



# KPMG Statsautoriseret Revisionspartnerselskab

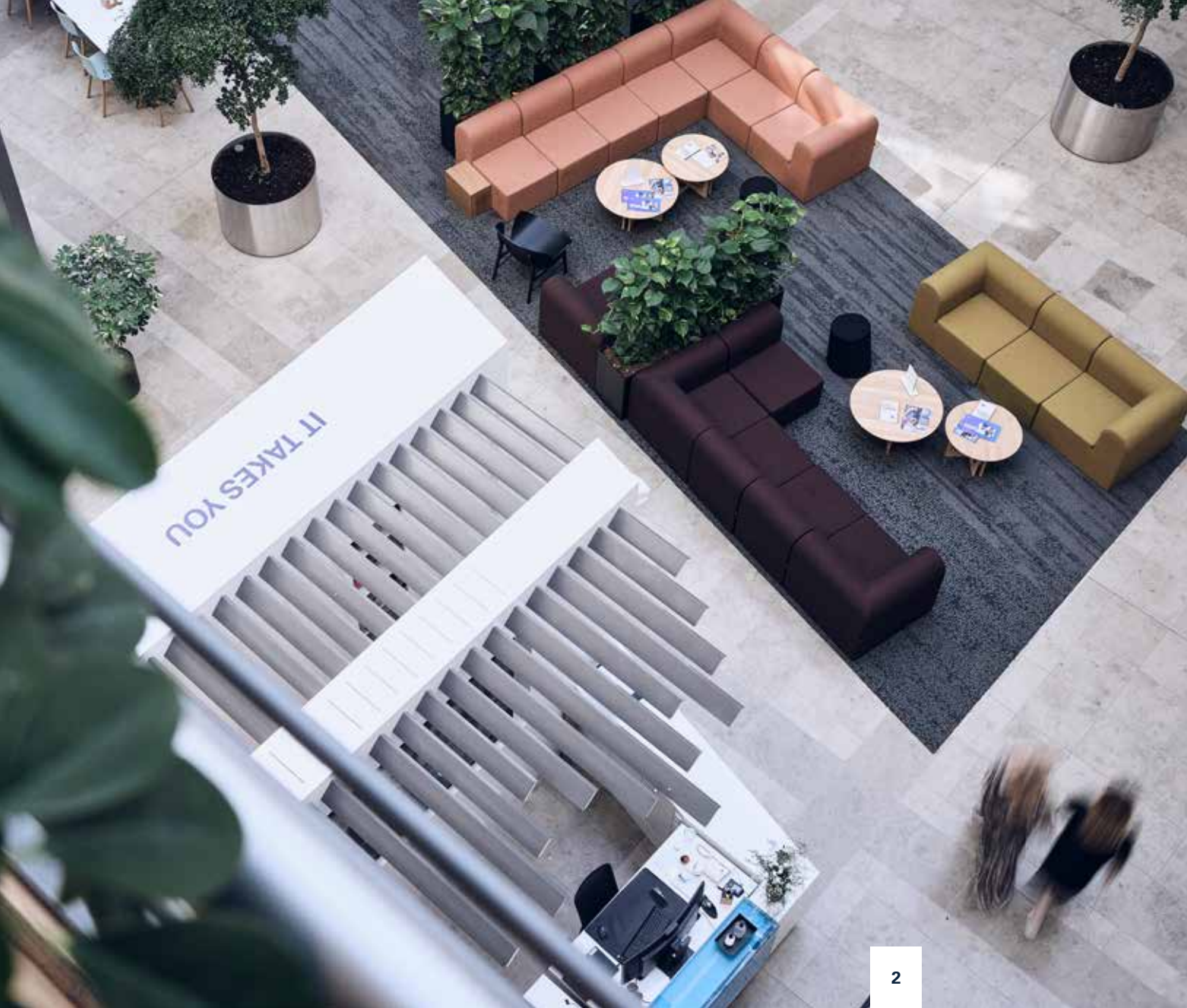
Transparency Report 2022/23

**Statsautoriseret Revisionspartnerselskab**

Dampfærgevej 28  
2100 København Ø  
Denmark  
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kpmg.dk





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# Message from Quality Leaders



At KPMG<sup>1</sup>, building trust is the key to our success and it starts with quality — even more so as the world evolves and economic uncertainty increases.

Audit and assurance quality remains the highest priority at KPMG. We have taken a risk-based approach to our System of Quality Management to drive audit quality and meet the requirements of the International Standard on Quality Management (ISQM) 1.

In a world filled with uncertainty, it is important for us to be a partner which can be trusted. We work hard every day to earn the trust, through delivering consistent high quality that meets the expectations of our stakeholders.

<sup>1</sup> Throughout this document, “KPMG”, “we”, “our” and “us” refers to KPMG Statsautoriseret Revisionspartnerselskab.

Any references to the KPMG global organisation mean the member firms of KPMG International Limited, each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients.

No member firm has any authority to obligate or bind KPMG International Limited or any other member firm vis-à-vis third parties, nor does KPMG International Limited have any such authority to obligate or bind any member firm.

KPMG International means KPMG International Limited unless the context requires the reference to mean KPMG International Services

## ESG commitment

KPMG is committed to fulfilling our public interest role in providing robust assurance on ESG reporting that can benefit investors and other stakeholders. 2023 saw a heightened focus on getting prepared for the Corporate Sustainability Reporting Directive (CSRD), which the first companies will have to report on in 2024.

To meet this commitment we are investing heavily in getting ready for this challenge by upskilling our people and building teams that are fluent in ESG assurance and reporting to help our clients meet the goals necessary to build a more sustainable future.

## Keeping our people driving quality

Audit is a people business, and we have an ongoing focus on keeping the audit quality at a high level through

Ltd (which provides services, products and support to, or for the benefit of, member firms or KPMG International Limited but not services, products or support to clients) or KPMG International Cooperative (which owns and licences the KPMG brand).

Throughout this document, references to “Firm”, “KPMG firm”, “member firm” and “KPMG member firm” refer to firms which are either: members of KPMG International Limited; sub-licencee firms of KPMG International Limited; or entities that are wholly or dominantly owned and controlled by an entity that is a member or a sub-licencee. The overall governance structure of KPMG International Limited is provided in the ‘Governance and leadership’ section of the *KPMG International Transparency Report 2023*.

our people. That means our recruitment strategy focuses on hiring the right people that can make a difference.

One of the key drivers of quality is ensuring that KPMG professionals have the appropriate skills, motivation, and purpose, to deliver high-quality audits. This requires, among other things, that we continuously develop our employees.

In 2023 we launched our new Koach/Koachee programme. The Koach/Koachee programme is a mentor/mentee framework with senior profiles at all levels guiding the more junior to emphasise quality through sharing knowledge and enhancing motivation.

## Driving diligent audit with technology

KPMG Clara is our technology platform, driving audit execution by KPMG firms across the globe. To ensure

quality in our audits and consistent methodology, the platform is continuously being developed. In 2022, a new methodology and a supporting workflow for assurance engagements were released, making us ready for providing assurance on ESG reporting in the future.

The KPMG Clara platform integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation and data visualisation. Artificial Intelligence (AI) is growing to be a significant part of the platform, working with identifying high-risk transactions and many other analytical tasks, and freeing our auditors to delve deeper into other important tasks.

## Transparent insight

In this Transparency Report, we provide insights into our Firm and our System of Quality Management. 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 Management, 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 this report provides valuable insight into our Firm and our approach to ensuring high quality at all times.

Copenhagen, 1 October 2024

**KPMG**

Statsautoriseret Revisionspartnerselskab



**Mads Raahede**

CEO and  
Senior Partner



**Klaus Rytz**

Chair of the Board  
of Directors and Partner



**Jon Beck**

Head of Audit  
and Partner



**Henrik Barner Christiansen**

Quality and Risk  
Management Partner

# Our System of Quality Management is foundational for audit quality

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

We have, along with all other KPMG member firms, strengthened the consistency and robustness of our System of Quality Management (SoQM) to meet the requirements of the International Standard on Quality Management (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB). Foundational for quality management, our globally consistent approach to ISQM 1 drives compliance with the requirements of the standard and our efforts to strengthen trust and transparency with our clients, the capital markets and the public we serve.

## KPMG International's global approach to SoQM and ISQM 1:



Sets policies and procedures to support KPMG firms' effective SoQM in accordance with ISQM 1 issued by the IAASB;



Establishes for each SoQM component, globally consistent quality objectives, risks and controls;



Provides KPMG firms with a risk assessment framework that they have agreed to use in identifying incremental KPMG firm-specific quality objectives, risks, and controls;



Supports KPMG firms with guidance, tools, and training to drive consistent and effective firm SoQM operation; and



Includes monitoring activities over KPMG firms' SoQM to drive global consistency.

Our globally consistent approach to ISQM 1 drives the robustness of our responses to the risks of achieving the quality objectives as set out in the standard. For each component in the standard, KPMG has established quality objectives, quality risks and minimum responses for all KPMG firms.

In addition, 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 our System of Quality Management together with guidance, tools and templates to support the consistent implementation of ISQM 1 across KPMG firms.

The globally consistent approach is used by all KPMG firms across the organisation. The objective of this centralised approach is to drive consistency, robustness, and accountability of responses within KPMG firms' processes.

To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how every KPMG professional contributes to its delivery.

The drivers outlined in the framework are the ten components of our KPMG SoQM. In line with ISQM 1, our SoQM also aligns with the requirements of 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.

Sections 2–11 of the Transparency Report describe how we effectively operate each SoQM component. Combined with our firm's SoQM Statement of Effectiveness (See section 15), this Transparency Report summarises how our SoQM effectively supports the consistent performance of quality engagements.



# Live our culture and values



- **Foster the right culture, starting with tone at the top**
- **Clearly articulated strategy focused on quality, consistency, trust and growth**
- **Defined accountabilities, roles and responsibilities related to Quality & Risk Management**
- **Robust governance structures.**

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 all personnel and in every country, jurisdiction and territory in which KPMG operate, they are the foundation of our unique culture.



## Foster the right culture, starting with tone at the top

### Tone at the top

Our leadership plays a critical role in establishing our commitment to quality and the highest standards of professional excellence and ethics. A culture based on integrity, accountability, quality, objectivity, independence and ethics is essential in an organisation that carries out audits and other professional services on which stakeholders rely.

At KPMG, our *Values* lie at the heart of the way we do things. To do the right thing, the right way. They form the foundation of a resilient culture ready to meet challenges with integrity, so we never lose sight of our principal responsibility to protect the public interest. And they propel us forward — through our work and the example we set — as we inspire confidence and empower change.

We are committed to the highest standards of personal and professional behaviour in everything we do. Ethics and integrity are core to who we are and why everyone at KPMG is held to this promise of excellence.

Within our *Global Code of Conduct*, we outline the responsibilities all KPMG people have to each other, to our clients and to the public. It shows how our Values and Purpose inspire our greatest aspirations and guide

all of our behaviours and actions. It defines what it means to work at and be part of the KPMG organisation, as well as our individual and collective responsibilities.

Everyone at KPMG can expect to be held accountable for their behaviour consistent with the Global Code of Conduct and is required to confirm their compliance with it. Individuals are strongly encouraged to speak up if they see or hear something that makes them uncomfortable or that is not in full compliance with the Global Code of Conduct or 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 has agreed 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 KPMG International, activities of KPMG firms or KPMG personnel. Reports received by

the International hotline are taken seriously, and for each of them KPMG International will consider how to respond and where necessary investigate, 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 Global Code of Conduct, and anyone who takes retaliatory action will be subject to their firm's disciplinary policy.

In addition to the processes outlined above, the Global People Survey (GPS) provides our leadership with results related to upholding the KPMG Values. We monitor the results and take appropriate actions to communicate and respond to any findings.

### The KPMG multidisciplinary model

Today's organisations face complex problems that require the best, most integrated thinking. We firmly believe that our multidisciplinary model is the best way to serve our clients and is essential to delivering the highest levels of quality on the largest and most complex engagements. It allows us to be agile and resilient from a business perspective and means we can more easily respond to market conditions. And it makes KPMG a more interesting and exciting place to work.

## 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 P/S (“KPMG Acor Tax”) and KPMG Law Advokatfirma P/S (“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 1,100 employees and partners in the financial year that ended 30 September 2023.

Our audit services in Denmark are delivered through KPMG. 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 licenced to operate as audit firms, and there are no ownership or other interests between KPMG Acor Tax, KPMG Law and/or KPMG.

This Transparency Report describes the governance structure and the System of Quality Management of KPMG. The governance structures and the systems of quality control of the legal entities, KPMG Acor Tax and KPMG Law, are not described in this report.

For further information about our business and performance, we refer to our annual report for the year ended 30 September 2023. Further details on KPMG International and its business activities, including our relationship with it, are described on page 47 Network Arrangements and in the ‘Governance and leadership’ section of the *KPMG International Transparency Report*.

### Our strategy

Our strategy is set by our Board of Directors in close cooperation with the Leadership Team and the Partner Group and demonstrates a commitment to quality 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 2023.

## Defined accountabilities, roles and responsibilities related to Quality & Risk Management

### Leadership responsibilities for Quality & Risk Management

Our leadership team is committed to building and maintaining a culture based on integrity, quality, objectivity, independence and ethics, demonstrated through their actions.

#### The following individuals have leadership responsibilities for Quality & Risk Management in our Firm:

##### Senior Partner

In the 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 Management and must, together with the Leadership Team, follow all relevant legal requirements and 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, Mads Raahede was appointed on 3 November 2023.

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

As the current Senior Partner has been in the role only for a short period of time, the Chair of the Board (who is a State Authorised Public Accountant and also acted as interim Senior Partner before the appointment of our new Senior Partner) was, in accordance with the principles in ISQM 1, assigned as the individual who has ultimate responsibility and accountability for our SoQM for the period 1 October 2022 – 30 September 2023.

### **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:

- Mads Raahede, CEO and Senior Partner
- Jon Beck, Head of Audit, Partner, State Authorised Public Accountant
- Christian Max Hansen, Head of Advisory, Partner
- Martin Povelsen, COO, Partner.

The Leadership Teams of KPMG and KPMG Acor Tax work closely together in order to ensure effective coordi-

nation of all relevant matters including quality, integrity and independence.

The Leadership Team's primary responsibilities include 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 that we comply with legislation.

The Leadership Team is responsible for management of the day-to-day activities of the Firm, recommending policy to the Board and developing the business plan within the overall strategy set by the Board, together with its subsequent implementation. It deals with operational matters affecting the Firm (including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment and retention and general remuneration, prioritisation and allocation of resources and investment and managing the Firm's risk profile).

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

The Senior Partner, with support from the Heads of Audit and Advisory, is responsible for assessing the performance-based remuneration to Partners. As part of their activities, the Senior Partner and the Heads of Audit and Advisory receive and consider a quality memo prepared by the Quality & Risk Management Partner for each individual partner based on quality and compliance metrics. This memo concludes on whether there are any quality issues that should have a positive or negative impact on the performance-based remuneration of each partner. The Senior Partner's and the Heads of Audit and Advisory's assessment of the performance-based remuneration of each partner is subject to the Compensation Committee's review and approval, as further described below.

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

Our 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 on an on-going basis directly to the Senior Partner and at least on a monthly basis participates in meetings with the Leadership Team at which quality and risk-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 at least a quarterly 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 & 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 (EIP), with responsibility for the direction and execution of our ethics and independence policies and procedures.

The Quality & Risk Management Partner, Henrik Barner Christiansen, is a 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 functions, (Audit and Advisory), are accountable to the Senior Partner for the quality of service delivered in their respective functions. They are responsible for the execution of the risk management and quality assurance procedures for their specific functions within the framework set by the Quality & Risk Management Partner. These procedures make it clear that, at engagement level, risk management and quality control is ultimately the responsibility of all professionals in the Firm.

Our Head of Audit is responsible for the effective management and control of the Audit Function. This includes:

- Setting a 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 that is aligned with the firm's 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.

### **System of Quality Management and Engagement Quality Oversight Committee**

The Committee is a sub-committee of the Board from which it derives its authority and to which it reports on a quarterly basis.

The purpose of the System of Quality Management and Engagement Quality Oversight Committee is to assist the Board in fulfilling its responsibilities related 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 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 the public interest.

The Committee carries out its activities with a view to ensuring that the member firm is fully aligned and compliant with applicable law and regulation and KPMG International's requirements as regard to engagement quality, the System of Quality Management, and the member firm's role in serving the public interest.

## Audit Quality Leader

The Audit Quality Leader is responsible for the performance of Quality Performance Reviews (QPR) and other Global and local quality initiatives. Further, the Audit Quality Leader is responsible for performing Root Cause Analysis (RCA) and developing proper action plans based on the results of the QPR and other quality initiatives, external inspections related to audit engagements performed by the Regulator or potential quality matters raised from other sources. The Audit Quality Leader cooperates closely with the Head of Audit and Quality & Risk Management Partner.

## 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 must declare that they are 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.

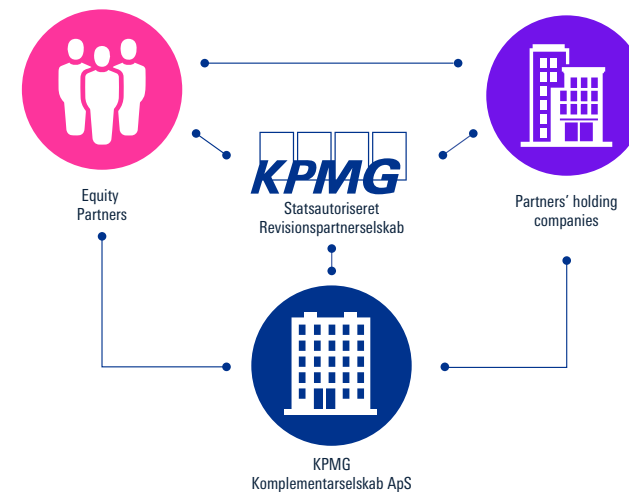
The two shall be selected based on the function of the individual subject to sanctions, so that the Committee remains unbiased. This means that for individuals in one Function (Advisory or Audit), the PML of that Function is excluded from the evaluation and the decision. The Senior Partner will replace the Ethics & Independence Partner in cases of perceived bias inability (“inhabilitet”).

## Robust governance structures

### Our legal and governance structure

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

As of 30 September 2023, KPMG had 30 equity partners.



In Denmark, three KPMG member firms exist (KPMG P/S, KPMG Acor Tax Partnerselskab and KPMG Law Advokatfirma P/S), and each separate legal entity is responsible only for its own obligations and liabilities.

### **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:

- the accounting and financial reporting is carried out in a satisfactory manner;
- 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 Board of Directors continuously receive the necessary reporting on the company's financial conditions;
- the Senior Partner and the Leadership Team perform their duties properly and as directed by the Board of Directors; and
- the capital readiness at all times is adequate, including that there is sufficient liquidity to meet the Company's current and future obligations as they fall due.

The members of the Board of Directors are elected at a shareholders' meeting for a two-year term. The Board

members can be re-elected for a maximum period of six years in total. The Board members cannot be members of the Leadership Team or the Compensation Committee. The majority of members of the Board of Directors are, as required, 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 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:

- Klaus Rytz, Chair, Partner, State Authorised Public Accountant
- Henrik Barner Christiansen, Partner, State Authorised Public Accountant
- Nikolaj Møller Hansen, Partner, State Authorised Public Accountant
- Hans Jørgen Andresen, Partner
- Jan Hove Sørensen, Partner.

### **Compensation Committee**

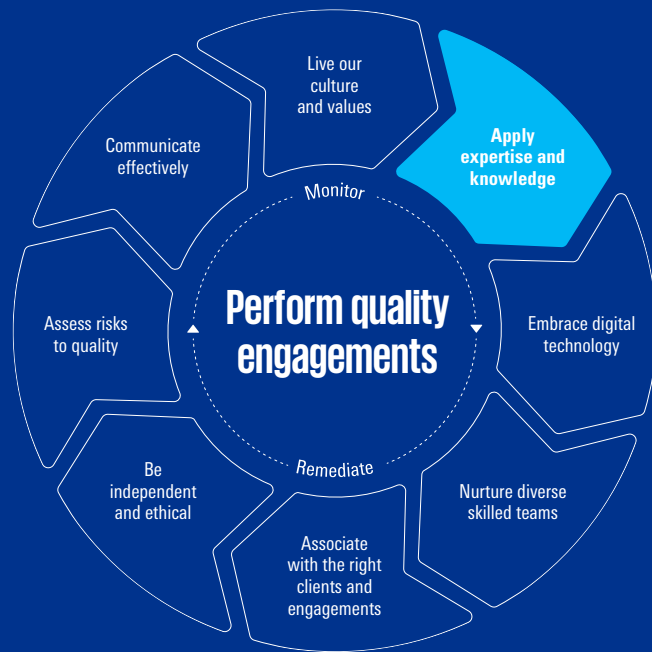
The Compensation Committee consists of four equity partners, who are elected at a general meeting for a period of two years. The members of the Compensation Committee can be re-elected for a maximum period of four years. No member of the Board of Directors or the Leadership Team, including the Senior Partner, are eligible for election to 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 salary partners (partners who do not own part of the equity of KPMG);
- reviewing and approving that the amount and composition of remuneration to the equity partners and salary partners are in accordance with the principles and guidelines; and
- handling any complaints or disputes related to the remuneration or the compensation principle.

Further information regarding equity partner remuneration is set out on page 45.

# Apply expertise and knowledge



- **Methodology aligned with professional standards, laws and regulations**
- **Standardised methodology and guidance**
- **Deep technical expertise and knowledge**
- **Quality & Risk Management policies.**

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

We use KPMG International's audit and assurance methodology, tools and guidance to drive a consistent approach to planning, performing and documenting audit procedures over key accounting processes. Key elements include:

- meeting the applicable standards, including International Standards on Auditing (ISA), Public Company Accounting Oversight Board (PCAOB), the American Institute of CPAs (AICPA), and additional requirements applicable in Denmark;
- risks of material misstatement and the necessary audit response;
- embedding in the practice of our audit and assurance professionals;
- alignment to the International Standard on Assurance Engagements (ISAE) in response to the growth of ESG reporting; and
- consistent interpretation of how to apply ISAs and ISAEs.

Our audit and assurance methodologies emphasise applying appropriate professional scepticism in the execution of procedures and requires compliance with relevant ethical requirements, including independence.

### Standardised methodology and guidance

The KPMG standardised methodology and guidance are embedded within KPMG Clara, our smart audit platform, and assist our engagement teams in meeting the ever-changing landscape of corporate reporting.

### Deep technical expertise and knowledge

#### Access to specialist networks

Specialist expertise is an increasingly important part of the modern audit and is a key feature of our multi-disciplinary model. Our engagement teams have access to a network of local KPMG specialists to consult – either within our Firm or in other KPMG member firms. These specialists receive the training they need to ensure that they have the competencies, capabilities and objectivity to appropriately fulfil their role on our audits. They also

receive a global annual update on global quality performance issues.

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

### Our commitment to audit quality by responding to significant external events and conditions

Significant external events and conditions, such as the impacts arising from climate change, geopolitical events, volatile interest rates and elevated levels of inflation may potentially have significant financial statement implications, increasing complexity, subjectivity and uncertainty for matters such as Management's going concern assessment, asset impairments and asset valuations. We issue and provide extensive guidance to assist engagement teams in addressing the financial reporting, auditing and reporting related matters arising from the impacts of these significant external events and conditions.

We also have access to online financial reporting resource centres that highlight the potential financial statement implications of matters arising from these





significant external events which assist financial statement preparers and other stakeholders in understanding the potential accounting and disclosure implications arising from these significant external events and conditions.

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

We are a technology-enabled organisation, with technical accounting and auditing resources, guidance, platforms and tools available digitally, which enables our engagement teams to effectively operate in office and remote-working environments.

## ESG Assurance quality

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

In our view, the same level of professionalism, quality, consistency and trust applies to ESG reporting as to financial data.

During 2023, we have:

- released a revised methodology for ESG Assurance designed to be flexible and scalable, while enabling high quality, globally consistent assurance engagement delivery that complies with assurance standards and aligns with our financial statement audit methodology. The scope of the execution guide is broader

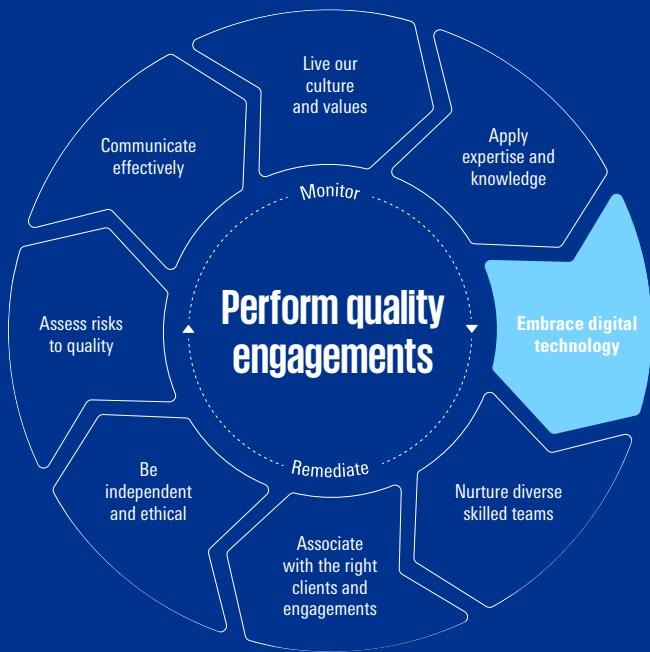
than ESG Assurance and is also applicable for all ISAE 3000 assurance engagements;

- delivered guidance to be used in conjunction with the methodology that is supported by standardised risks and procedures for Greenhouse gas (GHG) assurance engagements;
- released a cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform, KPMG Clara, that provides our teams, and our clients, with a consistent user experience; and
- released a learning curriculum to increase the foundational ESG literacy of KPMG professionals and enable upskilling on the new methodology and KPMG Clara workflow Assurance.

## Quality & Risk Management policies

KPMG has global quality and risk management policies that KPMG member firms have agreed to apply to themselves and their personnel, which are consistent with ISQM 1, where applicable.

# Embrace digital technology



- **KPMG Clara**
- **Intelligent, standards-driven audit and assurance workflows**
- **Digital data and emerging technologies.**

At KPMG, we are anticipating the technologies that will shape our near future and are driving an ambitious innovation agenda. We have transformed the audit experience for our professionals and clients. The alliances and leading technologies which are used are enhancing audit quality by increasing our ability to focus on the issues that matter.

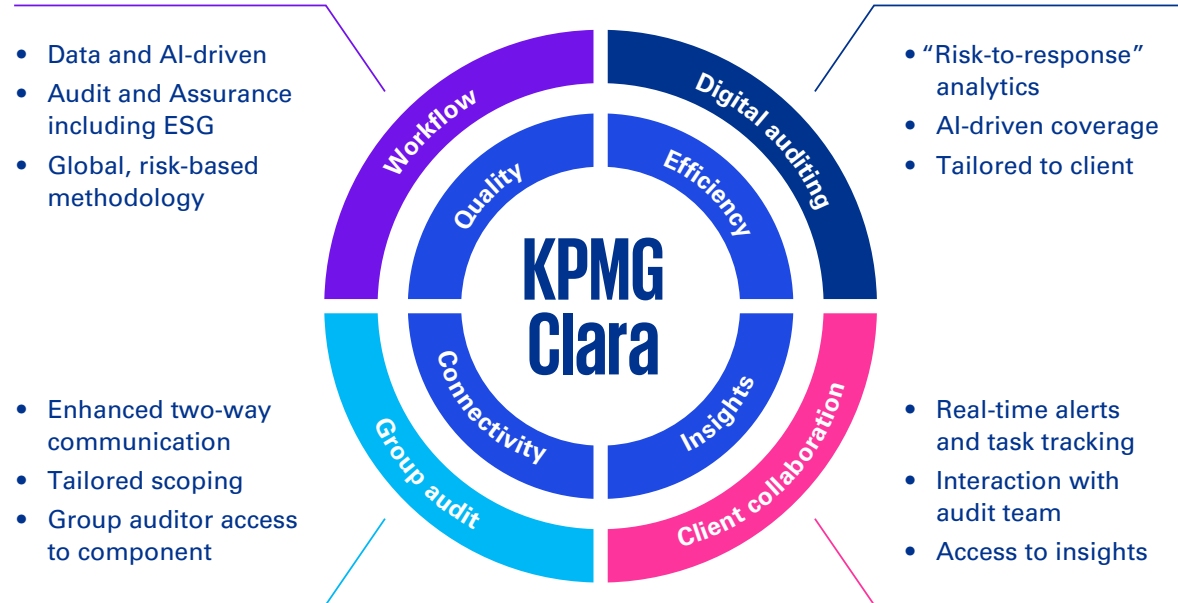
## KPMG Clara

Our intelligent audit and assurance technology platform, KPMG Clara, integrates new and emerging technologies, with advanced capabilities that leverage data science, audit automation, and data visualisation. It brings new insights by helping auditors to see meaningful patterns across a business, whether conducting risk assessment, tracing transactions through a complex revenue process, or simply adding up the accounts.

A digital audit approach is integral to how KPMG firms perform quality audit and assurance engagements 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.

### Intelligent, standards-driven audit and assurance workflows

At our Firm, all professionals are expected to adhere to our policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. Our policies and procedures set for audit and assurance



engagements incorporate the relevant requirements of accounting, auditing, assurance, ethical and quality management standards, and other relevant laws and regulations applicable in Denmark.

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies, through data-enabled workflows, that are aligned with the applicable standards, providing an improved experience to auditors.

## Digital data and emerging technologies

### Our vision of the future

KPMG Clara was developed to be a foundational technology platform to deliver audit quality. It evolves with technologies such as artificial intelligence (AI), data analytics and cognitive capabilities transforming how audits are delivered.

AI plays an increasingly significant role in delivering audits; for example our alliance with *MindBridge* is helping to better identify high-risk transactions, allowing us to obtain audit evidence and insights into client data.

Our global alliance with Microsoft was recently renewed and expanded. The multi-year agreement

further integrates data, automation and AI enablement into KPMG Clara to develop deeper, increasingly relevant insights, freeing up our teams so they can focus on other tasks.

## 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.

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



# Nurture diverse skilled teams



- **Recruit appropriately qualified and skilled people, including specialists, with diversity of perspective and experience**
- **Assign an appropriately qualified team**
- **Invest in data-centric skills – including data mining, analysis and visualisation**
- **Focus learning and development on technical expertise, professional acumen and leadership skill**
- **Recognise quality.**

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.

## Recruit 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 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 our Firm. This includes building an extraordinary people experience for all current and prospective KPMG partners and employees.

Our recruitment strategy is focused on drawing entry-level talent from a broad talent base, including universities and business schools, helping build relationships with a younger, diverse talent pool at an early age. We also recruit at an experienced hire and partner level.

All candidates apply and are employed following a variety of selection processes, which may include appli-

cation 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.

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate. These discussions emphasise, for example that, we do not accept anyone bringing with them any confidential information belonging to the candidate's former firm/employer.

### Inclusion, Diversity & Equity Programs

At KPMG, we are committed to building a diverse and equitable firm that is inclusive to all. Inclusion, Diversity and Equity (IDE) underpins our *Values* and is vital to our Purpose.

It leads to better decision-making, drives greater creativity and innovation, encourages us to stand up, live our Values and do what is right.

For more about Inclusion & Diversity at KPMG read [here](#).

## Reward and promotion

### Reward

We have compensation and promotion policies that are based on market data and linked to the performance review process. This helps our partners and employees understand what is expected of them, including audit quality accountabilities outlined in our audit role profiles and the audit quality goal. The connection between performance and reward is achieved by assessing performance across a peer group to inform reward decisions.

Reward decisions are based on consideration of both personal and our Firm's performance.

### Promotion

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

## Assign an appropriately qualified team

We have procedures and controls 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, which is reassessed based on an annual partner portfolio review. Key considerations include partner experience, accreditation and capacity 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 responsible for determining 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 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 scepticism;
- understanding of KPMG's quality control policies and procedures; and
- Quality Performance Review results and results of regulatory inspections.

## Invest in data-centric skills – including data mining, analysis and visualisation

In our Firm, we are recruiting and training professionals who specialise in software, cloud capabilities, and AI and who can bring leading technology capabilities to the audits that we perform. 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.

## Focus learning and development on technical expertise, professional acumen and leadership skills

### Commitment to technical excellence and quality service delivery

All our 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 our Professional Practice Department for consultation. Where the right resource is not available in our Firm, we access a network of highly skilled KPMG professionals in other KPMG member firms.

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 professionals working on audit engagements have appropriate audit, accounting and industry knowledge, and sufficient experience with the local predominant financial reporting frameworks – the Danish Financial Statements Act and International Financial Reporting Standards (IFRS).

## Lifetime learning strategy

### Formal training

Training needs are identified through a structured input process. Based on the identified needs, priorities for development and delivery are assessed and agreed. We ensure that the training is of the highest quality, is relevant and is delivered on a timely basis.

Minimum mandatory learning requirements for audit professionals are established annually. Training is delivered using a blend of learning approaches and performance support.

### Mentoring and on the job coaching

Learning is not confined to a single approach — learning is available when needed through coaching, just-in-time learning and classroom training 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 and technical excellence.

We support a coaching culture 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

Approved auditors signing audit opinions on financial statements for financial institutions are required to comply with certification requirements from the Danish FSA, which in addition to Continuing Professional Development include experience 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.

## Recognise quality

### Personal development

Our approach to performance development, 'KPMG Open Performance Development', is built around the 'Everyone a Leader' performance principles which are supplemented by audit technical core competencies to provide a holistic view of expectations. The performance development approach includes:

- audit role profiles (including role profiles specific to audit quality accountabilities and responsibilities);
- a goal library (including a mandatory audit quality goal applicable to everyone covered by the audit role profiles and additional optional audit quality content); and
- standardised review forms.

KPMG 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 quality.

We consider 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.



# Associate with the right clients and engagements



- **Client acceptance and continuance policies**
- **Accept appropriate clients and engagements**
- **Manage portfolio of clients.**

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

## Client acceptance and continuance policies

KPMG International's global client and engagement acceptance and continuance policies and processes are designed to help KPMG firms identify and evaluate potential risks prior to accepting or continuing a client relationship or performing a specific engagement.

KPMG firms evaluate whether to accept or continue a client relationship or perform a specific engagement. Where client/engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

## Accept appropriate clients and engagements

### Client evaluation

Our evaluation of a prospective client includes an assessment of the client's risk profile and background information on the client, its key management, directors and owners. If necessary, the evaluation includes obtaining and assessing additional information required to satisfy applicable legal and regulatory requirements.

As part of the client acceptance process, a central Anti-Money Laundering (AML) Desk Team performs a

review and check of the information in the client acceptance, including obtained identification documentation from beneficial owners of the client in accordance with the requirements in the Danish Anti-Money Laundering Act.

### Engagement evaluation

We consider a range of factors when we are evaluating each prospective engagement including:

- potential independence and conflict of interest issues;
- intended purpose and use of engagement deliverables;
- public perception; and
- whether the services would be unethical or inconsistent with our Values.

In addition, the evaluation of an audit engagement includes an assessment of the competence of the client's financial management team and the skills and experience of KPMG professionals.

Where we are providing audit services for the first time, additional independence evaluation procedures are performed, 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.

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.

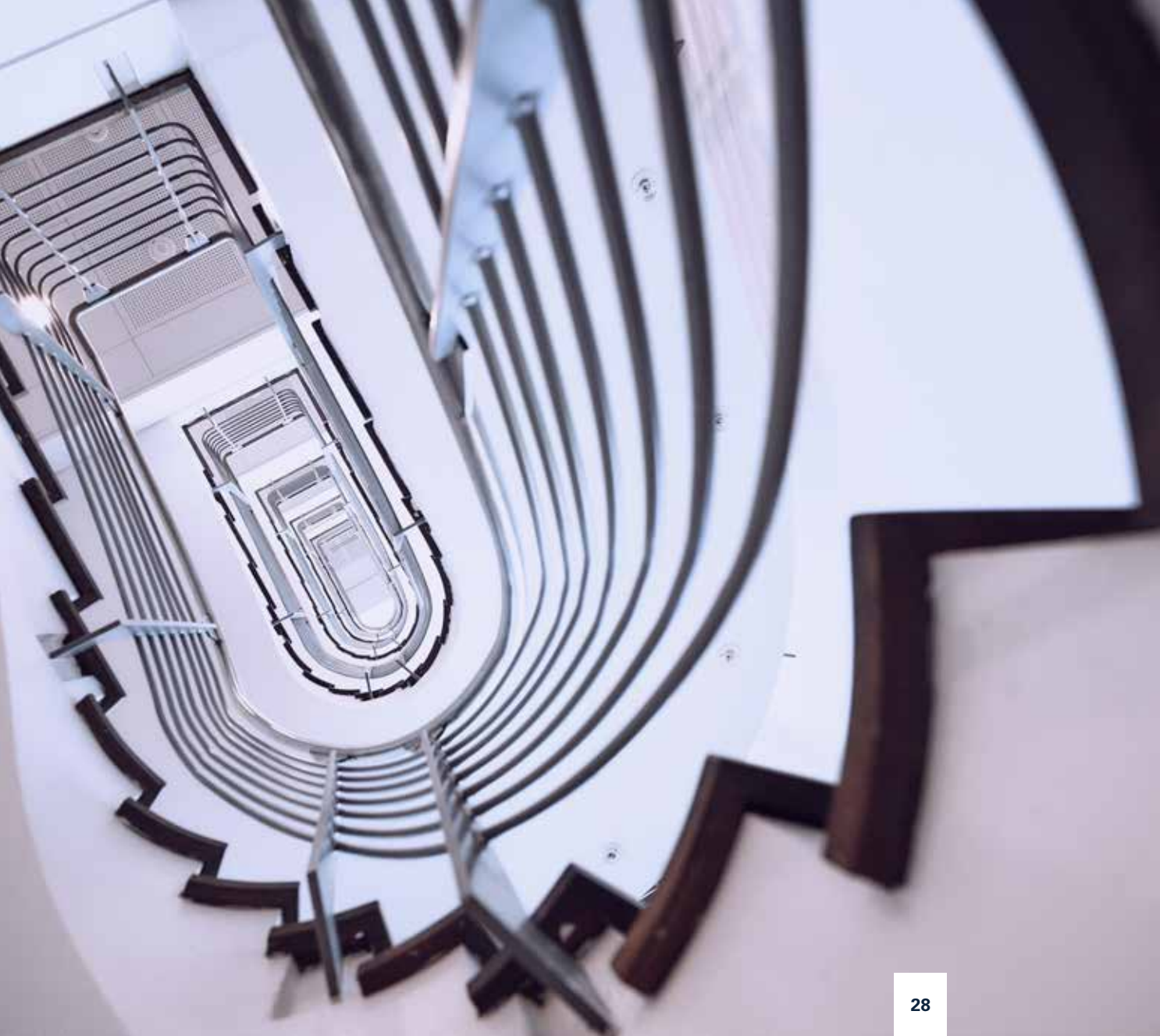
### Continuance process

We undertake an annual re-evaluation of all audit clients to identify risks in relation to continuing association and any mitigating procedures that need to be put in place.

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.

### Withdrawal process

Where we come 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 with respect to that relationship. We also consider



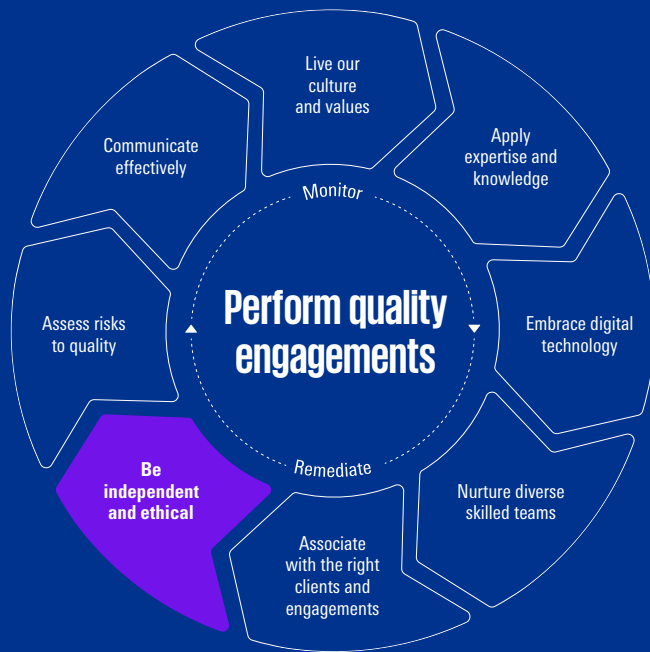
further communication with those charged with governance and any other appropriate authority as required by laws and regulation.

## Manage portfolio of clients

We have policies and procedures that enable us to monitor the workload and availability of engagement partners, managers and staff and personnel to provide sufficient time to complete their responsibilities.

Our Firm's engagement partners are responsible for determining that members of the engagement team collectively have the appropriate competence and capabilities, including sufficient time, to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements, (see the section Assigning an appropriately qualified team). In addition, engagement partners are responsible for ensuring that reasonable fees are agreed, which allow for sufficient time to perform an audit in accordance with professional standards and regulatory and legal requirements.

# Be independent and ethical



- **Act with integrity and live our Values**
- **Maintain an objective, independent and ethical mindset, in line with the Code of Ethics**
- **Have zero tolerance of bribery and corruption.**

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

## Acting with integrity and living our Values

We know that trust is earned by doing the right things. We are committed to the highest standards of personal and professional behaviour throughout our Firm in everything we do. Ethics and integrity are core to who we are. Within our *Code of Conduct*, we outline the responsibilities KPMG people have to each other, our clients and the public. It shows how our Values inspire our greatest aspirations and guide all of our behaviours and actions.

## Maintaining an objective, independent and ethical mindset in line with the Code of Ethics

KPMG International's independence policies and procedures incorporate the IESBA Code of Ethics, covering areas such as firm and personal independence, firm financial relationships, employment relationships, partner rotation and approval of audit and non-audit services.

These policies and procedures are supplemented to ensure compliance with the Danish Auditor's Act and related guidance issued by Danish Business Authority.

Our Ethics and Independence Partner (EIP) is responsible for communicating and implementing KPMG policies

and procedures and ensuring that any additional local independence policies and procedures are established and effectively implemented.

Automated tools identify potential independence and conflict of interest issues and facilitate compliance with these requirements. KPMG firm compliance with independence requirements is part of the global KPMG Quality & Compliance Evaluation Program.

## Personal financial independence

KPMG firms and KPMG 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, locally as well as globally.

KPMG firms use a web-based independence compliance system to assist KPMG professionals in complying with personal independence investment policies. This system contains an inventory of all publicly available listed 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). KPMG monitors partner, director, senior manager and manager compliance with this requirement as part of our Programme of Independence Compliance Audits of Professionals. KPMG International 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 and inspected 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 locally as well as globally. Specific prohibitions and cooling-off periods apply to accepting certain roles in 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.

KPMG's independence compliance system records 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.

All KPMG firms borrowing and capital financing relationships, and custodial, trust as well as brokerage accounts that hold member firm assets must also be recorded.

On an annual basis, partners and employees confirm compliance with independence requirements and other legal requirements, policies and procedures as part of the global KPMG Quality & Compliance Evaluation Program.

## Business relationships/suppliers

We have policies and procedures in place to ensure that our 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 training and confirmations

All partners and client-facing professionals, as well as certain other individuals, are required to complete independence training upon joining KPMG and on an annual basis thereafter and must sign an annual confirmation of compliance.

We also provide all partners and employees with annual training on the Global Code of Conduct.

## Non-audit services

We have agreed, 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.

KPMG's mandatory conflicts and independence checking system supports our compliance with independence requirements. Certain information on all prospective engagements, including detailed service descriptions, deliverables and estimated fees, are required to be entered 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 submission.

Lead audit engagement partners (LAEPs) are required to maintain group structures for their public interest enti-

ty and certain other audit clients, including their related entities/affiliates. They are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

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

KPMG firms are prohibited from evaluating or compensating audit partners on their success in selling non-audit services to their audit clients.

## Fee dependency

We have agreed to consult with our Regional Risk Management Partner where total fees from an audit client are expected to exceed 10 percent of the annual fee income of our Firm for two consecutive years. If the total fees from a public interest entity audit client and its related entities were to represent more than 15 percent of the total fees received by the Firm in a single year, this would be disclosed to those charged with governance at the audit client. Where the total fees continued exceeding 15 percent for two consecutive years, we would engage a partner from another KPMG firm as the engagement

quality control (EQC) reviewer and the fee dependency would be publicly disclosed.

## Resolving conflicts of interest

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. KPMG firms use the mandatory conflicts and independence checking system for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG personnel are prohibited from offering or accepting inducements, including gifts and hospitality to or from audit clients, unless the value is trivial and inconsequential.

## Independence breaches

All KPMG personnel are required to report an independence breach as soon as they become aware of it. All breaches of independence requirements of the IESBA Code of Ethics or other external independence require-

ments 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 with those charged with governance.

KPMG has a disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the severeness of any violations. The severeness and sanctions are assessed by a Disciplinary Committee.

## 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 are restricted in the roles they can perform.

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 compliance with the partner and firm rotation requirements.

## Having zero tolerance of bribery and corruption

We have zero tolerance of bribery and corruption.

All 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*.



# Perform quality engagements



- **Consult when appropriate**
- **Critically assess audit evidence, using professional judgement and scepticism**
- **Direct, coach, supervise and review**
- **Appropriately support and document conclusions.**

How an audit is conducted is as important as the result. Everyone at KPMG is 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

We encourage a culture of consultation that supports engagement teams throughout their decision-making processes and is a fundamental contributor to audit quality. We promote a culture in which consultation is recognised as a strength, encouraging all KPMG professionals to consult on difficult or contentious matters. To help with this, we have established protocols for consultation and documentation of significant matters, including procedures to facilitate resolution of differences of opinion on engagement issues.

In addition, KPMG audit, assurance and risk reporting manuals also include required consultations on certain matters.

### Technical consultation and global resources

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, consul-

tations, pre-issuance reviews, alerts, newsletters, tools, templates and training 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).

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 dedicated experts that work together to share ideas, knowledge and experience and by achieving economies of scale.

Technical accounting, auditing and assurance support is also available to all KPMG firms through multiple global teams that report directly to the Global Head of Audit.

Global Audit Methodology Group (GAMG) develops KPMG International's audit and assurance methodology based on the requirements of the applicable audit and assurance standards of the IAASB, PCAOB, and AICPA.

KPMG Global Solutions Group (KGSG) develops and deploys global audit solutions, including new technology and automation innovations.

The KGSG and GAMG teams bring diverse experience and innovative ways of thinking to further evolve KPMG firms' audit capabilities.

The International Standards Group (ISG) promotes consistency of interpretation of IFRS Accounting Stan-

dards and IFRS Sustainability Disclosure Standard and develops global audit guidance in response to emerging issues and to promote global consistency.

PCAOB Standards Group (PSG) promotes consistency in the interpretation of PCAOB auditing standards in KPMG firms' audits of non-US components and foreign private issuers and non-US components of SEC issuers, as defined by SEC regulations. The PSG also provides input into the development of training for auditors who work on PCAOB audit engagements and, where practicable, facilitates delivery of such training.

## 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 remaining alert to contradictions 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

We promote a coaching culture as part of enabling our professionals to achieve their full potential. We support a continuous learning environment where every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences while directing, supervising and reviewing their work.

### Engagement quality control (EQC)

The EQC review is an important part of our 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 our Quality & Risk Management Partner.

An EQC review is an objective evaluation of significant judgements 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, although the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

EQC Reviewers must 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

Engagement leaders form all audit opinions based on the audit performed and evidence obtained.

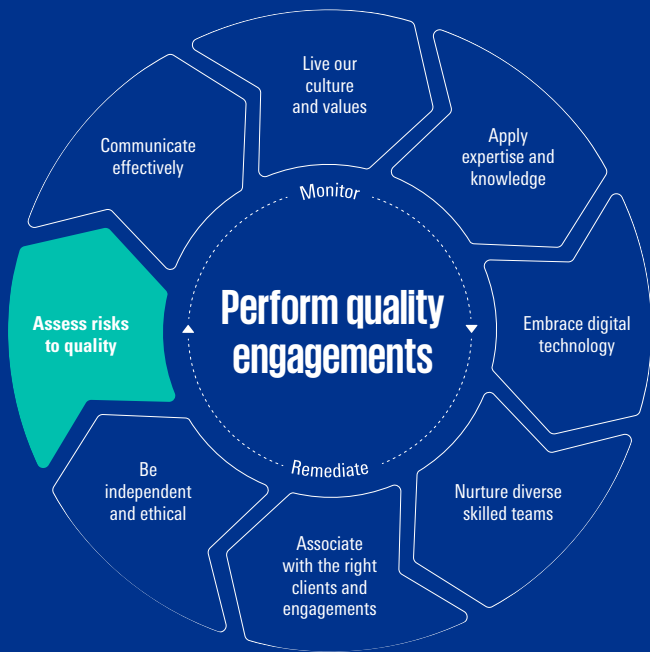
In preparing auditor's reports, engagement partners have access to extensive reporting guidance and technical support through consultations with our Department of

Professional Practice, especially where there are significant matters to be reported to the users of the auditor's report (e.g. a modification to the opinion or through the inclusion of 'emphasis of matter' and/or 'other matter' paragraphs).

### Engagement documentation

Our Firm's audit documentation is completed and assembled in accordance with KPMG International policy and applicable auditing standards. We have implemented safeguards to protect the confidentiality and integrity of client and firm information and we have reduced the time-period permitted to assemble audit documentation.

# Assess risks to quality



- **Identify and understand risks to quality and implement effective responses.**

The quality of a KPMG audit rests on the foundational SoQM and our approach to ISQM 1 emphasises consistency and robustness of controls within our processes.

## Identifying risks to quality and implement effective responses

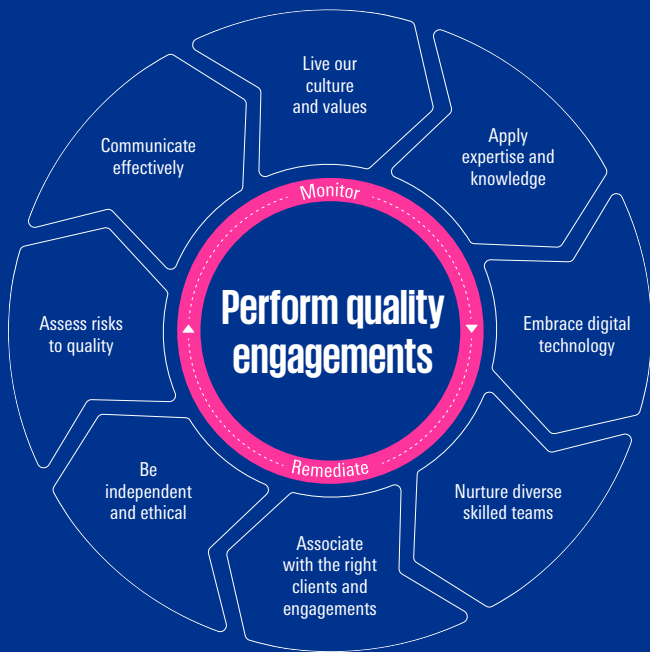
KPMG International performs an annual iterative risk assessment process (I-RAP) to determine the baseline expected quality objectives, quality risks, process risk points and controls (responses to those risks) that all KPMG firms agree to adopt. We also perform our own I-RAP, annually, to identify any additional quality objectives, quality risks or controls specific to our Firm's facts and circumstances.

The consistent global approach:

- Sets the minimum controls to be implemented within all KPMG firms' SoQM processes in response to globally identified risks to meeting SoQM quality objectives; and
- defines the SoQM methodology used by KPMG firms in their annual evaluation of SoQM to demonstrate the SoQM controls are implemented and operating effectively.



# Monitor and remediate



- **Rigorously monitor and measure quality**
- **Obtain evaluations and act on stakeholder feedback**
- **Perform root cause analysis.**

Integrated quality monitoring and compliance programmes enable KPMG firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans, both in respect of individual audit engagements and the overall System of Quality Management.

## Rigorously monitor and measure quality

### Commitment to continuous improvement

We are committed to improving the quality, consistency and efficiency of our audits. The Quality Monitoring and Compliance Programs are globally consistent in their approach across all KPMG firms, including the nature and extent of testing and reporting. In our Firm, we compare the results of our Internal Monitoring Programs including ISQM 1, with the results of any external inspection programmes and take appropriate action.

### Internal Monitoring and Compliance Programs

Quality Monitoring and Compliance Programs that are created by KPMG International are used to identify quality issues, perform root cause analysis and develop remedial action plans, both for individual audits and for their overall SoQM.

The Programs evaluate:

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

regulations and KPMG International key policies and procedures; and

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

The Internal Monitoring and Compliance Programs also contribute to the evaluation of our SoQM operating effectiveness. These Programs include in general:

- Audit Quality Performance Reviews (QPR);
- Global KPMG Quality & Compliance Evaluation (KQCE); and
- Global Quality & Compliance Review (GQCR).

The results and lessons from the Integrated Monitoring and Compliance Programs are communicated and we establish action plans to make improvements where needed. Results are also considered by KPMG International.

### Audit Quality Performance Review (QPR) 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 programme in accordance with KPMG International QPR instructions which promote consistency across the KPMG organisation. Reviews are overseen by an independent experienced lead reviewer from another KPMG firm. QPR results are reported to KPMG International.

### Evaluations from Audit QPR

Across the global organisation, consistent criteria are used to determine engagement ratings and KPMG firm audit practice evaluations.

Audit engagements selected for review are rated as 'Compliant', 'Compliant- Improvement Needed' or 'Not Compliant'. If an engagement is rated Not Compliant the Engagement Leader will be selected for another engagement in the next QPR, and the rating will also have a financial impact on the remuneration for the individual.

## KPMG Quality & Compliance Evaluation (KQCE) Program

The KQCE Program encompasses the testing and evaluation requirements of a KPMG firm's SoQM which are necessary to support their compliance with ISQM 1, and compliance with quality and risk management policies. KQCE Program requirements are to be completed by all KPMG firms.

The 2023 KQCE Program covered the period from 1 October 2022 to 30 September 2023 and helps support our conclusion on the operating effectiveness of our SoQM as of 30 September 2023 and compliance with our quality and risk management policies.

## Global Quality Compliance Review (GQCR) Program

A GQCR is carried out by a KPMG International team and firms are selected for review using a risk-based approach, which considers a number of factors, including financial conditions, country risks, results of Monitoring Programs and people surveys, with each firm subject to a GQCR at least once in a four-year cycle.

The GQCR team comprises partners and managers who are independent of the firm subject to review. The overall

objective of the GQCR Program is to assess the firm's compliance with selected KPMG International policies, including those related to governance and SoQM.

## Internal Monitoring and Compliance Program reporting

Findings from the Monitoring and Compliance Programs are disseminated to our professionals through written communications, internal training tools, and periodic meetings.

Findings are also emphasised in subsequent Monitoring and Compliance Programs to gauge the extent of continuous improvement.

Lead audit engagement partners responsible for Group Audits outside Denmark are notified of Audit QPR engagements which is part of their audit client's Group and which is rated Not Compliant.

## Remediation and monitoring

In our Firm, we develop remedial action plans to respond to findings identified through our Monitoring and Compliance Programs. Progress on action plans is monitored and results are reported, as appropriate, to our firm, regional and global leadership.

## Obtain, evaluate and act on stakeholder feedback

### Regulators

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

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

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

The DBA's overall conclusion (our translation into English) 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 2022/23.

## Client feedback

We proactively seek feedback from clients through in-person conversations and surveys to monitor their satisfaction with services delivered. Any matters raised by clients will be evaluated and addressed with appropriate actions.

## 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 and ultimately handled independently by our Senior Partner and CEO assisted by our General Counsel and Quality & Risk Management Partner.

## Perform root cause analysis

In our Firm, our SoQM provides the foundation for consistent delivery of quality engagements and our Root Cause Analysis (RCA) Program is an integral element of the monitoring and remediation component of the SoQM, driving enhancements to audit quality. Leveraging inputs from Internal Monitoring Programs, external inspections and other activities, we identify audit quality

issues and undertake root cause analysis corresponding to the nature and severity of the issues. Firms design their RCA Program in accordance with the KPMG International’s RCA guide.

Upon completion of the RCA, we design and implement remedial actions that respond to the underlying identified root causes of the audit quality issues and subsequently we monitor the effectiveness of such actions. The RCA remedial action plans and monitoring results are reported to regional and global leadership.

Our Head of Audit is together with our Audit Quality Leader responsible for audit quality, including the remediation of audit quality issues. Our Firm’s Quality & Risk Management Partner monitors the remediation plan(s) implementation.

# Communicate effectively



- **Provide insights, and maintain open and honest two-way communications**
- **Conduct and follow-up on the Global People Survey.**

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

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 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 the company and the auditor and challenging the quality of the audits, including overseeing and contributing to the auditor's independence by pre-approving non-audit services to be delivered by the auditor.

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 can we deliver audits in line with our audit quality expectations. Annually, our personnel are invited to participate in KPMG's Global People Survey (GPS) to share their perception on their experience of working at KPMG. Results can be analysed by several factors, including functional or geographic area, grade and gender to provide additional focus for action.

Through the GPS, our firm measures our people's engagement and gains additional insight about what drives engagement for KPMG people. The GPS includes

specific audit quality questions for those individuals who participated in an audit in the previous 12 months, giving us a particular data set for audit quality related matters.

The survey also provides our leadership and KPMG International leadership with insights related to quality and risk behaviours, audit quality, upholding the KPMG Values, and 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. The results of the GPS, and the appropriate follow up actions, are also aggregated for the entire global organisation and are presented to the Global Board each year.

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 for consideration of appropriate remedial action, if needed. A global GPS action plan for audit is also communicated annually, which we review to ensure alignment with our local action plans where appropriate.

# Financial information

Revenue in our Annual report for the year ended 30 September 2023 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 2023, KPMG P/S' total revenue amounted to DKK 938 million, which can be specified as follows in DKK million:

		2022/23
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	60
II	Revenue from the statutory audit of stand-alone and consolidated financial statements of other entities (non-PIEs)	157
III	Revenue from permitted non-audit services to entities that are audited by us	130
IV	Revenue from non-audit services to other entities	591
	Total revenue	938

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

## Equity Partner remuneration

Equity Partners (EPs) are remunerated based on the allocation of profits generated by KPMG and EPs are individually liable for funding their pensions and other benefits.

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

The EPs individual Key Performance Indicators are set by the Senior Partner assisted by the Head of Audit and the Head of Advisory and the KPIs are reassessed each year. These indicators also include quality and compliance metrics which the Quality & Risk Management Partner assesses for each individual partner.

The final allocation of profits to EPs, except for the Senior Partner, is made by the Senior Partner and 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 EPs in accordance with our Partnership Compensation Principles.

There are three components to EP remuneration:

- base component – a proportion of the budgeted profit is allocated to EPs as a base component. The amount of the base component reflects the market value of each EP as well as the historic performance and future potential;
- performance component – rewards performance in the year by each EP against individual objectives previously agreed based on our Key Performance Indicators including quality, 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-au-

dit 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. The performance component also includes quality matters noted by the Quality & Risk Management Partner; and

- one-firm profit component – share of remaining financial year’s profit after determination of Base and Performance component.

## Partner remuneration

Partners which do not own equity in the Firm are remunerated based on achievement of Key Performance Indicators.

The partners’ Key Performance Indicators are set by the Leadership Team and the KPIs are reassessed each year.

These indicators also include quality and compliance metrics which the Quality & Risk Management Partner assesses for each individual partner.



The final allocation of remuneration to partners is made by the Head of Audit and Head of Advisory after assessing each partner's performance during the year.

There are two components to partners' remuneration:

- base component – the amount of the base component reflects the role and seniority of each Partner as well as the historic performance and future potential; and
- bonus component – rewards performance in the year by each partner against individual objectives previously agreed based on our Key Performance Indicators including quality, 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 bonus from, selling non-audit services to their audit clients. In addition, a part of their performance-related bonus is based on an assessment of their ability to deliver audit quality. The performance component also includes quality matters noted by the Quality & Risk Management Partner.

# KPMG Network arrangements

- Legal structure
- Responsibilities and obligations of KPMG firms
- Professional Indemnity Insurance
- Governance structure.

## Legal structure

In many parts of the world, regulated businesses (such as audit and legal firms) are required by law to be locally owned and independent. KPMG member firms do not, and cannot, operate as a multinational corporate entity. KPMG member firms are generally locally owned and managed. Each KPMG member firm is responsible for its own obligations and liabilities and KPMG International and/or other member firms are not in any way responsible for a member firm's obligations or liabilities.

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

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 Limited acts as the coordinating entity for the overall benefit of the KPMG member firms. It does not provide professional services to clients,

directly or indirectly. 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.

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 legal and governance arrangements for the KPMG global organisation can be found in the section 'Governance and leadership' of the *2023 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 KPMG firms

Member firms have agreed with KPMG International 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 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.

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 agreed with KPMG International.

## Professional indemnity insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis. The worldwide coverage is added local coverage if legally required, which is the case in Denmark.

## Governance structure

KPMG International's governance bodies are comprised of the Global Council, the Global Board (including its committees), the Global Management Team and the Global Steering Groups.

### 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 Chair and also approves the appointment of Global Board members. It includes representation from 53 KPMG member firms.

### Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key respon-

sibilities of the Global Board include approving global strategy, protecting and enhancing the KPMG brand and reputation, overseeing the Global Management Team and approving policies with which KPMG firms have agreed to comply. It also approves the admittance or termination of KPMG firms to/from the global organisation.

It is led by the Global Chairman, Bill Thomas, and also includes the Chairman of each of the regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)), and a number of members who are also member firm Senior Partners.

The list of current Global Board members is available on the *Leadership* page of [kpmg.com](http://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 and Risk Management Committee; and
- Global Audit Quality Committee.

Each of these committees is comprised of Global Board members and reports directly to the Global Board.



The overarching responsibility of the Global Audit Quality Committee is to strive for consistent audit quality across all firms and to oversee 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.

The Global Head of Audit and the Global Head of Audit Quality (the latter being responsible for oversight of audit quality across KPMG for KPMG International) report on audit quality matters to this committee.

#### **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. The GMT promotes the commitment to KPMG being a multidisciplinary organisation. The GMT also oversees the activities of the Global Steering Groups.

It is led by the Global Chairman, Bill Thomas.

The list of current GMT members is available in the *Leadership* page 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.

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, quality and risk management policies, (see relevant section of the *KPMG International Transparency Report*);
- 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 Governance and leadership section of the *2023 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 2023 can be found in the "Governance and leadership" section of the *2023 KPMG International Transparency Report*.

# Statement on the effectiveness of the System of Quality Management of KPMG Statsautoriseret Revisionspartnerselskab as at 30 September 2023

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1) and KPMG International Limited Policy, KPMG Statsautoriseret Revisionspartnerselskab (the "Firm") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm. The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

- (a) the Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- (b) engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

In fiscal years 2022 and 2023, the Firm experienced a higher, and by that unsatisfactory, level of non-compliant engagements in the Internal Audit Quality Performance Reviews than in prior years. The result is caused by inconsistent use of certain elements of our System of Quality Management.

The outcome of our Internal Audit Quality Performance Reviews, as well as the corrective and remedial actions, including but not limited to portfolio reviews, reduce workload / hiring more people, pull work forward programs, improved experience with new audit documentation workflow, etc. to strengthen audit quality, were

considered and taken into account in our evaluation of the Firm's System of Quality Management as of 30 September 2023 and in forming our conclusion on the operating effectiveness of our System of Quality Management.

The results of the Firm's 2024 Internal Audit Quality Performance Reviews of engagements concluded at 30 August 2024 show a substantial reduction in non-compliant engagements, which indicates that the corrective and remedial actions to strengthen audit quality are doing so.

# Declarations on independence policies and continuing education of statutory auditors

The Danish Auditors Act prescribes that, as part of the quality management 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 are responsible for 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.

Further we are responsible for ensuring compliance with the requirements in the Danish Auditors Act related to continuing education of statutory auditors.

We confirm that:

- the KPMG Global and Danish additional independence policies and procedures are complied with;
- an internal review of independence compliance has been performed; and
- we comply with the policy concerning the continuing education of approved auditors.

# 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 2022/23.

### 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
- Scandinavian Medical Solutions A/S\*

### Unlisted financial undertakings

- Ulykkesforsikringsforbundet for Dansk Søfart
- Landinspektørernes gensidige Erhvervsansvarsforsikring
- Topdanmark Forsikring A/S
- Borealis Insurance A/S\*

\* Appointed as auditors, but auditor's reports have not been issued before 30 September 2023.

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

List of KPMG audit member firms located in the EU and EEA according to EU Regulation no 537/2014 Article 13(2)(b)(ii) as at 30 September 2023.

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
Czech Republic	KPMG Česká republika Audit, s.r.o.
Denmark	KPMG P/S

Location	Firm Name
Estonia	KPMG Baltics OÜ
Finland	KPMG Oy Ab
Finland	KPMG Julkistarkastus Oy
France	KPMG SA
France	KPMG Audit FS I S.A.S.
France	KPMG Audit IS S.A.S.
France	KPMG Audit Nord S.A.S.
France	KPMG Audit Ouest S.A.S.
France	KPMG Audit Rhône Alpes Auvergne S.A.S.
France	KPMG Audit Sud-Est S.A.S.
France	KPMG Fiduciaire de France
France	SALUSTRO REYDEL S.A.
Germany	KPMG AG Wirtschaftsprüfungsgesellschaft

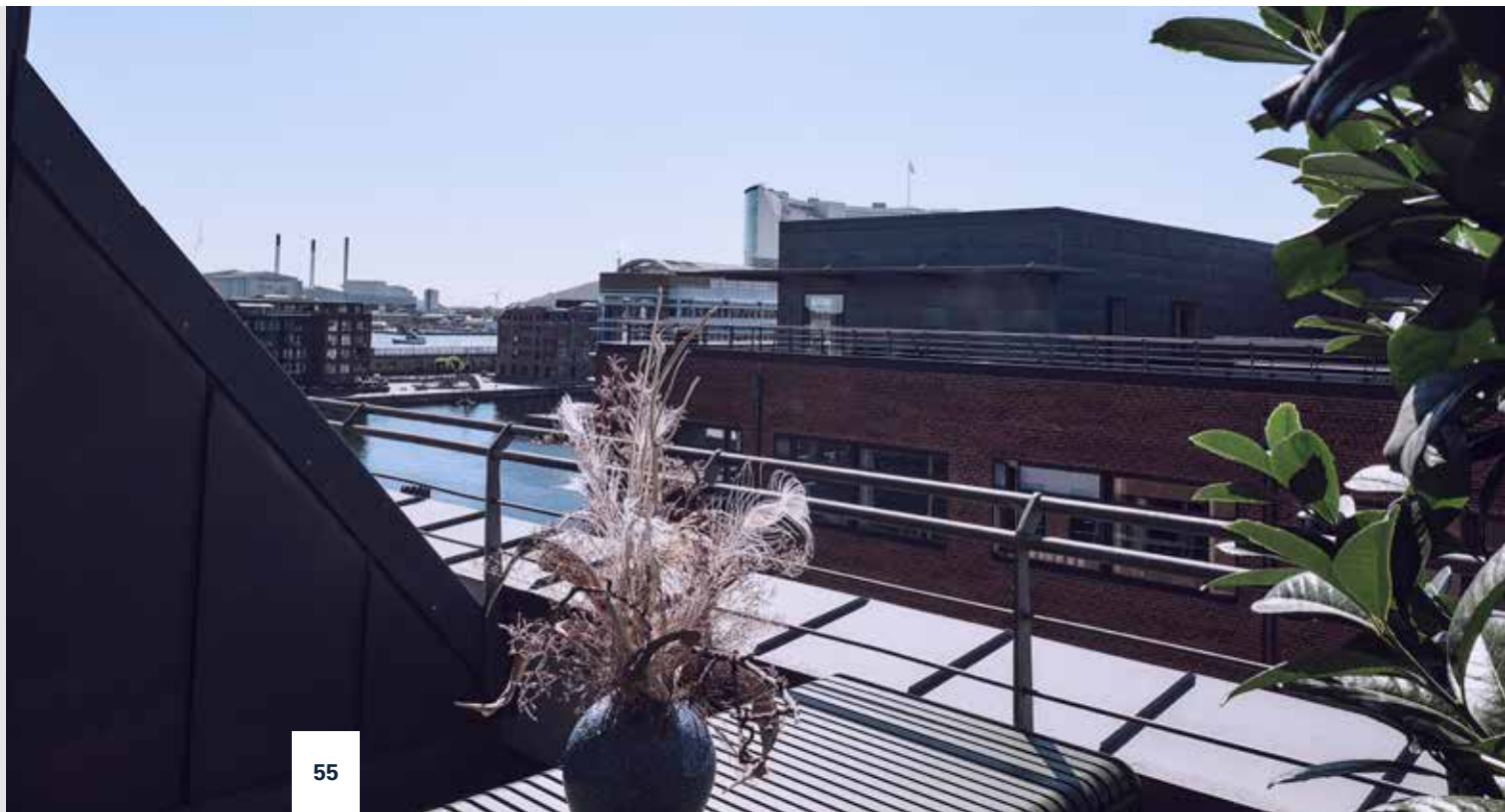
Location	Firm Name
Germany	KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Greece	KPMG Certified Auditors S.A.
Greece	KPMG Auditing A.E.
Hungary	KPMG Hungária Kft.
Iceland	KPMG ehf.
Ireland	KPMG
Italy	KPMG S.p.A.
Italy	KPMG Audit S.p.A.
Latvia	KPMG Baltics SIA
Liechtenstein	KPMG (Liechtenstein) AG
Lithuania	KPMG Baltics UAB
Luxembourg	KPMG Audit S.à.r.l.

Location	Firm Name
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<sup>2</sup> 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 2.4 billion during the year ending 30 September 2023.

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 2023.

<sup>2</sup> 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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