



MOORE STEPHENS

Transparency report 2017
of
MOORE STEPHENS Audit S.A.

MOORE STEPHENS Audit S.A.
Société Anonyme
Cabinet de révision agréé

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1 Introduction

MOORE STEPHENS Audit S.A. is an approved audit firm (“cabinet de révision agréé”) that carries out, among other engagements, statutory audits of public interest entities.

In accordance with the Article 13 of the Regulation (EU) 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 (the “Regulation”), we have established and made public on our website this transparency report for the financial year ending on 31 December 2017.

2 Legal structure and ownership

MOORE STEPHENS Audit S.A., 2-4, Rue du Château d'Eau, L-3364 Leudelange, is joint stock company under Luxembourg law (“Société Anonyme”) and is registered with the Luxembourg Trade and Companies register under number B 165.462. The share capital amounts to EUR 51.000,00.

The shareholders of MOORE STEPHENS Audit S.A are Raphael Loschetter (50,00%), H.S. S.à r.l. SPF (33,33%) and Horst Schneider (16,67%).The shares owned by Réviseurs d'Entreprises Agréés, whether they are owned directly or indirectly, are 74,16%. No one owner owns the majority of shares.

The company is member of the IRE (“Institut des Réviseurs d'Entreprises”).

3 Network

MOORE STEPHENS Audit S.A. is an independent member firm of Moore Stephens International Limited which is a global accounting and consulting network represented in 112 countries with 30.168 staff worldwide.

Moore Stephens International Limited member firms have global revenue of \$2.91 billion which has shown growth of 250% over the last 13 years and growth of 6% in the last year despite challenging economic conditions. Each member firm of the Moore Stephens Network is a separate legal entity and has no liability for another such entity's acts an omission.

A list of all countries in which Moore Stephens Firms operate and their registered office is available at this website address: <https://www.moorestephens.com/>

Growth has come from network expansion, an increasing range of services and industry sectors, and broadening our national and international market place. New member firms have increased their capabilities and global reach, whilst the continuing ambition of existing members has led to strong organic growth. Member firms have brought innovation and entrepreneurial skills to their clients as well as the traditional values of trust through honesty and integrity.

Moore Stephens International Limited's objective is to always be a top 10 network, through innovation, entrepreneurship and collaboration, enabling member firms to profitably grow and differentiate in both local and global markets.

A new strategic plan has been developed by member firms led by the global board which sets the goals for the network over the next four years.

The four key areas of focus will be:

- A global growth strategy supported by a business plan bringing clear, defined and focused objectives;
- Alignment of member firms with the same core values and quality obligations to include a programme of learning and development;
- Increased value through collaboration and communication and transparency;
- A revised structure and governance to help deliver the goals.

The values of Moore Stephens International Limited are closely aligned with those of MOORE STEPHENS Audit S.A. and concentrate on being collaborative through working and growing together to identify and service client needs, pursuit of change and innovation to create new ways to meet client needs on a global scale, excellent communication in an open style, and respect for multi-cultural differences in doing business. This is always combined with our traditional values of trust through honesty and integrity which is at the heart of what Moore Stephens International stands for.

4 Governance structure of MOORE STEPHENS Audit S.A.

MOORE STEPHENS Audit S.A. is governed by a Board of Directors having the responsibility for the business. The majority of the Board members are approved statutory auditors ("Réviseur d'entreprises agréé") by the "Commission de Surveillance du Secteur Financier (CSSF)".

The day-to-day business of the firm is run by the partners within defined operational roles and responsibilities, appropriate coordination and communication is ensured by monthly (in case ad hoc) partner meetings.

5 The internal quality control system of MOORE STEPHENS Audit S.A.

5.1 General Policy Statement

The main target of the internal control system of MOORE STEPHENS Audit S.A. is to ensure consistency of firms, partners and staff compliance with professional standards and regulatory and legal requirements, performing a high standard of work.

The Quality of our work and the personal connections with our clients has always been our main priority. Integrity, respectability, reliability and the confidence in our work are some of the many reasons for our at times long-standing client-auditor relationships.

MOORE STEPHENS Audit S.A. has formulated the required principles and measures for quality control in an appropriate handbook ("Quality Control Manual" (QCM).

5.2 Leadership Responsibilities for Quality within the Firm

The ultimate responsibility for the firm's system of quality lies with the Managing Partners.

The firm, and the individuals with responsibility for various aspects of quality control, ensure that the overriding requirements for quality in everything that the firm does is reinforced by clear, consistent and frequent messages and supported by the firm's actions.

The organisational structure of the firm determines the different levels of responsibility of the management and is the basis of the Quality Control System.

The partners ensure the audit quality within the firm, they are responsible for the following:

- Leading and promoting a quality assurance culture within the firm,
- Providing and maintaining the QCM and all other practical aids and guidance to support engagement quality,
- The firm's operating and reporting structure,
- Consulting with partners and other professionals seeking technical advice,
- Supervision of the firm's technical professional education programmes.

The overall responsibility for the operation of the Quality Control System is delegated to the Office Management Partner (OMP).

Any individuals who take on specific responsibilities and duties will be assessed regarding sufficient and appropriate experience and ability to carry out their responsibilities.

5.3 Relevant Ethical Requirements

Professionalism, ethics and independence take precedence over all aspects of the firm's work. Responsibility for the firm's policies and procedures lies with the Ethical Partner, who also provides confidential advice and guidance to other partners and members of staff on professional ethics.

The firm's policies and procedures meet or exceed the requirements or the Code of Ethics set by the International Ethics Standards Board of Accountants and adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF").

Inductions training for all new partners and staff includes as well as further training on the firm's policies and procedures in relation to professional ethics is provided regularly, and always when rules or policies and procedures change significantly. The Code of Ethics and further guidance are available to all staff on the firm's intranet.

The firm obtains confirmation of compliance with independence requirements from all partners and staff both when they join the firm and at least annually thereafter.

Compliance with the firm's independence procedures is covered with the annual review of the firm's compliance with applicable regulatory requirements.

5.4 Acceptance and Continuance of Client Relationships and Specific Engagements

For new assignments, a thorough client engagement process is conducted that covers anti-money laundering, ethical issues and other professional risk assessment measures.

Every potential audit client is considered in relation of:

- The potential client's business and the risk associated with the industry or area within it operates,
- The management and ownership of the potential client, including confirming the identity of the individuals,
- Potential independence risks and possible conflicts of interest,
- The firm's resources and experience, to ensure that the firm will be able to complete the assignment to the highest professional standards,
- The reasons for the proposed change in auditor, and through making enquiries of the predecessor auditor.

Similar safeguards apply to ongoing client relationships and the firm's independence in relation to audit clients is reassessed at both the commencement and the conclusion of each audit.

5.5 Human Resources

The firm's systems, policies and procedures are designed to enable us to provide the highest quality of professional services, but a professional service firm is only ever as good as the people within it. To ensure partners and staff have the capacities, competences and ethical standards to provide the quality of audit work required, the firm has clear policies and procedures covering the following areas:

- Recruitment and retention,
- Continuing professional development,
- Assignment of engagement teams,
- Enforcement of Quality Control policies (discipline),
- Rewarding compliance.

The firm seeks to recruit individuals with integrity, intelligence, motivation and the ability to progress.

Staff is evaluated regularly, taking into account their performance in the period under review, and aiming to identify any ways the firm can assist in ensuring that they continue to progress to be able to meet their full potential. The frequency of evaluation varies between 3-6 months (in case of a trial period) and an evaluation on annual basis for regular staff.

5.6 Engagement Performance

All audit engagements are undertaken using the firm's common audit methodology, which has been developed internally. This methodology bases itself on the MOORE STEPHENS Audit Methodology and is fully compliant with international Audit Standards.

The methodology covers all aspects of the audit process including:

- Risk assessment and audit planning,
- Briefing of the audit staff,
- Performance of audit fieldwork,
- Documentation of audit fieldwork,
- Supervision of staff and review of work performed,
- Consultation,
- Reporting in accordance with applicable legal and regulatory requirements.

Audits of public interest entities and other high risk assignments are subject to an engagement quality control review by an experienced audit partner with no other involvement in the provision of services to the client.

5.7 Monitoring

In addition to monitoring of active files by an engagement quality control reviewer, the firm also operates a system of "cold" audit file reviews throughout the year.

Monitoring of the firm's quality control system will be completed on a period basis. The selection of individual engagements for inspection will be conducted annually, with each partner's files being inspected on a cyclical basis. Apart from all engagements with public interest entities and/or of high risk, which will be monitored every year, at least one engagement from each partner will be monitored by selected internal reviewers on a yearly basis.

A designated partner is responsible for monitoring and documenting the implementation of and compliance with any corrective actions.

All partners and staff will be provided with information on the monitoring process's results annually, including a detailed description of the monitoring process and its conclusions on the firm's overall compliance and effectiveness.

6 Monitoring of Quality Control

According to article 39 of the Law on the Audit Profession of 23 July 2016 quality control has been conducted by the *Commission de Surveillance du Secteur Financier* (CSSF) in between February and May 2017.

The last quality assurance review of the firm by MOORE STEPHENS International took place in December 2017.

7 Public interest entities

During the financial year ended on 31 December 2017 the following public interest entities as referred to in article 1 (20) of the Law on the Audit Profession of 23 July 2016 were audited by the firm:

- Covea Lux S.A.
- d'Amico International Shipping S.A.

8 Independence

The securing of independence, impartiality and avoidance of conflict of interest has been formulated in the quality control handbook.

Compliance with the policies and procedures in relation to independence and objectivity are ensured by a series of monitoring and review activities.

These activities include among other:

- An annual declaration undertaken by all partners and staff,
- An independence confirmation by the audit team and experts involved on each engagement,
- An annual declaration by all partners and staff in respect of financial interests and board memberships outside the Moore Stephens network (including those of close family members),
- Non assurance services are declared systematically by the non-audit partner in charge (Moore Stephens S.à r.l.) and the assessed by the audit partner as to potential independence threats,
- Other monitoring and review activities targeting specific aspects of the audit independence.

MOORE STEPHENS maintains a worldwide database named "Copernicus" that identifies potential client conflicts of interest across all services offerings of member firms, including listed companies and other public interest entities. The database is populated by member firms by way of reports held in the MSIL intranet.

Prior to accepting any new clients or assurance engagement, member firms perform specific checks to identify potential conflicts of interest and threats to auditor independence. International conflicts of interest and independence checks throughout the MOORE STEPHENS Network are made through the web-based tool Copernicus.

9 Continuing professional education

The firm has created and maintains a policy of facilitating and encouraging continuing education to ensure the quality of its services and of motivating and retaining its personnel.

The firm's internal training programme provides a broad range of technical solutions as well as business and personal skills programmes.

In terms of ongoing training and professional developments the firm insists that:

- Team members attend relevant external and internal professional education courses,
- A training and development record is maintained by the firm for each professional team member. This is discussed at the staff member's annual review. The effectiveness of each course achieving its objectives is assessed and monitored,
- Coaching and on-the-job training occurs while gaining experience from completing work,
- Practical issues identified while completing assignments are incorporated into internal training sessions,
- Matters arising through the monitoring process are communicated back to the appropriate staff members,
- Independence education is provided for all personnel required to be independent.

All staff members are personally responsible for the training programmes to enable them to have the knowledge, skills and professional competence, which they will need to carry out the roles effectively to which they are assigned.

Partners and staff must meet the minimum continuing professional development requirements as defined in Article 10 of the Law of 23 July 2016 about the audit profession.

10 Partner Remuneration

The partners' remuneration package consists of a fixed income amount (salary) and a variable part (bonus). The variable bonus includes a firm component (result and development of the firm) and a personal component (partner's role in the firm, quality of work and performance).

The final allocation and distribution of profit to individual partners is made once their performance has been assessed and the annual accounts have been approved by the partners.

Audit partner remuneration does not take any account of the selling of non-audit services to audit clients.

11 Policy concerning the rotation of key audit partners and staff

The partners and staff must follow Section 290 and Section 291 of the IESBA Code regarding mandatory rotation of engagement partners, the person responsible for engagement quality control review, and any other partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the audit on all audit engagements for public interest entities.

When the audit client is a public interest entity, the key audit partners responsible for carrying out the statutory audit shall cease their participation in the statutory audit of the audited entity not later than seven years from the date of their appointment. They shall not participate again in the statutory audit of the audited entity before three years have elapsed following that cessation.

12 Financial information

The audited financial statements of MOORE STEPHENS Audit S.A. for the year ending December 30, 2017 show a total turnover for the financial year 2017 (01.01. – 31.12.2017) of EUR 1.980.644, which can be split as follows:

Audit clients	Turnover for the year 2017 (in EUR)
Revenues from the statutory audit of the annual and consolidated financial statements of public-interest entities	18.250
Revenues from the statutory audit of annual and consolidated financial statements of other entities	1.483.428
Revenues from permitted non-audit services to entities that are audited by the audit firm	45.608
Revenues from non-audit services to other entities	433.358
Total	1.980.644

The Board of MOORE STEPHENS Audit S.A.

Leudelange, 25.06.2018

