

Transparency report
2013

Founded in 1954, PwC Finland, i.e. PricewaterhouseCoopers Oy, is a Finnish-owned APA community. Employed by our company, our partners are APA accountants and experts in taxation, corporate transactions, business consulting, and risk management.

PwC offers global business consulting, accounting, corporate transaction, tax, and assurance services employing over 184,000 individuals in 157 countries. In Finland, PwC has more than 775 experts in 20 locations around the country.

We believe in transparency in all our activities. In this transparency report, we describe, in accordance with section 29 of the Auditing Act, and section 9 of the Auditing Decree, the administration of our company, the standards we adhere to, our employee reward programme and personnel education.

Legal form and ownership relations

Owned by its employees, PricewaterhouseCoopers Oy is a Finnish company with the status of an APA community. During the past financial year that ended on 30 June 2013, the company included the affiliated company JHTT-yhteisö PwC Julkistarkastus Oy.

According to its articles of association, more than half of all the shares of the company and of the votes carried by them shall be held by the accountants employed by the company, approved by the Central Chamber of Commerce, or by APA communities. APA accountants owned 69.0 per cent of the company's shares on 30 June 2013.

Legal and structural description of the PwC network

PwC Finland is part of the network formed by the member firms of PricewaterhouseCoopers International Limited (PwCIL), where each company is an independent legal entity. The network members have local ownership and management. The PwC network has specific provisions for risk management, personnel management, brand-specific activity and communications that all the firms in the network have undertaken to observe. Compliance with these provisions is regularly monitored.

PwCIL's primary tasks include: (i) identifying new markets and developing strategies related thereto; (ii) reinforcing PwC's internal product, skills and information networks; (iii) promoting awareness of the PwC brand; and (iv) ensuring uniform application of common risk management, quality standards and procedures related to independence in member firms.

When joining the PwC network, member firms obtain the right to use the PwC marketing title and common resources, methodologies and know-how of the network. Similarly, all the member firms are obligated to follow certain practices common to the network and to maintain the provisions observed in the PwC network, approved by the management of PwCIL. The PwC network is not legally responsible for the activities and possible negligent acts of member firms; the member firms themselves are responsible for these.

Administration

The activities of PricewaterhouseCoopers Oy are governed by effective legislation, articles of association, and the numerous rules, guidelines and recommendations related to the indus-

try. The objective of corporate governance is an open and transparent method of management. Guidelines on responsible conduct form the basis of all our activities, and PwC's values—cooperation, excellence and leadership—create a firm basis for both interaction with our clients and other external stakeholders, and internal communications within the company.

The general meeting, board of directors and CEO supported by the management team, as well as the shareholders' and partners' meetings, partners' committee and nomination committee, are responsible for the administration of PricewaterhouseCoopers Oy. The principles of corporate governance are defined in the rules of procedure for each administrative organ.

Annual general meeting

The annual general meeting is held by the end of December each year. The decisions that concern the annual general meeting shall be made and the remunerations of the board of directors and accountants shall be determined at the meeting. Additionally, the current share price shall be confirmed and other issues stated in the summons to the meeting shall be discussed. The most recent annual general meeting of PricewaterhouseCoopers Oy was held on 27 November 2012.

According to the articles of association, the annual meeting chooses a board of directors each year, which consists of five and at most nine ordinary members. The chairman and possible vice chairman of the board of directors and other members are chosen at the annual general meeting, and their terms of office end by the time of the next annual general meeting. If a member of the board of directors resigns in the middle of a term of office, a by-election may be conducted at an extraordinary general meeting.

Board of directors

It is the task of the board of directors to manage the administration of the company and the appropriate organisation of operations. The board of directors also ensures that the supervision of the accounting and financial administration of the company is appropriately arranged. The board of directors also approves the business strategy, business plan and budget and monitors their execution. The board of directors appoints the CEO and approves the appointments of the business area managers and other members of the management team. The issues handled by the board of directors are presented by the CEO.

At least two-thirds of the members of the board of directors and possible vice members, and the chairman and possible vice chairman, shall be accountants employed by the company, approved by the Central Chamber of Commerce. The proposals on the members of the board of directors are made to the annual general meeting by the nomination committee.

The members of the board of directors during the financial year that ended on 30 June 2013 included Eero Suomela, APA, M.Sc.(Econ.) (chairman); Heikki Lassila, APA, M.Sc. (Econ.); Juha Laitinen, LL.M; Merja Lindh, APA, M.Sc. (Econ.); Janne Rajalahti, APA, M.Sc.(Econ.); and Kimmo Vilskke, M.Sc. (Eng.), for the entire term and Juha Wahlroos, APA, M.Sc.(Econ.), until 27 November 2012; and additionally Ylva Eriksson, APA, M.Sc.(Econ.), from 27 November 2012. The board of directors convened 11 times during the financial year. The activities and working methods of the board of directors are assessed each year. This takes place as a self-assessment.

Territory Senior Partner

The partners' meeting of PricewaterhouseCoopers Oy chooses one partner as Territory Senior Partner (TSP) to represent the company and partners in the PwC network. Since 2003, the position has been held by Johan Kronberg, APA.

CEO

The board of directors of PricewaterhouseCoopers Oy appoints the CEO, who is responsible for the management of the company, the execution of the strategy and development of business in accordance with the directions and rules supplied by the board of directors. The management team assists the CEO. Since 1 June 2011, the CEO of the company has been Kim Karhu, APA.

Management team

The primary task of the management team is to assist the CEO in operative management and the execution of the decisions of the board of directors. The management team has no powers based on law or the articles of association. The management team guides and develops the company's activities in order to achieve the strategic objectives.

During the financial year, the Territory Leadership Team included the CEO, Territory Senior Partner, Line of Service directors, Markets Leader and Chief Operational Officer. The board of directors approves the members of the management team on the proposal of the CEO. The CEO acts as the chairman of the management team. The management team convened 25 times during the financial year.

During the financial year that ended on 30 June 2013, the members of the management team included Kim Karhu (CEO), Jukka-Pekka Joensuu (Chief Operational Officer), Marko Korhikoski (Markets Leader), Johan Kronberg (TSP), Mikko Nieminen (Audit and Assurance), Timo Raikaslehto (Consulting and Deals), Petri Seppälä (Tax Services), and Markku Tynjälä (Family Business Services).

Partners

The company is owned by its partners (Equity Partners). The rights and responsibilities of the partners are determined on the basis of the Limited Liability Companies Act, the articles of association and the partnership agreement. In general meetings, the partners exercise the highest decision-making power as referred to in the Limited Liability Companies Act and the articles of association.

In addition to Equity Partners, there are Associated Partners. The rights and responsibilities of Associated Partners are determined on the basis of the partnership agreement. In shareholders' and partners' meetings, Associated Partners and Equity Partners participate in decision-making concerning issues referred to in the partnership agreement.

All partners of PricewaterhouseCoopers Oy are employed by the company. At the end of the financial year, there were altogether 75 partners in the company, of which 44 were accountants approved by the Central Chamber of Commerce. There were 44 Equity Partners and 31 Associated Partners.

Partners' committee

The task of the partners' committee is the preparation of issues relating to the hiring of partners, partnership policy and structure, and payment of dividends. The partners' committee is formed by the chairman of the board of directors, CEO, TSP, the chairman of the nomination committee and a member chosen by the board of directors from among themselves, replaced at two-year intervals. The chairman is the chairman of the board of directors of the company. The members of the partners' committee are not separately chosen, excluding the member chosen by the board of directors from among themselves; serving on the partners' committee is considered part of the larger job description in the tasks mentioned.

Members of the partners' committee include Eero Suomela (chairman), Kim Karhu, Johan Kronberg, Matias Lindholm, and Juha Laitinen.

Nomination committee

It is the task of the nomination committee to prepare for the general meeting a proposal on the number and identity of candidates for the board of directors, and the identities of chairman and possible vice chairman. The nomination committee also prepares the election of the TSP for the partners' meeting.

The partners' meeting chooses four partners to the nomination committee; of these, one is the chairman and one the vice chairman. The chairman or a member of the board of directors, the CEO and the TSP cannot be members of the nomination committee. The term of office of the members of the nomination committee lasts from one partners' meeting to the next, unless decided otherwise.

The nomination committee includes Matias Lindholm (chairman), Kai Wist (vice chairman), Jan Holmberg, and Pekka Loikkanen.

Basis for remuneration of partners

A reward programme approved by the members' and partners' meetings is observed in the remuneration of partners, and its basic principles are similar throughout the entire PwC network. The partners' committee decides on adjustments to the reward programme, and major changes are brought before the board of directors and the partners' meeting for approval.

The partners' committee decides on the remuneration of partners. The board of directors decides on the remuneration of the partners' committee. The partners are divided into different classes according to experience, skills and roles, and the reward programme pays attention to the attainment of personal objectives set for each year, conformity to values, the partner's role in the organisation and the financial result of the company.

Description of internal quality assurance reviews

Our company's values—cooperation, excellence and leadership—support the objective of high quality in all our client work. In addition to observing good technical quality and regulations, quality also means having the ability to put ourselves in our clients' shoes and a commitment to producing added value. In internal training and other events, we constantly emphasise the meaning of high quality. We also conduct client satisfaction surveys on a regular basis.

The personnel of our company and outside parties have the opportunity to disclose confidentially detected or suspected deviations from the professional standards and legislation concerning our company through the company's website. Our principles heighten the importance of consultation in difficult professional questions or those that require interpretation. Assigned experienced experts are responsible for consultation.

Firms across the PwC network use congruent standards, operating principles and procedures on quality and supply of services. It is the task of the company's Risk & Quality Partner together with the Risk & Quality partners and managers of the business areas to maintain principles and systems relating to risk management and to monitor compliance with them. We conduct a self-assessment on compliance with the operating principles each year. The Risk & Quality Partner reports to the management team and board of directors of our company.

We observe a quality control review programme concerning the assignments of the PwC network, which is adopted in all the firms within the network. The individual PwC firms can supplement the global guidelines with local regulatory requirements. According to the programme, all the authorised public accountants and other persons responsible for assignments are subject to assignment-specific quality control every three to five years. We report the results of the quality control review to both the top management of PricewaterhouseCoopers Oy and the global management team of the PwC network. We draft an action plan on the basis of the report in order to rectify any observed defects. The management of our company monitors the implementation of the approved plan of action.

We follow the International Standard on Quality Control (ISQC) 1, the purpose of which is to guarantee with reason-

able certainty that we conduct our assignments in a manner regulated by professional standards, regulations and legislation. The standard on quality control also requires a review process; in our company, this has been entrusted to the partner assigned to this duty, the Chief Quality Officer. The Chief Quality Officer reports to the management team and board of directors of our company. The review process aims to provide reasonable certainty that our operating principles and procedures relating to the quality control system are appropriate, function effectively and are adhered to.

The PwC network conducts a Quality Management Review in our company at regular intervals, and it evaluates the appropriateness of our operating principles and procedures.

It is the task of our Quality Office function to ensure that the auditing and other assurance assignments are dealt with observing high quality and the appropriate procedures and that they are conducted effectively. The chairman of the Quality Office is the partner responsible for methodology and its members include the director of the auditing business area, Chief Quality Officer, the Risk & Quality Partner of the auditing business area and the partners responsible for quality control reviews, internal training and regional office risk management.

In accordance with section 40 of the Auditing Act, our community and APA accountants are subject to external quality control by the Central Chamber of Commerce every three to six years. Similarly, our Chartered Public Accountants are subject to quality control by the Chambers of Commerce.

Dates of the most recent quality control reviews

Our internal quality control review for the financial year that ended in 2012 was completed and its results were reported to the board of directors of our company, the management team and the management team of the PwC network in the autumn of 2012.

The PwC network conducted a Quality Management Review in our company in the spring of 2012, and it evaluated the appropriateness of our operating principles and procedures. The observations were reported to the management team and board of directors in August 2012.

In the autumn of 2010, the Auditing Board of the Central Chamber of Commerce conducted a quality review in our company, in which certain functions were reviewed on the basis of the International Standard on Quality Control (ISQC) 1.

The annual control visit of an APA community by the Auditing Board of the Central Chamber of Commerce was last conducted at PricewaterhouseCoopers Oy on 13 August 2013.

List of publicly traded communities and credit and insurance institutions in which an APA community has been chosen as an accountant during the past financial year

The website of PricewaterhouseCoopers Oy contains a separate list on the publicly traded communities and credit and in-

insurance institutions in which an APA community or an accountant employed by it has been chosen as an accountant.

Independence policies and description of monitoring compliance

We adhere to the global independence policies and procedures of the PwC network, which contain the minimum requirements related to independence and which are applied in all the assurance assignments conducted by us. The independence policies and procedures are based on the code of ethics of the International Ethics Standards Board for Accountants (IESBA) and SEC's auditor independence rules with regard to SEC companies, and comply with the requirements of the Auditing Act. However, our policies on auditing clients are stricter than IESBA in certain respects. We maintain knowledge of our personnel on issues of independence by internal news releases and training.

We follow a careful approval procedure of new clients and assignments. We have the centralised database on independence communities of the PwC network at our disposal. By "independence community" we refer to an auditing client which is significant from the point of view of public interest or which has foreign subsidiaries or an assurance assignment client which is listed or which has foreign subsidiaries. The use of a centralised database enables the making of independence reviews regarding new clients and assignments. It is our policy to ensure prior to the approval of new clients and assignments that no conflicts of interest are involved in the assignments which might endanger the independence of our company as an auditor.

It is our practice that the partner responsible for an auditing client approves services other than auditing services provided to the same client. This ensures that our independence and objectivity remain intact with regard to the services provided to our clients. With regard to independence communities, this prior approval is taken care of by using the authorisation system adopted by all the firms in the PwC network.

We follow the rotation requirements concerning the terms of office of accountants according to the Finnish Auditing Act and the national amendments made in Finland to the code of ethics of the IESBA. We monitor compliance with these principles with regard to publicly traded communities and credit and insurance institutions through real-time updates to a centralised database tool and through supervision measures conducted twice a year.

We request a confirmation of compliance with our operating principles and independence rules from all our experts on an annual basis. All partners, directors and managers maintain information on the ownership of securities in a portfolio system, which compares them to the database containing all the independence communities in the PwC network and points out potential problems.

We also monitor compliance with independence policies and procedures by spot checks of our individual experts each year. Potential breaches of the independence rules are reported to

the management team and board of directors of our company. The disciplinary principles of our company are applied to detected breaches of the independence rules .

Principles on maintaining and developing expertise

PwC is an expert organisation where success is based on knowledgeable and skilled personnel. We therefore invest a great deal in continuous personnel development. Performance Coaching & Development is part of PwC's leadership model, in which one purpose is to support the development and professional performance of all PwC personnel. In the PC&D process, an individual Development Plan is defined for every employee, which helps to create both short-term and long-term plans to support development. PwC offers its personnel diverse opportunities to attain these development objectives.

One method of development is training events, in addition to which on-the-job-training and coaching are important methods for maintenance of expertise and development. PwC adheres to the 70:20:10 principle in personnel development: 70 per cent of learning takes place through on-the-job-training and experience; 20 per cent by following others (role models, mentor, coach) and through feedback; and 10 per cent by means of training, seminars or self-study.

Training at PwC is diverse and continuous. It is based on goals derived from the strategy and the needs detected in client work. The training provision of the global PwC network combined with training tailored to PwC Finland's own local needs offers opportunities for both in-depth specialisation and the comprehensive accumulation of skills.

Training is divided into technical expert training, development of client relationship management and interaction skills, and training focusing on PwC's practices, culture and values, and it is unit-, business area- and assignment-specific. The training events arranged by PwC are adapted to prevailing needs and the development plans of individual employees. In particular, training related to amendments to legislation, different standards and decrees is arranged regularly where necessary.

Financial information on the extent of activities

The turnover of the company in the financial period that ended on 30 June 2013 was EUR 102.8 million (representing growth of 5.3% compared with the previous year), with the following subdivision according to business area:

Audit and Assurance	EUR 65.3 million
Tax Services	EUR 23.0 million
Consulting and Deals	EUR 14.5 million

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PwC helps companies to improve their efficiency, promote growth and ensure reliable reporting. With 775 professionals across Finland at your service, we are committed to delivering quality in consulting, deals, tax, audit and other assurance services. Our goal is to create sustainable growth. To find out more, please contact us or visit our home page: www.pwc.fi.

We are a network of firms in 157 countries with more than 184,000 people. The name PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

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