Welcome to our 2020 transparency report

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

Although we’re a multidisciplinary organisation that fulfils this purpose through many different services, our audit practice remains the most crucial to this trust-building role. For this reason, our transparency report focuses on audit and related services and includes an update from Alex Astolfi, who leads our assurance practice in Switzerland.

We don’t take our ability to deliver on our purpose for granted. It requires constant effort and investment in the skills of our people and the increasingly sophisticated technology we use to perform our audits. It involves making sure our people are aware of and practise our values of quality, integrity and independence. It also involves constantly developing our methodology to take account of the evolving nature of risk and provide assurance in increasingly connected and vulnerable ecosystems.

COVID-19 has been a stark reminder of this vulnerability. The pandemic has challenged our global network to harness new approaches and technologies to deliver trustworthy audits despite huge restrictions on physical presence – a challenge we have risen to (more on this in the section on COVID-19 on page 10 of this report). COVID-19 has also emphasised the crucial importance of the assurance auditors provide in times of turmoil. Amid such uncertainty, the markets and society at large need to be able to rely on the information organisations publish about their performance and financial situation.

At the same time, the organisations we audit also have a legitimate interest in the quality and efficiency of our work. Auditing is as heavily impacted by digital transformation as any other aspect of our lives. In this report we’ll be describing how we’re investing in the latest digital technology and expertise to enable us to conduct our core business even more efficiently and, ideally, make our audits even more relevant and valuable to the markets, society at large and our clients.

All in all, our business is undergoing significant transformation – necessary transformation that we’re confident will enable us to deliver quality audits and continue fulfilling our purpose in the interests of business and society.

Stefan Räbsamen
Chairman of the Board of Directors
PwC Switzerland

Andreas Staubli
Delegate of the Board of Directors and Territory Senior Partner PwC Switzerland
Message from our Assurance Leader

Recently we’ve had frequent reminders of the crucial role of trust – in businesses, in authorities, and in our ability as a society to resolve unprecedented challenges. As an auditor, PwC has made trust its core business. It’s at the heart of our stated purpose of building trust in society and solving important problems.

Perhaps the most obvious way we build trust is by doing external audits to assure the markets, stakeholders and members of the public that the information organisations publish provides a true and fair view of their business and financial situation.

To be credible providers of this assurance, we ourselves have to build trust in our ability to perform our role as an auditor. This means being transparent about what we do and the way we do it. So in our transparency report 2020, we talk about the policies, systems and processes we have in place to ensure quality, and what we do to foster a culture of quality at every level of the firm – especially in our audit practice.

Technology and audit

Another important aspect of building trust as an auditor is by contributing to the evolution of our profession in technological, methodological and ethical terms. Digitalisation is a double-edged sword. On the one hand it’s multiplying the potential threats to the integrity of businesses – think cybercrime – and the difficulties involved in keeping track of complex business arrangements across highly connected value chains. This is challenging us as auditors to find ways of capturing unfamiliar types of risk and novel business models. On the other hand, digital technology is also providing new tools and approaches that enable companies to maintain better control of their processes and the inherent risks, and allow auditors to track and monitor them more effectively and efficiently. Technology is set to transform the audit and the role of auditors, who are having to learn new skills and approaches as a result. We also talk about this in our report.

Integrity and independence

Our profession is built on the values we promulgate as auditors. This transparency report also describes what we do on an ongoing basis to put these values into practice: the mechanisms we have in place, and the controls we’ve built in, to assure integrity and independence. Here, transparency naturally also includes information on the audits we performed over the review period and the total revenue we generated from our audit and non-audit work.

Auditors play a key role as builders of trust. This role – including what constitutes quality audit – is evolving dynamically, so it’s important to monitor and talk about it. This report is part of our contribution to the conversation.

Alex Astolfi
Assurance Leader PwC Switzerland
Our quality improvement programmes

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

• continuing to strengthen our quality culture to support our partners and teams display behaviours consistent with driving audit quality

• integration of the use of assurance quality indicators to aim to predict quality issues, real-time assurance to aim to prevent quality issues, root cause analysis to learn from quality issues, and a Recognition and Accountability Framework to reinforce quality behaviours, cultures and actions.

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

• public discussions on the future of audit, exploring how it needs to change to meet society’s evolving expectations

• real-time engagement around the impact of COVID-19 on audit compliance.

“Trust is a precious commodity. And we work hard to preserve it.”

Andreas Staubli, Territory Senior Partner PwC Switzerland
Our approach to quality
Our approach to delivering quality services across all our operations and network

Focus on quality

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

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

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

Measurement and transparency

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

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

Based on the reviews performed as outlined above, the Operating Board of PricewaterhouseCoopers AG is satisfied that PricewaterhouseCoopers AG's SoQM is operating effectively. Any matters identified through the various monitoring and review processes have been addressed with appropriate corrective actions.

Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 284,000 people that emphasises that quality is the responsibility of everyone, including our 3,265 people in Switzerland. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams, and one which plays a key part in the measurement of their performance.
Specific focus on audit quality

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

The right objectives and capabilities

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

Integrated and aligned in the right way

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

Delivering a quality end-product consistently

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

Values and judgments

Performing quality audits requires more than just the right processes. At its core, an auditor’s role is to assess with a ‘reasonable’ degree of assurance whether the financial statements prepared by the company’s management are free of ‘material misstatements’ – reaching a professional judgment on whether the financial statements present a fair picture of the company’s financial performance and position. To carry out this assessment effectively, the auditor needs to use all the capabilities that have been built up in line with our quality objectives. These include applying ethical behaviour in accordance with PwC’s values, professional scepticism, specialist skills and judgment – all supported by technology.
Delivering audit quality during the COVID-19 pandemic

Our response to COVID-19
This year the global COVID-19 pandemic has had an unprecedented impact on our clients and our people, as well as on global and local economies and broader society.

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

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

Our network response was comprehensive. It covered all aspects of audit quality, including regulatory and standard-setting updates, auditor reporting, methodology, accounting and learning and education.

Identifying and addressing risks related to COVID-19
The COVID-19 pandemic resulted in us facing a number of new challenges in our audits. This ranged from how we operate as a team to plan and complete the audit, to how we interact with our clients to obtain the necessary audit evidence and execute specific audit procedures such as completing physical inventory counts.

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

We focused on reinforcing the communications to our staff and partners on specific COVID-19-related audit and accounting topics.

Using technology to support our teams
Our teams transitioned quickly and seamlessly to working remotely. Our network audit technology infrastructure and tools, including our Connect Suite, and collaboration through Microsoft solutions and Google (see page 26 for how we use technology tools in our audits), which have been in place for a number of years, enabled our people to continue to carry out their work despite the significant change in our physical work environment.

The impact of the COVID-19 is still evolving. We are continuing to monitor, assess and respond to the resulting risks in our audits.
**Leadership and tone at the top**

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

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

- act with integrity
- make a difference
- care
- work together
- reimagine the possible.

Key messages are communicated to our firm by our senior partner and our leadership team and are reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders’ messaging conveys the importance of quality to success of our firm. Based on this tracking, we are confident our people understand our audit quality objectives.
Delivering service of the highest quality is core to our purpose and our assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

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

This overall quality objective is supported by a series of underlying quality management objectives, and our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance. The achievement of these objectives is supported by a quality management process established by our firm and assurance leadership, business process owners, and partners and staff.

The quality management process

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

Aim to predict: assurance quality indicators

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

Our AQI dashboard covers broad categories of factors that may be related to audit quality. Indicators are calculated both at firm and engagement level, and cover dimensions such as independence, availability of resources, training or direction and supervision of audits.
**Aim to prevent: real-time assurance**

We have developed a real-time quality assurance (‘RTA’) programme designed to provide preventative monitoring that helps coach and support engagement teams get the ‘right work’ completed in real-time, during the audit.

Our RTA programme consists of quality review procedures and tools used to assess engagements during the performance phase. Such procedures include reviews of selected engagements and/or focused audit areas. Our RTA programme is supported by experienced practice professionals and the use of technology tools to standardise analysis to support the selection of engagements and focus areas. This programme supports our audit quality initiatives by providing additional coaching to engagement teams, and allows the identification of shareable practices.

**Learn: root cause analysis**

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

For individual audits, an objective team of reviewers identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, among other things. 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 leaders are involved in, whether the engagement was subject to a pre-issuance review under our RTA programme, and the timing of when the audit work was performed, among other data points.

Our goal is to understand how quality audits may differ from those with deficiencies and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls. Our RCA is supported by several resources with the appropriate skills and time, with roles and responsibilities clearly defined, and the involvement and support of our assurance leadership team.
Reinforce: Recognition and Accountability Framework

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

- quality outcomes: We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC Network and our firm’s standards and policies
- behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective
- interventions/recognition: We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- consequences/reward: We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives.
Public interest audit clients listed on an EU-regulated market

The list of audit clients below shows the legally required information only. During the period covered by this transparency report, PricewaterhouseCoopers AG prepared audit reports for public interest audit clients incorporated outside the EU, which have bonds or equity securities listed on an EU-regulated market.

<table>
<thead>
<tr>
<th>Audit client</th>
<th>Listed at</th>
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<tbody>
<tr>
<td>BB Biotech AG</td>
<td>Deutsche Börse, Italian Stock Exchange (Borsa Italiana)</td>
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<tr>
<td>Cavotec SA</td>
<td>Nasdaq Stockholm</td>
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<tr>
<td>EFG International AG</td>
<td>Luxembourg Stock Exchange (LuxX)</td>
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<tr>
<td>Etrion Corporation</td>
<td>Nasdaq Stockholm</td>
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<tr>
<td>EuroChem Group AG</td>
<td>Irish Stock Exchange (ISE), Moscow Stock Exchange (MICEX)</td>
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<tr>
<td>Eurofima Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial</td>
<td>Bolsa de Madrid (BME), Deutsche Börse, London Stock Exchange (LSE)</td>
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<tr>
<td>GeNeuro SA</td>
<td>Euronext Paris</td>
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<tr>
<td>Highlight Communications AG</td>
<td>Deutsche Börse</td>
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<tr>
<td>International Petroleum Corporation</td>
<td>Nasdaq Stockholm</td>
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<tr>
<td>iQ International AG</td>
<td>Deutsche Börse</td>
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<tr>
<td>Novartis AG</td>
<td>London Stock Exchange (LSE)</td>
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<tr>
<td>ShaMaran Petroleum Corporation</td>
<td>Nasdaq Stockholm</td>
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<tr>
<td>Swiss Life AG</td>
<td>Irish Stock Exchange (ISE), Luxembourg Stock Exchange (LuxX)</td>
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<tr>
<td>Swiss Re Corporate Solutions Ltd</td>
<td>Irish Stock Exchange (ISE)</td>
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<tr>
<td>Swiss Reinsurance Company Ltd</td>
<td>Irish Stock Exchange (ISE)</td>
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<tr>
<td>Zürich Versicherungs-Gesellschaft AG</td>
<td>Deutsche Börse, Luxembourg Stock Exchange (LuxX)</td>
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Ethics, independence and objectivity

Ethics

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

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

ii. **Objectivity**: to not allow bias, conflict of interest or undue influence of others to override professional or business judgements

iii. **Professional competence and due care**: to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques, and act diligently and in accordance with applicable technical and professional standards.

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

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

In addition to PwC’s values (act with Integrity, make a difference, care, work together, reimagine the possible) and purpose, PricewaterhouseCoopers AG has adopted the PwC Network standards, which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals-behaviours that will enable us to build public trust. Our network standards are applicable to all network firms and cover a variety of areas including ethics and business conduct, independence, anti-money laundering, antitrust/fair competition, anti-corruption, information protection, firm’s and partner’s taxes, sanctions laws, internal audit and insider trading. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal – to do the right thing.

We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements based on our Recognition and Accountability Framework, which enables appropriate and timely remediation of behaviours that are inconsistent with the Code of Conduct. Partners and staff uphold and comply with the standards developed by the PwC Network and leadership in PricewaterhouseCoopers AG monitors compliance with these obligations. All existing partners and staff undertake annual mandatory training and submit an annual compliance confirmation as part of the system to support appropriate understanding of the ethical requirements under which we operate. New joiners are provided with the PwC Global Code of Conduct upon hiring or admittance, and they receive adequate training.

Partners and staff are expected to live by the values expressed in the Code of Conduct in the course of their professional careers and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the Code of Conduct. All firms in the PwC Network have appropriate mechanisms to report issues, as does PricewaterhouseCoopers AG, which has introduced a new helpline that is open and available for internal and external reports, both disclosed or anonymously.

The PwC Code of Conduct is available online for all internal and external stakeholders @ pwc.com/ethics.
Independence policies and practices

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

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

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

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

PricewaterhouseCoopers AG supplements the PwC Network Independence Policy as required by Switzerland, including the independence requirements of the Swiss Code of Obligations, the Independence Guidelines of EXPERTsuisse, the United States Securities and Exchange Commission and those of the Public Accounting Oversight Board of the United States and of the EU Audit Regulation, where they are more restrictive than the network’s policy.

Objectivity and independence

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

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

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

- the Central Entity Service ('CES'), which contains information about corporate entities including public interest audit clients and SEC restricted clients and their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit engagement or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services

- ‘Independence Checkpoint’, which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and records their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required

- Authorisation for Services ('AFS'), which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner’s conclusion on the permissibility of the service

- 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).

PricewaterhouseCoopers AG also has a number of Swiss-specific systems, which include:

- a rotation tracking system which monitors compliance with PricewaterhouseCoopers AG's audit rotation policies for PricewaterhouseCoopers AG’s engagement leaders and other key audit partners involved in an audit

- a database that records all approved business relationships entered into by PricewaterhouseCoopers AG. These relationships are reviewed on a six-monthly basis to ensure their ongoing permissibility.
Independence training and confirmations
PricewaterhouseCoopers AG provides all partners and staff with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on PricewaterhouseCoopers AG’s independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PricewaterhouseCoopers AG’s independence specialists and risk and quality teams.

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

Independence monitoring and disciplinary policy
PricewaterhouseCoopers AG is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

- compliance testing of independence controls and processes
- personal independence compliance testing of a random selection of, at a minimum, partners and managers as a means of monitoring compliance with independence policies
- an annual assessment of the member firm’s adherence with the PwC Network’s standard relating to independence.

The results of PricewaterhouseCoopers AG monitoring and testing are reported to the firm’s management on a regular basis with a summary submitted to them on an annual basis.

PricewaterhouseCoopers AG has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

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

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

Client and Engagement Acceptance and Continuance

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

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

Member firms (including member firm leadership and risk management):
- to facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements
- to provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio
- to understand the methodology, basis and minimum considerations all other member firms in the network have applied in assessing audit acceptance and continuance.
Our people strategy

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

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

‘Your Tomorrow’

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

- **Digital upskilling**: We provide our people with individualised learning tools to expand the use of digital solutions on their audits and empower them with a mindset of continual improvement and innovation. Our digital academies leverage market-leading software and focus primarily on building three core skills: data wrangling, automation and data visualisation. These tools enhance the firm’s collective digital fluency while providing each individual with a personalised curriculum to build their digital IQ. Our digital accelerators are embedded within our engagement teams and are dedicated to applying digital capabilities to each audit, as well as developing new digital solutions for the firm.

- **Be well, work well**: Given the pace and complexity of change, the firm is putting the power of its resources towards supporting our people’s journey to greater well-being.
Diversity and inclusion
At PricewaterhouseCoopers AG we are committed to creating a culture of belonging. We are focused on diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and are valued. We know that when people from different backgrounds and with different points of view work together, we create the most value – for our clients, our people, and society. Our core values of caring and working together guide us to recognise the contributions of each individual and develop a workplace with a range of people, perspectives and ideas. We are proud that we have been EQUAL-SALARY-certified since 2018, demonstrating our commitment to providing equal opportunities for our people. In 2020 we were also awarded the Swiss LGBTI Label in recognition of our efforts to create an inclusive work environment.

Recruitment
PricewaterhouseCoopers AG aims to recruit, train, develop and retain the best and the brightest staff who share in the firm’s strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behaviour-based questions built from the PwC Professional framework, an assessment of academic records, and background checks. Across the firm in FY20, we recruited over 700 new people, including 400 university graduates, interns and apprentices.

Team selection, experience and supervision
The lead partner must staff their engagements with suitably qualified, competent and experienced partners and staff. They must also determine the extent of direction, supervision and review of junior staff. Our resource management platform provides us with information on our people’s skills, experiences and interests, so that we can effectively staff client engagements. Our partners’ average years of experience is 19.

Real-time feedback
Feedback is key for us to grow and perform. Collecting continuous qualitative and quantitative feedback from different perspectives is essential to capture strengths and identify areas for development to enable high performance. Our people collect formal feedback on their performance and impact via our HC IT tool. The feedback covers upward and peer feedback as well as performance feedback. Feedback is also informally shared in the moment.

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

Retention
Our voluntary turnover rate has improved. It fluctuates on the basis of many factors, including the overall market demand for talent. Ensuring a great people experience is a top priority of PricewaterhouseCoopers AG and embedded accordingly in our KPI framework. Feedback from our people, be it from new joiners, as part of our Global People Survey or from leavers, is systematically collected and analysed, and areas for improvement identified. As a result of people feedback, PricewaterhouseCoopers AG, for example, launched Compensation 4.0 to make our approach to salary and bonus, overtime, performance management, benefits, recognition and communication simpler, fairer and more transparent.

One Culture
PricewaterhouseCoopers AG is committed to making sure we practise what we preach. Our One Culture project is designed to drive cultural transformation to become purpose-led and values-driven, creating a unique people and client experience. To keep us on track, we gather real-time feedback from our people on how well the firm is living its values. We can review results by team and location, which allows us to respond in a targeted way. Our values are also embedded in all our key people processes.
The PwC Professional

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

Professional development

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

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

Continuing education

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

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

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

In FY20, the assurance training comprised the following:

- several technical-update training courses and various e-learning programmes for partners and experienced staff. The training focused on technical innovation and dealt with topics such as risk management, independence, audit methodology and accounting
- core training for less experienced staff to undertake the work assigned to them and develop their professional skills
- milestone training events for staff assuming a new role or being promoted.

During FY20, 89% of our staff attended the core assurance mandatory training. The remaining 11% performed remediation work and are also required to attend the next available session of the same training. Completion of mandatory training is monitored. Failure to complete mandatory training by set deadlines may result in disciplinary action against the partner or staff member concerned.

If a partner or staff member has a specific training need that cannot be covered by internal training, PricewaterhouseCoopers AG supports that individual in completing appropriate training offered and run by an external provider.

The modular content, along with innovative learning approaches, have led to formal recognition from the broader learning community. In both 2017 and 2018, PwC’s Learning and Education won a Brandon Hall Group silver award for excellence in the ‘Best Strategy for a Corporate Learning University’ © 2017, 2018 Brandon Hall Group, Inc.
PricewaterhouseCoopers AG uses a range of cutting-edge methods, processes, technologies and approaches to ensure continuous improvement in the performance and quality of our audit engagements.

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

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

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

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

The PwC audit

Our audit approach
Tools and technologies to support our audit

As a member of the PwC Network, PricewaterhouseCoopers AG has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements. For the smaller client segment where certain thresholds are not met, the local standard for Limited Statutory Examination is used to conduct the work.

Aura Platinum

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

Audit technology

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

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

- **Connect** monitors the status of requests and information between our clients and the engagement team in real time. Audit and client teams know where things stand at all times through a consolidated dashboard showing all sites, digitisation of engagement matters and automated key performance indicators.
- **Connect Audit Manager** streamlines, standardises and automates group and component team coordination for multi-location and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process so there is greater transparency, compliance and quality for complex multi-location audits.

Halo is our market-leading audit technology that allows us to identify and assess risks and determine where to focus audit efforts. Halo interrogates, tests and analyses huge volumes of business-critical data, analysing whole populations, spotting and visualising anomalies and trends in financial information. It enables us to analyse patterns and trends, identify unusual and high-risk transactions, and provide valuable insight to our teams and our clients.

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

PwC’s Confirmation System makes it easy for clients to return requested information securely. Automated, flexible technology means it works for virtually all confirmation types – from accounts receivable and derivatives to loans and inventory.
Confidentiality and information security

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

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

Data privacy

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

Information security

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

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

PricewaterhouseCoopers AG is required to adhere to the ISP requirements and complete an annual, evidence-based assessment to demonstrate compliance. The CISO approved assessment undergoes a detailed and standardised quality assessment (QA) process performed by a centralised, objective Network Information Security Compliance team.
Evolving delivery model
We continue to evolve the way we deliver our services so our people give our clients an even better experience, improve the quality of what we do and create economic capacity to invest in the future. We use both on- and offshore resources at service delivery centres to streamline, standardise, automate and centralise portions of the audit.

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

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

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

Quality Review Partners (QRPs)
Specific audit engagements are assigned a QRP as part of the firm’s system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, risks of material financial statement misstatement and a team’s responses to these risks, and specific accounting, auditing, and financial reporting and disclosure issues.

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

Monitoring of assurance quality: internal

We recognise that quality in the assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element of our assurance strategy.

Responsibility for appropriate quality management lies with the leadership of PricewaterhouseCoopers AG: the ‘first line of defence’. This includes the design and operation of an effective SoQM that is responsive to our specific risks to delivering quality audit engagements, using the network’s QMSE framework.

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

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

Our firm’s monitoring programme is based on a consistent network-wide inspections programme based on professional standards relating to quality control including ISQC 1 as well as network policies, procedures, tools and guidance.
ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit or non-audit assurance reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. Based on a rotation schedule, engagement leaders are subject to an ECR within a three to five years cycle.

Reviews are led by experienced assurance partners, supported by independent teams of partners, directors, and senior managers and other specialists. Review teams receive training to support them in fulfilling their responsibilities, and use a range of checklists and tools developed at the network level when conducting their review procedures.

Finally, the PwC Network coordinates an inspection programme to review the design and operating effectiveness of our SoQM: the ‘third line of defence’. The use of a central team to monitor these inspections across the network enables a consistent view and sharing of relevant experience across the PwC Network.

The results of the inspections are reported to our firm’s leadership who are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality issues on engagements are identified, based on the nature and circumstances of the issues, the responsible partner or our firm’s assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm’s Recognition and Accountability Framework.

Partners and employees of our firm are informed about the review results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, the Global Assurance Quality – Inspections (GAQ-I) Leader informs engagement partners of our firm, who are responsible for group audits involving cross-border work, about relevant quality review findings in other PwC member firms, which enables our partners to consider these findings in planning and performing their audit work.

In 2019, 40 audit and 14 non-audit engagement files were selected and reviewed as part of the firm’s ECR process. Overall, the results of the 2019 Swiss quality review confirmed that the firm runs effective internal quality controls when managing its audit engagements, and that the firm’s quality control system for the assurance practice has been suitably designed. We study instances where our audit quality objectives were not fully achieved and consider their potential causes, and take timely and responsive actions to address them. In addition, we have made and will continue to make improvements to our audit approach, training and other relevant factors.

The 2020 ECR cycle has not yet concluded.
Monitoring of assurance quality: external

PricewaterhouseCoopers AG is subject to regulatory oversight by the Swiss Federal Audit Oversight Authority (FAOA), which annually reviews the quality control processes of PricewaterhouseCoopers AG and individual engagements to ensure high quality audits in the public interest.

In 2019, PwC’s Swiss firm was subject to an inspection by the FAOA. This inspection was focused on the following two areas:

- firm’s quality controls: review of registration conditions and firm-wide processes
- audit engagements: review of 12 financial audit files and 3 regulatory audits.

For the 2019 inspection, none of the comments included in the FAOA’s final report issued in March 2020 represents an issue that impairs PricewaterhouseCoopers AG’s ability to provide companies with audits conducted in accordance with the professional standards.

The 2020 FAOA inspection cycle has not yet concluded.

PricewaterhouseCoopers AG is also subject to regulatory oversight by the Public Company Accounting Oversight Board (PCAOB), which generally conducts inspections of our firm every three years, jointly with the FAOA. The PCAOB’s inspection focuses on those portions of the firms’ accounting and auditing practices that relate to US public companies and the firm’s system of quality controls. The most recent inspection conducted by the PCAOB was in 2017 and covered calendar 2016 audit engagements. As per the PCAOB 2017 inspection report issued on 19 November 2018 and publicly available, there were no audit engagement findings identified by the PCAOB during this inspection. A visit by the PCAOB was planned for 2020 but postponed owing to COVID-19.
Legal and governance structure

Legal structure and ownership of PricewaterhouseCoopers AG

PricewaterhouseCoopers AG, Zurich, a Swiss limited liability company, is one of the operating companies of the PwC group of companies in Switzerland and Liechtenstein. The company provides a range of assurance and consulting services. Its business is organised in four lines of service: Assurance, Tax & Legal, Advisory and Internal Firm Services.

At 30 June 2020, all shares of PricewaterhouseCoopers AG were held by PwC Management Switzerland GmbH (‘PwC Management’), which itself is held by PricewaterhouseCoopers Holding GmbH, Zurich (‘PwC Holding’).

At 30 June 2020, PwC Holding was held by PwC Partner Andreas Staubli, Stefan Räbsamen & Co. KmG, a limited partnership (‘Kommanditgesellschaft’) as defined in the Swiss Code of Obligations.

The members of the PwC Partnership are the ultimate holders of PricewaterhouseCoopers AG. They all have an employment contract with PricewaterhouseCoopers AG and are commonly referred to as ‘partners’.

The partners’ meeting of PwC partnership is, inter alia, responsible for electing the Chairman and the Territory Senior Partner. The Territory Senior Partner acts as CEO of PricewaterhouseCoopers AG. Each partner has one vote at the partners’ meeting.

On 30 June 2020, there were 184 partners in the four lines of services:

- 81 Assurance partners
- 52 Tax & Legal partners
- 46 Advisory partners
- 5 Internal Firm Services partners


Governance structure of PricewaterhouseCoopers AG

Board of Directors

During the 2019/20 financial year, the Board of Directors of PricewaterhouseCoopers AG comprised:

- Stefan Räbsamen (Chairman)
- Andreas Staubli (Delegate)
- Heinz Hartmann (Member)
- Alex Astolfi (Member)
- Matthias Jeger (Member)

As of 1 July 2020, Daniel Ketterer succeeded Matthias Jeger as Member of the Board of Directors.

The Board of Directors has the mandatory responsibilities as set out in the Swiss Code of Obligations and meets around six times per year.
Operating Board

The management of the firm is delegated to the Operating Board if not within the competence of the Board of Directors. The Operating Board is responsible for the overall management of the firm.

The Operating Board comprises the following members:

• Andreas Staubli (CEO)
• Heinz Hartmann (COO/CFO)
• Julie Fitzgerald (Growth & Markets Leader)
• Alex Astolfi (Assurance Leader)
• Gustav Baldinger (Advisory Leader)
• Dieter Wirth (Tax & Legal Services Leader)
• Matthias Jeger (Quality & Regulatory Affairs Leader)

As of 1 July 2020, Daniel Ketterer succeeded Matthias Jeger as Quality & Regulatory Affairs Leader.

Swiss Oversight Board

The Swiss Oversight Board has an oversight role and acts in the interests of the partnership as a whole. Its responsibilities are defined in the partnership agreement of the PwC partnership and include the monitoring of the Operating Board's performance.

The Swiss Oversight Board comprises ten members, including the Chairman. The members are elected by the partners for a period of three years. Its Chairman is Stefan Räbsamen.
Global Network

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

In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC Network is not a global partnership, a single firm or a multinational corporation. The PwC Network consists of firms which are separate legal entities.
Firms in the PwC Network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for member firms in the PwC Network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach among individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC Network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC Network as put forward by PwCIL.

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

The governance bodies of PwCIL are the:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.

- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC Network and the standards to which the PwC firms agree to adhere.

- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.

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

Andreas Staubli, CEO of PricewaterhouseCoopers AG, has been a member of the Strategy Council since 1 July 2018 and maintains the relationship with the Network Leadership Team.

Clive Bellingham, Partner in Advisory of PricewaterhouseCoopers AG, has been a member of the Global Board since 15 April 2013.
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<td>PricewaterhouseCoopers Spa</td>
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<td>PricewaterhouseCoopers UAB</td>
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<td>Luxembourg</td>
<td>PricewaterhouseCoopers, Société coopérative</td>
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<td>Malta</td>
<td>PricewaterhouseCoopers</td>
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<td>Netherlands</td>
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<td>Norway</td>
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<td>Portugal</td>
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<td>Romania</td>
<td>PricewaterhouseCoopers Audit S.R.L.</td>
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<td>PricewaterhouseCoopers Slovensko, s.r.o.</td>
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<td>PricewaterhouseCoopers d.o.o.</td>
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<td>PricewaterhouseCoopers Auditores, S.L.</td>
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<td>Öhrlings PricewaterhouseCoopers AB</td>
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<td>PricewaterhouseCoopers LLP</td>
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<tr>
<td>UK</td>
<td>James Chalmers</td>
</tr>
<tr>
<td>UK</td>
<td>Katharine Finn</td>
</tr>
</tbody>
</table>

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

An analysis of the gross fee revenues of PricewaterhouseCoopers AG for the financial year ending 30 June 2020 is shown below:

<table>
<thead>
<tr>
<th>Financial information</th>
<th>FY2020</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Audit revenues earned at EU/EEA Public Interest Entity audit clients</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>(ii) Audit revenues earned at all other audit clients</td>
<td>279</td>
<td>263</td>
</tr>
<tr>
<td>(iii) Non-audit services revenues earned at EU/EEA Public Interest Entity audit clients</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>(iv) Non-audit services revenues earned at all other clients</td>
<td>556</td>
<td>555</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>905</td>
<td>886</td>
</tr>
</tbody>
</table>

Gross fee revenue includes fees earned by partners and staff of other PwC firms working on PricewaterhouseCoopers AG mandates, as well as invoices incurred by PwC and invoiced to clients. The figure excludes value added tax.
Remuneration

Partners are remunerated solely by PricewaterhouseCoopers AG, except for the annual interest on partners’ capital, which is paid by PwC Partner, Andreas Staubli, Stefan Räbsamen & Co. KmG. Audit partners must not be incentivised, evaluated or remunerated for the selling of non-audit services to their audit clients. The individual remuneration of the partners is based on the partner evaluation and income system, which is applied to all partners.

The partners’ remuneration comprises three interrelated profit-dependent components:

- responsibility income – reflecting the partner’s current responsibilities
- performance income – reflecting how a partner has performed
- equity income – reflecting the overall profitability of the firm.

The weighting of the above criteria varies depending on roles and responsibilities.

The determination of the compensation of the individual partners is made by the Operating Board once the partners’ performance has been assessed and the annual financial statements have been approved. Each partner’s performance remuneration is determined by assessing achievements against an individually-tailored balanced scorecard of objectives in the dimensions of client, people and firm, based on the partner’s role. These objectives include ensuring that we deliver quality services and maintain our independence and integrity.

The Board of Directors of PricewaterhouseCoopers AG approves – after consultation with the Swiss Oversight Board – the necessary compensation regulations and guidelines as proposed by the Operating Board. Responsibility for the annual partner remuneration process lies with the Operating Board. The Swiss Oversight Board oversees the process and the correct application of the regulations.
We have prepared this transparency report, in respect of the financial year ended 30 June 2020, in accordance with the requirements of Article 13 of the EU regulation No. 537/2014.

PricewaterhouseCoopers AG is referred to throughout this report as ‘the firm’, ‘PricewaterhouseCoopers AG’, ‘we’, ‘our’ and ‘us’.

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