



Sustainability Report 2014/2015

KPMG Sweden

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Contents

04

About the report

10

Our role and our responsibility

05

Statement from the CEO

12

Market

06

About KPMG

07

KPMG's value chain and impact

09

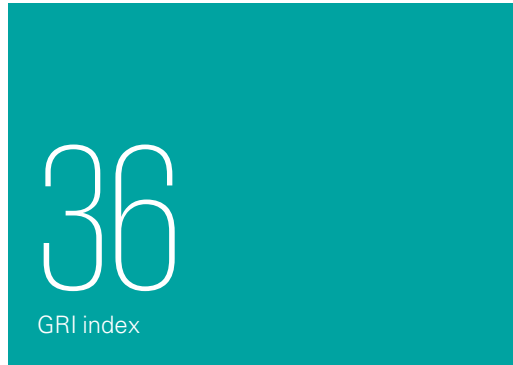
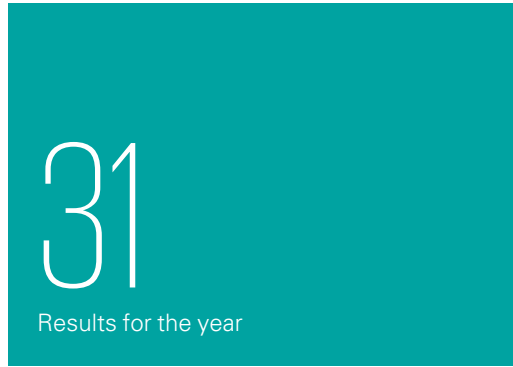
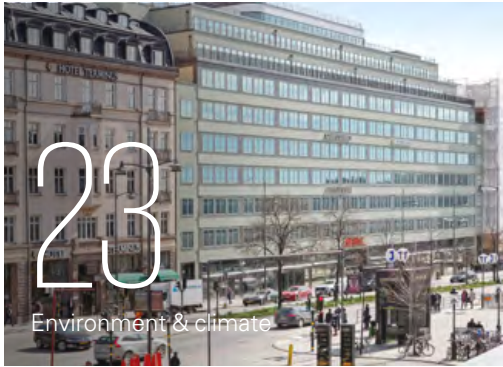
Continuous dialogue with our stakeholders

17

Employees

20

Knowledge



About the report

This is KPMG Sweden's fourth Sustainability Report. In it, we present our perspective on and the results of our work to strengthen KPMG's economic, social and environmental responsibilities during the 2014/2015 fiscal year.

KPMG's business concept and core business is to contribute to the efficiency of the capital markets and society at large by giving advice to Swedish companies and organizations, as well as reviewing and evaluating the effectiveness of their internal controls, various parts of their operations and their internal/external reporting. That in itself supports sustainable development by providing a basis for trustworthy relationships in a well-functioning economy.

The non-financial results reported in this Sustainability Report complement the financial results in the Annual Report for Bohlinsgruppen AB. The Sustainability Report aims to provide a broader overall picture of how, and with what principles,

the business is run for clients, owners, employees and society at large. More information about corporate governance and work on quality and independence issues is presented in the KPMG Transparency Report 2014/2015, which is available on our website at www.kpmg.se.

The Sustainability Report relates to activities from October 1, 2014 to September 30, 2015 and covers KPMG's operations in Sweden. Data was obtained from, among other places, KPMG's financial and HR systems as well as our environmental reporting. During the year we began the important work of identifying our material sustainability aspects and establishing these both internally and externally, but we are not yet ready to prepare a sustainability report according to GRI G4.

Please contact us if you have any questions or comments about the report.
Email us at: info@kpmg.se.

Statement from the CEO



The role that we have as a company is to inspire confidence and empower change. For nearly a century, KPMG has contributed to development in Sweden and globally. We have created security around investments and business choices for our clients, their owners and stakeholders. We have verified public enterprises and created confidence for society and its institutions. This is something we are continuing to do in today's global and digital world, with a sustainability perspective.

With more than 30,000 clients in business, the public sector and not-for-profit organizations, we are an important player in society and the requirements of us as advisors and auditors continue to increase. For the fourth year, we are giving

an account of our sustainability work in a sustainability report. Our greatest impact on the world around us is via our business. We provide strategic consulting and accounting and review services in the area of sustainability. We help our clients to find a direction for their work, to put their plans into practice and report the results. Together, our services represent the key elements of business-oriented, value-creating sustainability efforts. KPMG has been signed up to and has submitted reports to the UN Global Compact since 2002.

At the launch of the UN's new goals for sustainable development, we were there in New York to present a case involving our True Value methodology. KPMG has developed a model called True Value to analyze and quantify financial and social value added. The model is designed to measure the actual external value arising, both environmental and socioeconomic, and how this impacts a business's income statement.

Job creation and integration are important components for building a sustainable society. During the year we became a partner of "Ung Företagsamhet", an organization that supports and encourages entrepreneurship among upper secondary school students. In addition, this year has seen two pilot projects on the theme of social sustainability. Together with "My Dream Now", we offered employees at the Stockholm office the opportunity to coach classes at schools in the Stockholm

suburbs. In partnership with Sweden's Public Employment Agency, we provided internships for six foreign-born graduates at our offices in Gävle, Uppsala and Västerås as part of the program "Äntligen jobb".

One long-term internal initiative is that we want to improve the gender balance in senior positions. We are in the midst of the measures that we are doing in this area, and we are looking forward to seeing the results. We also work with Styrelsebalans an organization that works for equality in business.

One challenge for the years ahead is the new EU regulatory framework for the audit sector that became effective in June 2016. The reform primarily aims to enhance the independence of auditors, improve the quality of auditing and make the audit market more competitive, and it will change the playing field of our operations fundamentally.

Another change during the coming years is relocating our head office to new, green premises. When we make the move, we will also switch to activity-based working and make major investments in digitalizing our processes – which is incredibly exciting.

George Pettersson, CEO

About KPMG

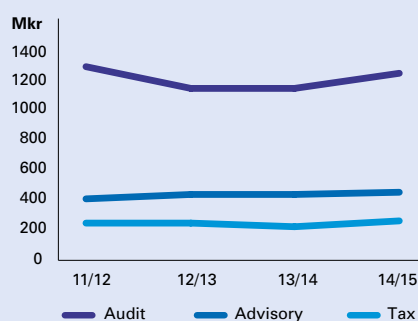
Economic value creation

In 2014/15 KPMG added significant value for various stakeholders in society – for our clients, owners and employees, for the Swedish state and for society at large. The table below presents the firm's directly created economic value from a stakeholder perspective.

Results for the year

SEK thousand	2014/2015	2013/2014
Directly created economic value		
Revenues	2,182,034	2,015,033
Distributed economic value		
Operating expenses	-642,899	-614,349
Salaries and employee benefits	-1,349,901	-1,224,389
Payments to financiers	-105,497	-153,894
Payments to public sector (income taxes)	-34,283	-30,978
Community investments	-11,820	-11,171
Economic value retained	37,634	-19,748
Dividend (previous year)	99,363	144,621
Tax	-3,304	-4,605
Depreciation	-21,310	-20,905
Net profit	112,383	99,363

Net sales per service area



Our business

KPMG provides industry-specific, qualified services within Audit, Tax, Advisory and Financial Services. We are one of the world's leading knowledge companies. Our global network has 174,000 employees in 155 countries.

In Sweden, KPMG's history begins with Bohlins Revisionsbyrå AB, which was founded in 1923. KPMG Sweden has around 1,500 individuals working in its business operations, plus another 200 as support staff. We have offices in 60 locations, from Malmö in the south to Haparanda in the north. Our head office is in Stockholm.

Structure and organization

The parent company of the KPMG Group is Bohlinsgruppen AB. The Group's operating companies include KPMG AB and Bohlinsgruppen i Sverige Försäkring AB. KPMG AB is the Swedish member firm of KPMG International, a Swiss cooperative governed by Swiss law. KPMG International is an umbrella organization for the national member firms and performs no services.

Our services

Audit

Audit's primary task is to assure the quality of corporate governance and financial information to shareholders and other stakeholders. Our audit should build trust between the market's operators and

establish the conditions for sound business dealings, better control and more efficient governance.

Tax

Our tax services cover the entire scale, from the needs of large multinational companies to those of small family-owned businesses. We delve deep to gather the right information, become engaged in specific issues and clarify the various alternatives. We monitor and participate in the development of legislation and legal practice, and assist with advice and analyses of how current tax issues impact various risks, business opportunities and alternative courses of action for our clients.

Advisory

We provide advice on acquisitions and mergers, and assist with business development, the streamlining of operational processes, ethics and sustainability efforts, analysis and consulting on IT systems and IT security. We help companies and organizations identify risks and integrate risk management into their operations. We also have specialists within many areas, such as in the fields of regulation and accounting.

KPMG's value chain and impact



KPMG's most important role is to help create security and stability in the market – to help maintain the market's confidence in our clients. Delivering our services in a manner characterized by good business ethics and independence is fundamental to upholding our function in society. Throughout our value chain we have opportunity to add value and a duty to protect value, for people, the environment and society at large.

Our audit and advisory services provide us with great opportunity to have an influence. We add value through the advisory and audit role that we perform, and we can exert a positive influence by also incorporating a sustainability perspective into our services.

Our most important asset is our human capital – the expertise of our employees. In this perspective, we are also involved in

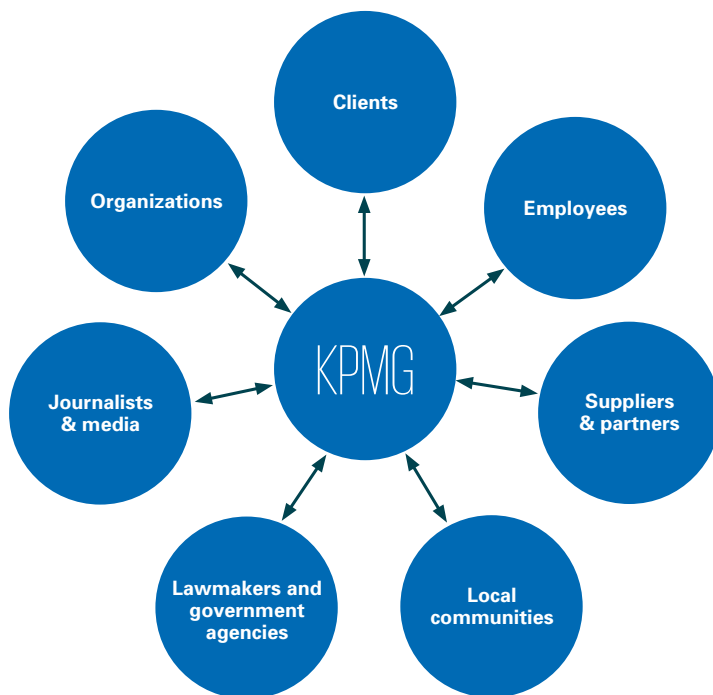
adding value for society by developing our employees' skills and making our knowledge available. We also have an influence through our choice of supplier when purchasing materials (around 3,000 suppliers), in the real estate that we use and in our business travel.



Continuous dialogue with our stakeholders

KPMG's business is also affected by and affects a number of different organizations and groups in society. Our main stakeholders are clients, employees and society at large. Having an open, attentive and continuous dialogue with our stakeholders is essential if we are to be able to meet their needs and produce good results.

For example, we are active within our industry association FAR, where there is discussion of everything from financial reporting and auditing matters to sustainability, and we have substantial involvement with local communities on various issues. Read more about this in the section on Education on page 20 and in the section on our Community outreach on page 26.



Our role and our

KPMG's role is to contribute to the efficiency of the capital markets and society at large, and to help our clients maintain the confidence of the market and its stakeholders.

Part of our global vision and our values, on which our entire business is based, is about being a company that takes responsibility and gets involved in the community. We strive for a socially, economically and environmentally sustainable approach to each engagement in order to help clients increase their transparency and accountability. We conduct our sustainability efforts via five focus areas:

> Market

Our ambition is to promote the financial development and stability of our clients, thus founding confidence in the industry.

> Employees

We want to be the most attractive workplace possible – one that helps its employees progress and that is actively engaged in the community and in environmental issues.

> Education

We will continue to invest resources in educational opportunities for clients and employees, both existing and future.

> Environment & climate

We will continue to reduce our carbon emissions and energy consumption.

> Community outreach

By investing a portion of our annual earnings in Swedish communities, we show our stakeholders that we are and want to be a responsible business.



*"KPMG's **greatest influence** is through its advice to clients."*

Quote from KPMG's dialogue with stakeholders

Market

The pace of change in our world is increasing. This places great demands on us as advisers to companies in many different industries. Over the years, a company's influence on its environment has become a more and more important issue and corporate social responsibility is increasingly seen as a business-critical component. As a major player in the service sector, we have both a responsibility and an opportunity to influence matters that are important from a societal perspective, and we can see that our greatest impact is through the guidance that we provide. For this reason it is of the greatest importance that we are open and transparent in our work. Every year we publish a transparency report on our website. This is a statutory requirement of any auditor of listed companies and provides more detailed information about our quality and independence efforts.

risk management and quality assurance. A mandatory training program aims to ensure that all employees understand and abide by the company's policies and guidelines in their daily work. For all engagements, a check is made that there are no conflicts of interest as regards past or current engagements throughout the whole KPMG network. We use an analysis model – a structured process for analyzing impartiality and independence in our operations, both for audits and for other verification assignments.

Our quality control system helps our employees act with integrity and objectivity, comply with laws and regulations, and meet professional requirements. This is described in our quality policy, which is established by the Board annually.

No infringements of laws or regulations relating to discrimination, corruption or similar were reported during the year. Nor was any legal action taken against KPMG in respect of anti-competitive behavior.

Key factors in our quality control system



Ethics and independence

Our task is to contribute to the efficiency of the capital markets and society at large. For this, it is essential that we are independent; in other words, that we are not dependent on any party that has an interest in our review or our guidance and that we ourselves do not have any financial interest that could affect the outcome. This is a fundamental part of our business and is interwoven into our culture.

We are constantly evaluating and developing our services and the way we conduct them in order to ensure high quality and added value. At KPMG each employee is individually responsible for

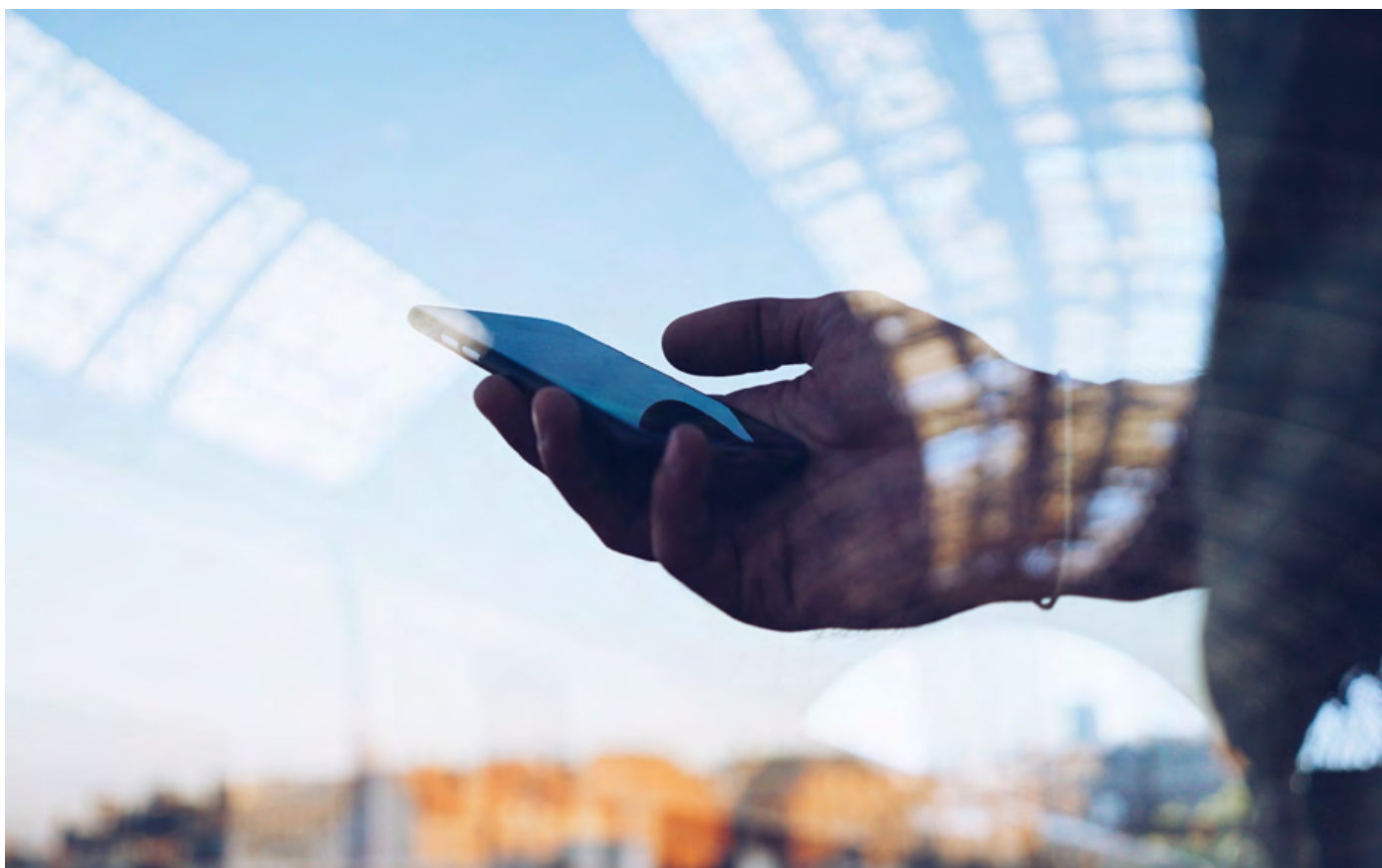


Learn more about our quality and independence efforts in our **Transparency Report 2014/2015**.



Our Global Code of Conduct was first adopted in 2005. It was updated in 2012, partly in order to clarify the importance of complying with the 10 principles of the UN Global Compact.

It can be downloaded at kpmg.se



The role of the audit and auditor

Auditing is a service that benefits society. It creates stability and quality-assures information for the benefit of owners, investors, banks and other stakeholders. Regardless of company size, audits clarify opportunities and risks, and form a basis for good business decisions.

After the 2008 financial crisis and a number of auditing cases that were much discussed in the media, focus has been on the future role of the audit. There is a desire by various players to extend the audit to cover more than it has previously. We are working for change and participating in the public debate. One example is the proposal that the EU initiated in 2011 to strengthen the independence of auditors, enhance audit quality and make the audit market more competitive. We welcome reform, but through our work with FAR (the professional institute for the accountancy sector in Sweden) and

our own channels, such as newsletters, we would also like to highlight the necessity of not burdening companies with difficult adjustments and complicated regulations.

Tax advisory services

In recent years, the tax adviser role has changed in step with changes in the business environment. For several years, international cooperation organizations such as the G20 and OECD have mobilized to stop what is called aggressive cross-border tax planning. Meanwhile, the companies themselves see that they are risking their credibility by their actions and it is becoming increasingly important for a company to be seen as an honest taxpayer.

Today, there is a major focus by various stakeholders on how companies pay their tax, and in the past two years alone we have seen increased interest from the media and investors, for example. It is

clear that tax has become a sustainability issue. It is important to start to look at such elements as a company's tax policy, strategies and communication plans in order to be able to meet the increased requirement of transparency. It is also important to start making active choices concerning tax and sustainability and concerning how this is communicated, both internally and externally.

KPMG's tax services cover everything from the needs of large multinational companies to those of small family-owned businesses. Our task is to help ensure that our clients meet legal requirements and that they can seize the opportunities that new laws give rise to. Our tax services follow KPMG's global principles for responsible tax services.

Advisory

KPMG is a world leader in financial and commercial consultation and risk

*“From a societal perspective, auditing companies have a great responsibility – more so than other companies, because you provide a **guarantee for those that do not have the knowledge.**”*

Quote from KPMG's dialogue with stakeholders

management. We help companies with transactions, change and efficiency processes, and provide support for IT and security issues. New regulations are placing increasing demands on our clients, especially in the banking and insurance sector. We provide advice on both regulatory compliance and long-term optimal and sustainable levels of profitability.

As sustainability aspects are integrated into corporate strategies, governance and processes, demand increases for the auditor and adviser to be knowledgeable in these matters. For us this means that sustainability should be a cornerstone in every individual decision, every client engagement and every contact with our stakeholders. We want our clients to feel confident in our advice from a sustainability perspective also. Our ambition is to be at the forefront and through our actions contribute to the development of the industry, and especially the business world and the way that companies and organizations are governed.

Sustainability-related services

As sustainability issues have broadened and come under greater focus over the past 30 years, so our services relating to sustainability have been continually developed. From focusing only on the client's environmental impact in the early 1990s, today we offer a broad spectrum of services within the area of sustainability. The risk perspective has long dominated companies' sustainability work, but more and more are now realizing that the social and environmental aspects of business increasingly have a direct impact on the company's opportunities to create value. In KPMG's report entitled *A New Vision of Value*, a new method is presented for quantifying a company's economic, social and environmental value creation as seen from a societal perspective. Learn more

about the method and our services at kpmg.com/sustainability.

Local and global expertise

Whether our clients are active in the Swedish market or internationally, they need a partner with local knowledge and an understanding of how global events affect their business. KPMG's model ensures that national businesses are supported by global methodologies and approaches and by our global centers of excellence in various fields. We are closely linked and work in international teams for those clients requiring it. In addition to access to KPMG's expertise in other markets, for many years the Swedish business has had national expertise for selected growth markets – currently including Africa, the Arab world, India, Japan, China, Latin America and Russia.

Industry-specific support

KPMG has accumulated expertise in various industries and service segments to be better able to monitor trends and understand the challenges that our clients face. This is necessary in order to maintain a high level of knowledge about legislative, regulatory and market developments.

Global sustainable development

In 2002 KPMG signed up to the UN Global Compact, a UN initiative based on 10 principles regarding human rights, occupational health and safety, the environment and anti-corruption. Along with other representatives of trade and industry and non-profit organizations, KPMG International has helped shape the UN's Sustainable Development Goals. These goals represent an ambitious plan to achieve sustainable, inclusive development.



More satisfied clients

One of our business objectives is to have the most satisfied clients in our industry. One way for us to monitor how well we are succeeding is to continuously measure how satisfied our clients are. KPMG has participated in the annual Swedish Quality Index of customer satisfaction in the accountancy sector since 2008. In the 2015 survey, customer satisfaction increased by 3.7 units to 76.5. We continually conduct interviews with our clients and subsequently make improvement efforts through a quality committee.



Employees

For KPMG to be able to satisfy the high standards of clients and fulfill the role of a value-creating firm, we must attract and retain the best employees. We work hard and are proud to be one of the most attractive and challenging workplaces in Sweden.

Our values

KPMG's most important asset is its employees and it is crucial to our success that the best talent chooses to stay with us. In these efforts, it is important for us to have a corporate culture that motivates employees and makes them believe in their abilities and use them to exceed expectations. Our seven values are intended to guide our behavior and to support the development of our employees.

Our values:

- We lead by example
- We work together
- We value the individual
- We seek the facts and convey insight
- We communicate openly and honestly
- We get involved in our communities
- We act with integrity

Attracting and retaining talent

KPMG is one of the firms that recruits the most new business and economics graduates in Sweden and we work strategically to build relationships with future employees – students as well as the gainfully employed. We do this through individual meetings, lectures and trainee programs. During the year we recruited 346 new employees and at year-end KPMG had 1,708 employees, which is an increase of 126 people compared with the previous year (1,582). Employee turnover has reduced from 14% to 12%. This reduction is largely because our long-term investments in leadership development are now starting to produce results.

We work actively to draw attention to internal career paths for those who want to advance within the company – for example, by advertising our vacancies on our intranet. There are also opportunities to work abroad through our Global Opportunities Mobility Program.

Careers and development at KPMG

KPMG's employee development process, Performance Development, is a key process in retaining, developing and rewarding employees. It helps us attain objectives and improve earnings by motivating employees to do good work and develop in their professional role. All employees are assigned a coach who we call the performance manager, but each employee is also expected to take major responsibility for their own development.

During the year, 68% of employees had evaluation and follow-up according to our Performance Development Process, which is an increase on the previous year. This now forms part of the evaluation of managers.

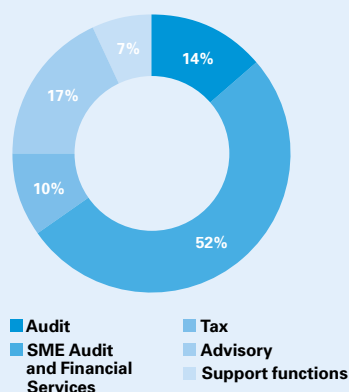
Skills development

For KPMG to be competitive, our employees must be highly skilled and those skills must be up to date. We have a wide range of courses in business acumen, leadership and a variety of specialist areas. They are gathered together in the KPMG Business School, our internal training program for national and international courses. During the year we invested more than 80,000 (84,000) hours into continuing professional development, which corresponds to about 50 (57) hours per person. This is a decrease from last year because, based on research about learning, we now want to increase the proportion of training that takes place during daily work. In addition, we have streamlined our training efforts by coordinating mandatory courses so that they are held on fewer occasions.

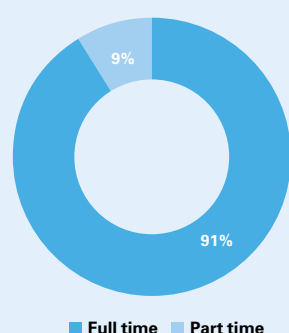
Compensation model

Our compensation models should encourage commitment, good performance and continuous development. They should also provide the opportunities to recruit and retain the market's most sought-after employees. Compensation is tied to our evaluation process and each employee's goals, and is based on responsibility, degree of difficulty and performance. KPMG's employees are

Employees per service area

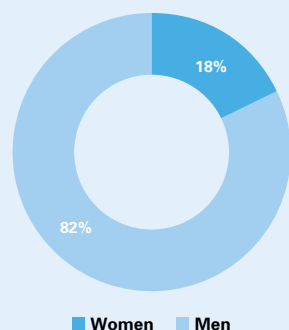


Full time and part time employees



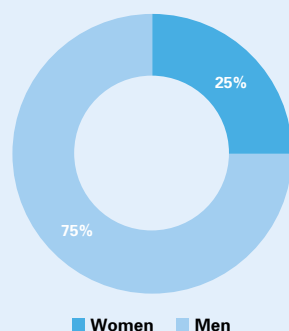
Partners

Percentage of women/men



Senior management

Percentage of women/men



See page 32 for more detailed information.

covered by collective bargaining agreements. KPMG makes pension provisions in accordance with the ITP plan. Partner compensation consists of two components: a fixed basic salary and a profit-sharing system. The compensation process is annual and begins with the establishment of guiding principles by the Board. These principles indicate what should be assessed and prioritized; for example, quality, business acumen, leadership, cooperation and contribution to KPMG's development.

Equality and diversity

Diversity is a broad term covering both physical attributes (superficial diversity) and ways of thinking and skills (deep diversity).

A diverse group of employees working together adds greater value to engagements for clients and in internal development programs than does a homogeneous team. Our aim is to spread knowledge of the benefits of diversity in the organization through leadership programs and as part of internal training.

Our working conditions should be such as to enable the company to retain a diverse workforce. Actual working conditions must be checked continually during engagement reviews and at least once a year in development reviews.

In 2014 we set an interim target that women should make up 33% of our partners by 2020. We also introduced a requirement that whenever a manager is appointed, there should be both male and female candidates. We also see a need for improvement in the area of diversity. Naturally, we should reflect

Swedish society in order to contribute to a culture in which every employee is able to reach their full potential, and so as to be able to put together the best teams and to win new markets and business. We have begun charting our position in the area of diversity with the assistance of Nyckel-talsinstitutet (the Institute of Human Resource Indicators) and the JÄMIX gender equality index.

Leadership

Through long-term investment in leadership we hope to strengthen and develop the role of leaders within KPMG. We are doing this by increasing fundamental knowledge concerning leadership and giving supervisors and managers specific tools that allow them to carry out their tasks in the best way. All managers have completed the development program Leading for Success, which is also offered to new managers on an ongoing basis.

Health and safety

A job as an auditor or consultant sometimes entails working at a very fast pace with demands for delivery on tight schedules. The sector attracts highly productive individuals who are very enthusiastic about their duties. Customer preferences, the fast tempo and abrupt shifts between different projects and tasks are part of what makes the job fun. But sometimes this can lead to unwanted stress and ill health. All managers have an important role to play in supporting employees and colleagues. During the year we have started up an initiative in the area of the work environment aimed at preventing ill health. Managers and supervisors have been given greater knowledge and understanding of what is required of a work environment and what they need to



do to meet their responsibilities. As part of this we go through how they can investigate and improve the work environment, including how to deal with psychosocial incidents. The launch of the initiative began during the year.

We have various solutions for reducing the risk of stress-related illness. We know that it is often difficult to balance one's private life with work life, and flexible work hours are available where possible. Our work hours are shortened to 34 per week during the summer months. We also offer health checks and a preventive health care contributions of SEK 3,000 per year, and we co-finance shared sports activities. The sick leave rate during the year was 2.5%

(2.4%), 50% of which was long-term sick leave. We continuously monitor how our employees perceive their work situation through conversations, employee surveys and exit interviews.

Employee surveys

KPMG conducts an employee survey every year called the Global People Survey. Just over three years ago, three priority improvement areas were identified: leadership, individual development and management communication. These three priority areas remained in 2014/2015 and pleasingly, this year's survey points to improvements within these areas.

84%

This year's employee survey shows that 84% of our employees are proud to be working at KPMG and that 78% would recommend KPMG as an employer.

Education

KPMG is one of Sweden's leading knowledge companies and we see making our expertise available to the public in various ways as part of our mission.

Knowledge and education are key to growing economies, affluence and democracy. Therefore, part of our social responsibility entails sharing our knowledge with existing and potential clients, employees and society at large. By placing our knowledge at their disposal we can increase opportunities for businesses and individuals to influence their own and our common future.

We share our knowledge in various ways.

Through our services

We convey valuable knowledge to our clients in our day-to-day work as auditors and advisors, helping them to solve problems and overcome challenges. Read more about our services on pages 12–15 in the section on the Market.

By organizing conferences and seminars

KPMG organizes numerous seminars for businesses, the public sector and non-profit organizations. We conducted more than 200 seminars in the 2014/2015 fiscal year. One of them was the KPMG Economic Forum on the theme of Global business in times of increasing risks. The KPMG Economic Forum has been held for more than 30 years and has taken up various macroeconomic trends and social issues.

Through surveys and public debate

KPMG regularly publishes articles, reports and surveys designed to share insights and an understanding of the complex reality in which companies and industries operate. We participate in the public debate through opinion pieces in newspapers and industry media. Examples of this include our participation at Almedalen and opinion pieces that we have published on the EU audit reform. We collaborate and exchange experiences in various industry organizations, such as FAR, where we are active in various functions.

By employing recent graduates

Every year, KPMG recruits many recent business and economics graduates in Sweden. Their employment with us allows them to build up experience and knowledge, so that they can either advance further within KPMG or move out into the market.

For those curious about a career within audit we offer the Audit Academy, a trainee program which provides students with insight into every area of the auditor's role in parallel with their studies. The program is held twice a year, once in the fall and once in the spring. The Audit Academy is aimed at those embarking on the study of business and economics who are interested in learning more about what the role of auditor involves.

By providing support to universities and colleges

It is important to us to ensure that knowledge

is transferred to the country's universities and colleges. We see it as part of our duty to participate in the education of the next generation of economists and advisers. That is why we work together with selected universities and colleges to provide things such as lecturers and practical examples from real life as a complement to regular education. We fund a professorship at the Stockholm School of Economics.

The mission of the Swedish Audit Academy (Svenska Revisionsakademien) is to advance and develop knowledge within accountancy, auditing and related areas. This means that the Academy is to initiate, stimulate and support various



KPMG organizes one of the world's largest case competitions, the KPMG International Case Competition, with around 20,000 students from all over the world taking part each year.

activities within accountancy and audit, which is done by funding research projects that are carried out by doctoral students and senior researchers. KPMG is one of three financiers of the Swedish Audit Academy's activities.

KPMG also organizes one of the world's largest case competitions, the KPMG International Case Competition, with around 20,000 students from all over the world taking part each year. During the year nearly 700 students applied to take part in the Swedish competition. From these we selected 288 students from eight institutions to compete in eight local finals. In the national final victory eventually went to the four students from Lund, who in April

represented Sweden in the international final that was held in Dubai.

By contributing in various contexts

KPMG International is also a strategic partner of the World Economic Forum and contributes knowledge and insight to promote global economic and social development.

During the year we brought together representatives from business, organizations in the community and aid organizations for round table discussions in order to develop understanding of each other's experiences and strengths with a view to finding ways to work together more, in Sweden and in developing countries.

Through our sponsorship of the Stockholm Philanthropy Symposium (<http://filantropi.eu/>) KPMG also contributes to increasing understanding of, and the need for, philanthropic initiatives. This is something that is being done in a local, national and global context.

*"KPMG has an **important role as an educator and school** – a continuation of university."*

Quote from KPMG's dialogue with stakeholders



We conducted more than 200 seminars in the 2014/2015 fiscal year. The picture is from the Economic Forum 2015.



Green leases

Our new premises in the Stockholm region are BREEAM and LEED certified and the leases are what are known as green leases, in which both parties aim to find resource-efficient and environmentally smart operating solutions. Move-in is scheduled for August 2016.

Environment

Climate change, resource scarcity and negative impact on ecosystems are some of the greatest and most urgent challenges of our time. Through our daily contact with businesses, governments and organizations around the world, we can see that these issues are attracting increasing attention. Our aim is for KPMG's internal and external environmental efforts to help create a sustainable society with limited impact on the environment and which applies the precautionary principle.

Our impact

Our greatest impact on the outside world is through the services we offer our clients. We provide strategic consulting and accounting and review services in the area of sustainability. By helping our clients become more sustainable, we can make a big difference. As consultants, we offer a range of different services to support companies in finding a direction for their environmental work and in measuring, implementing and accounting for their efforts in this area.

In order to offer these services with credibility, it is important to set a good example. We have an environmental policy that applies throughout the company and individuals with specific responsibility for environmental initiatives. Everyone within KPMG is encouraged to help make KPMG a more sustainable company, and there is great interest in these issues. In spring 2015 a much appreciated internal series of seminars was organized with

external speakers, in order to further increase interest in and knowledge of sustainability. Our environmental policy focuses on our operations, but it also encourages all our employees to take responsibility themselves.

Global Green Initiative

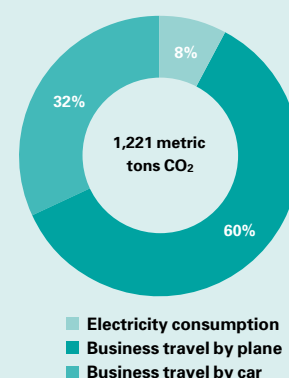
The Global Green Initiative is KPMG's international effort to reduce carbon emissions, among other things. Global Green is both a statement and an action plan to encourage improvements. The target for 2007–2010 was to reduce emissions by 25% per employee, which was achieved by a good margin, and Sweden was one of the five best performers among KPMG member firms. The 2010–2015 objective was to reduce emissions by a further 15% per employee, which KPMG Sweden achieved already in 2013.

Carbon emissions

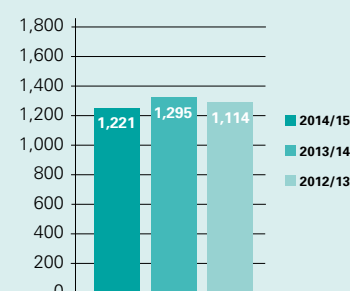
We measure and follow up emissions of carbon dioxide from areas such as business travel, leased vehicles, electricity consumption and paper consumption.

Emissions from business travel by plane have decreased by 128 metric tons since last year, to 740 metric tons. The number of kilometers traveled is unchanged from last year, despite an increase in the number of employees. Emissions from business travel by car have increased, however, to 388 metric tons (336). This increase is largely due to the fact that we now have access to more exact emission

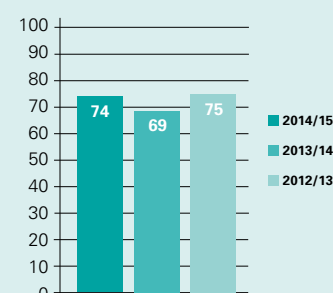
Total carbon emissions per emission source, metric tons CO₂



Total carbon emissions, metric tons CO₂



Paper purchases, metric tons



factors via our leasing partner. The number of kilometers traveled by hybrid and green company vehicles has doubled compared with the previous year, which is positive. Emissions from travel by train have decreased from an already low level to 0.003 metric ton (0.004).

Resource efficiency

Electricity consumption at our offices increased somewhat during the year, as did purchases of paper. These increases are largely due to an increased number of employees. Recycling of paper continues to exceed the volumes purchased.

New office premises

KPMG works constantly to streamline the utilization of the office premises that are used around Sweden. When looking to procure new premises for our head office in Stockholm, KPMG took more radical measures. We will now move from three offices in the Stockholm region to two – one in downtown Stockholm and one in Arenastaden in Solna. Environmental classification was an important parameter in the decision. The new premises are BREEAM and LEED certified and the leases are what are known as green leases, in which both parties aim to find resource-efficient and environmentally smart operating solutions.

Travel

As auditors and consultants, travel is part of our daily life since we have clients with operations both all over Sweden and beyond Sweden's borders. We are therefore working to try to reduce our

negative environmental impact associated with travel. In 2014 we adopted a new company car policy that aims to give greater consideration to the environment. New company cars must be categorized below the EU's environmental limit. Furthermore, no leased vehicles are to be more than five years old. The policy has produced results and the number of kilometers traveled using hybrid and green company vehicles has now doubled compared with last year.

Digitalization

KPMG is working intensively to digitalize its work flows – both how we work with clients and in internal processes. Digital work processes have a positive impact on sustainable resource utilization. We can reduce our travel by holding digital meetings, reduce resource consumption for items such as office materials and we no longer need such large premises for our operations.

Purchasing

Managers and employees responsible for purchasing have a particular responsibility for internal environmental initiatives. In line with KPMG's environmental policy to integrate environmental aspects and environmental targets into our purchasing, we always give consideration to providers' environmental efforts when choosing suppliers for central purchasing.





*"We must all embrace
digitalization – video-
conferencing instead of
travel, reducing paper
use, etc."*

Quote from KPMG's dialogue with stakeholders

Community outreach

During the year we began a large internal project that concerns what our role is as a company. Our business inspire confidence and empower change. We help maintain the stability of the financial systems and develop enterprise. In addition to this, it is important for us as a company to engage with the communities in which we operate. Investing part of our profit for the year, as well as our time and knowledge, in Swedish society is a concrete way to show that we are a responsible company. It is an important part of our corporate culture and is important to our employees.

Over the last fiscal year, KPMG in Sweden invested just over SEK 11.8 million in community support initiatives. Since we are a knowledge company, we have chosen to focus on initiatives that advance knowledge and on developing young people so that they can reach their full potential.

Elevating young people

“Ung Företagsamhet” gives young people and adolescents at elementary school and high school opportunity to exercise and develop their creativity, initiative and entrepreneurship. It is active throughout Sweden, from the north to the south, through a national secretariat. KPMG is a national partner of “Ung Företagsamhet”, which allows us to contribute our expertise and hopefully help young people experience the joy of creating something of their own.

My Dream Now

Moving from education into work can

sometimes seem a difficult journey. KPMG partners with My Dream Now, a social enterprise that engages professionals to become role models/coaches for high school and elementary school students in suburban areas. We are a regional partner in Stockholm and this partnership provides our employees with an opportunity to contribute directly to our community outreach. The objective is to stimulate interest in careers within our sector and to act as role models for young people who face big decisions and need coaching.

Styrelsebalans

Styrelsebalans (Board Balance) is an organization that works in various ways to get more women onto the boards of enterprises. KPMG is a partner of Styrelsebalans, and during the year also hosted Board Balance Day.



1. Junior Achievement Sweden
2. My Dream Now
3. Royal Swedish Opera
4. Good to Great Tennis Academy
5. A Job at Last project

Sponsorships

Royal Swedish Opera

Culture is an essential part of the structure of society, and KPMG has been a partner of the Royal Swedish Opera since 2000. In addition to keeping the classical works alive, they work to spread the culture of opera to new generations and groups.



A Job at Last internships

Along with Sweden's Public Employment Agency and a number of large Swedish companies such as Swedbank, we at KPMG are working to get more foreign-born graduates into the labor market. Under the project A Job at Last, we take on interns that the Public Employment Agency considers as having a relevant professional and educational background. During the year we have had interns working in our Financial Services division in three selected locations: Gävle, Uppsala and Västerås.



Sponsorships

Good to Great Tennis Academy (GTG)

KPMG wants to be part of making a difference to Swedish tennis and so we are a partner of GTG, which works to give talented young tennis players from all parts of society the opportunity to reach their full potential.

Donating for disaster relief

In 2015 the number of refugees in the world reached 60 million, the highest level since the Second World War. During the year we made financial contributions to the Red Cross and UNHCR for their work on the refugee situation.

*“The expectation is that accounting firms will nudge the issue of sustainability going forward. Your work on **Shared** and **True Value** is a positive thing.”*

Quote from KPMG's dialogue with stakeholders

Governance and monitoring

Corporate governance

Partners

KPMG Sweden is currently owned by around 100 partners, all of whom are active in the company. The partners decide on the election of new partners and on the firm's financing. The Annual General Meeting elects the Board of Directors in accordance with the provisions of Sweden's Auditors Act, as well as the external auditor.

The Board

The Board establishes KPMG's strategy, policy documents and overall guidelines annually. The Board is responsible for internal control systems and procedures. Its work also includes appointing the CEO (who according to the Auditors Act must be an authorized public accountant) and partner candidates, establishing guidelines for remuneration to partners and appointing representatives to the Remuneration Committee. The Board also appoints representatives to the Disciplinary Committee and Quality Committee.

The CEO

The CEO is responsible for operational activities and appoints other members of senior management. Senior management consists of the CEO, deputy CEO, heads of the four functions, head of sales and marketing and director of communication.

Senior management is responsible for achieving objectives and implementing our strategy. They are also responsible for developing and implementing KPMG's policies and guidelines and for ongoing control procedures.

Sustainability management

Senior management approved the national strategy for sustainability initiatives in 2010. The head of the audit function, who is also a member of the executive management team, has the ultimate responsibility for driving KPMG's sustainability efforts.

It is up to each function, support function and office to pursue its own initiatives within the framework of the sustainability strategy.

Environmental responsibility

The environmental director leads a group with specific responsibility for environmental initiatives.

Community outreach/corporate citizenship

The director of communication has overall responsibility for our community outreach. We also have a steering committee that is responsible for our sponsorships. The group includes the CEO, deputy CEO and director of communication. The work is led by our PR manager and sponsorship manager.

Results for the year

Environmental indicators

Environmental indicator	2014/2015	2013/14	2012/13*
EN1 MATERIALS USED			
Paper purchases (metric tons)	74	69	106
Comment: The information was obtained from our main supplier of copier paper.			
EN3 ENERGY CONSUMPTION			
Electricity consumption (kWh)	2,579,632	2,509,690	3,563,493
Comment: The information was obtained from invoices based on electricity consumption for about 70% of our offices. The remaining 30% was calculated using a standard model. Electricity consumption related to district heating and cooling is not included in this calculation.			
EN16 GREENHOUSE GAS EMISSIONS FROM ELECTRICITY CONSUMPTION			
Electricity CO ₂ emissions (metric tons)	93	91	129
Comment: Calculated on electricity consumption as reported in EN4. Based on an estimate that 90% of our offices have had origin-labeled electricity from hydropower since January 2011. The rest is counted as non-origin-labeled electricity (residual mix).			
EN17 GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL			
Business travel by plane, CO ₂ emissions (metric tons)	740	868	915
Business travel by car, CO ₂ emissions (metric tons)	388	336	534
Business travel by train, CO ₂ emissions (metric tons)	0.003	0.004	0.004
Comment: Plane: Information obtained from our travel agent. Car: Information obtained from our HR system and our leasing partners. Train: Statistics obtained from SJ. All trips with SJ are eco-labeled with Good Environmental Choice, so emissions are low.			
TOTAL CARBON DIOXIDE EMISSIONS EN16 + EN17			
CO ₂ emissions (metric tons)	1,221	1,295	1,578

*2012/2013 is based on a 17-month period due to an extended fiscal year.

Social indicators

Labor practices and decent work

2014/2015

2013/14

2012/13*

G4-10 TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT AND REGION

Number of probationary and permanent employees

	2014/2015	2013/14	2012/13*
Full time	1,558	1,429	1,365
Part time	150	153	173

Number of temporary employees**

	2014/2015	2013/14	2012/13*
Full time	39	25	29
Part time	4	5	9

Number of employees per function

Audit	235	363	1,030
SME	892	700	
Tax	164	151	148
Advisory	300	265	223
Support functions	117	103	137

**Substitute and general fixed term appointment

Collective bargaining agreements***

Number of employees with collective bargaining agreements	1,691 (99%)	1,561 (98.7%)	1,507 (98%)
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***Collective bargaining agreements between audit and consulting firms and Tjänsteföretagen (Almega), Unionen and Akademikerförbunden

LA1 TOTAL NUMBER OF EMPLOYEES WHO QUIT AND EMPLOYEE TURNOVER BY AGE GROUP

Number of new employee hires by age group

	2014/2015	2013/14	2012/13*
< 30 years	164	152	132
30–50 years	154	113	91
> 50 years	28	14	10

Number who quit by age group

	2014/2015	2013/14	2012/13*
< 30 years	48	34	53
30–50 years	129	151	179
> 50 years	43	50	73

Employee turnover

	2014/2015	2013/14	2012/13*
Men, %	10.7		
Women, %	12.5		

*2012/2013 is based on a 17-month period due to an extended fiscal year.

Social indicators

Labor practices and decent work	2014/2015	2013/14	2012/13*
LA6 SICK LEAVE FIGURES			
Sick leave, %	2.5	2.4	1.9
Of which long-term sick leave, %	50.1	56.06	54.2
Sick leave is the most important indicator that KPMG has for ensuring work-life balance and reducing stress-related illness. Work-related injuries are not reported.			
LA9 HOURS OF TRAINING PER YEAR PER EMPLOYEE			
Hours of training, total number**	80,005	84,602	122,208
Average hours per employee	50.2	57.2	79.5
**Refers to business operations excluding support staff			
LA11 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS			
Percentage of employees receiving performance reviews and follow-up as per our Performance Development process	68	63	
LA12 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES ACCORDING TO GENDER AND AGE GROUP			
Number of employees	1,708	1,582	1,538
Of whom women	979	890	860
Of whom men	729	692	678
Number of partners	97	89	93
Of whom women	17	16	18
Of whom men	80	73	75
< 30 years	0	0	0
30–50 years	40	30	42
> 50 years	57	59	51
Number of auditors and consultants	1,396	1,291	1,243
Of whom women	789	715	683
Of whom men	607	576	560
<30 years	409	358	299
30–50 years	692	677	685
> 50 years	295	256	259
Number of support and administrative staff	215	202	202
Of whom women	173	159	159
Of whom men	42	43	43
<30 years	20	13	15
30–50 years	135	136	129
> 50 years	60	53	58

*2012/2013 is based on a 17-month period due to an extended fiscal year.

Social indicators

Labor practices and decent work	2014/2015	2013/14	2012/13*
Number on Board	9	8	8
Of whom women	2	1	1
Of whom men	7	7	7
<30 years	0	0	0
30–50 years	5	2	2
> 50 years	4	6	6
Number in senior management	8	8	9
Of whom women	2	2	3
Of whom men	6	6	6
<30 years	0	0	0
30–50 years	6	7	7
> 50 years	2	1	2

LA16 NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED AND ADDRESSED

No grievances about labor practices were filed during the year.

Human rights

	2014/2015	2013/14	2012/13*
HR3 INCIDENTS OF DISCRIMINATION			

There were no known cases of discrimination during the year.

*2012/2013 is based on a 17-month period due to an extended fiscal year.

The organization's role in society

	2014/2015	2013/14	2012/13*
SO4 PERCENTAGE OF EMPLOYEES TRAINED IN THE ORGANIZATION'S ANTI-CORRUPTION POLICIES AND PROCEDURES	100%	100%	100%
<p>Comment: All employees complete KPMG's international training program. Acting with Integrity, covering both compliance with the law and ethical issues, once every two years. This course is also mandatory for all new employees and external consultants working on engagements.</p>			
SO8 MONETARY/NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS			
<p>No infringements of laws or regulations were reported during the year.</p>			

Product responsibility

	2014/2015	2013/14	2012/13*
PR5 RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION			
KPMG has participated in the annual Swedish Quality Index survey since 2008.	76.5	72.8	71.8

*2012/2013 is based on a 17-month period due to an extended fiscal year.

GRI Index

G4 Indicator		Page	Reference/Disclosure
Strategy and Analysis			
G4-1	Statement from the CEO	5	
Organizational Profile			
G4-3	Name of the organization	6	
G4-4	Primary services	6	
G4-5	Location of organization's headquarters	6	
G4-6	Countries where the organization operates	6	
G4-7	Nature of ownership and legal form	29	
G4-8	Markets served	6	
G4-9	Scale of the organization	6	
G4-10	Employee data	18, 32	Figures are not reported by region. Figures for probationary and permanent employees and for temporary employees are also not broken down by gender.
G4-11	Percentage of employees covered by collective bargaining agreements	17, 32	
G4-12	The organization's supply chain	7	
G4-13	Significant changes during the reporting period	4	No significant changes occurred during the reporting period
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	23	
G4-15	Externally developed charters, principles, or other initiatives to which the organization subscribes or which it endorses	15	UN Global Compact, UN Declaration of Human Rights, the Guiding Principles, the International Labor Organization Core Conventions and the Organisation for Economic Co-operation and Development's Guidelines for International Enterprises
G4-16	Memberships in associations and organizations	20, 21	FAR, SNS (Centre for Business and Policy Studies)
Identified material aspects and boundaries			
G4-17	Organizational structure	6	Transparency Report pages 14–15
G4-18	Process for defining report content		Work to identify our material sustainability aspects was begun at the end of the year and continues during 2015/2016
G4-19	Material aspects		Work to identify our material sustainability aspects was begun at the end of the year and continues during 2015/2016
G4-20	Material aspects within the organization		Defining whether each aspect is material within or outside the organization is part of the work that will be completed during 2015/2016
G4-21	Material aspects outside the organization		Defining whether each aspect is material within or outside the organization is part of the work that will be completed during 2015/2016

G4 Indicator		Page	Reference/Disclosure
G4-22	Any restatements of information provided in previous reports		No information provided in previous reports has been restated
G4-23	Significant changes from previous reports as regards the scope and aspect boundaries		No changes have been made
Stakeholder Engagement			
G4-24	Stakeholder groups	9	
G4-25	Identification and selection of stakeholders	9	
G4-26	Approaches to stakeholder engagement during the reporting period	9	
G4-27	Key concerns that have been raised by each stakeholder group through the dialogue and how the organization has responded	9	
Report Profile			
G4-28	Reporting period	4	
G4-29	Date of most recent previous report	4	KPMG Sustainability Report 2013/2014 published April 2015
G4-30	Reporting cycle		Yearly
G4-31	Contact point for questions regarding the report	Back cover	
G4-32	Reporting level and GRI content index	4, 36–39	
G4-33	External assurance		The report has not been audited externally
Governance			
G4-34	Governance structure of the organization	29	Transparency Report page 6
Ethics and Integrity			
G4-56	The organization's values, principles, code of conduct and code of ethics	12	Transparency Report page 8

Transparency Report 2014/2015
Annual Report 2014/2015

Available at www.kpmg.se

Aspects and Indicators

Aspect	G4 Indicators	Description of Indicator	Page	Reference/Disclosure
ECONOMIC IMPACT (EC)				
DMA			6–10, 29	
Economic performance	G4-EC1	Economic value generated and distributed	6	
ENVIRONMENTAL IMPACT (EN)				
DMA			7–10, 23–24, 29	
Materials used	G4-EN1	Resources used	24, 31	
Materials used	G4-EN2	Recycling	24	
Energy	G4-EN3	Electricity consumption	24, 31	
Emissions	G4-EN16	Scope 2	24, 31	
Emissions	G4-EN17	Scope 3	24, 31	
Environmental screening of new suppliers	G4-EN32	New suppliers that were screened using environmental criteria	24	Applies to all new suppliers
LABOR PRACTICES AND DECENT WORK (LA)				
DMA			7–10, 17–19, 29	
Employment	G4-LA1	Total number of employees and by function. New employees by age group. Employee turnover in total and by gender and age	17, 32–33	The number of employees is not broken down by region or gender
Employment	G4-LA4	Notice period	32	
Occupational health and safety	G4-LA6	Sick leave and long-term sick leave	33	Not reported by region or gender
Training and education	G4-LA9	Number of hours of training in total and per employee (excluding support staff)	33	Not reported by gender or by employee category
Regular reviews	G4-LA11	Regular follow-up and reviews (total)	33	Not reported by employee category or by gender
Diversity and equal opportunity	G4-LA12	Composition of governance bodies and breakdown of employees according to gender, age group and minority group membership	18, 33–34	
Labor practices	G4-LA16	Number of grievances about labor practices filed and addressed	34	Via the employee survey

Aspect	G4 Indicators	Description of Indicator	Page	Reference/Disclosure
HUMAN RIGHTS (HR)				
DMA			7–10, 29	
Discrimination	G4-HR3	Number of incidents of discrimination	34	
THE ORGANIZATION'S ROLE IN SOCIETY (SO)				
DMA			7–10, 12–14, 29	
Anti-corruption	G4-SO4	Percentage of employees that have received training on the company's anti-corruption policies and procedures	35	
	G4-SO8	Monetary/non-monetary sanctions for non-compliance with laws and regulations	35	
PRODUCT RESPONSIBILITY (PR)				
DMA			7–10, 12–15, 20–21, 29	
Services	PR5	Customer satisfaction	15	

Distinctions during the year:

- KPMG ranks as the fifth most attractive employer in the world, World's Most Attractive Employers, Universum, 2015.
- KPMG ranks as the eighth most attractive employer in Europe, Europe's Most Attractive Employers, Universum, 2015.
- In the Nordics, KPMG ranks as the tenth most attractive employer, The Nordics' Most Attractive Employers, Universum, 2015.
- KPMG International was named Sustainable Firm of the Year by the International Accounting Bulletin (IAB), 2015.

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