

# Ethics and independence

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# Engagement acceptance and continuance

## Acceptance and continuance considerations

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

We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities and resources; can comply with relevant ethical requirements, including independence; and have appropriately considered the integrity of the entity and its management.

We reassess these considerations in determining whether we should continue in an audit appointment and have in place policies and procedures related to withdrawing from an engagement or client relationship where necessary.

## Assessing an opportunity

All opportunities are subject to a rigorous Business Unit Audit Tender Approval Panel (ATAP) process, with input from a defined combination of the Business Unit leader, risk management partner, commercial partner and market leader of the relevant Business Unit. The ATAP considers the commercial, operational and engagement risk aspects of audit and non-audit opportunities at the tender stage.

Those opportunities that meet pre-defined commercial, resourcing or risk criteria (or where the Business Unit ATAP has requested it) are further considered by the National ATAP. The National ATAP is a subcommittee of the Audit Executive chaired by a member of the Audit Executive and includes an eligible risk management representative, the proposed engagement leader and, typically, the respective Business Unit leader and market leader. The ATAP considers a range of matters including whether the potential client meets our quality objectives; whether we have sufficient appropriate resources to support both the bid process and the subsequent engagement; and whether the commercial outcomes of the tender meet our goals.

In addition, the Client Committee, a subcommittee of the Clients and Markets Executive (CME), will convene to consider engagement or client acceptance decisions, and in some cases continuance decisions, that carry significant risks to the firm or that relate to particularly sensitive or confidential circumstances. The opportunities that are considered by the Client Committee are those that meet certain pre-defined risk-based criteria or those that are referred by National ATAP.







## Supporting systems and tools

Within the Audit Line of Service, two IT systems (A&C for audit work and Clientwise for all other work) are used to assist in determining acceptability of a given engagement.

Both systems serve as automated tools to support engagement teams in complying with policies and responding to risks identified as they make acceptance and continuance decisions as follows:

- Using automated criteria to trigger required consultations with appropriate individuals or committees within Business Units and/or at the firm level; this allows the right people to make the right decisions at the right time and enables the firm to put in place safeguards to mitigate identified risks.

- Providing an overview of the risks associated with accepting or continuing with entities and engagements across the client portfolio.
- Enabling engagement teams and the firm to:
  - document their consideration of matters required by professional standards related to acceptance and continuance;
  - identify and document issues or risk factors together with their resolution, which may include consultation, adjusting the resource plan or approach to the engagement, putting in place other safeguards to mitigate identified risks or declining to perform the engagement; and
  - facilitate the evaluation of the risks associated with an engagement, including whether or not PwC UK should be associated with a particular entity, its management and/or the proposed services.

## 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. We have previously resigned from audit appointments for a variety of reasons, which include:

- UK, US, EU or other sanctions being imposed on the entity, its parent company or its ultimate beneficial owner;
- threats to our independence being, in our judgement, too great to apply effective safeguards;
- where we have been provided evidence in the course of our audit that our testing has revealed to have been falsified;
- where management has, without reasonable cause, failed to provide us with information that we have requested or has otherwise obstructed our audit; or
- because we are required to under the UK's mandatory firm rotation rules.

Our policies in this area 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. This may include informing our, and/or the entity's regulators of the reasons for our resignation.

We have processes in place to make sure that we notify those charged with governance in good time, when mandatory firm rotation rules require the entity to rotate their auditor, or put the audit out to competitive tender.

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



## Engagement acceptance and continuance

The firm's Independence, Conflicts and Ethics team, which includes our central Relationship Checking team, provide engagement leaders with regulatory compliance subject matter expertise, not only during the acceptance of prospective engagements, but throughout every step of an engagement's life cycle.

## Relationship checks and independence assessments

Before accepting any new engagement, the firm's specialist Relationship Checking team performs a variety of specific checks designed to identify pre-existing or prospective relationships that might be considered to impact on our objectivity in relation to audit clients, or their related entities.



## Conflicts of interest and sensitive situations

Where potential conflicts of interest or sensitive situations are identified, we either decline the prospective engagement or put in place appropriate safeguards to make sure that the potential conflicts of interest are managed appropriately.

Where we believe potential conflicts of interest and sensitive situations can be managed appropriately, we will apply a variety of safeguards including, but not limited to, obtaining appropriate consents and putting in place ethical walls procedures to ensure that our objectivity is maintained (both in fact and appearance), and that confidential information is appropriately protected.

With this in mind, we have clear policies, guidance and training which are provided to engagement leaders and staff to recognise that potential conflicts of interest need to be dealt with carefully and sensitively to protect the best interests of the firm and its stakeholders. These firmwide policies and procedures are then reinforced with engagement-specific measures.

The use of specific consents and/or information barriers, including ethical walls, is normally identified as a result of performing a relationship check (whether at the start or during an engagement, if matters change) and the Relationship Checking team is responsible for coordinating and leading the implementation and monitoring of these throughout the life of the relevant engagement.

Whilst the Relationship Checking team generally leads the identification and implementation of safeguards, engagement leaders are ultimately responsible for ensuring their teams comply with any relevant ethical wall instructions that relate to their engagement. Engagement leaders are also responsible for promptly updating the Independence Conflicts and Ethics team, and their Line of Service Risk Management teams, with changes to the scope of the engagement or composition of the team.

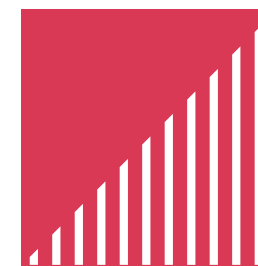


## Independence Assessments for new audit clients

In the case of new audit clients, an Independence Assessment is performed to identify and assess all relevant independence considerations which may impact the firm's objectivity in connection with the prospective client before the appointment is accepted. The nature and complexity of either the relationship or the structure of the prospective audit client determines whether the assessment is performed by a dedicated team within Independence, Conflicts and Ethics or by the prospective audit engagement team with advice from Independence, Conflicts and Ethics Team.

The Independence Assessment is designed to enable the firm to identify existing connections with the prospective audit entity (and its related entities), including business relationships, non-audit services and firm and personal arrangements, whether in the UK or elsewhere in the PwC Network. Once any such connections have been identified, they are individually assessed to determine the following:

- Whether they are prohibited by the FRC Ethical Standard and need to be terminated before we are appointed as auditor. Where this is possible, and the prospective audit client is in agreement, the relevant partners and staff are instructed to terminate the service and required to confirm to the prospective audit engagement leader that they have done so. If we are unable to terminate the non-audit service before our potential audit appointment, we would decline the audit appointment.
- For those relationships which are permissible, or where the service can be amended to be made permissible (and can therefore continue after our appointment as auditor), there may still be a threat to our independence and objectivity. Where such threats are identified and appropriate safeguards can be put in place, these are discussed and agreed with those charged with governance prior to appointment. Where safeguards are not acceptable, or the nature of the service could be considered by third parties to be inappropriate given our role as prospective auditors, the non-audit/ other services would again be terminated in advance of our appointment or we would decline the audit appointment.





# Ethics

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

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

As well as adhering to the fundamental principles of IESBA and the ICAEW, PwC also adheres to the Revised FRC Ethical Standard 2019, following the overarching principles of;

- 1. Integrity and objectivity:**  
The firm, its partners and staff shall behave with integrity and objectivity in all professional and business activities and relationships.
- 2. Independence:** In relation to each engagement, the firm, and each covered person, shall ensure (in the case of a covered person, insofar as they are able to do so) that the firm and each covered person is free from conditions and relationships which would make it probable that an objective, reasonable and informed third party would conclude the independence of the firm or any covered person is compromised.

During the year the FRC reviewed our compliance with the Revised FRC Ethical Standard 2019, see [page 69](#) for further details.

In addition to the above regulatory requirements, the PwC Network Standards (applicable to all PwC Network firms) also cover a variety of areas including ethics and business conduct, independence, anti-money laundering, antitrust/fair competition, anti-corruption, information protection, firm's and partners' taxes, sanctions laws, internal audit and insider trading. We take compliance with these internal and external ethical requirements seriously and strive to embrace both the spirit and the letter of the requirements.

As part of this, all partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations. This is part of the firm's system to support appropriate understanding for the ethical requirements under which we operate and to monitor compliance with these obligations.

## Code of Conduct

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, PwC UK has adopted the PwC Network's Code of Conduct and related policies that clearly describe the behaviours expected of our partners and other professionals – behaviours designed to enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal – to ensure that we live our network's purpose of building trust and delivering sustained outcomes.

As part of recruitment to the firm or admission to the partnership, all staff and partners of PwC UK are provided with a copy of the Code of Conduct. They are expected to live by these values in the course of their professional careers and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the

Code of Conduct. PwC UK has adopted an accountability framework to facilitate remediation of behaviours which are inconsistent with the Code of Conduct.

The Code of Conduct emphasises that speaking up is part of our culture, and includes a framework for helping us decide the right thing to do in specific circumstances. The Code of Conduct can be found on our [website](#)<sup>1</sup>. Further information on how PwC UK takes the global Code of Conduct and other resources and adapts them for local requirements and policies is included below.

PwC UK has an Ethics Partner, who has responsibility for the adequacy of the firm's policies and procedures relating to our Code of Conduct; compliance with these; the effectiveness of their communication to partners and staff within the firm and providing related guidance to individual partners and members of staff. The Ethics Partner reports directly to the Chief Risk Officer and General Counsel, a member of the firm's Executive Board.

## Risk Management principles

Each Line of Service (LoS) has a Risk Management team which is led by a Risk Management partner. The risk management teams support engagement teams on a wide range of risk and regulatory topics including audit independence, reputational risk; client and engagement acceptance procedures and anti-money laundering procedures. These activities are designed to ensure that the firm's clients and engagements comply with all appropriate laws and regulations and to ensure the correct engagement contracts and protection are in place when providing services to our clients.

## Speak Up helpline

The Code of Conduct encourages partners and staff to “speak up” when dealing with behaviour or facing a situation that doesn't seem right. PwC UK has an anonymous and confidential whistle-blowing helpline and online reporting tool called the Speak Up helpline. This is available to any partner or member of staff who observes inappropriate business conduct or unethical behaviour that cannot be resolved locally, or where the normal consultation processes are not appropriate.

In addition, third parties may also call the Speak Up helpline (0800 069 8056) or report via the online reporting tool. In the last financial year the firm received 152 Speak Up cases.

Partners and staff have a responsibility 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. We also protect against any form of retaliation.

All matters reported are dealt with by trained individuals within our Business Conduct team, and are discussed regularly with the firm's Ethics Partner, who is responsible for making sure that the issues raised are appropriately investigated and resolved. The Ethics Partner discusses any significant matters with the firm's Chief Risk Officer and General Counsel, the Management Board member responsible for identifying and managing risks to the firm, and there are annual updates provided to the firm's Executive Board; the Public Interest Body and the Risk Committee of the Supervisory Board.

<sup>1</sup> Source: [www.pwc.co.uk/who-we-are/code-of-conduct.html](http://www.pwc.co.uk/who-we-are/code-of-conduct.html)



## Procedures for managing potential and actual conflicts of interest

### Conflicts of interest and sensitive situations

As a large professional services firm PwC has processes and procedures to identify and manage conflicts of interest and sensitive situations. Where potential conflicts of interest or sensitive situations are identified, we either decline the prospective engagement or we put in place appropriate safeguards to make sure that the potential conflicts of interest are appropriately managed.

Where we believe conflicts of interest and/or sensitive situations can be appropriately managed, we will apply a variety of safeguards (including, but not limited to, obtaining consents and implementing ethical walls) to ensure that our objectivity is maintained (both in fact and appearance), and that confidential information is appropriately protected.

With this in mind, we have clear policies, guidance and training which are provided to partners and staff so that they recognise that potential conflicts of interest need to be dealt with carefully and sensitively to protect the best interests of the firm and its stakeholders. These policies and procedures are then reinforced with engagement-specific

measures such as the use of appropriate consents and/or the establishment of ethical walls or other forms of physical or digital separation barriers.

### Anti-bribery

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

### Preventing facilitation of tax evasion

We are opposed to tax evasion and the facilitation of tax evasion. In accordance with the PwC Code of Conduct, it is unacceptable for anyone providing services for or on behalf of PwC to evade tax or to facilitate tax evasion. Policies, training and procedures designed to prevent the facilitation of tax evasion are in place.

## Confidentiality and information security

PwC operates an Information Security Management System (ISMS), to preserve the confidentiality, integrity and availability of client confidential data.

The ISMS has been certified by the British Standards Institute (BSI) as compliant with the requirements of ISO 27001 since 17 June 2011 and has been subject to subsequent periodic external reviews by BSI against the Code of Practice for Information Security Management, within the certification scheme underwritten by the United Kingdom Accreditation Service (UKAS). The latest recertification was in April 2023.

The PwC Information Security Policy (ISP) is aligned with ISO/IEC 27001, financial services industry standards, and other reputable frameworks (COBIT, NIST, etc.) as benchmarks for security effectiveness across the network of member firms. The PwC ISP directly supports the firm's cyber security strategy, to proactively safeguard its assets and client information.

PwC takes the protection of confidential and personal data very seriously. The firm's Head of Technology and Investment is the UK Management Board member responsible for information security. In this role they are supported by the Cyber Committee, which is chaired by the Chief Operating Officer, who is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters.

As a firm regulated by the ICAEW, all partners and staff are required to comply with the ICAEW's fundamental principle of confidentiality. In addition, there are other legal and regulatory obligations on staff concerning the handling of confidential information and personal data. Contract terms with clients may also require the implementation of specific data handling requirements.

The firm provides information security and data protection training to all new joiners to the firm, annual update training for all partners and staff thereafter, and training to various departments on an ad hoc basis throughout the year. We also have in place an accountability framework and the appropriate technical and organisation measures to promote compliance with both the UK and EU General Data Protection Regulations, and other relevant worldwide data protection regulation.

We are registered with the UK Data Protection authority. Our registration can be seen on The Information Commissioner's Office website under reference Z7486412. Our [standard privacy notice](#)<sup>1</sup> is publicly available. Our Privacy Information Management System (PIMS) has been certified by the BSI as compliant with ISO 27701.

<sup>1</sup> Source: <https://www.pwc.co.uk/who-we-are/privacy-statement.html>



# Independence

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

The PwC Global Independence Policy, which is based on the IESBA Code of Ethics for Professional Accountants contains minimum standards with which PwC Network has agreed to comply, including processes that are to be followed to maintain independence from audited entities and their affiliates, where necessary.

PwC UK supplements the PwC Global Independence Policy where required to ensure compliance with additional independence requirements issued by the UK's Competent Authority, the FRC in relation to audits of UK incorporated entities and their related entities via their Revised Ethical Standard 2019. PwC UK also supplements the Global Independence Policy to include additional independence requirements of the United States Securities and Exchange Commission (the SEC) and those of the US Public Accounting Oversight Board of the United States (PCAOB).

PwC UK has a designated partner (known as the Partner Responsible for Independence or PRI), who is responsible for implementation of the PwC Global Independence Policy including managing and updating the related independence processes and guidance when changes arise such as updates to laws and regulations or in response to operational matters.

## Independence policies and practices

Our Independence Policy covers, among others, the following areas:

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





## Independence related systems and tools

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

- the **Central Entity Service (CES)**, which contains information about corporate entities which we audit including public interest and SEC restricted entities as well as their related entities and issued securities. The CES assists partners and staff in determining the independence restriction status of entities audited by PwC UK and those audited by other PwC member firms before entering into new non-audit engagements or business relationships. This system also feeds into the Independence Checkpoint and Authorisation for Services (AFS) systems (see below);
- **Independence Checkpoint** facilitates the pre-clearance of publicly traded securities by all partners and managerial practice staff prior to acquisition by indicating whether a potential security is permissible for an individual based on their role within the firm and/or the services they provide to clients. The system also records any subsequent purchases and disposals of financial interests so that when a PwC member firm wins a new audit, the system automatically informs those holding securities in that entity of the requirement to sell the security where required;
- **Authorisation for Services (AFS)** is a system that facilitates structured communication between a non-audit services engagement leader and the audit engagement leader, regarding prospective non-audit services. It assists in the documentation of any potential independence threats created by the service and proposed safeguards and acts as a record of the audit partner's conclusion on the overall permissibility of the service and fee arrangements;
- **Global Breaches Reporting System (GBR)** which is 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); and
- **Joint Business Relationship Application** is a system for recording the approval of significant business relationships with third party entities entered into by the firm (other than the purchase of goods and services in the normal course of business). These relationships, once approved, are reviewed bi-annually to ensure that they continue to remain permissible.

PwC UK also has a number of UK specific systems and processes designed to support compliance with independence requirements 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. It also tracks entities subject to the mandatory firm rotation rules and calculates when we are required to rotate off an audit engagement;
- **Automated Investments Recording (AIR)**, automated data feeds from certain financial institutions and brokers which automatically updates individual PwC partner and staff Checkpoint portfolios for new acquisitions and disposals of investments held with that provider;
- **'Walled Gardens'**, collections of centrally monitored and pre-approved investments arranged with certain providers to help simplify independence compliance;
- **'SaFE' (Suitable for Everyone) lists** for financial arrangements and fund groups, showing at a glance which organisations are suitable for everyone to use, subject to conditions; and
- **Checkpoint Partner Support**, a 'concierge' service designed to provide active support and assistance to our partners (and certain senior directors) in accurately maintaining their Checkpoint portfolios.





## Independence 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 leads to disciplinary action. Additionally, ad-hoc face-to-face training is delivered by the firm's independence specialists and risk management teams, as required.

All partners and practice staff are required to complete an annual compliance confirmation, where they confirm their compliance with relevant aspects of the firm's independence policy, including their own personal independence. In addition, all partners and directors are required to confirm that all non-audit services and business relationships for which they are responsible comply with the firm's policies and procedures. These confirmations serve two primary purposes: to identify potential inadvertent 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:

- **Specific independence confirmations** from engagement team members prior to working on the firm's larger financial services clients which provide financial products to the general public;
- **Standalone Checkpoint confirmations** where individuals who have Checkpoint portfolios are asked to confirm that this has been reconciled and is up to date. These are issued in January and April each year and supplemented with the more detailed firmwide Annual Independence Confirmation in August. Additionally, a Checkpoint confirmation is also issued to all staff promoted to manager grade and above as well as all new joiners to the firm of manager grade or above within a month of their new role; and
- **A Checkpoint Healthcheck call**, made with every individual receiving a Checkpoint portfolio for the first time, to talk through the logging requirements, check common omissions and help ensure their portfolio is accurate from the outset.







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

We comply with the rotation requirements of the independence rules published by IESBA, the FRC and the SEC as applicable to a particular audited entity.

For entities designated as Public Interest Entities (PIE) under the FRC's Ethical Standard, the engagement leader and key audit partners\* have a tenure set at five years, with a five year cooling off period.

For entities that are subject to SEC independence rules, or listed entities that are subject to FRC independence rules, but are not PIEs as defined by the FRC, engagement leader tenure is set at five years, with a five year cooling off period and key partners involved in the audit engagement tenure is seven years with a two year cooling off period.

The QRP on SEC engagements has a five year tenure with a five year cooling off period. For public interest and listed entities that are subject to FRC independence rules the tenure of the QRP is set at seven years with a five year cooling off period.

For entities which meet the IESBA or our internal definition of PIE, the tenure for engagement leader, QRP and key partners involved in the audit is set at seven years. Engagement leaders have a five year cooling off period, the QRP has three years and key partners involved in the audit have a two year cooling off period.

For all other entities, neither the IESBA code or the ethical standard set out a required period of tenure or cooling off, therefore we have determined our own policy, which sets tenure for engagement leader, QRP and key audit partner at a maximum of ten years with a two year cooling off period.

\*Key Audit Partners are engagement leaders on any material component of a PIE group which is involved in the group audit.



## Independence monitoring and disciplinary policy

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

- engagement reviews to confirm compliance with the firm's risk management procedures, including independence;
- compliance testing of independence controls and processes;
- procedures to review the personal independence compliance of partners at least once every five years (and more regularly for certain other partners, including annually for those on the Management Board and Supervisory Board), as well as procedures to review a selection of staff and all partner candidates;
- central monitoring of independence KPIs; and
- an annual assessment of the member firm's adherence with the PwC Network's Standard relating to independence.

The results of the firm's monitoring and testing are reported to the Executive Risk Committee (a subcommittee of the firm's Executive Board) at the end of each quarter, and any personal independence breaches by partners are also reported to the Partner Matters Committee and Partner Affairs Committee.

Our firmwide procedures are also subject to an annual review by the FRC and a triennial review by the PCAOB, and any potential issues or recommendations arising from these reviews are carefully considered and action taken in order to address them.

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 Independence, Conflicts & Ethics team to determine if a reportable breach has occurred. PwC UK has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

Where a violation of independence policies by a partner or staff member is identified it has consequences that may include a fine or other disciplinary action up to and including dismissal. In addition, it would include discussions with the entity's audit committee, or those charged with governance where there is no audit committee, regarding the nature of the breach, an evaluation of the impact of the breach on the independence of the member firm and the need for safeguards to maintain objectivity.

Although most breaches are minor and attributable to oversights, all breaches are taken seriously and investigated appropriately. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in systems and processes and for additional guidance and training.

