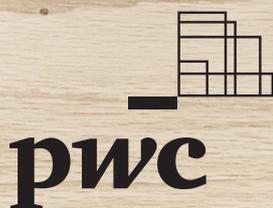


# Building trust through assurance

Transparency report for the year  
ended 30 June 2020



# 2020 Highlights

## Assurance at a glance

### Results

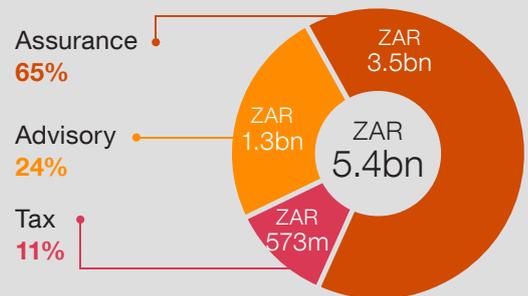
PwC South Africa revenues grew by 8% in 2020 to

**R5.4 bn**

Assurance grew by 10% in 2020 to R3.5 bn and comprises

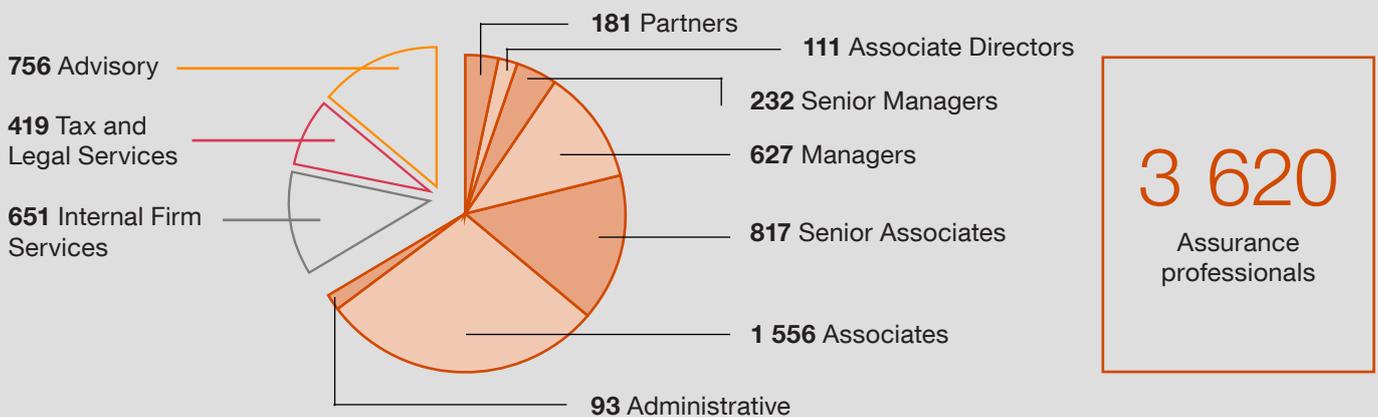
**65%**  
of firm revenues.

Revenues from core audit grew by 9% to R2.6 bn, while broader assurance services grew by 14% to R0.9 bn.



### Our people

We employ more than 5 400 people in our offices including more than 3 600 assurance professionals



### Audit Quality



Compliance rate of audit engagements selected for internal inspection

**41**

Number of audit engagements subject to internal inspection in 2020 (2019: 51, 2018: 47, 2017: 52)



## Audit hours performed by service delivery centres

FY16	FY17	FY18	FY19	FY20
64 058	86 081	113 606	155 115	191 359

## Ratio of partners serving in a technical support role to the total number of audit partners

1 to 9.1\*  
(FY19: 1 to 8.3)

Audit partners' average years' experience at PwC:



\* Includes 3 JSE Reporting Accountants specialists

## Our response to COVID-19

During the COVID-19 crisis, our first priority was to keep our people healthy and give them the flexibility to care for themselves and their loved ones. At the same time, we were also focused on continuing to run our business and serve our clients. Our existing tools and infrastructure allowed our people to shift to working in different ways and to coordinate and communicate with our clients.



### Google Meets

#### Prior to Lockdown

Max Meets in a day – 707  
Max total participants in a day – 2 178

#### Since Lockdown

Max Meets in a day – 5 802  
Max total participants in a day – 17 813

89%

of respondents in pulse survey indicated that they were able to deliver quality work, even as they worked remotely – across all lines of services

More than

400

consultations in respect of audit opinions issued during lockdown



### GlobalProtect VPN

#### Prior to Lockdown

Max concurrent connections – 2 801

#### Since Lockdown

Max concurrent connections – 5 102

## Transformation

Retained a

AAA+

Level 1, **B-BBEE** contributor status for the period 1 July 2019 to 30 June 2020 – the highest rating possible, recognising the firm as a good **B-BBEE** contributor

## South Africa partners across all lines of service



black female



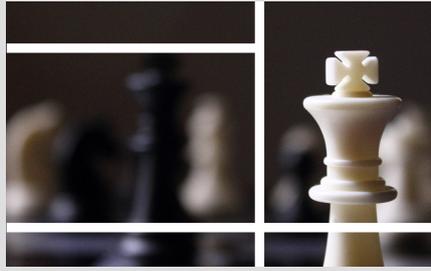
black partners



“

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 155 countries with more than 284,000 people who are committed to delivering quality in assurance, advisory and tax services. We are committed to drive a strong culture of quality and excellence that is core to our purpose.

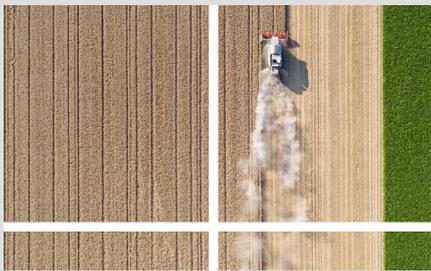
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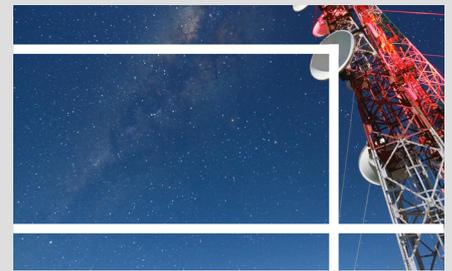
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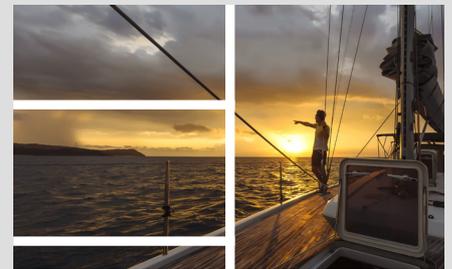
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Structure

Throughout this report, the term “PwC” refers to the global network of separate firms (each a separate legal entity) and the terms “PwC South Africa”, “firm”, “we” and “our” refer to PricewaterhouseCoopers Incorporated and PricewaterhouseCoopers South African Firm, the South African members of PricewaterhouseCoopers Incorporated Limited (PwCIL). This report includes information about how PwC South Africa is governed and includes updates from our leadership. While PwC South Africa is a multidisciplinary firm, this report is primarily focused on our audit practice and related services.

# Message from leadership – reimagining our future together



Our 2020 Transparency Report tells the story of an extraordinary year. In addition to responding to the Covid-19 pandemic, we are adapting to a complex world and continuing to make enhancements to drive the quality of our audits.

## Quality is our top priority

During this time of significant change there are some things that remain the same. We're committed to driving a strong culture of quality. It's core to our purpose – to build trust in society and solve important problems. Importantly, it's also what our clients and stakeholders expect of us. Our purpose statement serves as our guiding principle to align the focus of our people and direct the decisions we make and actions we take. It's reflected in our leadership and governance structures and is consistent throughout our global network. It guides the decisions we make – both internally and externally – forms the basis of our strategy and is underpinned by expectations of quality and the highest of standards.

## Our response to Covid-19

Within a few weeks, COVID-19 culminated in an unprecedented global health, humanitarian, and economic crisis. Almost overnight, people all over the world faced severe disruptions at both work and home. Concerns over the health and safety of loved ones and looming financial hardships were suddenly paramount.

As leaders of a professional services firm with over 5,000 employees in South Africa, our immediate concern and responsibility is for the welfare of our people. We took a number of steps to prioritise their well-being, including closing our offices. In turn, with the right tools and guidance, our people were able to quickly adapt to working remotely and continue to serve our clients and stakeholders with the level of quality that we and they have come to expect. Due to the unwavering commitment of our people, we have been able to meet the critical needs of our clients and stakeholders. We have committed to continue to make investments similar to pre-pandemic levels in our people and technology—because regardless of today's challenges, these investments are essential to serving our clients and achieving our purpose in the long run.



## Restoring trust in the profession and in the audit

Strength across the entire ecosystem – including quality, independent audits – is necessary to provide a credible foundation for confidence in the financial reporting system and the capital markets. This is one of the reasons we consistently make significant investments in continuing to evolve and enhance our audits, as well as support continuous improvement of the broader financial reporting ecosystem. We continue to engage with the investment community and corporate director continuing education programmes, as well as supporting the South African Institute of Chartered Accountants (SAICA), the Independent Regulatory Board for Auditors (IRBA) and Auditor-General of South Africa initiatives. PwC also plays a key role in The South African Auditing Profession Trust Initiative, or SAAPTI, a voluntary committee established by the audit profession in South Africa. The committee's members include CEOs of both the larger, medium and emerging audit firms.

## Our ongoing commitment

The 2020 edition of our Transparency Report gives us the opportunity to share how our culture, values, people and processes come together to help us achieve quality. Pieter Hough, who leads our assurance practice, will summarise the actions we've taken to address regulatory developments, and emerging technologies.

Quality matters – to us, our brand, our stakeholders and our clients.



**Dion Shango**  
PwC Africa  
Chief Executive Officer



**Shirley Machaba**  
PwC South Africa  
Chief Executive Officer

October 2020



Quality first, purpose always.

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

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

## Audit quality starts with our people

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

## We value differences

When people from different backgrounds and with different viewpoints work together, there is a better ability to challenge – ultimately making for more informed audit work and promoting quality. Diversity is good for our performance and creates value for our clients, our people and society. We're committed to fostering an inclusive workplace that leverages the power of our differences to achieve our goals.

## We see technology as a key enabler of quality

Through tech-enabling the audit, we're matching tailored innovations in transformative technology with the continued emphasis on vital skills of our people, like critical thinking, skepticism and communication to enhance how we perform our audits. We continuously invest in innovation and new technology to support our services across the firm, to meet the changing audit challenges in a digital age and to enhance the quality of our audit services.

## We're responding to and anticipating change

During the COVID-19 crisis, our first priority was to keep our people healthy and give them the flexibility to care for themselves and their loved ones. At the same time, we were also focused on continuing to run our business and serve our clients. Our existing tools and infrastructure allowed our people to shift to working in different ways and to coordinate and communicate with our clients. We talk more about how we have focussed on delivering audit quality during the COVID-19 pandemic on page 15.

In response to new standards and evolving stakeholder expectations, we have also provided enhanced training, tools and methodologies so our people have the guidance and insights they need to deliver quality audits.

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

I'm proud of the role we're playing in opening up discussions about audit quality in South Africa, and welcome the opportunity to keep the conversation going through our Transparency Report.



**Pieter Hough**  
Assurance Leader

*October 2020*

# Our quality improvement programmes

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

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

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

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



# Culture and values



Our purpose is to build trust in society and solve important problems. We build trust by delivering on our commitment to quality.

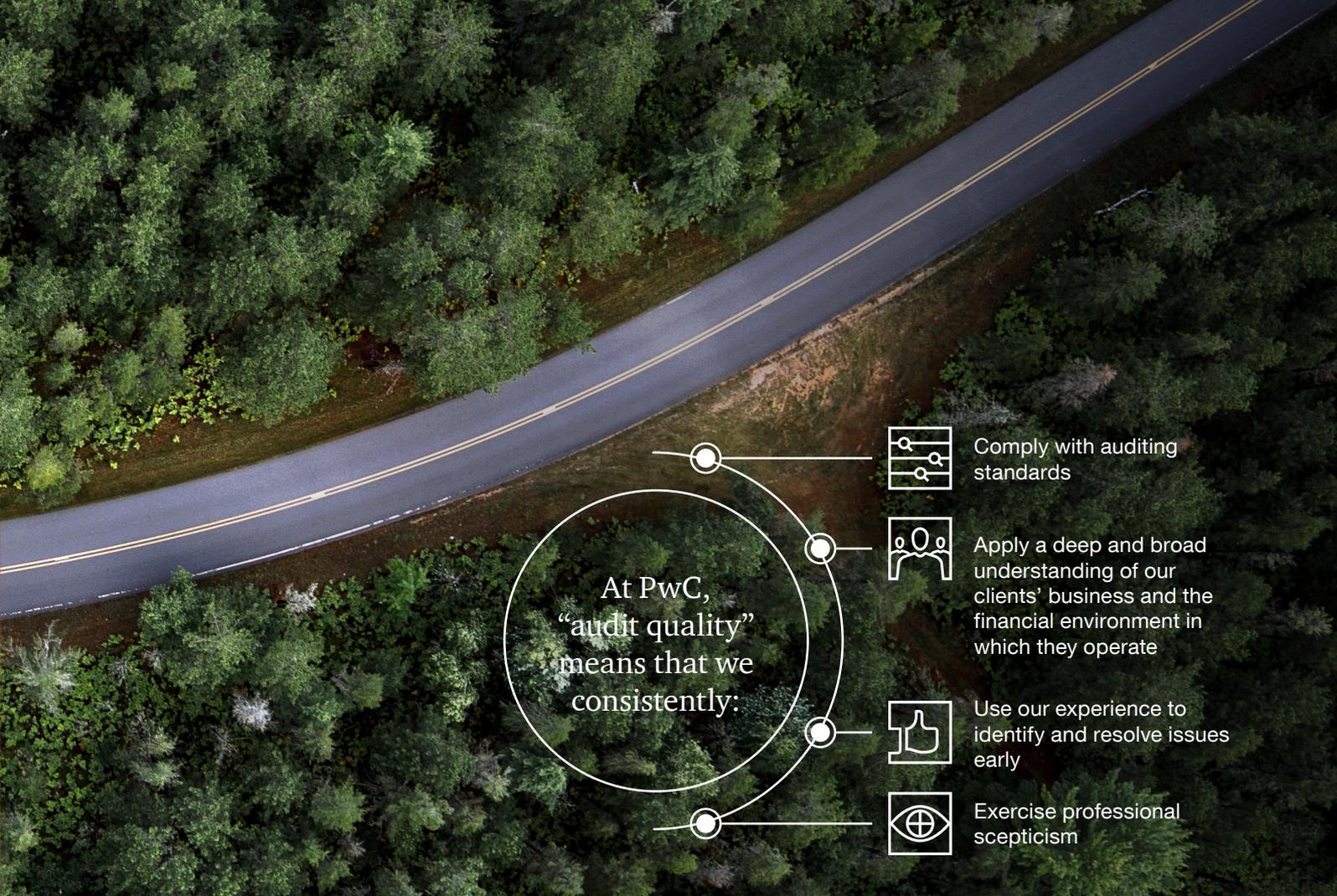
This means that performing quality audits is job #1 for our Assurance practice. Our focus on quality drives our actions with clients, colleagues and other stakeholders, and guides our decision-making.

Our purpose reflects 'why' we do what we do, and our strategy provides us with the 'what' we do. 'How' we deliver our purpose and strategy is driven by our culture, values and behaviours. This forms the foundation of our System of Quality Management (SoQM) and permeates how we operate, including guiding our leadership actions, and how we build trust in how we do business, with each other and in our communities.

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

 <b>Act with integrity</b>	 <b>Make a difference</b>	 <b>Care</b>	 <b>Work together</b>	 <b>Reimagine the possible</b>
<ul style="list-style-type: none"><li>• Speak up for what is right, especially when it feels difficult</li><li>• Expect and deliver the highest quality outcomes</li><li>• Make decisions and act as if our personal reputations were at stake</li></ul>	<ul style="list-style-type: none"><li>• Stay informed and ask questions about the future of the world we live in</li><li>• Create impact with our colleagues, our clients and society through our actions</li><li>• Respond with agility to the ever changing environment in which we operate</li></ul>	<ul style="list-style-type: none"><li>• Make the effort to understand every individual and what matters to them</li><li>• Recognise the value that each person contributes</li><li>• Support others to grow and work in the ways that bring out their best</li></ul>	<ul style="list-style-type: none"><li>• Collaborate and share relationships, ideas and knowledge beyond boundaries</li><li>• Seek and integrate a diverse range of perspectives, people and ideas</li><li>• Give and ask for feedback to improve ourselves and others</li></ul>	<ul style="list-style-type: none"><li>• Speak to challenge the status quo and try new things</li><li>• Innovate, test and learn from failure</li><li>• Have an open mind to the possibilities in every idea</li></ul>

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



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



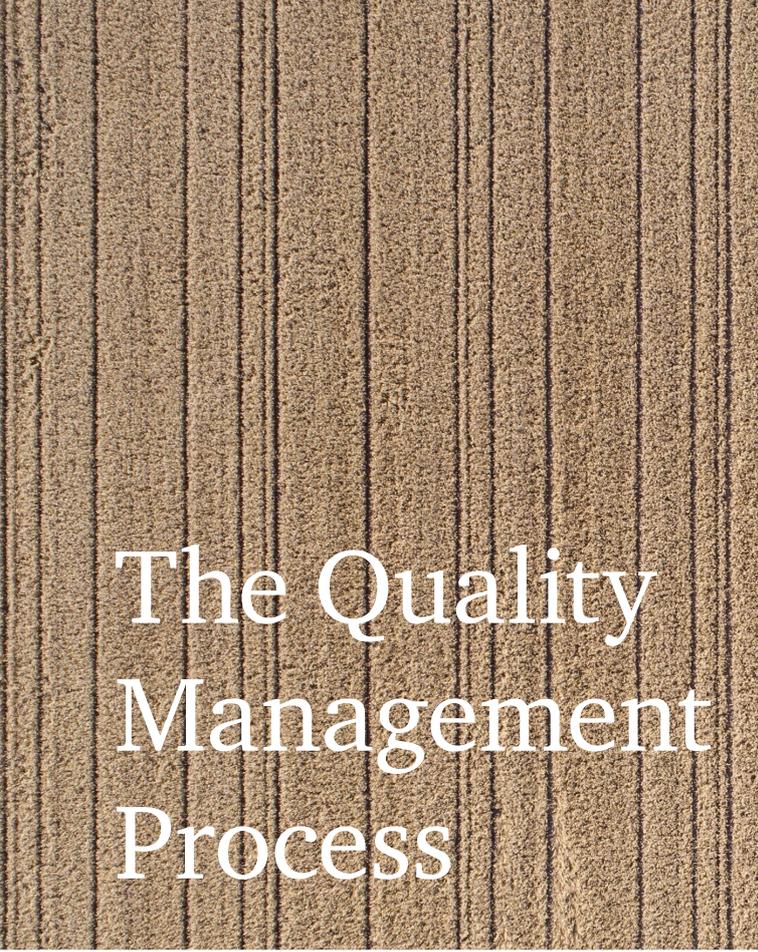
Use our experience to identify and resolve issues early



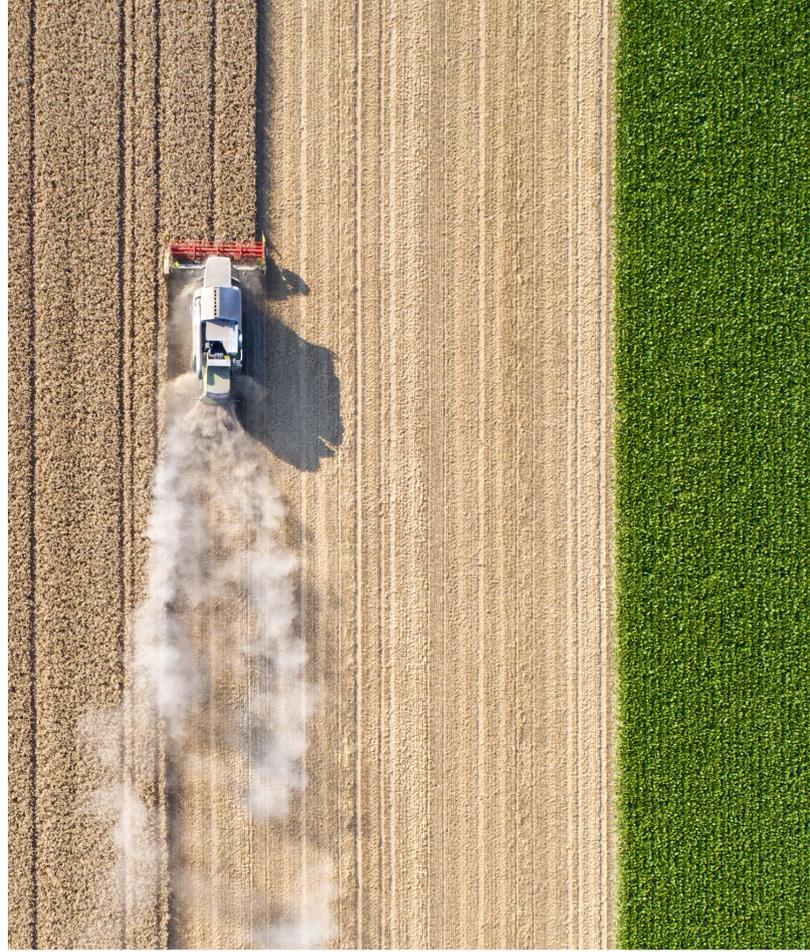
Exercise professional scepticism

Our audit quality principles are achieved through our audit quality practices and mean that we:

- 1 ask tough questions
- 2 apply an objective and sceptical mindset
- 3 embrace the supervision and review process as a way to continuously improve
- 4 are the audit committee's independent "eyes and ears"
- 5 plan our work in a timely and thorough fashion
- 6 remain alert to issues that need deeper analysis
- 7 recognise our role in the capital markets
- 8 stay current on professional standards
- 9 act with professionalism



# The Quality Management Process



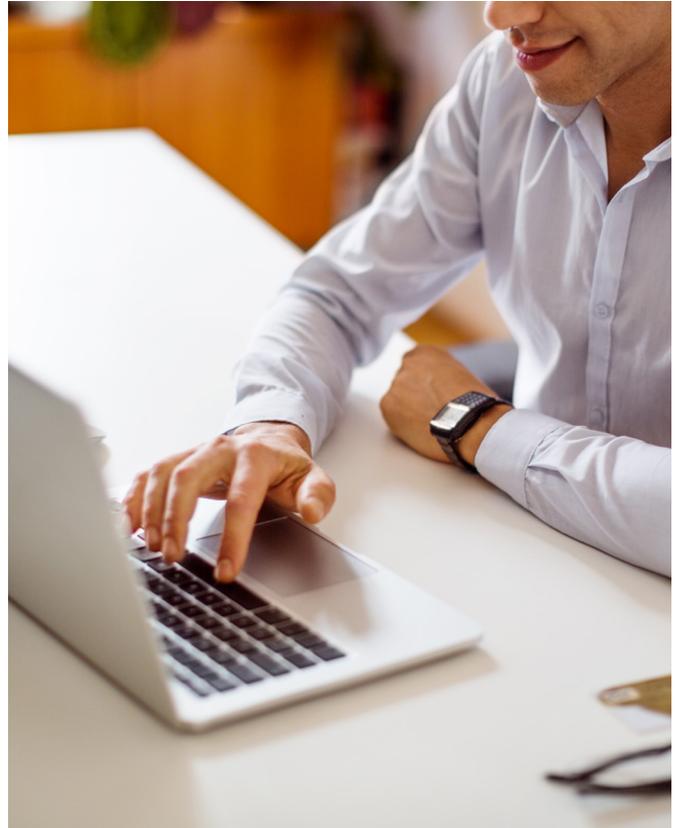
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Delivering service of the highest quality is core to our purpose and our assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

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

This overall quality objective is supported by a series of underlying quality management objectives and our SoQM must be designed and operated so that these objectives are achieved with reasonable assurance.

The achievement of these objectives is supported by a quality management process established by our firm and Assurance leadership, business process owners, and partners and staff.



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

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

This quality management process includes:

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

## Aim to Predict: Assurance Quality Indicators

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

## Aim to Prevent: Real Time Assurance

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

It enables us to cover both a wide range of engagements and Assurance quality indicators through our internal monitoring processes with standardisation and automation, saving time and resources.

## Learn: Root cause analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses is to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at 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. We look at quality findings from all sources including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM, audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections and other inputs such as our Global People Survey and financial statement restatements—to help identify possible distinctions and learning opportunities.

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

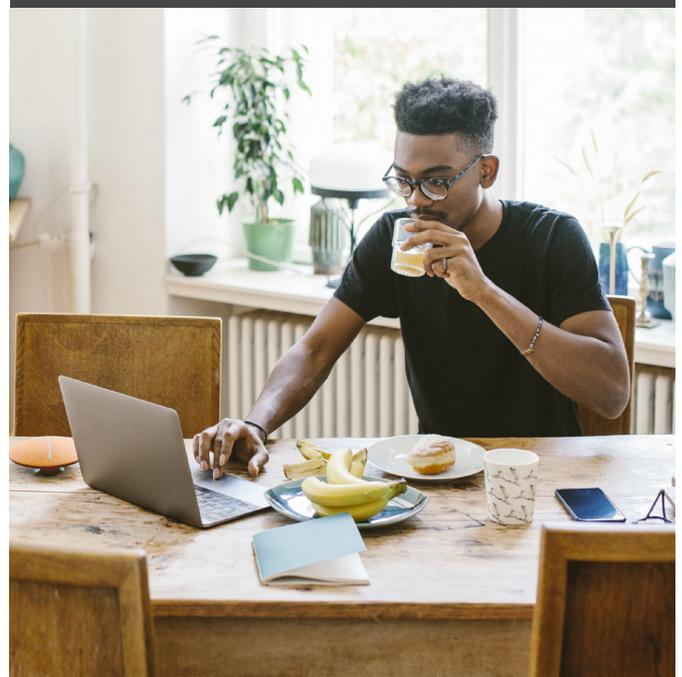
In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography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

## Reinforce: Recognition and Accountability Framework

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

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

Based on our analysis of the results of the activities described above, as well as our consideration of regulator reviews and the results of other internal monitoring activities, we are satisfied that our internal quality control system provides us with reasonable assurance of performing and reporting in conformity with applicable standards and PwC Audit in all material respects.



## Delivering audit quality during the COVID-19 pandemic

### Sharing developments and experience

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

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

### Identifying and addressing risks related to COVID-19

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

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

We focused on enhanced supervision and review, the use of consultations with specialists within our firm, enhanced Real-Time Assurance programs regarding COVID-19 topics to respond to the risks we identified. We also released a number of additional alerts as well as virtual training to better equip our people to respond. During lockdown, we also introduced bi-weekly 'methodology bites' and 'IFRS snippets' to further enhance engagement teams' ability to respond to COVID-19 related aspects of their audits.

### Using technology to support our teams

Our teams transitioned quickly and seamlessly to working remotely. Our Network audit technology infrastructure and tools, including our Connect Suite and collaboration through Google (see page 30 for how we use technology tools in our audits), enabled our people to continue to carry out their work despite the significant change in our physical work environment. Leveraging the benefits of our continued investments in tech-enabling the audit, we were able to provide our people with the tools and technology needed to deliver quality service to our clients while working safely. Because our existing infrastructure already included the tools and security protocols needed for remote working, within days we were able to increase our capacity for remote connectivity to meet the needs of our people, before any stay-at-home orders were issued. We identified new capabilities to optimise working effectively in virtual settings, including additional apps and video capabilities. We were also able to rapidly transition and train our technology support functions to continue to provide our people with uninterrupted 24/7 support. In addition, our Service Delivery Centres were able to conduct business as usual by working from home through use of our existing tools and technology.



#### Google Meets

##### Prior to Lockdown

Max Meets in a day – 707

Max total participants in a day – 2 178

##### Since Lockdown

Max Meets in a day – 5 802

Max total participants in a day – 17 813



#### GlobalProtect VPN

##### Prior to Lockdown

Max concurrent connections – 2 801

##### Since Lockdown

Max concurrent connections – 5 102

### Thought leadership to boards and audit committees.

We facilitated webcasts to help corporate directors, including audit committee members, prepare for the complex challenges of this crisis and pulled together the main themes and insights from these conversations into thought leadership resources.

The impact of the COVID-19 continues to evolve. We are continuing to monitor, assess and respond to the resulting risks in our audits.

# Ethics, independence and objectivity



We take good ethical behaviour seriously and seek to embrace the spirit and not just the letter of relevant ethical requirements.

## Ethics

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



**Integrity** – to be straightforward and honest in all professional and business relationships.



**Objectivity** – 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 practise, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.



**Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.



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

In addition, our Network Standards applicable to all Network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC Network and leadership in PwC South Africa 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 South Africa 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 South Africa 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](http://pwc.com/codeofconduct). PwC South Africa 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](http://pwc.com/ethics).



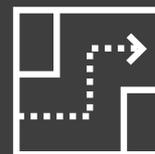
**Compliance with anti-money laundering legislation and professional requirements**

At PwC, we do not provide any service, or enter into any business relationship, that could entail any individual, or the firm, being involved in direct or indirect money laundering activities. We have policies and procedures in place that establish our client's identity in accordance with the PwC policy. All knowledge or suspicion of money laundering is reported to the firm's nominated individual in accordance with our reporting procedures.



**Anti-bribery**

We are opposed to bribery in any form. The PwC Code of Conduct makes it clear that it is unacceptable for our people to solicit, accept, offer, promise or pay bribes whether directly or through a third party. Policies, training and procedures designed to prevent bribery are in place.



**Reportable irregularity requirements**

Audit engagement leaders who have reason to believe that they have identified a reportable irregularity, as defined in section 1 of the Auditing Professions Act of 2005, are required to consult with Risk Management and the Office of General Counsel.

# Objectivity and independence

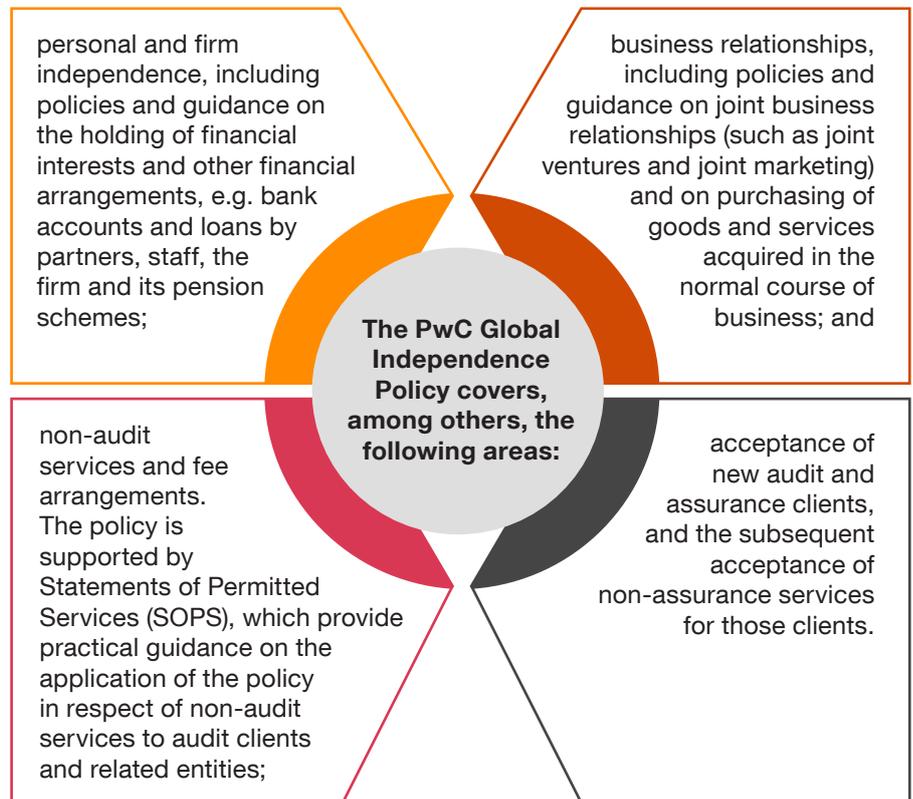
As auditors of financial statements and providers of other types of professional services, PwC member firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins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

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

PwC South Africa 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 small team of independence specialists. The PRI reports directly to the Head of Risk and Quality, a member of the firm's management committee.



## Independence policies and practices



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 South Africa supplements the PwC Network Independence Policy as required by local regulations, including the independence requirements of the Companies Act of 2008, the Independent Regulatory Board for Auditors, the United States Securities and Exchange Commission and those of the Public Accounting Oversight Board of the United States, where they are more restrictive than the Network's policy.

## Independence-related systems and tools

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

- The Central Entity Service (CES), which contains information about corporate entities, including audit clients and their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit engagement or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and records their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;
- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory).

PwC South Africa also has a number of South Africa-specific systems, including a database that records all approved joint business relationships entered into by PwC South Africa. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.

## Independence training and confirmations

PwC South Africa 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. Partners and staff receive computer-based training on PwC South Africa's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practise on an as-needed basis by PwC South Africa's independence specialists and risk and quality teams.

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



## Engagement leader, Quality Review Partner and Key Audit Partner rotation policy

We adhere to the rotation requirements of the independence rules published by IESBA, the SEC and the Companies Act of 2008 as applicable to a particular audited entity.

For entities that are subject to the requirements of Section 92 of the Companies Act of 2008, engagement leader tenure is set at five years, with a minimum two-year cooling-off period.

Lead audit engagement partners and quality review partners on audit engagements subject to the independence rules of the United States SEC are rotated every five years, followed by a five-year cooling-off period. There are also separate rotation requirements applicable to other partners who play a significant role on SEC audits.

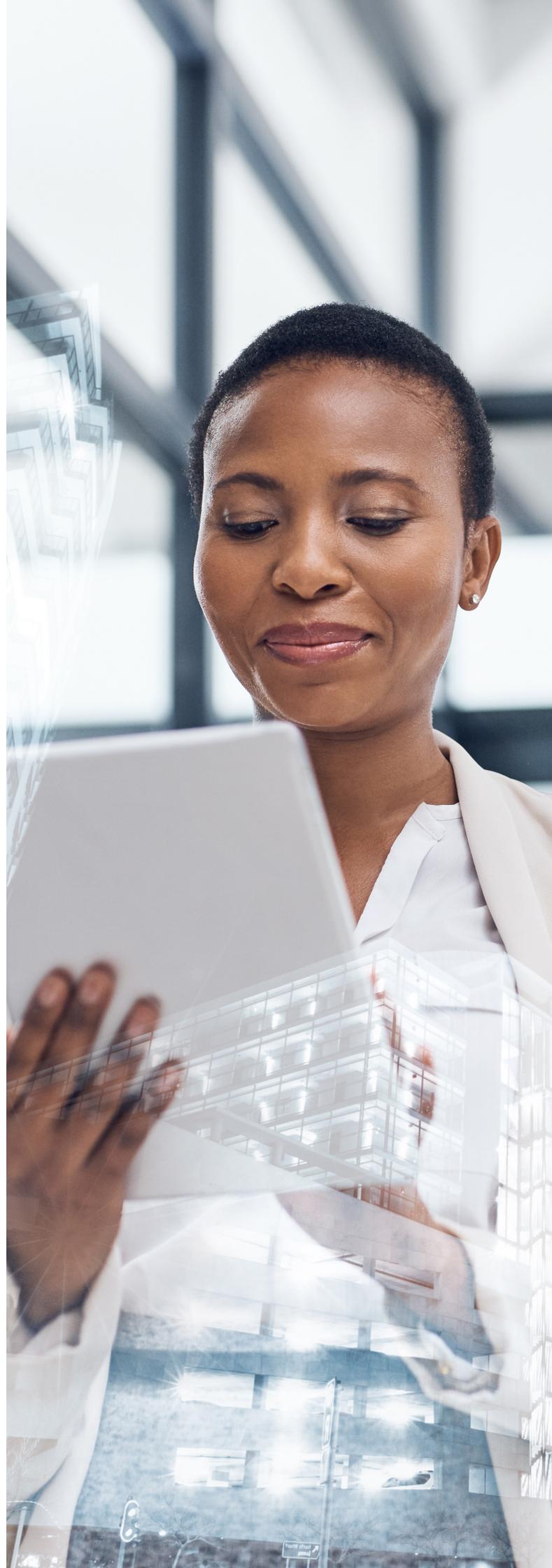
For entities that meet the IESBA, IRBA or our internal definition of Public Interest Entity (PIE), the tenure for the engagement leader, quality review partner and key audit partners involved in the audit is set at seven years, with the cooling-off period being determined as set out below.

Where the engagement leader, quality review partner and key audit partners has served cumulative years in the same role:

Role	Time on period	Cooling off period (consecutive years)
Engagement leader (EP/EL)	7 years	5 years
Quality Review Partner (QRP)	7 years	3 years
Other Key Audit Partner	7 years	2 years

Where the engagement leader, quality review partner and key audit partners have served cumulative years in a combination of roles, different cooling off periods apply in terms of the IESBA code.

The engagement leader and quality review partner on engagements relating to a non-PIE high-profile client have a seven-year tenure, with a two year cooling-off period. For all other non-PIE entities our policy sets tenure for the engagement leader, quality review partner and key audit partner at ten years, with a two-year cooling-off period.





Key Audit Partners will include the statutory auditor designated by the firm as being primarily responsible for carrying out the statutory audit of the PIE, including at the level of the group, the statutory auditor who signs the audit report and, in the case of a group audit, the statutory auditor designated at the level of material subsidiaries.

## Independence monitoring and disciplinary policy

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

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

The results of PwC South Africa's monitoring and testing are reported to the firm's management on a regular basis with a summary reported to them on an annual basis.

PwC South Africa 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. Refer to page 14 for further information on our firm's RAF.

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

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In the past financial year, more than 100 partners and staff were subject to personal independence compliance testing to monitor compliance with the firm's policies. Exceptions are taken seriously, including partner sanctions in terms of the RAF.



# Acceptance and continuance of client relationships and specific engagements

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Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society.

We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary.

## Client and Engagement Acceptance and Continuance

PwC South Africa 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.

## Relationship checks, independence assessments and conflicts of interest

Before accepting a new engagement we perform:

- checks to identify relevant relationships – these checks are performed by a dedicated relationship checking team within Risk Management. Where potential conflicts of interest are identified, we either decline to accept an engagement or we put in place arrangements to make sure that the potential conflicts of interest are appropriately managed, including, where appropriate, the use of restricted access rooms to work in; and
- in the case of new audit clients, an independence assessment – this is a comprehensive assessment which, depending on the nature and complexity of either the relationship or the structure of the prospective audit client, is either performed by a dedicated team within Risk Management or by the prospective engagement team with advice from Risk Management. The assessment covers all aspects of independence in relation to a new potential client. This enables us to identify existing relationships including business relationships, non-audit services and firm arrangements and determine whether:
  - those relationships that are prohibited by the Ethical Standards can be terminated before we are appointed as auditor. Where this is possible, the non-audit service providers in the PwC network are instructed to terminate the service prior to our appointment and confirm that they have done so. If we are unable to terminate the non-audit service before our potential audit appointment, we then decline the audit appointment; and
  - for those relationships that are permissible and can continue after our appointment as auditor, create any threat to our independence and objectivity. Where threats are identified and appropriate safeguards could be put in place, these are discussed and agreed with those charged with governance prior to appointment. Where the threats to our independence and objectivity are insurmountable, we decline the audit appointment.





# Our people



The wellbeing, safety and development of our people has always been at the heart of everything we do. This has been more important than ever over the past year.

## People strategy

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

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

## “Our Tomorrow”

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

- **Digital upskilling:** We provide our people with individualised learning tools to expand the use of digital solutions on their audits and empower them with a mindset of continual improvement and innovation. Our Digital Academies leverage market-leading software and focus primarily on building three core skills: data wrangling, automation, and data visualisation. These tools enhance the firm's collective digital fluency while providing each individual with a personalised curriculum to build their digital IQ.
- **Be well, work well:** Given the pace and complexity of change, the firm is putting the power of its resources toward supporting our people's journey to greater well-being.



## Diversity and inclusion

At PwC, we're committed to creating a culture of belonging. We are focused on diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and are valued. We know that when people from different backgrounds and with different points of view work together, we create the most value-for our clients, our people, and society. Our core values of caring and working together guide us to recognise the contributions of each individual and develop a workplace with a range of people, perspectives and ideas.



## Team selection, experience and supervision

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



## Career progression

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



## Recruitment

PwC South Africa aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks.



## Real-time feedback

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



## Retention

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



## The PwC Professional

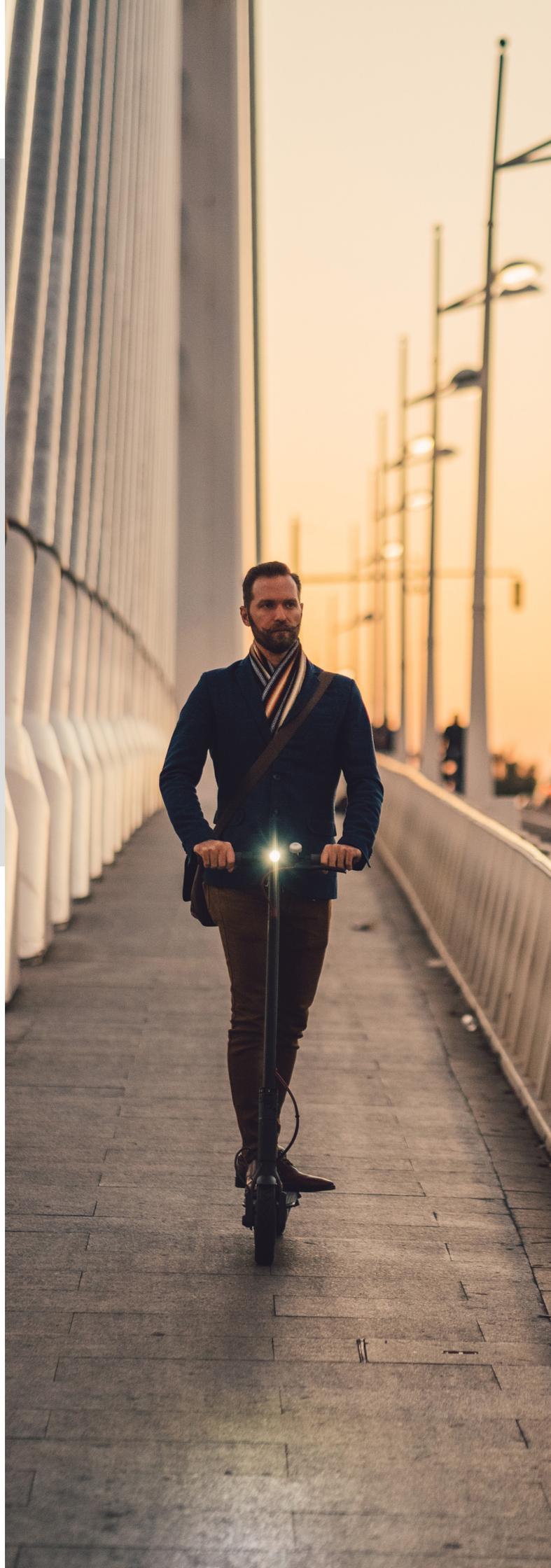


The PwC Professional is our global leadership development framework. It supports the development and career progression of our staff by providing a single set of expectations across all lines of service, geographies, and roles; outlining the capabilities needed to thrive as purpose-led and values-driven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

## Professional Development

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

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



## Continuing education

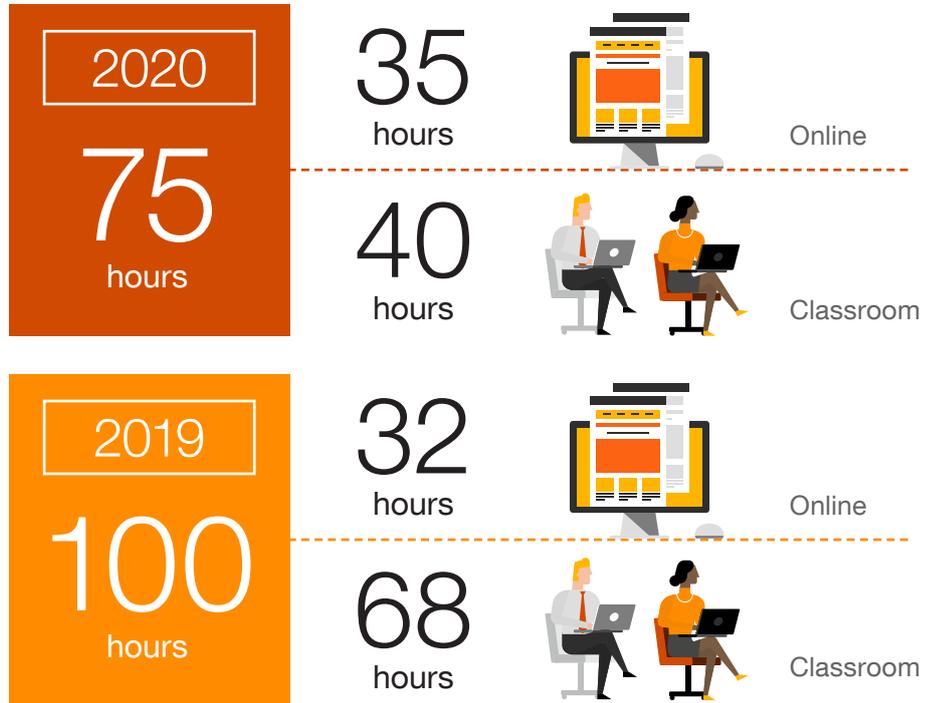
We, and other PwC member firms, are committed to delivering quality assurance services around the world. To maximise consistency in the Network the formal curriculum, developed at the Network level, provides access to training materials covering the PwC audit approach and tools-this includes updates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

This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

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

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

## Average hours of formal learning achieved by Audit Partners and staff





# Our audit approach



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



## The PwC Audit

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



### People

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



### Technology

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



### Approach

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



## The PwC Audit

## Tools and technologies to support our audit

As a member of the PwC Network, PwC South Africa has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.



### Aura Platinum

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

### Audit technology

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



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

- **Connect** monitors the status of requests and information between our clients and the engagement team in real time. Audit and client teams know where things stand at all times through a consolidated dashboard showing all sites, digitisation of engagement matters, and automated key performance indicators.
- **Connect Audit 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** is our market-leading audit technology that allows us to identify and assess risks and determine where to focus audit efforts. Halo interrogates, tests and analyses huge volumes of business-critical data, analysing whole populations, spotting and visualising anomalies and trends in financial information. It enables us to analyse patterns and trends, identify unusual and high-risk transactions, and provide valuable insight to our teams and our clients.



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

## Supporting engagement performance

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### Evolving delivery model

We continue to evolve the way we deliver our services so our people give our clients an even better experience, improve the quality of what we do and create economic capacity to invest in the future. We use both on and offshore resources at Service Delivery centres and Centres of Excellence to streamline, standardise, automate, and centralise portions of the audit.

#### Percentage of audit hours performed by Service Delivery Centres

FY16	FY17	FY18	FY19	FY20
2.6%	3.5%	5.0%	6.1%	7.1%



### Direction, coaching and supervision

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



### Consultation culture

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

The firm has policies setting out the circumstances under which consultation on accounting, auditing and risk management matters is mandatory. The firm's technical experts track new developments in relevant areas and provide updates to the appropriate professional staff. Our consultative culture also means that our engagement teams regularly consult with each other on an informal basis, as well as with experts and others, often in situations where consultation is not formally required. Within Assurance, we use a consultation database that has been specifically designed to aid the enquiry and consultation process.



### National office

Our National Office comprises technical accounting, auditing, and financial reporting specialists as well as risk and quality. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing and providing those updates to professional staff.

#### Number of full-time accounting and auditing specialists supporting our Assurance practice

FY16	FY17	FY18	FY19	FY20
39	51	61	74	100



## Engagement Performance & Quality (EPQ)

EPQ is the PwC branded approach to audit process improvement. It aims to improve the underlying processes and execution with the goal of getting it right the first time, thereby reducing waste and improving efficiency.

The EPQ framework and guiding principles provide the foundation for how we think, solve problems and make improvements to the processes we work within each day.

### What EPQ achieves

- **Improved Client & People Experience:** Enhanced service excellence and people experience – with less disruption and distraction, fewer late surprises and improved transparency;
- **Enhanced Quality:** More quality built in upfront – resulting in better prepared team members and decreased rework on the back end during busy periods;
- **Improved Efficiency:** More standardisation – resulting in reduced variation and uncertainty, less waste and more efficient processes, leading to improved margins; and
- **Smoother Workflow:** Improved phasing throughout the year – with better project management, improved coordination and more streamlined execution.



## Quality Review Partners (QRP)

We appoint a Quality Review Partner (QRP) to conduct engagement quality control reviews of the audits of listed clients, and other clients where the risk is considered to warrant such appointment. QRP's are experienced individuals who are independent of the core engagement team; they receive training when appointed as a QRP and their skills, capacity and experience are assessed on an annual basis thereafter.

QRPs are appointed to an engagement based on their experience and expertise. The QRP is responsible for reviewing key aspects of the audit including independence, significant risks and the team's responses to these risks, judgements, uncorrected misstatements, documentation of work done in the areas reviewed, the financial statements, communication with those charged with governance and the appropriateness of the audit report to be issued. QRPs are involved throughout the audit process so that their input is timely. The QRP will seek to challenge the audit team in the judgements they have made and work done. Their review is completed and any matters raised are resolved to the QRP's satisfaction in advance of the audit report date.



## Differences of opinion

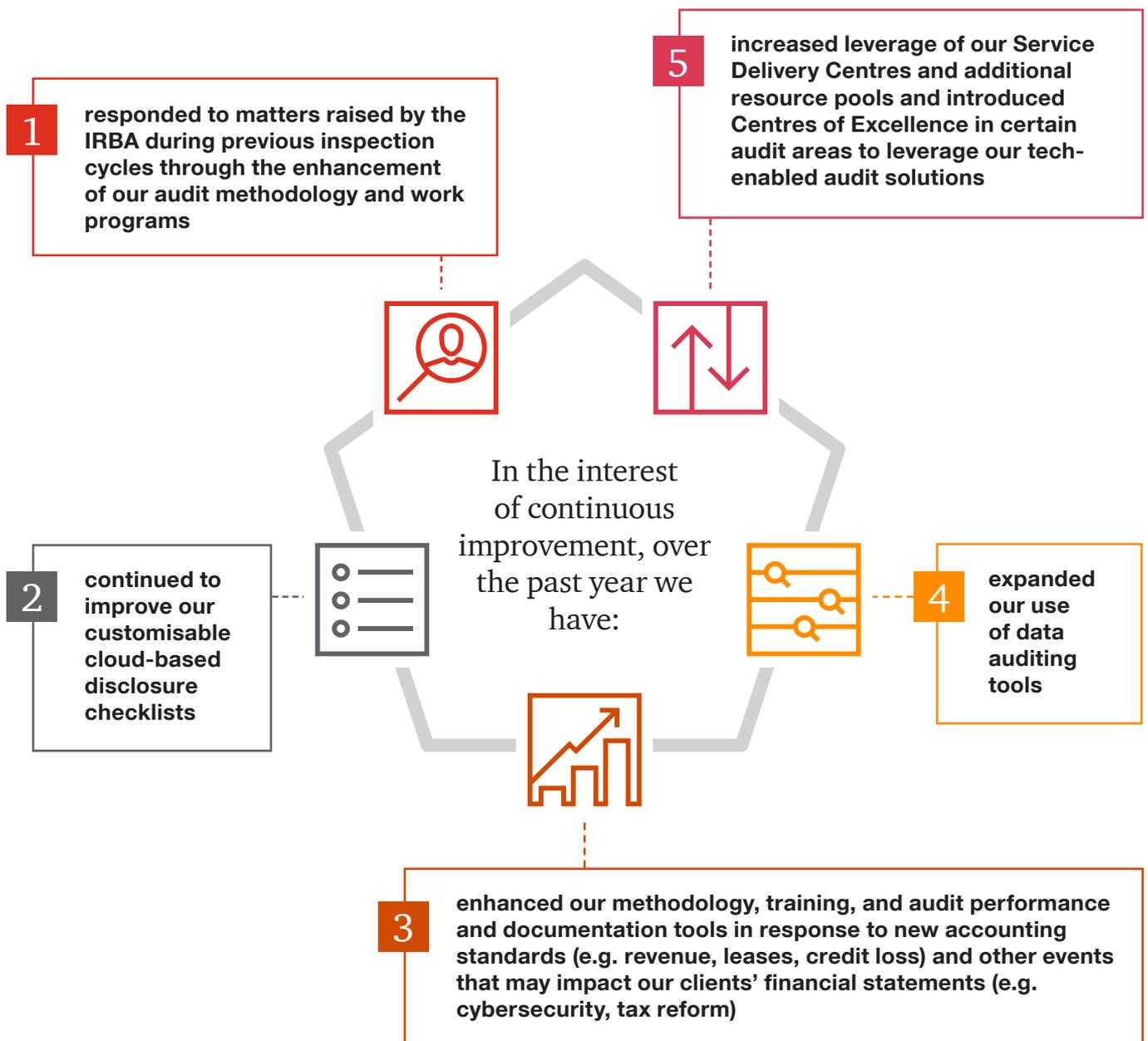
Protocols exist to resolve the situations where a difference of opinion arises between the engagement leader and either the QRP, another Assurance partner or central functions such as the National Office. These include the use of technical panels consisting of partners independent of the engagement.

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## Engagement documentation

At the end of an engagement, teams are required to assemble any documents required to be retained in a hard copy paper file and then archive both this and the electronic file in accordance with policies laid down by professional standards. In the case of the electronic audit file, automated processes exist to make sure that the file is archived on time and the act of archiving prevents any further amendments being made to the file.

The hard copy paper file is archived using an electronic system that logs the files. The hard copy file is then retained in a secure access controlled filing system, either within the office or off-site. Unless required for legal, regulatory or internal review purposes, electronic and hard copy paper files are only accessible by members of the engagement team until they are destroyed. All engagement files are destroyed after periods specified by law or professional standards. In the case of audit files, this is generally five years after signing the audit opinion (or longer, such as seven years for SEC audits).



## 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 fulfil our professional responsibilities to communicate certain items to them. Required communications include discussions about our independence, our role, and the roles of management and the audit committee, among others.

Examples of other topics we may discuss include perspectives on:

- 1 management's plans to adopt new accounting standards and respond to new laws and regulations
- 2 financial, business, and operational risks of the company
- 3 company resources to be allocated to the audit
- 4 new auditing standards
- 5 the quality of management, the company's culture, and the tone at the top
- 6 firm resources allocated to the audit
- 7 areas of significant estimates and judgments
- 8 the appropriateness of audit fees relative to the work to be performed
- 9 firm regulatory inspection results
- 10 the potential effects of proposed non-audit services on independence





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Testing the technical quality of our work is part of our System of Quality Management. Instances of failure to meet defined performance standards are treated seriously and the engagement leaders responsible will be counselled to improve performance. In addition, under the firm's accountability framework, an engagement leader's remuneration can be impacted by quality findings.

## 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 South Africa – the “*first line of defence*”. This includes the design and operation of an effective SoQM that is responsive to our specific risks to delivering quality audit engagements, using the Network’s QMSE framework.

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

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

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

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 three years, depending on the profile of that signer’s client engagements or the results achieved in previous reviews.

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 checklists and tools developed at the Network level when conducting their review procedures.

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

The results of the inspections are reported to our firm’s leadership who are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or our firm’s Assurance leadership personnel may be subject to additional reviews, financial penalties 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.



A close-up, high-angle photograph of a person's eye, looking slightly to the right. The eye is light blue and has long, dark eyelashes. The skin is fair and the lighting is soft, highlighting the texture of the skin and the detail of the eye.

# Confidentiality and information security

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

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

## Data Privacy

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

We have continued to build our extensive General Data Protection Regulation Program, and are committed to embedding good data management practices across our business. This includes updated data management practices to comply with both the General Data Protection Regulation Program and the Protection of Personal Information Act 2005.

## Information Security

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

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

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

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

All partners and staff are required to keep any personal data and other confidential information, including information relating to clients, PwC firms and partners and staff, confidential unless permission to disclose the information is obtained from the client and/or other appropriate parties or there is a legal or professional duty to disclose the information. This also applies after a client relationship has ended in the case of client confidential information. We are permitted to disclose such information to other personnel only where there is a legitimate business purpose to do so. We do not use confidential client information or personal data for any purpose other than that for which it was intended and where it is disclosed to other parties request that they apply that same principle.

### PwC's information security policies and procedures aim to make sure that:



### Our policies and procedures include:

- encryption of all the firm's laptops, PCs and memory sticks;
- secure and managed apps for data accessed by mobile devices;
- software restricting the use of removable media;
- access to engagement files – both electronic and hard copy paper files – is restricted to those with a 'need to know';
- regular backup of data on individual laptops and PCs;
- clear-desk policy, both in our offices and at client sites;
- securing hard copy files when they are not in use;
- remote access to our network via a secure virtual private network, or equivalent technology;
- policies on the transmission of data by email outside of the organisation; and
- restricted access to operational areas of PwC South Africa and our buildings.

The firm has incident reporting and response procedures that seek to minimise the impact of any data loss which arises. These procedures include notifying clients when it is known that their data is at risk and, where appropriate and feasible, taking corrective action.

# Legal and Governance Structure

## Africa Governance Board

- 12 members (including six from the South African Governing Board)
- Four scheduled meetings per annum (and ad-hoc meetings if required)
- Term of office: Four years

PwC South Africa is part of the South Market Area of PwC Africa, and together with the firms in the East and West Market Areas, falls under the governance arrangements of PwC Africa. These governance arrangements are exercised by the Governance Board, constituted in terms of the Africa joint venture agreement, which details its powers and duties.

The members are elected by the partners in each of the three market areas making up PwC Africa. The Chairman of the Governance Board is elected by the members of the Governance Board. It has several committees that act in accordance with the delegated authority of the Governance Board. The committees are accountable to the Governance Board and report to the members at each board meeting.

## South Africa Governing Board

- 10 members (elected by South Africa partners)
- Four scheduled meetings per annum (and ad-hoc meetings if required)
- Term of office: Four years
- The CEO is an ex-officio member of the board

The Governing Board is constituted in terms of the PwC South Africa firm's partnership agreement, which details its rights and responsibilities.

Other than the Chief Executive Officer, none of the members serve as members of the firm's Leadership Team.

The chairperson of the Governing Board is elected by the members of the Governing Board. The current chairperson of the Governing Board is Busi Mathe. It has several committees that, in the South Market Area, perform an oversight role. The committees report to the Governing Board on its activities at each board meeting, and are ultimately accountable to the Governance Board for its activities.

## Management Committee

- Members appointed by the Chief Executive Officer
- Eight scheduled meetings per annum
- Term of office: Four years

The Management Committee is accountable for the firm's results and its principal responsibilities include creating, directing and overseeing strategy implementation, developing succession plans for leadership roles and ensuring regular and ongoing partner communication on the progress and performance of the firm.

## Management Committee

(at 30 June 2020)



**Anastacia  
Tshesane**

*Transformation,  
Diversity & Inclusion*



**Coenraad  
Richardson**

*Risk and Quality*



**Corlia  
Volschenk**

*Human Capital*



**Jabu  
Masondo**

*Tax*



**Johannes  
Grosskopf**

*Operations*



**Kalane  
Rampai**

*Consulting*



**Pieter  
Hough**

*Assurance*



**Shirley  
Machaba**

*Chief Executive Officer*



## South Africa Governing Board

(at 30 June 2020)



**Ahmed  
Chohan**



**Andrea  
Puggia**



**Brendan  
Deegan**



**Busi  
Mathe**

*Chair*



**Craig  
West**



**Jayshila  
Mistri**



**John  
Bennett**



**Nicolette  
Jacobs**



**Peter  
McCrystal**



**Vincent  
Tshikhovhokhovho**





PwC South Africa operates in the form of a dual structure, namely PricewaterhouseCoopers Incorporated, a registered company, and the PricewaterhouseCoopers South African Firm, which is a partnership.

**PwC South Africa has 19 offices across the country, with its head office situated in Johannesburg.**



**19 Offices in South Africa**



**5 446 people in South Africa**



# PwC Network

## Global Network

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

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

## PricewaterhouseCoopers International Limited

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

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

### The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team** is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from network firms to coordinate activities across all areas of our business.

Dion Shango, Africa Senior Partner, is a member of the Strategy Council and maintains our relationships with the Network Leadership Team.



# Appendix

In order to comply with EU Regulation 537/2014 Article 13.2(b) items (ii) and (iii), we list below the statutory audit firms/ auditors by country within our network as of 30 June 2020.

Member State	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	PricewaterhouseCoopers Services France
France	PwC Entrepreneurs CAC
France	PwC Entrepreneurs Commissariat aux Comptes
France	PwC Entrepreneurs Audit
France	PwC Entrepreneurs Audit France
France	PwC Entrepreneurs CAC France
France	PwC Entrepreneurs Commissariat aux Comptes France
France	PwC Entrepreneurs France
France	PwC Entrepreneurs Services
France	Expertise et Audit Lafarge
France	M. Philippe Aerts
France	M. Jean-François Bourrin
France	M. Jean-Laurent Bracieux
France	M. Didier Brun
France	M. Anouar Lazrak
France	Mme Elisabeth L'Hermite

Member State	Name of firm
France	M. François Miane
France	M. Yves Moutou
France	M. Claude Palmero
France	M. Pierre Pegaz-Fiornet
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Gibraltar	PricewaterhouseCoopers Limited
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Vaduz
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Netherlands	Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (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



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

PwC South Africa's total revenues for the year ended 30 June 2020 amounted to approximately 311 million Euros, comprising revenue from audit services of 148 million Euros, broader assurance services of 55 Euros million, advisory services of 75 million Euros, and tax and legal services of 33 Euro million. This represents the revenues of PwC South Africa converted at the exchange rate prevailing at 30 June 2020.

PwC South Africa acts as auditor for entities with transferable securities listed on an EU regulated market. This includes the audit of Naspers Limited for which group audit fees approximate 9.0 million Euros. Non-audit fees approximate 0.9 million Euros. The fees have been converted at the exchange rate prevailing at 30 June 2020.





At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 155 countries with over 284,000 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](http://www.pwc.com).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

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