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Introduction

At PwC, our purpose is to build trust in society and solve important problems. We can’t accomplish this without a culture of excellence, integrity, and quality. That’s why we remain committed to performing quality audits and to the continuous improvement of auditing and financial reporting. We also look for continuous improvement in our governance, which we enhanced this year by adding two external directors to our board. They will provide objective perspectives, insights, and expertise as we consider our firm’s strategy.

In a world that is changing rapidly, audit quality is a journey—not a destination. Each year we take action so that our audits continue to meet the challenges of evolving risks to reliable financial reporting, including changes to accounting standards, stakeholder expectations, and the business and regulatory environments in which we operate. We also assess our performance and learn from our experiences so that we can identify where changes will further enhance the quality of our audits.

This Transparency Report is published in accordance with the requirement set forth in Article 45 (5)(e) of the European Union’s Directive on Statutory Audit 2006/43/EC for our fiscal year ended June 30, 2017. Its contents are also generally consistent with the information that the Center for Audit Quality recommends be included in an audit firm’s transparency report.

Throughout this report, the terms “PwC,” “firm,” “we,” and “our” refer to PricewaterhouseCoopers LLP, the US member firm of PricewaterhouseCoopers International Limited (PwCIL).
**Firm structure**

The firm is a limited liability partnership established under the laws of the State of Delaware. All interests in the firm are held by its partners and principals.

**The PwC Network**

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.

**PricewaterhouseCoopers International Limited**

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practice 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.
Quality across the network

High-quality audits across the PwC Network are vital to the US firm’s brand. Our goal is to help other PwC member firms consistently perform high-quality audits. We continue to assist member firms in enhancing their quality-focused infrastructure, including helping them enhance their own quality processes by providing annual update trainings in certain territories. We are also active leaders on a task force of member firms that shares learnings and best practices on quality.

Each member firm is responsible for monitoring its own quality control system, including reviewing the quality of its management-level controls and the audit work it has performed. A PwC Network led team inspects member firms’ reviews of their quality control systems. When areas needing improvement are identified in these reviews, the member firm prepares a remediation plan and the PwC Network monitors its implementation.

Each PwC Network member firm is responsible for completing inspections to assess whether engagements selected for review were performed in compliance with applicable professional standards and policies which facilitates the member firm’s enhancements to quality. We continually refine how we use the work of non-US PwC Network firms so that all components of our audits meet US standards (when applicable) and satisfy our own quality expectations.

A list of audit firms and statutory auditors within the PwC Network from EU or EEA member states can be found on page 21.

Strategy and leadership

We expect our partners¹ and staff to exhibit the core values underlying our purpose: act with integrity, make a difference, care, work together, and reimagine the possible. Key messages are communicated to our firm by our Senior Partner, US Leadership Team, Assurance Leadership Team, Market Assurance Leaders, and Market Team Leaders. These messages are also reinforced and modeled by engagement partners.

Our Assurance Leadership Team includes partners who oversee our audit practice in various regions, sectors, and business units. Each has a role in leading the implementation and monitoring of our audit quality initiatives and overseeing our system of quality control. Members of our Assurance Leadership Team, Market Assurance Leaders, and Market Team Leaders are available to assist audit partners in making key decisions that have quality implications. They also monitor partner assignments and responsibilities, client acceptance and continuance, and reinforce the importance of mandated training courses.

Discussions related to quality occur regularly at firm town hall meetings, webcasts, leadership visits, and through individual coaching. In these discussions, we focus on what we are doing well, where we can continue to make enhancements, and actions we can take to achieve those enhancements.

We monitor whether our leaders’ actions and words effectively convey the importance of quality to the success of our firm. Based on this monitoring, we are confident that our people understand our audit quality objectives.

At PwC, audit quality means that we consistently comply with auditing standards, apply a deep and broad understanding of our clients’ business and the financial environment in which they operate, use our expertise to identify and resolve issues early, and exercise professional skepticism in all aspects of our work.

Our audit quality principles are achieved through our audit quality practices and mean that we ask tough questions and stay current on professional standards. We apply an objective and professionally skeptical mindset and aspire to be the audit committee’s independent “eyes and ears.” We plan our work in a timely and thorough fashion and embrace the supervision and review process as a way to continuously improve. We recognize our role in the capital markets and remain alert for issues that need deeper analysis. Finally, we speak up and take personal responsibility for our actions.

¹ A partner is a certified public accountant (CPA) whereas a principal is not. Only CPAs may sign an audit opinion or perform any other function reserved by law or by the firm solely to CPAs. Partners and principals are alike in most other aspects of the partnership, such as sharing in profits/losses, managing risk, developing our staff, investing in client relationships, and performing services for clients. For purposes of this report, “partner” refers to both partners and principals.
Leadership and accountability

Tone at the top

Our leaders frequently and consistently message our purpose, which is to build trust in society and solve important problems. It drives our actions with clients and colleagues, informs our choices, guides our decision-making, and shapes our debates. Inherent in our purpose is our commitment to audit quality. Delivering high quality audits is the cornerstone to fulfilling our purpose.

Accountability

Leadership communicates expectations and holds professionals accountable for performing quality audits. These expectations include compliance with audit and risk management policies; timely scoping, planning, and execution; consultation with appropriate specialists; proactive issues management; adherence to independence and compliance requirements, including mandated training; the exercise of professional skepticism; and the appropriate level of review and supervision.

Partner accountability and compensation

Each partner receives a share of the firm’s profits based on his or her level of responsibility, the firm’s performance, and the partner’s performance. Our audit partners are not evaluated or compensated for selling non-audit services to their audit clients.

Partners are evaluated based on their contributions to quality, people, teaming, and financial performance. Partner accomplishments are measured based on the partner’s relative performance against established goals. A partner’s level of responsibility may increase or decrease as a result of this process. For example, quality-related matters can result in reduced responsibilities and can have a negative financial impact on lead engagement partners, auxiliary partners, quality review partners (QRPs), and specialist support partners (e.g., tax, valuation, actuarial, information technology).

When necessary, in order to promptly address identified quality issues, leadership works with the partner to implement a responsive action plan and monitors its execution and effectiveness.

Non-partner professionals

Individuals are assessed against the dimensions of the PwC Professional, the firm’s career progression framework. Our non-partner professionals participate in a performance bonus plan that is based, in part, on the achievement of quality goals and objectives.

If our audit quality objectives are not fully met by non-partner professionals at the manager level or above, the professionals must develop a responsive action plan that is reviewed and approved by a partner. Our goal is to provide the support and resources necessary for our professionals to deliver against our audit quality objectives. Over the course of the fiscal year², action plan progress is monitored by the relevant Market Team Leaders.

Ethical requirements

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

- **Integrity** – To be straightforward and honest in all professional and business relationships.
- **Objectivity** – To not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- **Professional Competence and Due Care** – To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.

² Our fiscal year ends June 30th each year.
Confidentiality – To respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.

Professional Behavior – 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/anti-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 US partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network and PwC leadership monitors compliance with these obligations.

The firm has adopted the PwC Network Standards which include a Code of Conduct, and related policies that describe the behaviors expected of our partners and other professionals- behaviors that will enable us to earn the trust that we seek. 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 are provided with a copy of the PwC Global Code of Conduct. They are expected to live by the values expressed in the code in the course of their professional careers.

Independence

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

Our independence policy is based on the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, and is supplemented, as necessary, to comply with the requirements of US standard setters and regulators (e.g., the AICPA, SEC, and PCAOB). We provide technology-based tools to support our auditors in maintaining their independence, including systems and processes to:

- Identify the entities requiring independence;
- Enable assessments and documentation of approval for providing permissible non-audit services;
- Facilitate the assessment and monitoring of joint business relationships;
- Initiate independence consultation with our experts;
- Evaluate, pre-approve and monitor securities and other financial arrangements held by partners, managers, and others to whom independence rules apply;
- Automatically record our people’s security transactions entered into using certain brokerage firms in the firm’s independence system;
- Assess and document our professionals’ annual confirmation of compliance with our independence policies and other compliance topics; and
- Send engagement independence confirmations and generate the documentation necessary to evidence the confirmation process automatically.

A team of dedicated professionals (14 partners and 232 staff) maintain our independence policies, processes and systems, develop our annual independence training, and serve as a resource for our people when questions arise. In FY17, this team engaged in approximately 29,100 independence-related consultations.
We have disciplinary procedures in place to promote compliance with our independence policies and processes. Independence policies require any independence rule exceptions to be reported to those charged with governance of our clients so that they can be addressed promptly.

**Partner rotation**

SEC rules require public company lead audit partners and QRPs to rotate off engagements every five years. We also have rotation policies for auxiliary partners, managers, and partners on non-public company audit engagements. Periodically rotating the partners strikes a balance between bringing “fresh eyes” to the audit and maintaining a deep understanding of the client and its operations, supported by team continuity. This drives enhanced objectivity and audit quality. Our practice leaders use systems and processes to manage partner portfolios and rotations on a timely basis, including identifying successor partners who have the skills and capacity to maintain consistent audit quality.

**Independence training and confirmations**

PwC provides all partners and staff with annual or ongoing 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 PwC’s independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis.

All partners and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with all aspects of the 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 periodic and ad-hoc engagement level confirmations.

**Human Resources**

**Human capital strategies**

Human capital is critical to our success. We are committed to creating an environment in which we are able to attract, develop, and retain the best and brightest in our profession, and have been recognized by several different organizations for our successes in this area. Our people strategies—including how we recruit and deploy talent, develop skills, identify diverse professional experiences, and provide coaching and feedback—are important to achieving our quality objectives.

**Professional development**

We provide team-based, classroom instructed, and technology-driven training. Throughout our professionals’ careers, they are presented with challenging experiences, career development opportunities, and on-the-job coaching.

Becoming a CPA is an important part of our audit professionals’ career progression, as it demonstrates a mastery of core auditing and accounting knowledge. Passing the CPA exam—a significant step toward obtaining the CPA credential—is a prerequisite for promotion to audit senior associate.

In 2017, 10 of the 57 individuals recognized by the AICPA for achieving exceptional results on the CPA exam were from our firm.

We are committed to putting the right people in the right places at the right times. One of the tools we use is TalentLink, our talent management and sourcing platform. This gives us visibility into our people’s experiences and interests so that we can efficiently staff client engagements and understand the career aspirations of our people.
Retention

Turnover rates in the public accounting profession are generally high because as accounting standards and regulations change, accountants—specifically our staff—are in high demand. Accordingly, retaining our highly talented professionals remains a priority and is important to achieving sustained audit quality.

We are dedicated to creating an environment that enables us to deliver a rewarding experience for our people by leveraging technology to facilitate the way we work together, improving utilization, reducing overtime and taking the “busy” out of “busy season” through improved phasing of audit work throughout the year.

Providing our people with an ability to meet their professional and personal obligations is an important component of our retention strategy. In addition to our formal flexibility options (e.g., reduced schedules, remote working arrangements), flexibility discussions are part of our culture. For example, we encourage teams to develop flexibility plans at the onset of an engagement and identify “flexibility champions” within each team to keep them on track, particularly during peak periods of the audit. This energizes our engagement teams’ passion for and commitment to delivering quality; creates a more rewarding experience; and increases desire to remain with the firm longer.

Our people initiatives have led to a reduction in average annual hours at all levels and over the last two years, contributed to a nearly 20% reduction in hours worked in excess of 40 per week and a three percentage point decrease in voluntary turnover.

Our real-time recognition program empowers partners and staff to recognize individuals for their contributions and impact. Further, we encourage our staff to participate in corporate responsibility efforts, such as our Access Your Potential program, pro-bono work for non-profit organizations, volunteering, or other forms of giving. These efforts positively impact local communities and support retention of our purpose-driven staff. For example, the turnover rate for our core assurance staff who participate in corporate responsibility-related activities is five percentage points lower than for those who do not participate.

We periodically measure the pride, advocacy, commitment, and overall satisfaction of our people. We call this measurement our Engagement Index. We believe it captures the impact of our people initiatives.

Our Assurance Engagement Index decreased 5 percentage points from last year. We believe this indicates a need to better communicate internal policy decisions in a more timely manner (e.g., changes to health plans and compensation and organizational policies).
Learning and education

We, and the other PwC firms in the Network are committed to delivering quality audits around the world. To maximize consistency in the Network, a formal curriculum developed at the Network level provides access to courses covering the PwC audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and engagement quality.

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

Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address specific local needs in the way of videos, workshops and forums for staff to share their experiences. This training is then supplemented with learning from others, whether by receiving and discussing feedback, or by shadowing, observing and/or working with others in order to support them on the job.

The composition of our audit teams provides our less experienced professionals the opportunity to work with more seasoned professionals, which promotes meaningful on-the-job training. Judgment is honed by witnessing how seasoned auditors approach issue identification, management, and resolution.

The significant amount of learning that occurs through on-the-job supervision, review, and mentoring is supplemented through participation in rigorous, firm-developed learning programs. The effectiveness of our formal learning courses is enhanced by our national Assurance Learning Team. This team is comprised of experienced PwC audit professionals dedicated to developing course content and instructing associates and senior associates. Chief auditors also play an important role sharing information and experience with partners and managers. We continually update and redesign our training curriculum based on feedback obtained from our:

- Internal inspections process;
- Observations from the PCAOB and peer reviews;
- Observations from our Chief Auditor Network; and
- Surveys, focus groups, and post-course learning assessments.

In FY17, we entered into a joint business arrangement with Coursera and redesigned our firm mandated courses to include the use of digital simulation-based elements to enhance effectiveness. We require our audit professionals, at all levels, to attend training courses that integrate auditing and accounting concepts for a more effective learning experience. Our managers and partners also attend industry-specific training related to new accounting standards, when applicable. In addition, we offer our professionals non-technical training on topics such as project management, issues management, and business communications. The number of hours of auditing and accounting training mandated annually and total annual training hours completed for each professional level can vary from year-to-year based on a variety of factors including but not limited to the volume and nature of new accounting and auditing standards. The number of hours of mandated training is determined by the Assurance Learning Team and approved by Assurance leadership. On average, our professionals complete more training than state accountancy boards require to maintain CPA licensure.

Attendance at mandated training courses is an important component of an individual’s performance assessment and is monitored by Market Team Leaders. Non-attendance at mandated training courses or failure to achieve the mandated number of hours of auditing and accounting training can impact an audit professional’s performance evaluation and individual compensation. All mandated auditing and accounting training courses include a learning assessment that requires a passing grade to test knowledge gained. The results of these tests also provide participants with a better understanding of where they can focus additional attention.
**Acceptance and continuance**

*Considerations in undertaking an audit engagement*

The firm has established protocols that promote consistency in our approach to engagement acceptance and continuance. For the acceptance of new audit clients, our process requires approvals by various levels of risk management and market leadership partners. The extent and level of approvals needed for continuous assessments of existing audit clients depend on the nature of the client and the results of the annual risk assessment. Key to making our decision to accept a new client or continue an audit engagement is whether we have the appropriate resources with the right skills, experience, industry knowledge, and capacity to perform a high-quality audit. We also consider if the audit fees are commensurate with the level of effort needed to perform a quality audit. We only accept and continue to perform those audit engagements for which we believe our audit procedures can satisfactorily address the risk of material financial statement misstatement. Our client acceptance and continuance procedures identify potential areas of risk and focus on a number of matters, including whether:

- The engagement is allowable under professional and regulatory standards and is within our Key management, board, significant shareholders, and principal owners are people of integrity and good repute;
- The entity’s operations are governed by acceptable standards of behavior;
- There are any unresolved issues involving independence, conflicts of interest, or relationships with other entities, and;
- There are any unreasonable timing or resource constraints that would affect our ability to comply with applicable standards.

**Engagement performance**

*Our approach*

At PwC, we believe that performing audits in accordance with professional standards is an important way that we fulfill our purpose to build trust in society and solve important problems. Each year we issue audit reports regarding thousands of public and private companies. Before PwC issues its opinion, we conduct an audit following applicable auditing standards in order to obtain reasonable assurance regarding whether the financial statements are presented fairly, in all material respects. Although reasonable assurance is a high level of assurance, it is not a guarantee. An audit involves examining the underlying audit evidence, including information and reports provided by the company, on a test basis. We also test, rely and, for many public registrants, opine on a company’s internal control over financial reporting, which due to its inherent limitations may not prevent or detect misstatements. We are proud of the important role that audit opinions play in the capital markets, and how they help us to fulfill our broader purpose as a firm.

*Audit methodology and processes*

We continue to innovate the audit process by standardizing, simplifying, and automating our work where appropriate to promote doing the right work at the right time. This approach supports consistency in the execution of our procedures, promotes adherence to professional auditing standards, and improves the experience for our clients through earlier identification and resolution of matters. Foundational to our methodology is the assessment of risk. Financial reporting risks evolve over time. Our risk assessment begins in the planning phase of the audit. After we gain an understanding of the client’s end-to-end business processes and consider the impact of changing economic conditions, we identify and evaluate the risks within the processes and develop audit programs responsive to the client’s specific facts and circumstances. The risk assessment process continues through the issuance of our audit report. We reinforce the importance of appropriate planning and phasing of audit work by setting realistic audit planning deadlines, and timely engagement of audit partners and managers throughout the process. This facilitates the appropriate consideration of audit risk and the related response.
In the interest of continuous improvement, over the past year we have:

- Enhanced learning and development programs by incorporating simulation based modules;
- Introduced further enhancements to the latest version of our global audit software, Aura;
- Utilized our Market Team Transformation Leaders to drive process improvements and use of our tools and technology continued to develop industry-specific audit programs to improve the consistency of how we address certain industry-specific risks;
- Expanded our data auditing tools; and
- Continued to increase leverage of our Service Delivery Centers and additional resource pools.

In addition to these efforts, we continue to enhance our methodology, training programs, and audit performance and documentation tools to respond to changes in risk. Changes can result from new accounting and auditing standards, such as the new revenue, leases and credit loss standards, and the results of internal and external inspections, including the related analyses of quality drivers. For example, over the past year, we introduced our business combinations enhanced audit planning and documentation tools and templates to provide increased scoping capabilities and streamline the documentation process. We also introduced enhanced functionality in Aura to capture and centralize our audit documentation related to system-generated information used by (1) management in the execution of financial reporting controls we test and (2) our engagement teams when performing substantive audit procedures.

**Audit committee communications**

Audit committee oversight of auditors is another key element of audit quality. Through timely, meaningful exchanges, we obtain the audit committee’s perspectives and fulfill our professional responsibilities to communicate certain items to the audit committee. Required communications include discussions about our independence, our role, and the roles of management and the audit committee, among others. For public company audits, our communications occur at least quarterly. Examples of other topics we discuss include, but are not limited to:

- Perspectives on management's plans to adopt a new accounting standard;
- Views on risks to the company (e.g., financial, business, operational);
- Perspectives on the quality of management and the tone at the top;
- The resources to be allocated to the audit;
- The appropriateness of audit fees relative to the work to be performed;
- The potential effects of proposed non-audit services on independence; and
- PCAOB inspection results and themes.
Resource management

We continue to enhance the quality and efficiency of our audits. These efforts have helped reduce our full year utilization by three percentage points and utilization for our peak period of January and February by three and four percentage points, respectively, over the prior year. The reduction in utilization contributed to a continued decline in voluntary turnover. Our Global Delivery Model leverages PwC Service Delivery Centers (SDCs) to perform standardized audit and administrative procedures. Utilization of the SDCs can allow engagement teams to prioritize the more judgmental aspects of the audit, thereby enhancing audit quality and improving project management and morale.

Consultation process and use of specialists

As part of our collaborative culture, engagement teams have access to the firm’s quality support network. This network includes our National Office, Chief Auditor Network, and Risk Management Partners.

National office

Our National Office includes technical specialists in accounting, auditing, and SEC matters. The National Office plays a vital role in keeping our firm policies and guidance current. Through consultations, presentations, client interactions, publications, podcasts, videos, and webcasts, the National Office keeps our audit teams, clients, and other stakeholders informed of standard setting activity and regulatory matters that may impact the audit, audit quality, or financial reporting. Our audit policies identify matters that require National Office consultation. Additionally, no partner or staff member is expected to “go it alone.” Audit teams are encouraged to consult based on engagement-specific facts and circumstances. In the event an audit partner initially has a different viewpoint than our National Office, a resolution process provides guidance for elevating the discussion until agreement can be reached. Our Risk Management network includes experienced audit partners who serve in national, regional, and local roles. Regional and local Risk Management partners devote a portion of their time to risk management activities, while continuing to manage their own engagements. National Risk Management professionals are generally dedicated on a fulltime basis and are responsible for the design, development, and execution of the firm’s risk management policies. Risk Management partners support audit teams in assessing risks (such as whether to undertake or continue an audit engagement) and applying the firm’s risk management policies. Audit teams are required to consult with a Risk Management partner on specific issues (e.g., principal auditor considerations, going concern matters, and misstatement evaluations, including assessments performed by management and audit committees when potential errors are identified in previously issued financial statements). In addition to required consultations, audit teams are encouraged to consult with Risk Management whenever they believe they could benefit from Risk Management partner insights.

Chief auditor network

Our Chief Auditor Network comprises partners and professionals who provide local, regional, and sector support to audit teams in the field. Chief auditors help audit teams design effective and efficient audit approaches and reinforce key learning points from audit training and guidance developed by our National Office. Our chief auditors contribute to market and industry group meetings focused on audit quality topics and serve as instructors for many of our audit-related training courses. Chief auditors provide advice on auditing matters through review of certain aspects of selected audit engagements before those audits are completed. Through these activities, the Chief Auditor Network is able to provide leaders with insights on overall audit quality trends and progress.

Our engagement teams also draw upon firm specialists (e.g., valuation, tax, information technology, and other technical specialists) in a variety of accounting and auditing areas. Client-specifics drive the number of specialist hours for an audit.

Quality review partner

Quality Review Partners are a component of our quality control system. Partners serving in these roles must have the requisite technical knowledge, experience, and time to perform the role effectively. We also utilize QRP assistants. QRP assistants are generally partners with one to five years of tenure as a partner. All QRPs and QRP assistants are required to take training before assuming their role. QRPs are involved in the most important aspects of the audit, including reviewing the audit plan, considering the firm’s independence, discussing the significant risks of material financial statement misstatement and our responses to those risks, and reviewing certain accounting, auditing, and financial reporting and disclosure matters.
Monitoring of Assurance quality

Continuous improvement cycle

One of the drivers of quality is our ability to identify opportunities for enhancement and quickly respond. We have used pre-issuance reviews and our internal inspections to identify opportunities to enhance quality. After performing an analysis to identify what may have contributed to inspection comments, we develop appropriate actions, such as expanding guidance, developing new or enhanced tools, or implementing additional training.

Pre-issuance reviews

One of the ways we monitor quality is by reviewing audit work on certain audit engagements prior to the issuance of our audit reports. Our Chief Auditor Network plays a significant role in the completion of these reviews, and each year we reassess the scope and areas of focus of these reviews, taking into consideration recent inspection results and the involvement of Chief Auditors in other engagement team support activities. For example, during FY17, our Chief Auditors executed a preissuance review program that targeted the planned audit approach for at least one significant accounting estimate on more than 100 audit engagements. Additionally, our Inspections Group annually performs targeted preissuance reviews of the planned audit approach and the execution of audit procedures for 40-50 audit engagements.

Our pre-issuance reviews provide insight into ways to improve the consistent application of our firm’s methodology and tools. The scope of these reviews is primarily focused on the implementation of new standards and policies, audit methodology enhancements, and matters noted during previous inspections cycles. These reviews also provide engagement teams with timely feedback, which can be incorporated into their audit prior to the completion of fieldwork.

Summary of the Firm’s Quality Management Systems and Risk Processes Standard

The PwC network has issued Quality Management Systems and Risk Processes Standards applicable to all PwC member firms. The objective of the Quality Management Systems and Risk Processes Standards is for all member firms to establish business processes that promote and facilitate the delivery of quality services. This is done through their Line of Service (LOS) quality and risk management functions and enable the firm and its personnel to meet applicable professional standards, regulations and legal requirements, as well as PwC Network standards and policies. Supporting this key element, the Assurance-specific requirement states that Assurance leadership must have implemented and maintained a quality control system as required by the International Standard on Quality Control 1 (ISQC1).

ISQC1

ISQC1 sets forth the elements of a system of quality control. It states that a system of quality control consists of policies designed to provide a firm with reasonable assurance that the following objectives are met:

- The firm and its personnel comply with professional standards and applicable legal and regulatory requirements and
- Reports issued by the firm or engagement partners are appropriate in the circumstances.
- Policies and procedures shall be established to address the following elements:
  - Leadership
  - Ethical requirements (including independence)
  - Acceptance and continuance
  - Human resources (including learning and education)
  - Engagement performance (including Quality Review Partner)
  - Monitoring
ISQC 1 requires us to establish policies and procedures requiring appropriate documentation to provide evidence of the operation of each element within its system of quality control. In addition, we are responsible for the creation of procedures necessary to implement and monitor compliance with those policies.

**Internal inspections**

During the inspections process, reviewers evaluate the audit engagement team’s compliance with professional standards and firm policies. The reviews focus on the sufficiency of audit evidence and related judgments that support the engagement team’s conclusions.

Under the firm’s internal inspection program, audit engagement partners are generally selected for inspection at least once every four years. Certain of their engagements are selected based on a variety of factors. Overall, the selection process results in a sample of audit engagements that is representative of our audit practice (e.g., sector, geography, size) and meets or exceeds the requirements set forth in the applicable quality control standards.

The Inspections Group has oversight and ownership over all aspects of the internal inspections program, including its design and execution. The group is comprised of experienced audit professionals dedicated to monitoring sustained audit quality, driving consistency in our inspections process, and delivering insights into areas for continued focus. This group, along with support from Assurance client service personnel with relevant industry or technical expertise (e.g., tax, valuation, actuarial, systems), executes the annual inspections. Client-service personnel involved with inspections are our higher performing resources, including near-term partner candidates, senior managers and directors nominated by Market Assurance Leaders, as well as partners nominated by Sector Assurance Leaders. In the 2017 internal inspections of 2016 audit engagements, approximately 800 partners and professional staff will participate as reviewers.

The Inspections Group communicates overall inspections observations and results to the Assurance practice. Further, the Inspections Group works with the Chief Auditor Network, Auditing Services Methods & Tools, Learning and Development, and firm leadership to determine if additional guidance or training, audit methodology modifications, or targeted messaging from leadership is appropriate to sustain and improve audit quality. Although our 2017 inspection cycle is not complete, based on the results analyzed thus far, we continue to focus on specific aspects of:

- Substantive and control testing over revenue;
- Evaluation of the design and operating effectiveness of controls;
- Auditing of estimates;
- Testing of journal entries; and
- Complying with independence pre-approval and documentation processes and report issuance policies.

We consider a number of quality inputs in assessing the ongoing effectiveness of the firm’s system of quality control, including internal and external inspection results. There are inherent differences in the methods of selecting audits for internal and external inspection; however, we analyze both internal and external inspections.

The Inspections Group also annually evaluates the firm’s system of quality control over our audit practice. Our quality control system addresses:

- Leadership’s responsibility related to their quality roles;
- Relevant ethical requirements;
- Considerations in undertaking an audit engagement;
- Human capital needs;
- Engagement performance; and
- Our process for monitoring the effectiveness of our quality control policies and procedures.

Our system of quality control is also subject to annual review by professionals from the PwC Network. Our most recent annual evaluation confirmed that our system of quality control over our audit practice is designed appropriately and functioning effectively.
External inspections

PCAOB inspections of our public company audit practice provide a data point for audit quality and represent an important check on our internal monitoring and assessment processes. The PCAOB reviews a relatively small percentage of our issuer audit clients annually, using a largely risk-based approach. This risk-based approach is designed to target particularly complex audit areas, industries, and clients. In accordance with the Sarbanes-Oxley Act of 2002 (the Act), the PCAOB’s inspection report includes public and nonpublic portions. The public portion of the inspection report contains an overview of the inspections procedures and observations on the engagements inspected. The nonpublic portion contains observations and criticisms about a firm’s audit performance and system of quality control. The Act mandates that the nonpublic portion will not be made public if a firm addresses the quality control observations to the PCAOB’s satisfaction within 12 months of the date of the inspection report. The most recent inspection report on our audit practice is dated August 10, 2016 (the “2015 Inspection Report”), and describes the results of the PCAOB’s 2015 inspection of 55 (or approximately 3%) of our 2014 year-end public company audits.

Part I of the PCAOB Report

Part I of our 2015 Inspection Report covers inspections of selected 2014 year-end audits. Partly in response to that report, we continue to focus on the following areas:

- Auditing internal control over financial reporting, specifically the design and operating effectiveness testing of controls involving management review of financial information or accounting analyses; and
- Sufficiency of evaluation and corroboration of management’s key assumptions, including information that may contradict those assumptions or related management judgments, and testing of key data inputs used in impairment assessments and business combination valuations.

Part II of the PCAOB Report

Part II of our 2015 Inspection Report is nonpublic and reflects observations and criticisms identified during the PCAOB’s review of certain practices, policies, and processes related to our system of quality control, including observations developed from the engagement-specific findings reported in Part I. Areas of public accounting firm quality control considered by the PCAOB in Part II generally focus on the following areas.

- Management structure and processes, including the tone at the top;
- Practices for partner management, including allocation of partner resources and partner evaluation, compensation, admission, and disciplinary actions;
- Policies and procedures for considering and addressing the risks involved in accepting and retaining clients, including the application of a firm’s risk-rating system;
- Processes related to a firm’s use of audit work that its foreign affiliates perform on the foreign operations of a firm’s US issuer audit clients; and
- Processes for monitoring audit performance, including processes for identifying and assessing indicators of deficiencies in audit performance, independence policies and procedures, and processes for responding to weaknesses in quality control.

During FY17, the PCAOB informed us that it is satisfied with how we addressed observations contained in Part II of our 2014 inspection report (which covered our 2013 year-end audits). The PCAOB has not yet made a determination as to the sufficiency of our actions in response to the nonpublic portions of our 2015 Inspection Report, for which the 12-month remediation period ended on August 9, 2017.
Analyses of quality drivers

We perform analyses of audits with and without deficiencies identified through internal and external inspections. A team of reviewers that is independent from the engagement team identifies and considers factors relevant to technical knowledge, supervision and review, professional skepticism, engagement resources, and training, among others. These potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing audit working papers, as appropriate.

We compare and contrast the data for audits with and without deficiencies to identify whether certain factors appear to correlate to audit quality in these audits. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement in certain roles, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was planned and performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these observations to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute to our quality controls.
Governance and structure

The firm’s Senior Partner serves as Chairman and Chief Executive Officer and manages the firm pursuant to the powers delegated to him by the firm’s partners. The Senior Partner may appoint people and committees to assist with firm management, and discusses the firm’s philosophy, policies, and direction with the Board of Partners and Principals in its governance role.

To assist in discharging his responsibilities, the Senior Partner has appointed a Leadership Team to work with him to manage the firm. The responsibilities of the Senior Partner and the Leadership Team include establishing and determining the effectiveness of the firm’s system of internal control, including controls relating to the quality of the firm’s audit services. Changes to the Leadership Team are determined by the Senior Partner. The Senior Partner is elected by a partner vote for a four-year term. The Senior Partner may be reelected for a second and a third term, unless limited by age according to the partnership agreement and, with respect to any third term, subject to the Board of Partners and Principals approving the individual’s nomination.

Members of the Leadership Team as of June 30, 2017

<table>
<thead>
<tr>
<th>Tim Ryan</th>
<th>Mohamed Kande</th>
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<tbody>
<tr>
<td>US Chairman and Senior Partner</td>
<td>Advisory Leader</td>
</tr>
<tr>
<td>Roz Brooks</td>
<td>Christine Lattanzio</td>
</tr>
<tr>
<td>Advisory Leader</td>
<td>Communications and Change Management</td>
</tr>
<tr>
<td>Caroline Cheng</td>
<td>Mark Mendola</td>
</tr>
<tr>
<td>General Counsel</td>
<td>Vice Chairman and US Managing Partner</td>
</tr>
<tr>
<td>Martyn Curragh</td>
<td>Amity Millhiser</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Chief Clients Officer</td>
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<tr>
<td>Mike Dillon</td>
<td>Maria Castañón Moats</td>
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<tr>
<td>Chief Diversity &amp; Inclusion Officer</td>
<td>Assurance Leader</td>
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<tr>
<td>Suneeet Dua</td>
<td>Gary Price</td>
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<tr>
<td>Network Leader</td>
<td>Partner Affairs Leader and Chief Administrative Officer</td>
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<tr>
<td>Vicki Huff Eckert</td>
<td>Reggie Walker</td>
</tr>
<tr>
<td>New Business &amp; Innovation Leader</td>
<td>Chief Commercial Officer</td>
</tr>
<tr>
<td>Miles Everson</td>
<td>Roy Weathers</td>
</tr>
<tr>
<td>Global and Asia Pacific Americas Advisory Leader</td>
<td>Tax Leader</td>
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<tr>
<td>Mike Fenlon</td>
<td>Mauricio Hurtado</td>
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<tr>
<td>Chief People Officer</td>
<td>Mexico Country Senior Partner</td>
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<tr>
<td>Jim Flanagan</td>
<td>Sigal Zarmi</td>
</tr>
<tr>
<td>Vice Chairman and US Managing Partner</td>
<td>Chief Information Officer</td>
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</table>
Board of Partners and Principals

Authority
Pursuant to the authority delegated to it by the firm’s partners, the Board is responsible for overseeing the overall strategic direction of the firm. It oversees long-range strategies and business plans, and approves major transactions that could significantly affect the firm’s business. Its authority also includes the approval of the firm’s capital policies, the manner in which partners participate in firm profits, and the admission of new partners.

It approves the compensation of the Senior Partner and members of the Leadership Team as a group, after review and recommendation by a committee of the Board. All candidates proposed by the Senior Partner Nominating Committee to stand for election as Senior Partner must also be approved by the Board.

Composition
The Board consists of partners and principals of the firm who have been elected for staggered terms of approximately four years. For the first time, in 2017, we appointed two external directors to the Board. Our decision to bring in outside directors has been several years in the making, including an extensive search for the right, qualified candidates who could serve in this important role. These external members also meet our rigorous independence requirements to protect our reputation, objectivity and integrity. We look forward to adding their insights, expertise, and objective perspectives into our governance process as we consider the firm’s strategy, growth, and service offerings.

The Board is chaired by a Lead Director, who is elected by the members of the Board other than the Senior Partner. As of August 2017, there are 21 members of the Board in addition to the firm’s Senior Partner:

Members of the Board of Partners and Principals as of June 30, 2017

<table>
<thead>
<tr>
<th>Tim Ryan</th>
<th>Carlos Gutierrez</th>
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<tbody>
<tr>
<td>US Chairman and Senior Partner</td>
<td>External Director</td>
</tr>
<tr>
<td>Alan Page</td>
<td>Dave Hoffman</td>
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<tr>
<td>Lead Director</td>
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<tr>
<td>Thomas Archer</td>
<td>Paul Kepple</td>
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<tr>
<td>Mark Borden</td>
<td>James Kolar</td>
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<tr>
<td>Len Combs</td>
<td>Paula Loop</td>
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<tr>
<td>Brian Cullinan</td>
<td>Brian Meighan</td>
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<tr>
<td>Brendan Dougher</td>
<td>Carol Pottenger,</td>
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<tr>
<td></td>
<td>External Director</td>
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<tr>
<td>Carrie Duarte</td>
<td>Michael Quinlan</td>
</tr>
<tr>
<td>John Farina</td>
<td>Lisa Sawicki</td>
</tr>
<tr>
<td>Ray Garcia</td>
<td>Deidre Schiela</td>
</tr>
<tr>
<td>Scott Gehsmann</td>
<td>Jose Ignacio Toussaint</td>
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</tbody>
</table>
Committees
The Board is assisted by various committees that help to carry out its role. The Risk and Quality (R&Q) Committee provides oversight and monitors the appropriate policies, processes, and procedures for managing and minimizing risks of the firm. The R&Q Committee also comprises the Accounting and Auditing Practice Committee, which provides oversight of the accounting and audit practice of the firm.

As requested by the Board, the R&Q Committee reviews regulatory matters that affect the firm and, as appropriate, other parts of the PwC Network. Such matters may include accounting licensing and professional standards issues, internal and external quality inspection results, and global regulatory trends.

Board member selection process
The partner vote for selecting Board members who are partners or principals of the firm is on a headcount basis. Partners vote by ranking the candidates for the Board. The candidates with the most votes are elected. Board elections are supervised by an independent election teller.

External Directors are elected to the Board by the affirmative vote of two-thirds of the members of the Board voting thereon.
List of public interest entities

Below is a current list of our relevant audit clients that have issued transferable securities on a regulated market within the EU. The aggregate audit fee earned as of June 30, 2017 for these clients totaled $252,706,110.

Bank of America Corporation Merrill Lynch & Co., Inc.
Carnival Corporation
Caterpillar, Inc.
Dresdner Funding Trust I
Dresdner Funding Trust IV
Ford Motor Company
HSBC Finance Corporation
IKB Funding Trust I
IKB Funding Trust II
International Business Machines Corporation
International Flavors & Fragrances, Inc.
JP Morgan Chase & Co.
Merck & Co., Inc.
Mondelez International, Inc.
Schlumberger Limited
SPDR Dow Jones Industrial Average ETF Trust
TechnipFMC PLC
The Goldman Sachs Group, Inc.
Toyota Motor Credit Corporation
VW Credit, Inc.
VW Credit Canada, Inc.

Financial information

PwC’s gross revenue for the fiscal year ended June 30, 2017 is shown below:

US Firm Gross Revenue

($mil) – 15,995,834

US Gross Revenue Mix – By Practice Area:

<table>
<thead>
<tr>
<th>Practice Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance</td>
<td>36.84%</td>
</tr>
<tr>
<td>Tax</td>
<td>26.05%</td>
</tr>
<tr>
<td>Advisory</td>
<td>37.11%</td>
</tr>
</tbody>
</table>
### EU EEA Member firms

The table below is a list of audit firms and statutory auditors within the network i.e. from EU or EEA Member States as of June 30, 2017.

<table>
<thead>
<tr>
<th>Country and Name of firm/statutory auditor</th>
<th>Country and Name of firm/statutory auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria PwC Wirtschaftsprüfung GmbH, Wien</td>
<td>Denmark PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab</td>
</tr>
<tr>
<td>Austria PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz</td>
<td>Estonia AS PricewaterhouseCoopers</td>
</tr>
<tr>
<td>Austria PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt</td>
<td>Finland PricewaterhouseCoopers Oy</td>
</tr>
<tr>
<td>Austria PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungs GmbH, Dornbirn</td>
<td>Finland PwC Julkistarkastus Oy</td>
</tr>
<tr>
<td>Austria PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz</td>
<td>France PricewaterhouseCoopers Audit SAS</td>
</tr>
<tr>
<td>Austria PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg</td>
<td>France PricewaterhouseCoopers Entreprises SARL</td>
</tr>
<tr>
<td>Austria PwC Österreich GmbH, Wien</td>
<td>France Diagnostic Révision Conseil SAS</td>
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<tr>
<td>Belgium PwC Bedrijfsrevisoren bvba/Reviseurs d'enterprises scrl</td>
<td>France PricewaterhouseCoopers PME Commissariat aux comptes</td>
</tr>
<tr>
<td>Belgium PwC Audit Services SPRL</td>
<td>France PricewaterhouseCoopers PME CAC</td>
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<tr>
<td>Bulgaria PricewaterhouseCoopers Audit OOD</td>
<td>France PricewaterhouseCoopers France</td>
</tr>
<tr>
<td>Croatia PricewaterhouseCoopers d.o.o</td>
<td>France Ampersand Audit</td>
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<tr>
<td>Cyprus PricewaterhouseCoopers Limited</td>
<td>France Ampersand Associés</td>
</tr>
<tr>
<td>Czech Republic PricewaterhouseCoopers Audit s.r.o</td>
<td>France FNP Commissaires Associés</td>
</tr>
<tr>
<td></td>
<td>France Fiduciaire d’Expertises Comptables et d’Etudes Economiques – Fidorex</td>
</tr>
<tr>
<td>Country</td>
<td>Name of firm/statutory auditor</td>
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</tr>
<tr>
<td>France</td>
<td>Société Fiduciaire d’Expertise Comptable et de Révision – Sofecor</td>
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<tr>
<td>France</td>
<td>M. Philippe Aerts</td>
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<tr>
<td>France</td>
<td>M. Jean-François Bourrin</td>
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<tr>
<td>France</td>
<td>M. Jean-Laurent Bracieux</td>
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<tr>
<td>France</td>
<td>M. Didier Brun</td>
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<tr>
<td>France</td>
<td>M. Didier Cavanie</td>
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<tr>
<td>France</td>
<td>M. Hubert de Rocquigny</td>
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<tr>
<td>France</td>
<td>M. François Miane</td>
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<td>France</td>
<td>M. Yves Moutou</td>
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<tr>
<td>France</td>
<td>M. Claude Palméro</td>
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<tr>
<td>France</td>
<td>M. Antoine Priollaud</td>
</tr>
<tr>
<td>Germany</td>
<td>PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft</td>
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<tr>
<td>Germany</td>
<td>Wibera WPG AG</td>
</tr>
<tr>
<td>Germany</td>
<td>PwC FS Tax GmbH Wirtschaftsprüfungsgesellschaft</td>
</tr>
<tr>
<td>Greece</td>
<td>PricewaterhouseCoopers Auditing Company SA</td>
</tr>
<tr>
<td>Hungary</td>
<td>PricewaterhouseCoopers Könyvvizsgáló Kft.</td>
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<tr>
<td>Iceland</td>
<td>PricewaterhouseCoopers ehf</td>
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<tr>
<td>Ireland</td>
<td>PricewaterhouseCoopers</td>
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<tr>
<td>Italy</td>
<td>PricewaterhouseCoopers Spa</td>
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<tr>
<td>Latvia</td>
<td>PricewaterhouseCoopers SIA</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>PricewaterhouseCoopers GmbH, Vaduz</td>
</tr>
<tr>
<td>Lithuania</td>
<td>PricewaterhouseCoopers UAB</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>PricewaterhouseCoopers, Société coopérative</td>
</tr>
<tr>
<td>Malta</td>
<td>PricewaterhouseCoopers</td>
</tr>
<tr>
<td>Netherlands</td>
<td>PricewaterhouseCoopers Accountants N.V.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Coöperatie PricewaterhouseCoopers Nederland U.A</td>
</tr>
<tr>
<td>Norway</td>
<td>PricewaterhouseCoopers AS</td>
</tr>
<tr>
<td>Poland</td>
<td>PricewaterhouseCoopers Polska sp. z.o.o.</td>
</tr>
<tr>
<td>Poland</td>
<td>PricewaterhouseCoopers sp. z.o.o.</td>
</tr>
<tr>
<td>Portugal</td>
<td>PricewaterhouseCoopers &amp; Associados–Sociedade de Revisores Oficiais do Contas Lda</td>
</tr>
<tr>
<td>Romania</td>
<td>PricewaterhouseCoopers Audit S.R.L.</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>PricewaterhouseCoopers Slovensko s.r.o.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>PricewaterhouseCoopers d.o.o.</td>
</tr>
<tr>
<td>Spain</td>
<td>PricewaterhouseCoopers Auditores, S.L.</td>
</tr>
<tr>
<td>Country</td>
<td>Name of firm/statutory auditor</td>
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</tr>
<tr>
<td>Sweden</td>
<td>PricewaterhouseCoopers AB</td>
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<tr>
<td>Sweden</td>
<td>Ohrlings PricewaterhouseCoopers AB</td>
</tr>
<tr>
<td>UK</td>
<td>PricewaterhouseCoopers LLPf</td>
</tr>
<tr>
<td>UK</td>
<td>James Chalmers</td>
</tr>
<tr>
<td>UK</td>
<td>Richard Sexton</td>
</tr>
</tbody>
</table>

The total revenue from the statutory audits of annual and consolidated financial statements completed by EU/EEA firms that are part of the PwC network was, to the best extent calculable, approximately $3 billion Euros. This represents the revenue from each entity’s most recent financial year converted to Euros at the exchange rate prevailing at that financial year end date.