

Transparency report

1 July 2014 – 30 June 2015



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Registered office: Helsinki
Business ID: 0486406-8
PricewaterhouseCoopers Oy

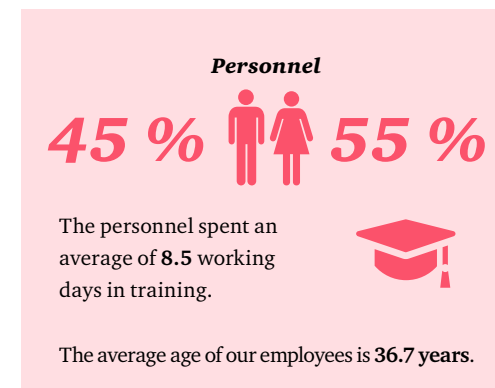
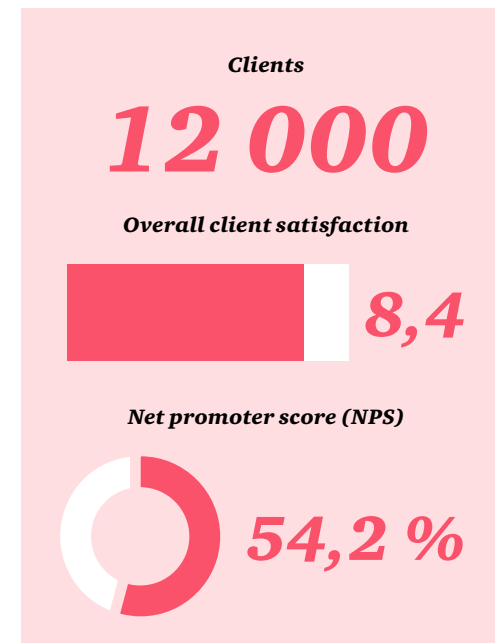
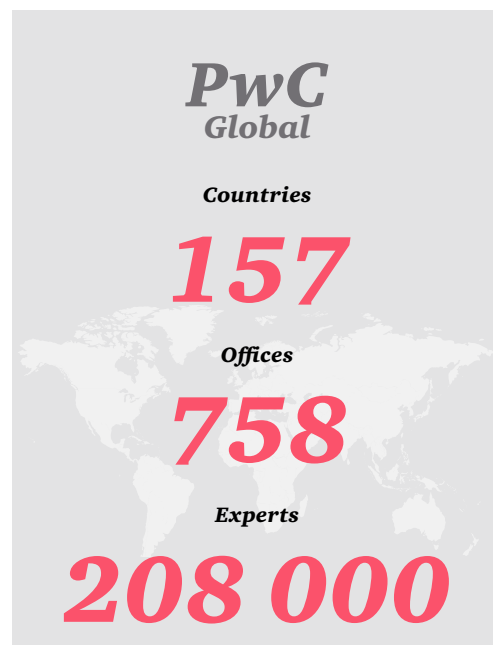
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PwC in a nutshell

PwC Finland is a company owned by its Finnish shareholders and part of the international PwC network. We help businesses to grow, develop, operate efficiently and secure reliable reporting — whether the client is a growing enterprise, family-owned business, listed company or public organisation. Our aspiration is to create sustainable growth.

Our services

- Auditing and other assurance services
- Business management consulting
- Deals
- Tax consultancy
- Forensic services
- Legal services
- Risk management and Corporate Governance
- Corporate Social Responsibility Services



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.

We believe in transparency in all of 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 organisation, the standards we adhere to, our employee reward scheme and personnel education.

Organisation

PricewaterhouseCoopers Oy is a company established in 1954 with the status of an APA community and it is owned by its employees. On 30 June 2015, the company acquired business management consulting company PwC Strategy& (Finland) Oy. In addition, the company holds the affiliate PwC Julkistarkastus Oy, a JHTT firm, as well as a dormant subsidiary PwC Services 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 59.1% of the company's shares on 30 June 2015.

Legal and structural description of the PwC chain

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

PwCIL's primary tasks include: (i) identifying new markets and developing strategies related thereto; (ii) reinforcing PwC's internal networks in order to develop competence and services; (iii) promoting awareness of the PwC brand; and (iv) ensuring the uniform application of common risk management and 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 or any negligent acts of member firms; the member firms themselves are responsible for these.

Administration

The activities of PricewaterhouseCoopers Oy are governed by effective legislation, the Articles of Association, and the numerous rules, guidelines and recommendations related to the industry. 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 – teamwork, excellence and leadership – create a firm basis for all of our opera-

tions, both with our clients and other external stakeholders, and among our personnel.

The Annual General Meeting, Board of Directors and CEO supported by the Territory Leadership 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 AGM are made and the remunerations of the Board of Directors and accountants are determined at the meeting. In addition, the AGM approves the current price of the company's shares, which is used in the acquisition and disposal of shares the following year.

According to the Articles of Association, the AGM elects the Board of Directors each year, which consists of at least five and at most nine ordinary members. The chairman and any vice chairman of the Board of Directors and other members are chosen at the AGM, and their terms of office end by the time of the next AGM. 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 activities. The Board of Directors also ensures that the supervision of the bookkeeping 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 Territory Leadership 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 any vice members, and the chairman and any vice chairman, shall be accountants employed by the company, approved by the Central Chamber of Commerce.

The most recent AGM of PricewaterhouseCoopers Oy was held on 25 November 2014. Until the AGM, Ylva Eriksson, Jaakko Kilpeläinen, Johan Kronberg (chairman), Juha Laitinen, Heikki Lassila, Pekka Loikkanen and Kaj Wasenius acted as members of the Board of Directors.

At the AGM of 25 November 2014, Ylva Eriksson, Markku Katajisto, Jaakko Kilpeläinen, Johan Kronberg, Juha Laitinen, Pekka Loikkanen and Kaj Wasenius were elected as members of the Board of Directors. The AGM elected Johan Kronberg, APA, as the chairman

of the Board. Kaj Wasenius resigned his membership of the Board of Directors in June 2015 and, on 15 June 2015, the extraordinary general meeting elected Timo Takalo as a new member of the Board.

The Board of Directors convened 16 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.

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 Territory Leadership Team assists the CEO. Since 1 June 2011, the CEO of the company was Kim Karhu, APA, whose four-year term of office ended on 30 June 2015.

The Board of Directors appointed Mikko Nieminen, APA, as the company's new CEO starting from 1 July 2015.

Territory Senior Partner

The partners' meeting of PricewaterhouseCoopers Oy elects one partner as Territory Senior Partner (TSP) to represent the company and partners in the PwC network. Starting from November 2013, Janne Rajalahti, APA, has acted as TSP. His term of office will end at the next AGM.

In April 2015, the partners' meeting elected Mikko Nieminen, APA, as the new TSP. His term of office will begin after the next AGM.

Territory Leadership Team

The primary task of the Territory Leadership Team is to assist the CEO in operative management and the execution of the decisions of the Board of Directors. The Territory Leadership Team has no powers based on law or the Articles of Association. The Territory Leadership 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, the Territory Senior Partner, business area directors, the COO, the Human Capital Leader and the Markets Leader. The Board of Directors approves the members of the Territory Leadership Team on the proposal of the CEO. The CEO acts as the chairman of the Territory Leadership Team. The Territory Leadership Team convened 23 times during the financial year.

At the end of the financial year on 30 June 2015, the members of the Territory Leadership Team were Kim Karhu (CEO), Mika Kaarisalo (Private Company Services Leader), Mirel Leino (Markets Leader), Mikko Nieminen (Assurance Leader), Janne Rajalahti (Territory Senior Partner), Petri Seppälä (Tax Leader), Leena Tiensuu (Human Capital Leader) and Kati Tammilehto (COO).

Board of Directors 30.6.2015



Johan Kronberg
(Chairman of the Board)
APA, Partner
b. 1956



Ylva Eriksson
APA, Partner
b. 1969



Markku Katajisto
APA, Partner
b. 1969



Jaakko Kilpeläinen
M.Sc., Director
b. 1955



Juha Laitinen
LL.M., Partner
b. 1963



Pekka Loikkanen
APA, Partner
b. 1959



Timo Takalo
APA, Partner
b. 1968

Management Team 30.6.2015



Kim Karhu
CEO
APA, Partner
b. 1956



Mika Kaarisalo
Private Company Services
Leader
APA, Partner
b. 1964



Mirel Leino
Markets Leader
D.Sc. (Econ.), CFA,
Partner
b. 1971



Mikko Nieminen
Assurance Leader
APA, Partner
b. 1973



Janne Rajalahti
Territory Senior Partner
APA, Partner
b. 1964



Petri Seppälä
Tax Leader
Associate in Laws,
LL.M., Partner
b. 1967



Kati Tammilehto
Chief Operating Officer
M.Sc.(Econ.)
b. 1966



Leena Tiensuu
Human Capital Leader
LL.M., MBA
b. 1959

Partners

PricewaterhouseCoopers Oy is owned by its shareholders under its employment, i.e., 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.

At the end of the financial year, there were a total of 74 partners in the company, of whom 44 were Equity Partners and 30 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 for the Board of Directors. The partners' committee is formed by the chairman of the Board of Directors, the CEO, the TSP, the chairman of the nomination committee, and a member

elected by the Board of Directors from among themselves, replaced at two-year intervals. The chairman of the Board of Directors of the company acts as the chairman of the partners' committee. The members of the partners' committee are not separately elected, excluding the member elected 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.

During the closed financial year, members of the partners' committee were Johan Kronberg (chairman), Kim Karhu, Juha Laitinen, Matias Lindholm and Janne Rajalahti.

Nomination committee

It is the task of the nomination committee to prepare a proposal for the AGM on the number and identity of candidates for the Board of Directors, and the identities of the chairman and any vice chairmen. The nomination committee also prepares the election of the TSP for the partners' meeting.

The partners' meeting elects four partners to the nomination committee; of these, one is the chairman and one the vice chairman. The chairman or members of the Board of Directors, the CEO or 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

held in connection with the AGM, unless decided otherwise.

During the closed financial year, members of the nomination committee were Matias Lindholm (chairman), Kai Wist (vice chairman), Heikki Lassila and Hannu Pellinen.

Basis for remuneration of partners

A reward scheme approved by the partners' meeting is adhered to in the remuneration of partners, and its basic principles are similar throughout the entire PwC network. The partners' committee decides on any changes to the reward scheme, and major changes are brought before the Board of Directors and the partners' meeting for approval. During the financial year, the specifications made to the reward scheme in 2014 were implemented as part of a larger project aimed at developing the activities of the partners' committee.

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 scheme 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.

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Quality assurance system

In addition to observing good technical quality and regulations, quality also refers to our way of working with our clients: our ability to put ourselves in our clients' shoes and exceed their expectations.

Our company's values – teamwork, excellence and leadership – support the objective of a high level of quality in all our client work. In addition to observing good technical quality and regulations, quality also refers to our way of working with our clients: our ability to put ourselves in our clients' shoes and exceed their expectations. In internal training and other events, we constantly emphasise the meaning of high quality. We also conduct customer satisfaction surveys on a regular basis.

Firms across the PwC network use standardised operating principles and procedures on quality and the 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 the 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 Territory Leadership Team and TSP of our company.

We follow a quality control review programme concerning the engagements 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 engagements are subject to engagement-specific quality control at least every five years. We report the results of the quality control review to both the top management of PricewaterhouseCoopers Oy and 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 comply with the International Standard on Quality Control 1 (ISQC 1), the purpose of which is to guarantee, with reasonable certainty, that we conduct our engagements 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, i.e. the Chief Quality Officer (CQO). 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 quality control procedures at our company at regular intervals, reviewing the appropriateness of our operating principles and procedures, and the method of execution of our engagements.

It is the task of our Quality Office function to ensure that the auditing and other assurance

engagements are dealt with maintaining 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, the CQO, and the partners responsible for independence and risk management within the auditing business area, quality control reviews and internal training.

The personnel of our company and outside parties have the opportunity to disclose, in confidence, any detected or suspected misconducts from the professional standards and legislation concerning our company through the PwC network's [website](#). Our principles heighten the importance of consultation in difficult professional questions or those that require interpretation. Our assigned experienced experts are responsible for consultation.

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 (CPAs) are subject to quality control by the local Chambers of Commerce.

Dates of the most recent quality control reviews

The Auditing Board conducted a quality control at our company in autumn 2013 on the ba-

sis of the Accounting Act and the Auditing Board’s annual programme.

The final report was delivered to the company in August 2014.

The PwC network conducted a Quality Management Review (QMR) in our company in spring 2014, and evaluated the appropriateness of our operating principles and procedures. The observations were reported to the Territory Leadership Team and Board of Directors in August 2014.

The results of our regular quality control review were reported to the company’s Territory Leadership Team and Board of Directors, and to the PwC network in autumn 2014.

The annual control visit to an APA community by the Auditing Board of the Central Chamber of Commerce was last conducted at PricewaterhouseCoopers Oy on 15 October 2014.

PricewaterhouseCoopers Oy is also registered with the PCAOB (Public Company Accounting Oversight Board with the US accounting industry), which conducted a quality control check at our company in autumn 2013. The quality control focused on specific functions and audits carried out in compliance with PCAOB standards.

The final report was delivered to the company in November 2014 and it was published on 4 March 2015.

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 PwC Finland includes a separate list of the publicly traded communities and credit and insurance institutions in which an APA community or an accountant employed by it has been chosen as an auditor.

Independence policies and description of monitoring compliance

We adhere to the global independence policies and procedures of the PwC network, which include the minimum requirements related to independence and which are applied to all the assurance engagements 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 Securities and Exchange Commission’s (SEC) independence rules with regard to SEC companies, and comply with the requirements of the Auditing Act. However, our policies regarding to our auditing clients are more restrictive than those of the 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 engagements. We have a centralised database of 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 a client for which we provide other recurring assurance services and which is listed or which has foreign subsidiaries. The use of a centralised database enables the making of independence reviews regarding new clients and engagements. It is our policy to ensure, prior to the approval of new clients and engagements, that no conflicts of interest are involved in the engagements that 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 comply with 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 once a year.

We request a confirmation of compliance with our operating principles and independence

PwC is a professional service organisation where success is based on knowledgeable and skilled personnel.

rules from all our experts on an annual basis. All partners, together with directors and managers acting as experts in client work, 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 carrying out spot checks on our individual experts each year. Potential breaches of the independence rules are reported to the Territory Leadership Team and Board of Directors of our company. The disciplinary principles and sanction policies of our company are applied to any detected breaches of the independence rules.

Continuous development of competence

PwC is a professional service organisation where success is based on knowledgeable and skilled personnel. Performance Coaching & Development (PC&D) is part of PwC’s leadership model, in which one purpose is to support the development and professional performance of all PwC personnel. Through the PC&D process, separate development goals are set for each individual. PwC provides its personnel with diverse opportunities to achieve these development goals on the job with the help of experienced colleagues and through a wide array of training events.

Training is based on goals derived from the strategy and the needs detected in client work.

The training range 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 expert training, the 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. In particular, training related to changes in legislation, standards and regulations, and the assurance of our operational quality is organised continuously. This is supported by continuous communications related to changes in regulation and other development, as well as the databases used. Some training is mandatory based on the role, whereas some training is based on individual development goals.

Financial information on the scope of activities

The company’s turnover in the financial period that ended on 30 June 2015 was EUR 109.6 million (representing growth of 5.3% from the previous year), with the following subdivision according to business area:

Auditing and other assurance services	EUR 66.6 million
Tax consulting and legal services	EUR 24.2 million
Consulting and deals	EUR 18.8 million

The company’s financial information is presented in more detail in the financial statements that will be published concerning the year 2015 after the AGM on 26 November 2015 on the website of PwC Finland at www.pwc.fi/vuosiraportit.



PricewaterhouseCoopers Oy, P.O.Box 1015 (Itämerentori 2), FI-00101 Helsinki. Tel +358 20 787 7000.

Follow us: **PwC Suomi**



PwC helps companies to improve their efficiency, promote growth and to report reliably. With over 830 professionals across Finland at your service, we are committed to delivering quality in consulting, deals, tax, legal, 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 208,000 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.