KPMG Statsautoriseret Revisionspartnerselskab

Transparency Report 2021/22

Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
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Denmark
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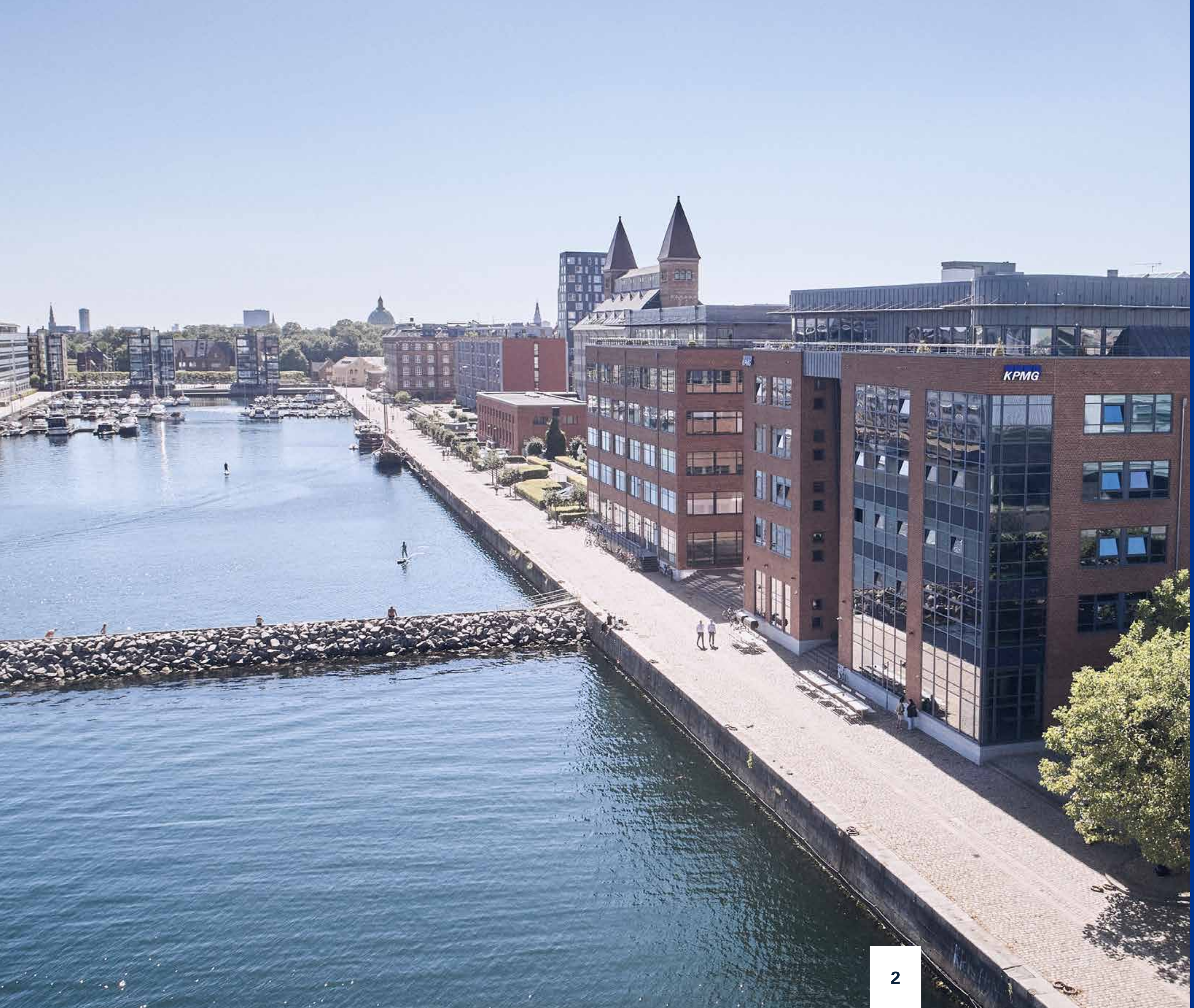
KPMG

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Message from Quality Leaders

Our success is and will always be linked to the quality of and trust in the reliability of the services we provide to our clients. Our commitment to quality and integrity in everything we do has helped us become a trusted partner to many of the biggest businesses and stakeholders across Denmark and the measure of our success is and will be determined by the level of quality we provide – no matter how the world turns.

That is why we're transforming the audit experience for both our clients and our teams by investing in KPMG Clara – our cloud-based audit methodology and workflow platform. KPMG Clara delivers smarter, data-driven outcomes and deeper insights by blending the best of technology with the best of our people.

We have also strengthened the consistency and robustness of our System of Quality Management across our global organisation, including Denmark, so we are ready to comply with the new International Standard on Quality Management (ISQM 1) which becomes effective for 2022/23. We believe consistent execution and adherence to these requirements and the intent of the professional standards behind them will help drive higher quality across our organisation for all our clients, big and small.

The last year showed clearly that we live in an era of major changes and uncertainties: Technological advances are disrupting existing businesses and delivery models, differences between industries are being erased, and geopolitical factors – even war close to our borders – 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 and demanding.

As it becomes more and more evident that business will have to play a major role in combating climate changes and the risks associated with these, we experience growing demand for more accountability on Environment, Social and Governance (ESG) issues. Regulators will require disclosures across new metrics, which is why we are proud to be part of an international network that is investing more than USD 1.5 billion to embed ESG through our Firm. In Denmark, we have set up an ESG Hub to ensure that we execute on this ambition.

Providing high-quality audits takes hard work, dedication and focus as well as continued investment in the people that make it happen. We invest in making sure that our incredible people respect our Code of Conduct, live our values and care about doing things right every step of the way. And we are supporting them expand their careers, continue developing and learn new skills. We are also investing in creating a more balanced working environment, so we continuously ensure and maintain an enjoyable, safe and inclusive workplace. Our people's individual success is key to our collective success and by that the trust we provide to society.

In this Transparency Report, we provide insights into our Firm and our system of quality control. 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 valuable insight into our Firm and our approach to ensuring high quality at all times.

Copenhagen, 26 January 2023
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 integrity, accountability, quality, objectivity, independence, 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.

KPMG is committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviours both professionally and personally.

Our Values 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.

Outlined in *KPMG's Global Code of Conduct* ("the Code") are the responsibilities all KPMG personnel have to each other, to the public and to 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 for behaviour consistent with the Global Code of Conduct and to confirm their compliance with it, and everyone at KPMG is also required to take training at least yearly covering the Code. We are committed to holding ourselves accountable for at all times 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

The **KPMG Values** are set out below:

Integrity
We do what is right.

Excellence
We never stop learning and improving.

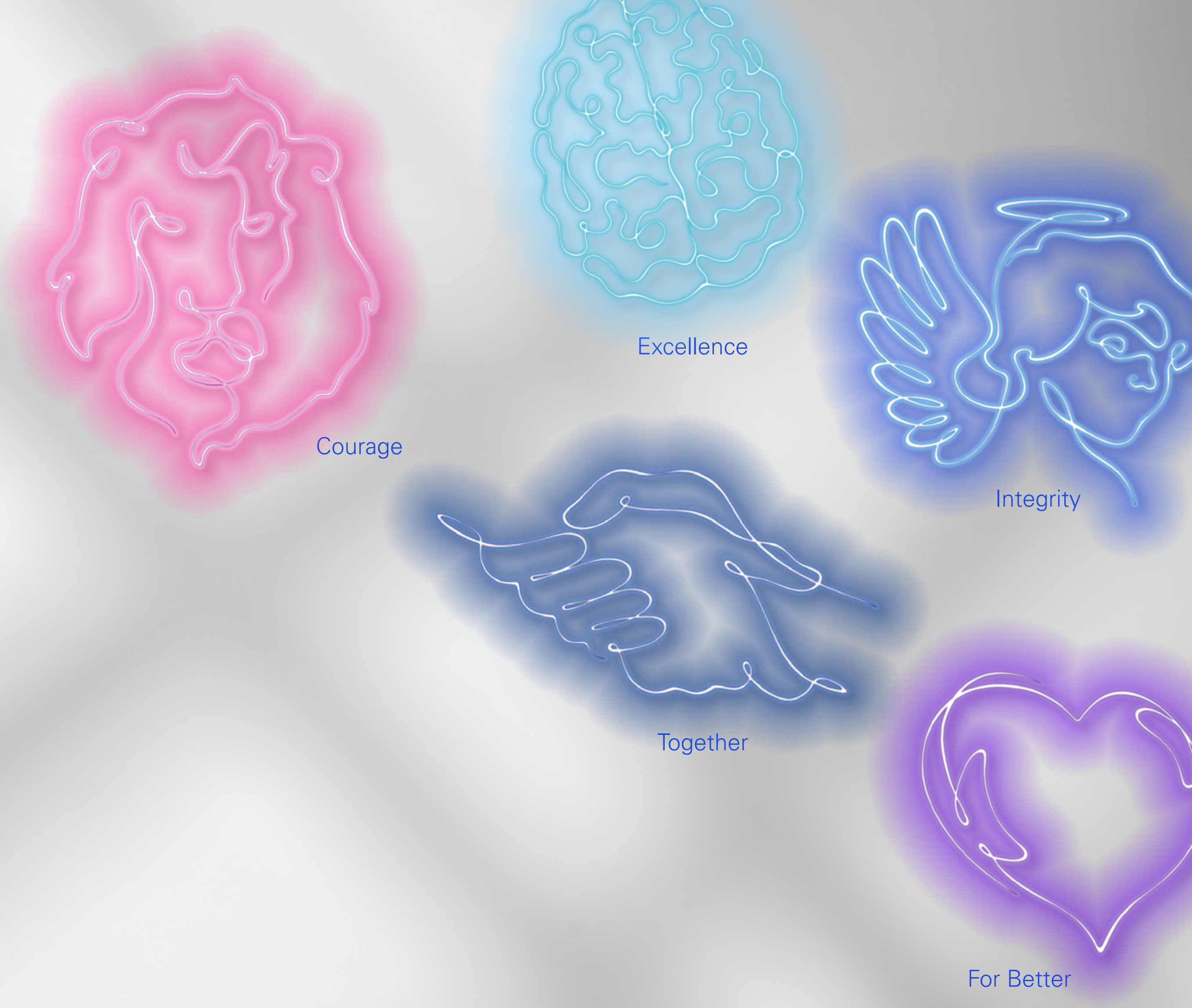
Courage
We think and act boldly.

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

For Better
We do what matters.

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 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.



our Values. Everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulation 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. We take reports received by the International hotline seriously, and for each of them we respond and take appropriate action.

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 Management

Audit quality is foundational in instilling confidence and public trust in the capital markets, and it remains our highest priority.

Tone at the top, leadership, and a clear set of values and conduct are essential to set the framework for quality. The quality of each audit rests on a foundational system of quality management.

Across our global organisation, we have made significant investments in strengthening the consistency and robustness of our system of quality management and maximizing the benefits of the ongoing implementation that enables compliance with the International System of Quality Management Standard 1 (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB), which became effective on 15 December 2022. We consider this a transformational and fundamental change for KPMG firms.

Our globally consistent approach to ISQM1 drives the robustness of our responses to the risks of achieving the quality objectives set out in the standard. For each component in the standard, we have established quality objectives, quality risks and responses for all KPMG firms.

KPMG International has established a risk assessment process required to be used by KPMG firms in identifying additional firm-specific quality objectives, quality risks, and responses and requirements for testing and evaluation of their system of quality management together with guidance, tools and templates to support the consistent implementation of ISQM 1 across KPMG firms.

The new requirements apply to all KPMG firms within our global organisation. The objective of this centralised approach is to drive the consistency, robustness, and accountability of responses within KPMG firm's processes.

In preparation for ISQM 1, we 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.

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

Our Leadership Team demonstrates commitment to integrity, quality, objectivity, independence and ethics 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.

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 bodies and individuals have leadership responsibilities for quality and risk management at KPMG.

The System of Quality Management and Engagement Quality Oversight Committee

The purpose of the System of Quality Management and Engagement Quality Oversight Committee is to assist the member firm governing body (the Board of Directors) in fulfilling its responsibilities relating to all relevant matters pertaining to the system of quality management, engagement quality and the member firm's role in serving the public interest.

The Committee oversees controls and processes that the member firm has in place in respect of engagement quality and the system of quality management. The Committee is empowered to make policy recommendations to the Board on all matters relevant to engagement quality, the system of quality management and the member firm's role in serving public interest.

The members of the Committee currently consist of two state authorised public accountants (audit partners) and one advisory partner.

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

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. 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.

The 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 consults, as appropriate, with the Senior Partner, the Regional Risk Management Partner, Global Quality & Risk Management resources and the general counsel or external counsel.

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 programs and the adequacy and implementation of proposed remedial actions.

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

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

Henrik Barner Christiansen is also a member of the Board of Directors.

The Audit and Advisory functions – function heads

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 are responsible for the execution of the risk management and quality assurance procedures for their specific functions within the framework set by the Quality & Risk Management Partner. These procedures make it clear that, at the 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 clear 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.

Disciplinary Committee

The Disciplinary Committee reviews and evaluates instances of non-compliance where the severity and/or sanctions proposed are not clear or deemed to be higher. The Ethics & Independence Partner can evaluate the "simple" instances of non-compliance but must report on all such instances at least once a year to the Committee.

In any case the Disciplinary Committee remains unbiased. If relevant, members that are biased towards a certain outcome of sanctions the member must declare that she or he is unable to take part in the evaluation. The other Committee members will select a replacement.

The Disciplinary Committee consists of the Ethics & Independence Partner, and two of the following: Head of People, People Management Leader (PML) in Audit or Advisory. The two shall be selected based on the function of the individual subject to sanctions, so that the Committee remains unbiased. This means that for individuals in one Function (Advisory or Audit), the PML of that Function is excluded from the evaluation and the decision. The Senior Partner will replace the Ethics & Independence Partner in cases of perceived bias/incompetency ("inhabilitet").

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 1,117 employees and partners in the year ended 30 September 2022.

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 equity 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 or other 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, we refer to our annual report for the year ended 30 September 2022. 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’ section 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 global strategy execution.

For further information about our strategy, we refer to our annual report for the year ended 30 September 2022.

Defined accountabilities, roles and responsibilities, including for leadership

Legal structure

KPMG Statsautoriseret Revisionspartnerselskab and all other KPMG firms are party to membership and associated documents, the key impact of which is that all KPMG member firms in the KPMG global organisation are 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 legal structure and governance arrangements for the KPMG global organisation can be found in the section 'Governance and leadership' of the *2022 KPMG International Transparency Report*.

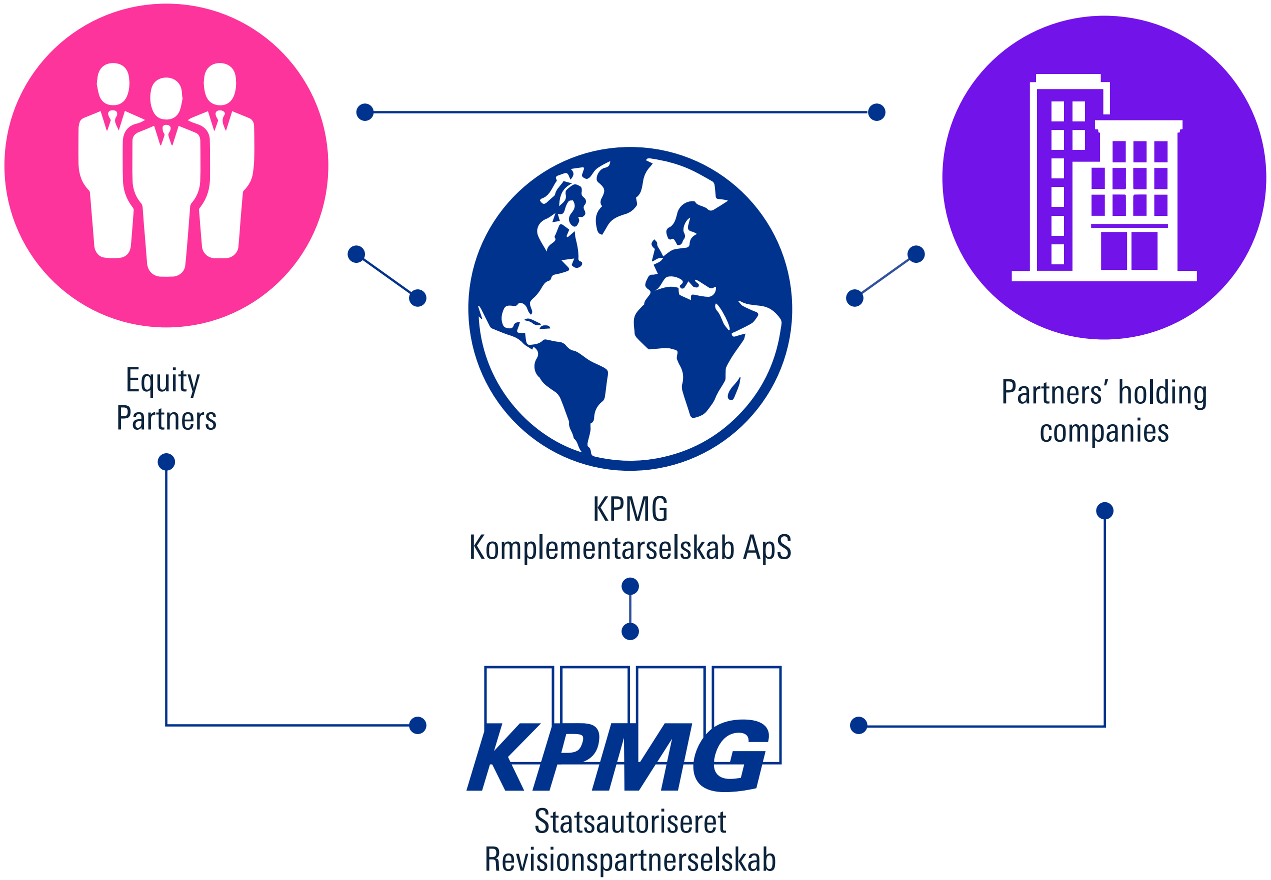
The name of each audit firm that is a member of the organisation and resides in an EU/EEA country is available in Appendix A.2.

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 2022, KPMG had an average of 27 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 separated 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 multinational 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 (see section Fostering the right culture, starting with tone at the top).

KPMG International's activities are funded by an annual payment 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 (system of quality management pursuant to ISQM 1 from 15 December 2022).
- 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 Equity 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 equity 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 equity 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
- **Martin Povelsen**, Partner
- **Flemming Lund**, Partner.

Compensation Committee

The Compensation Committee consists of four equity 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 equity partners and of salary partners;
- reviewing and approving that the amount and composition of remuneration to the equity partners and of salary partners are in accordance with the principles and guidelines;
- handling any complaints or disputes related to the remuneration or the compensation principle.

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

Applying expertise and knowledge

We are committed to continuing 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 and assurance methodology and tools

Our audit and assurance 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 and assurance professionals and required to be used, where necessary,
- Applied even where local auditing standards may be less demanding than the ISAs and
- Based on the requirements of the International Standard on Assurance Engagements (ISAE) and aligned to assurance products in response to the growth of ESG reporting.

The KPMG audit methodology is set out in the globally prescribed minimum requirements in the KPMG Audit Manual (for use with eAudIT) and the KPMG Audit Execution Guide (for use with the KPMG Clara workflows) and includes KPMG interpretation of how to apply ISAs, which we believe enhance audit quality.

The KPMG Assurance Manuals provide the requirements and guidance for a consistent approach to performing assurance engagements, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The audit and assurance methodologies emphasise applying appropriate professional scepticism in the execution of procedures and requires compliance with relevant ethical requirements, including independence.

Enhancements to the audit and assurance methodologies, guidance and tools are made regularly to maintain compliance with the applicable standards and address emerging auditing and assurance areas of focus and audit quality results (internal and external). For example, the current focus on ESG assurance is driving updates to our assurance methodologies, tools and guidance.

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

Deep technical expertise and knowledge

Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit. 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 engagement acceptance and continuance process as well as during the planning and conduct of the engagement.

Our commitment to audit quality during significant external events

Significant external events such as the conflict in Ukraine, the COVID-19 pandemic and the emerging impacts of climate change have contributed to rising inflation and interest rates, supply chain disruption and increased global economic uncertainty. Matters such as going concern, asset impairments and valuations will likely require careful judgment as organisations deal with elevated uncertainty and market volatility. Our role as auditors is, among other duties, to evaluate these judgements.

We maintain an online financial reporting resource centre to assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications of significant external events.

We issue extensive guidance to assist engagement teams in addressing the financial reporting, auditing- and reporting-related matters arising from the impacts of these external events, addressing the potential implications for going concern, asset impairment, valuations and related disclosures, materiality, risk assessment, group audits, subsequent events, audit evidence and communications with those charged with governance.

Our guidance is continually updated as new significant accounting, auditing and reporting issues emerge.

KPMG is a technology-enabled organisation, with technical accounting and auditing resources, guidance and audit platforms and tools available electronically, which enable our engagement teams to effectively operate in office and remote working environments.

Quality and risk management manual

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

Embracing digital technology

At KPMG, we are committed to serving the public interest and creating value through continuous innovation. We are transforming the audit experience for our professionals and clients by leveraging the data and insights of leading technologies and enhancing audit quality by increasing our ability to focus on the issues that matter.

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

That is why we reimagined our audit platform, workflows 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 workflows and revised audit methodology is an important milestone in KPMG's journey to innovate, digitalise and transform the audit experience. 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 data-enabled workflows.

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.

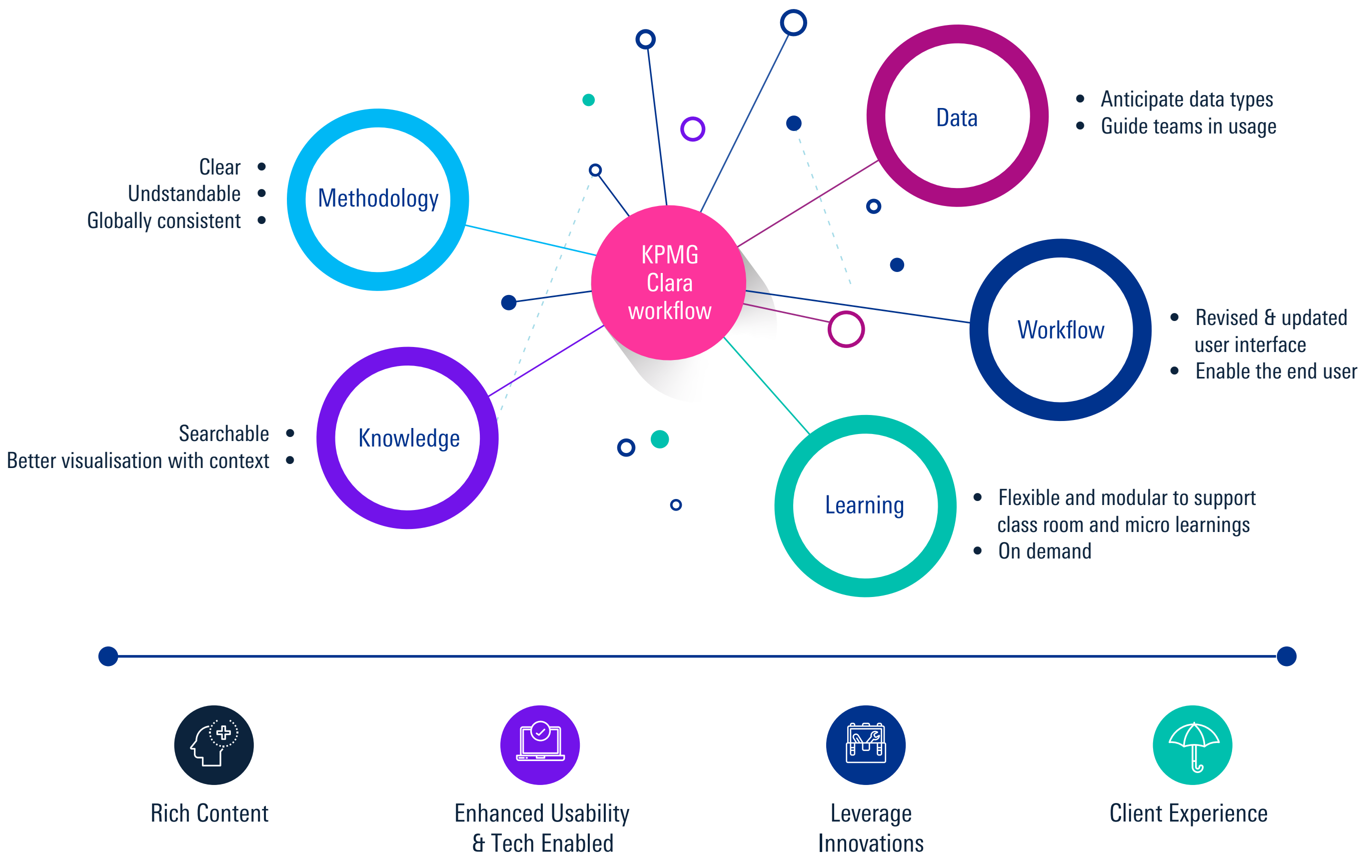
KPMG Clara is helping auditors see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts. Examples of current capabilities include:

- Analysis of account balances and journal entry data,
- Automating 'period-on-period' balances comparison and 'time-series' evolution information and
- Analysis of sub-ledger, transactional data over certain business processes and accounts
- Integration (where applicable) to industry-specific digital procedures and solutions.

Our vision of the future

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

Our previous platform, eAudIT, is being replaced with new workflows embedded with our revised audit methodology and enabled by the KPMG Clara smart audit platform. Phased full deployment of the KPMG Clara workflows (with the exception of very small and less complex national audits) commenced globally in 2020 with planned completion of full global transition by 2022 for applicable audits. Global transition for less complex national audits, leveraging enhanced scaling capability has commenced in 2022 and will be completed by 2023. 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 workflows and revised audit methodologies are scalable – adjusting the requirements to the size and complexity of the audit engagement. KPMG Clara workflows significantly enhance the execution of an audit by KPMG professionals and drive audit quality and global consistency.

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

We continue to enhance the KPMG Clara smart audit platform to accommodate evolving security demands, further integrate existing audit applications and develop new capabilities to digitalise 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 data ethics, 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 applicable laws, regulations, and professional standards.

KPMG provides 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 now and in the future 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 apply 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 programs

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. 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 2022.

Reward and promotion

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.

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.

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.

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:

- Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation,
- 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,
- Understanding of KPMG's quality control policies and procedures, and
- Quality Performance Review results and results of regulatory inspections.

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 upskilled 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, the Danish Financial Business Act and International Financial Reporting Standards (IFRS).

Lifetime learning strategy

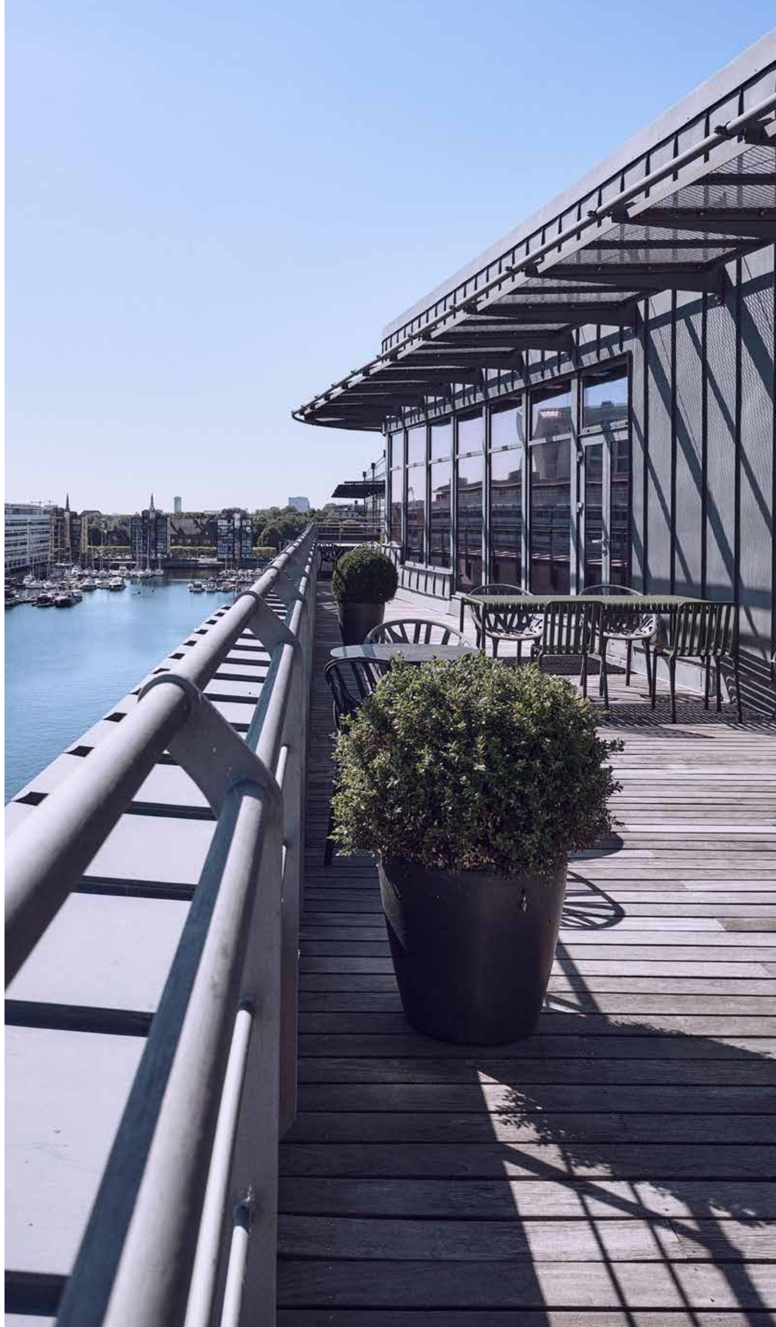
Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development 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 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/certification

All KPMG professionals are required to comply with applicable professional licence rules including certification requirements from the Danish FSA for those who are signing audit opinions related to financial institutions. In addition, all KPMG audit professionals are required to 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 able 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 applicable legal or regulatory requirements. As part of the client acceptance process, a central AML Desk Team performs a 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 additional reviews 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 risks in relation to continuing association and any mitigating procedures that needs 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

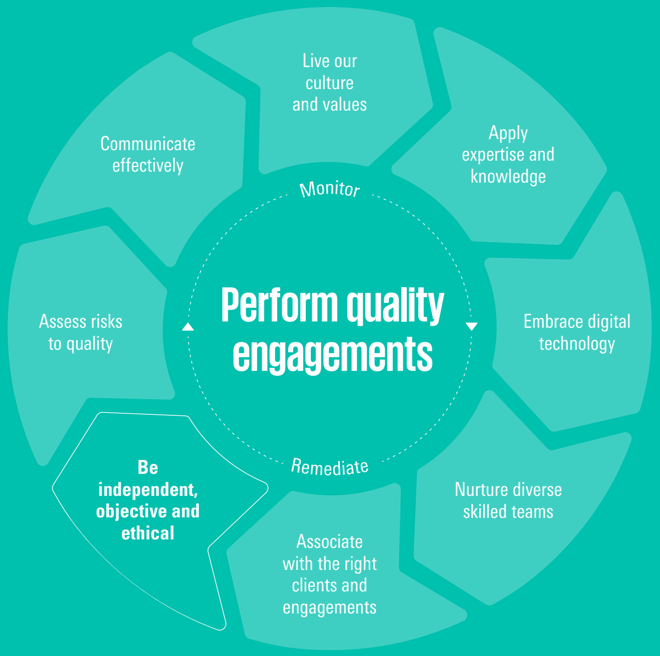
Where KPMG comes to a preliminary conclusion that indicates that we should withdraw from an engagement or a client relationship, we consult internally and identify any required legal, professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and 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

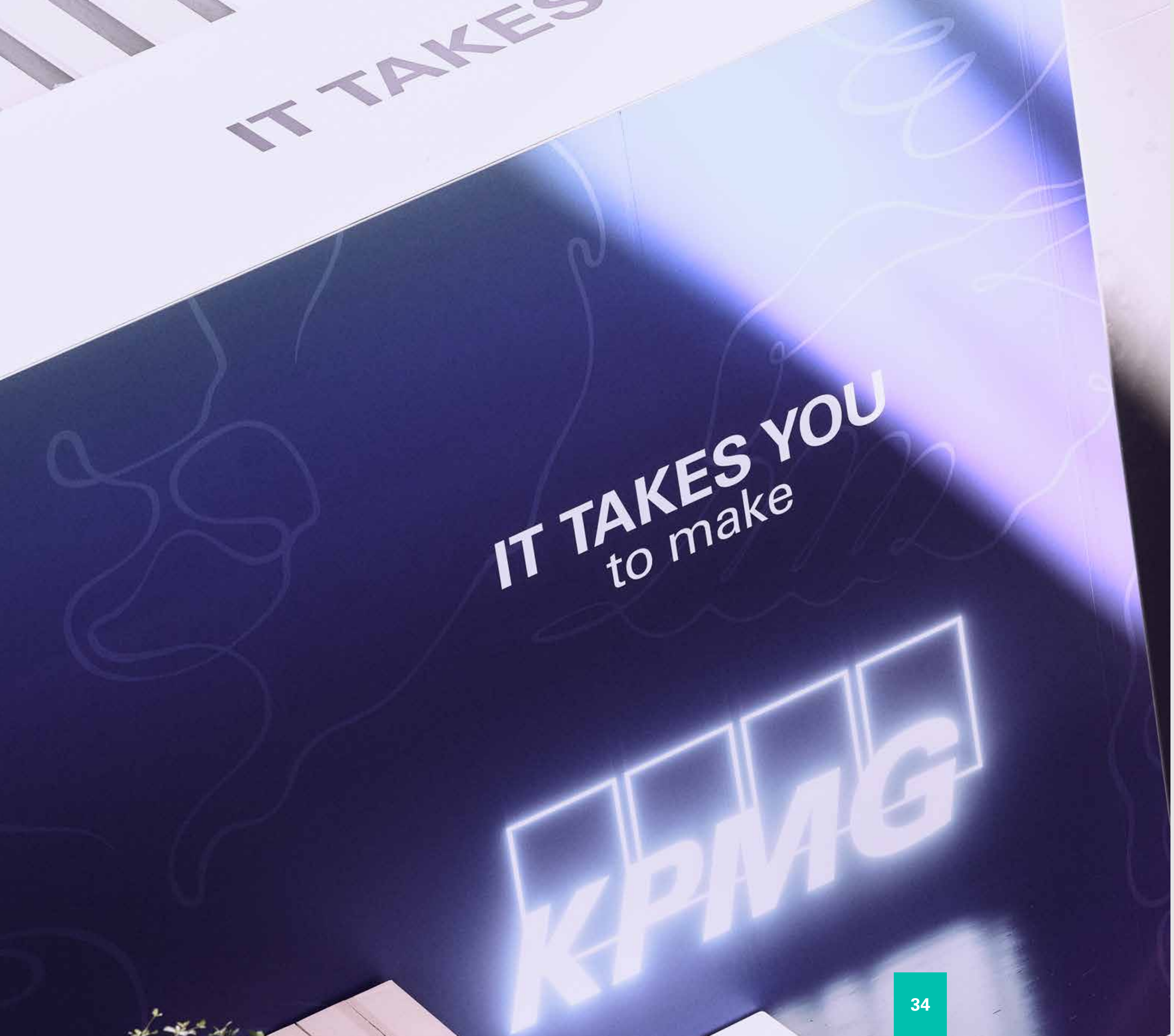
We have detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics and EU regulation. These are set out in the KPMG Global Quality & Risk Management Manual (GQ&RMM), which applies to all KPMG firms. Further the independence requirements in the Danish Auditors Act applies to our firm. 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 fulfils this responsibility through:

- Implementing/monitoring the ethics and independence quality control process and structure 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 material;
- 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 the code

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 audit and assurance 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 entering 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 available funds and securities registered on recognised or regulated exchanges 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 program 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 the KPMG 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 or assurance 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 or assurance team or former partners of KPMG are prohibited from joining an audit or assurance 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 has passed.

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 KPMG Quality & Compliance Evaluation program.

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 complete this training 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. New partners and employees are required to complete this training within 2 weeks after joining KPMG.

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

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 public interest entity and certain other audit clients, including their related affiliates in Sentinel™. 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 to, approve or deny, any proposed service for those entities worldwide. For approved proposed services, Sentinel™ designates a timeframe during which the approval remains valid. Upon expiration of the established timeframe, 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-audit services to their audit clients.

Furthermore, we have a process to review and approve all new and significantly modified services that are developed by our Firm. Our Ethics & Independence 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 firms to consult with their Regional Risk Management Partner 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/the Ethics and Independence Partner is required in these situations.

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 act 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.

KPMG International policies are also 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 judgment.

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 of ethics 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 behaviours consistent with our Values and follow all policies and procedures in the performance of effective and efficient audits.

Consulting when appropriate

Encouraging a culture of consultation

KPMG encourages a 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.

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, auditing and assurance support is 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 KPMG 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 coaching, 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 direction, 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 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 to review and discuss with more experienced team members during the engagement.

The timely review of the work performed so that significant matters are promptly identified, discussed and addressed is also used as a coaching opportunity.

Engagement quality control (EQC) reviewers

The EQC review is an important part of KPMG's approach to quality. An EQC Reviewer is required to be appointed for audit engagements, including any related review(s) of interim financial information, of all listed entities, financial undertakings, high-risk engagements and other engagements, including certain assurance 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 is an objective evaluation of significant judgments made by the engagement team and the related conclusions, performed by the EQC Reviewer, and completed on or before the date of the report. The EQC Reviewer's evaluation of significant judgements includes an evaluation of the engagement team's assessment of significant risks, including fraud risks, the related responses and whether the related conclusions are appropriate. The EQC review is completed only after the EQC Reviewer is satisfied that all significant matters they raised have been resolved, though the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

EQC Reviewers are required to meet training, knowledge and experience criteria to perform the EQC review for a particular engagement. Reviewers must be objective, cannot be members of the engagement team and must be independent of the audit client.

Appropriately support and document conclusions

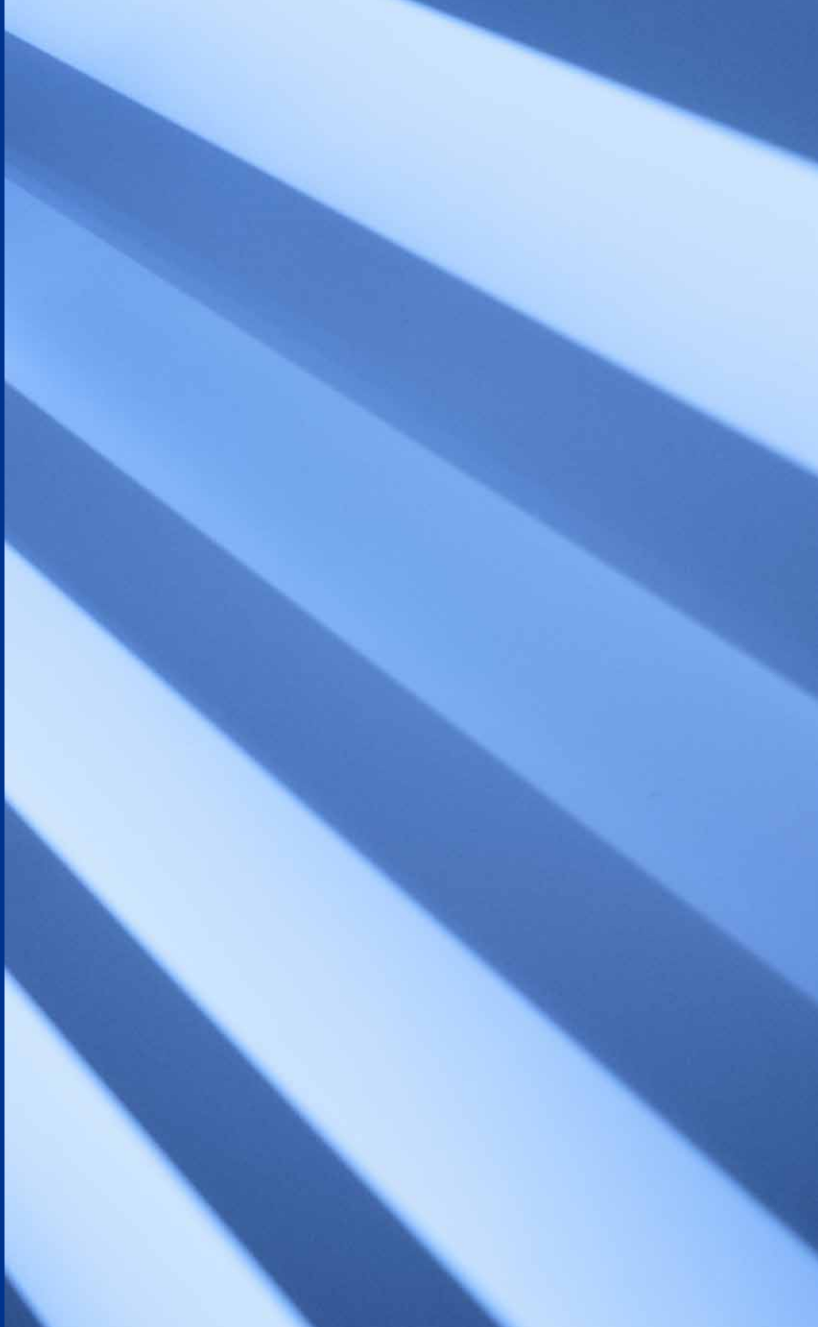
Reporting

Auditing standards and the Danish Auditors Act largely dictate the format and content of the auditor's report, which includes an opinion on the fair presentation of the reporting entity's financial statements in all material respects. Engagement leaders form all audit opinions based on the audit performed and evidence obtained.

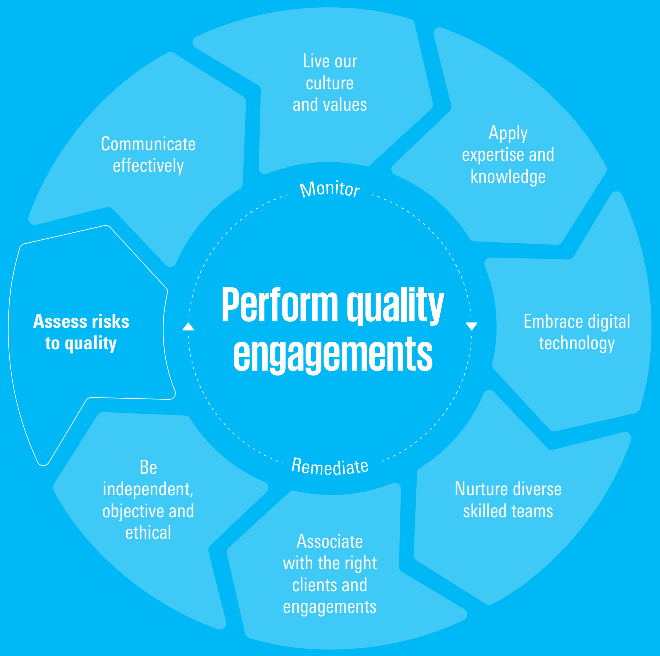
In preparing auditor's reports, engagement partners have access to extensive reporting guidance and technical support through consultations with our Department of Professional Practice, especially where there are significant matters to be reported to users of the auditor's report (e.g. a modification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

Engagement documentation

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



Assessing risks to quality



KPMG International reviews the results of the quality monitoring program and develops additional global remediation actions as needed.

Global remediation is aimed at changing behaviour and driving quality and consistency across the global organisation. Remediation actions may be implemented through the development of global policies, procedures, training, tools and guidance.

Communicating effectively

We recognise that another important contributor to upholding audit quality is to obtain and promptly 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 combination 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 our independence and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to our independence.

We ensure such communication meets 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 at KPMG. The GPS provides a measure of our people's engagement as insights into areas driving engagement may present 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 that 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 insights related to quality and risk behaviours, audit quality, upholding of 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 programs 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 management.

Rigorously monitor and measure quality

Commitment to continuous improvement

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

Internal monitoring and compliance programs

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

- engagement performance in compliance with the applicable professional 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 programs also contribute to the assessment of whether our system of quality management has been appropriately designed, effectively implemented and operates effectively. These include Quality Performance Reviews (QPR), the KPMG Quality & Compliance Evaluation program (KQCE) and the Global Quality & Compliance Review (GQ&CR) program.

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

Audit Quality Performance Reviews (QPRs) program

The Audit QPR program 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 four-year cycle. A risk-based approach is used to select engagements.

We conduct the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at local level and are monitored regionally and globally.

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 engagement 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 'Compliant', 'Compliant-Improvement Needed' or 'Not Compliant'.

Reporting

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

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

Engagement Partners with engagements rated as 'Not Compliant' might depending on the severity of the findings and other circumstances get additional engagements selected for QPR in the current or following year. In addition, meetings are held with the Head of Audit and the Quality Performance Liaison Partner (QPLP) where the findings and learnings from 'Not Compliant' and actions needed are discussed. Finally, the findings in 'Not Compliant' engagements are to the extent possible rectified and the result from the QPR reflected in the engagement partners compliance metrics. Lead audit engagement partners (LAEPs) are notified of not compliant 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 program.

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

In identifying deficiencies that are function-wide and should be analysed as part of the Root Cause Analysis (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).


KPMG
IT TAKES YOU
Do what is right

KPMG Quality & Compliance Evaluation (KQCE) program (formerly known as Risk Compliance Program (RCP))

KPMG International develops and maintains quality management policies and processes that apply to all KPMG firms. These policies and processes, and their related procedures, include the requirements of the GQ&RM Manual, ISQC 1, and the implementation requirements of ISQM 1 for this transition period.

The objectives of the KQCE program are to:

- document, assess and evidence our implementation of ISQM1, extent of compliance of our system of quality control with the Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements and
- provide the basis for us to evaluate whether our Firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where exceptions 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) program

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 the member firm performs its own quality and compliance program (former RCP and, current, KQCE program).

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.

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 program is split into a yearly rotation plan.

The latest finalised quality control inspection was conducted in 2022. We received the conclusion from the DBA on 30 November 2022.

The DBA's overall conclusion on the 2022 inspection is:

"On the basis of the quality control performed, the Danish Business Authority has not become aware of any circumstances that give cause to conclude that KPMG has not set up and implemented a satisfactory quality management system adjusted to its size and operating characteristics.

In the selected sampling of assurance engagements, an important observation was made in 1 out of 4 sampled assurance engagements. The observation was made by the audit firm as part of the firm's own monitoring and assessment of assurance engagements. The Danish Business Authority has assessed that the remedial measures taken by the audit firm to address the observation are sufficient and suitable in the circumstances and has, therefore, not identified any potential for improvement regarding assurance engagements. In the course of its review of assurance engagements, the Danish Business Authority has not become aware of any circumstances that give cause to conclude that the reviewed assurance engagements have not been prepared in accordance with relevant audit legislation and the quality management system. Accordingly, the Danish Business Authority has 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 is registered with the US PCAOB. We were not inspected by the PCAOB in 2021/22.

Client feedback

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

Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed in our General Terms of Business.

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-andeffect 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.

A RCA leader with appropriate authority, objectivity, competence, capabilities, and capacity is leading and performing the root cause analysis. The RCA leader reports to the RCA Steering Committee that include the Quality Performance Liaison Partner, the Head of Audit and the Quality & Risk Management Partner.

Training is provided to give the RCA team a structured and common approach to resourcing, planning and conducting RCA.

When performing the RCA, we use a 5 Step Approach as seen in the diagram.

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 2022 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 2022, KPMG P/S' total revenue amounted to DKK 897 million, which can be specified as follows in DKK million:

		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	63
II	Revenue from the statutory audit of stand-alone and consolidated financial statements of other entities (non-PIEs)	136
III	Revenue from permitted non-audit services to entities that are audited by us	116
IV	Revenue from non-audit services to other entities	582
	Total revenue	897

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.

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

KPMG Statsautoriseret Revisionspartnerselskab and all other KPMG firms are party to a membership agreement. The key impact of which is that all KPMG member firms in the KPMG global organisation are members in, or have other legal connections to, KPMG International Limited ("KPMG International"), an English private company limited by guarantee.

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 can be found in the section 'Governance and leadership' of the *2022 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 Management and 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, assurance engagements and the system of quality management 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* of 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 GMT 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 *2022 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 2022 can be found in the section "Governance and leadership" of the *2022 KPMG International Transparency Report*.

Declaration on quality control system and independence

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, 26 January 2023
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

Flemming Lund
Partner

Henrik Barner Christiansen
Partner

Klaus Rytz
Partner

Martin Povelsen
Partner

Appendices

A.1 KPMG Denmark – Public Interest Entities

List of clients subject to section 1a(1) nr 3 of the Danish Auditors Act for which we performed engagements under section 1(2) of the Act in 2021/22.

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

- European Energy A/S
- Gabriel Holding A/S
- Strategic Investments A/S
- Ennogie Solar Group A/S
- EAC Invest A/S
- Rovsing A/S
- Glunz & Jensen Holding A/S
- Dataproces Group A/S
- Topdanmark A/S
- BactiQuant A/S
- Risma Systems A/S*

Unlisted financial undertakings

- Codan Forsikring A/S
- Forsikringsselskabet Privatsikring A/S
- Ulykkesforsikringsforbundet for Dansk Søfart
- Landinspektørernes gensidige Erhvervsansvarsforsikring
- Topdanmark Forsikring A/S
- Topdanmark Livsforsikring A/S (now operating under the name of Nordea Pension, Livsforsikringsselskab A/S)

* Appointed as auditors, but auditor's reports have not been issued before 30 September 2022.

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 2022.

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

Location	Firm Name
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.
France	KPMG Audit Nord S.A.S.

Location	Firm Name
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Paris et Centre S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Audit Sud-Ouest S.A.S.
France	KPMG Fiduciaire de France
France	KPMG SA
France	SALUSTRO REYDEL S.A.
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Greece	KPMG Certified Auditors S.A.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft.
Iceland	KPMG ehf.
Ireland	KPMG
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics SIA
Liechtenstein	KPMG (Liechtenstein) AG

Location	Firm Name
Lithuania	KPMG Baltics UAB
Luxembourg	KPMG Luxembourg SA
Malta	KPMG
Netherlands	KPMG Accountants N.V.
Norway	KPMG Holding AS
Norway	KPMG AS
Poland	KPMG Audyt Services Spółka z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Spółka z ograniczoną odpowiedzialnością
Poland	KPMG Audyt Spółka 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 2.2 billion during the year ending 30 September 2022.

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 2022.

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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