



# Transparency report 2015-2016

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KPMG Audit S.R.L.

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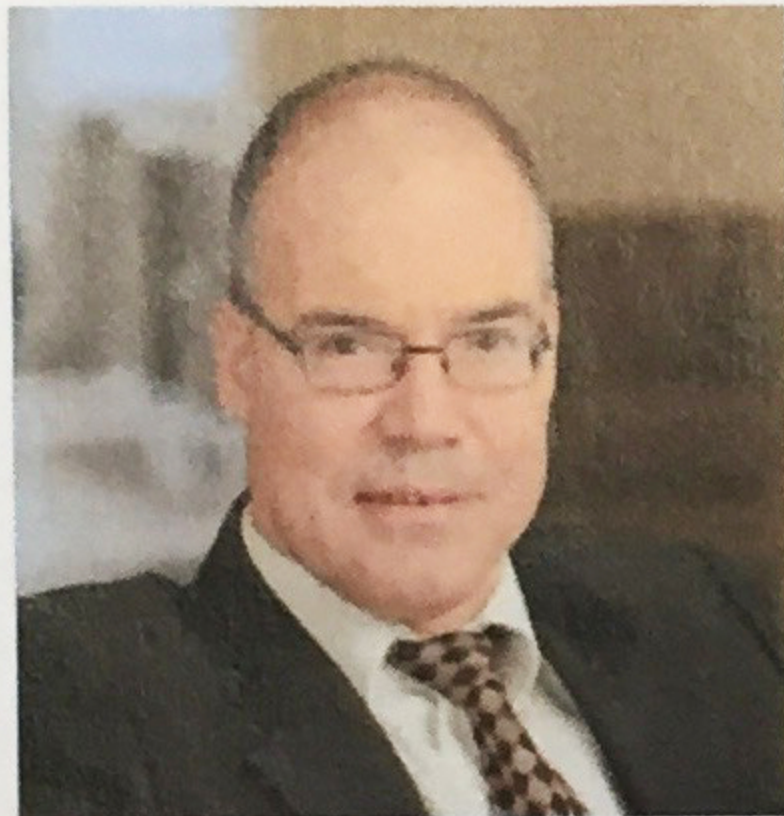


**KPMG Audit SRL**

**2015/2016 Transparency report**



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## Foreword

The economic uncertainties of recent years have focused attention on the role and the value of the audit. More than ever, we need to be able to articulate clearly and consistently what audit quality means to us, as well as being able to demonstrate how we safeguard the quality of the service we provide.

We feel it is important to underline and reconfirm our values and those things we stand for: to lead by example, work together, respect the individual, seek the facts and provide insights as well as to be committed to our communities. The quality and integrity of our people and our work is paramount to everything we do at KPMG.

To ensure every partner and employee concentrates on the skills and behaviors needed to deliver an appropriate, robust and independent opinion, we have developed a global Audit Quality Framework. The seven drivers in this framework provide us with a common language to describe what we believe drives audit quality, and importantly, to highlight how every partner and staff member at KPMG contributes to the delivery of audit quality.

At KPMG Audit SRL, we maintain a system of quality control that is designed not only to reflect our drive and determination to deliver independent, unbiased advice and opinions, but also meet the requirements of Romanian law and professional standards. Audit Quality is integral to our business and is the responsibility of every partner and employee. To help ensure a common understanding of what drives audit quality within KPMG, we adhere to the Global Audit Quality Framework.

This Transparency Report offers you a clear perspective of how we do business. We open a door for you to see and understand us at a deeper level. We show to you our governance, our structure, our culture of integrity, our approach and systems of quality control, our application of the provisions of the Statutory Audit Government Emergency Ordinance 90/2008, derived from the European Union's Directive on Statutory Audits 43/2006 and the way we understand Audit quality.

In accordance with article 27 (3) of the Accounting Law (Law 82/1991 with related amendments), during 2015 KPMG Audit SRL chose a different financial year than the calendar year. Consequently, the first financial year which is different from the calendar year covers the period 1 October 2015 - 30 September 2016. This transparency report covers the period from the last reporting date (1 January 2015) to 30 September 2016.

We invite you to read on...

Șerban Toader  
Senior Partner  
KPMG Audit S.R.L.



## 1. Legal structure and governance

KPMG in Romania delivers Audit, Tax and Advisory services.

We operate out of 5 offices and during the period 1 January 2015- 30 September 2016, we had an average of 780 employees (1 January- 31 December 2014: 723 employees).

Our audit and assurance services are delivered in Romania through KPMG Audit SRL. Full details of the services offered by KPMG in Romania can be found on our website [www.kpmg.ro](http://www.kpmg.ro).

KPMG Audit S.R.L. ("the Company") is a Romanian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business, including our relationship with it, are available in the Supplement to the 2016 KPMG International Transparency Report (available [here](#)).

The shareholders of KPMG Audit SRL are as follows: KPMG Romania SRL, Jan Mikael Olsson, Serban Cristian Toader, John Lane and Richard Gerard Marcel Perrin.

KPMG Audit SRL has been a member of Romanian Chamber of Financial Auditors ("CAFR") since 2001.

The current address of KPMG Audit SRL is Victoria Business Park, 69-71 Bucuresti-Ploiesti, District 1, Bucharest, Romania.

## 2. Network arrangements

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

KPMG International carries 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 member firms.

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

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

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

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

Member firms commit to a common set of KPMG values (please refer to Appendix 1 of this Report - KPMG Values).

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team. Further details of KPMG International's governance structure can be found in the 2016 [KPMG International Transparency Report](#).

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

### 3. Management of the company

The administrators of KPMG Audit S.R.L. are Serban Cristian Toader, Jan Mikael Olsson, AuraStefana Giurcaneanu, Bogdan-Liviu Vaduva, Cezar Gabriel Furtuna, John Lane, Efraim Ofir Ori, Paula Raluca Soare, Richard Gerard Marcel Perrin and Tudor Alexandru Grecu, who are also KPMG Partners.

### 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.

These are included in KPMG's Global Quality & Risk Management Manual, available to all personnel.

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

These policies and procedures 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), as well as additional policies and procedures that are designed to address rules and standards issued by the Romanian Chamber of Financial Auditors („CAFR”), the Public interest oversight body of accounting profession („CSIPPC”) and other relevant regulators as well as applicable legal and other requirements.

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

KPMG Audit S.R.L. views risk management and quality control as the responsibility of each partner and employee within the firm. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. 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 auditing standards. This means, above all, being independent, as well as compliant with relevant legal and professional requirements.

Quality of audit work in KPMG Audit S.R.L. is ensured by consistent application of our audit methodology and of our Audit Quality Framework. The audit methodology we use supports the delivery of an appropriate and independent opinion. Our global audit methodology, developed by the Global Service Centre (GSC), is based on the requirements of International Standards on Auditing (ISAs).

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

The Audit Quality Framework identifies seven drivers of audit quality:

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

Tone at the top sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviors permeate across the entire KPMG network. Each of the seven drivers is described in more detail:

#### 4.1 Culture and tone at the top

The culture of KPMG International and the member firms is underpinned by a strong set of values and supporting policies and processes and enables the right attitudes and behaviors to permeate throughout the KPMG network, starting from the very top. We promote a culture in which consultation is encouraged and recognized as a strength.

Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG core value – "Above all, we act with integrity". Integrity means constantly striving to uphold the highest professional standards, providing sound quality advice to our clients and rigorously maintaining independence.

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

- Culture, values, and code of conduct - clearly stated and demonstrated in the way we work.
- Focused and well-articulated strategy - incorporating quality at all levels.
- Standard set by leadership.
- Governance structure and clear lines of responsibility for quality- skilled and experienced people in the right positions to influence the quality agenda.

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

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

#### 4.2 Association with the right clients

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

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

Before accepting a client, KPMG Audit SRL undertakes an evaluation of the prospective client.

This involves an assessment of the prospective client's principals, its business, and other service-related matters. This also involves 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 considers breaches of law and regulation, anti-bribery and corruption policies as well as human rights. A second partner, as well as the evaluating partner, approves each prospective client evaluation. Where the client is considered to be 'high risk' the Risk Management Partner is required to approve the evaluation.

We have also established policies and procedures to help ensure that the work carried out by the staff working on each engagement meet applicable professional standards, regulatory requirements, and the firm's quality requirements.

### 4.3 Clear standards and robust audit tools

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

Our audit methodology is supported by eAudit, KPMG International's electronic audit tool, which provides KPMG Audit SRL auditors with the methodology, guidance, and industry knowledge needed to carry out high quality audits.

Our methodology encourages engagement teams to exercise professional skepticism in all aspects of planning and carrying out an audit. The methodology encourages use of specialists when appropriate and also requires use of certain specialists in the core audit engagement team when certain criteria are met.

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

KPMG International have detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Q&RM Manual. Automated tools facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with the standards issued by the regulatory bodies.

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

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

#### *Recruitment*

Candidates submitting an application for a professional position for which they have the relevant skills and experience are employed following a variety of selection processes meant to determine the extent to which their profiles are suitable for the needs of the company and of the clients. This may include, but it is not limited to: application screening, competency-based interviews, technical skills testing, personality and psychometric testing and qualification/reference checks.

Upon joining our firm, new personnel are required to participate in a comprehensive on boarding program, which includes training in areas such as ethics and independence.

#### *Performance evaluation*

All professionals, including partners, undergo annual goal-setting and performance evaluations. Each employee is evaluated based on his or her attainment of agreed-upon goals, demonstration of the KPMG skills and behaviors for their level, and adherence to the KPMG values. These evaluations are conducted by performance managers and partners.

*Assignment*

The firm assigns an individual to specific engagements by evaluating his or her skill sets, relevant professional and industry experience and the nature of the assignment or engagement. The engagement partner and engagement quality control reviewer are assigned following a process established by the risk management partner.

**4.5 Commitment to technical excellence and quality service delivery**

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

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

*Training*

Our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

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

Trainings are provided for professionals to develop the skills, behaviors, and personal qualities that for a successful career in auditing. Courses are delivered to enhance personal effectiveness and develop technical, leadership, and business skills.

*Accreditation and licensing*

Our firm is responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the local predominant financial reporting framework. We have accreditation requirements which ensure that only partners and employees with the appropriate training and experience are assigned to clients and are appropriately licensed where necessary.

Our firm requires that all audit professionals are required to maintain accreditation with their professional bodies and satisfy the Continuing Professional Development requirements of such bodies, including CAFR. Our policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

*Consultation*

Internal consultation is a fundamental contributor to quality, is mandatory in certain circumstances and is always encouraged. Our firm provides appropriate consultation support through professional practice resources that include a Department of Professional Practice (‘DPP’) which is made up of senior professionals with extensive experience of audit, reporting and risk management.

Technical support available to our firm also includes the International Standards Group (ISG).

**4.6 Performance of effective and efficient audits**

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



We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. These behaviors includes the following:

*Appropriate and Timely partner involvement*

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

*Critical assessment of audit evidence with emphasis on professional skepticism*

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

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

*Ongoing mentoring and on the job coaching, supervision and review*

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

*Appropriately supported and documented conclusions*

Audit documentation records the audit procedures carried out, 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 firm has a formal document retention policy in accordance with local regulations and firm policy that governs the period we retain audit documentation and other client-specific records.

*Appropriate and timely involvement of the Engagement Quality Control reviewer (EQC review)*

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

An EQC reviewer is required to be appointed for audits of all listed entities and other engagements identified as high public profile or high risk, and certain other engagements in accordance with local policy on EQCR involvement.

*Reporting*

Auditing standards and Romanian legislation largely dictate the format and content of the audit report. Experienced auditors arrive at all audit opinions, after involvement in and review of the work carried out by the audit team. All audit opinions on financial statements of significant Public Interest Entities and engagements identified as high risk are required to be agreed with the appointed engagement quality control review partner. Engagement teams are required to consult with the DPP for all engagements where any modification of the opinion is being considered.

The Head of Audit and/or the Risk Management Partner may also be consulted. The importance of verifying that any uncertainties are clarified before signing the audit opinion is emphasized in training courses.



#### 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 improvement.

##### *Internal monitoring*

KPMG International has an integrated monitoring program that covers all member firms to assess the relevance, adequacy, and effective operation of key quality control policies and procedures. This monitoring addresses both engagement delivery and important KPMG International policies and procedures. Our monitoring procedures involve ongoing consideration of the relevance and adequacy of KPMG's policies and procedures, the appropriateness of KPMG's guidance materials, the effectiveness of training and other professional development activities and compliance with applicable laws and regulation and member firms' standards, policies, and procedures.

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

Additionally all member firms are covered over a three-year period by cross-functional Global Compliance Reviews (GCRs) carried out by reviewers in the Global Compliance Group who are external to the member firm. The last Global Compliance Review on KPMG in Romania took place in October 2014.

These three programs are designed by KPMG International and participation in them is a condition of ongoing membership of the KPMG network.

##### *External monitoring*

In Romania the Romanian Chamber of Financial Auditors has been carrying out independent quality assurance inspections for a number of years. The most recent quality assurance inspection of our firm carried out by the Romanian Chamber of Financial Auditors took place in November 2014 and we received an „A” rating.

None of the external quality assurance inspections have identified any issues related to the conduct of our statutory audits.

#### 5. Statement on effectiveness of the system of control of quality

The measures and procedures that serve as the basis for the system of quality control for KPMG Audit S.R.L. outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected. We have considered the design and operation of the quality control systems as described in this report, the findings from the various compliance programs operated by our firm and findings from regulatory inspections and subsequent follow up and/or remedial actions. Taking all of this evidence together, we confirm with a reasonable level of assurance that the systems of quality control within our firm operated effectively for the period 1 January 2015- 30 September 2016.

#### 6. Statement of the firm's policies on independence

We have adopted the KPMG Global Independence Policies which are derived from the IESBA Code of Ethics. These policies are supplemented by other processes to ensure compliance with the standards issued by the Romanian Chamber of Financial Auditors. KPMG's policies and procedures on independence meet those required by the provisions of Government Emergency Ordinance no. 90/2008. These policies and processes cover areas such as firm independence (covering for example treasury and procurement functions), personal independence, post-employment relationships, partner rotation, and approval of audit and non-audit services.

KPMG Audit S.R.L. has put in place certain independence policies, including but not being limited to the following:



*Policies relating to personal independence*

Professionals in KPMG Audit S.R.L. are required to review their financial interests and other relationships on a regular basis to verify that they are in compliance with applicable independence requirements. This is done using a investment tracking system browser-based application which 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. Any professional providing services to an audit client is also required to notify the Ethics and Independence Partner if they intend to enter into employment negotiations with an audit client.

*Policies relating to independence training and confirmation*

Our 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 commencement of employment. Thereafter, professionals are required to provide an annual confirmation that they have remained in compliance with applicable ethics and independence policies throughout the period. This confirmation is used to demonstrate the individual's compliance with and understanding of our firm's independence policies.

*Policies relating to audit partner rotation requirements*

KPMG Audit S.R.L. applies the rules on partner rotation as set out in Government Emergency Ordinance no. 90/2008 "Statutory Audit Ordinance" - on statutory audit of financial statements and consolidated financial statements and public oversight of the accounting profession and IESBA Code of Ethics. Consequently, key Audit partners providing services to Public Interest Entities must be rotated at least every seven years, with at least a two year cooling-off before they might return to the same engagement.

Our firm monitors the rotation of partners, which also assists them in the development of transition plans that help them to deliver a consistent quality of service to clients. The rotation monitoring is subject to compliance testing as part of national quality performance review processes. We also have an explicit prohibition against audit partners joining their listed audit clients in an executive position for a one year period after their last involvement in the audit.

*Policies relating to non-audit services*

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

KPMG Audit S.R.L. has implemented policies and procedures for lead audit engagement partner review and approval of services to be provided to publicly-listed clients that are subject to scope of services restrictions and/or audit committee pre-approval requirements. There is also a requirement to notify the lead audit engagement partner of engagements for which pre-approval is not required.

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

*Policies relating to fee dependency*

These policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10% of the total fees received by a particular member firm for two consecutive years, a senior partner from another operating firm would be appointed as the engagement quality control reviewer. Also, this would be disclosed to those charged with governance at the audit client. No audit client accounted for more than 10% of the total fees received by our firm for the financial year ending 30 September 2016.



*Policies relating to business relationships/supplier*

Our firm has policies and procedures in place that are designed to ensure that business relationships are maintained in accordance with the IESBA Code of Ethics requirements. Compliance with these policies and procedures is reviewed periodically. Locally, procedures are carried out to assess independence in respect of business relationships with audit clients.

*Policies relating to conflicts of interest*

KPMG Audit S.R.L has implemented procedures requiring its personnel to be alert to actual and potential conflicts of interest, identifying them at the earliest opportunity and resolving, managing, or avoiding the conflict. KPMG Audit S.R.L has procedures in its client and engagement evaluation process that evaluate potential conflicts of interest that may preclude it from accepting a related client or an engagement.

*Policies relating to anti-bribery and corruption*

Our firm provides anti-bribery and corruption training to all client facing partners and employees as well as certain other member firm personnel. In addition, certain non-client-facing personnel who work in finance, procurement or sales and marketing departments, and who are at manager level and above, are also required to complete anti-bribery and corruption training.

Our firm monitors compliance with independence requirements by carrying out regular audits of compliance for professional staff on a sample basis.

**7. Statement of the firm's policies on professional development of statutory auditors**

Internal policies require employees to maintain their technical competence and to comply with professional requirements as well as with applicable regulatory requests. Employees are offered a complex training and development program designed to satisfy the continuing learning requirements, both internal and external, of various professional bodies.

This program includes a complex curricula of technical, software or specific industry courses delivered through various methods. That enables employees to take self-study courses, attend classroom courses and participate in web-based seminars in real time. We also encourage our professionals to stay abreast of technical updates by attending internal and external industry specific training programs and conferences as well as reviewing relevant bulletins and periodicals.

Training courses are provided for professionals to develop the skills, behaviors, and personal qualities that are needed for a successful career in auditing. Courses are delivered to enhance personal effectiveness and develop technical, leadership, and business skills.

**8. Financial information**

In accordance with Article 27 (3) of the Accounting Law (Law 82/1991 with related amendments), during 2015 KPMG Audit SRL chose a different financial year than the calendar year. Consequently, the first financial year different from the calendar year covers the period 1 October 2015 - 30 September 2016. This transparency report covers the period from the last reporting date (1 January 2015) to 30 September 2016.

The total turnover for KPMG Audit S.R.L. for the 21 month-period ended 30 September 2016 (1 January 2015- 30 September 2016) was RON 130,855 thousands.

**9. Information on partner remuneration**

All professionals, including partners, undergo annual goal-setting and performance evaluations. Each partner is evaluated on his or her attainment of agreed-upon goals, set for each partner on a number of matters relevant to their role.

Our firm has partner compensation policies that are clear, simple, and linked to the performance evaluation process. These compensation policies do not permit audit partners to be compensated for the sale of non-audit services to their audit clients.

This report complies with the requirements of Article 40 of the European Union Statutory Audit Directive as enacted in Government Emergency Ordinance no. 90/2008 “Statutory Audit Ordinance” - on statutory audit of financial statements and consolidated financial statements and public oversight of the accounting profession.

KPMG International has also published its Transparency Report 2016, which is prepared in accordance with the standards set by Article 40 of the European Union Statutory Audit Directive. KPMG member firms in EU member states are required to publish their own Transparency Reports in accordance with local legislation. For the most part, KPMG member firms outside the EU are not required to publish Transparency Reports.

Throughout this document, “KPMG” (“we,” “our,” and “us”) refers to KPMG Audit SRL, a Romanian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.



## Appendix 1 – KPMG's Values

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

### **We lead by example**

At all levels acting in a way that exemplifies what we expect of each other and our member firm's 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.

Our values are at the heart of our Global Code of Conduct, which defines the standards of ethical conduct required of all people in KPMG member firms worldwide.

## Appendix 2 - KPMG Audit SRL Clients, which are Public Interest Entities

The list of Public Interest Entities audit clients, as defined by the Accounting Law (no 82/1991 and related amendments), for which KPMG Audit S.R.L provided audit services for statutory purposes for financial years ended during the period 1 January 2015- 30 September 2016 is provided below:

Access Financial Services IFN S.A.	Fondul de Pensii facultative AZT Vivace
Allianz-Tiriac Asigurari S.A.	Fondul de Pensii facultative NN Activ
Allianz-Tiriac Pensii Private Societate de Administrare a Fondurilor De Pensii Private S.A.	Fondul de Pensii facultative NN Optim
Alpha Bank Romania S.A.	Fondul Deschis de Investiții Carpatica Global
Alpha Finance Romania S.A.	Fondul Deschis de Investiții Carpatica Obligațiuni
Alpha Leasing Romania IFN S.A.	Fondul Deschis de Investiții Carpatica Stock
Apavil S.A. Valcea	Gothaer Asigurari Reasigurari S.A.
Asigurarea Romaneasca Asirom Vienna Insurance Group S.A.	IFN EOS Finance S.A.
Banca Comerciala Feroviara S.A.	IFN Next Capital Finance S.A.
Banca Comerciala Intesa Sanpaolo Romania S.A.	Intercapital Invest S.A.
Banca de Import Export a Romaniei EximBank S.A	Mercedes-Benz Leasing IFN S.A.
Banca Romana de Credite si Investitii S.A.	Natura Quattuor Energia Holdings S.A.
Banca Transilvania S.A.	Omniasig Vienna Insurance Group S.A.
Bank Leumi Romania S.A.	Opportunity Microcredit Romania IFN S.A
BCR Asigurari de viata Vienna Insurance Group S.A.	Pool-ul de Asigurare impotriva Dezastrelor Naturale S.A.
BT Leasing Transilvania IFN S.A.	Procredit Bank S.A.
BT Securities S.A.	RCI Leasing Romania IFN S.A.
CEC Bank S.A.	Regia Autonoma Monetaria Statului
Certasig S.A. Societate de Asigurare Reasigurare	S.C. Compania de Asigurari – Reasigurari Exim Romania (CARE Romania) S.A.
CFR Marfa S.A.	SAI Carpatica Asset Management S.A.
Conpet S.A.	SAI Muntenia Invest S.A.
Credit Europe Asigurari-Reasigurari S.A.	Societatea de Finantare Rurala Faer IFN S.A.
Credit Europe Bank Romania S.A.	Societatea de Investitii financiare Banat-Crisana
Credit Europe Ipotecar IFN S.A.	Societatea de Investitii financiare Muntenia S.A.
Credit Europe Leasing IFN S.A.	Societatea Energetica Electrica S.A.
Deutsche Leasing Romania IFN S.A.	Speed Transfer Financiar S.R.L.
ERGO Asigurari De Viata S.A.	Stirom S.A.
Ferratum Romania IFN S.A.	Verida Credit IFN S.A.
Fondul de Garantare a Drepturilor din Sistemul de Pensii Private	Vitas Institutie Financiara Nebancara S.A.
Fondul de Pensii administrat privat AZT Viitorul Tau	Viva Credit IFN S.A.
Fondul de Pensii administrat privat NN	Vrancart S.A.
Fondul de Pensii facultative AZT Moderato	



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