



# KPMG

# Statsautoriseret

# Revisionspartnerselskab


Transparency Report 2018/19

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Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø  
Denmark  
CVR no. 25 57 81 98

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[kpmg.dk](http://kpmg.dk)



Our  
relentless  
focus on  
quality

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# 01

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## Message from Quality Leaders

Ensuring trust through high quality audits is the cornerstone of our business and the basis on which KPMG was founded.

KPMG's Global Chairman Bill Thomas has put it well saying "Without trust there is no growth, and without quality there is no trust."

Quality is essentially about doing the right thing, and it remains our highest priority. We know that quality is delivered by our exceptional people having access to the right knowledge at the right time while being able to deploy industry leading technology and innovative tools, such as KPMG Clara, under strong leadership and guidance.

Responsibility for audit quality starts at the top and means driving and reinforcing accountability through the complete chain of command in all our teams and practices, so that every action helps us meet our rigorous audit quality objectives. We are therefore pleased to see that our annual people survey conducted in 2019 shows that 96% of our people confirm that the culture and tone set by Leadership promote the importance of audit quality.

Stringent processes are set in place to ensure that every level of our business fulfils its duty and meets our strict audit quality objectives. We are driving consistent awareness across our Firm of what audit quality is and how it can be measured. Through rigorous practice

management controls and strong monitoring, we are ensuring that there is accountability across all our functions for the quality of each and every KPMG audit.

19% growth overall including 17% growth in our Audit practice and 3,360 job applications in the year ended 30 September 2019 is a testament to the trust we have earned in the market.

In the Transparency Report, we provide insight into and report on a number of significant matters regarding our Firm. We disclose information on our legal structure and ownership, governance structure and partner remuneration. We describe the global network that we are a part of – including the responsibilities and obligations of the member firm and our values – and our system of quality control, which is based on KPMG International's Audit Quality Framework.

We are committed to working closely with regulators, our clients, their investors and businesses to meet expectations for audit quality.

We hope that you will find that our report provides useful insight into our Firm and our approach to quality.

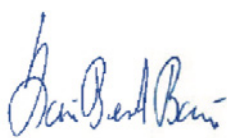
Copenhagen, 30 January 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab



**Henrik R. Mulvad**  
CEO and Senior Partner



**Lau Bent Baun**  
Head of Audit & Partner



**Henrik Barner Christiansen**  
Quality & Risk Management Partner



# 02

# who we are

## Our business

KPMG Statsautoriseret Revisionspartnerselskab ("KPMG") and KPMG Acor Tax Partnerselskab ("KPMG Acor Tax") are professional services firms that deliver audit, tax and advisory services to a wide variety of Danish businesses – from small entrepreneurs to large international groups as well as foundations, associations, municipalities and public institutions. Both firms are Danish member firms of KPMG International.

KPMG and KPMG Acor Tax operate out of five offices across Denmark and had an average of 713 employees and partners in the year ended 30 September 2019.

Our audit services in Denmark are delivered through KPMG Statsautoriseret Revisionspartnerselskab. Full details of the professional services offered by KPMG and KPMG Acor Tax can be found on our website.

KPMG Acor Tax is a limited liability partnership owned by that firm's partners. The firm provides tax services under the KPMG brand in Denmark. KPMG Acor Tax is not licensed to operate as an audit firm, and there are no ownership interests between KPMG Acor Tax and KPMG.

This Transparency report does not describe the governance structure or the system of quality control of KPMG Acor Tax.

For further information about our business and performance in the year ended 30 September 2019, we refer to our annual report.

## Our strategy

Our strategy is set by the Board of Directors in close cooperation with the Partner Group and demonstrates a commitment to quality and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across our entire global network.

For further information about our strategy, we refer to our annual report.



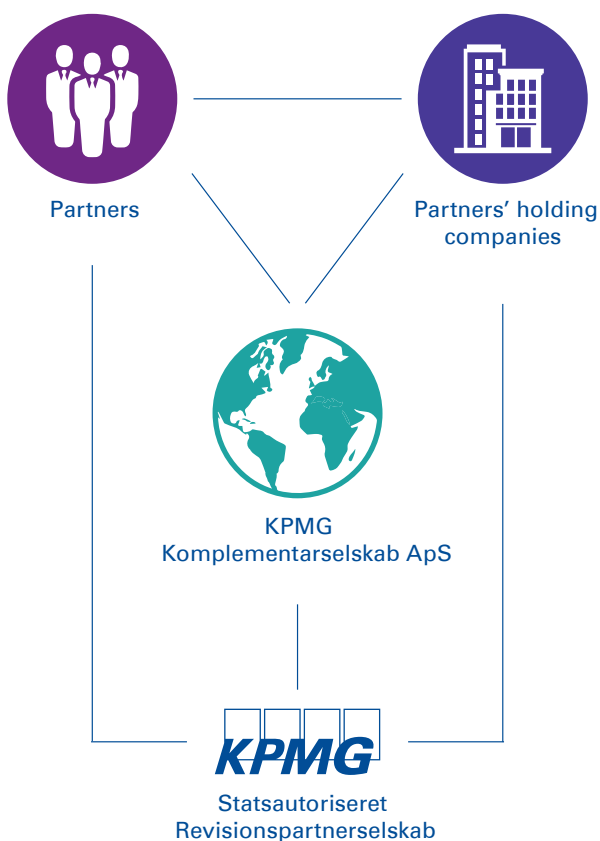
# 03

## Legal and governance structure

### Legal structure, name and ownership

KPMG Statsautoriseret Revisionspartnerselskab is a limited liability partnership wholly owned by the Audit and Advisory Partners. Pursuant to the Danish Auditors Act, the majority vote is held by state authorised public accountants.

During the year to 30 September 2019, KPMG Statsautoriseret Revisionspartnerselskab had an average of 28 partners.



### Affiliation with KPMG International and other KPMG member firms

KPMG Statsautoriseret Revisionspartnerselskab is part of a global network of professional services firms providing audit, tax, and advisory services to a wide variety of public and private sector organisations. The KPMG organisation structure is designed to support consistency in service quality and adherence to agreed values wherever its member firms operate.

KPMG Statsautoriseret Revisionspartnerselskab is affiliated with KPMG International Cooperative ("KPMG International"). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business activities, including our relationship with it, are described on page 12 Network Arrangements and in the 'Governance and leadership' section of the KPMG International Transparency Report.

KPMG is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights of member firms to use the KPMG name and marks are contained within agreements with KPMG International.

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

## Governance structure

KPMG is owned, governed and operated by the partners. Details about the role and responsibilities and composition of each of the key bodies in our governance structure are set out below. Responsibilities relating to our quality control system are included in the following descriptions:

### The Board of Directors

Pursuant to the Danish Companies Act, the Board of Directors is responsible for overall and strategic management and for the proper organisation of the Firm by ensuring that

- adequate risk management and internal control procedures have been established, including system of quality control pursuant to ISQC 1
- the Senior Partner and the Leadership Team perform their duties properly and as directed by the Board of Directors.

The members of the Board of Directors are elected at a shareholder's meeting for a two-year term. The Board members can be re-elected for a maximum period of six years. The Board members cannot be members of the Leadership Team. The majority of the Board of Directors are required to be approved auditors.

Based on a vote in the Partner Group, the Board of Directors appoints the Senior Partner, who is responsible for the day-to-day management of KPMG. Furthermore, the Board of Directors is responsible for determining the remuneration of the Senior Partner.

Upon the recommendation of the Leadership Team, the Board of Directors will invite individuals to become new partners and submit their appointment for approval at a general shareholders' meeting. The Board of Directors shall also, on recommendation by the Leadership Team, propose the resignation of Partners to the general meeting.

The Board of Directors comprises the following members:

- Anja Bjørnholt Lüthcke, Chairman, Partner, State Authorised Public Accountant
- Niels Vendelbo, Partner, State Authorised Public Accountant
- David Olafsson, Partner, State Authorised Public Accountant
- Bo Johansen, Partner
- Danny Golan, Partner.

### The Senior Partner

In capacity as Chief Executive Officer, the Senior Partner has the overall responsibility for the day-to-day management of the Firm including the day-to-day oversight of our system of quality control and must, together with the Leadership Team, follow all relevant and lawful guidelines and instructions set by the Board of Directors.

The Senior Partner also appoints the Quality & Risk Management Partner based on consultation with the Board of Directors and KPMG International.

The current Senior Partner, Henrik R. Mulvad, was appointed in February 2019 for a five-year term, which ends on 31 January 2024.

The Senior Partner is registered with the Danish Business Authority as the Executive Board of the Firm.

### Leadership Team

The Senior Partner heads up the leadership team and determines the division of responsibilities among the members of the leadership team.

The Leadership Team's primary responsibility includes ensuring that the day-to-day activities are managed effectively, including that relevant matters are coordinated, policies are set up and observed, quality is maintained and legislation is complied with.

The Leadership Team has regular meetings with the Quality & Risk Management Partner about current and emerging quality issues, if any, including issues that have been identified in external and internal quality reviews of engagement teams, etc. At the meetings, there are also discussions of root cause analyses performed on identified issues and action plans that have or are to be developed to address identified issues.

The Leadership Team is also responsible for setting the performance-based remuneration of Partners. As part of its activities, the Leadership Team receive and consider a quality memo prepared by the Quality & Risk Management Partner for each individual partner based on quality and compliance metrics. This memo concludes on whether there are any quality matters that should have a negative impact on the performance-based remuneration of each partner. The Leadership Team's assessment of the performance-based remuneration of each partner is subject to the Compensation Committee's review as further described below.



The Leadership Team comprises the following members:

- Henrik R. Mulvad, Senior Partner
- Lau Bent Baun, Head of Audit, Partner, State Authorised Public Accountant
- Morten Mønster, Head of Advisory, Partner.

The two heads of the client service functions (Audit and Advisory) are accountable to the Senior Partner for the quality of service delivered in their respective functions. They work with the Quality & Risk Management Partner on monitoring and addressing quality and risk matters as they relate to their function.

The Leadership Teams of KPMG and KPMG Acor Tax work closely together in order to ensure effective coordination of all relevant matters including quality, integrity and independence.

### **Compensation Committee**

The Compensation Committee consists of four partners, who are elected at a shareholders' meeting for a period of two years. The members of the Compensation Committee can be re-elected for a maximum period of four years. No member of the Board of Directors or the Leadership Team, including the Senior Partner, are eligible for election for the Compensation Committee.

The Compensation Committee is responsible for:

- establishing and implementing principles and guidelines for fixed and performance-based remuneration of Partners;
- reviewing and approving the amount and composition of remuneration to the Partners is in accordance with the principles and guidelines;
- any complaints or disputes related to remuneration or the compensation principle.

The Compensation Committee comprises the following members:

- Jakob Blicher-Hansen, Chairman, Partner
- Klaus Rytz, Partner, State Authorised Public accountant
- Dale Treloggen, Partner
- Michael Sten Larsen, Partner, State Authorised Public accountant.

Further information regarding partner remuneration is set out on page 11.

### **Quality & Risk Management Partner**

The Quality & Risk Management Partner is appointed by the Senior Partner in consultation with the Board of Directors and KPMG International and reports at least annually to the Board of Directors. The Quality & Risk Management Partner reports directly to the Senior Partner and also regularly participates in Leadership Team meetings where quality and risks-related topics are discussed and assessed. Furthermore, the Quality & Risk Management Partner reports to Regional and Sub-regional Quality & Risk Management Partners within KPMG International on a regular basis.

The Quality & Risk Management Partner is responsible for the direction and execution of the system of quality control, risk management and compliance in KPMG including oversight of quality and risk management matters across the Firm. The Quality and Risk Management Partner also oversees that a culture of quality and integrity is maintained within the Firm, develops policies and procedures relating to professional risk management, ethics and independence, quality control and compliance and considers the impact of findings from compliance quality monitoring programs and the adequacy and implementation of proposed remedial actions.

The Quality & Risk Management Partner also acts as the Ethics & Independence Partner with responsibility for the direction and execution of our ethics and independence policies and procedures.

The Quality & Risk Management Partner, Henrik Barner Christiansen, Partner and State Authorised Public Accountant, was appointed to this role on 1 January 2020.



# 04

## Partner remuneration

Partners are remunerated based on the allocation of profits generated by KPMG Statsautoriseret Revisionspartnerselskab and are personally liable for funding its pensions and most other benefits.

According to our Partnership Agreement, principles and guidelines for fixed and performance-based remuneration of Partners (the "Partnership Compensation Principles") are proposed by the Compensation Committee and approved by the Partner Group.

The Partners' individual Key Performance Indicators are set by the Leadership Team and reassessed each year. These indicators also include quality and compliance metrics.

KPMG monitors quality and compliance incidents during the year. Based on this, a quality memo is prepared by the Quality & Risk Management Partner for each individual partner based on quality and compliance metrics. This memo concludes on whether there are any quality matters that should have a negative impact on the performance-based remuneration of each partner.

The final allocation of profits to partners, except for the Senior Partner, is made by our Leadership Team after assessing each partner's performance during the year. Our Compensation Committee reviews and approves the amount and composition of remuneration to the Partners in accordance with our Partnership Compensation Principles.

The Board of Directors evaluates the performance of the Senior Partner and decides on the amount of

remuneration to the Senior Partner in accordance with our Partnership Compensation Principles.

There are three components to partner remuneration:

- base component – a proportion of our budgeted profit is allocated to Partners as a base component; this is effectively on-account monthly partner salary. The amount of the base component reflects the role and seniority of each partner as well as the historic performance and individual potential.
- performance component – rewards performance in the year by each partner against individual objectives previously agreed based on our Key Performance Indicators including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the values of KPMG. Audit partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality.
- One-firm profit component based on the overall profit of the Firm.

Apart from partners, also state authorised public accountants who are not partners may, according to our signature rules, sign auditor's reports and other assurance reports as engagement partners. Their performance evaluation and remuneration is based on the same components and types of KPIs as the partners.

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# 05

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## Network arrangements

### Legal structure

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative, which is a legal entity formed under Swiss law.

KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

One of the main purposes of KPMG International is to facilitate the provision by member firms of high-quality Audit, Tax, and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies, standards of work and conduct by member firms, and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member

firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

The name of each audit firm that is a member of the network and reside in an EU/EEA country are available in Appendix A.2.

### Responsibilities and obligations of member firms

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International's policies, procedures and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG Values.



KPMG International's activities are funded by a levy paid to it by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies, procedures and regulations set by KPMG International or any of its other obligations owed to KPMG International.

## Professional indemnity insurance

A substantial level of insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer that is available to all KPMG member firms.

## Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board and the Global Management Team.

### Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms.

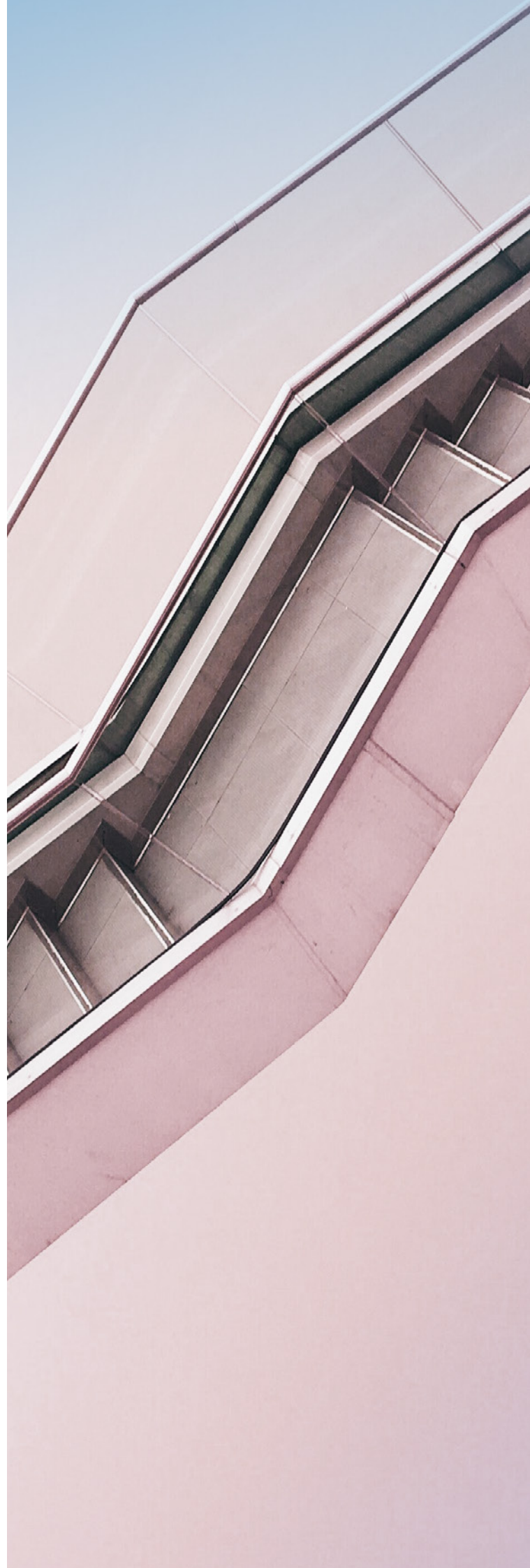
It performs functions equivalent to a shareholders' meeting (albeit KPMG International has no share capital and only has members, not shareholders).

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 59 member firms that are "members" of KPMG International as a matter of Swiss law. Generally, sub-licenses are indirectly represented by a member.

### Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations. It also admits member firms.

The Global Board includes the Global Chairman, the Chairman of each of the three regions (the Americas;



Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms.

It is led by the Global Chairman, who is supported by the Executive Committee, consisting of the Global Chairman, the Chairman of each of the regions and currently four other senior partners of member firms. The list of Global Board members as at 1 October 2019 is available in KPMG's International Annual Review.

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board ("non-executive" members). A key role of the lead director is to act as liaison between the Global Chairman and the "non-executive" Global Board members.

### **Global Management Team**

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments.

It is led by the Global Chairman and includes the Global Chief Operating Officer, Global Chief Administrative Officer, global function and infrastructure heads, and the General Counsel.

The list of Global Management Team members as at 1 October 2019 is available in KPMG's International Annual Review.

### **Global Steering Groups**

The Global Steering Groups represent the function and infrastructure groups of KPMG International and are the main driving groups of the organization. They act under delegated authority from the Global Board and oversight by the Global Management Team. In particular the Global Audit Steering Group, Global Audit Quality Steering Committee and Global Quality Risk Management Steering Group work closely with regional and member firm leadership to:

- establish and communicate appropriate audit and quality/risk management policies;
- enable effective and efficient risk processes to promote audit quality;
- proactively identify and mitigate critical risks to the network.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the KPMG International Transparency Report.

Each member firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating or executive officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region.

Further details about KPMG International, including governance arrangements, can be found in the KPMG International Transparency Report.

### **Area Quality & Risk Management Leaders (ARL)**

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders who:

- serve a regular and ongoing monitoring and consultation function to assess the effectiveness of a member firm's efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to Global Quality & Risk Management (GQ&RM) leadership.

The objectives of the ARL role are to:

- assist GQ&RM leadership in the monitoring of member firms quality and risk activities in an effort to reduce the number of significant brand and legal risk matters;
- work with GQ&RM leadership and the International Office of General Counsel (IOGC) when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled to reduce negative brand and financial impact; and
- assist in monitoring the effectiveness of member firm remediation of significant issues, including identification of the root cause(s) of serious quality incidents.





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# 06

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## System of quality control

The Danish Auditors Act stipulates that audit firms must have a quality control system covering the issuance of auditors' reports on financial statements and other assurance reports.

The audit firm must be able to document that the quality control system is used. This means that the system must be available either in written or electronic format and that it must be available to reviewers in connection with inspections performed.

At KPMG, audit quality is not just about reaching the right opinion, but how we reach that opinion and document it. It is about the processes, thoughts, and integrity behind the audit report. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means, above all, being independent, and compliant with relevant legal and professional requirements.

Tone at the top, leadership, and a clear set of values and conduct are essential to set the framework for quality. However, these must be backed up by a system of quality control that ensures our performance meets the highest professional standards.

Our policies and procedures are based on the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB) and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), KPMG Interna-

tional's quality control policies that apply to all member firms and procedures and additional requirements in the Danish Auditors Act and EU regulations.

These policies and associated procedures are designed to help our people comply with relevant professional standards, regulatory and legal requirements and issue reports that are appropriate in the circumstances as well as to help our people act with integrity and objectivity and perform their work with diligence.

Amendments to KPMG International's risk and quality policies, including ethics and independence policies, are included in quality and risk management alerts. KPMG implements all changes communicated from KPMG International or changes based on new requirements in legislation or standards. The changes are reviewed through internal monitoring.

Quality control and risk management are the responsibility of all KPMG partners and employees. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to KPMG partners and employees wherever they are based.

While this Transparency Report summarises the approach to audit quality, it may also be useful for stakeholders interested in member firms' Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.



To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver quality audit, KPMG International developed the Audit Quality Framework.

This framework introduces a common language that is used by all KPMG member firms to describe what they believe drives audit quality and to highlight how each of their audit professionals contributes to the delivery of audit quality.

Our Audit Quality Framework identifies seven drivers of audit quality:

1. Culture and tone at the top
2. Association with the right clients
3. Clear standards and robust audit tools
4. Recruitment, development and assignment of appropriately qualified personnel
5. Commitment to technical excellence and quality service delivery
6. Performance of effective and efficient audits
7. Commitment to continuous improvement.

"Culture and Tone at the top" sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviours permeate across all KPMG member firms. All of the other drivers create a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.



## 1. Culture and tone at the top - the foundation of audit quality



A culture based on quality, integrity and ethics is essential in an organization that carries out audits and other services on which stakeholders and investors rely.

At KPMG we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large to earn public trust.

KPMG's commitment to integrity and quality is enshrined in the KPMG Values that lie at the heart and the soul of the way we do things. They define KPMG's diverse and inclusive culture and our commitment to the right personal and professional conduct emphasizing that, above all, KPMG people act with integrity. The KPMG Values are communicated clearly to all people and are embedded into member firms' people processes — induction, performance development and reward.

The KPMG Values are set out in Appendix A.3.

### KPMG Global Code of Conduct

In addition, the KPMG Code of Conduct lays out the standard expectations of ethical behaviour for all partners and employees at KPMG and is built on the foundation of the KPMG Values. The KPMG Code of Conduct emphasizes that each partner and employee is person-

ally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility. The KPMG Code of Conduct sets out our commitments and includes provisions that require KPMG partners and employees in summary to:

- comply with all applicable laws, regulations, professional standards and KPMG policies and procedures
- report any illegal acts, whether committed by KPMG personnel, clients, other third parties or public officials with whom we deal
- work with the right clients and third parties
- focus on quality
- maintain our objectivity and independence
- protect information
- help our people to be extraordinary
- be responsible corporate citizens
- build public trust.

All KPMG partners and employees are required to:

- understand and comply with the Global Code of Conduct and confirm their compliance with the Code of Conduct; and
- complete training covering the Code.

Individuals are encouraged to speak up when they see something that makes them uncomfortable or that is inconsistent with the KPMG Values. Moreover, everyone at KPMG is responsible for reporting and is required to report any activity that could potentially be illegal or in violation of the KPMG Values, KPMG policies, applicable laws, regulations or professional standards.

We have procedures and established channels of communication so that our people can report ethical and quality issues. Retaliation is prohibited against individuals who 'raise their hand' and speak up in good faith.

In addition, the KPMG International hotline (link available at our homepage) is a mechanism for all KPMG partners, employees, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, activities of KPMG member firms or the senior leadership or employees of a KPMG member firm.

At KPMG, we regularly monitor the extent to which our people feel that the Firm lives the KPMG Values through the Global People Survey.

### Leadership responsibilities for quality and risk management

KPMG demonstrates commitment to quality, ethics

and integrity and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions, - written and video communications, presentations to teams and one-to-one discussions.

The bodies and individuals with leadership responsibilities for quality and risk management at KPMG are described in the Governance section above.

## 2. Association with the right clients



### Acceptance and continuance of clients and engagements

Rigorous global client acceptance and continuance policies are vital to being able to provide high-quality professional services.

KPMG's client and engagement acceptance and continuance systems, and processes are designed to identify and evaluate any potential risks prior to accepting or continuing a client relationship, or performing a specific engagement.

We have established policies and procedures for determining whether to accept or continue a client relation-

ship, or perform a specific engagement. In circumstances where certain client/engagement acceptance (or continuance) decisions pose significant risks, additional approval processes are required.

### **Prospective client and engagement evaluation process**

Before accepting a client, we undertake an evaluation of the prospective client, so we are able to make an informed acceptance decision. This evaluation includes completing a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal or regulatory requirements. As part of the client acceptance process, a central AML Desk team performs a detailed review and check of the information in the client acceptance including obtaining required identification documentation from beneficial owners of the client in accordance with the rules of the Danish Anti-Money Laundering Act.

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues using Sentinel™, (KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG partners and employees and includes review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures, including a review of any non-audit services provided to the client and of other relevant business and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues

are required to be documented and resolved prior to acceptance.

A prospective client or engagement will be declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional standards and our policies or if there are any other quality and risk issues that cannot be appropriately mitigated.

### **Continuance process**

KPMG undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control (EQC) reviewer or the need to involve additional specialists on the audit).

Recurring or long-running non-audit engagements are also subject to periodic re-evaluation.

In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile, and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and appropriate safeguards are applied to reduce the threats to an acceptable level and if not, a withdrawal process is initiated.

### **Withdrawal process**

Where we obtain information that indicates that we should withdraw from an engagement or from a client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and any other appropriate authority.

### **Client portfolio management**

Our leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform the role for each engagement.

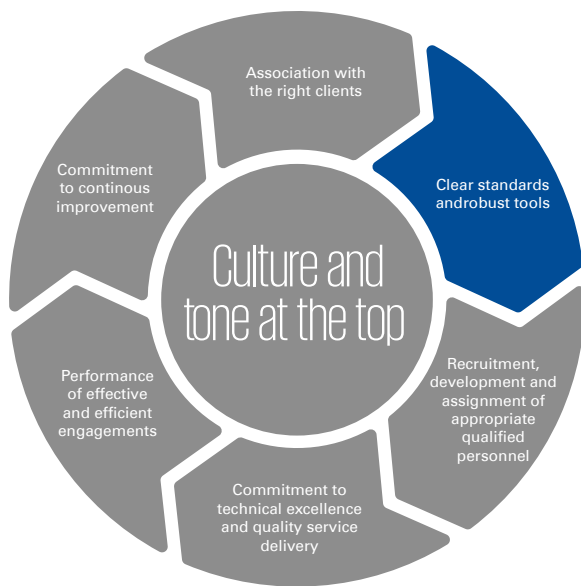
The Head of Audit in consultation with the Quality & Risk Management Partner reviews each audit partner's client portfolio annually in individual discussions with the audit partner. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner to deliver a quality audit for every client.







### 3. Clear standards and robust audit tools



Our professionals are expected to adhere to KPMG policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards and other relevant laws and regulations.

#### Consistent audit methodology and tools

The KPMG audit methodology is based on the requirements of the International Standards on Auditing (ISAs). The KPMG audit methodology is set out in KPMG Audit Manual (KAM) and includes additional requirements that go beyond the ISAs, which KPMG believes enhance the quality of the audit. Our methodology also includes requirements as per the Danish Auditors Act.

The methodology emphasizes applying appropriate professional scepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence. Enhancements to the audit methodology, guidance and tools are made regularly to be in compliance with standards, emerging auditing areas of focus and audit quality results (internal and external). Key topics include risk identification, assessment and response, accounting estimates, group audits and audit sampling.

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to

respond to those assessed risks.

The KPMG audit workflow is enabled through eAuditIT, an activity-based workflow and electronic audit file. eAuditIT is KPMG's audit documentation workflow that allows professionals to complete high quality and consistent audits. eAuditIT integrates KPMG's audit methodology, guidance and industry knowledge, and the tools needed to execute and document the audit work performed.

eAuditIT can be "scaled" to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to KPMG's audit guidance, professional standards and documentation templates.

Significant investments are underway to revise and enhance the KPMG audit methodology (KAM) and workflow tool (eAuditIT), with the deployment of KPMG Clara Workflow.

#### KPMG Clara, KPMG Clara workflow and Audit Data & Analytics

KPMG International is making significant investments to improve audit quality, drive consistency in execution of audits and strengthen both the member firm and global monitoring of engagements.

#### KPMG Clara

The global launch of KPMG Clara – KPMG's Smart Audit Platform, bringing together KPMG's Audit Data & Analytics (D&A) capabilities, innovative new technologies, collaboration capabilities and audit workflow.

#### KPMG Clara Workflow

Building on the launch of KPMG Clara in 2017, KPMG International is creating a new workflow tool that will be used by KPMG member firm audit teams to execute and document KPMG audits. It will even more be intuitive, user-friendly and modern. The new system will genuinely be a workflow – guiding audit teams through a series of steps in a logical sequence aligned to the standards, with an increased display of information and visuals, knowledge and guidance available at the moment of need, and with embedded advanced data and analytics D&A capabilities. The workflow and methodology will also be scalable – adjusting the requirements to the size and complexity of the audit engagement. This globally-driven project will significantly overhaul and redesign the execution of an audit by KPMG professionals and drive improvements in audit quality.

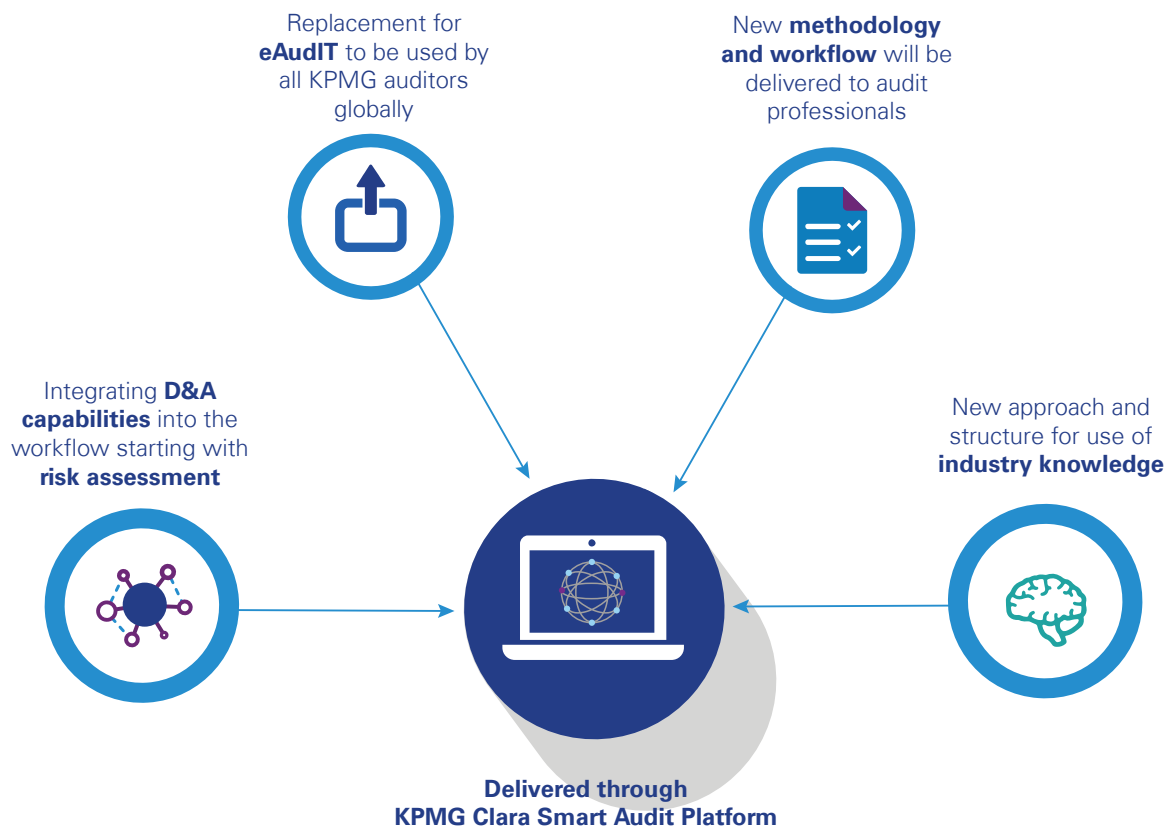
## Audit Data & Analytics (D&A)

KPMG's audit, powered by D&A is designed to:

- **enhance audit quality;** by providing a deeper understanding of data populations, giving focus to higher risk transactions;
- **be secure;** by restricting access to data both in transit and within KPMG's IT environments; and

- **be transparent;** by facilitating detailed analysis to uncover the reasons behind, and root causes of, outliers and anomalies and provide increased visibility into higher risk transactions and process areas.

D&A tools and routines are built on principles and professional standards underlying an audit and do not relieve auditors of their responsibilities.



## Independence, integrity, ethics and objectivity

Auditor independence is a cornerstone of international professional standards and regulatory requirements.

We have detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics, the Danish Auditors Act and EU regulation.

These policies and processes cover areas such as firm independence, personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services. Automated tools facilitate compliance with these requirements.

KPMG International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Quality & Risk Management Manual, which applies to all KPMG member firms. Automated tools, which must be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

Our Quality & Risk Management Partner also holds the role as designated Ethics and Independence Partner (EIP), who is responsible for the direction and execution of KPMG's ethics and independence policies and procedures. The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements. The EIP fulfils this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- participating in the development and delivery of training materials,
- monitoring compliance with policies;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

KPMG partners and employees are required to consult

with the EIP on certain matters as defined in the Global Q&RM Manual. The EIP may also be required to consult with the Global Independence Group depending upon the facts and circumstances.

## Personal financial independence

KPMG member firms and all professionals are required to be free from prohibited financial interests in, and prohibited financial relationships with, KPMG member firm assurance and audit clients, their management, directors, and, where required, significant owners. All KPMG partners — irrespective of their member firm and function — are generally prohibited from owning securities of any audit client of any member firm.

KPMG member firms use a web-based independence compliance system (KICS) to assist our professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e., late reporting of an investment acquisition).

All partners and all manager grade and above of client-facing employees are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments publically traded entities in KICS, which automatically notifies them if any investments subsequently become restricted. Newly restricted investments must be disposed of within five business days of the notification. KPMG monitors partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals. The Global Independence Group provides guidance and suggested procedures relating to the audit and inspection by KPMG member firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

We also have an Insider Trading Policy and procedures in place, prohibiting our people from trading in securities with insider information and to keep appropriate insider lists.

## Employment relationships

Any KPMG professional providing services to an audit client irrespective of function is required to notify our EIP if they intend to enter into employment negotiations

with that audit client. For partners, this requirement extends to any audit client of any KPMG member firm.

Former members of the audit team or former partners of KPMG are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG, including payments which are not fixed and predetermined and/or would be material to KPMG and ceased participating in KPMG business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

We communicate and monitor requirements in relation to employment and partnership of KPMG professionals by audit clients.

#### **Firm financial independence**

KPMG member firms must also be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors and, where required, significant owners.

In common with other KPMG member firms, our Firm also uses KICS to record its own investments, direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in pension and employee benefit plans.

Additionally, our Firm is required to record in KICS all borrowing and capital financing relationships, and custodial, trust as well as brokerage accounts that hold member firm assets.

On an annual basis, our Firm confirms compliance with independence requirements as part of the Risk Compliance Program.

#### **Business relationships/suppliers**

KPMG has policies and procedures in place that are designed to ensure that its business relationships with audit clients are maintained in accordance with the IES-BA Code of Ethics and other applicable independence requirements such as those promulgated by the SEC.

#### **Independence clearance process**

KPMG follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these proce-





dures, also referred to as 'the independence clearance process,' must be completed prior to accepting an audit engagement for these entities.

The process is supported by the "KPMG Independence Checkpoint" tool, which automates and standardises all the workflows contained in the independence clearance process. This is a clear benefit due to the increasing number of audit tenders and the number of independence clearances that need to be completed as a result of mandatory firm rotation of statutory audits in the EU and other parts of the world.

### **Independence training and confirmations**

We provide all relevant personnel (including all partners and client facing employees as well as certain other individuals with independence training that is appropriate to their grade and function upon joining KPMG and on an annual basis. New partners and client-facing employees who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG or (b) before providing any services to, or becoming a member of the chain of command for, any audit client, (by definition, "audit client" includes its related entities or affiliates.)

We also provide all partners and employees with biennial training on the Global Code of Conduct and ethical behaviour, including KPMG's anti-bribery policies, compliance with laws, regulations and professional standards, and reporting suspected or actual non-compliance with laws, regulations, professional standards, KPMG and KPMG's policies.

New partners and employees are required to complete this training within one month of joining KPMG.

All KPMG partners and employees are required to sign, upon joining the Firm and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

### **Non-audit services**

All KPMG firms are required, at a minimum, to comply with the IESBA's Code of Ethics, the Danish Auditors Act, EU audit legislation and US SEC rules, related to the scope of services that can be provided to audit clients.

In addition to identifying potential conflicts of interest, Sentinel™ facilitates compliance with these policies. Certain information on all prospective engagements, including service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance

process. When the engagement is for an audit client, an evaluation of potential threats and safeguards is also required to be included in the Sentinel™ submission. Lead audit engagement partners are required to: maintain group structures for their publicly traded and certain other audit clients as well as their related affiliates in Sentinel™, and they are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

Furthermore, we have a process to review and approve all new and modified services that are developed by our Firm. Our Quality & Risk Management Partner is involved in the review of potential independence issues.

### **Fee dependency**

We recognise that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion. These policies require KPMG member firms to consult with their Area Q&RM Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years.

In the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years, these policies further require that:

- this would be disclosed to those charged with governance at the audit client; and
- a Senior Partner from another KPMG member firm would be appointed as the engagement quality control (EQC) reviewer.

No audit client accounted for more than 10 percent of the total fees received by our Firm over the last two years.

### **Resolving conflicts of interest**

Conflicts of interest can arise in situations where KPMG partners or employees have a personal connection with the client that may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the Quality & Risk Management Partner is required in these situations.

We have policies in place to prohibit KPMG partners and staff from accepting gifts and hospitality from audit

clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to have been offered with the intent to improperly influence the behaviour of the audit team member or the member firm. KPMG partners and staff are also precluded from offering inducements, including gifts and entertainment, which are made or perceived to be made with the intent to improperly influence the behaviour of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment.

All KPMG member firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived to have an impact on a member firm and/or its partners and employees in their ability to be objective or otherwise act without bias.

All KPMG member firms must use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

Our local risk management resources are as "Resolvers" responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict. If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated.

### **Independence breaches**

All KPMG personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence rules must be reported to those charged with governance as soon as possible, except where alternative timing for less significant breaches has been agreed to with those charged with governance.

We have a disciplinary policy in relation to breaches of independence policies. The disciplinary policy is documented and communicated to all professionals incorporating incremental sanctions reflecting the seriousness of any violations.

Matters arising are factored into our promotion and compensation decisions and, in the case of engagement partners and managers, reflected in their individual quality and compliance metrics.

### **Compliance with laws, regulations, and anti-bribery and corruption**

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG. In particular, we have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third parties, including by our clients, suppliers or public officials.

Further information on KPMG International anti-bribery and corruption policies can be found on [www.kpmg.com](http://www.kpmg.com).

### **Partner and firm rotation**

In accordance with the Danish Auditors Act and EU audit legislation, audit partners (and any other key roles, such as the Key Audit Partner and EQC Reviewer) are subject to periodic rotation of their responsibilities for audits of public interest entities and large companies, see section 25 of the Danish Auditors Act.

These requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a 'time-out' period during which time these partners may not

- participate in the audit;
- provide quality control for the audit;
- consult with the engagement team or the client regarding technical or industry-specific issues;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the Firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client

KPMG monitors the rotation of audit engagement partners (and any other key roles, such as the Key Audit Partner and Engagement Quality Control Reviewer, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

Our Firm can only act as an auditor of Public Interest Entities for a maximum of 20 years provided a tender takes place after 10 years. Following that period, we cannot act as auditor of such clients for a three-year period (referred to as the "cooling-off period"). We have processes in place to track and manage audit firm rotation.

## 4. Recruitment, development and assignment of appropriately qualified personnel



One of the key drivers of quality is ensuring that all KPMG professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit. This requires the right recruitment, development, reward, promotion, retention and assignment of professionals. The KPMG performance development approach, which is linked to our values, is designed to articulate what is required for success — both individually and collectively. Ensuring audit quality is an essential element of performance development.

### Recruitment

We are committed to building an extraordinary people experience for all KPMG partners and employees and prospective partners and employees. We have shaped our recruitment strategy accordingly, drawing from the Global Talent Strategy in the process.

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including universities and business schools.

KPMG also recruits significant numbers at an experienced hire and partner level.

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks. These leverage fair and job-related criteria to ensure that candidates possess the appropriate characteristics to perform competently, are suitable and best placed for their roles.

KPMG does not accept any confidential information belonging to the candidate's former firm/employer.

### Personal development

#### Development

Our performance development is built around our personal development programmes: 'Everyone a Leader' and, 'Open Performance Development', which includes:

- global role profiles;
- a goal library; and
- standardized review forms.

Open Performance Development is linked to the KPMG values and designed to articulate what is required for success — both individually and collectively. We know that by being clear and consistent about the behaviour we are looking for and rewarding those who role model these behaviours, will enhance our ability to achieve quality and we have articulated this through our performance principles of seeking growth, inspiring trust and delivering impact.

At the same time, we are driving a shift in our performance-driven culture, supported by and enacted through leading technology that allow us to embed audit quality to the assessment of performance and the decisions around reward as well as drive consistency across the Global Organization.

KPMG monitors quality and compliance incidents and maintains quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners, directors and managers. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

### Inclusion and diversity programs

KPMG works hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experience and perspectives.





Our leadership and management teams also need to reflect the diversity within our Firm and the diversity of our clients.

We believe that the established KPMG Global Inclusion and Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at KPMG.

### Reward & promotion

KPMG policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

#### Reward

We have compensation and promotion policies that are informed by market data, clear, simple, and linked to the performance review process. This helps our partners and employees know what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved through people review meetings where relative performance across a peer group is discussed and used to inform reward decisions.

Reward decisions are based on consideration of both individual and organizational performance.

The results of performance evaluations directly affect the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

The extent to which our people feel their performance has been reflected in their reward is measured through the Global People Survey, with action plans developed accordingly.

### Partner admissions

The process for admission to our partnership is rigorous and thorough, involving appropriate members of leadership and a partner panel. All recommendations for partner admission need to be approved by the KPMG Board of Directors before put for a final vote of the entire Partner group.

Our criteria for admission to our partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

Where individuals are recruited for partner positions, a formal independence discussion and clearance is conducted with them by the Quality & Risk Management Partner.

### Assignment

We have procedures in place to assign both the engagement partners and other professionals to a specific engagement on the basis of their skills sets, relevant professional and industry experience, and the nature of the assignment or engagement.

The Head of Audit is responsible for the engagement partner assignment process. Key considerations include partner experience, accreditation and capacity – based on an annual partner portfolio review – to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. engagement team composition and specialist involvement).

Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities, including time, to perform audit engagements in accordance with KAM, professional standards, and applicable legal and regulatory requirements. This may include involving specialists from our own Firm, other KPMG member firms or external experts.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner may include the following:

- an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation,
- an understanding of professional standards and legal and regulatory requirements,
- appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing,
- knowledge of relevant industries in which the client operates,
- ability to apply professional judgment,
- an understanding of KPMG's quality control policies and procedures,
- Quality Performance Review results and results of regulatory inspections and
- time to perform the work.

The annual client portfolio reviews between each audit partner and the Head of Audit, monitored by the Quality & Risk Management Partner, enables each partner to confirm their appropriate competence, capabilities, time and authority to manage their portfolio.





### Insights from our people

Annually KPMG invites all its people to participate in an independent Global People Survey to share their perception about their experience working for KPMG. The GPS provides an overall measure of our people's engagement through an Engagement Index (EI) as well as insights into areas driving engagement that may be strengths or opportunities. Results can be analysed by functional or geographic area, grade, role, gender to provide additional focus for action. Additional insight is provided on how we are faring on categories known to impact employee engagement.

The survey also specifically provides our leadership with results related to quality and risk behaviours, audit quality, upholding the KPMG Values, employee and partner attitudes to quality, leadership and tone at the top.

We participate in the GPS, monitor results and take appropriate actions to communicate and respond to the findings of the survey. This includes monitoring GPS results including those related to audit quality and tone at the top and employee engagement through the EEI.

## 5. Commitment to technical excellence and quality service delivery



All KPMG professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department, either to provide resources to the engagement team or for consultation. Where the right resource is not available within our

Firm, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

At the same time, audit policies require all KPMG audit professionals to have the appropriate knowledge and experience for their assigned engagements.

We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge, and experience in the local predominant financial reporting framework – the Danish Financial Statements Act and International Financial Reporting Standards (IFRS).

### Lifetime learning strategy

Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job. We work to ensure the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

Learning is not confined to the classroom — rich learning experiences are available when needed through coaching and just-in-time learning, available at the click of a mouse and aligned with job-specific role profiles and learning paths. All classroom courses are reinforced with appropriate performance support to assist auditors on the job.

### Mandatory continuing education

Pursuant to the Danish Auditors Act, all approved auditors are required to receive at least 120 hours of continuing education within areas relating to an auditor's work within a period of three years. Auditors who are certified to audit financial institutions must have at least 180 hours of continuing education within a period of three years.

We focus on the importance of continuing education for approved auditors, and we offer a wide selection of courses and training. Moreover, we monitor that the individual, approved auditors as a minimum comply with the continuing education requirements of the Danish Auditors Act and that this is documented.

### Accreditation

KPMG has specific requirements for partners, managers, in-charge(s) and EQC reviewers working on Danish US affiliates to report on financial statements or financial information prepared in accordance with U.S. GAAP and/or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that the partner, manager, in-charge and

EQC reviewer have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

### Access to specialist networks

KPMG engagement teams have access to a network of local KPMG specialists as well as specialists in other KPMG member firms.

The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit risk assessment process.

Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities and objectivity to appropriately fulfil their role. Training on audit concepts is provided to these specialists.

### Culture of consultation

KPMG encourages a strong culture of consultation that supports member firm teams throughout their decision-making processes and is a fundamental contributor to audit quality.

KPMG promotes a culture in which consultation is recognized as a strength and that encourages all KPMG professionals to consult on difficult or contentious matters. To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues.

Consultation support is provided to audit engagement professionals through our Department of Professional Practice and Quality & Risk Management Team.

Technical auditing and accounting support is available to all member firms and their professionals through the KPMG Global Solutions Group (KGSG) (formally referred to as the Global Service Centre (GSC)) and the International Standards Group (ISG).

The ISG works with Global IFRS and ISA topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS and auditing requirements between member firms, identify emerging issues, and develop global guidance on a timely basis.

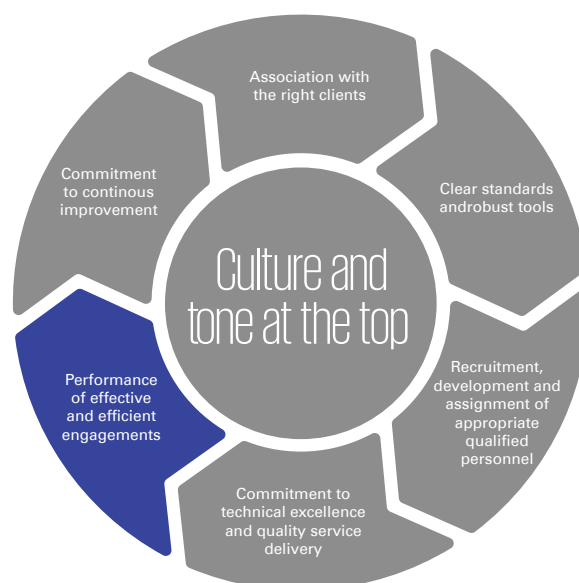
Further details about the ISG and its activities are available in the KPMG International Transparency Report.

### Developing business understanding and industry knowledge

A key part of quality is having a detailed understanding of the client's business and industry.

For significant industries, global audit sector leads are appointed to support the development of relevant industry information, which is made available to audit professionals through the KPMG audit workflow. This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available that provide general and business information in respect of particular industries, as well as a summary of the industry knowledge provided in the KPMG audit workflow.

## 6. Performance of effective and efficient audits



One of the keys to managing audit quality is to understand the nature of our clients and the issues they face and build a robust audit response to the identified risks.

We understand that our clients are linked to the quality of our work and our reputation.

How an audit is conducted is as important as the final result. KPMG partners and employees are expected to demonstrate certain key behaviours and follow certain

policies and procedures in the performance of effective and efficient audits.

#### Ongoing mentoring, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of skills and capabilities of KPMG professionals, without compromising on quality, KPMG promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves:

- engagement partner participation in planning discussions,
- tracking the progress of the audit engagement,
- considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement,
- helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately,
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.

#### Timely engagement quality control (EQC) reviewers

EQC ("Engagement Quality Control") reviewers are independent of the engagement team and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The EQC is an important part of KPMG's framework for quality. An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information, of all listed entities, financial undertakings and high-risk engagements as designated by the Quality & Risk Management Partner. The EQC review takes place ongoing during the performance of the audit and is finalised before the date of the auditor's report and includes among other matters:

- review of selected audit documentation relating to significant judgments the engagement team made and the conclusions it reached,
- review of the financial statements and proposed auditor's report and
- evaluation of the conclusions reached in formulating the auditors' report and consideration of whether the proposed report is appropriate.

Although the engagement partner is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered complete.

KPMG is continually seeking to strengthen and improve the role that the EQC reviewer plays in audits, as this is a fundamental part of the system of audit quality control. In recent years, a number of actions have been taken to reinforce this, including:

- issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers,
- incorporating specific procedures in the KPMG audit workflow to facilitate effective reviews,
- implementing policies relating to recognition, nomination and development of EQC reviewers, as well as monitoring and assessing the nature, timing and extent of their involvement,
- ensuring that the role performed by EQC reviewers is also taken into account when performing the Partner Portfolio Review process to ensure adequacy of time and an appropriate skills set for the role and reallocation if needed and assessing as part of our Quality Performance Reviews and
- in separate monitoring programs, reviewing the work performed by the EQC reviewer including the adequacy of involvement.

#### Reporting

Auditing standards and the Danish Auditors Act largely dictate the format and content of the auditors' report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners form all audit opinions based on the audit performed.

In preparing auditors' reports, engagement partners have access to extensive reporting guidance and technical support through consultations with our Department of Professional Practice, especially where there are significant matters to be reported to users of the auditor's report (e.g. a modification to the opinion or through the

inclusion of an 'emphasis of matter' or 'other matter' paragraph, as well as key audit matters to be communicated).

### **Insightful, open, and honest two-way communication**

Two-way communication with those charged with governance, often identified as the audit committee, is key to audit quality and is a key aspect of reporting and service delivery.

At KPMG we stress the importance of keeping those charged with governance informed of issues arising throughout the audit and the need to listen to and understand their views. We achieve this through a combination of reports and presentations, attendance at audit committee and/or board meetings, and, when appropriate, ongoing informal discussions with management and members of the audit committee.

Communications with boards / audit committees include:

- an overview of the planned scope and timing of the audit, which includes communicating significant risks identified,
- significant findings from the audit which may include control deficiencies and audit misstatements and
- an annual written communication that states the engagement team and KPMG have complied with relevant independence requirements; describes all relationships and other matters between KPMG and the audit client that, in our professional judgment, may reasonably be thought to bear on independence; and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to independence.

We ensure such communications meet the requirements of professional standards.

### **Client confidentiality, information security and data privacy**

The importance of maintaining client confidentiality is emphasised through a variety of mechanisms including the Global Code of Conduct, training, and the annual compliance confirmation process that all KPMG professionals are required to complete.

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA requirements as well as other applicable laws, standards and regulations.

We have clear policies on information security that cover a wide range of areas. Data Privacy policies are in place governing the handling of personal information, and associated training is required for all KPMG personnel.

We are committed to providing a secure and safe environment for the personal data and confidential information we hold as well as protecting the privacy of our clients, service providers and other third parties. We have a dedicated Privacy Officer in charge of Personal Data and a dedicated National IT Security Officer ("NITSO"), who both have the necessary authority, skills and experience to lead these important areas.

Our information protection requirements are set out in the Global Information Security Policy published by KPMG International. Compliance monitoring against these standards and policies is carried out through our internal information security audit program and is supplemented by checks by the Global Information Protection Group every three years.

We believe that everyone has a role to play in protecting client and confidential information. Policies and practices are communicated to all personnel and, as appropriate, reinforced through guidance, awareness and training. Our personnel are required to comply with our Acceptable Use Policy – this policy encourages effective and appropriate use of KPMG information technology resources and highlights the protection requirements of all employee-, KPMG- and client-confidential information.



## 7. Commitment to continuous improvement



We commit to continually improve the quality, consistency and efficiency of our audits. Integrated quality monitoring and compliance programs enable member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans, both in respect of individual audit engagements and the overall systems of quality control.

The quality monitoring and compliance programs are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.

Annually, the results of all internal and external monitoring and compliance programs as well as quality measures in people survey, interaction with the Regulator, etc. are combined in a firm quality metrics, which is communicated to the Leadership Team and Board of Directors as well as to Quality & Risk Management at Regional and Global level. This firm quality metrics is essential for monitoring our commitment to continuous improvement.

### Internal monitoring and compliance programs

Our monitoring programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulation

- and KPMG International policies and procedures, and
- our Firm's compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

Our internal monitoring program also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively. These include:

- which are conducted annually across the Audit, Tax and Advisory functions; and
- A cross-functional Global Compliance review (GCR) program which is conducted at least every three years.

The results and lessons from the internal monitoring programs are communicated internally and appropriate action is taken at local, regional and global levels.

### **Audit Quality Performance Reviews (QPRs)**

The QPR program assesses engagement level performance and identifies opportunities to improve engagement quality.

Each engagement leader is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements.

We conduct the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at local level and are monitored regionally and globally. Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

There are robust criteria for the selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit-oversight regulators and the need to be as rigorous as external reviewers.

Consistent criteria are used to determine engagement ratings and member firm audit practice evaluations.

Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

Findings from the QPR program are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings.

These areas are also emphasised in subsequent inspection programs to gauge the extent of continuous improvement.

Lead audit engagement partners are notified of less than satisfactory engagement (defined as 'Performance Improvement Needed' or 'Unsatisfactory') ratings on their respective cross-border engagements. Additionally, lead audit engagement partners of parent companies/head offices are notified where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

### **Risk Compliance Program (RCP)**

KPMG International develops and maintains quality control policies and processes that apply to all KPMG member firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- document, assess and monitor the extent of compliance of our system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services and
- provide the basis for us to evaluate that the Firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans and monitor the status of each action item.

### **Global Compliance Review (GCR) program**

Each member firm is subject to a GCR conducted by KPMG International's GCR team, independent of the member firm, at least once in a three-year cycle.

The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies. GCRs assess compliance with selected KPMG

International policies and procedures and share best practices among member firms. The GCR provides an independent assessment of:

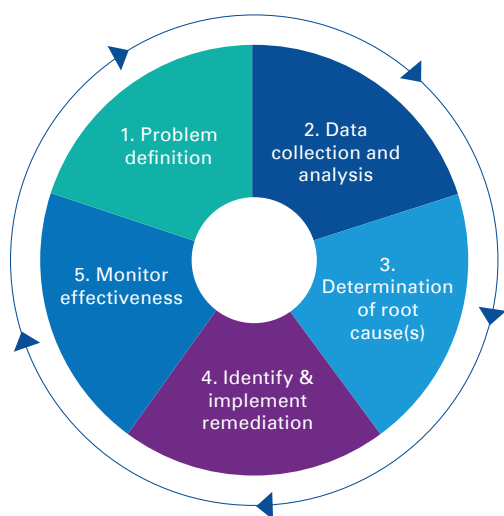
- our commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment;
- our compliance with key KPMGI policies and procedures; and
- the robustness with which we perform our own compliance program (RCP).

In 2019, our Firm was subject to a GCR review. We have developed actions plans to respond to all GCR findings and agreed these with the GCR team. Our progress on action plans is monitored by a Global central GCR team. Results are reported to the Global Quality & Risk Management Steering Group and, where necessary, to appropriate KPMG International and regional leadership, to help ensure timely remedial actions being taken.

### Root Cause Analysis (RCA)

We perform root cause analysis to identify and address audit quality issues, identified in all of the above-described monitoring programs, in order to prevent them from recurring and help identify good practices as part of continuous improvement. RCA training based on our Global RCA 5 Step Principles was attended by those individuals from our Firm, who are performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 Step Principles are as follows:



Our Head of Audit is responsible for the development and implementation of action plans as a result of RCA, including identification of solution owners. Our Quality & Risk Management Partner monitors their implementation.

### Recommendations for improvements

At a global level, through Global Quality & Risk Management Steering Group, KPMG International reviews the results of the quality monitoring programs, analyses member firm root causes and action plans and develops additional global actions as required.

Global remediation plans developed by KPMG International are aimed at changing culture and behaviour across the Global Organisation and at driving consistent engagement team performance within KPMG member firms. The remediation plans have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the Global Organisation.

### External inspections and dialogue

#### Danish Regulator

In Denmark, the Auditing Oversight Division of the Danish Business Authority ("Revisortilsynet") carries out independent inspections at audit firms auditing Public Interest Entities (PIEs).

Based on the regulation, we are subject to inspection on a yearly basis with a three-year cycle, as the inspection program is split into a yearly rotation plan.

The fieldwork for 2018 covered review of our quality control system and the inspection was completed by the end of 2018. No audit engagements was selected for review in 2018. We received the final report in May 2019.

The Danish Business Authority's overall conclusion on the 2018 inspection is:

*"In 2018, the Danish Business Authority did not made significant observations regarding the review performed of whole or selected parts of the quality control system."*

*It is the opinion of the Danish Business Authority that the audit firm's internal organisation and quality control system are sufficient in relation to the size and customer composition."*

*No circumstances have come to the attention of the Danish Business Authority that may lead to the conclu-*

*sion that an appropriate quality control system has not been established, implemented and applied."*

An extract from the final report on the 2018 inspection is published on the Danish Business Authority's home-page.

The inspection initiated in 2019 is not yet finished. For us, public trust is not given – it must be earned.

Therefore, continuous quality improvement is an ongoing process in our Firm and a focus area for all our auditors in their daily work.

### **KPMG P/S reported to the State Prosecutor for Serious Economic and International Crime for alleged violation of the Danish Anti-Money Laundering Act**

On 13 September 2018, Finansiel Stabilitet, which is the national recovery and resolution authority, took over the control of Københavns Andelskasse.

On 11 October 2018, the Danish Business Authority launched an investigation into whether KPMG P/S in connection with their audit of Københavns Andelskasse's financial statements for 2017, in the view of the Authority, has complied with the requirements laid down in the Danish Anti-Money Laundering Act.

The Danish Business Authority is of the opinion that KPMG P/S in connection with their audit has become aware of information which should have prompted KPMG P/S to carry out a thorough examination and notified the State Prosecutor for Serious Economic and International Crime.

During the audit, we gained insight into insufficient money laundering procedures in Københavns Andelskasse. We reported the insufficient money laundering procedures and controls both to the Executive Management and the Board of Directors of Københavns Andelskasse. This reporting was also sent to the Danish Financial Supervisory Authority. Furthermore, we highlighted the insufficient procedures and controls to the public in our Auditor's Report on the Annual Report for 2017, dated 25 April 2018.

Against this background, we are confident that we as auditors have fulfilled all our duties and reported as required by us.

### **PCAOB**

We are also registered with the US PCAOB. We have not yet been inspected by the PCAOB.

## **Other quality dialogue**

### **Client feedback**

We proactively seek feedback from clients through in-person conversations and third-party surveys to monitor their satisfaction with services delivered. We endeavour to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs.

### **Monitoring of complaints**

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in our general terms of business.





# 07

## Declaration on quality control system and independence policy

The Danish Auditors Act and the standards on auditing prescribe that an approved audit firm is required to maintain a quality control system and must be able to document the use thereof.

The Danish Auditors Act prescribes that, as part of the quality control system, audit firms must lay down guidelines that ensure that the auditor will assess, prior to the auditor's undertaking of assignments in accordance with section 1(2) of the Act, whether there are any circumstances that may raise doubt in a well-informed third party about the auditor's independence.

Moreover, the Act prescribes that the audit firms must ensure that the auditors document in their working papers in connection with the performance of the assignments all significant threats to the auditor's and the audit firm's independence and the safeguards that have been applied to mitigate these threats.

We as Board of Directors are responsible for the quality control system, including ensuring that guidelines to assess independence are available and that the auditors comply with the rules on documentation of significant threats to the auditor's and the audit firm's indepen-

dence and the safeguards applied to mitigate these threats.

We have assessed the Firm's quality control system, including controls and procedures.

An effective quality control system is no guarantee and cannot eliminate the risk that reports issued on financial statements and other reporting to the public are materially misstated. However, the quality control system provides reasonable assurance that reports issued give a true and fair view.

In our opinion,

- the quality control system is effective,
- the independence policies and procedures are complied with and an internal assessment of the independence compliance has been performed, and
- We comply with the policy concerning the continuing education of approved auditors.

Copenhagen, 30 January 2020

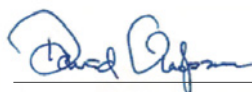
**KPMG**

Statsautoriseret Revisionspartnerselskab

### Board of Directors



**Anja Bjørnholt Lüthcke**  
Chairwoman and Partner



**David Olafsson**  
Partner



**Bo Johansen**  
Partner



**Danny Golan**  
Partner



**Niels Vendelbo**  
Partner



# 08 Financial information

Revenue in our Annual report for the year ended 30 September 2019 is recognised in accordance with the Danish Financial Statements Act. Consequently, revenue is recognised as the selling price excluding VAT of the work performed using the percentage-of-completion method of accounting. Revenue also includes

recoverable expenses incurred on behalf of clients. These expenses included fees invoiced by other KPMG member firms as well as other sub-contractors. For the twelve months ended 30 September 2019, KPMG P/S' total revenue amounted to DKK 578 million, which can be specified as follows in DKK million:

		2018/19	2017/18
I	Revenue from the statutory audit of stand-alone and consolidated financial statements of PIEs* and entities belonging to a group of undertakings whose parent undertaking is a PIE	56	53
II	Revenue from the statutory audit of stand-alone and consolidated financial statements of other entities (non-PIEs)	108	95
III	Revenue from permitted non-audit services to entities that are audited by us	59	43
IV	Revenue from non-audit services to other entities	355	317
	<b>Total revenue</b>	<b>578</b>	<b>508</b>

I-IV in accordance with EU Audit Regulation Article 13(2)(k).

\*Public Interest Entities (PIE) mean entities whose negotiable securities are admitted to trading on a regulated market of any member state; credit institutions and insurance undertakings.





# 09 Appendices

## A.1 KPMG Denmark - Public Interest Entities

List of clients subject to section 1a(1) nr 3 of the Danish Auditors Act for which we performed engagements under section 1(2) of the Act in 2018/19.

### **Listed entities (entities with shares, bonds, etc., admitted for trading at a stock exchange in an EU country)**

European Energy A/S  
Copenhagen Capital A/S  
Boliga-Gruppen A/S  
Gabriel Holding A/S  
Strategic Investments A/S  
Small Cap Danmark A/S  
EAC Invest A/S  
Royal Unibrew A/S  
NNIT A/S

### **Unlisted financial undertakings**

Codan Forsikring A/S  
Europæiske Rejseforsikring A/S  
Forsikringsselskabet Privatsikring A/S  
Ulykkesforsikringsforbundet for Danske Søfart \*  
\*Appointed as auditors, but auditor's reports will not be issued until after 30 September 2019.



## A.2 KPMG Audit entities located in the EU & EEA

List of KPMG audit member firms located in the EU & EEA according to EU Regulation no 537/2014 Article 13(2)(b)(ii) as at 30 September 2019.

Location	Firm Name
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Austria	Plan Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	Securitas Revisions- und Treuhandgesellschaft m.b.H.
Austria	T&A Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH
Belgium	KPMG Bedrijfsrevisoren / KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Audit OOD
CEE	KPMG CEE Holdings Limited
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG
Cyprus	KPMG Limited
Czech Republic	KPMG Česká republika Audit, s.r.o.
Denmark	KPMG P/S
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkistarkastus Oy
France	KPMG Associés S.A.
France	BRAUN EXPERTISE COMPTABLE ET COMMISSARIAT AUX COMPTES — BEC
France	FUTIN Associés
France	KPMG Audit DFA S.A.S
France	KPMG Audit Est S.A.S.
France	KPMG Audit FS I S.A.S.
France	KPMG Audit ID S.A.S.
France	KPMG Audit IS S.A.S.

Location	Firm Name
France	KPMG Audit Nord S.A.S.
France	KPMG Audit Normandie S.A.S.
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Paris et Centre S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Audit Sud-Ouest S.A.S.
France	KPMG Fiduciaire de France
France	KPMG SA
France	SALUSTRO REYDEL S.A.
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft
Germany	ATH Allgemeine Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft
Germany	EUREVISIO GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Germany	KPMG Prüfungs- und Beratungsgesellschaft für den Öffentlichen Sektor Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Gibraltar	KPMG Limited
Greece	KPMG Certified Auditors S.A.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft./KPMG Hungary Ltd.
Iceland	KPMG ehf.
Ireland	KPMG
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics AS
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	'KPMG Baltics' UAB
Luxembourg	KPMG Luxembourg
Malta	KPMG
Netherlands	KPMG Accountants N.V.

Location	Firm Name
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Sp z o.o.
Poland	KPMG Audyt Sp. Z ograniczona odpowiedzialnośc
Poland	KPMG Audyt Sp. Z ograniczona odpowiedzialnośc, Spółka Komandytowa
Portugal	KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Romania	KPMG Audit SRL
Slovakia	KPMG Slovensko spol. s r.o.
Slovenia	KPMG Slovenija, podjetje za revidiranje, d.o.o.
Spain	KPMG Auditores, S.L.
Sweden	KPMG AB
United Kingdom	KPMG LLP
United Kingdom	KPMG Audit Holdings Limited
United Kingdom	KPMG Audit Plc
United Kingdom	KPMG Holdings Limited
United Kingdom	KPMG Overseas Services Limited

Aggregated revenue generated by KPMG audit firms residing in the EU and EEA Member States (listed above) from the statutory audit of stand-alone and consolidated financial statements was EUR 2.9 billion. during the year ending 30 September 2019.

The EU/EEA aggregated revenue from statutory audits is presented to the best extent currently calculable and translated at the average exchange rate prevailing in the 12 months ended 30 September 2019.

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<sup>1</sup> The financial information set forth represents combined information from KPMG audit firms in EU and EEA Member States. The information is combined here solely for presentation purposes. The KPMG member firms included are separate legal entities and KPMG International performs no services for clients nor, concomitantly, generates any client revenue.





## A.3 KPMG's Values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behaviour when dealing with both clients and each other:



### We lead by example:

At all levels, we act in a way that exemplifies what we expect of each other and our clients.



### We work together:

We bring out the best in each other and create strong and successful working relationships.



### We respect the individual:

We respect people for who they are and for their knowledge, skills, and experience as individuals and team members.



### We seek the facts and provide insight:

By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.



### We are open and honest in our communication:

We share information, insight, and advice frequently and constructively and manage tough situations with courage and candour.



### We are committed to our communities:

We act as responsible corporate citizens by broadening our skills, experience, and perspectives through work in our communities and protecting the environment.



### Above all, we act with INTEGRITY:

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

