KPMG Statsautoriseret Revisionspartnerselskab

TRANSPARENCY REPORT

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

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kpmg.dk

Contents

Message from Quality Leaders

Trust is essential for a thriving business community and an efficiently functioning capital market.

To put it simple: Trust is the cornerstone of all our activities at KPMG in Denmark. We fulfil our social responsibility by providing independent and objective audit services and build public trust in our clients' financial reporting.

10% growth in our Audit practice and 3,754 job applications in the year ended 30 September 2021 are a testament to the trust we have earned in the market.

We are living in an era of major changes: Technological advances are disrupting existing business and delivery models, differences between industries are being erased, and geopolitical factors are impacting both trust-based relationships and global trade. Increased uncertainty is changing risk profiles for all companies and thus making our role as auditors and advisers even more important. The purpose of this Transparency Report is to demonstrate our attitude and our commitment to that mission in society.

With the Transparency Report, we document how we are improving our quality management – by investing in new technologies and resources, while building a stronger culture of consistency and accountability. We share how our relentless focus on quality underpins our commitment to serve public interest, drives our ambition to be the most trusted and trustworthy professional services organisation and delivers on environmental, social and governance (ESG) commitments.

That aim is impossible without delivering quality audits, and even though we have a sound foundation to build on, we need to constantly innovate, never losing our focus – especially as leaders of this proud profession. This past year, we have continued to invest in our system of quality management, monitoring of audit quality and enhanced support. We are also expanding access and training for innovative technology and tools for our engagement teams, such as KPMG Clara, our smart audit platform, to drive consistency, collaboration and efficiency.

All our actions are guided by our Values. They drive our daily behaviours, guide our decisions, and shape our ethical culture. Integrity is a core Value – we do what is right, in the right way, at the right time. We embody our Values of integrity and excellence in our commitment to quality, and our new Global Quality Framework outlines how every partner and employee contribute to delivering high-quality audits.

Our people are at the heart of our business, and supporting their well-being remains a priority through challenging times. This also means assessing the appropriate level of workloads as well initiatives that drive efficiencies through technology. Driving improvements in audit quality relies on exceptional people always doing the right thing, not taking shortcuts and being able to speak up without fear of repercussion.

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 part of – including the responsibilities and obligations of the member firm and our Values – and our system of quality control, which is based on the Global Quality Framework.

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

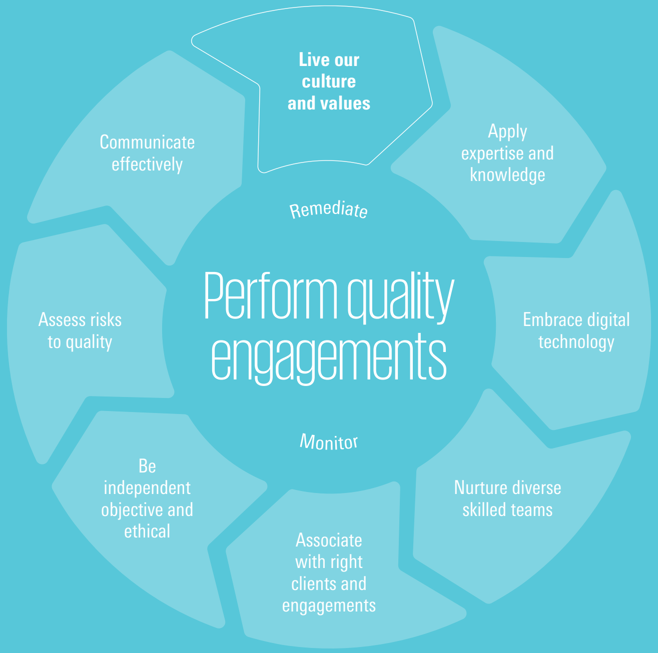
We hope that you will find that our report provides useful insight into our Firm and our approach to ensure high quality at all times.

Copenhagen, 31 January 2022
KPMG
Statsautoriseret Revisionspartnerselskab

Morten Mønster
CEO & Senior Partner

Jon Beck
Head of Audit & Partner

Henrik Barner Christiansen
Quality & Risk Management Partner



Living our culture and Values

It is not just what we do at KPMG that matters: we also pay attention to how we do it. Our Values are our core beliefs, guiding and unifying our actions and behaviours. Shared across every level and in every country, jurisdiction and territory in which we operate, they are the foundation of our unique culture.

Fostering the right culture, starting with tone at the top

Tone at the top

A culture based on accountability, quality, objectivity, independence, integrity and ethics is essential in an organisation 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 recognised as a strength.

We communicate our commitment to clients, stakeholders, and society at large to earn the public's 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 emphasising 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 on the next page.

Our Values lie at the heart of the way we do things – to do the right thing, the right way, at the right time.

They drive our daily behaviours, guide our decisions, and shape our character. They form the foundation of a resilient culture ready to meet challenge with integrity, so we never lose sight of our principal responsibility to protect public interest. And they propel us forward – through our work and the example we set – as we inspire confidence and empower change throughout the world.

Outlined in *KPMG's Global Code of Conduct* ("the Code") are the responsibilities all KPMG people have to each other, the public and our clients. It shows how our Values inspire our greatest aspirations and guide all our behaviours and actions. It defines what it means to work at and be part of KPMG as well as our individual and collective responsibilities.

Everyone at KPMG is held accountable to comply with the Global Code of Conduct and to confirm their compliance with the Code, and everyone at KPMG is also required to take training at least yearly covering the Code.

Our Values

Our Values represent what we believe in, and what is important to us as an organisation. They guide our behaviours day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all our stakeholders.

Integrity
We do what is right.

Excellence
We never stop learning and improving.

Courage
We think and act boldly.

Together
We respect each other and draw strength from our differences.

For Better
We do what matters.

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.

We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code.

Individuals are encouraged to speak up if they see or hear something that makes them uncomfortable or that does not seem to be in full compliance with the Code or our Values. Moreover, everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

To safeguard this principle of holding each other accountable, each KPMG firm is required to establish, communicate and maintain clearly defined channels to allow KPMG personnel and third parties to make inquiries about, raise concerns in relation to, provide feedback on, and communicate reportable matters, without fear of reprisal, in accordance with applicable law or regulation.

The *KPMG International hotline* (link available at our homepage) is a further mechanism for KPMG personnel, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International, activities of KPMG firms or KPMG personnel.

All KPMG firms and personnel are prohibited from retaliating against individuals who have the courage to speak up in good faith. Retaliation is a serious violation of the Code, and anyone who takes retaliatory action will be subject to their firm's disciplinary policy.

The Global People Survey provides our leadership and KPMG International leadership with results related to upholding the KPMG Values. We monitor the results and take appropriate actions to communicate and respond to any findings.

System of quality control

Tone at the top, leadership, and a clear set of values and conduct are essential to set the framework for quality. However, these are required to be backed by a system of quality control that holds us accountable to meet the highest professional standards.

The Danish Auditors Act and the international standard ISQC 1 stipulate that audit firms must have a quality control system covering the issuance of auditor's reports on financial statements and other assurance reports.

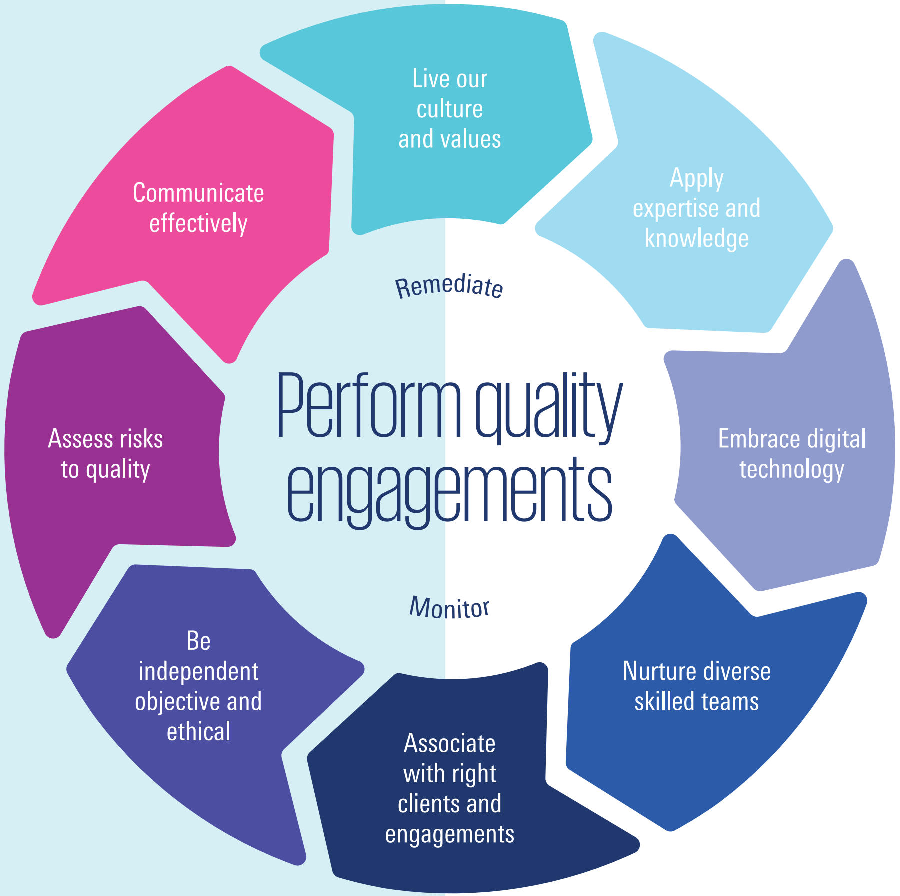
The audit firm must be able to document that the quality control system is used. This means that the system must be available either in written or electronic format and that it must be available to reviewers in connection with inspections performed.

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 auditing standards. This means, above all, being independent, and compliant with relevant legal and professional requirements.

A robust and consistent system of quality control is essential to delivering quality services. KPMG International has quality control policies that apply to all KPMG firms. These are included in KPMG's Global Quality & Risk Management Manual (GQ&RM Manual), which applies to all KPMG personnel including procedures and additional requirements in the Danish Auditors Act and EU regulations.

To adopt the new international standard on quality management (ISQM 1), which was approved by the IAASB and will be effective from December 2022, KPMGI has initiated a programme to redesign the network-wide requirements for member firms' systems of quality management. ISQM 1 requires each KPMG firm to design, implement and operate a system of quality management to consistently deliver quality audits and to evaluate the effectiveness of the system on an annual basis.

As we prepare for ISQM 1, we have adopted a new Global Quality Framework to better outline how we deliver quality at KPMG, and how everyone at KPMG is accountable for its delivery. The principle of 'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate our processes as necessary.



The Global Quality Framework also meets the requirements of the current International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB), and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

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.

Leadership responsibilities for quality and risk management

We demonstrate commitment to quality, objectivity, independence, ethics and integrity and communicate 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, objectivity, independence, integrity and ethics, demonstrated through their actions, written and video communications, presentations to teams and one-to-one discussions.

We are required to seek input from the chair of the relevant Global Steering Group or his/her delegee on the performance of certain leaders within KPMG whose role most closely aligns with the activities of the Global Steering Group. Input is sought as part of the annual performance process and is based on an assessment of the leader's performance, which includes matters of public interest, audit quality and risk management activities.
The following individuals have leadership responsibilities for quality and risk management at KPMG.

The Senior Partner

In capacity as Chief Executive Officer, the Senior Partner has the overall responsibility for the day-to-day management of KPMG 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, Morten Mønster, was appointed on 16 August 2021 for a three-year term, which ends on 30 September 2024. Re-appointment can take place.

The Senior Partner is registered with the Danish Business Authority as the Chief Executive Officer of KPMG.

Leadership Team

The Senior Partner heads up the Leadership Team and determines the roles and responsibilities within the members of the Leadership Team.

The Leadership Team comprises the following members:

- Morten Mønster, CEO & Senior Partner
- Jon Beck, Head of Audit, Partner, State Authorised Public Accountant
- Mads Raahede, Head of Advisory, Partner
- Mads Fink-Jensen, Clients & Markets Leader, Partner
- Lau Bent Baun, Operations Leader, Partner, State Authorised Public Accountant
- Bent Dalager, People Leader, Partner.

The two heads of the client service function's (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 Team's primary responsibility includes ensuring that the day-to-day activities are managed effectively, including that relevant matters are coordinated, policies are set and observed, quality is maintained, and legislation is complied with.

The Senior Partner and the Heads of Audit and Advisory have regular meetings with the Quality & Risk Management Partner covering 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 Senior Partner with support from the Heads of Audit and Advisory is responsible for assessing the performance-based remuneration to Partners. As part of their activities, the Senior Partner and the Heads of Audit and Advisory 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 issues that should have a negative impact on the performance-based remuneration of each partner. The Senior Partner's and the Heads of Audit and Advisory's assessment of the performance-based remuneration of each partner is subject to the Compensation Committee's review and approval as further described below.

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 meetings with the Senior Partner and the Heads of Audit and Advisory 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 risk 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 programmes 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, is State Authorised Public Accountant and was appointed to this role on 1 January 2020.

The Quality & Risk Management Partner is also a member of the Board of Directors.

The Audit and Advisory functions – function heads

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 are responsible for the execution of the risk management and quality assurance procedures for their specific functions within the framework set by the Risk Management Partner. These procedures make it clear that, at engagement level, risk management and quality control is ultimately the responsibility of all professionals in the Firm. Our Head of Audit is responsible for the effective management and control of the Audit Function. This includes:

- Setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional scepticism, objectivity, and ethics and integrity;
- Developing and implementing an audit strategy which is aligned with KPMG's audit quality requirements; and
- Working with the Risk Management Partner to monitor and address audit quality and risk matters as they relate to the Audit practice.

Clearly articulated strategy focused on quality, consistency, trust and growth

Our business

KPMG Statsautoriseret Revisionspartnerselskab, commercial name: KPMG P/S ("KPMG"), KPMG Acor Tax Partnerselskab ("KPMG Acor Tax") and KPMG Law Advokatfirma ("KPMG Law") are professional services firms that deliver audit, tax, advisory and legal services to a wide variety of Danish businesses – from small entrepreneurs to large international groups as well as foundations, associations, municipalities and public institutions. All three firms are Danish member firms of KPMG International.

KPMG, KPMG Acor Tax and KPMG Law operate out of seven offices across Denmark and had an average of 872 employees and partners in the year ended 30 September 2021.

Our audit services in Denmark are delivered through KPMG P/S. Full details of the professional services offered by KPMG, KPMG Acor Tax and KPMG Law can be found on our websites.

KPMG Acor Tax and KPMG Law are limited liability partnerships owned by those firm's partners. The firms provide tax and legal services under the KPMG brand in Denmark. KPMG Acor Tax and KPMG Law are not licensed to operate as audit firms, and there are no ownership interests between KPMG Acor Tax, KPMG Law or KPMG.

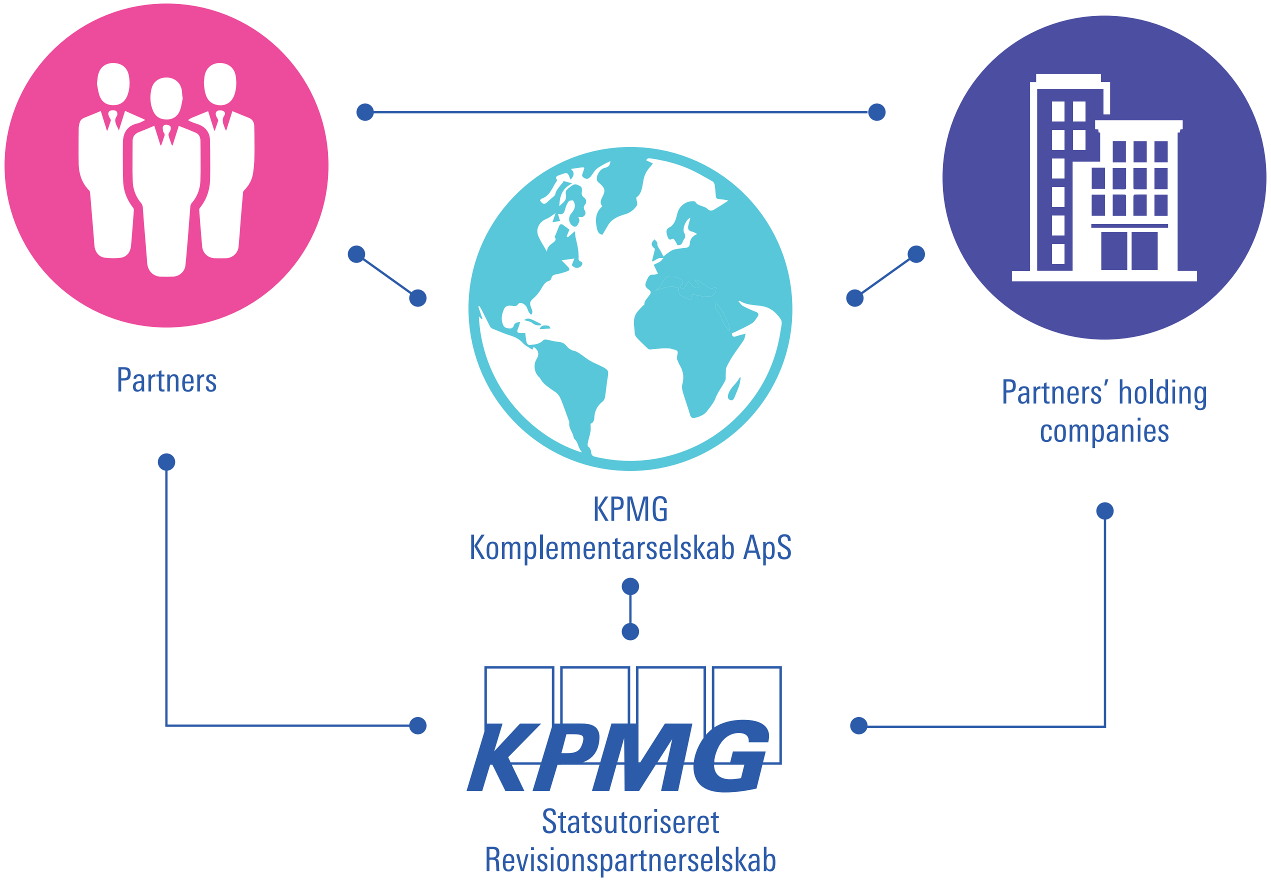
This Transparency Report describes the governance structure and the system of quality control of KPMG. The governance structures and the systems of quality control of the legal entities, KPMG Acor Tax and KPMG Law, are not accounted for in this report.

For further information about our business and performance for the year ended 30 September 2021, we refer to our annual report for the year ended 30 September 2021. Further details on KPMG International and its business activities, including our relationship with it, are described on page 55 Network Arrangements and in the 'Governance and leadership' of the *KPMG International Transparency Report*.

Our strategy

Our strategy is set by the Board of Directors in close cooperation with the Leadership Team and the Partner Group and demonstrates a commitment to quality culture and trust. Our focus is to invest significantly in priorities that form part of a multi-year collective Global Audit Quality Transformation process that takes place across the global organisation.

For further information about our strategy, we refer to our annual report for the year ended 30 September 2021.



Defined accountabilities, roles and responsibilities, including for leadership

Legal structure

Legal structure and ownership from 1 October 2020

Effective from 1 October 2020, KPMG Statsautoriseret Revisionspartnerselskab and all other KPMG firms entered into a new membership agreement. The key impact of the change is that all KPMG member firms in the KPMG global organisation became members in, or have other legal connections to, KPMG International Limited ("KPMG International"), an English private company limited by guarantee.

KPMG International acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

Further details on the revised legal structure and governance arrangements for the KPMG global organisation from 1 October 2020 can be found in the section 'Governance and leadership' of the *2021 KPMG International Transparency Report*.

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

Name, ownership and legal relationships

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

During the financial year ending 30 September 2021, KPMG had an average of 26 equity partners.

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.

In Denmark, KPMG have three member firms (KPMG, KPMG Acor Tax and KPMG Law), and each separate legal entity is responsible only for its own obligations and liabilities.

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.

Responsibilities and obligations of member firms

Pursuant to their membership agreements with KPMG International, KPMG 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 KPMG 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 KPMG International Global Board and consistently applied to the firms. A firm's status as a KPMG member firm and its participation in the KPMG global organisation may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

Overseen using robust governance structures

Governance structure

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 KPMG by ensuring that:

- Adequate risk management and internal control procedures have been established, including a 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 shareholders' meeting for a two-year term. The Board members can – as a starting point – be re-elected for a maximum period of six years. The Board members cannot be members of the Leadership Team or the Compensation Committee. 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 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
- Henrik Barner Christiansen, Partner, State Authorised Public Accountant
- Klaus Rytz, Partner, State Authorised Public Accountant
- Jakob Blicher-Hansen, Partner
- Martin Povelsen, Partner.

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.

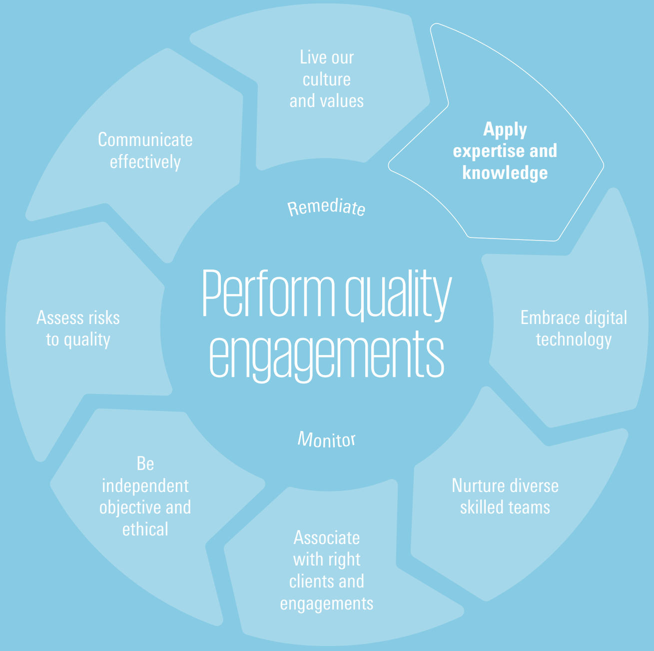
The Compensation Committee is responsible for:

- Establishing and implementing principles and guidelines for fixed and performance-based remuneration of Partners;
- Reviewing and approving that the amount and composition of remuneration to the Partners are in accordance with the principles and guidelines;
- Handling any complaints or disputes related to the remuneration or the compensation principle.

The Compensation Committee comprises the following members:

- Bo Johansen, Partner
- Nikolaj Møller Hansen, Partner, State Authorised Public accountant
- Jan Hove Sørensen, Partner
- David Olafsson, Partner, State Authorised Public accountant.

Further information regarding partner remuneration is set out on page 54.



Applying expertise and knowledge

We are committed to continue to build on our technical expertise and knowledge recognising its fundamental role in delivering quality audits.

Methodology aligned with professional standards, laws and regulations

Consistent audit methodology and tools

Our audit methodology, tools and guidance enable a consistent approach to planning, performing and documenting audit procedures over key accounting processes:

- Globally consistent and fully compliant with applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB) and the American Institute of CPAs (AICPA) and are supplemented with additional requirements applicable in Denmark,
- Inclusive of KPMG methodology interpretations that drive consistency in areas where applicable standards are not prescriptive in the approach to be followed,
- Centred on identifying risk, focusing on risks of material misstatements and the necessary audit response,
- Made available to all KPMG audit professionals and required to be used, where necessary,
- Applied even where local auditing standards may be less demanding than the ISAs and
- Focused on the international assurance methodology and the alignment of assurance products in response to growth of Environmental, Social and Governance (ESG reporting).

The KPMG audit methodology is set out in the KPMG Audit Manual (for use with eAudIT) and the KPMG Audit Execution Guide (for use with the KPMG Clara workflow) and includes KPMG interpretation of how to apply ISAs,

which we believe enhance audit quality. The methodology emphasises 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 maintain compliance with standards and address emerging auditing areas of focus and audit quality results (internal and external). For example, as a result of the COVID-19 pandemic, many businesses are experiencing significant financial uncertainty. We have issued guidance to our auditors on conducting audit procedures in a remote-working environment, raising awareness of key audit risks such as going concern and impairment and provided reminders of the importance of exercising professional scepticism taking appropriate actions if information is identified that is unexpected or unusual and may be indicative of potential management bias, a fraud risk or fraud.

KPMG firms may add local requirements and/or guidance to the KPMG Audit Manual and the KPMG Audit Execution Guide to comply with additional local professional, legal, or regulatory requirements.

Deep technical expertise and knowledge

Access to specialist networks

Our engagement teams have access to a network of local KPMG specialists – either within their firm or in other KPMG firms. These specialists receive the training they need to ensure that they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audits. They also receive a global annual update on global quality performance issues.

The need for specialists to be assigned to an audit engagement in areas such as information technology, tax, treasury, actuarial, forensic and valuations is considered as part of the audit risk assessment process as well as during the planning and conduct of the engagement.

KPMG's commitment to audit quality during the COVID-19 pandemic

The COVID-19 pandemic has forced us all to think differently. We continue to respond to and embrace this challenge in our entire organisation. Most organisations are likely to have been impacted by the COVID-19 pandemic, either directly or indirectly, and the increased economic uncertainty and risk may have significant financial reporting implications. Issues including going concern, asset impairment and valuations will require careful judgment as organisations deal with a high degree of uncertainty and market volatility. Our role as auditors is, among other duties, to evaluate these judgements.

Since the beginning of the pandemic we have maintained an online COVID-19 | Financial Reporting Resource Centre to assist companies and other stakeholders with understanding potential accounting and disclosure implications.

We have issued extensive guidance to assist teams in addressing the various accounting, financial reporting and audit-related matters arising from the impacts of the COVID-19 pandemic including going concern, asset impairment, valuations and related disclosures, materiality, risk assessment, group audits, inventory, subsequent events and audit evidence of communications with those charged with governance. Additionally, KPMG International has issued specific guidance for remote working environments which covers how teams work together, communications with management and the design and performance of audit procedures.

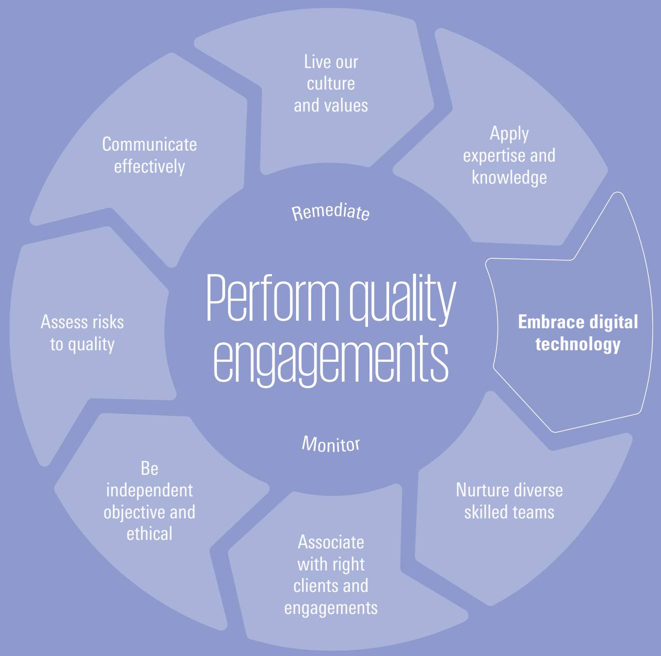
KPMG's guidance has been continually updated throughout the pandemic as other significant auditing, accounting and reporting issues have been identified.

KPMG is a technology-enabled organisation, with audit technical accounting and auditing resources, guidance and audit platforms and tools available electronically, enabling the conversion to a remote working environment.

Enhanced communication has been increasingly important to everyone during the COVID-19 pandemic. We have leveraged our investments in technology to provide KPMG firms with more regular communications, including virtual meetings, to share best practices and guidance. In addition, we have enhanced our listening strategy to include specific COVID-19 pulse surveys to allow us to hear from our people in real time and shape our response accordingly.

Quality and risk management manual

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (GQ&RMM), which applies to all KPMG personnel. KPMG is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.



Embracing digital technology

At KPMG, we are committed to serving the public interest and create value through continuous innovation. By leveraging leading technologies, we are transforming the audit experience for our professionals and our clients – enabling us to provide an even higher quality audit by increasing our ability to focus on the issues that matter through the data and insights it provides.

Intelligent, standards-driven audit workflow

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.

Evolving our audit workflow

We recognise that to deliver quality audits, we need to continually evolve and develop our technology solutions to keep pace with today's digital world.

That is why KPMG embarked on a process of re-imagining our audit platform, workflow and methodology to provide enhanced consistency and support to our audit engagement teams, deliver detailed insights, and future-proof our systems for the expected continued development of new technologies such as robotic process automation, machine learning and cognitive technologies.

The release of the KPMG Clara workflow and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalise and transform the audit. It is a significant investment that underlines our commitment to audit quality, consistency and innovation.

KPMG Clara

KPMG Clara is our smart and intuitive technology platform that is driving globally consistent audit execution.

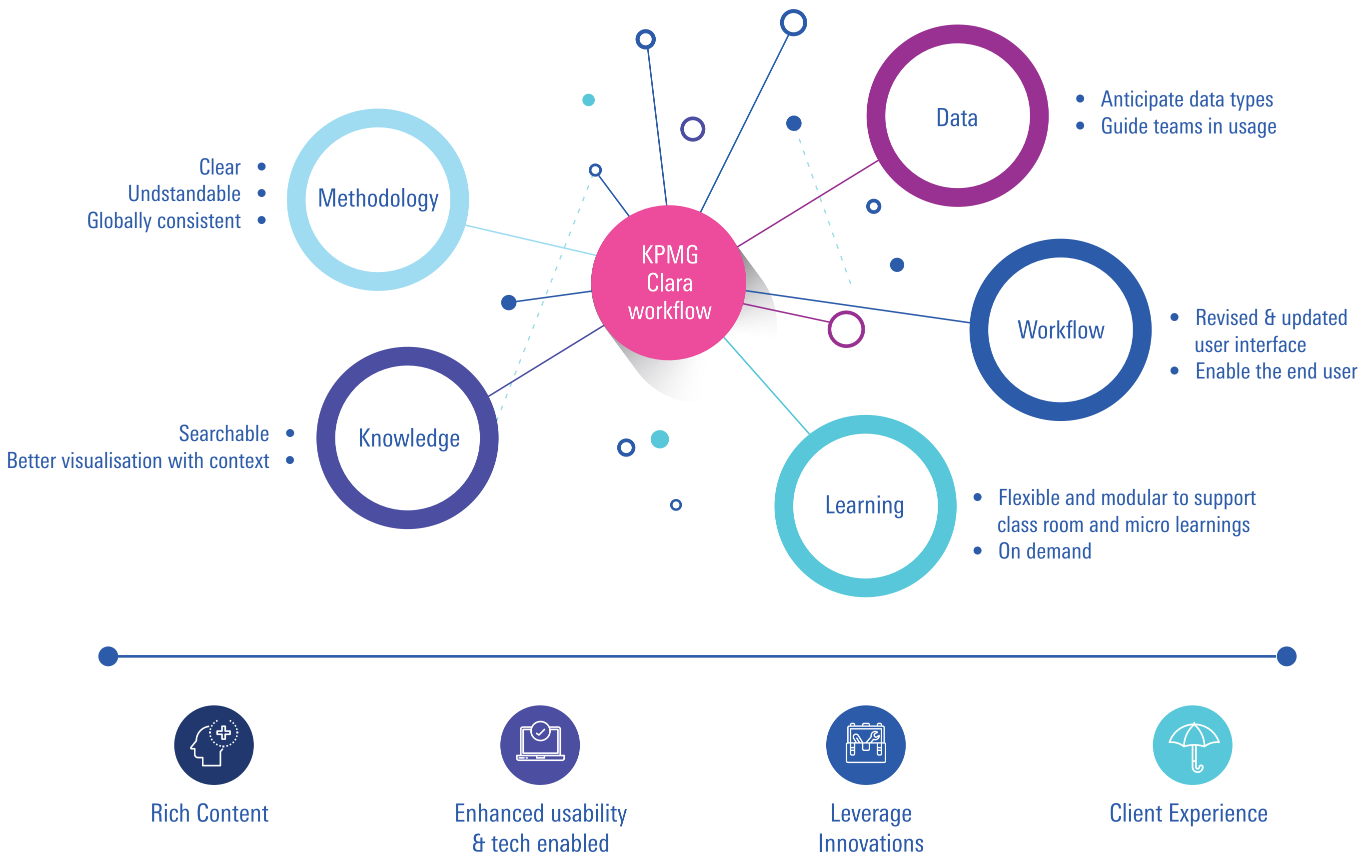
As a fully integrated, scalable, cloud-based platform, it enables enhanced audit methodology through a data-enabled workflow.

The platform integrates new and emerging technologies with advanced capabilities that leverage data science, audit automation and data visualisation.

The digital audit is increasingly integral to how KPMG member firms perform quality audits and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls regarding the development, evaluation and testing, deployment and support of technology in our audits.

KPMG Clara is helping auditors see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts. Examples of current capabilities include:

- Enable the analysis of account balances and journal entry data,
- Automate ‘period-on-period’ balances comparison and ‘time-series’ evolution information and
- Enable the analysis of sub-ledger, transactional data over certain business processes and accounts.



Our vision of the future

KPMG Clara was developed to be KPMG's foundational technology platform to deliver audit quality. It delivers this by being the base technology to help deliver new capabilities in a globally consistent way, enabling the audit workflows and a fully digital experience for our audit professionals.

The KPMG Clara platform evolves as technologies such as artificial intelligence, blockchain and cognitive capabilities transform how audits are delivered.

KPMG Clara workflow

We are replacing eAudIT with a new workflow and revised audit methodology embedded into the KPMG Clara smart audit platform. Phased full deployment of KPMG Clara workflow commenced globally in 2020 with planned completion of full global transition by 2022 for applicable audits. Enhanced scaling capability will be delivered for our least complex national audits with global transition being completed by 2023.

The web-enabled KPMG Clara workflow guides audit teams through a series of steps in a logical sequence aligned to the applicable professional auditing standards with a clear display of information, visuals, and guidance available, and with embedded advanced digital audit and project management capabilities. The workflow and revised audit methodology are scalable – adjusting the requirements to the size and complexity of the audit engagement. The KPMG Clara workflow significantly enhances the execution of an audit by KPMG professionals and clearly drives audit quality and global consistency.

Using data mining and tracking of relevant engagement level data indicators, the KPMG Clara workflow can also facilitate monitoring of audit execution at the engagement level.

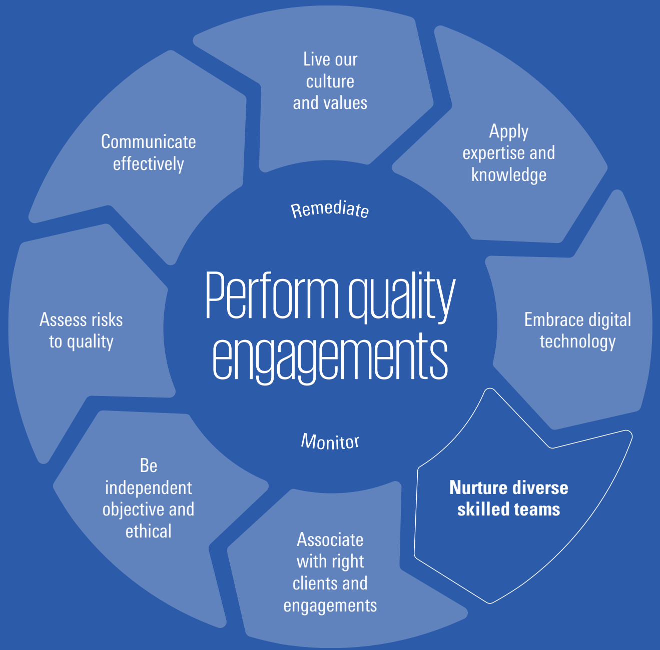
We continue to enhance the KPMG Clara smart audit platform to accommodate accelerating security demands, integrate existing audit applications into a single platform and develop new capabilities to digitise additional audit processes.

Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasised through a variety of mechanisms, including the KPMG Global Code of Conduct.

We have policies on information security, confidentiality, personal information and data privacy. We have a 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, regulations, and professional standards.

We provide training on confidentiality, information protection and data privacy requirements to all employees annually.



Nurturing diverse skilled teams

Our people make the real difference and are instrumental in shaping the future of audit at KPMG. We put quality and integrity at the core of our audit practice. Our auditors have diverse skills and capabilities to address complex problems.

Recruiting appropriately qualified and skilled people, including specialists, with diversity of perspective and experience

One of the key drivers of quality is ensuring that KPMG professionals have the appropriate skills and experience, motivation and purpose to deliver high-quality audits. This requires, among other things, the right recruitment, development, reward, promotion, retention and assignment of professionals.

Recruitment

We have invested in understanding how we can attract the talent we need across the organisation. It requires the right recruitment, development, reward, promotion and assignment of professionals. This includes building an extraordinary people experience for all current and prospective KPMG partners and employees. We have shaped our recruitment strategy accordingly, drawing from the Global KPMG 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 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 skills and experience to perform competently, are suitable and best placed for their roles.

Inclusion, diversity & equity programmes

We are committed to building a diverse and equitable firm that is inclusive to all.

Inclusion, diversity and equity (IDE) is core to our very existence – helping us build great teams with diverse views that represent the world we live in and supporting the development of. It leads to better decision-making, drives greater creativity and innovation, encourages us to stand up, live our Values and do what is right.

Our KPMG Global Inclusion, Diversity & Equity Collective Action Plan outlines the actions that are necessary to advance inclusion, diversity and equity at KPMG.

Further details on how we work with Inclusion and diversity is described in our annual report for the year ended 30 September 2021.

Reward and promotion

To avoid the risk of self-interest, 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 based on market data, clear, simple, fair and linked to the performance review process. This helps our partners and employees understand 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 firm performance.

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

Promotion

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

Partner admissions

The process for admission to our partnership is stringent 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 being 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.

Assigning an appropriately qualified team

We have procedures in place to assign engagement partners and other professionals to a specific engagement based on 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 our audit methodology, 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 specialised 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 enable each partner to confirm his/her appropriate competence, capabilities, time and authority.

Investing in data-centric skills - including data mining, analysis and visualisation

KPMG is strategically investing in our talent pipeline by partnering with world-class institutions to sustain our strong leadership, while also looking forward to cultivating the skills and capabilities that will be needed in the future.

We are recruiting and training professionals who specialise in software, cloud capabilities, and artificial intelligence and who can bring leading technology capabilities to our smart audit platform. We provide training on a wide range of technologies to ensure that field professionals not only meet the highest professional standards but are also up-skilled in new technology. With this approach, we are bringing together the right people with the right skills and the right technology to perform exceptional audits.

Focused learning and development on technical expertise, professional acumen and leadership skills

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 and fulfil their responsibilities. This includes access to internal specialists and the Professional Practice Department. Where the right resource is not available within our Firm, we have access to a network of highly skilled KPMG professionals in other KPMG member firms all over the globe.

At the same time, our 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

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, at local level. We ensure that the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

Mandatory learning requirements for audit professionals across the KPMG organisation are established annually. Training is delivered using a blend of learning approaches and performance support.

Mentoring and on the job training

Learning is not confined to a single approach – 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.

Mentoring and on-the-job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgment, technical excellence and instinct.

We support a coaching culture throughout KPMG as part of enabling KPMG professionals to achieve their full potential and instil that every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

Mandatory continuing education

Pursuant to the Danish Auditors Act, all approved auditors are required to receive at least 120 hours of continuing education covering 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

All KPMG professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development requirements. KPMG has specific requirements for partners, managers, in-charge(s) and Engagement Quality Control (EQC) reviewers working on Danish US affiliates to report on financial statements or financial information prepared in accordance with US GAAP and/or audited in accordance with US 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.

Recognising quality

Personal development

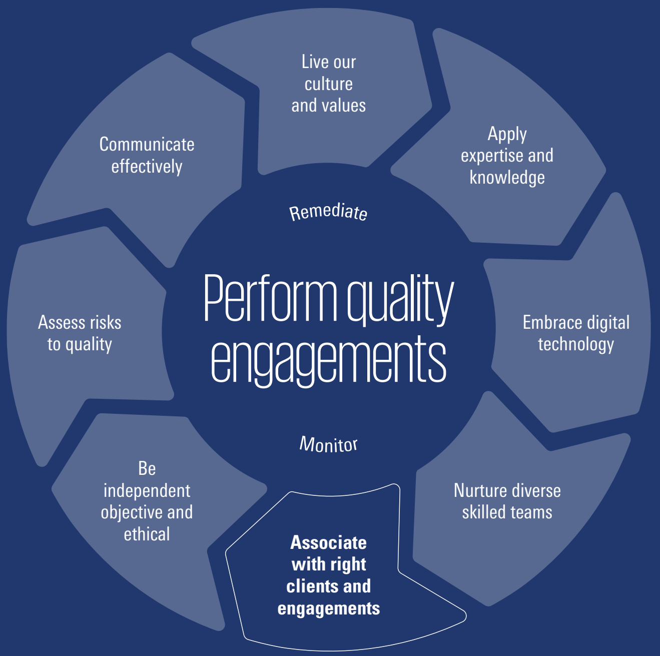
Our performance development *'Open Performance Development' is built around the Everyone's a Leader performance principles and* includes:

- Global role profiles;
- A goal library; and
- Standardised 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 behaviours we expect and rewarding those who demonstrate them, we will continue to drive a relentless focus on audit quality.

At the same time, KPMG is driving a shift in our performance-driven culture, supported by and enacted through leading technology that allows us to embed audit quality into the assessment of performance and the decisions around reward as well as drive consistency across the global organisation.

KPMG considers 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.



Associating with the right clients and engagements

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

Following the client and engagement acceptance and continuance policies

Our client and engagement acceptance and continuance policies and processes are designed to identify and evaluate potential risks prior to accepting or continuing a client relationship or performing a specific engagement.

We are required to evaluate whether to accept or continue a client relationship or perform a specific engagement. In circumstances where certain client/engagement acceptance (or continuance) decisions pose significant risks, additional approval processes are required.

Accepting appropriate clients and engagements

Client evaluation

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 an assessment of the client's risk profile and obtaining of background information on the client, its key management, directors and owners. If necessary, 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.

Engagement evaluation

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 global conflicts of interests and independence checking system), intended purpose and use of engagement deliverables, public perception whether the services would be unethical or inconsistent with our Values 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 KPMG professionals assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG personnel and includes a review by the 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, financial 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 to the 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, if not appropriate safeguards are applied to reduce the threats to an acceptable level, a withdrawal process may be initiated.

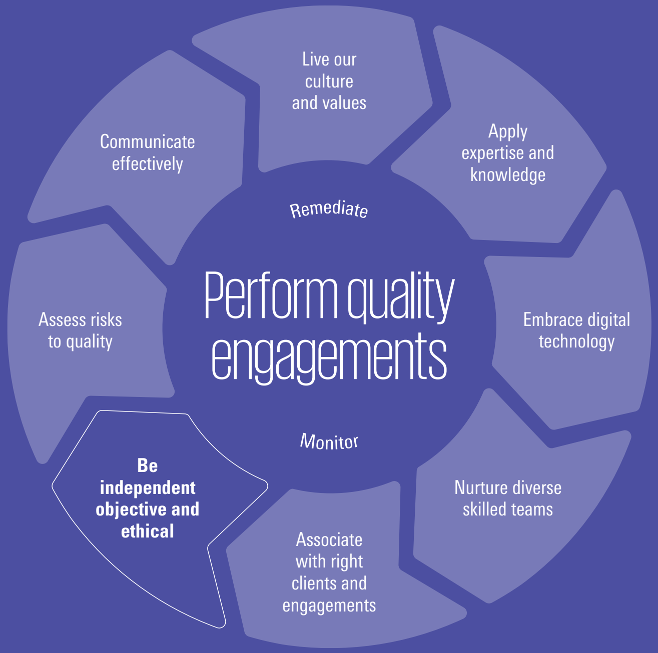
Withdrawal process

Where KPMG comes to a preliminary conclusion that indicates that we should withdraw from an engagement or 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.

Managed portfolio of clients

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

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



Being independent and ethical

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

Acting with integrity and living our Values

We have detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics, as set out in KPMG's Global Quality & Risk Management Manual (GQ&RMM) which applies to all KPMG Firms and in addition the Danish Auditors Act and the EU Regulation. Automated tools, which are required to be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

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.

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 international policies and procedures and ensuring that local independence policies and procedures are established and effectively implemented when they are more stringent than the KPMG international requirements. The EIP fulfills 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;
- 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 GQ&RMM. The EIP may also be required to consult with

the Global Independence Group (GIG) depending upon the facts and circumstances.

Maintaining an objective, independent and ethical mindset in line with our Code of Conduct and policies

Personal financial independence

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

KPMG firms use a web-based independence compliance system (KICS) to assist KPMG 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 manager grade or above client-facing employees are required to use the KICS system prior to enter into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all their investments in publicly 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, director, senior manager and manager compliance with this requirement as part of our programme of independence compliance audits of professionals. The Global Independence Group provides guidance and required procedures relating to the audit and inspection by KPMG 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 the firm 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 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 or 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.

An assurance team member is also required to notify the EIP when they enter into employment negotiations with the assurance client during the course of the engagement. Former assurance team members or former partners of KPMG who join an assurance client in certain roles cannot continue to participate in KPMG Denmark's business or professional activities.

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

Firm financial independence

KPMG firms are required also to 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 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 associated 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 Programme.

Business relationships/suppliers

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

Independence clearance process

In addition to the standard acceptance evaluation performed for every engagement, which includes an evaluation of independence, KPMG follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as 'the independence clearance process,' are required to 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 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.

We also provide all partners and employees with annual training on the Global Code of Conduct and Bribery including compliance with laws, regulations and professional standards.

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.

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 independence requirements. Certain information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees are required to be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential independence threats and safeguards is also required to be included in the Sentinel™ submission. Lead audit engagement partners (LAEPs) are required to: maintain group structures for their publicly traded and certain other audit clients, including their related affiliates in SentinelTM. 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. For entities for which group structures are maintained, Sentinel™ enables LAEPs to review and request revision, approve or deny any proposed service for those entities worldwide. For approved proposed services, Sentinel designates a time-frame during which the approval remains valid. Upon expiration of the established time-frame, the services are required to be complete or be re-evaluated for permissibility; otherwise, the services are required to be exited.

KPMG global independence policies prohibit KPMG firm audit partners from being evaluated on, or compensated based on, their success in selling non-assurance services to their audit clients.

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 KPMG firm expressing the audit opinion. These policies require KPMG firms to consult with their Area Quality & Risk Management Leader where it is expected that total fees from an audit client will exceed 10 % of the annual fee income of the member firm for two consecutive years.

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

- This be disclosed to those charged with governance at the audit client; and
- A Partner from another KPMG firm be appointed as the Engagement Quality Control (EQC) reviewer.

For KPMG, no audit client accounted for more than 10 % 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 personnel from offering or accepting inducements, including gifts and hospitality to or 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 recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgement.

All KPMG 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 firm's and/or its partners or employees' ability to be objective or otherwise act without bias.

All KPMG firms are required to 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 is required to 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 requirements of the IESBA Code or other external independence requirements are required to be reported to those charged with governance as soon as possible, except where alternative timing for less significant breaches has been agreed to by 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.

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 Reviewers) are subject to periodic rotation of their responsibilities for audits of public interest entities and large companies, cf. 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 (such as the engagement partner, the engagement quality control reviewer and any other key audit partner role, 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 four-year period (referred to as the "cooling-off period"). We have processes in place to track and manage audit firm rotation.

Zero tolerance of bribery and corruption

Compliance with laws, regulations and standards is a key aspect for everyone at KPMG. 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. KPMG International requires KPMG firms to have appropriate internal controls in place to mitigate the risk of involvement in bribery by the firm and its partners and employees.

All KPMG firm partners and employees are required to take training covering compliance with laws, regulations and professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance.

Further information on KPMG International anti-bribery and corruption policies can be found on the *anti-bribery and corruption site.*

Performing quality engagements

How an audit is conducted is as important as the result. Our partners and employees are expected to demonstrate certain key behaviours and follow certain policies and procedures in the performance of effective and efficient audits.

Consulting where necessary

Encouraging a culture of consultation

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

KPMG promotes a culture in which consultation is recognised as a strength, encouraging 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.

The Department of Professional Practice (DPP) is the technical backbone of our audit practices. DPP captures changes in auditing and accounting rules and regulations, manuals and trends and provides support, consultations, pre-issuance reviews, alerts, newsletters, tools, templates and trainings to KPMG's audit practice so that the auditors are equipped to perform high-quality audits. DPP also provides technical support to various business lines in Advisory, e.g. Deal Advisory and Accounting Advisory Services.

In 2021, the Nordic KPMG member firms have combined their country DPPs into a joint Nordic DPP to support our businesses across Denmark, Finland, Iceland, Norway and Sweden, as well as Estonia, Latvia and Lithuania. The key objective is to strengthen the DPP organisation by having more dedicated people that work together to share ideas, knowledge and experience and by achieving economies of scale.

Technical consultation and global resources

Technical accounting and auditing support are available to all member firms and their professionals through the Global Audit Methodology Group (GAMG), KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG).

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

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

Critically assessing audit evidence using professional judgement and scepticism

On all KPMG audits, the nature and extent of the audit evidence we gather is responsive to the assessed risks. We consider all audit evidence obtained during the course of the audit including contradictory or inconsistent audit evidence. Each team member is required to exercise professional judgement and maintain professional scepticism throughout the audit engagements. Professional scepticism involves a questioning mind and alertness to contradictory or inconsistencies in the audit evidence. Professional judgement encompasses the need to be aware of and alert to biases that may pose threats to good judgements.

Direct, coach, supervise and review

Embedding ongoing mentoring, supervision and review

To invest in the building of skills and capabilities of KPMG professionals, KPMG promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves:

- Participating in planning discussions by engagement partners;
- 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; and
- 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.

Engagement quality control (EQC) reviewers

The EQC review 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 auditor's report and consideration of whether the proposed report is appropriate.

An EQC review provides reasonable assurance that the team has appropriately identified significant risks, including fraud risks, and has designed and executed audit procedures to address them.

EQC reviewers are required to meet training and experience criteria to perform a quality control review for a particular engagement. Reviewers are independent of the engagement team and audit client 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 audit is completed only when the EQC reviewer is satisfied that all significant questions raised have been resolved, even though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

KPMG Global is continually seeking to strengthen and improve the role that the EQC review plays in member firm audits and has taken a number of actions to reinforce this, including issuing leading practice guidance, incorporating specific review requirements into our audit workflow, and developing policies relating to recognition, nomination and development of EQC reviewers.

Appropriately support and document conclusions

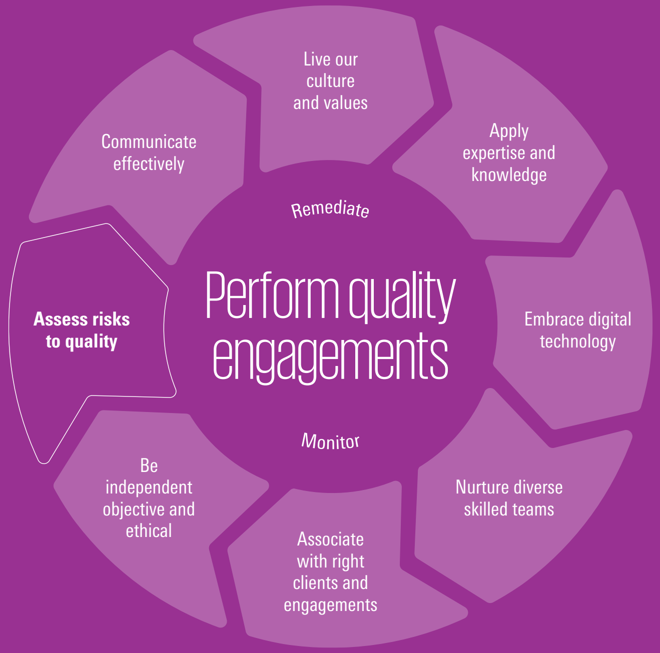
Reporting

Auditing standards and the Danish Auditors Act largely dictate the format and content of the auditor's 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 auditor's 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).

Engagement documentation

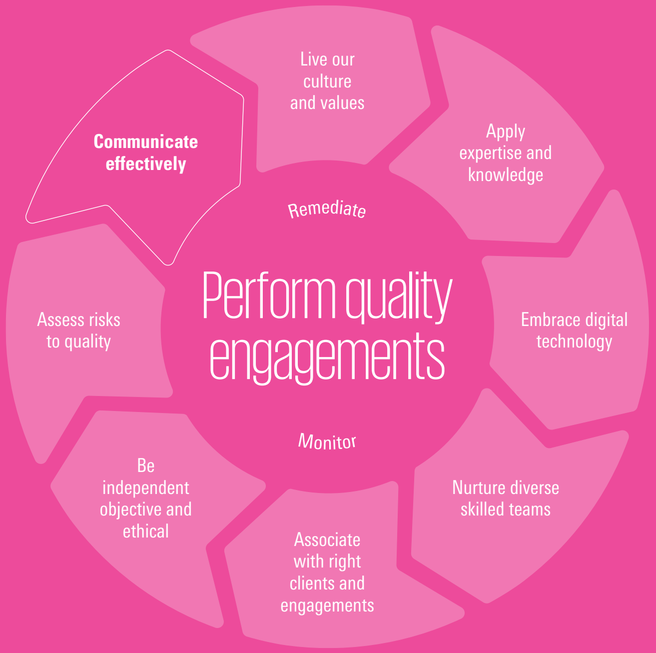
KPMG audit documentation is completed and assembled according to the timeline established by the firm policy and auditing standards. In addition, we have implemented administrative, technical and physical safeguards to protect the confidentiality and integrity of client and firm information. KPMG International recently adopted policies to apply to all KPMG firms to reduce the time period allowed to assemble audit documentation, which is significantly less than required by applicable auditing standards.



Assessing risks to quality

At a global level, through the Global Audit Quality Council and the Global Quality & Risk Management Steering Group (GQ&RMSG), KPMG International reviews the results of the quality monitoring programme', reviews firm root causes and planned remedial actions and develops additional global remediation actions as required.

Global remediations are aimed at developing actions around changing culture and behaviour across the global organisation and at driving consistent engagement team performance within KPMG member firms.



Communicating effectively

We recognise that another important contributor to upholding audit quality is to obtain and act upon feedback from key stakeholders.

Provide insights and maintain open and honest two-way communication

At KPMG, we stress the importance of keeping those charged with governance informed of issues arising throughout the audit through guidance and supporting resources. We achieve this through a close dialogue with the those charged with governance including a combi-

nation of reports and presentations, attendance at audit committee and/or board meetings, and, when appropriate, ongoing discussions with management and members of the audit committee.

The role of audit committees is key in supporting quality auditing by overseeing the relationship between company and auditor and challenging what auditors do and how they do it.

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
- Annual written communication that states that 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 communication meet the requirements of professional standards.

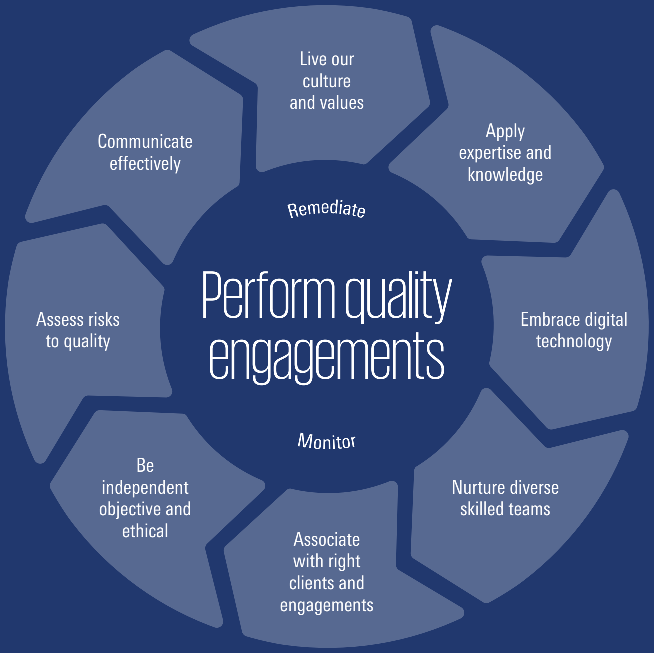
Conduct and follow-up on the Global People Survey (GPS)

Only with engaged, talented people KPMG can deliver audits in line with our audit quality requirements. Annually, KPMG personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception about their experience working for KPMG. The GPS provides a measure of our people's engagement as insights into areas driving engagement that may be strengths or opportunities. Results can be analysed by several factors, for example functional or geographical area, grade, role and gender to provide additional focus for action. Through the GPS, KPMG gains additional insight on how we are faring on categories known to impact employee engagement. We also cover areas of focus which are directly relevant to audit quality; the survey includes specific audit quality-related questions that all individuals who participated in an audit in the previous 12 months are asked to respond to, giving us a particular data set for audit quality-related matters.

The survey also 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 Engagement Index.

An audit-specific analysis of GPS results is also undertaken, with a particular focus on audit quality. Results and key themes are presented to the Global Audit Steering Group on an annual basis.



Monitoring and remediation

Integrated quality monitoring and compliance programmes enable KPMG 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 system of quality control.

Rigorously monitor and measure quality at the local and global level

Commitment to continuous improvement

We commit to continually improve the quality, consistency and efficiency of KPMG audits. Integrated quality monitoring and compliance programmes 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.

Internal monitoring and compliance programmes

Our monitoring programmes are created by KPMG International and applied across KPMG firms. The programmes evaluate both:

- Engagement performance in compliance with the applicable standards, applicable laws and regulations 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 programmes also contribute to the assessment of whether our system of quality control has been appropriately designed, effectively implemented and operates effectively. These include:

- Quality Performance Reviews (QPR) and Risk Compliance Programmes (RCP), which are conducted annually across the Audit and Advisory functions; and

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

Audit Quality Performance Reviews (QPRs)

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

Risk-based approach

Each engagement leader (covering engagement leaders who are approved to sign financial statements) is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements.

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

Reviewer selection, preparation and process

There are robust criteria for the selection of reviewers. Reviewers 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.

Evaluations from Audit QPR

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'. The ratings are provided to the Engagement Leader as well as the Engagement Manager.

Reporting

Findings from the QPR programme 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 programmes to gauge the extent of continuous improvement.

Engagement Partners with engagements rated as 'Unsatisfactory' will be selected in the following year's QPR. Further, a 'Performance Improvement Needed' rating will result in a more frequent selection of the Engagement Partner instead of the three-year cycle. Lead audit engagement partners (LAEPs) are notified of unsatisfactory ratings on their respective cross-border engagements. Additionally, LAEPs of parent companies/head offices are notified when 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 Programme (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 programme 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 (GQ&RM) policies and key legal and regulatory requirements and
- Provide the basis for us to evaluate whether 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 then monitor the status of each action item.

Global Quality Compliance Review (GQ&CR) programme

Each KPMG firm is subject to a GQ&CR conducted by KPMG International's GQ&CR team, independent of the member firm, at various intervals based on identified risk criteria.

The GQ&CR team performing the review is independent of the firm and is objective and knowledgeable of GQ&RM policies. The GQ&CR team assesses compliance with selected KPMG International policies and procedures and share best practices among member firms.

The GQ&CR team 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 programme (RCP).

We develop action plans to respond to all GQ&CR findings that indicate improvement is required and agree these with the GQ&CR team. Our progress on action plans is monitored by the GQ&CR central team. Results are reported to the GQ&RM Steering Group and where necessary, to appropriate KPMG International and regional leadership.

Area Quality & Risk Management Leaders

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 the GQ&RM leadership.

Obtain, evaluate and act on stakeholder feedback

Regulators

In Denmark, the Auditing Oversight Division of the Danish Business Authority (DBA) 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 programme is split into a yearly rotation plan.

The latest finalised quality control inspection was conducted in 2020. We received the conclusion from the DBA on 6 October 2021.

The DBA's overall conclusion on the 2020 inspection is:

"On the basis of the quality assurance review performed, the Danish Business Authority has not become aware of any circumstances that give cause to conclude that KPMG's policies and procedures for monitoring and evaluating the quality management system are not adequate for the size and operational characteristics of KPMG. The Danish Business Authority has not become aware of any circumstances that give cause to conclude that the latest and previous monitoring and evaluation of the quality management system and assurance engagements are not adequate for the size and operational characteristics of KPMG.

In the course of its review of assurance engagements, the Danish Business Authority has not become aware of any circumstances that would lead to the conclusion that the reviewed assurance engagements have not been prepared in accordance with audit legislation and the quality management system.

The Danish Business Authority has thus not become aware of any circumstances that would lead to the conclusion that the quality management system has not been applied to a sufficient extent".

We concur to the conclusions by the DBA.

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.

PCAOB

KPMG are registered with the US PCAOB. We were not inspected by the PCAOB in 2020/21.

Client feedback

We pro-actively 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.

Perform root cause analysis

Robust root cause analysis (RCA) is key to understanding and properly responding to audit quality issues, if any.

In summary, KPMG's SoQM requires the performance of root cause analysis on all SoQM Deficiencies (as does International Standard on Quality Management 1 (ISQM 1)) and also requires enhanced documentation of the RCA process to support the identification and testing of SoQM controls relevant to the RCA process.

The practice of root cause analysis is predicated on a belief that problems are best solved by remediating their underlying (root) causes, as opposed to merely addressing the immediately obvious symptoms.

Root cause analysis is an analytical process that calls for rigorous critical thinking about interrelated cause-and-effect relationships within a system, process or control that has failed or is considered inadequate. Root cause analysis requires judgment to identify the behaviour, action or inaction requiring remediation and to avoid responding only to symptoms.

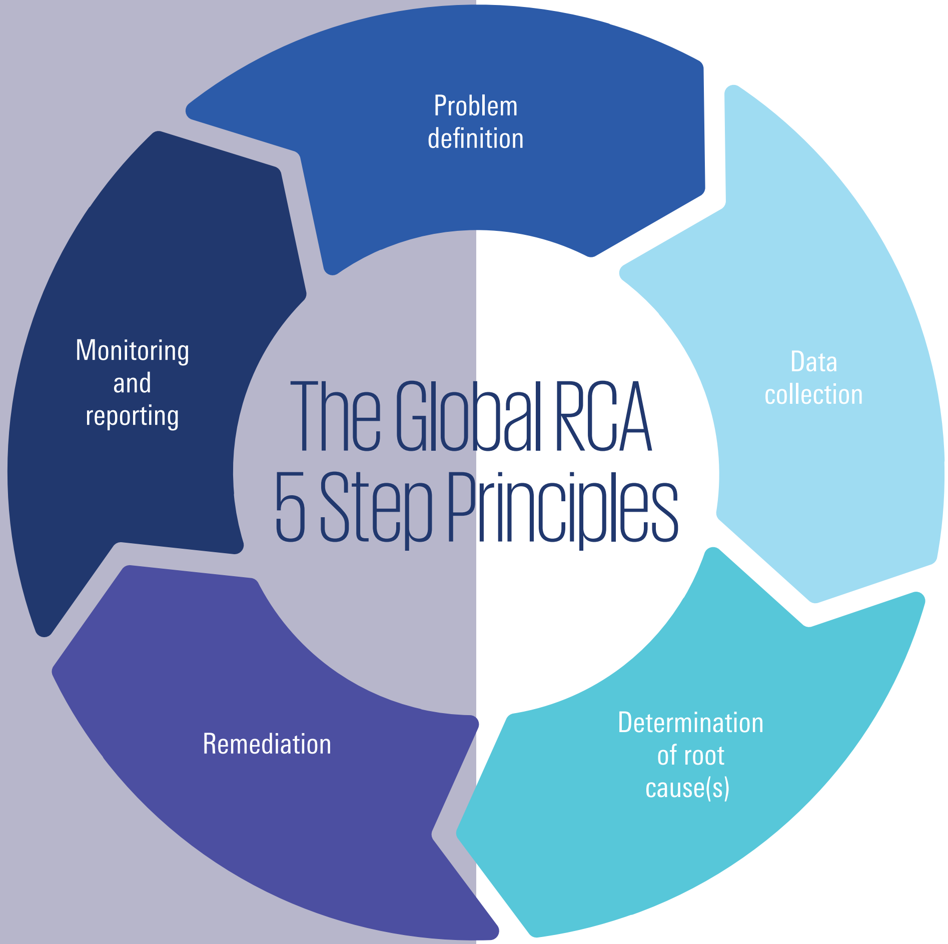
In 2021, the RCA work was done based on the RCA training founded on our Global RCA 5 Step Principles and was attended by those individuals from our Firm who are performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Quality Performance Lead Partner, together with the Head of Audit and the Quality & Risk Management Partner, are considering whether QPR deficiencies or issues are function-wide issues.

In identifying deficiencies that are function-wide and should be analysed as part of the RCA, firms apply judgment considering quantitative and qualitative factors, including pervasiveness and/or significance of the audit quality issue.

- **Pervasiveness** applies to the sheer number of times a comment or audit quality issue appears.
- **Significance** applies to the importance of a particular audit quality issue. It may be related to the nature of the audit quality issue or the key stakeholder who identified it (e.g. Head of Audit, DPP or Risk Management Partner).

Our Head of Audit is responsible for audit quality, including the remediation of audit quality. Our Quality & Risk Management Partner monitors the remediation plan(s) implementation.



Financial information

Revenue in our Annual report for the year ended 30 September 2021 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 2021, KPMG P/S' total revenue amounted to DKK 735 million, which can be specified as follows in DKK million:

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

		2020/21
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
II	Revenue from the statutory audit of stand-alone and consolidated financial statements of other entities (non-PIEs)	119
III	Revenue from permitted non-audit services to entities that are audited by us	77
IV	Revenue from non-audit services to other entities	483
	Total revenue	735

Partner remuneration

Partners are remunerated based on the allocation of profits generated by KPMG and are personally liable for funding their 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 Senior Partner assisted by the Head of Audit and Head of Advisory and reassessed each year. These indicators also include quality and compliance metrics.

The final allocation of profits to partners, except for the Senior Partner, is made by the Senior Partner assisted by the Head of Audit and Head of Advisory after assessing each partner's performance during the year.

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.

The Compensation Committee reviews and approves the amount and composition of remuneration to the Partners in accordance with our Partnership Compensation Principles.

There are three components to partner remuneration:

- Base component – a proportion of the 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 result of KPMG's business.

Network arrangements

Legal structure

On 1 October 2020, KPMG Statsautoriseret Revisionspartnerselskab and all other KPMG firms entered into a new membership agreement. The key impact of the change is that all KPMG member firms in the KPMG global organisation became members in, or have other legal connections to, KPMG International Limited ("KPMG International"), an English private company limited by guarantee.

Since 1 October 2020, KPMG International has been the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

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.

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International's policies, including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes being professionally and financially stable; having an ownership, governance and management structure that ensures continuity and stability and long-term success; and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools.

KPMG International and the KPMG member firms are not a global partnership, single firm, multinational corporation, 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, any of its related entities or any other member firm vis-à-vis third parties. Nor does KPMG International or any of its related entities have any such authority to obligate or bind any member firm.

Further details on the revised legal and governance arrangements for the KPMG global organisation from 1 October 2020 can be found in the section 'Governance and leadership' of the *2021 KPMG International Transparency Report*.

The name of each audit firm that is a member of the organisation and resides in an EU/EEA country in which each firm is qualified as a statutory auditor or has its registered office, central administration or principal place of business is available in Appendix A.2.

Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies 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 KPMG 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 amounts paid by member firms. The basis for calculating such amounts is approved by the KPMG International Global Board and consistently applied to the firms. A firm's status as a KPMG member firm and its participation in the KPMG global organisation may be terminated if, among other things, it has not complied with the policies 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.

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.

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 56 KPMG member firms that are "members" of KPMG International Limited as a matter of English law.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing of the Global Management Team and approving policies with which KPMG firms are required to comply. It also approves the admittance or termination of KPMG firms to/from the global organisation.

The Global Board is led by the Global Chairman, Bill Thomas, and also includes the Chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, Middle East, and Africa (EMA)) and a number of senior partners of member firms.

The list of current Global Board members is set out in the *Leadership* section of kpmg.com.

Global Board committees

The Global Board is supported in its oversight and governance responsibilities by several committees, including:

- Executive Committee
- Governance Committee
- Global Quality, Risk & Reputation Committee and
- Global Audit Quality Committee.

The overarching responsibility of the Global Audit Quality Committee is to strive for globally consistent audit quality across all firms and to oversee those KPMG International activities which relate to improving and maintaining the consistency and quality of audits provided by KPMG firms.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team (GMT). These responsibilities include developing the global strategy by working together with the Executive Committee and jointly recommending the global strategy to the Global Board for its approval. GMT also supports KPMG member firms in their execution of the global strategy and KPMG International

decisions and policies by member firms, including holding them accountable against their commitments. It is led by the Global Chairman, Bill Thomas.

The list of current GMT members is available in the *Leadership* section on kpmg.com.

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the relevant member of the GMT and, together they assist the GMtT in discharging its responsibilities. They act under delegated authority from the Global Board and oversight by the GMT. Under the oversight of the GMT, they promote the execution of the global strategy and compliance with KPMG International decisions and policies by member firms.

In particular, the Global Audit Steering Group and Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish and ensure communication of appropriate audit and quality/risk management policies;
- Establish and support effective and efficient risk processes to promote audit quality;
- Promote and support the implementation of strategy implementation in member firms' audit functions, including standards of audit quality; and
- Assess and monitor audit engagement quality issues, including issues arising from quality performance and regulatory reviews, and focus on best practices to increase audit quality findings.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the *2021 KPMG International Transparency Report.*

Each firm is part of one of the three regions (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 on KPMG International, including the governance arrangements, for the year ending 30 September 2021 can be found in the *2021 KPMG International Transparency Report.*

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 Quality Leaders and 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 independence 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, 31 January 2022
KPMG
Statsautoriseret Revisionspartnerselskab

Quality Leaders

Morten Mønster
CEO & Senior Partner

Jon Beck
Head of Audit & Partner

Henrik Barner Christiansen
Quality & Risk Management Partner

Board of Directors

Anja Bjørnholt Lüthcke
Chairperson and Partner

Henrik Barner Christiansen
Partner

Klaus Rytz
Partner

Martin Povelsen
Partner

Jakob Blicher-Hansen
Partner

Appendices

A.1 KPMG Denmark - Public Interest Entities

List of clients subject to section 1a(1) no. 3 of the Danish Auditors Act for which we performed engagements under section 1(2) of the Act in 2020/21.

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

- European Energy 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
- Rovsing A/S
- Glunz & Jensen Holding A/S*
- Dataproces Group A/S
- Topdanmark A/S*
- BactiQuant A/S

Unlisted financial undertakings

- Codan Forsikring A/S
- Forsikringsselskabet Privatsikring A/S
- Ulykkesforsikringsforbundet for Dansk Søfart
- Landinspektørernes gensidige Erhvervsansvars-forsikring*
- Topdanmark Forsikring A/S*
- Topdanmark Livsforsikring A/S*

*Appointed as auditors, but auditor's reports have not been issued before 30 September 2021.

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 2021.

Location	Firm Name
Austria	KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Linz)
Austria	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (Wien)
Austria	KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Belgium	KPMG Bedrijfsrevisoren/KPMG Réviseurs d'Entreprises
Bulgaria	KPMG Audit OOD
Croatia	KPMG Croatia d.o.o. za reviziju
Cyprus	KPMG Cyprus

Location	Firm Name
Cyprus	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	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 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
Greece	KPMG Certified Auditors S.A.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft./KPMG
Hungary	Ltd. Iceland KPMG ehf.
Iceland	KPMG ehf.
Ireland	KPMG
Italy	KPMG Audit S.p.A.
Italy	KPMG S.p.A.

Location	Firm Name
Latvia	KPMG Baltics SIA
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	‘KPMG Baltics’ UAB
Luxembourg	KPMG Luxembourg
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Sp z.o.o.
Poland	KPMG Audyt Sp. Z ograniczoną odpowiedzialnością
Poland	Audyt Sp. Z ograniczoną odpowiedzialnością 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

Aggregated revenue[1] generated by KPMG audit firms residing in the EU and EEA Member States (listed above) from the statutory audit of standalone and consolidated financial statements was EUR 2.05 billion during the year ending 30 September 2021.

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 2021.

1 The financial information set forth represents combined information from KPMG audit firms in the 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.

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