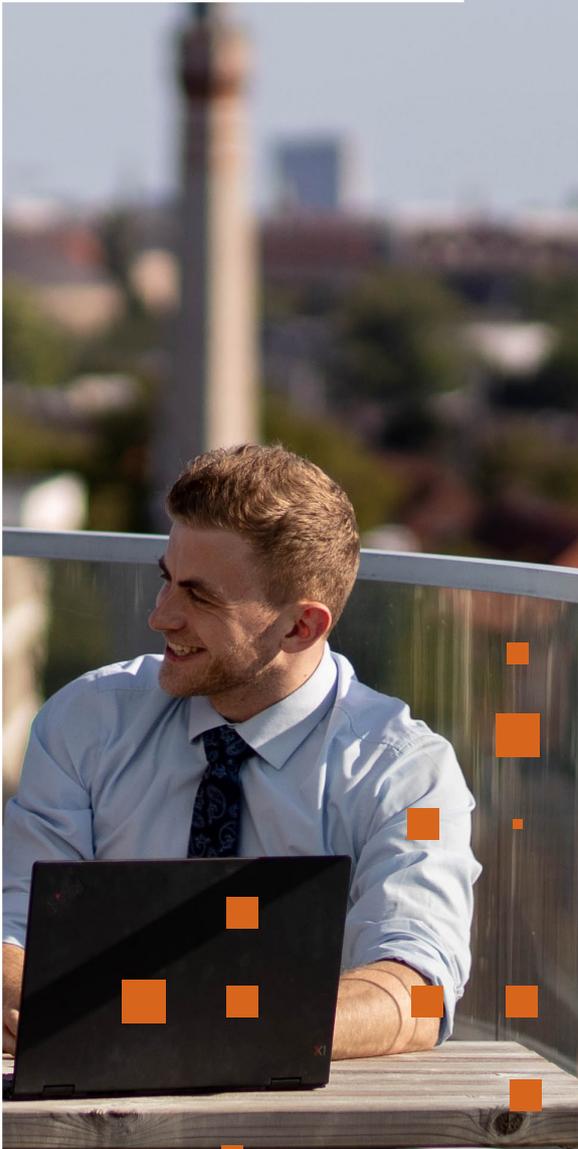


Transparency Report 2019-20



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Welcome to our 2020 Transparency report

This is our Transparency Report for 2019/20, prepared in accordance with the EU Regulation No 537/2014 on specific requirements regarding statutory audit of public-interest entities (the Audit Regulation).

This report includes information about how the firm is governed and how we approach audit quality. While PwC is a multidisciplinary firm, this report is primarily focused on our audit practice and related services. The audit profession continues to be under significant public scrutiny and challenge. We understand the concerns and we support and are committed to changes that will improve audit quality.

Our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 276,000 people who are committed to delivering quality in assurance, advisory and tax services.

I believe our purpose has never been more relevant given our role in the business environment, the societal contribution we deliver through our work, clients and the investment we make in training and development of our people. Of course this year, continuing to deliver audit quality during the COVID-19 pandemic was an unprecedented challenge and key focus area for us.

Trust lies at the heart of everything we do at PwC. It's fundamental to fulfilling our firm's purpose. One of the ways we build trust is by being transparent.

As auditors, we're also acutely aware of another trust driver: the quality of our external audits. That's why we're pleased to present our Transparency Report for 2020, which shows how we maintain quality in our audit work. The report describes our policies, systems and processes for ensuring quality, the results of key quality monitoring programs and reviews, and the way we foster a culture of quality at every level of the firm. It details some of the companies we performed audits for and the total revenue from our audit and non-audit work.

Our people are key to performing high quality audits and we draw upon a wide range of specialist skills across our multidisciplinary practice. That's why we maintain a constant emphasis on our purpose and values that address integrity

and independence. We continue to invest in our people by providing ongoing professional and personal development, with in depth training.

We have taken steps to align our business to support this focus on audit quality. We continuously invest in innovation and new technology to support our services across the firm, to meet the changing audit challenges in a digital age and to enhance the quality of our audit services.

Taken together, these measures represent a significant transformation of our audit business and support our focus on audit quality and our public interest responsibilities.

When reading our Transparency Report, you will gain insight into our quality control system, network and policies. In our view, the quality control systems, supplementary training and independence policies implemented here are efficient in order for us to comply with the requirements of the EU Regulation No 537/2014. Moreover, we show you PwC's total revenue broken down on types of services as well as a list of public-interest audit clients and municipal and regional clients. And finally, we will give you an insight into PwC's legal structure and the international network we are a part of.

We hope that our Transparency Report will provide you with useful insight into a number of significant matters relating to PwC. If you want to learn more about PwC, you may also want to visit our annual report website.

I hope you enjoy the report!



Mogens Nørgaard Mogensen
Territory Senior Partner and CEO

Pursuit for quality

**Audit quality reviews
– internal – PIE**

100%

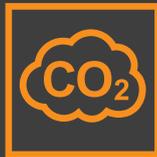
PIE clients rated as compliant

Results of the firm's own audit quality reviews – percentage of audits rated compliant, compliant with review matters, and non-compliant:

PCAOB



The last two inspections, the findings of the Public Company Accounting Oversight Board (PCAOB) showed no issues identified.



Making a positive impact on society and our planet

We've made a commitment to achieve net zero emissions by 2030

Revenue

Denmark revenues



3,127m

Investing in our people

Investment in training and development



83,122

hours of training and personal development by Assurance people in FY 20.



PwC Denmark



PwC Denmark is a limited partnership company owned and managed by its Danish equity partners. At PwC, we work to build trust in society and help solve important problems. We do so based on our knowledge of audit, tax and advisory services. It is crucial to the development of our business that we have the right processes and governing bodies that engage in active dialogue. At PwC Denmark, we have a Board of Directors, a Partner Affairs Committee and a Management Board. Read more about our organisation, governance structure and processes in this section.

Legal structure and ownership

PwC Denmark is a limited partnership company whose ultimate owners are the Danish equity partners. The limited partnership company, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (PwC P/S), is owned by its Danish equity partners, partly by the partners' personally owned private limited companies (ApS) and by Strandvejen 44 Finans ApS. Audit, tax and advisory services are provided to our clients through PwC P/S only. Later in this section, we have included a chart of the various companies associated with PwC P/S.

Our governance structure and culture

PwC Denmark is headed by the Territory Senior Partner and CEO, who is elected by the shareholders. The Territory Senior Partner is PwC Denmark's direct reference point of and overall accountable to the PwC Global Network Leadership. The strategic direction of PwC Denmark is decided by the Management Board together with the Board of Directors. Execution of the strategy and business plans is the responsibility of the individual equity partners, who pursue their respective management responsibilities for servicing clients and managing staff. All equity partners thus undertake the day-to-day management in relation to the clients and engagements in their individual portfolio.

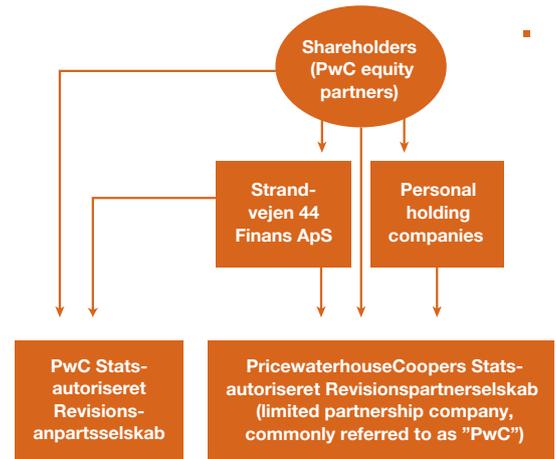
The above-mentioned governing bodies are supported by three committees, each headed by a leader who is also a member of the Management Board or by a partner who reports directly to the Management Board. Finally, the various support functions of PwC are responsible for supporting PwC's leadership, comprising the equity partners, and staff in realising PwC's vision and strategic objectives. The leadership culture of PwC Denmark is based on a number of key values and a Code of Conduct which are crucial to the way in which our leaders and staff act.

An important part of creating a strong and unified PwC culture, which is a strategic priority to us, is that we have skilled leaders who motivate employees every day and develop our business. We believe that the leadership makes a difference. That is why PwC's leadership values are the cornerstone of our corporate culture and support our decisions and actions on our journey towards shared and individual success. It is thus crucial to the development of our business and staff that we cultivate an open and honest dialogue and manage to create active and actual involvement in pursuing the best decisions.

We have a vision of being the professional services organisation in Denmark that creates most value for our relations, through our partners and staff who are committed to making a positive difference for clients and colleagues. We will only realise this vision if, in all critical areas, we strive at being the best among our peers; also when it comes to corporate governance.

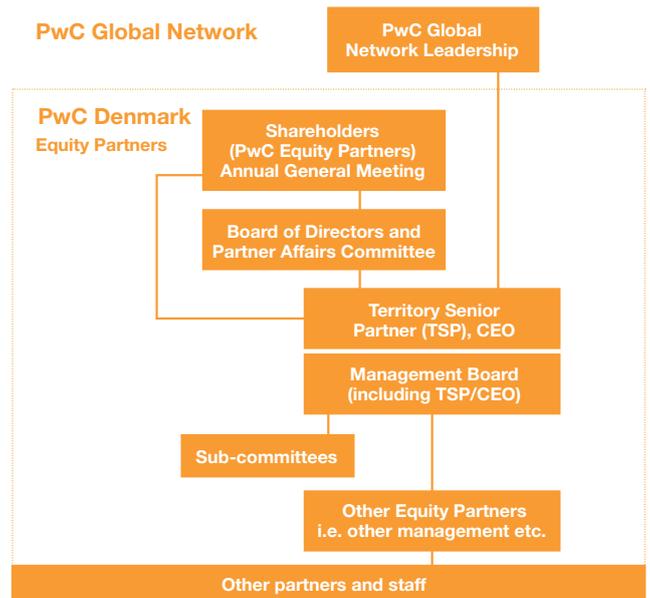
We take an active stand on the corporate governance development and have, as an element of this, established an

Ownership structure



Only active entities shown.

Organisation



PwC Board of Directors



Christian Klibo
Chairman



Claus Lindholm Jacobsen



Gert Fisker Tomczyk



Jan Hetland Møller



Klaus Okholm



Line Hedam



Marie Brix
Employee Representative



Thomas Houmølle
Employee Representative

appropriate framework for and organisation of our supreme governing bodies and control systems allowing for the fact that we are a partner-operated business. This ensures that we act in compliance with existing legislation, develop in the right direction, minimise risks and engage in active and open dialogue with our shareholders, i.e. all equity partners.

Territory Senior Partner

In accordance with the standards of the PwC network, the shareholders of PwC Denmark elect a Territory Senior Partner (TSP). The TSP is the direct reference point of the PwC Global Network Leadership and is overall accountable for PwC Denmark's implementation of the PwC network policies and standards. According to PwC Denmark's articles of association, the Territory Senior Partner serves for a term of three years and is appointed CEO – in continuation of the appointment as TSP. The Territory Senior Partner is eligible for re-election. The TSP decides on the composition and appoints the members of the Management Board subject to approval by the Partner Affairs Committee.

Annual general meeting

Our shareholders exercise their influence by participating in and voting at shareholders' meetings in accordance with the

shareholders' agreement entered into by the shareholders. The shareholders' agreement regulates the mutual relationship between the shareholders. Resolutions made at shareholders' meetings include any amendments to international agreements concerning the PwC network, election of the Territory Senior Partner who is PwC Denmark's CEO and also represents PwC Denmark in the PwC network, election of members of the Board of Directors and the Partner Affairs Committee, admission and resignation of shareholders, approval of the allocation of partners' remuneration, material investments and other general matters.

Board of Directors

The Board of Directors monitors the Management Board and is responsible for overall governance of PwC Denmark. One of the responsibilities of the Board of Directors is to determine PwC's overall objectives, strategies, budgets, etc. outlined by the Management Board. Moreover, the Board of Directors ensures that the Management Board establishes efficient risk management systems and plans and must also consider whether PwC Denmark's capital resources are adequate for the purpose of its operations. The Board of Directors is responsible for monitoring that PwC operates in accordance with existing legislation and the commitments arising out of PwC's international agreements. PwC's Board of Directors comprises six members elected by the shareholders and currently two members elected by the employees. Rules of

procedure have been prepared for both the Management Board and the Board of Directors; both sets of rules are reviewed annually to ensure that they match PwC's development and needs.

Partner Affairs Committee

PwC Denmark has established a Partner Affairs Committee in consequence of PwC's structure as a company owned and operated by equity partners (shareholders). Together with the TSP, the Partner Affairs Committee has the ultimate authority in all internal partner affairs of PwC Denmark, enhancing the partnership spirit and safeguarding partners' interests in relation to general partner affairs subject to the provisions of Danish company law. Currently, the Partner Affairs Committee is made up of six shareholders who are also members of the Board of Directors.

Election of members of Board of Directors and the Partner Affairs Committee

Members of PwC's Board of Directors and the Partner Affairs Committee are elected by the shareholders for a term of three years at the general meeting of the limited partnership company. The staff representatives on the Board of Directors are elected by the staff for a term of four years. The limited partnership company has a thorough selection process and a number of criteria for the composition of the Board of Directors in order for the Board to reflect in the best possible way PwC's business, organisational and geographical structure. A majority of the members of the Board of Directors must be state authorised public accountants.

Management Board

The Management Board is responsible for the overall management of the limited partnership company. It consists of a Territory Senior Partner, a Clients and Markets Leader and the leaders of the principal Lines of Service of the limited partnership company; Assurance, Tax and Advisory. Sub-committees have been established under the Management Board reflecting our chosen focus areas to ensure the continued success of PwC.



Both the Board of Directors and the Management Board are evaluated on an annual basis.”

Evaluation of Board of Directors and Management Board

The Board of Directors and the Partner Affairs Committee hold six to eight annual meetings. PwC Denmark has laid down an evaluation procedure for cooperation on the Board of Directors and the Management Board. The evaluation of the Board of Directors takes place on an annual basis. The Board of Directors evaluates the Management Board on an annual basis in terms of the remuneration policies of the limited partnership company. In addition, the Chairman of the Board and the CEO evaluate their cooperation on an annual basis and report on the evaluation to the Board of Directors. Moreover, the Management Board makes an annual evaluation of its cooperation.

Other equity partners

Supplementary to the Management Board, other equity partners are responsible for the management of our Business Units, under which client engagements and staff are organised. Together, all the equity partners thus undertake the day-to-day management in relation to the clients and engagements in their individual portfolio. While the individual equity partners' clients and engagement portfolios naturally vary in size, all partners have a significant portfolio of clients/ engagements, in addition to which they also undertake specific management duties such as staff management, quality assurance, market-facing activities, etc.

Partners, directors and senior managers

	State authorised public accountants	Registered public accountants	Others*	Total
Partners	123	-	81	204
– hereof shareholders	53	-	25	78
Directors	55	1	100	156
Senior managers	45	3	140	188
Others	1	0	0	1
Total	224	4	321	549

At 30 June 2020.

* Comprising Master of Laws, MSc (International Business Administration and Modern Languages), BSc (Business Economics), Clerical Officer, MSc (Business Administration and Auditing), Attorney, MSc (Economics), MSc (Political Science and Economics); MSc (Engineering), Computer Scientist, other Masters, PhD, etc.



Mogens Nørgaard Mogensen
Territory Senior Partner and CEO



Christian Fredensborg
Jakobsen



Lars Baungaard



Michael Eriksen



Rasmus Friis
Jørgensen



Thomas Bjerre

up to both the ethical demands of our surroundings and the demands we make on ourselves. The individual countries have some leeway when it comes to organising the partner remuneration system, but all systems are based on the global framework principles.

At PwC Denmark, the partner remuneration system has three core elements. The partners are remunerated based on:

- the role they carry in the partnership;
- how well they perform in the role;
- how well PwC Denmark as a whole performs.

PwC's partner remuneration is based on a wish to motivate, recognise and reward our partners for their contribution to the development of our business, both as members of integrated teams and as individuals. Moreover, we comply with the internationally recognised Code of Ethics for remuneration and evaluation policy.

Each year, a comprehensive appraisal process is carried out using PwC's values and strategic priorities as the outset. While a certain element of discretion is exercised when evaluating a partner's performance, PwC's appraisal process also involves an assessment of a partner's target achievement. The process is closely monitored by our leadership to ensure that the individual partners are remunerated fairly and reasonably on a uniform basis; furthermore, the total partner remuneration is subject to approval by the Partner Affairs Committee.

State authorised public accountants who are not shareholders may according to PwC's signing rules sign auditor's reports and other assurance reports on behalf of PwC. The remuneration of these state authorised public accountants comprises a fixed salary added a bonus determined under the same principles as that of shareholders.

Active dialogue with the shareholders of the limited partnership company

PwC Denmark pursues a continuous and high level of information through active and open dialogue with the shareholders of the limited partnership company and other stakeholders on PwC's objective, development and expectations for the future. This is effected through shareholders' meetings, distribution of minutes from meetings of the Partner Affairs Committee and the Board of Directors, publication of monthly reports and regular partner briefings. The partners also have a closed forum on our intranet on which they post news. Moreover, the Board of Directors and the Management Board have formulated a communication strategy, which ensures that all significant information of importance to shareholders and other stakeholders is published.

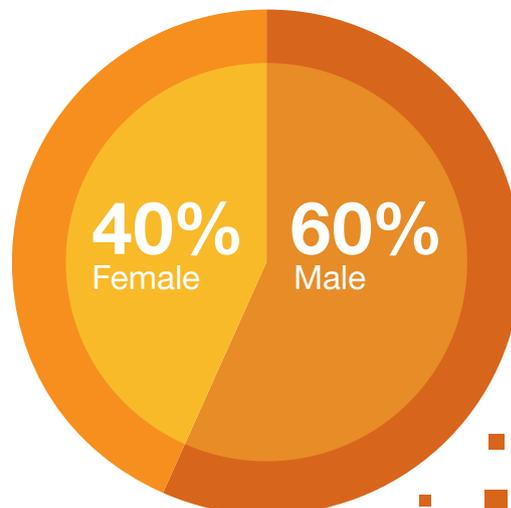
At the annual general meeting, our shareholders may exercise their influence by participating and voting in accordance with the provisions of the Danish Companies Act. PwC encourages all shareholders – by direct contact – to attend the general meeting in order to ensure the democratic process.

Basis of partners' remuneration

PwC has a remuneration policy for the Board of Directors, the Management Board and the other shareholders designed to promote long-term behaviour and ensure a balanced relationship between performance and remuneration at a competitive level. The remuneration policy is presented and adopted at the annual general meeting of PwC. PwC has implemented a Code of Conduct which ensures that we live

30 June 2020

Gender mix





PwC network

Global Network

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively. In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC network is not a global partnership, a single firm, or a multinational corporation. The PwC network consists of firms which are separate legal entities.

PricewaterhouseCoopers International Limited

Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL. The PwC network is not one international partnership. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member

firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control member firm's exercise of professional judgement.

The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team** is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from network firms to coordinate activities across all areas of our business

Total turnover achieved by statutory auditors and audit firms from EU/EEA Member States that are members of the PwC network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately €3.2 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of 30 June 2020. A list of each statutory audit firm that is a member of the PwC network is provided at the end of this report.

The PwC Network

155

countries

PwC has more than 284,000 professionals in 155 countries around the world.





Our people

People strategy

Our people strategy is focused on being the world's leading developer of talent. We hire candidates who have diverse backgrounds and appropriate skills; have a questioning mindset and intellectual curiosity; and demonstrate courage and integrity.

Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks.

PwC of the future

Our One Firm "Your Tomorrow" strategy is how we are investing to create the PwC of the future; we are responding to the expectations of the market to deliver a different, more digital experience to our clients. There are three elements to this strategy:

- **Digital upskilling:** We provide our people with individualized learning tools to expand the use of digital solutions on their audits and empower them with a mindset of continual improvement and innovation. Our Digital Academies leverage market-leading software and focus primarily on building three core skills: data wrangling, automation, and data visualisation. These tools enhance the firm's collective digital fluency while providing each individual with a personalised curriculum to build their digital IQ. Our Digital Accelerators are embedded within our engagement teams and are dedicated to applying digital capabilities to each audit, as well as developing new digital solutions for the firm.
- **Skills for society:** This is a powerful program to develop our people while making a meaningful difference in our communities.
- **Be well, work well:** Given the pace and complexity of change, the firm is putting the power of its resources toward supporting our people's journey to greater well-being.

Diversity and inclusion

At PwC, we're committed to creating a culture of belonging. We are focused on diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and are valued. We know that when people from different backgrounds and with different points of view work together, we create the most value-for our clients, our people, and society. Our core values of caring and working together guide us to recognize the contributions of each individual and develop a workplace with a range of people, perspectives and ideas.

Recruitment

PwC Denmark aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks.

Team selection, experience and supervision

On engagements, the lead partner must staff their engagements with suitably qualified, competent and experienced partners and staff. They must also determine the extent of direction, supervision and review of junior staff.

Real-time feedback

We collect real-time feedback on people performance, values and progression via our People system Workday, a simple, mobile-enabled technology. The feedback is based upon concrete goals set before the task is solved and experienced behaviours. We see real-time feedback as one of the most important elements of developing our colleagues and leaders and we also use Workday to allow staff to provide real-time feedback on an upwards and peer basis.

Career progression

PwC Denmark uses PwC Professional, a global career progression framework. PwC Professional helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy, and support our brand. As part of the framework, individuals meet with their Team Leader regularly to discuss their development, progression and performance.

Retention

Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide make our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent.

The PwC Professional

The PwC Professional is our global leadership development framework. It supports the development and career progression of our staff by providing a single set of expectations across all lines of service, geographies, and roles; outlining the capabilities needed to thrive as purpose-led and values-driven leaders at every level.





Professional Development

We are committed to putting the right people in the right place at the right time. Throughout our people's careers, they are presented with career development opportunities, classroom and on-demand learning, and on-the-job real time coaching/development. Our on-demand learning portfolio facilitates personalized learning with access to CPE and non-CPE educational materials, including webcasts, podcasts, articles, videos, and courses.

Achieving a professional credential supports our Firm's commitment to quality through consistent examination and certification standards. Our goal is to provide our staff with a more individualized path to promotion and support them in prioritizing and managing their time more effectively when preparing professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.

Continuing education

We, and other PwC member firms, are committed to delivering quality assurance services around the world. To maximise consistency in the Network the formal curriculum, developed at the Network level, provides access to training materials covering the PwC audit approach and tools-this includes updates on auditing standards and their implications, as well as areas of audit risk and areas of focus for quality improvement.

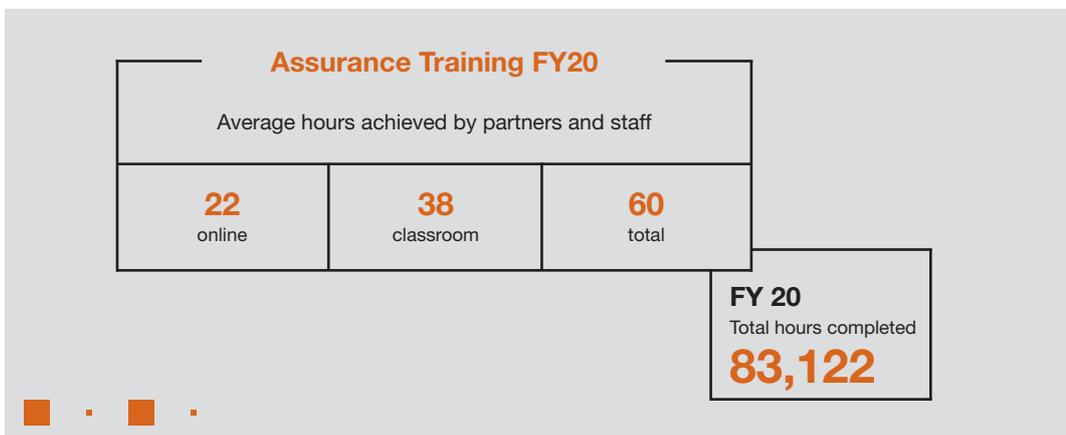
This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training.

The modular content along with innovative learning approaches have led to formal recognition from the broader learning community. In both 2017 and 2018, PwC's Learning and Education won a Brandon Hall Group silver award for excellence in the "Best Strategy for a Corporate Learning University" © 2017, 2018 Brandon Hall Group, Inc.

Statement on continuing education of our statutory auditors

We provide all partners and client service professionals with timely and appropriate training. We confirm that we comply with the policy concerning the continuing education of statutory auditors.





Our approach to delivering quality services



Focus on Quality

The quality of our work is at the heart of our organisation and we invest significant and increasing resources in its continuous enhancement across all of our businesses. This investment is targeted into many different areas, including training (technical, ethical and behavioural), methodologies, adding resources in key areas and exploring new ways of delivering our work. Each investment reflects a common determination to understand the factors that drive quality and identify opportunities for enhancement.

We are also investing heavily in new technology to drive continuous improvement in the capabilities and effectiveness of all of our services.

We are proud to have been the first of the global professional services networks to have published its internal audit quality inspection results. It is very important that we are transparent about both the efforts that we are making to enhance quality, and also the results and the impact that these efforts are having. The publication of this data by our Network over the last few years, along with public discourse on the subject of the audit, has quite rightly put an increasing focus on the issue of audit quality, which we discuss in detail in this report.

Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 276,000 people that emphasises that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

Measurement and transparency

For all our businesses, each PwC firm – as part of the agreement by which they are members of the PwC network – is required to have in place a rigorous system of quality management (SoQM); to annually complete a SoQM performance assessment; and to communicate the results of these assessments to global leadership. These results are then discussed in detail with the leadership of each local firm and if they are not at the level expected, a remediation plan is agreed with local leadership taking personal responsibility for its successful implementation.

As our services change and develop, and the needs and expectations of our stakeholders also change, we are continually reviewing and updating the scale, scope and operations of our system of quality management and investing in programmes to enhance the quality of the services that we provide.



Specific focus on audit quality

Specific focus on audit quality

Delivering quality audits is core to our purpose. To that end, we are committed to providing a quality audit. However, where our work falls below the standards that we set for ourselves and which are set by the regulators, we are disappointed and also criticised. We take each of these instances very seriously and work hard to learn lessons and to enhance the quality of audits that we undertake in the future.

The right objectives and capabilities

To help us put this strategy into effect, the PwC network has established clear objectives around audit quality and provides support to help us meet these objectives. Our engagement teams can only deliver quality audit services if they have access to the necessary capabilities – both in terms of people and technology. That’s why our quality objectives focus on having the right capabilities – both at a member firm level and across our network – and on using these capabilities to meet our own standards and the professional requirements. These capabilities can only be developed under the right leadership and quality culture, promoting the right values and behaviours.

Integrated and aligned in the right way

The quality objectives focus on having the right people supported by effective methodologies, processes, and technology appropriately directed and supervised. These represent the capabilities that we believe are relevant to achieving and sustaining audit quality. To help us achieve these objectives, there are a number of dedicated functions at a network level that develop practical tools, guidance and systems to support and monitor audit quality across our network. These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that we tailor to reflect our individual circumstances.

Delivering a quality end-product consistently

Central to the framework is the recognition that quality management is not a separate concept; it needs to be embedded in everything we do as individuals, teams, firms and the network. The quality objectives are supported by designated key activities which are considered necessary to achieve the quality objectives, focused mainly on building a quality infrastructure and organisation. We supplement and design those key activities as appropriate to respond to risks we have identified to achieving each quality objective.

Values and judgments

Performing quality audits requires more than just the right processes. At its core, an auditor’s role is to assess with a “reasonable” degree of assurance whether the financial statements prepared by the company’s management are free of “material misstatements” – reaching a professional judgment on whether the financial statements present a fair picture of the company’s financial performance and position. To carry out this assessment effectively, the auditor needs to use all the capabilities that have been built up in line with our quality objectives. These include applying ethical behaviour in accordance with PwC’s values, professional scepticism, specialist skills and judgment – all supported by technology.



Delivering audit quality during the COVID-19 pandemic

Our response to COVID-19

This year, the global COVID-19 pandemic has had an unprecedented impact on our clients and our people, as well as global and local economies and broader society. At PwC, in addition to safeguarding the health, safety and well-being of our people, we have remained focused on working together as a Network, with our clients and other stakeholders to continue to deliver audit quality.

Sharing developments and experience

From the early stages of the pandemic, the PwC network put a team in place to monitor developments globally and to highlight areas of critical importance to ensure we did not compromise on audit quality. We have leveraged the guidance developed by our Network to provide consistent leadership and guidance on audit quality and equip our teams to consider their client's unique circumstances and respond accordingly.

Our Network response was comprehensive. It covered all aspects of audit quality, including regulatory and standard setting updates, auditor reporting, methodology, accounting and learning and education. We considered changes needed to our existing policies and procedures as well as what needed to be reinforced through appropriate communications to our staff and partners.

Identifying and addressing risks related to COVID-19

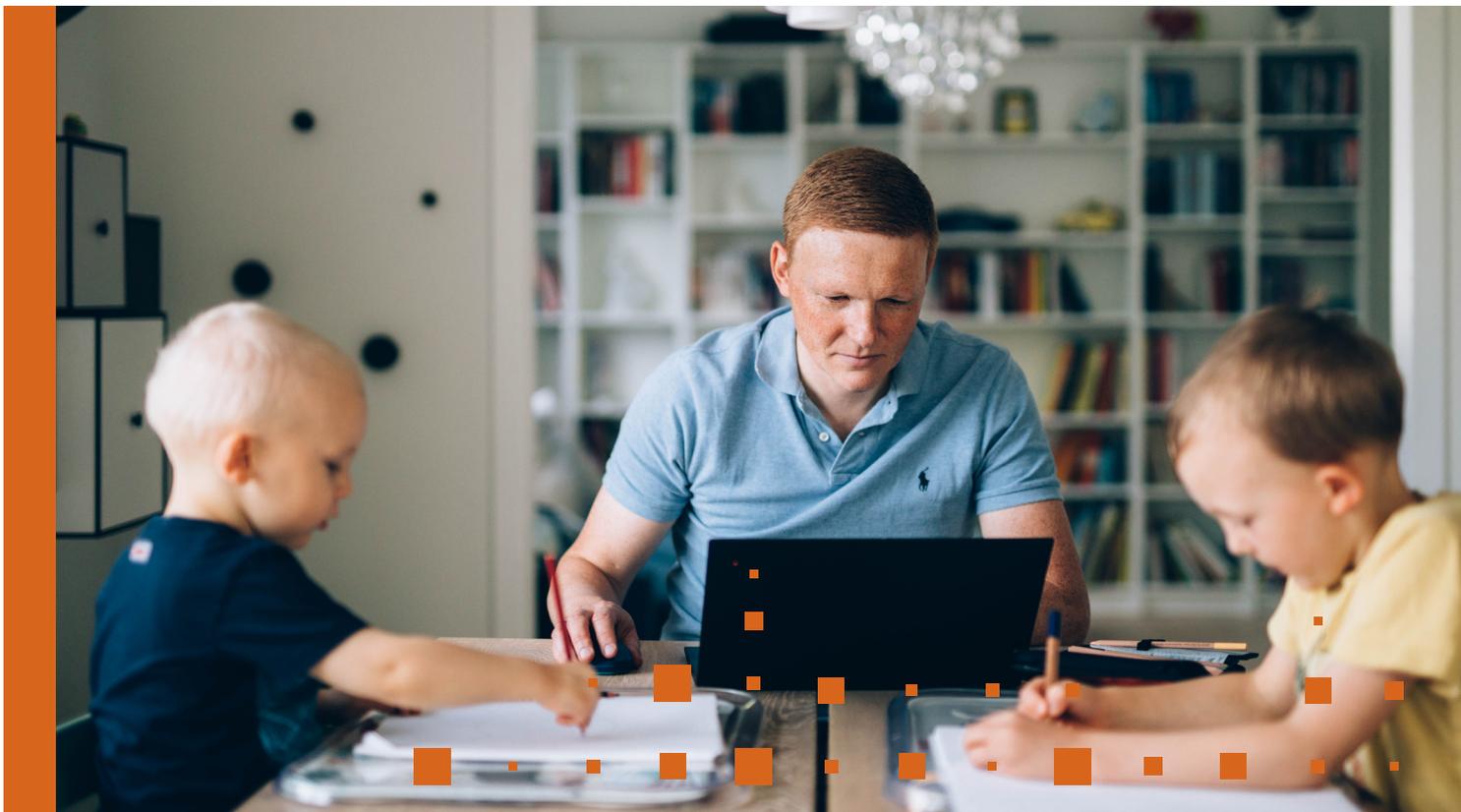
The COVID-19 pandemic resulted in us facing a number of new challenges in our audits. This ranged from how we operate as a team to plan and complete the audit, to how we interact with our clients to obtain the necessary audit evidence and execute specific audit procedures such as completing physical inventory counts.

Our system of quality management provided the framework to identify, assess and respond to the risks arising from the Coronavirus situation. We used our experience to support our assessment of the issues that had the potential to impact our system of quality management.

Using technology to support our teams

Our teams transitioned quickly and seamlessly to working remotely. Our Network audit technology infrastructure and tools including our Connect Suite and collaboration through Google, enabled our people to continue to carry out their work despite the significant change in our physical work environment.

The impact of the COVID-19 continues to evolve. We are continuing to monitor, assess and respond to the resulting risks in our audits.





Cultures and values

Leadership and tone at the top

Our purpose and values are the foundation of our success. Our purpose is to build trust in society and solve important problems, and our values help us deliver on that Purpose. Our purpose reflects ‘why’ we do what we do, and our strategy provides us with the ‘what’ we do. ‘How’ we deliver our purpose and strategy is driven by our culture, values and behaviours. This forms the foundation of our system of quality management and permeates how we operate, including guiding our leadership actions, and how we build trust in how we do business, with each other and in our communities.

When working with our clients and our colleagues to build trust in society and solve important problems, we:

- Act with integrity
- Make a difference
- Care
- Work together
- Reimagine the possible

Key messages are communicated to our firm by our Territory Senior Partner and our leadership team and are reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders’ messaging conveys the importance of quality to success of our firm. Based on this tracking, we are confident our people understand our audit quality objectives.

Delivering service of the highest quality is core to our purpose and our assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

PwC Denmark build on the PwC network established framework for quality management which integrates quality management into business processes and the firm-wide risk management process. The framework introduces an overall quality objective for the Assurance practice focused on having the people and processes to deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders.

This overall quality objective is supported by a series of underlying quality management objectives and our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance.

The achievement of these objectives is supported by a quality management process established by our firm and Assurance leadership, business process owners, and partners and staff.

The Quality Management Process

This quality management process includes:

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks

- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance quality indicators
- continuously improving the system of quality management when areas for improvement are identified by performing root cause analyses and implementing remedial actions and
- establishing a quality-related recognition and accountability framework to be used in appraisals, remuneration, and career progression decisions.

Aim to Predict: Assurance Quality Indicators

We have identified a set of Assurance Quality Indicators (AQIs) that support our Assurance leadership team in the early identification of potential risks to quality, using metrics to aim to predict quality issues. This quality risk analysis is an essential part of our Quality Management for Service Excellence (QMSE), and the AQIs, in addition to other performance measures, also provide a key tool in the ongoing monitoring and continuous improvement of our SoQM.

Aim to Prevent: Real Time Assurance

We have developed a Real Time Quality Assurance (“RTA”) program designed to provide preventative monitoring that helps coach and support engagement teams get the ‘right work’ completed in real-time, during the audit.

Learn: Root cause analysis

We perform analyses to identify potential factors contributing to our firm’s audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses is to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit.

For individual audits, an objective team of reviewers identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality.

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed.



Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practise. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.

Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (“RAF”) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds Partners and other Engagement Leaders accountable for quality outcomes. Our RAF considers and addresses the following key elements:

- **Quality outcomes:** We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC Network and our firm’s standards and policies
- **Behaviours:** We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective
- **Interventions/recognition:** We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- **Consequences/reward:** We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behavior and sufficient to incentivize the right behaviours to achieve the quality objectives

Ethics, independence and objectivity

Ethics

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are:

- **Integrity** – to be straightforward and honest in all professional and business relationships.
- **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- **Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practise, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- **Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- **Professional Behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our Network Standards applicable to all Network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network and leadership in PwC Denmark monitors compliance with these obligations.

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, PwC Denmark has adopted the PwC Network Standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals-behaviours that will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal-to do the right thing.

Upon hiring or admittance, all staff and partners of PwC Denmark are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code in the course of their professional careers and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the code each firm in the PwC Network provides a mechanism to report issues. There is also a confidential global reporting option on pwc.com/codeofconduct. PwC Denmark has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

The PwC Code of Conduct is available online for all internal and external stakeholders at pwc.com/ethics.

Objectivity and Independence

As auditors of financial statements and providers of other types of professional services, PwC member firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The PwC Global Independence Policy, which is based on the IESBA International Code of Ethics for Professional Accountants, including International Independence Standards, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

PwC Denmark has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists. The PRI reports directly to Territory Senior Partner.

Partner rotation

The audit partners who sign financial statements etc. of listed audit clients, audit clients in the financial services sector and other clients subject to the rotation requirement of the Danish Act on Approved Auditors and Audit Firms rotate off every seven years (however, every five years in the case of clients subject to the rules of the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board).

In addition, we comply with separate requirements in IESBA – Code of Ethics concerning rotation of key audit partners who do not sign financial statements, but who play an important role in connection with the audit of listed clients and clients in the financial services sector. This Code also requires partners to rotate off every seven years.





Independence policies and practices

The PwC Global Independence Policy covers, among others, the following areas:

- personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g. bank accounts and loans by partners, staff, the firm and its pension schemes;
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services ('SOPS'), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities; and
- business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business.
- acceptance of new audit and assurance clients, and the subsequent acceptance of non-assurance services for those clients

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations or in response to operational matters.

PwC Denmark supplements the PwC Network Independence Policy as required by local regulations, including the independence requirements of the PCAOB and EU audit regulation where they are more restrictive than the Network's policy.

Independence related systems and tools

As a member of the PwC Network, PwC Denmark has access to a number of systems and tools which support PwC member firms and their personnel in executing and complying with our independence policies and procedures. These include:

- The Central Entity Service ('CES'), which contains information about corporate entities including public interest audit clients and SEC restricted clients and their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit engagement or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services;
- 'Independence Checkpoint' which facilitates the preclearance of publicly traded securities by all partners and practice managers before acquisition and records their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;
- Authorisation for Services ('AFS') which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory).

PwC Denmark also has a number of territory-specific systems which include:

- A rotation tracking system which monitors compliance with PwC Denmark's audit rotation policies for engagement leaders, other key audit partners and senior staff involved in an audit; and
- A database that records all approved business relationships entered into by PwC Denmark. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.



Independence training and confirmations

PwC Denmark provides all partners and staff on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on PwC Denmark independence policy and related topics.

Additionally, face-to-face training is delivered to members of the practise on an as-needed basis by PwC Denmark's independence specialists and risk and quality teams.

All partners and practise staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the member firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations for PIE-clients.

Independence monitoring and disciplinary policy

PwC Denmark is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners as a means of monitoring compliance with independence policies; and
- An annual assessment of the member firm's adherence with the PwC Network's Standard relating to independence.

The results of PwC Denmark's monitoring and testing are reported to the firm's management on a regular basis with a summary reported to them on at least an annual basis.

PwC Denmark has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

This would include discussion with the client's audit committee regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the member firm and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Denmark systems and processes and for additional guidance and training.

Considerations in undertaking the audit

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies

and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary.

Client and Engagement Acceptance and Continuance

PwC Denmark implemented a process to identify acceptable clients based on the PwC Network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance ('A&C')). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

- To document their consideration of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

Member firms (including member firm leadership and risk management):

- To facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
- To provide an overview of the risks associated with accepting or continuing with clients and
- To understand the methodology, basis and minimum considerations all other member firms in the Network have applied in assessing audit acceptance and continuance.

Statement concerning our independence practices

Auditor independence is the cornerstone in our business. We can confirm that we have an appropriate independence practice and that an internal review of independence compliance has been conducted.

Our audit approach

PwC uses a range of cutting-edge methods, processes, technologies, and approaches to ensure continuous improvement in the performance and quality of our audit engagements.



The PwC Audit

The quality and effectiveness of audit is critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, in the skills of our people, in our underlying audit methodology, the technology we use, and in making the right amount of time and resources available. We pay close attention to what our various stakeholders require from us, what they tell us we need to improve and to the findings of regulatory inspections on the quality of our work. Details of the most recent regulatory findings can be found in the Leadership and Quality Management Process section. Just as important are the internal indicators and processes that routinely monitor the effectiveness of our risk and quality processes, and provide timely information about the quality of our audit work and any areas for improvement.



People

Data and technology can help reveal insights, but it takes an inquisitive person with well-rounded business knowledge to understand what those insights mean. We recruit professionals with these capabilities; people who can deliver the highest quality outcomes in terms of client service and compliance.



Technology

As technological change accelerates, our clients want to trust their information with organisations that don't merely keep up but lead the way. We've made a global commitment to offer leading audit technology, and we've invested heavily in tools to match our approach. The result is greater quality and insight to our clients.



Approach

We've built our audit around our people and our technology. We've designed it to give us more time with our clients, understanding the things that matter to their business. That's more time understanding client concerns, and more time focusing on the inherent risks we see, including how they change over time and how they compare with peer companies.



The PwC Audit



Tools and technologies to support our audit

As a member of the PwC Network, PwC Denmark has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

Aura Platinum

PwC Audit is underpinned by Aura Platinum, our global audit documentation system which is used across the entire PwC Network. Aura Platinum is the heart of how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Targeted audit plans specify risk levels, controls reliance and substantive testing. Smart dashboards show teams audit progress and the impact of scoping decisions more quickly.

Audit technology

Aura Platinum is supported by a series of technology-based audit support tools and templates which are accessible via a range of electronic devices ranging from PCs to smartphones. These tools increasingly integrate with Aura, populating audit evidence directly into Aura. The main tools include:

The Connect Suite

is our collaborative platform where we share data, document requests and audit status. It provides fast, efficient and secure information sharing with our clients and multi-location audit teams at every stage of the audit:

- **Connect** monitors the status of requests and information between our clients and the engagement team in real time. Audit and client teams know where things stand at all times through a consolidated dashboard showing all sites, digitisation of engagement matters, and automated key performance indicators.
- **Connect Audit Manager** streamlines, standardises and automates group and component teams coordination for multi-location and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process so there's greater transparency, compliance and quality for complex multi-location audits.

Halo

is our market-leading audit technology that allows us to identify and assess risks and determine where to focus audit efforts. Halo interrogates, tests and analyses huge volumes of business-critical data, analysing whole populations, spotting and visualising anomalies and trends in financial information. It enables us to analyse patterns and trends, identify unusual and high-risk transactions, and provide valuable insight to our teams and our clients.

Count

facilitates the end-to-end process for inventory counts, allowing our engagement teams to create and manage count procedures, counters to record results directly onto their mobile device or tablet and engagement teams to export final results into Aura.

PwC's Confirmation System

makes it easy for clients to return requested information securely. Automated, flexible technology means it works for virtually all confirmation types from accounts receivable to derivatives to loans to inventory.



Confidentiality and information security

Data privacy and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation. We take the protection of confidential and personal data very seriously.

Our focus on our clients requires a holistic and collaborative approach to reducing security, privacy and confidentiality risks with significant investment in appropriate controls and monitoring to embed an effective three lines of defence model. This model has enabled us to strengthen our information security organisation, align to industry good practice and improve our internal control frameworks.

Data Privacy

The firm maintains a robust and consistent approach to the management of all personal data, with everyone in our organisation having a role to play in safeguarding personal data. We have continued to build on our extensive GDPR readiness programme, and are committed to embedding good data ethic and management practices across our business.

Information Security

Information security is a high priority for the PwC Network. Member Firms are accountable to their people, clients, suppliers, and other stakeholders to protect information that is entrusted to them.

The PwC Information Security Policy (ISP) is aligned with ISO/IEC 27001, financial services industry standards, and other reputable frameworks (COBIT, NIST, etc.) as benchmarks for security effectiveness across the network of Member Firms. The PwC ISP directly supports the Firm's strategic direction of cyber readiness to proactively safeguard its assets and client information. The PwC ISP is reviewed, at a minimum, on an annual basis.

PwC Denmark adheres to the ISP requirements and complete an annual, evidence based assessment to demonstrate compliance. The CISO approved assessment undergoes a detailed and standardized Quality Assessment (QA) process performed by a centralized, objective Network Information Security Compliance team.





Supporting engagement performance



Evolving delivery model

We continue to evolve the way we deliver our services so our people give our clients an even better experience, improve the quality of what we do and create economic capacity to invest in the future. We use both on and offshore resources at Acceleration centers and Centers of Excellence to streamline, standardize, automate, and centralize portions of the audit.



Direction, coaching and supervision

Engagement leaders and senior engagement team members are responsible and accountable for providing quality coaching throughout the audit and supervising the work completed by junior members of the team., coach the team and maintain audit quality. Teams utilize Aura Platinum which has capabilities to effectively monitor the progress of the engagement to make sure that all work has been completed and reviewed by relevant individuals, including the engagement leader.



Consultation culture

'Consultation is key to ensuring audit quality. While we have formal protocols about mandatory consultation, in the pursuit of quality, we regularly consult more than the minimum requirement. For example, our engagement teams routinely speak with experts in areas such as taxation, risk, valuation, actuarial and other specialities as well as individuals within our National Office.



National office

Our National Office comprises technical accounting, auditing, and financial reporting specialists as well as risk and quality. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing and providing those updates to professional staff.



Assurance Quality Partner (AQP) network

Our AQP network comprises of partners and professionals who help audit teams design effective and efficient audit approaches and reinforce key learnings points from audit training and guidance. Our AQPs contribute to market and industry group meetings focused on audit quality topics and provide advice on auditing matters through review of certain aspects of selected audit engagements before those audits are completed.



Quality Review Partners (QRP)

Specific audit engagements are assigned a QRP as part of the firm's system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, risks of material financial statement misstatement and a team's responses to those risks, and specific accounting, auditing, and financial reporting and disclosure issues.



Differences of opinion

Protocols exist to resolve the situations where a difference of opinion arises between the engagement leader and either the QRP, another Assurance partner or central functions such as the National Office. These include the use of technical panels consisting of partners independent of the engagement.



Monitoring

Monitoring of Assurance quality

We recognize that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the Leadership of PwC Denmark - the “first line of defence”. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit engagements, using the Network’s QMSE framework.

Our firm’s monitoring procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards - the “second line of defence”.

Our monitoring also encompasses a review of completed engagements (Engagement Compliance Reviews-ECR) as well as periodic monitoring of our SoQM by an objective team. The results of these procedures, together with our ongoing monitoring form the basis for the continuous improvement of our SoQM.

Our firm’s monitoring program is based on a consistent Network-wide inspections program based on professional standards relating to quality control including ISQC 1 as well as Network policies, procedures, tools and guidance.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorized to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related

policies and procedures.

Reviews are led by experienced Assurance partners, supported by independent teams of partners, directors, and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities and utilize a range of checklists and tools developed at the Network level when conducting their review procedures.

Finally, the PwC Network coordinates an inspection program to review the design and operating effectiveness of our SoQM - the “third line of defence”. The use of a central team to monitor these inspections across the Network enables a consistent view and sharing of relevant experience across the PwC Network.

The results of the inspections are reported to our firm’s leadership who are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or our firm’s Assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm’s Recognition and Accountability Framework.

Partners and employees of our firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, the GAQ-I Leader informs engagement partners of our firm, who are responsible for group audits involving cross-border work, about relevant quality review findings in other PwC member firms which enables our partners to consider these findings in planning and performing their audit work.



External quality assurance review

PwC Denmark is subject to a quality control review by the Danish Business Authority. The quality control review is performed annually, and the last review was carried out end 2019. The firm's quality control system are reviewed on a continuous basis over a three-year period in accordance with a rotation plan. Moreover, each year, assurance engagements are singled out for specific reviews.

The Danish Business Authority's reports from these quality controls are publicly available and can be obtained at: <https://erhvervsstyrelsen.dk/afgoerelser-revision-og-revisorer>

The report includes the result from the Danish Business Authority's inspection of auditors and their audit engagements as well as the assessment of the firm's quality control system which is based on the requirements set out in the International Standard of Quality Control 1 (ISQC1).

PwC Denmark is authorised in the USA to audit clients subject to rules issued by the U.S. Securities and Exchange Commission and the US Public Company Accounting Oversight Board (PCAOB). Hence, PwC is subject to quality inspections by the PCAOB. The quality control review comprised both our quality control system and selected assurance engagements comprised by these rules.



The last review was carried out by the PCAOB was in the autumn of 2018. The final report was published mid 2019 without any issues or recommendations being identified. The PCAOB's reports from these quality controls are publicly available and can be obtained at: <https://pcaobus.org/Inspections/Reports/Pages/default.aspx>

Statement on the effectiveness of our internal control system

Our network has established a framework for quality management which integrates quality management into business processes and is supported by series of underlying systems. We confirm that we have an appropriate and effective quality control system.

PwC's revenue 2019/20

Revenue for the financial year ended 30 June 2020

(DKK million)	2019/20
I Revenues from the statutory audit of PIE* and PIE-related clients	281
II Revenues from the statutory audit of other (than above) clients	678
III Revenues from permitted non-audit services to audit clients	687
IV Revenues from non-audit services to non-audit clients	1,481
Total revenues	3,127

* Public Interest Entities (PIE) means entities whose transferable securities are admitted to trading on a regulated market of any member state; credit institutions and insurance undertakings.

I-IV According to EU Audit Regulation Article 13(2)(k).



Public-interest clients

PwC's public-interest audit clients

PwC's clients comprised by section 1a (1)(iii) of the Danish Act on Approved Auditors and Audit Firms to whom PwC has provided services under section 1(2) of the Danish Act on Approved Auditors and Audit Firms in the past financial year.

PIE clients listed on EU regulated markets

A

A.P. Møller – Mærsk A/S
A/S Storebælt
A/S Øresund
ALK-Abelló A/S
Andersen & Martini A/S
Asetek A/S

B

Bidco Relyon Nutec A/S
BioPorto A/S
Brd. Klee A/S
Brøndbyernes I.F. Fodbold A/S

C

Carlsberg A/S
cBrain A/S
Cembrit Group A/S
Chr. Hansen Holding A/S
Coloplast A/S

D

D/S NORDEN A/S
Danfoss A/S
Djurlands Bank A/S
DSV Panalpina A/S

F

Firstfarms A/S
Flügger A/S

G

Genmab A/S
Georg Jensen A/S
German High Street Properties A/S
GN Store Nord A/S
Gyldendal A/S

H

H. Lundbeck A/S
Hvidbjerg Bank A/S

I

Investeringsforeningen Carnegie WorldWide
Investeringsforeningen Coop Opsparing
Investeringsforeningen MS Invest
Investeringsforeningen PortfolioManager
Investeringsforeningen SEB Invest
Investeringsforeningen Stonehenge
Investeringsforeningen Wealth Invest
Investeringsselskabet Luxor A/S

J

Jacob Holm & Sønner A/S
Jutlander Bank A/S

K

Kreditbanken A/S
Københavns Lufthavne A/S

N

NNIT A/S
Nordic Shipholding A/S
North Media A/S
Novo Nordisk A/S
Novozymes A/S
NTG Nordic Transport Group A/S

P

Park Street Nordicom A/S
Parken Sport & Entertainment A/S
Per Aarsleff A/S

R

RIAS A/S
Ringkjøbing Landbobank A/S
Roblon A/S
ROCKWOOL International A/S

S

Salling Bank A/S
Scandinavian Tobacco Group A/S
SimCorp A/S
SKAKO A/S
Skjern Bank A/S
Solar A/S

T

TDC A/S
The Drilling Company of 1972 A/S
Tivoli A/S

V

Vestas Wind Systems A/S
Vestjysk Bank A/S
Victoria Properties A/S

Ø

Øresundsbro Konsortiet I/S
Ørsted A/S

Public-interest clients

Other PIE clients (unlisted)

A

Arkitekternes Pensionskasse

B

Basisbank A/S
Borealis Insurance A/S
Broager Sparekasse

C

Carlsberg Insurance A/S

D

Dansk Boligforsikring A/S
Dansk Jagtforsikring A/S
Domus Forsikring A/S
Dragsholm Sparekasse
DSV Insurance A/S

F

Falster Andelskasse
Fanø Sparekasse
FF Forsikring A/S
Fiskernes Forsikring G/S
Folkesparekassen
Fri Forsikring A/S
Frøslev-Møllerup Sparekasse

G

Gefion Insurance A/S
Global Dental Insurance A/S

H

HF FORSIKRING G/S

I

Industriens Pensionsforsikring A/S

L

Langå Sparekasse
Leasing Fyn Bank A/S

M

Maersk Insurance A/S
Merkur Andelskasse
Middelfart Sparekasse

N

NEM Forsikring A/S
Nordea Kredit Realkreditaktieselskab
NærBrand Forsikring G/S

P

PenSam Bank A/S
PenSam Forsikring A/S
PenSam Liv Forsikringsaktieselskab
Pensionskassen for Farmakonomer
Pensionskassen for jordbrugsakademikere og Dyr læger
Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale
Pensionskassen for Sundhedsfaglige
Pensionskassen for Sygeplejersker og Lægeseekretærer
Pensionskassen for Teknikum- Og Diplomingeniører
Pensionskassen PenSam
PKA+Pension Forsikringselskab A/S

S

Sampension Livsforsikring a/s
Sparekassen Balling
Sparekassen Bredebro
Sparekassen Djursland
Sparekassen Kronjylland
Sparekassen Thy
Storstrøms Forsikring G/S

T

Thisted Forsikring A/S

V

Velliv, Pension & Livsforsikring A/S
Vestjylland Forsikring gs.

Ø

Ørsted Insurance A/S

Municipal and regional clients

Municipal and regional audit clients

In its Executive Order No 965 of 28 June 2016, the Danish Ministry of Business and Growth has laid down rules on municipal and regional audit.

Section 2 of the Executive Order states that certain provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities apply similarly to municipal and regional audit with the amendments following from sections 3-6 of the Executive Order.

One of these provisions is Article 13 of the Regulation according to which an audit firm is required to make public an annual transparency report.

The Transparency Report for financial year 2019/20 comprises public-interest entities ("EU PIEs"). The contents of the report in their entirety also apply to municipal and regional audit.

In the past financial year 2019/20, PwC has performed audits in the following municipalities, regions and joint local-authority enterprises:

Municipalities, regions and joint local-authority enterprises 2019/20

A

Aalborg Kommune

B

Ballerup Kommune

E

Egedal Kommune
Energist I/S

F

Fredericia Kommune
Furesø Kommune

G

Gentofte Kommune
Gladsaxe Kommune
Greve Kommune

H

HMG Naturgas I/S
Holstebro Kommune
Horsens Kommune
Hovedstadens Beredskab I/S
Hørsholm Kommune

L

Langeland Kommune
Lejre Kommune
Lyngby-Taarbæk Kommune

M

Morsø Kommune

N

Nordjyllands Beredskab I/S

O

Odder Kommune
Odsherred Kommune

R

Roskilde Kommune

S

Skive Kommune

T

Trekantområdets Brandvæsen I/S

V

Varde kommune
Vejle Kommune

PwC's active shareholders

Register of active shareholders with voting rights at 25 September 2020

A

Allan Solok,

State Authorised Public Accountant

Anders Jul Bjørn,

MSc (Business Administration and Auditing)

Anders Stig Lauritsen,

State Authorised Public Accountant

Anders Strandet Jepsen,

Master of Law

Anne Cathrine Primdal Allentoft,

State Authorised Public Accountant

B

Benny Lundgaard,

State Authorised Public Accountant

Betri Pihl Schultze

Master of Business Law

Bjørn Jakobsen,

State Authorised Public Accountant

Bo Schou-Jacobsen,

State Authorised Public Accountant

Brian Benjamin Staalkjær,

State Authorised Public Accountant

Brian Christiansen,

State Authorised Public Accountant

Brian Petersen,

State Authorised Public Accountant

C

Carsten Dahl,

State Authorised Public Accountant

Carsten Yde Hemme,

Master in Finance (MSC)

Casper Ryborg,

MSc (Business Administration and Auditing)

Charlotte Dohm,

State Authorised Public Accountant

Christian Fredensborg Jakobsen,

State Authorised Public Accountant

Christian Klibo,

State Authorised Public Accountant

Claus Dalager,

State Authorised Public Accountant

Claus Høegh-Jensen,

Master of Business Law

Claus Kjær Poulsen,

State Authorised Public Accountant

Claus Lindholm Jacobsen,

State Authorised Public Accountant

E

Esben Toft,

MSc (Business Administration and Computer Science)

F

Flemming Eghoff,

State Authorised Public Accountant

G

Gert Fisker Tomczyk,

State Authorised Public Accountant

H

Hans Christian Krogh,

State Authorised Public Accountant

Henrik Forthoft Lind

State Authorised Public Accountant

Henrik Jensen,

State Authorised Public Accountant

Henrik Kragh,

State Authorised Public Accountant

Henrik Steffensen,

MSc (Business Administration and Auditing)

J

Jacob Fromm Christiansen,

State Authorised Public Accountant

Jan Bunk Harbo Larsen,

State Authorised Public Accountant

Jan Christiansen,

Master of Economics

Jan Hetland Møller,

State Authorised Public Accountant

Janus Mens,

MSc (Mathematics and Economics)

Jens Weiersøe Jakobsen

State Authorised Public Accountant

Jesper Møller Langvad,

State Authorised Public Accountant

Jesper Otto Edelbo,

State Authorised Public Accountant

Jesper Povlsen,

MSc (Strategy, Organisation and Leadership)

Jesper Vedsø,

MSc (Business Administration and Auditing)

Jesper Wiinholt,

State Authorised Public Accountant

Jess Kjær Mogensen,

The majority of the voting rights are held by state authorised public accountants or by other individuals in accordance with the rules from time to time in force for partnerships or companies of state authorised public accountants.

Register of active shareholders with voting rights at 25 September 2020

State Authorised Public Accountant
Jørgen Juul Andersen,
State Authorised Public Accountant
Jørgen Rønning Pedersen,
State Authorised Public Accountant

K

Karina Hejlesen Jensen,
Master of Laws
Kim Domdal,
BSc., Economics and Finance
Kim Fücksel,
State Authorised Public Accountant
Kim Tromholt,
State Authorised Public Accountant
Klaus Okholm,
State Authorised Public Accountant
Kristian Bredgaard Lassen,
State Authorised Public Accountant

L

Lars Almskou Ohmeyer,
State Authorised Public Accountant
Lars Baungaard,
State Authorised Public Accountant
Lars Engskov,
MSc (Business Administration and Auditing)
Lars Koch Vinter
Doctor of Laws
Line Hedam,
State Authorised Public Accountant

M

Mads Meldgaard,
State Authorised Public Accountant
Mads Melgaard,
State Authorised Public Accountant
Mads Nørgaard Madsen,
BCom (Organisation and Management)
Martin Lunden,
State Authorised Public Accountant
Martin Olesen Furbo,
State Authorised Public Accountant
Mette Lindgaard,
MSc (Political Science)
Michael Eriksen,
MSc (Business Administration and Auditing)
Michael Groth Hansen,
State Authorised Public Accountant
Mikael Johansen,
State Authorised Public Accountant
Mogens Nørgaard Mogensen,
State Authorised Public Accountant

N

Niels Larsen,
MSc (Computer Science and Mathematics)

O

Olaf Valentin Kjær,
Master of Economics

P

Palle H. Jensen,
State Authorised Public Accountant
Per Rolf Larssen,
State Authorised Public Accountant
Per Timmermann,
State Authorised Public Accountant
Poul Spencer Poulsen,
State Authorised Public Accountant

R

Ragna Ceder,
Chartered Accountant, UK
Rasmus Friis Jørgensen,
State Authorised Public Accountant
Rikke Lund-Kühl,
State Authorised Public Accountant
Robert Bo Jensen,
MBA

S

Søren Jesper Hansen,
Doctor of Laws
Søren Røssel,
BA (Hons.), MBA
Søren Ørjan Jensen,
State Authorised Public Accountant

T

Thomas Baunkjær Andersen
State Authorised Public Accountant
Thomas Bjerre,
Master of Business Law
Thomas Krantz,
Doctor of Laws
Thomas Stockmarr,
MSc (Business Administration and Auditing), MSc
(Strategy, Organisation and Leadership)
Thomas Wraae Holm,
State Authorised Public Accountant
Timothy Holmes,
Graduate Diploma in Legal Practice (LPC), Sydney
Torben Jensen,
State Authorised Public Accountant
Tue Stensgård Sørensen,
State Authorised Public Accountant

U

Ulrik Ræbild,
State Authorised Public Accountant

The majority of the voting rights are held by state authorised public accountants or by other individuals in accordance with the rules from time to time in force for partnerships or companies of state authorised public accountants.

EU-/EEA members of PwC network

The table below is a list of statutory audit firms/auditors by country within our network as of 30 June 2020 (Article 13.2.(b) items (ii) and (iii))

30 June 2020 list of audit firms/statutory auditors

Austria

PwC Wirtschaftsprüfung GmbH, Wien
PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
PwC Österreich GmbH, Wien

Belgium

PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl

Bulgaria

PricewaterhouseCoopers Audit OOD

Croatia

PricewaterhouseCoopers d.o.o

Cyprus

PricewaterhouseCoopers Limited

Czech Republic

PricewaterhouseCoopers Audit s.r.o

Denmark

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Estonia

AS PricewaterhouseCoopers

Finland

PricewaterhouseCoopers Oy

France

PricewaterhouseCoopers Audit
PricewaterhouseCoopers Entreprises
PricewaterhouseCoopers France
PricewaterhouseCoopers Services France
PwC Entrepreneurs CAC
PwC Entrepreneurs Commissariat aux Comptes
PwC Entrepreneurs Audit
PwC Entrepreneurs Audit France
PwC Entrepreneurs CAC France
PwC Entrepreneurs Commissariat aux Comptes France
PwC Entrepreneurs France
PwC Entrepreneurs Services
Expertise et Audit Lafarge

France

M. Philippe Aerts
M. Jean-François Bourrin
M. Jean-Laurent Bracieux
M. Didier Brun
M. Anouar Lazrak
Mme Elisabeth L'Hermite
M. François Miane
M. Yves Moutou
M. Claude Palmero
M. Pierre Pegaz-Fiornet
M. Antoine Priollaud

Germany

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Wibera WPG AG

Gibraltar

PricewaterhouseCoopers Limited

Greece

PricewaterhouseCoopers Auditing Company SA

Hungary

PricewaterhouseCoopers Könyvvizsgáló Kft.

Iceland

PricewaterhouseCoopers ehf

Ireland

PricewaterhouseCoopers

Italy

PricewaterhouseCoopers Spa

Latvia

PricewaterhouseCoopers SIA

Liechtenstein

PricewaterhouseCoopers GmbH, Vaduz

Lithuania

PricewaterhouseCoopers UAB

Luxembourg

PricewaterhouseCoopers, Société coopérative

Malta

PricewaterhouseCoopers

Netherlands

PricewaterhouseCoopers Accountants N.V.
Coöperatie PricewaterhouseCoopers Nederland U.A.

Norway

PricewaterhouseCoopers AS

Poland

PricewaterhouseCoopers Polska sp. z o.o.
PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.

30 June 2020 list of audit firms/statutory auditors

Portugal

PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda

Romania

PricewaterhouseCoopers Audit S.R.L.

Slovakia (Slovak Republic)

PricewaterhouseCoopers Slovensko, s.r.o.

Slovenia

PricewaterhouseCoopers d.o.o.

Spain

PricewaterhouseCoopers Auditores, S.L.

Sweden

PricewaterhouseCoopers AB

Öhrlings PricewaterhouseCoopers

UK

PricewaterhouseCoopers LLP

James Chalmers

Katharine Finn

