



Sustainability Report

PwC Hungary
1 July 2018 – 30 June 2019

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A note from the CEO on sustainability

Each year since 2012, we have prepared an annual summary of how we contribute to building trust and solve important financial and economic problems in Hungarian society. As our list of accomplishments expands, we continue to formulate new plans, so the upcoming period will be even busier. Technology is evolving at an unprecedented pace, and there is an ever-growing need for knowledge transfer. As consultants, we have a significant role to play in promoting new forms of learning and helping our stakeholders prepare for the transformation of jobs in the digital era.

Everybody has a role to play in this process; it is a task in itself to figure out how we can do our share.

For example, in recent months we have conducted surveys about the job preferences of the next generation of employees, the impact of AI on the Hungarian labour market, and changes in the financial function and the role of the CFO. By publishing the results and offering our own suggestions, we want to provide guidance, and in the long run, propose viable solutions. But we still have a long way to go: in keeping with PwC's global objectives, we need to provide further training and support to communities, social groups in need and civil society, and reduce the number of air miles we fly, to name a few.

With almost 900 employees in Hungary, we are aware of the significant impact we can have in social, economic and environmental matters. It is our responsibility to meet these commitments today, and going forward.

Tamás Lőcsei

Chief Executive Officer
PwC Hungary

1.

Responsible business

1.1 The means to sustainability: our strategy and values

PwC is one of the world's leading business consultancy firms. We help our clients achieve their goals through our industry-specific professional services.

With offices in 157 countries and more than 276,000 people, we are among the leading professional services networks in the world. We help organisations and individuals create the value they're looking for, by delivering quality in assurance, tax,

advisory and technology consulting services. In our operation, we combine decades of accumulated experience and knowledge with cutting-edge technologies. We summarise below the topics that constitute the basis for how we do business.

This report provides an overview of the efforts we made in the past financial year to find valuable solutions for today's challenges and complex business problems.

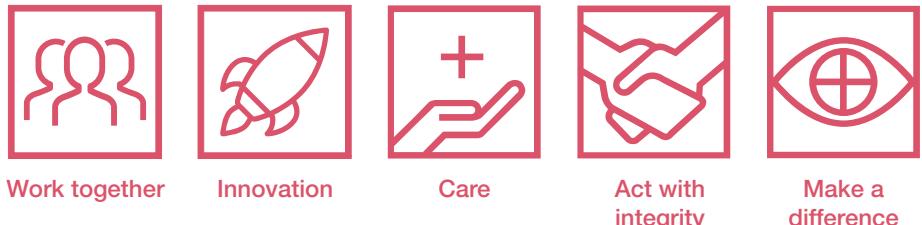
Prioritising topics

While the topics are prioritised in line with our strategy, the Sustainability Report is a reporting tool, and as such, covers all identified topics.

Wellbeing of our people	
Customer satisfaction	
Innovative business solutions	
Professional self-fulfilment of our people, talent management	
Reaching the next generation	
Community engagement	
Professional assistance to civil society	
Sustainability in our supply chain	
Diversity and inclusion	

Our values

Although we represent different cultures within our network and have different backgrounds, something we all have in common is value creation. This defines our conduct, how we make our decisions, and engage with each other and our clients.



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.

Innovation

- Innovate constantly and develop new solutions in line with digital advancement.
- Have an open mind to the possibilities in every idea.

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 ways that bring out their best.

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

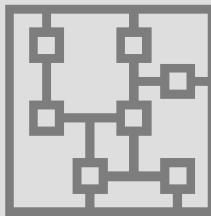
- Stay informed and ask questions about the future of the world we live in.
- Create impact with our colleagues, our clients and society through our actions.
- Respond with agility to the ever-changing environment in which we operate.

We strive to build trust in society and solve important problems through sustainable operations

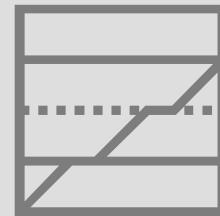
Realigning economies and societies requires nothing short of systemic change. This means transforming current business models and norms, introducing broader measures of success that move beyond financial outcomes such as GDP and shareholder value, focusing on life-long learning and reskilling in the workplace, and managing emerging technologies so they meet human needs. These eleven principles are a starting point to consider the change that is needed and all are elements of a much bigger picture. We invite you to consider, challenge, debate and add to these principles.



Principle 1
Redefine the purpose of an economy so that it delivers for society



Principle 2
Rewire business so that it delivers on profit and purpose



Principle 3
Measure and report on societal outcomes – not just financial ones



Principle 4
Balance responsibilities to shareholders with those of stakeholders



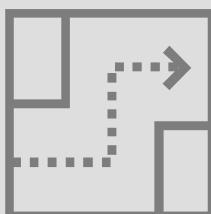
Principle 5
Change the financial model so that it reflects the world



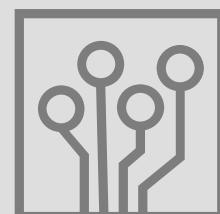
Principle 6
Pay attention to communities, not just averages



Principle 7
Fix the system, not just the symptoms



Principle 8
Transform government policy and market response



Principle 9
Use – and manage – technology while keeping our focus on humanity



Principle 10
Protect people, not jobs



Principle 11
Make sure governance reflects global and local needs

1.2 What we do to be sustainable – our tools

Our sustainability report

– a reflection of our activity

In our Sustainability Report for FY 2019, we summarise the activities our colleagues carry out every day to ensure PwC's operation as a sustainable business. The contents of the report reflect our commitment to our colleagues, our clients and society.

Defining the contents of the report

Purpose and scope

The purpose of this report is to be a comprehensive source of information for all of our stakeholders.

Defining the topics

The topics covered here have been defined on the basis of the information requested by our leaders and representatives of our various units. Every year, we define the right tools to examine and improve these topics, and to make them sustainable.

Collecting information on an ongoing basis, analysing our activities, coordinating with our organisational units, engaging stakeholder groups, incorporating feedback.

Responsible marketing & communications

The PwC brand

Our public image depends on how we communicate about ourselves and our activities. One of the tasks of PwC Hungary's Marketing, Communications and Business Development team is to find relevant forms and channels of communication that allow us to address our various stakeholder groups. Our staff is assisted in this task by modern digital technologies, PwC's signature brand elements and events.

Our market presence is the result of a conscious and deliberate marketing communications strategy that we have been applying for years. All members of the PwC network have a staff member in their Marketing, Communications and Business Development team whose duty is to ensure that all communications materials comply with the rules and principles concerning the PwC brand and trade name, as determined by the PwC Global Brand team. Starting with the previous financial year, we have been providing regular training to our employees regarding the most important brand guidelines and their practical application.

Our aim is to present a uniform corporate image, whether in print publications, sports sponsorship arrangements, client events or press releases.

Media appearances in the 2019 financial year

In the financial year ended on 30 June 2019, we had 1,469 media appearances, out of which 743 were positive, 711 were neutral, and 15 were negative. (Note: this media analysis was prepared by Front Page Communications based on its own media appearance analysis tool.)

Managing our client database is also the responsibility of the Marketing, Communications and Business Development team. In the 2019 financial year, we received no complaints regarding abuse of personal client information, loss or unauthorised use of client data.

Sustainable Development Goals (SDGs)

Our aim each year is to assess our impact on the environment. We pay special attention to putting into practice the Sustainable Development Goals (SDGs) adopted by the United Nations at its Sustainable Development Summit of heads of state and government in September 2015. This set of 17 goals forms the UN Member States' development agenda until 2030 and provides a basis for businesses, governments and the public to work together for a safer and more hospitable world.

Our market-leading Sustainability & Climate Change team (S&CC) has been collaborating with the United Nations to develop tools to help businesses understand the SDGs, as well as how to prioritise areas for action. Secondly, we contribute to the debate and play an advocacy role on a number of issues covered by the goals.

<https://www.pwc.co.uk/who-we-are/corporate-sustainability/strategy/sustainable-development-goals.html>





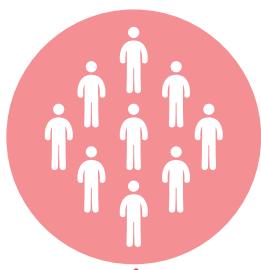
1.3 Key to sustainability: our people

Sustainability depends not only on an organisation's strategy and decisions, but also on the people who work to achieve this goal.

They are actively shaping what PwC stands for in Hungary. We present below our staff numbers and how we work day by day, and what PwC is doing to enable its employees to make the most of themselves.

Our total staff in Hungary numbered 816 according to statistical data as of the last day of the 2019 financial year (including full-time and part-time employees and interns).

Our people work in the following areas: financial consulting and advisory; audit; tax and legal; business and technology consulting; marketing, communications and business development; human capital; finance; IT; and infrastructure and procurement.



Our people

PwC staff numbers are constantly adapted to market changes and fluctuations in business demand throughout the year, while also accommodating employee needs.

PwC employees

816

Other forms of employment
(Part of the total employee number):

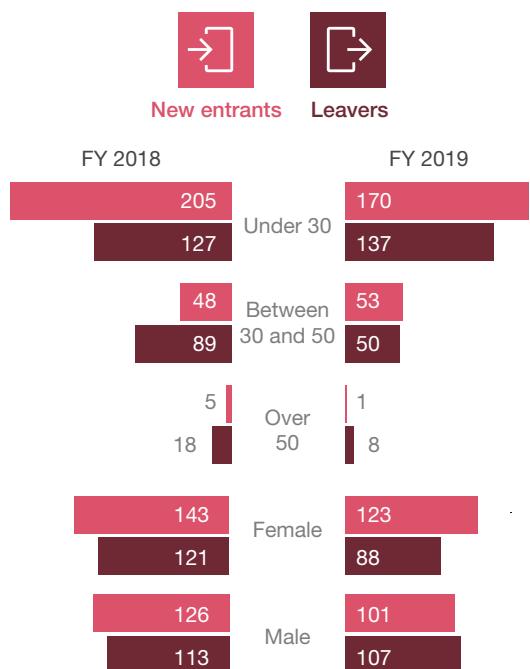


Interns
81

Staff numbers by position, gender and age

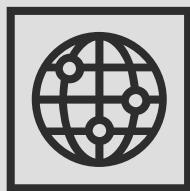
Position	No	Age	Financial year 2018	Financial year 2019
Partner	Female	30 to 49	3	3
		50 to 69	1	1
	Male	30 to 49	13	11
		50 to 69	4	5
Staff	Female	Under 30	166	122
		30 to 49	227	196
		50 to 69	11	8
	Male	Under 30	137	166
		30 to 49	137	212
Interns	Female	50 to 69	10	11
		Under 30	29	44
	Male	Under 30	38	37
		Total	776	816

Turnover according to age and gender



In FY 2019

3

colleagues joined
PwC's management

In FY 2019

10

colleagues had the
opportunity to go on
secondment abroad.

Diversity and inclusion

At PwC, we respect and value differences because every single one of us is different. We know that when people from different backgrounds and with different points of view work together, we create the most value – for our clients, our people and society. We have set up a task force comprising both male and female colleagues of different ages and backgrounds to discuss and promote diversity and inclusion in the workplace, and help find real answers to problems our people face.

European Diversity Charter

In autumn 2018 we signed the European Diversity Charter once again, which promotes diversity and anti-discrimination in the workplace. Its main objective is to raise leaders' awareness and to increase their commitment to mainstreaming diversity in their organisations by providing support and inspiration for developing human resource management. In Hungary, the organisation responsible for the Diversity Charter and related activities is the Hungarian Business Leaders' Forum (HBLF). One of our colleagues actively participates in HBLF's Diversity Target Group, regularly attends meetings, and occasionally invites members of the Group to events where we can showcase our activities and learn from each other's best practices.

Girls' Day

In May 2019, PwC Hungary participated in the Girls' Day career guidance programme. Organised by the Association of Hungarian Women in Science, the programme aims to provide high school girls with inspiration for their future career goals.



www.pwc.com/timetotalk

Everyday Heroes – Meetups with expectant mothers

Our Everyday Heroes event aims to help expectant mothers keep in touch with PwC, their colleagues, and to gain insight into changes affecting the company. The event provides an excellent opportunity to learn more about young mothers' work-related plans and the dilemmas they face.

In addition, our colleagues on maternity leave can also get the inside scoop from PwC Hungary's *Insider* magazine, which we send them quarterly via email.



“

It is unpredictable how many organizational, IT and other changes take place at a company over the period young mothers will stay away from their workplace, which may often be years. Our goal is to keep them in the loop about the most important changes and to help them return to work.”

Éva Bresztyenszky, HR Leader, PwC Hungary



Our publications on the topic of diversity

PwC's experts regularly cover the subject of diversity and inclusion. Recurring topics include youth employment, women's and seniors' position in the labour market.

Benefits



Sporting opportunities, promoting a healthy lifestyle

Sports should be a part of a balanced lifestyle. To that end, we offer sporting opportunities for our employees, including:

- weekly in-house Pilates classes
- team sports organised by PwC (soccer and volleyball)
- MOL Bubi (public bicycle fleet) pass
- in-house Step Counting and Cycle to Work competition
- running competitions
- Summer Fest – summer sports day
- Care4Life – promoting a healthy lifestyle

Cafeteria plan

In 2019 the following benefits could be chosen:



Tickets for cultural events



Language course support



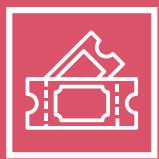
Topping up fuel cards
Only for company car users



SZÉP Card – hospitality



Cash allowance
(Cafeteria benefit paid in cash)



Tickets for sporting events



Support for nursery/
kindergarten fees



SZÉP Card – accommodation



SZÉP Card – leisure

Health Day

On 28 March 2019, we organized a firmwide Health Day. Throughout the day, PwC staff were able to participate in health screenings and a CPR course. In addition, there were interesting presentations, sales promotions, food tasting, and competitions.

Care4Life

We launched our Care4Life programme this year to encourage our people to take part in both existing and new activities to improve their physical and mental well-being.

We have collected tips on our Care4Life website, which is updated every two weeks, on what our people can do to eat more healthily, where they can do sports individually or in a team, and on recreation and disease prevention.

Lunch & Learn – We learn from each other

We think it is important to share our expertise and knowledge not only with our clients, but also in-house, which is the purpose of our Lunch & Learn events. Our colleagues give presentations on internal projects, services and other matters of interest, with buffet-style lunch provided. More than 600 staff members participated in these events.

Outlook – inspiring people, interesting stories

PwC Outlook is an event series that showcases interesting and inspiring stories of successful people in various fields not closely related to our operations, in the form of an hour-long moderated conversation with the invited guests.



Innov8

This year we launched our Innov8 presentation series on Essential Eight technologies, as identified by PwC. The events are held every two months, each time with a different theme. The purpose of these interactive presentations is to gain a better understanding of the technologies that will most likely shape our future.



Zoom Away Day

Innovation requires investment of time and energy. Our Zoom Away Day is a day when our colleagues can focus on innovating instead of everyday business tasks. They have the opportunity to take a full day to explore our internal processes and services from a new perspective, to come up with new products and solutions.



Summer Fest

In June 2019, we held our informal sporting event in Siófok, which closed our financial year, at which our colleagues had the opportunity to take part in sporting activities, cooking and other competitions, and relax with their peers.



Employer-employee relationship

Annual Global People Survey

Each spring we conduct a Global People Survey (GPS) to ask our staff members how they feel about the workplace. In Hungary, 88% of our employees filled out the questionnaire for the reported financial year.

The GPS questionnaire contains nearly 100 questions, in a business-specific breakdown. As a result of the GPS survey we gain a proper picture of the areas to develop in our operation. Every year, we share the results of the GPS survey with our employees, and also address the most important issues they raise in various forums.

In the survey, which is conducted across the PwC network, our people are asked to provide feedback on the following (among others):

- Commitment
- Flexible work
- Innovation
- Team work
- Diversity and inclusion
- Remuneration and rewards

Recruitment and selection

The work of our Recruitment team within Human Resources involves hiring new colleagues according to market needs. We are present on several online platforms and events where prospective employees can get to know our firm and the positions we offer. The events we organise are very popular, and allow participants a first-hand glimpse into our work and operations.

Vibes



In the spring of 2019, we held our first PwC Vibes event, our most ambitious recruitment event to date. For those interested in our company and for prospective employees, we showcased our workplace with a new programme, involving all business lines and areas of expertise.

Welcome bites:

In addition to sharing our knowledge, it is also important for us to continuously respond to the needs of our employees. That is why we have restructured entrants' first day with the company, where we talk, in smaller groups and in a more interactive manner, about our professional and community activities based on our company's values. Innovation, pro bono activities, and the history, structure and values of our company are among the topics of the day.

2.

Responsible partnership

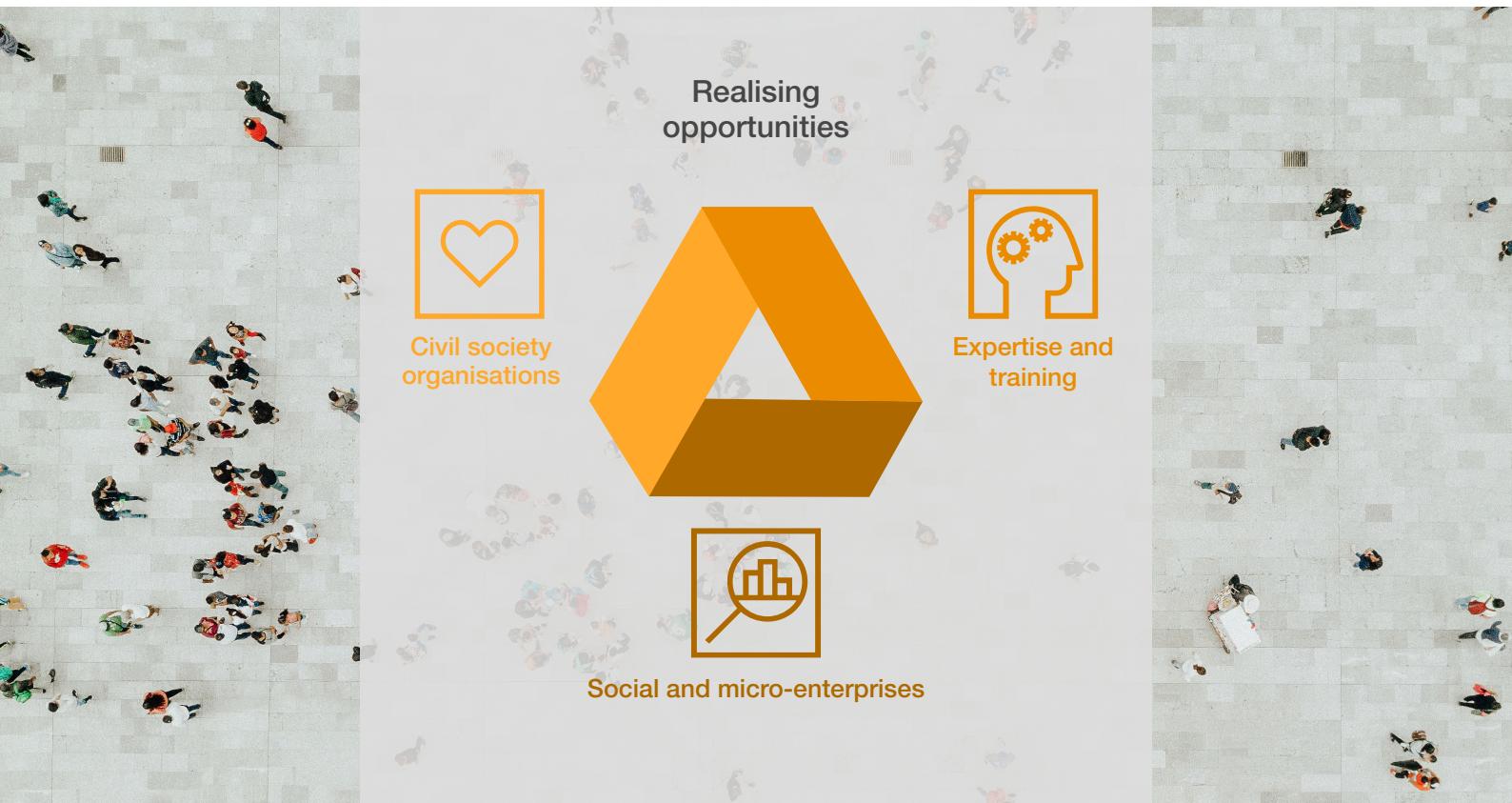


2.1 Corporate responsibility strategy

Our CR strategy, both globally and locally, focuses on areas such as appreciating our people, mentoring the next generation, and developing innovative business solutions. We hope to achieve measurable and lasting positive change in these areas while implementing our strategy. Our annual sustainability report on our corporate sustainability initiatives provides transparency and contributes to keeping our stakeholders informed.

Our report presents our corporate responsibility programmes, our plans, and identifies the areas that need improvement.

We believe that we can create permanent and sustainable value for our direct and indirect stakeholders through our core professional activities, technical expertise and related services. Accordingly, throughout the financial year we provide professional assistance to civil society organisations or offer pro bono services, involving as many of our employees as possible.



CR management

In our company, CR as a functional task (i.e. the projects belonging to the CR strategy, the coordination and monitoring of action plans and initiatives, and uniform internal and external CR communication) is carried out by the Marketing, Communications and Business Development team. Conceptual and strategic CR planning is the task of the CR strategy team, which includes the head of Marketing (Borbála Palotai), the CR Manager (Katalin Simon), and two partners from the Assurance service line (Balázs Mészáros and László Radványi), who provide technical support to the CR team. Since spring 2019, Balázs Mészáros, Partner, has also served as PwC's CEE CR Leader.

Planning is carried out in consultation and cooperation with the CEO, while specific programmes are organised and implemented by our employees. The content of the Sustainability Report is approved by Balázs Mészáros, Partner.



“

“The most significant impact we make comes from the work we do every day, assisting decision makers to navigate many of the complex systems that underpin society. We help these systems function and clients to operate effectively and transparently.”

Balázs Mészáros, Partner, CEE CR Leader

Standard measurement system across the global PwC network

To enable PwC to measure and globally compare the operations and CR activities of its member firms along the four pillars of our CR strategy (marketplace, workplace, environment, and community), the Global Corporate Responsibility Bureau (GCRB) has developed a measurement system called “Leadership-ladder self-assessment”.

Members of the PwC network report their data at the end of each financial year, which for us is at the end of July. By aggregating such data we get a global picture of our operations and CR activities during the year, as well as of the areas that need improvement and for which an action plan must be developed. The combined results of the members of the PwC network are published in our Global Annual Review in October every year.

Globally



Cash benefits and benefits-in-kind

USD 194.3 million



Number of volunteers

61,000



Volunteering activities (hours)

925,000

In Hungary



Cash benefits and benefits-in-kind

HUF 5,375,000



Volunteers doing physical work

564



Physical volunteer work (hours)

3522

Volunteers doing professional activity

139

Physical volunteer work (hours)

1214

Our community initiatives – #pwctegyunkerte

Volunteer Day

We have organized our Volunteer Day annually since 2014, which is our most popular community event. In autumn 2018, more than 500 PwC staff visited 30 non-profit organizations, foundations, schools and social enterprises to get acquainted and to donate their labour and skills.

Our experts provided free in-house training for representatives of non-



profit organisations on taxation, data protection, social impact assessment, project management, and service development.

What does this day mean to our colleagues, and what other good



causes did they support? [Watch our video](#) on PwC's YouTube channel to find out!

It's about others

It has been eight years since we first launched our "It's about others" call for proposals for CR projects, and for the first time in 2018 we invited not only college and university students, but also high school teams to propose projects to address environmental, health or social issues. In addition to our returning applicants, such as Kikapcs., which offers recreation for children with special needs and their families, or Medve Matek, which aims to popularise maths, we met new teams such as the five percussion students from Széchenyi István University's Faculty of Arts in Győr, who hold music therapy sessions for children with autism, and students from Dunaújvárosi Szakképzési Centrum, which organises theatre performances for young persons with disabilities.

Offering free access to our venues

Thanks to our office layout in the Eiffel Palace, we have a conference space



where we organise both internal and external professional or community events. In the past financial year, we provided nearly 250 hours of access to our venues free of charge for the following non-profit organisations and events:

1% campaign – What takes you only five minutes is vital for a civil society organisation.

We believe it is important that our employees extend social responsibility also to their private lives. To this end, we launch a campaign every year to call their attention to the importance of donating 1% of their personal income tax. As usual, we compiled a list of organisations and foundations that we cooperated with, and wrote the names of those we supported and posted their brochures on the chalkboard of our community space.

Blood donation

In order to assist our community's efforts to provide a safe and adequate blood supply, we organise blood donation drives in our office three times a year, co-hosted by the Hungarian Red Cross. The blood donations are in September, December and April, and in addition to PwC staff, we also invite employees of other companies in the Eiffel Palace to take part.



August 2018 December 2018 April 2019

Note: The number of people signing up for blood donation is always higher than the number of those who can actually donate following a medical exam. We quote the latter figure in our report.



Training and education



Education is one of the pillars of competitiveness for both society and individuals. It is difficult to prepare learners for rapid technological advances under the conventional training models, which is why educational policy poses many challenges almost all over the world.

Lifelong learning is gaining increasing importance.

The PwC network is committed both globally and locally in Hungary to sharing knowledge and providing technical assistance. Training activities or indirect training development constitute important elements of our community engagement.

Quality education is one of the globally adopted Sustainable Development Goals (SDGs). Based on our core activities, supporting quality education and using our assets to contribute to the development of the Hungarian educational system are focus areas.

How did we support the development of organisations in the financial year 2019 in Hungary? Basically, we perform knowledge sharing and development activities by offering pro bono services, training and mentoring.



1434

hours of pro bono professional services delivered in FY 2019

Number of pro bono engagements:

7

Number of staff delivering pro bono services:

37

Our pro bono engagements

BOM Foundation for Hungarian Sports
OFF-Biennale Association
Robert Burns Foundation
Csodalámpa Foundation
Hungarian Business Leaders' Forum
Mosolygó Kórház (Smiling Hospital) Foundation
Tihanyi Foundation

Training

Number of educational institutions reached:

20

Number of experts providing training:

44

Training hours:

301**Mentoring**

Number of non-profit organisations participating in the Civil Mentoring Programme:

15

Number of staff involved:

27

Hours spent on the programme:

562**Mentoring**

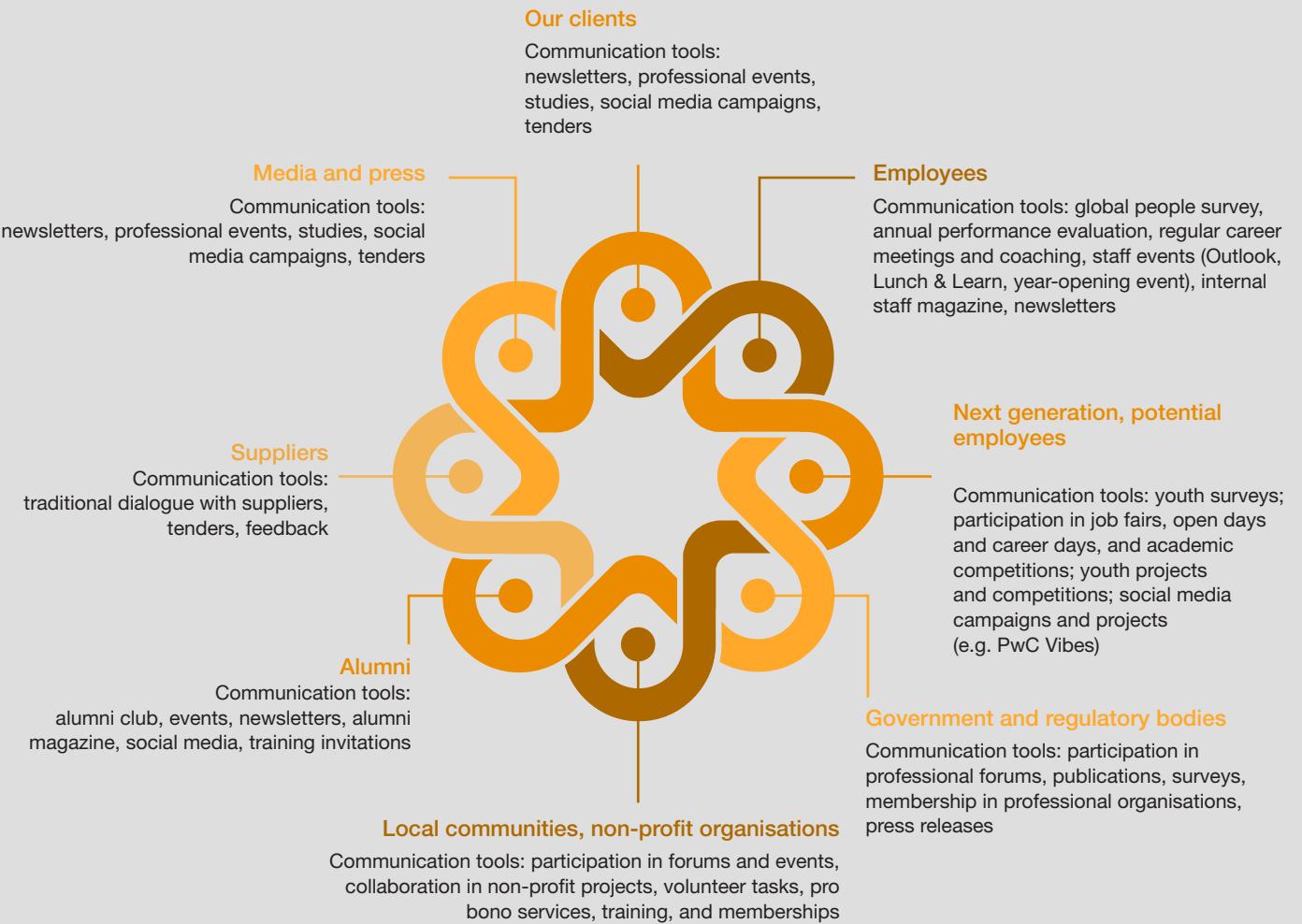
In March 2017, the Pro Bono Team at PwC Hungary launched a mentoring programme for non-profit organisations. The programme was announced for the third time in early 2019, updated with topics requested in feedback by past participants. As a result, service design and marketing communications were included in the five-module training series.

The training phase of the third programme ended in June, after which the selected organisations took part in a six-month mentoring programme (expected to run until December 2019).

During these six months, PwC's employees assisted the organisations and provided them guidance in their everyday operation. In the past three years, we have been involved in the development of several organisations engaged in education, such as Connect Mentor Programme, Social Innovation Foundation – InDaHouse, Kamasztér, Köz-Pont Youth Organisation, Kerekasztal Theatre Education Centre, and Messzehangzó Tehetségek Foundation.



2.2. Relations with stakeholders



Our stakeholders: mapping, prioritising and dialogue

Stage 1 – Mapping



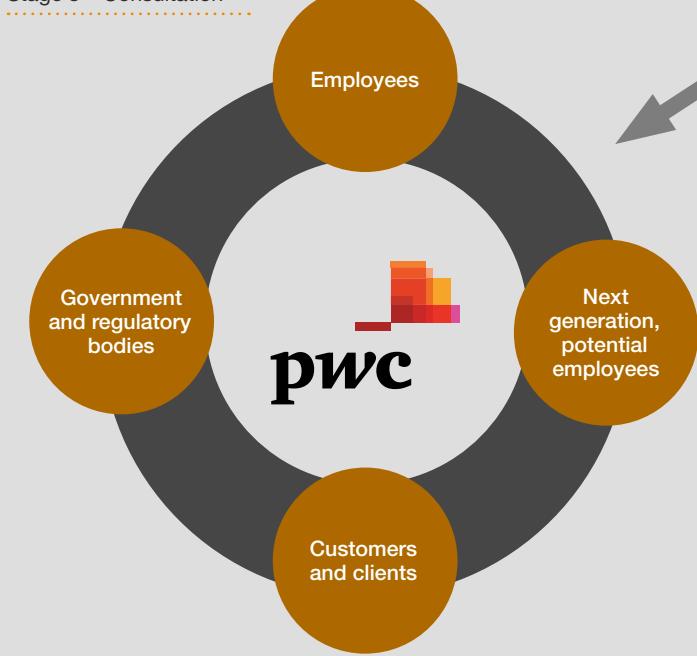
We prioritised our stakeholder groups with the help of our corporate responsibility team. We mainly focused on our current and prospective employees, our clients, and government and regulatory bodies. One of the biggest challenges today is finding and retaining talent.

The key to delivering consistently high-quality services to our clients is our people. Local communities and non-profit organisations also play an important role for our firm, as we pay special attention to their training and development.

Stage 2 – Prioritization



Stage 3 – Consultation



Employees

Companies concentrate on stakeholder groups that have the greatest impact on their strategy, with a renewed focus on employees. Corporate talent strategies have also diversified in response to skills shortages: in addition to pay and financial incentives, continuous training, strategic succession planning, and shaping the workplace culture are also part of talent management and increasing loyalty. Employee motivation, satisfaction and having a good work-life balance are key to keeping employees engaged. PwC pays particular attention to employee well-being programmes, which we describe in more detail in the Benefits section. In addition to highly qualified staff, technology is also indispensable to success. However, the increasing trend towards digitisation, robotics, automation and AI poses new challenges to companies.

We aim to meet these challenges by retraining and upskilling our people, and encourage them to acquire skills they can make the best use of in their work. (For more information on our training hours, see the [List of indicators page](#).)

Next generation, potential employees

For Hungarian companies, skills shortages are among the greatest challenges. PwC's recruitment team regularly participates in university career fairs. Some of our colleagues have served as guest instructors in 20 higher educational institutions.



Our clients

PwC has been present in the Hungarian professional services market for thirty years. During this time, we have delivered value-added professional services to the majority of multinational and privately owned companies in Hungary. In addition to knowing our clients' business, so we can better support them, a key to our success is listening to our clients.

In order to provide our services at the highest possible level of quality and to realise personalised ideas according to changes in the economic environment, we strive to develop multidirectional and effective communication with domestic companies.

That's why we create opportunities to meet and exchange ideas with our clients on diverse platforms: business events, professional forums, trainings, cultural and sports events, and personal discussions.

Client acceptance and retention

PwC Hungary has implemented a process to identify acceptable clients supported by the proprietary PwC International decision support system for client acceptance and retention (Acceptance and Continuance – A&C).

This is how the system works: the engagement team, together with industry specialists and risk management staff, consider jointly whether the risks associated with an existing or potential client are manageable, and whether we want to do business with that client and its management.

(For more information, see the List of indicators page.)

Client Feedback Survey

We have been soliciting online feedback from our clients as part of our Client Feedback Programme for years.

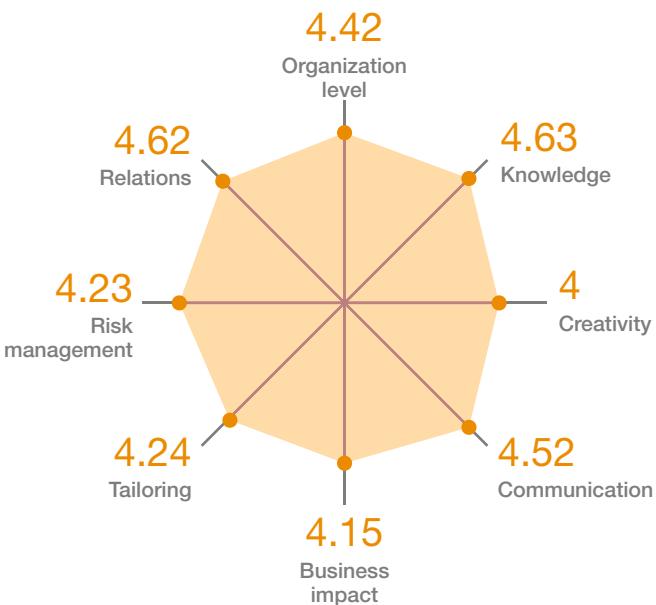
The survey helps us measure the overall level of our clients' satisfaction with our services, and gives us the opportunity to identify areas that need further improvement. The survey is coordinated by two members of our Marketing, Communications and Business Development team. In the previous financial year, they implemented internal communications processes to promote the programme, automate certain parts, and communicate the results.

In the client feedback survey, we use a measure called Net Promoter Score (NPS), which shows the loyalty of our clients. This metric is a branded joint development of Fred Reichheld (an American business strategist famous for his research and publications on the loyalty business model and loyalty marketing), Bain & Company (a global management consulting firm) and Satmetrix (a U.S.-based provider of customer experience software). A positive NPS (the sum is greater than zero) is good, while an NPS over 50 is excellent.

In FY 2019, we scored a net NPS of 45 in our client feedback survey.

PwC's competences according to clients

The answer can be given on a scale of 1-5, where 1 is the worst and 5 is the best value.



PwC's Hungarian CEO Survey

In 2019 we conducted our eighth Hungarian CEO Survey, in which we surveyed the opinions of Hungarian CEOs regarding the economic environment, their own business prospects, and the difficulties and threats they are facing.

Based on face-to-face interviews, our survey provides unique insight into the thinking and strategic direction of Hungarian CEOs, and enables comparison with the views of chief executives around the world.



”

Subdued growth, narrowing market opportunities, a skills gap, and distrust in the latest technologies. This is what we see now.

However, there is also strong internal focus on creating the workplace of the future and developing efficient processes and innovative solutions – this is what we are working on with our clients in 2019.”

Tamás Lőcsei, CEO, PwC Hungary



In total, 236 CEOs from eight industries took part in our 2019 survey. The findings of our survey conducted at the end of 2018 show that, both globally and in Hungary, CEOs are optimistic about their own organisations' revenue prospects, but their confidence has declined regarding global and local economic growth.

To learn more about the survey, click the following link: www.pwc.com/hu/ceosurvey

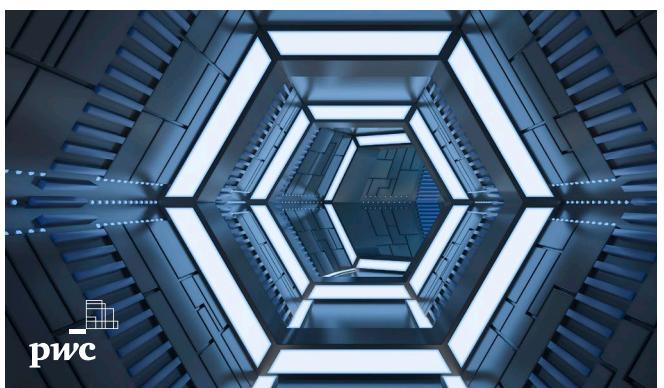
Future of Finance

We have seen that CFOs are facing an urgent choice: they either look on as the finance function is automated, leading to its closure, or they seize the opportunity to make changes and take on a new and important role within their company.

What are the biggest challenges for CFOs? What are current and future success indicators? These were some of the questions that we were looking to answer in our online survey, which was completed by more than 123 Hungarian CFOs from nine industry sectors in the spring of 2019. With the results and the conclusions drawn by our experts, we want to provide guidance to CFOs, CEOs, decision-makers and stakeholders in this field.

Future of Finance

A pénzügyi terület jövője



Key players in our supply chain

We are putting increasing emphasis on the selection of our suppliers. We strive to develop long-term relationships with them, thereby ensuring the quality of the services we receive. In the past few years we have also increased the number of our non-profit suppliers.

In the 2019 financial year, we attached our updated Terms of Business (ToB) to all supplier contracts. Our ToB contains data protection provisions, and we also require our suppliers to undertake to operate responsibly in line with the Ten Principles of the UN Global Compact (<https://www.unglobalcompact.org/what-is-gc/mission/principles>).

Selecting our suppliers – steps taken to support the non-profit sector

Christmas market 2018: charitable foundations and associations sold goods created by disadvantaged people in our office building.

The following organisations participated in our Christmas market:

Bárka Foundation, Fény Felé Foundation, Hetedhét Határ, Inspa, KórházSuli, Lámpás 92 Foundation

Suppliers for our events:

- “It’s about others” catering services:
Nem Adom Fel Café
- CEO Survey results presentation, catering services: Kék Madár Foundation, Ízlelő Restaurant, Szekszárd
- Angyalliget Public-benefit Foundation – acquiring souvenirs
- Itt a Szezon - Piac2Office service
- Summer Sports Day: Women for Balaton Association



Cooperating trade organisations

Due to our consulting work, we are in contact with and engage in dialogue with many community groups, professional organisations, non-profit and regulatory bodies.

We cooperate with or are members of the following organisations:

American Chamber of Commerce
Budapesti Értéktőzsde Zrt.
Budapest Chamber of Commerce and Industry
Budapest Chamber of Commerce and Industry
Effekteam (formerly Hungarian Donors' Forum)
Győr-Moson-Sopron County Chamber of Commerce and Industry
Association of ICT Companies
Industry 4.0 National Technology Platform Association
Irish-Hungarian Business Circle
Joint Venture Association
Hungarian Electromobility Association
Hungarian Automotive Industry Association (MAGE)
Association of Hungarian Automotive Component Manufacturers
Hungarian Private Equity and Venture Capital Association

Hungarian Hotel and Restaurant Association
Hungarian Service & Outsourcing Association
Hungarian Competition Law Association
British Chamber of Commerce in Hungary
Association of Japanese Enterprises in Hungary
Business Council for Sustainable Development in Hungary
Confederation of Hungarian Employers and Industrialists
Deutsch-Ungarische Industrie- und Handelskammer
Deutsch-Ungarische Industrie- und Handelskammer
Hungarian Association of International Companies
Public Company Accounting Oversight Board
NESsT Hungary
Volunteering Hungary - Centre of Social Innovation
Project Management Institute
ICT Association of Hungary (IVSZ)



2.3 Awards and recognition



Fortune Awards

Best Companies for the 15th consecutive year



DreamJo.bs TOP 25

Likeable Companies



“Companies that Support Volunteering,” Silver Certificate

Volunteering Hungary – Centre of Social Innovation (ÖKA)

3.

Responsible operation



3.1 Environmental and operational awareness

Modern, environmentally friendly offices

PwC Hungary's office is housed in the Eiffel Palace in Budapest. The Eiffel Palace is the first office development project in Central and Eastern Europe to meet the strict requirements of both the BREEAM and LEED environmental standards with excellent results. In the past year, the electricity produced by solar panels installed on our office building was used in common areas.

Green features of the building:

- energy efficiency class "A";
- the roof accommodates 120 solar panels; sufficient to produce 50,000 kWh/a of electricity;
- the building is heated and cooled using an air-source heat pump system;
- the CO2 emission of the building is reduced by more than 30% through the use of local low and zero carbon technology (VRV system, solar energy water heating, PV system);
- high-efficiency lighting systems are controlled by sunlight and motion sensors;
- rainwater utilisation system with a storage capacity of 200 m3; rainwater is used for flushing toilets and watering plants;

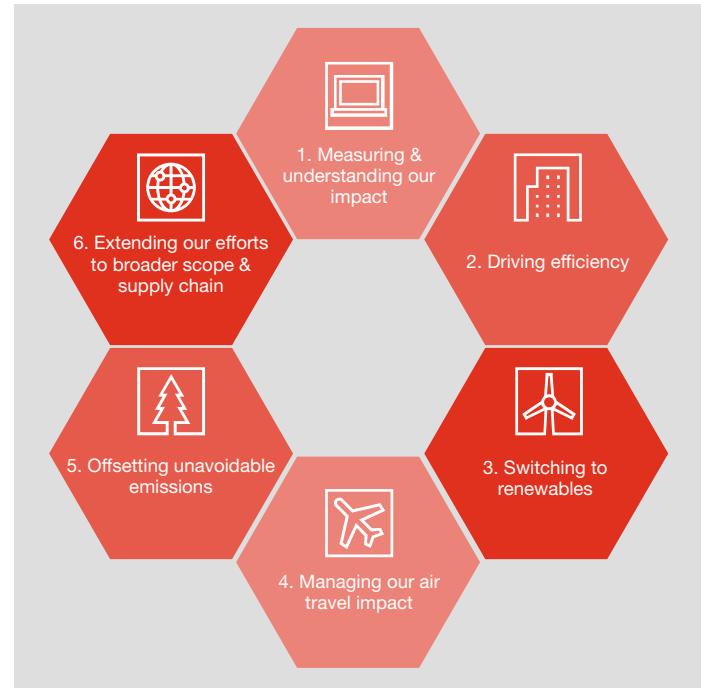
- external facade lighting with an LED source and BMS control;
- elevators with high energy efficiency;
- more than 60 m2 of planted "green wall" in the lobby, watered with rainwater;
- 100 bicycle stands and 8 showers available to cyclists;
- easy accessibility by public transport;
- the proximity of bicycle routes, providing an alternative means of transport;
- photovoltaic panels providing electricity for electric and hybrid vehicle chargers;
- the use of faucet aerators to conserve water;
- alkalmazás;
- energy-efficient cooling/heating system;
- automatic lighting control using presence and motion detectors;
- local separated waste collection (in both the implementation and operational phases);
- environmentally responsible waste management;
- extensive green roof on multiple levels;
- chargers for electric and hybrid cars;
- waterless car wash using little or no water.



PwC's Global Environment commitment
<https://www.pwc.com/gx/en/corporate-responsibility/pdf/strategy-map-environment-global.pdf>

Our approach

As part of our commitment to going 100% renewable, we've joined RE100, a global movement of businesses committed to going 100% renewable. Our commitment is to transition the majority of our largest firms to renewable energy by FY22, with a slightly longer ramp-up for some of our smaller territories and/or markets. RE100 is an initiative of the Climate Group and Carbon Disclosure Project (CDP).



Our operation by numbers

As service providers, we impact our environment with our operations, rather than with tangible products. What we create is information, which in many cases is still paper-based. Due to our significant paper usage (about 1,500 financial statements annually) we strive to offer our employees alternative solutions in order to avoid unnecessary printing.



* Paper waste: quantity of used paper as waste

** Selective paper waste: the quantity of paper waste selectively collected by the renting partners of Eiffel Palace

Electric cars

Our firm owns two Nissan Leaf all-electric cars, which demonstrate our commitment to environmental consciousness and sustainability. We use these cars for courier services. Where possible, our staff also use them instead of taxis or rented cars to visit clients in Budapest, reducing our environmental impact on the city. The cars are very popular among our colleagues.

PwC – MOL Limo cooperation

In addition to taxis, MOL Limo is also available for business use. Car sharing is gaining ground in public transport – for our company, this is yet another step towards sustainability, and we encourage our employees to take advantage of this opportunity, which is open to all.



Road transport in numbers

Usage figures for firm-owned and leased vehicles:



Air transport in numbers



Green office task force

The members of our green office task force meet monthly to discuss ideas on how to be more environmentally conscious in our everyday life, both at home and at work, and how we can shape our colleagues' approach. Having reduced the amount of plastic waste we generate, this financial year we set the goal of eliminating the use of disposable plastic utensils in our shared kitchens and rooms. As part of this approach, members of the green task force publish articles in our internal quarterly magazine. With the help of our event organising team, we use returnable plastic cups, eco-friendly cutlery and plates at our social events; at our annual summer fest, we gave our staff a reusable water bottle as a gift, helping them stay green even outside the workplace.



Spring cleaning

Spring is a time for renewal, so in April we organised a collection where our colleagues could bring no-longer-needed items that were unused or in good condition to our office to be donated to charity or disposed of for recycling. We collected cell phones and household items as part of the Cseriti Box project, plastic boxes for the Heti Betevő Association, and used blankets and towels for Hangya Közössége. We use unneeded or incomplete cutlery sets, glasses and plates in our shared kitchens, banishing disposable plastics from our office.

GHG offset

We are committed to minimising the impact of our carbon emissions focusing on areas of our footprint that are most material to our business. While professional services firms do not have the footprint of many other industries, we use significant power in our offices and data centres, and travel to deliver on our client engagements.

While driving efficiency to reduce our absolute carbon impact, we commit to offsetting air travel emissions from FY19 and to sourcing 100% renewables for our electricity consumption and offsetting residual energy use by FY22.

Bermuda Shorts Days

By dressing for the summer weather we aim to call attention to climate change and the steps we can take in response. Summer Fridays are Bermuda Shorts Days at PwC Hungary, which means that our colleagues may dress more casually, as appropriate for the weather. What does this mean in practice? There is no strict dress code for summer Fridays; our colleagues are free to dress as their day requires. In addition, on the last working day of the week, a uniform temperature of 25°C is set in our office, which reduces our environmental footprint. We want to use this initiative to start a movement and encourage other companies to take similar steps.



3.2 Our presence in Hungary

PwC is one of the world's leading business consultancy firms. We help our clients achieve their goals through our industry-specific professional services.

In Hungary, in our offices in Budapest and Győr, 816 employees assist our clients in three main service areas: assurance, tax and legal, and advisory services, and in many other specialties.

We have grown to become a leading audit and business advisory firm because we have been gathering experience ever since we were established in 1854. We use this experience and combine it with our local expertise. The source of this experience and expertise is our people, on whom our present and future depends, and so they and our future employees represent the focus topics among our key issues.



Our services

Advisory

Management consulting services

- Strategy & operation
- CRM & Customer Technologies
- Project, program and investment management
- Innovation management and start-ups
- Enterprise Business Applications

Financial and transaction advisory

- Valuation & financial advisory
- Transaction services
- Business recovery services
- Infrastructure and transport consulting
- M&A and financing advisory services
- Real estate consulting
- Technical expert services
- Fraud prevention and detection

Technology consulting

- CIO consulting
- IT implementation and systems integration
- IT project/portfolio management
- Digital architecture
- Data Analytics
 - Enterprise Analytics & Data Solutions
- Digital business

Assurance services

Core assurance services

Value-added assurance services

Risk Assurance Services (RAS)

- Governance, Risk, Compliance (GRC)
- Cyber
- SAP solutions and services
- Audit support

Accounting Advisory (CMAAS) and PwC's Academy

- Accounting advisory services
- Future of Finance
- Financial sector advisory
- PwC's Academy
- Actuarial services

Tax and legal services

Tax Controversy & Dispute Resolution (TCDR)

Tax policy

State aid and tax incentives

Tax reporting & strategy

- Consulting on tax and accounting technology
- Tax strategy & operation
- Accounting review
- Accounting compliance services
- Payroll
- Payroll review
- Tax returns/Deferred tax
- Staff leasing
- Company Gateway ("Cégkapu") services

Indirect taxes

- Value added tax (VAT)
- Smart Tax – Automated tax solutions
- Customs and international trade
- Excise duty, environmental product fee, and public health product tax
- E-invoicing and e-archiving

Direct taxes

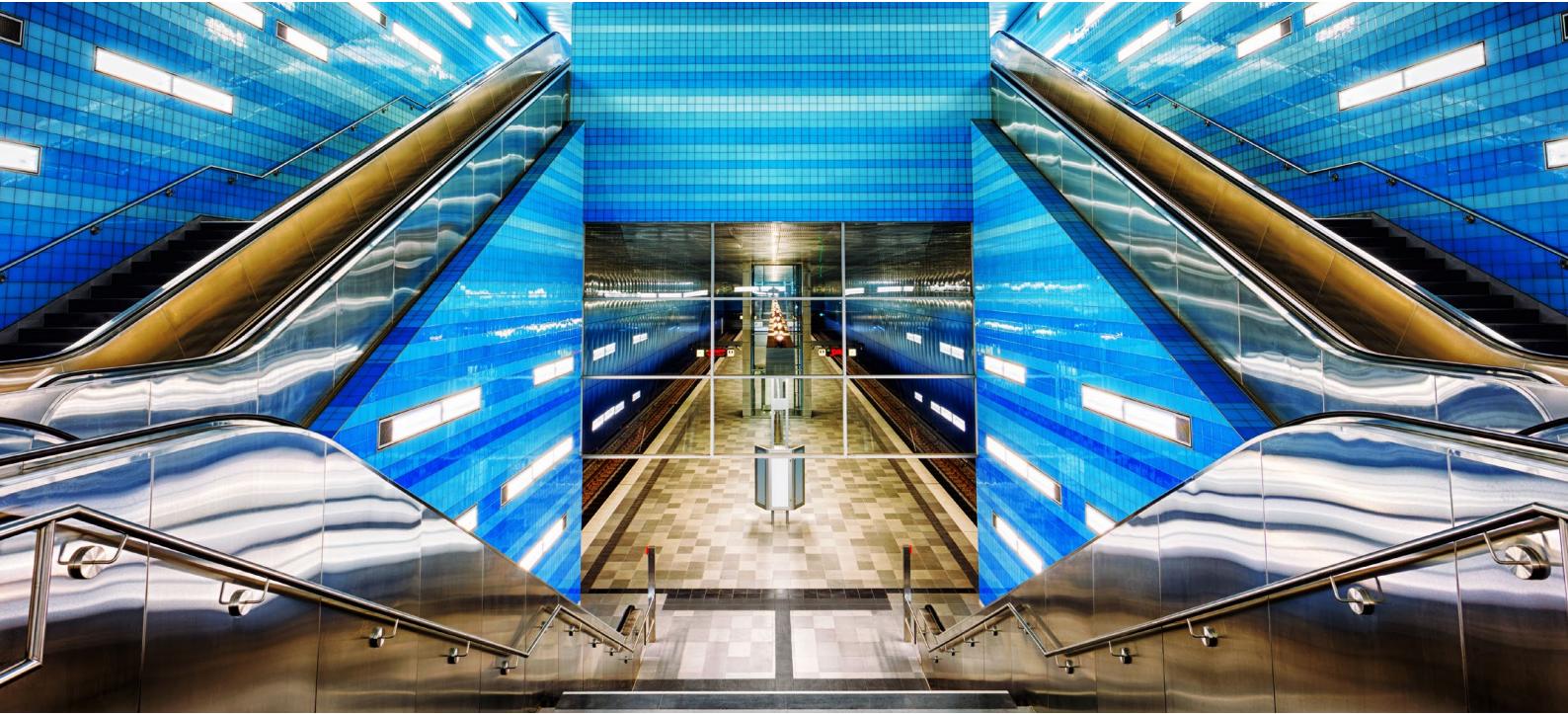
- Mergers and acquisitions (M&A)
- General corporate tax consulting & restructuring, structuring for private equity and strategic investors, real estate-related tax consulting
- R&D-related tax allowances
- Sports consulting
- Development tax incentive
- Tax incentive for investment projects related to energy efficiency
- IFRS direct taxation matters
- Transfer pricing
- Audit of Tax

People and Organisation

- Global Mobility
- Global visa solutions
- Employer-paid personal income tax and social security contributions
- Private clients
- Marketing campaigns and corporate events
- Change management and communication
- Analyses and surveys
- HR organisation and functions
- Strategic HRM
- Organisational culture
- Remuneration and benefits

Legal services

- Company law, company conversions
- Acquisitions
- Disputes and litigation
- Real property
- Financing and banking transactions
- Data protection law
- Employment law
- Competition law and consumer protection
- Pharma and Health
- Intellectual property and IT law
- Energy and public utilities
- Public procurement, transport, and other public services
- Economic criminal law
- Private clients



Legal entities, ownership structure

PricewaterhouseCoopers Auditing Ltd. ("PwC Auditing Ltd.") was established as a limited liability company and registered in Hungary (address: 1055 Budapest, Bajcsy-Zsilinszky út 78., company registration number: 0109063022).

The company's tax and advisory business lines demerged effective 1 July 2011 into a new entity named PricewaterhouseCoopers Hungary Ltd. ("PwC Hungary Ltd.").

The shares and voting rights of the Company as of 30 June 2019 were held by:

- PricewaterhouseCoopers Spolka z.o.o. (11.75% ownership, registered in Poland)
- PricewaterhouseCoopers Eastern Europe BV (1.5% ownership, registered in the Netherlands)
- PricewaterhouseCoopers CEE Firm Services s.r.o. (86.75% ownership, registered in Slovakia)

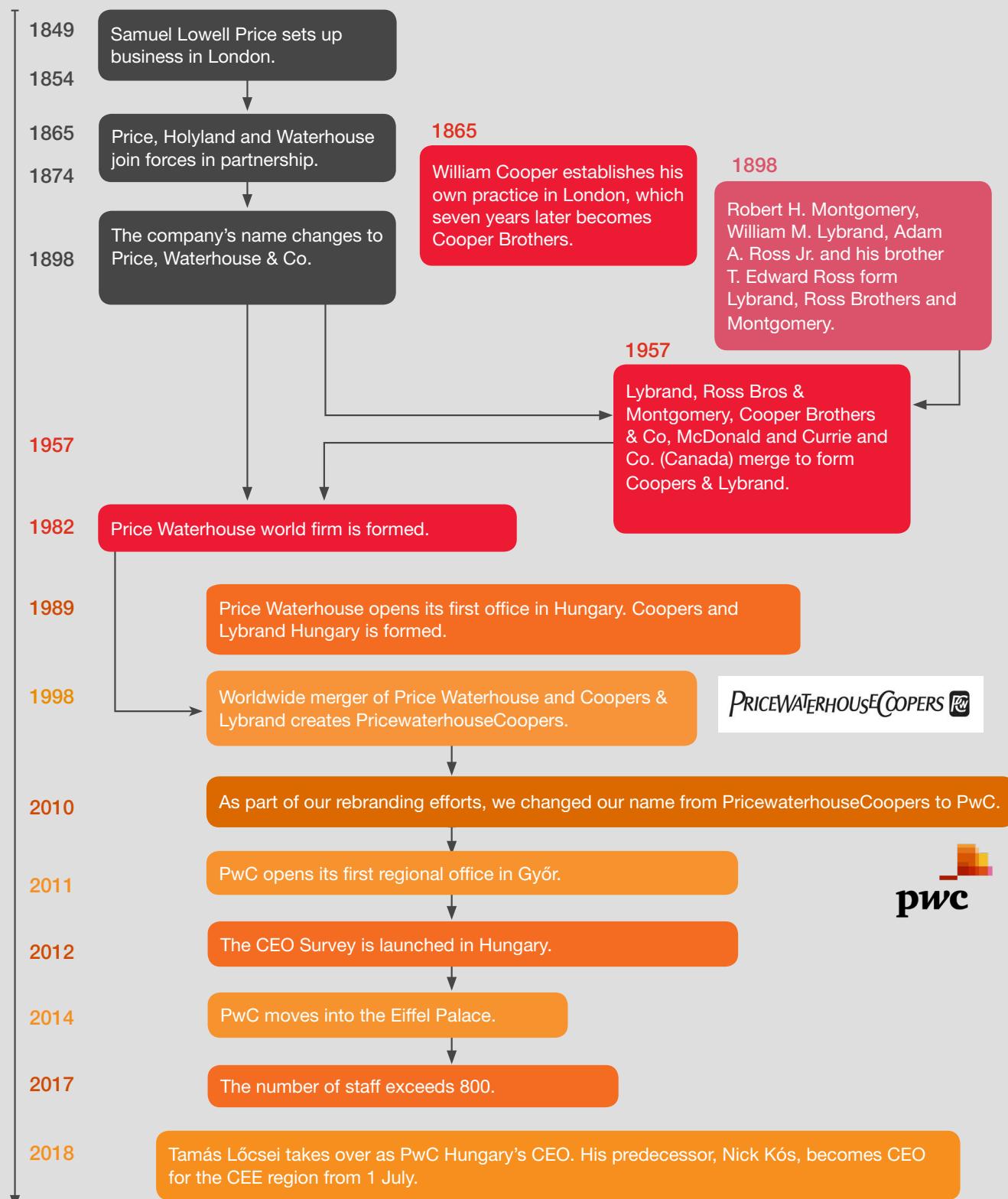
The majority of the voting rights are held by PricewaterhouseCoopers Spolka z.o.o., an audit company, in compliance with the provisions of Hungarian law regarding audit companies.

Such entities are ultimately owned by the partners of PricewaterhouseCoopers in our Central and Eastern European firms. PwC Ltd. cooperates with other Central and Eastern European member firms to provide services to local and mutual international clients operating in our region.

This cooperation is organised through a regional management team which, in addition to ensuring the adherence of these regional firms to the policies and procedures of PwC International Limited (PwCIL), enables resource sharing, the enforcement of risk management policies and quality standards.

Each national member firm also has its own management structure in place, in accordance with relevant legal and operational requirements. This legal structure and network arrangement gives each member firm the flexibility and autonomy to respond quickly and effectively to conditions in its local market. It also reflects the fact that regulatory authorities in most countries grant the right to practise as auditors to nationally based firms in which locally qualified professional auditors (or in the European Union a combination of auditors and EU audit firms) have at least a majority ownership and control.

PwC's history



Governance

PwC Hungary has its own local management structure in place, in accordance with relevant legal and operational requirements. This legal structure and network arrangement gives it the flexibility and autonomy to respond quickly and effectively to conditions in its local market. We are responsible for coordinating our own management processes in compliance with PwC's policies and regulations, including the way in which we provide quality services to our clients. Within the Central and Eastern European grouping of PwC member firms, which includes 29 national territories, there is a matrix system of management. The partners elect a Chief Executive every four years, who appoints a Management Board comprised of Territory Chief Executives and Operational Leaders from functional and business lines. This Board is responsible for setting broad business objectives and ensuring compliance with PwC International's policies.

Across geographical lines, the policy and business objectives of each principal business line (assurance, tax, legal and advisory) are set by the business line management team. Oversight of the Regional Management Board on behalf of the partners is carried out by an elected regional Partners' Council, which approves key policies and decisions that affect partners, in close cooperation with the Management Board. They are responsible for making strategic decisions and dealing with risk management issues.

PwC Kft. is managed by the managing directors appointed by the shareholders. The managing directors as of 30 June 2019 are:

Dr. Tamás Lőcsei,
Árpád Balázs ACCA, registered statutory auditor, and
Éva Barsi, chief executive.

A three-member Supervisory Board was also elected, consisting of the following members: Dr. László Réti, Paul Grocott, and Todd Bradshaw.

The Company's supreme body is the Shareholders' Meeting, which is convened at least once annually.

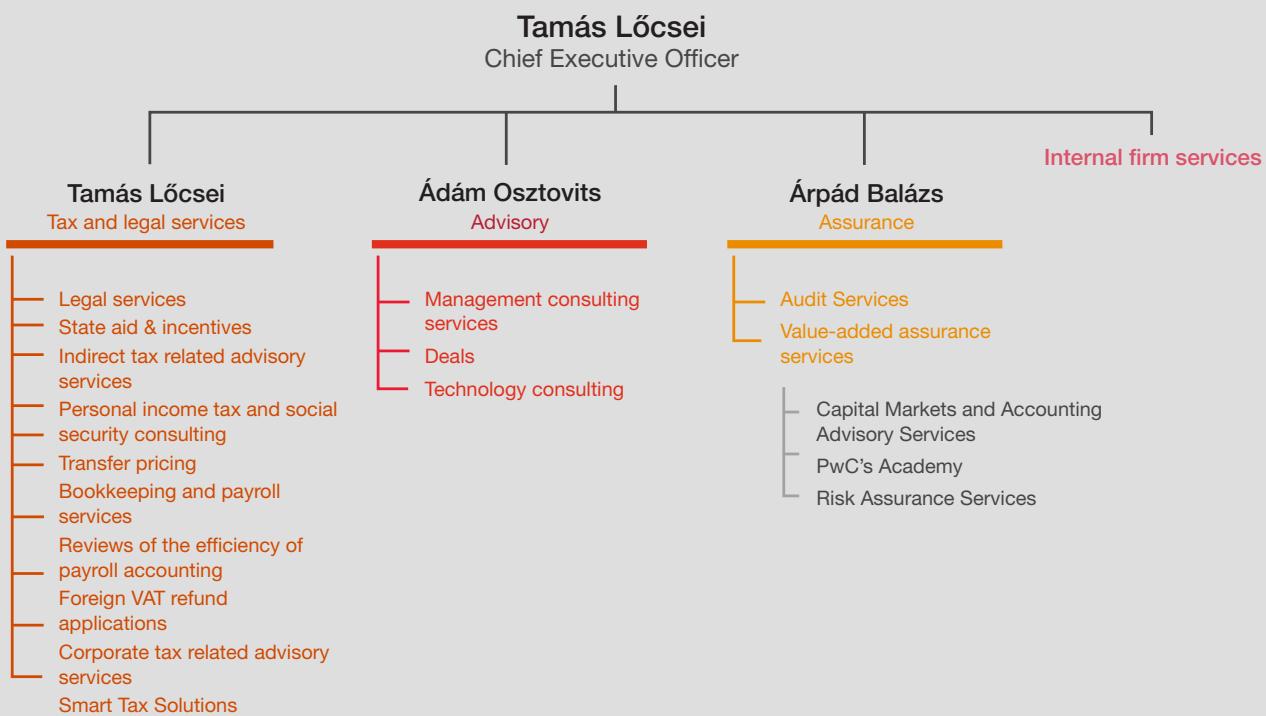
In Hungary, the members of the Territory Leadership Team (TLT) are:

the Country Managing Partner; the lead partners of Tax & Legal Services, Assurance, and Advisory; the head of HR; and the Chief Financial Officer.

The TLT is responsible for implementing global and regional policies and strategy, and for the direction and management of our firm at the local level.

TLT members' performance is evaluated each year under the supervision of the Partner Council (which carries out oversight of PwC CEE), which ensures independence.

PwC Hungary's organisational structure between 1 July 2018 and 30 June 2019



3.4 Our global network – PwC International

PricewaterhouseCoopers International Limited (“PwC International”) is one of the world’s largest networks of professional services firms. PwC’s 226,000 employees help our clients and stakeholders in 1008 offices in 157 countries with industry-specific audit, tax, legal and advisory services.

PwC is a global network of separate firms, operating locally in countries around the world.

PwC firms are members of PricewaterhouseCoopers International Limited and have 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.



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, and 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.

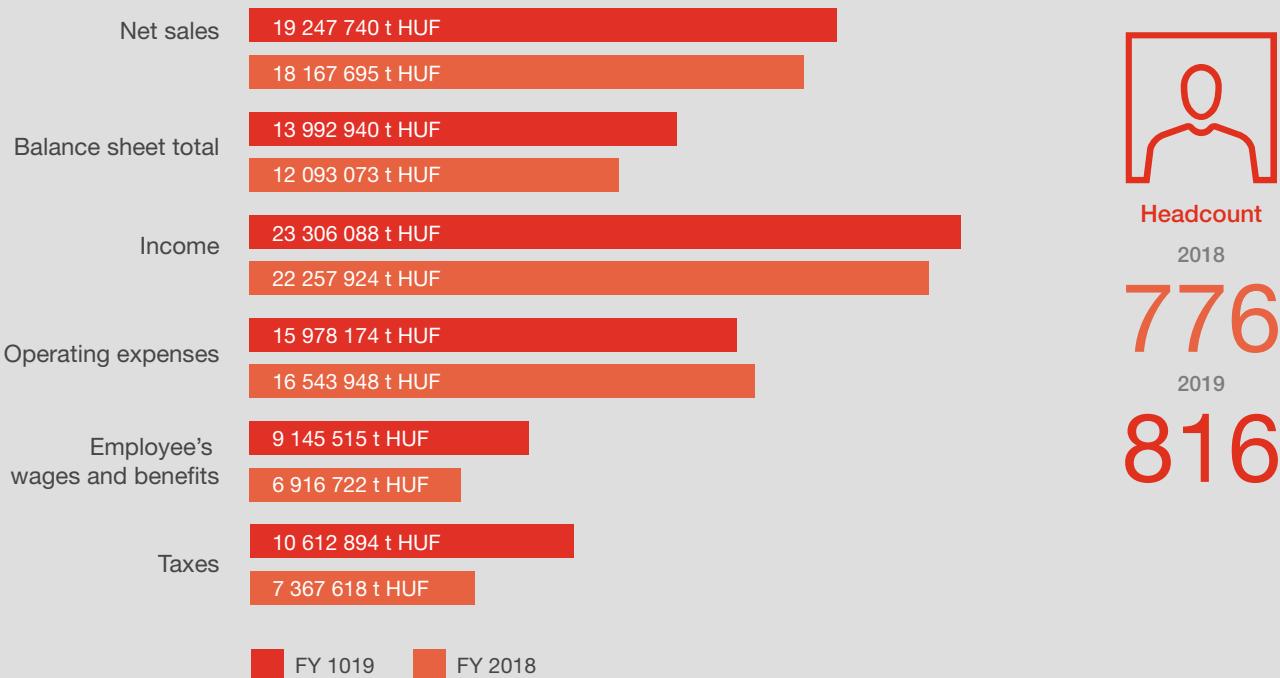
A PwC firm of PwCIL cannot act as agent of PwCIL or any other PwC firm, and it is only liable for its own acts or omissions and not those of PwCIL or any other PwC firm. PwCIL has no right or ability to control any member firm's exercise of professional judgement.

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.
- Network Leadership Team, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- Strategy Council, which is made up of the leaders of the largest PwC firms of the network, agrees the strategic direction of the Network and facilitates alignment for the execution of strategy.
- Network Executive Team is appointed by and reports to the Network Leadership Team. Its members are responsible for leading teams drawn from Network firms to coordinate activities across all areas of our business.
- Nick Kós, the CEO of PwC CEE since 1 July 2018, is a member of the Strategy Council and maintains relationships with the Network Leadership Team.

3.5 Economic indicators

These are our key economic indicators for the past two years:



3.6 Quality and risk management

Delivering service of the highest quality is core to our purpose and our strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

To help PwC Hungary put this strategy into effect, the PwC network has established a framework for quality management which integrates quality management into business processes and the firm-wide risk management process.

The framework introduces an overall quality objective primarily for the Assurance practice focused on having the necessary capabilities in our organisation and deploying our people to consistently use our methodologies, processes and technology in the delivery of services in an effective and efficient manner to fulfil the valid expectations of our clients and other stakeholders.

Our quality management system for our Assurance practice is based on 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” (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB) and the standards/guidelines issued by the Hungarian Chamber of Auditors. ISQC 1 applies to firms that perform audits of financial statements, report in connection with investment circulars and provide other assurance services where they relate to activities that are reported in the public domain and are therefore in the public interest. The objective of ISQC 1 is for the firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- the firm and its personnel comply with professional standards and regulatory and legal requirements; and
- reports issued by the firm or engagement partners are appropriate in the circumstances.

Our detailed quality control procedures are set out in our PwC Audit Guide and in PwC's Network Risk Management policies and guidance. The policies and procedures are embedded as part of the firm's day-to-day activities.

Our QMS is based on the six elements of quality control set out in ISQC 1, which are:

- Leadership responsibilities for quality within the firm
- Ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance
- Monitoring

We and the other PwC member firms are committed to delivering quality services around the world. To maximise consistency in the Network, we use a formal curriculum developed at the Network level.

This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning and on-the-job support. The curriculum supports our primary training objective of quality while providing practitioners with the opportunity to sharpen their professional judgement, scepticism, technical and professional skills. The curriculum allows us to select when we will deliver different portions of the training based on local needs.

PwC prescribes mandatory e-learning courses aimed at educating staff members about risk management, quality and compliance issues.

These are as follows:

- **Mandatory Risk & Quality 2019 training** – online course to be completed at the start of each financial year
- **CEE Compliance Curriculum – Risk Management Package**, which includes **Combatting Corruption and Money Laundering**, and **Living the Code: Insider trading and Economic sanctions training** for new joiners – this course must be completed by all new joiners by the specified deadline.



3.7 Human rights

No human rights violations were reported during the period concerned.

We believe it's our responsibility to respect and uphold the human rights of our people and any other individuals we are in contact with. We seek to integrate human rights into our existing business practices, in accordance with our human rights policy.

PwC's Global Human Rights Statement is available on our website: <http://www.pwc.com/gx/en/about-pwc/pwc-human-rights-policy.pdf>

3.8 Code of Conduct

We take pride in the fact that our services add value by helping to improve transparency, trust and consistency of business processes. In order to succeed, we must grow and develop, both as individuals and business. Our core values of Excellence, Teamwork and Leadership help us to achieve this growth. We conduct our business within the framework of applicable professional standards, laws, and regulations together with PwC policies and standards. This objective incorporates, *inter alia*, full compliance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics for Professional Accountants. However, we also acknowledge that these standards, laws, and policies do not govern all types of behaviour. As a result, we also have a Code of conduct which is applicable and issued to all PwC people and firms. This Code is based on our values and takes them to the next level – demonstrating our values in action. The Code defines how we should behave and conduct business in a wide range of settings and situations. It also contains a “framework for ethical decision making” to assist partners and staff in deciding on the right course of action in addressing ethical dilemmas they can come across. Partners and staff are expected to not only live by the Code values in their careers with PwC but to also help others at PwC do the same.

CEE has a fully integrated Ethics & Business Conduct network. Supervision over ethical matters in CEE is carried out by the regional Ethics and Business Conduct Leader.

Each country has a local Ethics and Business Conduct Team responsible for promoting ethics locally. This includes, but is not limited to, communication and training to local country partners and staff.

Each PwC office has access to the detailed supplementary guidance to our Code of conduct. These policies include guidance on such matters as the receipt of gifts from clients, close personal relationships and how staff should proceed if they become aware of unethical behaviour by any partner or employee.

CEE has a region-wide tool accessible to all partners and staff to enable the sending of anonymous queries to a selected Ethics & Business Conduct team. Individuals from outside of PwC, including our clients' personnel, can submit a query, including in an anonymous manner, by using a global PwC communications tool available from <http://www.pwc.com>.

When potential non-compliance with our Code of conduct is reported or otherwise suspected, steps are taken to investigate, and where appropriate, remedy the situation.

Partners and staff are encouraged to report and express their concerns and must do so fairly, honestly and respectfully. PwC is committed to protecting individuals against retaliation.

Partners and staff at PwC are responsible for addressing issues that are brought to their attention. The CEE Complaints and Allegations policy sets the protocols for investigating the issues reported. All amendments needed to the firm's systems or policies, identified during the course of an ethical investigation, are addressed.

The IESBA Code of Ethics and PwC standards are supplemented with the Ethical Rules of the Hungarian Chamber of Auditors.

To find out more about PwC Hungary's global quality management system, ethical requirements, independence policy and the effectiveness of our internal quality control system, please refer to our 2019 Transparency Report.

The PwC Code of Conduct is available here: <https://www.pwc.com/gx/en/about/ethics-business-conduct.html>

Ethics week

PwC is committed to operating within a framework of ethical and professional standards. That is why we launched a campaign at the end of January to raise awareness of ethical conduct.

During this time, our colleagues were able to learn more about ethically questionable situations, problems and possible solutions. PwC Hungary's Ethics Leader is Péter Biczó, Partner.



3.7 About our sustainability report

Purpose of the report

We have prepared sustainability reports at PwC Hungary since 2012. The internal review carried out as part of the reporting process clarified the extent to which our corporate systems and processes affect our economic, environmental and social performance, and highlighted the areas for improvement that could further improve our performance in the field of sustainability.

Limits of the report

The report contains consolidated information on the economic, social and environmental performance of PwC's Hungarian member firm. The reporting period includes – in accordance with our financial year – the one-year interval between 1 July 2018 and 30 June 2019 (FY19 or 2019 financial year). Due to the special calculation of the financial year, besides the information and data, the special measurement and calculation methods are also shown where necessary. Where possible, we have also provided the data of the previous financial years (2017 and 2018) to facilitate comparison.

We have prepared the report in accordance with the Global Reporting Initiative (GRI) reporting framework in terms of both the structure of the report and the reporting process.

We have prepared our sustainability report in accordance with the GRI Standards: Core option to report about economic and social impacts, emphasizing the following principles for defining report content and quality: materiality, stakeholder inclusiveness, completeness, accuracy, comparability, timeliness, reliability, balance, and the sustainability context.

Definition of the reporting process

In our reporting process, we have progressed in accordance with the steps outlined in the GRI criteria system. Firstly, we determined the focal points (important issues) that are relevant for the future of the company and are closely related to our objectives. Secondly, we explored the company's environment while mapping our wider stakeholder groups, and then ranked them by their influence, and finally we explored the major topics that they think are relevant to the company's operation. Stakeholder groups or "stakeholders" are those persons, small or large social groups that influence the effectiveness of corporate operation, or on whom the company has any economic, environmental and social impact and who gain benefits or suffer disadvantages as a result of the company's operation.

GRI Content Indices

GRI (Global Reporting Initiative) is an international organisation the purpose of which is to provide a standard framework of guidelines and indicators for preparing sustainability reports, thus ensuring comparability and promoting transparency among companies. The following table shows the information included in the report attached to specific GRI indicators. You can read more about the guidelines and the indicators on the following website: <https://www.globalreporting.org/standards/>

Indicators

GRI Standards

Publication number	Page number	Reference / Comment	Publication number	Page number	Reference / Comment
102-14	3.		102-17	40-41.	
102-15	5.	https://www.pwc.com/hu/hu/ceo/2019.html	103-1	7.	
102-1	34.		103-2	6.	
102-2	33.		103-3	6.	
102-3	34.		201-1	38	
102-4	34.		201-2	N/A	No such information exists.
102-5	34.		201-3	11.	
102-6	37.		201-4	38.	
102-7	36.		202-1	N/A	This information does not refer to PwC Hungary.
102-8	8.		202-2	9.	
102-41	N/A	According to a decision by PwC's CEO, information on collective agreements is confidential.	203-1	16-18.	
102-9	N/A	In the 2019 financial year, PwC Hungary had a total of 810 suppliers.	203-2	24.	
102-10	N/A	There has been no significant change amongst PwC's suppliers.	204-1	10.	
102-11	N/A	PwC Transparency Report 2019	401-1	9.	
102-12	7.		401-2	N/A	Full-time and part-time employees are entitled to the same benefits
102-13	25.		401-3	N/A	Staff on parental leave: 29 Staff returning from parental leave: 6
102-45	34.		402-1	N/A	Notice period is 30 days.
102-46	7.		403-1	N/A	Confidential information.
102-47	5.		403-2	N/A	There were no accidents at work, related absences or lost working time during the reporting period.
103-1	5.		403-3	N/A	We do not have any employee who needs such protection.
102-48	N/A	No such a statement exist.	403-4	12.	
102-49	N/A	The reporting of PwC Hungary has not changed.			
102-40	21.				
102-42	21.				
102-43	20.				
102-44	13., 23., 24.				
102-50	42.				
102-51	51.				
102-52	51.				
102-53	47.				
102-54	47.				
102-55	43-46.				
102-56	42.				
102-18	36.				
102-19	36.				
102-20	15., 36.				
102-21	24.				
102-22	36.				
102-23	36.				
102-24	36.				
102-25	N/A	PwC Transparency Report 2019			
102-26	38.				
102-27	38.				
102-28	36.	PwC Transparency Report 2019			
102-29	24.				
102-30	39.				
102-31	38.				
102-32	N/A	The Sustainability report of PwC Hungary is being approved by the CR leader.			
102-33	39.	PwC Transparency Report 2019			
102-34	N/A	PwC Transparency Report 2019			
102-35	N/A	This information is confidential according to PwC's HR policy.			
102-36	13.	PwC Transparency Report 2019			
102-37	N/A	This information is confidential according to PwC's HR policy.			
102-38	N/A	This information is confidential according to PwC's HR policy.			
102-39	N/A	This information is confidential according to PwC's HR policy.			
102-16	5.				

Publication number	Page number	Reference / Comment
409-1	N/A	PwC Transparency Report 2019
410-1	N/A	PwC Transparency Report 2019
411-1	N/A	No human rights violations were reported during the period concerned.
412-1	N/A	PwC fully complies with this commitment.
414-1	25.	
414-2	N/A	No such incident occurred.
413-1	19	
413-2	N/A	PwC is not aware of any negative effects.
205-1	N/A	PwC Hungary did not identify any incidents of non-compliance that would be contrary to PwC's statutes or its social media policy during this period.
205-2	39.	PwC Transparency Report 2019
205-3	N/A	There was no such incident during the period under review.
415-1	38.	
206-1	N/A	There was no such incident during the period under review.
419-1	N/A	PwC Hungary did not identify any incidents of non-compliance that would be contrary to PwC's statutes or its social media policy during this period.
416-1	N/A	N/A
416-2	N/A	There was no such incident during the period under review.
417-1	N/A	PwC Transparency Report 2019
417-2	N/A	Number of incidents of non-compliance concerning product and service information and labelling: 0.
102-43	13., 21., 23., 24.	
102-44		
102-2	33.	
417-3	7.	
418-1	N/A	There was no such incident during the period under review.
419-1	N/A	There was no such incident during the period under review.

205-3

PwC Hungary has implemented a process to identify acceptable clients supported by the proprietary PwC International decision support system for client acceptance and retention (Acceptance and Continuance – A&C). This is how the system works: the engagement team, together with industry specialists and risk management staff, consider jointly whether the risks associated with an existing or potential client are manageable, and whether we want to do business with that client and its management.

Among the issues our experts consider during the A&C procedure are:

- the reputation of the company and its management;
- the effectiveness of its Board;
- the background and experience of the company's financial reporting personnel;
- any incentives or inclinations for management to manipulate reported results;
- any significant transactions structured to achieve revenue recognition;
- any unusually aggressive or creative accounting;
- any transactions that are complex, unusual or difficult to evaluate;
- any estimates that involve uncertainty or subjective judgments;
- any transactions with related parties that are not part of the consolidated group;
- any indications that the company might be in financial difficulty;
- whether the necessary expertise is available to perform a given engagement.

Imprint

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Contents

Bella Kundrák
Anita Récsányi
Katalin Simon
PwC Hungary

Published by

Borbála Palotai
Senior manager
Marketing, Communications
and Business Development
PwC Hungary

Balázs Mészáros
Partner
PwC Hungary

Photo credits

PwC Photo Library, Gábor Bodó, Shutterstock

Contact

PwC Hungary
1055 Budapest, Bajcsy-Zsilinszky út 78.
Phone: +36 1 461 9444
www.pwc.com/hu
E-mail: info@hu.pwc.com