

*Our focus on
audit quality
2018 PwC Argentina
Transparency Report*

Year ended June 30, 2018

Territory Senior Partner's message



.....

**Welcome to
PwC Argentina's
2018
Transparency
Report**

Welcome to our 2018 Transparency Report. It has been a privilege to continue serving in my role as Territory Senior Partner this year. As I reflected on last year's Transparency Report, our Assurance practice is at the heart of our firm, underpinning our purpose, building trust in our society and solving important problems. I'm proud of what we have achieved this year and the contribution each and every one of us have made to delivering high quality assurance services to our clients.

Our country is once again trying to gain trust. These are not easy times but more than ever we believe this is a tremendous opportunity. It makes us work hard to restore that trust. Each and every actor in our society should have this commitment. On our side, we will continue providing confidence to decision makers, this is a vital part of our business, a core part of our brand and fundamental to building trust.

In last year's Transparency Report, I reflected on the rapid evolution of the assurance practice. Technology is a non-stopping wave making earth-shattering changes. It affects all forms of businesses, as we know them today. It also affects us. Our clients are changing fast, introducing new and innovative ways to do business. And we should follow suit.

Our global firm continues investing time and resources to stay fit in this new world. We believe that more and more automation will transform our business. We will embrace this movement not to replace humans but to help them provide better quality service. We do believe that the trust we provide comes from human thought and judgment, machines and software will help them form that judgment. Our PwC professionals will continue use their intuition, dialogue and thought.

I hope that you enjoy reading this report.

Santiago Mignone
Territory Senior Partner



People's survey

1,560 people responded
our People Survey in
2018



Vs. 86% in 2017

Investing in our people

Investment in training
and development



186,830 hours
of training and personal
development by Assurance
people in 2018

Contents

Key messages

| | |
|----------------------------|----|
| Opening message | 03 |
| Our focus on audit quality | 06 |
| Our technology | 09 |

Other information

| | |
|---|----|
| 1 Legal structure and ownership | 11 |
| 2 The PricewaterhouseCoopers network | 14 |
| 3 Governance structure of PwC Argentina | 18 |
| 4 Internal control and internal quality control systems | 21 |
| 5 Independence policies and practices | 34 |
| 6 External monitoring | 36 |
| 7 Our people | 37 |
| 8 Financial information | 42 |
| 9 Remuneration of partners | 42 |
| 10 Public interest entities | 42 |

Our focus on audit quality

Our approach

Performing audits in accordance with professional standards is an important way that we fulfill our purpose to build trust in society and solve important problems. Each year we issue audit reports regarding hundreds of public and nonpublic companies. We conduct our audits following applicable auditing standards in order to obtain reasonable assurance regarding whether the financial statements are presented fairly, in all material respects.

Although reasonable assurance is a high level of assurance, it is not a guarantee. An audit involves examining the underlying audit evidence, including information and reports provided by the company, on a test basis. In some circumstances, we also rely on—and for many companies, test and opine on—a company’s internal control over financial reporting, which due to inherent limitations may or may not prevent or detect misstatements. We are proud of the important role that audit opinions play in the capital markets, and how they help us to fulfill our broader purpose as a firm.



We innovate our audit process by standardizing, simplifying, and automating our work to promote doing the right work at the right time. This supports consistency in the execution of our procedures, promotes adherence to professional auditing standards, and improves the experience for our clients through earlier identification and resolution of potential issues.

Foundational to our methodology is the assessment of risk. Our audit risk assessment begins in the planning phase of the audit and continues through the issuance of our report. After we gain an understanding of the client's business processes and consider the impact of changing conditions, we identify and evaluate the risks within the processes and develop audit procedures responsive to the client's circumstances. We reinforce the importance of appropriate planning and phasing of audit work by setting realistic audit planning deadlines. Further, the timely engagement of audit partners and managers during planning facilitates the appropriate consideration of audit risk and the planned response.

.....

“Quality is fundamental to sustaining our brand and the value we deliver to our clients and represent to the capital markets, the investment community, and other stakeholders... and is inherent in our Purpose.”

At PwC, “audit quality” means that we consistently:



comply with auditing standards;

exercise professional skepticism;

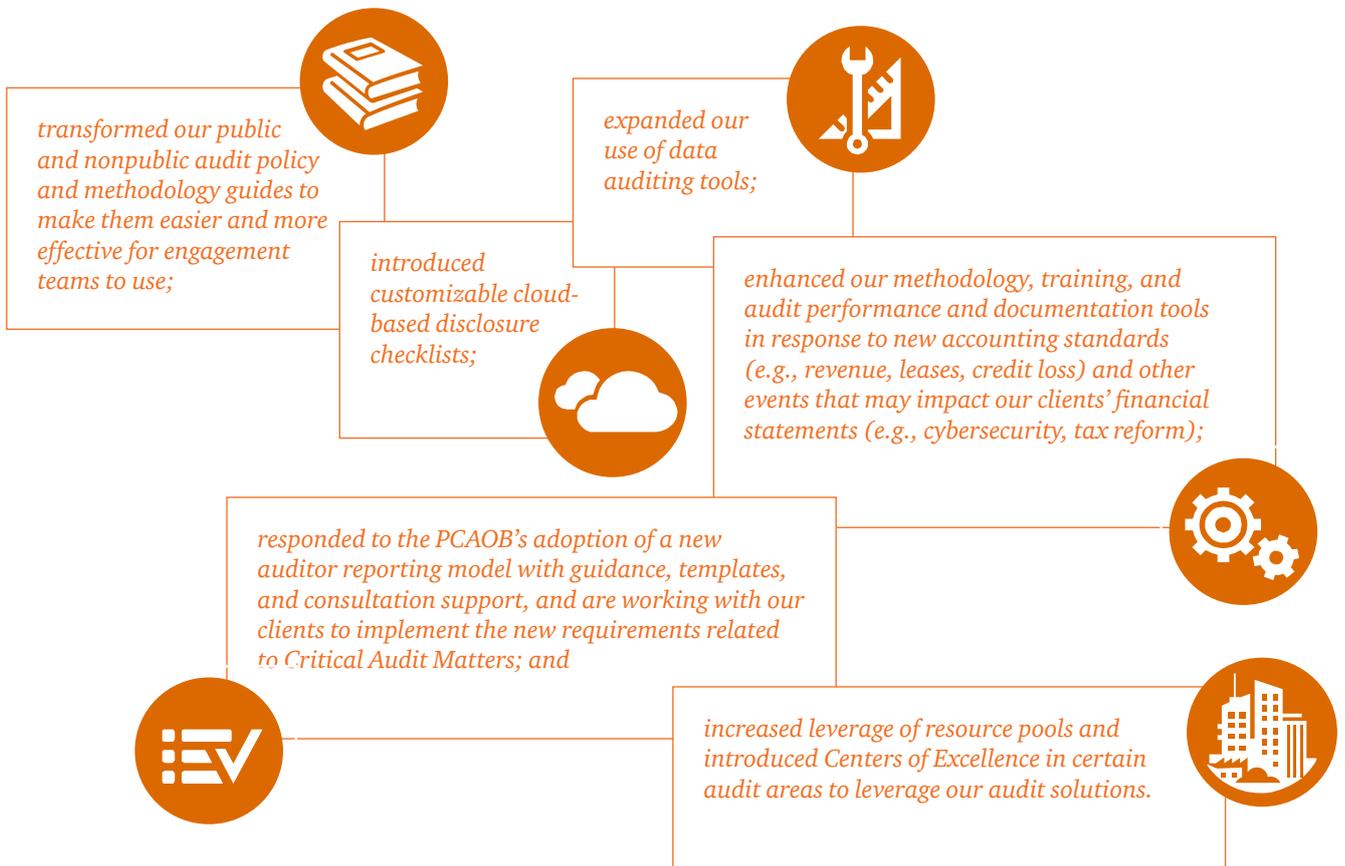
use our experience to identify and resolve issues early; and

apply a deep and broad understanding of our clients' businesses and the financial environment in which they operate.

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



In the interest of continuous improvement, over the past year we have:



Our technology

The PwC Network is making significant investments in technology to provide member firm engagement teams with tools to support them throughout the audit. These tools help teams identify and address risks and issues earlier in the audit process, as well as improve project management and the phasing of our work. Some of the key tools are discussed below.

Aura

Aura, the PwC Network's global audit platform, is used by more than 100,000 auditors worldwide across the Network, driving quality and consistency on a global basis. Aura enables sequential and intuitive audit plan development. It enables risk assessment through each phase of the audit, leveraging embedded industry-specific content that drives consistency in execution and assists teams in documenting and evaluating IT dependencies. The PwC Network continues to make incremental enhancements to Aura that further drive quality and standardization, support improved project management, and facilitate timely execution and review.

Halo/Data auditing

Halo, the PwC Network's award-winning data extraction, visualization, and auditing platform, is designed to enhance our risk assessment process and facilitate automated testing and data validation in a number of audit areas. Halo for Journals helps audit teams identify journal entries to test as part of the procedures performed to address the risk of fraud.

Connect

Connect is the PwC Network's collaborative workflow tool that allows fast, secure sharing of audit documents and deliverables with clients. PwC member firm staff and clients can easily review the status

of information requests with this web-enabled tool. The Network is also introducing a new engagement team collaboration tool that provides for secure document exchange, enhanced status tracking, and issue management capabilities between group and component audit teams.

PwC's Confirmation System

PwC's Confirmation System is the PwC Network's web-based application that facilitates an automated and standardized process for requesting and receiving external confirmations.

Disclosure Checklist

We recently transformed our Disclosure Checklist. The new version of this tool is cloud based and further streamlines checklist preparation and review for financial statement disclosures.

Looking to the future

We continue to make significant investments in our tools and technology. This includes continued investments in our existing tools as well as the creation of new platforms and applications that incorporate leading edge technologies such as machine learning and robotic process automation. More information is available at pwc.com.

Other information



1. Legal structure and ownership

PwC Argentina operates as a *Sociedad de Responsabilidad Limitada* (SRL), a limited liability company under the laws of Argentina. We are registered with the *Inspección General de Justicia* under number 7645. We are also registered as auditors as per the rules and regulations of the *Comisión Nacional de Valores* (CNV), the Argentine National Securities and Exchange Commission, and of the *Banco Central de la República Argentina* (BCRA), the National Central Bank of Argentina.

We are also registered with overseas regulators such as the Public Company Accounting Oversight Board (PCAOB) of the United States of America and the Financial Reporting Council (FRC) of the United Kingdom.

(a) Ownership of PwC Argentina

PwC Argentina is owned by individuals practicing audit, tax or consulting services in Argentina, commonly referred to as partners who hold the voting rights. There are other legal entities in Argentina named PricewaterhouseCoopers, each of which is a separate and different legal entity from the others, which provide non - audit services. These entities are also members of the same international network as PwC Argentina.

The majority of PwC Argentina's partners are registered auditors and also registered accountants with the applicable governing bodies of the accounting profession in Argentina. Some of the partners are also Certified Public Accountants licensed in the United States of America. The average number of partners during the year ended June 30, 2018 was 65.

(b) PwC Argentina office structure

PwC Argentina operates out of 4 offices located in 4 different provinces in Argentina. Our headquarters is located in the City of Buenos Aires. A full list can be found at www.pwc.com.ar.

We had approximately 1,972 people working with us during the year ended June 30, 2018.

(c) Principal lines of business

PwC Argentina operates through four principal Lines of Service (LoS). These are Assurance, Advisory, Tax & Legal and Global Outsourcing Solutions.

Our people



65 partners as of June 30, 2018



1,972 staff during June 30, 2018



.....
The primary services provided by each of the four principal lines of service are as follows:

Assurance

- Audit of Financial Statements
- Review of Regulatory Compliance
- Advice on the preparation of financial information for Capital Markets Transactions
- Diagnosis, training and implementation of IFRS
- Actuarial services
- Risk Assurance Services
 - System Process Assurance (SPA)
 - Internal Audit
 - Sustainability

Advisory

- Accelerate the digital and technological impact
- Create unique client experiences
- Create and develop competitive advantages
- Align costs with business strategy
- Navigate through the complexity of regulations and risks
- Enhance operations
- Guarantee assets security
- Stimulate innovation
- Strengthen trust and transparency
- Transform the Human Capital
- Unlock the availability of information



Global Outsourcing Solutions

- Accounting
- Tax outsourcing
- Payroll Services

Tax Services

- Advice and Tax Services
- International Taxation
- Expatriate Services
- Transfer pricing
- Financial transactions, capital markets and Real Estate
- Industrial Promotion
- Taxation on individuals
- Municipal tax

Legal Services

- Corporate Law
- Social Security and Labor Law
- Foreign Trade and Customs
- Tax Litigation
- Dispute Resolution

A full list of our services can be found at www.pwc.com.ar

2. The PricewaterhouseCoopers network

‘PricewaterhouseCoopers’, ‘PwC Network’ and ‘PwC’ refer to the network of member firms of PricewaterhouseCoopers International Limited (PwC International), each of which is a separate legal entity.

Introduction

We believe we are unique amongst the world’s leading professional services organisations because of the talent of our people, the breadth of the PwC network and the strict standards with which PwC firms must comply. These standards include service quality, governance arrangements, independence, risk management, people and culture, brand and communications. PwC firms agree to adhere to network standards and their compliance is closely monitored.

(a) Legal structure of the network

In many parts of the world, the right to practise audit and accountancy is granted only to firms that are majority owned by locally qualified professionals. PwC is a global network of separate member firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited (PwCIL) and have the right to use the PricewaterhouseCoopers name.

As members of the PwC Network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to work together to provide high-quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including being knowledgeable about local laws, regulations, standards and practices.

PwCIL is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practice accountancy or provide services to clients. PwCIL works to develop and implement policies and initiatives that create a common and coordinated approach for PwC firms in key areas such as strategy, brand, and risk and quality.

PwC firms use the PwC name and draw on the resources and methodologies of the PwC Network. In return, member firms are required to comply with common policies and the standards of the PwC Network.

The PwC network is not one international partnership and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain “PricewaterhouseCoopers”, however there is no ownership by PwCIL. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions.

Our people



+236,000 people

Working in

+736 locations

in **158**
countries

(b) Size of the network

Member firms of PwC International provide industry-focused assurance, tax and advisory services to enhance value for their clients. Over 236,000 people in 158 countries worldwide share their thinking, experience and solutions to develop fresh perspectives and practical advice.

(c) Governance structures of PwCIL

The governance structures of PwCIL are as follows:

Network Leadership Team (NLT)

– The NLT sets the overall strategy for the PwC Network and the standards to which PwC firms agree to adhere.

The NLT is made up of the Chairman of the PwC Network; the Senior Partners of the US, the UK and China member firms; and a fifth member appointed by the Board, currently the Senior Partner of PwC Germany. The Chairman of the PwC Network and the fifth member may serve on the NLT for a maximum of two terms of four years each in their respective capacities. The terms of the other NLT members are limited by the arrangements in their respective firms. The NLT typically meets monthly and on further occasions as required.

Strategy Council – The Strategy Council, which is made up of senior partners of the largest PwC firms and regions, agrees the strategic direction of the network and facilitates alignment for the execution of strategy. The Strategy Council meets on average four times a year.

Global Leadership Team – This team is appointed by, and reports to, the NLT and the Chairman of the PwC Network. Its members are responsible for leading teams drawn from network firms to coordinate our activities across all areas of our business.

Global Board (the ‘Board’) – The Board, which consists of 18 elected members, is responsible for the governance of PwCIL, oversight of the Network Leadership Team and approval of network standards. The Board does not have an external role. Board members are elected every four years by partners exercising their votes through their member firms. The current Board, with members from 13 countries, took up office in April 2017. Board members may serve a maximum of two terms of four years each. During FY17, the Board met nine times either in person or by conference call. The names of the current members of each of the above bodies can be found in PwC’s Global Annual Review, available at www.pwc.com/gx/en/about/leadership.

(d) Key features of the network

Every PwC firm is also responsible for its own risk and quality performance and, where necessary, for driving improvements. Every PwC firm is also exclusively responsible for the delivery of services to its clients.

To support transparency and consistency, each PwC firm's Territory Senior Partner signs an annual confirmation of compliance with PwC's standards. These confirmations cover a range of areas, including independence, ethics and business conduct, Assurance, Advisory and Tax risk management, governance, anti-bribery and data protection and privacy.

These confirmations are reviewed and member firms are required to develop an action plan to address specific matters where they are not in compliance. The action plans are reviewed and their execution monitored.

Individuals are also required to complete Annual Compliance Confirmations indicating their understanding of, and compliance with these policies.

There are some common principles and processes to guide PwC firms in applying the standards. Major elements include:

- The way we do business
- Sustainable culture
- Policies and processes
- Quality reviews.

(i) The way we do business

PwC firms undertake their businesses within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a PwC Code of Ethics and Business Conduct for their partners and staff. The PwC Argentina Code of Conduct (the 'Code') is set out at www.pwc.com.ar/who-we-are/code-of-conduct

(ii) Sustainable culture

To promote continuing business success, PwC firms nurture a culture that supports and encourages PwC people to behave appropriately and ethically, 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 specialists to help them reach appropriate solutions. The foundation of PwC's culture is objectivity, professional scepticism, cooperation between PwC firms and consultation.

(iii) Policies and processes

In addition to the common standards and policies of the PwC Network, PwC member firms also have access to common methodologies, technologies and supporting materials for many services. These methodologies, technologies and material are designed to help a member firms, partners and staff perform their work more consistently, and support their compliance with the way PwC does business.

(iv) Quality reviews

Each PwC firm is responsible for monitoring the effectiveness of its own quality control systems. This includes performing a self-assessment of its systems and procedures, and carrying out, or arranging to be carried out on its behalf, an independent review. In addition, PwC International monitors member firms' compliance. This includes monitoring not only whether each PwC firm conducts objective quality control reviews of all of its services, but also includes consideration of a member firm's processes to identify and respond to significant risks.

In accordance with applicable regulatory requirements, each firm may also be reviewed periodically, in some cases annually, by national and international regulators or professional bodies.

For Assurance work, there is a specific quality review programme, based on relevant professional standards relating to quality controls including International Standards on Quality Control 1: 'Quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements' (ISQC 1) and where applicable, of the US Public Company Accounting Oversight Board (PCAOB) Quality Controls Standards.

The overriding objective of the assurance quality review programme is to assess for each PwC firm that:

- Quality management systems are appropriately designed, are operating effectively and comply with applicable network standards and policies
- Engagements selected for review were performed in accordance with professional standards and PwC Audit requirements, and
- Significant risks are identified and managed appropriately.

A member firm's assurance quality review programme is monitored, as is the status and effectiveness of any quality improvement plans a PwC firm puts in place.

(e) Independence practices policy

Objectivity is the hallmark of our profession, at the heart of our culture and fundamental to everything we do. Independence underpins objectivity and has two elements: independence of mind and independence in appearance. PwC firms reinforce both of these elements through a combination of setting the right tone from the top; independent consultation on judgemental issues; detailed policy requirements including prescribed processes to safeguard independence; regular training; and careful observance of independence requirements.

(f) Disclosures required by Article 13 of the EU Audit Regulation:

- EU Audit Regulation Article 13(2)(b)(ii)&(iii)

Following is the list of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network, the countries in which each statutory auditor operating as a

| Member State | Name of firm |
|----------------|---|
| Austria | PwC Wirtschaftsprüfung GmbH, Wien |
| Austria | PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz |
| Austria | PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt |
| Austria | PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfung GmbH, Dornbirn |
| Austria | PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz |
| Austria | PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg |
| Austria | PwC Österreich GmbH, Wien |
| Belgium | PwC Bedrijfsrevisoren bcvba/Reviseurs d'entreprises scrl |
| Belgium | PwC Audit Services SPRL |
| Bulgaria | PricewaterhouseCoopers Audit OOD |
| Croatia | PricewaterhouseCoopers d.o.o |
| Cyprus | PricewaterhouseCoopers Limited |
| Czech Republic | PricewaterhouseCoopers Audit s.r.o |
| Denmark | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab |
| Estonia | AS PricewaterhouseCoopers |
| Finland | PricewaterhouseCoopers Oy |
| Finland | PwC Julkistarkastus Oy |
| France | PricewaterhouseCoopers Audit |
| France | PricewaterhouseCoopers Entreprises |
| France | PricewaterhouseCoopers France |
| France | PricewaterhouseCoopers Services France |
| France | PwC Entrepreneurs Audit |
| France | PwC Entrepreneurs Audit France |
| France | PwC Entrepreneurs CAC |
| France | PwC Entrepreneurs CAC France |
| France | PwC Entrepreneurs Commissariat aux Comptes |
| France | PwC Entrepreneurs Commissariat aux Comptes France |
| France | PwC Entrepreneurs France |
| France | PwC Entrepreneurs Services |
| France | M. Philippe Aerts |
| France | M. Jean-François Bourrin |
| France | M. Jean-Laurent Bracieux |
| France | M. Didier Brun |

- EU Audit Regulation Article 13(2)(b)(iv)

The 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, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately Euros 3 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing at that financial year end date.

sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business:

| Member State | Name of firm |
|----------------------------|---|
| France | M. Hubert de Rocquigny |
| France | M. Didier Falconnet |
| France | M. Bernard Kervarec |
| France | M. François Miane |
| France | M. Yves Moutou |
| France | M. Claude Palméro |
| France | M. Pierre Pégaz-Fiornet |
| France | M. Antoine Priollaud |
| Germany | PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft |
| Germany | Wibera WPG AG |
| Greece | PricewaterhouseCoopers Auditing Company SA |
| Hungary | PricewaterhouseCoopers Könyvvizsgáló Kft. |
| Iceland | PricewaterhouseCoopers ehf |
| Ireland | PricewaterhouseCoopers |
| Italy | PricewaterhouseCoopers Spa |
| Latvia | PricewaterhouseCoopers SIA |
| Liechtenstein | PricewaterhouseCoopers GmbH, Vaduz |
| Lithuania | PricewaterhouseCoopers UAB |
| Luxembourg | PricewaterhouseCoopers, Société coopérative |
| Malta | PricewaterhouseCoopers |
| Netherlands | PricewaterhouseCoopers Accountants N.V. |
| Netherlands | Coöperatie PricewaterhouseCoopers Nederland U.A |
| Norway | PricewaterhouseCoopers AS |
| Poland | PricewaterhouseCoopers Polska sp. z o.o. |
| Poland | PricewaterhouseCoopers sp. z o.o. |
| Portugal | PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda |
| Romania | PricewaterhouseCoopers Audit S.R.L. |
| Slovakia (Slovak Republic) | PricewaterhouseCoopers Slovensko, s.r.o. |
| Slovenia | PricewaterhouseCoopers d.o.o. |
| Spain | PricewaterhouseCoopers Auditores, S.L. |
| Sweden | PricewaterhouseCoopers AB |
| Sweden | Öhrlings PricewaterhouseCoopers AB |
| UK | PricewaterhouseCoopers LLP |
| UK | James Chalmers |
| UK | "Richard Sexton" *Registration ceased subsequent to June 30 2018" |

3. Governance structure of PwC Argentina

The governance structure of PwC Argentina is made up of two main elements: a Leadership Team responsible for directing and implementing the policies and strategies of the firm and for its day-to-day management and an Oversight Board, which oversees the executive management.

(a) Leadership team

The Leadership Team is the executive group responsible for:

- Planning, development, management and control of the firm's operations;
- Implementation and customization of the global strategies and policies;
- Implementation of the policies; and,
- Implementation of the recommendations made by the firm's Oversight Board.

The principal objective is therefore promoting maximisation of the value, leadership and prestige of PwC in Argentina and globally.

As from July 1, 2015, the Leadership Team is chaired by Santiago Mignone. Santiago was elected by the firm's partners and he appoints the other Leadership Team members, all of whom are partners in the firm. Each team member has responsibility and accountability for a specific aspect of our business.

The Leadership Team provides the necessary liaison between the global structure and the firm. Each member works in coordination with the relevant global leaders and provides guidance for the adequate application of global and local strategies and policies. The Leadership Team implements all the mechanisms necessary for the adequate planning of the operations of the firm (strategic plans and budgets) and the fair and equitable evaluation and compensation of the partners, taking into consideration the underlying objective of promoting the strength of PwC as a whole (corporate strength) and integration needs.

The TSP has, jointly with the Leadership Team, the responsibility and the authority for conducting the firm's affairs within the limits set by strategies and policies at global level. In conjunction with the other members of the Leadership Team, the TSP has the responsibility and authority to ensure the proper integration of the firm's lines of service, with the objective of enhancing leadership, and has joint management responsibility for support functions in coordination with the appropriate global leaders.

The members of the Leadership Team, who served through the year ended June 30, 2018, are shown below:



*Chairman and Territory Senior
Partner (TSP)*
Santiago Mignone



Advisory
Norberto Montero



Assurance
Miguel Urus



Finance
Gabriel Martini



Markets & Communications
Martín Barbafina



Tax & Legal
Ricardo Tavieres



Human Capital
Marcelo de Nicola

(b) Oversight Board

The principal roles of the Oversight Board are to hold the firm’s Leadership Team to account and to represent the interests of partners, and as such it is a vital part of the firm’s governance structure.

The Oversight Board is made up of 3 partner members, who are elected for a term of three years by our partners.

Partners use the Oversight Board as a formal communication channel with the Leadership Team. This is achieved by holding regular meetings with partners to get their views on the firm’s overall strategy and any other issues that may be of concern.

PwC Argentina has adopted detailed policies and related rules regarding business ethics and compliance with all applicable professional standards. It strictly monitors compliance with all regulatory, professional and internal independence requirements related to financial interests, business and service relationships with clients and asks for annual confirmation of this from all relevant staff.

The members of the Oversight Board, who served through the year ended June 30, 2018 are shown below:



Mariano Tomatis
Assurance



Leonardo Viglione
Assurance



Sergio Testoni
Tax

4. Internal control and internal quality control systems

We are committed to delivering the highest quality professional services, and audit quality remains of paramount importance to the firm and our continued success in the marketplace.

Quality comes from more than the systems and processes that are embedded in the way we work to achieve compliance with standards and regulation, important though these are. Ultimately, it depends on the culture of the firm, which is based on the ‘tone at the top’, and our ability to recruit, train and motivate intelligent professionals who take personal responsibility to deliver high-quality work.

Introduction

PwC Argentina’s quality control systems for our Assurance practice are based on International Standard on Quality Control 1 - ‘Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements’ (ISQC 1).

ISQC 1 applies to firms that perform audits of financial statements and provide other assurance services where they relate to activities that are reported in the public domain and are therefore in the public interest.

The objective of ISQC 1 is for the firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- the firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and
- reports issued by the firm, or by engagement leaders, are appropriate in the circumstances

In addition, compliance with International Standards on Auditing requires PwC Argentina to have quality control systems.

Quality Management for Service Excellence

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 the Firm put this strategy into effect, the PwC network has established a framework for quality management which integrates quality management into business processes and the firm-wide risk management process. The framework introduces an overall quality objective for the Assurance practice focused on having

the necessary capabilities in our organization and deploying our people to consistently use our methodologies, processes and technology in the delivery of services in an effective and efficient manner to fulfil the valid expectations of our clients and other stakeholders.

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

Further:

- as a Registered Auditor regulated by the Comisión Nacional de Valores, we are required to comply with the Audit Regulations and Guidance (“Audit Regulations”) issued by the CNV; and
- we are also required to comply with the policies and regulations of a number of other regulatory bodies which PwC Argentina is either registered with, as a condition of ongoing registration to perform audits of certain entities, or regulated by. These regulatory bodies include the Financial Reporting Council in the UK and the Public Company Accounting Oversight Board in the US.

Consequently many of our policies and procedures have been designed and implemented to ensure that we comply, and that we can demonstrate compliance, with not only the Audit Regulations of the CNV, but also with the policies and regulations of other overseas regulators with which PwC Argentina is registered.

The policies and procedures that form our internal quality control systems have been documented, and there is a monitoring regime to enable the Leadership Tema to review the extent to which the policies and procedures are operating effectively.

The policies and procedures are embedded as part of the firm’s day-to-day activities.

Although this Transparency Report is focused on our Assurance practice, many of our systems, policies and procedures operate firmwide across all parts of our business.

The six elements of quality control set out in ISQC 1



Leadership responsibilities for quality within the firm



Relevant ethical requirements



Acceptance and continuance of client relationships and specific engagements



Human resources



Engagement performance



Monitoring

Explanation of our systems of internal control including internal quality control systems

Our internal control systems are based on the six elements of quality control set out in ISQC 1, which are:

1. Leadership responsibilities for quality within the firm.
2. Relevant ethical requirements.
3. Acceptance and continuance of client relationships and specific engagements.
4. Human resources.
5. Engagement performance.
6. Monitoring.

In parts 1 to 6 below, we set out how our internal control and internal quality control systems incorporate each of the above elements.

The PwC Network monitors PwC Argentina's compliance with PwC's Network Risk Management Standards. Updates and changes to the firm's internal quality control systems, as well as points needing reinforcement, are communicated to partners and staff via mandatory training and other technical communications. Details of the firm's internal quality control systems are available to partners and staff.

1. Leadership responsibilities for quality within the firm



(a) Organisational structure

The Leadership Team under Santiago Mignone's chairmanship, is responsible for the firm's internal control and internal quality control systems.

Day-to-day responsibility for implementing this system and for monitoring risk and the effectiveness of control is delegated to Compliance, Risk Management and the individual Lines of Service, as appropriate.

The firm's leadership is committed to delivering high quality work and has established a culture of upholding the values of integrity, independence, ethics and professional competence.

Resources dedicated to establishing high standards in quality, independence, ethics and professional competency are in place. Quality has been embedded throughout the firm and the detailed policies endorsed by the leadership team, including ethical, human resources and engagement performance, are discussed below.

Each Line of Service has a partner responsible for risk management and quality control.

Within Assurance, Silvia Giordano is the Assurance Risk and Quality Leader with responsibility on the Assurance Executive for risk and quality matters. Leonardo Viglione acts as alternate Assurance Risk and Quality Partner.

PwC's purpose is to build trust in society and solve important problems. This purpose serves as a guide for the strategic choices we make as a firm.

(b) Culture and tone at the top

PwC's purpose is to build trust in society and solve important problems. This purpose serves as a guide for the strategic choices we make as a firm. PwC is founded on a culture of partnership with professional values and a strong commercial focus. This is reflected in our vision:

“One firm - a commercial enterprise that does the right thing for our clients, our people and our communities.

Our ambition is to build the iconic professional services firm, always front of mind, because we aim to be the best. We set the standard and we drive the agenda for our profession. We value our past but look to invest in our future to leave the firm even stronger than when we inherited it. We will achieve our vision by living and breathing a common set of values and behaviours.

(i) One firm

We are one firm, an extensively networked organisation that aims to bring the best of PwC to our clients, each and every time. We will:

- aim to deliver more value than our client expects
- be agile and flexible
- share knowledge and bring fresh insights
- always act in the interest of the whole firm.

(ii) Commercial enterprise

Our clients and people feel and benefit from the energy and power of the firm. We attract, develop and inspire the best people, who inspire confidence in our clients. We will:

- be positive and energise others
- invest in personal relationships listen with interest and curiosity, encouraging diverse views; and
- have a thirst for learning and developing others.

(iii) Do the right thing

We will deliver exceptional value with integrity, confidence and humility. We support one another and our communities. We have the courage to express our views, even when they may not be popular. We will:

- put ourselves in our clients' shoes
- never be satisfied with second best
- treat people in a way we would like to be treated
- always be brave enough to challenge the unacceptable
- act with integrity and enhance our reputation.

We must all accept personal responsibility to play our part in driving our firm and demonstrating these values and behaviours - opting out is not acceptable. Put simply this is how we define success.”

2. Relevant ethical requirements



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

PwC Argentina has an Ethics Committee comprised of 5 partners, namely, Hugo Almoño, Marcelo de Nicola, Ariel Vidan, Karin Reise and Juan Carlos Ferreiro. Marcelo de Nicola is the firm's Business Conduct partner, a role defined by the Ethics Standards. He is also a partner member of the Leadership Team and supported by a team to help the firm apply comprehensive and consistent independent policies, procedures and tools.

All partners and staff undertake regular mandatory training so that they understand the ethical and professional requirements under which we operate. All partners and staff are also required annually to confirm that they are aware of and will continue to follow all relevant ethical and professional obligations.

(a) Professional conduct

The reputation and success of the firm depends on the professionalism and integrity of every partner and member of staff. Partners and staff comply with the standards developed by the PwC Network and PwC Argentina, and the firm monitors compliance with these obligations.

.....

The PwC Argentina Code of Conduct encourages partners and staff to report and express concerns in good faith, fairly, honestly and respectfully

On joining the firm, all staff and partners are made aware of the The PwC Argentina Code of Conduct. The PwC Argentina Code of Conduct sets out what we stand for and is underpinned by the following overarching principles:

- acting professionally
- doing business with integrity
- upholding our clients' reputations as well as our own
- treating people and the environment with respect
- acting in a socially responsible manner
- working together and thinking about the way we work
- considering the ethical dimensions of our actions.

(b) Independence

The firm has specific policies, procedures and practices relating to independence, which are explained in more detail in section 5.

(c) Hotline

The firm has a whistle-blowing hotline. This is available to any partner or member of staff who observes inappropriate business conduct or unethical behaviour where the normal consultation processes are not appropriate.

The PwC Argentina Code of Conduct encourages partners and staff to report and express concerns in good faith, fairly, honestly and respectfully. We are committed to dealing responsibly, openly and professionally with any genuine concerns raised about possible malpractice. If a genuine concern is raised which is in the public interest, the individual raising the concern will be protected

from losing their job, or suffering from any form of victimisation as a result.

(d) 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.

The firm's person responsible for Information Security is our partner Leonardo Viglione.

All partners and staff are required to comply with the fundamental principle of confidentiality. There are also other legal and regulatory obligations on partners and staff about handling of confidential information and personal data, and contractual terms govern the use and disclosure of information. The firm provides information security and data protection training upon recruitment, update training for all partners and staff thereafter, and training to various departments on an ad hoc basis throughout the year.

PwC Argentina'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.

.....

We are opposed to bribery in any form. The PwC Argentina Code of Conduct makes it clear that it is unacceptable for our people to solicit, accept, offer, promise or pay bribes.

Our policies and procedures include:

- encryption of all the firm's laptops, PCs and memory sticks
- secure and managed apps for data accessed by mobile devices
- software restricting the use of removable media
- access to engagement files - both electronic and hard copy paper files - which 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 at client sites
- securing hard copy files when they are not in use
- remote access to our network via a secure virtual private network, or equivalent technology
- policies on the transmission of data by email outside of the organisation
- restricted access to operational areas of PwC Argentina and our buildings.

The firm's policies and standards are supported by ongoing compliance monitoring.

(e) Anti-bribery

We are opposed to bribery in any form. The PwC Argentina Code of Conduct makes it clear that it is unacceptable for our people to solicit, accept, offer, promise or pay bribes.

Policies, training and procedures designed to prevent bribery are in place.

3. Acceptance and continuance of client relationships and specific engagements



We have rigorous client and engagement acceptance and continuance procedures to help protect the firm and its reputation.

(a) Acceptance and continuance systems

Within Assurance, we use an Acceptance and Continuance (A&C) system for all audit work.

The A&C system:

- enables engagement teams, business unit management and risk management specialists to determine whether the risks related to a potential or an existing client or engagement are manageable, and whether or not PwC Argentina should be associated with a particular client, its management and/or the proposed services in question; and
- contains triggers that require consultation within business units and with the Assurance Risk Management Partner. This allows the right people to make the right decisions at the right time and also enables the firm to put in place safeguards to mitigate identified risks.

The system facilitates risks to be properly assessed and appropriate policies being followed in response to those identified risks.

(b) Relationship checks, independence assessments and conflicts of interest

Before accepting a new engagement, we perform:

- checks to identify relevant relationships - these checks are performed by a dedicated relationship checking team. Where conflicts of interest are identified, we either decline to accept an engagement or we put in place arrangements to make sure that potential conflicts of interest are appropriately managed; and

- in the case of new audit clients, an independence assessment - this is a comprehensive assessment which covers all aspects of independence in relation to a new potential audit client. This enables us to identify non-audit services provided to that potential audit client and determine:
 - those services which are prohibited by Ethical Standards to be provided to an audit client to determine whether they can be terminated before we are appointed as auditor or not. Where we are able to terminate the provision of such services, the non-audit service providers in the PwC Network are instructed to terminate the service prior to our appointment and confirm that they have done so. If we are unable to terminate the non-audit service before our potential audit appointment, we decline the audit appointment; and
 - for those services which we can continue to provide, we identify the threats to our independence and objectivity and the safeguards which are in place. Where the threats to our independence and objectivity are unsurmountable, we decline the audit appointment.

(c) Withdrawal from an engagement
Policies and procedures are in place for circumstances in which we determine that we should, or are required to, withdraw from an engagement. These policies include the need for appropriate consultations both within the firm and with those charged with governance at the

entity, together with ensuring compliance with legal and professional obligations.

The policies and procedures also deal with circumstances where we become aware of information after accepting the engagement which, had we been aware of that information earlier, would have led us to decline the engagement.

4. Human resources



Our people are our biggest asset. Perhaps the most critical components of quality are the skills and personal qualities of our people. As a professional services firm, many of these skills and qualities are relevant to all our Lines of Service. As a consequence, our strategy for recruitment, engagement, development, diversity and remuneration is consistent across the firm.

(a) Recruitment

PwC Argentina 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. Across the firm, we recruited over 711 new people as of June 30, 2018.

We have always believed that the best audits are performed by bright and intelligent people. Accordingly, we maintain a strategy of accepting strong graduates into our audit business and set a high academic threshold.

Recruitment

Across the firm in the year ended June 30, 2018 we recruited:



over 711
new people, including



over 133
graduates

.....

We believe that investing in a broad range of skills, experiences and backgrounds puts us in a stronger position to meet the needs of our clients.

We believe that investing in a broad range of skills, experiences and backgrounds puts us in a stronger position to understand and meet the needs of our clients. This year we have continued to recruit a more diverse range of talent, in particular to encourage more talented women and those from different social backgrounds to our organisation.

(b) Theoretical knowledge, professional skills and values

Our people develop theoretical knowledge, professional skills and values through the work they perform, the coaching received from others and from formal learning activities that they undertake throughout the year.

i) Work experience and coaching

Each engagement leader is responsible for staffing their engagements with partners and staff with appropriate professional competence and experience. As described in our engagement performance section below, engagement leaders are expected to oversee the adequacy of the direction, coaching, supervision and review of the more junior members of their engagement teams as part of a culture that embraces coaching across our entire business.

ii) Formal learning

Our PwC Professional global leadership framework underpins a training curriculum which provides a wealth of opportunities for our people to build professional skills and knowledge to support the delivery of high quality assurance services to our clients.

Learning and development is a continuous process which starts with induction activities when a person joins the firm and continues throughout their career and is tailored to the grade, role and experience of each individual.

We have a training curriculum that includes grade transition and talent programmes as well as our technical and business skills training programmes. We support many individuals to complete professional qualifications that are required or relevant to their role. In addition, our industry groups operate specialist training programmes relevant to their sectors.

Our practices to maintain capabilities and technical competence include:

- Within Assurance, all partners and staff are required to complete a learner profile to target their annual mandatory Assurance technical training requirements based on the experience, grade and role of each individual.
- The mandatory technical training programme builds foundation technical capabilities relevant to auditors. Annual update training addresses new external requirements, internal policy or methodology changes and the remediation of observations raised through internal quality reviews and external inspections.
- We consider training needs on an on-going basis and release training materials throughout the year to respond to emerging performance gaps promptly when they are identified.
- We monitor the completion of mandatory training and failure to complete mandatory training by set deadlines results in disciplinary steps being taken.
- We review the training programme for compliance with PwC network standards.
- We have processes in place to equip our tutors with effective instructor skills and the effectiveness of our training programme is assessed through a number of evaluation techniques.

iii) Access to reference material and subject matter experts

The firm maintains online reference materials covering all aspects of policy, procedure and methodology as well as a library of all relevant auditing, accounting and ethical standards. To keep theoretical knowledge up to date, partners and staff receive regular electronic update communications on technical and regulatory topics as they arise.

(c) Performance evaluation

We continue to invest in equipping our partners and staff with the coaching and management skills needed to give honest feedback, to continually improve performance. We expect feedback to be provided regularly throughout the year by all staff and partners. This feedback then forms a key element of our annual appraisal process. All partners and staff assess their performance against their agreed objectives and against grade-related skills and capabilities.

The appraisal process covers technical competence and quality, and consideration is given not only to what an individual has achieved, but also how they achieved it. Based on this assessment, individuals are assigned a performance rating that is benchmarked across the firm and which influences their salary, bonus and progression within the firm.

We continue to place particular focus on the contribution and impact each person has made to the firm.

Our higher performers have the opportunity both to progress more quickly and to receive higher reward through pay progression and bonuses. Individuals with lower performance will progress more slowly, and where performance is unsatisfactory corrective action is taken.

We audited 42% of companies trading in the Buenos Aires Stock Exchange.

We provide services to more than 2,500 global, multinational and small and medium sized companies

We audited more than 60% of Argentinean-based Foreign Private Issuers registered with the SEC.

(d) Career development

We develop our people through a combination of on-the-job experience, coaching and training programmes. This is supported by additional development opportunities, such as internal and external secondments, international assignments, membership of professional committees and working groups, community partnerships and voluntary programmes.

Each member of staff has a coach manager assigned to them, who is responsible for their performance management, coaching and well-being. The coaches work with individuals to understand their unique strengths and development areas, and assess what opportunities are available to help them to acquire necessary skills.

A great deal of attention is devoted to ensuring that our people maintain their high level of professional expertise.

(e) Promotion

Any promotion in the firm is based on an individual's performance, their skills and the business case. In the case of admission to partnership, the process is particularly thorough and involves the Line of Service leadership teams. The Country Admissions Committee conducts and manages the overall assessment validation process on all Line of Service partner candidates. All potential admissions to partnership are considered by the Partner Admissions Committee, and are put to the full partnership for consideration.

(f) Remuneration

In determining remuneration for our staff, we carefully balance several elements including: the economic climate and the external market; recognition of people's hard work, including the quality of the work they deliver; the performance of the firm; and investment for the future.

(g) Assignment of engagement teams

Partners and staff are assigned to engagement teams, based on the individuals' experience, competencies and grade.

In addition, for certain types of work we specify levels of experience and specific additional training to make sure that the individuals are competent to undertake that type of work. For example only certain individuals can lead or undertake certain types of work such as capital market transactions and due diligence work.

Diversity



PwC Audit includes specific policies and procedures about the audits of groups, including multi-locational and cross-border groups

(h) Diversity

We have long since prioritised diversity, seeking to ensure that all our people can fulfil their potential, whatever their background.

However, never before has the need for diverse talent been more critical to the success of our business; as we look to the future and our plans to grow our business we will need to work with different types of people, bringing different skills, experiences and perspectives and leveraging these assets will demand a highly inclusive working environment. Creating these conditions requires the efforts of all, particularly our partners, and this is our focus.

5. Engagement performance



The quality and effectiveness of our audit service is critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, in the skills of our people 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 from us, what they tell us we need to improve and to the findings of regulatory inspections on the quality of our work. Just as important are the internal indicators and processes that routinely monitor the effectiveness

of our risk and quality processes, and provide timely information about the quality of our audit work and any areas for improvement.

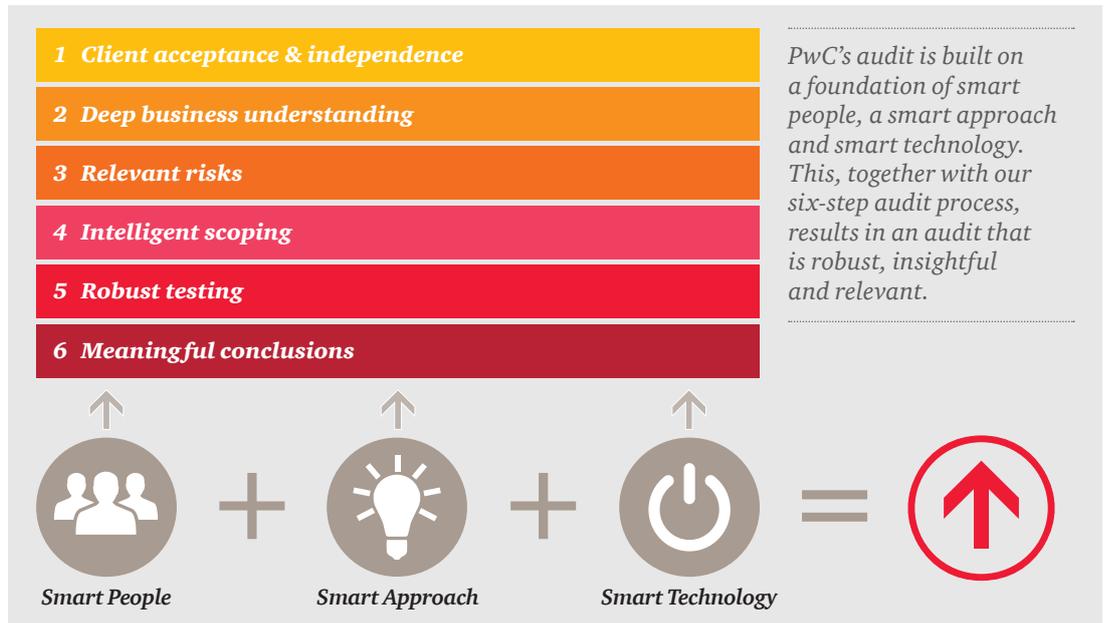
(a) Methodology and tools

Member firms of PwCIL use a common audit methodology and process (PwC Audit), supplemented by local regulatory requirements, for their audit engagements. This common methodology allows us to provide high quality and consistent audit services and facilitates sharing of good practice and mobility of partners and staff across the PwC Network. The PwC Argentina audit approach adheres to International Standards on Auditing, and laws and regulations in the Argentina, and we continuously seek to improve the model.

PwC Audit includes specific policies and procedures about the audits of groups, including multi-locational and cross-border groups. Those policies and procedures include the use of, and reliance on, other auditors, whether they are part of the PwC Network or not, and the signing of group audit reports.

PwC Audit is underpinned by Aura, our global ERP system which is used across the entire PwC Network. Aura supports teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures and

PwC Audit



the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Aura provides audit engagement teams with:

- a single instance global software with embedded industry specific audit procedures enabling consistency, synergy and scale;
- a systematic risk-based approach, meaning that we focus on the things that matter;
- a workflow technology that allocates audit procedures and individual tasks on personalised dashboards, enabling the timely execution and review of work; and
- real time monitoring of engagement quality and progress

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

(b) Comprehensive policies and procedures

The firm has policies and procedures governing accounting, corporate reporting, regulatory 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 and procedures are supported by guidance that PwC Argentina provides to its professionals on how best to implement them. The policies, procedures and guidance are available in electronic files and databases, and are readily accessible to our people remotely at any time.

(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 also means that our engagement teams regularly consult with each other on an informal basis, as well as with experts and others, often in situations where consultation is not formally required.

Within Assurance, we use a consultation database that has been specifically designed to aid the enquiry and consultation process. It also makes sure documentation of consultations is in accordance with professional standards.

A Technical Committee (TC) supports audit and non-audit engagement teams within Assurance to help them meet professional standards, and regulatory and legal requirements. TC's remit is to establish the technical risk and quality framework in which the Assurance practice operates and to provide advice and support to client teams, and in some instances, clients, when the need arises.

During the year ended June 30, 2018 a total of 452 consultations were dealt with covering audit, accounting and risk management issues, among others.

(d) Supervision and review

The engagement leader and engagement manager supervise the audit, review the work done, coach the team and maintain audit quality. Our audit software, Aura, is designed to help audit team members track the progress of the engagement and therefore make sure that all work has been completed, that work is reviewed by the relevant individuals including the engagement leader and, where relevant, Engagement Quality Control Reviewer (known in PwC Audit as the Quality Review Partner), and that all matters arising have been appropriately addressed.

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 mindset that strives for continuous quality improvement, challenges engagement team members to think, analyse, question and be rigorous in their approach, and embody the experiences of our clients and people in how the team delivers the audit and applies 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

During the year ended June 30, 2018 a total of 452 consultations were dealt with.

.....

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

- 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 engagement 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, taking into account the nature, extent and level of reviews already performed by other members of the team, satisfying himself or herself that the work performed and documentation are consistent with the understanding of the engagement; 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.

In addition to reviews by the engagement leader and engagement manager, all staff are expected to critically self-review their own work to make sure that it meets the relevant requirements.

(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 individuals who are independent of the core engagement team; they receive training when appointed as a QRP and on an annual basis thereafter.

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

(f) Engagement documentation

At the end of an engagement, teams are required to assemble the hard copy paper file and then archive both this and the electronic file in accordance with our own policies laid down by professional standards and the law.

In the case of the electronic audit file, automated processes exist to make sure that the file is archived on time and the act of archiving prevents any further amendments being made to the file.

The hard copy file is retained in a secure access-controlled filing system either within the office or off-site. Unless required for legal, regulatory or internal review purposes, electronic and hard copy paper files are only accessible by members of the engagement team until they are destroyed. All engagement files are destroyed after periods specified by law or professional standards.

(g) 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 and boards of directors, and in the role we play in external reporting in reporting to the owners of the entity being audited.

(i) 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 our audit scope and approach, together with our assessment of audit risk. During the course of the audit we communicate any threats to auditor objectivity, including independence, the significant risks and judgements that impact the reported financial performance and position, and

.....
We welcome the feedback that we have received both from our clients and from shareholders and other commentators on our audit reports

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 that 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.

It is also our role to inform the board whether we can conclude that what is reported externally is both true and fair within established norms of materiality, including considering both qualitative and quantitative aspects of accounting and reporting.

(ii) External reporting

The form and content of our audit reports for Argentinean entities are laid down by professional standards in force in Argentina.

We are conscious that our reports should be clear and unambiguous.

The form and content of audit reports continue to evolve, due both to changes in the legal and regulatory framework and due to developing market practice. We welcome, fully support and embrace the moves towards greater transparency over the audit process.

Engagement leaders only conclude on the reasonableness 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 opinion, or inclusion of an emphasis of matter or other matter paragraph is proposed. The consultation process assists in conveying matters raised clearly and unambiguously.

6. Monitoring

Monitoring of our internal quality control systems comprises internal and external monitoring. External monitoring is undertaken by the firm's regulators and is reported in section 6.

Quality monitoring is an integral part of the firm's continuous improvement programme. We constantly seek to improve policies, procedures and the consistency of the quality of our work. Instances of failure to meet defined performance standards are treated seriously and the engagement leader responsible will be counselled to improve performance. In addition, under the firm's accountability framework, an engagement leader's remuneration can be impacted by quality failings.

We run a quality review programme, in which independent teams of partners and staff review completed engagements to assess compliance with our quality standards and regulatory requirements. Details of the Assurance programme are set out below.

(a) Global Assurance Quality Review Programme

The PwC Network has established a review programme for all PwC Assurance practices. This includes a Quality Management Review (QMR), which tests whether our Quality Management Systems are appropriately designed, operating effectively and comply with PwC Network standards, and an Engagement Compliance Review (ECR) programme to assess whether engagements are performed in accordance with relevant standards. The results of the QMR and ECR are included in the Member Firm Report, issued on the Assurance practice of each Member Firm across the PwC Network.

(i) Quality Management Review

A full QMR is performed every three years with a targeted update being performed in the intervening years. The updates monitor progress on remediation of any control issues raised in the last full review and assess the impact of any new developments on the internal quality control systems. The QMR is led and resourced from other PwC Network firms. A full QMR was performed for the year under review with satisfactory results.

Whilst reviews identified a number of improvements to systems, none of these were assessed as likely to lead to engagements not being compliant with relevant standards.

(ii) Engagement Compliance Reviews

The key features of the annual ECR programme are as follows:

- a review of completed audit engagements of individuals in the firm who are authorised to sign audit reports (known as Responsible Individuals);
- an audit engagement of each Responsible Individual is reviewed at least once every three years as required by Audit Regulations;
- in addition, the firm maintains a list of clients with a high public profile and the audits of these clients are reviewed more frequently;
- a review of a sample of completed non-audit assurance engagements. The sample aims to reflect the range of different non-audit assurance work and its significance to the firm;
- engagement compliance reviews are led by experienced partners, supported by teams of partners, directors and senior managers who are all independent of the office, business unit and engagement leader being reviewed;
- follow-up reviews take place if deficiencies have been identified;
- adverse findings are taken into consideration in determining the reward and promotion of engagement leaders; and
- the results are reported to the Leadership Team and to PwCIL.

Each engagement reviewed is assessed using the following categories:

- ‘Compliant with no comments’ - relevant auditing, assurance, accounting and professional standards have been complied with in all material respects.
- ‘Compliant with review matters’ - the following circumstances would generally lead to this conclusion:
 - required assurance procedures not performed or not documented, relating to a significant transaction stream, balance or area
 - procedures not substantially performed in accordance with professional standards
 - assurance procedures that failed to detect a material departure from applicable accounting standards
 - inadequate documentation in respect of a significant or required area
 - inappropriate evaluation of control weaknesses

- audit/assurance report does not conform to professional standards.

But in all cases, sufficient audit work has been performed in all other respects and we are satisfied that the appropriate report has been issued.

- ‘Non-compliant’ - relevant auditing, assurance, accounting and professional standards or documentation requirements were not complied with in respect of a material matter.

A full ECR was performed for the year under review. A total of 11 engagements were inspected. 9 out of the 11 were “compliant with no comments” and 2 were “compliant with review matters”.

Root cause analysis

We perform analyses to identify potential factors contributing to our firm’s audit quality so that we can take actions to continuously improve. One of our primary objectives when conducting such analyses is to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections—to help identify possible distinctions and learning opportunities. For individual audits, an independent team of reviewers identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality.

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

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

We run a quality review programme, in which independent teams of partners and staff review completed engagements to assess compliance with our quality standards and regulatory requirements.

5. Independence policies and practices

Policies and guidance

The PwC Network Independence policy, which is based on the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants, contains minimum standards which all member firms of PwCIL have agreed to follow, including processes that are to be followed to maintain independence from clients.

The independence requirements of the US Securities and Exchange Commission (SEC) and those of the US Public Company Accounting Oversight Board (PCAOB) are in certain instances more restrictive than the IESBA code and the PwC Network's policy accounts for this by including provisions that are specifically applicable to SEC restricted entities.

The Argentina firm also supplements the PwC Network policy with the regulatory requirements of Argentina professional and regulatory bodies.

The policy covers, among others, the following areas:

- personal and firm independence including policies and guidance on the holding of financial interests (such as shares) and other financial arrangements (which include 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
- business relationships including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and purchasing goods and services

The PwC Network has a number of global systems that assist PwC Argentina and its partners and staff to comply with its independence policies and procedures.

Systems

The PwC Network has a number of global systems that assist PwC Argentina and its partners and staff to comply with its independence policies and procedures. These systems include:

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

PwC Argentina also has a number of specific systems, including:

- A rotation-tracking system that monitors compliance with the firm's audit rotation policies for engagement leaders, other key audit partners and senior staff involved in an audit. This ensures that we consider each of the rotation rules which are relevant to that client entity and to the seniority of the role that the individual plays, and apply the most restrictive period of engagement tenure and time off the engagement.

Engagement leader, QRP and Key Audit Partner rotation policy

We adhere to the rotation requirements of the independence rules published by IESBA, the CNV or the SEC as applicable to a particular audited entity. For issuers that are subject to SEC independence rules, engagement leader and QRP tenure is set at five years, with a five year cooling off period.

For entities that are subject to CNV independence rules, engagement leader and QRP tenure is set at seven years.

For all other entities our policy sets tenure for engagement leader and QRP at ten years.

Training and confirmations

Annually, all partners and practice staff receive mandatory training on the firm's independence policies and related topics. Completion is monitored and non-completion may lead to disciplinary action being taken.

Additionally, face-to-face training is delivered by the firm's independence specialists and Risk and Quality teams, as required.

PwC Argentina requires all partners and staff upon joining the firm and at least annually thereafter to confirm that they comply with all aspects of the firm's independence policy. In addition, all partners must confirm that all non-audit services and business relationships for which they are responsible comply 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 potential breaches of independence that may have arisen and as an important reminder of the firm's independence policies and procedures. These annual confirmations are supplemented by confirmations from engagement team members on the firm's public clients.

Promoting compliance

PwC member firms are required to have disciplinary policies and mechanisms to promote compliance with independence policies and processes, and to report and address any breaches of independence requirements.

This would include, where appropriate, discussion with the client's audit committee or governance function, regarding an evaluation of the impact on the independence of the firm and the need for safeguards to maintain objectivity.

Potential breaches of the firm's independence policies that are identified from self disclosures, independence confirmations, personal independence audits, engagement reviews and other monitoring activities are investigated by the firm's Compliance team to determine if a reportable breach has occurred. A partner or staff member may be subject to a fine or other disciplinary action for a violation of independence policy.

Confirmation of internal review of independence procedures and practices

Our independence procedures and practices are subject to review on an ongoing basis. This is achieved through a monitoring and testing programme, which includes the following:

- engagement reviews to confirm compliance with the firm's risk management procedures, including independence
- personal independence audits of a random selection of partners and practice staff managers and above
- compliance testing of independence controls and processes
- annual assessment of the firm's adherence to the PwC Network's risk management standard for independence.

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 and of our monitoring and testing programme.

The results of the firm's monitoring and testing are reported to the Leadership Team on a regular basis, with a summary reported to them on an annual basis.

Based on the reviews outlined above, we confirm that we have conducted an internal review of independence practices during the year ended June 30, 2018.

.....
All partners and practice staff receive mandatory training on the firm's independence policies and related topics.

6. External monitoring

(a) Argentina regulators

The firm is registered and authorized to undertake statutory audit work by the BCRA, the SSN and the CNV.

Each year, as part of its monitoring responsibilities, the BCRA undertakes inspections of the financial institutions under its scrutiny. Under this inspection programme, the BCRA may conduct reviews of the working papers of those who perform an external control over the financial institutions, including their statutory auditors.

In September 2018 the CNV published General Resolution 762/2018 “Quality Control of External Audits” according to which the Commission may set out inspections and request clarifications. In addition, it may require external auditors to provide data and information related to acts or events related to their activity in relation to audits.

(b) Overseas regulators

PwC Argentina is registered in the following territories in order to meet local requirements in relation to the audits of certain clients:

- US
- UK

As a requirement of these registrations, PwC Argentina is subject to monitoring by the relevant regulatory bodies.

(c) PCAOB inspections

The PCAOB is the regulator for the audits of public companies with shares listed in the US. PwC Argentina engagements relevant to the PCAOB include SEC registrants that are Foreign Private Issuers and the Argentinean components of US or other non-US SEC-registered groups.

PCAOB inspections of our public company audit practice provide a data point for audit quality and represent an important check on our internal monitoring and assessment processes.

The PCAOB reviews a relatively small percentage of our issuer audit clients annually, using a largely risk-based approach. This risk-based approach is designed to target particularly complex audit areas, industries, and clients. There are inherent differences in the method used by the PCAOB to select audits for inspection compared to that used for our internal inspections.

Part I of the PCAOB Report

Part I, which is the public portion of the PCAOB inspection report, contains an overview of the inspections procedures and observations on the engagements inspected.

Part II of the PCAOB Report

Part II of the inspection report reflects observations identified during the PCAOB’s review of certain practices, policies, and processes related to our system of quality control, including observations developed from the engagement-specific findings reported in Part I. The Sarbanes-Oxley Act mandates that Part II not be made public if a firm addresses the quality control observations to the PCAOB’s satisfaction within 12 months of the date of the inspection report.

The PCAOB first inspected our firm in 2006 and subsequently in 2009, 2012 and 2015. The 2006, 2009 and 2012 inspection reports contained observations, which we addressed to the satisfaction of the PCAOB. Consequently, Part II of the respective reports was never made public. The 2015 inspection report did not identify any audit performance issues.

The PCAOB conducted its inspection covering our 2017 year-end audits during July 2018. We have not received a final inspection report as of the date of this transparency report. A full copy of the report can be found at www.pcaobus.org/Inspections/Reports/Pages/default.aspx.

(d) Responding to matters raised by our Regulators

We are committed to working constructively with, and take seriously all the findings identified by the firm’s regulators in relation to the quality of the firm’s audit work. We establish action plans to address the findings, together with a clear time frame for their resolution, and appoint individuals to be responsible for making sure that those actions are achieved.

The agreed action plans typically involve revisions to the firm’s policies and procedures, or to their application guidance, as well as making sure of the inclusion of particular topics in mandatory training events.

The Head of Assurance, the Assurance Risk and Quality Leader and other partners responsible for the regulatory process within the firm, monitor progress against agreed action plans on a regular basis.

7. Our people

“We’re committed to creating and sustaining a great firm— one where we can attract, develop, and promote the best people.”

Our people strategy is to be a world class developer of talent. We hire candidates who have diverse backgrounds and appropriate skills; have a questioning mindset and intellectual curiosity; and demonstrate courage and integrity.

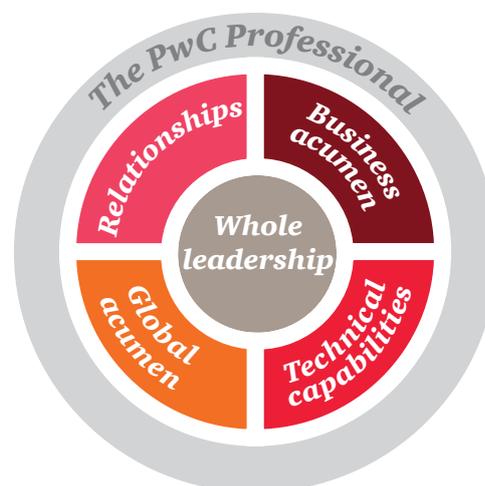
Our reputation depends on our people.

Number of audit professionals by level

| | 2018 | 2017 |
|-------------------|------|------|
| Partners | 65 | 69 |
| Managers | 289 | 303 |
| Senior Associates | 314 | 296 |
| Associates | 328 | 324 |
| Total | 996 | 992 |

The PwC Professional is our global leadership development framework, which provides a single set of expectations across our lines of service, geographies, and roles. It provides transparency on the skills our staff need to stay relevant and deliver quality to our clients.

The framework includes assurance quality dimensions to guide our staff in building critical skills and behaviors related to delivering audit quality, such as professional skepticism, review and supervision, auditing skills, issues management, and technical knowledge.



Professional development

We are committed to putting the right people in the right place at the right time. One way we do this is by using TalentLink, our talent sourcing platform. This tool gives us visibility into our people’s experiences and interests so that we can efficiently and appropriately staff client engagements.

Throughout our people’s careers, they are presented with career development opportunities, classroom and on-demand learning, and on-the-job real time coaching/development. Our on-demand learning portfolio facilitates personalized learning with access to CPE and non- CPE educational materials, including webcasts, podcasts, articles, videos, and courses.

.....
“Flexibility is about having predictability in our work. That means we need to work together to plan, coordinate schedules and deliverables, and give each other the ability to take the personal time we need to pursue all of our goals.”

Retention

Turnover rates in the public accounting profession are generally high because as accounting standards and regulations change, accountants are in demand and the training and experience we provide make our staff highly sought after.

Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent. Retaining our professionals is important to us. To that end, we are dedicated to listening to our people and enhancing their experience.

Providing our people with an ability to meet their professional and personal obligations is also an important component of our retention strategy. In addition to our formal flexibility options (e.g., reduced schedules, remote working arrangements), we encourage teams to have informal discussions about what flexibility means for each team member, particularly during peak periods of the audit. This flexibility energizes and rewards our people, which can enhance our retention rates and in turn promote enhanced audit quality.

Our diversity and inclusion strategy

We respect and value differences. We know that when people from different backgrounds and points of view work together, we create the most value—for our clients, our people, and society. Our core values of caring and working together guide us to recognize the contributions of each individual and develop a workplace with a range of people, perspectives, and ideas.

PwC is focused on diversity and sustaining an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and are valued.

Learning and development

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

Learning that occurs through on-the-job supervision, review, and mentoring is supplemented through participation in classroom and on-demand training programs. Our National Assurance Learning Team is dedicated to developing course content and updating our training curriculum based on feedback obtained from our:

- internal inspections process;
- observations from the PCAOB and peer reviews; and
- surveys, focus groups, and post-course learning assessments.

Our National Assurance learning team collaborates closely with firm leadership so that training is responsive to changes in the Assurance practice. We require our audit professionals to attend training courses that integrate auditing and accounting concepts and we use simulation-based elements for a more effective learning experience. Our managers and partners also receive industry-specific training, including related to new accounting standards, when applicable. All mandated auditing and accounting training courses include a learning assessment, which requires the participant to earn a passing score to be granted credit for course completion. In addition, we offer our professionals non-technical training on topics such as project management, issues management, and business communications.

Attendance at mandated training courses is a component of an individual's performance. Completion of mandated auditing, accounting, and new-hire and annual independence, ethics, and compliance trainings are included in this individual performance component. Failure to complete mandated training or to achieve the minimum number of auditing, accounting, and ethics training hours for licensure can impact an audit professional's performance evaluation and compensation.

The number of hours of auditing and accounting training mandated annually can increase or decrease from year to year based on a variety of factors, including the issuance of new accounting and auditing standards, the frequency and timing of leadership conferences, and the impact of our ongoing course redesign, which includes the use of digital tools to deliver training more efficiently.

Our focus

As we are a firm that provides high quality professional services, the initiative of our School of Business is part of our commitment in the training of professionals and executives in the "know-how", with a responsible vision of business. In this sense, and in line with our "Corporate Social Responsibility (CSR)" program, our School of Business participates institutionally in international organizations such as the Global Compact and the United Nations Principles for Responsible Management Education (PRME) of global exchange of best practices of corporate management and executive education.

The Ten Principles of the Global Compact are based on universal declarations and conventions applied in four areas: Human Rights, Environment, Labor Standards and Fight against Corruption.

The PRME is the platform of a voluntary commitment by which Business Schools and Administration, commit themselves to improve these academic institutions. Our School of Business is the first Corporate University in Argentina subscribed to PRME.

9. Financial Information

At PwC Argentina our wide range and size of clients come from a broad spectrum of activities, the financial sector, including banking, asset management and insurance, to industrial and commercial activities, from large multinationals to small family-run businesses and, of course, the public and institutional sectors.

Our gross revenues for audit services represent approximately 59% of our firm's total gross revenues. Tax, advisory and other assurance non-audit services represent approximately 23%, 14% and 4% of our firm's total gross revenues, respectively.

A list of the EU/EEA Public Interest Entities (defined as those incorporated outside of the EU/EEA that have transferable securities listed on a EU/EEA regulated market) for which we carried out a statutory audit during the year ended June 30, 2018 can be found below. Revenue disclosures required by Article 13 Item 2(k) are as follows:

(i) Audit Revenues earned by EU/EEA Public Interest Entities audit clients represented approximately less than 1% of our firm's total gross revenues for the year ended June 30, 2018.

(ii) Audit Revenues earned by all other audit clients of the firm represented approximately 58% of our firm's total gross revenues for the year ended June 30, 2018.

(iii) Non-Audit Services Revenues earned by EU/EEA Public Interest Entities audit clients represented approximately less than 1% of our firm's total gross revenues for the year ended June 30, 2018.

(iv) Non-Audit Services Revenues earned by all other clients represented approximately 40% of our firm's total gross revenues for the year ended June 30, 2018.

10. Remuneration of partners

At PwC Argentina, our partners are remunerated solely out of the profits of our firm. The final allocation and distribution of profit to individual partners is made 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 their team(s) has performed; and

- Seniority income – reflecting the number of years of the person as an active partner in the firm.

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.

Under no circumstances are partners rewarded for selling non-audit services to audit clients.

11. Public interest entities

During the year ended June 30, 2018 PwC Argentina has signed the audit opinion for the following clients:

| Company Name | Type of Transferable Security | EU Regulated Market |
|--------------------------|--------------------------------------|----------------------------|
| Grupo Clarín S.A | Depository Receipts | London Stock Exchange |
| Cablevisión Holding S.A. | Depository Receipts | London Stock Exchange |

