



Transparency Report 2015

KPMG Switzerland

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Letter from the Senior Partner



Stefan Pfister
CEO

KPMG stands for Audit, Tax and Advisory. As a professional services firm that strongly believes in a multidisciplinary market approach, we bundle the knowledge and experience embedded in these functions to offer the best possible products to our clients. Our vision is to be the clear choice for our clients, our people and the community. A high commitment to quality, ethics and integrity is key to turning our vision into reality. Our commitment is based on a strong set of core values and a culture that fosters an open and honest communication across the organization. Such commitment is driven from the top, i.e., the firm's leadership, but it is ultimately the responsibility of all our partners and staff.

When it comes to audit, we acknowledge the great responsibility we have not only towards our clients, but also towards the wider public interest. Reliable financial information is essential for the smooth running of the capital markets and the economy at large

and the assurance we provide as auditors plays a vital role in building confidence. Audit quality therefore is a key strategic imperative for us. It is not just about issuing the right opinion but how we reach that opinion and how we support it in compliance with the applicable auditing standards, laws and regulations. We are committed to working closely with our regulators, audit committees, investors and businesses to continuously invest in, and improve, our audit quality.

Our Quality & Risk Management employs numerous processes, controls and activities designed to address audit quality within a structured framework, which are described in this Transparency Report for the year ended 30 September 2015. This document may also be a useful source for stakeholders who wish to understand our approach to quality in general, since many of the procedures referred to in this document are equally applicable to our tax and advisory services.

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line and a small mark.

Stefan Pfister
CEO

Who we are

2.1 Our business

KPMG Holding AG together with its wholly owned subsidiaries is referred to throughout this report as 'KPMG Switzerland' or the 'Swiss Firm'. We employ over 1,700 people and operate out of 10 offices in Switzerland and one office in Liechtenstein, offering audit, tax and advisory services in a multidisciplinary business model.

Our business is organized on a partnership basis. The responsibility for leadership is borne by an Executive Committee that creates the framework conditions for the successful activities of all partners and employees, geared toward clients and markets.

During the year ended 30 September 2015 there was an average of 120 equity and non-equity partners (2014: 120 partners).

Audit services in Switzerland and Liechtenstein are delivered through KPMG AG, Ostschweizerische Treuhand-Gesellschaft and KPMG (Liechtenstein) AG. Full details of the services offered by KPMG Switzerland can be found on our website www.kpmg.ch.

2.2 Our strategy

Our strategy is set by the Board of Directors of KPMG Holding AG. Our vision is to be the clear choice for our clients, our people and the community. Our strategy is how we will get there:

Clients

We differentiate ourselves by acting in an entrepreneurial manner and offering multidisciplinary value propositions across regions, functions and sectors. We exceed our clients' expectations because we believe in proactively sharing cutting edge insights and creating value. Outstanding quality in delivery is one of our top priorities.

People

We recruit and retain the best talent, providing long-term development opportunities and attractive compensation. We foster client-centric behaviour, focusing on performance that consistently exceeds expectations. Our partners and employees are collaborative and share an enduring pride in our firm.

Knowledge

We leverage the breadth and depth of our knowledge, backed up by credentials spanning different functions, sectors and countries. We deploy the best resources and technology to enhance our efficiency. Our commitment to operational excellence goes without saying – we manage our project portfolio to maximize quality while minimizing risk.

Financials

We aim to achieve healthy, above-market growth leading to revenues of CHF 500 million. Combining our strengths across Audit, Tax (incl. Legal) and Advisory makes us more resilient and supports sustainable profitability with compensation that reflects our people's performance.

We are committed to this approach as the best way to satisfy our commitment to our own high quality standards as well as those of our clients and the wider public.

Further information about KPMG Switzerland is provided in the [2015 KPMG Switzerland Annual Report](#).

Our structure and governance

3.1 Legal structure

KPMG Holding AG¹ is domiciled in Zurich, Switzerland and the parent company of the following, directly or indirectly wholly owned subsidiaries:

- KPMG AG, Zurich
- KPMG (Liechtenstein) AG, Schaan
- Ostschweizerische Treuhand-Gesellschaft, St. Gallen
- Fides Revision AG, Zurich

Further details regarding these entities, including their legal structure, regulatory status, the nature of their business and area of operation are set out in Appendix 1.

The liquidation of the formerly wholly owned subsidiary KPMG Klynveld Peat Marwick Goerdeler SA in liquidation, Zurich was finalized in 2015.

KPMG Holding AG is affiliated with KPMG International Cooperative ("KPMG International"), a Swiss cooperative which is a legal entity formed under Swiss law. All KPMG International member firms belong to one of three regions – Asia Pacific (ASPAC), the Americas, or Europe, Middle East and Africa (EMA). KPMG Switzerland belongs to the EMA region.

Further details about KPMG International and its business, including our relationship with it, are set out in Section 7 and the supplement to the KPMG International Transparency Report.

3.2 Name and ownership

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

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.

KPMG Holding AG, being the parent company of the Swiss Firm since 1 October 2014, is wholly owned by the Equity Partner Pool. During the year ended 30 September 2015 there was an average of 62 equity partners (2014: N/A).

3.3 Governance structure

The Board

The main governing bodies of KPMG Switzerland are the Board of Directors of KPMG Holding AG and the Executive Committee of KPMG Switzerland, the latter also acting as the Board of Directors of KPMG AG, our key operating firm.

The Board of Directors of KPMG Holding AG was elected in August 2014 for a term of 3 years. As of 30 September 2015, the Board of Directors comprised the Chairman and two additional members. The Board of Directors is responsible for the strategic direction of the Swiss Firm within the framework provided by KPMG International, overseeing the activities and performance of the Executive Committee and other responsibilities as defined by Swiss law.

Swiss audit regulations require a majority of our Executive Board of Directors of KPMG AG to be licensed with the Federal Audit Oversight Authority (FAOA). As of 30 September 2015 and as of the date of this report, 4 out of the 7 members of our Executive Committee held such a license.

¹ In December 2015, KPMG Partners AG merged with its wholly owned subsidiary KPMG Holding AG and was renamed to KPMG Holding AG.

Our structure and governance

Our Senior Partner

The Senior Partner is responsible for leading the Executive Committee and ensuring that Board members receive accurate, timely and clear information and ensuring effective communication and relationships with the members. The current Senior Partner, Stefan Pfister, has been appointed by the Board of Directors of KPMG Holding AG for a term of 4 years after consultations with the Swiss partnership. The other members of the Executive Committee are proposed by the Senior Partner and also appointed by the Board of Directors of KPMG Holding AG.

Executive Committee

The Executive Committee is responsible for developing the overall strategy for approval by the Board of Directors, together with its implementation as well as the operational management of the Swiss Firm through the market dimensions, functions (Audit Corporates, Financial Services, Tax, Advisory) and central services. The ultimate responsibility for decisions regarding the quality of our audits and our audit opinions lies with the heads of Audit Corporates and Financial Services.

The Executive Committee comprised the Senior Partner (CEO) and six additional officers, being the Chief Operating Officer (COO), the National Quality & Risk Management Partner (NQRMP) and the Heads of Audit Corporates, Financial Services, Tax and Advisory.

The Executive Committee met 20 times in the year to 30 September 2015, including two retreats that focused on strategic topics. The Senior Partner of KPMG Switzerland communicates regularly and through various means with the Swiss partners and staff. During the year ended 30 September 2015, 5 meetings were held with the Swiss partners.

Full details of those charged with governance for KPMG Switzerland, including their biographies and their terms of office are set out in Appendix 2.

3.4 Leadership responsibilities for quality and risk management

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

Senior Partner:

In accordance with the principles in ISQC 1, our Senior Partner has assumed overall responsibility for KPMG Switzerland's system of quality control. He has in turn allocated responsibility for quality to the national Function Heads (Audit Corporates, Financial Services, Tax and Advisory) and the National Quality & Risk Management Partner. Individual engagement quality and performance is controlled primarily at the level of the engagement team and the respective function with an appropriate oversight by National Quality & Risk Management, particularly in the case of audit, which is primarily regulated by the FAOA. The national Function Heads and the National Quality & Risk Management Partner report to the Senior Partner.

National Quality & Risk Management Partner (NQRMP):

Operational responsibility for the system of quality control, risk management and compliance in KPMG Switzerland has been delegated to the NQRMP, Philipp Hallauer, who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for the Swiss Firm. He is a member of the Executive Committee and has a direct reporting line to the Senior Partner. The fact that the role is an Executive Committee position with a direct reporting line to the Senior Partner underlines the importance that the Swiss Firm places on risk and quality issues. The NQRMP is supported by a team of partners and professionals at the center and in each of the functions.

Role of the Heads of Audit Corporates, Financial Services, Tax and Advisory:

The heads of the client service functions are accountable to KPMG's Executive Committee for the quality of service delivered in their respective functions. Between them they determine the operation of risk management, quality assurance and monitoring procedures for their specific functions within the framework set by the NQRMP. These procedures all make it clear that at engagement level, risk management and quality control is ultimately the responsibility of all professionals.

Details of some of the measures that the Executive Committee of KPMG Switzerland has taken to ensure that a culture of quality prevails within our Firm are set out in Section 4.

System of quality control

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

Accordingly, KPMG International has policies of quality control that apply to all member firms and KPMG Switzerland has such policies that apply to all of its operating firms.

These policies and associated procedures are designed to guide our Firm in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances.

The policies are based on the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB), and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). Both of these are relevant to firms that perform statutory audits and other assurance and related services engagements.

KPMG Switzerland implements KPMG International policies and procedures and adopts additional policies and procedures that are designed to ensure compliance with Swiss law and address the rules and guidelines issued by EXPERTsuisse, the FAOA, the Financial Market Supervisory Authority (FINMA) and other relevant regulators, such as the US Public Company Accounting Oversight Board (US PCAOB), as well as applicable legal and other requirements.

KPMG International's policies reflect individual quality control elements to help member firms' personnel act with integrity and objectivity, perform their work with diligence, and comply with applicable laws, regulations and professional standards.

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

While many KPMG quality control processes are cross-functional, and apply equally to tax and advisory work, the remainder of this section focuses on what we do to enable the delivery of

quality audits. In this section we therefore focus on our system of quality control in the audit functions.

At KPMG audit quality is not just about reaching the right opinion, but how we reach that opinion. It is about the processes, thought and integrity behind the audit report. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the applicable auditing standards. This means, above all, being independent, objective and compliant with relevant legal and professional requirements.

To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Our Framework introduces a common language that is used by all KPMG member firms to describe what we believe drives audit quality, and to highlight how every audit professional at KPMG contributes to the delivery of audit quality.

Our Audit Quality Framework identifies seven key drivers of audit quality:

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

The Audit Quality Framework's seven drivers of audit quality help to ensure that the right behaviours permeate across our entire network. All of the other drivers are presented within a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.

System of quality control

Audit Quality Framework



4.1 Tone at the Top

Tone at the top is a term used to describe an organization's general ethical climate, as established by its leadership. KPMG and its leadership use "tone at the top" to indicate their commitment to quality, ethics and integrity.

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

- culture, values, and code of conduct – clearly stated and demonstrated in the way we work;
- a focused and well-articulated strategy - incorporating quality at all levels;
- a standard set by our leadership;
- a governance structure and clear lines of responsibility for quality - skilled and experienced people in the right positions to influence the quality agenda.

Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG core value - above all, we act with integrity. This commitment underlies our value-based compliance culture where individuals are encouraged to raise their concerns when they see behaviours or actions that are inconsistent with our values or professional responsibilities.

Our Code of Conduct incorporates our core values and addresses the commitments that we make as well as the responsibilities of our personnel at all levels across the firm. Our core values are further described in Appendix 4.

KPMG Switzerland takes any complaints about the quality of its services or the behaviour of its people seriously. We undertake to investigate them promptly and do what we can to address the concerns raised.

We operate a Swiss whistle-blowing hotline which is available to our personnel, clients, and other parties to confidentially report concerns they have relating to how others are behaving (both internally and externally) and concerns regarding certain areas of activity by the Firm, and its senior leadership.

The whistle-blowing hotline allows people to report their concerns (via telephone, secure internet lines or in writing) to a third-party organisation. Our people can raise matters anonymously and without fear of retaliation. Matters reported to the hotline are investigated under the supervision of an independent ombudsman. During the years ended 30 September 2015 and 2014, no cases were reported to the hotline.

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

System of quality control

4.2 Association with the right clients

4.2.1 Acceptance and continuance of clients and engagements

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

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

4.2.2 Prospective client and engagement evaluation process

Before accepting a client, we undertake an evaluation of the prospective client. This involves an assessment of its principles, its business, and other service-related matters. This may also involve background checks on the prospective client, its key management, and significant beneficial owners. A key focus is on the integrity of management at a prospective client and the evaluation includes breaches of law and regulation, anti-bribery and corruption and human rights among the factors to consider. A second professional, as well as the evaluating partner, approves the prospective client evaluation. Where the client is considered to be 'high risk' the NQRMP or a delegate is involved in approving the evaluation.

The prospective engagement leader evaluates each prospective engagement in consultation with other senior personnel and Functional and / or National Quality & Risk Management as required. The evaluation identifies potential risks in relation to the engagement. A range of factors is considered as part of this evaluation including potential independence and conflict of interest issues (using Sentinel^{ITM}, our global conflicts and independence checking system) as well as a range of factors specific to the type of engagement, including for audit services, the competence of the client's financial management team and the skills and experience of personnel assigned to staff the engagement.

The evaluation is made in consultation with other senior member firm personnel and includes review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures including a review of any non-audit services provided to the client and of other relevant relationships. Any potential independence or conflict of interest issues are documented and resolved prior to acceptance.

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

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

The Non-audit services and Conflicts of interest sections (4.3.2.7 and 4.3.2.9, respectively) provide more information on our independence and conflict checking policies.

4.2.3 Continuance process

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

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

4.2.4 Client portfolio management

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

System of quality control

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

4.3 Clear standards and robust audit tools

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

4.3.1 Audit methodology and tools

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

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

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

Engagement set-up

- perform engagement acceptance and scoping;
- determine team selection and timetable;

Risk assessment

- understand the entity;
- identify and assess risks;
- plan for involvement of KPMG specialists and external experts, internal audit, service organisations and other auditors as required;
- evaluate design and implementation of relevant controls;
- conduct risk assessment and planning discussion;
- determine audit strategy and planned audit approach;

Testing

- test operating effectiveness of selected controls;
- plan and perform substantive procedures;

Completion

- update risk assessment;
- perform completion procedures, including overall review of financial statements;
- perform overall evaluation, including evaluation of significant findings and issues;
- communicate with those charged with governance (e.g., the Audit Committee); and
- form the audit opinion.

KAM contains, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. Our methodology encourages engagement teams to exercise professional scepticism in all aspects of planning and performing an audit. The methodology encourages the use of specialists when appropriate and also requires the use of relevant specialists in the core audit engagement team when certain criteria are met.

System of quality control

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

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

4.3.2 Independence, integrity, ethics and objectivity

4.3.2.1 Overview

The Swiss Firm and KPMG professionals are required to comply with independence standards that meet or exceed those set out in the IESBA Code of Ethics together with those of other applicable regulatory bodies (which may include those of a foreign jurisdiction where those requirements apply extraterritorially). These policies are supplemented by other policies and procedures to ensure compliance with Swiss law and the rules and guidelines issued by EXPERTsuisse, the FAOA and FINMA.

The Swiss Firm has a designated Ethics & Independence Partner (EIP), supported by a core team of specialists to help ensure that robust and consistent independence policies and procedures across our Firm in line with the requirement requirements of KPMG International. Ethics and independence policies are set out on our intranet hosted Quality & Risk Management Manual – Switzerland (QRMM-CH), which contains our independence policies, and reinforced through an annual training program.

Amendments to the ethics and independence policies in the course of the year are communicated through our intranet and/or by e-mail alerts and are included in regular quality and risk communications.

These policies and processes cover areas such as personal independence, firm financial independence, business relationships, post-employment relationships, partner rotation, and approval of audit and non-audit services.

To help ensure ethical conduct, including integrity and independence, KPMG International requires that our Firm and its personnel must be free from prohibited financial interests in, and

prohibited relationships with, the network's audit clients, their management, directors and significant owners.

In the event of failure to comply with relevant independence policies, whether identified in the rolling compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. Matters arising are factored into promotion and compensation decisions and, in the case of partners and directors, are reflected in their individual quality and risk metrics (see Section 4.4.3).

4.3.2.2 Personal independence

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

Our professionals are responsible for making appropriate enquiries to ensure that they do not have any personal financial, business or family interests that are restricted for independence purposes. In common with other member firms of KPMG International, we use a web-based independence tracking system to assist our professionals in their compliance with personal independence investment policies. This system contains an inventory of publicly available investment products. Partners and client-facing managers are required to use this system prior to entering into an investment to identify whether they are able to do so. They are also required to maintain a record of all of their investments in the system, which automatically notifies them if their investments subsequently become restricted. The Swiss Firm monitors partner and manager compliance with this requirement as part of a programme of independence compliance audits of a sample of professionals. In 2015, 61 (2014; 41) compliance audits were conducted by the Swiss Firm.

Any professional providing services to an audit client is also required to notify the EIP if they intend to enter into employment negotiations with that audit client.

4.3.2.3 Firm financial independence

KPMG Switzerland also uses the web-based independence tracking system to record and monitor the Swiss Firm's own

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investments, including those made by the Swiss KPMG Pension Fund. This record is monitored through our compliance process.

4.3.2.4 Business relationships/suppliers

We have policies and procedures in place that are designed to ensure that business relationships are maintained in accordance with the IESBA Code of Ethics and any additional applicable independence requirements. Compliance with these policies and procedures is reviewed periodically.

4.3.2.5 Independence training and confirmations

The Swiss Firm provides all relevant personnel (including all partners and client service professionals) with annual independence training appropriate to their grade and function, and provides all new personnel with relevant training when they join. All personnel are required to sign an independence confirmation upon joining our Firm. Thereafter, professionals are required to provide an annual confirmation that they have remained in compliance with applicable ethics and independence policies throughout the business year. This confirmation is used to evidence the individual's compliance with, and understanding of, the Swiss Firm's independence policies.

4.3.2.6 Audit partner rotation

Partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws and regulations and independence rules. These limit the number of years that partners in certain roles may provide audit services to an audit client. KPMG rotation policies are consistent with the IESBA Code of Ethics and also require our Firm to comply with any stricter applicable rotation requirements. The Swiss Firm monitors the rotation of audit engagement leaders (and any other key roles where there is a rotation requirement) and have transition plans to enable us to allocate engagement leaders with the necessary competence and capability to deliver a consistent quality of service to clients. The rotation monitoring is subject to compliance testing.

4.3.2.7 Non-audit services

The Swiss Firm has policies as to the scope of services that can be provided to audit clients which are consistent with IESBA principles and applicable laws and regulations. KPMG policies require the Lead Audit Engagement Partner to evaluate the

threats arising from the provision of non-audit services, and the safeguards available to address those threats.

KPMG's proprietary system, Sentinel™, facilitates compliance with these policies. Lead Audit Engagement Partners are required to maintain group structures for their publicly traded and certain other restricted audit clients in the system. Every engagement entered into by any KPMG member firm is required to be included in the system prior to starting work. This system enables Lead Audit Engagement Partners for entities for which group structures are maintained to review and approve, or deny, any proposed service for those entities worldwide.

In Switzerland, the FAOA requires reporting on a bi-annual basis of any publicly listed audit clients where the ratio of non-audit to audit fees exceeds 1 to 1, as evidenced in the annual report of the respective client. Accordingly, the Swiss Firm monitors the fees earned on such audit engagements and ensures that the appropriate documentation of our independence considerations is in place where such ratio is exceeded. Effective 1 January 2016 this FAOA reporting requirement will be expanded to include all public interest entity audit clients.

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

4.3.2.8 Fee dependency

KPMG's policies recognise that self-interest or intimidation threats may arise if the total fees from an audit client represent a large proportion of the total fees of the operating firm expressing the audit opinion. In particular, these policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10% of the total fees received by a particular member firm for two consecutive years, a senior partner from another operating firm would be appointed as the engagement quality control (EQC) reviewer. Also, this would be disclosed to those charged with governance at the audit client. No audit client accounted for more than 10% of the total fees received by our firm over the last two years.

4.3.2.9 Conflicts of interest

Conflicts of interest may prevent the Swiss Firm from accepting or continuing an engagement. The Sentinel™ system is used to

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identify and manage potential conflicts of interest within and across member firms. Any potential conflict issues identified are resolved in consultation with other parties as applicable, and the resolution of all matters is documented. An escalation procedure exists in the case of dispute between member firms. If a potential conflict issue cannot be resolved, the engagement is declined or terminated.

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise or be perceived to arise so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients and making arrangements to monitor the operation of such dividers.

4.3.2.10 Compliance with laws and regulations

In the event of failure to comply with the Firm's independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. Matters arising are factored into promotion and compensation decisions and, in the case of Partners and Directors, are reflected in their individual quality and risk metrics. The disciplinary policy is made available to all professionals via our QRMM-CH and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the seriousness of any violations. Any breaches of auditor independence regulations are reported to those charged with governance at the audit client, on the basis agreed with them.

4.3.2.11 Compliance with laws and regulations

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

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

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

professional standards and the KPMG Code of Conduct is required to be completed by client-facing professionals at a minimum of once every two years, with new hires completing such training within one month of joining the Swiss Firm. In addition, certain non-client-facing personnel who work in finance, procurement or sales and marketing departments, and who are at the manager level and above, are also required to participate in such training.

4.4 Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring the successful recruitment, development and assignment of professionals with the skills and experience appropriate to the entity subject to audit.

We monitor quality incidents for the purposes of partner assignments and also for the purposes of partner evaluation, promotion and remuneration.

4.4.1 Recruitment

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

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

4.4.2 Personal development

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

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

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available to enhance personal effectiveness and develop technical, leadership and business skills. We further develop our personnel for high performance through coaching and mentoring on the job, stretch assignments, country rotational and global mobility opportunities.

4.4.3 Evaluation, compensation and promotion

All professionals, including partners, undergo annual goal-setting and performance reviews. Each professional is evaluated on attainment of agreed-upon goals, demonstration of the KPMG global behaviours (one of which is 'Delivers Quality'), technical capabilities and market knowledge. These evaluations are conducted by performance managers and partners who are in a position to assess their performance and propose a performance rating. Performance ratings are awarded following a robust calibration process to effectively address rating inconsistencies and ensure fairness in the rating process. This is achieved through our global performance development process, which is supported by a web-based application.

All partners and directors within the Swiss Firm are issued with standardised quality and risk metrics which are fed into their annual counselling process. The quality and risk metrics include a number of parameters, such as the results of external regulatory reviews, timely completion of training, and the outcome of internal monitoring programmes. As part of these metrics, an overall red, amber or green grading is awarded. The 2015 results indicate a good level of quality and risk compliance across our Firm. The action which is taken in respect of any partner/director with amber and red metrics will be dependent upon what drove the adverse metric initially. The range of actions that will be taken include remediation of the initial deficiency giving rise to the adverse metric, remedial training, one-to-one counselling with functional leadership and/or the NQRMP or EIP on the issue arising, and/or a reduction in the overall compensation paid to the partner/director concerned.

Compensation and promotion

The Swiss Firm has compensation and promotion policies that are clear, simple, and linked to the performance evaluation process, which for partners includes achievement of key audit quality and compliance metrics. This helps our partners and

employees know what is expected of them, and what they can expect to receive in return.

Our policies do not allow audit partners to be compensated for the sale of non-audit services to their audit clients.

4.4.4 Partner admissions

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

Anyone who is being considered for promotion to partner within KPMG Switzerland is evaluated against criteria which include evidence of the way that an individual has managed quality and risk as well as their overall adherence to our values. Similarly, attitude to quality and risk is explored for any external partner hires that we are considering. All recommendations for admission to the partnership of the Swiss Firm need to be approved by the Executive Committee, and certain partner nominations require approval by the Board of Directors.

4.4.5 Assignment

The Swiss Firm has procedures in place to assign both the engagement partners and professionals to a specific engagement by evaluating his or her skill set, 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, accreditation and capacity, based on an annual partner portfolio review, to perform the engagement in view of the size, the 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 and capabilities, including time to perform audit engagements in accordance with KAM, professional standards and applicable legal and regulatory requirements. This may include involving specialists from the Swiss Firm or other KPMG member firms.

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When considering the appropriate competences 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 applicable professional standards and legal and regulatory requirements;
- appropriate technical skills, including those related to relevant information technology and specialised areas of accounting or auditing;
- knowledge of relevant industries in which the client operates;
- ability to apply professional judgement; and
- an understanding of KPMG's quality control policies and procedures.

As an additional control in Audit Corporates (where the services are of more of a recurring nature than across much of the rest of our business, and there is a large number of such recurring engagements), our Head of Audit Corporates together with the Audit Quality & Risk Management Partner performs an annual review of the portfolio of all of our Audit Corporates engagement partners and directors. The purpose of this portfolio review is to look at the complexity and risk of each audit and then to consider whether or not, taken as a whole, the specific engagement leader has the appropriate time, suitable experience and the right level of support to enable them to perform a high-quality audit for each client in their portfolio.

4.5 Commitment to technical excellence and quality service delivery

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

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

4.5.1 Technical training

In addition to personal development discussed at 4.4.2, our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

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

Audit training is mandatory and completion is monitored through a Learning Management System. This allows individuals to monitor their compliance both with their ongoing Continuing Professional Development requirements and with KPMG's mandatory training and accreditation requirements (see 4.5.2).

4.5.2 Accreditation and licensing

All KPMG professionals are required to comply with applicable professional license rules in the jurisdiction where they practice. The Swiss Firm is responsible for ensuring that Audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the predominant financial reporting framework.

In addition, we have specific accreditation requirements for many of our services (including for US audit and accounting work, Forensic, Transaction and Corporate Finance Services). These require that the partners, manager and Engagement Quality Control reviewers have sufficient training and experience

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in performing engagements that require special knowledge and skills.

We require that all Audit professionals maintain accreditation with their professional bodies and satisfy the Continuing Professional Development requirements of such bodies. Our policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

4.5.3 Access to specialist networks

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

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

4.5.4 Consultation

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

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

The Swiss Firm provides appropriate consultation support to audit engagement professionals through professional practice resources that include a DPP and a US Accounting & Reporting Group.

Technical support is also available to our Firm at International level through the International Standards Group (ISG) as well as the US Capital Markets Group for work on SEC foreign registrants.

The ISG works with global IFRS and ISA topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS and ISA between member

firms, identify emerging issues and develop global guidance on a timely basis.

4.5.5 Developing business understanding and industry knowledge

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

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

4.6 Performance of effective and efficient audits

How an audit is conducted is as important as the final result. We expect our people to demonstrate certain key behaviours in the performance of effective and efficient audits. These behaviours are discussed below.

4.6.1 KPMG Audit Process

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

- timely engagement leader and manager involvement;
- critical assessment of audit evidence;
- application of professional judgment and professional scepticism;
- ongoing mentoring and on-the-job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the EQC reviewer;

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- appropriate reporting;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security, and data privacy.

4.6.1.1 Timely engagement leader and manager involvement

To help identify and respond to the significant audit risks applicable to each audit, the engagement team requires an understanding of the client's business, its financial position, and the environment in which it operates.

The engagement leader is responsible for the overall quality of the audit engagement and therefore for the direction, supervision and performance of the engagement

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

The engagement partner is responsible for the final audit opinion and reviews key audit documentation – in particular, documentation relating to significant matters arising during the audit and conclusions reached. The engagement manager assists the engagement partner in meeting these responsibilities and in the day-to-day liaison with the client and team.

4.6.1.2 Critical assessment of audit evidence with emphasis on professional skepticism

We consider all audit evidence obtained during the course of the audit, including consideration of contradictory or inconsistent audit evidence. The nature and extent of the audit evidence we gather is responsive to the assessed risks. We critically assess audit evidence obtained from all sources. The analysis of the audit evidence requires each of our team members to exercise

professional judgment and maintain professional scepticism to obtain sufficient appropriate audit evidence.

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

We have a professional judgment process that provides audit professionals with a structured approach to making judgments. Our professional judgment process has professional scepticism at its heart. It recognises the need to be alert to biases which may pose threats to good judgment, consider alternatives, critically assess audit evidence by challenging management's assumptions and following up contradictory or inconsistent information, and document rationale for conclusions reached on a timely basis as a means of testing their completeness and appropriateness.

4.6.1.3 Ongoing mentoring and on-the-job coaching, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of skills and capabilities of our professionals, without compromising on quality, we use a continuous learning environment. We support a coaching culture throughout KPMG as part of enabling personnel to achieve their full potential.

Ongoing mentoring and on-the-job coaching and supervision during an audit include:

- engagement partner participation in planning discussions;
- tracking the progress of the audit engagement;
- considering the competences 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;

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- 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.

4.6.1.4 Appropriately supported and documented conclusions

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

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

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

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

The Swiss Firm has a formal document retention policy in accordance with the applicable laws and regulations that governs the period we retain audit documentation and other client-specific records.

4.6.1.5 Appropriate involvement of the EQC reviewer

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

An EQC reviewer is required to be appointed for the audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, engagements identified as high risk and other engagements as designated by the NQMRRP, functional quality & risk management partner or Heads of Audit. Before the date of the auditor's report, these individuals review:

- selected audit documentation and client communications;
- appropriateness of the financial statements and related disclosures; and
- significant judgments the engagement team made and the conclusions it reached with respect to the audit.

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

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

- issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers,
- incorporating specific procedures into eAuditIT to facilitate effective reviews,
- implementing policies relating to recognition, nomination and development of EQC reviewers, as well as monitoring and assessing the nature, timing and extent of their involvement, and
- ensuring that the role performed by EQCRs is also taken into account when performing the Partner Portfolio Review process (see Section 4.4.5) to ensure adequacy of time and appropriate skill set for the role and reallocation if needed.

4.6.1.6 Reporting

Swiss and international auditing standards largely dictate the format and content of the audit report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners arrive at all audit opinions based on the audit performed.

In preparing audit reports, engagement partners have access to extensive reporting guidance and technical support to audit partners through consultations with DPPs, especially where there are significant matters to be reported to users of the audit report, either as a qualification to the audit report or through the inclusion of an emphasis of matter paragraph.

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

Two-way communication with those charged with governance at our clients is key to audit quality. Often the audit committee will be the body identified as those charged with governance.

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

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

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, KPMG's Audit Committee Institute ('ACI') aims to help Audit Committee members enhance their awareness, commitment and ability to implement effective Audit Committee processes. The ACI operates in Switzerland as well as many other KPMG countries across the globe, providing Audit Committee members with authoritative guidance on matters of interest to Audit Committees as well as the opportunity to network with their peers during an extensive programme of technical updates and awareness seminars.

4.6.1.8 Focus on effectiveness of group audits

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

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Consistent approaches, methodology and tools are used across the KPMG network. We provide Lead Audit Engagement Partners with information on component auditors within the KPMG network to help them evaluate their competence and capabilities including, where appropriate, the results of relevant inspection results.

Lead Audit Engagement Partners may review component auditor engagement documentation in person or obtain electronic access.

4.6.2 Client confidentiality, information security and data privacy

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

KPMG Switzerland is required to meet the security requirements set out in the Global Information Security Policies and Standards issued by KPMG International. As part of these global requirements, the Swiss Firm appointed a National Security Officer (NSO), who also acts as National IT Security Officer (NITSO), with the necessary authority, skills and experience to lead the information security function. The NSO / NITSO is in charge of the Swiss Firm's information security programme and works closely with our IT Services, National Quality & Risk Management and Marketing & Communications. The NSO / NITSO reports to the Swiss Firm's COO and also to the Global IT Security Officer and Global Head of Information Protection.

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

We have clear policies on information security that cover a wide range of areas. Data Privacy policies are in place governing the handling of personal information, and associated practices are communicated to all personnel and, as appropriate, reinforced through guidance, awareness messages and training. KPMG Switzerland has an Acceptable Use Policy that applies to all KPMG personnel. The policy encourages effective and appropriate

use of KPMG information technology resources, and highlights the protection requirements of all employee, KPMG, and client confidential and personal information.

4.7 Commitment to continuous improvement

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

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

4.7.1 Monitoring

4.7.1.1 Internal monitoring

KPMG International has an integrated monitoring programme that covers all member firms to assess the relevance, adequacy, and effective operation of key quality control policies and procedures. The results and lessons from the programmes are communicated within the Swiss Firm, and the overall results and findings from the programmes are considered, and appropriate actions taken, at national, regional and global levels. Our internal monitoring programme also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively.

Our monitoring procedures involve ongoing consideration of:

- compliance with KPMG International's policies and procedures
- the effectiveness of training and other professional development activities
- compliance with applicable laws and regulations and the Swiss Firm's standards, policies, and procedures.

Two KPMG International developed and administered inspection programmes are conducted annually by KPMG Switzerland across the Audit, Financial Services, Tax, and Advisory functions: the Quality Performance Review (QPR) Programme and the Risk Compliance Programme (RCP). Both programmes are developed and administered by KPMG International.

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Additionally all KPMG member firms are covered by cross-functional Global Compliance Reviews (GCRs). These programmes are designed by KPMG International and participation in them is a condition of ongoing membership of the KPMG network.

Quality Performance Reviews (QPRs)

The International QPR programme is the cornerstone of our efforts to monitor engagement quality, and one of our primary means of ensuring that member firms are collectively and consistently meeting both KPMG International's requirements and applicable professional standards. The QPR programme assesses engagement level performance in the Audit, Financial Services, Tax and Advisory functions and identifies opportunities to improve engagement quality.

All engagement leaders are generally subject to selection for review at least once in a three-year cycle. The reviews are tailored to the relevant function, performed at a member firm level, overseen by a senior experienced Lead Reviewer independent from the member firm, and are monitored regionally and globally.

We perform a root cause analysis for pervasive issues. Remedial action plans for all significant deficiencies noted are required at an engagement and member firm level. We disseminate our findings from the QPR programme to our professionals through written communications, internal training tools and periodic partner, manager and staff meetings. These areas are also emphasised in subsequent inspection programmes to gauge the extent of continuous improvement.

In 2015 the number of engagements and percentage of engagement leaders reviewed for KPMG Switzerland were as follows:

	2015 Number of engagements reviewed (2014)	2015 Percentage of engagement leaders reviewed (2014)
Audit	32 (26)	39% (33%)
Tax ¹	0 (33)	0% (40%)
Advisory	16 (18)	32% (41%)

All engagements are awarded one of three grades; 'Satisfactory', 'Performance Improvement Necessary' and 'Unsatisfactory'. A 'Satisfactory' grading requires both (i) the audit work performed, the evidence obtained and the audit documentation produced to comply with our internal policies, applicable auditing standards and legal and regulatory requirements, and (ii) key judgements concerning significant matters in the audit and the audit opinion itself to have been appropriate. A 'Performance Improvement Necessary' grading is attributed where the auditor's report is generally supported by the work performed and the auditor's report is appropriate, but where improvements are necessary in one or more significant areas 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 international firm's policy and professional standards in significant areas, in particular where there are significant deficiencies in the financial statements themselves, the audit work paper documentation or the actual work undertaken.

In terms of remedial actions all engagement leaders receiving a 'Performance Improvement Necessary' grading are considered for review in the following year and all engagement leaders receiving an 'Unsatisfactory' rating will be subject to a review of another of their engagements in the current year and a review in the following year. In addition, the ratings from the annual QPR are included in the annual quality and risk metrics issued for all partners and directors for all functions (as described in Section 4.4.3).

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

In Tax and Advisory, the functions follow a similar three-tier engagement grading system to Audit.

¹ In 2015, the Tax function was exempt from the QPR programme in accordance with KPMG International's QPR guidelines.

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Risk Compliance Programme (RCP)

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

Member firms are required to self-assess their overall levels of compliance as 'Green', 'Amber' or 'Red'. A 'Green' grade indicates that the firm is substantially compliant with KPMG's policies and procedures and where there are issues identified these are minor and isolated and are acted on promptly. An 'Amber' grade also indicates that the firm is substantially compliant with KPMG policies and procedures although there may be several instances of non-compliance with policies or procedures, however these do not indicate serious deficiencies within the firm as a whole. A 'Red' grade indicates that there are serious deficiencies.

Global Compliance Reviews (GCRs)

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

Each major review area is assigned a "traffic light" rating by the GCR review team. A 'Green' rating indicates that policies and procedures are generally satisfactory and that the firm is substantially compliant with KPMG International's policies and procedures. An 'Amber' rating is given when the results indicate that the firm is generally compliant with KPMG's policies and procedures. There may be several instances of non-compliance with policies and procedures; however these do not necessarily indicate serious deficiencies within the firm as a whole. A 'Red' rating indicates that a firm has serious deficiencies. The Swiss Firm was subject to its last GCR in 2015.

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

4.7.1.2 External monitoring

In Switzerland, the FAOA has been carrying out annual independent inspections of KPMG AG for a number of years. In 2015, the FAOA also assumed responsibility for oversight of regulatory audits related to the financial services sector. Accordingly, FAOA inspections consist of a firm level review and a selection of both financial statement and regulatory audit engagement file reviews.

The FAOA's 2015 inspection of KPMG AG was conducted in September and October 2015 and the inspection report has not been issued as of the date of this report.

The FAOA's 2014 inspection of KPMG AG was conducted in November and December 2014 and the inspection report was issued on 10 April 2015. We considered each of the findings and implemented actions to continue to strengthen our policies and procedures as appropriate. In 2013, KPMG AG was additionally subject to a joint inspection between the FAOA and the US Public Company Accounting Oversight Board (PCAOB). The PCAOB's public report on their inspection of KPMG AG was released on 9 April 2015 and both the report and our response are available on www.pcaob.org.

KPMG AG is also registered with the following foreign audit regulators:

- Canadian Public Accountability Board (CPAB)
- Finnish Auditing Board of the Central Chamber of Commerce (AB3C)
- French 'Haut Conseil du Commissariat aux Comptes' (H3C)
- Irish Auditing & Accounting Supervisory Authority (IAASA)
- Italian 'Commissione Nazionale per le Società e la Borsa' (CONSOB)

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- Japanese Financial Services Authority (JFSA)
- Liechtenstein 'Finanzmarktaufsicht' (FMA)
- Luxembourg 'Commission de Surveillance du Secteur Financier' (CSSF)
- Swedish Supervisory Board of Public Accountants (RN)
- UK Financial Reporting Council (FRC)

4.7.2 Client feedback

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

4.7.3 Monitoring of complaints

We have robust procedures in place for handling complaints received from clients relating to the quality of our work. These procedures are detailed on our [website](#).

KPMG Switzerland takes any complaints about the quality of its services or the behaviour of its people seriously. We undertake to investigate them and address the concerns raised promptly.

If a client has a complaint or is not satisfied with any aspect of their dealings with KPMG Switzerland they are invited to raise their concerns with a partner or a senior member of staff who is known to them. If they are not able to reach a satisfactory resolution in this way, they may follow one of the following courses of action:

- if the complaint concerns KPMG's professional services they may contact the NQMRP;
- if they wish to report possible illegal, unethical or improper conduct involving KPMG Switzerland or any of its people and do not wish to follow any of the previous courses of action, they may make use of our whistle-blowing [hotline](#).

4.7.4 Interaction with regulators

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

The FAOA is a member of the EAIG. With respect to KPMG in Europe an EAIG forum referred to as the "College of Regulators" has been established to increase mutual understanding on key areas of focus.

Financial information

KPMG Switzerland achieved the following revenues for the year ended 30 September 2015:

NET REVENUES				
	Share of revenues	Change	2015 in CHFm	2014 in CHFm
Audit	49.7 %	1.2 %	200.0	197.6
Tax (including Legal)	28.9 %	5.6 %	116.0	109.8
Advisory	21.4 %	6.9 %	85.9	80.4
Total^{1, 3}	100 %	3.6 %	401.9	387.8

GROSS REVENUES			
	Change	2015 in CHFm	2014 in CHFm
Total²	8.9 %	541.0	496.8

PEOPLE			
	Change	FTEs 2015	FTEs 2014
Total FTEs as at 30.09.2015	7.4 %	1,746	1,625

1 Net revenues refer to services rendered by KPMG Switzerland.

2 Gross revenues include out-of-pocket expenses and services of subcontractors and other KPMG member firms charged through KPMG Switzerland.

3 In the past financial year, the Financial Services Regulatory Competence Center was moved from Tax to Audit.
The figures for the previous year have been adjusted accordingly.

Partner remuneration

Partner remuneration comprises a base salary and associated benefits (including employer contributions to the Swiss Firm's pension fund, see below) and additionally a bonus. In Switzerland and Liechtenstein, partners are members of a pension fund operated for all employees; both employer (the Swiss Firm) and employee (partners and staff) are required to contribute to this scheme. In addition, partner bonuses are covered by a separate pension scheme.

The allocation of bonuses and hence overall remuneration of partners of the Swiss Firm is determined by the Executive Committee after assessing the Swiss Firm's overall financial performance and each function's and each respective partner's contribution to that performance for the year. Audit partners are explicitly not remunerated for non-audit services sold to their audit clients. The Board of Directors of KPMG Holding AG reviews the proposed total partner compensation for plausibility, making recommendations to the Executive Committee for additional consideration. The Board of Directors is further responsible for determining the total compensation of the Senior Partner and approving the total compensation proposed by the Senior Partner for the other members of the Executive Committee.

Network arrangements

7.1 Legal structure

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law. More information about the KPMG network can be found in the 2015 International Annual Review Report.

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

The structure is designed to support consistency of service quality and adherence to agreed values wherever in the world the member firms operate. One of the main purposes of KPMG International is to facilitate the provision by member firms of high-quality Audit, Tax and Advisory services to their clients. For example, KPMG International establishes, and facilitates the implementation and maintenance of, uniform policies and standards of work and conduct by member firms and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity which is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture or in a principal agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to oblige or bind any member firm.

7.2 Responsibilities and obligations of member firms

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

Member firms commit to a common set of KPMG values.

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

7.3 Professional indemnity insurance

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

7.4 Governance Structure

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

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. It performs functions equivalent to a shareholders' meeting (albeit that KPMG International has no share capital and, therefore, only has members, not shareholders). Among other things, the Global Council elects the chairman for a term of up to four years (renewable once) and also approves the appointment of Global Board members. It includes representation from 58 member firms that are "members" of KPMG International as a matter of Swiss law. Sub-licensees are generally indirectly represented by a member.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations. It also admits member firms and ratifies the global chairman's appointment of the global deputy chairman and members of the Global Management Team.

Network arrangements

The Global Board includes the global chairman, the global deputy chairman, the chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms. It is led by the global chairman who is supported by the Executive Committee, consisting of the global chairman, the global deputy chairman, the chairman of each of the regions and currently four other senior partners of member firms.

One of the other Global Board members is elected as the lead director by these Global Board members who are not also members of the Executive Committee of the Global Board ("nonexecutive" members). A key role of the lead director is to act as liaison between the global chairman and the "nonexecutive" Global Board members. The list of Global Board members, as at 1 October 2015 is available in the International Annual Review.

The Global Board is supported in its oversight and governance responsibilities by several other committees, including a Governance Committee, an Operations Committee, an Investments Committee, a Quality and Risk Management Committee, and a Professional Indemnity Insurance Committee. The lead director nominates the chairs and members of certain Global Board committees for approval by the Global Board.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments. It is led by the global deputy chairman, and includes the global chairman, the global chief operations officer, global function and infrastructure heads and the general counsel. The list of Global Management Team members, as at 1 October 2015, is available in the International Annual Review.

The Global Steering Groups are responsible for supporting and driving the execution of the strategy and business plan in their respective areas and act under oversight of the Global Management Team. The role of the Global Quality & Risk Management Steering Group is outlined in more detail in the KPMG International Transparency Report.

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

Further details about KPMG International including the governance arrangements, can be found in its [2015 International Transparency Report](#).

7.5 Area Quality & Risk Management Leaders

KPMG International has a network of Area Quality & Risk Management Leaders (ARLs), reporting to the Global Vice Chair – Quality, Risk & Regulatory. The ARLs are members of the Global Quality & Risk Management Steering Group and each ARL performs a monitoring function over a group of member firms. Their role is to enhance the KPMG network's ability to proactively monitor quality and risk management across member firms.

Statement by the Executive Board of Directors on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG Switzerland outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by the Swiss Firm comply with the relevant 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 Board of Directors of KPMG AG (and Executive Committee of KPMG Switzerland) have considered:

- the design and operation of the quality control system as described in this report;
- the findings from the various compliance programmes operated by the Swiss Firm (including the KPMG International Review programmes as described in Section 4.7.1 and our local compliance monitoring programmes); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Executive Board of Directors of KPMG AG confirms with a reasonable level of assurance that the system of quality controls within the Swiss Firm has operated effectively in the year ended 30 September 2015.

Further, the Executive Board of Directors confirms that an internal review of independence compliance within the Swiss Firm has been conducted in the year ended 30 September 2015.

Key legal entities and areas of operation

Name of entity	Legal structure	Regulatory status	Nature of business	Area of operation
KPMG Partners AG ¹	Swiss corporation / company limited by shares	N/A	Holding Company	Switzerland
KPMG Holding AG ²	Swiss corporation / company limited by shares	N/A	Holding Company	Switzerland
KPMG AG	Swiss corporation / company limited by shares	Swiss Licensed Audit Firm under State Oversight and Liechtenstein Registered Audit Firm	Audit, Tax and Advisory Services	Switzerland and Liechtenstein
KPMG (Liechtenstein) AG	Liechtenstein corporation / company limited by shares	Liechtenstein Registered Audit Firm	Audit, Tax and Advisory Services	Liechtenstein
Ostschweizerische Treuhand-Gesellschaft	Swiss corporation / company limited by shares	Swiss Licensed Audit Expert	Audit, Tax and Advisory Services	Switzerland
Fides Revision AG	Swiss corporation / company limited by shares	N/A	Entity Used for internal purposes only	Switzerland

¹ Merged with KPMG Holding AG and renamed to KPMG Holding AG in December 2015.

² Merged with KPMG Partners AG and deleted in the commercial register as of 7 December 2015.

Details of those charged with governance at KPMG Switzerland as of 30 September 2015

Executive Committee and Board of Directors of KPMG AG



Stefan Pfister (1968, CH)

Chief Executive Officer

Stefan Pfister studied Business Administration at the University of St. Gallen and also completed a degree in Corporate Real Estate Management at the European Business School (EBS). He is an accredited FINMA assessor with over 15 years of experience in the financial and real estate industries. Stefan Pfister joined KPMG in 2005 as Head of Real Estate and partner. In 2009, he took over the leadership of Transactions and Restructuring, and in 2011, he was appointed Head of Advisory and member of the Executive Committee. Stefan Pfister has been CEO of KPMG Switzerland since 2014.



Jörg Walker (1962, CH)

Chief Operating Officer, Chief Financial Officer

Jörg Walker studied Law at the University of St. Gallen and is a certified tax expert. He taught for four years at the Institute of Public Finance and Fiscal Law (IFF) at the University of St. Gallen, and joined KPMG in 1994. Jörg Walker has been a member of the Executive Committee since 2004.



Philipp Hallauer (1964, CH)

Head of National Quality & Risk Management

Philipp Hallauer studied Business Administration at the University of St. Gallen and is a Swiss Certified Accountant. He has worked for KPMG since 1990. He was Chairman of the Board of Directors of KPMG Switzerland from 2005 to 2008. Philipp Hallauer has been a member of the Executive Committee since 2013.



Anne van Heerden (1965, NL)

Head of Advisory

Anne van Heerden is a Dutch Register Accountant (RA), a Certified Audit Expert in Switzerland and a Certified Fraud Examiner (CFE). He joined KPMG Netherlands in 1986, and KPMG Switzerland in 2000. He has been Partner since 2004. He was Head of Forensic from 2003 to 2014. In 2009 he became Head of Risk Consulting. From 2013 to 2015 he was Head of Consulting and from 2012 to 2015 member of the Global Forensic Executive Committee. Since 1.1.2015 Anne van Heerden has been a member of the Executive Committee.



Peter Uebelhart (1969, CH)

Head of Tax

Peter Uebelhart studied Business Administration at the University of St. Gallen and is a Certified Tax Expert. He has been with KPMG since January 2001, and has been Partner since 2002. He became Head of M&A Tax Switzerland in 2001, and Head of Corporate Tax in 2006. Peter Uebelhart has been Head of Tax and a member of the Executive Committee since 2012.



Lukas Marty (1967, CH)

Head of Audit

Lukas Marty studied Business Administration at the University of St. Gallen and is a Swiss Certified Accountant. He has worked for KPMG since 1993 and since 2001 he has been Partner. Lukas Marty is responsible for auditing and advising listed clients in different sectors. He was CFO from 2008 to 2012, and Head of Audit since 2012. Lukas Marty has been a member of the Executive Committee since 2010.



Philipp Rickert (1966, CH)

Head of Financial Services

Philipp Rickert studied Business Administration and Law at the University of St. Gallen and is a Swiss Certified Accountant. He joined KPMG in 1996 and became Partner in 2003. As Head of Financial Services, he assumed responsibility in 2011 for the Financial Services sector for KPMG Switzerland. Philipp Rickert has been a member of the Executive Committee since 2013.



Chairman of the Board of Directors

Roger Neininger is a Swiss Certified Accountant and has been with KPMG since 1984. He became Partner in 1996. In 2009, he joined the Executive Committee and became Head of Audit and Deputy CEO. Roger Neininger was CEO of KPMG Switzerland from 2012 to 2014. He has been Chairman of the Board of Directors since 2014.



Member of the Board of Directors

Hélène Béguin has been with KPMG since 1987. She qualified as a Swiss Certified Accountant in 1992. She is Head of Audit for Suisse Romande and responsible for the national market in Suisse Romande. In 2014, Hélène Béguin was appointed to the Board of Directors.



Member of the Board of Directors

Stuart Robinson completed his training as a Certified Accountant at Heriot-Watt University and the University of St Andrews. Between 1999 and 2002, he was Head of Transaction Services at KPMG Switzerland. From 2008 to 2010, he was Head of FS Transaction Services of KPMG Europe. Since 2011, Stuart Robertson has been Global Head of KPMG Transactions and Restructuring in the banking sector and manages global clients. He was appointed to the Board of Directors in 2014.

Public interest entities

The list of the Swiss Firm's public interest entity audit clients as at 30 September 2015 is provided below. The definition of 'Public Interest Entity' for this purpose is that given under the provisions of Article 2, para. c of the Swiss Auditor Oversight Act (AOA). This definition includes Swiss entities with publicly listed shares or bonds and Swiss entities that contribute at least 20% of assets or revenues to the consolidated financial statements of Swiss publicly listed entities (collectively "public companies"), and supervised persons and entities within the meaning of Art. 3 of the Financial Market Supervision Act (FINMASA), excluding those which are not required to be notified to the FAOA:

Swiss Public Companies

Aduno Holding AG

agta record ag

AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern

Alpine Select AG

Angel Telecom Holding AG in Liquidation

Autoneum Holding AG

Axpo Holding AG

Axpo Power AG

Axpo Trading AG

Bank Julius Bär & Co. AG

Banque Cramer & Cie SA

Barry Callebaut AG

BELIMO Automation AG

BELIMO Holding AG

Burkhalter Holding AG

Burkhalter Technics AG

BVZ Holding AG

Cembra Money Bank AG

Centralschweizerische Kraftwerke AG

Cicor Technologies Ltd.

Conzzeta AG

Credit Suisse AG

Credit Suisse Group AG

Datacolor AG

Datacolor AG Europe

Datacolor Holding AG

Emmi AG

Emmi Finanz AG

Emmi Schweiz AG

EMS-CHEMIE (Produktion) AG

EMS-CHEMIE AG

EMS-CHEMIE HOLDING AG

ENAG Energiefinanzierungs AG

Energiedienst Holding AG

Feintool International Holding AG

Flughafen Zürich AG

Forbo Holding AG

GAM Holding AG

GAM Investment Management (Switzerland) AG

Gazprombank (Schweiz) AG

Gornergrat Bahn AG

Groupe Baumgartner Holding SA

GZO AG

Helvetia Holding AG

Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Helvetia Schweizerische Versicherungsgesellschaft AG

INFICON HOLDING AG

Julius Bär Gruppe AG

Jungfraubahn AG

JUNGFRAUBAHN HOLDING AG

Kernkraftwerk Leibstadt AG

Kraftwerke Linth-Limmern AG (KLL)

Kuoni Reisen Holding AG

LO Immeubles S.A.

Logitech Europe S.A.

Logitech International S.A.

Lonza AG

Lonza Group AG

Lonza Sales AG

Lonza Swiss Finanz AG

Looser Holding AG

Matterhorn Gotthard Verkehrs AG

MCH Group AG

MCH Messe Schweiz (Basel) AG

Micronas Semiconductor Holding AG

Mobimo AG

Mobimo Holding AG

Molecular Partners AG

Public interest entities

Nestlé S.A.	TCP International Holdings Ltd.	Aventicum Capital Management (Suisse) SA
New Venturetec AG	Tecan Group AG	BANCA CREDINVEST SA
NORINVEST HOLDING SA	u-blox AG	Banca Popolare di Sondrio (Suisse) SA
OC Oerlikon Corporation AG, Pfäffikon	u-blox Holding AG	Bank Hapoalim (Schweiz) AG
Oriflame Holding AG	VAUDOISE ASSURANCES HOLDING SA	Bank Julius Bär & Co. AG *
Panalpina Welttransport (Holding) AG	VAUDOISE GENERALE, Compagnie d'Assurances SA	Bank-now AG
Partners Group AG	VAUDOISE VIE, Compagnie d'Assurances SA	Banque Baring Brothers Sturdza SA
Partners Group Holding AG	Villars Holding S.A.	Banque Cramer & Cie SA *
Phoenix Mecano AG	Warteck Invest AG	Banque de Commerce et de Placements SA
PLAZZA AG	Wengernalpbahn AG	Banque Internationale de Commerce - BRED (Suisse) SA
PLAZZA IMMOBILIEN AG	Zehnder Group AG	Banque Pâris Bertrand Sturdza SA
Private Equity Holding AG	Supervised persons and entities as per Art. 3 of FINMASA	BANQUE PRIVEE BCP (SUISSE) SA
ProgressNow! invest AG	1875 Finance SA	Banque Privée Espirito Santo SA en liquidation
Roche Holding AG	ACE & COMPANY SA	Bantleon Bank AG
Roche Kapitalmarkt AG	Aduno Holding AG *	BBGI GROUP SA
Schlatter Industries AG	AGA INTERNATIONAL S.A., Paris, succursale de Wallisellen (Suisse)	BHF-BANK (Schweiz) AG
Schweizerische Nationalbank	Allianz Risk Transfer AG	Bondpartners S.A.
Services industriels de Genève	Allianz Suisse Lebensversicherungs-Gesellschaft AG	CACEIS (Switzerland) SA
SPS Immobilien AG	Allianz Suisse Versicherungs-Gesellschaft AG	CAP, Rechtsschutz-Versicherungsgesellschaft AG
Sulzer AG	Alpha Associates AG	Carnegie Fund Services SA
Swiss Prime Site AG	AP ANLAGE & PRIVATBANK AG	Catalina Rückversicherung (Schweiz) AG (fka Allianz Suisse Rückversicherungs-Gesellschaft AG)
Swisscom (Schweiz) AG	ASPEN INSURANCE UK LIMITED, London, Zurich Insurance Branch	CBH Compagnie Bancaire Helvétique SA
Swisscom AG		Cembra Money Bank AG *
Swissgrid AG		
Swisstronics Contract Manufacturing AG		
Syngenta AG		
Syngenta Finance AG		

Public interest entities

Centrum Beratungs- und Beteiligungen AG	Deutsche Bank Aktiengesellschaft, Frankfurt a.M., Zweigniederlassung Zürich	FINTER BANK ZÜRICH AG
CG CAR-GARANTIE Versicherungs-Aktiengesellschaft, Freiburg i. Br., Zweigniederlassung Binningen	Deutsche Fiduciary Services (Suisse) SA	G + FS Capital Invest AG
Citibank (Switzerland) AG	DEUTSCHE TRANSNATIONAL TRUSTEE CORPORATION INC., Charlottetown (Canada), succursale de Genève	GAM (Schweiz) AG
Citibank, N.A., Sioux Falls, succursale de Genève	Diapason Commodities Management SA	GAM Anlagefonds AG
Citibank, N.A., Sioux Falls, Zurich Branch	Dreyfus Söhne & Cie. Aktiengesellschaft, Banquiers	GAM Investment Management (Switzerland) AG *
CITIGROUP GLOBAL MARKETS LIMITED, London, Zweigniederlassung Zürich	Dukascopy Bank SA	GAM Investment Management Lugano SA
Cititrust (Switzerland) Limited	Echo Rückversicherungs-AG	“Garant” Versicherungs-Aktiengesellschaft, Vienne, succursale de Meyrin/Genève
Cititrust Private Trust Zurich GmbH	Edmond de Rothschild Real Estate SICAV	Gazprombank (Schweiz) AG *
Clariden Leu Trust (Schweiz) AG	Entris Banking AG	Glacier Reinsurance AG
Coface Re SA	EPONA société coopérative mutuelle d'assurance générale des animaux	GLOBALE Rückversicherungs-AG
Coges Corratierie Gestion SA	Equitas SA, Société de Gestion et d'Investissements	Great Lakes Reinsurance (UK) PLC, London, Zweigniederlassung Baar
Compagnie Privée de Conseils et d'Investissements SA	Ergo Versicherung AG, Düsseldorf,	GVB Privatversicherungen AG
Comunus SICAV	Euler Hermes Reinsurance AG	Habib Bank AG Zurich
Credit Europe Bank (Suisse) SA	Zweigniederlassung Zürich	Hardcastle Trading AG
Credit Suisse AG *	Euler Hermes SA, Brüssel, Zweigniederlassung Wallisellen	Harper Versicherungs AG
Credit Suisse Funds AG	Eurex Zürich AG	HBK Investments Advisory SA
Credit Suisse Group AG *	Europäische Reiseversicherungs AG	HDI-Gerling Industrie Versicherung AG, Hannover, Niederlassung Zürich/Schweiz
Credit Suisse Solution Partners AG	European Value Partners AG	Heineken Re AG
Credit Suisse Stiftung für Mitarbeiter-Beteiligungsmodelle	F&P Services SA	Helvetia Schweizerische Lebensversicherungsgesellschaft AG *
Credit Suisse Trust AG	FidFund Management SA	Helvetia Schweizerische Versicherungsgesellschaft AG *
Cronos Finance SA	Financial Assurance Company Limited, London, Zweigniederlassung Zürich	HSBC Bank plc, London, Zweigniederlassung Zürich
DAS Rechtsschutz-Versicherungs-AG	Financial Insurance Company Limited, London, Zweigniederlassung Zürich	HSBC Global Asset Management (Switzerland) AG
Deutsche Bank (Suisse) SA		

Public interest entities

HSBC Private Bank (Suisse) SA	Metsä Board Re Insurance AG	RTS Geneva SA
HSBCTrust Company AG	NBAD Private Bank (Suisse) SA	Sanitas Privatversicherungen AG
IDB (Swiss) Bank Ltd	Neue Aargauer Bank AG	Schweizerische Mobiliar Asset Management AG
Inreska Limited, Guernsey, Swiss Branch	New Reinsurance Company Ltd.	Schweizerische Mobiliar Lebensversicherungs-Gesellschaft AG
Intercona Re AG	Nextech III Oncology Kommanditgesellschaft für kollektive Kapitalanlagen	Schweizerische Mobiliar Versicherungsgesellschaft AG
International Capital Market Association	Nordea Bank S.A., Luxemburg, Zweigniederlassung Zürich	Segetis AG
INTESA SANPAOLO PRIVATE BANK (SUISSE) SA	Notenstein Real Estate Investments SICAV	SIF Investment Company Ltd.
Intracap Insurance Ltd	OMNIUM REINSURANCE COMPANY SA	Skandia Leben AG
Investas AG	Partners Group AG *	SmartLink SA
Isbank AG, Frankfurt am Main (DE), Zweigniederlassung Zürich	Patrimonium Asset Management AG	ST BERNARD ASSURE LIMITED, à Gibraltar, succursale de Martigny
ISP Securities AG	Pegaso Capital Partners SA	Standard Chartered Bank (Switzerland) SA, en liquidation
JL Securities SA	PENTA ASSET MANAGEMENT SA	SVC-AG für KMU Risikokapital
Julius Bär Family Office & Trust AG	PG3 AG	SVM Pro Performance SA
Julius Bär Wealth Management AG (fka TFM Asset Management AG)	PostFinance AG	Swan Asset Management SA
Kepler Capital Markets SA	Privatbank von Graffenried AG	Swisscanto Fondsleitung AG
Kepler Capital Markets SA, Paris, Zweigniederlassung Zürich	Protekta Rechtsschutz-Versicherung AG	Swisscanto Swiss Red Cross Charity SICAV
LBBW (Schweiz) AG	PvB Pernet von Ballmoos AG	Swisscard AECS GmbH
Limmat Versicherungs-Gesellschaft AG	QSAM Ltd.	Sydbank (Schweiz) AG in Liquidation
Loyal Finance AG	QUAERO CAPITAL SA	Symbiotics SA
MainFirst Schweiz AG	Quiltrust Limited	Takeda Re Insurance AG
Mannheimer Versicherung Aktiengesellschaft, Mannheim, Zweigniederlassung Schweiz, Zürich	Quilvest (Switzerland) Ltd.	THALIA SA
MARKEL INTERNATIONAL INSURANCE COMPANY LIMITED, London, Switzerland Branch Kusnacht	Remaco Wealth Management AG	Tokio Millennium Re AG
	RobecoSAM AG	Tower Alternative SICAV, à risque particulier, en liquidation
	Rothschild Bank AG	
	Rothschild Trust (Schweiz) AG	

Public interest entities

Tower Swiss Funds SICAV en liquidation

Trinel Ltd.

TWINT AG

Unilever Reinsurance AG

VAUDOISE GENERALE, Compagnie
d'Assurances SA *

VAUDOISE VIE, Compagnie
d'Assurances SA *

Veraison Capital AG

Viseca Card Services SA

von Graffenried & Partner AG
Vermögensverwaltung Brig

von Graffenried, von Burg, Kaufmann und
Winzeler Vermögensverwaltung AG

Wincare Zusatzversicherungen AG

WMPartners Vermögensverwaltungs AG

Wolters Kluwer Reinsurance AG

Woodman Asset Management AG

* Also included as a Swiss Public Company

KPMG's global values

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

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

KPMG's core values are at the heart of our Swiss Code of Conduct which defines the standards of ethical conduct that are required of people in KPMG member firms worldwide.

For further information on the
Transparency Report
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