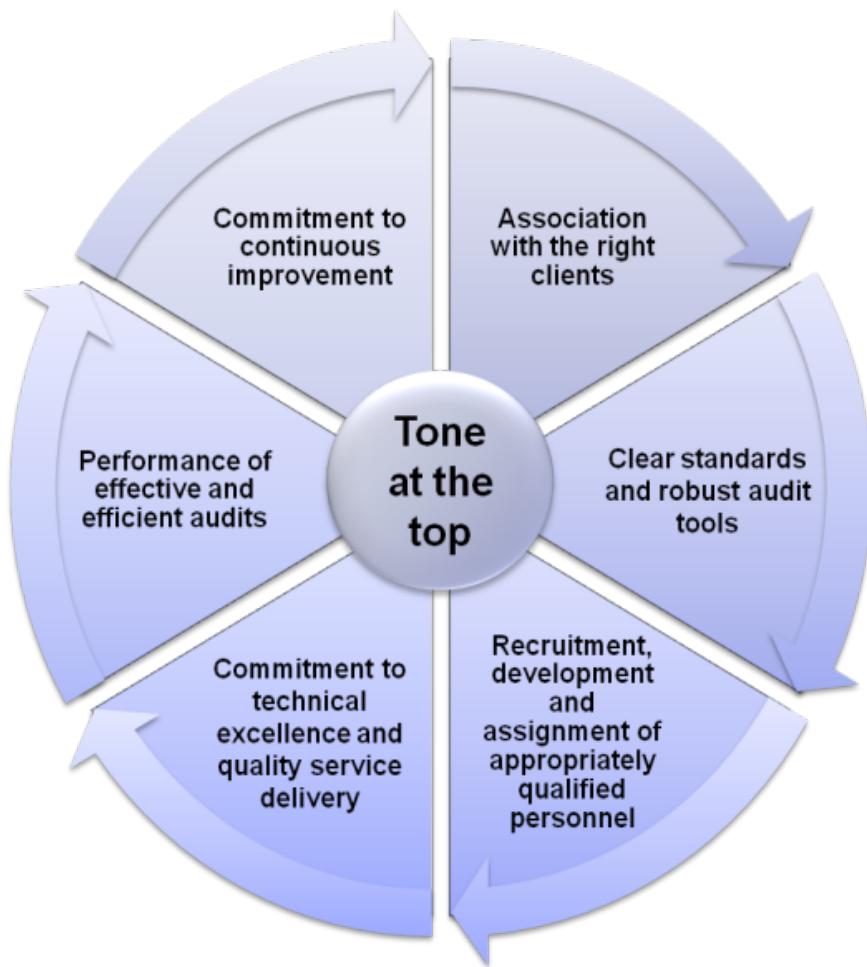
Recruitment, development and assignment of appropriately qualified professionals.

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 our entire network. All of the other key aspects of our system of quality control then operate within a virtuous circle, with each driver of the model reinforcing the others. Each of these key drivers of our quality control system is described in more detail in the following sections of this report.



### 3.1. Tone at the Top

Our leadership clearly demonstrates and communicates their commitment to quality, ethics and integrity.

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

Culture, values, and code of conduct - clearly stated and demonstrated in the way we work

Focused and well-articulated strategy - incorporating quality at all levels

Standard set by leadership

Governance structure and clear lines of responsibility for quality- skilled and experienced people in the right positions to influence the quality agenda.

Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG Core Value – Above all, we act with Integrity.

We have a Code of Conduct which incorporates our core values and addresses the commitments that we make as well as the responsibilities of our personnel at all levels across our group. Our core values are:

**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.

This commitment underlies our values-based compliance culture where individuals are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our values or professional responsibilities.

A KPMG International Hotline is available for KPMG personnel, clients, and other parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, those who work for KPMG International, or the senior leadership of a KPMG member firm.

Tone at the top sits at the core of the Audit Quality Framework and ensures the right behaviors permeate our entire network.

### **3.1.1. Leadership responsibilities for quality and risk management**

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

#### ***Senior partner***

In accordance with the principles in ISQC1, our senior partner Raymond Begina has assumed ultimate responsibility for KPMG Accountants B.V. system of quality control. Details of some of the measures that he and the rest of the Board have taken to ensure that a culture of quality prevails within KPMG Accountants B.V. are set out in section 3.

#### ***Head of Quality and Risk***

Operational responsibility for the system of quality control, risk management and compliance in KPMG Accountants B.V. has been delegated to the Head of Quality and Risk who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for the firm. The Head of Quality and Risk is supported by a team of partners and professionals in each of the functions.

#### ***The Audit, Corporate Finance and Advisory functions – Function Heads***

The client service functions (Audit, Corporate Finance and Advisory) are accountable to the senior partner for the quality of service delivered in their respective functions. Between them, they therefore determine the operation of the risk management, quality assurance and monitoring procedures for their specific functions within the framework set by the Head of Quality and Risk. These procedures all make it clear though that at engagement level risk management and quality control is the ultimately the responsibility of all professionals.

## 3.2. Association with the right clients

### 3.2.1 Acceptance and continuance of clients and engagements

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

### 3.2.2 Prospective client and engagement evaluation process

Before accepting a client, we undertake an evaluation of the prospective client. This involves an assessment of its principals, its business, and other service-related matters. This also involves background checks on the prospective client, its key management and beneficial owners. A key focus is on the integrity of management at a prospective client. A second partner, as well as the evaluating partner, approves the prospective client evaluation. Where the client is considered to be 'high risk' a risk management partner is involved in approving the evaluation.

Each prospective engagement is also evaluated. The prospective engagement partner evaluates a prospective engagement in consultation with other senior personnel and review by quality and risk management leadership as required. A range of factors is considered as part of this evaluation including potential independence and conflict of interest issues (using Sentinel our global conflicts and independence checking system) as well as a range of factors specific to the type of engagement, including for audit services, the competence of the client's financial management team.

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

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 in consultation with other parties.

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

Sections 3.3.2.5 and 3.3.2.8 provide more information on our independence and conflict checking policies.

### **3.2.3 Continuance process**

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

This re-evaluation serves two purposes. Firstly our firm will decline to act for any client where they are unable to deliver to our expected level of quality or if they considered that it would not be appropriate to continue to be associated with the client. More commonly we use the re-evaluation process to consider whether or not any additional risk management or quality control procedures need to be put in place for the next engagement (this would include the assignment of professionals or the need to involve additional specialists on the audit).

### **3.2.4 Client portfolio management**

Our leadership allocates engagement partners that have the appropriate competence, capabilities time and authority to perform the role.

Each partner's client portfolio is regularly reviewed to ensure that they have sufficient time to manage the portfolio and to ensure that the risks are being appropriately managed.

## **3.3 Clear standards and robust audit tools**

Professional practice, risk management and quality control are the responsibilities of every KPMG professional. We expect our professionals to adhere to the clear policies and procedures (including independence policies) we set and we provide a range of tools to support them in meeting these expectations. The policies and procedures we set for audit incorporate the relevant requirements of accounting, auditing, ethics, and quality control standards, and other relevant laws and regulations.

### **3.3.1 Audit methodology and tools**

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

Our audit methodology is supported by eAudIT, KPMG's electronic audit tool, which provides auditors worldwide with the methodology, guidance, and industry knowledge needed to perform efficient, high-quality audits. eAudIT has been deployed to all audit professionals in our firm.

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

- Engagement setup
- Engagement acceptance and scoping.
- Team selection and timetable.
- Risk assessment
- Understand the entity and identify and assess risks.
- Plan for involvement of specialists and others including, experts, internal audit, service organizations and other auditors.
- Evaluate design and implementation of selected controls.
- 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, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. Our methodology encourages engagement teams to exercise professional skepticism in all aspects of planning and performing an audit. The methodology encourages use of specialists when appropriate and also requires use of certain specialists in the core audit engagement team when certain criteria are met.

KAM includes the implementation of quality control procedures at the engagement level that provides us with reasonable assurance that our engagements comply with the relevant professional, legal, regulatory, and KPMG 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. The provisions of International Standard of Quality Control 1 (ISQC-1) are addressed through KAM and through member firm's implementation of the Global Quality and Risk Management manual.

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

#### 3.3.2.1 Overview

We have adopted the KPMG Global Independence Policies which are derived from the IESBA Code of Ethics and incorporate, as appropriate, SEC, US PCAOB and other applicable regulatory standards. These policies are supplemented by other processes to ensure compliance with the standards issued by the IFAC Code of Ethics and those required by other applicable regulatory bodies (which may include those of a foreign jurisdiction where those requirements apply extraterritorially). These policies and processes cover areas such as firm independence (covering for example treasury and procurement functions), personal independence, post-employment relationships, partner rotation, and approval of audit and non-audit services.

Our firm has a designated Ethics and Independence Partner (EIP) supported by a core team of specialists to help ensure that we apply robust and consistent independence policies, processes and tools. Ethics and independence policies are communicated through the issue of Risk Alerts and an annual training program. If applicable, amendments to the ethics and independence policies in the course of the year are communicated through the use of Risk Alerts. All our independence policies are available on our Risk Intranet site.

To help ensure ethical conduct, including integrity and independence, our firm, and its personnel must be free from prohibited financial interests in, and prohibited relationships with, the network's audit clients, their management, directors, and significant owners.

In the event of failure to comply with relevant independence policies, whether identified in the rolling compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. Matters arising are factored into promotion and compensation decisions and, in the case of partners and managers, are reflected in their individual quality and risk metrics.

#### 3.3.2.2. Personal 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.

Our professionals are responsible for making appropriate inquiries 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 tracking system to assist our professionals in their compliance with personal independence investment policies. This system contains an inventory of publicly available investment products. Partners and client facing managers are required to use this system prior to entering into an investment to identify whether they are able to do so. They are also required to maintain a record of all of their investments in the system, which automatically notifies them if their investments subsequently become restricted. Our firm monitors compliance with this requirement through performing regular audits of a sample of partners and managers. In 2015 over 14 of our people were subject to these audits (this included 3 of our partners and directors).

Any professional providing services to an audit client is also required to notify the Ethics and Independence Partner if they intend to enter into employment negotiations with an audit client.

### 3.3.2.3 Independence training and confirmations

Our firm provides all relevant personnel (including all partners and client service professionals) with annual independence training appropriate to their grade and function and to provide all new personnel with relevant training when they join.

All personnel are required to sign an independence confirmation upon commencement of employment at one of our operating firms. Thereafter, professionals are required to provide an annual confirmation that they have remained in compliance with applicable ethics and independence policies throughout the period. This confirmation is used to evidence the individual's compliance with and understanding of our firm's independence policies.

### 3.3.2.4 Audit partner rotation

Audit partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws and regulations and independence rules. These limit the number of years that partners in certain roles may provide audit services to an audit client. KPMG International rotation policies are consistent with the IESBA Code of Ethics and require our firm to comply with any stricter applicable rotation requirements. Our firm monitors the rotation of partners, which also assists them to develop transition plans that help them to deliver a consistent quality of service to clients. The rotation monitoring is subject to compliance testing.

### 3.3.2.5 Non-audit services

Our firm has policies as to the scope of services that can be provided to audit clients which are consistent with both IESBA principles and local regulations. Additionally, KPMG policies require the consideration by the lead audit engagement partner of the threats arising from the provision of non-audit services and the safeguards available to address those threats.

KPMG International's proprietary system, Sentinel, facilitates compliance with these policies. Lead audit engagement partners are required to maintain group structures for their publicly traded and certain other audit clients and their affiliates in the system. Every engagement entered into by any KPMG member firm in our network is required to be included in the system prior to starting work. The system then enables lead audit engagement partners for restricted entities to review and approve, or deny, any proposed service wherever in the world the service is proposed to be provided and wherever the member firm is based.

In accordance with applicable auditor independence rules, none of our audit partners are compensated on their success in selling non-audit services to their audit clients.

### 3.3.2.6 Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the operating firm expressing the audit opinion. In particular, these policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10% of the total fees received by a particular member firm for two consecutive years, a senior partner from another operating firm would be appointed as the engagement quality control reviewer. Also, this would be disclosed to those charged with governance at the audit client.

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

### 3.3.2.7 Business relationships/suppliers

Our firm has policies and procedures in place that are designed to ensure that business relationships are maintained in accordance with the IESBA Code of Ethics and local regulations. Compliance with these policies and procedures is reviewed periodically.

### 3.3.2.8 Conflicts of interest

Conflicts of interest may prevent our firm from accepting or continuing an engagement. Sentinel is also used to identify and manage potential conflicts of interest within and across member firms. Any potential conflict issues identified are resolved in consultation with other parties as applicable, and the resolution of all matters is documented. An escalation procedure exists in the case of dispute between member firms. If a potential conflict issue cannot be resolved, the engagement is declined or terminated.

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.

### 3.3.2.9 Anti-bribery and corruption

Our firm provides anti-bribery and corruption training to all client facing partners and employees as well as certain other member firm personnel. Training covering compliance with laws, regulations and professional standards 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 our group. 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.

## **3.4 Recruitment, development and assignment of appropriately qualified people**

One of the key drivers of quality is ensuring the assignment of professionals with the skills and experience appropriate to the client. This requires recruitment, development, promotion and retention of our professionals and robust capacity and resource management processes

### **3.4.1 Recruitment**

All candidates applying for professional positions are required to 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.

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

### **3.4.2 Personal development**

It is important that all professionals have the necessary business and leadership skills to be able to perform quality work in addition to technical skills (see section 3.5.1).

In relation to audit we provide opportunities 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. We further develop our personnel for high performance through coaching and mentoring on the job, stretch assignments, country rotational and global mobility opportunities.

### **3.4.3 Performance evaluation and compensation**

All professionals, including partners, undergo annual goal-setting and performance evaluations. Each professional is evaluated on his or her attainment of agreed-upon goals, demonstration of the KPMG skills and behaviors for their level, and adherence to the KPMG values. These evaluations are conducted by performance managers and partners who are in a position to assess their performance. This is achieved through our global performance management process, which is supported by a web-based application.

KPMG is committed to the career development of its people. To support this, the Global Performance, People and Culture group has designed a new behavioral capability framework which is being adopted in member firms around the world. This framework, combined with development initiatives in areas such as coaching and mentoring, will support our people in enhancing their skills, maximizing their performance, and reaching their full potential.

### Compensation and promotion

Our firm has compensation and promotion policies that are clear, simple, and linked to the performance evaluation process so that our people know what is expected of them and what they can expect to receive in return. Our compensation policies do not permit audit partners to be compensated for the sale of non-audit services to their audit clients.

#### **3.4.4 Partner admissions**

Our process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. The procedure includes a business case and a personal case for the individual candidate. The key criteria for admission are consistent with our commitment to professionalism and integrity, quality growth and being an employer of choice. All recommendations for admission to partnership need to be approved by the partnership.

#### **3.4.5 Assignment**

Our firm has procedures in place to assign both the engagement partners and professionals to a specific engagement by evaluating his or her skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the process for allocating particular engagement partners to clients.

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

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

an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation

an understanding of professional standards and legal and regulatory standards 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, and

an understanding of quality control policies and procedures.

## 3.5 Commitment to technical excellence and quality service delivery

We provide all professionals with the technical training and support they need, including access to networks of specialists and professional practice departments (“DPP”), either to provide resources to the engagement team or for consultation.

At the same time we use our audit accreditation and licensing policies to 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 deliver valued insights and to maintain audit quality.

### 3.5.1 Technical training

In addition to personal development discussed at 3.4.2 our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

Audit Learning and Development steering groups at the global, regional and local levels identify annual technical training priorities for development and delivery using a blend of classroom, e-learning and virtual classroom. Audit Learning and Development teams' work with subject experts and leaders from GSC, the International Standards Group (ISG) and Department of Professional Practice (DPP) to ensure the training is of the highest quality, relevant to performance on the job and is delivered on a timely basis.

### 3.5.2 Accreditation and licensing

All KPMG professionals comply with applicable professional license rules in the jurisdiction where they practice.

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

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

### **3.5.3 Access to specialist networks**

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

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

### **3.5.4 Consultation**

Internal consultation is a fundamental contributor to quality and is mandated in certain circumstances and always encouraged.

Our firm provides appropriate consultation support through professional practice resources that include a Department of Professional Practice ('DPP') or equivalent, which is made up of senior professionals with extensive experience of audit, reporting and risk management.

Across our firm, the Role of DPP is crucial in terms of the support that it provides to the Audit Function. It provides technical guidance to client service professionals on specific engagement related matters develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates international guidance on IFRS and ISAs.

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

Technical support available to our firm also includes the International Standards Group (ISG) as well as (for work on SEC foreign registrants) the U.S. Capital Markets Group based in New York.

The ISG works with Global IFRS and ISA topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS between member firms, identify emerging issues and develop global guidance on a timely basis. The ISG has a network of contacts and holds regular calls both in relation to auditing and IFRS to update country professional practice representatives.

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

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

For significant industries global audit sector leads are appointed to support the provision of relevant industry information to audit professionals. A key element of this industry information is the provision of industry knowledge 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.

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

We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality enhance the quality of the engagement team's performance during the conduct of every audit.

We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. These behaviors are discussed below.

### **3.6.1 KPMG Audit Process**

As set out in section 3.3 above, our audit workflow is enabled in eAudIT. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are:

- timely partner and manager involvement ;
- 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;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- reporting;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

### 3.6.1.1 Timely partner and manager involvement

To identify and respond to the significant audit risks for each year's audit, the engagement team requires an understanding of the client's business, its financial position and the environment in which it operates. The engagement partner is a key participant in the planning meetings, reviews key audit documentation – especially documentation relating to significant risks and key audit judgments – and is responsible for the final audit opinion. The engagement manager assists the partner in these responsibilities and in the day to day liaison with the client and team.

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

### 3.6.1.2 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 conflicting or missing evidence. The nature and extent of the audit evidence we gather is responsive to the assessed risks. We recognize that audit evidence obtained from external sources tends to be more persuasive. The analysis of the audit evidence requires each of our team members to exercise professional judgment and maintain professional skepticism to obtain sufficient appropriate audit evidence.

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

We have developed a professional judgment process that provides audit professionals with a structured approach to making judgments, which has skepticism at its heart and recognizes the need to consider alternatives and to consider conflicting as well as confirming evidence.

### 3.6.1.3 Ongoing mentoring and on the job coaching, 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 our professionals, without compromising on quality, we use a continuous learning environment. We support a coaching culture throughout KPMG as part of enabling personnel to achieve their full potential.

Supervision during an audit involves tracking the progress of the engagement and the team, including:

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;

addressing any significant matters arising during the engagement, considering their significances and modifying the planned approach appropriately; and

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

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

### 3.6.1.4 Appropriately supported and documented conclusions

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

Our methodology 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 usually not longer than 60 days from the date of the audit report.

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

### 3.6.1.5 Appropriate involvement of the Engagement Quality Control Review Partner (EQCRP review)

EQC reviewers have appropriate experience and knowledge to perform an objective review of the decisions and judgments made by the audit team. They are experienced audit professionals who are independent of the engagement team. They offer an objective review of the more critical and judgmental elements of the audit.

An EQC reviewer is required to be appointed for the audits of all listed entities and of other engagements identified as high public profile or high risk. Before the member firm issues its audit report, these individuals review:

selected audit documentation and client communications;

the appropriateness of the financial statements and related disclosures; and

the significant judgments the engagement team made and the conclusions it reached with respect to the audit.

The audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved.

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. We have taken a number of actions over the last year to reinforce this, including:

Issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers;

Incorporating specific procedures in eAudit to facilitate effective reviews;

### 3.6.1.6 Reporting

Auditing standards and local applicable legislation largely dictate the format and content of the audit report that includes an opinion on the fair presentation in all material respects of the client's financial statements. Experienced auditors arrive at all audit opinions, after involvement in and review of the work performed by the audit team.

We provide extensive reporting guidance and technical support to audit partners in preparing audit reports, where there are significant matters to be reported to users of the audit report, either as a qualification to the audit report or through the inclusion of an emphasis of matter paragraph.

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

Two-way communications with those charged with governance at our clients are key to audit quality. Often the audit committee will be the group identified as those charged with governance. We stress the importance of keeping those charged with governance informed of issues arising throughout the audit and of understanding their views. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and ongoing discussions with members of the audit committee.

We deliver insights such as our assessment of the appropriateness of significant accounting practices including accounting policies, accounting estimates and financial statement disclosures, significant deficiencies in the design and operation of financial reporting systems and controls when such deficiencies come to our attention during the course of the audit, and any uncorrected misstatements. We share our industry experience to encourage discussion and debate with the members of the audit committee.

### 3.6.1.8 Focus on effectiveness of group audits

The conduct of group audits is one of the key aspects of our role and our KPMG Audit methodology covers this in detail. We work effectively with component auditors. The group audit engagement partner is required to evaluate the competence of component auditors, whether they are KPMG Member firms or not, as part of the engagement acceptance process. Additional guidance has been issued in this area and heightened attention is being given to key risk areas for group audits, for example emerging markets and business environments that may be subject to heightened fraud risks.

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

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

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA rules as well as other applicable regulatory bodies' standards and regulations.

Our 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.

## 3.7 Commitment to continuous improvement

We focus on ensuring our work continues to meet the needs of participants in the capital markets. To achieve this goal, we employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

Additionally, we have processes in place to proactively identify emerging risks and to identify opportunities to improve quality and provide insights.

### 3.7.1. Monitoring

#### 3.7.1.1 Internal monitoring

KPMG International has an integrated monitoring program that covers all member firms to assess the relevance, adequacy, and effective operation of key quality control policies and procedures. This monitoring addresses both engagement delivery and important KPMG International policies and procedures. The results and lessons from the programs are communicated within each member firm, and the overall results and lessons from the programs are considered at regional and global levels.

Our monitoring procedures involve ongoing consideration of:

the relevance and adequacy of KPMG's policies and procedures;

the appropriateness of KPMG's guidance materials;

the effectiveness of training and other professional development activities; and

compliance with applicable laws and regulation and member firms' standards, policies, and procedures.

We use two formal internal inspection programs conducted annually across the Audit, Tax, and Advisory functions, the Quality Performance Review Program (QPR) and the Risk Compliance Program (RCP).

Additionally all member firms are covered over a three-year period by cross-functional Global Compliance Reviews (GCRs) performed by reviewers in the Global Compliance Group who are external to the member firm. These programs are designed by KPMG International and participation in them is a condition of ongoing membership of the KPMG network (see section 2.1 for further details).

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

The international QPR Program is the cornerstone of our efforts to monitor engagement quality and one of our primary means of ensuring that member firms are collectively and consistently meeting both KPMG International's requirements and applicable professional standards. The QPR Program assesses engagement level performance in the Audit, Tax, and Advisory functions and identifies opportunities to improve engagement quality. All engagement partners are generally subject to selection for review at least once in a 3-year cycle. The reviews are tailored to the relevant function, performed at a member firm level, generally overseen by a Lead Reviewer from outside the member firm, and are monitored regionally and globally. Remedial action plans for all significant deficiencies noted are required at an engagement and operating firm level. We disseminate our findings from the QPR program to our professionals through written communications, internal training tools, and periodic partner, manager and staff meetings. These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement.

Lead Audit Engagement Partners (LAEPs) are notified of less than satisfactory engagement ratings on their respective cross-border and/or global audit accounts and subsidiaries. Additionally LAEPs of global audit accounts are notified where a subsidiary of their global account is audited by a member firm where quality issues have been identified during the Audit QPR.

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

The RCP is a member firm's annual self-assessment program. The objectives of the RCP are to monitor, assess, and document firm-wide compliance with the system of quality control established through KPMG International's quality and risk management policies and applicable legal and regulatory requirements as they relate to the delivery of professional services. The program is overseen and monitored regionally as well as globally.

## **Global Compliance Review Programs (GCRs)**

GCRs are performed by reviewers external to the member firm led by the Global Compliance Group and are carried out over a three-year cycle. These reviews focus on significant governance, risk management and independence and finance processes (including an assessment of the robustness of the firm's RCP Program). In the event that a GCR identifies significant issues that require immediate or near-term attention, a follow-up review will be performed as appropriate.

All three programs require action plans to address identified issues, with timelines, to be developed by the member firm, and these actions to improve performance are followed up at the regional and global level to ensure that the actions are addressing deficiencies with the objective of continuous improvement.

### **3.7.1.2. External monitoring**

The AFM (the Netherlands Authority for the Financial Markets) did approve registration in Fiscal Year 2010 of KPMG Accountants B.V. as a third country auditor, based on *inter alia* summary information on the quality control system.

The NIVRA (now NBA) performed a quality review in the period 30 November 2007 to 3 December 2007. The scope of this review comprised of the organizational set-up of the office, including the quality control system and audit file reviews. The results were good. The inspection has not identified any issues that have a material impact on the conduct of our statutory audit business.

### ***3.7.2 Client feedback***

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

### ***3.7.3 Monitoring of complaints***

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

### ***3.7.4 Interaction with regulators***

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

The four key areas of focus identified by IFIAR have been addressed in this report at:

- Group Audits – see section [3.6.1.8]
- Professional skepticism – see section [3.6.1.2];
- Engagement quality review – see section [3.6.1.5]; and
- Use of specialists – see section [3.5.3].

### ***3.7.5 Other assessments of audit quality***

This requirement has been incorporated into the description at section 3.

# 4. Financial Information

This report contains the total fee income generated from clients with securities traded in the European Union. All such fee income of the audit firm relates to fees for statutory audits. The financial year of KPMG Accountants B.V. runs from 1 October to 30 September. The total fee income of those components of the network of KPMG Accountants B.V. that can be understood to relate to services rendered to clients with securities traded in the European Union for the 2015/2016 financial year amounted to USD84.500,- the breakdown of which is as follows, in USD:

Fee income from clients with securities traded in the European Union of		
KPMG Accountants B.V.		84.500
Statutory audits		84.500
Other services		nil
Fee income from clients with securities traded in the European Union		
Advisory		nil
Accounting Advisory Services		nil
Total		84.500

# 5. Partner remuneration

## **Partners' profit share**

This requirement has been incorporated into the description at section 3 "System of Quality Control" at subsection 3.4 "recruitment, development and assignment of appropriately qualified people". In addition to this, within KPMG Accountants B.V. only partners and duly authorized directors act as external auditors.

The partners receive fixed management fees on the basis of management agreements between the firm and their respective management companies. The management fee that the partner receives through his management company serves as a reward for services provided as a professional practitioner. In addition to the management fees, the partners, through their personal holding companies, are partners in KPMG Holding C.V. and receive a profit share each year based on the result of KPMG Holding C.V. and the length of service.

# 6. Network arrangements

## 6.1 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. The KPMG network consists of approximately 145,000 personnel working in some 150 countries. For the year ended 30 September 2016 the aggregate revenues in USD\* from the member firms comprising the network may be published on a later date.

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

The structure is designed to support consistency of service quality and adherence to agreed values wherever in the world the member firms operate. One of the main purposes of KPMG International is to facilitate the provision by the member firms of high quality Audit, Tax, 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 which is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture 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 oblige or bind any member firm.

## 6.2 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global and regional 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 are also required to have the capability to provide certain types of core services and to refer work to other member firms where appropriate (for example, if the engagement concerns work in that other member firm's country and that other member firm has the required capacity and expertise to perform the work).

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.

\* This represents combined information of the separate KPMG Member firms that perform professional services for clients. It is combined solely for presentation purpose

## **6.3 Professional Indemnity Insurance**

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

## **6.4 Governance structure**

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

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 Chairman for a term of up to four years (renewable once) and also approves the appointment of Global Board members. It includes representation from 55 member firms that are "members" of KPMG International as a matter of Swiss law. Sub-licensees are generally indirectly represented by a member.

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the 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 Chairman's appointment of the Deputy Chairman and members of the Global Executive Team.

The Board includes the Chairman, the Deputy Chairman, the Chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms. One of the Board members is elected as the lead director by those Board members who are not also members of the Global Executive Team ("nonexecutive" members). A key role of the lead director is to act as liaison between the Chairman and the "nonexecutive" Board members.

The Board is supported in its oversight and governance responsibilities by several committees, including a Governance Committee; an Audit, Finance, and Investments Committee; a Compensation and Nomination Committee; a Quality and Risk Management Committee; a Professional Indemnity Insurance Committee; and a Board Process and Evaluation Committee. The lead director nominates the chairs and members of Board committees for approval by the Board.

The Global Executive Team is the principal management body of KPMG International. The Global Executive Team drives the execution of the strategy approved by the Global Board and establishes processes to monitor and enforce policy compliance. It is led by the chairman and includes the deputy chairman, the chief operating officer, global practice heads, regional leaders, and a number of senior partners of member firms.

The Global Executive Team is supported by Global Steering Groups responsible for executing the approved strategy and business plan in their respective areas. In particular, the Global Quality & Risk Management Steering Group operates under delegated authority from the Global Executive Team.

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

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

## **6.5 Area Quality & Risk Management Leaders**

KPMG International has a network of Area Quality & Risk Management Leaders (AQRMLs), reporting to the Global Vice Chair–Quality and Risk Management. The AQRMLs are members of the Global Quality & Risk Management Steering Group and each AQRML is allocated an area which covers one or more member firms (typically several). Their role is to enhance the KPMG network's ability to proactively monitor quality and risk management across member firms.

# 7. Statement of the Board of KPMG Accountants B.V. on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG Accountants B.V. outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm complies with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Board of KPMG Accountants B.V. has considered:

- the design and operation of the quality control systems as described in this report
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 3 and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of KPMG Accountants B.V. confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 September 2016.

Further, the Board of KPMG Accountants B.V. confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 September 2016.

Curacao, December 2016



R.A. Begina, Senior Partner

## Appendix 1 Details of those charged with governance at KPMG Accountants B.V.



**Lindomar Scoop**  
**Partner**

He has been a partner within KPMG ten years and has served on our board for five years.



**Sanjay Agarwal**  
**Partner**

Sanjay Agarwal is Audit Partner since 1997.



**Henk de Zeeuw**  
**Partner**

Henk de Zeeuw is a Registered accountant since 1992.



**Patrick Newton**  
**Partner**

Patrick Newton has been a director of an affiliate of KPMG Accountants B.V. since 1988



**Raymond Begina**  
**Partner**

Raymond Begina is a managing director of an affiliate of KPMG Accountants B.V. and Senior Partner since July 15, 2015.