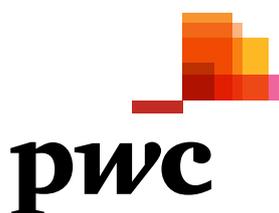

***ENHANCED AUDITOR'S
REPORT***

**TOWARDS TRUST AND
TRANSPARENCY**





The new auditor's report is here and is effective in Switzerland for all listed companies with financial year ends on or after 21 December 2016. The time has come for audit reports that are more informative and insightful. This document sets out PwC's approach to implementing the new enhanced audit report in Switzerland.

The new reports will undoubtedly stimulate conversations among auditors, companies, audit committees, shareholders and regulators. The relevance of the auditing profession will also be enhanced while the financial statement users and preparers will benefit from the assurance that the companies' stakeholders derive from the insights reported. Unlocking the "black box" and explaining much more of what an auditor actually does, serves to increase the level of **TRUST** placed by stakeholders in the auditor.

Transparent & insightful

The most significant innovation is the introduction of "key audit matters". This new report will also shed light on audit judgements around materiality and group scoping, which are two key audit components.

Restructured

Audit and entity-specific information at the beginning of the report, in particular, putting the audit opinion first.

Useful & informative

Feedback from shareholders from "live" territories now causes the reports to be interesting, informative and offer insights from the auditor not previously seen.

Straightforward & less jargon

Headings and descriptions are in plain and simple language.

Tailored & bespoke

Descriptions are tailored to specific audit circumstances for each entity.

IMPACT ON GOVERNANCE

The inclusion of key audit matters in audit reports provides a new level of detail on the audit areas of focus and this could have an impact on the perception of the company among shareholders, analysts and other stakeholders.

In order to properly manage the impact, the Board of Directors, audit committee and senior management, in conjunction with their auditors, need to consider key audit matters much earlier in the audit cycle.

This will allow the company to plan for its own communications. It will also provide the audit committee with clearer insight from an independent source on the effectiveness of management's processes concerning financial reporting.

AT A GLANCE

STATUTORY AUDITOR'S REPORT

Opinion
We have audited the consolidated financial statements of

Basis for opinion
We conducted our audit in accordance with Swiss Law, ISA

Our audit approach

Overview



- Overall group materiality CHF XX million which represents x% of PBT
- Our audit scope
We concluded a full scope audit
- As key audit matters, the following areas of focus have been identified
 -
 -

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatements

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period

Other information in the annual report
The Board of Directors is responsible for the other information

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether

Report on other legal and statutory requirements
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard

The auditor's most important message is now placed first.

Materiality forms the backbone of the audit and provides key insights into the quality of the audit.

Scope – We highlight where we performed our work and why, both from a geographic and company structure perspective.

Materiality – We now describe the materiality we used to help us determine the scope of our audit and to evaluate misstatements.

We now describe the risks of material misstatement that had the greatest effect on our audit and how we addressed those risks.

Other key changes; we include:

- The auditor's responsibilities for "other information" and the outcome.
- Management's responsibilities with respect to going concern.
- A more comprehensive description of the auditor's responsibilities under ISA, including going concern.

For more information, please contact
your usual PwC contacts.

More can be read here.

