

Transparency report
2014



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

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PricewaterhouseCoopers Oy (PwC Finland) is a Finnish company established in 1954 with the status of an APA community. Our services cover consulting and deals, tax consulting, auditing and other assurance services. We are part of the global PwC network, through which we serve customers in more than 157 countries by our more than 184,000 experts.

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 company, the standards we adhere to, our employee reward scheme and personnel education.

Organisation

PricewaterhouseCoopers Oy is a company owned by its employees. The company does not have subsidiaries engaged in business operations but it has an affiliate, PwC Julkistarkastus Oy, a community of Chartered Public Finance Auditors.

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 61.3% of the company's shares on 30 June 2014.

Legal and structural description of the PwC network

PwC Finland is part of the global network 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 provisions for risk management, personnel management, brand-specific activity and communications that all the firms in the network have undertaken to ob-

serve. 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 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; it is the member firms themselves that are responsible for them.

Administration

The activities of PricewaterhouseCoopers Oy are governed by effective legisla-

tion, 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 – cooperation, excellence and leadership – create a firm basis for both interaction with our customers and other external stakeholders, and internal communications within the company.

The Annual 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 AGM shall be made and the remunerations of the Board of Directors and accountants shall be determined at the meeting. In addition, the AGM approves the current price of the company's shares which is used in the acquisition and surrender 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 ap-

points 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 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 AGM of PricewaterhouseCoopers Oy was held on 19 November 2013. Until the AGM, members of the Board were Ylva Eriksson, Juha Laitinen, Heikki Lassila, Merja Lindh, Janne Rajalahti, Eero Suomela (Chairman) and Kimmo Vilske.

At the AGM of 19 November 2013, Ylva Eriksson, Jaakko Kilpeläinen, Johan Kronberg, Juha Laitinen, Heikki Lassila, 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.

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 management team assists the CEO. Since 1 June 2011, the CEO of the company has been Kim Karhu, APA.

Territory Senior Partner

The partners' meeting of PricewaterhouseCoopers Oy chooses one partner as Territory Senior Partner (TSP) to represent the company and other partners in the PwC network. The partners' meeting of October 2013, elected Janne Rajalahti, APA, as TSP. He started in the position after the AGM of 19 November 2013. Until the AGM, Johan Kronberg, APA, acted as TSP.

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 period, the Territory Leadership Team included the CEO, the territory senior partner, business area directors, the markets leader, the key accounts leader, the human capital leader and the Chief Operation 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.

At the end of the financial period on 30 June 2014, the management team included Kim Karhu (CEO), Janne Rajalahti (Territory Senior Partner), Mika Kaarisalo (Private Company Services Leader), Mikko Nieminen (Assurance Leader), Timo Raikaslehto (Advisory Leader), Petri Seppälä (Tax Leader), Marko Korkiakoski (Markets Leader), Mirel Leino (Key Accounts Leader), Leena Tiensuu (Human Capital Leader), and Kati Tammilehto (Chief Operating Officer).

Board of Directors 30.6.2014



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



Ylva Eriksson
APA, Partner
b. 1969



Jaakko Kilpeläinen
M.Sc., Director
b. 1955



Juha Laitinen
LL.M., Partner
b. 1963



Heikki Lassila
APA, Partner
b.1958



Pekka Loikkanen
APA, Partner
b. 1959



Kaj Wasenius
APA, Partner
b. 1972

Management Team 30.6.2014



Kim Karhu
APA, Partner
CEO
b. 1956



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



Marko Korkiakoski
M.Sc.(Econ.), CIA, Partner
Markets Leader
b. 1965



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



Mikko Nieminen
APA, Partner
Assurance Leader
b. 1973



Timo Raikaslehto
B.Sc.(Econ.), Partner
Advisory Leader
b. 1958



Janne Rajalahti
APA, Partner
Territory Senior Partner
b. 1964



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



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



Leena Tiensuu
LL.M., MBA
Human Capital Leader
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 period, there were altogether 73 partners in the company, of which 44 were Equity Partners and 29 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, 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' commit-

tee is included in the larger job description in the tasks mentioned.

Members of the partners' committee are Johan Kronberg (chairman), Kim Karhu, Juha Laitinen, Matias Lindholm and Janne Rajalahti.

Nomination committee

It is the task of the nomination committee to prepare for the AGM a proposal 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 chooses 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 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 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. In 2014, the reward scheme was revised and ad-

justed 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. Partners have been divided into different categories on the basis of their experience, competence and role. The reward scheme takes into account the role of each partner in the organisation, the fulfilment of personal objectives, conduct in compliance with the company's values, and the company's financial results.

Quality assurance system

Our company's values – cooperation, excellence and leadership – support the objective of a high level of quality in all our customer work. In addition to observing good technical quality and regulations, quality also means having the ability to put ourselves in our customers' 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 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 management team and TSP of our company.

We follow 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 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 com-

pany monitors the implementation of the approved plan of action.

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

It is the task of our Quality Office function to ensure that the auditing and other assurance assignments 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 deviations from the professional standards and legislation concerning

our company through the PwC's global website. Our principles heighten the importance of consultation in difficult professional questions or those that require interpretation. 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 Chambers of Commerce.

Dates of the most recent quality control reviews

The results of our regular quality control review were reported to the company's management team and Board of Directors, and to the PwC network in autumn 2013.

The PwC network conducted a Quality Management Review (QMR) in our company in spring 2013, and evaluated the appropriateness of our operating principles and procedures. The observations were reported to the management team and Board of Directors in August 2013.

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 13 August 2013.

The Auditing Board conducted a quality control at our company in autumn 2013 on the basis of the Accounting Act and the Auditing Board's annual programme.

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

PricewaterhouseCoopers Oy is also registered in 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 will be delivered to the company in autumn 2014.

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 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 accountant. The list is available at www.pwc.fi/julkiset.

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 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 customers are stricter 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 comply with a careful approval procedure of new customers and assignments. We have a centralised database of independence communities of the PwC network at our disposal. By "independence community" we refer to an auditing customer which is significant from the point of view of public interest or which has foreign subsidiaries, or a customer 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 customers and assignments. It is our policy to ensure, prior to the approval of new customers 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 customer approves services other than auditing services provided to the same customer. This ensures that our independence and objectivity remain intact with regard to the services provided to our customers. 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 observe 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 rules from all our experts on an annual basis. All partners, together with directors and managers acting as experts in customer 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 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 and sanction policies of our company are applied to any detected breaches of the independence rules.

Continuous development of competence

PwC is an expert 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 reach 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 customer 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 customer 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 2014 was EUR 104.1 million (representing growth of 1.2% from the previous year), with the following subdivision according to business area:

Auditing and other assurance services	EUR 63.7 million
Tax consulting	EUR 23.7 million
Consulting and deals	EUR 16.7 million

www.pwc.fi

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PwC helps companies to improve their efficiency, promote growth and ensure reliable reporting. With over 800 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 195,000 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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