



Board of Management
P.O. Box 74555
1070 DC Amsterdam
The Netherlands

Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands
Telephone +31 (0)20 656 7890
Fax +31 (0)20 656 7700

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To the Executive Board of
Netherlands Authority for the Financial Markets
PO Box 11723
1001 GS AMSTERDAM

Amstelveen, 15 October 2015

Subject: Your report 'Dashboard 2015 Remedial Actions and Improvement measures at PIE Audit Firms'

Dear Members of the Executive Board,

We would like to take this opportunity to respond to your report, 'Dashboard 2015 Remedial Actions and Improvement measures at PIE Audit Firms'. This report includes the findings of your study of the progress made on the implementation of the 53 improvement measures set out in the report, 'In the Public Interest' published by the Netherlands Institute of Chartered Accountants (NBA).

Turning point in the audit profession

In our letter dated 22 September 2014, we referred to the fact that the audit profession now finds itself at a turning point in its history; a history to which KPMG has made many contributions along the way. We have therefore taken to heart the AFM's message calling for further improvement of the quality of our audits.

The measures set out in the NBA report provide an excellent basis for the necessary changes in the sector, which we collectively support as a profession. Together with the findings of our internal change programme, True Blue, these improvement measures provide an essential means for further improving the quality of our audits and, by doing so, regaining the trust of the general public.

KPMG is going a step further in this respect and wants to be at the forefront of the changes in the audit sector. It is our sincere aim to set the standard in the Dutch audit profession again.

Energetic implementation of improvement measures

In the past year, KPMG made an energetic start on the implementation of improvement measures and introduced far-reaching changes, including in relation to governance and partner remuneration. In some respects, our measures are even more far-reaching than the proposals in the NBA report.

In addition, KPMG has implemented major improvements in relation to culture, conduct, and quality. Our organisation has been further professionalised, and our doors and windows have been opened to external influences.

Thanks to these far-reaching and drastic changes, the quality of our services and the added value that we offer our clients and society are our core business again. KPMG has made this choice not only because society expects it of us, but also and primarily from our own inherent conviction that we need to set the standard again.

Findings of AFM Dashboard confirm progress made by KPMG

The meetings we had with your research team were very constructive and helpful. We have used the observations made during these meetings to intensify our change programme on specific points.

We feel that our overall score of 4.6 (out of 5) in your Dashboard is a very welcome encouragement. Moreover, it's an important sign indicating that KPMG is on the right course again. We find this score validates the sometimes difficult choices we made in the past year and a half.

At the same time, as KPMG is a learning organisation, we are aware that this score is merely a snapshot and that the improvement of our audits is an ongoing process. The world around us is constantly changing and this means that we must continuously evaluate our quality assurance system and adjust it where necessary in consultation with the AFM.

We will continue to share our expertise and experiences by actively contributing to initiatives that will permanently raise the quality of our sector to a higher level.

Yours sincerely,

E. Eeftink
Head of Audit
Member of Board of Management of KPMG N.V.