



Transparency Report 2021

Our relentless focus on quality

KPMG Luxembourg, Société anonyme

January 2022

kpmg.lu

KPMG Values

Our Values represent what we believe in, and what's important to us as an organization. They guide our behaviors day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all our stakeholders.

Our Values are:

Integrity:

We do what is right.

Excellence:

We never stop learning and improving.

Courage:

We think and act boldly.

Together:

We respect each other and draw strength from our differences.

For Better:

We do what matters.

Our Values express our firm's long-standing core beliefs, and in 2020 the language was updated to make them bolder, simpler, and more memorable to help each of us bring them to life every day.

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Focus on quality to inspire confidence and empower change



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Audit is the foundation of our business, and audit quality is at the core of KPMG.

In our 2021 KPMG Transparency Report*, we document how we are improving our quality management — by investing in new technologies and resources, while building a stronger culture of consistency and accountability. We share how our relentless focus on quality underpins our commitment to serve the public interest, drives our ambition to be the most trusted and trustworthy professional services organization and delivers on environmental, social and governance (ESG) commitments, as outlined in [Our Impact Plan](#).

KPMG has a simple but bold ambition: to become the most trusted and trustworthy professional services organization. That aim is impossible without delivering quality audits, and even though we have a sound foundation to build on, we need to constantly innovate, never losing our focus — especially as leaders of this proud profession.

This past year we've continued to invest in our system of quality management, global monitoring of audit quality, and enhanced support. We're also expanding access and training for innovative technology and tools for our engagement teams, such as KPMG Clara, our smart audit platform, to drive consistency, collaboration and efficiency.

All our actions are guided by our Values. They drive our daily behaviors, guide our decisions, and shape our ethical culture. Integrity is a core Value — we do what is right, in the right way, at the right time. We embody our Values of integrity and excellence in our commitment to quality, and our new Global Quality Framework outlines how every partner and employee contributes to delivering high-quality audits.

Our people are at the heart of our business and supporting their wellbeing remains a priority through challenging times. This also means assessing the appropriate level of workloads as well initiatives that drive efficiencies through technology.

Driving improvements in audit quality relies on exceptional people always doing the right thing, not taking shortcuts, and being able to speak up without fear of repercussion. Our new Global Quality Framework outlines how every

partner and employee contributes to delivering high-quality audits.

These are mandatory actions and behaviors, built on our Values that have been our guide throughout nearly 150 years of providing quality audits.

We recognize the significance of the International Sustainability Standards Board, announced at COP26, and our evolving role to provide assurance over sustainability disclosures with the same focus that our auditors deliver over financial statements.

Finally, creating the right environment requires strong governance and practice management standards. It's why our Global Board implemented governance changes to achieve greater levels of consistency and accountability across our entire global organization. All KPMG member firms are now committed to a common set of Values, standards, and service quality expectations.

Together, we're making incredible strides for the better. Quality is what our profession is built on, and it's why KPMG is relentless in our approach to delivering it. Thank you for the trust you have in us.

Luxembourg, 31 January 2022



David Capocci
Managing Partner



Petra Schreiner
Head of Audit


* Our Transparency Report for the year ended 30 September 2021 has been prepared in accordance with the provisions of Article 13 of the EU Regulation 537/2014 of the European parliament and the Council of 16 April 2014.

Living our culture and Values

It’s not just what we do at KPMG that matters: we also pay attention to how we do it. Our Values are our core beliefs, guiding and unifying our actions and behaviors. Shared across every level and in every country, jurisdiction and territory in which we operate, they are the foundation of our unique culture.

Fostering the right culture, starting with tone at the top

Tone at the top

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

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

We communicate our commitment to clients, stakeholders, and society at large to earn the public’s trust.

[The KPMG Values](#) are set out at the beginning of this report.

Our Values lie at the heart of the way we do things. To do the right thing, the right way, at the right time. Always. They drive our daily behaviors, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward — through our work and the example we set — as we inspire confidence and empower change throughout the world.

Outlined in [KPMG’s Global Code of Conduct](#) (“the Code”) are the responsibilities all KPMG personnel have to each other, the public and our clients. It shows how our Values inspire our greatest aspirations and guide all of our behaviors and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities.

Everyone at KPMG is held accountable to behave consistent with the Code and is required to confirm their compliance. All KPMG personnel are required to take annual training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. Individuals are encouraged to speak up if they see something that makes them uncomfortable or is not in compliance with the Code, or our Values.

Moreover, everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

To safeguard this principle of holding each other accountable, each KPMG firm is required to establish, communicate and maintain clearly defined channels to allow KPMG personnel and third parties to make inquiries about, raise concerns in relation to, provide feedback on, and notify, reportable matters, without fear of reprisal, in accordance with applicable law or regulation.

The [KPMG International hotline](#) is a further mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International, activities of KPMG firms or KPMG personnel.

In addition to the [KPMG International hotline](#), we operate a local Speak-up hotline which is available for our partners and employees to confidentially report concerns. The Speak-up hotline allows people to report their concerns via telephone, a secure web-based reporting platform, or surface mail. People can raise matters anonymously and without fear of retaliation.

All KPMG firms and personnel are prohibited from retaliating against individuals who have the courage to speak up in good faith. Retaliation is a serious violation of the Code, and any person who takes retaliatory action will be subject to their firm’s disciplinary policy.

The Global People Survey provides KPMG Luxembourg leadership and KPMG International leadership with results related to upholding the KPMG Values. KPMG Luxembourg and KPMG International monitor the results and take appropriate actions to communicate and respond to any findings .

System of quality control

Tone at the top, leadership, and a clear set of Values and conduct are essential to set the framework for quality. However, these are required to be backed up by a system of quality control that holds us accountable to meet the highest professional standards.

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

This means ongoing investment in the system of quality management, global monitoring of audit quality, enhanced support, and providing best-in class technology and tools for engagement teams.



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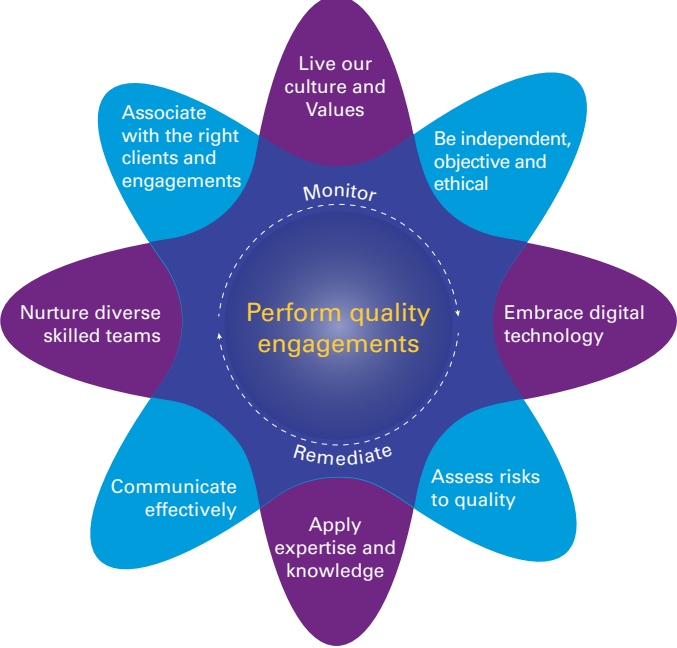
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KPMG’s global audit quality program supports consistent deployment of investments to enhance and drive a common approach.

A robust and consistent system of quality control is essential to delivering quality services. KPMG International has quality control policies that apply to all KPMG firms. These are included in KPMG’s Global Quality & Risk Management Manual (GQ&RM Manual), which applies to all KPMG personnel.

To adopt the new international standard on quality management (ISQM 1) which was approved by the IAASB and will be effective from December 2022, KPMGI initiated a program to redesign the network-wide requirements for member firms’ systems of quality management. ISQM 1 requires each KPMG firm to design, implement and operate a system of quality management to consistently deliver quality audits, and to evaluate the effectiveness of the system on an annual basis.

As we prepare for ISQM 1, we have adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable for its delivery. The principle of ‘Perform quality engagements’ sits at the core along with our commitment to continually monitor and remediate our processes as necessary.



The Global Quality Framework also meets the requirements of the current International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

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

Leadership responsibilities for quality and risk management

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

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

KPMG Luxembourg is required to seek input from the chair of the relevant Global Steering Group or his/her delegee on the performance of certain leaders within KPMG Luxembourg whose role most closely aligns with the activities of the Global Steering Group. Input is sought as part of the annual performance process and is based on an assessment of the leader’s performance, which includes matters of public interest, audit quality and risk management activities.

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

Managing Partner

In accordance with the principles in ISQC 1, our Managing Partner David Capocci has assumed ultimate responsibility for KPMG Luxembourg’s 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 Luxembourg are set out in this report.

Risk Management Partner

The Risk Management Partner (RMP) is responsible for the direction and execution of risk, compliance, and quality control in KPMG Luxembourg. The RMP is a permanent invitee to KPMG Luxembourg’s Executive Committee and has a direct reporting line to the Managing Partner. The RMP consults with the appointed Area Quality and Risk Management Leader.

The RMP is supported by a team of partners and professionals in each of the functions.

Ethics and Independence Partner (EIP)

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



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The Audit, Tax and Advisory functions – Function Heads

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

KPMG Luxembourg Head of Audit, Petra Schreiner, is responsible for the effective management and control of the Audit Function. This includes:

- setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional scepticism, objectivity, and ethics and integrity;
- developing and implementing an audit strategy which is aligned with KPMG Luxembourg’s audit quality requirements; and
- working with the Risk Management Partner to monitor and address audit quality and risk matters as they relate to the Audit practice.

Audit Leadership Team

The Audit Leadership Team has regular discussions to agree actions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified from a variety of sources.

For more complex issues (which might require amendments to KPMG’s global audit methodology or audit tools) these will be raised with the KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG). For more information about the KGSG and the ISG please refer to the [Performing quality engagements](#) section of this report.

Clearly articulated strategy focused on quality, consistency, trust and growth

Our business



KPMG Luxembourg, Société coopérative is a professional services firm that delivers Audit, Tax and Advisory services.

As at 30 September 2021, we employed 1,756 people. We operate out of one office in Luxembourg. Full details of our service offerings can be found on our website at the following link: www.kpmg.com/lu.

Our strategy



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

Our overall ambition is to be the most trusted and trustworthy professional services firm.

To achieve that we must maintain and further increase the trust our clients, our people and wider society have in our ability to provide assurance in the widest sense.

Our strategy to achieve this is underpinned by three key pillars:

- (i) being a client centric firm,
- (ii) powered by people,
- (iii) who dare to change.

Defined Accountabilities, roles and responsibilities, including for leadership

Legal structure

Legal structure and ownership from 1 October 2020

Effective 1 October 2020, KPMG Luxembourg and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization became members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee. KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

Further detail on the revised legal and governance arrangements for the KPMG global organization from 1 October 2020 can be found in section ‘Governance and leadership’ of the [2021 KPMG International Transparency Report](#).



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KPMG International Limited and the KPMG member firms are not a global partnership, single firm, multinational corporation, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International Limited, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International or any of its related entities have any such authority to obligate or bind any member firm. KPMG Luxembourg is part of the KPMG global organization of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate.


KPMG Luxembourg has changed its legal form to a Société Anonyme from 1 January 2022 on. During the year to 30 September 2021, KPMG Luxembourg, Société coopérative was incorporated as a Luxembourg private limited liability cooperative company which was wholly owned by its equity partners.

During the year to 30 September 2021 KPMG Luxembourg, Société coopérative operated as a registered audit firm in Luxembourg ('Cabinet de révision agréé').

Since 2016 a wholly owned subsidiary, KPMG Services S.à r.l., is incorporated as a Luxembourg private limited liability company and licensed as a Professional of the Financial Sector.

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

Name, ownership and legal relationships

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

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

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.

During the year to 30 September 2021 there was an average of 45 equity partners at KPMG Luxembourg (2020: 46 equity partners).

Responsibilities and obligations of member firms

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


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

Member firms commit to a common set of [KPMG Values](#).

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

Overseen using robust governance structures

Governance structure

 KPMG Luxembourg applies high standards of corporate governance. The key governance bodies for KPMG Luxembourg are the Executive Committee and the Supervisory Board.

The Executive Committee consisted of seven members during the year, comprising a number of key national and functional leaders. The role of the Executive Committee is to provide leadership to the organization and it is responsible for our long term growth and sustainability, setting our strategy and overseeing its implementation, monitoring performance against our business plan and protecting and enhancing the KPMG brand. The Executive Committee also deals with key Luxembourg operational issues.

The Executive Committee meets regularly – in the year to 30 September 2021 it met 47 times.

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

The role of the Supervisory Board is to provide oversight of the management of the firm by the Executive Committee, to provide support by acting as a sounding board for the Executive Committee, and to review the local partner remuneration process and the financial statements of the local firm at the year end. In the year to 30 September 2021 the Supervisory Board met 34 times, including seven joint meetings with the Executive Committee respectively the Managing Partner.

Details of those charged with governance for KPMG Luxembourg are set out in [Appendix 2](#).



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Applying expertise and knowledge

We are committed to continue to build on our technical expertise and knowledge recognizing its fundamental role in delivering quality audits.

Methodology aligned with professional standards, laws and regulations

Consistent audit methodology and tools

Bringing consistency through our methodology



Our audit methodology, tools and guidance enable a consistent approach to planning, performing and documenting audit procedures over key accounting processes:

- globally consistent and fully compliant with the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) and are supplemented to comply with local auditing standards and regulatory or statutory requirements by KPMG firms
- inclusive of KPMG methodology interpretations that drive consistency in areas where the applicable standards are not prescriptive in the approach to be followed
- centered on identifying risk, focusing on risks of material misstatements and the necessary audit response
- made available to all KPMG audit professionals and required to be used, where necessary
- applied even where local auditing standards may be less demanding than the ISAs
- focused on the international assurance methodology and the alignment of assurance products in response to growth of Environmental, Social and Governance (ESG reporting).

The KPMG audit methodology is set out in the KPMG Audit Manual (for use with eAudit) and the KPMG Audit Execution Guide (for use with the KPMG Clara workflow) and includes KPMG interpretation of how to apply ISAs, which we believe enhance audit quality. The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence.

Enhancements to the audit methodology, guidance and tools are made regularly to maintain compliance with standards and address emerging auditing areas of focus and audit quality results (internal and external). For example, as a result of the COVID-19 pandemic, many businesses are experiencing significant financial uncertainty. We have issued guidance to our auditors on conducting audit procedures in a remote-working environment, raising awareness of key audit risks such as going concern and impairments and provided reminders of the importance of exercising professional skepticism taking appropriate actions if information is identified that is unexpected or unusual and may be indicative of potential management bias, a fraud risk or fraud.

KPMG firms may add local requirements and/or guidance to the KPMG Audit Manual and the KPMG Audit Execution Guide to comply with additional local professional, legal, or regulatory requirements.

Deep technical expertise and knowledge

Access to specialist networks



Specialist expertise is an increasingly important part of the modern audit. KPMG Luxembourg engagement teams have access to a network of KPMG specialists – either within their firm or in other KPMG firms. These specialists receive the training they need to ensure they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audits. They also receive a global annual update on global quality performance issues.

The need for specialists to be assigned to an audit engagement in areas such as information, technology, tax, treasury, actuarial, forensic and valuations is considered as part of the audit engagement acceptance and continuance process, as well as during the planning and conduct of the engagement.



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KPMG’s commitment to audit quality during the COVID-19 pandemic

The COVID-19 pandemic has forced us all to think differently, we continue to respond to and embrace this challenge.

Since the start of the pandemic, we have maintained an online COVID-19 Financial reporting resource center to assist companies and other stakeholders understand potential accounting and disclosure implications.

KPMG International has issued extensive guidance to assist teams in addressing the various accounting, financial reporting and audit related matters arising from the impacts of the COVID-19 pandemic including going concern, asset impairments, valuations and related disclosures, materiality, risk assessment, group audits, inventory, subsequent events and audit evidence of communications with Those Charged With Governance.

Additionally, KPMG International has issued specific guidance for remote working environments which addresses how teams work together, communications with management and the design and performance of audit procedures.

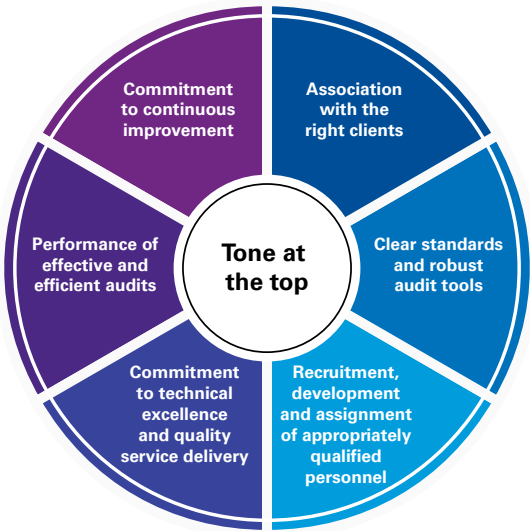
KPMG’s guidance has been continually updated throughout the pandemic as other significant auditing, accounting and reporting issues have been identified.

KPMG is a technology-enabled organization, with technical accounting and auditing resources, guidance and audit platforms and tools all available electronically, which greatly enabled the conversion to a remote working environment.

Enhanced communication has been increasingly important to everyone during the COVID-19 pandemic. We have leveraged our investments in technology to provide KPMG firms with regular communications, including virtual meetings to share best practices and guidance. In addition, we have enhanced our listening strategy to include specific COVID-19 pulse surveys to allow us to hear from our people in real time and shape our response accordingly.

Quality and risk management manual

KPMG International has quality control policies that apply to all member firms. These are included in KPMG’s Global Quality & Risk Management Manual (GQRMM) which applies to all KPMG personnel. KPMG Luxembourg is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.



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Embracing digital technology

At KPMG, we are committed to serving the public interest and create value through continuous innovation. By leveraging leading technologies, we are transforming the audit experience for our professionals and our clients – enabling us to provide an even higher quality audit by increasing our ability to focus on the issues that matter through the data and insights it provides.

Intelligent, standards-driven audit workflow



All KPMG Luxembourg professionals are expected to adhere to KPMG International and KPMG Luxembourg policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations.

The KPMG Luxembourg policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards, and all relevant local laws and regulations.

Evolving our audit workflow

We recognize that to deliver quality audits, we need to continually evolve and develop our technology solutions to keep pace with today's digital world.

That is why KPMG embarked on a process of reimagining our audit platform, workflow and methodology to provide enhanced consistency and support to our audit engagement teams, deliver detailed insights, and future-proof our systems for the expected continued development of new technologies such as robotic process automation, machine learning and cognitive technologies.

The release of the KPMG Clara workflow and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalize and transform the audit. It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

KPMG Clara



KPMG Clara is our smart and intuitive technology platform that is driving globally consistent audit execution. As a fully integrated, scalable, cloud-based platform, it enables the enhanced audit methodology through a data-enabled workflow.

The platform integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualization.

The digital audit is increasingly integral to how KPMG member firms perform quality audits and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls regarding the development, evaluation and testing, deployment and support of technology in our audits.

KPMG Clara is helping auditors see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts. Examples of current capabilities include:

- enable the analysis of account balances and journal entry data
- automate 'period on period' balances comparison and 'time series' evolution information
- enable the analysis of sub-ledger, transactional data over certain business processes and accounts.

Our vision of the future

KPMG Clara was developed to be KPMG's foundational technology platform to deliver audit quality. It delivers this by being the base technology delivering new capabilities in a globally consistent way, enabling the audit workflows and a fully digital experience for our audit professionals.

The KPMG Clara platform evolves as technologies such as artificial intelligence, blockchain and cognitive capabilities transform how audits are delivered.



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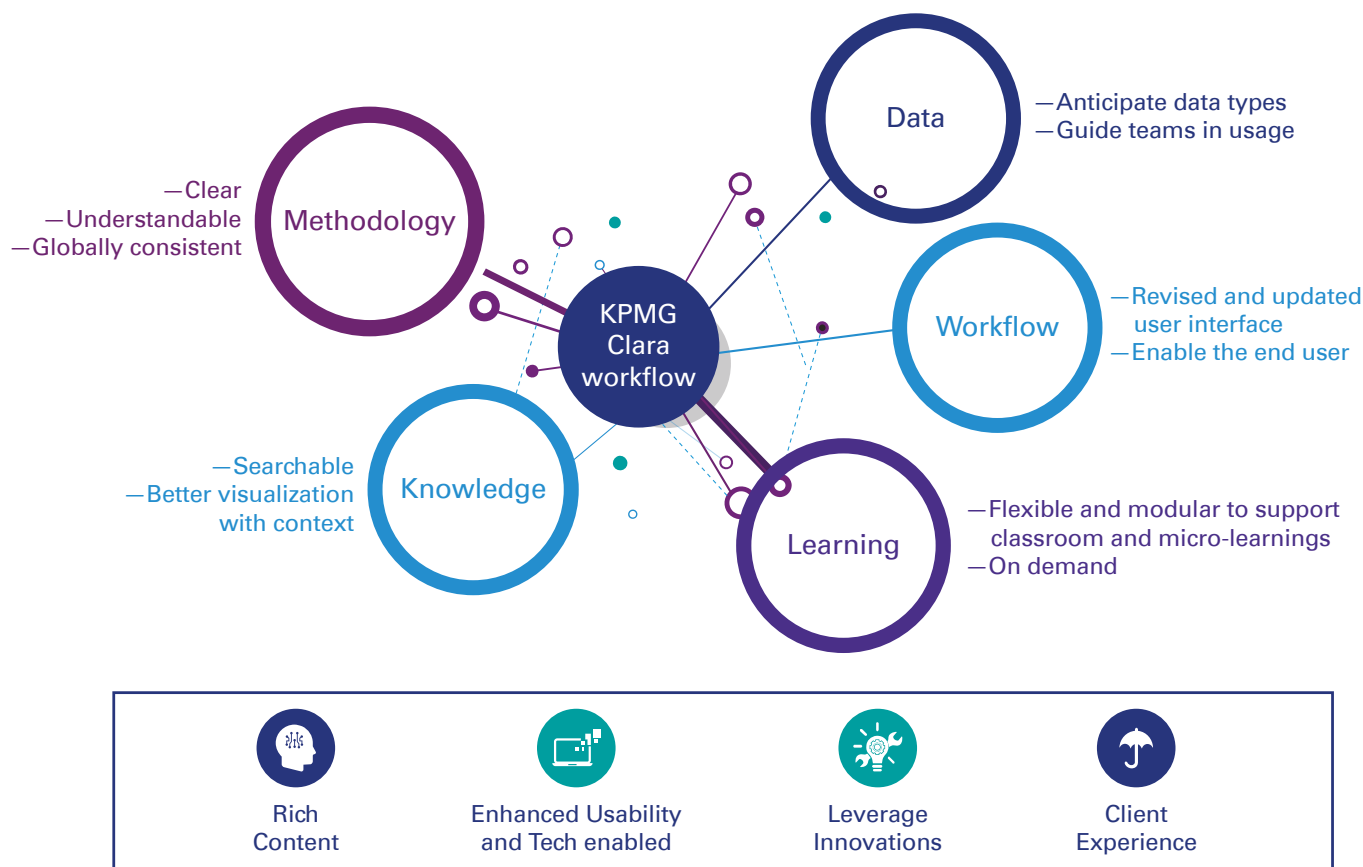
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KPMG Clara workflow

We are replacing eAudit with a new workflow and revised audit methodology embedded into the KPMG Clara smart audit platform. Phased full deployment of KPMG Clara workflow commenced globally in 2020 with planned completion of full global transition for the 2022 fiscal period-end audits.

The web-enabled KPMG Clara workflow guides audit teams through a series of steps in a logical sequence aligned to the applicable professional auditing standards with a clear display of information, visuals, and guidance available, and with embedded advanced digital audit and project management capabilities. The workflow and revised audit methodology are scalable – adjusting the requirements to the size and complexity of the audit engagement. KPMG Clara workflow significantly enhances the execution of an audit by KPMG professionals and clearly drives audit quality and global consistency.

Using data mining and tracking of relevant engagement level data indicators, the KPMG Clara workflow can also facilitate monitoring of audit execution at the engagement level.

We continue to enhance the KPMG Clara smart audit platform to accommodate accelerating security demands, integrate existing audit applications into a single platform, and develop new capabilities to digitize additional audit processes.

Client confidentiality, information security, and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the KPMG Global and KPMG Luxembourg Code of Conduct.

We have policies on information security, confidentiality, personal information and data privacy. We have a 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, regulations, and professional standards.

We provide training on confidentiality, information protection and data privacy requirements to all KPMG Luxembourg personnel annually.



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Nurturing diverse skilled teams

Our people make the real difference and are instrumental in shaping the future of audit at KPMG. We put quality and integrity at the core of our audit practice. Our auditors have diverse skills and capabilities to address complex problems.

Recruiting appropriately qualified and skilled people, including specialists, with diversity of perspective and experience



One of the key drivers of quality is ensuring that KPMG professionals have the appropriate skills and experience, motivation and purpose, to deliver high quality audits. This requires the right recruitment, development, reward, promotion, retention and assignment of professionals.

Recruitment

KPMG Luxembourg has invested in understanding how we can attract the talent we need across the organization in the future. This requires the right recruitment, development, reward, promotion and assignment of professionals. This includes building an extraordinary people experience for all current and prospective partners and employees.

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

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks. These leverage fair and job-related criteria to ensure that candidates possess the appropriate skills and experience to perform competently, are suitable and best placed for their roles.

KPMG Luxembourg recruited over 241 new graduates in the year ended 30 September 2021.

Where individuals are recruited for engagement leading roles (Associate Partner and up), a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate. KPMG Luxembourg does not accept any confidential information belonging to the candidate's former firm/employer.

Inclusion, Diversity & Equity programs

KPMG Luxembourg is committed to building a diverse and equitable firm that is inclusive to all.

Inclusion, diversity and equity (IDE) is core to our very existence – helping us build great teams with diverse views that represent the world we live in. It leads to better decision making, drives greater creativity and innovation, and encourages us to stand up, live our Values, and do what is right.

We recognize our firms' global position working with clients around the world affords us a privileged place. With that comes an opportunity and responsibility to achieve more and push for a fairer, more equitable society.

Our KPMG Global Inclusion, Diversity & Equity Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity and equity at KPMG Luxembourg and across all KPMG firms.

For more about Inclusion & Diversity at KPMG read [here](#).

Reward and Promotion

Reward

KPMG Luxembourg has compensation and promotion policies that are informed by market data, clear, simple, fair and linked to the performance review process. This helps our partners and employees understand what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved by assessing relative performance across a peer group to inform reward decisions. Reward decisions are based on consideration of both individual and firm performance.

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

Promotion

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



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Assigning an appropriately qualified team

KPMG Luxembourg has procedures in place to assign engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience, and the nature of the assignment or engagement. Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity - based on an annual partner portfolio review - to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

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

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

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

Investing in data centric skills – including data mining, analysis and visualization



KPMG is strategically investing in our talent pipeline by partnering with world-class institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future. We are recruiting and training professionals who specialize in software, cloud capabilities, and artificial intelligence and who can bring leading technology capabilities to our smart audit platform. We provide training on a wide range of technologies to ensure that field professionals not only meet the highest professional standards but are also upskilled in new technology. With this approach we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

Focused learning and development on technical expertise, professional acumen and leadership skills

Commitment to technical excellence and quality service delivery



All KPMG Luxembourg professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department for consultation. Where the right resource is not available within KPMG Luxembourg, the firm accesses a network of highly skilled KPMG professionals in other KPMG firms.

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

Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, KPMG firm level.

Mandatory learning requirements for audit professionals across the KPMG organization are established annually. Training is delivered using a blend of learning approaches and performance support.

Mentoring and on the job training

Learning is not confined to a single approach — rich learning experiences are available when needed through coaching and just-in-time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths.

Mentoring and on-the-job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgment, technical excellence and instinct.

We support a coaching culture throughout KPMG as part of enabling KPMG professionals to achieve their full potential and instil that every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

Licensing and mandatory requirements for IFRS® Standards and U.S. GAAP engagements

Licensing

All KPMG Luxembourg professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development requirements in the jurisdiction where they practice. KPMG International policies and procedures are designed to facilitate compliance with licence requirements. We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the local predominant financial reporting frameworks – IFRS and Lux GAAP.



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Mandatory requirements – IFRS Standards and U.S.GAAP engagements

In addition, KPMG has specific requirements for partners, managers and Engagement Quality Control (EQC) reviewers working on IFRS Standards engagements in countries where IFRS Standards are not the predominant financial reporting framework.

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

Recognizing quality

Personal development



KPMG Luxembourg's approach to performance development, 'Open Performance Development', is built around the Everyone a Leader performance principles, and includes:

- Global role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- a goal library (including audit quality content); and
- standardized review forms (with provision for audit quality ratings).

Open Performance Development is linked to the KPMG Values and designed to articulate what is required for success — both individually and collectively. We know that by being clear and consistent about the behaviors we expect and rewarding those who demonstrate them, we will continue to drive a relentless focus on audit quality.

At the same time, KPMG is driving a shift in our performance-driven culture, supported by and enacted through leading technology that allows us to embed audit quality into the assessment of performance and the decisions around reward as well as drive consistency across the global organization.

KPMG Luxembourg considers quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners. These evaluations are conducted by performance managers and partners who are in a position to assess performance.



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Associating with the right clients and engagements



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

Following the client and engagement acceptance and continuance policies



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

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

Accepting appropriate clients and engagements

Client evaluation



KPMG Luxembourg undertakes an evaluation of every prospective client.

This involves obtaining sufficient information about the prospective client, its key management and beneficial owners and then properly analyzing the information to be able to make an informed acceptance decision.

This evaluation includes an assessment of the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal and regulatory requirements.

The Risk Management Department as well as the evaluating partner, approves the prospective client evaluation. Where the client is considered to be 'high risk' the Quality & Risk Management Partner or a sufficiently skilled and experienced delegate is involved in approving the evaluation.

Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement.

A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement. The evaluation is made in consultation with other senior partners and/or employees and includes review by Quality & Risk Management leadership as required.

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

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

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

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

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

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Continuance process

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

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

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

Withdrawal process

Where KPMG Luxembourg comes to a preliminary conclusion that indicates that we should withdraw from an engagement or client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance, the CSSF and any other appropriate authority.

Managed portfolio of clients

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

We review each audit partner’s client portfolio in individual discussions with the audit partner. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner to deliver a quality audit for every client.



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Being independant and ethical

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

Acting with integrity and living our Values



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

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

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

Our firm has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures at KPMG Luxembourg. The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements.

The EIP fulfills this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;

- participating in the development and delivery of training materials;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications with KPMG firms.

KPMG firms are required to implement changes as specified in the email communications, and this is checked through the internal monitoring programs.

Our partners and employees are required to consult with the EIP on certain matters as defined in the GQRMM. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

Maintaining an objective, independent and ethical mindset, in line with our code of conduct and policies

Personal financial independence



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

KPMG firms use a web-based independence compliance system (KICS) to assist KPMG professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring



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by identifying and reporting impermissible investments and other non-compliant activity (i.e. late reporting of an investment acquisition).

All partners and manager grade or above client-facing employees 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 publicly traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments are required to be disposed of within five business days of the notification. KPMG monitors partner and manager compliance with this requirement as part of our program of independence compliance audits of professionals.

The Global Independence Group provides guidance and required procedures relating to the audit and inspection by KPMG firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

Employment relationships

Any KPMG professional providing services to an audit client irrespective of function is required to notify the firm 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 firm that is a public interest entity.

Former members of the audit team or former partners of KPMG Luxembourg are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG Luxembourg, including payments which are not fixed and predetermined and/or would be material to KPMG Luxembourg and ceased participating in KPMG Luxembourg's business and professional activities.

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

An assurance team member is also required to notify the EIP when they enter into employment negotiations with the assurance client during the course of the engagement. Former assurance team members or former partners of KPMG Luxembourg who join an assurance client in certain roles cannot continue to participate in KPMG Luxembourg's business or professional activities.

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

Firm financial independence

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

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

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

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

Business relationships / suppliers

Our firm has policies and procedures in place that are designed to ensure that business relationships with audit and assurance clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements, such as those promulgated by the SEC and CSSF independence requirements.

Independence Clearance Process

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, KPMG Luxembourg 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,' are required to be completed prior to accepting an audit engagement for these entities.

Independence training and confirmations

All KPMG Luxembourg partners and client facing professionals, as well as certain other individuals, are required to complete independence training that is appropriate to their grade and function upon joining KPMG Luxembourg and on an annual basis thereafter.

New partners and client facing employees who are required to complete this training are required to do so by the earlier of

- (a) thirty days after joining KPMG Luxembourg or
- (b) before providing any services to, or becoming a member of the chain of command for, any audit client.

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

- the Global Code of Conduct or the KPMG Luxembourg Code of Conduct; and
- bribery and compliance with laws, regulations and professional standards.



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New partners and employees are required to complete this training within three months of joining KPMG Luxembourg.

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

Non-audit services

All KPMG firms are required, at a minimum, to comply with the IESBA Code of Ethics and applicable laws and regulations related to the scope of services that can be provided to audit clients.

In addition to identifying potential conflicts of interest, Sentinel™, facilitates compliance with independence requirements. Certain information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees are required to be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential independence threats and safeguards is also required to be included in the Sentinel™ submission.

Lead audit engagement partners (LAEPs) are required to: maintain group structures for their publicly traded and certain other audit clients including their related entities or affiliates in Sentinel™. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

For entities for which group structures are maintained, Sentinel enables LAEPs to review and request revision, approve, or deny, any proposed service for those entities worldwide. For approved proposed services, Sentinel designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

KPMG Luxembourg is required to establish and maintain a process to review and approve all new and modified services that are developed. KPMG Luxembourg’s EIP is involved in the review of potential independence issues related to these new or modified services.

KPMG global independence policies prohibit KPMG firm audit partners from being evaluated on, or compensated based on, their success in selling non-assurance services to their audit clients.

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 KPMG firm expressing the audit opinion.

These policies require KPMG firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years.

In addition, if 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, these policies further require that:

- This would be disclosed to those charged with governance at the audit client; and
- A partner from another 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 our firm over the last two years.

Resolving Conflicts of interest

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

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

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

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

KPMG Luxembourg has risk management resources who are responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which is required to be documented.

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



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Independence breaches

All KPMG Luxembourg personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with independence policies, whether identified in a compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence requirements of the IESBA Code or other external independence requirements are required to be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG Luxembourg has a documented and communicated disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations. KPMG Luxembourg’s Disciplinary Committee oversees policies and procedures in relation to ethical matters and breaches of requirements.

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

Partner and firm rotation

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

Our audit partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a “time-out” period during which time these partners may not:

- participate in the audit;
- provide quality control for the audit;
- consult with the engagement team or the client regarding technical or industry-specific issues;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client.

Our firm monitors the rotation of audit engagement leaders (such as the Engagement Partner, the Engagement Quality Control Reviewer and any other key audit partner role, where there is a rotation requirement), and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

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

Zero tolerance of bribery and corruption



Compliance with laws, regulations and standards is a key aspect for everyone at KPMG Luxembourg. We have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third parties, including by our clients, suppliers or public officials. KPMG International requires KPMG firms to have appropriate internal controls in place to mitigate the risk of involvement in bribery by the firm and its partners and employees.

All KPMG firm partners and employees are required to take training covering compliance with laws, regulations and professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance.

Further information on KPMG International anti-bribery and corruption policies can be found on the [anti-bribery and corruption site](#).



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Performing quality engagements

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

Consulting where necessary

Encouraging a culture of consultation

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

To help with this, firms are required to 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. In addition, the GQRMM includes mandatory consultation requirements on certain matters.

Technical consultation and global resources



Technical accounting and auditing support is available to member firms through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG), the ISG and the PCAOB Standards Group (PSG).

Global Audit Methodology Group (GAMG)

KPMG's audit methodology is developed and maintained by the Global Audit Methodology Group (GAMG). The GAMG develops our audit methodology based on the requirements of the applicable auditing standards – International Standards on Auditing, PCAOB and AICPA.

KPMG Global Solutions Group (KGSG)

The KGSG is responsible for the envisioning, development and deployment of global audit solutions, including new technology and automation innovations.

The KGSG and GAMG work collaboratively to support member firms through collaboration, innovation and technology. We have made significant investment in our audit methodology and tools with the core focus of improving audit quality, global consistency and standardization.

With locations in each of the three KPMG regions (Americas, EMA and ASPAC), the KGSG and GAMG teams comprise professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world, who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.

International Standards Group (ISG)

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

PCAOB Standards Group (PSG)

The PCAOB Standards Group (PSG) comprises a dedicated group of professionals with backgrounds in PCAOB auditing standards who promote consistency of interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components of US companies and of foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

Member firm professional practice resource

Member firms provide consultation support on auditing and technical accounting matters to their audit professionals through professional practice resources (referred to as Department of Professional Practice or DPP). This resource also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to follow a prescribed escalation protocol for final resolution. KPMG's International Standards Group and PCAOB Standards Group are also available for consultation support when required.



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Critically assessing audit evidence, using professional judgement and skepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit including contradictory or inconsistent audit evidence. Each team member is required to exercise professional judgement and maintain professional skepticism throughout the audit engagements. Professional skepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence. Professional judgement encompasses the need to be aware of and alert to biases that may pose threats to good judgements.

Direct, coach, supervise and review

Embedding ongoing mentoring, supervision and review



To invest in the building of skills and capabilities of KPMG professionals, KPMG Luxembourg promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves:

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

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

Engagement quality control (EQC) reviewers

The EQC review is an important part of KPMG’s framework for quality. An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the Audit Quality and Risk Management Partner.

An EQC review provides reasonable assurance that the team has appropriately identified significant risks, including fraud risks, and has designed and executed audit procedures to address them.

EQC reviewers are required to meet training and experience criteria to perform a quality control review for a particular engagement. Reviewers are independent of the engagement team and audit client and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

We are continually seeking to strengthen and improve the role that the EQC review plays in our audits, and have taken a number of actions to reinforce this, including issuing best practice guidance incorporating specific review requirements into our audit workflow, and developing policies relating to recognition, nomination and development of EQC reviewers.

Appropriately support and document conclusions

Reporting



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

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

Engagement documentation

KPMG Luxembourg audit documentation is completed and assembled according to the timeline established by the firm policy, auditing standards and we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and firm information.

KPMG International recently adopted policies to apply to all KPMG firms to reduce the time period allowed to assemble audit documentation, which is significantly less than required by the applicable auditing standards.



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Assessing risks to Quality



Through the Global Audit Quality Council and the Global Quality & Risk Management Steering Group (GQRMSG), KPMG International reviews the results of the quality monitoring programs, reviews firm root causes and planned remedial actions and develops additional global remediation actions as required.

Global remediation are aimed at actions around culture and behavior across the global organization and at driving consistent engagement team performance within KPMG firms.



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Communicate effectively

We recognize that another important contributor to upholding audit quality is to obtain and act upon feedback from key stakeholders.

Provide insights and maintain open and honest two-way communication



At KPMG Luxembourg we stress the importance of keeping those charged with governance informed of issues arising throughout the audit through guidance and supporting resources. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings, and, when appropriate, ongoing discussions with management and members of the audit committee.

The role of audit committees is key in supporting quality auditing by overseeing the relationship between company and auditor and challenging what auditors do and how they do it.

Audit Committee Institute

In recognition of the demanding and important role that Audit Committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, the Audit Committee Institute (ACI) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes.

The ACI operates in more than 40 countries across the globe including KPMG Luxembourg and provides audit committee members with guidance on matters of interest to audit committees (such as cyber security and corporate culture); and the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

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

Further details and insights on the ACI are available [here](#).

IFRS Standards Institute

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

Conduct and follow-up on the Global People Survey



Only with engaged, talented people can KPMG deliver audits in line with our audit quality expectations. Annually KPMG Luxembourg personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception about their experience of working for KPMG. The GPS provides a measure of our people's engagement and insights into areas driving engagement. Results can be analyzed by several factors, for example functional or geographic area, grade and gender to provide additional focus for action. Through the GPS, KPMG Luxembourg gains additional insight on how we are faring on categories known to impact employee engagement. We also cover areas of focus which are directly relevant to audit quality; the survey includes specific audit quality related questions that all individuals who participated in an audit in the previous 12 months are asked to respond to, giving us a particular data set for audit quality related matters.

The survey also provides KPMG Luxembourg leadership and KPMG International leadership with results related to quality and risk behaviors, audit quality, upholding the KPMG Values, employee and partner attitudes to quality, leadership and tone at the top.

KPMG Luxembourg participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. The results of the GPS are also aggregated for the entire global organization and are presented to the Global Board each year and appropriate follow-up actions agreed.

Audit specific analysis of GPS results is also undertaken, with a particular focus on audit quality. Results and key themes are presented to the Global Audit Steering Group on an annual basis for consideration of appropriate remedial action, if needed.



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Monitoring and Remediation



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

Rigorously monitor and measure quality at the local and global level

Commitment to continuous improvement



KPMG commits to continually improve the quality, consistency and efficiency of KPMG firm audits. The quality monitoring and compliance programs are globally consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG Luxembourg compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

Internal monitoring and compliance programs

KPMG Luxembourg monitoring programs are created by KPMG International and applied across KPMG firms. The programs evaluate both:

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

Our internal monitoring programs also contribute to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively. These include Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP), which are conducted annually across the Audit, Tax and Advisory functions.

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

Audit Quality Performance Reviews (QPRs)

The Audit 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 Luxembourg conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG Luxembourg level and are monitored regionally and globally. Firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the 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 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'.

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

A 'Performance Improvement Needed' grading is attributed where the auditors' report is generally supported by the work performed and the auditors' report is appropriate but where improvements are necessary in one or more significant area including with respect to the documentation of the work performed.

An 'Unsatisfactory' grading is attributed where the engagement was not performed in accordance with the firm's policy and professional standards in a significant area, in particular where there are significant deficiencies either in the financial statements themselves, the audit work paper documentation or the actual work undertaken.

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

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

Lead audit engagement partners (LAEPs) are notified of unsatisfactory ratings on their respective cross-border engagements. Additionally, LAEPs 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.

Global Audit Quality Monitoring Group (GAQMG)

The GAQMG identifies issues to help drive audit quality. The group comprises a team of partners, directors and senior managers experienced in performing program reviews of listed and related entity (LRE) audit engagements. The team also includes partners and professionals with experience in auditing general information technology controls and application controls.

Risk Compliance Program (RCP)

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

The objectives of the RCP are to:

- document, assess and monitor the extent of compliance of KPMG Luxembourg system of quality control with Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements; and
- provide the basis for KPMG Luxembourg to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

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

Global Quality & Compliance Review (GQ&CR) program

Each KPMG firm is subject to a GQ&CR conducted by KPMG International's GQ&CR team, independent of the member firm, at various intervals based on identified risk criteria.

The GQ&CR team performing the review is independent of the firm and is objective and knowledgeable of GQ&RM policies. GQ&CRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GQ&CR provides an independent assessment of:

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

- a firm's compliance with KPMGI policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

KPMG Luxembourg develop action plans to respond to all GQ&CR findings that indicate improvement is required and agree these with the GQ&CR team. Our progress on action plans is monitored by the GQ&CR central team. Results are reported to the GQ&RM Steering Group and where necessary, to appropriate KPMG International and regional leadership.

Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARLs) who serve a regular and ongoing monitoring function to assess the effectiveness of a member firm's efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to GQ&RM leadership.

Obtain, evaluate and act on stakeholder feedback

Regulators



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

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

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR), principally through its Global Audit Quality Working Group (GAQ WG), to discuss thematic audit quality issues along with targeted strategies for improvement. We value the open, honest and transparent dialogue that IFIAR facilitates on global audit quality issues.

At a regional level, we also have regular dialogue with representatives of the Committee of European Auditing Oversight Bodies (CEAOB) – formerly known as the European Audit Inspection Group (EAIG), as well as the ASEAN Audit Regulators Group (AARG).

Every KPMG firm is expected to maintain professional and respectful relationships with regulators, including proactively engaging, responding to questions in a timely manner and taking appropriate remedial actions.

Client feedback

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



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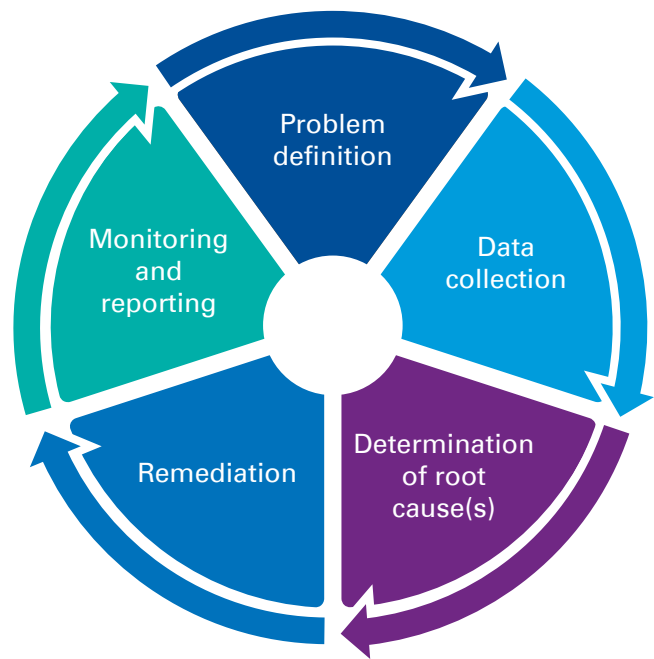
Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed on our operating firms' websites /in our general terms of business.

Perform root cause analysis

KPMG Luxembourg conducts Root Cause Analysis (RCA) in respect of audit quality issues in 2021, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at KPMG Luxembourg 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 all KPMG firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

KPMG Luxembourg’s Head of Audit is responsible for audit quality including the remediation of audit quality issues. The firm’s Risk Management Partner monitors the remediation plan(s) implementation.



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The following table shows gross revenues from KPMG Luxembourg, Société coopérative in the year ended 30 September 2021, presented in accordance with Regulation (EU) No 537/2014.

Service	Revenue (EUR'000,000)	Percent
Statutory audit of annual and consolidated financial statements of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	27	11
Statutory audit of annual and consolidated financial statements of other entities	52	21
Permitted non-audit services to entities that are audited by the firm	22	9
Non-audit services to other entities *	152	59
Total	253	100

* including contractual audits

Aggregated revenues generated by KPMG audit firms, from EU and EEA Member States resulting from the statutory audit of annual and consolidated financial statements was EUR 2.05 billion during the year ending 30 September 2021. The EU/EEA aggregated statutory audit revenue figures are presented to the best extent calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2021.

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



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Partner remuneration

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

Their remuneration packages comprise a base salary and associated benefits as for other employees.

They receive an additional variable element to their pay which is established once the profits for the year have been determined. Remuneration is paid out as salary and bonus in accordance with prevailing company policies and tax laws. The Partner Remuneration Model determines the amounts available for distribution.

The overall process lies under the responsibility of the Managing Partner and the KPMG Luxembourg Executive Committee. The Supervisory Board reviews the process.

The Partner Remuneration Model takes 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 not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.

Audit partners are explicitly not remunerated for non-audit services sold to their audit clients.

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



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Legal structure

On 1 October 2020, KPMG Luxembourg and all other KPMG firms entered into new membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organization became members in, or have other legal connections to, KPMG International Limited, an English private company limited by guarantee.

Since 1 October 2020, KPMG International Limited has been the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International's policies, including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes being professionally and financially stable, having an ownership, governance and management structure that ensures continuity and stability and long term success and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

KPMG International Limited and the KPMG member firms are not a global partnership, single firm, multinational corporation, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International Limited, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International Limited or any of its related entities have any such authority to obligate or bind any member firm.

Further detail on the revised legal and governance arrangements for the KPMG global organization from 1 October 2020 can be found in section 'Governance and Leadership' of the [2021 KPMG International Transparency Report](#).

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

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 KPMG 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 KPMG International Global Board and consistently applied to the member firms.

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

Professional Indemnity Insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis.

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.

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 56 KPMG firms that are "members" are "members" of KPMG International Limited as a matter of English law .

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Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing the Global Management Team and approving policies with which KPMG firms are required to comply. It also approves the admittance or termination of KPMG firms to/from the global organization.

It is led by the Global Chairman, Bill Thomas, and also includes the Chairman of each of the regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of members who are also member firm Senior Partners.

The list of current Global Board members, is set out on the [Leadership page](#) of [kpmg.com](#).

Global Board committees

The Global Board is supported in its oversight and governance responsibilities by several committees, including:

- Executive Committee;
- Governance Committee;
- Global Quality, Risk & Reputation Committee; and
- Global Audit Quality Committee.

The overarching responsibility of the Global Audit Quality Committee is to strive for globally consistent audit quality across all firms and to oversee those KPMG International activities which relate to improving and maintaining the consistency and quality of audits provided by KPMG firms.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing the global strategy by working together with the Executive Committee, and jointly recommending the global strategy to the Global Board for its approval. The Global Management Team also supports KPMG firms in their execution of the global strategy and KPMG International decisions and policies by member firms, including holding them accountable against their commitments.

It is led by the Global Chairman, Bill Thomas.

The list of current Global Management Team members is available in the [Leadership section](#) on [kpmg.com](#).

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the Global Management Team and, together they assist the Global Management Team in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the Global Management Team (GMT). Under the oversight of the GMT, they promote the execution of the global strategy and compliance with KPMG International decisions and policies by member firms.

In particular, the Global Audit Steering Group and Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish, and ensure communication of, appropriate audit and quality/risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- promote and support the implementation of strategy implementation in member firms' audit functions, including standards of audit quality; and
- assess and monitor audit engagement quality, including issues arising from quality performance and regulatory reviews, and focus on best practices to increase audit quality.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in section 'Governance and leadership' of the [2021 KPMG International Transparency Report](#).

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

Further details about KPMG International including the governance arrangements for the year ending 30 September 2021, can be found in section 'Governance and leadership' of the [2021 KPMG International Transparency Report](#).



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Unless otherwise stated, the words 'member firm' or 'KPMG member firm' when used in this Transparency Report include the following:

- Those entities that are members of KPMG International Limited, a private English company limited by guarantee.
- Those entities ('sublicensees') that are not members of KPMG International but have still entered into legal agreements with KPMG International and also an entity that is a 'member'.

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

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

- The design and operation of the quality control systems as described in this report; and
- The findings from the various compliance programs operated by our firm (including the KPMG International Review Programs 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 KPMG Luxembourg Executive Committee confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 September 2021.

Further, the KPMG Luxembourg Executive Committee confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 September 2021.



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Appendix 1



Key legal entities and areas of operation

The key legal entities delivering services that were part of our firm (‘KPMG Luxembourg’) during the year to 30 September 2021* are noted below.

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
KPMG Luxembourg, Société coopérative	Luxembourg Private Limited Liability Cooperative Company	Cabinet de révision agréé Experts comptables	Audit, Tax and Advisory services	Luxembourg
KPMG Services S.à r.l.	Luxembourg Private Limited Liability Company	Professionel du Secteur Financier	Corporate-, IT- and Data services	Luxembourg

* As per 1 January 2022 KPMG Luxembourg has changed its legal form to a “Société anonyme”.

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Appendix 2

Details of those charged with governance at KPMG Luxembourg

The Executive Committee of KPMG Luxembourg exists to deal with local strategic and operational matters in Luxembourg. The Supervisory Board is a non-executive oversight body. Details of the members of both of those bodies and the roles that they have held for the Luxembourg firm during the year to 30 September 2021 are as follows:

Leadership Team:

Executive Committee			
David Capocci *	Managing Partner	Petra Schreiner	Head of Audit
Fabrice Leonardi	Chief Operating Officer	Sébastien Labbé	Head of Tax
Stanislas Chambourdon	Head of Sales and Markets	Yves Courtois	Head of Advisory
Ravi Beegun	Chief Innovation Officer	Stephen Nye **	Quality & Risk Management Partner and Ethics & Independence Partner
Supervisory Board			
Zia Hossen	Advisory Partner - Chairman	Pierre Kremer	Tax Partner
Pascale Leroy	Audit Partner	Thierry Ravasio	Audit Partner
Frank Stoltz	Tax Partner		

* Member of the Global Council of KPMG International
** Has a permanent seat at the Executive Committee



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Appendix 3

Public Interest Entities

The list of public interest entity audit clients to which KPMG Luxembourg, Société coopérative has provided statutory audit services in the year ended 30 September 2021 is given below.

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

Aberdeen Standard SICAV 1	Industrial and Commercial Bank of China (Europe) S.A.
ADLER Group S.A.	Industrial Re S.A.
Avanzia Bank S.A.	ING Luxembourg S.A.
Agate Assets S.A.	Intesa Sanpaolo Bank Luxembourg S.A.
Aioi Nissay Dowa Insurance Company of Europe SE	iptiQ EMEA P&C S.A.
Alpha Trains Finance S.A.	iptiQ Life S.A.
Aroundtown S.A.	ITI Funds UCITS ETF SICAV
Ashmore SICAV	luteCredit Finance S.à r.l.
Banco Bradesco Europa S.A.	Koromo S.A.
Bank GPB International S.A.	La Mondiale Europartner S.A.
Bank Julius Baer Europe S.A.	Limes Funding S.A.
Banque BCP S.A.	Logwin AG
Banque de Luxembourg S.A.	M&G Asia Property Fund SICAV-FIS
Befesa S.A.	Merck RE S.A.
Belfius Financing Company S.A.	NB Aurora S.A. SICAF-RAIF
Breeze Finance S.A.	NORD/LB Luxembourg S.A. Covered Bond Bank
Bridgepoint Direct Lending I SV S.A.	Northern Trust Global Services SE
Brown Brothers Harriman (Luxembourg) S.C.A.	Novello Capital S.A.
Builders Direct S.A.	Pension Alternative Markets SCS SICAV-FIS
Builders Re, Builders Reinsurance S.A.	Perpetuum SICAV-FIS, S.A.
BUMA I S.C.S. SICAV-RAIF	Premium Alternative S.A. (SICAV-SIF)
BUMA Lux II Europe SCS SICAV-RAIF	RiverBank S.A.
Bumper DE S.A.	Robeco (LU) Funds III SICAV
Canal Re S.A.	Robeco All Strategies Funds SICAV
Citigroup Global Markets Funding Luxembourg S.C.A.	Robeco Capital Growth Funds, SICAV
Clearstream Banking S.A.	Robeco Global Total Return Bond Fund SICAV
Compagnie De Banque Privée Quilvest S.A.	Robeco QI Global Dynamic Duration SICAV
Cowen Reinsurance S.A. (formerly Hollenfels Re S.A.)	ROOF Leasing Austria S.A.
CRC Breeze Finance S.A.	RSA Luxembourg S.A.
Dexter S.C.A., SICAV-RAIF	RTL Group S.A.
Eleving Group (formerly Mogo Finance S.A.)	Sigma Fund SICAV
Eurobank Private Bank Luxembourg S.A.	Silver Arrow S.A.
Euromaf Re S.A.	SMBC Nikko Bank (Luxembourg) S.A.
Euronav Luxembourg S.A.	Stabilus S.A.
European Directories BondCo S.C.A.	Sumitomo Mitsui Trust Bank (Luxembourg) S.A.
European Finance Opportunities S.C.A. SICAV-SIF	SUSE S.A.
Fideuram Bank (Luxembourg) S.A.	Swiss Re Europe S.A.
FWU Life Insurance Lux S.A.	Swiss Re International SE
Grand City Properties S.A.	Vianden RCG Re S.C.A.
Hapoalim (Luxembourg) S.A. (in liquidation) (formerly Banque Hapoalim (Luxembourg) S.A.)	



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Appendix 4

List of KPMG audit entities located in EU & EEA As of 30 September 2021

This is a list of KPMG audit firms as defined in Article 2 (3) of EU Directive 2006/43/EC which are located in EU/EEA countries. It has been prepared solely for the purpose of compliance by KPMG member firms with Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. It is prepared on behalf of KPMG International Limited, a company limited by guarantee incorporated in England and Wales, which provides no professional services to clients. To the best of our knowledge, the list is accurate as of 30 September 2021. However, we cannot and do not warrant its accuracy at any given time.

Location	Firm name
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Belgium	KPMG Bedrijfsrevisoren/KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Audit OOD
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG
Cyprus	KPMG Limited
Czech Republic	KPMG Česká republika Audit, s.r.o.
Denmark	KPMG P/S
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkistarkastus Oy
France	KPMG Associés S.A.
France	KPMG Audit Est S.A.S.
France	KPMG Audit FS I S.A.S.
France	KPMG Audit ID S.A.S.
France	KPMG Audit IS S.A.S.
France	KPMG Audit Nord S.A.S.
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Paris et Centre S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Audit Sud-Ouest S.A.S.
France	KPMG Fiduciaire de France
France	KPMG SA
France	SALUSTRO REYDEL S.A.
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Greece	KPMG Certified Auditors S.A.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft./KPMG Hungary Ltd.
Iceland	KPMG ehf.



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Location	Firm name
Ireland	KPMG
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics SIA
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	‘KPMG Baltics’ UAB
Luxembourg	KPMG Luxembourg
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Sp z.o.o.
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością Spółka Komandytowa
Portugal	KPMG & Associados — Sociedade de Revisores Oficiais de Contas, S.A.
Romania	KPMG Audit SRL
Slovakia	KPMG Slovensko spol. s r.o.
Slovenia	KPMG Slovenija, podjetje za revidiranje, d.o.o.
Spain	KPMG Auditores, S.L.
Sweden	KPMG AB



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