

*Building trust  
through assurance*  
Transparency Report  
2016

## ***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***

- ✓ *“Working together”*
- ✓ *“Make a difference”*
- ✓ *“Reimagine the possible”*
- ✓ *“Care”*
- ✓ *“Act with integrity”*



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# A message from our Managing Partner



***“With Brexit, the new US administration, the Apple State Aid ruling and international tax reforms all looming large, it is anything but business as usual”***

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

## ***Unprecedented year of change***

2016 marked the 150<sup>th</sup> anniversary for our Firm in Ireland. While Ireland’s position on the global landscape has changed significantly since 1866, there is no doubt that 2016 was an unprecedented year.

While the Irish economy has recovered strongly, there are geo-political and economic factors that could really impact the overall Irish economy, our clients and their businesses.

With Brexit, the new US administration, the Apple State Aid ruling and international tax reforms all looming large, it is anything but business as usual. The question for business leaders now is: how do you manage your organisation through these unprecedented times?

As I talk to business leaders, they are clearly more cautious about the outlook for the year ahead compared to this time last year. However, they remain positive about growth opportunities while tackling the business disrupters which will influence a continued period of change. A huge area of focus in the year ahead will be the recruitment and retention of the best people so that businesses remain fit for the future in responding to the increasingly volatile external environment.

Throughout 2016, 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.

## ***Responding to the changing landscape***

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.

We recently announced our new strategic partnership with UCD. The University is at the forefront of worldwide education. Excellence in everything we do is central to both our brands. 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. This partnership will play a key role in the furtherance of talent and skills development for our business.

In 2016 we recruited 300 graduates. We are increasingly recruiting graduates from non-traditional academic and cultural backgrounds in recognition of the increasingly connected world in which we operate.

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

In addition we recruited 280 experienced people across all our lines of service, who strengthened our core teams and enhanced our expertise in areas such as technology, digital, cyber security, data analytics, business transformation and financial regulation.

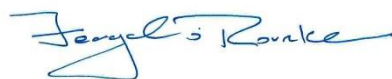
We continuously invest in new technology to support our services across the firm, to meet the changing audit challenges in the digital age and to enhance the quality of our audit services.

***Success built on quality***

From my perspective, one thing is clear: our focus on quality is 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, 2016 was an unprecedented year of change. Changes in the geopolitical scene, not least Brexit, the new US administration, the Apple State Aid ruling and international tax reforms, have all introduced new uncertainties and challenges not faced by Irish business in recent years. And for our profession 2016 was the year that EU Audit Reform came into effect which is having a significant effect on the Irish Assurance market.

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*. 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.

## ***How PwC supports Irish business***

With the aforementioned change in the geopolitical and business landscape for the year ahead, it will be important for Irish business to have a clear strategy to respond to these changes. To face these challenges successfully Irish businesses will need to consider what changes to make to their organisational structures. Responses will include implementing more extensive governance and compliance frameworks, enhancing risk management processes, implementing enhanced internal control frameworks and utilising technology to provide management with accurate, meaningful and reliable information, often on a real-time basis.

Performing high quality audits which clearly respond to these changes 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 far beyond that provided by the traditional statutory audit process but is founded on the same principals of unwavering commitment to quality. We are also expanding and aligning our practice to meet the broadening assurance needs of Irish business.

I am happy to report in that context that our Assurance business continues to grow strongly, particularly our risk assurance practice, where we deliver non-statutory assurance over a wider range of risks.

We have recruited to support this growth in our core assurance and other specialist areas such as risk assurance, data analytics, third party assurance and financial regulation. In addition, we have 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.

### ***New 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.

We greatly welcome the wider role that IAASA now play in safeguarding Ireland’s reputation for having a strong regulatory environment in which to do business and we look forward to engaging with them in a positive and constructive manner in the years to come.

The new measures in the legislation also include changes to the regulatory regime for auditors, particularly for the audits of PIEs. These changes include:

- Requirements that PIEs change auditor at least every ten years (known as “mandatory firm rotation”);
- Restrictions on the provision of certain non-audit services to PIEs; and
- Broadening of the function, roles and responsibilities of PIEs’ audit committees.

The introduction of mandatory rotation has resulted in a lot of change in the PIE audit market over the last couple of years. During this period, we were delighted to be appointed auditors to Kerry Group plc, Grafton Group plc, FBD Holdings plc, Green REIT plc and Greenval Insurance. These appointments clearly demonstrate the trust that Irish business has in the quality of the PwC audit.

Naturally, as is the intention of the legislation, we also have PIE clients who now have to award their external audit mandate to another firm. We look forward to continuing to serve these clients in the non-statutory assurance capacity going forward.

### ***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:

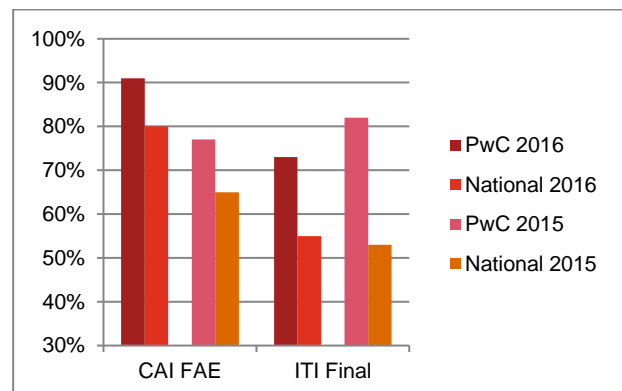
- We recruit and train quality people;
- We provide them with comprehensive audit methodology, enabled by cutting edge technology; and
- We operate a quality management system focused on continuous quality improvement.

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 2016, we recruited 300 graduates to join the Firm and we expect that a further 320 will join us in 2017.

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.



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 2016, in excess of 115,000 hours were spent by staff on audit training and a further 7,000 hours were spent on industry-specific training, a very significant but invaluable investment in the future.

### ***Investing in technology and innovation***

We continue to invest in cutting-edge technology to further empower our assurance professionals. Our latest global audit system (Aura 6), 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. We also extended the roll-out of Connect, a communication tool that provides real-time communication facilities between audit teams and clients.

We have also significantly expanded our use of data-enabled auditing into new areas of the audit and have further plans to expand this use even further next year. 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.

Halo for Journals is one of many applications of Halo, our unique data assurance tool. This proprietary software can audit thousands of journal lines in an instant, testing them against a pre-determined criteria. This instantly identifies entries that don't follow an expected or usual pattern. Populations which don't meet these criteria could have been fraudulently manipulated.

### ***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.

This year, 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, 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 2016 the aggregate time spent on these activities, including developing and leading training, equated to 6 partner/director and 10 manager/staff full time equivalents;
- In 2016 we continued our Key Performance Indicator process, introduced in 2011, which reviews adherence to a series of key quality indicators on a sample of over 100 audit engagements annually. In 2016 the results of this programme continue to demonstrate our strong culture of quality and compliance;
- In 2016 we also introduced a real time quality review programme and recruited a senior resource to manage the role out of this programme across our significant audit engagements in 2017;
- 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 subject to independent review by audit methodology and financial reporting specialists;
- 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.



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.

Each year the Firm participates in the "PwC Global People Survey" in which our people are asked for their views on working in PwC across a range of areas, including commitment to quality. In 2016 the elements of the survey which measure the behaviours that are instrumental in promoting client satisfaction and quality of work, have continued to score strongly, reflecting the skills, expertise and ongoing commitment of our people to ensuring that we provide excellent service to our clients.

### ***The future of Assurance***

Looking to the future of Assurance, technology will undoubtedly continue to change the way we do things. Evolving with technology in a way that enhances audit quality is something we are very committed to at PwC. That said, no matter what disruption might follow from developments in areas such as artificial intelligence, 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.

### ***Transparency***

Audit quality as an enabler of trust is enhanced the more transparent we are as a firm. I believe we have also demonstrated our transparency in the approach we have taken to the extended audit reports we issue on Irish listed companies which set out the details of our audit scope and approach, materiality, risk areas identified and how our audit responded to these risks. 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***

***In 2016 we recruited more than 580 staff and plan to recruit an additional 600 in 2017***



***PwC voted the Best Graduate Recruiter by GradIreland in 5 of the last 6 years***

Over 240,000 students ranked PwC the number one professional services network globally

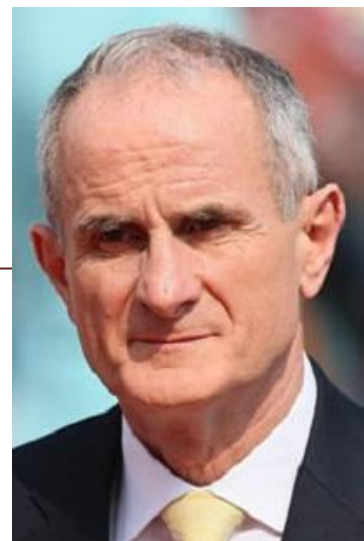


***Commitment to training and development***

Over 115,000 hours spent by our assurance people on training and personal development



# *A message from the Chair of the Public Interest Body*



I am pleased to present my second report as Chair of the PwC Public Interest Body (“PIB”).

Before outlining the main activities of the Public Interest Body during 2016 it is worth reminding stakeholders that the role of the body is reflected in the objectives of the Irish Audit Firm Governance Code (“the Code”) first published by the Chartered Accountants Regulatory Board (“CARB”) in 2012 and applying to the financial years of all public interest entities (“PIEs”) commencing on or after 1 January 2013. The Code states that the involvement of independent non-executives (“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.

Responsibility for the inspection and promotion of improvements in the quality of auditing of public interest entities has recently transferred from CARB to IAASA. A review of the implementation and operation of the Code by IAASA is expected soon and the INEs intend to engage with IAASA during the conduct of this review so that they can better understand the regulator’s objectives.

Although the Code is focussed on the audit quality of public interest entities it is critical to the good governance of PwC that sufficient consideration is given and is seen to be given to the public interest in all aspects of the Firm’s decision making processes. The PIB tries to provide independent assurance to all relevant stakeholders that this is the case whilst at the same time playing an important role in safeguarding and enhancing the Firm’s reputation.

The PIB functions as an additional component of the Firm’s governance structures. It currently consists of three INEs, including the independent chair, the Firm’s managing partner and chair of the committee of the board. The Code requires that the majority of the members are INEs.

In addition to the matters brought to the PIB for discussion by the executive 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 items which in their view require examination and challenge. The INEs meet in private session at the end of each meeting.

PIB meetings are conducted in a frank and open manner and the INEs have experienced a real willingness on the part of the Firm’s Leadership Team to engage in a meaningful and positive way.

## ***Our activities in 2016***

### ***Meetings***

I 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

The PIB met four times in 2016. Standing agenda items at each meeting included:

***Update on the Firm*** from the managing partner – including financial performance and significant developments in markets, clients and people since the last meeting. In addition developments at international network level including personnel changes and their potential impact on the Firm were discussed.

***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.

**Presentations:** There is at least one presentation at each meeting on an aspect of the Firm's business. Examples of these are:

- The internal risk review and how the key risks register is compiled
- People matters including the Firm's culture, vision, values, strategy, rewards and risks
- The consulting practice and developing innovation strategies
- The Firm's client feedback programme

Each of these presentations involved a robust challenge from the INEs. Our input has been welcomed and the firm has acknowledged that we have influenced their thinking.

### ***Issues raised by INEs***

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

- The implications of Brexit for the Firm and how the Firm is engaging with clients on the potential consequences of Brexit
- The potential implications for the Firm and clients of the EU Apple tax decision with particular reference to disclosure of tax rulings and the need for them to be fully compliant with EU State-Aid rules
- The best utilisation of resources set aside by the Firm for corporate social responsibility and giving back to the community
- The implications for the Firm of mandatory firm rotation and how these are being dealt with
- The need for the INEs to consult widely with stakeholders and to take a keen interest in all public sector consulting assignments that are funded by the taxpayer

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***

I spoke in last year's report of the importance for the PIB to engage with the whole Firm, formally and informally, to explain its function and relevance, the role of INEs and to raise the profile of the PIB throughout the Firm. This engagement also provides an opportunity for the INEs to assess the reach of 'tone at the top' and the extent to which

it is embedded at all levels within the Firm. During the year the INEs attended the annual residential meeting of all partners and visited the Cork office to meet informally with partners and to attend lunch with senior staff. This provided an opportunity to hear at first hand staff experience of the PwC working environment and culture.

In addition I attended the final module of the PwC leadership programme and observed the managing partner in the 'hot seat' field questions on anything and everything from the programme participants.

I also met with the people partner to examine more closely the processes around protected disclosures, the external ethics web page, the ethics and business conduct helpline and the anonymous annual peer and upward feedback.

Our engagement so far with the whole firm would indicate that 'tone at the top' is being properly embraced and during the coming year we intend to intensify our engagement at different levels within the Firm.

### ***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 the INEs met with representatives of the Central Bank, the Irish Stock Exchange, the Department of Jobs, Enterprise and Innovation and Ibec. These meetings were very useful in enabling the INEs to understand individual stakeholder expectations from the implementation and operation of the Code, how these expectations were being satisfied and to evaluate any suggestions for improvement. It is intended to meet with these stakeholders on a regular basis.

In addition the INEs met with a number of 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 be an important element of our work during 2017 and we will explore the feasibility of engaging with shareholders in PIEs who are also regarded as important stakeholders in the Code.

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

A number of INEs met with Sir Richard Lapthorne, chair of the PwC UK public interest body, in London just prior to his retirement from the body on 31 March 2016. I met with his successor as chair, Lord Gus O'Donnell, when he visited Dublin in November. This was followed by dinner with members of the territory leadership team and the chair of the committee of the board. These meetings provided opportunities to share experiences and explore how the role of INEs can be enhanced and made more effective. It is intended to have an ongoing relationship with the PwC UK public interest body.

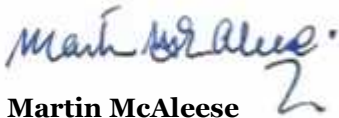
### ***Effectiveness of the PIB***

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 are now an effective element of the Firm's governance despite the difficulty in determining what precisely constitutes the 'public interest' for the purposes of the Code. We are satisfied too that the Firm values our input and challenge and that by presenting alternative perspectives on many issues we have influenced their thinking. We intend to have an external review of our effectiveness in 2018 towards the end of the second three year term of the PIB.

### ***Changes in the composition of the PIB***

Nicholas Kearns joined the PIB in September 2016 and I look forward to working with him and Danuta Gray during 2017.

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

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# *Transparency Report*

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## 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 101 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 2,400 people. It operates from offices in Dublin, Cork, Limerick, Galway, Waterford, Kilkenny and Wexford.

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## 2. *The PricewaterhouseCoopers Network*

‘PricewaterhouseCoopers’, ‘PwC Network’ and ‘PwC’ refer to the network of member firms of PricewaterhouseCoopers International Limited (“PwCIL”), each of which is a separate legal entity.

### **2.1 Introduction**

We believe we are unique amongst the world’s leading professional services organisations because of the talent of our people, the breadth of the PwC network and the strict standards with which PwC firms must comply.

These standards cover important areas such as service quality, governance arrangements, independence, risk management, people and culture, and brand and communications. PwC firms agree to follow network standards and their compliance with these standards is monitored regularly.

### **2.2 Legal structure of the network**

In many parts of the world, the right to practise audit and accountancy is granted only to national firms that are majority owned by locally qualified professionals. PwC is a global network of separate member firms, owned and operating locally in countries around the world. PwC firms are members of PwCIL and have the right to use the PricewaterhouseCoopers name.

As members of the PwC Network, PwC firms share knowledge, skills and resources. This enables PwC firms to work together to provide high-quality

services on a global scale to international and local clients, while still taking advantage of being local businesses, knowledgeable about local laws, regulations, standards and practices.

PwCIL is a private company, limited by guarantee, incorporated in England and Wales in which PwC firms are members. PwC Ireland is a member firm of PwCIL. PwCIL does not practise accountancy, or provide services to clients. Instead, it acts as a coordinating entity for PwC firms. PwCIL works to develop and implement policies and initiatives that create a common and coordinated approach for PwC firms. PwCIL focuses on key areas such as strategy, brand, and risk and quality.

PwC firms can use the PwC name and draw on the resources and methodologies of the PwC Network. In return, member firms are required to comply with certain common policies and the standards of the PwC Network.

Each member firm of PwCIL is a separate legal entity and does not act as an agent of PwCIL, or any other PwC firm. PwCIL is not responsible or liable for the acts or omissions of any of its member firms, nor can it control the exercise of their professional judgement or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm’s professional judgement or bind another member firm or PwCIL in any way.

### **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 223,000 people in 157 countries share their thinking, experience and solutions to develop fresh perspectives and practical advice.

For the year ended 30 June 2016, PwCIL member firms generated aggregate revenues of US\$35.9 billion worldwide (2015: US\$35.4 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.

### **2.4 Governance structures of PwCIL**

#### **Network Leadership Team**

The Network Leadership Team ("NLT") sets the overall strategy for the PwC network and the standards to which PwC firms agree to adhere.

The NLT is made up of the Chairman of the PwC network; the managing partners of the US, the UK and China member firms; and a fifth member appointed by the Board, currently the managing partner of PwC Germany. The Chairman of the PwC network and the fifth member may serve on the NLT for a maximum of two terms of four years each in their respective capacities. The terms of the other NLT members are limited by the arrangements in their respective firms. The NLT typically meets monthly and on further occasions as required.

#### **Strategy Council**

The Strategy Council, which is made up of managing partners of the largest PwC firms and regions, agrees the strategic direction of the network and facilitates alignment for the execution of strategy. The Strategy Council meets on average four times a year.

#### **Network Executive Team**

The Network Executive Team is appointed by, and reports to, the Network Leadership Team. Its members are responsible for leading teams drawn from network firms to coordinate our activities across all areas of our business.

#### **Global Board**

The Board, which consists of 18 elected members, is responsible for the governance of PwCIL, oversight of the NLT and approval of network standards.

The Board does not have an external role. Board members are elected every four years by partners from all PwC firms. The current board, with members from 13 countries, took up office in April 2013.

Board members may serve a maximum of two terms of four years each. The Board meets four times a year and on further occasions as required.

The names of the current members of each of the above bodies can be found at [www.pwc.com](http://www.pwc.com) in the 'About us' tab.

### **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, anti-money laundering, anti-trust fair competition, anti-corruption and firm's and partners' taxes.

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/pwc-ireland.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 (UK & 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.

### Our people



223,000 people FY16

### Working in



### Worldwide revenues



FY16 = year ended 30 June 2016



## 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 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 2016 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.

In addition, **Elizabeth Davis**, the Firm’s General Counsel attends all TLT meetings.



<b>TLT members' attendance at TLT meetings for the year ended 31 December 2016</b>		
	<b>Board meetings</b>	
	<b>A</b>	<b>B</b>
Feargal O'Rourke	12	12
Paul Tuite	12	12
Ronan Doyle	12	12
Ciarán Kelly	12	12
Susan Kilty	12	12
Enda McDonagh	12	12
David McGee	12	10
Joe Tynan	12	12

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 2016, all of whom were elected by the partners with effect from 1 January 2016 were:

**John McDonnell (Chair);**

**Fíona 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.

<b>CoB members' attendance at CoB meetings for the year ended 31 December 2016</b>		
	<b>Board meetings</b>	
	<b>A</b>	<b>B</b>
John McDonnell	9	9
Fíona deBúrca	9	9
Pat Mahon	9	9
Michael McDaid	9	9
Declan Murphy	9	9
Paul O'Connor	9	8
Terry O'Driscoll	9	8
Yvonne Thompson	9	7

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 and the Chair of the CoB, 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; and**

**Nicholas Kearns**

Biographies of the current INE members of the PIB are set out in Appendix 3. Nicholas Kearns joined the PIB in September 2016.

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 2016</b>		
	<b>Body meetings</b>	
	<b>A</b>	<b>B</b>
Dr Martin McAleese (Chair)	4	4
Danuta Gray	4	4
Nicholas Kearns *	2	2
Feargal O'Rourke	4	4
John McDonnell **	2	2

\* Appointed on 1 September 2016

\*\* Re-appointed on 1 September 2016

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 will also 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 Standards for Auditors (Ireland) 2016 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 assurance client of the Firm, nor hold a material financial interest in any assurance 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 and the Chair of the CoB, 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 61(b)(ix) of SI 220 of 2010 European Communities (Statutory Audits) (Directive 2006/43/ec) Regulations 2010;
- 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 2016, 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 (UK and Ireland) 1 ‘Quality control for firms that perform audits and reviews of historical financial information and other assurance and related services engagements’ (“ISQC (UK&I) 1”), issued by the Auditing Practices Board (“APB”).

ISQC (UK&I) 1 applies to firms that perform audits of financial statements, report in connection with investment circulars and provide other assurance services where they relate to activities that are reported in the public domain and are therefore in the public interest. The objective of ISQC (UK&I) 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 (UK and 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 (UK&I) 1 is a requirement for our Assurance practice, the Firm also applies the principles of ISQC (UK&I) 1 to its Tax and Advisory practices. As a result, many of our systems, policies and procedures operate firm-wide 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 (UK&I) 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 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, 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 a whistle-blowing 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. In addition, third parties may also call the whistle-blowing 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 six-monthly basis.

### 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. He is assisted in relation to data protection matters by a dedicated Data Protection Officer. 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’;
- 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.

### 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 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 within Lines of Service and with the Risk and Quality Partners. 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, including the use of restricted access rooms to work in; and
- in the case of new audit clients, an independence assessment – this is a comprehensive assessment which is performed by the independence function for public interest entities or by the audit engagement team for other entities. 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 staff who share in the Firm's strong sense of responsibility for delivering high-quality services.

## Recruitment

Across the firm, we recruited over 580 new people, including 300 graduates, in 2016.

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 subject to two interviews. 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 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.

## 5.2.5 Engagement performance - assurance

The quality, effectiveness and efficiency of our audit service are critical to maintaining our registration with CARB. We therefore 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 (UK and Ireland) and laws and regulations in Ireland and we continuously seek to improve the model.

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:

**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 allows both the client and audit team to track status at an overall engagement and individual level; 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.

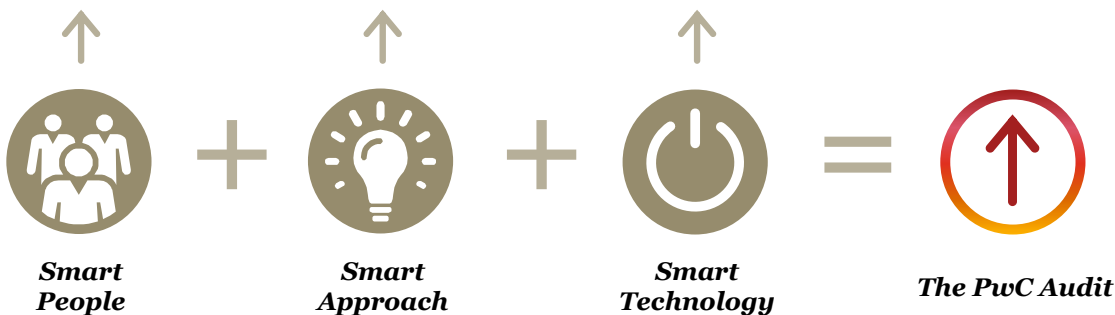
The objective of Aura and the supporting tools is that the quality of our audits improves as teams are able to focus their efforts on areas of higher risk.

The latest release of 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 performed in accordance with ISAE 3402, SSAE16 and AAF01/06. For other non-audit engagements, our Assurance practice uses 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 standards 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 audit team manager 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 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 the appropriate degree of 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.

The engagement manager supports 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;
- 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.

#### 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 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 balance sheet 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, and the manner in which the information is presented in the annual report.

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.

It is also our role to inform the board whether we can conclude that what is reported externally is both true and fair within established norms of materiality, including considering both qualitative and quantitative aspects of accounting and reporting.

The Firm has implemented a policy whereby financial statements prepared under International Financial Reporting Standards (“IFRS”) for all 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 the APB for Irish entities under ISA (UK&I) 700 ‘The independent auditor’s report on financial statements’ (revised June 2013), which included, for some entities, descriptions of how our audit had been scoped and addressed the 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. We also included the results of our audit work.

The revisions to ISA (UK&I) 700 provide us with the ability within our audit report to ‘tell the story of our audit’ 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 shareholders and other commentators on our audit reports”***

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

All ISA (UK&I) 700 audit opinions are subject to independent review by the Firm’s audit methodology and financial reporting specialists.

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 2016 we made the following reports in accordance with these obligations:

Criminal Justice (Theft and Fraud Offences) Act, 2001 - An Garda Síochána	14 reports
Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 section 42 - An Garda Síochána and The Revenue Commissioners	17 reports
Criminal Justice Act, 2011 - An Garda Síochána	1 report
Companies Act 2014, section 393(1) – The Director of Corporate Enforcement	2 reports

### Rotation policy

In order to address the risk to independence arising from long association of the audit engagement leader with an audit client, the Firm has implemented a rotation policy that complies fully with the requirements of the APB Ethical Statement No 3 (Revised) “Long Association with the Audit Engagement”. This policy stipulates the maximum period a partner can act in the role of audit engagement partner or, where applicable, quality review partner on audit engagements. Currently these periods are:

Category of Audit Client	Maximum period
Listed Clients	5 years
Other Public Interest Entities	7 years
Other Audit Clients	10 years

### 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 being performed in the intervening years. The updates monitor progress on remediation of any control issues raised in the last full 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 (UK&I) 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 2014 and an update review in 2015 and 2016. One minor control issue was identified which is in the process of being remediated. PwC Ireland will be subject to a full QMR in 2017.

### 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 were made which we are in the course of implementing.

### Quality Key Performance Indicators

In 2011 we introduced our internal continuous Quality Key Performance Indicator (“KPI”) review programme.

Each year a PwC Ireland team, independent of the engagement team, assesses a sample of at least 100 engagements against these KPIs.

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 2016, 16 audit quality KPIs were assessed, covering various aspects of the audit from planning to execution and completion. The results of this programme in 2016 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 2016 we also introduced a real time quality review programme and recruited a senior manager to introduce and manage this programme across our significant audit engagements.

### Annual review of firmwide procedures

In accordance with ISQC (UK&I) 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 HR, 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 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 2016 and is satisfied that it is functioning effectively.

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## **6. External inspections**

### **6.1 Irish Regulators**

The Firm is eligible to undertake statutory audit work by virtue of its authorisation by CARB. CARB is a body established by the CAI to regulate Irish Chartered Accountants, in accordance with the provisions of the CAI's Bye-laws, independently, openly and in the public interest.

CAI is a recognised professional body under the relevant Companies Acts in the Republic of Ireland and the Investment Intermediaries Act, 1995 in the Republic of Ireland.

The Standards of Professional Conduct set by CARB and the manner in which CARB ensures compliance with the Standards is subject to independent oversight by the Irish Auditing and Accounting Supervisory Authority.

At least every three years, as part of the monitoring responsibilities of CARB, the Quality Assurance Department of CARB undertakes an inspection of the quality of the Firm's work as statutory auditors. The Quality Review visit can cover all the professional activities of the Firm including accounting, auditing, investment business advice, consultancy, taxation etc.

One of the most important objectives of the visit is to determine the extent of the Firm's compliance with the standards of professional conduct, to identify any weaknesses and agree with the Firm any remedial action to improve compliance within the Firm.

The last completed inspection of the Firm took place in 2015.

The Irish Auditing and Accounting Supervisory Authority ("IAASA") has taken over the direct responsibility for the inspection of the audits of PIEs in Ireland, under the legislation enacted in 2014 by the European Commission, which was introduced into Irish statute in June 2016.

We welcome IAASA's appointment and look forward to engaging with them in a positive and constructive manner in the years to come.

### **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.

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## **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 2016 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 Global Independence Policy is based on the International Ethical Standards Board for Accountants ("IESBA") Code of Ethics for Professional Accountants and encompasses, where appropriate, the regulations of the U.S. Securities and Exchange Commission ("SEC") and the PCAOB. PwC Global Independence Policy sets out the minimum standards that should be observed and processes that should be followed in order to maintain independence from clients where necessary. The Irish Firm supplements this policy as required by Irish professional bodies and regulations such as the Ethical Standards for Auditors (Ireland) 2016 issued by 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"), which provide practical guidance on the application of the policy in respect of non-audit services to assurance clients; and
- 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.

### 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, directors and managers to: pre-clear and record financial interests in securities; and
  - to pre-clear and record investments made by the Firm; for example, through pension schemes.
- Where the 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 partner, 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 and key partners involved in an audit for all public interest entity audit clients of the Firm;
- A consultations database that records independence queries received and the responses given. All responses are subject to a second review;
- A database that records business relationships entered into by the Firm. 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 Training and confirmations**

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 on joining the Firm and at least annually, thereafter, 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 written confirmation is required from all members of the engagement team for listed audit clients and related entities.

#### **8.5 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 the quality of AFSs ;
- Personal independence audits of a random selection of partners, directors and managers; and
- Annual assessment of the Firm's adherence with the PwC network's risk management standards for independence.

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 training 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.

**87%** of our people are satisfied with the efforts we are making to be socially responsible



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.

*“47 of our people sit on 73 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 2016, 47 of our people sat on 73 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.

*“41 of our people sit on 59 committees or boards of community, sporting or not-for-profit bodies”*

Initiatives with which our people engage include:

- **Localise**, a number of 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.

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 2016 were Crumlin Medical Research Foundation, Irish Cancer Society and Down Syndrome Ireland and in 2017 we will support Alzheimer Society of Ireland, Temple Street Children's Foundation and Multiple Sclerosis Ireland. Since this scheme was founded we have raised over €550,000 for over 30 charities; and

*“In excess of €550,000 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 3,000 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 3,000 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 2016 we recycled 77% (2015: 81%) of our waste. The remaining 23% (2015: 19%) 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%.
- The introduction of water saving devices in 2012 has continued to benefit us, in 2016 water usage increased by a modest 6% compared to 2015. However figures remain low compared to 2009, with an overall reduction of 10% since the first year of record keeping for this metric.
- Our energy usage has increased by 3% over 2015 figures. This will be an area of focus in 2017.

The PwC Green Team will continue to explore environmental opportunities for 2017 to help further enhance our existing environmental programme.

# 11. Financial reporting

## 11.1 Fee analysis

An analysis of the total turnover of the Firm, excluding Value Added Tax and out of pocket expenses for the financial year ending 31 December 2016 is shown below:

	2016			2015		
	Audit Clients	Non-audit Clients	All Clients	Audit Clients	Non-audit Clients	All Clients
	€m	€m	€m	€m	€m	€m
Assurance	109	20	129	101	20	121
Tax services			86			79
Advisory services			55			46
<b>Total turnover</b>			<b>270</b>			<b>246</b>

- (i) Revenue is presented in the above table in accordance with Statutory Instrument 220 of 2010. Assurance fees include fees for statutory audit, audit work for group reporting purposes and revenues derived from other assurance and business risk (including 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 above amounts represent fees earned by the Republic of Ireland firm of PricewaterhouseCoopers and do not include fees earned in Ireland by other firms established and regulated in territories outside the Republic of Ireland who also practice under the name 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;
- our lines of service and our internal firm services, which document risks and the responses to them, carry out risk assessments annually and report to the Risk Committee on how effectively they have managed risk during the year;
- 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
<p><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>	<p><i>Our internal quality management systems, which are designed to maintain and enhance quality, include:</i></p> <ul style="list-style-type: none"> <li>• <i>Recruitment standards and staff development procedures</i></li> <li>• <i>Client acceptance and retention processes</i></li> <li>• <i>Client engagement standards supported by methodologies and tools</i></li> <li>• <i>Quality reviews of PwC network firms</i></li> <li>• <i>Monitoring and review of key performance indicators by the TLT</i></li> </ul>
<p><b>Regulatory change:</b> Failure to respond to regulatory changes which will impact our business</p>	<ul style="list-style-type: none"> <li>• <i>Timely involvement by the TLT to anticipate and understand changes in applicable regulatory regimes and consideration of the potential for strategic operational impact</i></li> <li>• <i>Regular interaction with regulators to understand regulatory change and expectations for implementation</i></li> <li>• <i>Timely updating of the Firm's processes and procedures to ensure compliance with current and developing regulation</i></li> <li>• <i>Communication and training programmes to ensure our people and our clients are kept informed</i></li> </ul>
<p><b>Public perception and reputation:</b> Failure to respond in a transparent manner to issues raised by 'public interest' debates</p>	<ul style="list-style-type: none"> <li>• <i>Embedding a culture of 'doing the right thing' for our people, our clients and our communities, as a matter of strategic intent</i></li> <li>• <i>Open and active engagement in serious debate with relevant stakeholders on trust-related and public interest issues to inspire change; for example, the international tax system</i></li> <li>• <i>Sharing of knowledge and insights on trust to sustain, widen and enrich the discussion</i></li> <li>• <i>Actively participating in, leading on and collaborating on initiatives to enhance trust</i></li> </ul>
<p><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</p>	<ul style="list-style-type: none"> <li>• <i>Regular reviews of the market for student and experienced talent to understand the Firm's relative competitive position</i></li> <li>• <i>Embedding the PwC Experience for our people</i></li> <li>• <i>Use of various communication and discussion channels to engage with our people</i></li> <li>• <i>Monitoring and review of KPIs by the TLT, including staff surveys, external Brand Health Index and regular client feedback</i></li> </ul>
<p><b>Independence and regulatory requirements:</b> Failure to comply with relevant independence, legal, ethical, regulatory or professional requirements</p>	<p><i>Established compliance and independence management systems including:</i></p> <ul style="list-style-type: none"> <li>• <i>Clear policies, procedures and guidance</i></li> <li>• <i>Mandatory training for all partners and staff</i></li> <li>• <i>Client and engagement acceptance procedures</i></li> <li>• <i>Annual independence and compliance submissions for all partners and staff enforced by penalties for non-compliance</i></li> <li>• <i>Regular monitoring and reporting to the TLT</i></li> </ul>
<p><b>Geopolitical:</b> Failure to respond to the potential impact of geopolitical developments in the EU and US on the Irish economy and our business</p>	<ul style="list-style-type: none"> <li>• <i>Timely involvement by the TLT and the wider partnership to monitor international developments, particularly the potential impacts of Brexit, the new US administration, the Apple State Aid ruling and international tax reforms</i></li> <li>• <i>Actively participating in, leading on and collaborating with key stakeholders at a national and international level to communicate our views</i></li> <li>• <i>Communication with our people and our clients to ensure they are kept informed and up to date on developments and their potential impact</i></li> </ul>

Risk / Uncertainty	Response
<p><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</p>	<ul style="list-style-type: none"> <li>• <i>The Firm's Chief Operating Officer is the TLT member responsible for Information Security</i></li> <li>• <i>The Firm operates an information security management system, aligned to ISO/IEC 27002:2013 which includes:</i> <ul style="list-style-type: none"> <li>– <i>Governance and policies for client data and other information</i></li> <li>– <i>Maintaining the confidentiality, availability and integrity of information</i></li> <li>– <i>Physical, technical and human resource controls</i></li> <li>– <i>Encryption of all laptops, PCs and memory sticks</i></li> <li>– <i>Security of remote access to our network</i></li> </ul> </li> <li>• <i>Regular monitoring and independent review systems</i></li> <li>• <i>Comprehensive incident management programme to minimise adverse impact of any data compromise</i></li> </ul>
<p><b>Digital disruption:</b> Failure to use advanced technology to underpin new business models and cost structures for existing services</p>	<ul style="list-style-type: none"> <li>• <i>Significant investment in new and innovative technology solutions for existing services</i></li> <li>• <i>Commitment to new platforms to allow delivery of quality services</i></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 2016, 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.



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## ***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.

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# *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 multi-national 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's Tax practice. Joe has over 20 years' experience in advising multi-nationals investing in Ireland on Irish, European and global structures.

He acts for a number of household names in the technology sector from the US, UK and Asia and also acts for a number of Irish based multi-nationals. He is an Associate of the Irish Taxation Institute. He joined the Firm in 1994 and became a partner in 2001.



### **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 and Insurance 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 an advisory partner. David is a technology specialist with over 20 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. David became a partner in 2011.



**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 and private equity funds 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 matters.

Pat assists local and international organisations manage the financial, tax, regulatory, operational, risk management and strategic challenges associated with people. Pat has extensive experience in advising clients in all sectors on share based reward, social taxes, Revenue audits and international workforce mobility.

Pat was a member of the Advisory Group on Tax and Social Welfare established in 2011 by the Minister for Social Protection. He 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, 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 country's leading higher education institutions, major tertiary teaching hospitals, 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, including the presentation of findings to cabinet committees chaired by the Taoiseach and Minister of Finance.



### ***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 the Firm 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 also the lead assurance partner responsible for Private Equity within the asset and wealth management practice.

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.

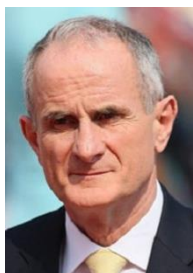


### ***Yvonne Thompson***

Yvonne Thompson is a partner in the PwC tax practice in Ireland, specialising in the taxation of financial services companies, in particular, banking, leasing and insurance 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. She is also the banking tax leader in Ireland and has overall responsibility for our Financial Services Asia practice.

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.



### **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.



### **Danuta Gray**

Danuta Gray is the former CEO and Chair of Telefónica O2 Ireland. Danuta is 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 both Page Group plc and Old Mutual Plc. She is also a non-executive director of Paddy Power Betfair Plc and is the non-executive member of the Defence Board of the UK Ministry of Defence.

Prior to joining the PIB, Danuta was a non-executive director of Aer Lingus and Irish Life and Permanent.

## Appendix 4: List of Public Interest Entity Audit Clients

Please note – this list includes those audit clients, for whom PwC issued an audit opinion between 1 January 2016 and 31 December 2016 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 Global Alternative Strategies plc (formerly known as Arden Global Alternative Strategies plc)	Barclays Assurance (Dublin) DAC
Aberdeen Global Liquidity Funds plc	Barclays Bank Ireland Plc
Aberdeen Private Equity Fund of Funds (2007) plc	Barclays Insurance (Dublin) DAC
Aberdeen Private Equity Global Fund of Funds plc	Baring Alpha Funds plc
Absalon II Limited	Baring China A-Share Fund plc
Adagio II CLO plc	Baring Currency Umbrella Fund
Adagio III CLO plc	Baring Emerging Markets Umbrella Fund
Aegon Ireland plc	Baring Global Opportunities Umbrella Fund
Alby Invest plc	Baring Global Umbrella Fund
Alfa Bond Issuance plc	Baring Institutional Funds
Alfa Holding Issuance plc	Baring International Umbrella Fund
Alpro Growth Fund plc	Baring Investment Funds plc
Alreford dac	Baring Korea Feeder Fund
Aquarius + Investments plc	Berkeley Re dac
Aquilae CLO II plc	Bliksem Funding DAC
Arca Vita International DAC	BNP Paribas Vartry Reinsurance DAC
Arch Mortgage Insurance DAC	Brown Advisory Funds plc
Arch Reinsurance Europe Underwriting DAC	BSPB Finance plc
Argentum Fund (Ireland) plc	Calamos Global Funds plc
Argonaut Capital Partners International plc	Caterpillar International Finance DAC
Asset-Backed Securities (Ireland) Designated Activity Company	Cavendish Square Funding plc
Athenee CDO plc	CBL Insurance Europe DAC
Aureus Fund (Ireland) plc	Cedar Rock Capital Fund plc
Aviva Investors Liquidity Funds plc	Chubb Bermuda International Insurance Ireland DAC
Axa IM Smart Matching Solutions plc	CIMB-Principal Islamic Asset Management (Ireland) plc
Axa IM Strategies plc	CNP Europe Life DAC
Axa Life Europe DAC	CNP Santander Insurance Europe DAC
Axa Life Invest Reinsurance Limited	CNP Santander Insurance Life DAC
Axa Private Equity Early Fund of Funds (Ireland) plc	Coco Finance II-2 DAC
Axa Rosenberg Equity Alpha Trust	Concept Fund Solutions plc
AZ Life DAC	Contrarius Global Investment Fund (Ireland) plc
Bacchus 2007-1 plc	Cornerstone Titan 2007-1 plc
Bacchus 2008-2 plc	Crown Alpha plc
Bank of Ireland Mortgage Bank	Crown Asia-Pacific Private Equity II plc



Name	Name
Crown Asia-Pacific Private Equity plc	GD Insurance Company DAC
Crown Co-Investment Opportunities plc	Glanbia plc
Crown Europe Middle Market II plc	Global Institutional Liquidity Funds plc
Crown European Buyout Opportunities II plc	GoldenTree High Yield Value Fund Offshore plc
Crown European Private Equity plc	Goldman Sachs Fundamental Currency Fund plc
Crown Global Secondaries II plc	Goldman Sachs Funds plc
Crown Global Secondaries III plc	Goldman Sachs Institutional Funds II plc
Crown Private Equity plc	Goldman Sachs Institutional Funds plc
Daejeon Riverside Expressway Funding plc	Hamon Asian Funds
Datalex plc	Hansard Europe DAC
Dekania Europe CDO I plc	Harcourt Life International DAC (formerly Aviva Life International Limited)
Dekania Europe CDO II plc	Herald Investment Fund plc
Dell Bank International DAC	Hosking Global Fund plc
Deutsche Global Liquidity Series plc	Institutional Cash Series plc
Deutsche Post Insurance DAC	Investment Strategies Fund plc
Dimensional Funds II plc	Irish Life Health Limited (formerly Aviva Health Insurance Ireland Limited)
Dimensional Funds plc	Irish Permanent Property Company DAC
DVA Reinsurance DAC	Irish Residential Properties REIT plc
DZ Bank Ireland plc	iShares II plc
ECCU Assurance DAC	iShares III plc
Esprit Insurance DAC	iShares IV plc
Euro Insurances DAC	iShares physical metals plc
EuroChem Global Investments DAC	iShares plc
Eurohome Mortgages 2007-1 plc	iShares V plc
European Insurance Risk Excess DAC	iShares VI plc
Fastnet Securities 2 plc	iShares VII plc
Fastnet Securities 3 DAC	Janus Capital Funds plc
Fastnet Securities 5 DAC	JP Morgan Bank (Ireland) plc
Fastnet Securities 6 DAC	Kames Capital Investment Company (Ireland) plc
Fastnet Securities 9 DAC	Kildare Securities Limited
FDI Insurance DAC	Korea Prime Fund
Fidelity Common Contractual Fund	Kronborg DAC
Fidelity Institutional Liquidity Fund plc	Laredo Umbrella Fund plc
Fidelity Institutional Variable Capital Company Fund plc	LBB Finance (Ireland) Plc
Fidelity Qualifying Investor Funds plc	Legg Mason Global Funds plc
FIL Life Insurance (Ireland) DAC	LGIM Liquidity Funds plc
FinEx Funds plc	LGT Ireland Limited
FinEx Physically Backed Funds plc	Lightpoint Pan-European CLO 2006 plc
Formuesforvaltning Private Markets plc	Lion Credit Opportunity Fund PLC
Franklin Emerging Market Debt Opportunities Fund plc	Loomis Reinsurance DAC
Franklin Floating Rate Fund plc	M&C Funds
Friends First Life Assurance Company DAC	Marathon Global Fund plc
Friends First Managed Pension Funds DAC	Marketfield Dublin plc
GAM Star Fund plc	Martinsurance DAC

Name	Name
Medical Insurance Company DAC	Schenker Re DAC
Merrill Lynch International Bank DAC	SEB Life International Assurance Company DAC
Metalloinvest Finance DAC	Securitas Group Reinsurance DAC
Miripro Insurance Company DAC	Shannon Capital plc
Motif Finance (Ireland) plc	Short-Term Investments Company (Global Series) plc
Mount Kellett Capital Partners (Ireland) II Limited	SIBUR Securities DAC
Mount Kellett Capital Partners (Ireland) III Limited	Silverback Finance DAC
Mount Kellett Capital Partners (Ireland) Limited	Smurfit Kappa Group plc
Nash Point CLO Unlimited Company	Source CSOP Markets plc
National Grid Insurance Company (Ireland) DAC	Source Markets plc
Natixis International Funds (Dublin) I plc	Source Physical Markets plc
Navillus Insurance Company DAC	Specialist Investment Funds (1) PLC
Nevsky Fund plc	SSgA SPDR ETFs Europe I plc
New Ireland Assurance Company plc	SSGA SPDR ETF's Europe II plc
Newscape Funds plc	St James's Place International Plc
Noble Insurance Company DAC	Standard Life International DAC
NWK Multi-Strategy Funds plc (formerly known as EACM/Mellon Multistrategy Funds plc)	Stanton MBS I Plc
Oceanic Global Investment Funds plc	State Street Global Advisors Liquidity Public Limited Company
Omega Capital Europe plc	Steel Funding DAC
Omega Capital Investments plc	Surestone Insurance DAC
Ornuia Insurance DAC	Taberna Europe CDO I p.l.c.
Peresvet Capital DAC	Taberna Europe CDO II p.l.c.
Permanent TSB Group Holdings Plc	The Capital Holdings Funds plc
Permanent TSB plc	The Governor and Company of the Bank of Ireland
PGM Fund (Ireland) plc	The Lawrence Life Assurance Company DAC
Phillip Morris International Insurance (Ireland) DAC	The Real Return Funds plc
PIMCO Fixed Income Source ETFs plc	Third Avenue Capital plc
PIMCO Funds: Global Investors Series plc	Tiburon Funds plc
PineBridge Global Funds	Titan Europe 2006 - 1 plc
Polen Capital Investment Funds plc	Titan Europe 2006 - 2 plc
Porsche International Financing DAC	Titan Europe 2006 - 3 plc
Porsche International Reinsurance DAC	Titan Europe 2006 - 5 plc
Port Credit Harbour plc	Titan Europe 2007-2 DAC
PowerShares Global Funds Ireland plc	Tokio Marine Funds plc
Principal Global Investors Funds	Traditional Funds plc
Principal Global Opportunities Series plc	Transcapitalinvest DAC
Prysmian Re Company DAC	Trium UCITS Platform Plc
Putnam New Flag Euro High Yield Fund plc	TwentyFour Global Investment Funds plc
Putnam World Trust	UBS (Irl) ETF plc
Pzena Value Funds plc	UBS ETFs plc
Queen Street IX Re DAC	UnipolRe DAC
Race Point III CLO Public Unlimited Company	Vanguard Common Contractual Fund
Renaissance Consumer Funding DAC	Vanguard Funds plc
Sasol International Insurance DAC	Vanguard Investment Series plc

Name	Name
Veritas Funds plc	Xelo II plc
VIP Finance Ireland DAC	Xelo plc
Vista Asset Funding (Ireland) Designated Activity Company	XL Re Europe SE
Volkswagen Insurance Company DAC	Yuki Asia Umbrella Fund
White Horse Insurance Ireland DAC	Yuki Mizuho Umbrella Fund
Windermere VII CMBS plc	Zoo ABS 4 plc
Windermere X CMBS DAC	Zurich Insurance Plc
World Equity Fund Portfolio (Ireland) plc	Zurich Life Assurance Plc

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with over 223,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at [www.pwc.com](http://www.pwc.com)

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