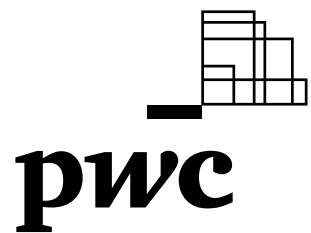




Transparency Report
PwC Luxembourg

October 2017

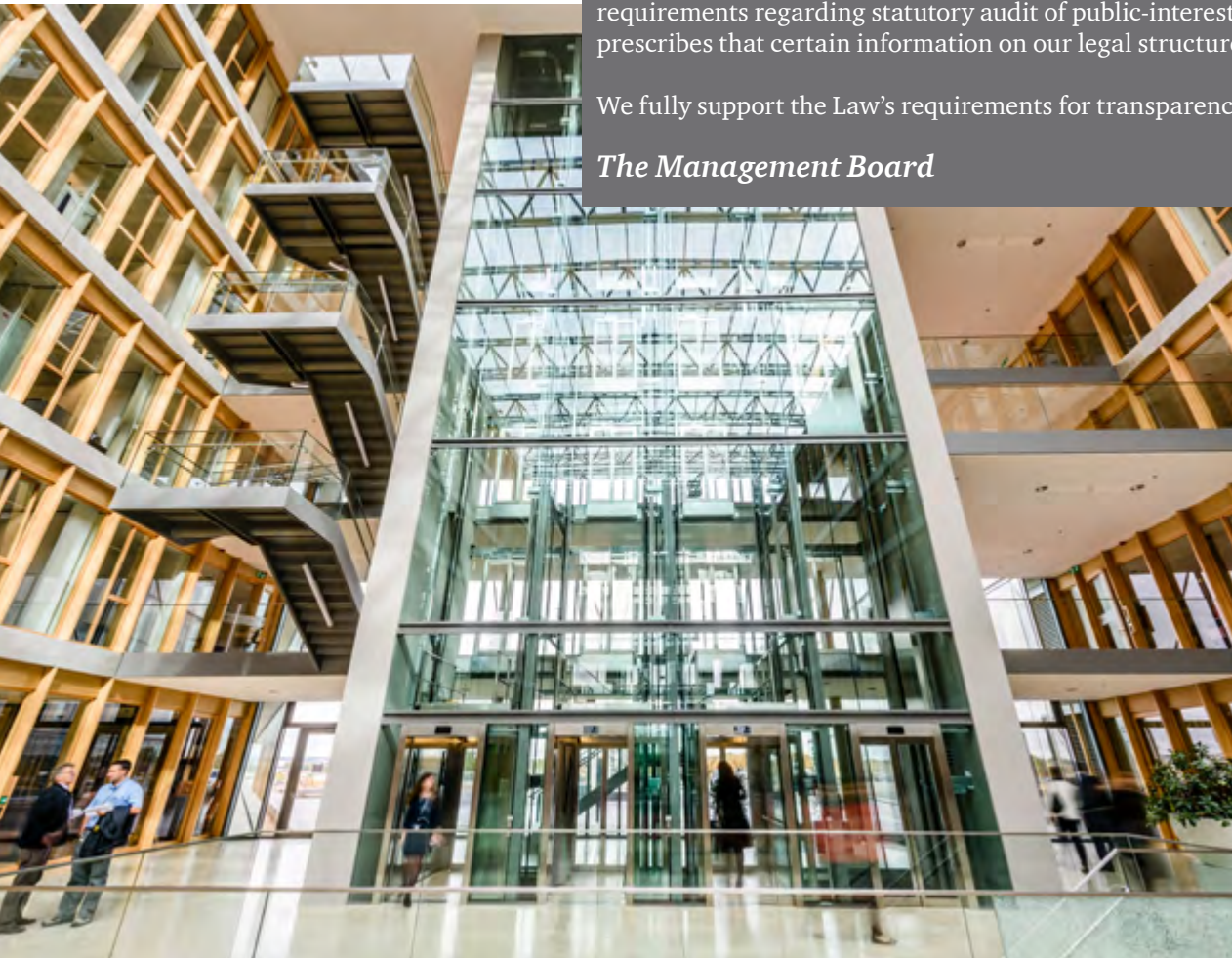


PwC Luxembourg Transparency Report

Welcome to the PwC Luxembourg Transparency Report of activities for the year ended 30 June 2017 (“2017”) which is issued in accordance with EU Regulation No 537/2014 of the European Parliament and of the Council of 16 April 2014, on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, which prescribes that certain information on our legal structure, independence and quality assurance has to be made publicly available.

We fully support the Law’s requirements for transparency, which is aligned with our Firm’s values.

The Management Board



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Message from...

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Wim Piot
Managing Partner,
Tax Leader



The nature of our business is changing rapidly. We witness the ever increasing impact of technology on all that we do and we recognise the imperative to transform ourselves by investing heavily in the technology and digital solutions that will make a concrete difference today.

“

John Parkhouse
CEO



As a professional services firm, our core is and will always be serving our clients in the best way we can by nurturing a culture that develops fantastic people which bring the insights and the values that builds trust with our clients and helps to solve their important problems.

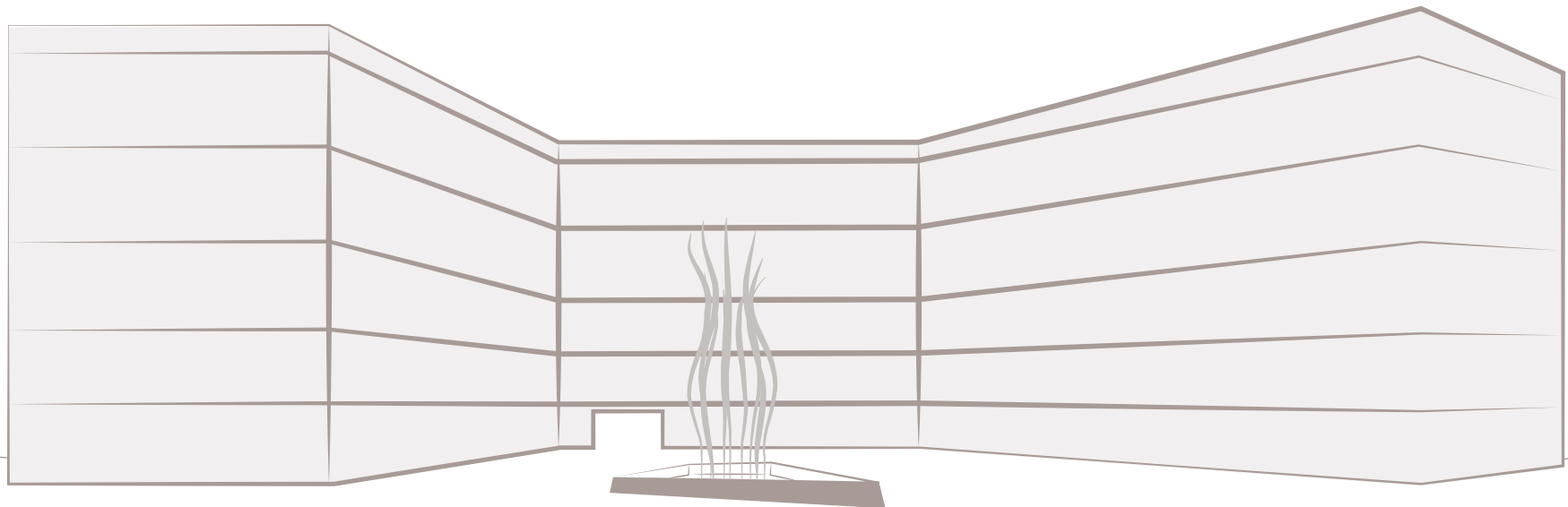
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Rima Adas
Managing Partner,
Network Business Development Leader



The Luxembourg Market is export-oriented, and our commitment to promoting the country as a centre of excellence remains steadfast.

We continue to drive investment to meet the rapidly changing needs of our clients, our people and the broader community here in Luxembourg and beyond.



PwC Luxembourg



At PwC Luxembourg, our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with more than 236 000 people who are committed to delivering quality in assurance, advisory and tax services.

PricewaterhouseCoopers Luxembourg, operating as a Société coopérative since 1 July 2012 (“PwC Luxembourg” or “our Firm”), is a limited liability company incorporated under Luxembourg law. It is registered with the Luxembourg Trade and Companies Register under number B 65477 with a subscribed capital of EUR 758,825 and a total of capital and reserves of EUR 20,147.300 at 30 June 2017 and is registered as an approved audit firm (“cabinet de révision agréé”) as per the Law of 18 December 2009 on the audit profession. It is owned by individuals providing audit, tax or advisory services in Luxembourg. A majority of voting rights are in the hands of shareholders who are registered approved statutory auditors (“réviseurs d’entreprises agréés”) and members of the IRE (Institut des réviseurs d’entreprises).

A majority of voting rights are in the hands of shareholders who are also registered accountant (“expertscomptables”) and members of the OEC (Ordre des Experts Comptables).

Our Firm is registered with the PCAOB (the US Public Company Accounting Oversight Board), the JFSA (the Japan Financial Services Authority) and with the BVI (British Virgin Islands) Financial Services Commission.

PwC Luxembourg has four fully owned operating subsidiaries which are PwC Academy S.à r.l., PwC’s Accelerator S.à r.l., PwC TASC S.à r.l. and PwC Alternative Fund Services S.à r.l.

The PwC Network

PwC is a global network of separate firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited and have the right to use the PricewaterhouseCoopers name. As members of the PwC network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to work together to provide high-quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including being knowledgeable about local laws, regulations, standards and practice's.



Being a member of the PwC network means firms also agree to abide by certain common policies and maintain the standards of the PwC network. Each firm engages in quality control and compliance monitoring activities, covering the provision of services, ethics and business conduct, and the compliance with specific, strict standards for independence monitoring and protection.

PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practise accountancy or provide services to clients. PwCIL works to develop and implement policies and initiatives to create a common and coordinated approach for PwC firms in key areas such as strategy, brand, and risk and quality. PwC firms use the PwC name and draw on the resources and methodologies of the PwC network. In return, PwC firms are required to comply with common policies and the standards of the PwC network.

A PwC firm of PwCIL cannot act as agent of PwCIL or any other PwC firm, and it is only liable for its own acts or omissions and not those of PwCIL or any other PwC firm. PwCIL has no right or ability to control any member firm's exercise of professional judgement. The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of Network Standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms of the network, agrees the strategic direction of the Network and facilitates alignment for the execution of strategy.
- **Network Executive Team** is appointed by and reports to the Network Leadership Team. Its members are responsible for leading teams drawn from Network firms to coordinate activities across all areas of our business.



As members of the PwC network, PwC firms share knowledge, skills and resources.



Governance

PwC Luxembourg is governed by a Management Board (“Conseil de Gérance”) having the overall responsibility for the strategic, business, operational and financial management of our Firm. The Management Board members are appointed by the shareholders meeting and the Board is composed of a majority of approved statutory auditors. It sets and communicates its strategic priorities, which cascade into our Firm’s business planning process. The contribution of Assurance, Tax, Advisory and support services is monitored by the Management Board, which also takes overall responsibility for the systems of internal control (which include controls relating to quality) and for reviewing and evaluating their effectiveness.

Our Firm is led by a CEO, assisted by two Managing Partners, who are, like the other members of the Board, elected for four years by the shareholders. Currently, the members of the Management Board are: John Parkhouse (CEO), Rima Adas (Managing Partner), Wim Piot (Managing Partner), Jean-François Kroonen, Steven Libby, José-Benjamin Longrée, Christophe Pittie, Anne-Sophie Preud’homme, Catherine Rückel, Marc Schernberg, Patrice Waltzing. The audit of the Firm’s financial statements is carried out by an independent local audit firm.

The Firm also has an oversight body (the Supervisory Board). This board is composed

of 7 members elected among and by the partners, for a term of four years. It is not under the authority of another body. The Supervisory Board has overall responsibility for governance of the firm and oversight of the Management Board. It has an advisory and oversight role and is responsible for considering, reviewing and providing guidance on those matters that are, or may potentially be, of concern to the partners or our Firm. These matters include but are not limited to, the implementation of, or compliance with, global or firm policies and rules and the arrangements for effective communication between the Firm’s management and the Partners.

Ethical requirements

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are:

- a. Integrity** – to be straightforward and honest in all professional and business relationships.
- b. Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- c. Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that

a client or employer receives competent professional service based on current developments in practise, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.

- d. Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- e. Professional Behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our Network Standards applicable to all Network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm’s and partner’s taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the

system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network and leadership in PwC Luxembourg monitors compliance with these obligations.

PwC Luxembourg has adopted the PwC Network Standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals- behaviours that will enable us to earn the trust that we seek. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal- to do the right thing.

Upon hiring or admittance, all staff and partners of PwC Luxembourg are provided with a copy of the PwC Global Code of Conduct. They are expected to live by the values expressed in the code in the course of their professional careers.

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants.



Luxembourg Country Leadership Team



John Parkhouse
CEO

John Parkhouse, CEO of PwC Luxembourg, joined the firm in 1994 and became a partner in 1999.

John Parkhouse is in charge of several leading pan-European fund promoters based in Luxembourg.

John Parkhouse is a Qualified Chartered Accountant in England and Luxembourg and a “Réviseur d’entreprises agréé” in Luxembourg.



Jean-François Kroonen
Advisory Leader

Jean-François Kroonen, our Advisory Leader, joined the firm in 2001. He heads up a team of about 400 professionals.

Jean-François Kroonen has about 20 years of experience in cross border transaction (i.e. M & A Advisory, Due Diligence, Valuation and Capital raising), with a specific focus on wealth management, custody and fund administration, life insurance and trust administration. In addition to his current duties, he is also a professor in Business Valuation in HEC.

Jean-François Kroonen graduated from “Ecole des Hautes Etudes Commerciales” in Liège, Belgium, with a Commercial Engineering degree.



José-Benjamin Longrée
Clients and Markets Leader

José-Benjamin Longrée, our Clients and Markets Leader, joined PwC Luxembourg in 2012. He has more than 20 years of experience in the fund industry. He also serves as the Global Fund Distribution Leader. Previously, he was the CEO of a Luxembourg bank and Deputy CEO of a European banking Group.

José-Benjamin Longrée holds a Bachelor’s Degree in Law from “Université de Liège” (Belgium) and graduated from University of East Anglia (Norwich UK) with a Master’s Degree in Law.



Wim Piot
Managing Partner, Tax Leader

Wim Piot, Managing Partner, Tax Leader, joined the firm in 1996 from PwC Belgium. He is specialised in Real Estate Funds, Financial Sector and also in Islamic Finance.

Wim Piot graduated from Hasselt University in Belgium with a Commercial Engineering degree. He also holds a master’s degree in Economics from “HEC-ULG” and a degree from the College of Europe and the KUB in Brussels, Belgium.



Marc Schernberg
People Leader

Marc Schernberg, our People Leader, joined the firm in 1994 and has mainly specialised in Asset Management.

With over 20 years’ experience working with fund promoters mainly from the US and Switzerland, Marc Schernberg is an expert in international financial services audit engagement. His expertise also covers the German tax system.

He graduated from NEOMA (Reims, France), and is a Qualified Chartered Accountant (“Expert Comptable”); he is also a “Réviseur d’entreprises agréé” and member of the Continuous Professional Education commission of IRE.



Christophe Pittie
Audit & Assurance Leader

Christophe Pittie is our Audit Leader within the Country Leadership Team of PwC Luxembourg since 1 July 2015. He is an audit partner serving the Asset Management industry and leads the Asset Management Country Programme for Italy and Luxembourg. He founded PwC’s Academy, which provides specialised training for clients.

Christophe Pittie is a Qualified Chartered Accountant and a “Réviseur d’entreprises agréé”. He graduated from “Ecole de Commerce Solvay” (ULB), in Brussels.



Rima Adas
Managing Partner, Network Business Development Leader

Rima Adas, Managing Partner and Network Business Development Leader, joined the firm in 1992. She has over 20 years of experience in the audit of banks and professionals of the financial sector. She has also a large experience in anti-money laundering, fraud prevention and detection, as well as in remediation plans.

Rima Adas graduated from “Institut Commercial de Nancy” in France and is a Qualified Chartered Accountant (“Expert Comptable”) and “Réviseur d’entreprises agréé”. Rima has been appointed PwC EMEA FS Leader since July 2017.



Catherine Rückel
Strategy Leader

Catherine Rückel, our Strategy Leader, is specialised in Real Estate and Infrastructure. She is responsible for the business development division Asset Management Real Estate German Market as well as the audit of investment funds and real estate companies of German origin in Luxembourg.

Catherine Rückel has about 20 years’ experience in financial services, with a focus on real estate funds for German investors. She is a “Réviseur d’entreprises agréé”.



Patrice Waltzing
Finance and Operations Leader

Patrice Waltzing, our Finance and Operations Leader, joined the firm in 2005. He is responsible for the Finance, IT, Infrastructure, Purchasing, Logistic and Business Support departments. He also manages the Central Cluster Training Administration Services Centre.

Patrice Waltzing’s experience ranges from the electronic market and the FMGC market (i.e. soft drinks) to the Media market. He holds a double specialisation in Applied Sciences and Management.



Anne-Sophie Preud’homme
Compliance & Risk Leader

Anne-Sophie Preud’homme, our Compliance and Risk Leader, has been with the firm for over 20 years. She supervises accounting and consolidation of international groups within our “Expertise Comptable et Fiscale” department and is an adviser of our Accounting technical team.

Anne-Sophie Preud’homme is a Qualified Chartered Accountant (“Expert Comptable”) and a “Réviseur d’entreprises”.



Steven Libby
Chief Transformation Officer

Steven Libby, our Chief Transformation Officer, joined Luxembourg, our Chief Transformation Officer, joined Luxembourg in 1996 after joining the Firm in San Francisco in 1991. He is the PwC Luxembourg Asset & Wealth Management (AWM) Leader and a member of the PwC Global AWM Leadership team.

Steven Libby has more than 25 years of experience in audit and advisory, including internal control evaluations in the areas of securities services, transfer agency, fund tax reporting, and governance matters, among others.

Graduated from the University of California, Steven is a Certified Public Accountant, a “Réviseur d’entreprises agréé” and a Board member of the American Chamber of Commerce in Luxembourg and of the Luxembourg Fund Association.



Commitment to audit quality

As a member of the PwC Network, PwC Luxembourg has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

The PwC Audit Guide explains PwC's methodology. The Guide along with PwC's technology-based audit support tools, templates and content support engagement teams in conducting assurance and related services engagements.

Aura

As a member of the PwC Network, PwC Luxembourg has access to and uses Aura, which is the application that powers PwC's audits and supports its Assurance practices. It provides engagement teams with an application that integrates a broad range of capabilities, including built-in tools to promote audit quality, consistency and ease of documentation. Aura also integrates with a variety of other tools and applications, creating one work space for client work. Our audit work is planned, executed and documented using Aura which supports teams in applying our methodology effectively, by creating a transparent linkage between risks identified and the work done to address those risks, as well as providing comprehensive project management capabilities.

Developed technology

We continue to invest in audit technology that builds quality into the audit and enhances our ability to provide insights to our clients. Our technology is built and implemented globally ensuring consistency across the PwC Network.

These new tools that enhance audit quality and efficiency through automation, connectivity and mobility include:

- Aura Now is an online, multi-engagement dashboard tool that allows teams to monitor progress towards completion and other key information across their portfolio of Aura engagement databases. It visualises the progress of an engagement, which enables our people to prioritise their efforts. It also provides information regarding readiness for file archiving to assist in preparing for and timing of archiving the audit file.
- Connect is our collaborative workflow tool, providing fast, efficient and secure information sharing at every stage of the audit. It monitors the status of requests and information between our clients and the engagement team on a real time basis. Connect provides visibility for both our clients and us to be able check progress on the go, anytime, anywhere.
- Halo is our new data auditing suite of tools allowing us to identify and assess risks and determine where to focus audit efforts. The analytical and visualisation capabilities allow us to analyse patterns and trends, identifying unusual and high-risk transactions, and providing invaluable insight to both ourselves and our clients. Halo comprises of three key components – acquisition of client data, transformation of data and applications for automated testing and analysis of data, for example, Halo for Journals allows

engagement teams to gather all journal entries and utilise built-in functionality to apply engagement-specific criteria designed to focus testing on higher risk entries.

Monitoring of Assurance quality

We recognise that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the Leadership of PwC Luxembourg ("our firm"). This includes effective monitoring processes aimed at evaluating whether the policies and procedures which constitute our Quality Management System (QMS) are designed appropriately and operate effectively to provide reasonable assurance that our audit engagements are performed in compliance with laws, regulations and professional standards.

Our activities are subject to regular reviews. These come from several sources: our own internal reviews, the PwC Network's quality reviews, the CSSF's¹ external review, as public supervisory authority for the Luxembourg audit profession, as well as their

¹ Commission de Surveillance du Secteur Financier

“Quality assurance is, and will continue to be, embedded into our firm’s processes, management, People and organisation which are fundamental to good and consistent client service. We actively monitor the effectiveness and functioning of our internal quality control processes.”

Christophe Pittie, Audit & Assurance Leader

joint inspection with the PCAOB (Public Company Accounting Oversight Board) and the Luxembourg IRE Peer review.

Our firm’s monitoring programme is based on the PwC Network’s Global Assurance Quality Review (GAQR) Programme. This programme which is based on professional standards relating to quality control including ISQC1, contains policies, procedures, tools and guidance which are used by PwC Network firms. The GAQR programme is coordinated by a central team which consists of a GAQR Leader with a group of International Team Leaders (ITL) who are senior partners seconded to the GAQR central team by PwC member firms. Provision of oversight by the ITLs and their continuous involvement and support enable a consistent and effective performance of reviews across the PwC network.

Our firm’s monitoring procedures include an ongoing assessment of the design and effectiveness of our QMS, as well as a review of completed engagements (Engagement Compliance Reviews - ECR). The results of these procedures form the basis for the continuous improvement of our QMS.

A full QMR is performed every three years with a targeted update being performed in the intervening years. The updates monitor progress on remediation of any control issues

raised in the last full review and assess the impact of any new developments on the internal quality control systems. The QMR is led and resourced from other PwC Network firms. We were subject to a full QMR in 2017.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other engagement related policies and procedures.

Reviews are led by experienced Assurance partners, supported by independent teams of partners, directors, and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities, and utilise a range of GAQR-approved checklists and tools when conducting their review procedures.

On certain engagements, we monitor quality by appointing an experienced auditor independent from the audit team, who reviews audit work prior the the issuance of our audit report. Our pre-issuance reviews provide insight into ways to improve the consistent application of our firm’s methodology and tools. The scope of these reviews is primarily focused on

the implementation of new standards and policies, and matters noted during previous inspections cycles. These reviews also provide engagement teams with timely feedback, which can be incorporated into their audit prior to the completion of fieldwork.

The results of the quality reviews are reported to our firm’s leadership who are responsible for analysing the findings and implementing remedial actions as necessary. Partners and employees of our firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the performance of engagements. In addition, the GAQR Leader informs engagement partners of our firm who are responsible for group audits involving cross-border work about relevant quality review findings in other PwC firms which enables our partners to consider these findings in planning and performing their audit work.

Our last audit quality reviews were: CSSF from May till August 2016 (ISQC1 and engagement review), May 2016 joint review PCAOB and CSSF and May/June 2017 Network review (ISQC1 and engagement review).

Root cause analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. One of our primary objectives when conducting such analyses is to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections—to help identify possible distinctions and learning opportunities.

For individual audits, a team of reviewers that is independent from the engagement team identifies potential factors contributing to the quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, among others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing audit working papers, as appropriate to understand the factors that may have contributed to audit quality (the “why of the why”).

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit

quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practise. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.

Our leadership reviews on a periodical basis a dashboard of “Audit Quality Indicators”, (AQI) which support the early identification of potential risks to quality. This AQI dashboard cover broad categories of factors that may be related to audit quality. Indicators are calculated both at firm and engagement level, and cover dimensions such as independence, availability or resources, training or direction and supervision of audits.



Independence



As auditors of financial statements and providers of other types of professional services, PwC firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The PwC Global Independence Policy, which is based on the IESBA Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

Several partners are empowered, supported by a core team of independence specialists, to ensure that our Firm applies robust and consistent independence policies, procedures and tools.

The PwC Global Independence Policy covers, among others, the following areas:

- personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g. bank accounts and loans by partners, staff, the firm and its pension schemes;
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services ('SOPS'), which provide

practical guidance on the application of the policy in respect of non-audit services to assurance clients; and

- business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations or in response to operational matters.

The PwC's Network Independence Policy, which is based on the IFAC Code of Ethics and encompasses, where appropriate, the PCAOB, the EU Audit Reform and other regulations, sets out the minimum standards that should be observed and processes that should be followed in order to maintain independence from PwC's audit clients. In Luxembourg, we supplement this policy, including matters required by Luxembourg

professional bodies and regulations.

Independence-related tools

As a member of the PwC Network, the firm has access to a number of tools which support PwC firms and their personnel in executing and complying with our independence policies and procedures. These include:

- The Central Entity Service ('CES'), which contains information about corporate entities including public interest audit clients, EU Audit Reform clients and SEC restricted clients and their related securities. CES assists in determining the independence status of clients of the firm before entering into a new non-audit engagement or business relationship. This system drives the 'Independence List' and also feeds Independence Checkpoint;

- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners, directors and practise managers before acquisition and records their subsequent purchases and disposals. Where a PwC firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;

- Authorisation for Services ('AFS') which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, documenting the potential independence threats of the service and proposed safeguards, and acts as a record of the audit partner's conclusion on the acceptability of the service. This system also ensures that every partner who need to be is notified about the performance of a non-audit service to ensure that he's able to fulfill its independence reporting obligation to governance; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory).

Our Firm has also has a number of local systems which include:

- A rotation tracking system which monitors compliance with our Firm's audit rotation policies for our engagement leaders, other key audit partners (and senior staff) involved in an audit; and

- An external rotation tracking system which monitors compliance with our firm's external rotation requirements resulting from the EU Audit Reform where applicable;
- A database that records approved business relationships entered into by PwC Luxembourg. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.

Independence training and confirmations

PwC Luxembourg provides all partners and staff with annual or on-going training in independence matters. Also, training is delivered to members of the practice on an as-needed-basis by our Firm's independence specialists and risk and quality teams. All partners and staff are required to confirm, on joining our Firm and at least annually, thereafter, their compliance with all aspects of our Firm's independence policy including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible are in compliance with the policy and that our Firm's processes have been followed in accepting these engagements and relationships. These confirmations serve two primary purposes: to identify any threats to independence that may have arisen, and as a periodic reminder of our

Firm's independence policies and procedures. All partners and practise staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with all aspects of the firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships.

Independence monitoring and disciplinary policy

Our Firm is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of partners, directors and other staff as a means of monitoring compliance with independence policies; and
- An annual assessment of the firm's adherence with the PwC Network's independence risk management standard.

An internal compliance check of our staff with our Independence policy and a control of the effectiveness of our independence processes is performed annually. The results of our Firm's monitoring and testing were reported to the Management Board, to provide assurance that our Firm's policies and processes are being followed. The firm has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

“An internal compliance check of our staff with our Independence policy and a control of the effectiveness of our independence processes is performed annually. The results of our Firm's monitoring and testing were reported to the Management Board, to provide assurance that our Firm's policies and processes are being followed.”

Alain Maechling, Partner responsible for Independence

This would include discussion with the client’s audit committee regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the firm and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in our Firm’s systems and processes and for additional guidance and training.

Acceptance and continuance process Considerations in accepting and continuing an audit client relationship

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these

considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary.

Client and Engagement Acceptance and Continuance

We’ve implemented a process to identify acceptable clients based on the PwC Network’s proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance (‘A&C’)). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

- to document their consideration of matters required by professional standards related to acceptance and continuance;
- to identify and document issues or risk factors and their resolution, for example through consultation, by adjusting the resource plan or audit approach or

putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and

- to facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement;


Member firms (including member firm leadership and risk management):

- to facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
- to provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- to understand the methodology, basis and minimum considerations all other member firms in the Network have applied in assessing audit acceptance and continuance.



Find out more details about “Independence” in our Annual Review available on www.pwc.lu/en/annual-review/luxembourg-annual-review-2017.html

Investing in People – Continuing Education



We, and the other PwC firms in the Network are committed to delivering quality audits around the world. To maximise consistency in the Network, a formal curriculum developed at the Network level provides access to courses covering the PwC audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and engagement quality.

This formal learning is delivered using blended learning, which includes remote access and classroom learning. This learning supports our focus on audit quality and provides our practitioners with the opportunity to sharpen their professional judgement, scepticism, technical and professional skills. To support and keep technical and industry knowledge up-to-date, all partners and staff receive regular communications on technical and regulatory topics as they arise through internal technical alerts and newsletters. A Technical Team provides consultation support on all aspects of auditing, accounting and regulatory requirements. We have subject matter experts in all specific industries. Our Firm's internal training curriculum provides a broad range of technical solutions as well as business and behavioral skills programmes.

We carefully assess the training needs of our People to be certain of a close match with our business needs and optimum cost efficiency. As a result, most of our training solutions concentrate on reinforcing the technical excellence of our People (accounting standards, risk management, industry and audit methodology for example).

Behavioral skills remain one of our key priorities besides technical capabilities. We foster an approach and offer development solutions allowing each talent to reach their individual development goals in respect with the firm strategy. Our Business and Soft Skills Catalogue is constantly updated according to the PwC Professional, our new global competencies framework.

Continuously adapting to a changing business environment is essential. Besides leadership, communication and relationship skills courses we are convinced that it is important to equip our staff to develop their capabilities for reaching their expected level of comfort at work. We thus continue to re-invent our well-being programme: Mind your Self. Additionally we have initiated qualified internal coaching and mentoring solutions encouraging the achievement of individual potential.

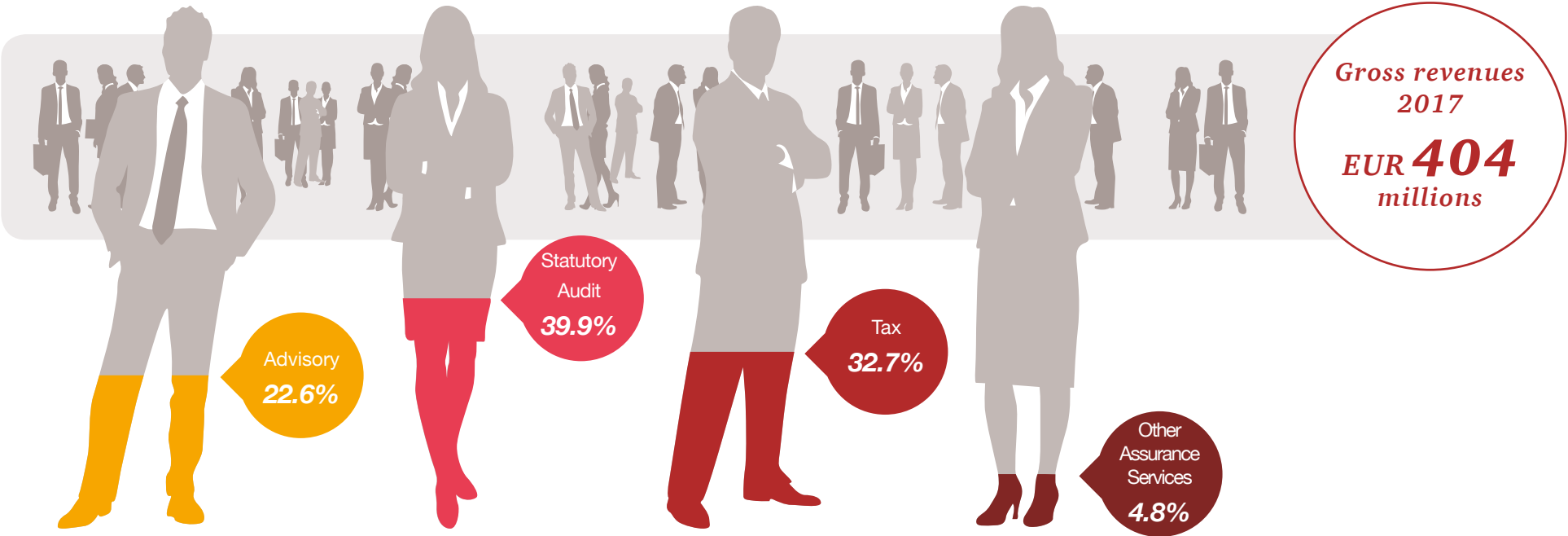
Our Firm also monitors compliance with Continuing Professional Development requirements including the completion of mandatory training programmes and ensures that our services are delivered to clients by individuals who have the right expertise and experience and – where required – are qualified under relevant legislative and other applicable requirements.

Our Management Board is committed to our training programmes and ensures that the above organisation and processes are appropriate and comply with all legal and professional standards.

Find out more details about “Continuous learning” in our Annual Review available on www.pwc.lu/en/annual-review/luxembourg-annual-review-2017.html

Financial Information

At PwC Luxembourg, our wide range of various-sized clients come from a broad spectrum of activities from the financial sector, including Banking, Asset Management and Insurance, to industrial and commercial activities. We service all kinds of clients from large multinationals to small family-run enterprises and, of course, the public and institutional sectors.



A list of the public interest entities as defined by article 1 (19) of the Law of 18 December 2009 on the audit profession for which we carried out a statutory audit during the year ended 30 June 2017 can be found in the Appendix.



Partners' remuneration

At PwC Luxembourg, our partners have a remuneration package which is made up of a fixed income amount (salary) and a variable bonus which is the shareholder's remuneration. Each partner is responsible for his or her own pension arrangements. The final amount to be allocated to the individual partners is subject to the oversight of the Partners' Remuneration Committee (PRC) composed of representatives of both the Management Board and the Supervisory Board.

The partners' performance is assessed based on two components: a firm component depending on the results at firm's level and an individual component depending on the responsibilities and contribution of each partner. Each partner's income is determined by assessing achievements against an individually tailored scorecard of objectives.

These objectives include ensuring our Firm delivers quality services and maintains independence. Under no circumstances are audit partners rewarded for selling non-audit services to audit clients.

John Parkhouse
CEO





Our sustainability journey with shared value creation

For the first time this year, that our annual review goes beyond financial data to include information about our societal and governance performance in line with Sustainability Reporting Standards, which is the most widely adopted global standards for sustainability

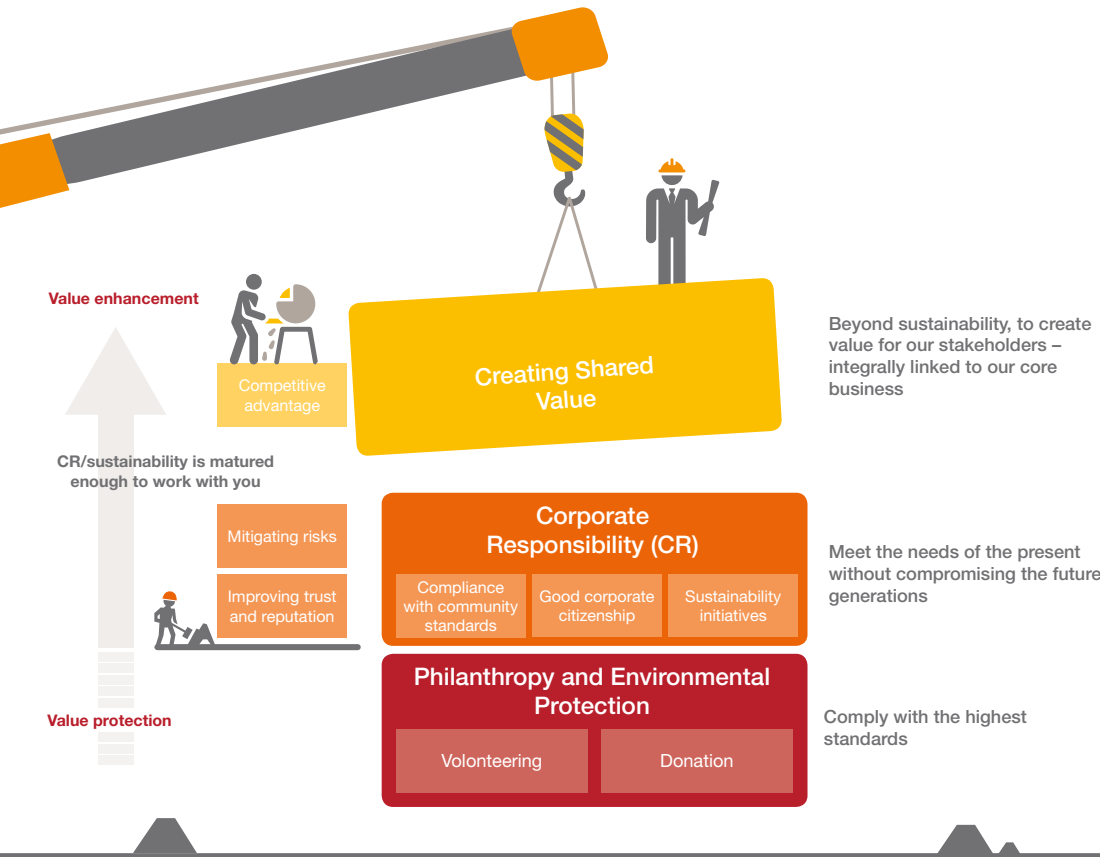
reporting. The report supports us in strengthening our transparency, which is a critical element for building trust, improving reputation and accountability towards Society at large.

than ever, our clients will need us to better understand and tackle the challenges they face in their own environment. By better understanding the sustainability challenges of our clients and translating them into our business impacts we are able to support the transition to an economy which protects the social and environmental capital. Sustainability is a key lens to better serve our clients in being prepared for the future.

As we aim to build trust, we need to strengthen our license to operate and the legitimacy of our services. In 2016 we started our sustainability journey with an open mind and open ears: engaging our leadership and our stakeholders (being our people, our clients, our suppliers, the media, the regulators, the academics and NGOs) to help us define our material sustainability challenges which provide the roadmap for us. Our stakeholder engagement enabled us to determine the seven key challenges we need to focus on. Furthermore, our stakeholders expect that we employ our knowledge and expertise to be a catalyst for positive change in the marketplace as well.

Answering to our stakeholder expectation our GRI report is the first attempt to demonstrate how value creation goes beyond short-term financial performance towards long term shared value creation. This will undoubtedly create value internally for our people and externally for our clients and the wider community. More

Find out more details about our societal and governance performance in our Annual Review available on www.pwc.lu/en/annual-review/luxembourg-annual-review-2017.html



Appendix



List of public interest entities as defined by article 1 (19) of the Law of 18 December 2009 on the audit profession for which we carried out a statutory audit during the year ended 30 June 2017.

| | | | |
|--|--|---|---------------------------------------|
| 1. SICAV | Banque et Caisse d'Epargne de l'Etat, Luxembourg | China Construction Bank (Europe) S.A. | European Financial Stability Facility |
| 3W Power S.A. | Banque Havilland Institutional Services S.A. | Clariant Finance (Luxembourg) S.A. | European Stability Mechanism |
| 8a+ SICAV | Banque Havilland S.A. | CNP Luxembourg S.A. | Evergreen II SICAV-FIS |
| AB Custom Alternative Program | Banque Transatlantique Luxembourg S.A. | COELI SICAV II | Evergreen III SICAV-FIS |
| Abbey National Capital Trust I | Baring Russia Fund | Colonnade Insurance S.A. | exceet Group SE |
| abc SME Lease Germany S.A. | Base Investments SICAV | Commerzbank Finance & Covered Bond S.A. | Farringdon I, SICAV |
| AeK Wien SIF | Bee First Finance S.A. | COMPASS RE S.A. | Fidelity Active SStrategy |
| Agricultural Bank of China (Luxembourg) S.A. | BEMO Europe - Banque Privée | ComStage | Fidelity Funds (SICAV) |
| Alrosa Finance S.A. | BGL BNP Paribas S.A. | Covéa Lux Fonds Spécial | Fidelity Funds II (SICAV) |
| Argentum Capital S.A. | BlackRock Global Funds | d'Amico International Shipping S.A. | Fortuna Banque s.c. |
| Aviabel Re S.A. | BNP Paribas Easy | Demergon Funds | Franklin Templeton Series II Funds |
| Aviva Investors European Secondary Infrastructure Credit SV S.A. | BNP Paribas High Quality Euro Bond Fund | Deutsche Postbank AG Zweigniederlassung Luxemburg | Franklin Templeton Shariah Funds |
| Avondale Securities S.A. | Brown Brothers Harriman (Luxembourg) S.C.A. | DFM Master S.A. | Freie Internationale Sparkasse S.A. |
| AXA Assurances Luxembourg S.A. | BSI Europe S.A. | dnA S.A. | Gaz Capital S.A. |
| AXA Assurances Vie Luxembourg S.A. | C WORLDWIDE GROWTH | Driver Master S.A. | GELF Bond Issuer I S.A. |
| AXA Wealth Europe | C WORLDWIDE HEDGE | Driver UK Master S.A. | Genesis Smaller Companies |
| Banca Popolare dell'Emilia Romagna (Europe) International S.A. | Cafina S.A. | Driver UK Multi-Compartment S.A. | GIM Credit Lux S.A. |
| Bank of China International (BOCI) Commerzbank | CALI Europe | EDMOND DE ROTHSCHILD (EUROPE) | GPN Capital S.A. |
| Bank of Communications (Luxembourg) S.A. | Candriam Dynamix | EFG Bank (Luxembourg) S.A. | Hausmann, S.C.A., SICAV-SIF |
| Bankinter Luxembourg S.A. | Capital Investment, FCP | Electro Assurances S.A. | Heralux |
| Banque Carnegie Luxembourg S.A. | Cartesian Residential Mortgages 1 S.A. | Eurasia Capital S.A. | Hollenfels Re S.A. |
| Banque de Patrimoines Privés S.A. | Catella Bank S.A. | Eurobank Private Bank Luxembourg S.A. | HSBC Global Investment Funds |
| | Caterpillar International Finance DAC | Euroclear Investments S.A. | HSBC Private Bank (Luxembourg) S.A. |
| | Charlottenburg Capital International S.à r.l. & Cie SECS | Eurofins Scientific SE | HSBC Quant Alternative Funds |
| | | Europe SectorTrend UCITS ETF | Immo Lux-Airport S.A. |
| | | | Intégrale Luxembourg S.A. |



| | | | |
|---|--|---|---------------------------------------|
| iptiQ Life S.A. | Multiple Managers SICAV | Schroder International Selection Fund | Time and Life S.A. |
| J.P. Morgan Bank Luxembourg S.A. | Natixis Bank | Schroder Special Situations Fund | UBS ETF SICAV |
| JPMorgan Investment Funds | Natixis International Funds (Lux) I | Seals Finance S.A. | Unicapital Investments IV |
| KBC Group Re S.A. | Natixis Loomis Sayles Senior Loan Fund | SecurAsset S.A. | Uni-Global |
| KBC Ifima S.A. | New Millennium SICAV | SELP Finance S.à r.l. | United Re (Europe) |
| Kempen International Funds | Nordea Bank S.A. | SES Insurance International (Luxembourg) S.A. | Universe, The CMI Global Network Fund |
| KeyLux Umbrella | Nordea Institutional Investment Fund, SICAV-FIS | SES S.A. | VCL Master Residual Value S.A. |
| Keystone Fund | Nordea Multi Label | Skandinaviska Enskilda Banken S.A. | VCL Master S.A. |
| KMU Portfolio S.A. | Nordea Specialised Investment Fund, SICAV-FIS | SpotRTM 1 | VCL Multi-Compartment S.A. |
| La Luxembourgeoise Société Anonyme d'Assurances | Novartis Finance S.A. | State Street Global Advisors Luxembourg SICAV | Vianden RCG Re S.C.A. |
| La Luxembourgeoise-Vie Société Anonyme d'Assurances | PayPal (Europe) S.à r.l. et Cie, S.C.A. | Steel Capital S.A. | Ycap Fund Sicav |
| LALUX RE, Société Anonyme de Réassurance | Penta CLO 1 S.A. | Surassur S.A. | Zurich Eurolife S.A. |
| LFPI Real Estate Bonds S.A. | Permal Multi-Manager Funds (Lux) | Sus Bee Finance S.A. | Zurich Finance (Luxembourg) S.A. |
| Lombard Odier (Europe) S.A. | Pictet & Cie (Europe) S.A. | Swiss Life (Luxembourg) S.A. | |
| LRP | Private Bank Funds I | Swiss Life Assurance Solutions S.A. | |
| LUX-BOND | Purple Protected Asset S.A. | Swiss Life Products (Luxembourg) S.A. | |
| Lux-Croissance Sicav | RBC Investor Services Bank S.A. | Swiss Re Europe S.A. | |
| Lux-Equity Sicav | Reinet Investments S.C.A. | Swiss Re International SE | |
| M.M. Warburg & CO Luxembourg S.A. | RTL Group S.A. | Swiss Re Portfolio Partners S.A. | |
| Market Access | S&P GSCI Energy & Metals Capped Component 35/20 THEAM EASY UCITS ETF | Target Asia Fund (Luxembourg) | |
| Matroplex Trading and Investments S.A. | SAF-Holland S.A. | Telecom Italia Capital S.A. | |
| Mediobanca International (Luxembourg) S.A. | SAIL Multi-Strategies Fund | Telecom Italia Finance S.A. | |
| Michelin Luxembourg S.C.S. | Schroder Alternative Solutions | Tenaris S.A. | |
| Multi Units Luxembourg | Schroder GAIA II SICAV S.A. | The Genesis Emerging Markets Investment Company | |
| | Schroder Gaia SICAV | Threadneedle (Lux) | |

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PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with 2,850 people employed from 77 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm helps its clients create the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com and www.pwc.lu.

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