



*cutting through complexity*

# Transparency Report 2013/2014

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





# Our values

KPMG's employees work together to deliver value to clients. We have seven shared values that constitute an important framework which defines how we should behave towards one another and towards the world at large.

## **WE LEAD BY EXAMPLE**

We act in a way that exemplifies what we expect of each other and of our clients.

## **WE WORK TOGETHER**

We bring out the best in each and every one of us and create successful relationships.

## **WE RESPECT THE INDIVIDUAL**

We respect all employees for who they are and what they have to offer, both as individuals and team members.

## **WE SEEK THE FACTS AND PROVIDE INSIGHT**

We challenge various assumptions and pursue facts in order to reach the correct conclusions.

## **WE ARE OPEN AND HONEST IN OUR COMMUNICATION**

We share information, create an understanding and offer advice constructively. In demanding situations we act with conviction and candour.

## **WE ARE COMMITTED TO OUR COMMUNITIES**

Both as individuals and as a team, we use our abilities to benefit the communities in which we live and work.

## **WE ACT WITH INTEGRITY**

We are professional and we act at all times with objectivity, quality and service of the very highest standard.



## CONTENTS

---

**05** FROM THE SENIOR PARTNER

---

**06** WHO WE ARE

---

**08** OUR ORGANISATION AND  
GOVERNANCE

---

**10** OUR QUALITY ASSURANCE  
SYSTEMS

---

**16** OUR INDEPENDENCE

---

**18** REMUNERATION TO PARTNERS

---

**19** FINANCIAL INFORMATION

---

**20** PUBLICLY LISTED CLIENTS







## From the Senior Partner

KPMG's Transparency Report for the financial year 2013/2014 offers guidance for those with an interest in finding out more about the way our firm is structured and how we work with quality.

KPMG operates in an industry where quality, ethics and independence have always been the foundation of its practitioners' credibility. As the world around us has changed, with freer movements of resources and capital, bigger global corporate structures and new forms of ownership, requirements in terms of transparency and quality control have also increased in both the world of business and society at large.

High quality is therefore a fundamental condition for our work. Only with high quality can we contribute to the creation of faith in a capital market that drives economic growth. Dialogue and openness are important elements that help to drive our quality work forwards. As the outside world makes new demands, we have reviewed both how we are organised and how we work with these extremely important matters. And this development work continues all the time, as the demands change.

Producing a Transparency Report every year is one of the ways in which KPMG aims to further enhance trust. This report has been produced in accordance with the EU's 8th Company Law Directive, the requirements of Section 22a of the Swedish Auditors Act (2001:883) and the Swedish Auditors Ordinance (1995:665).

We continue to play an active role in the ongoing discussion about what accountancy can bring to commercial operations and society in general.

Stockholm, 15 December 2014

**George Pettersson**  
*Senior Partner*





# Who we are

For more than 90 years, companies and organisations of different sizes and in different industries have trusted us as their financial advisers. We are now one of the world's leading knowledge firms in our field.

KPMG offers industry-specific, qualified services in the areas of accounting, tax and advisory services. It is our task to translate our knowledge into value for clients, employees and the market in which we operate. Our global network of 155,000 professionals in 155 countries makes us one of the world's leading knowledge organisations.

KPMG in Sweden can trace its history back to Bohlins Revisionsbyrå AB, which was founded in 1923. In Sweden we have 1,600 employees, of whom about 1,400 work directly with clients and another 200 in support functions. We have offices in more than 60 locations, from Malmö in the south to Haparanda in the north. Our head office is in Stockholm.

## Audit

The primary task of an audit is to quality-assure a company's administration and financial information for its owners and other stakeholders. Our audit must build confidence between the market's operators while creating the conditions for sound business dealings and value-adding transactions. It must also result in better control over the business and more efficient financial governance.

## Tax

Tax advice covers the entire spectrum, from the needs of big, international, publicly listed companies to those of small, family-owned firms. Commercial acumen, an understanding of the overall context and in-depth expertise are essential prerequisites.

## Advisory

We provide advice in connection with mergers and acquisitions. We offer support regarding business development, rationalisation of work processes, ethics and sustainability, analysis, and advice on IT systems and IT security. We help companies and organisations to identify risks and integrate risk management into their businesses. KPMG has specialists in all areas of accounting regulations. We also offer a finance service, which can take care of all or parts of a company's financial administration.

## Company-wide functions

Our business activities include internal functions such as Economy & Finance, Ethics & Independence, Human Resources, IT, Knowledge Management, Communication, Legal Support, Markets & Sales and Risk Management.

## Clients

During the financial year 2013/2014 we carried out almost 45,000 client assignments in total, in the following market segments:

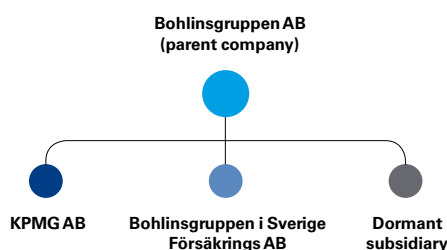
- large national and international companies, including those in the financial sector
- small and medium-sized enterprises
- public sector activities
- non-profit organisations.

KPMG has a strong position among Sweden's 100 biggest companies, and is the market leader in the financial sector.

# Organisation and governance

## Legal structure

KPMG AB is part of a group of companies, of which the parent company is Bohlinsgruppen AB. The group also includes Bohlinsgruppen i Sverige Försäkring AB (BIS-FAB), which insures risks attributable to the business activity in Bohlinsgruppen AB.



The limited company KPMG AB is the Swedish member firm of KPMG International, a Swiss co-operative that exists under Swiss law. KPMG in Sweden is owned by 89 accountants and advisers in the Swedish company. In total, there are 683 accountants and 697 consultants/specialists at KPMG AB.

## KPMG International

KPMG International has 155,000 employees in 155 countries and provides all member firms with a vast international knowledge network. KPMG International does not do any business with clients, but is an umbrella organisation for all member firms in the network.

All of KPMG's member firms offer their clients services in the areas of audit, tax and advisory services. The member firms in the network operate locally and are legally independent in their respective countries. They have access to shared resources, methods and insurance cover, as well as to the combined knowledge and expertise of the international network. All member firms are obliged to comply with KPMG International's shared standards and policies.

KPMG International carries out quality controls and follows up on an ongoing basis on issues relating to the provision of services, as well as ethics and independence.

## Governance of Bohlinsgruppen AB

### Shareholders

The shareholders take part in partners' meetings and the

Annual General Meeting. Shareholders' meetings make decisions on, among other things, the selection of new partners, members of the shareholders' committee, the nominations committee and the company's funding. Decisions made at the Annual General Meetings include issues that are regulated under the Swedish Companies Act, such as the election of the Board of Directors and the auditor.

### Shareholders' committee

The primary task of the shareholders' committee is to deal with shareholder-related issues, including the distribution of shares in Bohlinsgruppen AB.

### Nominations committee

The task of the nominations committee is to nominate members for the Board of Directors, the shareholders' committee and the nominations committee, and also to nominate the Chairman of the Board and external auditors. The nominations committee works directly on behalf of the owners.

### Board of Directors

Every year, the Board of Directors confirms KPMG's strategy, policy documents and general guidelines for the business. The Board of Directors also makes decisions on systems and procedures for internal control. In addition, the work of the Board of Directors includes appointing the Senior Partner, submitting proposals of candidates for partners, drawing up guidelines for remuneration to partners and appointing from within members of the remuneration committee. This committee deals with remuneration to and the discontinuation of partners, as well as appointing members of the Board of Directors of BISFAB and subsidiary companies.

### The Senior Partner and company management

The Senior Partner is responsible for the operational business and appoints the rest of the company management team. Company management consists of the Senior Partner, the COO, Business Area Managers, the Sales & Marketing Manager and the Director of Communication. Company management is responsible for the implementation of the business's strategic direction and priorities, once these have been decided by the Board of Directors. Company management is also responsible for the introduction and development of KPMG's policies and guidelines for the business, as well as ongoing follow-up on quality and control procedures.



## Board of Directors



**Chairman of the Board**  
Anders Malmeby



**Member**  
Björn Flink



**Member**  
Birgitta Gustafsson



**Member**  
Jan Källqvist



**Member**  
Dan Kjellqvist



**Member**  
Jan Malm



**Member**  
Johan Pauli

## Company management



**Senior Partner**  
George Pettersson



**COO**  
Annacari Astner  
Wimmerstedt



**Business Area Manager, Audit and Accounting**  
Anders Bäckström



**Business Area Manager, Advisory**  
Christer Wiberg



**Business Area Manager, Tax**  
Tina Zetterlund



**Director of Communication**  
Björn Bergman



**Market Segment Manager, Small and Medium-Sized Enterprises (SMEs)**  
Patrik Anderbro



**Sales & Marketing Manager**  
Kenneth Sörensen

# Our quality assurance systems

An audit is a service in the public interest. It is intended to quality-assure the financial information of companies and organisations for the benefit of owners, investors, banks and other stakeholders. As a provider of audits and audit-related advice, we have a responsibility to clients, society and other stakeholders to deliver credible work to a very high level of quality.

A high degree of credibility is crucial for the industry, KPMG and the individual auditor and adviser. Credibility is based on factors such as a high level of expertise, integrity and a good reputation. How we appear and act in various situations affects how the world at large perceives us and the degree of trust that we enjoy. Professional behaviour in our contact with clients and in other contexts when we are representing our firm or our industry is therefore not merely a matter of how we express ourselves and what we do. It is also about being professional in the way we do our job and satisfy our clients' expectations of confidentiality.

## KPMG observes international standards

The international quality standard that is relevant to auditing activities is the International Standard on Quality Control (ISQC1), issued by the International Federation of Accountants (IFAC). There are also rules and standards issued by the Swedish industry organisation for accountants and advisers (FAR) as well as supervisory authorities such as the Swedish Supervisory Board of Public Accountants (RN) and the US Public Company Accounting Oversight Board (US PCAOB). These rules have been integrated into all of KPMG's business areas. Within KPMG International and its member firms, these regulations are combined with each employee's personal responsibility for risk management and quality assurance. This involves a requirement to understand and observe the firm's policies and, in their day-to-day work, to perform assignments on the basis of the procedures set out in the policies. As each employee is independent in each relationship and performs assignments with integrity and probity, confidence is maintained both in our own role and in the capital markets.



Key factors in our quality control system

The quality control system helps our employees to act with integrity and independence, to observe applicable laws and regulations, and to meet professional requirements.

Our quality work is under constant evaluation and development with the intention of guaranteeing high quality and adding value in what we do.

## Tone at the top

At the heart of the quality control system are the attitude and behaviour of management with regard to quality, ethics and integrity. Management's attitude clearly shows what kinds of behaviour are accepted for employees in the form of:

1. culture, values and Code of Conduct
2. clear strategy
3. clearly defined responsibilities

*Culture, values and Code of Conduct*

KPMG's values encapsulate the high demands we have of all our employees in terms of performance and professionalism. Our values also emphasise that all employees are personally responsible for fulfilling the legal, professional and ethical values appropriate to his or her level of responsibility. Support is provided by, among other things, a Code of Conduct.

KPMG's Code of Conduct regulates how we must act towards our stakeholders. The Code defines our responsibility and provides guidelines on how we are expected to embody our values in our day-to-day work. All employees and managers are expected to observe the Code. It is supplemented by a number of internal policies, such as the employee policy, working environment policy, equal opportunity policy, skills development policy, quality policy and environment policy.

*Whistleblowing*

We have a clear reporting procedure through which employees can report any breaches of the Code of Conduct and our ethical rules. It is communicated to all employees. Questions and mandatory notification cases relating to risk and ethics may be put directly to our Ethics & Independence function via a special case management system. Employees and suppliers can report suspected breaches anonymously using our international hotline.

*Clear strategy*

It is clearly communicated to all employees that quality is at the heart of our business.

*Clearly defined responsibilities*

We strive to have competent, experienced employees in the right positions whose roles include maintaining quality in every aspect of KPMG's day-to-day work.

**Management responsibility***Board of Directors and Senior Partner*

The Senior Partner has ultimate responsibility for the level of quality in the business and assumes responsibility for this work towards the Board of Directors, which has the ultimate responsibility for the structure and effectiveness of the quality assurance system. The Board of Directors' ultimate responsibility for the quality control system is also stipulated in ISQC1. Our corporate culture is infused by a high level of commitment to issues relating to quality.

The Board of Directors and the Senior Partner contribute both through existing processes and in other ways to maintaining and enhancing our quality culture. The importance of high quality is a consistent message in communication from management.

*Risk & Compliance*

The quality control and risk management system in KPMG is monitored by the Risk Management function, comprising the Risk Management Partner and a risk management team.

*Our business areas*

The managers of our business areas are responsible for the quality of services delivered within their respective areas, and they report to the Senior Partner. Procedures have been drawn up within each business area for risk management, quality assurance, and follow-up and control. These procedures are based on the guidelines we have adopted for the business.

**Ethical standards**

We have committed to maintaining a high ethical level in everything we do. Our value, "We act with integrity", is fundamental in this respect. Our values are communicated to all employees. They are also integrated into the process through which employees' performance is evaluated and rewarded. We make sure that we comply with legal, ethical and professional requirements by means of clear guidelines and procedures.

Our Code of Conduct contains all of KPMG's global values and the ethical standards that are expected to pervade all the actions we take as a company and as employees. It emphasises in particular that objectivity and independence are cornerstones of our business.

The Code of Conduct states that all of our employees must:

- Observe and apply all laws, regulations and the content of KPMG's policies
- Report any breaches of law regardless of whether they were committed by KPMG's employees, clients or a third party
- Report any breaches of guidelines on risk management committed by a KPMG company or its employees
- Not offer, promise, give, request or accept bribes (either directly or through an intermediary).



## Our quality assurance systems, *cont.*

### Human resource management

Our procedures, processes and programmes aim to attract, recruit, develop and manage our employees in such a way that we make sure they have the knowledge, skills and other qualities necessary to perform their work.

Every other year, KPMG conducts a Global People Survey – an employee survey. The results are followed up in an action plan that contains prioritised areas, which are reported back to company management. This survey is supplemented every six months by a smaller questionnaire, which is sent out to all employees within KPMG. The results of this survey are reported at national level for Sweden and provide a snapshot of the company's situation.

In KPMG, all employees must be treated in accordance with the principle of "equal opportunities" at work. This means that the company does not differentiate between employees on the basis of gender, religion or ethnic affinity. It also means that employees with comparable abilities are promoted and rewarded in the same way and according to the same criteria. By promoting diversity and taking advantage of its positive aspects, KPMG aims to become an even better organisation.

KPMG's HR administrative management system covers the following areas:

- Recruitment and induction
- Learning and development
- Assignment management
- Goals and follow-up
- Remuneration and careers
- Authorisation and accreditation
- Selection of partners

#### *Recruitment and induction*

All candidates for various positions submit an application, which forms the basis of the selection process that precedes an appointment. New employees have to take part in a wide-ranging induction programme. This includes questions about ethics and independence, alongside those areas that relate directly to their specific jobs within KPMG.

#### *Learning and development*

Our policies confirm that KPMG's employees must maintain their professional competence within their specialist area, comply with current legislation and satisfy the requirements for skills development. Through continuous learning, we contribute to ensuring that our employees satisfy the requirements for professional development.

#### *Assignment management*

Assignment managers and other employees are awarded specific assignments on the basis of competence, relevant professional and industry experience, and the nature of the assignment itself. The business area managers are responsible for the process and for appointing account executives, and also for ensuring that the assignment teams have the right competence and resources.

#### *Goals and follow-up*

Every year, goals are set for each employee on the basis of KPMG's business plan. Each employee has a designated Performance Manager, whose job it is to evaluate the employee's work and performance on an ongoing basis throughout the year, and to follow up on the goals at the end of the year.

#### *Remuneration and careers*

Our remuneration rules are linked to the evaluation process. Both the employee and the Performance Manager are responsible for ensuring that goals are set and evaluation takes place every year, and to prepare ahead of the discussions. This means that every employee knows what is expected and what his or her development areas are.

#### *Authorisation and accreditation*

Our policies require that accountants and specialists achieve and maintain the technical competence and experience that meet the requirements of current legislation and other regulations.

KPMG AB is registered with the Swedish Supervisory Board of Public Accountants (RN) as an accounting firm and is thus permitted to carry out accountancy work. KPMG AB is also registered as an accounting firm with the PCAOB in the USA and the Financial Services Agency in Japan. Accountants who are responsible for signing audit reports must satisfy the requirements issued by FAR.

Certain accounting and advisory services require special internal accreditation and/or accreditation at individual level, which is the subject of a specific control procedure.

#### *Selection of partners*

Our process for acceptance as a partner is wide-ranging and involves, among others, company management, the Board of Directors and the partners' meetings. All proposals for new partners are reviewed by the Board of Directors in accordance with a defined process before being put before the partners' meeting.

#### **Procedures for accepting clients and assignments**

To perform our tasks as accountants and to produce the reports and service expected by the client and the market, a check is performed for each assignment to ensure that there are no conflicts of interest in relation to previous assignments or individual employees. The accountant's independence is analysed in system-based procedures for the evaluation of clients and assignments. We do not accept clients or carry out assignments that do not meet the requirements of KPMG's internal control system.

#### **Processes for performing assignments**

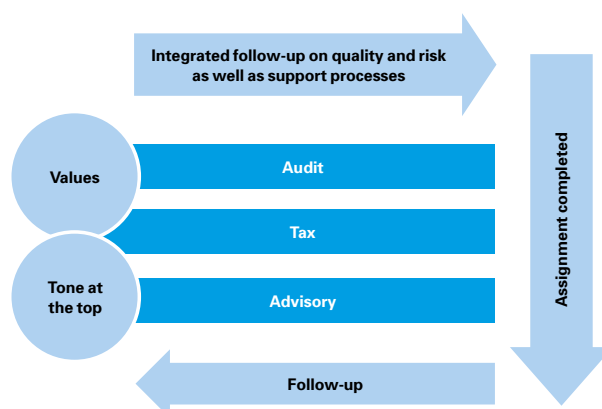
One important element of the basis on which we deliver professional services to our clients is the various quality controls that are part of the firm's processes for an assignment. These quality controls include follow-up on policies and procedures, the purpose of which is to contribute to the work carried out by employees in the assignment team in order to satisfy applicable professional requirements, laws and rules, as well as internal quality requirements. The following sections contain more detailed information, especially about statutory accounting services.

#### *Audit methodology*

Our audit methodology, developed by KPMG International, is based on the requirements set out in the International Standards on Auditing (ISA). The methodology is described in our KPMG Audit Manual (KAM). Our audit process is structured and demands active leadership by the assignment manager, in the planning of the assignment (by chairing planning meetings, and examining and approving planning and other documents), during the entire audit phase and until the audit has been completed.

#### *Examination, follow-up and support for the assignment team*

Audit work is subject to special guidelines with regard to follow-up, control and the use of specialist support. These guidelines also contain requirements for special quality control functions in certain cases, including assignments where there is a public interest. Internal consultation with colleagues is encouraged and, in some cases, is a requirement. The Department of Professional Practice (DPP) plays an important role in the support it provides to our audit units. All assignment teams have access to support from KPMG's Financial Reporting Group and KPMG International Standards Group, as well as support from our SEC (Securities and Exchange Commission) reviewing partners when auditing SEC-registered companies.



## Our quality assurance systems, *cont.*

### Tools

KPMG International provides a set of audit tools to support its audit methodology. These tools promote consistent application of the audit process globally and thus contribute to the quality of the audit. KPMG's electronic audit tool, eAudIT, provides the methodology, guidance and industry support required to conduct an effective audit of the highest quality. eAudIT is based on the solid experience that KPMG already possesses, but also to a large extent on innovation. eAudIT gives us the opportunity to provide an effective, well-coordinated audit for our clients.

eAudIT provides:

- Global uniformity – all audit teams taking part in an audit of a group of companies apply the same methodology. By applying the same methods globally, efficiency and quality are promoted, wherever the audit is being conducted.
- Industry knowledge – access to industry knowledge helps our auditors to focus on what is important when auditing our clients. Our knowledge database enables us to provide feedback on how client companies' processes, internal controls and governance compare with those of leading players in their industry.
- Project management tool – an integrated project management tool helps the team to focus and to perform the audit as effectively and smoothly as possible.
- Summary of significant facts – eAudIT has a 'tracker' function that summarises important observations as they are identified during the audit. This enables us to update our clients continuously during the course of the audit, regardless of who made the observation and where, thus reducing the risk of issues being highlighted at a late stage of the process.

### Monitoring and follow-up

We satisfy ISQC1 monitoring requirements by means such as an annual quality control, as well as an annual review by an internal Risk Compliance Programme. We are also subject to quality controls performed by FAR and the Swedish Supervisory Board of Public Accountants (RN). In addition, we fall under the supervision of the PCAOB (US) and the Certified Public Accountants and Auditing Oversight Board (CPAABO) in Japan.

The quality of our work is followed up on an ongoing basis through various quality programmes within KPMG:

- In accordance with good accounting practice, we are obliged to quality-assure our reporting internally. One of the means of achieving this is through what is known as an Engagement Quality Control Reviewing Partner for certain kinds of assignment. The partner responsible for this quality assurance function studies, among other things, audit planning, implementation, KPMG's reports and annual accounts, and submits his or her own comments before the company's auditor signs the audit report. If the audit team identifies issues that require special consideration, these must always be discussed with the Engagement Quality Control Reviewing Partner.
- Annual quality controls of auditing and advisory assignments are conducted via KPMG's global Quality Performance Review. Assignments are selected at random and the quality control is conducted by reviewers who are independent of the assignment. Within each three-year period, all of KPMG's partners are subject to a Quality Performance Review; other qualified accountants follow a nationally defined cycle for quality control.
- The Risk Compliance Programme is an annual self-evaluation scheme that aims to guarantee the effectiveness of internal controls relating to issues of risk and independence. Independent reviewers examine this work in order to verify that policies, processes and effective controls have been implemented and are being observed.
- KPMG International conducts regular Global Compliance Reviews as well as Peer Reviews of national member firms. In order to be able to operate under KPMG's name, a member firm must show that it adheres to work methods defined and approved by KPMG, that training activities maintain a defined level, that there is sufficient support from specialist employees and that the Quality Performance Review and the Risk Compliance Programme are being conducted in an appropriate way. The controls are conducted by senior partners from countries outside the country being controlled.
- The Board of Directors has established a disciplinary committee to make decisions on disciplinary action in connection with any breaches relating to the rules on independence. The members of the committee are appointed by the Board of Directors, which also confirms what is





known as the rules on work and discipline, which govern the committee's work. The Ethics & Independence Partner acts as rapporteur on this committee. The disciplinary committee was established in connection with our registration with the US supervisory authority PCAOB in 2003.

- The quality committee serves to promote the maintenance and further development of the high level of quality that is a prerequisite for KPMG's business and to protect the KPMG brand by dealing with any deviations from what is considered acceptable behaviour in employees. In terms of its interaction with the disciplinary committee, the quality committee deals with all issues that do not fall within the disciplinary committee's sphere of responsibility. The quality committee is staffed according to decisions by the Board of Directors and works according to a set of rules on work and discipline adopted by the Board. The Risk Management Partner acts as rapporteur on the quality committee.

#### *Feedback from clients*

We conduct interviews with our clients on an ongoing basis in order to ensure a high level of quality in our work. These interviews are conducted by senior people within KPMG

or by people who are independent of KPMG. The line organisation and the assignment team in question study the client's views and assessments, which thus become a part of our continuous learning process.

#### *Supervision by the Swedish Supervisory Board of Public Accountants*

KPMG is a registered accounting company and is therefore subject to supervision by the Swedish Supervisory Board of Public Accountants. The Swedish Supervisory Board of Public Accountants (RN) is the control body for auditors under the Swedish Auditors Act 2001:883 and conducts ongoing controls of both auditing activities and auditors. The RN's quality control takes the form of an annual control of assignments, conducted by stock exchange auditors, and also a control of the company's own systems for general controls and ongoing quality controls. At the time of writing, the RN's quality control for 2014 is still under way. The most recently reported quality control relates to the financial year 2011/2012 and was reported on 18/06/2013. These reports are made public and may be downloaded at [www.revisorsnamnden.se](http://www.revisorsnamnden.se).

# Our independence

## KPMG guarantees independence

Impartiality, independence and an ethical approach are the cornerstones of our accounting practice. KPMG's Ethics & Independence function has overall responsibility for issues of professional ethics within the firm. Our system for guaranteeing independence in our accounting business includes not only measures within the individual assignment, but also company-wide measures. The latter also affect individual employees.

### *Independence in the individual assignment*

What is referred to as the analysis model is mandatory in assignment activities. This means that, before starting work on an assignment for an audit client, we check whether there are any circumstances that might compromise confidence in the auditor's ability or desire to perform the audit assignment with impartiality and independence.

If this analysis identifies any circumstances that might represent an unacceptable threat to the auditor's independence, we decline the assignment. An additional review is conducted before the audit report is submitted, in which consideration is given to other assignments conducted for the client during the financial year.

All assignments are preceded by a check to ensure that there are no conflicts of interest with other assignments.

For all audit clients that are SEC-registered, publicly listed companies and their subsidiaries and associated companies, and a large number of other international companies, KPMG applies a policy-based procedure known as pre-approval of assignments. This means that the account executive and, if relevant, the client's audit committee must have submitted a pre-approval before an assignment can be started.

Not only must KPMG as a firm maintain its independence in relation to our audit clients; all our employees have to do the same. Any financial interests of the individual employee that might constitute a threat to the auditor's independence are monitored via a system support function that covers all of KPMG's audit clients throughout the world.

Every year, all employees submit a declaration of compliance with policies and rules on professional ethics, information security and knowledge management.

We have a number of system support functions and processes to monitor and maintain our independence. These systems manage and monitor all issues relating to independence in our assignments.

### *Rotation*

As of 1 July 2009, a person who has been the elected auditor for seven years in a company of public interest (whose securities are traded in a regulated market) may not take any further part in the audit for a period of two years.

### *Areas to consider*

The reason for our rules of conduct regarding independence is that we conduct auditing activities and must therefore observe the protection of our auditors' independence and impartiality – referred to in everyday terms as the auditor's independence. We have to be mindful not only of actual independence, but also perceived independence in areas other than the client relationship.

The matter of independence is also considered in other areas, such as services and purchasing. Before an agreement is concluded with a new supplier, a check is performed on whether the company is an audit client of KPMG, and whether this might threaten our independence.





### Skills development

Our position as one of the world's leading knowledge companies is based largely on the competence and commitment of our employees. We therefore recruit, educate, develop and retain the very best employees for the services we offer.

At KPMG we continuously evaluate our employees' capacity and competence to carry out assignments in accordance with our high demands for professionalism. We want to give our employees opportunities to develop and grow within their area of expertise and as a person, so that each individual can develop to achieve his or her full potential. All employees must be offered opportunities to develop within the framework of the business's needs and are expected to assume responsibility for their own performance and learning. Area managers provide support and advice in all aspects of auditing, financial reporting and regulatory requirements, as well as offering expert knowledge in various sectors. Assignment managers and team managers must be involved in setting goals for employees and in related processes for evaluation within assignments. This allows employees and managers to work together in order to drive the individual's skills development.

KPMG's range of courses covers not only accounting, auditing and regulatory issues, but also a wide selection of other technical skills, as well as business development, personal development and our ethical rules of conduct.

There are procedures for follow-up on requirements for continuous further education, including the implementation of mandatory training programmes. This enables us to be assured that we are delivering the best results to our clients, by the right people with the right experience, who have the correct qualifications in accordance with relevant legal or other requirements.

#### *Further development for auditors*

All employees receive ongoing training in matters relating to new, relevant legislation and new regulations, guidelines for the accounting profession and KPMG's working methods.

The range of internal courses is updated continuously and is comprehensive in order to cover accounting, auditing, tax, regulatory and industry-specific developments. KPMG has systems for following up on compliance with further education in order to guarantee that our services are performed by employees with the right knowledge.

KPMG has also developed policies, databases and documentation in order to guarantee that all employees have access to both Swedish and international relevant standards for accounting activities. We regularly deploy KPMG's specialists across a variety of areas as part of ensuring quality and minimising the risk exposure of assignments.



# Remuneration to partners

## Principles of remuneration to partners

Partner remuneration consists of two components: a fixed basic salary and a share system, which forms the basis of profit-sharing from the business. The division of shares varies between partners depending on responsibility and performance.

The remuneration process is an annual one and starts with the Board of Directors defining the Guiding Principles. These set out what is to be evaluated and prioritised such as, for example, quality, commercial acumen, leadership, collaboration and contribution to KPMG's development and responsibilities.

The partners are evaluated within their area of activity and receive a suggested basic salary and a number of shares. The Senior Partner and the COO then assess and evaluate the suggestions and pass them on to a remuneration committee. The remuneration committee makes the final decision on remuneration to partners. The model used for remuneration to partners is called Partner Performance Compensation.

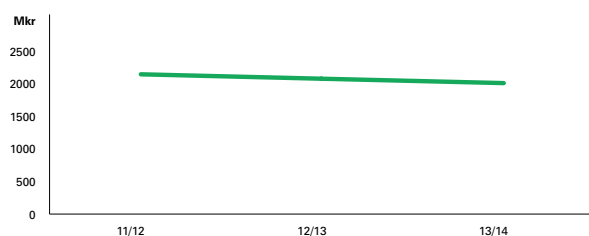
The remuneration committee is a sub-committee of the Board of Directors, mandated to make decisions on evaluation and remuneration to partners in accordance with the principles and priorities adopted by the Board of Directors. The committee makes decisions on the basis of an evaluation of each partner's delivery of responsibility and performance.



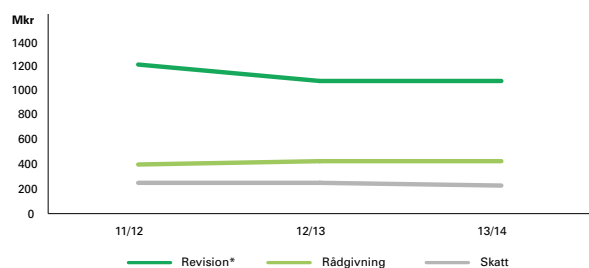
# Financial information

Net revenue for the financial year 2013/2014 was SEK 2,002 million, representing a decrease of 4%. No individual client accounts for more than 5% of KPMG AB's total revenue. The proportion of net revenue from advisory services increased by 4.6 percentage points during 2013/2014 compared with the previous financial year.

## Net revenue

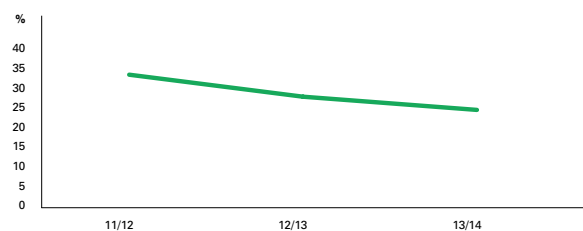


## Net revenue per service area



The equity/assets ratio totalled 24.9% for 2013/2014, a decline of 3.5 percentage points compared with 30 September 2013.

## Equity/assets ratio



For detailed information, please see our annual report, Bohlinsgruppen AB 2013/2014 (corporate ID number 556360-5301).

\*Including auditing activities in addition to audit assignments.

# Publicly listed clients

The following list, prepared in accordance with the EU's 8th Directive, sets out our audit clients (during 2013/2014) whose securities are traded in a regulated market:

## Nasdaq OMX Large Cap Equity

Alfa Laval AB	L E Lundbergföretagen AB (publ)	Sandvik AB
AstraZeneca PLC	Modern Times Group MTG AB	Skanska AB
Axfood AB	NIBE Industrier AB	Svenska Handelsbanken AB
ComHem AB	Nordea Bank AB	Swedish Match AB
Holmen AB	Oriflame Cosmetics S.A.	
Hufvudstaden AB	Peab AB	

## Nasdaq OMX Mid Cap

ACTIVE Biotech AB	East Capital Explorer AB (publ)	Nederman Holding AB
Addtech AB	Fingerprint Cards AB	Nobia AB
B&B Tools AB	Hemfosa Fastigheter AB	Nolato AB
Bilia AB	Investment AB Öresund	OEM International AB
CDON Group AB	Inwido AB	Opus Group AB
Cloetta AB (publ)	Kungsleden AB	Sanitec Corporation
Concentric AB	Lagercrantz Group AB	

## Nasdaq OMX Small Cap and NGM

Avega Group AB	eWork Scandinavia AB	Ortivus AB
BE Group AB (publ)	Lammhults Design Group AB	Prevas AB
BioInvent International AB	MQ Holding AB	Pricer AB
Concordia Maritime AB	MSC Konsult AB	Traction AB
Cybercom Group AB	Novestra AB	

## Companies with listed loans

AB Sveriges Säkerställda Obligationer (SCBC)	Nordea Hypotek AB	Sparbanken 1826
Danske Bank A/S	PEAB Finans AB	Stadshypotek AB
Ferronordic Machines AB	PostNord AB	Swedbank Sjuhärad AB
Hoist Kredit AB	RusForest AB	Swede Resources AB (publ)
Länsförsäkringar AB	Russian Real Estate Inv. Company AB	Svensk FastighetsFinansiering AB (SFFAB)
Länsförsäkringar Bank AB	Rörvik Timber AB	
Länsförsäkringar Hypotek AB	SBAB Bank AB	Volvofinans Bank AB
	Skanska Financial Services AB	Ålandsbanken Abp



## Declaration of effectiveness in the quality control system

This report describes, among other things, the quality assurance system we use in our auditing activities.

Our quality control framework supports our employees and enables them to act with integrity and independence, and to observe applicable laws and regulations so that we maintain the trust of the general public and stakeholders.

The results from our internal monitoring programme (locally and globally), including controls in respect of impartiality and independence together with the feedback received from independent inspection bodies, provides the basis required for being able to draw the conclusion that our quality control systems are working effectively.

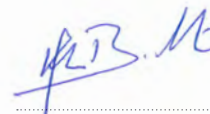
Stockholm, 15 December 2014



Anders Malmeby  
*Chairman of the Board*



George Pettersson  
*Senior Partner*



Anders Bäckström  
*Business Area Manager,  
Audit and Accounting*



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