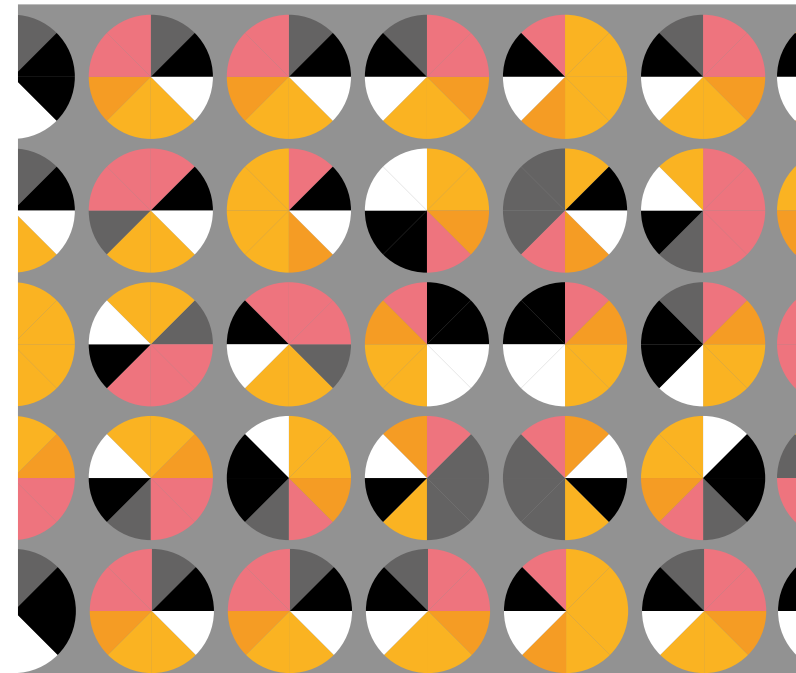


Transparency Report

PwC Luxembourg



PwC Luxembourg Transparency Report

Welcome to the PwC Luxembourg Transparency Report of activities for the year ended 30 June 2019 ("2019"). It is issued in accordance with EU Regulation No 537/2014 of the European Parliament and of the Council of 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. The regulation prescribes that certain information on our legal structure, independence and quality assurance has to be made publicly available. We fully support the Law's requirements for transparency, which is aligned with our Firm's values.

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Message from...



Trust and quality are at the heart of everything we do. This remains unchanged even in today's uncertain business environment. The various initiatives we've taken over the past year ensure we stay true to this commitment by investing heavily in our people and technology.

John Parkhouse
CEO

PwC Luxembourg



At PwC Luxembourg, our purpose is to build trust in society and solve important problems. We are a member of a network composed of independent Firms in 157 countries with more than 276,000 people who are committed to delivering quality in assurance, advisory and tax services.

PricewaterhouseCoopers Luxembourg, operating as a Société coopérative since 1 July 2012 (“PwC Luxembourg” or “our Firm”), is a company with limited liability incorporated under Luxembourg law. It is registered with the Luxembourg Business Registers under number B 65477 with a subscribed capital of EUR 936,350 and a total of capital and reserves of EUR 25,791,492 at 30 June 2019 and is registered as an approved audit Firm (“cabinet de révision agréé”) as per the Law of 23 July 2016 on the audit profession. It is owned by individuals providing audit, tax or advisory services in Luxembourg. A majority of voting rights are in the hands of shareholders who are registered approved statutory auditors (“réviseurs d’entreprises agréés”) and members of the IRE (Institut des réviseurs d’entreprises).

A majority of voting rights are in the hands of shareholders who are Réviseur d’entreprises Agréé (IRE) and Chartered Accountant (member of the Ordre des Experts-Comptables). Our Firm is registered with the PCAOB (the US Public Company Accounting Oversight Board), the JFSA (the Japan Financial Services Authority) and with the BVI (British Virgin Islands) Financial Services Commission. PwC Luxembourg has three fully owned operating subsidiaries which are PricewaterhouseCoopers Academy S.à r.l., PricewaterhouseCoopers Training Administration Service Centre S.à r.l. and PwC Tax Information Reporting S.à r.l..

The PwC 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. Although regulatory attitudes on this issue are changing, PwC member Firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, a single Firm, or a multinational corporation.

For these reasons, the PwC network consists of Firms which are separate legal entities.

PricewaterhouseCoopers International Limited

The Firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world. 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, the Network Leadership Team and Board of PwCIL develop and implement 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 and PwC member Firms are not otherwise legal partners with each other. Many of the member Firms have legally registered names which contain "PricewaterhouseCoopers", however there is no ownership by PwCIL. 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.

Governance

PwC Luxembourg is governed by a Management Board (“Conseil de Gérance”) having the overall responsibility for the strategic, business, operational and financial management of our Firm. The Management Board members are appointed by the shareholders meeting and the Board is composed of a majority of approved statutory auditors. It sets and communicates its strategic priorities, which cascade into our Firm’s business planning process. The contribution of Assurance, Tax, Advisory and support services is monitored by the Management Board, which also takes overall responsibility for the systems of internal control (which include controls relating to quality) and for reviewing and evaluating their effectiveness.

Our Firm is led by a CEO, assisted by a Deputy Managing Partner, who is, like the other members of the Board, elected for four years by the shareholders. Currently, the members of the Management Board are: John Parkhouse (Territory Senior Partner, CEO), Rima Adas (Deputy Territory Senior Partner), Olivier Carré, Gérard Cops, François Génaux, François Mousel, Anne-Sophie Preud’homme and Marie-Elisa Roussel-Alenda. The audit of the Firm’s financial statements is carried out by an independent local audit Firm.

The Firm also has an oversight body (the Supervisory Board). This board is presently composed of 6 members elected among and by the partners, for a term of four years. It is not under the authority of another body.

The Supervisory Board has overall responsibility for governance of the Firm and oversight of the Management Board. It has an advisory and oversight role and is responsible for considering, reviewing and providing guidance on those matters that are, or may potentially be, of concern to the partners or our Firm. These matters include but are not limited to, the implementation of, or compliance with, global or Firm policies and rules and the arrangements for effective communication between the Firm’s management and the Partners.

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 Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession.

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 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.

In addition, our Network Standards applicable to all Firms of the PwC Network 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 regular 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 Luxembourg 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 Luxembourg 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 Luxembourg 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/codeofconduct. PwC Luxembourg 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 at pwc.com/ethics.

Luxembourg

Country Leadership Team



Commitment to audit quality

As a member of the PwC Network, PwC Luxembourg 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.

The PwC Audit Guide explains PwC's methodology. The Guide along with PwC's technology-based audit support tools, templates and content support engagement teams in conducting assurance and related services engagements.

Technology Enabled Audit

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

- **Aura**, which provides audit engagement teams with:
 - a single instance global software with embedded global, territory and industry specific audit procedures enabling;
 - consistency, synergy and scale;
 - a systematic risk-based approach, meaning that we focus on the things that matter;
 - a workflow technology that allocates audit procedures and individual tasks on personalised dashboards, enabling the timely execution and review of work;

- a workshare feature designed for shared service centres and group audits, allowing us to work more collaboratively across borders, eliminating duplication of effort;
- real time monitoring of engagement quality and progress – anytime, anywhere and on any device (e.g. laptop, iPad, iPhone); and
- safety checks on audit quality built into the system.

Aura is regularly enhanced. New Aura features and functionality are developed at a global level to reflect technology initiatives to improve quality and efficiency, themes from external and internal quality reviews and feedback from global users.

Aura is supported by a series of electronic tools, which are accessible via a range of electronic devices ranging from tablets to PCs and smartphones. These tools increasingly integrate with Aura, populating audit evidence directly into the Aura audit working papers. The main tools include:

- **The Connect Suite**, which 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 Manager** 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**, which 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. Halo works with data from any system and there are a number of applications for different industries and risks.
- **Count**, which 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. Engagement teams with multiple locations can standardise instructions and manage results through a single portal.
- **Create!**, which is a document generation tool that automatically generates the right wording for auditors reports, audit engagement letters and other audit-related documents, based on input parameters that the auditor specifies. The use of Create! reduces the likelihood that the auditor might make a mistake in tailoring a document to the specific engagement circumstances.

Monitoring of Assurance quality

We recognise 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 Luxembourg ("our Firm"). This includes effective monitoring processes aimed at evaluating whether the policies and procedures which constitute our Quality Management System are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit engagements are performed in compliance with laws, regulations and professional standards.

Our Firm's monitoring programme is based on the PwC Network's Global Assurance Quality Inspection (GAQ-I) Program. This programme, which is based on professional standards relating to quality control including ISQC1, contains policies, procedures, tools and guidance which are used by PwC Network Firms. The GAQ-I programme is coordinated by a central team which consists of a GAQ-I Leader with a group of International Team Leaders (ITL) who are senior partners seconded to the GAQ-I central team by PwC member Firms. Provision of oversight by the ITLs and their continuous involvement and support enable a consistent and effective performance of reviews across the PwC network.

Our Firm's monitoring procedures include an ongoing assessment of the design and effectiveness of our quality management system (QMS), as well as a review of completed engagements (Engagement Compliance Reviews - ECR). The results of these procedures form the basis for the continuous improvement of our quality management system.

A full QMS review is performed every three years with a targeted update being performed in the intervening years. The updates monitor progress on remediation of any control issues raised in the last review and assess the impact of any new developments on the internal quality control systems. We were last subject to a full QMS review in 2017 and to a targeted one in 2018 and 2019.

We are currently implementing QMSE (Quality Management System for Excellence), which is designated to comply with the new standard ISQCM.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our Firm who are authorised to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement related policies and procedures.

Each signer is reviewed at least once every four years, unless a more frequent review is required based on the profile of that signer's client engagements.

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 utilise a range of GAQ-I-approved checklists and tools when conducting their review procedures.

The results of the quality reviews are reported to our Firm's leadership who is 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.

Our last audit quality reviews were: CSSF¹ from May 2019 (ongoing) for ISQC 1 and engagement reviews, PCAOB in September 2019 for Firm's procedures and engagement reviews, Network reviews (QMS review and ECR) on May/June 2019 and the IRE ("Institut des Réviseurs d'Entreprises") peer review on October/December 2018 for the review of special assignments, such as our reports issued on contributions in kind or on review of liquidator's report.

“Delivering quality audit is core to our purpose of building trust in society and solving important problems. Quality remains at the top of our priorities and continues to be embedded in our day-to-day activities, engagement after engagement. Nothing is more important to us for our brand and reputation. Our objective is to have zero-defect compliance quality in audits.”

Marie-Elisa Roussel-Alenda,
Audit & Assurance Leader

Root cause analysis

We perform analyses to identify potential factors contributing to our Firm's audit quality so that we can take actions to continuously improve. One of our primary objectives when conducting such analyses is to identify how our Firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections—to help identify possible distinctions and learning opportunities.

For individual audits, an independent 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, as appropriate 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 the hours incurred on the audit, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practise. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.

Real Time Assurance

We have developed a Real Time Quality Assurance ("RTA") programme to provide our Firm with a process and tool for monitoring and supporting audit quality leveraging current technology opportunities.

The RTA programme is designed to be a preventative monitoring programme that further supports engagement teams get the 'right work' completed during the audit. It enables us to cover a wide range of engagements and Assurance quality indicators through our internal monitoring processes.

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. These indicators, in addition to other performance measures, enable us to monitor the effectiveness of our QMS.

Indicators are calculated both at Firm and engagement level, and cover dimensions such as independence, availability of resources, training or direction and supervision of audits.

¹ Commission de Surveillance du Secteur Financier




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. 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 behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives
- 

Statement on the effectiveness of the Firm’s internal quality control system

PwC’s Luxembourg’s internal quality control systems for Assurance are a subset of the Firm’s internal control systems and are outlined in this section. On the basis of the reviews performed, as outlined above, the Management Board is satisfied that PwC Luxembourg’s internal quality control systems for Assurance are operating effectively. Any matters identified through the various monitoring and review processes are actioned and changes implemented as appropriate.



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 Code of Ethics for Professional Accountants, 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.

PwC Luxembourg 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 Firm Head of Risk and Quality.

Independence policies and practices

The PwC Global Independence Policy covers, amongst others, the following areas:

- personal and Firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g. bank accounts and loans by partners, staff, the Firm and its pension schemes;
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services ('SOPS'), which provide practical guidance on the application of the policy in respect of non-audit services to assurance clients; and
- business relationships, including policies and guidance on joint business relationships (such as joint ventures or joint marketing) and on purchasing of goods and services acquired in the normal course of business.

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 Luxembourg supplements the PwC Network Independence Policy as required by Luxembourg professional bodies and regulations, including the independence requirements of the United States Securities and Exchange Commission, those of the Public Accounting Oversight Board of the United States, those of the EU Audit Regulation where they are more restrictive than the Network's policy, and other jurisdictions specific requirements.

Independence-related tools

As a member of the PwC Network, PwC Luxembourg has access to a number of 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 status of clients of the member Firm before entering into a new non-audit engagement or business relationship. This system drives the 'Independence List' and also feeds Independence Checkpoint;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners, directors and practise managers before acquisition and records their subsequent purchases and disposals. Where a PwC 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, documenting the potential independence threats of the service and proposed safeguards, and acts as a record of the audit partner's conclusion on the permission 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).



Our Firm has also a number of local systems, which include:

- A rotation tracking system which monitors compliance with our Firm’s audit rotation policies for our engagement leaders, other key audit partners (and senior staff) involved in an audit; and
- A firm rotation tracking system which monitors compliance with our Firm’s external rotation requirements resulting from the EU Audit Reform where applicable;
- A database that records approved business relationships entered into by PwC Luxembourg. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.

We have also developed a fee monitoring tool to be able to comply with the fee cap regulation applicable to entities in scope of the EU-PIE regulations starting 1 July 2019 for EU-PIE clients with year-end 30 June.

Independence training and confirmations

PwC Luxembourg provides all partners and 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. Also, training is delivered to members of the practice on an as-needed-basis by our Firm’s independence specialists and risk and quality teams.

All partners and staff are required to confirm, on joining our Firm and at least annually, thereafter, their compliance with relevant aspects of our 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 the policy and that our Firm’s processes have been followed in accepting these engagements and relationships. These confirmations serve two primary purposes: to identify any threats to independence that may have arisen, and as a periodic reminder of our Firm’s independence policies and procedures.

Independence monitoring and disciplinary policy

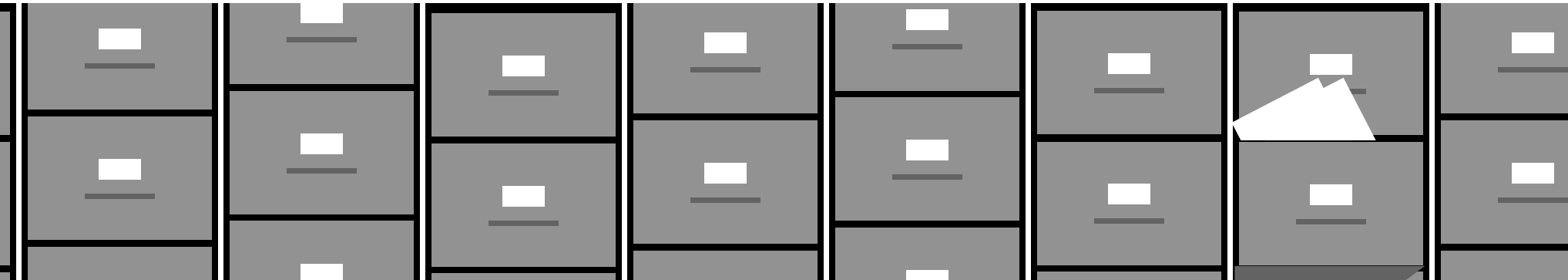
Our Firm is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of partners, directors and other staff as a means of monitoring compliance with independence policies; and
- An annual assessment of the member Firm’s adherence with the PwC Network’s independence risk management standard.

An internal compliance check of our staff with our Independence policy and a control of the effectiveness of our independence processes is performed annually. The results of our Firm’s monitoring and testing are reported to the Management Board, to provide assurance that our Firm’s policies and processes are being followed. The Firm 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.

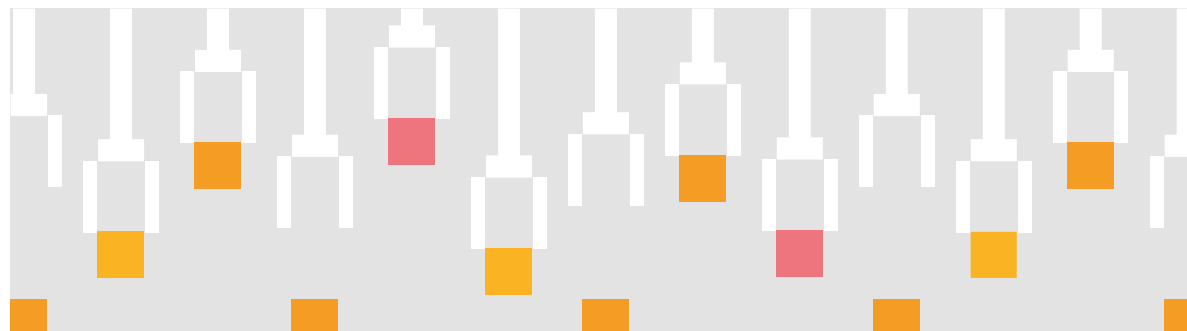
This would include discussion with the client’s audit committee regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the member Firm and the need for safeguards to maintain objectivity.

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 our Firm’s systems and processes and for additional guidance and training.



Should breaches of laws and regulations be identified; they are notified to teams, clients, regulators as appropriate and an assessment on our ability to continue our audit mandate is carried out.

The results of the Firm's monitoring and testing are reported to the Management Board on a regular basis. Based on the reviews outlined above, we confirm that we conducted an internal review of independence practices during the year ended 30 June 2019.



Acceptance and continuance process

Considerations in accepting and continuing an audit client relationship

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

Client and Engagement Acceptance and Continuance

We have 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.

Find out more details about
"Independence" in our Annual
Review available on
www.pwc.lu.



Investing in People Continuing Learning

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, updates on auditing standards and their implications, and areas of audit risk and areas of focus for improved quality.

It is imperative for us to gain new knowledge and learn new skills throughout our professional lives, especially in a world where we are part of a fundamentally changing (business) environment—where client and stakeholder needs, and the nature of our work, evolve continually. Thus, continuous learning is a cornerstone of our culture.

It is the basis of solving important problems for our clients, it allows us to create shared value in society, it fuels our competitiveness and growth, and it attracts and retains talented employees.

Learn about our continuous learning vision and strategy from our Learning & Development leader

directly. We look at learning from two perspectives: (1) Training our people, and (2) Sharing knowledge within our business environment.

Learning at the pace of change

To keep up with the evolving learning demands and pace, PwC has implemented a four-fold approach to learning and development.

Element 1: Training is provided soon after promotions to ensure that our People are equipped to take on their new expanded roles.

Element 2: We enable our People to attend external events, summits, workshops and seminars on the latest trends and innovative technology.

Element 3: Coaching and mentoring complements the learning events and embed the learning into everyday behaviour. An important element of development is the time and commitment shown by our leaders to provide training to staff.

Element 4: An important investment has been made in the new, innovative learning platform called 'Vantage'. Launched at the end of June 2019, it provides access to both local and global PwC content, and takes cues from sites such as Amazon, Spotify and YouTube. It allows our learners to:

- Search, across a variety of sources to find the best content for their needs
- Receive personalised learning suggestions driven by AI
- Create and share playlists for learning, either for the individual themselves or a team leader curating assets for a team
- Find learning based on the amount of time they have available to learn
- Track and record all of their learning experiences

Our new platform as well as other 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. Building on this success with its high potential programme, PwC has won additional awards this year achieving Gold for Best Results of a Learning Programme, Silver for Best Advance in Leadership Development and Silver for Best Advance in Coaching and Mentoring.

The learning platform has helped to improve visibility of all learning required, especially for the audit practice. This has been done through learner pathways, which create easy access and booking functionality of all core and recommended training for assurance practitioners from entry level associate through to partner. The platform provides further support through globally curated content to ensure all learning is up-to-date and reflects the changes in the audit industry.

Behavioural skills remain one of our key priorities besides technical capabilities. We foster a multi-level approach that allows each talent to reach their individual development goals in respect with the Firm strategy. All learning opportunities are aligned to our global competencies framework called the PwC Professional.

Technical Compliance

Our Firm closely monitors compliance with Continuing Professional Development requirements. This includes the completion of mandatory training programmes, and ensures that our services are delivered to clients by individuals who have the right expertise, experience and – where required – are qualified under relevant legislative and other applicable requirements. This we do through granting financial support and time off for staff to acquire professional qualifications that are required.

To support and keep technical and industry knowledge up-to-date, all partners and staff receive regular communications on technical and regulatory topics as they arise through internal technical alerts and newsletters. A Technical Team provides consultation support on all aspects of auditing, accounting and regulatory requirements. We have subject matter experts in all specific industries.

We carefully assess the training needs of our People to be certain of a close match with our business needs and optimum cost efficiency. As a result, our training solutions concentrate on reinforcing the technical excellence of our People (accounting standards, risk management, industry and audit methodology for example).

Digital Upskilling

We are living through a transformation in the way we work: digitalisation, the automation of tasks and systemic sustainability issues on economic, societal and environmental level are fundamentally changing the way we do business. To meet this challenge we are enhancing the set of skills and capabilities of our People around these topics. We expanded our training offerings on topics such as data, project management, AI as well as a unique course that combines design thinking, technology and the customer experience which is run in our Experience Center.

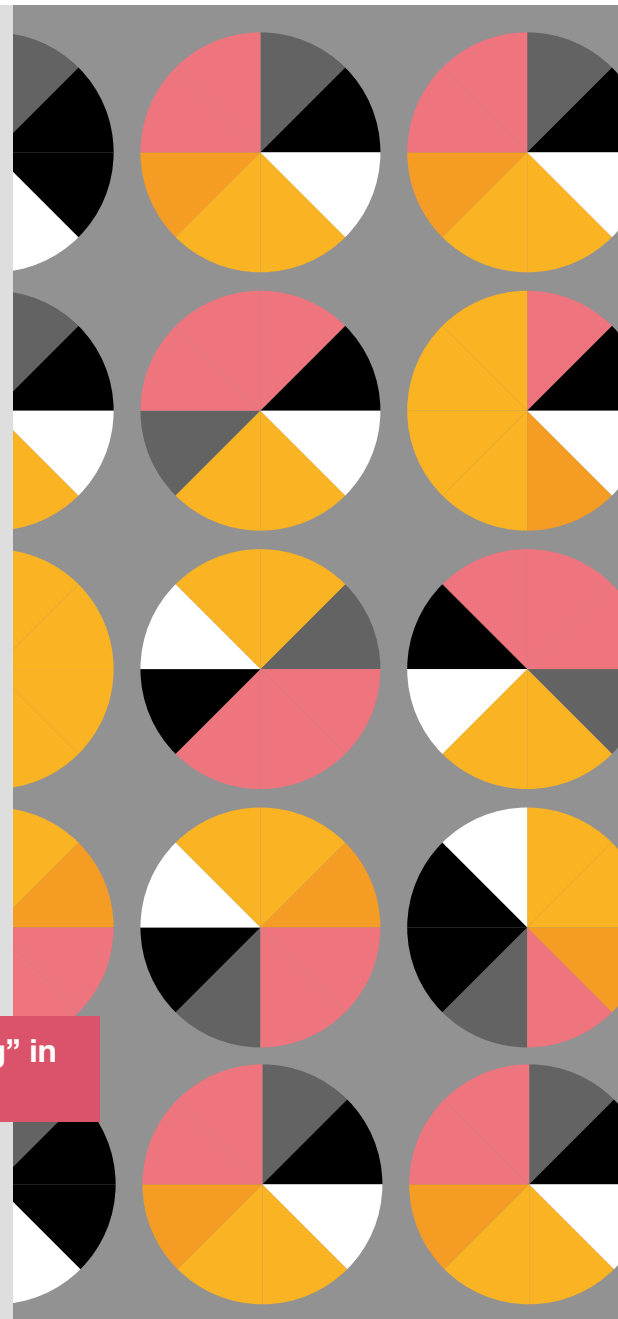
As digital technologies are creating new opportunities for us and for our clients, we are providing our People with the tools and skills to keep up with the fast pace of change. Our digital upskilling learning opportunities include classroom based training and e-learning. We are launching a data foundation training to upskill the entire firm.

We want data analytics to become part of the standard toolkit of any PwC employee. Moreover, we provide a Digital Fitness app that assesses our people's current level of digital knowledge and provides information and training relevant to their needs and level of proficiency.

Besides digital, leadership, communication and relationship skills courses, we are convinced that it is important to equip our staff to develop their capabilities for reaching their expected level of comfort at work. We thus continue to re-invent our well-being programme based on the Be Well Work Well initiatives. Additionally we have initiated qualified internal coaching and mentoring solutions encouraging the achievement of individual potential.

Our Management Board is committed to our training programmes and ensures that the above organisation and processes are appropriate and comply with all legal and professional standards.

Find out more details about “Continuous learning” in our Annual Review available on www.pwc.lu.



Financial Information

At PwC Luxembourg, our wide range of various-sized clients come from a broad spectrum of activities from the financial sector, including Banking, Asset Management and Insurance, to industrial and commercial activities. We service all types of clients from large multinationals to small family-run enterprises and, of course, the public and institutional sectors.

The turnover generated by statutory auditors and audit Firms from EU/EEA Member States part of the PwC Network, in relation to statutory audits of annual and consolidated financial statements, is estimated at approximately EUR 3.1 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing at that financial year end date.



Click to discover more

A list of public interest entities as defined by article 1 (20) of the Law of 23 July 2016 on the audit profession for which we carried out a statutory audit during the year ended 30 June 2019 can be found in the Appendix.

Partners' remuneration

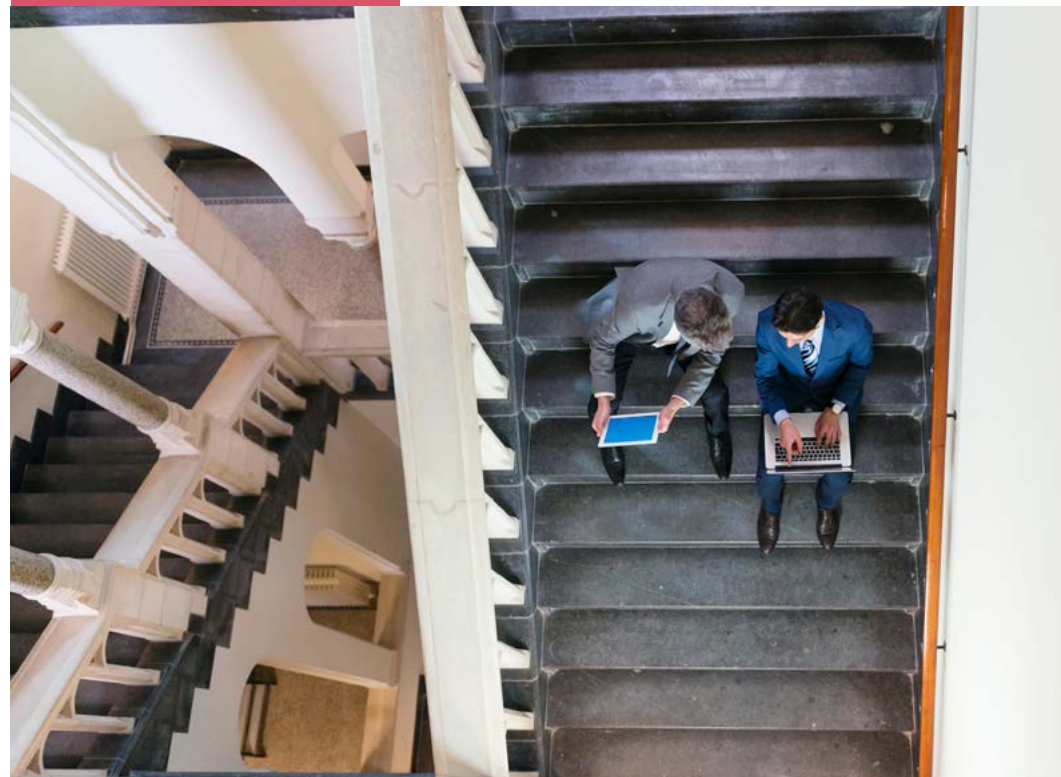
At PwC Luxembourg, our partners have a remuneration package which is made up of a fixed income amount (salary) and a variable bonus. Each partner is responsible for his or her own pension arrangements. The final amount to be allocated to the individual partners is proposed by the Evaluation Committee (emanation of the Country Leadership Team) and subject to the oversight of the Remuneration Oversight Committee (ROC) composed of the chair of the Supervisory Board and two additional members of the Supervisory Board.

The partners' performance is assessed based on two components: a Firm component depending on the results at Firm's level and an individual component depending on the responsibilities and contribution of each partner. Each partner's income is determined by assessing achievements against an individually tailored scorecard of objectives.

These objectives include ensuring our Firm delivers quality services and maintains independence. Under no circumstances are audit partners rewarded for selling non-audit services to audit clients.



John Parkhouse
CEO



Our sustainability journey to deliver on our purpose

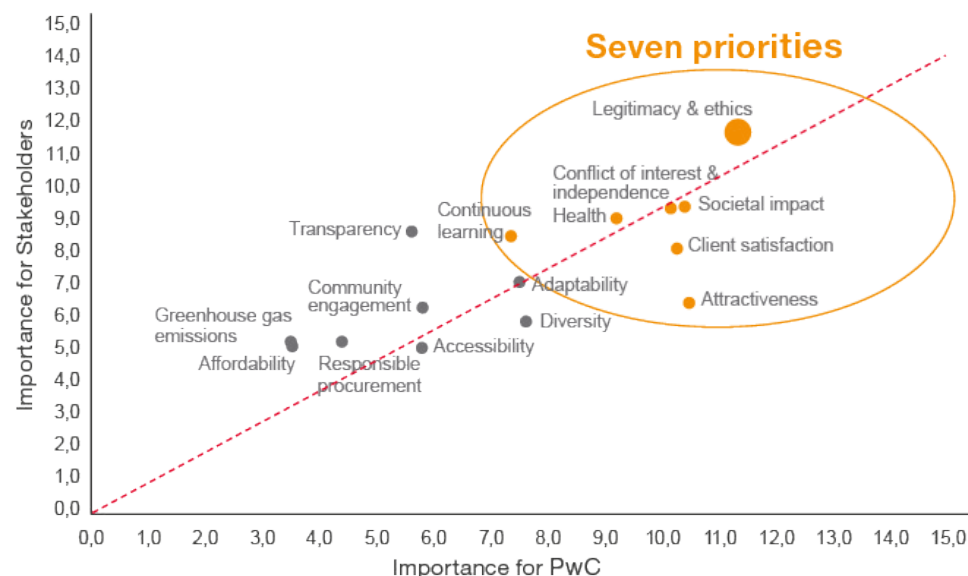
Through our corporate responsibility approach, we have been able to put the Firm's purpose into action by shaping and moving PwC Luxembourg into a direction where it aligns business, economy and society.

As the basis of our corporate agenda, we identified together with our stakeholders a set of 15 sustainability challenges, 7 of which are key topics that are most important for our Firm to address: (1) Societal impact, (2) Client Satisfaction, (3) Conflict of Interest and Independence, (4) Legitimacy and Ethics, (5) Employee Journey, (6) Health and (7) Continuous Learning. These sustainability challenges are in our eyes very "important problems" that we could contribute to solve – which is also our Firm's purpose "to build trust in society and solve important problems".

Due to the unprecedented pace at which our world is changing, the nature of our business is changing rapidly as a result. A new system has to emerge – a system where business, economy, society and the environment are aligned. At PwC Luxembourg, we are convinced that delivering on our purpose (To build trust in society and solve important problems) is our way to align business, economy and society. We have both a common interest and a duty to play an active role. As one of the leading professional services organisations in the world, we are convinced that we actually CAN make a difference through our core activities.



Materiality Matrix



Our impact, however, will only be meaningful if we are able to align our corporate agenda with the Sustainable Development Goals (SDGs) that have been introduced in the global sustainability context. At PwC Luxembourg level, we therefore decided to progressively move towards SDGs by using them as a lens to assess opportunities and threats to our business, and to subsequently understand our risks and opportunities in the context of global change. In return, this will help us define our business goals and sustainability priorities based on external societal and global needs, and allow us to do our part in bridging the gap between current and required business performance.

We are committed to be a catalyst for positive change in our fractured world and to help building a better future tomorrow. In our Annual Review, we share our achievements going forward in our sustainability journey, and be equally transparent on where we need to do more. Find out more here:

<https://www.pwc.lu/en/annual-review/pwc-luxembourg-annual-review-2019.html>

Appendices

Appendix 1

List of public interest entities as defined by article 1 (20) of the Law of 23 July 2016 on the audit profession for which we carried out a statutory audit during the year ended 30 June 2019.

AB Custom Alternative Program	BEMO Europe - Banque Privée	EFG Bank (Luxembourg) S.A.	IndexIQ
AeK Wien SIF	BNP Paribas Easy	Euler Hermes Ré	INTEGRALE LUXEMBOURG S.A.
AERO Ré 2	Brown Brothers Harriman (Luxembourg) S.C.A.	Eurasia Capital S.A.	iptiQ Life S.A.
Ageasfinlux S.A.	CAFINA	Eurofins Scientific SE	J.P. Morgan Bank Luxembourg S.A.
Agricultural Bank of China (Luxembourg) S.A.	CALI Europe	Europe SectorTrend UCITS ETF	KBC Group Re S.A.
AIG Europe S.A.	CASIOPEA RE S.A.	European Depositary Bank SA	KBC Ifima S.A.
AKBank Turkish SICAV	Catella Bank S.A.	Evergreen II SICAV-FIS	KMU Portfolio S.A.
Allianz Life Luxembourg	China Construction Bank (Europe) S.A.	Evergreen III SICAV-FIS	LA LUXEMBOURGEOISE Société Anonyme d'Assurances
Alrosa Finance S.A.	CNP Luxembourg	exceet Group SE	LA LUXEMBOURGEOISE-VIE Société Anonyme d'Assurances
Argentum Capital S.A.	Colonnade Insurance S.A.	FACT S.A.	Landmark Capital S.A.
Aviva Investors European Secondary Infrastructure Credit SV S.A.	Compass Re S.A.	FIDELITY FUNDS II	Lombard Odier (Europe) S.A.
AXA ASSURANCES LUXEMBOURG	Covéa Lux Fonds Spécial	Fortuna Banque s.c.	LRP
AXA Assurances Vie Luxembourg	Demergon Funds	Freie Internationale Sparkasse S.A.	Mediobanca International (Luxembourg) S.A.
AXA Wealth Europe	DEPFA Pfandbrief Bank International S.A.	Gaz Capital S.A.	Michelin Luxembourg S.C.S.
Bank of Communications (Luxembourg) S.A.	DKV Luxembourg S.A.	GELF Bond Issuer I S.A.	Monument Assurance Luxembourg S.A.
Bankinter Luxembourg S.A.	dnA	GPN Capital S.A.	Multi Units Luxembourg
Banque Carnegie Luxembourg S.A.	Driver Master S.A.	Hannover Finance (Luxembourg) S.A.	Natixis Wealth Management Luxembourg
Banque de Patrimoines Privés	Driver Multi-Compartment S.A.	HCOB Securities S.A.	Nordea Bank S.A.
Banque Transatlantique Luxembourg	Driver UK Master S.A.	Hiscox S.A.	Nordea Markets ETF
Bee First Finance S.A.	Driver UK Multi-Compartment S.A.	HSBC Private Bank (Luxembourg) S.A.	Nordea Specialised Investment Fund, SICAV-FIS
Befesa S.A.	EDMOND DE ROTHSCHILD (EUROPE)	Immo Lux-Airport S.A.	

Nova Casiopea Re S.A.
 Novartis Finance S.A.
 O'KEY GROUP S.A.
 Partners Group Global Value SICAV
 PayPal (Europe) S.à r.l. et Cie, S.C.A.
 Permal Multi-Manager Funds (Lux)
 Pictet & Cie (Europe) S.A.
 Purple Protected Asset
 RBC Investor Services Bank S.A.
 Reinet Investments S.C.A.
 Richemont International Holding S.A.
 RTL Group S.A.
 SAF-Holland S.A.
 Seals Finance S.A.
 SecurAsset S.A.
 SELP Finance S.à r.l.
 Sereco Ré S.A.
 SES
 Skandinaviska Enskilda Banken S.A.
 SpotRTM 1
 Steel Capital S.A.
 Sus Bee Finance S.A.

SWISS LIFE (LUXEMBOURG)
 Swiss Life Products (Luxembourg) S.A.
 Swiss Re Europe S.A.
 Swiss Re International SE
 Swiss Re Portfolio Partners S.A.
 Talanx Finanz (Luxemburg) S.A.
 TELECOM ITALIA CAPITAL
 Telecom Italia Finance
 Telefónica Insurance S.A.
 Tenaris S.A.
 The Partners Fund SICAV
 Time and Life S.A.
 Tokio Marine Europe S.A.
 Trafigura Funding S.A.
 UBS ETF
 United Re (Europe)
 VCL Master Residual Value S.A.
 VCL Master S.A.
 VCL Multi-Compartment S.A.
 Zurich Eurolife S.A.

Appendix 2

List of Audit Firms/Statutory Auditors

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
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl
Belgium	PwC Audit Services SPRL
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	PricewaterhouseCoopers Services France
France	PwC Entrepreneurs Audit
France	PwC Entrepreneurs Audit France
France	PwC Entrepreneurs CAC
France	PwC Entrepreneurs CAC France
France	PwC Entrepreneurs Commissariat aux Comptes
France	PwC Entrepreneurs Commissariat aux Comptes France
France	PwC Entrepreneurs France
France	PwC Entrepreneurs Services

Member State	Name of firm
France	M. Philippe Aerts
France	M. Jean-François Bourrin
France	M. Jean-Laurent Bracieux
France	M. Didier Brun
France	Expertise et Audit Lafarge
France	M. Pierre Blanquart
France	Mme Elisabeth L'Hermite
France	M. François Miane
France	M. Yves Moutou
France	M. Claude Palméro
France	M. Pierre Pégaz-Fiornet
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
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 ograniczona odpowiedzialnością sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczona odpowiedzialnością Audyt sp. k.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda

Member State	Name of firm
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	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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At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with over 276,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com and www.pwc.lu.

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