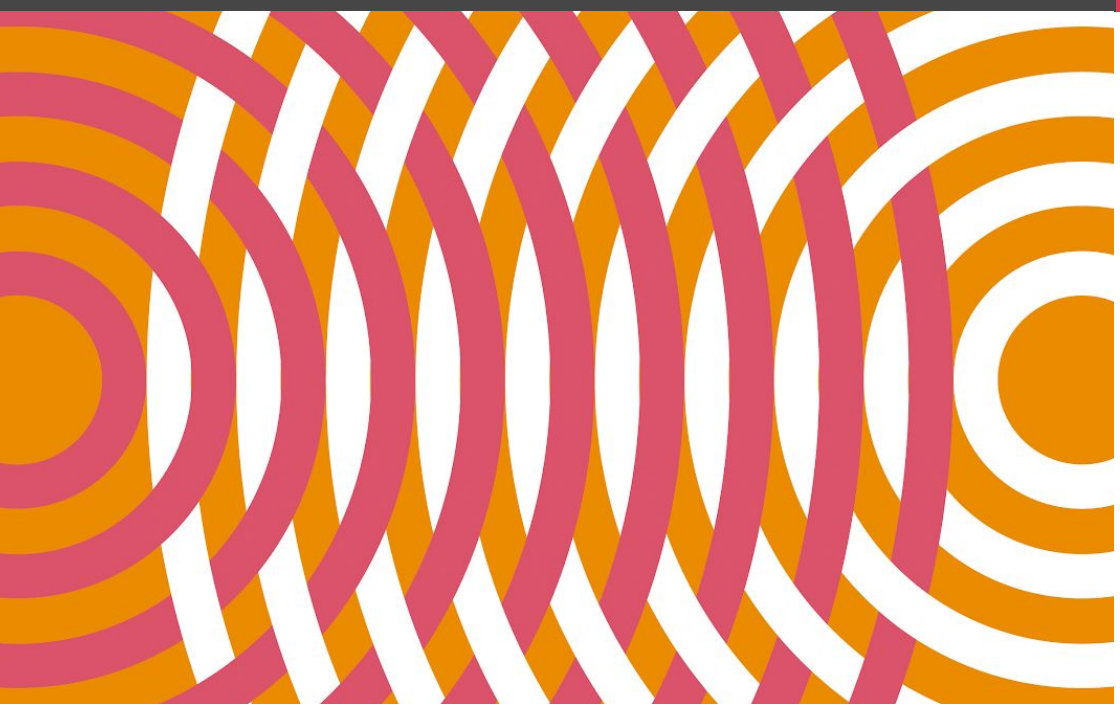
Transparency Report

for the year ended 31 December 2020



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Message from leadership

Welcome to our 2020 Transparency report

This report includes information about how the firm is governed. While PwC is a multidisciplinary firm, this report is primarily focused on our audit practice and related services. The audit profession continues to be under significant public scrutiny and challenge. We understand the concerns and we support and are committed to the highest quality standards to live our values and purpose.

Over the last years, PwC Global opened up a public discussion on the future of audit and have been listening to a wide range of stakeholders, exploring how it needs to change to meet society's evolving expectations. We know there are no easy answers and that no single participant can resolve the challenges but we are committed to changes that ensure audits plays a critical role in society and it is even more relevant and valuable.

Of course this year, continuing to deliver audit quality during the COVID-19 pandemic was an unprecedented challenge and key focus area for us. We talk about this on page 12.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 284,000 people who are committed to delivering quality in Assurance, Advisory and Tax & Legal services.
We are committed to drive a strong culture of quality and excellence that is core to our purpose.

Our people are key to performing high quality audits and we draw upon a wide range of specialist skills across our multidisciplinary practice. That's why we maintain a constant emphasis on our purpose and values that address integrity and independence. We continue to invest in our people by providing ongoing professional and personal development, with in depth training.

We have taken steps to align our business to support this focus on audit quality. We continuously invest in innovation and new technology to support our services across the firm, to meet the changing audit challenges in a digital age and to enhance the quality of our audit services.

Taken together, these measures represent a significant transformation of our audit business and support our focus on audit quality and our public interest responsibilities.

We have prepared this Transparency Report, in respect of the financial year ended 31 December 2020, in accordance with the requirements of Article 13 of the EU Regulation No. 537/2014 and Article 7(1)(e) of the Act No. 423/2015 Coll. on Statutory Audit and on amendments and supplements to Act No. 431/2002 Coll. on Accounting, as amended.

Věra Výtvarová
Country Managing Partner

Bratislava, 30 April 2021

A message from our Assurance Leader

Trust lies at the heart of everything we do at PwC. It's fundamental to fulfilling our firm's purpose. One of the ways we build trust is by being transparent.

As auditors, we're also acutely aware of another trust driver: the quality of our external audits. That's why we're pleased to present our Transparency Report for our financial year ended 31 December 2020, which shows how we maintain quality in our audit work. The report describes our policies, systems and processes for ensuring quality, the results of key quality monitoring programs and reviews, and the way we foster a culture of quality at every level of the firm. It details the companies we performed audits for and the total revenue from our audit and non-audit work.

Continuing the discussion on audit quality

We welcome the public conversations that arise as a result of transparency about audit quality.

Our audit business is fundamental to our strategy and brand. We continue to invest in continuous improvement in audit quality through new systems and technology, risk processes and learning and development for our people. I'm proud of the role we're playing in opening up discussion about audit quality in Slovakia. I welcome the opportunity to keep the conversation going through our Transparency Report.

Our ultimate goal is that Auditing Oversight Authority considers that we have obtained reasonable assurance in all audit areas. We are driving a quality improvement plan aimed at achieving this goal

Martin Gallovič
Assurance Leader for Slovakia

Year in review

Audit quality reviews - external

100%

Compliant results from

2018 - 2020 audit quality reviews

Experience of our Partners

22 years

Partners' average years of experience at PwC

Assurance Training FY20

Average hours achieved by partners and staff

10 900	10 700	8 341
online	classroom	ACCA

Total hours completed
29 941

Assurance Training FY19

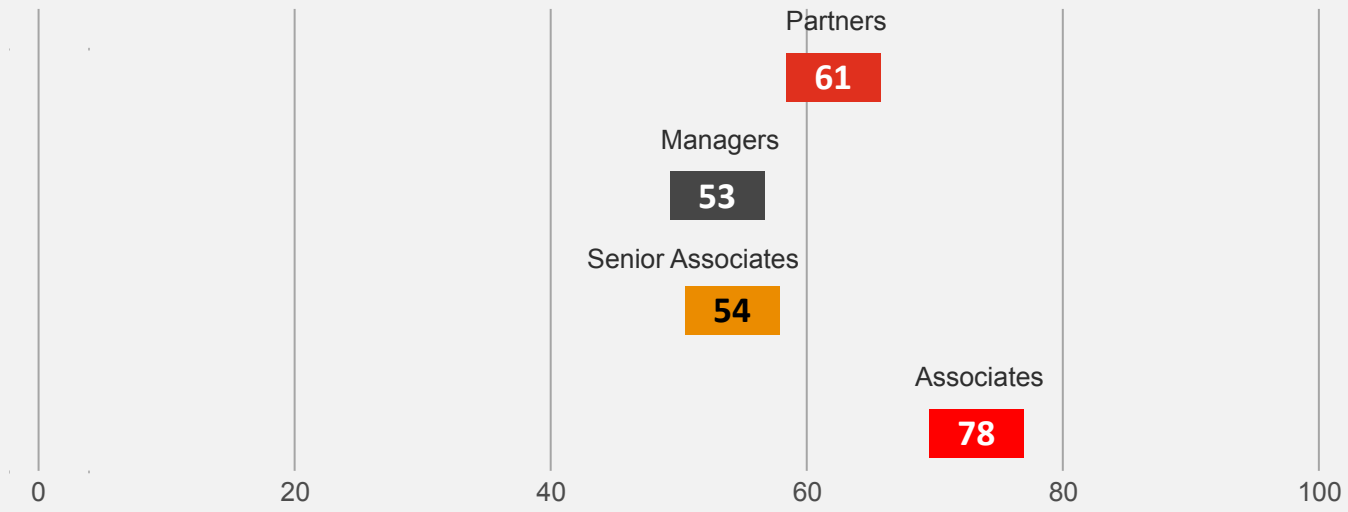
Average hours achieved by partners and staff

8 910	12 650	8 330
online	classroom	ACCA

Total hours completed:
29 890

Auditing and accounting training hours

Number of hours of auditing and accounting training mandated by PwC annually



Year in review

Leveraged ratio of audit-related hours for audit team members

			FY20			FY19			FY18		
Partners	to	Manager	1	to	9.5	1	to	10.0	1	to	15.2
Manager	to	Staff	1	to	3.6	1	to	2.7	1	to	2.1
Partners	to	Staff	1	to	34.7	1	to	27.1	1	to	31.6

Average annual hours worked in excess of 40 hours per week by level

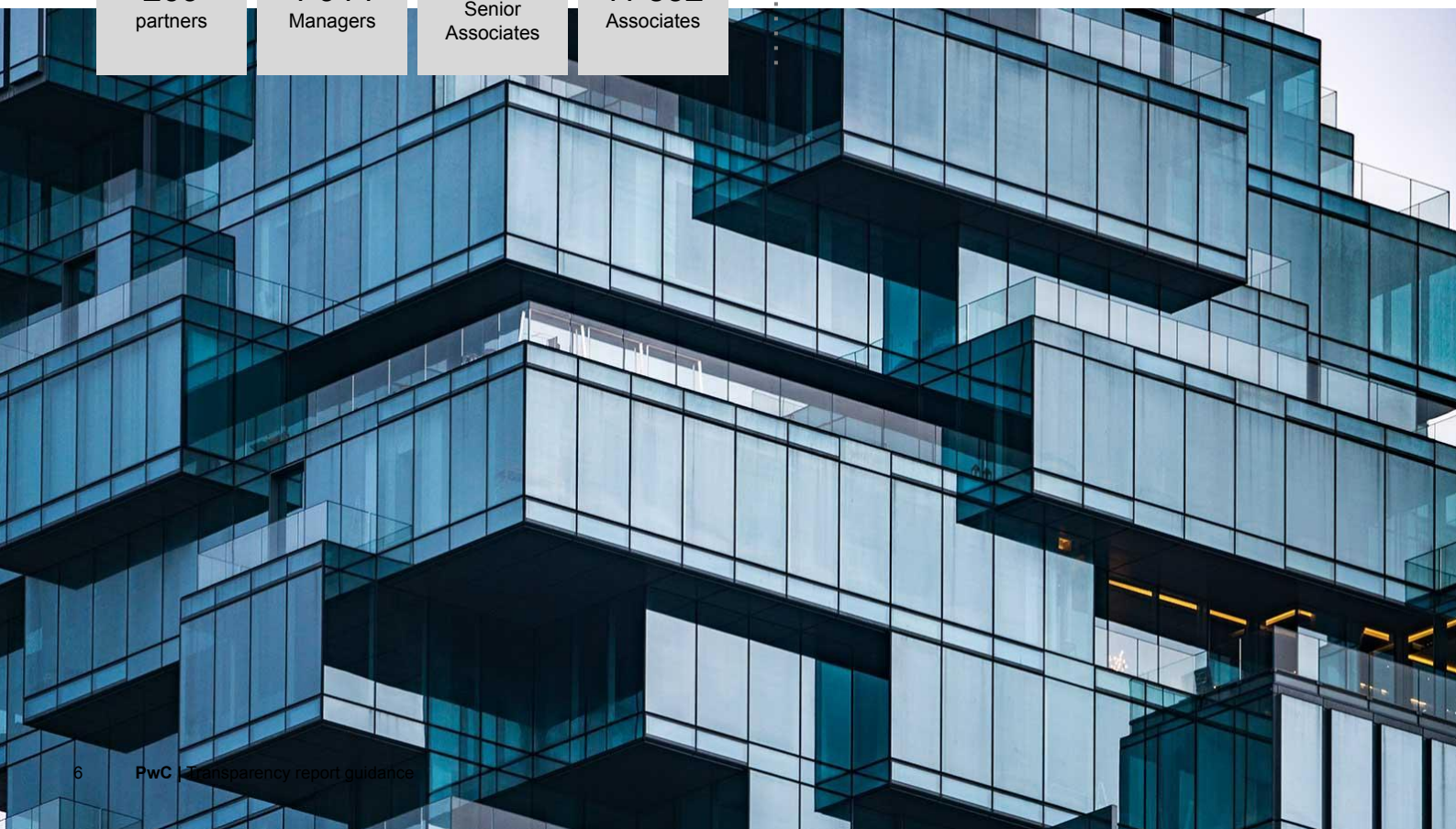
FY20 overtime hours by level			
422 partners	1 189 Managers	12 750 Senior Associates	8 755 Associates

FY19 overtime hours by level			
269 partners	1 914 Managers	12 204 Senior Associates	11 832 Associates

10%

Use of Acceleration Centers

Percentage of audit hours performed by Acceleration Centers



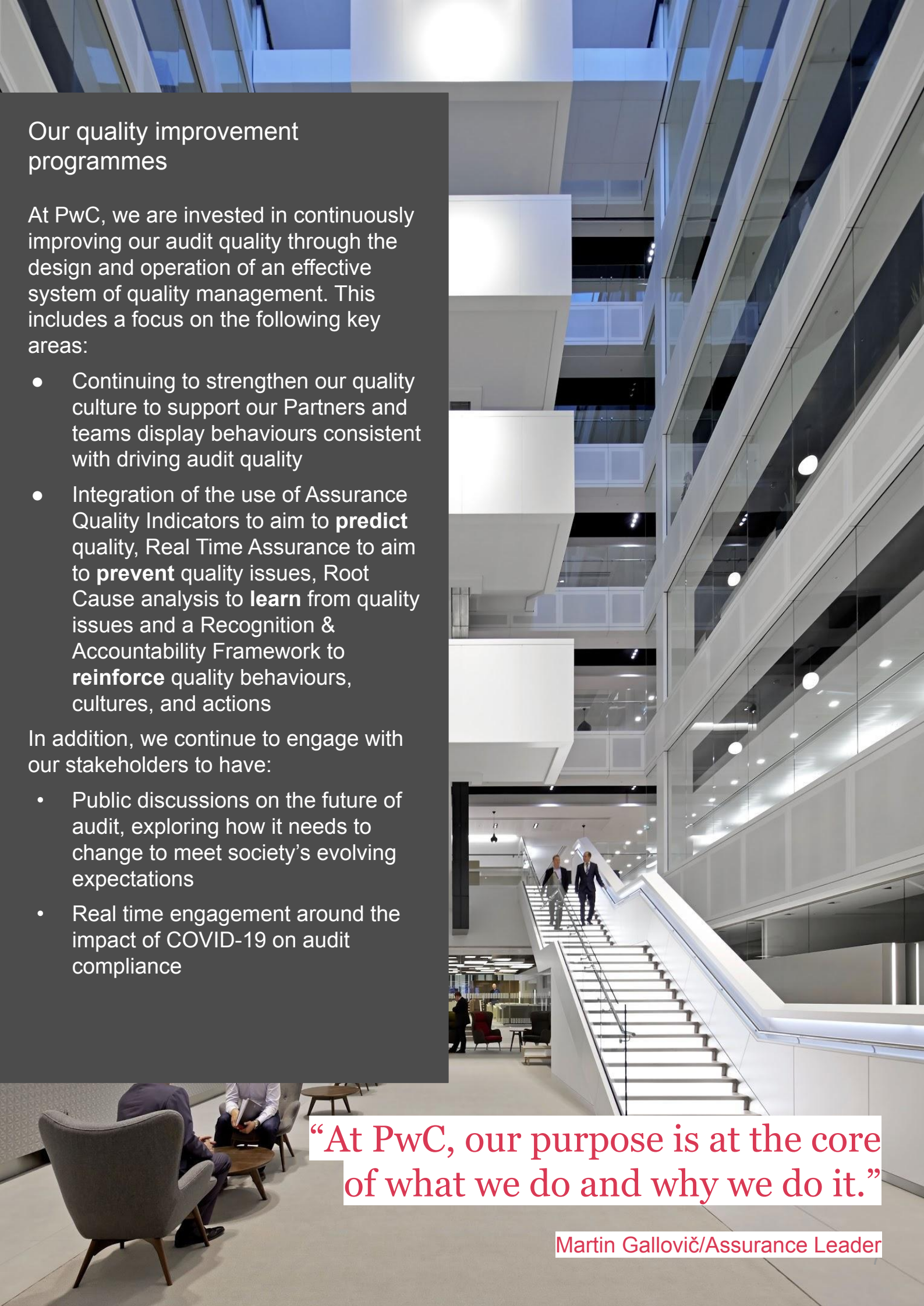
Our quality improvement programmes

At PwC, we are invested in continuously improving our audit quality through the design and operation of an effective system of quality management. This includes a focus on the following key areas:

- Continuing to strengthen our quality culture to support our Partners and teams display behaviours consistent with driving audit quality
- Integration of the use of Assurance Quality Indicators to aim to **predict** quality, Real Time Assurance to aim to **prevent** quality issues, Root Cause analysis to **learn** from quality issues and a Recognition & Accountability Framework to **reinforce** quality behaviours, cultures, and actions

In addition, we continue to engage with our stakeholders to have:

- Public discussions on the future of audit, exploring how it needs to change to meet society's evolving expectations
- Real time engagement around the impact of COVID-19 on audit compliance



"At PwC, our purpose is at the core of what we do and why we do it."

Martin Gallovič/Assurance Leader

IT'S
ABOUT
THEM

Our approach to Quality

Our approach to delivering quality services across all our operations and network

Focus on Quality

The quality of our work is at the heart of our organisation and we invest significant and increasing resources in its continuous enhancement across all of our businesses. This investment is targeted into many different areas, including training (technical, ethical and behavioural), methodologies, adding resources in key areas and exploring new ways of delivering our work. Each investment reflects a common determination to understand the factors that drive quality and identify opportunities for enhancement.

We are also investing heavily in new technology to drive continuous improvement in the capabilities and effectiveness of all of our services.

We are proud to have been the first of the global professional services networks to have published its internal audit quality inspection results. It is very important that we are transparent about both the efforts that we are making to enhance quality, and also the results and the impact that these efforts are having. The publication of this data by our Network over the last few years, along with public discourse on the subject of the audit, has quite rightly put an increasing focus on the issue of audit quality, which we discuss in detail in this report.

Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 276,000 people that emphasises that quality is the responsibility of everyone including our 276 people. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

Measurement and transparency

For all our businesses, each PwC firm – as part of the agreement by which they are members of the PwC network – is required to have in place a rigorous system of quality management (SoQM); to annually complete a SoQM performance assessment; and to communicate the results of these assessments to global leadership. These results are then discussed in detail with the leadership of each local firm and if they are not at the level expected, a remediation plan is agreed with local leadership taking personal responsibility for its successful implementation.

As our services change and develop, and the needs and expectations of our stakeholders also change, we are continually reviewing and updating the scale, scope and operations of our system of quality management and investing in programmes to enhance the quality of the services that we provide.

For example, we have recently renewed our focus on ‘tone at the top’ of our organisation and are creating the right culture for high performance and high quality. Knowing how important tone at the top is, we are implementing an enhanced and consistent measurement of leadership effectiveness and quality right across our network.

Specific focus on audit quality

Specific focus on audit quality

Delivering quality audits is core to our purpose. To that end, we are committed to providing a quality audit. However, where our work falls below the standards that we set for ourselves and are set by the regulators, we take each of these instances very seriously and work hard to learn lessons and to enhance the quality of audits that we undertake in the future.

The right objectives and capabilities

To help us put this strategy into effect, the PwC network has established clear objectives around audit quality and provides support to help us meet these objectives. Our engagement teams can only deliver quality audit services if they have access to the necessary capabilities – both in terms of people and technology. That's why our quality objectives focus on having the right capabilities – both at a Member Firm level and across our network – and on using these capabilities to meet our own standards and the professional requirements. These capabilities can only be developed under the right leadership and quality culture, promoting the right values and behaviours.

Integrated and aligned in the right way

The quality objectives focus on having the right people supported by effective methodologies, processes, and technology appropriately directed and supervised. These represent the capabilities that we believe are relevant to achieving and sustaining audit quality. To help us achieve these objectives, there are a number of dedicated functions at a network level that develop practical tools, guidance and systems to support and monitor audit quality across our network. These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that we tailor to reflect our individual circumstances.

Delivering a quality end-product consistently

Central to the framework is the recognition that quality management is not a separate concept; it needs to be embedded in everything we do as individuals, teams, firms and the network. The quality objectives are supported by designated key activities which are considered necessary to achieve the quality objectives, focused mainly on building a quality infrastructure and organisation. We supplement and design those key activities as appropriate to respond to risks we have identified to achieving each quality objective.

Values and judgments

Performing quality audits requires more than just the right processes. At its core, an auditor's role is to assess with a "reasonable" degree of assurance whether the financial statements prepared by the company's management are free of "material misstatements" – reaching a professional judgment on whether the financial statements present a fair picture of the company's financial performance and position. To carry out this assessment effectively, the auditor needs to use all the capabilities that have been built up in line with our quality objectives. These include applying ethical behaviour in accordance with PwC's values, professional scepticism, specialist skills and judgment – all supported by technology.

Delivering audit quality during the COVID-19 pandemic

Our response to COVID-19

This year, the global COVID-19 pandemic has had an unprecedented impact on our clients and our people, as well as global and local economies and broader society.

At PwC, in addition to safeguarding the health, safety and well-being of our people, we have remained focused on working together as a Network, with our clients and other stakeholders to continue to deliver audit quality.

Sharing developments and experience

From the early stages of the pandemic, the PwC network put a team in place to monitor developments globally and to highlight areas of critical importance to ensure we did not compromise on audit quality. We have leveraged the guidance developed by our Network and our CEE Risk & Quality team to provide consistent leadership and guidance on audit quality and equip our teams to consider their client's unique circumstances and respond accordingly.

Our Network response was comprehensive and this was supplemented by guidance shared by CEE Assurance leadership. It covered all aspects of audit quality, including regulatory and standard setting updates, auditor reporting, methodology, accounting and learning and education. Using the Network and CEE guidance, we considered changes needed to our existing policies and procedures as well as what needed to be reinforced through appropriate communications to our staff and partners.

Identifying and addressing risks related to COVID-19

The COVID-19 pandemic resulted in us facing a number of new challenges in our audits. This ranged from how we operate as a team to plan and complete the audit, to how we interact with our clients to obtain the necessary audit evidence and execute specific audit procedures such as completing physical inventory counts.

Our system of quality management provided the framework to identify, assess and respond to the risks arising from the Coronavirus situation. We used the experience and examples shared with us from across the Network to support our assessment of the issues that had the potential to impact our system of quality management.

We focused on enhanced supervision and review, the use of consultations with specialists within our firm, enhanced Real-Time Assurance programs to respond to the risks we identified.

Using technology to support our teams

Our teams transitioned quickly and seamlessly to working remotely. Our Network audit technology infrastructure and tools including our Connect Suite and collaboration through Google (see page 30 for how we use technology tools in our audits), which have been in place for a number of years, enabled our people to continue to carry out their work despite the significant change in our physical work environment.

The impact of the COVID-19 continues to evolve. We are continuing to monitor, assess and respond to the resulting risks in our audits with support from the PwC Network including the CEE Risk & Quality team.

Management's Statement on the effectiveness of internal quality control system functioning

Věra Výtvarová (CMP of PwC Slovakia) believes that the quality control environment described in this Transparency Report is in compliance with all applicable regulations and that it provides a reasonable basis for believing that statutory audits carried out by PwC Slovakia consistently meet the required quality standards.

Quality monitoring is an integral part of PwC Slovakia continuous improvement programme. PwC Slovakia constantly evaluates inputs from formal programmes and a variety of informal sources in an ongoing effort to improve policies, procedures and the consistency of work quality. Instances of failure to meet performance standards, if any are treated very seriously and the partner responsible is instructed to improve performance. Appropriate steps are taken to achieve improvement through all possible means which might include financial penalties or even dismissals.

Based on the reviews performed, Country Managing Partner of PwC Slovakia is satisfied that PwC Slovakia internal quality control system is operating effectively. Any matters identified through the various monitoring and review processes are addressed with appropriate corrective actions.

Last Quality Assurance Review

The last external quality assurance review carried out in compliance with Article 26 of the Regulation 537/2014 was carried out by Auditing Oversight Authority (UDVA) with the final report issued on 29th April.2020. According to the Article 35(4)(e) of the Act No. 423/2015, the regulatory inspection of audit firm are performed every 3 years.

PwC Slovakia continues to be registered to conduct statutory audit work in Slovak Republic.

Cultures and values

Our purpose and values are the foundation of our success. Our purpose is to build trust in society and solve important problems, and our values help us deliver on that Purpose. 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. This forms the foundation of our system of quality management and permeates how we operate, including guiding our leadership actions, and how we build trust in how we do business, with each other and in our communities.

When working with our clients and our colleagues to build trust in society and solve important problems, we:

- Act with integrity
- Make a difference
- Care
- Work together
- Reimagine the possible

Key messages are communicated to our firm by our Country Managing Partner and our leadership team and are reinforced by engagement Partners. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders' messaging conveys the importance of quality to success of our firm. Based on this tracking, we are confident our people understand our audit quality objectives.

Audit Quality Measures

- Employee survey results or Employee Engagement Index scores:
  - specific questions such as "I am encouraged to perform high-quality audits"
  - coaching and training and the positive impact this has on your day-to-day job (%)

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

To help PwC Slovakia put this Strategy into effect, the PwC network has established a framework for quality management called the Quality Management for Service Excellence framework (QMSE) which integrates quality management into business processes and the firm-wide risk management process. The framework introduces an overall quality objective for the Assurance practice focused on having the people and processes to deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders.

This overall quality objective is supported by a series of underlying quality management objectives and our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance. The achievement of these objectives is supported by a **quality management process** established by our firm and Assurance leadership, business process owners, and partners and staff.

The Quality Management Process

This quality management process includes:

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance quality indicators
- continuously improving the system of quality management when areas for improvement are identified by performing root cause analyses and implementing remedial actions and
- establishing a quality-related recognition and accountability framework to be used in appraisals, remuneration, and career progression decisions

***Aim to Predict:* Assurance Quality Indicators**

We have identified a set of Assurance Quality Indicators (AQIs) that support our Assurance leadership team in the early identification of potential risks to quality, using metrics to aim to predict quality issues. This quality risk analysis is an essential part of our QMSE, and the AQIs, in addition to other performance measures, also provide a key tool in the ongoing monitoring and continuous improvement of our SoQM.

This involves the integrated use of Assurance Quality Indicators to aim to **predict** quality issues, Real Time Assurance to aim to **prevent** quality issues, Root Cause Analysis to **learn** from quality issues and a Recognition and Accountability Framework to **reinforce** quality behaviours, culture and actions.

These programs, by design, require ongoing monitoring and continuous improvement, in particular Assurance Quality Indicators, which we expect will evolve significantly over time and as we continue to use and learn from these measures.

Aim to Prevent: **Real Time Assurance**

We have developed a Real Time Quality Assurance ("RTA") program designed to provide preventative monitoring that helps coach and support engagement teams get the 'right work' completed in real-time, during the audit.

Directed from the CEE region there is a team of experienced and dedicated auditors who carry out pre-issue reviews of audit files. These reviews are performed together with the engagement team through all phases of the audit. The assurance leader identifies which engagements should have such a real time assurance (RTA) review. Additionally, there are a number of audit quality indicators (AQI) that are monitored on and reported to country assurance leadership and CEE assurance leadership. These AQI are either reported quarterly or annually depending on their nature.

Learn: **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. Our primary objectives when conducting such analyses is to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at quality findings from all sources including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM, audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections and other inputs such as financial statement restatements—to help identify possible distinctions and learning opportunities.

For all individual inspections, an objective team of reviewers identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality.

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 whether this is a new audit engagement, 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.

A direct output of the root cause analysis review is the preparation and presentation of lessons learned provided to all engagement leaders and Key Audit Partners. This training is usually in the last quarter of the calendar year.

***Reinforce:* Recognition and Accountability Framework**

Our Recognition and Accountability Framework ("RAF") reinforces quality in everything our people do in delivering on our Strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds Partners including non-Partner Engagement Leaders accountable for quality outcomes [beyond compliance]. Our RAF considers and addresses the following key elements:

- Quality outcomes: We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC Network and our firm's standards and policies
- Behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective
- Interventions/recognition: We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- Consequences/reward: We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behavior and sufficient to incentivize the right behaviours to achieve the quality objectives

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

Our quality management system 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

Leadership and accountability

PwC CEE operates as an integrated practice under Regional leadership. The Assurance strategy, management team and reporting structure is led by a CEE Assurance Leader, supported by a Regional Assurance Management Group (RAMG) – this primary comprises Assurance Leader from the major territories/sub-clusters. The extended RAMG includes functional leaders for Quality & Risk related matters.

Our respect for and the importance we place on quality is evidenced by the structures and senior resources placed in the Risk and Quality roles. The Risk & Quality leadership team is chaired by the CEE Assurance Leader and comprises the CEE Quality & Regulatory Leader, the CEE Risk Management Partner, CEE Chief Auditor and the CEE Chief Accountant. This group holds regular meetings to agree on key risk and quality related matters, leads the strategy on risk and quality and as well as conducts regular communication on risk and quality matters to the Assurance practice.

In CEE "tone at the top" on quality is established by both the Regional and Territory Leadership teams and makes clear the importance of achieving audit/assurance quality. While there is continued focus on growth and efficiency, those objectives do not override quality or risk considerations in the communications sent by leadership. On the contrary, the leadership group makes it clear that quality and efficiency are not mutually exclusive.

Our most recent Global People Surveys show largely good results in areas related to quality, people and culture. They also highlight an area for us to work on regarding the workloads of our people. We are actively engaged in several activities to ensure our people's workloads remain reasonable. Additionally, annual portfolio reviews for Partners and Directors allow us to actively manage demands placed on our Engagement Leaders. We continue to focus on acceleration, allowing us to spread work more evenly throughout the year and reduce some of the highest peaks.

We proactively respond to the Global People Surveys and are constantly looking at ways to make work/life balance opportunities better and also other ways to motivate staff better to improve our retention rates. We will continue to target improvement in this area next year.

Ethics, independence and objectivity

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:

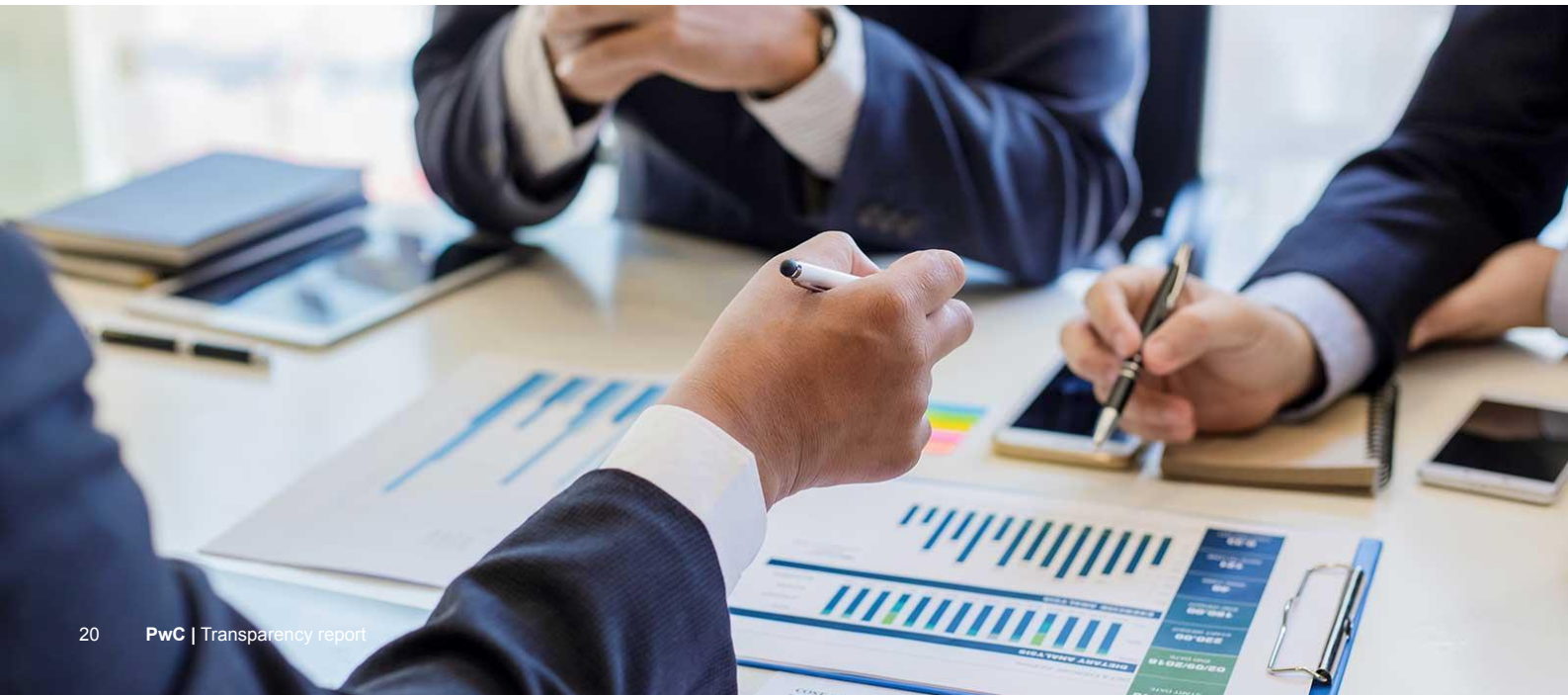
i. **Integrity** – to be straightforward and honest in all professional and business relationships.
ii. **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
iii. **Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practise, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
iv. **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.
v. **Professional Behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our Network Standards applicable to all Network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. 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 annual mandatory training, 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 leadership in PwC Slovakia monitors compliance with these obligations.

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, PwC Slovakia has adopted the PwC Network Standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals-behaviours that will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal-to do the right thing.

Upon hiring or admittance, all staff and partners of PwC Slovakia are provided with 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 and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the Code Each firm in the PwC Network provides a mechanism to report issues. There is also a confidential global reporting option on pwc.com/code of conduct. PwC Slovakia has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

The PwC Code of Conduct is available on-line for all internal and external stakeholders @ pwc.com/ethics.



Objectivity and Independence

As auditors of financial statements and providers of other types of professional services, PwC member 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 our clients.

The PwC Global Independence Policy, which is based on the IESBA International Code of Ethics for Professional Accountants, including International Independence Standards, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

The CEE has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists. The PRI reports directly to the CEE Chief Risk Officer, a member of the firm's management board.

Independence policies and practices

The PwC Global 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 audit clients and related entities; 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.
- acceptance of new audit and assurance clients, and the subsequent acceptance of non-assurance services for those clients

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes 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.

PwC Slovakia supplements the PwC Network Independence Policy as required by Act 423/2015 Coll, independence requirements of the US Securities and Exchange Commission and those of the Public Accounting Oversight Board of the US and of the EU Audit Regulation, where they are more restrictive than the network's policy.

Independence -related systems and tools

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

- The Central Entity Service ('CES'), 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 restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit engagement or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and records their subsequent purchases and disposals. Where a PwC member 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, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). The CEE PRI reports via the Global Breaches Reporting System on behalf of the firm,

PwC Slovakia also has a number of Slovakia specific systems which include:

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

Rotation of key audit partners and staff

In respect of an audit of a public interest entity, an individual shall not be a key audit partner (KAP) for more than 5 years. After such time, the individual shall not be a member of the audit engagement team or be a KAP for the client for 3 years. During that period, the individual shall not participate in the audit of the entity, provide quality control for the engagement, consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement. The same policy applies to client assigned qualified statutory auditor. The member Firm established an appropriate gradual rotation mechanism with regard to the most senior personnel involved in the statutory audit, including at least the persons who are registered as statutory auditors. The gradual rotation mechanism applies in phases on the basis of individuals rather than of the entire engagement team.

Independence training and confirmations

CEE provides all partners and practise staff with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on the firm's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practise on an as-needed basis by the CEE independence specialists.

All partners and practise staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the member firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by engagement level confirmations for all people working on audit clients.

Independence monitoring and disciplinary policy

CCE is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners and, directors as a means of monitoring compliance with independence policies; and
- An annual assessment of the member firm's adherence with the PwC Network's Standard relating to independence.

The results of PwC Slovakia monitoring and testing are reported to the firm's management through the AQI process.

CEE has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

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 member 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 PwC Slovakia systems and processes and for additional guidance and training.

Management's statement concerning independence practices and review

The Management Board of PwC Slovakia declares that the procedures for ensuring independence are consistent with applicable regulations.

The last internal review of independence compliance was carried out on a region-wide basis on PricewaterhouseCoopers CEE and was completed in April – May 2020.

Considerations in undertaking the audit

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.

Client and Engagement Acceptance and Continuance

PwC Slovakia implemented 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')). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client 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 (including member firm leadership and risk management):

- To facilitate the evaluation of 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.

Our people

Audit Quality Measures

- Average staff retention rate
- Partner and manager hours in relation to total engagement hours
- Measure of project management/phasing of the audit, for example, actual utilisation in relation to planned and actual to budgeted hours at period end

People strategy

Our people strategy is focused on being the world's leading developer of talent. We hire candidates who have diverse backgrounds and appropriate skills; have a questioning mindset and intellectual curiosity; and demonstrate courage and integrity.

Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks.

"Your Tomorrow"

Our One Firm "Your Tomorrow" strategy is how we are investing to create the PwC of the future; we are responding to the expectations of the market to deliver a different, more digital experience to our clients. There are three elements to this strategy:

- Digital upskilling**:** We provide our people with individualized learning tools to expand the use of digital solutions on their audits and empower them with a mindset of continual improvement and innovation. Our Digital Academies leverage market-leading software and focus primarily on building three core skills: data wrangling, automation, and data visualization. These tools enhance the firm's collective digital fluency while providing each individual with a personalized curriculum to build their digital IQ. Our Digital Accelerators are embedded within our engagement teams and are dedicated to applying digital capabilities to each audit, as well as developing new digital solutions for the firm.
- Skills for society: This is a powerful program to develop our people while making a meaningful difference in our communities.
- Be well, work well: Given the pace and complexity of change, the firm is putting the power of its resources toward supporting our people's journey to greater well-being.

Diversity and inclusion
At PwC, we're committed to creating a culture of belonging. We are focused on diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and are valued. 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. Our core values of caring and working together guide us to recognize the contributions of each individual and develop a workplace with a range of people, perspectives and ideas.

Recruitment

PwC Slovakia aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks. Across the firm in the FY20, we recruited over 5,000 new people, including 1,345 university graduates.

Team selection, experience and supervision
On engagements, the lead partner must staff their engagements with suitably qualified, competent and experienced partners and staff. They must also determine the extent of direction, supervision and review of junior staff.

Real-time feedback
We collect real-time feedback on people performance, values and progression via our Snapshot tool, a simple, mobile-enabled technology. Snapshot captures data on five Assurance quality dimensions: accounting and technical knowledge, auditing skills, professional scepticism, issues management, review and supervision. We also use Workday to allow staff to provide real-time feedback on an upwards and peer basis and complements Snapshot.

Career progression
PwC Slovakia uses PwC Professional, a global career progression framework. PwC Professional helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy, and support our brand. As part of the framework, individuals meet with their Team Leader regularly to discuss their development, progression and performance

Retention

Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide make our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent

Open and transparent firm feedback
PwC Slovakia is committed to making sure we practice what we preach. To keep us on track, we gather real-time feedback from our people on how well the firm is living its values. We can review results by individual teams, which allows us to respond in a timely and targeted way.

The PwC Professional

The PwC Professional is our global leadership development framework. It supports the development and career progression of our staff by providing a single set of expectations across all lines of service, geographies, and roles; outlining the capabilities needed to thrive as purpose-led and values-driven leaders at every level

Professional Development

We are committed to putting the right people in the right place at the right time. Throughout our people's careers, they are presented with career development opportunities, classroom and on-demand learning, and on-the-job real time coaching/development. Our on-demand learning portfolio facilitates personalized learning with access to CPE and non-CPE educational materials, including webcasts, podcasts, articles, videos, and courses.

Achieving a professional credential supports our Firm's commitment to quality through consistent examination and certification standards.Our goal is to provide our staff with a more individualized path to promotion and support them in prioritizing and managing their time more effectively when preparing professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.

Audit Quality Measures

- Average training hours per audit professional
- Mandatory training attendance

Continuing education

We, and other PwC member firms, are committed to delivering quality assurance services around the world. To maximise consistency in the Network the formal curriculum, developed at the Network level, provides access to training materials covering the PwC audit approach and tools-this includes updates on auditing standards and their implications, as well as areas of audit risk and areas of focus for quality improvement.

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 audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs.

The modular content along with innovative learning approaches have led to formal recognition from the broader learning community. In both 2017 and 2018, PwC's Learning and Education won a Brandon Hall Group silver award for excellence in the "Best Strategy for a Corporate Learning University" © 2017, 2018 Brandon Hall Group, Inc.

Continuing Education of Statutory Auditors

The Management Board of PwC Slovakia declares that our Statutory Auditors are fully involved in the firm's continuing education programme. In addition to participation in on-going Network designed training our statutory auditors are required by law to take part in regular local technical updates.

Statutory Auditors are required to attend at least 120 hours of training during a three year cycle and attend at least 20 hours of training every year. Our local L&D department is responsible for ensuring the participation of staff and partners in learning activities and keeping relevant records.

Our training investment in people

Assurance Training FY20

Average hours achieved by partners and staff

10 900	10 700	8 341
online	classroom	ACCA

FY20 Total hours completed **29 941**

Assurance Training FY19

Average hours achieved by partners and staff

8 910	12 650	8 330
online	classroom	ACCA

FY19 Total hours completed **29 890**

Mandatory training attendance

100%

Of partners and staff have completed all mandatory training attendance in FY20

Our audit approach

PwC Slovakia uses a range of cutting-edge methods, processes, technologies, and approaches to ensure continuous improvement in the performance and quality of our audit engagements

The PwC Audit

The quality and effectiveness of audit is critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, in the skills of our people, in our underlying audit methodology, the technology we use, and in making the right amount of time and resources available. We pay close attention to what our various stakeholders require from us, what they tell us we need to improve and to the findings of regulatory inspections on the quality of our work. Details of the most recent regulatory findings can be found in the Leadership and Quality Management Process section. Just as important are the internal indicators and processes that routinely monitor the effectiveness of our risk and quality processes, and provide timely information about the quality of our audit work and any areas for improvement.

People

Data and technology can help reveal insights, but it takes an inquisitive person with well-rounded business knowledge to understand what those insights mean. We recruit professionals with these capabilities-people who can deliver the highest quality outcomes in terms of client service and compliance.

Technology

As technological change accelerates, our clients want to trust their information with organisations that don't merely keep up but lead the way. We've made a global commitment to offer leading audit technology, and we've invested heavily in tools to match our approach. The result is greater quality and insight to our clients.

Approach

We've built our audit around our people and our technology. We've designed it to give us more time with our clients, understanding the things that matter to their business. That's more time understanding client concerns, and more time focusing on the inherent risks we see, including how they change over time and how they compare with peer companies.

The PwC Audit

Tools and technologies to support our audit

As a member of the PwC Network, PwC Slovakia 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.

Aura Platinum

PwC Audit is underpinned by Aura Platinum, our global audit documentation system which is used across the entire PwC Network. Aura Platinum is the heart of how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Targeted audit plans specify risk levels, controls reliance and substantive testing. Smart dashboards show teams audit progress and the impact of scoping decisions more quickly.

Audit technology

Aura Platinum is supported by a series of technology-based audit support tools and templates which are accessible via a range of electronic devices ranging from PCs to smartphones. These tools increasingly integrate with Aura, populating audit evidence directly into Aura. The main tools include:

The Connect Suite

is our collaborative platform where we share data, document requests and audit status. It provides fast, efficient and secure information sharing with our clients and multi-location audit teams at every stage of the audit:

- **Connect** monitors the status of requests and information between our clients and the engagement team in real time. Audit and client teams know where things stand at all times through a consolidated dashboard showing all sites, digitisation of engagement matters, and automated key performance indicators.
- **Connect Audit Manage**r streamlines, standardises and automates group and component teams coordination for multi-location and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process so there's greater transparency, compliance and quality for complex multi-location audits.

Halo

is our market-leading audit technology that allows us to identify and assess risks and determine where to focus audit efforts. Halo interrogates, tests and analyses huge volumes of business-critical data, analysing whole populations, spotting and visualising anomalies and trends in financial information. It enables us to analyse patterns and trends, identify unusual and high-risk transactions, and provide valuable insight to our teams and our clients.

Count

facilitates the end-to-end process for inventory counts, allowing our engagement teams to create and manage count procedures, counters to record results directly onto their mobile device or tablet and engagement teams to export final results into Aura.

PwC's Confirmation System

makes it easy for clients to return requested information securely. Automated, flexible technology means it works for virtually all confirmation types-from accounts receivable to derivatives to loans to inventory.

Confidentiality and information security

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation. We take the protection of confidential and personal data very seriously.

Our focus on our clients requires a holistic and collaborative approach to reducing security, privacy and confidentiality risks with significant investment in appropriate controls and monitoring to embed an effective three lines of defence model. This model has enabled us to strengthen our information security organisation, align to industry good practice and improve our internal control frameworks.

Data Privacy

The firm maintains a robust and consistent approach to the management of all personal data, with everyone in our organisation having a role to play in safeguarding personal data. We have continued to build on our extensive GDPR readiness programme, and are committed to embedding good data management practices across our business.

Information Security

Information security is a high priority for the PwC Network. Member Firms are accountable to their people, clients, suppliers, and other stakeholders to protect information that is entrusted to them.

The PwC Information Security Policy (ISP) is aligned with ISO/IEC 27001, financial services industry standards, and other reputable frameworks (COBIT, NIST, etc.) as benchmarks for security effectiveness across the network of Member Firms. The PwC ISP directly supports the Firm's strategic direction of cyber readiness to proactively safeguard its assets and client information. The PwC ISP is reviewed, at a minimum, on an annual basis.

PwC Slovakia is required to adhere to the ISP requirements and complete an annual, evidence based assessment to demonstrate compliance. The CISO approved assessment undergoes a detailed and standardized Quality Assessment (QA) process performed by a centralized, objective Network Information Security Compliance team.

Supporting engagement performance

Evolving delivery model
We continue to evolve the way we deliver our services so our people give our clients an even better experience, improve the quality of what we do and create economic capacity to invest in the future. We use both on and offshore resources at Acceleration centers and Centers of Excellence to streamline,standardize, automate, and centralize portions of the audit.

Direction, coaching and supervision
Engagement leaders and senior engagement team members are responsible and accountable for providing quality coaching throughout the audit and supervising the work completed by junior member of the team, coach the team and maintain audit quality. Teams utilize Aura Platinum which has capabilities to effectively monitor the progress of the engagement to make sure that all work has been completed and reviewed by relevant individuals, including the engagement leader.

Consultation culture
Consultation is key to ensuring audit quality. While we have formal protocols about mandatory consultation, in the pursuit of quality, we regularly consult more than the minimum requirement. For example, our engagement teams routinely speak with experts in areas such as taxation, risk, valuation, actuarial and other specialities as well as individuals within our Accounting Consulting Services group.

Risk & Quality leadership
Risk & Quality leadership includes comprises technical accounting, auditing, and financial reporting specialists. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing and providing those updates to professional staff.

Assurance Quality Partner (AQP) network
Our AQP network comprises of partners and professionals who help audit teams design effective and efficient audit approaches and reinforce key learnings points from audit training and guidance. Our AQPs contribute to market and industry group meetings focused on audit quality topics and provide advice on auditing matters through review of certain aspects of selected audit engagements before those audits are completed.

Engagement Quality Control Reviewer (EQCR)
Audit engagements of PIEs are assigned a EQCRP as part of the firm's system of quality management as required by professional standards and local regulations. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, risks of material financial statement misstatement and a team's responses to those risks, and specific accounting, auditing, and financial reporting and disclosure issues.

Differences of opinion
Protocols exist to resolve the situations where a difference of opinion arises between the engagement leader and either the EQCR, another Assurance partner or central functions such as the Accounting Consulting Services. These include the use of technical panels consisting of partners independent of the engagement.

Monitoring

Audit Quality Measures

- Total number of ECRs
- Number of ECRs rated as compliant, compliant with improvements required, non-compliant
- ECRs rated as compliant, compliant with improvements required, non-compliant related to total number of ECRs (%)
- Financial statement restatements involving PIE audits due to material errors

Monitoring of Assurance quality

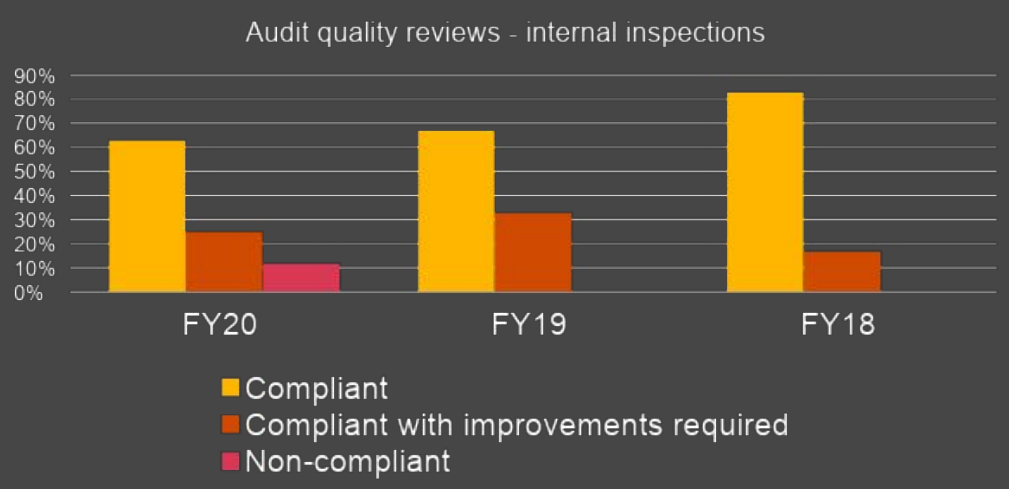
We recognize that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the Leadership of PwC Slovakia - *the "first line of defence"*. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit engagements, using the Network's QMSE framework.

Our firm's monitoring procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards - *the "second line of defence"*.

Our monitoring also encompasses a review of completed engagements (Engagement Compliance Reviews-ECR) as well as periodic monitoring of our SoQM by an objective team. The results of these procedures, together with our ongoing monitoring form the basis for the continuous improvement of our SoQM.

Our firm's monitoring program is based on a consistent Network-wide inspections program based on professional standards relating to quality control including ISQC 1 as well as Network policies, procedures, tools and guidance.



Restatements

Number of financial statement restatements involving PIE audits due to material errors

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorized 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 applicable engagement-related policies and procedures. Each signer is reviewed at least once every five years.

Reviews are led by experienced Assurance partners, supported by independent teams of partners, directors, and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities, and utilize a range of checklists and tools developed at the Network level when conducting their review procedures.

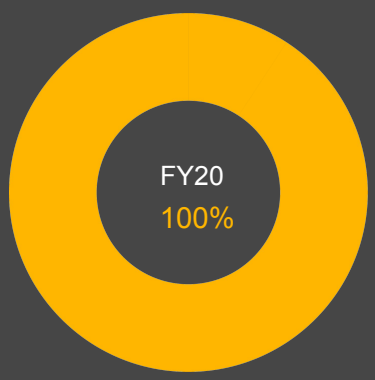
Finally, the PwC Network coordinates an inspection program to review the design and operating effectiveness of our SoQM - *the "third line of defence"*. The use of a central team to monitor these inspections across the Network enables a consistent view and sharing of relevant experience across the PwC Network.

The results of the inspections are reported to our firm's leadership who are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or our firm's Assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm's Recognition and Accountability Framework.

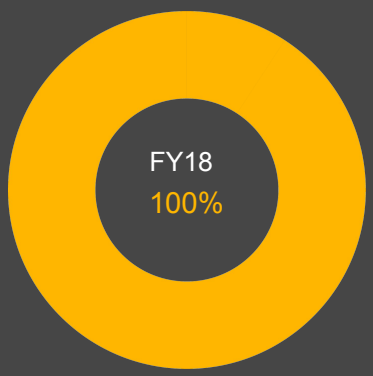
Partners and employees of our firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, the GAQ-I Leader informs engagement partners of our firm, who are responsible for group audits involving cross-border work, about relevant quality review findings in other PwC member firms which enables our partners to consider these findings in planning and performing their audit work.

Audit quality reviews - external

Results from 2018 - 2020''s audit quality reviews



FY19
No reviews performed



Compliant Non-Compliant

Audit Quality Measures

- Total number of file reviews by external regulators

Legal and governance structure

Legal structure and ownership of the PwC Slovakia

PwC Slovakia is a limited liability company registered in the Commercial Register of the Slovak Republic. The ultimate beneficiaries of this entity are the partners in the PricewaterhouseCoopers member firms. PwC Slovakia is a member of PricewaterhouseCoopers International Limited.

The table below lists its shareholders and their share capital**.**

2020	Share in the registered capital	
	In EUR	%
PricewaterhouseCoopers Eastern Europe B.V. (ountry of incorporation: The Netherlands	26,556	66.66
PricewaterhouseCoopers Polska spółka z organiczona odpowiedzialnościa Audyt spółka komandytowa (country of incorporation: Poland)	6,639	16.67
PRICEWATERHOUSECOOPERS podjetje za revizijo in drugefinančno računovodoske storitve, d.o.o. (country of incorporation: Slovenia)	6,639	16.67
Total	39,834	100.00

PwC Slovakia 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, 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 some 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 or EU audit firms) have at least a majority ownership and control.

Governance structure of the PwC Slovakia

Within the Central & Eastern European grouping of PwC Member Firms which includes 29 national territories, a matrix system of management is operated. Each partner votes in a 4 yearly election of a PwC CEE Chief Executive who appoints a Management Board, including representatives from geography and business lines and Operational Leaders. This Management Board is responsible for setting broad business objectives and ensuring compliance with PwC International 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 Partner Council, which approves key policies and decisions which affect partners and the firm.

PwC Slovakia is managed by Management Board, which consists 4 managing executives appointed by the General Meeting of Shareholders. The managing executives are responsible for company management and its legal representation.

PwC Network

Global Network

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively.

In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC network is not a global partnership, a single firm, or a multinational corporation. The PwC network consists of firms which are separate legal entities.

PricewaterhouseCoopers International Limited

Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

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

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 and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team** is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from network firms to coordinate activities across all areas of our business.

The CEE Chief Executive Officer Nick Kos represents the firm in the Strategy Council and maintains our relationships with the Network Leadership Team.

Partners remuneration

Partners are remunerated out of the profits of the firm and are personally responsible for funding pensions and other benefits such as medical care. The Partner evaluation and compensation process is fully compliant with the independence requirements of the IESBA Code of Ethics for Professional Accountants which disallow a Partner to be assessed or rewarded for selling non-assurance services to own audit clients. A Partner's remuneration is based on the Partner's contribution to the firm during the year and following the completion of the annual audits for the national firms. The allocation is reviewed and approved by the CEE Partner Council. Each Partner's remuneration is based on their responsibility with equity units being allocated on the basis of a matrix which primarily takes account of the Partner's current role within the firm. There is also a variable (Performance element), reflecting how a Partner and the teams they work with perform in a given year. This is determined by assessing a Partner's achievements against an individually tailored balanced scorecard of objectives based on the Partner's role. These objectives include the realisation of the firm's audit quality standards and absolute adherence to our integrity and independence regulations.

Financial Information for the year ended 31 December 2020

Revenues (unaudited)	In ths. EUR
Statutory audits of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity	4 074
Statutory audits of annual and consolidated financial statements of other entities	4 517
Total audit fees	**8 592**
Permitted non-audit services to audited entities	18 430
Non-audit services to other entities	3 076
Total Revenues	**30 097**

Appendix 1

List of Public Interest Entities audited

Appendix 1:
List of Public Interest Entities audited during the year ended 31 December 2020

AEGON Hungary Closed Company Ltd., pobočka poisťovne z iného členského štátu
Allianz - Slovenská dôchodková správcovská spoločnosť, a.s.
Allianz - Slovenská poisťovňa, a.s..
Asset Management Slovenskej sporiteľne, správ. spol., a.s.
Atradius Crédito y Caución S.A. de Seguros y Reaseguros, pobočka poisťovne z iného členského štátu
BNP Paribas Cardif Poisťovna, a.s.
COFIDIS SA, pobočka zahraničnej banky
Colonnade Insurance S.A., pobočka poisťovne z iného členského štátu
Československá obchodná banka, a.s.
ČSOB Poisťovňa, a.s.
ČSOB stavebná sporiteľňa, a.s.
Erste Asset Management GmbH, pobočka Slovenská republika
Euler Hermes SA, pobočka poisťovne z iného členského štátu
HB REAVIS Finance SK II s. r. o.
HB REAVIS Finance SK III s. r. o.
HB REAVIS Finance SK IV s. r. o.
HB REAVIS Finance SK V s. r. o.
HB REAVIS Finance SK VI s.r.o.
HB Reavis Investment Management správ. spol., a. s.
HDI Versicherung AG pobočka poisťovne z iného členského štátu
KBC Asset Management NV, pobočka zahraničnej správcovskej spoločnosti
SAZKA Group Financing a.s.
Slovenská sporiteľňa, a.s.
Swiss Re International SE, pobočka poisťovne z iného členského štátu
Swiss Re Europe S.A., organizačná zložka Slovensko
Union poisťovňa, a. s.
Union zdravotná poisťovňa, a.s.
UNIQA poisťovňa, a.s.
Všeobecná zdravotná poisťovňa, a.s.
Západoslovenská energetika, a.s.

Appendix 2

PwC network firms

Appendix 2: PwC network firms

Total turnover achieved by statutory auditors and audit firms from EU/EEA Member States that are members of the PwC network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately €3.2 billion. This represents the turnover available from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of 30 June 2020.

The table below is a list of statutory audit firms/auditors by country within our network as of 30 June 2020 (Article 13.2.(b) items (ii) and (iii)):

Member State	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'enterprises srl
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
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	PricewaterhouseCoopers Services France
France	PwC Entrepreneurs CAC
France	PwC Entrepreneurs Commissariat aux Comptes
France	PwC Entrepreneurs Audit
France	PwC Entrepreneurs Audit France
France	PwC Entrepreneurs CAC France
France	PwC Entrepreneurs Commissariat aux Comptes France
France	PwC Entrepreneurs France
France	PwC Entrepreneurs Services
France	Expertise et Audit Lafarge
France	M. Philippe Aerts
France	M. Jean-François Bourrin
France	M. Jean-Laurent Bracieux
France	M. Didier Brun
France	M. Anouar Lazrak
France	Mme Elisabeth L'Hermite
France	M. François Miane
France	M. Yves Moutou
France	M. Claude Palmero

Appendix 2:
PwC network firms (cont.)

Member State	Name of firm
France	M. Pierre Pegaz-Fiornet
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprufungsgesellschaft
Germany	Wibera WPG AG
Gibraltar	PricewaterhouseCoopers Limited
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.
Netherlands	Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
Sweden	Öhrlings PricewaterhouseCoopers AB
UK	PricewaterhouseCoopers LLP
UK	James Chalmers
UK	Katharine Finn

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