



Transparency Report

2015/2016

KPMG Sweden



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

At all levels we act in a way that exemplifies what we expect of each other and our member firms' clients.

We work together

We bring out the best in each other and create strong and successful working relationships.



We respect the individual

We respect people for who they are and for their knowledge, skills and experience as individuals and team members.

We seek the facts and provide insight

By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.



We are open and honest in our communication

We share information, insight and advice frequently and constructively and manage tough situations with courage and candor.

We are committed to our communities

We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment.



Above all, we act with integrity

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.



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From the Senior Partner



KPMG operates in an industry where quality, ethics and independence are the foundation of the credibility of practitioners. We live in a world of international movements of resources and capital, global corporate structures and different forms of ownership. This in itself, combined with the vast numbers of new regulations that have followed in its wake, has increased the requirements of transparency and quality control in both the world of business and society at large.

KPMG's Transparency Report for the financial year 2015/2016 offers guidance for those with an interest in finding out more about the way our firm is structured and how we work on quality, ethics and independence.

Producing a Transparency Report every year is a way for us to openly report on our work in these areas, thereby enhancing

trust in the company. In conjunction with our annual report, sustainability report and corporate presentation, the report provides a clear picture of KPMG as a company, our operations and our role in society.

KPMG's role is, and has always been, to create security around investments and business paths taken by our clients, their owners and stakeholders. This security contributes to change and provides the conditions for economic growth. High quality – a basic prerequisite for our operations and the trust that legitimizes our role – is something we get from, among other things, providing our stakeholders with insight into the quality requirements that we make of ourselves and how we live up to them.

KPMG's Transparency Report has been produced in accordance with the EU's 8th Company Law Directive, the requirements of Section 22 a of the Swedish Auditors Act (2001:883) and the Swedish Auditors Ordinance (1995:665).

Stockholm, 30 January 2017

Anders Malmeby
Senior Partner

Inspiring confidence, empowering change

Whether you turn to KPMG for an auditing assignment or for advice on tax and other matters, our work is all about providing you with reassurance in understanding the current position of your business. It's also about providing support at every step in your journey of change.

We live in changing times. All through history, people have sought reassurance and clear leadership.

But political systems change. People and behaviors change. The circumstances in which companies and organizations exist, work and succeed are constantly changing. Being robust and successful is about understanding, embracing and implementing change. Seeing new opportunities, identifying risks and being fast and robust enough to take advantage of all the positive things that change involves. KPMG is at the heart of this world, and along with our clients we are drawing the map of where we are today and where we want to be tomorrow.

We enable you to face the future with confidence. Our experts can advise you in how to deal with risks and guide you in complying with new requirements and regulations.

A combination of competences will often be needed to deal with different kinds of issues. This is why our teams at KPMG regularly consist of specialists who observe, analyze, structure, investigate and help you to implement changes.

We come from widely differing backgrounds but have one thing in common: we have all chosen to join a knowledge company in which curiosity and involvement go hand-in-hand with quality, professionalism and integrity.

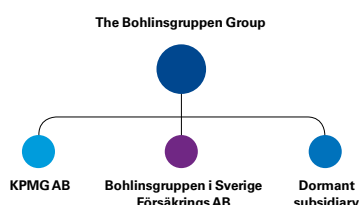
Together we create a tangible difference, both for you as the client and in the world at large. Everything we do, as an organization and as individuals, is about inspiring confidence and empowering change.



Structure and governance

Legal structure

KPMG AB is part of a group of firms, of which the parent company is Bohlinsgruppen AB. The group also includes Bohlinsgruppen i Sverige Försäkrings AB (BISFAB), which insures risks attributable to the business activity in Bohlinsgruppen AB.



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 99 accountants and advisers in the Swedish firm, which has around 1,700 employees in total.

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.

KPMG International

KPMG International has 189,000 employees in 152 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 organization 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 with local and legal independence in countries all over the world. 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 general meetings. Partners' meetings make decisions on, among other things, the selection of new partners, members of the shareholders' committee, the nominations committee and the firm's funding. Decisions made at 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. The shareholders' committee works directly on behalf of the owners.

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, which deals with remuneration to and the discontinuation of partners, as well as appointing members of the Board of Directors of BISFAB and subsidiary firms.

The Annual General Meeting on 16 December 2015 appointed the members of the Board of Directors for the 2015/2016 financial year as follows: Anders Malmeby (Chairman), Mattias Eriksson, Björn Flink, Jan Forsell, Sofia Gedeon, Björn Hallin, Susann Lundström, Johan Pauli and Joakim Thilstedt. During the financial year Jan Forsell stepped down from the Board of Directors and Helene Willberg took up a position on the Board. The Board of Directors shown opposite is the Board of Directors that was appointed at the Annual General Meeting on 7 December 2016.

The Senior Partner and the management team

The Senior Partner is responsible for the operational business and appoints the rest of the management team. Company management consists of the Senior Partner, the COO, Business Area Managers, the Sales and 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
Björn Hallin



Member
Thomas Forslund



Member
Annika Melin Jakobsson



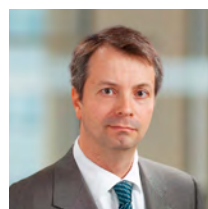
Member
Susann Lundström



Member
Johan Pauli

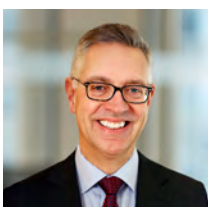


Member
Joakim Thilstedt



Member
Fredrik Waern

The management team



**Senior Partner
and Business Area
Manager, Audit**
Anders Malmeby



COO
Annacari Astner
Wimmerstedt



**Business Area
Manager, Advisory**
Jan Forsell



**Business Area
Manager, Tax**
Tina Zetterlund



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



**Sales & Marketing
Manager**
Susanne Larsson



**Director of
Communication**
Björn Bergman

Our quality assurance

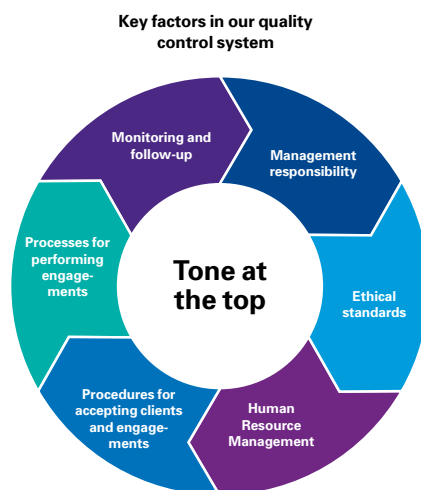
An audit is a service in the public interest. It is intended to quality-assure the financial information of firms and organizations for the benefit of owners, investors, banks and other stakeholders. As a provider of audits and audit-related advice, we have a responsibility to clients, society and other 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 good judgement. 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 behavior 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 about satisfying 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 organization 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 perform engagements on the basis of the procedures set out in the policies. As each employee is independent in each relationship and performs engagements with integrity and impartiality, confidence is maintained both in our own role and in the capital markets.



The quality control system helps our employees to act correctly in various situations, 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 behavior of management with regard to quality, ethics and integrity. Management's attitude clearly shows what kinds of behavior are accepted.

Strategy

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

Responsibilities

We strive to have competent, experienced employees in the right positions who can affect quality in day-to-day work.

Whistleblowing

KPMG has a clear reporting procedure through which employees can report any breaches of the Code of Conduct and our ethical rules. Questions and mandatory notification cases relating to risk and ethics may be put directly to our Ethics & Independence function. Employees and suppliers can report suspected breaches anonymously using our international hotline.

Management responsibility

Board of Directors and Senior Partner

The Senior Partner has overall responsibility for the level of quality in the business and assumes responsibility for this work towards the Board of Directors. The Board of Directors is ultimately

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 Quality & 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. KPMG's values encapsulate the high demands we have of all our employees in terms of performance and professionalism. Support is provided by such means as a Code of Conduct, about which employees are informed. This is supplemented by a number of internal policies, such as the employee policy, working environment policy, equal opportunity policy, quality policy and environment policy. Policies are then translated into clear guidelines and procedures. 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. 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 firm and as employees. It emphasizes 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 firm or its employees
- Not offer, promise, give, request or accept bribes (either directly or through an intermediary).

Human Resource Management

Our procedures, processes and programs for recruitment and employee development 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. New employees take part in a comprehensive induction program that includes ethics and independence.

Engagement management

Employees are assigned specific engagements based on competence, relevant professional and industry experience and the nature of the engagement. The business area managers are responsible for the process of appointing account executives, and also for ensuring that the engagement teams have the right competence and resources.

Skills development

At KPMG we continuously evaluate our employees' capacity and competence to carry out engagements in accordance with our high demands for professionalism. We want to give our employees opportunities to develop both within their area of competence and as an individual. All employees are offered opportunities for development within the framework of the business's needs. Employees and managers work together to drive the individual's skills development.

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.

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

Authorization 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. Accountants who are responsible for signing audit reports must, among other things, 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.

Goals and follow-up

Every year, goals are set for each employee on the basis of KPMG's business plan. Each employee has a so-called Performance Manager, whose job it is to evaluate the employee's work and performance on an ongoing basis over the year, and to follow up on the goals at the end of the year. The remuneration rules are linked to the evaluation process.

Selection of partners

The process for being accepted as a partner is wide-ranging and involves the management team, the Board of Directors and 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 engagements

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 engagement

via the global support system Sentinel™ to ensure that there are no conflicts of interest in relation to previous engagements or individual employees. The accountant's independence is analyzed in system-based procedures for the evaluation of clients and engagements.

The person appointed to be responsible for the client and assignment evaluates each potential assignment based on various criteria, such as the sector in which the company operates and the management's control system, which along with the nature of the assignment results in a risk profile. We do not accept clients or carry out engagements that do not meet the requirements of KPMG's internal control, which also includes checks in accordance with the requirements of the Swedish Money Laundering Act. The evaluation is repeated for both client and engagement at a frequency that is set on the basis of the risk profile, but at least every three years and when circumstances change. The evaluation allows us to decide whether further control measures need to be taken for the engagement in question or future engagements.

Where our evaluation shows that we need to decline the engagement or the client relationship, internal consultation takes place to establish which legal and regulatory measures and steps need to be taken, and when required, we also consult with our supervisory body.

Processes for performing engagements

The foundation on which our delivery of professional services to our clients is built comprises the quality controls that are part of the firm's processes for performing an engagement. 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 satisfying applicable professional requirements, laws and rules, as well as internal quality requirements.

The following sections contain more detailed information about this, 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 Methodology" (KAM). The audit process is structured and requires active leadership by the engagement manager throughout the whole process.

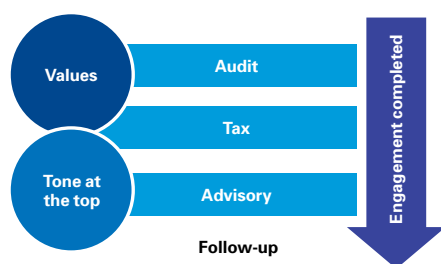
Examination, follow-up and support for the engagement teams

Audit work is subject to special guidelines with regard to follow-up, control and the use of specialist support. The guidelines also include in some cases requirements for a special engagement-based function to control quality, including for engagements that are of public interest. In accordance with good accounting practice, we are then 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. The partner responsible for this quality assurance studies audit planning, implementation, KPMG's reports and annual accounts, and submits his or her own comments before the firm'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.

Internal consultation with colleagues is encouraged and, in some cases, is a requirement. One important support function in this respect is the Department of Professional Practice (DPP), which provides specialist support in the field of audit methodology and other issues that the audit team might encounter. All engagement teams also have access to support from KPMG's Financial Reporting Group and KPMG International Standards Group, as well as support from SEC (Securities and Exchange Commission)

reviewing partners when auditing SEC-registered firms.

Integrated follow-up on quality and risk as well as support processes



Tools

KPMG International provides a set of audit tools to support its audit methodology. These tools promote a 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.

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 Program. We are also subject to quality controls performed by FAR and the Swedish Supervisory Board of Public Accountants (RN). In addition, we fall under 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 control programs within KPMG:

- Annual quality controls of auditing and advisory engagements are conducted via KPMG's global Quality Performance Review. Engagements are selected at random and the quality control is

conducted by reviewers who are independent of the engagement. 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 Program 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 and so-called Country Performance Reviews of national member firms. In order to be able to operate under KPMG's name, a national member firm must show that they adhere 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 Program are being conducted in an appropriate way. The controls are conducted by senior partners from countries outside the country being checked.
- Using a traffic light model, each employee is given confirmation annually of their personal compliance within 13 measured areas, such as completing mandatory training on time and reporting personal interests correctly and within the time limits.
- 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 the rules on work and discipline that govern the committee's work.

- The quality committee, which is also appointed by the Board of Directors, 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 behavior in employees in the situations just described.

Feedback from clients

We conduct interviews with our clients on an ongoing basis in order to guarantee 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. Our client's views and assessments thus become a part of our continuous learning process and development.

Supervision by the Swedish Supervisory Board of Public Accountants

KPMG is a registered accounting firm and is therefore subject to supervision by the Swedish Supervisory Board of Public Accountants. The Swedish Supervisory Board of Public Accountants is to change its name to the Swedish Inspectorate of Auditors. At the time of writing the name change had not yet taken effect, and consequently this document refers to 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 engagements, conducted by Stock Exchange auditors, and also a control of the firm's own systems for general controls and ongoing quality controls. The last reported quality control started in October 2014 and ended in December 2015 with a decision on 22 December 2015. The decision and report are available to the public on the Swedish Supervisory Board of Public Accountants' website, www.rn.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 engagement, but also firm-wide measures.

What is referred to as the analysis model is mandatory in engagement activities. This means that, before starting work on an engagement 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 engagement with impartiality and independence. If this analysis identifies any circumstances that might represent an unacceptable threat to the auditor's independence, we decline the engagement. An additional review is conducted before the audit report is submitted, in which consideration is given to other engagements conducted for the client during the financial year. All engagements are preceded by a check to ensure that there are no conflicts of interest with other engagements. For all audit clients that are SEC-registered, publicly listed firms and their subsidiaries and associated firms, and a large number of other international firms, KPMG applies a policy-based procedure known as pre-approval of engagements. This means that the account executive and, if relevant, the client's audit committee must have submitted a pre-approval before an engagement can be started.

Independence checks are also a pre-requisite when tendering to audit a listed company, or where an existing audit client



becomes a public interest entity (PIE). Control takes place according to a special process known as Independence Clearance and is carried out via the KPMG Independence Checkpoint – IT support that was implemented in 2016.

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 (KICS) that covers all of KPMG's audit clients throughout the world.

Any employee in a position involving leadership is to check via KICS whether a planned acquisition of securities is permitted. Securities acquired by our firm, the employee or persons related to them

are registered and monitored in case the holding should become no longer permitted. In this event the holding must be sold within five working days

With a few specific exceptions, employees working on engagements are prevented from taking up board positions. As with discussions concerning taking up employment with an audit client, such positions must be reported and approved.

We check compliance with these procedures continually.

All new employees complete mandatory training in professional ethics during their first week with KPMG. All employees subsequently receive annual training in matters concerning ethical principles and independence.

Our employees are trained in our Code of Conduct and in applicable laws and regulations, such as bribery legislation, the Money Laundering Act, insider rules and in KPMG's internal rules and standards. New employees complete such mandatory training within two months of starting employment.

New employees confirm via their contract of employment that they can and will comply with the rules on independence. In each subsequent year, all employees submit a declaration of compliance with policies and with rules on professional ethics, information security and knowledge management. We have system support functions and processes to monitor and maintain our independence. These systems manage and monitor all issues relating to independence in our engagements.

Rotation

As of 1 July 2009, a person who has been the elected auditor of a public interest entity for seven years may not take part in the audit for a period of two years (cooling off period). Rotation requirements also exist for Engagement Quality Control Reviewing Partners.

On 17 June 2016, the EU's regulation on specific requirements regarding statutory audit of public interest entities entered into force (EU Audit Reform). In brief, the regulation involves:

- The category of public interest entities (PIEs) has been expanded in scope, to include financial institutions as well as companies with securities listed for trading on a regulated market.
- Mandatory rotation also covers certain other key individuals. Mandatory rotation of audit firms at least every ten years. In the case of non-financial

institutions, this can be extended in certain circumstances.

- The regulation states non-audit services that the audit firm is prohibited from providing to audit clients that are public interest entities. Permitted services must be approved in advance by the client's audit committee.
- The volume of non-audit services is limited by a fee cap for public interest entities.
- Expanded reporting by the auditor, through the audit report and to the audit committee.

KPMG's Quality & Risk Management function monitors compliance with the rotation requirements for auditors selected and for our firm, as well as other independence requirements.

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 observe not only 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 firm is an audit client of KPMG, and whether this might threaten our independence.



Principles of remuneration to partners

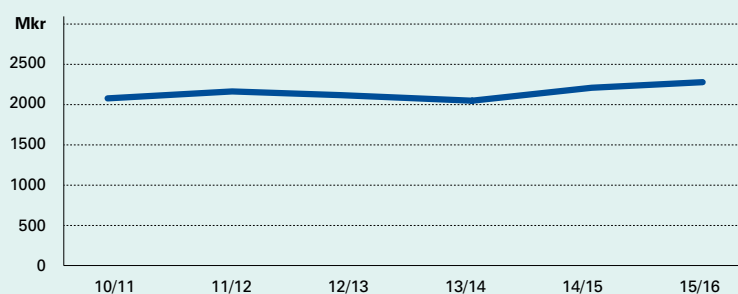
Partner remuneration consists of two components: a fixed basic salary and a share system, which forms the basis of profit-sharing from the business. The division of shares varies between partners, depending on responsibility and performance. The remuneration process is an annual one and starts with the Board of Directors defining the Guiding Principles. These set out what is to be evaluated and prioritised; for example, quality, commercial acumen, leadership, contribution to KPMG's development and responsibilities. The partners are evaluated by their business area manager, who suggests a

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.



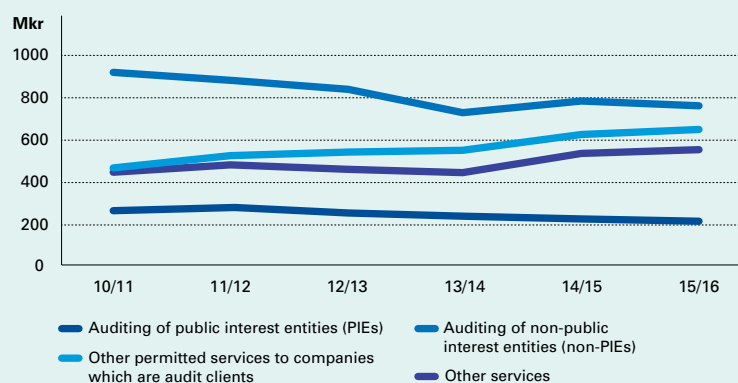
Financial information

Net revenue KPMG



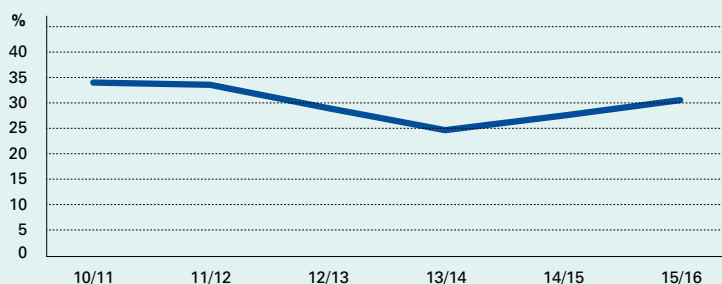
Net revenue for the financial year 2015/2016 was SEK 2,223 million, representing an increase of 2.5% compared with the previous financial year.

Net revenue breakdown as per EU auditing rules



Auditing of public interest entities (PIEs) accounted for 10% of the group's net revenue and auditing of other companies for 35%. Other permitted services to companies audited by KPMG represented 29% of net revenue. Other services accounted for 26%. Compared with the previous year, the share of the group's net revenue accounted for by auditing of other companies decreased by 2 percentage points, while non-audit services increased by the same amount.

Equity/assets ratio



The equity/assets ratio was just under 31% at 30 September 2016. This is an increase of 2.4 percentage points compared with the same date the previous year.

Audit clients

that are public interest entities (PIEs)

In accordance with the EU's 8th Directive, below we present our audit clients as of 22 December 2015 that are public interest entities as defined by EU legislation.

OMX Large Cap

Alfa Laval AB
BillerudKorsnäs AB
Com Hem Holding AB
Fingerprint Cards AB
Holmen AB
Hufvudstaden AB
Lundbergföretagen Aktiebolag, L E
Modern Times Group MTG AB
NIBE Industrier AB
Nobia AB
Pandox Holding AB
Peab AB
Sandvik Aktiebolag
Svenska Handelsbanken AB
Swedish Match AB
Ahlsell AB (publ)

OMX Mid Cap

Active Biotech AB
AddLife AB
Addtech AB
B&B Tool AB
Bilia AB
Bravida Holding AB
Cloetta AB (publ)
Concentric AB
East Capital Explorer AB
Hemfosa Fastigheter AB
Hoist Finance AB

Humana AB
Investment AB Öresund
Inwido AB
Lagercrantz Group AB
Munksjö Oyj (Munksjö AB)
NP3 Fastigheter AB
OEM International AB
Opus Group AB
Qliro Group AB
Thule Group AB

OMX Small Cap

Acando AB
Avega Group AB
BioInvent International AB
Concordia Maritime AB
Episurf Medical AB
eWork Group AB
Hansa Medical AB
Lammhults Design Group AB
MQ Holding AB
MSC Group AB
Strax AB
Prevas AB

Companies with listed loans

Akademiska Hus AB
Alfa Laval Treasury International AB
Apikal Fastighetspartner AB (publ)
Bilia AB

BillerudKorsnäs AB
Ceratiidae II AB
Cloetta AB
Hemfosa Fastigheter AB
Hoist Kredit AB
Holmen AB
Hufvudstaden AB
Kommuninvest i Sverige AB
Kommuninvest i Sverige AB
Lundbergföretagen LE AB
Länsförsäkringar AB
Länsförsäkringar Bank AB
Länsförsäkringar Hypotek AB
Modern Times Group (MTG) AB
Nibe Industrier AB
NorCell Sweden Holding 3 AB
Nordlys AB
NP3 Fastigheter AB (publ)
Opus Group AB
PEAB Finans AB
PostNord AB
Sandvik AB
Stadshypotek AB
Swedish Match AB
Svenska Handelsbanken AB
Vacse AB
Velcora Holding AB
Volvofinans Bank AB

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ÅR Packaging Group AB
 PGE Sweden AB (publ)
 Provinsfastigheter I AB (publ)
 Provinsfastigheter II AB (publ)
 Strömma Turism & Sjöfart AB
 Sandvik AB

Banks, insurance companies, etc. under the supervision of FI, Sweden's financial supervisory authority.

AB Sveriges Säkerställda Obligationer (publ)
 AK Nordic AB
 Alfa Laval Försäkrings AB
 Bliwa Livförsäkring ömsesidigt
 Bliwa Skadeförsäkring AB (publ)
 BMW Financial Services Scandinavia AB
 Brummer Life Försäkringsaktiebolag
 Cosa Försäkrings AB i likvidation
 Dina Försäkring AB
 Dina Försäkringar Kattegatt Ömsesidigt
 Dina Försäkringar Knallebygden Ätradalen Ömsesidigt
 Dina Försäkringar Mälardalen AB
 Dina Försäkringar Sydost ömsesidigt
 Dina Försäkringar Sydöstra Norrland ömsesidigt
 Dina Försäkringar Västra Hälsingland Dalarna
 Dina Försäkringar Öland
 ERV Försäkringsaktiebolag (publ)
 Folksam Fondförsäkringsaktiebolag (publ)
 Folksam ömsesidig livförsäkring
 Folksam ömsesidig sakförsäkring
 Förenade Liv Gruppförsäkring AB (publ)
 Förenade Småkommuners Försäkrings (FSF) Aktiebolag
 Försäkringsaktiebolaget Agria (publ)
 Försäkringsaktiebolaget Bostadsgaranti
 Försäkringsbolaget PRI
 Pensionsgaranti, ömsesidigt

Gjensidige Forsikring ASA Norge, svensk filial
 Handelsbanken Finans Aktiebolag
 Handelsbanken Liv Försäkrings-aktiebolag
 Handelsbanken Skadeförsäkrings AB
 Hoist Kredit Aktiebolag
 Holmia Livförsäkring AB
 IKEA AB
 Kommungaranti Skandinavien Försäkrings AB
 KPA Livförsäkring AB (publ)
 KPA Pensionsförsäkring AB (publ)
 Kyrkans Försäkring AB (publ)
 Landstingens Ömsesidiga Försäkringsbolag
 LMG Försäkrings AB
 Länsförsäkring Kronoberg
 Länsförsäkringar Bank Aktiebolag (publ)
 Länsförsäkringar Blekinge
 Länsförsäkringar Fondliv Försäkrings-aktiebolag (publ)
 Länsförsäkringar Gotland
 Länsförsäkringar Grupplivförsäkrings-aktiebolag
 Länsförsäkringar Gävleborg
 Länsförsäkringar Göinge – Kristianstad
 Länsförsäkringar Göteborg och Bohuslän
 Länsförsäkringar Halland
 Länsförsäkringar Hypotek AB (publ)
 Länsförsäkringar Jönköping
 Länsförsäkringar Liv Försäkrings-aktiebolag (publ)
 Länsförsäkringar Sak Försäkrings-aktiebolag (publ)
 Länsförsäkringar Skaraborg – ömsesidigt
 Länsförsäkringar Skåne – ömsesidigt
 Länsförsäkringar Södermanland
 Länsförsäkringar Uppsala
 Länsförsäkringar Östgöta
 Mangold Fondkommission AB
 Mondux Sverige AB

Motormännens Försäkringsförmedling AB
 Nordisk Marinförsäkring AB
 Pantaenius AB
 PayEx Credit AB
 Peab Försäkrings AB
 Placerum Kapitalförvaltning AB
 Preem Försäkrings AB
 SABO Försäkrings AB (publ)
 Saco Folksam Försäkrings AB
 Sandvik Försäkrings AB
 SBAB Bank AB (publ)
 SevenDay Finans AB
 Skanska Försäkrings AB
 Stadshypotek AB
 Svedea AB
 Svenska Handelsbanken AB
 Svenska Kommun Försäkrings AB
 Sveriges Ångfartygs Assurans Förening
 Sörmlands Sparbank
 Tre Kronor Försäkring AB
 Trygg-Hansa Försäkring filial, Codan
 Twincap Försäkrings AB
 Wallenius Marine AB
 Wasa Kredit AB
 Visenta Försäkringsaktiebolag
 Volvofinans Bank AB
 Zmarta Försäkring AB

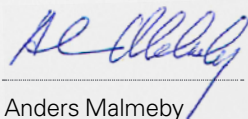
Declaration of effectiveness in the quality control system

This report describes, among other things, the quality assurance system that 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, 30 January 2017



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