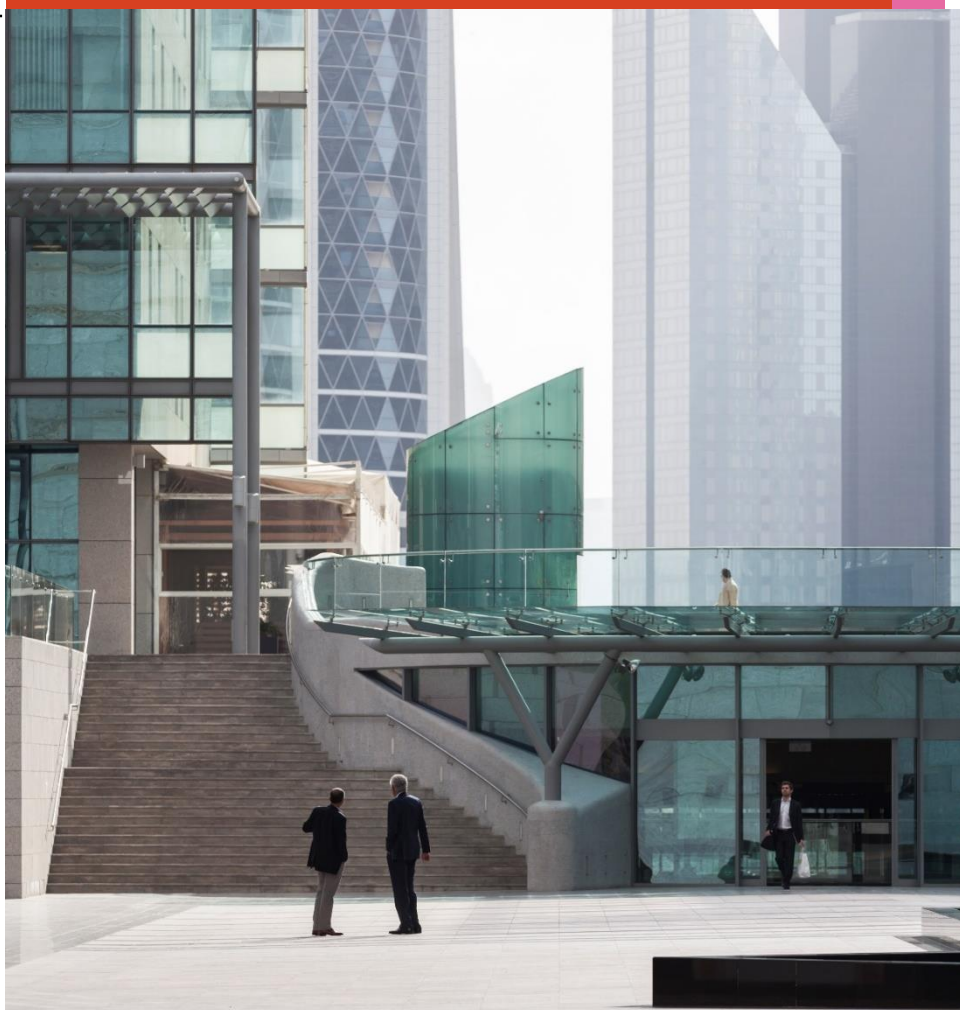


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# *Transparency Report 2017*

25 May 2018



**pwc**



## **Marios Psaltis**

The Chairman of the Board of Directors and Managing Director  
PricewaterhouseCoopers S.A.

As PwC Greece we constantly strive to bring positive change and we believe that this commitment goes beyond our people and our clients to the society in which we operate. PwC has always played an important part in the growth and sustainability of organisations, especially in the context of the complex legislative and regulatory environment which affects entrepreneurship, the economy and as a result society at large. With this in mind, our purpose at PwC is to build trust in society and solve important problems.

The Assurance Services we provide are important to achieving this goal, by helping stakeholders make decisions that drive more trust in organisations and society. We are committed to providing transparent and substantial information regarding our audits, contributing to our aim to build trust.

We are a member of a network of firms operating in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, tax and advisory services. With more than 1,000 people and more than half of them providing assurance services, PwC Greece is a leader in the provision of highly specialised services and we continue to grow rapidly. Our people have a wide range of skills and experience and we invest in their education and growth. Our culture is built on our common values—and more importantly on our commitment to operate with ethics and integrity—inspiring our people to bring out their best. Furthermore, the investments we make in

technology enable our people to respond to our clients as well as the audited entities, better, and more efficiently.

I am proud of all of the things we have achieved the past year, despite the rigorous competition, and this is a proof of the trust our people and our clients have in us. Our strategy, which is based on important investments in technology, value, innovative new services and talent recruitment, has been important in our success as a market leader; and I am confident that we will keep up the good work in the future.

In this report you will find information about our activities and our people's contribution to providing high-quality assurance services to our clients. Our firm has offered large-scale pro bono services to non-profit organisations, social enterprises, non-governmental organisations and charities.

Our clients', employees' and society's confidence in us as well as our high standards regarding ethics and behaviour are fundamental to our business. So, I am happy to invite you to read the 10<sup>th</sup> Annual Transparency Report of PricewaterhouseCoopers S.A. for the financial year 2017 and get a better understanding of how we have added value to all stakeholders.

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# *About the 10<sup>th</sup> Transparency Report*

We present to you the 10<sup>th</sup> Annual Transparency Report of “PricewaterhouseCoopers Auditing Company S.A.” (trade name “PricewaterhouseCoopers S.A.”, hereinafter the “Firm” or “PwC S.A.”), relating to the financial period from 1/7/2016 to 30/6/2017. In this report we provide important information and facts about the Firm's legal structure, corporate governance and the procedures we have in place with regard to independence, professional training and quality management as well as information about the audited entities and the financial performance of our Firm.

This Transparency Report was approved by the Board of Directors of PwC S.A. on 27 October 2017 and its content is published according to the new European Legislation on statutory audits and more specifically according to article 13 of Regulation (EU) 537/2014.

We present this Transparency Report substantiating our commitment towards promoting transparency in the function of the audit profession. We aspire that this step will contribute to a more effective communication between the audit profession, supervisory authorities and audited companies and investors.

This Transparency Report has been translated from the original Transparency Report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Transparency Report the original will prevail over this document.

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## *Strategy and leadership*

We are committed to delivering the highest quality professional services. The quality of our services remains of paramount importance to our Firm and our continued success in the market place.

Our Firm has established an internal quality control system designed to provide it with reasonable assurance that the Firm and its personnel comply with professional standards and applicable legal and regulatory requirements and that reports issued by the Firm and the engagement partners are appropriate given the circumstances. Leadership is responsible and committed to ensure the design and operating effectiveness of the Firm's internal quality control system, so that it remains effective for its purpose.

systems and processes that are embedded in the way we work to achieve compliance with the standards and regulation, going beyond those primary pillars. Ultimately, it depends and relies 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.

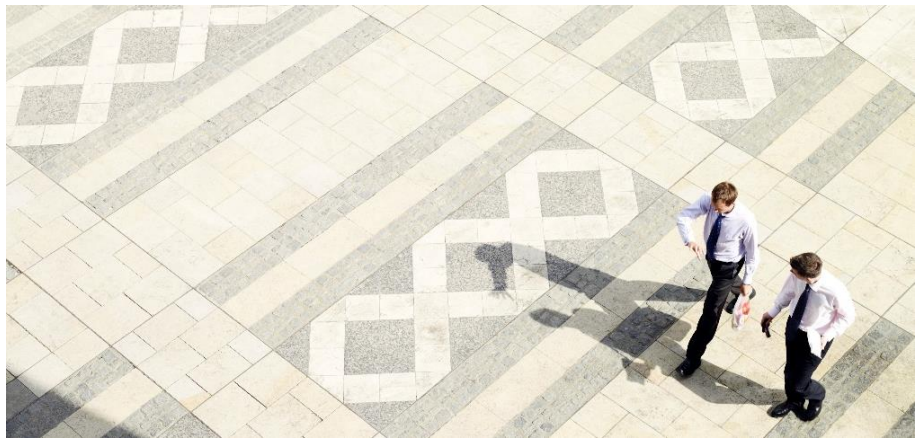
As such, the delivery of our Assurance strategy and achieving our quality objective would not be effective without this foundation that includes a strong system of quality control and a quality culture sustained by clear messaging always accompanied by leadership's actions demonstrating that quality is our top priority.



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# Governance and structure

*The corporate governance structure of the Firm consists of the Board of Directors and the General Meeting of shareholders as well as a number of supporting units contributing to the supervision and evaluation of its basic functions.*



## **Board of Directors**

The Board of Directors is responsible for the formulation and implementation of the Firm's strategic priorities and business plans, compliance with all PwC network obligations and other relevant professional standards and regulations, as well as with the design, maintenance and effective operation of an internal quality control system and the management of the Firm's assets. It is also responsible for the application of the framework and the policies for audit independence and risk management.

The Board of Directors is composed mainly of statutory auditors, who are members of the Institute of Certified Public Accountants of Greece ("SOEL") and are registered in the register of article 15 of Law 4449/2017, as well as persons not registered in the aforementioned register but holding a statutory auditor's professional license from other countries.



The General Meeting of shareholders elected the new Board of Directors by its decision on 25 September 2017 and the new Board of Directors was formed according to its decision dated 25 September 2017. The new Board of Directors of the Firm has the following composition:

**Marios Psaltis**, son of Thomas, Reg. No 1920,  
*Chairman and Managing Director*

**Konstantinos Michalatos**, son of Ioannis, Reg. No 1523, *Vice Chairman*

**Nicos Komodromos**, son of Georgios, *Member*

**Nikolaos Papadopoulos**, son of Dimitrios, *Member*

**Dimitrios Sourmpis**, son of Andreas, Reg. No 1762, *Member*

**Asterios Voulanas**, son of Dimitrios, *Member*

**Maria Sakellaridou**, daughter of Emmanouil, Reg. No 1731, *Member*

**Despoina Marinou**, daughter of Petros, Reg. No 1503, *Member*

**Panagiotis Zisis**, son of Efstratios, *Member*

**Andreas Riris**, son of Konstantinos, *Member*

**Socratis Leptos-Bourgi**, son of Alexandros, *Member*

**Maximos Tsouloftas**, son of Antonis, Reg. No 1848, *Member*

**Angeliki Foka**, daughter of Gerasimos, Reg. No 1867, *Member*

**Georgios Karahalios**, son of Lampros, Reg. No 1355, *Member*

**Fotios Smyrnis**, son of Grigorios, Reg. No 2589, *Member*

**Antonis Antoniadis**, son of Renos, *Member*

**Theodoros Anthropopoulos**, son of Charalambos, Reg. No 2486,  
*Member*

**Athanasios Karabetsos**, son of Dionisios, Reg. No 1350, *Member*

**Foteini Manolaki**, daughter of Anastasios, Reg. No 2628, *Member*

**Aristeidis Panolaridis**, son of Theodosios, Reg. No 1614, *Member*

**Kalliopi Partala**, daughter of Aristidis, Reg. No 2627, *Member*

The above decisions of the General Meeting and the Board of Directors were submitted to GEMI on 25 September 2017 and the announcement of their submission is pending to be issued.

## General Meeting

The General Meeting of shareholders is the superior body which bears the responsibility of taking decisions regarding any matter concerning the Firm. It is the body which has exclusive authority to decide, among others, for amendments in the Articles of Association, the appointment and removal of members of the Board of Directors as well as to approve the financial statements and the distribution of the annual profit of the Firm.

Simple majority quorum and simple majority of votes are required for the adoption of an Assembly resolution, except for cases whereby the law and the articles of association of the Firm require an increased quorum majority and increased majority of votes. These cases relate to matters such as changes in share capital, changes in the distribution of profits, the increase of shareholders' liabilities, changes in the business objective of the Firm, Articles of Association amendments and the approval of the transfer of Firm shares according to the provisions of the Articles of Association.

## Other supporting bodies

The main functions of the Firm are subject to supervision and evaluation through the relevant supervisory procedures performed by senior staff of the Firm who provide support to the Board of Directors for the performance of their duties and the management of the Firm. The aforementioned procedures relate to the following areas:

### Audit Methodology

Interpretation and application of PwC audit methodology and relevant professional standards.

### Training

Professional training and development of the Firm's partners and staff.

### Regulatory Compliance

Implementation of procedures and measures ensuring the compliance with applicable laws and regulations.

### Professional Conduct

Interpretation and application of the Firm's Code of Professional Conduct and relevant standards.

### Applicable Accounting Standards

Interpretation and application of Greek and International Accounting Standards.

### Independence and Risk Management

Interpretation and application of principles and requirements relating to independence and risk management.

### Human Capital

Setting the annual professional goals for partners and staff of the Firm, their evaluation and professional evolution.

The support on financial and human capital management has been assigned partly and by segment to PricewaterhouseCoopers Business Solutions S.A. and PricewaterhouseCoopers Accounting S.A.



### **Legal structure**

The Firm was incorporated according to the provisions of article 17 of Presidential Decree (P.D.) 226/1992 and codified Law 2190/1920 on Sociétés Anonymes. It is registered in the General Commercial Registry (GEMI) : ACCI – Athens Chamber of Commerce and Industry, with Reg. No 1520401000

### **Registrations in statutory auditors public registers**

The Firm is registered in the public register of audit firms of The Hellenic Accounting and Auditing Standards Oversight Board (HAASOB) with Reg. No 014, according to article 16 of Law 4449/2017, and in the relevant register maintained by the Institute of Certified Public Accountants of Greece (“SOEL”) with Reg. No 113. It is also registered with the Public Company Accounting Oversight Board (“PCAOB”), established in USA by the Sarbanes-Oxley Act (2002), in order to enable the Firm to perform audits on the financial statements of companies with shares or other transferable securities listed in US stock markets.

### **Shareholders**

The majority of PwC shares (approx. 55.67%) are held by statutory auditors, who are members of the Institute of Certified Public Accountants of Greece (“SOEL”) and are registered in the register of article 15 of Law 4449/2017, and the remaining share capital (approx. 44.33%) is held by persons not registered in the aforementioned register but who hold a statutory auditor professional license in other countries.

The Firm’s shares are ordinary, they are registered to the shareholder’s name and their transfer is subject to the approval procedure stipulated by the Firm’s Articles of Association.

At 30 June 2017, the Firm’s shareholders were the following:

- **Marios Psaltis**, son of Thomas, Reg.<sup>1</sup> 1920
- **Konstantinos Michalatos**, son of Ioannis, Reg. No 1523
- **Nicos Komodromos**, son of Georgios,
- **Asterios Voulanas**, son of Dimitrios,
- **Nikolaos Papadopoulos**, son of Dimitrios,
- **Maria Sakellaridou**, daughter of Emmanouil, Reg. No 1731
- **Despoina Marinou**, daughter of Petros, Reg. No 1503
- **Dimitrios Sourmpis**, son of Andreas, Reg. No 1762
- **Panagiotis Zisis**, son of Efstratios
- **Andreas Riris**, son of Konstantinos
- **Socratis Leptos-Bourgi**, son of Alexandros

<sup>1</sup> Reg. No refers to the registration number of the statutory auditor, as maintained in the public register of ELTE.

## **Statutory auditors with signing authority**

### **The statutory auditors of the Firm with signing authority who are not shareholders are:**

Ioanna Adam, Reg. No 2104  
Maria Athanasiou, Reg. No 2631  
Maria Alexandrou, Reg. No 2632  
Olga Alexiou, Reg. No 2633  
Diamantis Alikakos, Reg. No 2484  
Eleni Alichanidi, Reg. No 2264  
Theodoros Anthropopoulos, Reg. No 2486  
Fereniki Vlahaki, Reg. No 2620  
Dimitrios Giapiadis, Reg. No 2640  
Maria Gkatzioni, Reg. No 2489  
Margarita Goudi, Reg. No 2482  
Maria Dimitriou, Reg. No 2643  
Nikolaos Eipidis, Reg. No 2493 <sup>2</sup>  
Elena Themistokleous, Reg. No 2260  
Varvara Kanaki, Reg. No 2153  
Mirsini-Georgia Kanellopoulou, Reg. No 2334  
Athanasios Karabetsos, Reg. No 1350  
Georgios Karahalios, Re. No 1355  
Eleni Karle, Reg. No 1357  
Antigoni Katsara, Reg. No 2353 <sup>3</sup>  
Orestis Katsides, Reg. No 2161  
Eleni-Stiliani Kokkinou, Reg. No 2400 <sup>4</sup>  
Ioulia Maria Kolovou, Reg. No 1386  
Olga Kotzabasi, Reg. No 1401  
Athina Kounelaki, Reg. No 2170  
Nikolaos Koutroumpas, Reg. No 2405  
Nikolaos Koutsogiannis, Reg. No 2282  
Kalliopi Kostopoulou, Reg. No 2705  
Iliana Kostoula, Reg. No 2706  
Petros Louvaris, Reg. No 2658  
Foteini Manolaki, Reg. No 2628  
Athanassios Markou, Reg. No 2457  
Asimina Markou, Reg. No 2508  
Anna Matiaki, Reg. No 2336

Ioannis Milonas, Reg. No 2460  
Sofia Ouzounidou, Reg. No 2463 <sup>5</sup>  
Amirisa Palatianou, Reg. No 2667  
Aristeidis Panolaridis, Reg. No 1614  
Sokratis Papadogiannis, Reg. No 2668  
Andreas Papadopoulos, Reg. No 2669  
Georgios Papanikolaou, Reg. No 2464  
Kalliopi Partala, Reg. No 2627  
Evangelos Paterakis, Reg. No 2429  
Marianthi-Marina Pizimola, Reg. No 2326  
Konstantinos Pistelas, Reg. No 1701  
Evangelos Poulis, Reg. No 2670  
Nelly Sakellariou, Reg. No 2527  
Vassilis Sarantopoulos, Reg. No 2344  
Panagis Svoronos, Reg. No 2304  
Panagiotis Selekos, Reg. No 2468  
Fotios Smyrnis, Reg. No 2589  
Evanthia Stathopoulou, Reg. No 2673  
Vassiliki Stergiou, Reg. No 2585  
Antonios Stefanakis, Reg. No 2471  
Paraskevi Schiza, Reg. No 2348  
Irimi Tavropoulou, Reg. No 2530 <sup>6</sup>  
Eleni Tzouma, Reg. No 2725  
Nikolaos Tzorbatzis, Reg. No 2473  
Aggelos Tsitskaris, Reg. No 2383  
Maximos Tsouloftas, Reg. No 1848  
Angeliki Foka, Reg. No 1867  
Niki Adamantia Fotinopoulou Tsaltaki, Reg. No 2727  
Ioanna Charalampaki, Reg. No 2586  
Athanassia Charalampopoulou, Reg. No 2384  
Maria Christia, Reg. No 2479  
Fotios Psihogiopoulos, Reg. No 2481  
Stamatina Psihogiou, Reg. No 2480 <sup>7</sup>

<sup>2</sup> Left the Firm on 14 December 2016.

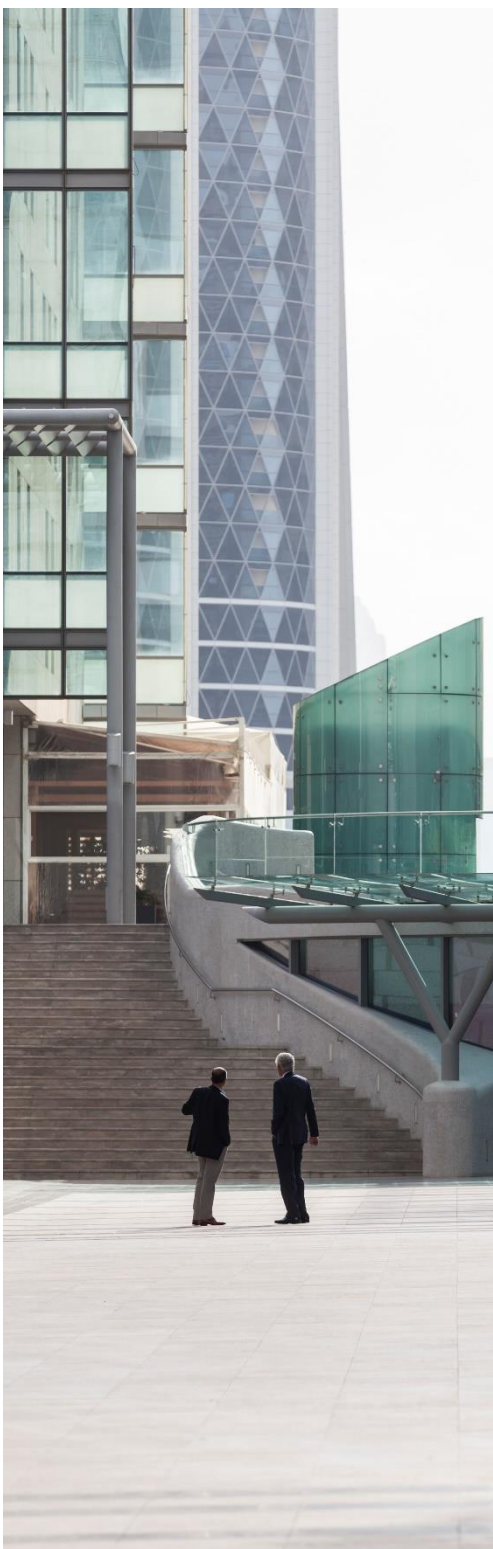
<sup>3</sup> Left the Firm on 25 August 2017.

<sup>4</sup> Left the Firm on 2 January 2017.

<sup>5</sup> Left the Firm on 31 August 2017.

<sup>6</sup> Left the Firm on 16 June 2017.

<sup>7</sup> Left the Firm on 29 March 2017.



## ***Headquarters and registered offices***



### ***Athens***

268 Kifissias Avenue  
Halandri Postcode 152 32

260 Kifissias Avenue  
Halandri Postcode 152 32



### ***Thessaloniki***

17 Ethnikis Antistaseos Avenue  
Postcode 551 34



The personnel of PwC S.A. as of 30 June 2017 consisted of 506 employees.

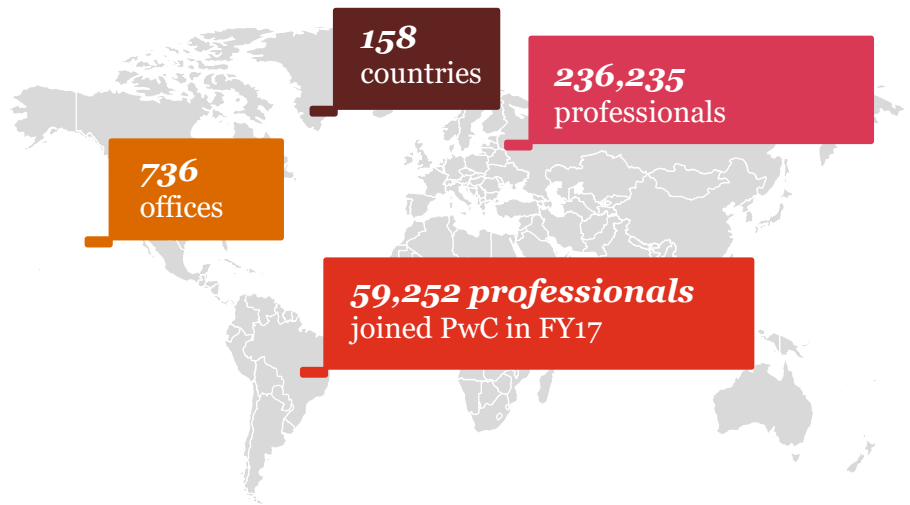
## ***Main operations***

The Firm's main business operation is conducting audits, according to the International Standards on Auditing, on financial statements that have been prepared by the audited companies according to the Greek Accounting Standards (Law 4308/2014), the International Financial Reporting Standards (IFRS) as well as accounting standards applicable in other countries (US GAAP etc.). The Firm also provides non-audit assurance and related services in compliance with the applicable International Professional Standards set by IFAC.

In addition to the above, the Firm also conducts tax compliance audits for the issuance of tax certificates to companies that are subject to statutory audit by statutory auditors according to the relevant tax legislation provisions, as applicable.

Capitalising on the know-how, experience and best practices developed by the global network of independent firms of PricewaterhouseCoopers International Limited, of which the Firm is a member, the Firm offers services to a wide range of companies of different sizes and various industries, private or listed in the Greek stock market or in international stock markets, which operate in Greece or abroad.

# *PwC Network*



PwC is a global network of separate firms, operating locally in countries around the world. The terms 'PricewaterhouseCoopers', 'PwC Network' or 'PwC' refer to the network of member-firms of PricewaterhouseCoopers International Limited (PwCIL), each one of which is a separate legal entity and has the right to use the PricewaterhouseCoopers name. As members of the PwC network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to work together to provide high-quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including being knowledgeable about local laws, regulations, standards and practices.

Being a member of the PwC network means firms also agree to abide by certain common policies and maintain the standards of the PwC network. Each firm engages in quality control and compliance monitoring activities, covering the provision of services, ethics and business conduct, and the compliance with specific, strict standards for independence monitoring and protection.

## *PricewaterhouseCoopers International Limited*

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practise accountancy or provide services to clients.

PwCIL works to develop and implement policies and initiatives to create a common and coordinated approach for PwC firms in key areas such as strategy, brand, risk and quality. PwC firms use the PwC name and draw on the resources and methodologies of the PwC network. In return, PwC firms are required to comply with common policies and the standards of the PwC network.

A PwC firm of PwCIL cannot act as agent of PwCIL or any other PwC firm, and it is only liable for its own acts or omissions and not those of PwCIL or any other PwC firm. PwCIL has no right or ability to control any member firm's exercise of professional judgement. The governance bodies of PwCIL are:

### *Global Board,*

which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of Network Standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.

### *Strategy Council,*

which is made up of the leaders of the largest PwC firms of the network, agrees the strategic direction of the network and facilitates alignment for the execution of strategy.

### *Network Leadership Team,*

which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.

### *Network Executive Team,*

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





## ***Key features of the network***

Each PwC member firm is responsible for its own risk and quality performance and for driving improvements, where necessary. Every PwC member firm is also exclusively responsible for the delivery of services to its clients. Each PwC member firm's Territory Senior Partner, Marios Psaltis for PwC S.A., signs an annual confirmation of compliance with the network's standards. These standards are regularly reviewed and updated as necessary. These cover a range of areas, including independence, ethics and business conduct, enterprise risk management, governance, anti-corruption, anti-money laundering, anti-trust and information protection. These confirmations are reviewed by third parties who are independent from the PwC member firm in question. Member firms are required to develop an action plan to address specific matters where they are not in compliance. The action plans are reviewed and their execution monitored.

## ***Policies and processes***

Each PwC member firm has its own policies, based on the common standards and policies of the PwC Network. These policies and standards are regularly reviewed and supplemented with territory Risk and Quality policies, procedures and guidance. Training programs are also designed and delivered to cover the above, while appropriate monitoring processes and assurance quality indicators are implemented in response to specific territory needs.

PwC member 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 member firm is responsible for monitoring the effectiveness of the functioning of the audit firm's internal quality control system. This includes performing a self-assessment of its systems and procedures, and carrying out, or arranging to have carried out on its behalf, an independent review. In addition, the PwC Network monitors the compliance of its member firms with network risk and quality standards and policies. This includes monitoring not only whether each PwC member firm conducts an objective quality control review programme, but also includes consideration of a member firm's processes to identify and respond to significant risks. Assurance work is governed by a quality review programme that is based on relevant professional standards relating to quality controls including International Standard on Quality Control 1: 'Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements' (ISQC1), and where applicable, the PCAOB quality control standards.

In accordance with applicable regulatory requirements, each member firm may also be reviewed periodically by local and international regulators and/or professional bodies.

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

## ***PwC member firms in Greece***

PwCIL network includes also the following firms which have been incorporated in Greece: PricewaterhouseCoopers Business Solutions S.A., PricewaterhouseCoopers Accounting S.A., PricewaterhouseCoopers HR Services S.A. as well as the civil professional law firm trading under the name M. Psylla - V. Vizas - G. Katrinakis Law Firm.

## PwC member firms

The total revenue generated by statutory auditors and PwC audit member firms, which has been generated from the performance of statutory audits on annual and consolidated financial statements in member states of the European Economic Area (EEA), came to approximately EUR 3 billion. This amount represents the revenue of the most recent financial year of each PwC member firm operating in EEA and was converted into euros using the exchange rate at the end of the financial year.

Below are listed the statutory auditors and audit firms of the PwC network in EEA on 30 June 2017.

Member firm	Company name/Statutory auditor
Austria	PwC Wirtschaftsprüfung GmbH, Wien PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungs GmbH, Dornbirn PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl PwC Audit Services SPRL
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy PwC Julkistarkastus Oy
France	PricewaterhouseCoopers Audit SAS PricewaterhouseCoopers Entreprises SARL Diagnostic Révision Conseil SAS PricewaterhouseCoopers PME Commissariat aux comptes PricewaterhouseCoopers PME CAC PricewaterhouseCoopers France Ampersand Audit Ampersand Associés FNP Commissaires Associés Fiduciaire d'Expertises Comptables et d'Etudes Economiques – Fidorex Société Fiduciaire d'Expertise Comptable et de Révision – Sofecor M. Philippe Aerts M. Jean-François Bourrin M. Jean-Laurent Bracieux M. Didier Brun M. Didier Cavanie M. Hubert de Rocquigny M. François Miane M. Yves Moutou M. Claude Palméro M. Antoine Priollaud

<b>Member firm</b>	<b>Company name/Statutory auditor</b>
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
	Wibera WPG AG
	PwC FS Tax GmbH Wirtschaftsprüfungsgesellschaft
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Vaduz
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
	Coöperatie PricewaterhouseCoopers Nederland U.A
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z.o.o.
	PricewaterhouseCoopers sp. z.o.o.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovak Republic	PricewaterhouseCoopers Slovensko s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
	Ohrlings PricewaterhouseCoopers AB
UK	PricewaterhouseCoopers LLP
	PricewaterhouseCoopers AS LLP
	James Chalmers
	Richard Sexton

# Internal quality control system

The internal quality control system implemented by PwC S.A. for the provision of assurance services is based on ISQC 1, which has been issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

The objective of ISQC1 requires 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
- the reports issued by the Firm/engagement leaders are appropriate in the circumstances.

The implementation of an internal quality control system for ensuring quality of assurance services is necessary for the Firm's compliance with the International Standards on Auditing (ISAs), the requirements of the Greek legislation and the quality controls of PCAOB, where applicable.

The internal quality control system is based on the following components:

- Leadership responsibilities for quality within the Firm;
- Ethical requirements (including Independence);
- Acceptance and continuance of client relationships and

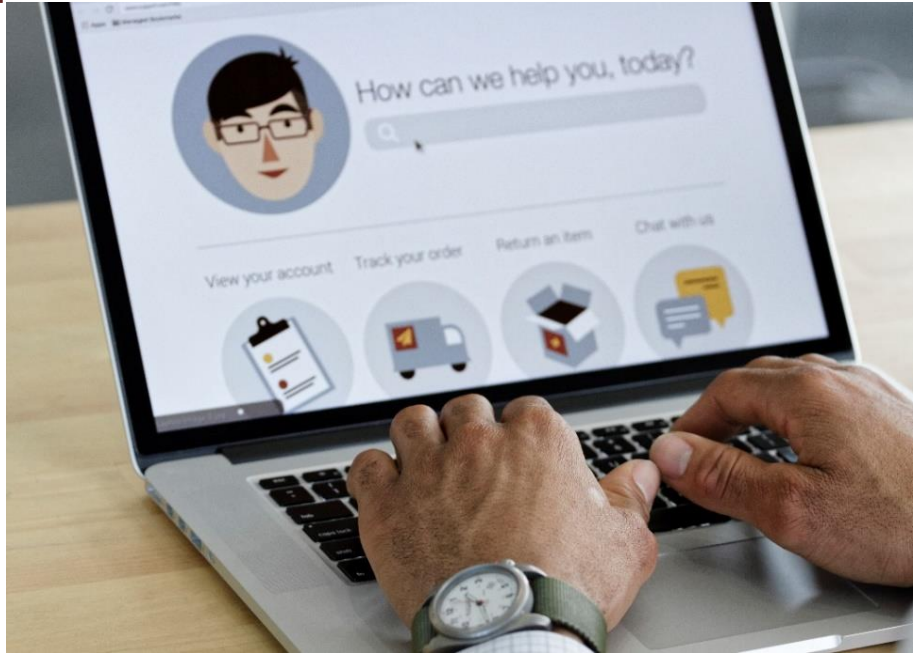
specific engagements

- Human Resources:
  - Recruitment;
  - Learning and education;
  - Career development, performance evaluation, promotion and compensation;
  - Assignment of engagement teams
- Engagement performance:
  - Consistency in the quality of engagement performance;
  - Consultation and support;
  - Supervision and review;
  - Differences of opinion;
  - Engagement documentation;
  - Engagement quality control review
- Monitoring and quality improvement

In the following sections we describe how the main components of our Firm's internal quality control system are integrated in the assurance services we provide.

# Leadership and accountability

- *Resources and responsibility for quality*
- *Accountability for quality*
- *Corporate culture*
- *PwC global people survey results*
- *Identification of quality risks*
- *Quality improvement process*



## ***Resources and Responsibility for audit quality***

The Board of Directors, under the chairmanship of Mr Marios Psaltis, and the leadership of Assurance Services have undertaken the commitment to communicate to the Firm's partners and staff the importance of delivering quality service of high standards while upholding the values of integrity, independence, professional conduct and professional confidence which are integrated in the assurance services provided.

As mentioned in section "Governance and structure" of this report, the Board of Directors is responsible to establish an internal quality control system, to review it and to assess its effectiveness. The day-to-day responsibility for the implementation of this system, the continuous monitoring of identified risks and the effectiveness of controls implemented to minimise the relevant risks to an acceptable level has been delegated to the heads of the Firm's Lines of Service and functional leaders who support the Assurance Leader to implement corporate strategy and achieve quality objectives. Furthermore, the Firm has devoted sufficient resources to support the achievement of high standards regarding quality, independence, ethics and professional competency.

The responsibility to handle issues regarding risk management and quality, independence, data security and privacy, regulatory compliance and policies, audit methodology and learning and education has been assigned to experts of the Firm. The Firm receives legal support from its in-house lawyers and also receives additional legal support from M. Psylla - V. Vizas - G. Katrinakis Law Firm, as necessary.

Audit engagement leaders take the primary responsibility for audit reports. Audit quality is a significant component during the planning, assessment and execution procedures of an audit engagement. Audit engagement leaders are held accountable for their performance. In this respect, the Firm has adopted a quality accountability framework which applies to the Chairman/Managing Director, the Assurance Service Line Leader, the Industry Leaders, the engagement leaders as well as the quality review partners, as described below.

### ***Accountability for quality***

Our Accountability Framework, designed to drive continuous improvements to Assurance quality across the Network serves as a guide for application in terms of holding engagement leaders responsible for audit quality outcomes. It includes different types of interventions for poor performance of engagement leaders in the area of quality and recognition for truly exceptional performance. Engagement leaders' performance is assessed annually based on their compliance with the Firm's and relevant regulators' predefined quality standards. Furthermore, when assessing the performance of engagement leaders, their attitude and behaviours in the area of quality is meticulously examined. Given the above, a responsive quality improvement plan is formulated and an appropriate measured response from an accountability perspective is identified.



## Corporate culture

Our core purpose is to build trust in society and solve important problems. This purpose serves as a guide for the strategic choices we make as a Firm. This is reflected in our vision where our values and behaviours reflect who we need to be to succeed as an organisation and as professionals, and define the expectations we have for working with each other and our audited entities/clients. Our purpose reflects ‘why’ we do what we do and our strategy provides us with the ‘what’ we do. ‘How’ we deliver our purpose and strategy is driven by our culture, values and behaviours. Our core set of shared values state that when working with our clients and colleagues, we:



### Act with integrity

- Speak up for what is right, especially when it feels difficult
- Expect and deliver the highest quality outcomes
- Make decisions and act as if our personal reputations were at stake



### Make a difference

- Stay informed and ask questions about the future of the world we live in
- Create impact with our colleagues, our clients and society through our actions
- Respond with agility to the ever changing environment in which we operate



### Care

- Make the effort to understand every individual and what matters to them
- Recognise the value that each person contributes
- Support others to grow and work in the way that brings out their best



### Work together

- Collaborate and share relationships, ideas and knowledge beyond boundaries
- Seek and integrate a diverse range of perspectives, people and ideas
- Give and ask for feedback to improve ourselves and others

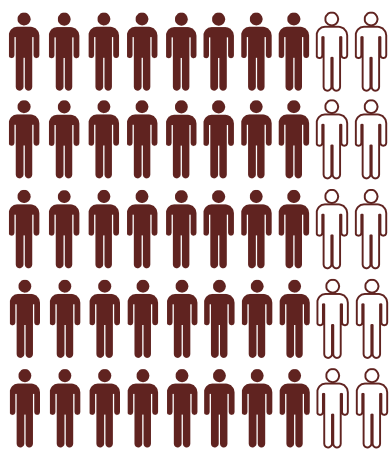


### Reimagine the possible

- Dare to challenge the status quo and try new things
- Innovate, test and learn from failure
- Have an open mind to the possibilities in every idea

These values are embedded in the way we do business and are all pivotal to our growth and success in delivering our strategy and lead to the highest quality outcomes.

# Our people are proud to work at PwC



## *PwC global people survey results*

In the latest annual global people survey, the vast majority of the people working at PwC are proud of it (80%), recognising high standards of professional conduct (78%) and integrity (81%) in PwC leadership.

## *Identification of quality risks*

Quality risks are identified through the audit quality risk assessment process which forms part of the Firm’s Enterprise Risk Management (ERM) Programme. Potential risks are identified through discussions between the assurance services leader, the territory risk & quality and independence leader, the regulation and policy leader and the line of service leaders. These discussions are conducted on the basis of assessing the results of various internal or external review processes, regulatory developments, business developments and current economic and market conditions, as well as any other relevant factors affecting the assurance business and profession. On an annual basis an appropriate plan is prepared and approved by the Firm’s leadership addressing any risks identified.

## *Quality improvement process*

A fundamental element of audit quality is achieving continuous improvement. This involves continuous re-assessment and constant refinement of our quality control system and monitoring efforts. This process is documented in the assurance quality improvement plan that assesses the root causes and proposes appropriate remedial actions designed to address the issues arising from the most recent internal or external reviews, including regulatory inspection findings. This plan is approved and its progress is periodically monitored by the Firm’s leadership.

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# *Ethical requirements*

## *Implementation of code of ethics*

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are:

- Integrity – to be straightforward and honest in all professional and business relationships.
- Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure the provided services are based on current developments in practise, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession or the Firm.

In addition, our Network Standards applicable to all Network firms, apply to all partners and staff and cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm's and partner's taxes and sanctions laws. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network and Firm's leadership monitors compliance with these obligations.

The Code of Conduct describes the behaviours expected of our partners and staff. Our behaviours are shaped by our desire to win the recognition and the trust we strive for. Because of the wide variety of situations that our people may face, our standards provide guidance under a broad range of circumstances, but all with a common goal- to do the right thing.

The Firm's management has appointed a partner responsible for compliance to the Code of Conduct, who is supported by a team of dedicated staff and is responsible for ensuring that ethical behaviour is embedded in our culture and that our Firm implements a comprehensive action plan to ensure compliance with PwC network ethical standards as well as local laws and regulations.

Upon hiring or admittance, all staff and partners of the Firm are provided with a copy of the PwC Global Code of Conduct. They are expected to live by the values expressed in the code in the course of their professional careers.

All amendments to policies and the reinforcement of ethical and professional requirements, according to which we operate, are communicated to partners and staff via electronic mail, regular mandatory training, regular communication by the Territory Senior Partner (TSP) and other senior management as well as through Oneplace, the Firm's intranet, and relevant messages printed on posters which are placed throughout the Firm's premises.

### ***Complaint and allegations policy***

Our Firm has a complaints and allegations policy which is communicated twice a year to Partners and members of staff by the Partner Responsible for Ethics & Business Conduct. According to this policy, any third party or employee who notices an unethical or inappropriate behaviour according to the Firm's Code is encouraged and expected to report it to any member of the Ethics Committee or to follow the relevant complaint submission procedure managed by the international network of PwC.

Our Firm has procedures in place for: a) the protection of individuals who raise an objection or express a concern and protects them from any inappropriate behaviour which may result from filing the complaint b) the protection of the anonymity of the person who has filed the complaint. Moreover, clients and other third parties are informed through engagement letters that they may report any such concern to the partner who is responsible for compliance to the Code of Conduct.

We are committed to deal responsibly and professionally with any genuine concerns raised about possible malpractice. Concerns should be expressed in good faith, fairly, honestly and respectfully.

### ***Anti-bribery and anti-corruption initiatives***

Compliance with anti-bribery and anti-corruption initiatives is part and parcel of our culture. Our Code of Conduct, the PwC Network Standard on Anti-bribery, the IESBA Code of Ethics and other local legal requirements make it clear that it is unacceptable for our people to solicit, accept, offer, promise, or pay bribes. Policies, training and procedures in respect of anti-bribery are in place to comply with the above rules and regulations.

### ***Conflicts of interest***

Potential conflicts of interest and other sensitive situations are identified before accepting a new client or engagement. The Independence team performs checks via internal and PwC Network databases and websites and provides a report to the engagement team with the results.

Where conflicts of interest are identified the appointment is either declined or safeguards are applied to make sure that potential conflicts of interest are appropriately managed.

# *Independence policy and practices*



As auditors of financial statements and providers of other types of professional services, PwC firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and the audited entities/clients.

The Firm follows the global Policy for the Independence of the PwC network (“Global Independence Policy” or “GIP”). PwC Global Independence Policy is based on the Code of Ethics for Professional Accountants (IESBA Code). The Policy contains rules and standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from the audited entities/clients, when necessary.

The Firm has a designated partner/member of the Board of Directors (known as the “Partner Responsible for Independence” or “PRI”) with appropriate seniority and standing, who is responsible for providing appropriate support and supervises the processes that ensure that partners and staff are aware of independence matters and adhere to the procedures set out by the Firm’s independence policies and supporting guidance. The PRI is supported by a team of specialists and reports directly to the Chairman/Territory Senior Partner of the Firm.



## ***Independence policies and guidance***

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 on purchasing of goods and services acquired in the normal course of business.

Moreover, a risk management policy is applied which governs independence requirements in relation to the rotation of engagement leaders, key audit partners and other statutory auditors involved in statutory audits.

These policies and the relevant guidance are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations or in response to operational matters.

Independence requirements of the United States Securities and Exchange Commission (SEC), the PCAOB and the new European legislation governing statutory audits, including Directive 2014/56/EU on statutory audits of annual separate and consolidated financial statements, and Regulation (EU) 537/2014 regarding special requirements for the statutory audit of Public Interest Entities are, in some cases, stricter than those provided by GIP.

Given the reach of these requirements and their impact on PwC network firms, our policy identifies key areas where these requirements are more restrictive. As necessary, the Firm supplements the PwC Network Independence Policy with the rules applicable in Greece based on the local regulatory framework to the extent that these are more restrictive than GIP.



## *Independence – related tools*

As a member of the PwC Network, the Firm has access to a number of tools which support PwC firms and their personnel in executing and complying with our independence policies and procedures. These include:

### **“Central Entity Services” (CES)**

– A central electronic system which contains information about corporate entities including public interest audit clients and SEC restricted clients and their related securities. CES assists in determining the independence status of the Firm’s clients before entering into a new non-audit engagement or business relationship. This system also feeds GPS Independence Checkpoint.

### **“Independence Checkpoint (or Checkpoint)”**

, which facilitates the pre-clearance of publicly traded securities by all partners, directors and practise managers before acquisition and records their subsequent purchases and disposals. Where a PwC firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;

### **“Authorisation for Services” (AFS)**

, which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader (key audit partner), documenting the potential independence threats of the service and proposed safeguards, and acts as a record of the audit partner’s conclusion on the acceptability of the service; and

### **“Global Breaches Reporting System”**

, which is designed to be used to report any breaches of external auditor independence regulations where the breach has cross-border implications.

The Firm also has a number of specific systems which include:

- A rotation tracking system which monitors compliance with audit rotation policies for engagement leaders, other key audit partners and other statutory auditors involved in an audit; and
- A database that records all approved business relationships entered into by Firm. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.



## *Independence training and confirmations*

The Firm provides all partners and staff with training on independence matters on an annual as well as periodic basis. Independence training is either computer-based or it is delivered face-to-face by independence, risk management and quality specialists.

The Firm's annual training programme covers both general subjects referring to audit independence rules as well as subjects referring to employee specific needs as they arise. The basic training needs cover issues such as the change of roles or jurisdictions, changes in the statutory and regulatory framework and the terms of provision of related services, when necessary.

The Firm requires all partners and staff, upon joining and at least annually thereafter, to confirm their compliance with all aspects of the Firm's independence policy, including their own personal independence. In addition, all partners and directors confirm that all non-audit services and business relationships for which they are responsible comply with the Firm's policy and that the Firm's processes have been followed in

accepting these engagements and relationships.

These confirmations serve two primary purposes: a) to identify any threats to independence that may have arisen; and b) to provide a periodic reminder of the Firm's audit independence policies and procedures. These annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations by partners and staff who are engaged in audit projects of public interest entities.

## Internal reviews of independence procedures and practices and disciplinary policy



Our independence procedures and practices are subject to internal supervision and review on an on-going basis. This is achieved by monitoring procedures, which include:

- Quality reviews of audit engagements to confirm compliance with risk management processes, including independence. Quality review procedures are performed based on annual schedules as well as on an ad hoc basis, whenever considered necessary.
- Annual programme of personal independence compliance testing of a random selection of partners, directors and managers.
- Annual programme of compliance testing of independence controls and processes; and
- Annual self-assessment of the Firm's adherence to PwC network's independence and risk management standards.

The results of the above quality reviews are reported to the Firm's management. The investigation of any identified violations of policies also serves to identify the need for improvements in the Firm's systems and processes as well as for additional guidance and training.

We confirm that for the financial period covered by this Transparency Report the Firm: (a) has applied the above control system for monitoring and securing independence as part of the statutory audit engagements, and (b) has conducted quality reviews to ensure the effective application of this system.

On a regular basis, the Firm monitors any updates to the legal and regulatory framework on independence as well as to the policies of the global PwC network and performs the necessary adjustments to the applied policies and regulations.

PwC member firms are required to have disciplinary mechanisms to promote compliance with independence policies and processes and to report and address any violations of the relevant requirements.

This would include discussion with the client's audit committee regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the Firm and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in systems and processes and for additional guidance and training.

A partner or staff member may be subject to a fine or other disciplinary action for an established violation of the independence policy.

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

## *Considerations in accepting and continuing an audit client relationship*

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary taking into consideration the applicable regulatory requirements.

## *Assessing the prospective client*

We have procedures to assess the risk associated with new clients, which include reviewing their business activities and reputation to ensure they are compatible with our values. We also establish, prior to the engagement, whether we are able to comply with independence requirements and address any potential conflicts of interest.

Before accepting a new engagement we perform an Independence assessment or checks to identify relevant relationships, as appropriate. These checks are performed by a dedicated relationship checking team within the Independence Function.

Where potential conflicts of interest or other independence threats are identified, we either decline to accept an engagement or we put in place appropriate safeguards (which are discussed and agreed with those charged with governance, prior to the

Appointment), to ensure that the potential independence threats are appropriately managed. Anti-money laundering procedures are performed as per PwC Network and local policies and regulations, and a dedicated support team and appropriate tools are in place. Engagement terms must be agreed in writing once acceptance and continuance procedures are approved.



## ***Client and Engagement Acceptance and Continuance***

The Firm has in place a process to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance – "A&C"). The A&C system, which has been developed for exclusive use by the member firms of PwC network, facilitates the determination by the engagement team and risk management specialists of whether the risks related to an existing client or a potential client are manageable and whether or not the Firm should be associated with the particular entity and its management.

More specifically, this system enables:

### **Engagement teams:**

- to document their consideration of matters required by professional standards related to acceptance and continuance;
- to identify and document issues or risk factors and their resolution, for example through consultation, by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and
- to facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement;

### **Member firms, leadership and risk management:**

- To evaluate the risks associated with accepting or continuing with clients and engagements;
- to provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and,
- to understand the methodology, basis and minimum considerations all other member firms in the Network have applied in assessing audit acceptance and continuance.

Understanding properly who we are working with and the nature and purpose of the work requested are crucial to protecting our reputation for quality. We also regularly review existing client relationships to ensure that they remain consistent with our values and to address any independence issues that may arise from the longstanding nature of those relationships, by revisiting annually via the client and engagement continuance risk assessment facilitated through the A&C system. Moreover, a re-assessment is also made where significant changes or events that may alter our initial decision of accepting or continuing this engagement have occurred during the course of the engagement performance.

## ***Withdrawal from an engagement***

Policies and procedures, in accordance with legal and professional obligations, are in place for circumstances in which we determine that we should or are required to withdraw from an engagement. Appropriate consultations both within the Firm and with those charged with governance of our audited entities/clients are held. Circumstances where we become aware of information after accepting an engagement which, had we been aware of that information earlier, would have led us to decline it, are also included in these policies and procedures.

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# Human capital management

PwC S.A. recognises that its lasting success and ability to respond to the needs of its audited entities/clients in an increasingly demanding business environment largely depends on the strength and quality of its people. To this end, the Firm recruits, trains and develops the most competent professionals. The Firm's strategy is focused on implementing policies and procedures concerning recruitment, performance assessment, training, remuneration and benefits and assignment of engagement teams. PwC invests in its people's capabilities and in audit methodology, devoting the appropriate resources and necessary time, in order to follow and comply with the global network guidance and standards.

Each engagement partner is responsible for staffing engagement teams with management and staff who have the professional competence and experience required for each engagement. Furthermore, each engagement partner is responsible for determining the extent, direction, supervision and review of the work of more junior staff to whom work has been delegated.

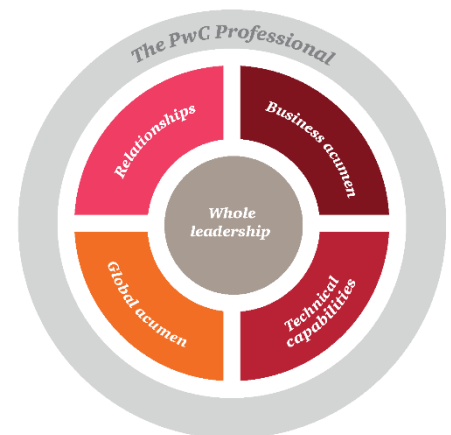
## Recruitment

PwC S.A. is committed to attracting and retaining the best and brightest graduates and professionals, who share our strong sense of responsibility for delivering high quality services in a work environment that offers significant personal and professional growth. Our recruitment processes are also key drivers in attracting and recruiting graduates with potential, as well as qualified and experienced professionals with technical expertise, skills, leadership attributes and personal integrity. The entire recruitment and evaluation procedure is performed in accordance with the PwC development framework which defines what it means to be a professional at PwC. In this way we ensure the quality of the people we recruit and as a result the quality of the services we provide.

## Managing performance

Meritocracy is at the heart of our performance management system and the Firm's aim has been to build and promote a culture whereby people grow and are rewarded based on their contribution and impact. The Firm's approach to performance management includes agreed objectives and grade-related skills and capabilities according to the PwC development framework (PwC Professional). Moreover, real-time feedback is provided and is focused, among others, on know-how and quality forming an integral element of our annual appraisal process. All people are assessed against their agreed objectives and the feedback received, evaluating their overall performance rating in order to determine their progression and remuneration.

PwC S.A.'s strategy focuses on providing employees with everything they need to grow and develop their capabilities, providing exceptional results to its audited entities/clients.





## ***Professional development***

PwC S.A. is committed to providing its people with the relevant opportunities to continuously develop as professionals, reaching the maximum of their potential at every role they are assigned with. Over and above our performance management and feedback processes, our people's professional development is guided through a combination of on-the-job training and formal training programmes, which ensure that our people meet requirements and fulfil their aspirations for continuous professional development. More specifically, our training curriculum includes internal and external training courses, seminars and e-learning, which are industry-specific, role-specific and cover both technical and business skills. PwC S.A. continuously invests in the strengthening of technical knowledge and business skills. Training and development are focused on meeting the requirements deriving from the PwC development framework (PwC Professional).

## ***Learning and Education***

We, and the other PwC firms in the Network are committed to delivering quality audits around the world. To maximise consistency in the Network, a formal curriculum developed at the Network level provides access to courses covering the PwC audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and engagement quality. Our annual Assurance Learning & Education plan for the financial year 2017 included developing Core Skills programmes, developing Leaders' Programmes, US Curriculum and IFRS Curriculum.

This formal learning is delivered using blended learning, which includes remote access and classroom learning. This learning supports our focus on audit quality and provides our practitioners with the opportunity to sharpen their professional judgement, scepticism, technical and professional skills.

Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address specific local needs in the way of videos, workshops and forums for staff to share their experiences. As such, in addition to the mandatory formal curriculum developed at the Network level, the training plans implemented at PwC S.A. include also other internally developed training programs, carefully assessed every year and designed to appropriately respond to the current needs of our professionals, as well as externally sourced training, covering both technical and non-technical training such as independence, regulatory and compliance, soft skills, industry specific.

Learning & Education is a key element of ensuring that all professionals acquire and maintain the knowledge and skills expected in their role on audits and other engagements. We have appropriate policies, processes and procedures to clearly articulate the Learning & Education curriculum for our professionals, to clearly designate which programs are mandatory and for which target audience and to monitor and follow up situations in which members of the target audience do not complete a mandatory program.

## Remuneration



Each partner's remuneration is determined by assessing achievements against objectives, based on their role and responsibilities. These objectives ensure that the Firm provides high quality services, maintaining its independence and integrity. Partners are neither assessed nor remunerated for the provision of non-audit services to their audited entities/clients.

Remuneration is determined with the approval of the Board of Directors of the Firm after the annual procedures of performance assessment have been completed. Remuneration is determined based on three components:

- monthly salary, which is determined based on the partners' roles and responsibilities
- performance income, which is determined based on the annual assessment, taking into consideration each partner's performance
- income based on the overall profitability of the Firm, which refers to the contribution and responsibilities of its partners and, in some cases, may also include lower levels of hierarchy, as appropriate.

The members of the Board of Directors of the Firm are not remunerated based on their role as members of the Board of Directors, but are remunerated based on the above criteria for the services and work they provide and their remuneration is always approved by the General Meeting of Shareholders in compliance with the legislation in force. The annual profit, as determined in the financial statements of each financial year, is distributed to shareholders according to the applicable legislation and the Articles of Association of the Firm by a decision of the annual general meeting of shareholders. The annual General Meeting of 21 December 2016 decided the distribution of profits to the members of the Board of Directors and other senior staff of the Firm.

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# Engagement performance

*We heavily invest in the effectiveness of our audits, in the skills of our people and in our underlying audit methodology, as well as in making the right amount of time and resources available, to ensure compliance with regulatory requirements and PwC's policies and standards.*



## Consistency in the quality of engagement performance

### **PwC Audit**

#### **Consistent global methodology**

As a member of the PwC Network, our Firm has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement.

Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

Enhancements to the PwC audit methodology are introduced to partners and staff as soon as communicated by the PwC Network.

The PwC Audit Guide explains PwC's methodology. The Guide along with PwC's technology-based audit support tools, templates and content support engagement teams in conducting assurance and related services engagements. The technology-based tools described below in this section are designed to enhance and support quality audits and promote consistency in the quality of engagement performance.

#### **Comprehensive policies and procedures**

To complement PwC global policies and procedures, the Firm has in place comprehensive policies and procedures in compliance with the accepted accounting principles and International Standards on Auditing that are constantly updated to reflect new professional developments and address existing requirements as well as the needs and concerns of the practice. These policies cover not only professional and regulatory standards, but also reflect the guidance provided by PwC to its professionals about how to implement them best. These policies are available in electronic files and databases, which are regularly updated or supplemented with all current developments and are accessible remotely at any time to all employees.

## ***Aura***

As a member of the PwC Network, our Firm has access to and uses Aura, which is the application that powers PwC's audits and supports its Assurance practices. It provides engagement teams with an application that integrates a broad range of capabilities, including built-in tools to promote audit quality, consistency and ease of documentation. Aura also integrates with a variety of other tools and applications, creating one work space for client work. Audit work is planned, executed and documented using Aura which supports teams in applying our methodology effectively, by creating a transparent linkage between risks identified and the work done to address those risks, as well as providing comprehensive project management capabilities.

## ***My client***

We also use “My client” application to conduct and document the assurance services we provide for tax certificates.

## ***Developed Technology***

We continue to invest in audit technology that builds quality into the audit and enhances our ability to provide insights to our audited entities/clients. Our technology is built and implemented globally ensuring consistency across the PwC Network. These new tools that enhance audit quality and efficiency through automation, connectivity and mobility include:

- Aura Now is an electronic tool that allows teams to monitor progress towards completion and other key information across their portfolio of Aura engagement databases. It visualises the progress of an engagement, which enables our people to priorities their efforts. It also provides information regarding readiness for file archiving to assist in preparing for and timing of archiving the audit file.
- Connect is our collaborative workflow tool, providing fast, efficient and secure information sharing at every stage of the audit. It monitors the status of requests and information between our clients and the engagement team on a real time basis. Connect provides visibility for both our clients and us to be able to check progress on the go, anytime, anywhere.
- Halo is our new data auditing suite of tools allowing us to identify and assess risks and determine where to focus audit efforts. 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 audited entities/clients. Halo comprises of three key components – acquisition of client data, transformation of data and applications for automated testing and analysis of data. For example, Halo for Journals allows engagement teams to gather all journal entries and utilise built-in functionality to apply engagement-specific criteria designed to focus testing on higher risk entries.

## ***Consultation and support***

Consultation is a key element of quality control. The Firm has policies setting out the circumstances under which consultation on accounting, auditing and risk management matters is mandatory.

The Firm's technical experts track new developments in relevant areas and provide updates to the appropriate professional staff. Our consultative culture also means that our engagement teams regularly consult with each other on an informal basis, as well as with experts and others, often in situations where consultation is not formally required. Within Assurance, we use a consultation database that has been specifically designed to aid the enquiry and consultation process. Also, through this database the documentation of consultations is ensured, which is performed by the Assurance Risk and Quality function supporting engagement teams to comply with PwC's risk management policies.

Our Accounting Consulting Services team is specialised in the application of International Financial Reporting Standards (IFRS) and Greek Accounting Standards (GAS), providing support and guidance regarding the accounting treatment of certain transactions (e.g. treatment of complex financial instruments, business combinations, leasing classification) or the transition to IFRS and the adoption of new standards. This team is also the main point of contact for technical issues relating to the application of Greek Accounting Standards. Experienced members of this team have been accredited by the Global Accounting Consulting Services team of PwC. The Global Accounting Consulting Services team is responsible for the consistent application of IFRS and the development of training material and publications.

## ***Supervision and review***

Supervision of the audit, review of the completed work and coaching of the team by engagement leaders and managers are key elements in achieving and maintaining audit quality. The Engagement Leader, Quality Review Partner and Engagement Manager document their review of the work done in Aura. Aura includes guidance and audit procedures that need to be performed in order to ensure that engagement teams have appropriately addressed all matters as required by auditing standards. It also enables teams to track the progress of the engagement and follow up pending issues ensuring that all work has been fully completed and appropriately reviewed.

The Engagement Leader is responsible to ensure that the audit is performed and documented as required and the conclusions reached are appropriate, by being timely and sufficiently involved throughout the audit. This includes making key judgments, initiating consultation requests on difficult or contentious matters as deemed appropriate and being satisfied that all risks have been appropriately assessed and responded to. The Engagement Manager supports the Engagement Leader by promoting quality and continuous

improvement during the performance of the audit, adhering to documentation requirements by being involved throughout the audit and coaching the team members as necessary. This includes identifying the risks and being satisfied that they have been addressed appropriately.

Engagement leaders as well as engagement managers create a working culture in which engagement teams are required to think, analyse, question and be rigorous in their approach. They apply and promote professional scepticism, encourage a comprehensive consultative culture and are willing to share their knowledge and consult others. They are responsible for the timely review of audit engagements, the quality of the audit procedure, the results and the conclusions and to confirm that the audit procedures were performed and documented properly in the Aura file and that the conclusions reached are consistent with the understanding of the circumstances of every audit engagement.

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

## ***Differences of opinion***

Policies are in place to resolve situations where a difference of opinion arises between the Engagement Leader and either the Quality Review Partner, a technical expert or another Assurance partner in relation to their professional views. Technical panels consisting of Partners independent of the engagement are held as appropriate.



## **Engagement documentation**

At the end of an engagement, teams are required to assemble the audit file which comprises of the hard copy paper file and the electronic file and archive these in accordance with our own policies which are in line with the applicable professional standards. In case of statutory audits of financial statements under ISAs, archiving must be performed within 60 days of the audit report date and in the case of US engagements, within 45 days following the audit report release date.

In the case of the electronic audit file, an automated archiving process exists preventing any further amendments being made to the file. The archiving of hard copy paper files is facilitated by using an electronic system that logs the files. The hard copy file is then retained in a secure place with controlled access either within the office or off-site. Engagement files are retained for a period specified by applicable legislation, unless there are commercial or judicial reasons to extend the period of retention.

## **Engagement quality control review**

A Quality Review Partner (QRP) is appointed for all audits of listed clients, high profile clients, public interest entities and engagements identified as high risk. Quality Review Partners are experienced

partners who are independent of the core engagement team. They are appointed in this role based on their expertise and receive appropriate training on the responsibilities of a QRP prior to their appointment.

The Quality Review Partner's responsibilities include reviewing key aspects of the audit, including audit strategy, independence, significant risks identified by the engagement team and responses to those risks, significant judgements made, uncorrected misstatements, documentation of work done in the areas reviewed, the financial statements and related disclosures, communications with those charged with governance and the appropriateness of the audit report issued.

The Quality Review Partner discusses all significant issues with the engagement leader and prior to the issuance of the audit report provides an objective evaluation of the significant decisions and judgements made by the engagement team and the conclusions reached. The QRP is involved throughout the audit process so that they provide timely the input needed on each assigned engagement.

Second partners are appointed on certain types of non-audit work depending on the nature of the engagement, fulfilling a role similar to that of a QRP on an audit.



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# Monitoring and quality improvement

## Monitoring of Assurance quality

We recognize that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Quality monitoring is an integral part of our Firm's continuous improvement programme as we constantly seek to enhance our policies and procedures and improve the quality of our work. We therefore implement an internal monitoring program to monitor the adequacy and effectiveness of our internal system of quality control and address any matters needing improvement.

Responsibility for appropriate quality management lies with the Leadership of the Firm. This includes effective monitoring processes aimed at evaluating whether the policies and procedures which constitute our Quality Management System are designed appropriately and operate effectively to provide reasonable assurance that our audit engagements are performed in compliance with laws, regulations and professional standards

Our Firm's monitoring program is based on the PwC Network's Global Assurance Quality Review (GAQR) Program. This program

which is based on professional standards relating to quality control including ISQC1, contains policies, procedures, tools and guidance which are used by PwC Network firms.

The GAQR program is coordinated by a central team which consists of a GAQR Leader with a group of International Team Leaders (ITL) who are senior partners seconded to the GAQR central team by PwC member firms. Provision of oversight by the ITLs and their continuous involvement and support enable a consistent and effective performance of reviews across the PwC network.

Our Firm's monitoring procedures include an ongoing assessment of the design and effectiveness of our Quality Management System as well as Engagement Compliance Reviews (ECR). The results of these procedures form the basis for the continuous improvement of our quality management system.

An independent Quality Management Review (QMR) is conducted at least every three years and an update is being performed in the intervening period. The review conducted also involves periodic testing of the effectiveness of the Firm's quality assurance procedures and controls in other functional areas such as hiring and training employees, independence and risk management.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our Firm who are authorised to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other engagement related policies and procedures. ECRs are carried out in a way that significant risk-based engagements are reviewed at least twice every six years. Engagement leaders are reviewed, for at least one engagement, every five years or every three years in case they are responsible for significant audit engagements.

The reviews are led by experienced assurance partners and are supported by independent teams of partners, directors, senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities and utilise a range of GAQR-approved checklists and tools when conducting their review procedures. As far as financial year 2017 is concerned, 10 audit files were reviewed covering 50% of our Firm's audit engagement leaders.

The results of the quality reviews are reported to our Firm's leadership who are responsible for analysing the findings and implementing remedial actions as necessary.

For addressing significant issues arising from ECRs an action plan is prepared. Specific individuals are assigned with the responsibility to implement the action plan within the agreed time frame. The action plan is monitored by the Assurance Risk and Quality leadership for the successful implementation of the

actions. Issues arising from every ECR are included in the annual mandatory technical training programme. Moreover, reminders and additional or updated guidance are sent in order to help teams, where necessary.

Engagement leaders are held accountable for the results arising from ECRs, in accordance with our Firm's Accountability Framework.

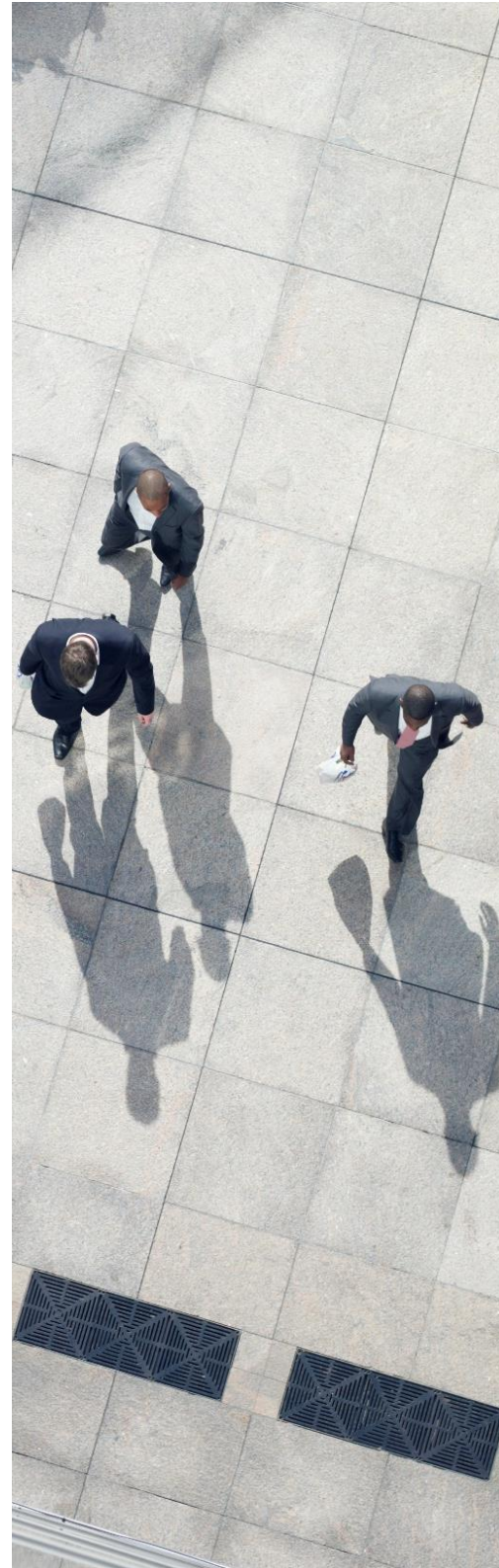
Instances whereby an engagement fails to meet quality standards are treated seriously and the key audit partner responsible is counselled to improve performance.

In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible audit partner or our Firm's Assurance leadership personnel may be subject to additional training and increased oversight. Also, if considered necessary, financial penalties or limitation of signing authority may be imposed, according to our Firm's Accountability Framework. Partners and employees of our Firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the successful performance of engagements. In addition, the GAQR Leader informs engagement partners of our Firm who are responsible for group audits involving cross-border work about relevant quality review findings in other PwC firms which enables our partners to consider these findings in planning and performing their audit work.

## *Root cause analysis*

We perform analyses to identify potential factors contributing to our Firm's audit quality so that we can take actions to continuously improve. One of our primary objectives when conducting such analyses is to identify how our Firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies -whether identified through our own internal inspections process or through external inspections- to help identify possible distinctions and learning opportunities. For individual audits, a team of reviewers that is independent from the engagement team identifies potential factors contributing to the quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, among others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing audit working papers, as appropriate to understand the factors that may have contributed to audit quality (the "why of the why"). In addition, the data

compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed. Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practise. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.





## **Audit quality initiatives**

During FY16, PwC Global Assurance Leadership Team (GALT) has enhanced the above process with four Strategic Quality Initiatives which were designed to support Member Firm activities and drive continuous improvements to Assurance quality across the PwC Network.

The four initiatives include:

- An enhanced Root Cause Analysis process to be performed every time there is a quality issue – as described above;
- Developing and monitoring a set of Audit Quality Indicators which support territory assurance leaders in the early identification of potential risks to quality.
- Real Time Assurance - refers to quality review procedures and tools used to assess engagements during the performance phase of the assignment rather than after issuance of the opinion.
- Changes to the Accountability Framework, designed to improve existing Accountability Framework to help drive higher audit quality.

## **External quality reviews**

In November 2015, PCAOB and the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB) jointly conducted a quality review on selected audit files as well as an assessment of the internal quality control system of our Firm, under PCAOB Quality Control Standard No 20.

This inspection covered the period from May 2012 to September 2015 and included a review of audit engagements for calendar 2014 year-end. From the above inspection the relevant report was issued by PCAOB on 29 September 2016 which contains two primary sections:

Part I describes the inspection procedures performed as well as PCAOB's engagement-specific findings. We have carefully evaluated each of the observations set forth in Part I and we have undertaken appropriate actions under both PCAOB standards and PwC policies.

Part I of the above report has already been published on the PCAOB's website and is available to the public.

Part II of the report contains a discussion of the Firm's Quality Control System. Under the PCAOB's rules, the PCAOB will not make Part II of the report available to the public as long as the Firm addresses the quality control observations identified in it, to the satisfaction of the PCAOB no later than 12 months after the date of the inspection report.

While the audit firm has 12 months to address the matters identified in Part II, the twelve-month period for the Firm to respond to the 2015 inspection ended on 28 September 2017, there is no time limit on the PCAOB's evaluation period.

At the time of preparation of this report, our Firm awaits the notification/communication of the PCAOB Board's final decision with respect to the completion of the 2015 inspection process.

Furthermore, as a result of the joint inspection with the PCAOB, the HAASOB completed their review of PwC Greece's quality control system for the Assurance practice ensuring compliance with ISQC 1 and the provisions of Law 3693/2008 as applicable at that time and issued their report in July 2017. Having regard to the findings and the recommendations provided by the Quality Control Board of HAASOB, we proceeded to the necessary actions to address the issues described in the above report, considering their potential causes and ensuring timely responsive actions are taken.

In June 2017, we also received the reports from the review conducted by our professional association, the Institute of Certified Public Accountants of Greece ("SOEL"), on selected statutory audits of financial statements for financial year 2015. These entities were not public interest entities which exclusively fall within the jurisdiction of HAASOB.

The aforementioned review was conducted with the aim of assessing the performance of the responsible statutory auditors regarding adherence to the rules of professional conduct and quality and transparency assurance for the provided services and the profession's prestige. We reviewed the findings from the conducted review and the responsible statutory auditors notified accordingly the involved assurance staff aiming to the continuous improvement of the provided services.

### ***Assessment of the Firm's internal quality control system***

On the basis of the internal monitoring program and PwC Network and regulatory reviews performed, the management of the Firm is satisfied that the Firm's internal quality control system for Assurance is operating effectively. Any matters identified through the various monitoring and review processes are actioned and changes implemented as appropriate.



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## ***Public interest entities***

### ***Public interest entities***

Below are listed the public interest entities for which the Firm conducted statutory audits of annual financial statements in financial year 2017, to which this report pertains.

### **Companies listed on European stock markets**

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TITAN CEMENT COMPANY S.A.

VARANGIS AVEPE SA

ELLAKTOR S.A.

HELLENIC PETROLEUM S.A.

ELLINIKI TECHNODOMIKI ANEMOS S.A.

KORRES S.A. NATURAL PRODUCTS

MINOAN LINES S.A.

EUROBANK ERGASIAS S.A.

PIRAEUS BANK S.A.

PIRAEUS PORT AUTHORITY S.A.

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

P.G. NIKAS A.V.E.E.

THRACE PLASTICS Co. S.A. PACKAGING SOLUTIONS AND TECHNICAL FABRICS

COCA-COLA HBC AG

FRIGOGLASS S.A.

GRIVALIA PROPERTIES REIC

INTERCONTINENTAL INTERNATIONAL REIC

LAMDA DEVELOPMENT S.A.

NEXANS HELLAS S.A.

QUEST HOLDINGS S.A.

REDS S.A. REAL ESTATE DEVELOPMENT AND SERVICES

## Financial institutions

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INVESTMENT BANK OF GREECE S.A. (IBG S.A.)

COOPERATIVE BANK OF THESSALY

CREDICOM CONSUMER FINANCE BANK S.A.

FCE BANK PLC BRANCH OF FOREIGN COMPANY

HSBC BANK PLC GREEK BRANCH

PROCREDIT BANK (BULGARIA) EAD THESSALONIKI BRANCH

VOLKSWAGEN BANK GMBH GREEK BRANCH

## Insurance companies

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INTERAMERICAN HELLENIC LIFE INSURANCE COMPANY S.A.

INTERAMERICAN PROPERTY AND CASUALTY INSURANCE COMPANY S.A.

AIG EUROPE LIMITED GREEK BRANCH

CREDIT AGRICOLE LIFE INSURANCE COMPANY S.A.

EUROLIFE ERB GENERAL INSURANCE S.A.

EUROLIFE ERB LIFE INSURANCE S.A.

GROUPAMA PHOENIX INSURANCE COMPANY S.A.

HD INSURANCE HELLAS BRANCH OF FOREIGN COMPANY

## Companies listed on US stock markets

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AEGEAN MARINE PETROLEUM NETWORK INC.

DANAOS CORPORATION

NAVIOS MARITIME ACQUISITION CORPORATION

NAVIOS MARITIME HOLDINGS INC

NAVIOS MARITIME PARTNERS L.P

## Financial institutions based in USA

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BANK OF AMERICA NA GREEK BRANCH

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# Financial Information

*The Firm's revenue for the year ended 30 June 2017 amounted to €33.84 million.*

According to the Firm's published financial statements, the revenue for financial year 2017 (1/7/2016 – 30/6/2017) is analysed as follows:

- Revenues from the performance of statutory audits on annual and consolidated financial statements of public interest entities and entities that are members of groups of companies the parent company of which is a public interest entity incorporated in a member state of the European Union amounted to €16.28 mil., out of which €4.34 mil. is revenue generated from the provision of tax certificate services.
- Revenues from the statutory audit of annual and consolidated financial statements of other entities amounted to €13.04 mil., out of which the amount of €3.32 mil. is revenue generated from the provision of tax certificate services.
- Revenues from permitted non-audit services provided to entities that are audited by the Firm amounted to €3.31 mil.
- Revenues from non-audit services provided to other entities amounted to €0.76 mil. and other income amounted to €0.45 mil.

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