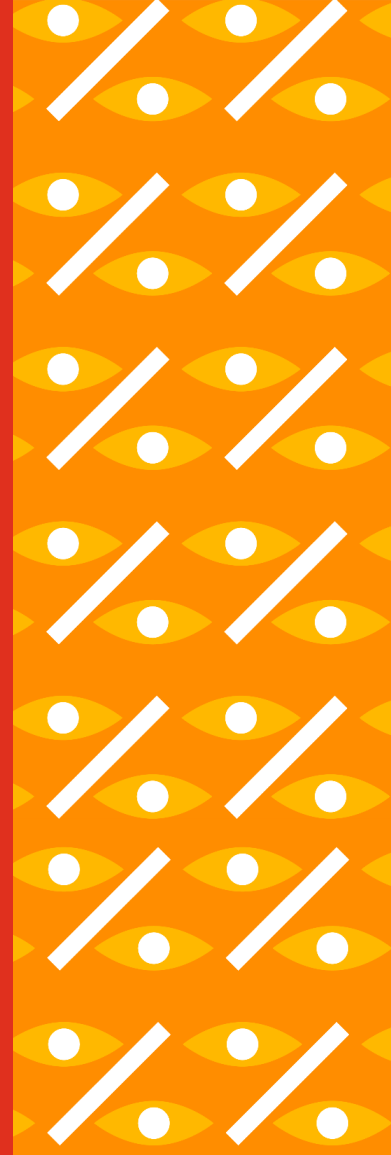
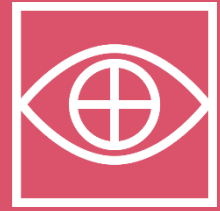


# Building trust through assurance

Transparency Report 2018



# Our vision



- The leading professional services firm in Ireland
- Working together
- To deliver value to our clients
- And achieve success for our people

# Our values



Act with integrity



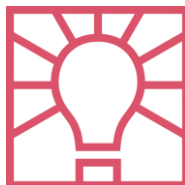
Make a difference



Care



Work together



Reimagine the possible

# Contents

## **Audit Quality Report**

A message from our Managing Partner.....	3
A message from our Assurance Leader .....	5
A message from the Chair of our Public Interest Body .....	9

## **Transparency Report**

1. Legal structure and ownership of the Irish Firm .....	13
2. The PricewaterhouseCoopers Network.....	13
3. Governance structure of the Irish Firm.....	16
4. The Irish Audit Firm Governance Code .....	19
5. Internal quality control system .....	21
6. External inspections .....	33
7. Public interest entity audit clients .....	33
8. Independence policies and practices .....	34
9. Continuing professional education of our people .....	36
10. Corporate responsibility .....	37
11. Financial reporting .....	39
12. Partner remuneration.....	43

## **Appendices**

Appendix 1: Profiles of our Territory Leadership Team .....	45
Appendix 2: Profiles of the Committee of the Board .....	47
Appendix 3: Profiles of the Independent Non-Executives of the Public Interest Body .....	49
Appendix 4: List of Public Interest Entity Audit Clients .....	50
Appendix 5: EU Entities .....	53

# A message from our Managing Partner

“Uncertainties around Brexit have dominated the headlines for the past year, and technological disruption will continue to redefine how we work and live”

“As a profession, we must be open and ready for change, and take brave steps to allow the audit to deliver more”

In this my fourth Transparency Report as Managing Partner of PwC, I would like to take the opportunity to give you my perspective on the unprecedented world of change and uncertainty facing Irish businesses and our profession.

## Unprecedented world of change and uncertainty

Ireland's strong economic growth stems from continued investment and household consumption growth, as well as continuing FDI flows. Our CEO survey tells us business leaders remain cautiously optimistic about the future, but recognise investment is needed in emerging technologies and key skills to realise growth opportunities. As external uncertainties persist, Irish businesses, like their global counterparts, are turning their attentions to the areas within their own control to drive growth. For example, they anticipate organic growth, new products and services and operational efficiencies will be the key drivers of success in the year ahead.

In light of external disruptors, it is critical that Irish businesses take charge of their own destiny in as much as they can. Uncertainties around Brexit have dominated the headlines for the past year, and technological disruption will continue to redefine how we work and live. Key challenges facing Irish business include the lack of availability of key talent - at an all-time high, cyber threats, technological change and the ongoing geopolitical uncertainties.

We see companies tackling these challenges head-on as they continue to invest in their businesses and their people, building markets and using technology to innovate how they operate.



A huge area of focus in the year ahead will be on making better use of data analytics as a means to identify efficiencies and opportunities, to enable organisations to take advantage of the upcoming Artificial Intelligence revolution. But in order to be confident that businesses are fit for the future they must first solve the key skills challenge.

Throughout 2018, more and more Irish businesses have turned to PwC, as the largest professional services firm in Ireland as they prepare to tackle the challenges and opportunities ahead. We are really appreciative of their continued support for PwC.

## Responding to the challenges ahead

Our ability to provide this specialist assistance depends on our ability to recruit and retain the best people, to provide them with the leading technology and tools and, most importantly, instilling in all our people, an unwavering commitment to quality in everything we do. Our Purpose and Values play a crucial role in this by guiding our behaviours and ensuring we set the right 'tone from the top'.

We are proud of the position of trust to deliver high quality audits to wider society but are not complacent of our professional obligations and responsibilities. Recent commentary on audit has raised questions about the continuing relevance of today's statutory audit model. As a profession, we must be open and ready for change, and take brave steps to allow the audit to deliver more.

“Our reputation for quality in everything we do is the foundation of the trust Irish business places in PwC”

We are committed to continuing to positively engage with stakeholders, including the regulatory debate, to take all views into account to ensure the relevance and sustainability of audit in the future.

As Enda mentions, our reputation for quality is built on three principles, central to which is the quality of our people. As one of Ireland's largest employers of graduates, PwC has a huge focus on developing key talent. We ensure that our clients get the best advice and our people are the best they can be. In a world of change, it is becoming increasingly more important that people are equipped to be part of the workforce of the future. By engaging, training and empowering our people, we are setting up the platform for future improvement, innovation and success. I am proud and privileged to lead an exceptional group. The feedback I regularly receive from clients, and those who come into contact with PwC, reinforces what great ambassadors they are for the firm.

In 2018 we recruited 350 graduates. We are continually recruiting graduates from non-traditional academic and cultural backgrounds in recognition of the increasingly connected world in which we operate. We also recruited an additional 300 experienced people across all our lines of service, who strengthened our core teams and enhanced our expertise right across the business.

We continuously invest in innovation and new technology to support our services across the firm, to meet the changing audit challenges in the digital age and to enhance the quality of our audit services.

### Success built on quality

From my perspective, one thing is clear: our continuous focus on quality remains fundamental to our reputation and to our continuing success.

This Transparency Report describes in detail how we constantly focus on quality and will give you an insight into why we have continued to hold the trust of Irish business.

I hope you find this Transparency Report informative.



**Feargal O'Rourke**  
Managing Partner

# A message from our Assurance Leader

“Whatever challenges we face now and in the future, to build trust in society, we believe that the best assurance will always be provided by highly skilled professionals enabled by leading technology”

As Feargal has highlighted, while business leaders in Ireland remain cautiously optimistic about the future and recognise the need to invest in technology and people, the headlines of the past year have been dominated by the uncertainty of Brexit - introducing new challenges not faced by Irish business in recent years. For many organisations decision-making is more difficult than ever and confident forecasting is challenging.

As assurance providers, our role is to help reduce this uncertainty, giving confidence to decision makers as they rely on information and systems. This is an important responsibility in today's uncertain world, where expectations are ever increasing. More than ever, stakeholders are calling for audit to give them confidence beyond the financial statements. Tomorrow's assurance services must combine insight with judgement to remain relevant.

As Assurance Leader, my responsibility is to make sure that at PwC we evolve and respond to these changes. Assurance is at the centre of our purpose which is to *build trust in society and solve important problems*. I'm proud of what we've achieved this year and the contribution all our people have made to delivering high-quality assurance services to our clients. It seems to me that at a time of uncertainty and change, providing quality assurance, which at its heart is about helping stakeholders address risks and uncertainties and creating trust, has never been more important.

The explosion of data is revolutionising business. Organisations are exploring widespread uses of data analytics and artificial intelligence (AI) and audit faces a game-changing moment of its own. Technology has already improved insights and audit quality.



Now, smart machines give us the potential to completely redefine it. To remain useful, audit has to evolve so investors and other stakeholders can look to it for confidence. When companies fail, confidence takes a knock and stakeholders question whether the audit is fit for purpose. To address these concerns, stakeholders are calling for an audit which gives more meaningful insight beyond the historic 'pass/fail' provided within the auditor's report. By embracing emerging technology, auditors can address this.

## How PwC supports Irish Business

With the aforementioned uncertainties in the business landscape for the year ahead, it will be important for Irish business to have a clear strategy to respond. To face these challenges successfully Irish businesses will need to consider contingency plans, changes to their organisational structures and investing in emerging technologies and key skills to realise growth opportunities. Responses will include addressing the key skills challenge, implementing more enhanced governance, compliance and internal control frameworks and utilising technology and data analytics to identify efficiencies and opportunities to enable businesses take advantage of the technological revolution.

Performing high quality audits which clearly respond to these challenges is a first and critical contribution that we make in building trust with stakeholders. Increasingly, stakeholders are also turning to us, to provide the specialist advice and assurance on the effectiveness of the actions they have taken, assurance that goes beyond that provided by the traditional statutory audit process but is founded on the same principals of unwavering commitment to quality. We have also developed even closer links with our colleagues in the global PwC network of firms, which allows us to bring real global expertise to our clients.

### Regulatory environment

The legislation enacted in 2014 by the European Commission, which was introduced into Irish statute in June 2016, has altered the audit and professional services market for Public Interest Entities (“PIEs”) within the European Union. This legislation has also widened the remit of the Irish Auditing and Accounting Supervisory Authority (“IAASA”) to include direct responsibility for the inspection of the audits of PIEs in Ireland. During 2018, IAASA completed its first inspection of the Firm under the new regulatory regime and, during 2019, IAASA has commenced its inspection of the Firm as part of its annual inspection process. We greatly welcome the wider role that IAASA now plays in safeguarding Ireland’s reputation for having a strong regulatory environment in which to do business and we look forward to continuing to engage with them in a positive and constructive manner in the years ahead.

### The foundations of quality at PwC

We believe that quality is the most important aspect of assurance performance. Our reputation for quality is founded on three principles:

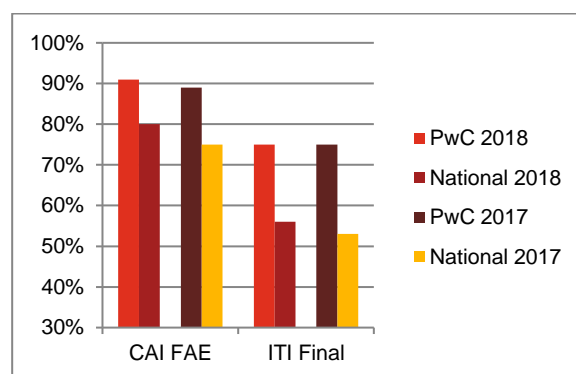
- We recruit and train quality people;
- We provide them with comprehensive audit methodology, enabled by cutting edge technology; and
- We operate a quality management system focused on continuous quality improvement.

Our reputation for quality in the Irish market, which is evidenced by the new audit mandates secured in recent years, has been hard-earned. We realise that it is only by maintaining a continuous focus on these principles that we can protect this reputation.

### Our people

We depend on our ability as a firm to recruit, train and motivate talented professionals who take personal responsibility for delivering high-quality work. In 2018, we recruited more than 350 graduates to join the Firm and we expect that a further 350 will join us in 2019.

We support our graduate trainees through a focused training programme, the success of which is evidenced by our success rate in the professional examinations of both Chartered Accountants Ireland (“CAI”) and the Irish Taxation Institute (“ITI”), which far exceeds the national average success rate. I would like to congratulate all our successful candidates in these examinations in achieving a key milestone in their professional careers. I am delighted to report that in 2018 three of our PwC graduate trainees achieved top 10 placings in their final professional exams of CAI and ITI respectively, including achieving first place in ITI final exams.



Assurance professionals need to have the commercial skills to understand business models and business risk, the technical skills to comply with standards and the relationship skills to engage with clients. It takes a special type of person to combine these skills with the scepticism required to do an effective audit. During 2018, in excess of 120,000 hours were spent by staff on audit training and a further 6,000 hours were spent on industry-specific training, a very significant but invaluable investment in the future.



## Investing in technology and innovation

We're seeing our clients change the way that they work, taking advantage of cutting-edge technology to improve quality, efficiency and their people's experience. We're reflecting those changes to transform our assurance operating model. The changes will mean that our assurance business stays fit for purpose in tomorrow's world.

We're continuing to invest in our assurance technology tools to further empower our assurance professionals, including future-proofing Aura, our global auditing system. Aura assists audit teams to focus their efforts on identifying audit risks and linking the work done to address those risks, as well as providing comprehensive project management capabilities. It facilitates central monitoring of progress and quality in real time, driving improvements in audit quality.

Our data auditing tool, Halo, allows us to move away from a sample testing approach to an evaluation of an entire population of transactions. Halo can check the characteristics of millions of entries in an instant, immediately flagging any exceptions. It then lets us visualise the data in lots of different ways – by supplier, by transaction date, by amount for example – increasing the chance that the auditor will spot unusual items or trends. All of that takes a fraction of the time spent previously – much more assurance, much less human effort. We continue to collaborate with our clients on these new approaches, not only do they continue to enhance audit quality, but they also increase our ability to provide more insightful analysis on operational efficiency, business models and financial results.

For the future, PwC has made a significant investment in pioneering artificial intelligence ("AI") for the audit. For the past few years, PwC has partnered to build a revolutionary bot that uses AI and machine learning to 'x-ray' a business, analysing billions of data points in milliseconds, seeing what humans can't, and applying judgement to detect anomalies in the general ledger. PwC's Audit.ai's pilot technology uses this machine learning so we can spend less time navigating data and more time analysing it. These emerging technologies are set to revolutionise the audit, enhancing client service, quality and efficiency, and giving our people more time to do what machines can't.

Experts speak of a time when data analytics and AI will be capable of auditing 100% of a company's financial transactions. This would go a long way to addressing the expectation gap in the audit, providing reassurance far beyond sample-based testing.

Or the day when technology enables auditing that is a continuous and real-time process, not a prolonged 'look back' on historical financial information.

By operating with a clear set of programmable parameters and relying on logic, machines give much greater comfort when processing data. But someone will always be needed to programme the machine, guide the AI and offer experience as the basis from which they can learn.

## Our tireless pursuit of quality

The delivery of statutory audits is a matter of the highest public interest. We are proud of our reputation for quality but we recognise that there is always room for improvement.

We've continued to challenge ourselves to think more deeply about audit quality and to further develop the processes we have put in place to help deliver and regularly assess quality. Our internal quality control system is described in detail in Section 5 on page 21.

The key elements of our quality management processes are:

- Our Assurance Quality Committee, representing assurance leadership, risk and quality, accounting technical, audit methodology and training meets regularly to set policy in matters directly impacting audit quality, to consider the design and operating effectiveness of our Quality Management System and to monitor the implementation of agreed plans across our practice;
- A dedicated team of senior staff who support audit teams in matters relating to audit risk and quality. In 2018 the aggregate time spent on these activities, including developing and leading training, equated to 5 partner/director and 13 manager/staff full time equivalents;
- In 2018 we continued our Key Performance Indicator process which reviews adherence to a series of key audit quality indicators on a sample of over 100 audit engagements annually. In 2018 the results of this programme continue to demonstrate our strong culture of quality and compliance;
- In 2018 we also performed quality reviews on a real time basis for some of our more significant audit engagements;
- Financial statements prepared under International Financial Reporting Standards for all equity listed companies are subject to an independent review by our accounting technical team;



- Our extended audit opinions are also subject to independent review;
- On an annual basis we are subject to review of audit engagement quality by an independent team from the PwC global network; and
- On a triennial basis our quality control system is subject to full review by an independent team from the PwC global network, with update reviews in the other two years. Our last full review was in 2017 and we had an update review in 2018.

The Firm's leadership is committed to quality work and has established a culture of upholding the values of integrity, independence, professional ethics and professional competence. We continually emphasise the fact that every partner and member of staff has a personal responsibility to do the right thing through the exercise of good judgement and to play their part in delivering high quality audits. And we don't stand still. In any year, together with our network colleagues, we take stock of the ways in which our quality and control systems can be improved and for the year ahead we seek to make further refinements and improvements in this area.

#### Confidence in the future

In the future, technology will undoubtedly continue to change the way we do things and our vision is that machines will augment and enable our assurance professionals. There's much commentary about machine automation of professional services and, in certain areas, where machines can do jobs faster, and better, than humans and we are embracing that. But the assurance that PwC seeks to provide goes beyond these machine-enabled outputs. At PwC, we believe that our assurance professionals working together with machines will deliver greater confidence than either could alone.

The auditor of the future will still be a person – but supported by colleagues and machines with a whole new range of capabilities. The audit is changing and we must too but no matter what disruption might follow from technological advancements, the profession will always need to attract bright, committed people to work in our firm. While what our people will need to do to provide assurance and trust to stakeholders may change with technology, the professionalism and integrity they are required to have will endure.

I hope this Transparency Report demonstrates our unwavering commitment to audit quality and conveys the seriousness with which we approach our public interest responsibility and our willingness and desire to engage with you about audit quality.

If you have a point of view, or would like to meet to discuss audit quality, please feel free to contact me.

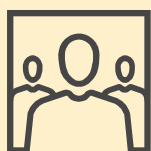


**Enda McDonagh**  
Assurance Leader

## Investing in our people

### Recruitment

In 2018 we recruited 650 staff and plan to recruit a similar number in 2019



### PwC voted The Most Popular Graduate Recruiter by GradIreland in 2018

PwC featured in GradIreland awards for past 12 years including Graduate Employer of the Year

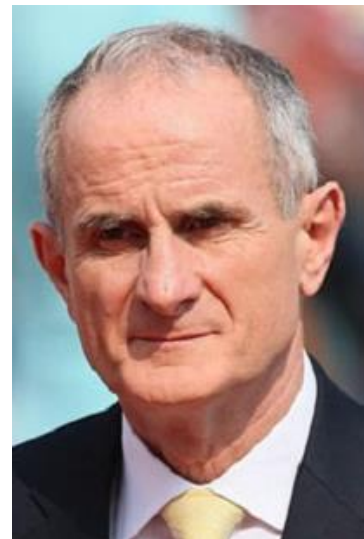


### Commitment to training and development

Over 120,000 hours spent by our assurance people on training and personal development



# A message from the Chair of our Public Interest Body



I am pleased to report on the Public Interest Body ("PIB") and its activities for 2018.

## Introduction

The Public Interest Body's membership and activities reflect the principles of the 2012 Irish Audit Firm Governance Code ("the Code") which applies to the oversight of audits of public interest entities ("PIEs"). The Code states that firms auditing the accounts of PIEs should set up a PIB and appoint to it independent non-executives ("INEs") whose role is to promote confidence in the public interest aspects of the firm's decision making, engagement with stakeholders and the management of reputational risks. The Irish Auditing and Accounting Supervisory Authority ("IAASA") has responsibility for inspecting the quality of audit work performed by the auditors of PIEs.

Although the Code is focussed on the audit quality of public interest entities, the firm has chosen to apply the Code to all aspects of its business in the interest of supporting good governance on a firmwide basis.

The four components of the firm's governance structure, the Managing Partner, the Territory Leadership Team ("TLT"), the Committee of the Board ("CoB") and the PIB are described in section three (Governance Structure of the Irish Firm) of this report. The CoB brings governance oversight from the perspective of the firm's partners and the INE members of the PIB bring independent oversight to the public interest aspects of the firm's activities.

The PIB currently consists of seven members - four INEs, including the independent chair, the firm's managing partner, the chair of the CoB and the Risk and Quality partner who is also the designated ethics partner as required by the "Ethical Standard for Auditors (Ireland) 2017" issued by IAASA. The Code requires that the majority of the members are INEs. Other partners and senior staff attend to present on selected topics at the request of the INEs.

In addition to the matters brought to the PIB for discussion by the leadership team, including those with a potential to impact on the public interest or the firm's reputation, the independent members are free to add to the agenda any item(s) which in their view requires examination and challenge. The freedom to do this is important from an independence perspective. The INEs meet in private session at the end of each PIB meeting and I bring any significant matters arising to the attention of the managing partner.

## Our activities in 2018

### Meetings

I continue to meet regularly with the managing partner between formal PIB meetings to be kept fully briefed on any issues that might be of interest to the INEs and to bring to his attention any issues that have come to the attention of the INEs from their engagement with external stakeholders.

As is now the practice the PIB met four times in 2018. Standing agenda items at each meeting included:

**Update on the Firm** from the managing partner – including financial performance and significant developments in markets, the global network, clients and people including partner admissions and senior hires since the last meeting.

**Update on the activities of the INEs** since the last meeting from the chair of the PIB. These activities are described below under engagement with the wider partnership and firm and external stakeholders.

**Reports on all internal, network and external reviews** of the Firm's work and any correspondence between the Firm and its regulators since the last meeting were discussed and reviewed in depth. Over the course of the year updates were received on the IAASA external inspection, the first such inspection of the firm by IAASA since it assumed regulatory responsibility.

**Update on significant claims and litigation** affecting the Firm from the Firm's General Counsel.

**Update on significant advisory, including public sector, assignments** from the relevant lead partners.

**Presentations:** There is at least one presentation at each meeting on an aspect of the Firm's business. Each of these presentations involved a robust challenge from the INEs. Our input has been welcomed and the firm has acknowledged its value.

#### Issues raised by INEs

Over the course of the year a number of specific issues were raised by the INEs. These included:

- How can the firm make more use of the skills and experience of the INEs?
- The implications of US tax reforms for the firm and clients.
- The impact of corporate collapses in the UK and elsewhere and the report from the UK Joint Parliamentary Inquiry into the Carillion collapse were discussed at length at PIB meetings as was the ongoing Kingman review of the Financial Reporting Council and the Update Paper from the Competition and Markets Authority review of the audit sector. The discussions focussed in particular on the potential impact on the Irish audit market and on the reputations of the 'big 4' audit firms more generally.
- The future of auditing, the impact of technology on the skill set of future auditors and the challenges of attracting and retaining the best staff.
- The continuing uncertainty around the outcome of the Brexit negotiations and the potential impact on the firm and clients.
- The introduction of the General Data Protection Regulation (GDPR) in May 2018 and the firm's implementation measures.

In all these cases the INEs were satisfied that the Firm was handling the issues in an appropriate and proper manner and fully aware of potential public interest and reputational implications.

#### Engagement with the wider partnership and firm

It is important that the INEs continue to engage with the whole firm, formally and informally to explain their role, relevance and responsibilities. This engagement also provides an opportunity for the INEs to assess the reach of 'tone at the top' and the firm's culture based on the firm's stated values (work together, make a difference, reimagine the possible, care and act with integrity) and the extent to which both are embedded at all levels within the firm.

The firm's culture has been an ongoing matter of interest for the INEs and is discussed frequently at PIB meetings. The approach of the INEs to the firm's culture has been further informed by the Audit Culture Thematic Review published in May 2018 by the Financial Reporting Council. This report sets out in general terms an expanded role for INEs in how the firm promotes, assesses and monitors its culture. This includes a requirement that INEs are in a position to identify and challenge the firm on any misalignment between actions and the firm's purpose and values, the need to understand what's drives the behaviours of partners and staff conducting audits and to input into the firm's review of the effectiveness of their promotion of an appropriate culture.

During the year the INEs attended the annual partners' residential meeting. I visited the Waterford office to meet partners from the Waterford, Kilkenny and Wexford regional offices, engaged with staff drawn from all levels within the Waterford office and attended a meeting of staff from these offices at which the managing partner provided a firm update. These engagements provided an opportunity to hear at first hand staff experience of the PwC working environment and culture and the messages from the managing partner.

During the course of the year INEs have met individually with partners who have sought their advice and input on a number of issues. These meetings provide opportunities to assess the firm's culture at work and are encouraged by the INEs

During 2019 the INEs intend to place further emphasis on understanding and assessing how the firm's culture is working by meeting with staff from every level within the firm and with experienced hires who bring an experience of other cultures to the firm.

The INEs are kept informed of issues discussed at CoB meetings by its chair and an INE attended the CoB's final meeting of 2018.

I believe the firm's culture is an open and supported one with an emphasis on the necessity and value of consultation and sharing. This is encouraged at all levels from partner down to the most recent graduate intake. The INEs have been impressed by the firm's wellness initiatives for staff including a well attended session on workplace resilience and other staff events such as the summer tag rugby and BBQ, Staff Relay Series and various alumni events.

The firm has a strong leadership team led by the managing partner that works hard to deliver the firm's purpose and the highest quality services to its clients in all lines of service. Our engagement so far at different levels within the whole firm would indicate that 'tone at the top' and culture are being properly embraced in a working environment that promotes pride in the pursuit of professional excellence.

#### **Engagement with external stakeholders**

The INEs have an important role in gathering external perspectives on the Firm and providing an independent channel of communication between the Firm and external stakeholders - its clients, particularly chairs of audit committees, and regulators. During the year I met with the Director of the Office of Corporate Enforcement, the Comptroller and Auditor General and the chair of IAASA. In addition I had a follow-up meeting with the Central Bank and in 2019 I hope to meet with the Garda National Economic Crime Bureau.

The INEs continue to meet audit committee chairs of the firm's public interest entity clients. These are important stakeholders as audit quality of PIEs is the primary focus of the Code and their views on its operation are vital in informing the manner in which the approach to our work evolves. Engaging with audit committee chairs will continue to be an important element of our work during 2019.

The Code identifies shareholders as key stakeholders and the core objective of the Code is to enhance

shareholder confidence in the quality of PIE audits. During 2018 INEs met with the Irish Association of Investment Managers ("IAIM"), the Irish Association of Pension Funds ("IAPF") and other investor representative groups to discuss the activities of the PIB and to understand their expectations from the implementation and operation of the Code. This engagement will also be an important element of our work during 2019.

#### **Engagement with PwC UK Public Interest Body**

I am in regular contact with Lord Gus O'Donnell, chair of the PwC UK PIB, to share experiences and views on how the effectiveness of INEs within the firm can be increased and how their visibility throughout the firm can be raised.

#### **Effectiveness of the PIB**

At each private meeting of the INEs we challenge ourselves on our effectiveness in fulfilling our obligations under the code. We are satisfied that we continue to be an effective element of the Firm's governance despite the ongoing challenge in determining what precisely constitutes the 'public interest' for the purposes of the Code. We are satisfied too that the Firm continues to value our input and challenge and that by presenting alternative perspectives on many issues we have influenced their thinking.

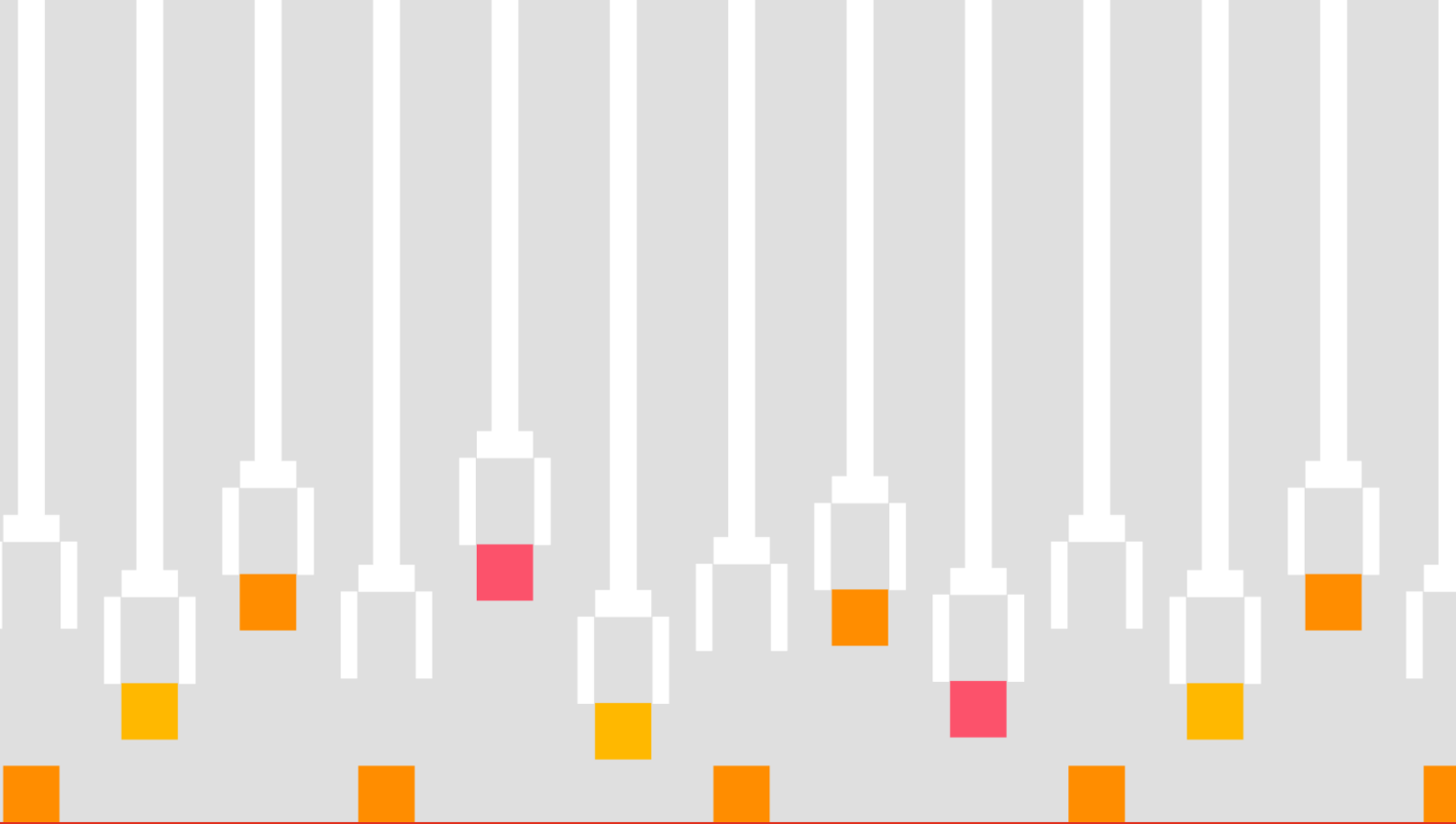
#### **Composition of the PIB**

There have been no changes in the composition of the PIB during 2018. I have agreed to continue in the role of chair for a further three years and look forward to working with colleagues on the Body during 2019.

As always, if any of PwC's stakeholders would like to raise issues related to the Code or our work do please get in touch with me directly.



**Martin McAleese**  
Chair of the Public Interest Body



# Transparency Report

# 1. Legal structure and ownership of the Irish Firm

The Irish Firm of PricewaterhouseCoopers (“the Firm”) consists of five Irish general partnerships formed under the Partnership Act 1890. They are wholly owned by the Partners in the Firm. Partners have equal voting rights in all matters relating to the partnerships. The Firm has 113 partners.

The Firm also operates and controls a number of corporate entities that are required for legal and operational purposes.

The Firm employs more than 2,800 people. It operates from offices in Dublin, Cork, Limerick, Galway, Waterford, Kilkenny and Wexford.

## 2. The PricewaterhouseCoopers Network

### 2.1 PwC 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. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, a single firm, or a multinational corporation.

For these reasons, the PwC network consists of firms which are separate legal entities.

### 2.2 PricewaterhouseCoopers International Limited

The firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world. 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 practice 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, the Network Leadership Team and Board of PwCIL develop and implement

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 and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain “PricewaterhouseCoopers”, however there is no ownership by PwCIL. 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.

## 2.3 Size of the network

Member firms of PwCIL provide industry-focused assurance, tax and advisory services to enhance value for their clients. Over 250,000 people in 158 countries share their thinking, experience and solutions to develop fresh perspectives and practical advice.

For the year ended 30 June 2018, PwCIL member firms generated aggregate revenues of US\$41.3 billion worldwide (2017: US\$37.7 billion). The Global Annual Review can be found at [www.pwc.com](http://www.pwc.com) in the 'About us' tab, and contains further financial and other information about the PwC Network.

A list of PwC Network audit firms and sole practitioner statutory auditors in European Union/European Economic Area Member States are included in Appendix 5.

Total turnover achieved by statutory auditors and audit firms (i.e. from EU or 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 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing at that financial year end date.

## 2.4 Governance bodies of PwCIL

**Global Board**, which is responsible for the governance of PwC IL, the oversight of the Network Leadership Team and the approval of the network standards. The Board does not have an external role. Board members are elected by partner 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.

## 2.5 Key features of the network

Every PwC firm is responsible for its own risk and quality performance and, where necessary, for driving improvements. Each PwC firm is also exclusively responsible for the delivery of services to its clients.

To support transparency and consistency, each PwC firm's Territory Managing Partner signs an annual confirmation of compliance with certain standards. These cover a range of areas including governance, ethics and business conduct, independence, Assurance, Advisory and Tax risk management, information protection and anti-money laundering.

These confirmations are reviewed by others who are independent from the PwC firm in question. Member firms are required to develop an action plan to address specific matters where they are not in compliance; such action plans are reviewed and execution of the plan is monitored.

There are some common principles and processes to guide PwC firms in applying the standards. Major elements include:

- the way we do business;
- sustainable culture;
- policies and processes; and
- quality reviews.

### The way we do business

PwC firms undertake their businesses within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a PwC Code of Ethics and Business Conduct for their partners and staff. The PwC Ireland Code of Conduct is set out at <http://www.pwc.ie/about-us/code-of-conduct.html>

### Sustainable culture

To promote continuing business success, PwC firms nurture a culture that supports and encourages PwC people to behave appropriately and ethically, especially when they have to make tough decisions. PwC people have ready access to a wide array of support networks within their respective member firms, both formal and informal, and technical specialists to help them reach appropriate solutions. The foundation of PwC's culture is objectivity, professional scepticism, cooperation between PwC firms and consultation.



## Policies and processes

Each PwC firm has its own policies, based on the common standards and policies of the PwC Network. PwC firms also have access to common methodologies, technologies and supporting materials for many services. These methodologies, technologies and content are designed to help a member firm's partners and staff perform their work more consistently, and support their compliance with the way PwC does business.

## Quality reviews

Each PwC firm is responsible for monitoring the effectiveness of its own quality control systems. This includes performing a self-assessment of its systems and procedures and carrying out, or arranging to be carried out on its behalf, an independent review. In addition, PwCIL monitors member firms' compliance. This includes monitoring not only whether each PwC firm conducts objective quality control reviews of all of its services, but also includes consideration of a member firm's processes to identify and respond to significant risks.

In accordance with applicable regulatory requirements, each firm may also be reviewed periodically, in some cases annually, by national and international regulators or professional bodies.

For Assurance work there is a specific quality review programme based on relevant professional standards relating to quality controls including International Standards on Quality Control (Ireland) 1: 'Quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements' and, where applicable, of the US Public Company Accounting Oversight Board Quality Controls Standards.

The overriding objective of the Assurance quality review programme is to assess for each PwC firm that:

- quality management systems are appropriately designed, are operating effectively and comply with applicable network standards and policies;
- engagements selected for review were performed in accordance with professional standards and PwC Audit requirements; and
- significant risks are identified and managed appropriately.

A member firm's Assurance quality review programme is monitored, as is the status and effectiveness of any quality improvement plans a PwC firm puts in place.

## 2.6 Independence practices policy

Objectivity is the hallmark of our profession, at the heart of our culture and fundamental to everything we do. Independence underpins objectivity and has two elements: independence of mind and independence in appearance. PwC firms reinforce both of these elements through a combination of setting the right tone from the top, independent consultation on judgemental issues, detailed policy requirements including prescribed processes to safeguard independence, regular training and careful observance of independence requirements.

## 2.7 Network profit-sharing arrangements

PwC Ireland has no profit-sharing arrangements with other member firms of PwCIL. Member firms operate their own partner and staff remuneration arrangements, which are independent and separate from other member firms of PwCIL. The profit-sharing arrangements of PwC Ireland are set out in Section 12.

### 3. Governance structure of the Irish Firm

The governance structure of the Irish Firm is made up of four main elements; the Managing Partner, the Territory Leadership Team (“TLT”), the Committee of the Board (“CoB”) and the Public Interest Body (“PIB”).

#### 3.1 The Managing Partner

The Managing Partner is elected by the partners for a four-year term after which he or she may be re-elected for a further term of four years. Our current Managing Partner is **Feargal O’Rourke**. He took office in July 2015, having served as the Tax leader since 2011. In December 2018, Feargal was re-elected as Managing Partner for a second term of four years commencing in July 2019. In addition to chairing the TLT, Feargal is responsible for the leadership and strategic direction of the Firm and its role in PwC’s global network.

#### 3.2 The Territory Leadership Team

The TLT is responsible for developing and implementing the policies and strategy of the Firm, and for its direction and management. The TLT also takes overall responsibility for the systems of internal control (which include controls relating to quality) and for reviewing and evaluating their effectiveness. During the year ended 31 December 2018 the TLT held meetings on a monthly basis, but also conducted formal business at additional meetings as necessary.

The members of the TLT are appointed by the Firm’s Managing Partner. The current members, whose profiles are included in Appendix 1, are:

**Enda McDonagh**, our Assurance leader. Enda was appointed to this role on 1 July 2015.

**Ciarán Kelly**, our Advisory leader. Ciarán was appointed to this role on 1 July 2015.

**Joe Tynan**, our Tax leader. Joe was appointed to this role on 1 July 2015.

**David McGee**, our Markets and Strategy leader. David was appointed to this role on 1 July 2015.

**Paul Tuite**, our Chief Operating Officer. Paul was appointed to this role on 1 July 2015. Prior to that, Paul acted as our Advisory Leader since 2011.

**Susan Kilty**, our People partner. Susan has been in this role since 2013.

**Ronan Doyle**, our Risk and Quality leader. Ronan was appointed to this role on 1 July 2015.

**Elizabeth Davis**, the Firm’s General Counsel who has been in this role since 2014.



**TLT members' attendance at TLT meetings for the year ended 31 December 2018**

	Board meetings	
	A	B
Feargal O'Rourke	16	16
Paul Tuite	16	16
Ronan Doyle	16	16
Ciarán Kelly	16	16
Susan Kilty	16	15
Enda McDonagh	16	15
David McGee	16	15
Joe Tynan	16	15
Liz Davis	16	14

A = Maximum number of meetings could have attended  
B = Number of meetings actually attended

### 3.3 The Committee of the Board

The CoB, which is independent of the TLT, is elected by the partners for a four-year term. The CoB meets at least four times each year and meetings are attended by the Managing Partner, as an ex officio member. The CoB provides the Managing Partner with guidance on matters of actual or potential concern to the partners, including national, legal, regulatory and fiscal issues and requirements impacting or potentially impacting the Irish Firm and its business. It is also responsible for overseeing the process for nominating and electing the Managing Partner.

The members of the CoB at 31 December 2018, all of whom were elected by the partners with effect from 1 January 2016 were:

**John McDonnell (Chair);**

**Fiona deBúrca;**

**Pat Mahon;**

**Michael McDaid;**

**Declan Murphy;**

**Paul O'Connor;**

**Terry O'Driscoll; and**

**Yvonne Thompson.**

The Firm's Risk and Quality partner reports on risk and quality matters periodically to the CoB.

Profiles of the CoB are included in Appendix 2.

**CoB members' attendance at CoB meetings for the year ended 31 December 2018**

	Board meetings	
	A	B
John McDonnell	4	4
Fiona deBúrca	4	3
Pat Mahon	4	4
Michael McDaid	4	4
Declan Murphy	4	4
Paul O'Connor	4	4
Terry O'Driscoll	4	2
Yvonne Thompson	4	1

A = Maximum number of meetings could have attended  
B = Number of meetings actually attended

### 3.4 The Public Interest Body

On 12 February 2013 the Firm's partners, by unanimous vote, approved the establishment and constitution of a Public Interest Body on which a majority of Independent Non Executives ("INEs") sit, in accordance with the principles set out in the Irish Audit Firm Governance Code ("the Code"), issued by CARB in June 2012. The PIB's purpose is to enhance stakeholder confidence in the public interest aspects of the Firm's activities through the involvement of INEs.

The Code states that the INEs should enhance confidence in the public interest aspects of the Firm's decision-making, stakeholder dialogue and management of reputational risks, including those in the Firm's businesses that are not otherwise effectively addressed by regulation.

In addition to those duties prescribed by the Code, the members of the PIB are also expected to provide input on other matters, including the public interest aspects of the Firm's strategy, policies and procedures relating to operational risk management, internal control, quality and compliance with regulation and external reporting.

The PIB comprises up to four INEs, the Managing Partner, the Chair of the CoB and the Risk and Quality Partner, subject to the INEs always being in the majority.

The INEs are nominated by the Territory Managing Partner and approved by the TLT and the CoB. The Chair of the PIB is elected by the INEs. Each INE has a service contract that sets out their rights and duties. The current INEs are:

**Dr Martin McAleese (Chair);**

**Danuta Gray;**

**Nicholas Kearns; and**

**Mark Ryan**

Biographies of the current INE members of the PIB are set out in Appendix 3.

The PIB is expected to meet at least four times yearly. A part of each meeting is set aside to allow the INEs to meet as a separate group to discuss matters relating to their remit.

<b>PIB members' attendance at PIB meetings for the year ended 31 December 2018</b>		
	<b>Body meetings</b>	
	<b>A</b>	<b>B</b>
Dr Martin McAleese (Chair)	4	4
Danuta Gray	4	4
Nicholas Kearns	4	3
Mark Ryan	4	3
Feargal O'Rourke	4	4
John McDonnell	4	4
Ronan Doyle	4	4

A = Maximum number of meetings could have attended  
B = Number of meetings actually attended

The PIB also has time allotted in its programme of meetings during the year to:

- review and discuss people management policies and procedures with the Firm's leadership; and
- review and discuss reports on issues raised under the Firm's whistleblowing policies and procedures.

The PIB is given access to such information and such reports, minutes, notices and other documentation as it requires for the proper discharge of its duties.

The Chair of the PIB presents an annual report of the PIB to the partners at a partners' meeting which the Chair and the other INEs attend.

### **Independence of the non-executives**

The INEs are subject to an independence policy that makes sure they remain independent of the Firm, its partners and staff, and its assurance clients. In developing this policy, the Firm considered the International Ethical Standards Board for Accountants ("IESBA") Code of Ethics for Professional Accountants and, where appropriate, the regulations of the U.S. Securities and Exchange Commission ("SEC") and the Public Company Accounting Oversight Board ("PCAOB"). In addition, the independence policy reflects the requirements of Irish professional bodies and regulations such as the Ethical Standard for Auditors (Ireland) 2017 issued by IAASA, as well as considering what a reasonable third party would expect of an INE.

Under the policy, no INE should have a personal or business relationship with a partner or member of staff of the Firm, nor can they be a director of a public interest entity audit client of the Firm, nor hold a material financial interest in any audit client.

The INEs must confirm compliance with this policy in respect of their financial, business and personal relationships before being appointed and every year thereafter.

### **Other matters**

Appropriate indemnity insurance is in place in respect of any legal action against any INE and sufficient resources are provided by the Firm to enable each INE to perform their duties, which includes, where considered appropriate and necessary to discharge their duties, access to independent professional advice at the expense of the Firm.

A process has also been established to resolve disputes between the INEs and the governance structures and management of the Firm. This process is set out in the terms of reference of the PIB, which can be found here: [www.pwc.ie/about-us/governance.html](http://www.pwc.ie/about-us/governance.html)

## 4. The Irish Audit Firm Governance Code

The Irish Audit Firm Governance Code ("the Code") was issued by the Chartered Accountants Regulatory Board ("CARB") in June 2012.

The Code applies to firms that audit public interest entities, defined as entities registered in the Republic of Ireland which are included within the scope of SI 277 of 2007: Transparency Directive (2004/109/EC) Regulations 2007, as amended.

The Code consists of 19 principles and 29 provisions. These principles and provisions are organised into six areas being:

- leadership;
- values;
- independent non-executives;
- operations;
- reporting; and
- dialogue.

An overview of our compliance with the Code is included below. Sections 3, 5, 7 and 11 provide further details of how we have applied the principles of the Code.

### Leadership

The governance bodies of PwC Ireland are explained in Section 3, which sets out the constitution, membership, duties, and responsibilities of each of the governance bodies.

The TLT has responsibility and clear authority for the running of the Firm including the non-audit businesses, and is accountable to the partners. No individual has unfettered powers of decision. This is achieved through the governance bodies of the Firm, each of which has clear terms of reference.

Each body has matters specifically reserved for their decision. The CoB provides internal oversight of the TLT.

### Values

The Firm's leadership is committed to quality and has dedicated resources to establishing high standards in quality, independence, integrity, objectivity and professional ethics. Quality has been embedded throughout the Firm and detailed policies have been endorsed by the leadership team including ethical, human resources and engagement performance.

Our reputation is built on our independence and integrity. We recognise the public interest vested in our audit practice and we take an uncompromising approach to audit quality, based on our core values of *Work together, Make a difference, Reimagine the possible, Care and Act with integrity*. We believe that audit quality begins with the tone set by the leadership of the Firm.

Section 5 contains further details about our values and 'who we are', which have also been embodied within the PwC Ireland Code of Conduct.

Consultation is a key element of quality control. Although the Firm has policies setting out the circumstances under which consultation is mandatory, our consultative culture means that our engagement teams often consult with each other on an informal basis as well as with experts and regularly in situations where consultation is not formally required.

We consider that this culture of openness and willingness to consult, share and discuss issues can only be of benefit and enhance the quality of what we do and how we do it.

### Independent non-executives

The PIB comprises up to four independent non-executives, the Managing Partner, the Chair of the CoB and the Risk and Quality Partner, subject to the INEs always being in the majority.

The PIB's purpose is to enhance stakeholder confidence in the public interest aspects of the Firm's activities through the involvement of independent non-executives. Further details of the activities of the PIB can be found on pages 9 to 11 and in Section 3.



## Operations

The Firm has systems and controls in place to follow professional standards and applicable legal and regulatory requirements.

Section 5 deals with our internal quality control system for Assurance and explains:

- our policies and procedures for following applicable legal and regulatory requirements, and international and national standards on auditing, quality control and ethics including auditor independence;
- policies and procedures for individuals signing group audit reports to follow applicable standards on auditing dealing with group audits including reliance on other auditors, whether from the same network or otherwise;
- how we manage potential and actual conflicts of interest; and
- how people can report concerns about the Firm's commitment to quality work and professional judgement and values.

Section 5 also sets out more information on the Firm's policies and procedures for managing people in support of our commitment to quality.

Section 6 sets out details of external inspections of the Firm and the results arising from them.

## Reporting

The governance bodies receive timely and appropriate information to enable them to discharge their duties.

This Audit Quality and Transparency Report provides the disclosures required to be made by the Governance Code. Section 11 includes:

- the financial information set out in Regulation (EU) No 537/2014;
- a statement of the responsibilities of the TLT for preparing financial statements;
- a statement in respect of going concern;
- a management commentary covering principal risks and uncertainties, and how those risks are managed; and
- our internal control review process.

## Talking with stakeholders

The report from Dr Martin McAleese, Chair of the PIB on pages 9 to 11 discusses our activities in relation to talking with stakeholders.

## Statement of compliance with the Irish Audit Firm Governance Code

The Territory Leadership Team has reviewed the provisions of the Code together with details of how the Firm is complying with those provisions and has concluded that, as at 31 December 2018, PwC Ireland is in compliance with the provisions of the Code.

## 5. Internal quality control system

“We are committed to delivering the highest quality professional services and audit quality remains of paramount importance to the firm and our continued success in the marketplace”

Quality comes from more than the systems and processes that are embedded in the way we work to achieve compliance with standards and regulation, important though these are. Ultimately, it depends on the culture of the Firm, which is based on the ‘tone at the top’ and our ability to recruit, train and motivate intelligent professionals who take personal responsibility to deliver high-quality work.

### 5.1 Introduction

All member firms of the PwC global network are obliged to abide by certain common risk and quality policies approved by PwCIL and to conduct risk and quality reviews. The PwC global network’s audit and quality control standards are set out in various policies. The Firm’s policies are based on these common policies, which are supplemented to address local professional standards and regulatory requirements. In addition, our client, regulatory and public interest responsibilities demand that we consistently deliver reliable and high quality work.

The Firm’s quality control systems for our Assurance practice are based on International Standard on Quality Control (Ireland) 1 ‘Quality control for firms that perform audits and reviews of historical financial information and other assurance and related services engagements’ (“ISQC (Ireland) 1”), issued by IAASA.

ISQC (Ireland) 1 applies to firms that perform audits and reviews of financial statements and provide other assurance and related services. The objective of ISQC (Ireland) 1 is for the Firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- the Firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and
- reports issued by the Firm, or by engagement leaders, are appropriate in the circumstances.

In addition, compliance with International Standards on Auditing (Ireland) requires the Firm to have a system of quality control over its auditing practice.

The policies and procedures that form our internal quality control system have been documented, and there is a monitoring regime to enable the TLT to review the extent to which the policies and procedures are operating effectively. The policies and procedures are embedded as part of the Firm’s day-to-day activities.

While compliance with ISQC (Ireland) 1 is a requirement for our Assurance practice, the Firm also applies the principles of ISQC (Ireland) 1 to its Tax and Advisory practices. As a result, many of our systems, policies and procedures operate firmwide across all parts of our business.

Consequently, the narrative below explains both our internal control system and our internal quality control system, and we have included those additional policies, procedures and practices which exist in respect of our Assurance practice.

### 5.2 Explanation of our systems of internal control including internal quality control systems

Our internal control systems are based on the six elements of quality control set out in ISQC (Ireland) 1, which are:

1. Leadership responsibilities for quality within the Firm;
2. Relevant ethical requirements;
3. Acceptance and continuance of client relationships and specific engagements;
4. Human resources;
5. Engagement performance; and
6. Monitoring.



In Sections 5.2.1 to 5.2.6 below we set out how our internal control system and internal quality control system incorporate each of the above elements. Section 5.2.7 contains our statement on the effectiveness of the Firm's internal quality control system.

Certain elements of the Firm's internal quality control system are reviewed by the Firm's regulators. In addition, the PwC Network monitors PwC Ireland's compliance with PwC's Network Risk Management Standards. Updates and changes to the Firm's internal quality control system, as well as points needing reinforcement, are communicated to partners and staff via mandatory training and other technical communications.

### 5.2.1 Leadership responsibilities for quality within the Firm

#### Organisational structure

The TLT, under Feargal O'Rourke's leadership, is responsible for the Firm's internal control system and internal quality control system. Day-to-day responsibility for implementing these systems and for monitoring risk and the effectiveness of control is delegated to the Lines of Service, Internal Firm Functions and Risk and Quality, where appropriate.

The Firm's leadership is committed to quality work and has established a culture of upholding the values of integrity, independence, professional ethics and professional competence. Dedicated resources working to establish and maintain high standards in quality, independence and professional ethics are in place. Quality has been embedded throughout the Firm and the detailed policies endorsed by the leadership team including ethical requirements, human resources and engagement performance are discussed below.

Ronan Doyle is the member of the TLT responsible for Risk and Quality. In addition, each Line of Service has a partner responsible for Risk and Quality within the Line of Service.

#### Culture and tone at the top

PwC recognises the importance of developing a culture across the whole Firm based on professionalism, partnership, integrity, transparency and a strong work ethic. It starts with the right tone at the top. The culture informs the choices we make and is reflected in our vision.

Our ambition is to build the iconic professional services firm, always front of mind, because we aim to be the best. We set the standard and we drive the agenda for our profession. We value our past but look to invest in our future to leave the firm even stronger than when

we inherited it. We will realise our vision by living and breathing a common set of values and behaviours.

### 5.2.2 Ethical requirements

We take compliance with ethical requirements seriously and seek to embrace the spirit and not just the letter of those requirements. Our Code of Conduct ("Code") guides us, no matter where we are or what we do. It's how we do business.

Our Code reinforces the importance of conducting business within the framework of professional standards, laws and regulations, together with our own policies, values and standards. It outlines the values and behaviours that define how we do business. It holds us accountable to be open-minded and responsive and to give our best.

All of our people undertake periodic mandatory training and assessments to ensure they understand the ethical requirements under which we operate. They are also required to confirm annually that they are aware of relevant ethical and professional obligations.

#### Professional conduct

The reputation and success of the Firm depends on the professionalism and integrity of each and every partner and member of staff. Partners and staff uphold the Code and standards developed by the PwC Network and PwC Ireland. The Firm monitors compliance with these obligations.

On joining the Firm, all staff and partners are provided with a copy of the PwC Ireland Code of Conduct and must confirm annually that they are familiar with it. The Code sets out what we stand for and is underpinned by the following overarching principles:

- behaving professionally;
- doing business and acting with integrity;
- upholding our and our clients' reputations;
- fostering a sense of care for people and the environment and treating them with respect;
- acting in a socially responsible manner;
- working together in collaboration and thinking about the way we work;
- cultivating curiosity and innovation; and
- considering the ethical dimensions of our actions.

#### Independence

The Firm has adopted the PwC Global policies and related rules regarding independence and compliance, complemented when necessary by more restrictive local professional and regulatory rules. These are explained more fully in Section 8.

## Ethics Helpline

The Firm has an ethics helpline (Tel No: 01 7926100). This is available to any partner or member of staff who observes inappropriate business conduct or unethical behaviour that cannot be resolved locally, or where the normal consultation processes are not appropriate. We also encourage our partners and members of staff to use the ethics helpline for consultation as well as reporting. In addition, third parties may also call the ethics helpline.

**“The PwC Ireland Code of Conduct encourages partners and staff to speak up and express concerns in good faith, fairly, honestly and respectfully”**

The Code encourages partners and staff to speak up and express concerns in good faith, fairly, honestly and respectfully. We are committed to dealing responsibly, openly and professionally with any genuine concerns raised about possible malpractice or unethical behaviour. We are committed to protecting our people against retaliation so if a genuine concern is raised, the individual raising the concern will be protected from suffering any form of retaliation. If the individual has acted in good faith, it does not matter if they are mistaken regarding the concerns that they raise. All partners and staff are reminded of the Firm's complaints and allegations policy on a regular basis throughout the year.

## Confidentiality and information security

Confidentiality 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 impact our reputation.

The Firm's Chief Operating Officer, Paul Tuite, is the TLT member responsible for information security. In this role, he is supported by the Information Protection Committee, which is responsible for providing oversight, policy and strategic direction on information risk matters. Membership of the Information Protection Committee comprises representatives from Risk & Quality, Office of General Counsel, Information Technology, Data Protection, Information Security and the Lines of Service.

As part of the Firm's membership of CAI, all of our people are required to comply with CAI's fundamental principle of confidentiality. There are legal and regulatory obligations on our people regarding handling of confidential information and personal data, and contractual terms govern the use and disclosure of information. The Firm provides confidentiality and data protection training upon recruitment, together with

regular awareness campaigns for all our people in respect of their information security obligations.

The Firm operates an Information Security Policy that is aligned with ISO/ IEC 27002:2013 for all client data that comes under its control or ownership. The Firm's information security policies and procedures aim to make sure that:

- information is protected from internal and external threats;
- confidentiality, availability and integrity of information is maintained;
- statutory, regulatory and contractual obligations are met; and
- access to information is granted only for justified business needs.

Our policies and procedures include:

- encryption of all the Firm's laptops, PCs and memory sticks;
- software restricting the use of removable media to approved and encrypted devices only;
- secure and managed apps for data accessed by mobile devices;
- access to engagement files – both electronic and hard copy paper files – which is restricted to those with a 'need to know';
- clear-desk policy, both in our offices and at client sites;
- securing hard copy files when not in use;
- remote access to our network is via a secure virtual private network, or equivalent technology;
- policies are in place for the transmission of data by email outside of the organisation; and
- access to operational areas of PwC Ireland and our buildings is restricted.

The Firm's policies and standards are supported by ongoing compliance monitoring carried out by the Firm's IT Risk and Compliance team, supplemented by periodic audits by the PwC Network's global security organisation.

The Firm has incident reporting and response procedures that seek to minimise the impact of any data loss. These procedures include notifying clients when it is known that their data is at risk and, where appropriate and feasible, taking corrective actions.

The Firm implemented a Data Protection Programme for the General Data Protection Regulation ("GDPR") which came into force on 25 May 2018. The programme continues and is now embedded into the Firm's existing Information Protection framework, ensuring a comprehensive and coordinated approach to the handling of personal data in compliance with the obligations of the GDPR.

## Anti-Corruption

We are opposed to corruption in any form. Our Code of Conduct makes it clear that it is unacceptable for our people to solicit, accept, offer, promise or pay bribes, including facilitation payments – whether directly or through a third party.

Policies, training and procedures in respect of anti-corruption are in place. All of our people undertake training to ensure they understand the policies and procedures under which we operate and also local laws and regulations. All professional staff and partners must confirm annually that they are familiar with the Firm's requirements and guidelines in respect of anti-corruption.

### 5.2.3 Acceptance and continuance of client relationships and specific engagements

#### Acceptance and continuance

We have rigorous client and engagement acceptance and continuance procedures to help protect the Firm and its reputation. Within the Audit practice, the Firm uses the PwC global network's proprietary decision support systems for client acceptance and retention (called Acceptance and Continuance ("A&C")). This system:

- enables engagement teams, business unit management and risk management specialists to determine whether the risks related to a potential or an existing client or engagement are manageable, and whether or not PwC should be associated with a particular client, its management and/or the proposed services in question; and
- contains triggers that require consultation with the Assurance Risk and Quality Partner, who may also consult as necessary with the business unit leaders. This allows the right people to make the right decisions at the right time and also enables the Firm to put in place safeguards to mitigate identified risks. 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 acceptable, and whether or not PwC should be associated with the particular client and its management.

#### Relationship checks, independence assessments and conflicts of interest

Before accepting a new engagement, we perform:

- checks to identify relevant relationships - these checks are performed by a dedicated team within our independence function. Where conflicts of

interest are identified, we either decline to accept an engagement or we put in place arrangements to make sure that potential conflicts of interest are appropriately managed; and

- in the case of new audit clients, a comprehensive independence assessment is performed. The assessment covers all aspects of independence in relation to a new potential audit client. This enables us to identify non-audit services provided to that potential audit client and:
  - for those services which Ethical Standards prohibit an auditor to provide to audit clients, to determine whether they can be terminated before we are appointed as auditor or not. Where we are able to terminate the provision of such services, the non-audit service providers in the PwC Network are instructed to terminate the service prior to our appointment and confirm that they have done so. If we are unable to terminate the non-audit service before our potential audit appointment, we decline the audit appointment; and
  - for those services which we can continue to provide, we identify the threats to our independence and objectivity and the safeguards which are in place. Where the threats to our independence and objectivity are unsurmountable, we decline the audit appointment.

#### Withdrawal from an engagement

Policies and procedures are in place for circumstances in which we determine that we should, or are required to, withdraw from an engagement. These policies include the need for appropriate consultations both within the Firm and with those charged with governance at our clients, together with ensuring compliance with legal and professional obligations.

The policies and procedures also deal with circumstances where we become aware of information after accepting the engagement which, had we been aware of that information earlier, would have led us to declining the engagement.

### 5.2.4 Human resources

Perhaps the most critical components of quality are the skills and personal qualities of our people. As a professional services firm, many of these skills and qualities are relevant to all our Lines of Service. As a consequence, our strategy for recruitment, engagement, development, diversity and remuneration is consistent across the Firm.

## Quality people

The quality of our work is determined largely by the quality of our people. Consequently, we aim to recruit, train, develop and retain the best and brightest people who share in the Firm's strong sense of responsibility for delivering high-quality services.

## Recruitment

Across the firm, we recruited over 650 new people, including over 350 graduates, in 2018.

We have always believed that the best audits are performed by high achieving individuals. Accordingly, we maintain a strategy of accepting the best graduates into our audit business and set a high academic threshold.

All recruits for our full-time programmes are required to submit an application form and are interviewed by two people. Certain information such as qualifications is verified.

We believe that investing in a broad range of skills, experiences and backgrounds puts us in a stronger position to understand and meet the needs of our clients. This year we have continued to recruit from the non-traditional academic backgrounds of finance and accounting.

All our people are advised through our induction training and reminded regularly thereafter of the culture, values and core attributes of PwC. When working with our clients and our colleagues to build trust in society and solve important problems, we *Work together, Make a difference, Reimagine the possible, Care and Act with integrity*.

## Assignment of engagement teams

Partners and staff are assigned to engagement teams based on the individuals' experience, competencies and grade. In addition, for certain types of work we specify levels of experience and specific additional training to make sure that the individuals are competent to undertake that type of work. In some areas, formal accreditation is needed; for example, only accredited individuals can lead or undertake certain types of work such as capital market transactions and due diligence work.

## Performance evaluation

We continue to invest in equipping our partners and staff with the coaching and management skills needed to give honest feedback to continually improve performance. We expect feedback to be provided regularly by and to all staff and partners. This feedback then forms a key element of our annual appraisal process. All partners and staff assess their performance against their agreed objectives and against grade-related Global Core Competencies.

The appraisal process covers technical competence and quality, and consideration is given not only to what an individual has achieved, but also how they achieved it. Based on this assessment, individuals are assigned a performance rating that is benchmarked across the Firm and which influences their salary, bonus and progression within the Firm. Unsatisfactory work results in reduced or no performance related remuneration and corrective action being taken, as appropriate.

## Career development

We develop our people through a combination of on-the-job experience, coaching and training programmes. These are supported by additional development opportunities, such as internal and external secondments, international assignments, membership of professional committees and working groups, community partnerships and voluntary programmes.

Each member of staff has a manager assigned to them, who is responsible for their performance management, coaching and well-being. This manager works with the individual to understand their strengths and development areas, and assess what opportunities are available to help them to acquire necessary skills.

## Promotion

Any promotion in the Firm is based on an individual's performance, their skills and the business case. In the case of promotion to director or admission to partnership, the process is particularly thorough and involves the Lines of Service leadership teams. All potential admissions to partnership are put to the full partnership for consideration.

Within Assurance, the process for promotion to director and admission to partnership involves a formal assessment of the quality of the individual's work and their adherence to ethical requirements and professional standards. We take this process seriously and will not promote an individual to director or admit an individual to the partnership if we have any concerns about the quality of their work.

## Diversity and inclusion

Our goal is to empower all our people to be the best they can be, seeking to ensure they can fulfil their potential, whatever their background.

In today's ever-changing society, recognising the changing landscape of talent, understanding their different goals and priorities, and shaping strategies to include them, are key for any business to succeed. Having a broad mix of diverse talent isn't just about the future success of our business or broader society, it's the right thing to do.



## Diversity, valuing differences and inclusion - what does it all mean?

### Diversity at PwC

Bringing together the perspectives of individuals of all backgrounds, life experiences, preferences and beliefs to create better outcomes for our clients, our people and our communities



#### Having diverse people

A PwC workplace that brings together the perspectives of individuals of all backgrounds, life experiences, preferences and beliefs



#### Valuing differences

Collective and individual ability, as PwC professionals, to thrive in a talent-diverse environment where everyone's perspectives are appreciated and respected



#### A culture of inclusion

An environment where people can be their true selves, sharing their unique perspectives while knowing their contributions are valued

At PwC, diversity and inclusion is a key priority for us creating an environment that promotes equality and dignity at work. We are committed to building a culture of inclusion, where all our people feel able to be themselves and where we value and respect the differences of all of our people. Working together in an inclusive environment enables us to harness the collective and complementary skills, knowledge, background, and networks of our people. Valuing diversity is an integral part of our strategy for competing in the current and future marketplace, driving business performance and success and enabling us to become a high performing team, delivering excellent services to our clients.

Our Diversity & Inclusion ("D&I") Council was established to progress our ambitions in four key areas Gender Diversity, Generational Diversity, International Diversity and GLEE (Gay Lesbian Everyone Else Network) and has been working to support our D&I strategy since 2016. In 2018 the D&I Council supported several initiatives and events e.g. Pride, APNI panel discussion and a generational awareness campaign.

We also introduced Textio, a tool that reviews all of the job specifications that we advertise to ensure the use of inclusive language and the likelihood of a diverse group of candidates applying. We ensure an equality statement is included in all of our job descriptions.

Leading by example, every Partner within PwC Ireland has completed unconscious bias training, through a combination of online training sessions and in person training.

It is important that we have this training at our leadership level in order to drive behavioural change within the whole firm. Members of our executive team also attended an intense session focused on unconscious bias in the workplace.

In March 2019, we voluntarily published our gender pay gap data and communicated this openly with our people ahead of any legislative requirement to do so. Being transparent about our numbers and the journey we are on is core to our values and supports the ongoing work of our D&I Council.

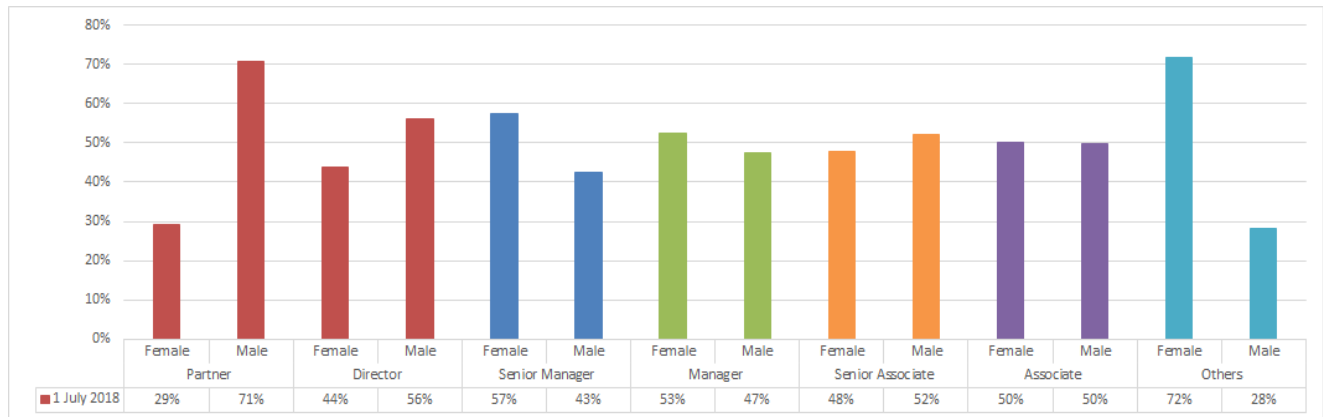
Our analysis shows that we have an overall gender pay gap of 5.7% and an overall bonus gap of 11.8% and that it is largely driven by the fact that there are more men in senior roles within the business. While we have strong female representation at 54% firmwide, this reduces somewhat at very senior levels and this is reflected in our gender pay gap. When we adjust for the representation at each level in the firm the pay gap reduces to 1.6% and the bonus pay gap reduces to 3.3%, this is known as the non-demographic pay gap. We are confident that men and women are paid equally for doing equivalent jobs across our business and that equal pay is not a contributing factor to our gender pay gap.

Our focus will be on improving representation at the very senior levels in the firm through our action plan and we will report progress to our people on this annually.

*The data above for gender pay gap reporting includes employees only as at 1 July 2018*

## Workforce profile

Of our existing partners, 28% are female. Over the past three years, 33% of our new admissions to the partnership were female. The goal is to focus on ensuring that we have a healthy and diverse pipeline to support our ambitions.



To have impact and serve our communities, our stakeholders and our clients, we need diverse talent. To solve the problems our stakeholders are facing, we need diverse talent. To build trust across different points of view, we need diverse talent. It's imperative we attract, retain and develop diverse professionals to spur innovation, drive growth and sustain competitive advantage in the marketplace. Creating these conditions requires efforts of all, underpinning our core values of *Work together*, *Make a difference*, *Reimagine the possible*, *Care* and *Act with integrity*.



### 5.2.5 Engagement performance - assurance

We invest heavily in the effectiveness of our audits, in the skills of our people (as noted above) and in our underlying audit methodology, as well as in making the right amount of time and resources available. We pay close attention to what our audit clients require and to the findings of regulatory inspections on the quality of our work. Just as important are the internal indicators and processes that monitor the effectiveness of our risk and quality processes.

#### Audit methodology

Member firms of PwCIL use a common audit methodology and process ("PwC Audit"), supplemented by local regulatory requirements, for their audit engagements. This common methodology allows us to provide high quality and consistent audit services to multinational organisations and facilitates sharing of good practice and mobility of partners and staff across the PwC Network. The Firm's audit approach adheres to International Standards on Auditing (Ireland) and laws and regulations in Ireland.

PwC Audit includes specific policies and procedures with regards to the audits of groups, including multi-locational and cross-border groups. Those policies and procedures include the use of, and reliance on, other auditors, whether they are part of the PwC Network or not, and the signing of group audit reports.

PwC Audit is underpinned by Aura, our global platform which is used across the entire PwC Network. Aura supports teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Aura provides audit engagement teams with:

- a single instance global software with embedded industry specific audit procedures enabling consistency, synergy and scale;
- a systematic risk-based approach, meaning that we focus on the things that matter;
- a workflow technology that allocates audit procedures and individual tasks on personalised dashboards, enabling the timely execution and review of work;
- a workshare feature designed for shared service centres and group audits, allowing us to work more collaboratively across borders, eliminating duplication of effort; and
- real time monitoring of engagement quality and progress - anytime, anywhere and on any device (i.e. laptop, iPad, iPhone and other mobile devices).

Aura is regularly enhanced to improve features. New Aura features and functionality are developed at a global level to reflect changes to regulatory and legal requirements, technology initiatives to improve quality and efficiency, themes from external and internal quality reviews and feedback from global users.

Aura is supported by a series of electronic tools which are accessible via a range of electronic devices ranging from tablets to PCs and smartphones. These tools include:

**Aura Online** – an online version of Aura which enables fast access to Aura files and is particularly beneficial for central functions which need access to multiple files;

**Aura Now** – a monitoring tool that provides real-time information on the quality and status of audit engagements. It visualises the progress of an engagement against planned dates, which enables us to prioritise our effort;

**Connect** – a web-based portal designed to request and exchange documents and information securely with our clients. Connect monitors the status of information flows on a real-time basis – it's simple to use and allows both the client and audit team to track status at an overall engagement and individual level anytime, anywhere; and

**Halo** – Data assurance tools that allow us to better identify and assess risks and determine where to focus audit efforts. Our tools allow us to analyse 100% of transactions, which means we can gain a higher level of audit evidence than applying normal audit sampling techniques. The analytical and visualisation capabilities allow us to analyse patterns and trends, identifying unusual and high-risk transactions, and providing invaluable insight to both ourselves and our clients.

The objective of Aura and the supporting tools is that the quality of our audits improves as teams are able to focus their efforts on areas of higher risk.

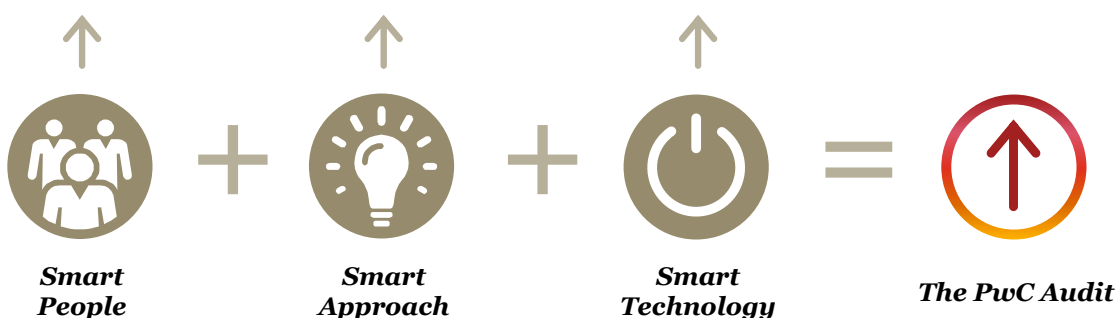
Aura allows us to use Aura for many of the non-audit engagements carried out by our Assurance practice, such as internal audit engagements and service organisation controls reports. For other non-audit engagements, our Assurance practice can also use a non-audit engagement documentation tool, Map, which has been used for many years in our Consulting practice, and in a number of member firms across the PwC network. Map helps us to ensure compliance with our policies and consistent quality of documentation.



## PwC Audit

1. Client acceptance & independence
2. Deep business understanding
3. Relevant risks
4. Intelligent scoping
5. Robust testing
6. Meaningful conclusions

*PwC's audit is built on a foundation of smart people, a smart approach and smart technology. This together with our six-step audit process, results in an audit that is robust, insightful and relevant.*



### Comprehensive policies and procedures

The Firm has policies and procedures governing Irish accounting and auditing practice. These are regularly updated to reflect new professional developments, changes in our operating environment and emerging external issues, as well as the needs and concerns of the practice. These policies cover both professional and regulatory requirements and also reflect the guidance that the Firm provides to its professionals on how best to implement them. They are available in electronic files and databases and are accessible to our people remotely.

### Consultation and support

Consultation is a key element of quality control. The Firm has policies setting out the circumstances under which consultation is mandatory.

The Firm's technical experts track new developments in relevant areas and provide updates to the appropriate professional people. Our consultative culture means that our engagement teams regularly consult with experts and others.

### Supervision and review

The engagement leader and senior engagement team members supervise the audit, review the work, coach the team and maintain audit quality. Our audit software, Aura, is designed to help audit team members track the progress of the engagement and therefore make sure that all work has been completed, that work is reviewed by the relevant individuals, including the engagement

leader and, where relevant, the Engagement Quality Control Reviewer (known in PwC Audit as the Quality Review Partner), and that all matters arising have been appropriately addressed.

The engagement leader is expected to:

- lead the performance of the audit and its documentation by being proactively and sufficiently involved throughout the audit, including being satisfied that audit risks have been assessed and responded to appropriately;
- drive a cultural mind-set that strives for continuous quality improvement, challenges engagement team members to think, be rigorous and apply professional scepticism;
- foster an integrated coaching culture and demonstrate a willingness to learn and to coach others;
- be responsible for the engagement team undertaking appropriate consultation on difficult or contentious matters, initiating those consultations where necessary;
- have an ongoing involvement in assessing the progress of the audit, and in making key judgements;
- be satisfied that the review, supervision and quality control procedures in place are adequate and effective; and
- have an overall responsibility for reviewing and assessing the quality of the work done, its proper and timely documentation and the conclusions reached.

Senior engagement team members support the engagement leader by:

- setting an example in the performance of the audit and its documentation by being involved throughout the audit, including identifying the audit risks and being satisfied that they are responded to appropriately;
- applying professional scepticism, striving for continuous quality improvement, challenging engagement team members and applying rigour to the audit process;
- fostering an integrated coaching culture and demonstrating a willingness to learn and coach others;
- together with the engagement leader, putting in place arrangements for timely reviews of audit work and documentation, and, taking into account the nature, extent and level of reviews already performed by other members of the team, satisfying himself or herself that the work performed and documentation is appropriate; and
- reviewing work done and the record of the audit, including considering the quality of the audit process and the results of the work and the documentation of conclusions.

In addition to reviews by the engagement leader and senior engagement team members, all staff are expected to critically self-review their own work to make sure it meets the relevant requirements.

### Engagement Quality Control Review

**“We appoint a quality review partner (“QRP”) to conduct engagement quality control reviews of the audits of listed clients and clients identified as higher risk”**

We appoint a quality review partner (“QRP”) to conduct engagement quality control reviews of the audits of EU PIEs, other listed clients and clients identified as higher risk. QRPs are experienced partners who are independent of the core engagement team and are responsible for reviewing key aspects of the audit, including independence, significant risks and their responses, judgements, uncorrected misstatements, documentation of work done in the areas reviewed, the financial statements, communications with those charged with governance and the appropriateness of the audit report to be issued. When their review is completed, any matters raised are resolved to their satisfaction in advance of the audit report date.

### Engagement documentation

At the end of an engagement, teams are required to assemble the hard copy paper file and then archive both this and the electronic file within set periods laid down by professional standards and law. In the case of the electronic audit file, automated processes exist to make sure that the file is archived on time and the act of archiving prevents any further amendments being made to the file.

The hard copy paper file is archived using an electronic system that logs the files.

The hard copy file is then retained in a secure, access-controlled filing system. All engagement files are destroyed after periods specified by law or professional standards. In the case of audit files, this is generally eight years after the report signing date.

### Audit reporting

We are acutely aware that the effectiveness of our work as auditors is directly linked to the effectiveness of our reporting, whether to audit committees or boards of directors, or in the role we play in external reporting.

### Reporting to audit committees

When reporting to audit committees and those charged with governance in other organisations where no audit committee exists, we place particular emphasis on communicating our audit scope and approach, together with our assessment of audit risk.

During the course of the audit we communicate any threats to auditor objectivity, including independence, the significant risks and judgements that impact the reported financial performance and position in the financial statements and any other information that is relevant to the audit committee’s responsibility to oversee the financial reporting process.

In part, this presentation of significant judgements includes highlighting to the audit committee the judgements that have been made by management in preparing the financial statements that we believe are important to an understanding of the performance being presented. It is important as auditors that we recognise that the nature of accounting and the judgements that are applied mean that there is often not a precise answer.

The Firm has implemented a policy whereby financial statements prepared under International Financial Reporting Standards (“IFRS”) for all equity listed companies are subject to an independent review by a senior member of our accounting technical team.

## External reporting

We are conscious that our audit reports should be clear and unambiguous. The form and content of our audit opinions are laid down by Irish legislation and IAASA for Irish entities under ISA (Ireland) 700 'Forming an Opinion and Reporting on Financial Statements'. Where ISA (Ireland) 701 'Communicating Key Audit Matters in the Independent Auditor's Report' applies, we include descriptions of how our audit had been scoped and addressed the most significant risks of material misstatement that we had identified and our application of materiality in determining the nature, timing and extent of our audit procedures and evaluating the effect of misstatements.

Extended audit reports under ISA (Ireland) 701 provide us with the ability to 'tell the story of our audit' within our audit report in a meaningful and informative way to enhance users' understanding of the financial statements.

**"We welcome the continued feedback that we have received both from our clients and from stakeholders and other commentators on our audit reports"**

We welcome the continued feedback that we have received both from our clients and from stakeholders and other commentators on our audit reports. We also welcome, fully support and embrace the moves towards greater transparency over the audit process.

Engagement leaders only conclude on the truth and fairness of the financial statements and sign an audit opinion following appropriate review of the work performed by the audit team, resolution of issues identified, clarification of any uncertainties and an assessment of uncorrected misstatements, both quantitative and qualitative, identified in respect of the financial statements.

Consultation procedures are in place where a modified, or a qualified, opinion is considered. The consultation process assists in ensuring the audit opinion is appropriate to the particular circumstances.

In addition to the audit opinion, in certain situations we also have reporting obligations to regulators and to other organisations specified by Irish law.

## Our reporting obligations under legislation

We are cognisant of our reporting obligations under legislation. In 2018 we made the following reports in accordance with these obligations:

Criminal Justice (Theft and Fraud Offences) Act, 2001 - An Garda Síochána	5 reports
Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 section 42 - An Garda Síochána and The Revenue Commissioners	9 reports
Companies Act 2014, section 393(1) – The Director of Corporate Enforcement	35 reports

### 5.2.6 Monitoring

Monitoring of our internal quality control systems comprises internal and external monitoring. External monitoring is undertaken by the Firm's regulators and is dealt with in Section 6 below. Quality monitoring is an integral part of the Firm's continuous improvement programme. The Firm constantly seeks to improve policies, procedures and the consistency of the quality of our work. Instances of failure to meet defined performance standards are treated seriously and the engagement leader responsible is counselled to improve performance.

Each Line of Service runs an annual quality review programme, in which independent teams of partners and staff review completed engagements to assess compliance with our quality standards and regulatory requirements. Details of the Assurance programme are set out below.

### Quality Management Review ("QMR")

A full QMR, led and resourced from other PwC Network firms, is performed every three years with an update review being performed in the intervening years. The update reviews perform targeted assessments, monitor progress on remediation of any control issues raised in the last review and assess the impact of any new developments on the internal quality control systems.

The aim of the QMR is to assess the effectiveness of a member firm's internal quality control systems, including compliance with professional standards such as ISQC (Ireland) 1. Control issues identified during the QMR are specified as either 'meriting attention' or 'requiring immediate action'.

PwC Ireland was subject to a full QMR in 2017 and an update review in 2018. A small number of control issues identified are in the process of being remediated.

### Engagement Compliance Reviews (“ECR”)

Annual reviews of a sample of audit engagements are conducted by experienced, independent PwC people from the PwC global network to ensure engagements are carried out to acceptable quality standards.

Each engagement reviewed is assessed using the following categories:

‘Compliant with no comments’ – relevant auditing and accounting requirements and professional standards have been complied with in all material respects.

‘Compliant with review matters’ – there were some instances where all relevant auditing and accounting requirements and professional standards have not been complied with but in all cases, sufficient audit work has been performed and we are satisfied that the appropriate audit report has been issued.

‘Non-compliant’ – relevant auditing, accounting and professional standards or documentation requirements were not complied with in respect of a material matter.

A small number of recommendations for improvement identified are in the process of being implemented.

### Quality Key Performance Indicators

Each year a PwC Ireland team, independent of the engagement team, assesses a sample of at least 100 completed engagements against Key Performance Indicators (KPIs) of audit quality.

KPIs are set each year to take account of matters arising from regulatory reviews and the ECR, in order to ensure that they focus on those aspects of our work where behavioural change and improvements in quality are considered necessary. Compliance with the quality KPIs therefore represents an ongoing challenge as we strive to continually improve audit quality.

In the year to 31 December 2018, 16 audit quality KPIs were assessed, covering various aspects of the audit from planning to execution and completion. The results of this programme in 2018 continue to demonstrate our strong culture of quality and compliance.

The results of these assessments are reported to the engagement teams and are collated centrally to assess whether any action, such as additional training, technical updates or changes to policy or procedures is required.

In 2018, we also performed quality reviews on a real time basis for some of our more significant audit engagements.

### Annual review of firmwide procedures

In accordance with ISQC (Ireland) 1 an internal review of firmwide procedures is undertaken annually, which includes testing of the effectiveness of the Assurance practice’s quality controls in functional areas such as leadership, training and independence.

Quality monitoring is an integral part of the Firm’s continuous improvement programme. The Firm constantly evaluates inputs from formal programmes such as those described above and a variety of informal sources in an ongoing effort to improve policies, procedures and the consistency of the quality of work. Instances of failure to meet performance standards are treated seriously and the partner responsible is counselled to improve performance. Appropriate steps are taken to fully encourage and support improvement.

### 5.2.7 Evaluation of effectiveness of quality control system

The Territory Leadership Team has evaluated the operating effectiveness of the Firm’s quality control system at 31 December 2018 and is satisfied that it is functioning effectively.

## 6. External inspections

### 6.1 Irish Regulators

The Firm is an approved statutory audit firm within the meaning of the Companies (Statutory Audits) Act 2018.

IAASA, as the designated competent authority for the oversight of statutory audit firms in Ireland, conducts quality assurance inspections of statutory audit firms of public interest entities ("PIEs") and their audit engagements of PIEs. Chartered Accountants Ireland ("CAI") conducts quality assurance inspections of statutory audit firms in relation to audit engagements of non-PIE entities.

During 2017, we welcomed IAASA commencing its first inspection of the Firm under this regulatory regime. The report on this inspection was issued in June 2018. During 2019, IAASA commenced its second inspection of the Firm as part of their annual inspection process. We are committed to continuing to fully engage with IAASA in a positive and constructive manner in the years to come.

As part of the monitoring responsibilities of CAI, the Professional Standards Department of CAI undertakes an inspection of the quality of the Firm's work as statutory auditors of non-PIE entities. The last completed inspection of the Firm took place in 2015.

### 6.2 Overseas Regulators

The Firm is registered in the United States of America in order to meet US requirements in relation to the audits of certain entities. As a requirement of this registration, the Firm is subject to monitoring by the Public Company Accounting Oversight Board ("PCAOB"). In 2011, the PCAOB issued its report on a review of the Firm undertaken in 2008. The recommendations arising from this review have been implemented.

We are also registered with Audit Regulators in Japan, The Netherlands and Jersey.

## 7. Public interest entity audit clients

A list of the public interest entities, as defined in the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016 (SI No. 312 of 2016), for which we carried out a statutory audit during the year ended 31 December 2018 can be found in Appendix 4.



## 8. Independence policies and practices

### 8.1 Organisation

The Firm's Risk and Quality partner is designated as the Ethics and Business Conduct Partner and in turn is supported by the Independence Director and a core team of independence specialists who ensure the Firm applies robust and consistent independence policies, procedures and tools.

### 8.2 Policies and guidance

PwC Network Independence Policy which is based on the International Ethical Standards Board for Accountants ("IESBA") Code of Ethics for Professional Accountants sets out the minimum standards which all member firms of PwCIL have agreed to follow, including processes that are to be followed to maintain independence from clients. The independence requirements of the US Securities and Exchange Commission (SEC) and those of the US Public Company Accounting Oversight Board (PCAOB) are in certain instances more restrictive than the IESBA Code and the PwC Network policy accounts for this by including provisions that are specifically applicable to SEC restricted entities.

The Irish Firm also supplements the PwC Network policy as required by Irish professional bodies and regulations such as the Ethical Standard for Auditors (Ireland) 2017 issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA").

The Firm's 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"), and the PwC EU Baseline Internal Policy and Guidance on Non-Audit Services which provide practical guidance on the application of the policy in respect of non-audit services to assurance clients
- **business relationships, including policies and guidance on joint business relationships** (such as joint ventures and joint marketing) and purchasing goods and services acquired in the normal course of business
- **the rotation of audit engagement personnel**

### 8.3 Independence systems

The PwC network has a number of global systems to assist PwC Ireland and its partners and staff to comply with the Firm's independence policies and procedures. These systems include:

- The **Central Entity Service ("CES")**, which contains information about corporate entities including the Firm's public interest audit clients and SEC restricted clients and their related securities. CES assists our people to determine the independence status of clients or potential clients of the Firm before entering into a new non-audit engagement or business relationship;
- **Checkpoint**, which is used by all partners and practice staff to pre-clear securities before acquisition and to record their subsequent purchases and disposals. Where a member firm wins a new audit client, this system automatically informs those holding securities in this client of the requirement to sell the security;
- **Statements of Permitted Services ("SOPS")**, which provides practical guidance to engagement teams on permissibility of prospective non-assurance services, including independence threats and safeguards and prohibitions; and
- **Authorisation for Services ("AFS")**, which facilitates communication between a non-audit services engagement leader and the audit engagement leader, documenting the potential independence threats of the service and proposed safeguards, and acting as a record of the audit partner's conclusion on the acceptability of the service.

PwC Ireland also has a number of local processes and systems, which include:

- A rotation tracking process that monitors compliance with the Firm's audit rotation policies for engagement leaders, other key audit partners and senior staff involved in an audit for all public interest entity audit clients of the Firm;
- A consultations database that records independence consultation requests and the responses given;
- A database that records significant business relationships entered into by the Firm (excluding the purchase of goods or services in the normal course of business). These relationships are reviewed periodically to ensure their ongoing permissibility; and
- A database that records external appointments held by our people. These appointments are reviewed on an annual basis to ensure their ongoing permissibility.

#### 8.4 Engagement leader, Quality Review Partner (QRP) and Key Audit Partner rotation policy

We adhere to the rotation requirements of the independence rules published by IESBA, IAASA and the SEC as applicable to a particular audited entity.

The principal requirements are as follows:

- **Public interest entities and other listed entities that are subject to the IAASA Ethical Standard** - Engagement leader and key audit partner tenure is set at five years with a five year cooling off period. The tenure of the QRP is set at seven years with a five year cooling off period.
- **SEC registered issuers** - The audit engagement partner tenure is set at five years with a five year cooling off period. The tenure of the QRP is set at five years with a five year cooling off period.
- **Entities which meet the IESBA or PwC's internal definition of public interest entity** - The tenure for engagement leader, QRP and key partners involved in the audit is set at seven years with a two year cooling off period.
- **All other entities** - The tenure for the engagement leader, QRP and key partners involved in the audit is set by our policy at ten years with a two year cooling off period.

#### 8.5 Training and confirmations

Annually, all partners and practice staff receive mandatory training on the firm's independence policies and related topics. Completion is monitored and non-completion may lead to disciplinary action.

All new recruits and newly appointed managers receive training on the Firm's independence policy and related topics. Periodically, all our people receive equivalent reinforcement training. Additional face-to-face training is delivered to members of the practice on an as-needed basis by the Firm's independence specialists and risk and quality teams.

All our people are required to confirm at least annually their compliance with all aspects of the Firm's independence policy including their own personal independence. In addition, all partners and directors with lead engagement responsibilities confirm that all non-audit services and business relationships for which they are responsible are in compliance with policy and that the Firm's processes have been

followed in accepting these engagements and relationships. These confirmations serve two primary purposes: to identify any threats to independence that may have arisen; and as a periodic reminder of the Firm's independence policies and procedures.

Consideration of engagement team independence is a mandatory step on all audit engagements and confirmation is required from all members of the engagement team for listed audit clients and related entities.

#### 8.6 Compliance monitoring

Our independence procedures and practices are subject to review on an ongoing basis. This is achieved through a monitoring and testing programme, which includes:

- Quality control reviews of engagements for compliance with risk management processes, including independence;
- Central monitoring of independence key performance indicators including compliance with AFS requirements;
- Annual compliance independence confirmations by partners and staff;
- Personal independence audits of a selection of partners, directors and managers; and
- Annual assessment of the Firm's adherence with the PwC network's risk management standards for independence.

Potential breaches of the firm's independence policies that are identified from self-disclosures, compliance confirmations, personal independence audits, engagement reviews and other monitoring activities are investigated by the Firm's Independence team to determine if a reportable breach has occurred. A breach of independence policies by a partner or staff member may lead to disciplinary action.

The results of the Firm's monitoring are reported to the Firm's Risk and Quality partner and provide assurance that the Firm's policies and processes are being followed. The investigations of any identified violations of policies also serve to identify the need for improvements in the Firm's systems and processes, and for additional guidance and training.



## 9. Continuing professional education of our people

Capabilities and technical competence are developed through learning, education, work experience and coaching.

Our people develop theoretical knowledge, professional skills and values through the work they perform, the coaching received from others and from formal learning activities that they undertake throughout the year.

### 9.1 Learning and education

Our PwC Professional global leadership framework underpins a training curriculum which provides a wealth of opportunities for our people to build professional skills and knowledge to support the delivery of high quality assurance services to our clients.

Learning and development is a continuous process which starts with induction activities when a person joins the Firm. It continues throughout their career and is tailored to the grade, role and experience of each individual.

On joining the Firm, all new people are required to complete induction training, which focuses on audit methodology and tools, skills training, professional development, compliance, independence and ethical rules, as well as our culture and values.

Our on-going training curriculum includes grade transition and talent programmes as well as technical, management and business skills programmes.

In addition, our industry groups provide specialised training programmes relevant to their sectors that enable our people to improve their understanding of our clients' businesses; for example, people engaged in audits in the Financial Services Sector are trained in the particular risks and audit challenges specific to those industries.

We maintain capabilities and technical competence as follows:

- All partners and staff must complete annual risk and quality update training spanning matters relating to compliance, independence and ethics;
- The mandatory technical training programme builds foundation technical capabilities relevant to auditors. Annual update training addresses new external requirements, internal policy or methodology changes and the remediation of observations raised through internal quality reviews and external inspections;
- We consider training needs on an on-going basis and release training materials throughout the year to respond to emerging performance gaps promptly when they are identified;
- We monitor the completion of mandatory training and follow up any exceptions;
- We review the training programme for compliance with PwC network standards; and
- We have processes in place to equip our tutors with effective instructor skills and the effectiveness of our training programme is assessed through a number of evaluation techniques.

### 9.2 Access to reference material and subject matter experts

The firm maintains online reference materials covering all aspects of policy, procedure and methodology as well as a library of all relevant auditing, accounting and ethical standards. To keep theoretical knowledge up to date, partners and staff receive regular electronic update communications on technical and regulatory topics as they arise. A group of technical subject matter experts is also available.

### 9.3 Work experience and coaching

Each engagement leader is responsible for staffing their engagements with people who have the appropriate professional competence and experience required in the circumstances.

As described in our engagement performance section at 5.2.5 above, engagement leaders are ultimately responsible for determining the extent, direction, supervision and review of the work of more junior people to whom work is delegated. This process is consultative, where appropriate, and forms part of a culture that embraces coaching in all we do at all levels within the Firm.

## 10. Corporate responsibility

“We strive to create value for business, society and communities, by operating in a way that focuses on ethics, integrity and trust”

At PwC, we believe we have a responsibility to play a significant role in developing our communities and in helping to resolve the many problems that these communities face. This belief is at the heart of our Corporate Responsibility (“CR”) Strategy under which we are committed to:

- Doing the right thing – behaving responsibly on issues that are central to our business, society and community; and
- Being a catalyst for change – using our skills, voice and relationships to influence and work with others to make a difference, generate change and create a lasting impact on the world around us.

Through the CR Programme we leverage the enormous talent, enthusiasm and generosity of our people across Ireland to make a significant and lasting contribution.

We have set out in this section just some of our activities and achievements in the areas of:

- Responsible business;
- Community engagement; and
- Environmental stewardship.

### Responsible business

Many of society's greatest challenges today impact the way businesses operate. We support our clients as they address these challenges, bringing to bear our innovation and skills, and operating in a way that focuses on ethics, integrity and trust.

In 2017, PwC Ireland was awarded the **Business Working Responsibly Mark** certification, and we continue to progress to ensure we are acting with integrity. The Mark assesses best in class CSR and sustainability and includes leadership, policies, practices, performance and the impact in areas such as; - employee engagement, innovation, environmental practices, supply chain management and engagement with the local community.



“38 of our people sit on 42 committees or boards of professional bodies or industry groups”

We also play an active role in many initiatives to enhance trust and transparency between government, business and society. In 2018, 38 of our people sat on 42 committees or boards of professional bodies or industry groups.

### Community engagement

Our community based programmes are designed to maximise the benefits we bring to the people and communities we engage with. An area of particular focus is that of youth education and development and return-to-work programmes.

“42 of our people sit on 52 committees or boards of community, sporting or not-for-profit bodies”

Initiatives with which our people engage include:

- **Localise**, 12 volunteers from PwC work with the 6th class of a local school to identify and lead a "Care for the Community" project that will have a positive impact on the community; and
- The Firm supports our people who take time out of their working day over a period of six to twelve weeks, to deliver **Junior Achievement** educational programmes targeted at inner city schools. These programmes focus on the delivery of a business related topic to students between the ages of 5 and 15 years. In March 2019, PwC sent 6 individuals from the Advisory, Management Consulting team to a local school to deliver the JA in a Day programming to multiple classrooms.

Other community initiatives and programmes include:

- **Santa Letters** - Every year children from a variety of schools in disadvantaged areas, who would not be guaranteed to receive presents from Santa, write a Santa letter. Our people volunteer to provide a present to each child. Over 700 children receive presents annually through this initiative;
- Each year our people select three charities which benefit from our **People Giving Scheme**. The charities selected for 2018 were the LauraLynn Foundation, Peter McVerry Trust and Pieta House. The charities chosen for 2019 are Jack and Jill Children's Foundation, The Irish Cancer Society and Irish Motor Neurone Disease Association. The scheme has been in place for 11 years and has raised over €659,000 to date for 30 different charities.

"In excess of €659,000 donated by our people as part of our People Giving Scheme"

- **Camara** is a social enterprise dedicated to using technology to improve education and livelihood skills in disadvantaged communities around the world. PwC is delighted to support Camara's work in improving education through technology amongst disadvantaged communities in Ireland, Jamaica and Africa. PwC has donated over 4,750 used computers to Camara to date, making it Camara's largest donor. The computers have been refurbished and have resulted in an improved education for over 50,000 children in disadvantaged communities.

"Over 4,750 PCs donated to Camara to help enhance education provided to over 50,000 disadvantaged children"

## Environmental stewardship

We also seek to minimise the adverse impact our business has on the environment. Since we moved to our Spencer Dock offices the environmental initiatives we have in place have resulted in the following positive impacts on the environment:

- **Waste Recovery / Recycling** – In 2018 we recycled 86% (2017: 77%) of our waste. The remaining 14% (2017: 23%) of our waste was recovered as solid fuel or within waste to energy plant. As a result of these initiatives none of our waste was sent to landfill. As a Firm we continue to exceed our annual recycling target of 70%.
- In line with our increased average headcount, our energy usage increased by 7% over 2017 figures. The PwC Green Team will continue to explore environmental opportunities for 2019 to help further enhance our existing environmental programme.
- In 2018, PwC went fully biodegradable in terms of single use products. i.e. Coffee Cups, Cutlery and Food Containers. Also all single use plastic were removed from point of sale and replaced with either can or glass variants.

"As a firm we are very conscious of minimising our environmental footprint and developing our business in a safe and sustainable manner"

In 2018 PwC Ireland was awarded two important accreditations by Certification Europe. The **Occupational Health and Safety Management Certification 18001**, recognises the highest standards in employee health and safety. The second award, developed by the International Organisation for Standardisation ("ISO"), **14001 Environmental Management System** confirms that PwC meets the international industry specific environmental standards.

# 11. Financial reporting

## 11.1 Fee analysis

An analysis of the Firm's revenue, excluding Value Added Tax, for the financial year ending 31 December 2018 is shown below:

	2018 €m	2017 €m
Revenue	379	334
Expenses and disbursements on client assignments	(52)	(43)
Net revenue	327	291

An analysis of the revenue is as follows:

	2018			2017		
	Audit clients €m	Non-audit clients €m	All clients €m	Audit clients €m	Non-audit clients €m	All clients €m
<b>Assurance</b>						
Revenue	130	34	164	124	29	153
Expenses and disbursements on client assignments	(16)	(4)	(20)	(13)	(3)	(16)
Net revenue	114 <sup>(iii)</sup>	30	144	111 <sup>(iii)</sup>	26	137
<b>Tax services</b>						
Revenue			124			110
Expenses and disbursements on client assignments			(18)			(15)
Net revenue			106 <sup>(iv)</sup>			95 <sup>(iv)</sup>
<b>Advisory services</b>						
Revenue			91			71
Expenses and disbursements on client assignments			(14)			(12)
Net revenue			77 <sup>(iv)</sup>			59 <sup>(iv)</sup>

(i) Revenue is presented in the above table in accordance with Regulation (EU) No 537/2014 Regulations 2016 (SI No. 312 of 2016) and represents amounts recoverable from clients for professional services provided during the year. Revenue is measured at the fair value of consideration received or receivable on each client assignment, including expenses and disbursements but excluding discounts and Value Added Tax. Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow.

- Assurance fees include fees for statutory audit, audit work for group reporting purposes and revenues derived from other assurance services (including risk and internal audit services).
- Tax includes business and personal tax, indirect tax and international tax services.
- Advisory includes information security, consulting, strategy and performance improvement services, M&A advisory, project finance, insolvency, restructuring, transaction support and integration, valuations, business modelling and human capital services.

(ii) The Revenue above represents fees earned by the Republic of Ireland firm of PricewaterhouseCoopers and does not include fees earned in Ireland by other firms established and regulated in territories outside of the Republic of Ireland who also practice under the name PricewaterhouseCoopers.

(iii) Included in the above is €27m (2017: €29m) in relation to revenue from the statutory audit of annual and consolidated financial statements of EU public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a EU public-interest entity. This includes the audits of the Irish components/subsidiaries of EU public-interest entities whose parent is not located in Ireland.

(iv) Included in the above is a total of €52m (2017: €47m) in relation to revenue from permitted non-audit services to entities that are audited by the Republic of Ireland firm of PricewaterhouseCoopers.

### 11.2 Responsibility for financial reporting

Responsibility for the preparation of financial information is vested in the Firm's Chief Operating Officer, Paul Tuite. Financial performance is reviewed on a monthly basis by the TLT. Financial information is circulated to all partners on a monthly basis and is presented and discussed at quarterly partner meetings.

### 11.3 Going concern

The TLT has a reasonable expectation that the Firm has adequate financial resources to meet its operational needs for the foreseeable future and therefore considers that the Firm is a going concern.

### 11.4 Managing risk

We have a clear business strategy. In implementing this strategy it is vital that we also manage the risks associated with it. As a result we have a defined process for assessing, monitoring and controlling risk.

The TLT takes overall responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness.

The day-to-day responsibility for implementation of these systems and for ongoing monitoring of risk and the effectiveness of controls rests with the Firm's senior management.

The systems, which have been in place throughout the financial year, include the following:

- the Risk Committee, a TLT subcommittee, is responsible for making sure that the processes and controls are in place to identify, evaluate and manage risk;
- periodic reviews of performance and quality are carried out independently by the PwC network; and
- our risk and quality functions oversee our professional services risk management systems and report to the TLT.

## Our principal risks and uncertainties

The key risks and uncertainties faced by our business, and our management response, are summarised below.

Risk / Uncertainty	Response
<b>Quality:</b> Significant quality failure in the Firm or the PwC network, due to either engaging with an inappropriate client or inadequate delivery of services leading to a potential service failing, litigation and/or regulatory action	<p>Our internal quality management systems, which are designed to maintain and enhance quality, include:</p> <ul style="list-style-type: none"> <li>• Recruitment standards and staff development procedures</li> <li>• Client acceptance and retention processes</li> <li>• Client engagement standards supported by methodologies and tools</li> <li>• Quality reviews of PwC network firms</li> <li>• Monitoring and review of key performance indicators by the TLT</li> </ul>
<b>Regulatory change:</b> Failure to respond to regulatory changes which will impact our business	<ul style="list-style-type: none"> <li>• Timely involvement by the TLT to anticipate and understand changes in applicable regulatory regimes and consideration of the potential operational impact</li> <li>• Timely updating of the Firm's processes and procedures to ensure compliance with current and developing regulation</li> <li>• Communication and training programmes to ensure our people and our clients are kept informed</li> </ul>
<b>Public perception and reputation:</b> Failure to respond in a transparent manner to issues raised by 'public interest' debates	<ul style="list-style-type: none"> <li>• Embedding a culture of 'doing the right thing' for our people, our clients and our communities, as a matter of strategic intent</li> <li>• Open and active engagement in serious debate with relevant stakeholders on trust-related and public interest issues</li> <li>• Sharing of knowledge and insights on trust to sustain, widen and enrich the discussion</li> <li>• Actively participating in, leading on and collaborating on initiatives to enhance trust</li> </ul>
<b>People and talent:</b> Failure to engage fully with our people, impacting our ability to attract, develop and retain the best talent and provide quality services	<ul style="list-style-type: none"> <li>• Continuing a focused and targeted Graduate Recruitment plan annually and experienced hire career offering</li> <li>• Maintaining focus on retention and succession planning for key and critical talent incl. Firmwide Talent Council</li> <li>• Diversity &amp; Inclusion Council continuing to progress ambitions on our four pillars of Gender, Generational, International and GLEE</li> <li>• Maintaining strong tone at the top on expectations of the PwC professional, aligned to our vision, our values and Code of Conduct</li> <li>• Monitoring and review of KPIs by the TLT, including staff surveys and regular client feedback</li> </ul>
<b>Independence and regulatory requirements:</b> Failure to comply with relevant independence, legal, ethical, regulatory or professional requirements	<p>Established compliance and independence management systems including:</p> <ul style="list-style-type: none"> <li>• Clear policies, procedures and guidance</li> <li>• Mandatory training for all partners and staff</li> <li>• Client and engagement acceptance procedures</li> <li>• Annual independence and compliance submissions for all partners and staff</li> <li>• Regular monitoring and reporting to the TLT</li> </ul>
<b>Geopolitical:</b> Failure to respond to the potential impact of geopolitical uncertainties on the Irish economy and our business	<ul style="list-style-type: none"> <li>• Timely involvement by the TLT and the wider partnership to monitor international developments</li> <li>• Actively participating in, leading on and collaborating with key stakeholders at a national and international level to communicate our views</li> <li>• Communication with our people and our clients to ensure they are kept informed and up to date on developments and their potential impact</li> </ul>



Risk / Uncertainty	Response
<b>Data compromise:</b> Misuse or loss of confidential client information or personal data, as a result of a cybersecurity breach or inappropriate action by staff, may expose the Firm to legal proceedings, and/or impact our reputation	<ul style="list-style-type: none"> <li>• The Firm's Chief Operating Officer is the TLT member responsible for Information Security</li> <li>• The Firm operates an information security management system, aligned to ISO/IEC 27002:2013 which includes: <ul style="list-style-type: none"> <li>– Governance and policies for client data and other information</li> <li>– Maintaining the confidentiality, availability and integrity of information</li> <li>– Physical, technical and human resource controls</li> <li>– Encryption of all laptops, PCs and memory sticks</li> <li>– Security of remote access to our network</li> </ul> </li> <li>• Regular monitoring and independent review systems</li> <li>• GDPR compliance programme is embedded to ensure a comprehensive and coordinated approach to the handling of personal data</li> <li>• Comprehensive incident management programme to minimise adverse impact of any data compromise</li> </ul>
<b>Digital disruption:</b> Failure to use advanced technology to underpin new business models and cost structures for existing services	<ul style="list-style-type: none"> <li>• Significant investment in new and innovative technology solutions for existing services</li> <li>• Commitment to new platforms to allow delivery of quality services</li> </ul>

### 11.5 Litigation

In common with all major accounting firms, PricewaterhouseCoopers receives, from time to time, claims asserting that loss has been caused to the claimant by alleged professional negligence.

The only outstanding matter relates to proceedings against the Firm in relation to the audit of Quinn Insurance Limited. We believe that these proceedings are unjustified and devoid of merit. The circumstances behind the proceedings are complex and technical and involve many interrelated parties, including the Joint Administrators of Quinn Insurance themselves. We stand by the quality of our work and are vigorously defending these proceedings.

### 11.6 Review of internal control

The Irish Audit Firm Governance Code requires the Firm to conduct, at least annually, a review of the effectiveness of the Firm's internal control systems, covering material controls such as financial, operational and compliance controls, and risk management systems. In maintaining sound systems of internal control and risk management, and in reviewing its effectiveness, we have applied the principles of 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull guidance), issued in October 2005 by the FRC.

The TLT takes overall responsibility for PwC Ireland's internal control systems and for reviewing their effectiveness. It has reviewed the systems of internal control in operation throughout the year ended 31 December 2018, and up to the date of approval of this Transparency Report, using a process that involves, inter alia:

- reports and/or confirmations from relevant partners, committees and functions concerning the operation of those elements of the system for which they are responsible;
- reports of periodic reviews of the Firm's performance, quality and controls, which have been carried out independently by the PwC network; and
- reports from the Firm's regulators.

Our internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives or, in the case of financial controls, the risk of material misstatement in our financial statements. Accordingly, they provide only reasonable and not absolute assurance against such failure or material misstatement.

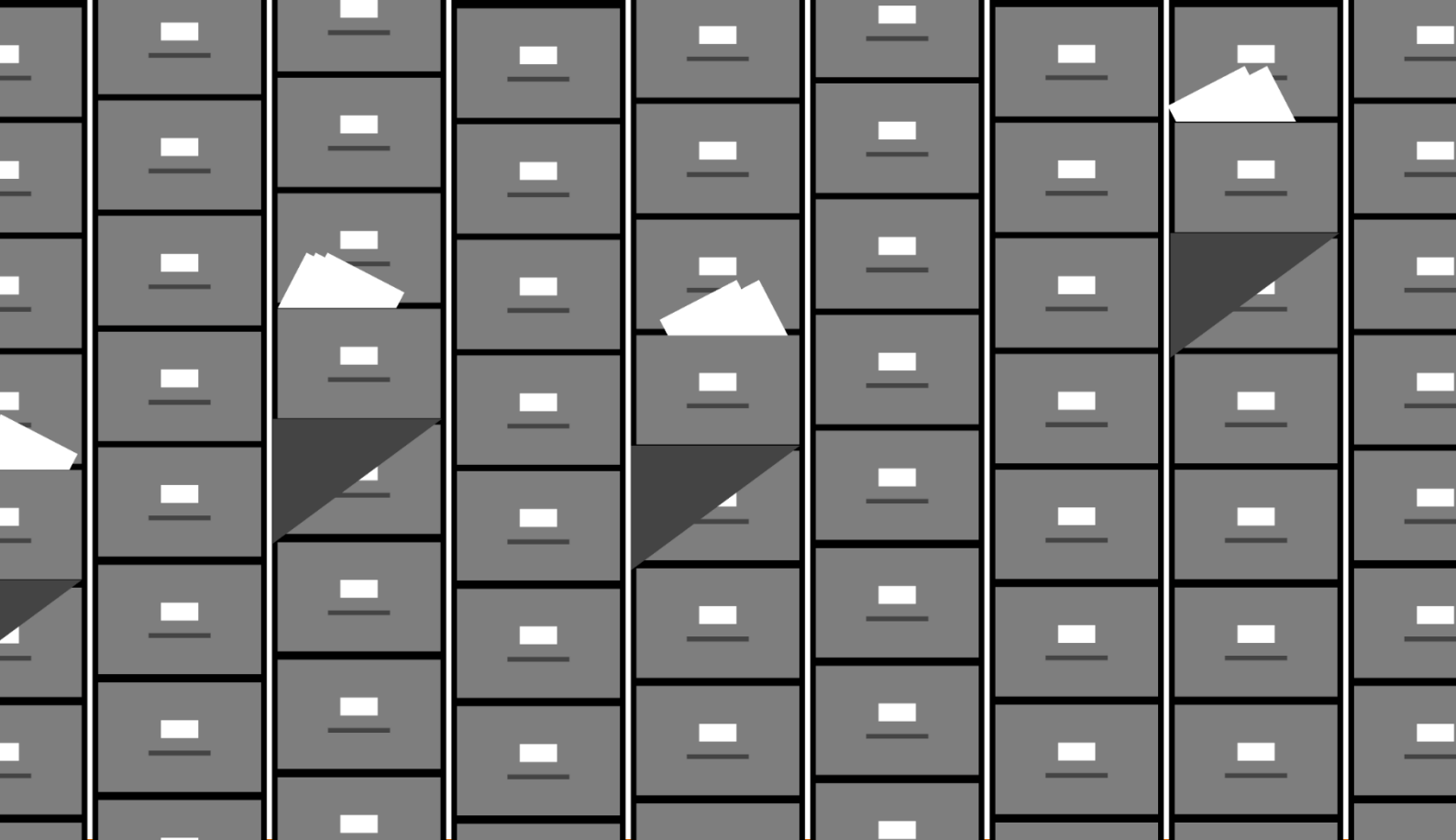
## 12. Partner remuneration

Partners are remunerated solely out of the profits of the Firm. The final allocation and distribution of profit to individual partners is made by the Managing Partner with input from the Territory Leadership Team, after a partner's performance has been assessed, and is based on a partner's role, sustained performance and professional experience ("Partner Income System").

The key criteria applied to assess an individual partner's sustained performance include an assessment of their impact with clients and in the marketplace, their impact in the Firm and their engagement with our people. There is transparency among the partners in relation to the allocation of profits.

Assurance partners are not permitted to be, nor are they incentivised to be, evaluated or remunerated for the selling of non-audit services to their audit clients.

The operation of the Partner Income System is overseen by two independent partners approved by the partners ("Income Oversight Partners"). The Income Oversight Partners report to the partners on an annual basis as to whether or not, in their view, the Territory Leadership Team has operated fairly in applying the Partner Income System.



# Appendices

## Appendix 1: Profiles of our Territory Leadership Team



**Feargal O'Rourke**  
**Managing Partner**

Feargal is the Managing Partner of PwC Ireland. Prior to this, he was the head of the Firm's Tax practice. He has also served as the Markets Partner in Ireland. From 2004 to 2010 he headed up the PwC Tax Technology Network in EMEA which comprised partners in over 90 countries dealing with major European and Global accounts and in that role interacted with the leading companies in this area.

He has worked in the technology sector advising multinationals investing in Ireland on Irish issues and European and Global structures and has acted for many household names in this space.

He is a Fellow of the Institute of Chartered Accountants in Ireland and an Associate of the Irish Taxation Institute. He joined the Firm in 1986 and became a partner in 1996.



**Enda McDonagh**  
**Assurance**

Enda leads the Firm's Assurance practice. Enda has over 20 years' experience as an auditor and business advisor to companies operating in the industrial products, life science and pharmaceutical industries.

This experience includes supporting Irish headquartered global companies as well as multinational companies with their operations in Ireland. He worked in PwC Boston between 2000 and 2003.

Enda is a Fellow of the Institute of Chartered Accountants in Ireland. He joined the Firm in 1994 and became a partner in 2006.



**Ciarán Kelly**  
**Advisory**

Ciarán leads the Firm's Advisory practice. Ciarán's client work has focused mainly across the Financial Services industry, where for nearly 20 years he has overseen multiple change and transformation programmes across domestic and international Financial Services clients, supporting restructuring programmes, risk and crisis management and market growth strategies. Prior to joining PwC, Ciarán worked for 9 years within the banking industry.

Ciarán joined the Firm in 1999 and became a partner in 2006.



**Joe Tynan**  
**Tax**

Joe leads the firm tax practice, a team of over 600 professionals who use their deep expertise and experience to guide companies as they look to manage their tax affairs in Ireland and Internationally. Recent years have seen significant changes in tax and it can be a challenge to stay up to date with OECD, US, EU and domestic changes. Our specialised teams do that, bringing the appropriate advice to companies when they need it, allowing those companies to focus on their business. Joe is a partner since 2001.

Joe also leads our Transformation efforts across EMEA for PwC Tax. Digital is changing business including ours. We are upskilling our people in Digital skills right across EMEA so that they can bring the benefit of those skills to our clients.



**Susan Kilty**  
**People**

Susan is the Firm's People partner and a tax partner. Susan specialises in advising companies within the technology and E&M sectors on Irish corporate tax, with a particular focus on US headquartered multinationals investing in Europe.

Susan has extensive experience on all aspects of tax planning including business restructuring, establishing of joint ventures and new subsidiaries, tax due diligence reviews and assists technology and media companies in their industries.

Susan is an Associate of the Irish Taxation Institute. She joined the Firm in 1997 and became a partner in 2007.



### **Ronan Doyle**

#### **Risk and Quality Leader**

Ronan is the Firm's Risk and Quality Leader and also leads the firm's Banking Insurance and Aviation Finance practice. He has significant experience in the audit of financial services companies, both domestic and overseas.

Ronan is also responsible for market risk services group within PwC Ireland which provide advice on strategy, controls, complex accounting and valuation related issues.

Ronan is a Fellow of the Institute of Chartered Accountants in Ireland. He joined the Firm in 1995 and became a partner in 2006.



### **David McGee**

#### **Markets and Strategy**

David is the Firm's Markets & Strategy partner and a partner in our advisory practice. David is a technology specialist with over 25 years' experience in the retail sector, both in industry roles and as a consultant. David has extensive experience advising clients in the retail and consumer goods sectors on diverse projects including digital, technology, corporate strategy, operational effectiveness and supply chain. His clients include indigenous firms and Irish and foreign owned multi-nationals in the sector.

Prior to joining PwC in 2008, David held a senior role in a major Irish retail and wholesale company. David leads the PwC Ireland team which is involved in the development of PwC's TransformIT methodology, a structured approach to helping organisations drive change in their IT function.



### **Paul Tuite**

#### **Chief Operating Officer**

Paul is the Firm's Chief Operating Officer. Paul has been a member of the Irish firm's leadership team since 2003 and previously held the roles of Advisory Leader and Finance Partner. Paul has extensive experience in advising public and privately owned corporates across a range of sectors including manufacturing, construction, distribution and services. He acts as Relationship Partner for a number of the firm's larger clients. His client work is focused on M&A activity such as financial and vendor due diligence, stock exchange reporting, restructuring and advice in relation to the financial and commercial aspects of acquisition agreements.

Paul is a Fellow of the Institute of Chartered Accountants in Ireland. He joined the Firm in 1988 became a partner in 2001.



### **Elizabeth Davis**

#### **General Counsel**

Elizabeth is General Counsel at PwC Ireland. As General Counsel, Elizabeth oversees and manages all legal matters on behalf of the firm, including litigation, commercial and risk issues.

Elizabeth has over 15 years' experience in litigation, regulation and corporate law. Prior to joining PwC in 2014, she was Chief Legal Counsel, Europe at Mercer. She was called to the Irish Bar in 1998.



## Appendix 2: Profiles of the Committee of the Board



### John McDonnell (Chair)

John leads PwC's Regulatory group. John also Chairs the Committee of the PwC Board which assists, advises and consults with the Managing Partner and the Leadership in relation to various Firm governance matters. He is also a partner in the firm's banking and capital markets group and has worked extensively with leading Irish and international banks and financial institutions. He has worked closely with leading public Irish companies and consults on major accounting issues for both Irish and international financial services organisations.

John is a member of PwC's Global Accounting Consulting Services Team specialising in accounting for financial instruments and banking products and a member of PwC's IFRS Global Banking and Capital Markets Committee. John also leads PwC's Global IFRS 9 Impairment sub group. The IASB appointed John as a member of its IFRS 9 Impairment Transition Resource Group.

John is a Fellow of the Institute of Chartered Accountants in Ireland. He joined the Firm in 1984 and became a partner in 2000.



### Fíona deBúrca

Fíona is a partner in the audit practice and specialises in the asset management industry. She has over 20 years' experience in advising and auditing asset management clients including mutual funds, hedge funds, private equity and loan origination entities and their service providers administered in Ireland and internationally.

Fíona has worked in the PwC London, PwC LA and PwC Orange County offices advising on asset management, banking and real estate assignments for a variety of organisations, including the FCA.

Fíona has been involved with the Irish Funds industry association ("IF") for a number of years and has been a member of IF's committees. Fíona is a Fellow of the Institute of Chartered Accountants in Ireland.



### Pat Mahon

Pat is a partner in the PwC Ireland tax practice and specialises in advising companies on employment tax and related matters.

Pat assists local and international organisations manage the financial, tax, regulatory, operational, risk and strategic challenges associated with people. For over 20 years, Pat has been advising clients across all industry sectors on a broad range of areas including revenue audits interventions, share based reward, social taxes and global mobility.

Pat is a graduate of Dublin City University and is also an Associate of the Irish Taxation Institute.



### Michael McDaid

Michael is a partner in the advisory practice and specialises in the delivery of strategic change engagements across the Irish public, healthcare, commercial state and private sectors. He has a proven track record in successfully delivering complex, large scale transformation projects for his clients.

Most of his work in recent years has been in the public sector, where he has worked across most government departments, the health system, the country's leading higher education institutions, commercial state organisations and other public bodies.

He has led a number of high profile, large scale and nationally important engagements, where he has interacted with the highest levels of government and the public service.



### Declan Murphy

Declan is an Assurance partner in the asset and wealth management practice. He has significant local and international experience providing audit and business advisory services to a wide range of international asset managers and promoters.

Declan joined PwC in Jersey in 1997, returned to Dublin in 2001, and became a partner in 2011. He has considerable experience dealing with UCITS, Alternative Investment Funds and Structured Entities, using both Irish and offshore domiciled products, and covering a wide spectrum of fund structures, strategies and GAAP. He is the Assurance Innovation Leader and sits on the Firm's BOS Steering Committee.

Declan is a Fellow of the Institute of Chartered Accountants in Ireland.



### Paul O'Connor

Paul O'Connor is an Assurance partner with extensive experience working with listed companies and companies operating in the technology and communications sectors.

Paul is the Regulatory Policy Leader for PwC Ireland. He is a board member of the British Irish Chamber of Commerce and the Chartered Accountants Regulatory Board. Paul is a past president of Chartered Accountants Ireland and is an Associate of the Irish Taxation Institute.



### Terry O'Driscoll

Terry O'Driscoll is a tax partner advising domestic and international outbound clients.

Terry provides tax consultancy services to major indigenous clients of PwC. He has extensive experience of advising clients in relation to international structuring, tax efficient financing, business modelling, mergers and acquisitions and group reorganisations.

Terry is a Solicitor and a Fellow of the Institute of Taxation in Ireland.

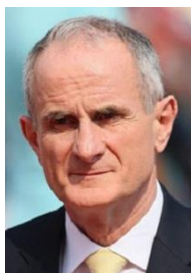


### Yvonne Thompson

Yvonne Thompson is a partner in the PwC tax practice in Ireland, specialising in the taxation of financial services companies, in particular, banking and leasing operations. Yvonne has extensive experience advising clients across the globe on all aspects of domestic and international tax matters. Yvonne is PwC Ireland's market leader for Aviation Finance and leads PwC's global aircraft leasing tax network from Dublin.

Yvonne is a Fellow of the Institute of Chartered Accountants in Ireland. Yvonne joined the firm in 2007 and became a partner in 2010.

## Appendix 3: Profiles of the Independent Non-Executives of the Public Interest Body



### Dr Martin McAleese

Martin McAleese was nominated to the Seanad by An Taoiseach, Enda Kenny TD in May 2011, a position in which he served until his resignation in February 2013. During that time he was the independent chair of the Inter-departmental Committee to establish the facts of state involvement with the Magdalen Laundries.

"Your Country, Your Call", a highly successful, national competition launched in 2010 was his brain-child.

He was appointed Chancellor of Dublin City University in July 2011 and was re-appointed for a second five year term in September 2016. In October 2013 he was appointed as independent Chair of the Oversight Committee to implement the agreed Framework for the resolution of the Priory Hall housing issue.

Martin formerly practised as an accountant and dentist.



### Danuta Gray

Danuta Gray is the former CEO and Chair of Telefónica O2 Ireland. She is Chair of St. Modwen plc and a non-executive Director of Aldermore Bank plc, where she is the Senior Independent Director. She is a non-executive director and Chair of the Remuneration Committee at Direct Line Insurance Group plc and is the non-executive member of the Defence Board at the UK Ministry of Defence.

Danuta is a member of the PIB since January 2015.



### Nicholas Kearns

Nicholas Kearns has held a number of senior positions in the Irish courts system. He was appointed a judge of the Supreme Court in November 2004, having served six years as a judge of the High Court. In 2009 he was appointed President of the High Court and has presided over a number of high profile cases in recent years. In addition, he also chaired the Referendum Commission in the Irish referendum on citizenship and also served as an alternate judge to the European Court of Human Rights.

Following his retirement in December 2015, he has pursued a number of other activities, including a Masters Degree in creative writing at Trinity College. He was appointed to the Public Interest Body in September 2016, and more recently was also appointed Chairman of the Personal Injuries Commission, which is addressing issues around compensation for certain injuries.



### Mark Ryan

Mark is a highly experienced board director and business leader who has successfully operated at senior management level in Ireland and internationally. Mark was Country Managing Director of Accenture in Ireland between 2005 and 2014. During his career with Accenture, he served in numerous management and executive roles in delivering major strategy, IT and business change programmes for Accenture's clients locally and internationally. Mark spent extended periods with Accenture in both the UK and US. Mark is a Science graduate of Trinity College Dublin and a member of the Institute of Directors.

Mark serves as Non-executive Director of Well Fargo Bank International, DCC plc, Immedis, Econiq and is Chairman of Blueface. He sits on the Ireland Strategic Investment Fund (ISIF) Committee. Mark joined the PIB in August 2017.

## Appendix 4:

### List of Public Interest Entity Audit Clients

This list includes those audit clients, for whom PwC issued an audit opinion between 1 January 2018 and 31 December 2018 who are public interest entities as defined in the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016 (SI No. 312 of 2016)

Name	Name
Aberdeen Private Equity Global Fund of Funds plc	CACI Non-Life dac
Alectra Finance plc	CACI Reinsurance dac
Allied World Assurance Company (Europe) dac	Capital Gearing Portfolio Fund plc
Alreford dac	Cardinal Reinsurance dac
Aquarius + Investments plc	Carraig Insurance dac
Arca Vita International dac	Caterpillar International Finance dac
Arch Mortgage Insurance dac	CG Portfolio Fund plc
Arch Reinsurance Europe Underwriting dac	Chaucer Insurance Company dac
Area Life International Assurance dac	CIMA Finance dac
Argentum Fund (Ireland) plc	CIMB - Principal Islamic Asset Management (Ireland) plc
Ark Life Assurance Company dac	CNP Europe Life dac
Aryzta Euro Finance dac	CNP Santander Insurance Europe dac
Athora Ireland plc (formerly Aegon Ireland plc)	CNP Santander Insurance Life dac
Atlantes Mortgage No. 1 plc	CoCo Finance II-2 dac
Aureus Fund (Ireland) plc	Conning Funds
Aviva Investors Liquidity Funds plc	Cornerstone Titan 2007-1 plc
AXA IM Strategies plc	Crown Asia-Pacific Private Equity plc
AXA MPS Financial dac	Crown Asia-Pacific Private Equity II plc
AZ Life dac	Crown Asia-Pacific Private Equity III plc
Bank of America Merrill Lynch International dac	Crown Co-Investment Opportunities plc
Bank of Ireland Group plc	Crown Co-Investment Opportunities II plc
Bank of Ireland Mortgage Bank	Crown Global Secondaries II plc
Berkeley Re dac	Crown Global Secondaries III plc
Bilkreditt 4 dac	Crown Global Secondaries IV plc
Bilkreditt 5 dac	D-A-CH Portfolio (Ireland) plc
Bilkreditt 6 dac	Darep dac
Bilkreditt 7 dac	Dell Bank International dac
Bliksem Funding dac	Deutsche Post (Komerca) dac (formerly Deutsche Post Insurance dac)
BNP Paribas Vartry Reinsurance dac	Dimensional Funds plc
Boadilla Project Finance CLO 2008-1 dac	DLL RE dac
Brown Advisory Funds plc	EAA Covered Bond Bank plc
CACI Life dac	ECCU Assurance dac

Name	Name
Efficient Capital CTA Index Fund, a sub-fund of DMS UCITS Platform ICAV	Hosking Global Fund plc
ESB Finance dac	Impax Funds (Ireland) plc
Esprit Insurance dac	Institutional Cash Series plc
Eurochem Global Investments dac	Invesco Markets plc (formerly Source Markets plc)
Eurohome Mortgages 2007-1 plc	Invesco Markets II plc (formerly Source Markets II plc)
European Insurance Risk Excess dac	Invesco Markets III plc (formerly PowerShares Global Funds Ireland plc)
Everest Insurance (Ireland), dac	Invesco Physical Markets plc (formerly Source Physical Markets plc)
Fastnet Securities 5 dac	Investment Strategies Fund plc
Fastnet Securities 6 dac	Irish Permanent Property Company dac
Fastnet Securities 9 dac	Irish Residential Properties REIT plc
Fastnet Securities 10 dac	iShares plc
Fastnet Securities 11 dac	iShares II plc
Fastnet Securities 12 dac	iShares III plc
FBD Holdings plc	iShares IV plc
FBD Insurance plc	iShares V plc
FDI Insurance dac	iShares VI plc
Fidelity Common Contractual Fund	iShares VII plc
Fidelity Institutional Liquidity Fund plc	iShares Physical Metals plc
Fidelity Institutional Variable Capital Company Fund plc	J.P. Morgan Bank (Ireland) plc
Fidelity Qualifying Investor Funds plc	Kames Capital Investment Company (Ireland) plc
Fidelity UCITS ICAV	KBC Bank Ireland plc
FIL Life Insurance (Ireland) dac	Kerry Group plc
FinEx Funds plc	Kronborg dac
FinEx Physically Backed Funds plc	Laguna Life dac
Formuesforvaltning Private Markets plc	LGIM Liquidity Funds plc
Franklin Floating Rate Fund plc	Lightpoint Pan-European CLO 2006 plc
Franklin LibertyShares ICAV	Loomis Reinsurance dac
Friends First Life Assurance Company dac	Marathon Global Fund plc
GAM Star Fund plc	Martinsurance dac
GoldenTree High Yield Value Fund Offshore plc	Medical Insurance Company dac
Grafton Group plc	Metalloinvest Finance dac
Grattan Securities dac	Miripro Insurance Company dac
Great American International Insurance dac	Monument Assurance dac
Green REIT plc	Monument Insurance dac
Greenval Insurance dac	New Ireland Assurance Company plc
Hansard Europe dac	Oceanic Global Investment Funds plc
Hipototta No.4 plc	OCP Euro CLO 2017-1 dac
Hipototta No.5 plc	OCP Euro CLO 2017-2 dac



Name	Name
Ornua Insurance dac	Source CSOP Markets plc
P/E FX Strategy Fund (a sub-fund of DMS UCITS Platform ICAV)	SSGA SPDR ETFs Europe I plc
Permanent TSB Group Holdings plc	SSGA SPDR ETFs Europe II plc
Permanent TSB plc	St James's Place International plc
Philip Morris International Insurance (Ireland) dac	Steel Funding dac
Phoenix Funding 2 dac	Taberna Europe CDO I plc
Phoenix Funding 3 dac	Taberna Europe CDO II plc
Phoenix Funding 4 dac	The Capital Holdings Fund plc
Phoenix Funding 5 dac	The Governor and Company of the Bank of Ireland
Phoenix Funding 6 dac	The Pride Administration Services dac (formerly The Pride Reinsurance Company dac)
PIMCO Fixed Income Source ETFs plc	Titan Europe 2006-1 plc
Porsche International Reinsurance dac	Titan Europe 2006-2 plc
Port Credit Harbour plc	Titan Europe 2006-3 plc
Princemark Holdings dac	Titan Europe 2006-5 plc
Principal Global Investors Funds	Titan Europe 2007-2 dac
Principal Global Opportunities Series plc	Tokio Marine Funds plc
Redcedar dac	Trium UCITS Platform plc
Renew Project Finance CLO 2017-1 dac	UBS ETFs plc
Rivoli Pan Europe 1 plc	UBS (Irl) ETF plc
Santander International Products plc	UnipolRe dac
Sasol International Insurance dac	Vanguard Funds plc
SCFI Rahoituspalvelut dac	Vera Financial dac (formerly The Lawrence Life Assurance Company dac)
SCF Rahoituspalvelut I dac	VIP Finance Ireland dac
SCF Rahoituspalvelut II dac	Vital Blue Insurance dac
Seb Life International Assurance Company dac	Volkswagen Insurance Company dac
Secucor Finance 2013-I dac	Volkswagen Reinsurance Company dac
Securitas Group Reinsurance dac	W.T.C.D. Insurance Corporation dac
Shannon Capital plc	XL Re Europe SE
SIBUR Securities dac	XTrackers (IE) plc (formerly Concept Fund Solutions plc)
Silverback Finance dac	Yuki Asia Umbrella Fund
Smurfit Kappa Group plc	Zurich Insurance plc
Société d'Assurances Générales Appliquées (SAGA) dac	Zurich Life Assurance plc

## Appendix 5: EU Entities

List of PwC Network audit firms and sole practitioner statutory auditors in European Union/European Economic Area Member States

Member State	Audit firm/statutory auditor
<b>Austria</b>	PwC Wirtschaftsprüfung GmbH, Wien
	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
	PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungs GmbH, Dornbirn
	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
	PwC Österreich GmbH, Wien
<b>Belgium</b>	PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl
	PwC Audit Services SPRL
<b>Bulgaria</b>	PricewaterhouseCoopers Audit OOD
<b>Croatia</b>	PricewaterhouseCoopers d.o.o
<b>Cyprus</b>	PricewaterhouseCoopers Limited
<b>Czech Republic</b>	PricewaterhouseCoopers Audit s.r.o
<b>Denmark</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
<b>Estonia</b>	AS PricewaterhouseCoopers
<b>Finland</b>	PricewaterhouseCoopers Oy
	PwC Julkistarkastus Oy
<b>France</b>	PricewaterhouseCoopers Audit
	PricewaterhouseCoopers Entreprises
	PricewaterhouseCoopers France
	PricewaterhouseCoopers Services France
	PwC Entrepreneurs Audit
	PwC Entrepreneurs Audit France
	PwC Entrepreneurs CAC
	PwC Entrepreneurs CAC France
	PwC Entrepreneurs Commissariat aux Comptes
	PwC Entrepreneurs Commissariat aux Comptes France
	PwC Entrepreneurs France
	PwC Entrepreneurs Services
	M. Philippe Aerts
	M. Jean-François Bourrin
	M. Jean-Laurent Bracieux
	M. Didier Brun
	M. Hubert de Rocquigny
	M. Didier Falconnet
	M. Bernard Kervarec
	M. François Miane
	M. Yves Moutou

Member State	Audit firm/statutory auditor
	M. Claude Palméro
	M. Pierre Pégaz-Fiornet
	M. Antoine Priollaud
<b>Germany</b>	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
	Wibera WPG AG
<b>Greece</b>	PricewaterhouseCoopers Auditing Company SA
<b>Hungary</b>	PricewaterhouseCoopers Könyvvizsgáló Kft.
<b>Iceland</b>	PricewaterhouseCoopers ehf
<b>Ireland</b>	PricewaterhouseCoopers
<b>Italy</b>	PricewaterhouseCoopers SpA
<b>Latvia</b>	PricewaterhouseCoopers SIA
<b>Liechtenstein</b>	PricewaterhouseCoopers GmbH, Vaduz
<b>Lithuania</b>	PricewaterhouseCoopers UAB
<b>Luxembourg</b>	PricewaterhouseCoopers Société coopérative
<b>Malta</b>	PricewaterhouseCoopers
<b>Netherlands</b>	PricewaterhouseCoopers Accountants N.V.
	Coöperatie PricewaterhouseCoopers Nederland U.A.
<b>Norway</b>	PricewaterhouseCoopers AS
<b>Poland</b>	PricewaterhouseCoopers Polska sp. z o.o.
	PricewaterhouseCoopers sp. z o.o.
<b>Portugal</b>	PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
<b>Romania</b>	PricewaterhouseCoopers Audit S.R.L.
<b>Slovak Republic</b>	PricewaterhouseCoopers Slovensko s.r.o.
<b>Slovenia</b>	PricewaterhouseCoopers d.o.o.
<b>Spain</b>	PricewaterhouseCoopers Auditors, S.L.
<b>Sweden</b>	PricewaterhouseCoopers AB
	Öhrlings PricewaterhouseCoopers AB
<b>UK</b>	PricewaterhouseCoopers LLP
	James Chalmers

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