

Delivering audit quality.

2010
Transparency Report

pwc

Contents

<i>Senior Partner's Statement</i>	<i>1</i>
<i>1. Legal structure and ownership of the Irish Firm</i>	<i>2</i>
<i>2. Network arrangements</i>	<i>2</i>
<i>3. Governance structure of the Irish firm</i>	<i>3</i>
<i>4. Internal Quality Control System</i>	<i>5</i>
<i>5. External inspections</i>	<i>8</i>
<i>6. Public interest audit clients</i>	<i>9</i>
<i>7. Independence procedures and practices</i>	<i>9</i>
<i>8. Continuing professional education of partners and our people</i>	<i>10</i>
<i>9. Financial information</i>	<i>11</i>
<i>10. Partner remuneration</i>	<i>11</i>
<i>APPENDIX - List of Public Interest Entities</i>	<i>12</i>

Welcome to PwC's first Transparency Report for the year ended 31 December 2010.

Our vision

Our vision is to be the leading professional services firm in Ireland - distinctive, trusted and authoritative - always front of mind.

We aim to:

- *Do the right thing for our clients, our people and our communities.*
- *Lead in terms of sustainable growth, quality, talent and brand positioning.*
- *Set the standards and drive the agenda for our profession.*

I believe that high quality, transparent reporting is a key component of building and maintaining public trust in business. As Senior Partner of the largest professional services firm in Ireland, I recognise that PwC has a public interest responsibility to be transparent and accountable in the way that we undertake audits for many of Ireland's largest companies and public sector bodies. I am delighted to have this opportunity to give a comprehensive overview of the way PwC manages audit quality in Ireland.

Audit quality is underpinned by PwC's culture and is anchored in the professionalism, ethics and excellence of service we strive to demonstrate and embrace every day. Our values and code of conduct are set out in a document called **"Doing the Right Thing – the PwC Way"**, which encapsulates the way we do business every day - with each other, with our clients, with our suppliers and with the communities in which we live and work. This document is available on our website.



In the aftermath of the global financial crisis, which has seen serious challenge to all areas of governance, including audit, we in the audit profession must critically examine where we might need to introduce change. From a PwC perspective, I am happy to confirm our commitment to play an active part in this debate.

A handwritten signature in black ink that reads "Rónán Murphy".

Rónán Murphy
Senior Partner



PricewaterhouseCoopers Ireland - Transparency Report 2010

1. Legal structure and ownership of the Irish Firm

The Irish firm of PricewaterhouseCoopers (“the Firm”) consists of four Irish general partnerships formed under the Partnership Act 1890. They are wholly owned by the partners in the Firm. Partners have equal voting rights in all matters relating to the partnerships. The Firm also operates and controls a number of corporate entities that are required for legal and operational purposes.

PricewaterhouseCoopers employs in excess of 1,900 staff and has 94 partners. It operates from offices in Dublin, Cork, Limerick, Galway, Waterford, Kilkenny and Wexford.

2. Network arrangements

The Firm is a member of the PricewaterhouseCoopers (“PwC”) global network of separate member firms, owned and operating locally in countries around the world. PwC member firms are members of PricewaterhouseCoopers International Limited (“PwCIL”) and have the right to use the PricewaterhouseCoopers name. Each member firm of PwCIL is separate and independent from both PwCIL and other member firms. Member firms of the PwC global network do not share their respective profits or losses, they are not under common ownership or control, and each member firm appoints its own management.

The network provides a platform on which member firms can share knowledge, skills and resources, enabling PwC member firms to work together to provide high quality services on a global scale to international and local clients while still operating as local businesses.

2.1 PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (“PwCIL”) is a UK private company limited by guarantee in which PwC member firms are members. PwCIL does not provide services to clients. It also neither manages nor controls PwC member firms. Its primary activities are to:

- identify broad market opportunities and develop associated strategies;
- strengthen skill and knowledge networks and internal services;
- promote the PwC brand; and
- develop and support application of common risk, quality and independence standards by PwC member firms.

2.2 PwCIL governance bodies

Global Board

The Board is responsible for the governance of PwCIL and the PwC network and oversight of the Network Leadership Team. The Board does not have an external role. Board members are elected by partners from all PwC member firms every four years, with the current board having taken up office in April 2009.

Network Leadership Team

The Network Leadership Team sets the overall strategy for the PwC network and the standards to which member firms agree to adhere.

Strategy Council

The Strategy Council, which is made up of the leaders of the largest PwC member firms, agrees changes in the strategic direction of the network and facilitates alignment in the execution of strategy.

Network Executive Team

The Network Executive Team reports to the Network Leadership Team and coordinates key service line and functional areas such as Risk and Quality, Human Capital, Operations, and Brand and Communications across the PwC network.

2.3 Standards and internal quality control systems

A member firm’s membership in the PwC network depends on its implementation of common standards. Every PwC member firm is fully responsible for its own risk and quality performance and, where necessary, for driving improvements.

To support transparency and consistency, each member firm's Territory Senior Partner signs an annual confirmation of compliance with certain standards. As stated above, these cover a range of areas, including independence, ethics and business conduct, Assurance, Advisory and Tax risk management, governance and data protection and privacy. There are some common processes to help member firms apply the standards. Key elements include:

- the way we do business;
- sustainable culture;
- quality policies and processes; and
- quality reviews.

The way we do business

PwC member firms conduct their businesses within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a Code of Conduct for their people. PwC people have an obligation to know, understand and comply with the guidelines contained in the Code as well as the values – Excellence, Teamwork and Leadership – on which the guidelines are based.

Sustainable culture

To promote continuing business success, PwC member firms nurture a culture that supports and encourages all PwC people to do the right thing, especially when they have to make tough decisions. PwC people have ready access to a wide array of support networks within their respective member firms – both formal and informal – and technical panels to help them reach appropriate conclusions. There is also a culture of cooperation between member firms, and consultation supports this culture.

Quality policies and processes

Each PwC member firm has policies that are based on global standards. Member firms also have access to a number of common methodologies and supporting materials for many services; these methodologies and materials are designed to assist member firm partners and staff. Each client engagement partner is responsible for selecting people for a particular engagement with the appropriate professional competence and experience.

Quality reviews

Each member firm is responsible for monitoring the effectiveness of its quality control systems. This includes performing a self-assessment of its systems and procedures and carrying out – or arranging to have carried out on its behalf – independent reviews at the individual engagement level. In addition, PwCIL monitors member firms' compliance with network and professional standards. This includes carrying out independent reviews at the management level of a member firm's systems and procedures, and monitoring whether each member firm conducts objective quality control reviews and engagement reviews consistent with the member firm's and PwCIL's established processes. PwCIL also monitors whether a member firm has appropriately identified significant risks to the PwC brand, strategy and network. The overriding objective of the quality review programme is to assess for each member firm that:

- quality management systems are effective and comply with network and risk management standards;
- engagements selected for review were performed in accordance with professional standards and PwC Audit requirements; and
- the member firm is appropriately managing significant risks of relevance to the network.

3. Governance structure of the Irish firm

3.1 The Territory Leadership Team

The Territory Leadership Team is responsible for developing and implementing the policies and strategy of the Firm, and for its direction and management. The Territory Leadership Team also takes overall responsibility for the systems of internal control (which include controls relating to quality) and for reviewing and evaluating their effectiveness. During the year ended 31 December 2010 the Territory Leadership Team held meetings on a monthly basis, but also conducted formal business at additional meetings as necessary.

The Territory Leadership Team is chaired by **Rónán Murphy**, the Firm's Senior Partner, a role he has held since 2007. He is responsible for the leadership and strategic direction of the Firm and its role in PwC's global network. Rónán joined the Firm in 1980 and became a partner in 1992. He is a fellow of the Institute of Chartered Accountants in Ireland. Prior to his appointment as Senior Partner, Rónán led our Assurance practice and acted as the Firm's Finance partner.

The members of the Territory Leadership Team are appointed by the Firm's Senior Partner. The members throughout 2010 were as follows:

Kevin Egan leads the Firm's Assurance practice. He joined the Firm in 1987 and became a partner in 1998. He has over 20 years experience with a wide range of Irish and international companies as an auditor and business advisor. He worked with PwC in London between 1996 and 2003. Kevin is a Fellow of the Institute of Chartered Accountants in Ireland.

Colm Kelly led the Firm's Tax & Legal Services practice. Colm joined the Firm in 1988 and became a partner in 1997. Colm worked with the International Tax Services team in PwC New York between 1995 and 1997 and was appointed to the PwC Global Tax Leadership Team in 2009. Colm is an Associate of the Irish Taxation Institute.

Paul Tuite leads the Firm's Advisory practice. He joined the Firm in 1988 and became a partner in 2001. Paul is a Fellow of the Institute of Chartered Accountants in Ireland. Paul specialises in mergers, acquisitions and due diligence and has extensive experience in advising public and privately owned corporations, together with private equity organisations on a range of acquisition and disposal related matters. Paul was previously the Firm's Finance partner.

Tom McCarthy has been the Firm's Risk and Quality partner since 2007. He is also a partner in our Assurance practice. He joined the Firm in 1978 and became a partner in 1989. He has over 30 years experience as an auditor and business advisor, three of which were spent in the United States of America. Tom is a Fellow of the Institute of Chartered Accountants in Ireland.

Carmel O'Connor is the Firm's People partner. Carmel led PwC to winning the 'Best Company To Work for in Ireland 2008', one of the top ten 'Best European Workplaces 2008' and the gradireland 'Most Popular Graduate Recruiter' for three years

running 2008 - 2010. She joined the Firm in 1983 and became a partner in our Tax & Legal Services practice in 1995. She has a particular interest in European Union ("EU") affairs and monitors developments in EU Direct Taxes for the Firm. Carmel is an Associate of the Irish Taxation Institute.

Vincent MacMahon is the Firm's Finance partner. He joined the Firm in 1991 and became a partner in 2004. He is a Fellow of the Institute of Chartered Accountants in Ireland. He is a partner in our Assurance Practice where he has worked extensively with Asset Management clients for the past 15 years, two of which were spent in the US. Vincent is also the practice leader in Ireland for the provision of advisory and verification services to asset managers under the Global Investment Performance Standards.

Joe Tynan is responsible for the Firm's Business Development & Marketing function. He joined the Firm in 1994 and became a partner in the Tax & Legal Services practice in 2001. He leads the Firm's provision of tax services to companies operating in the Technology, InfoComms and Entertainment & Media ("TICE") sectors. He has led many specialist tax assignments in areas such as business modelling, corporate restructuring and Mergers and Acquisitions activity. Joe is an Associate of the Irish Taxation Institute.

Mary Cullen has been the Firm's Partnership Secretary since 1993 and works closely with the Territory Senior Partner on Firm related and Governance matters. She is also the Infrastructure Leader and was closely involved in the Dublin office move to Spencer Dock in 2007. Mary is a Fellow of the Institute of Chartered Accountants in Ireland.

On 1 January 2011 **Feargal O'Rourke** was appointed to replace Colm Kelly as the Firm's Tax and Legal Services practice leader. Feargal joined the Firm in 1986 and became a partner in 1996. Feargal is a fellow of the Institute of Chartered Accountants in Ireland and an Associate of the Irish Taxation Institute. He has over 20 years experience of advising MNCs investing in Ireland on Irish issues and European and Global structures. Feargal also led the PwC Tax Technology Network in Europe, The Middle East and Africa ("EMEA"), which comprises partners in over 90 countries dealing with major European and Global clients from 2004 until 2010. Feargal was a member of the Government's Commission on Taxation which sat in 2008/09.

3.2 Partners' Meetings

The partners meet quarterly to discuss all significant business matters and to sanction all important decisions. The Firm's Risk and Quality partner reports on risk and quality matters at these meetings.

3.3 The Committee of the Board

The Committee of the Board ("CoB"), which is independent of the Territory Leadership Team, is elected by the partners. The CoB meets four times each year and meetings are attended by the senior partner, as an ex officio member. The Committee of the Board provides the Senior Partner with guidance on matters of actual or potential concern to the partners, including national, legal, regulatory and fiscal issues and requirements impacting or potentially impacting the Irish Firm and its business. It is also responsible for overseeing the process for nominating and electing the Senior Partner and it also has the power to initiate a ballot for the removal of the Senior Partner.

The members of the CoB, all of whom served for the year ended 31 December 2010 are:

- Pat Wall (Chairman);
- Alan Bigley;
- John Fay;
- Ken Johnson;
- Susan Kilty;
- Ken Owens;
- Bob Semple; and
- David Tynan.

The Firm's Risk and Quality partner reports on risk and quality matters periodically to the CoB.

4. Internal Quality Control System

4.1 Introduction

All member firms of the PwC global network are obliged to abide by certain common risk and quality policies approved by PwCIL and to conduct risk and quality reviews. The PwC global network's audit and quality control standards are set out in various policies. The Firm's policies are based on these common policies, which are supplemented to address local professional standards and regulatory

requirements. In addition, our client, regulatory and public interest responsibilities demand that we consistently deliver reliable and high quality work.

4.2 Quality Control Standards

Compliance with International Standards on Auditing ("ISA") requires the Firm to have a system of quality control over its auditing practice. These controls are embedded as part of the Firm's day-to-day activities. The quality control system is in compliance with International Standard on Quality Control (UK and Ireland) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements" ("ISQC(UK&I)1") issued by the Auditing Practices Board ("APB").

While compliance with ISQC(UK&I)1 is a requirement for our Assurance practice, the Firm applies the principles of ISQC(UK&I)1 to its Tax and Legal Services and Advisory practices.

As a result, many of our systems, policies and procedures operate firm-wide across all parts of our business. Consequently, the narrative below explains both our internal control system and our internal quality control system, and we have included those additional policies, procedures and practices which exist in respect of our Assurance practice.

The APB standards and requirements and, therefore, the Firm's quality control system, encompass the following six elements of quality control:

Leadership Responsibilities for Quality within the Firm

The Firm's leadership is committed to quality and has established a culture embracing high standards in independence and professional ethics. This is demonstrated by the detailed policies endorsed by our leadership team, including ethical, human resources and engagement performance discussed below. It is also demonstrated by the dedication of resources to quality. There is a partner on the Territory Leadership Team who is responsible for risk management and quality control and who reports directly to the Territory Senior Partner. In addition, the Assurance, Tax and Legal Services and Advisory practices each has a partner responsible for risk management and quality control relative to their practice's client service operations.

Ethical Requirements

Integrity and Objectivity: The reputation and success of the Firm depends on the professionalism and integrity of each and every person in the Firm. All of the Firm's people are expected to uphold and comply with the standards developed by the PwC global network and the Firm. The Firm's management monitors compliance with these obligations by its people. Upon hiring, all recruits of the Firm are provided with a copy of the PwC Global Code of Conduct, which can be viewed on the PwC Global website (www.pwc.com/ie). They are expected to live by the values expressed in the code in the course of their professional careers. A confidential whistle-blowing hotline is available to our people to discuss concerns they may have about questionable business conduct or unethical behaviour.

Independence: The Firm has adopted the PwC Global policies and related rules regarding independence and compliance, complemented when necessary by more restrictive local professional and regulatory rules. The Firm strictly monitors compliance with regulatory, professional and PwC independence requirements related to financial interests in, and business and service relationships with, clients.

Acceptance and Continuance of Client Relationships and Specific Engagements

The Firm has implemented a process to identify appropriate clients based on the PwC global network's proprietary decision support systems for 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 acceptable, and whether or not PwC should be associated with the particular client and its management.

Potential conflicts of interest and the need for separation of engagement teams to ensure confidentiality are identified by a dedicated relationship checking team within our Independence function. This team works with risk management and the Independence and Ethics Director to ensure unacceptable conflicts are avoided and appropriate procedures are in place to protect confidential information between teams.

Human Resources

Quality People: The quality of our work is determined largely by the quality of our people.

Consequently, we aim to recruit, train, develop and retain the best and brightest.

The Firm aims to recruit high-quality people who share in the Firm's strong sense of responsibility for auditing. There is a robust assessment of the quality of our recruits. The Firm's people are advised through our induction training and reminded regularly thereafter of the culture, values and core attributes of PwC – Excellence, Teamwork and Leadership.

Professional Development: Training and development is an ongoing process. Training starts when an individual is hired and continues throughout his or her career. Our people participate in a variety of formal training courses and computer-based training, and they are also trained through on the job coaching and supervision.

Supervision and Direction: Each engagement leader is responsible, in consultation with others as appropriate, for staffing engagements with people who have the professional competence and experience required in the circumstances. Further, each engagement leader is ultimately responsible for determining the extent of direction, supervision and review of the work of more junior people to whom work is delegated.

Engagement Performance - Assurance

The quality, effectiveness and efficiency of our audit service are critical to maintaining our registration with The Chartered Accountants Regulatory Board ("CARB"). We therefore invest heavily in the effectiveness of our audits, in the skills of our people (as noted above) and in our underlying audit methodology, as well as in making the right amount of time and resources available. We pay close attention to what our audit clients require and to the findings of our regulatory inspections on the quality of our work. Just as important are the internal indicators and processes that monitor the effectiveness of our risk and quality processes.

- a. Audit methodology: - Member firms of PwCIL use a common audit methodology and process, supplemented by local regulatory requirements, for their audit engagements. This common methodology allows us to respond quickly to the changing environment in which PwC member firms, and their clients, operate. The Firm's audit approach adheres to International Auditing Standards and laws and regulations in Ireland and we continuously seek to improve the model.

b. Comprehensive policies and procedures: - The Firm has policies and procedures governing Irish accounting and auditing practice. These are regularly updated to reflect new professional developments, changes in our operating environment and emerging external issues, as well as the needs and concerns of the practice. These policies cover both professional and regulatory standards and also reflect the guidance that the Firm provides to its professionals on how best to implement them. They are available in electronic files and databases and are accessible to our people remotely.

c. Consultation and support: - Consultation is a key element of quality control. The Firm has policies setting out the circumstances under which consultation is mandatory.

The Firm's technical experts track new developments in relevant areas and provide updates to the appropriate professional staff. Our consultative culture means that our engagement teams regularly consult with experts and others. The technical experts support audit and non-audit engagement teams within Assurance to help them function in line with professional standards and regulatory and legal requirements.

d. Supervision and review: - The engagement leader and audit team manager supervise the audit, review the work, coach the team and maintain audit quality. The engagement leader is expected to:

- lead the performance of the audit and its documentation by being proactively and sufficiently involved throughout the audit, including being satisfied that risks have been assessed and responded to appropriately;
- drive a cultural mind-set that strives for continuous quality improvement, challenges engagement team members to think, be rigorous and apply the appropriate degree of professional scepticism;
- foster an integrated coaching culture and demonstrate a willingness to learn and to coach others;
- be responsible for the engagement team undertaking appropriate consultation on difficult or contentious matters, initiating those consultations where necessary;

- have an ongoing involvement in assessing the progress of the audit, and in making key judgements;
- be satisfied that the review, supervision and quality control procedures in place are adequate and effective; and
- have an overall responsibility for reviewing and assessing the quality of the work done, its proper and timely documentation and the conclusions reached.

The audit team manager supports the engagement leader by:

- setting an example in the performance of the audit and its documentation by being involved throughout the audit, including identifying the risks and being satisfied that they are responded to appropriately;
 - striving for continuous quality improvement, challenging engagement team members and applying rigour to the audit process;
 - fostering an integrated coaching culture and demonstrating a willingness to learn and coach others;
 - together with the engagement leader, putting in place arrangements for timely reviews of audit work and documentation; and
 - reviewing work done and the record of the audit, including considering the quality of the audit process and the results of the work and the documentation of conclusions.
- e. Engagement Quality Control Review** - We appoint a quality review partner ("QRP") to conduct engagement quality control reviews of the audits of listed clients, other public interest entities and clients identified as higher risk.

QRPs are experienced partners who are independent of the core engagement team and are responsible for reviewing key aspects of the audit, including independence, significant risks and their responses, judgements, uncorrected misstatements, documentation of work done in the areas reviewed, the financial statements, communications with those charged with governance and the appropriateness of the audit report to be issued. When their review is completed any matters raised are resolved to their satisfaction in advance of the audit report date.

- f. Reliability and usefulness of audit reporting - We are acutely aware that the effectiveness of our work as auditors is directly linked to the effectiveness of our reporting, whether to audit committees or boards of directors or in the role we play in external reporting.

Reporting to audit committees: When reporting to audit committees and those charged with governance in other organisations where no audit committee exists, we place particular emphasis on communicating the scope and audit approach together with our assessment of audit risk. During the course of the audit we communicate any threats to auditor objectivity, including independence, identify the significant risks and judgements that impact the reported financial performance and position, and the manner in which the information is presented in the annual report. In part, this presentation of significant judgements includes highlighting to the audit committee the judgements that have been made by management in preparing the financial statements, which we believe are important to an understanding of the performance being presented. It is important as auditors that we recognise that the nature of accounting and the judgements that are applied mean that there is often not a precise answer. In addition, it is our role to inform those charged with governance whether we can conclude that the financial statements are both true and fair within established norms of materiality, including considering both qualitative and quantitative aspects of accounting and reporting.

In addition, the Firm has implemented a policy whereby financial statements prepared under International Financial Reporting Standards (“IFRS”) for all listed companies are subject to an independent review that is independent of the engagement team.

External reporting: The form and content of our audit opinions are laid down by Irish legislation and the Auditing Practices Board (“APB”) for Irish entities. Engagement leaders only conclude on the truth and fairness of the financial statements and sign an audit opinion following appropriate review of the work performed by the audit team, resolution of issues identified, clarification of any uncertainties and an assessment of uncorrected misstatements, both quantitative and qualitative, identified in respect of the financial statements. Consultation procedures are in

place where a modified, or a qualified, opinion is considered. The consultation process assists in ensuring the audit opinion is appropriate to the particular circumstances. In addition to the audit opinion, in certain situations we also have reporting obligations to regulators and to other organisations specified by Irish law.

Monitoring

Annual reviews of a sample of audit engagements are conducted by experienced, independent PwC people from the PwC global network to ensure engagements are carried out to acceptable quality standards.

An internal review of firmwide procedures is undertaken annually, which includes testing of the effectiveness of the Assurance practice’s quality controls in functional areas such as HR, training and independence. In addition, a review of these areas is conducted every three years by experienced, independent PwC people from the PwC global network.

Quality monitoring is an integral part of the Firm’s continuous improvement programme. The Firm constantly evaluates inputs from formal programmes such as those described above and a variety of informal sources in an ongoing effort to improve policies, procedures and the consistency of the quality of work. Instances of failure to meet performance standards are treated seriously and the partner responsible will be counselled to improve performance. Appropriate steps are taken to fully encourage improvement.

Evaluation of Effectiveness of Quality Control Systems

The Territory Leadership Team believes that the Firm’s internal quality control system functions effectively.

5. External inspections

The Firm is eligible to undertake statutory audit work by virtue of its authorisation by The Chartered Accountants Regulatory Board (“CARB”). CARB is a body established by the Institute of Chartered Accountants in Ireland (“The Institute”) to regulate Irish Chartered Accountants, in accordance with the provisions of the Institute’s Bye-laws, independently, openly and in the public interest.

The Institute is a recognised professional body under the relevant Companies Acts in the Republic of Ireland and the Investment Intermediaries Act, 1995 in the Republic of Ireland.

The Standards of Professional Conduct set by CARB and the manner in which CARB ensures compliance with the Standards is subject to independent oversight by the Irish Auditing and Accounting Supervisory Authority and the Irish Financial Services Regulatory Authority.

Each year, as part of the monitoring responsibilities of CARB, the Quality Assurance Department of CARB undertakes an inspection of the quality of the Firm's work as statutory auditors. The Quality Review visit can cover all the professional activities of the Firm including accounting, auditing, investment business advice, consultancy, taxation etc.

One of the most important objectives of the visit is to determine the extent of the firm's compliance with the standards of professional conduct, to identify any weaknesses and agree with the firm any remedial action to improve the compliance within the firm.

The last completed inspection of the Firm took place in 2009. There is currently an inspection on-going.

6. Public interest audit clients

A list of the public interest entities for which we carried out a statutory audit during the year ended 31 December 2010 can be found in the Appendix.

7. Independence procedures and practices

7.1 Organisation

The Firm's Independence Leader, who reports to the Firm's risk and quality partner, is supported by a core team of independence specialists who ensure the Firm applies robust and consistent independence policies, procedures and tools.

7.2 Policies and guidance

PwC's Global Independence Policy is based on the International Federation of Accountants Code of Ethics and encompasses, where appropriate, the U.S. Securities and Exchange Commission's ("SEC") and/or the U.S. Public Company Accounting Oversight Board's regulations. It sets out the minimum standards that should be observed and processes that should be followed in order to maintain independence from PwC's

assurance clients. The Irish Firm supplements this policy as required by UK and Irish professional standards and regulation. The Firm's Independence Policy is supported by practical guidance, including Statements of Permitted Services ("SOPS"), which provide guidance on the application of the policy in respect of non-audit services to assurance clients.

7.3 Training and confirmations

All new recruits and newly appointed managers receive computer based training on the Firm's independence policy and related topics. Periodically, all our people receive equivalent computer-based training. Additional face-to-face training is delivered to members of the practice on an as-needed basis by the Firm's independence specialists and risk and quality teams.

All our people are required to confirm on joining the Firm and at least annually, thereafter, their compliance with all aspects of the Firm's independence policy including their own personal independence. In addition, all partners and directors with lead engagement responsibilities confirm that all non-audit services and business relationships for which they are responsible are in compliance with policy and that the Firm's processes have been followed in accepting these engagements and relationships. These confirmations serve two primary purposes: to identify any threats to independence that may have arisen; and as a periodic reminder of the Firm's independence policies and procedures.

Consideration of engagement team independence is a mandatory step on all audit engagements and written confirmation is required from all members of the engagement team for listed clients and related entities.

7.4 Independence Systems

The PwC network has a number of global systems to assist PwC Ireland in complying with the Firm's independence policies and procedures. These systems include:

- The Central Entity Service, which contains information about corporate entities including the Firm's public interest audit clients and SEC restricted clients and their related securities. CES assists our people determine the independence status of clients or potential clients of the Firm before entering into a new engagement or business relationship;

- The Global Portfolio System, which facilitates the pre-clearance of publicly traded securities by all partners, directors and managers prior to acquisition and records their subsequent purchases and disposals. Where the Firm wins a new audit client, this system automatically informs those holding securities in this client of the requirement to sell the security; and
- Authorisation for Services ("AFS"), which is a global system that facilitates communication between a non-audit services engagement leader and the audit partner, documenting the potential independence threats of the service and proposed safeguards, and acting as a record of the audit partner's conclusion on the acceptability of the service.

PwC Ireland also has a number of local systems, which include:

- A rotation tracking process that monitors compliance with the Firm's audit rotation policies for engagement leaders, quality review partners and key partners involved in an audit for all public interest audit clients of the Firm;
- A database that records all approved business relationships entered into by the Firm. These relationships are reviewed periodically to ensure their ongoing permissibility; and
- A database that records external appointments held by partners and staff. These appointments are reviewed on an annual basis to ensure their ongoing permissibility.

7.5 Monitoring

The Firm has a comprehensive monitoring and testing programme, which includes:

- Quality control reviews of engagements for compliance with risk management processes, including independence;
- Central monitoring of independence key performance indicators including quality of AFS documentation, and compliance with required engagement level independence procedures;
- Personal independence audits of a random selection of partners, directors and managers; and
- Annual self-assessment of the Firm's adherence with the PwC network's risk management standards for independence. This self-assessment is reviewed by an independence leader from another PwC firm.

The results of the Firm's monitoring are reported to the Firm's Risk and Quality partner and provide

assurance that the Firm's policies and processes are being followed. The investigations of any identified violations of policies also serve to identify the need for improvements in the Firm's systems and processes, and for additional guidance and training.

8. Continuing professional education of partners and our people

Capabilities and technical competence are developed through learning, education, work experience and coaching.

Learning and education: Training and development is an ongoing process. It starts when an individual joins the Firm and continues throughout his or her career. Our people participate in a variety of formal training courses and e-learning, and they are also trained through on-the-job coaching and supervision.

The Firm's internal training curriculum provides a broad range of technical training as well as business and personal skills programmes. Our industry groups also operate specialist training programmes relevant to their sectors. Industry expertise is a particular area of focus that enables our people to improve their understanding of our clients' businesses.

We continually review the skills, competency and seniority of our people and align them with the needs of clients. As part of our appraisal process, our people, in conjunction with their counsellor/appraiser, assess their ongoing personal development needs and identify any necessary development activities, including those relating to quality.

On joining the Firm, all recruits are required to complete induction training, which focuses on skills training, professional development, compliance, independence and ethical rules, as well as our culture and values. For our existing people, there are a number of mandatory and optional training courses looking at auditing, accounting, risk management and ethical issues. The Firm runs an annual training programme, which is mandatory for all professional audit staff who have completed their training contract. Staff on training contract have core mandatory training, which equips them with the skills and knowledge to undertake the work assigned to them and develop their professional competencies. We supplement this training with a non-mandatory training programme and run additional training sessions as and when required.

Compliance with Continuing Professional Development requirements and the completion of mandatory training programmes ensure that our services are always delivered by individuals who have the right experience for the job. This includes legislative and other qualifications and accreditation policies for certain types of work, such as pensions audits, capital market transactions and due diligence work.

The firm maintains online reference databases and materials that cover all aspects of policy, procedure and methodology, as well as a complete library of Irish and international accounting, auditing and ethical standards. To support and keep theoretical knowledge up to date, partners and staff receive regular communications on technical and

regulatory topics as they arise. The Firm's Risk & Quality group issues periodic guidance on emerging issues and the Assurance Risk and Quality function provides support to partners and staff on auditing, accounting and regulatory requirements.

Work experience and coaching: Each engagement leader is responsible for staffing engagements with people who have the professional competence and experience required in the circumstances. Further, each engagement leader is ultimately responsible for determining the extent, direction, supervision and review of the work of more junior people to whom work is delegated. This process is consultative where appropriate and forms part of a culture that embraces coaching in all we do at all levels within the Firm.

9. Financial information

An analysis of the total turnover of the Firm, excluding Value Added Tax and out of pocket expenses for the financial year ending 31 December 2010 is shown below:

	2010			2009		
	Audit Clients €000s	Non-audit Clients €000s	All Clients €000s	Audit Clients €000s	Non-audit Clients €000s	All Clients €000s
Statutory Audit of annual and group accounts *	102,902	0	102,902	103,676	0	103,676
Other assurance services	7,913	9,822	17,735	8,156	9,543	17,699
Tax advisory services	32,823	37,055	69,878	32,546	37,528	70,074
Other non-audit services	4,954	22,310	27,264	5,665	14,380	20,045
Total turnover	148,592	69,187	217,779	150,043	61,451	211,494

* Includes fees for audit work for group reporting purposes.

The above amounts represent fees earned by the Irish firm of PricewaterhouseCoopers and do not include fees earned in Ireland by other firms established and regulated in territories outside the Republic of Ireland who also practice under the name of PricewaterhouseCoopers.

10. Partner remuneration

Partners are remunerated solely out of the profits of the Firm. The final allocation and distribution of profit to individual partners is made by the Territory Leadership Team, after a partner's performance has been assessed, and is based on a partner's individual role and sustained performance ("Income System").

Each partner's sustained performance is assessed in relation to clients, people and the Firm. These assessments determine whether a partner is delivering superior service, developing their teams of people and acting in the best interests of the

Firm and its clients. Audit partners are not permitted to be incentivised for the selling of non-audit services to their audit clients. There is transparency among the partners in relation to the allocation of profits.

The Income System is overseen by two partners approved by the partners ("Income Oversight Partners"). Income Oversight Partners report to the partners on an annual basis as to whether or not, in their view, the Territory Leadership Team has operated fairly in applying the Income System.

PricewaterhouseCoopers Ireland - Transparency Report 2010

APPENDIX

List of Public Interest Entities

Please note – this list includes those audit clients, for whom we issued an audit opinion between 1 January 2010 and 31 December 2010 who are public interest entities as defined in the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (SI No. 220 of 2010).

Name	Name
Aberdeen UK Active Property Fund plc	Kraft Reinsurance (Ireland) Limited
Absalon II Limited	Laredo Umbrella Fund plc
Accent Europe Insurance Company Limited	Lazard Global Active Funds plc
ACE Bermuda International Insurance (Ireland) Limited	LBB Finance Ireland plc
ACE Bermuda International Reinsurance (Ireland) Limited	Legal & General International (Ireland) Limited
Adagio II CLO plc	Legal & General Protected Investments plc
Adagio III CLO plc	Legg Mason Global Funds plc
Aer Lingus Group plc	Legg Mason Qualified Investor Funds plc
AIG United Guaranty Re Limited	Leo Invest plc
AIG-FP Matched Funding (Ireland) plc	LGIM Liquidity Funds plc
Alectra Finance plc	LGIM UK Smaller Companies Alpha Fund
Alfa Bond Issuance plc	LGT Bank (Ireland) Limited
Alpro Growth Fund plc	LifCorp S.A.R.L
Alps Capital II plc	Lightpoint Pan-European CLO 2006 plc
Alternative Investment Managers Selection plc	Lloyd George Investment Company plc
Angel Court CDO plc	Lontana Umbrella Fund plc
Aquarius + Investments plc	Loomis Reinsurance Limited
Aquarius Capital Investments plc	LTR Finance No 4 plc
Aquilae CLO II plc	LTR Finance No 5 plc
ARC Funding Limited	LTR Finance No. 6 plc
Arch Reinsurance Europe Underwriting Limited	LTR Finance No. 7 Limited
Ardagh Glass Finance plc	Lupus Alpha Emerging Strategies Fund plc
Ardagh Packaging Finance plc	Martinsurance Teoranta

Name	Name
Ardagh Packaging Group plc	Medical Insurance Company Limited
Aries Capital Limited	Mellon Global Alternative Investments Fund plc
Atema Limited	Mercury Re Limited
Athenee CDO plc	Merrill Lynch International Bank Limited
Augura Life Ireland Limited	Montanaro European Smaller Companies plc
Aureus Fund (Ireland) plc	Motif Finance (Ireland) plc
Auriel Funds plc	Mount Kellett Capital Partners (Ireland) Limited
AXA IM Strategies plc	Nash Point CLO
AXA Insurance Limited	Naspa Dublin
AXA Life Europe Limited	National Grid Insurance Company (Ireland) Limited
AXA Reinsurance Ireland Limited	NATIXIS International Funds (Dublin) I plc
Babson Capital European Senior Loans Limited	Navigator Mortgage Finance No 1 plc
Bacchus 2007-1 plc	Navillus Insurance Company Limited
Bacchus 2008-1 plc	Navillus Reinsurance Company Limited
Bacchus 2008-2 plc	Nevsky Fund plc
Bank of America Global Liquidity Funds plc	New Bond Street CDO I
Bank of Ireland Mortgage Bank	New Capital Alternative Strategies plc
Bank of Scotland (Ireland) Limited	New Capital UCITS Fund plc
Barclays Assurance (Dublin) Limited	New Ireland Assurance Company plc
Barclays Bank Ireland plc	Newscape Funds plc
Barclays Insurance (Dublin) Limited	Newwater Insurance Limited
Barclays Multi Manager Fund plc	Nitro International Securitisation Company 1 plc
Barclays Portfolios plc	Nitro International Securitisation Company 2 plc
Barclays Reinsurance (Dublin) Limited	NKNK Finance plc
Baring Alpha Currency Fund plc	Noble Insurance Company Limited
Baring China A Share Fund plc	Nokatus Insurance Company Limited
Baring Multi Manager Funds plc	North European Reinsurance Company Limited
BDT Invest Funds plc	nSpire Re (Ireland) Limited
Belo plc	Nuveen Global Investors Fund plc
BNP Paribas Global Liquidity Funds plc	Oaktree European Credit Opportunities II Limited
BNY Mellon Enhanced Coefficient Select Fund plc	Ocean Finance plc
BNY Mellon Global Funds plc	Omega Capital Europe plc
BNY Mellon Liquidity Funds plc	Omega Capital Investments II plc
Bocage Mortgages No 1 Limited	Omega Capital Investments plc
BSPB Finance plc	Opera Finance (CMH) plc
BW Reinsurance Limited	Opera Germany (No. 2) plc
Cadiz Africa Investment Funds plc	Opera Germany (No. 3) Limited
Cairn High Grade ABS CDO I plc	Orange Stone Reinsurance

Name	Name
Cavendish Square Funding 2 Limited	Organon BioSciences Reinsurance Limited
Cavendish Square Funding plc	Osmosis Funds plc
Cedar Rock Capital Fund plc	Parkgate Insurance Limited
CELF Loan Partners II plc	Partholon CDO I plc
CELF Loan Partners V Limited	Philip Morris International Insurance (Ireland) Limited
Centre Insurance International Company	PIMCO Fixed Income Source ETFs plc
Centre Reinsurance International Company	PIMCO Funds: Global Investor Series plc
Centrica Risk Limited	Pirus Securities Limited
Chartis Excess Limited	PowerShares Global funds Ireland plc.
Chartis Insurance Ireland Limited	Probus Insurance Company Europe Limited
CIS (Capital Investment Strategies) plc	Proventus European ABS CDO plc
CoCo Finance 2006-1 plc	Prysmian Re Company Limited
Combined Insurance Company of Europe Limited	Psion Synthetic CDO I plc
Commerzbank Europe (Ireland)	PULS CDO 2006-1 plc
Conning Funds (Europe) Limited	PULS CDO 2007-1 Limited
Cornerstone Titan 2005-1 plc	QBE Reinsurance (Europe) Limited
Cornerstone Titan 2005-2 plc	Quinn Life Direct Limited
Cornerstone Titan 2006-1 plc	Race Point III CLO
Cornerstone Titan 2007-1 plc	Real Return Funds plc The
Cortex Finance plc	Re-Electra
Cosmo Finance 2007 -1 Limited	Reinsurance Business Solutions Limited
Cosmo Finance 2008-1 Limited	Renaissance Consumer Funding Limited
Creation Insurance Limited	Rivoli Pan Europe 1 plc
Crown Asia-Pacific Private Equity II plc	Royal London Asset Management Bond Funds plc
Crown Private Equity plc	Sabie plc
CUNA Mutual Insurance (Europe) Limited	SC Germany Auto 06 plc
CUNA Mutual Life Assurance (Europe) Limited	SC Germany Auto 07 - 1 Limited
Daejeon Riverside Expressway Plc	SC Germany Auto 07 - 2 Limited
Datalex plc	SC Germany Consumer 08-1 Limited
Dekania Europe CDO I plc	Schenker Re Limited
Dekania Europe CDO II plc	Schroder Private Equity Fund of Funds II plc
Deutsche Global Liquidity Series plc	Schroder Private Equity Fund plc
Deutsche Post Insurance Limited	SEB Life (Ireland) Assurance Company Limited
Development Capital Corporation plc	Securitas Group Reinsurance Limited
Dimensional Funds plc	SEI Global Investments Fund plc
Diversification Notes plc	SEI Global Master Fund plc
Dodge & Cox Worldwide Funds plc	Shannon Capital plc

Name	Name
Dragon Oil plc	Sigma-1 CLO 2007 Limited
Dryden XV Euro CLO 2006 plc	Smurfit Kappa Group plc
DVA Reinsurance Limited.	Source Markets plc
EACM Mellon Multistrategy Funds plc	SPDR Europe plc
Eagle Star European Life Assurance Company Limited	Specialist Investment Funds (1) plc
ECCU Assurance Company Limited	St James's Place International plc
Electra Insurance Limited	St James's Place Reinsurance Limited
Epic Opera (Arlington) Limited	Standard Life International Limited
ESG Reinsurance Ireland Limited	Standard Life Investments Global Liquidity Funds plc
Essent Re Limited	Standard Master Funds plc
Euro Insurances Ireland Limited	Stanton ABS I plc
Eurochem Finance plc	Stanton MBS I plc
Euroconnect Issuer LC 2007-1 Limited	State Street Global Advisors Cash Funds plc
Euroconnect Issuer SME 2007 Limited	State Street Global Advisors Fixed Income Funds plc
Euroconnect SME 2008 Limited	State Street Global Advisors Liquidity plc
Eurohome Mortgages 2007-1 plc	Static Loan Funding 2007-I Limited
Europe America Select Private Equity (Ireland) plc	SVG Investment Funds (Dublin) plc
Europe Americas Select Private Equity (Ireland) II plc	SWIP Global Liquidity Fund
European Insurance Risk Excess Limited	Taberna Europe CDO I plc
European Property Capital 3 plc	Taberna Europe CDO II plc
European Property Capital 4 plc	Taganka Car Loan Finance plc
Everest Reinsurance Company (Ireland) Limited	TFB Finance Limited
FCE Reinsurance Company Limited	Thames River Traditional Multi-Funds plc
FCM Funds plc	The Governor and Company of the Bank of Ireland
FDI Insurance Limited	The Topiary Fund II plc
Fidelity Institutional Liquidity Fund plc	Third Avenue Capital plc
Franklin Floating Rate Fund plc	Thunderbird Investments plc
Franklin Templeton Emerging Market Debt Opportunities Fund plc	Tiburon Funds plc
GAM Star Fund plc	Titan Europe 2006-1 plc
GD Insurance Company Limited	Titan Europe 2006-2 plc
Generali PanEurope Limited	Titan Europe 2006-3 plc
GI (Global Investments) plc	Titan Europe 2006-5 plc
Glanbia plc	Titan Europe 2007-1 (NHP) Limited
Glastonbury Finance 2007-1 plc	Titan Europe 2007-2 Limited
Goldman Sachs Bank (Europe) plc	Titan Europe 2007-3 Limited

Name	Name
Goldman Sachs Fundamental Currency Fund plc	Tokio Marine Funds plc
Goldman Sachs Funds plc	Traditional Funds plc
Goldman Sachs Global Alpha Fund plc	TransCapitalInvest Limited
Goldman Sachs Institutional Funds II plc	Trans-Meridian Insurance (Dublin) Limited
Graphite Mortgages plc	UBS (Ireland) Funds plc
Halifax Assurance Ireland Limited	UBS ETF's plc
Halifax Insurance Ireland Limited	UK General Insurance (Ireland) Limited
Hansard Europe Limited.	Ursus 2 (Octane) plc
Heartland Funding plc	Ursus EPC plc
Helaba Dublin Landesbank Hessen Thüringen International	Valiant Insurance Company Limited
Helaba International Finance plc	Validus Re Europe Limited
Henderson Liquid Assets Fund plc	Valu-Trac Funds plc
Herald Investment Fund plc	Vanguard Investment Series plc
Hertz Int'l Re Limited	Vega Container Vessel 2006-1 plc
HSBC ETF's plc	Veritas Funds plc
ICS Building Society	VIP Finance Ireland Limited
IFG Group plc	Volkswagen Bank GmbH - branch Ireland
Ignis Alternative Funds plc	Volkswagen Insurance Company Limited (VICO)
Ignis International Funds plc	W.T.C.D. Insurance Corporation Limited
Iliad Investments plc	Wanger Investment Company plc The
Independent News & Media plc	Wellington Management Portfolios (Dublin) plc
INEOS Insurance Limited	White Horse Insurance Ireland Limited
Institutional Cash Series plc	Windermere VII CMBS plc
INVESCO Absolute Return Fund plc	Windermere X CMBS Limited
IPG Financial Services Limited	World Equity Fund Portfolio (Ireland) plc
ISEQ Exchange Traded Fund plc	Xelo II plc
iShares II plc	Xelo III plc
iShares III plc	Xelo IV plc
iShares V plc	Xelo plc
J.P. Morgan Bank Dublin plc	Xelo V plc
Janus Capital Funds plc	XL Re Europe Limited.
Jazz III CDO (Ireland) plc	Zoo ABS 4 plc
Kidde Reinsurance Limited	Zurich Bank
Kildare Securities Limited	Zurich Insurance plc
KIT Ipoteka Limited	Zurich Life Assurance Plc
KPN Insurance Company Limited	

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