



Transparency Report

2018/2019

KPMG Sweden

Our values

KPMG is a values-driven organization. To us, the way we work is just as important as the work itself. These seven values describe our outlook towards each other, and towards the world at large. All KPMG employees throughout the world share this approach.



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 advisors.



We are open and honest in our communication

We share information, insight and advice frequently and constructively, and we 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 is one of Sweden's leading audit and advisory firms, providing access to more than 1,500 highly qualified employees all over the country. Our corporate culture is characterized by a strong desire to deliver the highest conceivable quality in everything we do and to constantly challenge ourselves to improve. The business is founded on clear ethical standards: management has the ultimate responsibility for ensuring that these are complied with, and that the firm as a whole has well-functioning tools and processes to be able to develop responsibly in line with our market and the world around us.

We want to safeguard our key role in business and are proud of how we help to develop communities in Sweden and globally. Creating security around investments and business choices for our clients, their owners and stakeholders is an important task that involves great trust. In each and every one of the more than 40,000 engagements that we perform each year, we do our utmost to meet our clients' needs and to exceed their expectations.

With 219,000 employees in 147 countries, we have a massive network for sharing knowledge and experience. We all maintain a consistent focus on quality and have a shared view of KPMG's role, values and vision.

Constant and close dialogue with legislators, regulators, investors and businesses is a natural element of our quest for continuous improvement.

KPMG Sweden's Transparency Report is aimed at anyone who is interested in finding out more about the way our firm is structured and our commitment to quality, ethics and independence. The report has been produced according to the requirements of Article 13 (1) of EU Regulation 5337/2014 *on specific requirements regarding statutory audit of public interest entities*. It relates to the fiscal year from 1 October 2018 to 30 September 2019.

Stockholm, 30 January 2020

Patrik Anderbro
Senior Partner

Inspiring confidence, empowering change

Whether you turn to KPMG for auditing or for advice on tax and other matters, our work is all about identifying the current position of your business and helping you to drive it forward in the best way to achieve excellence.

Globalization and technological development are constantly changing the way we live and work. Data and digital innovations are creating new opportunities and challenges for all kinds of businesses and organizations. At the same time, the political agenda is increasingly characterized by divided views rather than consensus, resulting in instability in both the geopolitical situation and the global economy. As the market economy continues to conquer new ground in many parts of the world, efforts to achieve competition neutrality and a stable supply of capital are leading to increased regulation in other parts.

To achieve success in today's market it is necessary to embrace change and to be able to understand and implement what is needed. This means both minimizing the risks and making the most of all the opportunities that development brings. KPMG is at the heart of this change; we perceive, interpret, adapt and drive innovation. Along with our clients, we are drawing the map of where we are today and where we need to be tomorrow.

Our experienced advisors can help you make strategic decisions and guide you in complying with new requirements and regulations. With our knowledge, we can provide quality assurance for information and decision-making, thereby creating

security around the choices that your business makes.

A combination of competences will often be needed to deal with different kinds of issues. This is why our teams regularly consist of different specialists who analyze, structure, investigate and help you to implement change. KPMG employees come from widely differing backgrounds, but have one thing in common: we have all chosen to join a knowledge organization in which curiosity and involvement go hand-in-hand with quality, professionalism and integrity.

Together we are working to make a difference, both for you as the client and in the world around us. Everything we do, as a firm and as individuals, is about inspiring confidence and empowering change.

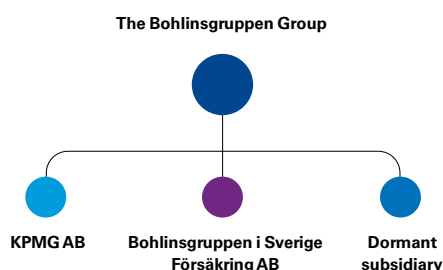
We aspire to:

- ✓ **Earn the trust of the public** by bringing to life KPMG's commitment to quality, ethics and integrity through our culture and values.
- ✓ **Ensure that our people are extraordinary** by offering an environment of learning and development, creating successful teams that bring together people with different expertise who actively share knowledge through our global network.
- ✓ **Support a relentless focus on quality and excellence** in all our client engagements and provide valued insights, so that clients see a difference in us.
- ✓ **Drive continuous improvement** by being innovative – but always accompanied by robust quality monitoring.

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 Försäkring 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 118 accountants and advisors in the Swedish firm, which had 1,528 employees in total at the end of the 2018/2019 fiscal year.

KPMG AB is registered with the Swedish Supervisory Board of Public Accountants (RN) as an accounting firm. 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 more than 219,000 employees in 147 countries and provides all member firms with a vast international knowledge network. The member firms within KPMG International are independently responsible for their own operations. Further information on KPMG International and its relationship with its member firms can be found in the 'Governance and leadership' section

of the KPMG International Transparency Report.

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.

KPMG International is led by the Global Council, Global Board and Global Management Team.

Total revenue from member firms of KPMG International within the EU and EEA for the statutory auditing of financial statements amounted to EUR 2.9 billion for the fiscal year ended 30 September 2019. This revenue is calculated based on average exchange rates for the 12 months leading up to the end of the fiscal year on 30 September 2019.¹

A list of all member firms within the EU and EEA with fiscal years ending 30 June 2019 or 30 September 2019 is available

here: *List of KPMG audit entities located in EU & EEA.*

Governance of Bohlinsgruppen AB

Shareholders

The shareholders take part in partners' meetings and the Annual General Meetings. Partner's 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, as well as deciding on dividends to shareholders.

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

KPMG Sweden is today owned by 118 partners, all of whom work in the firm

¹ This financial information represents combined information from individual KPMG firms in member states of the EU and EEA that perform professional services for clients. The information has been combined for presentation purposes only. KPMG International does not perform any services for clients and thus has no revenue attributable to client engagements.

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 monitors remuneration to partners as well as appointing members of the Board of Directors of BISFAB and subsidiary firms.

The Board of Directors for the 2019/2020 fiscal year, appointed by the Annual General Meeting on 11 December 2019, is shown opposite.

The Senior Partner and the management team

The Senior Partner is responsible for the operational business and appoints the rest of the management team. Management consists of the Senior Partner, the heads of the business areas and the Chief Digital Officer (CDO). Management is responsible for implementing 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 of quality and control procedures.

Board of Directors



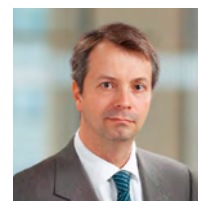
Chairman of the Board
Björn Hallin



Board Member
Susann Lundström



Board Member
Mattias Eriksson



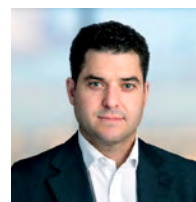
Board Member
Fredrik Waern



Member
Helena Arvidsson Älgne



Board Member
Anders Bäckström



Board Member
Nigel Rouse

The management



Senior Partner
Patrik Anderbro



Head of Advisory
Jan Forsell



Head of Tax & Legal
Tina Zetterlund



Head of Audit & Assurance
Johan Dyrefors



Head of Small and Medium Enterprises
Jenny Barksjö Forslund



Chief Digital Officer
Ulf Borgcrantz

Our quality assurance systems

An audit is a service in the public interest. It is intended to quality-assure the financial information of companies and other 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 the highest level of quality.

A high degree of credibility is crucial for the industry, KPMG and the individual auditor and advisor. Credibility is based on factors such as strong expertise, integrity and good judgment. 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 perform 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 advisors (FAR), as well as supervisory authorities such as the Swedish Inspectorate of Auditors (SIA) 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, carry out 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 different 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 everything we do.

Tone at the top

At the heart of our quality control system are the attitude and behavior of manage-

ment 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 core of our business.

Responsibilities

We strive to have competent, experienced employees in the right positions who will ensure quality in KPMG's 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 Quality & Risk function. Employees, clients and suppliers can report suspected breaches anonymously using our international hotline.

Management responsibility

Board of Directors and Senior Partner

Our corporate culture is infused by a high level of commitment to quality. The Senior Partner has overall responsibility for the level of quality in the business and assumes responsibility for this work on behalf of the Board of Directors. The Board of Directors is ultimately responsible 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. 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 heads 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 standards in everything we do. KPMG's values encapsulate the exacting 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 regularly 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. KPMG's 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 every action we take as a firm and as employees. It emphasizes in particular that objectivity and independence are fundamental to 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, 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 an extensive induction program that includes key subjects such as ethics, independence, inclusion and diversity. All employees involved in recruitment processes must have completed KPMG's training on inclusion and diversity.

Engagement management

Employees are assigned specific engagements based on competence, relevant professional and industry experience, and the nature of the engagement. The heads of the business areas are responsible for the process of appointing account executives, and also for ensuring that the engagement teams have the right competence and resources. The individuals that lead engagements must complete training in inclusion and diversity.

Skills development

At KPMG, our employees develop mainly through practical work in engagements for clients. They also receive ongoing coaching and feedback from senior employees and colleagues. In addition, we offer our employees structured learning in the form of teacher-led training, blended learning and e-learning. 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 individuals. All employees are offered opportunities

for development within the framework of the business's needs. Employees and managers work together to drive each 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 range of other technical skills, as well as business development, personal development and knowledge of our ethical rules of conduct.

The faster pace of change in the market and among our clients demands increased access to knowledge updates, training and development for our employees. To meet this need as far as possible, KPMG is increasingly making training available through the KPMG Business School (KBS) platform, where our employees can update their knowledge when they wish through self-managed learning. KBS offers training produced by KPMG and by various global partners in the form of teacher-led training, virtual classroom training, blended learning and e-learning.

Authorization and accreditation

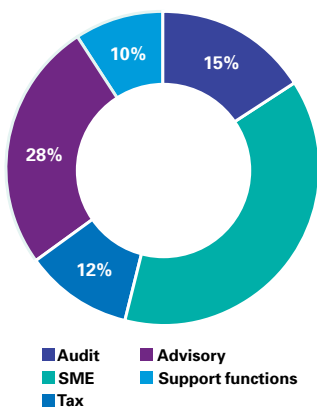
Our policies require that accountants and specialists achieve and maintain the technical competence and experience that meet the requirements of current legislation and other regulations. Our auditors complete annual training programs and attend seminars to enhance their skills.

In addition to meeting the Swedish Inspectorate of Auditors' requirements, 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. This applies, for example, to audit clients reporting under US GAAP or US Auditing Standards, and to financial companies.

Goals and follow-up

Every year, goals are set for each employee on the basis of KPMG's business plan. Each employee as a Performance Manager (PM) whose job it is to coach, to give and receive feedback, to evaluate the employee's work and performance on an ongoing basis over the year in open dialogue with the employee, and to follow up on the goals at the end of the year. This dialogue focuses on the employee's continual development. The goals are set jointly by the employee, the PM and the employee's line manager. The remuneration rules are linked to the evaluation process.

Employees per service area



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

The person appointed to be responsible for the client and engagement 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 based on the requirements set out in regulations on money laundering and the financing of terrorism. The evaluation is repeated for both client and engagement at a frequency that is determined 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 for 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 other steps need to be taken. When required, we also consult with our supervisory body.

Processes for performing engagements

The foundation on which our delivery of professional services to 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 help ensure that the work carried out by members of the engagement team complies with applicable professional requirements, laws and rules, as well as satisfying 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

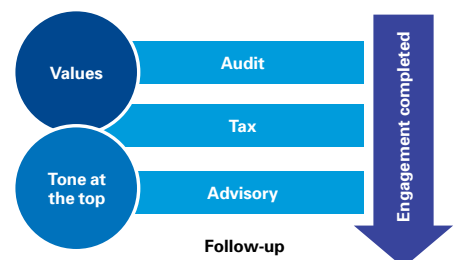
Methodology" (KAM). The audit process is structured and requires active leadership by the engagement manager throughout the whole process.

Mentoring, supervision and review of engagement teams

Audit work is subject to special guidelines regarding supervision, 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 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 the KPMG International Standards Group, as well as support from SEC (Securities and Exchange Commission) reviewing partners when auditing SEC-registered businesses and their related companies.

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 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 not only on the solid experience that KPMG has, 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 Inspectorate of Auditors (SIA). In addition, we fall under the supervision of the PCAOB (US) and the Certified Public Accountants and Auditing Oversight Board (CPAABO) in Japan.

The quality of our work is followed up on an ongoing basis through various quality 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 financial interests correctly and within the time limits.
- The Board of Directors has established a quality committee which 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 described above.

The committee's work includes making decisions, where applicable, 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.

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 professionals within KPMG or by people who are independent of KPMG. Our clients' views and assessments thus become a part of our continuous learning process and development.

Supervision by the Swedish Inspectorate of Auditors

KPMG is a registered accounting firm and is therefore subject to supervision by the

SIA. The SIA is the control body for auditors under the Swedish Auditors Act 2001:883 and conducts ongoing controls of both auditing activities and auditors. SIA's quality control takes the form of an annual review of audits performed on public interest entities by the firm's auditors, as well as checks on the firm's own systems for general control and ongoing quality controls. The most recently reported quality control started in May 2018 and ended in October 2018 with a decision letter dated 22 October 2018, to which a report was appended. The report is available to the public on the Swedish Inspectorate of Auditors' website, www.revisorsinspektionen.se. In its decision letter, the SIA states that nothing has emerged to suggest anything other than that KPMG and its quality-controlled auditors are in all essential respects conducting their auditing activities in accordance with generally accepted auditing standards and good accounting practice.

The most recent control by the PCAOB was conducted in fall 2014 and was reported to KPMG on 21 December 2015. A final follow-up report, dated 6 July 2017, was received in August 2017. The report states that the measures KPMG has taken based on the PCAOB's previous reporting have been implemented satisfactorily.

74.3

was KPMG's score in the 2019 Swedish Quality Index. The average for the accountancy sector is 72.8 and KPMG has the highest customer satisfaction rating among the Big 4.

Our independence



KPMG guarantees independence

Impartiality, independence and an ethical approach are the cornerstones of our accounting practice. KPMG's Ethics and 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 procedures.

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 or assurance

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 companies, including their subsidiaries and associated businesses, and a large number of other international organizations, KPMG applies a policy-based procedure known as preapproval of engagements. This means that the account executive and, if relevant, the client's audit committee must have submitted a preapproval before an engagement can be started.

Independence checks are also a prerequisite 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.

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 company or 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 obliged 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 becomes 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 accepting board positions. As with discussions concerning taking up employment with an audit client, such positions must be reported and approved by our Ethics & Independence function. 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 ethical principles and independence.

Our employees are trained in KPMG's 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 this 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 track all issues relating to independence in our engagements.

Rotation

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 after stepping down from the engagement (cooling off period). Equivalent rotation requirements also exist for Engagement Quality Control Reviewing Partners, among other things.

KPMG has introduced special rotation requirements for key audit partners and auditors appointed in a personal capacity, including in companies that are not public interest entities.

EU regulation

On 17 June 2016 the EU's regulation on specific requirements regarding statutory audit of public interest entities entered into force – the 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 auditors such as auditors of significant subsidiaries. Mandatory rotation of audit firms should take place at least every ten years. In the case of non-financial institutions, this can be extended in certain circumstances.

- The regulation states certain non-audit services that the audit firm is prohibited from providing to audit clients that are PIEs. Permitted services must be preapproved by the client's audit committee.
- The volume of non-audit services is limited by a fee cap for PIEs.
- 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 carry out 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, purchasing and other business relations. Before an agreement is concluded with a new supplier, a check is performed on whether the organization is an audit client of KPMG, and whether this might threaten our independence. Relationships such as sponsorship and distribution or marketing agreements are similarly checked.

Principles of remuneration

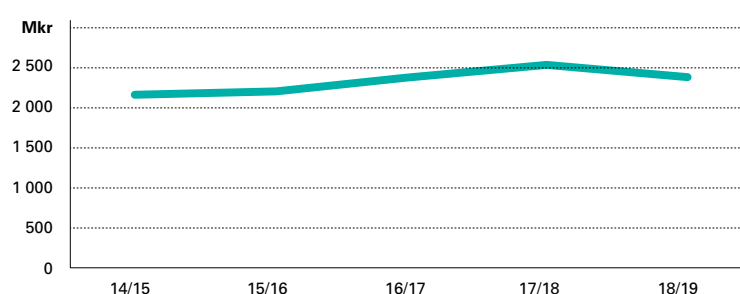
Remuneration to partners is based on the Guiding Principles defined annually by the Board of Directors. The Guiding Principles are based on the strategy established by the Board and on KPMG's long-term goals. Remuneration to partners is based on the key areas evaluated, which are quality, competence, marketing and profitability, as well as the roles and responsibilities that the partner has. In accordance with the applicable rules, auditors are not remunerated for other services sold to audit clients and therefore these are not taken into consideration.

The evaluation process includes a review of performance and targets with a designated senior partner, as well as calibration at a business unit and firm level. Evaluations of quality and independence are particularly important components. The remuneration committee, which is a sub-committee of the Board of Directors, monitors the remuneration process based on the established guidelines. A partner's remuneration consists of several components, such as salary, profit-sharing, pension contributions and other benefits.



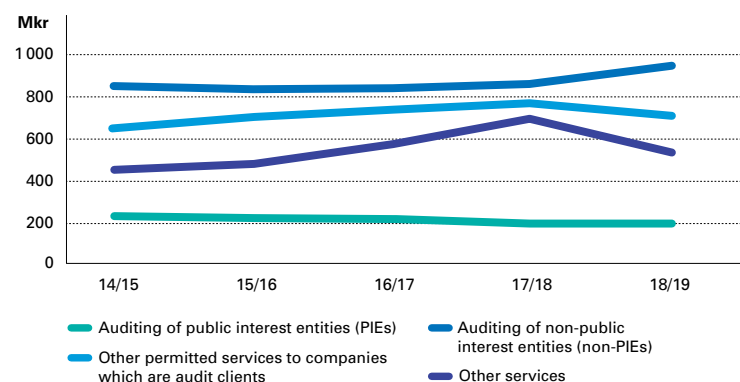
Financial information

Net revenue



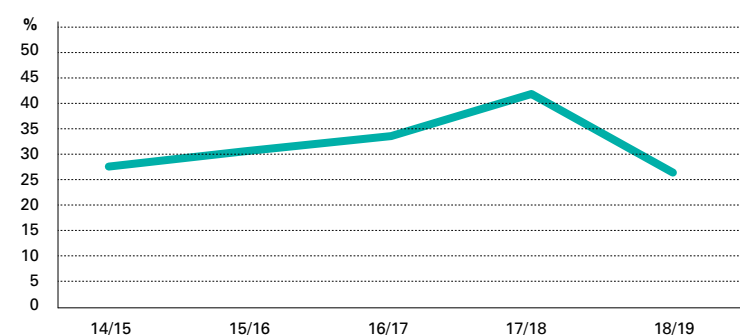
Net revenue decreased by 5% to SEK 2,420 million, including the accounting and payroll services that were sold in the previous year. For continuing operations, net revenue increased by 7% compared with the previous fiscal year.

Net revenue breakdown as per EU auditing rules



Auditing of public interest entities (PIEs) accounted for 9% of the group's net revenue and auditing of other companies for 38%. Other consulting services have decreased by 20% since last year as a result of the sale of the accounting and payroll services in the previous financial year.

Equity/assets ratio



The equity/assets ratio was just over 25% at 30 September 2019, a decrease from last year's ratio of 42%, which was positively affected by the sale of the group's accounting and payroll services in the previous fiscal year.

Audit clients

that are public interest entities (PIEs)

In accordance with the EU's 8th Directive, here are our audit clients as of 1 November 2019 that are public interest entities as defined by EU legislation.

OMX Large Cap

Addtech AB
Avanza Bank Holding AB
BillerudKorsnäs Aktiebolag
Bravida Holding AB
EQT AB
Hemfosa Fastigheter AB
Holmen Aktiebolag
Hufvudstaden AB
ICA Gruppen Aktiebolag
L E Lundbergföretagen Aktiebolag
Modern Times Group MTG AB
NIBE Industrier AB
Nordic Entertainment Group AB
Nyfosa AB
Peab AB
ÅF Pöyry AB

OMX Mid Cap

AddLife AB
AQ Group AB
Bergman & Beving Aktiebolag
Bilia AB
Concentric AB
Eastnine AB
Eltel AB

Ferronordic Machines AB
Hansa Biopharma AB
(formerly Hansa Medical AB)
HiQ International AB
Hoist Finance AB
Humana AB
Investment AB Öresund
Inwido AB
K2A Knaust & Andersson
Fastigheter AB
Knowit Aktiebolag
Lagercrantz Group AB
MIPS AB
Momentum Group AB
NP3 Fastigheter AB
Oasmia Pharmaceutical AB
Opus Group AB
Qliro Group AB
SAS AB
Swedol AB
Xvivo Perfusion AB

OMX Small Cap

Actic Group AB
Active Biotech AB
B3 Consulting Group AB

BiolInvent International AB
Christian Berner Tech Trade AB
Concordia Maritime AB
Elos Medtech AB
Empir Group AB
Episurf Medical AB
eWork Group AB
FM Mattsson Mora Group AB
Micro Systemation AB
MQ Holding AB
Nilörngruppen Aktiebolag
Prevas AB
Rottneros AB
Xbrane Biopharma AB

NGM Equity

Guideline Geo AB
LifeAssays AB
Paynova AB

NGM Nordic AIF

SBF Bostad AB

Companies with listed loans

Ampla Kapital AB
Apikal Fastighetspartner AB

Apikal Fastighetspartner II AB

Cibus Nordic Real Estate AB

Energa Finance AB

Humlegården Fastigheter AB

If Skadeförsäkring Holding AB

Intea Fastigheter AB

Luossavaara-Kiirunavaara Aktiebolag

LSTH Svenska Handelsfastigheter AB

Lendify Sweden 1 AB

Lendify Sweden 2 AB

Lendify Technologies AB

Peab Finans Aktiebolag

PKO Finance AB

PostNord AB

Strömma Turism & Sjöfart AB

Swedavia AB

Financial companies including insurance companies

AK Nordic AB

Avanza Bank AB

Brummer Life Försäkringsaktiebolag

Dina Försäkring AB

Dina Försäkringar Göteborg

Dina Försäkringar Skaraborg-Nerike

Dina Försäkringar Göta Ömsesidigt
(formerly Dina Försäkringar Sydost)

Dina Försäkringar Sydöstra Norrland
Ömsesidigt

Dina Försäkringar Väst

Dina Försäkringar Västra Hälsingland
Dalarna

EnterCard Group AB

Folksam Fondförsäkringsaktiebolag

Folksam LO Fondförsäkringsaktiebolag

Folksam ömsesidig livförsäkring

Folksam ömsesidig sakförsäkring

Fryksdalens Sparbank

Förenade Småkommuners Försäkrings
(FSF) Aktiebolag

Försäkringsaktiebolaget Agria

Försäkringsaktiebolaget Avanza Pension

Försäkringsaktiebolaget Skandia

Försäkringsbolaget PRI Pensionsgaranti,
ömsesidigt

Gamla Livförsäkringsaktiebolaget SEB
Trygg Liv

Holmia Livförsäkring AB

Häradssparbanken Mönsterås

ICA Banken AB

ICA Försäkring AB

If Livförsäkring AB

If Skadeförsäkring AB

Kommungaranti Skandinavien
Försäkrings AB

Kommuninvest i Sverige AB

KPA Livförsäkring AB

KPA Pensionsförsäkring AB

Kyrkans Försäkring AB

Landstingens Ömsesidiga
Försäkringsbolag

LMG Försäkrings AB

Livförsäkringsbolaget Skandia, ömsesidigt

LKAB Försäkring AB

Länsförsäkringar Bank Aktiebolag

Länsförsäkringar Fondliv
Försäkringsaktiebolag

Länsförsäkringar Gotland

Länsförsäkringar
Grupplivförsäkringsaktiebolag

Länsförsäkringar Gävleborg

Länsförsäkringar Hypotek AB

Länsförsäkringar Jönköping

Länsförsäkringar Liv
Försäkringsaktiebolag

Länsförsäkringar Sak
Försäkringsaktiebolag

Länsförsäkringar Skaraborg, ömsesidigt

Länsförsäkringar Skåne, ömsesidigt

Länsförsäkringar Uppsala

Länsförsäkringar Älvsborg

Länsförsäkringar Östgöta

OK-Q8 Bank AB

Peab Försäkrings AB

Preem Försäkrings AB

Qliro AB

Saco Folksam Försäkrings AB

Sappisure Försäkrings AB

Skandiabanken Aktiebolag

Sparbanken Boken

Sparbanken Tanum

Stockholmsregionens Försäkring AB

Stockholms Stads Brandförsäkringskontor

Svenska Kommun Försäkrings AB

Södra Hestra Sparbank

Sörmlands Sparbank

Wasa Kredit AB

Westra Wermlands Sparbank

Volvofinans Bank AB

Åse Viste Sparbank

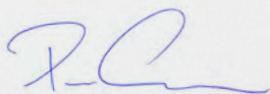
Declaration of effectiveness in the quality control system

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 programs (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 2020



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