



KPMG Accountants N.V.
Financial Services
P.O. Box 74500
1070 DB Amsterdam
The Netherlands

Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands
Telephone +31 (0)20 656 7890
www.kpmg.com/nl

Private and confidential
The Republic of Lebanon
represented by the
Ministry of Finance
Riad El Solh Square
MOF Building, 6TH Floor,
Beirut
Lebanon

Our ref.: 1912160
MAH/kvz

Amstelveen, 31 August 2020

Subject: Engagement letter

In our recent phone conversations you informed us that the Ministry of Finance, representing the Government of Lebanon, initiated a financial reform project for the state of Lebanon and might request the support of the IMF.

You have therefore requested us to assist the Ministry of Finance team in understanding the measurement basis and in making an assessment of the financial position of the Lebanese Central Bank (hereafter: 'Banque du Liban' or 'BDL' or the 'Bank').

We expect that this will be achieved through performing an assessment of a more transparent and informative set of special purpose financial statements of BDL prepared on an agreed alternative measurement and recognition basis.

By means of this letter, we confirm the manner in which we plan to conduct the engagement and the applicable conditions.

This letter sets out the terms pursuant to which the Republic of Lebanon, represented by the Ministry of Finance ('Ministry of Finance', 'you' or 'your'), which initiated the aforementioned financial reform project, engages KPMG ('KPMG', 'we', 'us' or 'our') to perform the work as stipulated in this engagement letter.

The engagement

Given the above mentioned information and the limited (financial) information available to us, we suggest to perform this engagement in four different phases:

- perform an assessment of the statement of financial position of BDL as at 31 December 2018 in order to obtain a better understanding of the activities, the nature of transactions performed and the financial position as presented by BDL (Phase 1);
- review the revised accounting framework as proposed by the team involved in the reform project, which could be used as a basis for preparation of the special purpose financial statements of BDL for the Ministry of Finance team in assessing the financial position of BDL (Phase 2);



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

- perform an audit of the special purpose balance sheet of BDL as at 31 December 2019. The audit of the special purpose balance sheet serves as the basis for our audit of the special purpose financial statements 2020 (Phase 3);
- perform the audit of the special purpose financial statements of BDL for 2020 (Phase 4).

During the engagement we will ensure alignment with Oliver Wyman to ensure a smooth flow of information and timing thereof.

The Client shall create a committee of three members which reports to the Minister of Finance and that is responsible to follow up and monitor the performance of KPMG engagement team to ensure that they comply with the terms of participation set forth in this agreement. Weekly meetings shall occur during which the KPMG engagement team will update the Minister of Finance on progress.

The Ministry of Finance will ensure that KPMG will obtain the appropriate information required to perform the work in each of the four phases. You will ensure that the Bank will constructively cooperate to enable KPMG to successfully execute this engagement.

The engagement has deliberately been divided in 4 phases, as at this moment KPMG does not have sufficient insight into the actual financial position of BDL and knowledge about the Bank. The information that KPMG will obtain from the first phase should enable it to assess whether KPMG will be able to perform an audit of BDL at all. In addition to our contractual and legal rights to terminate the engagement we have the right to terminate the engagement with immediate effect after every phase and we have the right to terminate the engagement with immediate effect at every moment if in our opinion there is a major change in the political climate in Lebanon. In such a case we will firstly discuss the reasons with you and give you the opportunity to address our concerns.

Below we have summarised the work performed in the four phases.

Phase 1

- During Phase 1 we will perform an assessment of the 2018 financial statements of BDL in order to get a better understanding of the activities of BDL, the currently applied accounting framework and the component and content of the balance sheet items. This understanding is necessary for continuing with the next phase(s). In our reporting to you we will comment on topics such as:
 - significant accounting judgements made;
 - procedures, evidence and conclusion relating to external confirmations, bank and external custodian reconciliations;



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

- the existence of balance sheet controls and reconciliation procedures of suspense accounts;
- procedures, evidence and conclusion relating to provisioning for bad and doubtful debts;
- capitalisation of assets; and
- recognition, measurement and derecognition of assets and liabilities in the balance sheet.

We will discuss with you matters arising from our report which may indicate issues which will assist you and/or your advisors. By signing this engagement letter you confirm that you ensure an open and transparent communication between you, your advisors, and other relevant parties in this project, like the IMF, and ourselves.

As a natural consequence of our work there might be a recommendation that an Asset Quality Review of the Banks that BDL has lent to will be required to assess the recovery of advances to those banks. Such an AQR is not part of the scope of this engagement.

For our reporting on Phase 1 we refer to section Reporting of this letter.

At the end of this phase we will form a view on our ability to start and complete Phase 2 of the project.

Phase 2

You will develop a suitable and insightful accounting framework for BDL, most probably based on a well-recognised accounting framework like IFRS or the framework used by the ECB member central banks. It is our understanding that the accounting specialists of Oliver Wyman will also provide their input into this process. Based on the information obtained during Phase 1, we will review that newly developed framework and share our observations with you. Our observations will be based on our knowledge of accounting frameworks as used by other central banks globally. We will provide our recommendations in a separate report to you (refer to the section Reporting in this letter).

After this phase you will select the accounting policies to be used for the preparation of the special purpose financial statements, which will form the basis for our audit procedures in Phase 3 and 4 of this engagement.

At the end of this phase we will form a view on our ability to start and complete Phase 3 and 4 of the project; the completion of Phase 3 and 4 will be agreed and decided between the Ministry of Finance and KPMG.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Phase 3

During this phase we will perform audit procedures on the special purpose balance sheet of BDL as at 31 December 2019 to examine whether this is prepared, in all material respects, in accordance with the accounting framework as selected in Phase 2. The special purpose balance sheet of BDL as at 31 December 2019 has to be prepared and signed by the Bank.

The audit of the special purpose balance sheet as at 31 December 2019 serves as the basis for the audit of the special purpose financial statements 2020 (Phase 4). Based on our procedures performed we will issue an auditor's report on the 31 December 2019 special purpose balance sheet of BDL. For our reporting on this phase we refer to the section Reporting in this letter.

The preparation of the special purpose balance sheet as at 31 December 2019 is the responsibility of management of BDL. As auditor we should have access to the information of BDL as required under the International Standards of Auditing and since BDL will be compiling the special purpose balance sheet, BDL will be required to provide us with certain representations. Before we start stage 3 we will agree whether a separate contract with BDL to perform these audit procedures is required.

Phase 4

During this phase we will perform audit procedures on the special purpose financial statements 2020 of BDL for the purpose of examining whether the special purpose financial statements 2020 are prepared, in all material respects, in accordance with the accounting policies selected in Phase 2 of the project. The special purpose financial statements 2020 of BDL have to be prepared and signed by the Bank. For our reporting on this phase we refer to the section Reporting in this letter.

The preparation of the special purpose financial statements 2020 is the responsibility of management of BDL. As auditor we should have access to the information of BDL as required under the International Standards of Auditing and since BDL will be compiling the special purpose financial statements, BDL will be required to provide us with certain representations. Before we start stage 4 we will agree whether a separate contract with BDL to perform these audit procedures is required.

It should be clear that based on this engagement KPMG will not act as the statutory auditor of BDL. Therefore we will audit special purpose financial statements 2020 which are intended solely for defined users of the financial reform project initiated by the Ministry of Finance and should not be used for other purposes. The special purpose financial statements 2020 and special purpose balance sheet of BDL as at 31 December 2019 serve a different purpose compared to the statutory financial statements. The audit of the special purpose financial statements 2020 and special purpose balance sheet of BDL as at 31 December 2019 can for that reason not be considered to be a re-audit of the statutory financial statements as audited by EY and Deloitte.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

The auditor's report and our auditor's opinion together with the special purpose financial statements 2020 and special purpose balance sheet of BDL as at 31 December 2019 respectively, are only meant to be sent to the Ministry of Finance of Lebanon and its advisors in the financial reform project.

Further reference is made to the section Reporting in this letter, where we also address the limited distribution of the reporting. Given the specific purpose of our audit procedures in Phase 3 and 4 it is not allowed to refer to this engagement to the public and or media without our prior written consent. If our work is misrepresented by the engaging party or any other party we reserve the right to correct this by commenting publicly on our work.

Auditor's responsibility in respect of the audit procedures to be performed in Phase 3 and 4 of the engagement

We will conduct our audit in accordance with Dutch law, including the Dutch Standards on Auditing, the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics) and the 'Verordening inzake Onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). For completeness sake we would like to mention that the Dutch Standards on Auditing are comparable to International Standards of Auditing.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a high, but not absolute, level of assurance that the special purpose financial statements 2020 and the special purpose balance sheet of BDL as at 31 December 2019 (hereafter the special purpose financials) are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financials. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the special purpose financials, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to BDL's preparation and fair presentation of its special purpose financials in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BDL's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by BDL, as well as evaluating the overall presentation of the special purpose financials.

For the record, we should point out that, where possible, the audit will be based on samples. Because of the nature of audit tests and other limitations of an audit, together with the inherent limitations of any system of internal control, there is an unavoidable risk that a misstatement, even one of material importance, may not be detected, even though the audit is properly planned and performed in accordance with the Dutch Standards on Auditing.



*Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020*

Responsibility of the Bank

Our audit will be conducted on the basis that the Bank acknowledges and understands that it has responsibility:

- for the preparation of the special purpose financials, in accordance with the accounting policies selected and disclosed by BDL as meant in Phase 2 of the engagement;
- for such internal control as the Bank determines is necessary to enable the preparation of the special purpose financials that are free from material misstatement, whether due to fraud or error; and

for providing us with:

- access to information which the Bank is aware of is relevant to the preparation of the special purpose financials, such as records, documentation and other matters;
- timely information about changes in the legal structure and the control structure, all financial and other interests and participations, as well as about all the other (financial) alliances, in the broadest sense;
- additional information that we may request from the Bank for the purpose of the audit;
- unrestricted access to persons within BDL from whom we determine it necessary to obtain audit evidence.

The Bank should adequately express its rights and obligations and, where applicable, the invested companies and, where applicable, related parties in the special purpose financials, including those rights and obligations which already exist but have not been recorded through the standard administrative procedures. In some situations, these rights and obligations cannot be detected through auditing procedures. In addition, the special purpose financials should adequately reflect any known and/or expected future events and/or circumstances.

As part of our audit process we will request from the Bank a written confirmation concerning representations made to us in connection with the audit. Moreover, we will request a written representation from the Bank that it believes that the effect of any unadjusted special purpose financials' misstatements is immaterial, both individually and in the aggregate, to the special purpose financials taken as a whole. A summary of such items will be included in or attached to the written representation.

As part of our audit procedures in both Phase 3 and 4 we might also request written representations from the Ministry of Finance about information received.

Fraud

The primary responsibility for the prevention and detection of fraud rests with the Bank. The auditor is not responsible and liable for the prevention of fraud.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Our audit is not specifically designed to detect fraud. If, during the course of the audit, any indication that an act of fraud has been committed is obtained, in accordance with the Dutch Standard 240 'Verantwoordelijkheden van de accountant met betrekking tot fraude in het kader van een controle van financiële overzichten' (The auditor's responsibility to consider fraud in an audit of financial statements), we will undertake additional procedures regardless of the extent of the fraud, in order to assess whether there is a reasonable suspicion of fraud and, if this is the case, to establish the extent and nature of the fraud in relation to the special purpose financials. If there is an indication or a suspicion of fraud, we will communicate that information to the Bank and/or the Ministry of Finance.

With reference to the Dutch Standard 240, we will request that the Central Bank confirm the following in writing in both Phase 3 and 4:

- The Bank acknowledges its responsibility for the design and implementation of internal controls to prevent and detect fraud and error.
- The Bank has disclosed to the auditor the results of its assessment of the risk that the special purpose financials may be materially misstated as a result of fraud.
- The Bank has disclosed to the auditor its knowledge of suspected fraud, allegations of fraud or actual fraud affecting BDL, involving:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the special purpose financials.
- The Bank has disclosed to us its knowledge of suspected fraud, any allegations of fraud or actual fraud, affecting BDL's special purpose financials, communicated by employees, former employees, analysts, regulators or others.

The Ministry of Finance shall also inform us when they are aware of any suspected fraud, allegations of fraud or actual fraud affecting BDL. By the end of our audit procedures in both Phase 3 and 4 the Ministry of Finance should represent this to us in writing as well.

Nadere Voorschriften NOCLAR (Regulations on non-compliance with laws and regulations)

The Nadere Voorschriften NOCLAR apply as of 1 January 2019. They contain requirements how we are required to act in case of non-compliance with laws and regulations by BDL. Where appropriate we are required to report a relevant occurrence of non-compliance with laws and regulations immediately to a proper regulatory or enforcement authority. Upon request we will send you a copy of the NV NOCLAR.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Compliance with specific statutory and regulatory requirements

The Bank, is also responsible for compliance with specific statutory and regulatory requirements. An audit cannot be expected to detect non-compliance with all the applicable laws and regulations. Detection of non-compliance, regardless of materiality, requires consideration of the implications for the integrity of the Bank or employees, and the possible effect on other aspects of the audit.

We will ask the Bank to disclose to us all the known actual or possible non-compliance with laws and regulations the effects of which should be considered when preparing the special purpose financials.

The Ministry of Finance shall also inform us when they are aware of any non-compliance with laws and regulations affecting BDL. By the end of our audit procedures in both Phase 3 and 4 the Ministry of Finance shall represent this to us in writing as well.

Independence

Dutch law, including the independence regulations, requires that we will be independent in our services to our assurance clients. These requirements involve limitations regarding the services we may provide to assurance clients. As a general rule, we will not participate in the decision-making processes in BDL or make any decisions on their request. Moreover, additional conditions are applicable to a number of non-assurance services and for other non-assurance services there are limitations. When appropriate, we will discuss these conditions and/or any limitations with the Bank and or the Ministry of Finance.

If we begin performing services for BDL and subsequently identify circumstances which may prejudice our independence in relation to that or other work we perform, or any affiliate within BDL's structure, we may need to cease work on the engagement. Where this occurs, we have to report about it to you and we will seek to resolve the situation as quickly as possible and seek a solution that allows us to continue with the engagement. In the event that we consider the situation cannot be resolved, we may have to terminate the services and we will be entitled to do so on notice, taking effect immediately on delivery; however, we will consult you before we take that step.

We will include our independence on the agenda of our meetings with the Bank.

Finally, as of the date of this agreement KPMG has not identified other clients whose interests may be adverse to those of the Lebanese Republic. The KPMG firms involved in providing the service should avoid during the period of the agreement rendering services for any other client which can be in a conflict with the Lebanese Republic. Should we become aware of such a situation, we will contact you and seek a solution.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Reporting

Phase 1 and 2

Following completion of our work for Phase 1 and 2 respectively, we shall report formally in writing to you on our findings. During the course of the engagement we shall also give regular updates and/ or presentations of our interim findings to you.

Confidential Information may only be disclosed internally, including to other arms of the government, to those who are bound by confidentiality restrictions consistent with those set forth herein. In addition, Information may be disclosed to Oliver Wyman solely in connection with their participation of the central bank review, and any other advisors appointed by the Lebanese Government, in their capacity as advisors on the public debt restructuring, on condition that these advisors first sign a hold harmless letter on beforehand. However, in any event it is not allowed to refer to the content of the KPMG reports on phase 1 and 2 to the public and or media.

Our report(s) will present the findings of our work for the purpose of assisting you with your proposed reform plan. However, it should be clear that this is an assessment phase, so we do not give any assurance in Phase 1 and 2, nor do we perform any audit work during these phases.

We will indicate within our report the sources of the information presented and will satisfy ourselves, so far as possible, that the information presented is consistent with other information which is made available to us in the course of our work in accordance with the terms of this engagement letter. We will not, however, seek to establish the reliability of the sources by reference to other evidence, except as may be specifically agreed in writing between us.

Based on our work performed during Phase 1 and 2 we will report our observations on the suggested accounting framework for use in the special purpose audits during Phase 3 and 4.

Phase 3 and 4

Based on our audits performed during Phase 3 and 4 we will report, in accordance with our audit findings, through independent auditor's opinions and a report including our observations on internal control. The form and content of our reporting may need to be amended in light of our audit findings.

As our audits on the special purpose financial statements 2020 and the special purpose balance sheet of BDL as at 31 December 2019 serve a specific purpose, these audits do not classify as the statutory audit of the financial statements of BDL.

The special purpose financial statements 2020 and the special purpose balance sheet of BDL as at 31 December 2019 and the independent auditor's opinions thereon and our reporting are intended solely for the Ministry of Finance and should not be used for any other purposes.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Confidential Information may only be disclosed internally, including to other arms of the government, to those who are bound by confidentiality restrictions consistent with those set forth herein. In addition, Information may be disclosed to Oliver Wyman solely in connection with their participation of the central bank review, and any other advisors appointed by the Lebanese Government, in their capacity as advisors on the public debt restructuring, on condition that these advisors first sign a hold harmless letter on beforehand. However, in any event it is not allowed to refer to the conclusions of this audit and the reported findings to the public and or media.

All draft reports to be issued during Phase 1, 2, 3 and 4 will be discussed and agreed for factual accuracy with the Central Bank.

Working paper access by regulators and others

All working papers, reports, etc. prepared by KPMG as part of our work in the four phases of the engagement will remain the property of KPMG. We may be obliged to make certain working papers available to other parties, e.g. Dutch and/or foreign regulatory bodies, or judiciary, or provide them with copies of working papers pursuant to the authority vested in it by law or regulation. Any communication with a third party must be notified to the Lebanese Republic.

Based on our confidentiality rules we are, in certain cases, required to obtain your written permission for access to our files. If we receive such a request, we will contact you and/or BDL as soon as possible regarding the conditions under which this request can be accepted.

You or BDL respectively, have the right to inspect or receive copies of documents contained in the file compiled by KPMG. However, this right of inspection and copies can only be invoked for those documents that have previously been provided by you or BDL respectively to KPMG or by KPMG to you and/or BDL, respectively. Your and BDL's right of inspection will end upon the lapse of one (1) year after the engagement has been completed.

Team

This engagement will be staffed with senior team members from KPMG the Netherlands, whilst the junior team for the engagement will be staffed by KPMG Lebanon. The team will work under the overall responsibility of Martijn Huiskers, partner of the Dutch firm.

We may appoint other KPMG member firms to support us in the delivery of services under this letter by assigning personnel (individuals or teams) at those KPMG member firms to perform activities for us. Such personnel will work as members of the team assigned to this engagement by KPMG. You may have direct contact with them, but all services delivered under this letter will be provided by KPMG Netherlands and we will remain responsible for all work performed by such personnel.

The Covid-19 virus and any unrest in Lebanon, might prevent the team to being able to access information or people. Although we will try to limit the impact, this might cause delays in performing our procedures.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Fee

KPMG is committed to carrying out the services you require.

Our fee is based on hours spent by our team and the rates stipulated below and any supplementary costs incurred. The individual hourly rates reflect the level of responsibility and the required experience and skills of each team member.

These rates apply to the services included in this engagement letter. Any potential additional services will be concluded in a separate engagement letter. The charge out rates per hour of KPMG the Netherlands are as follows:

(Excluding out-of-pocket expenses, 2.5% technology and support charge, and excluding VAT)	EUR
Partner	550
Senior manager	410
Manager	320
Assistant manager	240
Other junior team members	180

The rates stated above are excluding out-of-pocket expenses, (such as travel and accommodation costs) and excluding VAT. Such expenses will be charged separately based on our actual costs. No Dutch VAT has to be charged for the costs invoiced by KPMG the Netherlands.

The charge out rates per hour for staff involved from KPMG Lebanon are as follows:

(excluding withholding tax and VAT)	USD
Assistant manager	210
Other junior team members	160

Our professional fees are subject to a 2.5% technology and support charge to cover information technology infrastructure costs and administrative support of our client service personnel which are not included in our client service personnel fee rates per hour. The technology and support fee covers costs such as our client service personnel, computer hardware and customised KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services.

Our engagement team may include also personnel and or specialists (either individuals or teams) provided by other KPMG member firms. Fees for these services will in such case be separately agreed.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

We will address our invoices to:

Ministry of Finance
Attn.: H.E. minister of Finance
Riad El Solh Square, 6th floor, Beirut

with reference to 'The Engagement Banque du Liban dated 26 June 2020' and an additional description for the relevant period. As per our agreement, we will send our invoices digitally to the following email address: Minister@finance.gov.lb.

Our charges will be invoiced based on progress bills. We will send progress bills based on the expected work to be performed during the next 4 weeks. The payment term is 30 days.

As stated in the section Engagement of this letter, KPMG has the right to terminate the engagement after each phase and also when certain conditions are no longer met. The Ministry of Finance will pay all our hours spent and all costs incurred up to the termination of the engagement.

We agreed to set separate budgets for the activities we will perform. The budget is based on the information obtained. The budgets will be agreed with you in writing on beforehand. If the Republic of Lebanon, does not agree on the proposed budget, it has the right to terminate the engagement immediate effect without liability.

As we have not received detailed information on Banque du Liban yet, we have agreed to break up Phase 1 into separate sub-phases. During the first subphase we will analyse the information received and report to you our findings and additional areas which need to be further investigated in order to finalise Phase 1. For this first sub-phase we agreed a budget of EUR 100,000.

Cooperation with statutory auditors

We understand that the statutory financial statements of Banque du Liban are audited by Ernst & Young and Deloitte. You informed us that during our engagement we will be granted access to the audit files of the statutory auditors. The Ministry of Finance will facilitate this process.

Virtual workspace KPMG Central

In an effort to enhance timely and efficient professional services, we offer a collaborative, virtual workspace in a protected, online environment ('KPMG Central' or 'KC'), which can be accessed through a web-browser. This workspace allows both you and us to share certain information, knowledge and deliverables and to engage in online discussions in relation to those professional services. The KPMG Central platform is also used for KPMG Clara Client Collaboration.

Access to and use of KPMG Central – which is provided free of charge – is subject to the attached KPMG Central Terms and Conditions, which form part of this letter and which you must accept. By signing this letter you acknowledge receipt of KPMG Central Terms and Conditions and accept the stipulations of the KPMG Central Terms and Conditions.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

Each end user of the KPMG Central will be requested to agree to the Terms of Use when logging into KPMG Central. The Terms of Use are published on the KC portal. If you would like to receive a copy of these Terms of Use please contact us and we will provide you with a copy of these Terms of Use.

Data located in the client's KPMG Central site, will be stored on a server in the Netherlands. KPMG may also use IT support and administrative services operating under our supervision, including third parties located inside and outside the Netherlands for this purpose. These third parties may be provided with access to your information to perform administrative, clerical procedures and to provide support services.

Validity and General Terms and Conditions

This engagement letter will remain valid until the engagement is completed, amended or replaced by a different engagement. Our services are subject to the General Terms and Conditions of KPMG Accountants N.V. (hereafter: 'General Terms and Conditions'), a copy of which is attached to this letter. By signing this letter, you acknowledge receipt of the General Terms and Conditions and accept the stipulations of these General Terms and Conditions.

However, Parties agree to the following deviations of the General Terms and Conditions:

Article 4(4) through 4(7)

During Phase 1 and 2 of this engagement articles 4(4) through 4(7) of the General Terms and Conditions will be considered good faith obligation for the Republic of Lebanon.

Article 14

In deviation of article 14 of the General Terms and Conditions, Parties agree that article 14 will be replaced by the following:

"Unless otherwise determined in these General Terms and Conditions, the Client's rights of action and other powers to make any claim whatsoever towards KPMG will in any event expire two (2) years after the date on which the Client became aware or could reasonably have become aware of the existence of such rights of action and powers."

In conclusion

We are very pleased to accept the engagement. For detailed information and comments about our services, you are welcome to also contact Marc Hogeboom, Head of Audit KPMG the Netherlands and or Nafez al Morhabi, KPMG Lebanon Office Managing Partner, not involved in the services to the Ministry of Finance and BDL, in addition to Martijn Huiskers.



Ministry of Finance Lebanon
Engagement letter
Amstelveen, 31 August 2020

If you are in agreement with this letter, please sign and return a copy of this letter to confirm that the letter is a true reflection of our agreement, including mutual responsibilities and the specific procedures which we have agreed will be performed.

Yours faithfully,
KPMG Accountants N.V.

M.A. Huiskers
Partner

Enclosure(s):

General Terms and Conditions of KPMG Accountants N.V. (Version dated: 26 April 2018)
General Terms and Conditions of KPMG Central (Version dated: April 2020)

Approved:

The undersigned is the duly authorised representative of the Lebanese Republic (represented by the Ministry of Finance)

Name authorised representative:

GHABI WAZNI

Position authorised representative:

Minister of Finance.

Represented by:

Date:

1 September 2020

Signature:



GENERAL TERMS AND CONDITIONS OF KPMG CENTRAL

These Terms and Conditions apply solely to the access to, and use of, KPMG Central and KPMG Content and are in addition to the Terms of Use. In the event of any conflict or inconsistency between the terms of the [engagement letter] [contract] [agreement] and these Terms and Conditions, Sections one (1) through three (3) and the first paragraph of Section 4 of these Terms and Conditions shall prevail, but only to the extent necessary to resolve such conflict or inconsistency. In addition, in the event of any conflict or inconsistency between the terms of such [engagement letter/contract/agreement] and the second paragraph of Section 4 or Sections five (5) through thirteen (13) of these Terms and Conditions, the terms of the [engagement letter/contract/agreement] shall prevail, but only to the extent necessary to resolve such conflict or inconsistency. Defined terms contained herein but not defined herein shall have the meaning ascribed to them within the Letter to which these Terms and Conditions are attached thereto.

1. KPMG grants to Company a non-exclusive, royalty-free, limited and revocable license to access and use, and to permit Company's officers, employees, agents, contractors and other professional advisers directly involved in any [engagement(s)] [relationship(s)] between KPMG and Company and/or the Authorized Users to access and use, KPMG Central and the content posted on it from time to time by or on behalf of KPMG and/or any of the member firms of the KPMG network of independent firms ("KPMG Content"), solely for the purpose of the relevant [engagement(s)] [relationship(s)].

2. Company will ensure that all Authorized Users who access KPMG Central or the KPMG Content, comply with these Terms and Conditions and, as condition of such access, agree to and comply with the Terms of Use. Company will promptly notify KPMG about any Authorized User who should no longer have access to KPMG Central.

3. Company will not:

- a) except as expressly permitted by these Terms and Conditions, permit any third party to access or use KPMG Central, or KPMG Content or use it on behalf of any third party (which includes operating any form of facility on behalf of any third party or operating a software bureau or similar service);
- b) copy, translate, modify, adapt or create derivative works from KPMG Central, or KPMG Content;
- c) create Internet "links" to KPMG Central, or any KPMG content, or "frame" or "mirror" any KPMG Content on any other server or wireless or Internet-based device;
- d) attempt to discover or gain access to the source code for KPMG Central or reverse engineer, modify, decrypt, extract, disassemble or decompile the software it employs (except to the extent that Company is permitted to do so under applicable law in circumstances under which KPMG is not lawfully entitled to restrict or prevent the same, provided KPMG is given prompt advance notice of Company's intention to do so);
- e) attempt to interfere with the proper working of KPMG Central and, in particular, must not attempt to circumvent security, license control or other protection mechanisms, or tamper with, hack into or otherwise disrupt KPMG Central

- f) or any associated website, computer system, server, router or any other internet-connected device;
- g) rent, lease, lend, pledge, or directly or indirectly transfer or distribute KPMG Central or KPMG Content to any third party,
- h) obscure, modify, amend or remove any copyright notice, trade mark or other proprietary marking or notice on, or visible during the operation or use of, KPMG Central; or
- i) use KPMG Central to upload, store, post, email, transmit or otherwise make available any content that infringes any intellectual property rights or data protection, privacy or other rights of any other person, is defamatory or in breach of any contractual duty or any obligation of confidence, is obscene, sexually explicit, threatening, inciteful of violence or hatred, blasphemous, discriminatory (on any ground), or that does not comply with all applicable laws and regulations ("Prohibited Content"), and shall not permit any Authorized User or other third party to do any of the foregoing.

4. Company acknowledges that SharePoint 2016 (and any future version thereof) and any successor or replacement product ("SharePoint") is the property of Microsoft. KPMG International Cooperative has been granted a license from Microsoft to use SharePoint on which KPMG Central has been built as an application that KPMG International Cooperative owns the rights to and, amongst other things, to make it available for use by KPMG and Company as part of such Company's rights to use KPMG Central. Company acknowledges that except for the limited license granted herein to Company by KPMG, Company acquires no right or interest of any kind in or to SharePoint, KPMG Central or any KPMG Content. Company agrees not to license, sell or otherwise profit from KPMG Central, KPMG Content or SharePoint. To the extent permitted by applicable law, KPMG disclaims on behalf of Microsoft and its suppliers, all warranties and liability for damages by Microsoft or its suppliers for any damages and remedies whether direct, indirect or consequential, arising from SharePoint or KPMG Central. Any support provided for KPMG Central will be provided by KPMG. Microsoft is an intended third party beneficiary of these Terms and Conditions and may verify Company's compliance with these Terms and Conditions. Company shall be directly responsible to Microsoft for any breach of these Terms and Conditions.

Company agrees to comply with all KPMG policies including security, technology and risk management policies, rules, and guidelines relating to the use of KPMG Central of which KPMG has notified the Company from time to time. If Company does not agree to new or changed policies, then Company will immediately

advise KPMG in writing and KPMG may, in its sole discretion, terminate Company's use of KPMG Central. Company further agrees to promptly notify KPMG in writing if Company becomes aware of any event or action which might reasonably impair KPMG Central's security, such as improper access to the password of an Authorized User.



5. Company acknowledges that, whilst KPMG has designed KPMG Central with information security in mind and has taken steps to safeguard the security of KPMG Central by way of the measures described in the KPMG Central online privacy statement, KPMG cannot guarantee that KPMG Central is invulnerable to hacking or other unauthorized access by third parties. Company also acknowledges that transmission of information over the Internet is not entirely secure and there is always the possibility of unauthorized interception by third parties.

6. KPMG does not guarantee that any content posted on KPMG Central will be free from viruses and/or other code that may have contaminating or destructive elements. It is Company's responsibility to implement appropriate IT security safeguards (including anti-virus and other security checks) to satisfy its particular requirements as to the safety and reliability of content it provides and accesses through KPMG Central. KPMG accepts no responsibility for the content of any third party websites, hyperlinks to which may be featured on KPMG Central.

7. To the extent that either party processes any personal data comprised in any content posted on KPMG Central for which the other party is the data controller, the processing party shall: (a) process such data only in accordance with the instructions of the other party; (b) use all reasonable endeavors to ensure that it has in place appropriate technical and organizational measures to protect against unauthorized or unlawful processing of such data and against accidental loss or destruction of, or damage to, such data; and (c) process such data in accordance with applicable law.

8. Company acknowledges that KPMG may disclose any and all content on KPMG Central to the extent required to do so by applicable laws, legal process or regulatory authority or pursuant to professional obligations. Company understands that its personal data and/or confidential information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the data is processed or stored, which laws may not provide the same level of protection as do the laws of the territory in which Company or Authorized Users are located.

9. Technical factors such as bandwidth, network configurations, and computer browser settings can affect KPMG Central's speed and accessibility. KPMG does not guarantee the continuous, uninterrupted or error-free operability of KPMG Central, or compatibility with Company's computer browser or any other part of its computing systems. Company acknowledges that access to KPMG Central may be suspended, limited, denied or disabled at any time and that content posted on KPMG Central may not be recoverable. Company is responsible for ensuring that its Authorized Users retain copies of all content posted by them. KPMG has no responsibility for recovering or providing to Company any content posted on KPMG Central.

10. If Company breaches any of its obligations under these Terms and Conditions and any claim is made or threatened against either KPMG or KPMG International Cooperative (individually and collectively "the KPMG Party") by a third party (including claims concerning the posting by Company of Prohibited Content), Company shall compensate the KPMG Party, hold the KPMG Party harmless and reimburse the KPMG Party for and protect the KPMG Party against, any loss, damage, expense or liability incurred by the KPMG Party which results from or arises from or is connected with any such breach and any such claim. If any payment is made by Company under this

clause Company shall not seek recovery of that payment from the KPMG Party at any time. In this clause "Company" includes all Authorized Users and "the KPMG Party" includes each and all partners, members, directors, employees, agents of the KPMG Party together with any entity controlled by or associated with the KPMG Party.

11. Company is solely responsible for all use it makes of KPMG Central and of the content posted on KPMG Central. Except as expressly set out in these Terms and Conditions, no implied conditions, warranties or other terms apply to KPMG Central or any KPMG Content. Nothing in these Terms and Conditions limits or excludes KPMG's liability for death or property damage caused by its negligence or for fraudulent misrepresentation or any other liability that may not, under applicable law, be limited or excluded. Subject to the foregoing, in no event shall KPMG be liable to Company for any indirect or consequential losses, or for any loss of profit, revenue, contracts, data, goodwill or other similar losses.

12. If KPMG's relationship with Company terminates for any reason, all further access to and use of KPMG Central by Company and its Authorized Users must immediately cease and KPMG may deactivate or delete related user accounts, unless otherwise required by applicable law or professional standards to maintain such accounts. KPMG reserves the right to terminate Company's access to KPMG Central for any reason, including in the event KPMG becomes aware of any unauthorized use of KPMG Central by Company or its Authorized Users or breach by Company or its Authorized Users of these Terms and Conditions.

13. *Company acknowledges that KPMG may update these Terms and Conditions by emailing Company notice of such changes or otherwise updating these Terms and Conditions online at any time, and, to the extent permitted by applicable law, such modifications will be effective immediately. Company agrees to the updated terms and conditions or modified online terms by continuing to use KPMG Central. Company further acknowledges that no professional relationship of any nature is created solely by the access to or use of KPMG Central or through any correspondence or communication with KPMG in relation to such access or use, nor will KPMG's professional relationship with, or obligations to, Company be affected by such access, use, correspondence or communication. Any such correspondence or communication shall be confidential, on the same basis as established between KPMG and the Company through their professional relationship (where existing).*

Version: April 2020



GENERAL TERMS AND CONDITIONS OF KPMG ACCOUNTANTS N.V.

This is a translation of the official Dutch language General Terms and Conditions. In the event of a conflict, the Dutch language version shall prevail.

1. GENERAL

- In these General Terms and Conditions the following definitions apply:
General Terms and Conditions: these General Terms and Conditions of KPMG Accountants N.V.
Client: the natural person or legal entity that has commissioned KPMG to perform Work.
KPMG: KPMG Accountants N.V.
Engagement Team: the natural persons within KPMG, both individually and jointly, who are involved in performing the Work, and also third parties (natural persons) who have been called in by KPMG for the purposes of performing the Work.
Agreement: the engagement agreement between KPMG and the Client regarding the performance of Work.
KPMG Member Firm: any entity, including KPMG, which is a member of the national and/or the international KPMG network and which is associated with KPMG International Cooperative (KPMG International), a Swiss cooperative, or directly or indirectly under the control of, is controlled by or is connected with one or more companies that are members of the national and/or international KPMG network and associated with KPMG International, including subsidiaries of KPMG International and KPMG International.
Work: all work to be performed by KPMG including the activities that arise from the nature of the engagement, from the circumstances referred to in article 4(6), or that arise from legislation and regulations, including rules of conduct and professional practice, applicable to the engagement.
- Replacing Sections 7404 and 7407(2) of the Dutch Civil Code, all engagements shall be exclusively accepted and performed by KPMG.
- The Client shall only exercise rights of action or rights of recourse against KPMG and not against directors, shareholders, employees of KPMG, or third parties or auxiliary persons called in by KPMG.

2. SCOPE

- These General Terms and Conditions shall apply to all legal relationships between KPMG and the Client, including all offers, proposals, engagements, juridical relationships and agreements, whatever their nature and cause, where KPMG has undertaken or undertakes to perform Work for the Client. The General Terms and Conditions also apply to additional and continued Work.
- Deviations from these General Terms and Conditions are only valid if expressly agreed in writing. Applicability of any of the Client's purchase conditions or other (general) terms and conditions is expressly rejected by KPMG.
- The Work shall be performed by KPMG with due consideration of the applicable legislation and regulations including the rules of conduct and professional practice applying to KPMG and to the persons performing the Work. KPMG shall never be bound to perform any acts or omissions that are contrary to or incompatible with the legislation and regulations referred to above. The Client declares at all times to fully respect the obligations on KPMG.
- KPMG excludes all liability for damage resulting from compliance by KPMG with legislation and regulations applicable to KPMG, including rules of conduct and professional practice. Where KPMG is required or requested to provide information in respect of the Client pursuant to a regulatory request, requirement or through any form of legal proceedings, Client agrees to reimburse KPMG for the costs KPMG and its personnel incurred in relation to such requirement, request or proceeding, where KPMG actions were not also the subject of such requirement, request or proceeding.

3. CONCLUSION OF THE AGREEMENT

- The Agreement will come into effect upon receipt by KPMG of the engagement letter, duly signed by KPMG and the Client. The engagement letter will be based on the information as made available by the Client to KPMG at that time. The engagement letter is deemed to accurately and completely reflect the terms of the Agreement.
- At their own discretion, the parties may prove that the Agreement was concluded in another manner.
- The Agreement will remain valid for an indefinite period of time, unless it is clear from the content, nature or scope of the engagement that it has been concluded for a definite period of time.

4. INFORMATION PROVIDED BY THE CLIENT

- Both of its own accord and at the request of KPMG the Client shall give its full cooperation and shall in good time and in the desired form and manner make available all relevant information and documentation which KPMG will reasonably deem necessary to receive from the Client for the proper performance of the Work.
- If KPMG works at the Client's premises or makes use of the Client's computer systems and telephone networks, the Client shall (at its own expense) provide the necessary access, security procedures, virus controls, facilities, licences and permissions. If any part of the Work is not performed at KPMG's own premises, the Client shall also ensure that the employees of KPMG are provided with adequate working space and other facilities necessary for the performance of the Work, which meet all customary statutory or other requirements.
- The Client gives permission to KPMG during the performance of the Work on location, as described in article 4(2), to connect to KPMG's network and internet connection (Remote Access over internet). After connecting to the local network, KPMG will make a direct connection to the KPMG network by means of a VPN connection. This VPN connection creates a separation between the KPMG network and the Client's network. There are risks for the Client associated with the use of the Client's network, in this respect, security measures will be taken on the KPMG network and on the PC of the KPMG user, including the installation of a firewall and virus scanner. Any residual risks for the Client cannot be precluded. KPMG does not accept any liability for damage that might ensue from the use of Remote Access over Internet.
- The Client shall ensure that KPMG is immediately informed of facts and circumstances that may be important in connection with the proper performance of the Work.
- The Client warrants the accuracy, completeness, reliability and legitimacy of the information and documentation made available to KPMG, including information and documentation originating from third parties, except where precluded by the nature of the engagement.
- KPMG will not be liable for any loss suffered by the Client as a result of the Client or any third party (i) not informing KPMG in good time of, or withholding, facts and circumstances which may be relevant in connection with the proper performance of the Work and (ii) misrepresenting the facts.
- The Client will bear the extra costs and additional fees resulting from any delay in the performance of the Work caused by the fact that the information and documentation as referred to in article 4(1) were not made available or were not made available properly or in good time, or by failure to cooperate, to cooperate in good time or to cooperate properly.
- The original documentation made available under this article will be returned to the Client, if and insofar as the Client so requests.

- The Client shall, if requested, during and after completion of the Work allow KPMG to inspect, and provide KPMG with copies of, the administration of Client or documents contained therein, which could directly or indirectly relate to the Work of KPMG.
- KPMG has the right to suspend the performance of the Work until the moment the Client has fully complied with the obligations in article 4 (1) and (4).

5. PERFORMANCE OF THE WORK

- KPMG will exert itself to the best of its abilities to perform the Work in accordance with the arrangements and procedures agreed in writing with the Client.
- KPMG will determine how and by which person or persons the Work will be performed. If the Agreement provides that specifically named persons will perform the Work, KPMG will make reasonable efforts to ensure that these persons perform the Work. KPMG is entitled to replace the persons named in the Agreement by persons of equal or comparable expertise.
- If a period or date is agreed between the Client and KPMG within which the Work must be performed and the Client fails to: (a) make an advance payment – if agreed – or (b) provide the necessary documentation and information in good time, completely, in the desired form and manner, then the Client and KPMG will discuss a new period or date within which the Work must be performed.
- Time limits within which the Work must be completed are always indicative and will not be considered as strict deadlines unless this has been expressly agreed upon. Under no circumstances may the Client rescind (or binden) the Agreement on account of a failure to meet a time limit, when such failure is due to KPMG observing the applicable legislation and regulations, including the rules of conduct and professional practice. Furthermore, KPMG will not be liable for compensation on account of such failure to meet a time limit.
- If, at the request or with the prior consent of the Client, KPMG carries out work or performs outside the content or scope of the Work, the Client shall pay KPMG for such work or performance on the basis of KPMG's customary rates.
- The Client agrees that work or performance as referred to in article 5(5) may effect the agreed or anticipated time of completion of the Work and the mutual responsibilities of the Client and KPMG.
- KPMG and/or a KPMG Member Firm may, for the performance of the Work, including so as to support the rendering of services of KPMG and/or a KPMG Member Firm, call in third parties (also in other jurisdictions), which include (persons employed by or connected to) other KPMG Member Firms. Should the Client, in the performance of the Work, wish to call in third parties in the performance of the Work, it shall only do so after having reached agreement to that end with KPMG.
- In performing the Work, KPMG and/or a KPMG Member Firm may provide Client (or a third party appointed by Client) with a supporting tool(s) which is intended and may only be used for the benefit of the Work. Client (or a third party appointed by Client) is responsible for a controlled roll-out and execution of such tool(s).
- Upon completion of the Work, KPMG may issue an auditor's report, supply written advice, confirm oral advice in writing, provide a (final) written report or make an oral presentation. The Client is not entitled to invoke drafts of such auditor's reports, advice, reports or presentations. In addition, if the Client wishes to rely on the content of the advice given orally or on an oral presentation given by way of completion of the Work, the Client must inform KPMG of this intention, following which KPMG will supply documentary confirmation of the advice concerned.
- Notwithstanding the above, actions of the Client based on the content of e-mail messages from KPMG are for the risk of the Client, unless these e-mail messages originate from a person who, according to the Chamber of Commerce registration, is authorised to represent KPMG.
- KPMG is not obliged to update oral or written advice, reports or results of the Work in response to events occurring after the final version of the advice, report or results has been issued.
- Any advice, opinions, expectations, forecasts and recommendations given by KPMG as part of the Work shall under no condition or circumstance whatsoever be construed as a guarantee with respect to future events or circumstances.
- The performance of the engagement is not specifically directed towards the detection of fraud, unless explicitly agreed otherwise in writing. If the Work provides for an indication of fraud, KPMG shall act in accordance with the relevant legislation and regulations applicable to the persons performing the engagement. The costs arising from the Work are for the account of the Client.
- When providing non-assurance services to the Client, Client makes all judgments and decisions that are the responsibility of Client's management. In this respect, the Client agrees to designate an individual who possesses suitable skill, knowledge and experience to be responsible at all times for the Client's decisions and to provide oversight of the Work and evaluate the adequacy of the results of the Work performed for the Client's purpose, and accept responsibility for the actions, if any, to be taken arising from the results of the Work.

6. CONFIDENTIALITY

- KPMG shall keep secret from third parties, other than involved with the performance of the Work, any confidential information furnished by or on behalf of the Client. This obligation shall not apply insofar as KPMG is required to disclose such information by law, by any rule of a supervisory body to which supervision KPMG is subject, pursuant to a professional duty, or by a binding decision by a court of law or a public authority.
- The obligation contained in article 6(1) shall not apply if the information referred to in said article is already known to the public or becomes publicly known, other than as a result of unlawful disclosure by KPMG. This obligation does not affect the right of KPMG to submit the information referred to in article 6(1) to its external legal advisors subject to similar confidentiality obligations or to a third party, including a KPMG Member Firm, for the performance of the Work, including so as to support the rendering of services of KPMG and/or a KPMG Member Firm.
- KPMG is entitled to use the information made available to KPMG by the Client when KPMG acts on its own behalf or on behalf of persons employed by or related to KPMG act on their own behalf in disciplinary, civil, criminal or administrative proceedings for which such information may be relevant.
- Without KPMG's prior written consent, the Client will not provide or disclose to third parties (the content of) the engagement letter, reports, advice or other written or unwritten statements by KPMG or parts thereof, which have not been formulated or made with a view to providing the information contained therein to third parties. The above is, however, not applicable in case of a legal obligation to provide or disclose and the right of the Client to provide or disclose this information to its external legal advisors subject to identical confidentiality obligations.
- KPMG has the right to – in confidence – share information regarding Client, including information about Client's personnel, KPMG's relationship with Client and the Work, including confidential information and personal data, with (other) KPMG Member Firms (also in other jurisdictions) and to use such information to further improve and supplement its services, where in each case KPMG Member Firms are required to implement safeguards to protect confidentiality.



6. Apart from article 6(5), KPMG has, in order to improve and complement the services, the right to share untraceable and anonymised results of the Work with third parties for benchmarking purposes.
7. KPMG and the Client shall impose their obligations under article 6 on to third parties deployed by them.

7. CONFIDENTIALITY IN RELATION TO TAX MATTERS

1. In deviation of article 1(1) and article 6 of these General Terms and Conditions the following definitions and stipulations will apply for this clause only.

Affiliate: (i) an entity that has control over the Client, or over which the Client has control, or which is under common control with the Client, including the Client's parents and subsidiaries, (ii) an entity over which the Client has significant influence, unless the entity is not material to the Client, (iii) an entity that has significant influence over the Client, unless the Client is not material to the entity or (iv) each entity in the investment company complex when the client is an entity that is part of an investment company complex.

KPMG: KPMG, KPMG Member Firms and the Engagement Team.

Tax Services: Work performed by KPMG for the Client in relation to tax matters.

Tax Deliverables: any product which is the result of the Tax Services.

SEC Registered Audit Client: any audit Client or Affiliate thereof of which is registered at the United States Securities and Exchange Commission.

2. Where KPMG assists a Client with Tax Services and:
 - a. at the time of engagement or at any point thereafter, Client is, or Client is an Affiliate of, an SEC Registered Audit Client; or
 - b. the Tax Services involve the delivery of U.S. tax advice,then article 6 of the General Terms and Conditions shall not apply and no provision in the General Terms and Conditions or the Agreement is or is intended to be construed as a condition of confidentiality in relation to KPMG's Tax Services.
3. If Client is an SEC Registered Audit Client and KPMG is providing a Tax Service, Client will promptly inform KPMG of any conditions of confidentiality imposed at any time by any other tax advisers with respect to any transaction or matter on which KPMG's Tax Services are requested.
4. If article 7(2) applies, any Tax Deliverable released to Client in any form or medium shall be supplied by KPMG on the basis that it is for the benefit and use of the Client only. If Client refers to or discloses in whole or in part any Tax Deliverable to any third party, Client shall notify such third party in writing as follows: that
 - a. the Tax Services performed by KPMG for the Client were designed to meet the agreed requirements of the Client only, as determined by the Client's needs at the time;
 - b. any product of the Tax Services should not be regarded as suitable to be used or relied upon by any party wishing to acquire any rights against KPMG other than the Client;
 - c. KPMG does not assume any responsibility in respect of the Tax Services performed for the Client, any product of the Tax Services, or any judgments, conclusions, opinions, findings or recommendations that KPMG may have formed or made, to any party except the Client;
 - d. to the fullest extent permitted by law, KPMG accepts no liability in respect of any such matters to any other person; and
 - e. should any person except the Client choose to rely on the Tax Services or any product thereof, that person will do so at their own risk.
5. Notwithstanding the foregoing,
 - a. in the event of a disclosure made by the Client that is required by law, that is made to a regulatory authority having jurisdiction over the Client, or that is made pursuant to article 7(2) above, no such notification shall be required; and
 - b. no such notification shall be required with respect to disclosures expressly authorized by the Agreement.
6. In addition to article 15(9) of the General Terms and Conditions the following applies: If Client refers or discloses in whole or in part any Tax Deliverable to any third party but does not notify such third party in writing as required by article 7(4) above, Client shall compensate KPMG and reimburse KPMG for and protect KPMG against any loss, damage, expense or liability incurred by KPMG as a result of, arising from or in connection with any such reference or disclosure, unless KPMG agreed in writing with such a third party to accept responsibility and liability to that third party in respect of the Tax Services and the Tax Deliverables. If any payment is made by the Client under this clause Client shall not seek recovery of that payment from KPMG at any time.

8. INTELLECTUAL PROPERTY

1. KPMG retains all rights to intellectual property. All intellectual property rights that KPMG uses or has used, or develops or has developed in the performance of the Client's engagement or resulting from it, belong to KPMG.
2. The Client is expressly forbidden to duplicate, disclose or exploit products containing KPMG's intellectual property rights or products vested with intellectual property rights for which KPMG has obtained right of use, including computer programs, system designs, processes, advice, (model) contracts and other products of the mind of KPMG, in the broadest sense of the word.
3. The Client shall not be permitted to make available to third parties the intellectual property rights referred to in article 8(1), other than for obtaining a professional opinion concerning the Work of KPMG.
4. For the performance of the Work for the Client and/or customers of KPMG and/or customers of another KPMG Member Firm, KPMG is entitled to use, develop further and exchange with other KPMG Member Firms the knowledge, experience and general skills that KPMG has acquired as a result of performing the Work.

9. FEES

1. KPMG will invoice the Work on the basis of its fees and costs (including costs of any third parties that have been engaged), where necessary increased by advances and invoices from third parties, and any taxes due on these. These items will be charged to the Client on a monthly, quarterly or annual basis or upon completion of the Work, unless KPMG and the Client have agreed otherwise. Where applicable, turnover tax shall be charged separately on all amounts payable by the Client to KPMG.
2. KPMG's fee is not dependent upon the result of the Work, KPMG's fee is based on the degree of responsibility of the persons in the Engagement Team, their seniority, their expertise, on the time they have spent on the Work and on the nature and complexity of the Work.
3. The costs referred to in article 9(1) include direct costs as well as cover for expenses that are not directly attributable to the Work.
4. The amount invoiced by KPMG may differ from earlier estimates or quotations.
5. Should any changes occur in wages and/or prices after the conclusion of the Agreement, but before completion of the Work, KPMG shall be entitled to adjust the agreed rate accordingly, unless the Client and KPMG have agreed otherwise.
6. KPMG can perform additional Work and charge additional fees to the Client for the performed additional Work, if the Work is a consequence of (inter)national laws and regulations applicable to the Agreement or the Work.

10. PAYMENT

1. Payment of the amounts due to KPMG shall be made by the Client, without right to any deduction, discount or compensation, within fifteen days after the invoice date. Payment shall be remitted in Euros to a bank account designated for this purpose by KPMG.

2. In the event that the Client fails to pay within the period referred to in article 10(1), KPMG shall be entitled, without further notice of default or prejudice to KPMG's other rights, to charge the Client legal commercial interest (pursuant to Section 6:119a of the Dutch Civil Code) from the due date until the date that payment has been made in full to KPMG.
3. The Client is liable for all judicial and extra-judicial collection and other costs reasonably incurred by KPMG as a consequence of the Client's non-performance of its obligation to pay.
4. If warranted by the Client's financial position or payment record, at KPMG's sole discretion, KPMG shall be entitled to require the Client to pay in advance, in full or in part, and/or furnish (additional) security, in a form to be determined by KPMG. If the Client fails to furnish the required security, KPMG shall be entitled, without prejudice to its other rights, to suspend performance of the Agreement forthwith, and any amounts owing by the Client to KPMG for whatever reason shall become due and payable with immediate effect.
5. In the event several Clients have jointly awarded an engagement, the Clients will be jointly and severally liable for payment of the invoiced amount (including costs and interest due) pertaining to the Work that has been performed on behalf of the joint Clients.

11. CLAIMS

1. KPMG must at the risk of Client forfeiting all rights be notified in writing of any complaints concerning the Work and/or the amount invoiced within 60 days of the date of delivery of the documents or information to which the Client's complaints relate, or within 60 days of discovery of the default, if the Client is able to demonstrate that it could not reasonably have discovered the fault at an earlier date.
2. Claims as referred to in article 11(1) do not suspend the Client's obligation to pay.
3. If the claim is justified, KPMG may, at its own discretion, adjust the invoiced fees, rectify or re-perform the rejected Work free of charge, or discontinue the engagement in whole or in part against a proportionate refund of the fees already paid by the Client.

12. EARLY TERMINATION

1. The Agreement may be terminated (opzeggen) at all times in writing by both KPMG and the Client taking into account a reasonable term of notice.
2. Both KPMG and the Client may only dissolve (ontbinden) the Agreement (i) if the other party fails imputably to perform an essential obligation under the Agreement and if the other party is in default in this respect (within the meaning of Section 6:81 of the Dutch Civil Code), (ii) if the other party is not able to pay its debts, (iii) if a receiver, administrator or liquidator is appointed, (iv) if the other party reschedules its debts.
3. In the event of termination in accordance with article 12(1) or 12(2), KPMG retains the right to payment of invoices for Work performed or any Work to still be performed by mutual agreement of the parties. The Client's obligation to pay the invoice for the Work performed falls due at the moment of termination of the Agreement. In the event that the Client terminates the Agreement pursuant to article 12(1) or 12(2), the Client is obliged to reimburse all losses suffered and costs incurred by KPMG. Losses suffered and costs incurred include at least, but not exclusively, all costs incurred by KPMG in connection with the (future) Work, investments made and loss of capacity.

13. RIGHT OF SUSPENSION

1. KPMG is authorised, after careful consideration of interests, to suspend the fulfilment of all its obligations, including the handing over of documents or other items to the Client or third parties, until all receivables payable by the Client have been settled in full.
2. Article 13(1) is not applicable in respect of items or documents from the Client which have not (yet) been processed by KPMG.

14. EXPIRATION

Unless otherwise determined in these General Terms and Conditions, the Client's rights of action and other powers to make any claim whatsoever towards KPMG will in any event expire one (1) year after the date on which the Client became aware or could reasonably have become aware of the existence of such rights of action and powers.

15. LIABILITY

1. KPMG will perform the Work to the best of its ability, exercising the due care which may be expected of a professional practitioner. There is an obligation to perform to the best of one's abilities (inspanningsverplichting).
2. In all cases, KPMG will only be liable towards the Client for direct damage directly resulting from an (interconnected series of) imputable failure(s) in the performance of the Agreement. KPMG will only be liable if the Client is able to prove that he has suffered loss as a result of a material error on the part of KPMG which would have been avoided if KPMG had exercised due care. Except in the case of intent or wilful recklessness on the part of KPMG's executive staff, this liability is limited to the following:
 - a. for audit engagements (*controle opdraahten*), a maximum of three (3) times the fee payable for the Work performed in the context of the respective engagement during the past calendar year; and
 - b. for all other engagements, a maximum of one (1) time the fee payable for the Work performed in the context of the respective engagement during the past six months.This limitation of liability will apply in full in the event of liability to a number of Clients, in that case the amount paid by KPMG to all Clients jointly will not exceed under a. three (3) times the fee respectively or under b. one (1) time the fee.
3. Any liability on the part KPMG for consequential loss (including – but not limited to – lost profit, lost savings and loss as a result of business interruption) is excluded, except in the case of intent or wilful recklessness on the part of KPMG's executive staff.
4. KPMG will not be liable for damages incurred by the Client as a result of the issuance by the Client to KPMG of incorrect, incomplete, untimely issuance or non-issuance of documentation, except in the case of intent or wilful recklessness on the part of KPMG's executive staff.
5. Except for the cases mentioned in articles 15(1) and 15(2) KPMG will not be liable for damages on any account whatsoever.
6. The Client is obliged to take measures to mitigate any damage.
7. KPMG shall exercise due care when engaging third parties. KPMG will not be liable for errors or failures on the part of third parties other than KPMG Member Firms engaged for the purposes of performing the Work, except in the case of intent or wilful recklessness on the part of KPMG's executive staff.
8. The limitations of liability laid down in this article 15 and the other limitations of liability set out in these General Terms and Conditions apply on behalf of both KPMG (itself) and of the persons, both individually and jointly, within the Engagement Team.
9. No KPMG Member Firm, none of its employees (regardless of whether they are involved in the engagement or not) and no third parties engaged by KPMG for the purposes of performing the engagement are liable for any loss on the part of the Client in connection with the engagement. In all events, the limitations of liability included under this article 15 apply mutatis mutandis on behalf of all KPMG Member Firms, regardless of whether they have been engaged for the purposes of performing the Work.
10. The provisions of this article 15 relate to both contractual and noncontractual liability of KPMG towards the Client.



16. INDEMNITY

1. The Client shall indemnify KPMG against any and all claims of third parties arising from or connected to the Work performed or to be performed for the Client, unless the Client is able to prove that such claims do not result from culpable acts or omissions on its part or intent or willful recklessness on the part of KPMG. The indemnity will include all loss suffered and costs incurred by KPMG, including the costs of legal proceedings, as a result of such a claim.
2. The indemnity shall not apply to engagements relating to the audit of annual accounts as referred to in Section 2:393 of the Dutch Civil Code.
3. The indemnity set out under this article 16 is also stipulated on behalf of persons, both individually and jointly, within the Engagement Team, and on behalf of other KPMG Member Firms whether or not engaged by KPMG for performance of the Work.

17. INDEPENDENCE

1. KPMG and persons working as employees or on a contractual basis for or on behalf of the Client shall comply with the independence regulations of domestic and international regulatory bodies. To enable KPMG to comply with the relevant independence regulations, the Client shall timely, accurately and completely inform KPMG about the legal and the control structure of the Client or the group to which the Client belongs, all financial and other interests and participations of the Client, as well as about all other (financial) alliances its company or organisation has entered into, in the broadest sense of the word.
2. The obligations of KPMG, set out in article 6 (Confidentiality) do not apply and KPMG is entitled to use Client's confidential information and to provide such information to (i) other KPMG Member Firms and their personal and/or (ii) other parties who facilitate the administration of KPMG's business or supports infrastructure in both cases to (a) perform client and engagement acceptance procedures, (b) for the purposes of internal risk and independence conflict assessments and (c) to support the maintenance of quality and professional standards in the delivery of the Work or services.

18. PROTECTION OF PERSONAL DATA

1. KPMG may process (or have processed) personal data concerning and/or obtained from the Client (i) in performing the Work, (ii) in complying with statutory obligations, (iii) for the purposes of supporting KPMG's services to the Client, and (iv) to approach the Client and/or persons employed by or working for the benefit of Client with information and with services provided by KPMG and third parties, including other KPMG Member Firms.
2. The processing of personal data by KPMG relating to the activities referred to in article 18 under (i) shall take place in accordance with the applicable legislation and regulations regarding personal data protection ("Applicable Legislation"), including inter alia the General Data Protection Regulation ("GDPR") and the Dutch GDPR Implementation Act. KPMG may share personal data with other KPMG Member Firms and/or other third parties engaged by KPMG for (support relating to) the performance of the Work. Personal data will only be shared to the extent necessary with regard to the aforementioned activities and to the extent it is in compliance with the Applicable Legislation. KPMG has designated a data protection officer (e-mail: FG@kpmg.nl).
3. To the extent that KPMG processes personal data pursuant to the Agreement, KPMG determines the purpose and means of this data processing, and thus acts as controller within the meaning of the GDPR.
4. The Client has an independent duty to comply with the Applicable Legislation. The Client warrants the legitimacy of the provisioning of the personal data to KPMG, and will comply with all legal requirements with regard to the Client in conformity with the Applicable Legislation, including the requirement to inform the data subjects of the provisioning of their personal data to KPMG and the processing thereof by KPMG in accordance with the Agreement.
5. KPMG will implement appropriate technical and organisational measures to safeguard the personal data against destruction, loss, alteration or unauthorised disclosure of, or access thereto.
6. To the extent it concerns personal data provisioned by the Client, KPMG will inform the Client of (i) the receipt of a request from a data subject wishing to exercise its rights, (ii) the receipt of a complaint or claim relating to the processing of the personal data, and of (iii) becoming aware of a personal data breach, within the meaning of the GDPR.
7. Upon KPMG's request, the Client will, without undue delay, fully cooperate and provide all information in order to comply with the Applicable Legislation, including, but not limited to, to timely act on requests as referred to in Article 18 sub 6 (i) and to inform data subjects if KPMG is obliged to do so as a consequence of a breach as referred to in article 18 sub 6 (ii).
8. The Client shall indemnify KPMG against any and all claims from third parties relating to non-compliance by the Client with the Applicable Legislation. This indemnification includes all loss suffered and any and all (legal) costs that KPMG incurs or suffers in connection with any such claim.

19. E-MAIL AND INTERNET USE

1. The Client and KPMG may communicate with one another by means of electronic mail (e-mail), electronic storage (including cloud applications) and the internet. There are risks associated with the use of e-mail, electronic storage and the internet, such as, but not limited to, distortion, delay, interception, manipulation and viruses. KPMG will not be liable for any loss that may ensue from the use of e-mail, electronic storage and/or the internet. Should there be any doubts about the content or transmission of e-mail and/or electronic storage, data extracts from the computer systems of KPMG will be decisive.
2. In case of a electronic transmission of information – including (but not limited to) tax filing, financial statements, reports – of (and commissioned of) Client by KPMG to third parties, the Client will be considered as the party which performed the electronic transmission of information and the signing thereof.
3. KPMG is not liable for damages which could possibly result from the use of the electronic means of communication, networks, applications, electronic storage or other systems including - but not limited to - damages as a result of non-delivery or delay of the delivery of electronic communication, omissions, distortion, interception or manipulation of electronic communication by third parties or by software/equipment used for transmission, receiving or processing of electronic communication, transfer of viruses and not or not normal functioning of the telecom network or other for the electronic communication necessary means, except insofar the damages are the result of intent or willful recklessness. The foregoing also applies for the use thereof by KPMG in relation to third parties.
4. In addition to article 15 (4) KPMG does not accept any liability for any damages which are the result of or are connected to the electronic transmission of (electronic) financial statements and the electronic filing thereof by the Client at the Chamber of Commerce.

20. CONFIDENTIALITY, SAFEKEEPING AND OWNERSHIP OF FILES

KPMG keeps working papers in relation to the engagement. KPMG will take appropriate measures for maintaining the confidentiality and safekeeping of working papers and for retaining them for a period considered acceptable for good practice and in accordance with statutory and professional requirements concerning record retention. The working papers and files are the property of KPMG.

21. NON-SOLICITATION

The Client shall not employ or approach persons related to or employed by for KPMG to carry out activities, whether or not temporarily, by directly or indirectly entering into the Client's service, or by acting directly or indirectly on the Client's behalf, whether or not on a salaried basis. The preceding sentence does not apply in the event that said persons have approached the Client of their own initiative, or have responded to an advertisement.

22. MONEY LAUNDERING AND TERRORIST FINANCING (PREVENTION) ACT

Pursuant to the Money Laundering and Terrorist Financing (Prevention) Act (Wwft), KPMG is held to report to the Office for unusual transactions (Meldpunt ongebruikelijke transacties) any unusual intended or performed transaction in so far as it is signaled in the context of our regular work. In addition, pursuant to the Money Laundering and Terrorist Financing (Prevention) Act, KPMG is held to carry out client investigations with regard to potential clients. This means, inter alia, the identification of the potential client and verification of the Client's identity prior to the Work. KPMG can request assistance of the Client with regard to the client investigation.

23. CONTINUED EFFECT

All rights and obligations arising from the Agreement that by their purport are intended to continue in force after termination of the Agreement will remain in full force after the Agreement has ended.

24. TRANSFER

Neither of the parties to the Agreement may transfer the rights and obligations arising from or related to the Agreement to a third party without the other party's express written permission.

25. APPLICABLE LAW AND CHOICE OF FORUM

1. All legal relationships between the Client and KPMG are governed by Dutch law.
2. All disputes related to legal relationships between the Client and KPMG to which these General Terms and Conditions apply will fall under the exclusive jurisdiction of the competent court in the district in which KPMG has its seat.

28 April 2018