

www.pwc.com/ng

PwC Nigeria Transparency Report



2021



Table of Contents

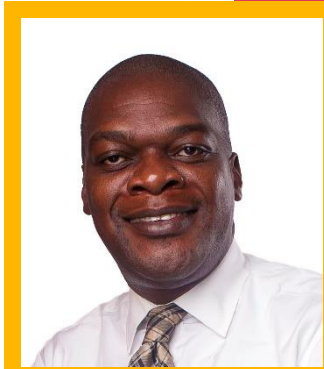
01	Message from leadership	Page 3
02	Our approach to quality	Page 8
03	Cultures and values	Page 12
04	Our people	Page 20
05	Our audit approach	Page 24
06	Monitoring	Page 29
07	Public interest audit clients	Page 32
08	Legal and governance structure	Page 34
09	PwC Network	Page 36
10	Financial Information	Page 39
11	Appendix	Page 41



Message from leadership

01

Message from leadership



Osere Alakhume

Country Assurance Leader
Osere.alakhume@pwc.com

In June 2021, we unveiled The New Equation, PwC's landmark global strategy which responds to fundamental changes in the world, including technological disruption, climate change, fractured geopolitics, and the continuing effects of the COVID-19 pandemic. The New Equation is based on analysis of global trends and thousands of conversations with clients and stakeholders. It builds on more than a decade of sustained revenue growth and continued investment. The New Equation focuses on two interconnected needs that clients face in the coming years. The first is to build trust, which has never been more important, nor more difficult. The second is to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever and societal expectations have never been greater. For more information on The New Equation, please see <https://www.pwc.com/gx/en/>

Our new strategy builds on our ongoing commitment to quality.

A message from our Assurance Leader

Trust lies at the heart of everything we do at PwC. It is fundamental to fulfilling our firm's purpose. We build trust by being transparent and delivering on our commitment to quality. We're committed to driving a strong culture of quality. It is core to our purpose – to build trust in society and solve important problems.

We're pleased to present our Transparency Report for 2021, 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.

Broadening the definition of audit quality

Audit quality is the primary objective within our Assurance practice. Our focus on quality drives our actions with clients, colleagues and other stakeholders, and guides our decision-making. Our audit business is fundamental to our strategy and brand. 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.

Our people are key to performing high quality audits and we draw upon a wide range of specialist skills across our multidisciplinary practice. That is 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.

Despite the challenges we faced as a result of the pandemic, we stayed true to our values and focused on our priorities. We continued to demonstrate our purpose to our clients, delivering quality service and helping them solve important problems.

Investing in technology and upskilling our people definitely prepared us for the pandemic world, making it easy to transition seamlessly into an efficient remote working culture. We continue to leverage the digital skills, knowledge and tools at our disposal, while ensuring improvement in audit quality. We are sure to create the trust and sustained outcomes our clients and our stakeholders are looking for.

The 2021 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.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with 295,371 people who are committed to delivering quality in assurance, advisory and tax services.

This Transparency Report is published in accordance with the requirements of Article 13 of the EU Regulation No. 537/2014. This Transparency Report is in respect of the financial year ended 30 June 2021.

The Country Management Team ("the CMT") of PwC Nigeria approved this Transparency Report on 18 October 2021. Uyi Akpata (Country Senior Partner) and Osere Alakhume (Country Assurance Leader) signed it on its behalf.

Year in review

2021 Global People Survey



88% of our staff and partners participated in our Global People Survey.

People Engagement Index (84%)

Sample responses from 2021 Global People Survey

Favorable %

I enjoy working at PwC.	94%
Personal values alignment.	92%
I would recommend PwC as a great place to work.	87%
I am proud to work at PwC.	95%
I feel like I belong at PwC	74%
The leaders I work with actively build a diverse and inclusive work environment.	81%
The people I work with demonstrate conduct consistent with PwC's Global Code of Conduct.	80%

Assurance Training FY21

Average hours achieved by partners and staff

36.73 online

331.99 classroom

368.72 total

Total hours completed
218,280.87

Assurance Training FY20

Average hours achieved by partners and staff

22.91 online

98.14 classroom

121.05 total

Total hours completed
112,422.6



Year in review

Average assurance hours by grade

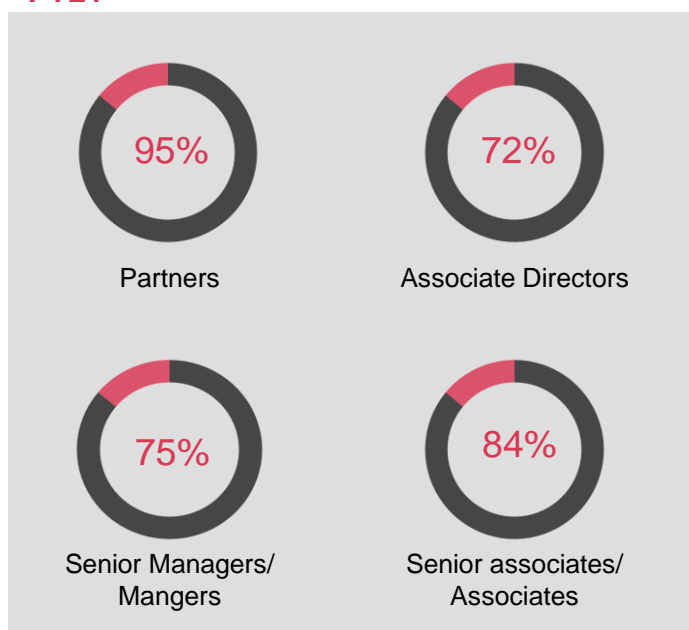


Assurance staff utilisation rates

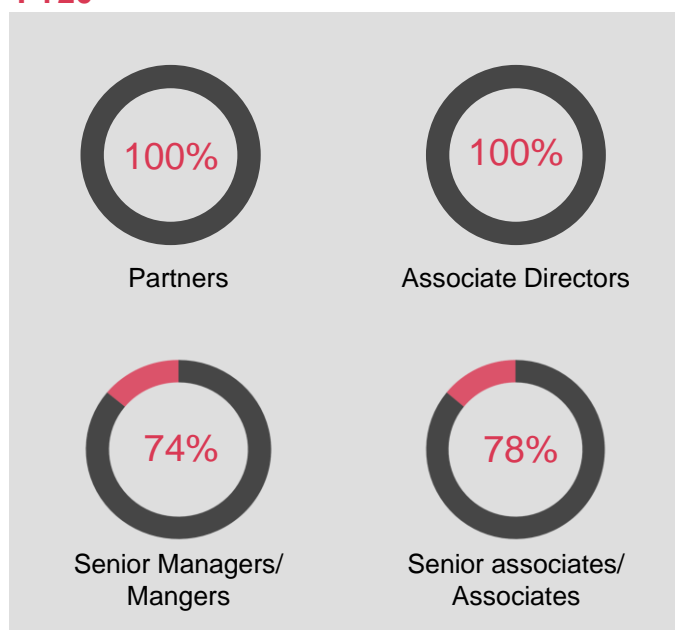
	FY21		FY20
Partners	40%	Partners	48%
Associate Directors	40%	Associate Directors	39%
Senior managers / Managers	51%	Senior managers / Managers	49%
Senior associates / Associates	59%	Senior associates / Associates	63%

Assurance staff retention rates

FY21



FY20



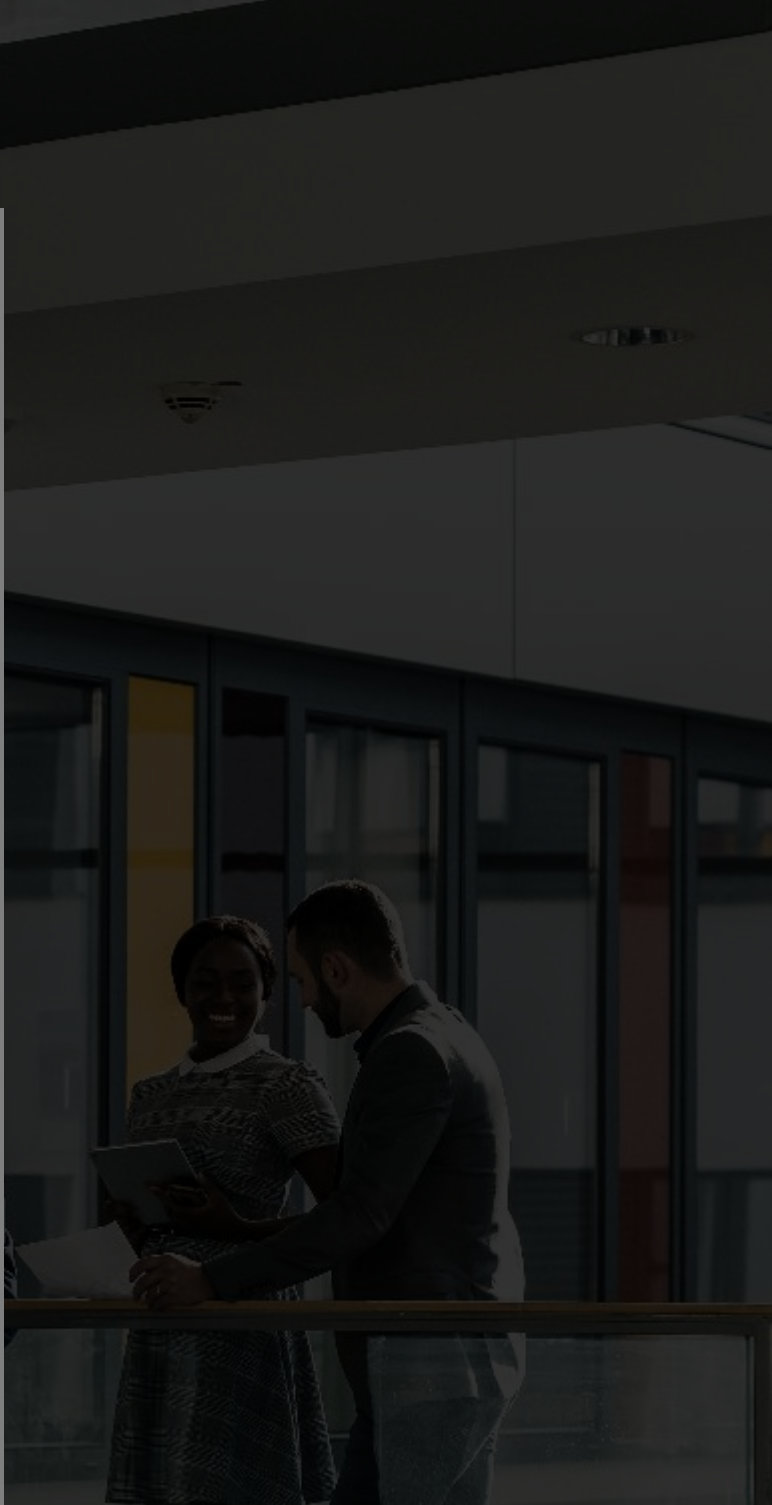
Our quality improvement programmes

At PwC, we are invested in continuously improving our audit quality through the design and operation of an effective system of quality management. Further, as part of PwC's new global strategy, The New Equation, PwC will continue to invest to further enhance quality. This includes a focus on the following key areas:

- Continuing to strengthen our quality culture to support our partners and teams to drive behaviours consistent with enhancing 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
- Increasing our focus on ongoing and real-time quality monitoring including through the use of Real Time Assurance and Assurance Quality Indicators

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

- Enhanced transparency of information about our business.
- Real time engagement around the changes we're seeing in the world and their impact on audit quality and compliance, like technology disruption, climate change, geopolitics - changes that have been magnified and accelerated by the COVID-19 pandemic



“Undoubtedly, quality underscores everything we do, from our work to our people and society at large.”

Uyi Apkata,
Country Senior Partner
PwC Nigeria



Our approach to quality

02

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

Focus on Quality

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

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

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

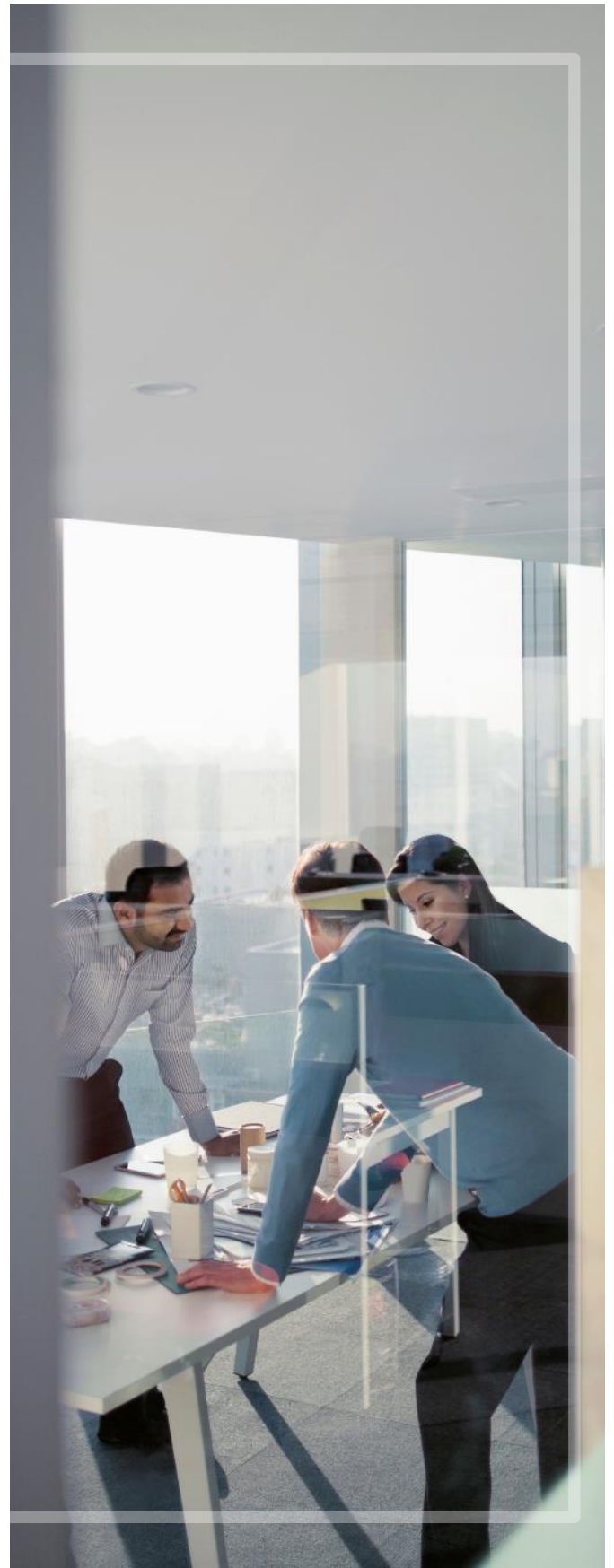
Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 295,371 people that emphasises that quality is the responsibility of everyone (including our 1,212 people). Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

Measurement and transparency

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

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



Specific focus on audit quality

Specific focus on audit quality

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

The right objectives and capabilities

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

Integrated and aligned in the right way

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

Delivering a quality end-product consistently

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

Values and judgments

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



Delivering audit quality during the COVID-19 pandemic

Our response to COVID-19

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

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

Sharing developments and experience

From the early stages of the pandemic, the PwC network put a team in place to monitor developments globally and to highlight areas of critical importance to ensure we did not compromise on audit quality. We have leveraged the guidance developed by our Network 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.

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.

The foundation we have built for our system of quality management helped us navigate some of our biggest challenges as a result of the pandemic. We were able to monitor the actions we took to address identified risks and assess whether changes needed to be made on a real time basis. We used the experience and examples shared with us from across the network to support our assessment of the issues that had the potential to impact our system of quality management.

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

The investment in technology and moving quickly to upskill our partners and staff to work seamlessly in a digital world put us at the forefront in managing remote working during our busiest time of year without sacrificing quality in our audits. Our teams utilised the resources made available and worked cohesively to execute our audits remotely.

We continue to monitor and respond to the ongoing impacts of the pandemic on our people and clients including the implications of changing or easing restrictions.





Cultures and values

03

Cultures and values

Leadership and tone at the top

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

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

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

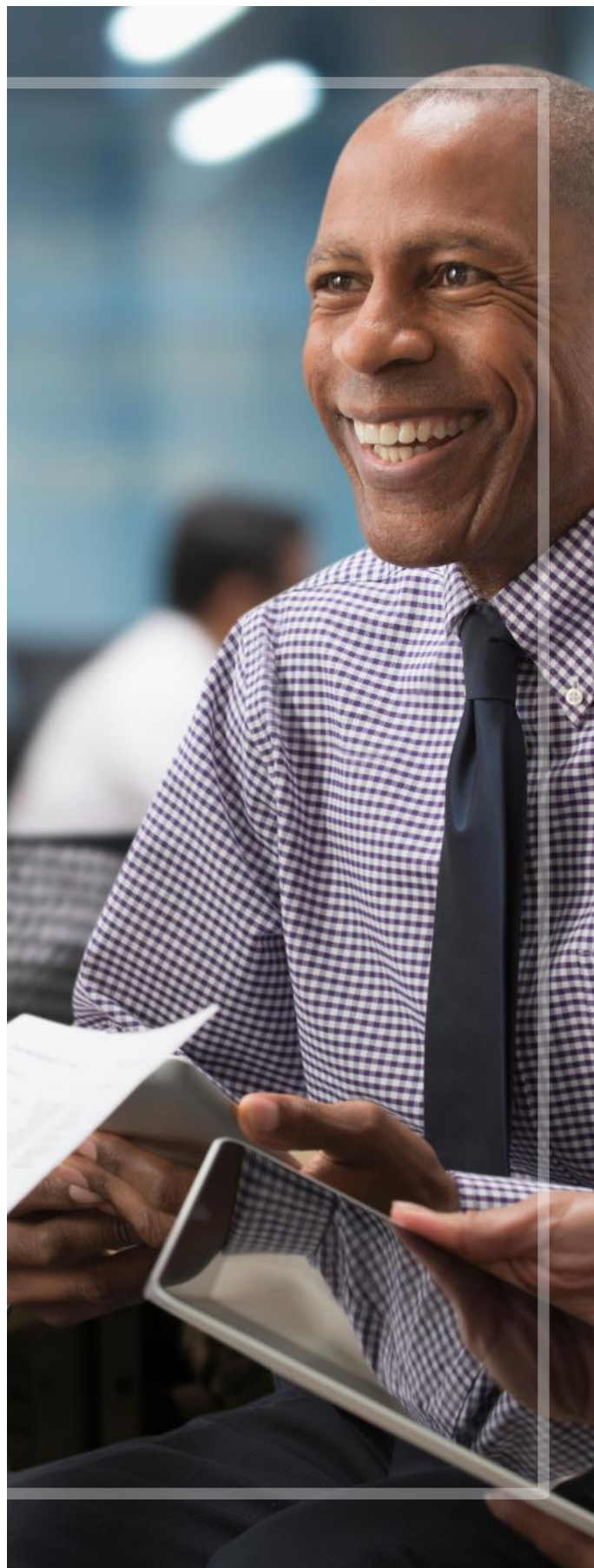
Key messages are communicated to our firm by our Senior Partner and our leadership team and are reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders' messaging conveys the importance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

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

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

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





The Quality Management Process

This quality management process includes:

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

Aim to Predict: Assurance Quality Indicators

We have identified a set of Assurance Quality Indicators (AQIs) that support our Assurance leadership team in the early identification of potential risks to quality, using metrics to aim to predict quality issues. This quality risk analysis is an essential part of our 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.

PwC Nigeria currently reports 22 AQIs. These AQIs cover the following areas - Independence, Staff availability/utilization, Skills, Motivation, Support, Project management, Documentation, Direction, Supervision and Review, and Engagement performance.

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 a range of engagements across Assurance partners.

Learn: Root cause analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses is to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at quality findings from all sources including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM, audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections 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, 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 practice. 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, including non-Partner Engagement Leaders accountable for quality behaviours and 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



Ethics, independence and objectivity

Ethics

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

- i. **Integrity** – to be straightforward and honest in all professional and business relationships.
- ii. **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- iii. **Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- iv. **Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- v. **Professional Behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

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 Nigeria 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 Nigeria 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 Nigeria are provided with the PwC Global Code of Conduct (PwC Code of Conduct). They are expected to live by the values expressed in the PwC Code of Conduct 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 PwC Code of Conduct. Each firm in the PwC network provides a mechanism to report issues. There is also a confidential global reporting option on [pwc.com/codeofconduct](https://www.pwc.com/codeofconduct). PwC Nigeria has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the PwC Code of Conduct.

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

Finally, the Organisation for Economic Co-operation and Development (OECD) provides guidance, including the OECD Guidelines for Multinational Enterprises (the OECD Guidelines), by way of non-binding principles and standards for responsible business conduct when operating globally. The OECD Guidelines provide a valuable framework for setting applicable compliance requirements and standards. Although the PwC network consists of firms that are separate legal entities which do not form a multinational corporation or enterprise, PwC's network standards and policies are informed by and meet the goals and objectives of the OECD Guidelines

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 Code, 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 Nigeria 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 works directly with Country Risk Management Partner and Country Assurance Leader. All three are members of the Country Management Team.

Independence policies and practices

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

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

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

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations, including any changes to the code or in response to operational matters.

PwC Nigeria supplements the PwC network Independence Policy as required by local regulations, where they are more restrictive than the network's policy.

Rotation policy

In compliance with regulations and PwC network independence policies, which is based on the International Ethical Standards Board for Accountants (IESBA)'s Code of Ethics for Professional Accountants including International Independence Standards, PwC Nigeria implements a policy which requires rotation of the firm and key audit partners as follows;

- On US SEC listed entities, PwC Audit Partners serve a maximum tenure of 5 years and a cooling period of 5 years.
- On public interest entities, PwC Audit Partners serve a maximum tenure of 7 years and a cooling period of 5 years.

- On Non-public interest entities that are determined to be Higher profile clients, PwC Audit Partners serve a maximum tenure of 7 years and a cooling period of 2 years.
- On other Non-public interest entities, PwC Audit Partners serve a maximum tenure of 10 years and a cooling period of 2 years.

In all instances, tenure expiry is followed by a mandatory cooling off period. During that period, the individual shall not participate in the audit of the entity, provide quality control for the engagement, consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the engagement.

Local regulations (on firm and partner rotation) where more restrictive may apply, as follows;

- The Financial Reporting Council of Nigeria issued Audit regulation for public interest entities. This regulation allows audit firms a maximum tenure of 10 years (with 7 years cooling period). It also requires audit partners to rotate after 5 years.
- The Central Bank of Nigeria issued Code of Corporate Governance for Banks. This regulation allows audit firms a maximum tenure of 10 years (with 10 years cooling period). The regulation did not indicate partner rotation requirement.
- The National Insurance Commission issued Corporate Governance Guidelines for Insurance and Reinsurance Companies in Nigeria. This regulation allows audit firms a tenure of 4 years, which is extendable for another 4 years (with no cooling period indicated). It also requires audit partners to rotate after 2 years.



Independence - related systems and tools

As a member of the PwC network, PwC Nigeria 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 all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities as well as 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 service 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 is used to record 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). All breaches reported are evaluated and addressed in line with the Code.

PwC Nigeria also has a number of PwC Africa-specific systems which include:

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



Independence training and confirmations

PwC Nigeria 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 Nigeria's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PwC Nigeria's independence specialists and risk and quality teams.

All partners and practice 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 Assurance clients.

Independence monitoring and disciplinary policy

PwC Nigeria 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:

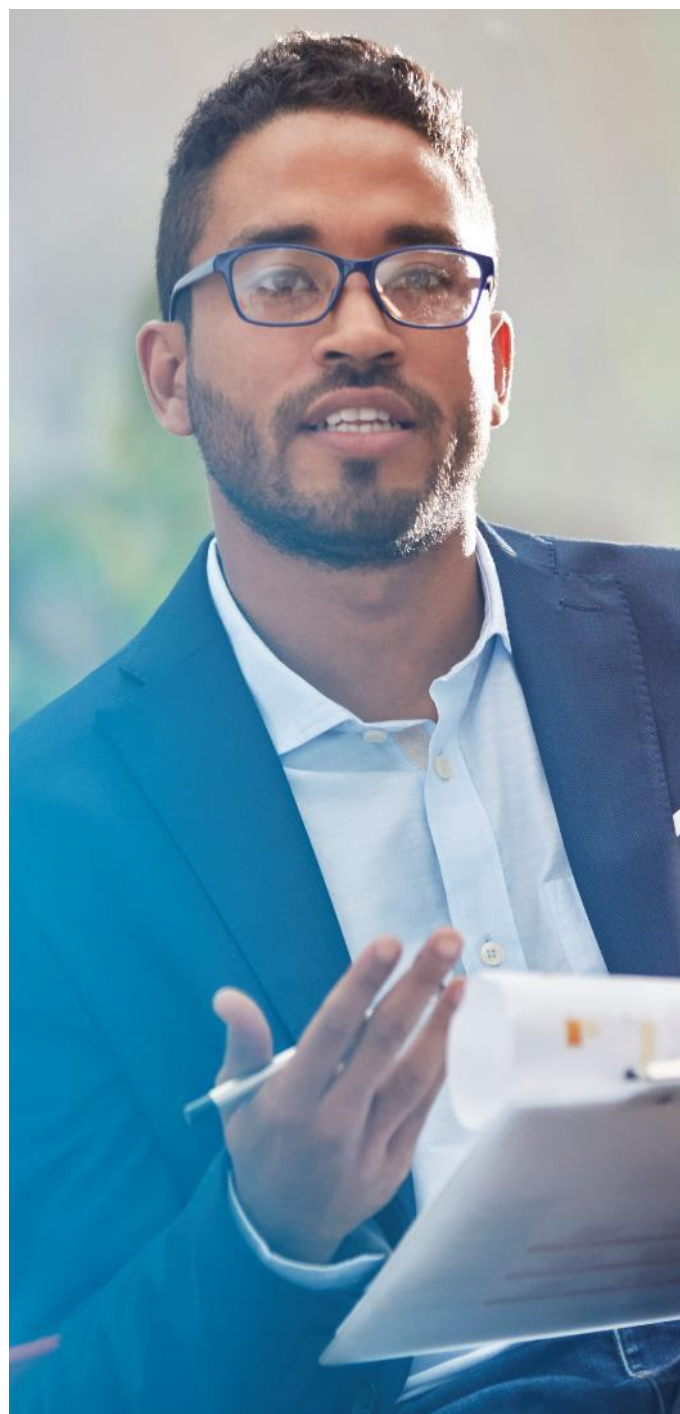
- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners and managers as a means of monitoring compliance with independence policies; and
- An annual assessment of the member firm's adherence to the PwC network's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

The results of PwC Nigeria'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 Nigeria 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 a breach, an evaluation of the impact of the breach on the independence of the member firm and the engagement team and the need for actions or safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The member firm also follows supplemental local requirements relating to the reporting of breaches. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Nigeria's systems and processes and for additional guidance and training.

In addition, policies and guidance are reviewed and revised to reflect updates to laws and regulations, when PwC Network policies and guidance change, or when required as a result of the above reviews or our monitoring and testing programme. The results of the firm's monitoring and testing are reported to the country management team on a regular basis. A review of compliance with independence requirements was last conducted in July 2021 as part of a review of the firm's Quality Management Review (QMR).



Considerations in undertaking the audit

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

Client and Engagement Acceptance and Continuance

PwC Nigeria has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit and non-audit client acceptance and retention (called Acceptance and Continuance (A&C)). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

- To document their consideration of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

Member firms (including member firm leadership and risk management):

- To facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
- To provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- To understand the methodology, basis and minimum considerations all other member firms in the network have applied in assessing audit acceptance and continuance.





Our people

04

Our people

People strategy

Our people strategy is focused on being the world's leading developer of talent and enabling our people with greater agility and confidence in a rapidly changing world. Specific focus areas include creating a resilient foundation for times of change through supporting the well-being of our people and enabling effective delivery; developing inclusive leaders for a shifting world; and, enabling our workforce for today's realities and tomorrow's possibilities.

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.





Diversity and inclusion

At PwC, we're committed to creating a culture of belonging. We are focused on ensuring our ways of working embrace diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and can reach their full potential.. As demonstrated through our core values of Care and Work Together, we strive to more deeply understand and empathise with different backgrounds, perspectives and experiences. 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.



Recruitment

PwC Nigeria aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks. Across the firm in FY21, we recruited over 400 new people, including 122 graduate hires.



Team selection, experience and supervision

Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of junior staff.



Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, mobile-enabled technology. We also use Workday to give and receive upward and peer feedback. Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.



Career progression

PwC Nigeria uses The PwC Professional, our global career progression framework, which sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and 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. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's Team Leader to discuss their development, progression and performance



Retention

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



Global People Survey

Each PwC member firm participates in an annual Global People Survey, administered across the network to all of our partners and staff. PwC Nigeria is responsible for analysing and communicating results locally, along with clearly defined actions to address feedback.

The PwC Professional

The PwC Professional 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, virtual classroom and on-demand learning, and on-the-job real time coaching/development. Our flexible training portfolio facilitates personalized learning with access to a variety of 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 for 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, virtual classroom 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.

PwC Nigeria supports staff members to obtain their professional certification and monitors compliance with continuous professional development requirements, including completion of mandatory training programmes. This ensures that individuals with the right experience and qualification under relevant legislative and other applicable requirements deliver PwC Nigeria's services.



Our training investment in people

Assurance Training FY21

Average hours achieved by partners and staff

36.73
online

331.99
classroom

368.72
total

FY21 Total hours completed
218,280.87

Assurance Training FY20

Average hours achieved by partners and staff

22.91
online

98.14
classroom

121.05
total

FY20 Total hours completed
112,422.6

Mandatory training attendance

100%

Of partners and staff have completed all mandatory training attendance in FY21



Our audit approach

05

Our audit approach

Our audit approach

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 methodology, the technology we use, and in making the right amount of time and resources available. We pay close attention to 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.

Details of these indicators and processes can be found in the Monitoring of Assurance quality section. Additionally, we consider what our various stakeholders require from us, what they tell us we need to improve and the findings of regulatory inspections on the quality of our work. Details of the most recent regulatory findings can be found in the Leadership and Quality Management Process section.



Tools and technologies to support our audit

Our tools

As a member of the PwC network, PwC Nigeria 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.

Our technology

Aura, our global audit documentation platform is used across the PwC network. Aura helps drive 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. Real time dashboards show teams audit progress and the impact of scoping decisions more quickly.

Connect is our collaborative platform that allows clients to quickly and securely share audit documents and deliverables. Connect also eases the burden of tracking the status of deliverables and resolving issues by automatically flagging and tracking outstanding items and issues identified through the audit for more immediate attention and resolution. Clients are also able to see audit adjustments, control deficiencies, and statutory audit progress for all locations- in real time.

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 which facilitates greater transparency, compliance and quality for complex multi-location audits.

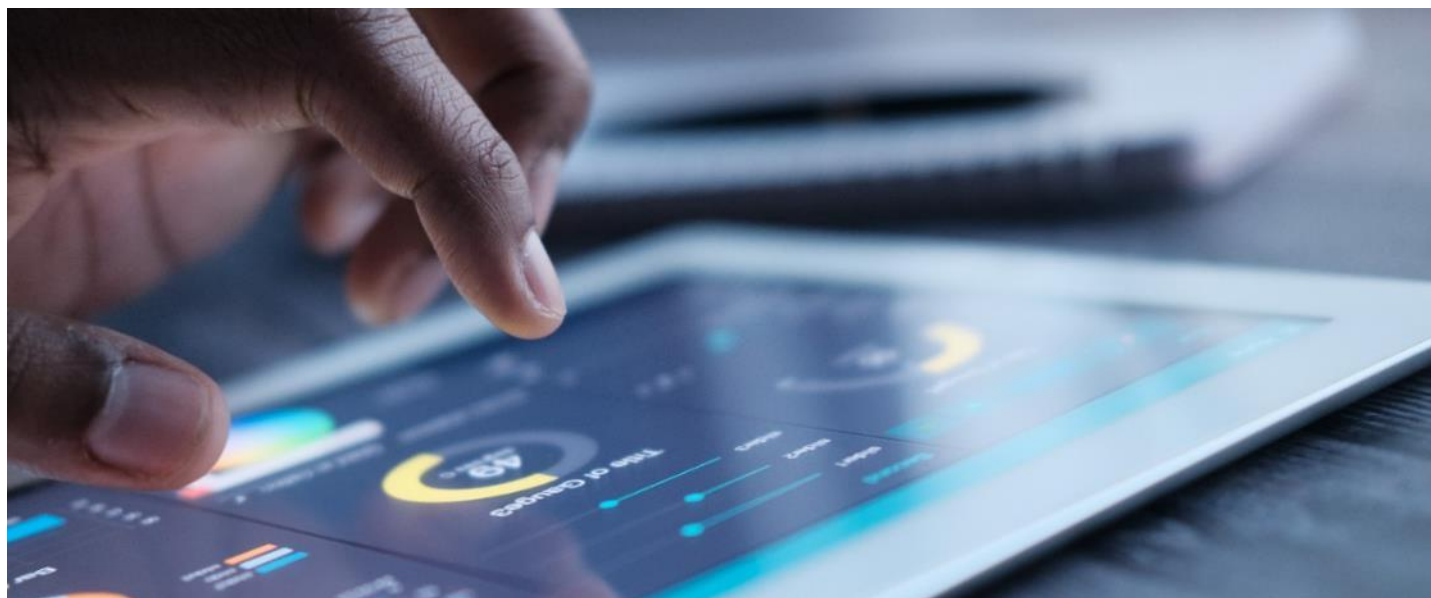
Halo, our data auditing tools, test large volumes of data, analysing whole populations to improve risk assessment, analysis and testing. For example, Halo for Journals enables the identification of relevant journals based on defined criteria making it easier for engagement teams to explore and visualise the data to identify client journal entries to analyse and start the testing process.

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

PwC's Confirmation System, which facilitates an automated and standardised end-to-end process for all types of external confirmations, allows our engagement teams to create requests and receive external confirmation in a secure environment that helps mitigate the risks associated with receiving confirmation responses electronically.

Reliability and auditability of audit technologies

Our firm has designed and implemented processes and controls to underpin the reliability of these audit technologies. This includes clarification of the roles and responsibilities of audit technology owners and users. In addition, we have guidance focused on the sufficiency of audit documentation included in the workpapers related to the use of these audit technologies, including consideration of the reliability of the solution, and the documentation needed to assist the reviewer in meeting their supervision and review responsibilities as part of the normal course of the audit.



Confidentiality and information security

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

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

Data Privacy

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

Information Security

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

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

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

The firm has appointed a partner responsible for information security; he is a member of the country management team. The Incident Management Team (IMT) supports him in this role. The IMT is responsible for providing oversight, policy and strategic direction on information security matters. Membership of the IMT comprises representatives from Risk and Quality, Office of General Counsel, Information Technology, Internal Firm Services and the Lines of Services.

The firm is bound by and all partners and staff are required to comply with Institute of Chartered Accountants of Nigeria (ICAN)'s fundamental principle of confidentiality. There are also legal and regulatory obligations on partners and staff about handling confidential information, and personal data while contractual terms govern the use and disclosure of information. The firm provides information security and data protection training upon recruitment, annual update training for all partners and staff thereafter, and training to various departments on an ad hoc basis throughout the year.

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

- information is protected from internal and external threats
- confidentiality, availability and integrity of information is maintained
- statutory regulatory and contractual obligations are met
- access to confidential information is granted only for justified business needs

Our policies and procedures include:

- encryption of all the firm's laptops, PCs and memory sticks
- secured and managed applications 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' and is regularly reviewed
- regular backup of data on individual laptops and PCs
- clear-desk policy, both in our offices and client sites; and securing hard copy files
- 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
- restricted access to operational areas of PwC Nigeria and our buildings



Supporting engagement performance



Evolving delivery model

We continue to evolve the way we deliver our services so our people give our clients an even better experience, further enhance the quality of what we do and create economic capacity to invest in the future. We use delivery centres to streamline, standardise, automate, and centralise portions of the audit.



Direction, coaching and supervision

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



Consultation culture

Consultation is key to maintaining high audit quality. We have formal protocols about mandatory consultation, in the pursuit of quality. For example, our engagement teams consult with appropriate groups in areas such as taxation, risk, valuation, actuarial and other specialties as well as individuals within our Audit Technical and Capital Markets Accounting and Consulting Services (CMACS) teams.



Quality function

Our Quality function comprises Capital Markets Accounting and Consulting Services (CMACS), Audit Technical and Risk and Quality teams. 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.



Quality Review Partners (QRP)

Specific audit engagements are assigned a QRP as part of the member firm's system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, significant risks and a team's responses to those risks, and specific accounting, auditing, and financial reporting and disclosure issues.



Monitoring

06

Monitoring

Monitoring of Assurance quality

We recognise that quality in the Assurance services we deliver to clients is critical 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 Nigeria. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

The overall quality objective under the QMSE framework is to have the necessary capabilities in our firm and to deploy our people to consistently use our methodologies, processes and technology in the delivery of Assurance services in an effective and efficient manner to fulfil the valid expectations of our clients and other stakeholders.

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. This includes the use of Real Time Assurance which is discussed in more detail on page 14 within The Quality Management Process section..

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 within our firm. 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 for Assurance based on professional standards relating to quality control, including ISQC 1, as well as network policies, procedures, tools and guidance.

PwC Nigeria achieved a 100% compliance rating in the Audit quality reviews (internal inspections) in the financial year ended June 2021.

In the year ended June 2021, internal inspections covered the engagements of ten Partners, comprising nine audit engagements and two non-audit engagements. The review covered approximately 23,000 hours representing over 4% of total Assurance hours.

In the prior year, internal inspections covered the engagements of six Partners and three Directors, comprising ten audit engagements and two non-audit engagement. The review covered approximately 26,000 hours, representing about 4% of total Assurance hours.

Regulatory reviews

As auditors to a number of Public Interest Entities with issued securities listed on a UK regulated market, PwC Nigeria is subject to periodic reviews by the Financial Reporting Council UK (FRC UK).

FRC UK review is completed once every 3 years. The last review was completed in April 2020.

One audit engagement was subject to FRC UK review and it was assessed as category 2A –“Limited improvements required”

Real time reviews

52 audit engagements were included in the internal real time review program.

Over 1,900 hours were dedicated to the real time review program





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, unless a more frequent review is required based on the profile of that signer's client engagements or due to local regulatory requirements.

Reviews are led by experienced Assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. ECR reviewers may be sourced from other member firms if needed to provide appropriate expertise or objectivity. 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 inspection procedures. The network inspection team support review teams with support on consistent application of guidance on classification of engagement findings and engagement assessments across the network.

In addition, the PwC network coordinates an inspection program to review the design and operating effectiveness of our SoQM. 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 all 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 matters 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 inspection results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, engagement partners of our firm are informed by the network inspection program about relevant inspection findings in other PwC member firms, which enables our partners to consider these findings in planning and performing their audit work.





Public interest audit clients

07

Public interest audit clients

During the period covered by this Transparency report, PwC Nigeria signed audit report of the following companies in respect of year ended 31 December 2020

- Guaranty Trust Bank Plc (GTCO Plc)
- Zenith Bank Plc
- Seplat Petroleum Development Company Plc

These companies have transferable securities on the main market of London Stock Exchange.





Legal and governance structure

08

Legal and governance structure

Legal structure and ownership of PricewaterhouseCoopers Nigeria

PricewaterhouseCoopers Nigeria ("PwC Nigeria") is a limited liability partnership incorporated in Nigeria.

PwC Nigeria is wholly owned by its members, who are commonly referred to as partners. At the end of the financial year (June) 2021, there were 34 partners compared to 29 in the prior year. Of these, 21 partners were in Assurance line of service. Subsequently, two additional partners were admitted at the beginning of the current financial year.

PricewaterhouseCoopers Nigeria has its registered office at Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria.

PwC Nigeria operates out of three offices in Lagos, Abuja and Port Harcourt. In addition, the firm operates a business school and Experience center domiciled in an annex office to the headquarters.

Governance structure of PricewaterhouseCoopers Nigeria

PwC Nigeria is primarily structured as business units within lines of service (LoS). Our primary lines of service include Advisory, Assurance and Tax services. In addition, the firm operates within a structure along industry lines.

A country management team (CMT) led by the country senior partner runs PwC Nigeria. The senior partner appoints the other members of team, all of whom are partners in the Firm. Each member of the CMT has responsibility and accountability for a specific aspect of our business.

The country management team meets at least quarterly to conduct formal business. They also meet regularly to cover other business. In addition, business unit partners meet on a monthly or more frequent basis. The country management team takes responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness.

The day-to-day responsibility for the implementation of these systems and ongoing monitoring of risk and the effectiveness of controls rests with dedicated functional area leaders, senior management in the individual Lines of Service and Internal Firm Services.

The systems, which have been in place throughout the Financial Year, include the following:

- The country management team is responsible for the risk management systems. The risk and quality leader, who is a member of the country management team, has oversight of the risk management process and the risk and quality function.
- Our risk and quality functions, document risks and the responses to them, support the risk assessment process annually and report to functional area leaders, the risk and quality partner and the country management team on how effectively the firm managed risk during the year.
- The PwC network carries out periodic reviews of performance and quality, independently. An internal audit team reviews the effectiveness of operational systems and controls and reports to the country management team.
- We take client acceptance procedures extremely serious and we do not automatically take on new clients or an engagement for an existing client. Understanding properly whom we are working with and the nature and purpose of the work requested are central to protecting our reputation for quality. We have procedures to assess the risk associated with new clients, which include reviewing their business activities and reputation to ensure they are compatible with our values. We also establish upfront whether we are able to comply with independence requirements and address any potential conflicts of interest.
- We regularly review existing client relationships to ensure that they remain consistent with our values and to address any independence issues that may arise from the longstanding nature of those relationships.



PwC Network

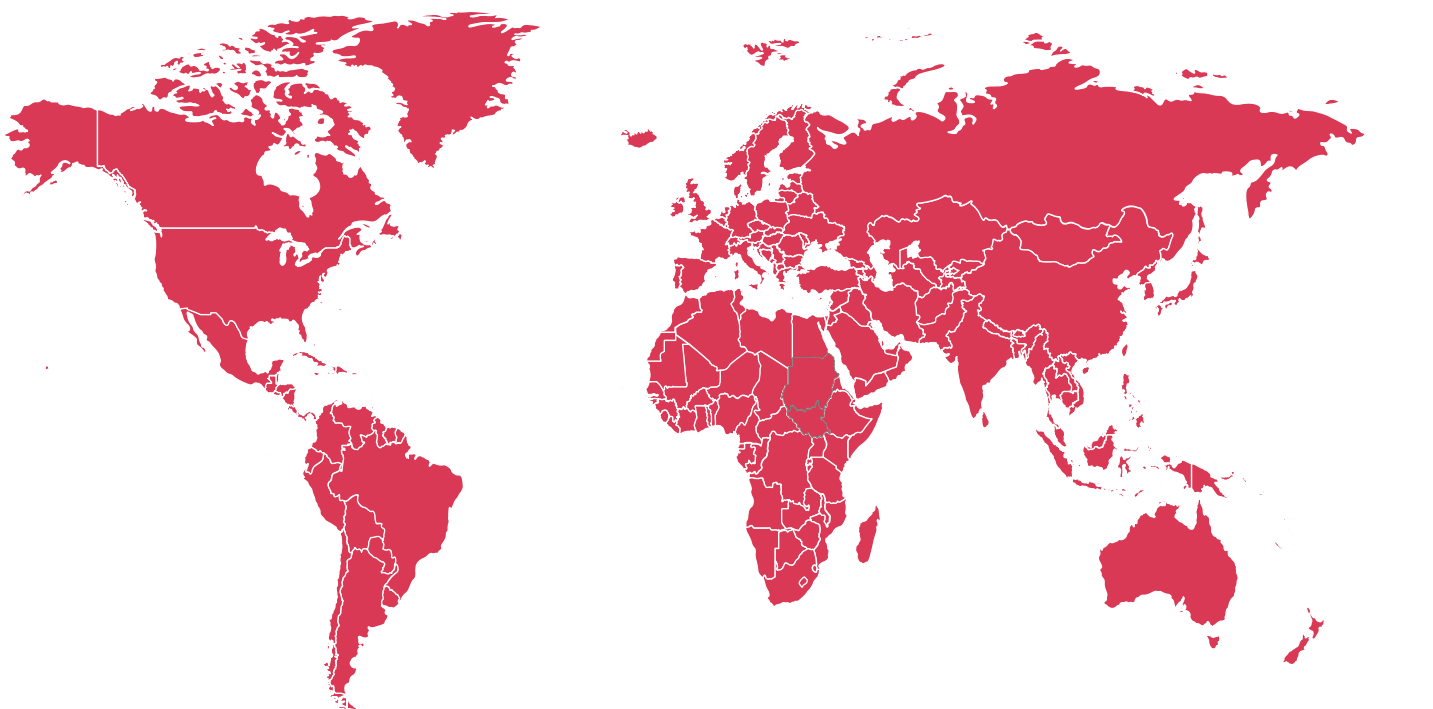
09



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 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 member firms to coordinate activities across all areas of our business.





Financial information

10

Financial information

Partner Remuneration

Partners are remunerated out of the profits of PwC Nigeria. Audit partners are not permitted to be incentivized, evaluated or remunerated for the selling of non-audit services to their audit clients. The final allocation and distribution of profit to individual partners is made by the country leadership, once their performance has been assessed and the annual financial statements have been approved.

Each partner's remuneration comprises three interrelated profit-dependent components:

- responsibility income –reflecting the partner's sustained contribution and responsibilities;

- performance income –reflecting how a partner and the team(s) performed; and
- equity unit income –reflecting the overall profitability of PwC Nigeria.

Audit quality is closely linked to remuneration of partners. The firm's Recognition and Accountability Framework is applied favorably to partners for demonstrating exemplary quality and conversely to reduce partner income as a result of negative quality findings

Each partner's performance income is determined by assessing achievements against an individually tailored balanced scorecard of objectives, based on the partner's role and responsibilities. There is transparency among the partners over the total income allocated to each individual.

Financial arrangements

Total turnover achieved by statutory auditors and audit firms (i.e. from EU or EEA Member States) that are members of the PwC network resulting from the statutory audit of annual and consolidated financial statements is approximately 2.4 billion Euros. 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.

Information relating to PwC Nigeria's revenue is presented in the table below.

PwC Nigeria revenues for the year ended 30 June 2021

S/N	Item	Analysis	
		Revenue	Naira (million)
(i)	Revenues from the statutory audit of annual and consolidated financial statements of EU/EEA public-interest entities and entities belonging to a group of undertakings whose parent undertaking is EU/EEA public-interest entity	Audit revenue from EU/EEA public- interest entities	0
(ii)	Revenues from the statutory audit of annual and consolidated financial statements of UK public-interest entities and entities belonging to a group of undertakings whose parent undertaking is UK public-interest entity	Audit revenue from UK public- interest entities [Guaranty Trust Bank Plc (GTCO Plc), Zenith Bank Plc and Seplat Petroleum Development Company Plc]	1,163
(iii)	Revenues from the statutory audit of annual and consolidated financial statements of other entities	Total audit revenue from all other clients	9,846
(iv)	Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm (EU/EEA public interest entities)	Revenues from non-audit services to EU/EEA public- interest entities	0
(v)	Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm (UK public- interest entities)	Revenues from non-audit services to UK public- interest entities	343
(vi)	Revenues from non-audit services to other entities	Total revenues from non-audit services to other clients (including non-audit assurance services, tax and advisory services)	9,822



Uyi Akpata
Country Senior Partner, PwC Nigeria



Osere Alakhume
Country Assurance Leader, PwC Nigeria



Appendix

List of EU and EEA member state statutory auditors that are members of the PwC network as at 30 June 2021

Member State	Audit firm/statutory auditor
Austria	PwC Wirtschaftsprüfung GmbH, Wien PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o PricewaterhouseCoopers Savjetovanje 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 PricewaterhouseCoopers Entreprises PricewaterhouseCoopers France PricewaterhouseCoopers Services France PwC Entrepreneurs Audit PwC Entrepreneurs Audit France PwC Entrepreneurs CAC PwC Entrepreneurs CAC France PwC Entrepreneurs Commissariat aux Comptes PwC Entrepreneurs Commissariat aux Comptes France PwC Entrepreneurs France PwC Entrepreneurs Services M. Philippe Aerts M. Jean-François Bourrin M. Jean-Laurent Bracieux M. Didier Brun Mme Elisabeth L'Hermite M. François Miane M. Pierre Pégaz-Fiornet M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Wibera WPG AG



Member State	Audit firm/statutory auditor
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société cooperative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V. Coöperatie PricewaterhouseCoopers Nederland U.A
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z o.o. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt 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 Öhrlings PricewaterhouseCoopers AB



About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with 295,371 people who are committed to delivering quality in assurance, advisory and tax services. Find out more by visiting us at www.pwc.com/ng

© 2021 PricewaterhouseCoopers Nigeria. All rights reserved. In this document, "PwC" refers to the Nigeria member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.