



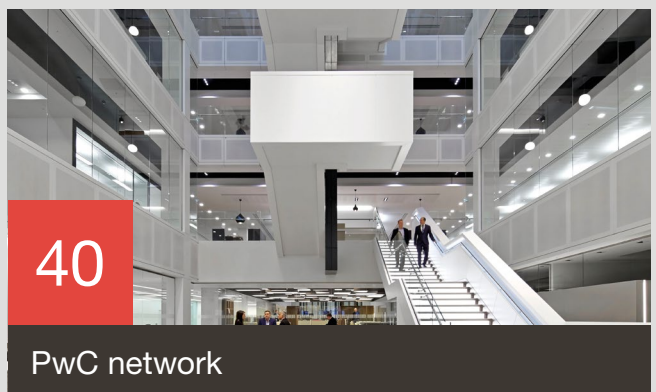
# Transparency Report

October 2021, revised in October 2022



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# Message from leadership

## Welcome to our 2021 Transparency Report

This report includes information about how the firm is governed and includes updates from Alex Astolfi, who leads our audit practice in Switzerland. While PwC is a multidisciplinary firm, this report is primarily focused on our audit practice and related services. The audit profession continues to be under significant public scrutiny and challenge. We understand the concerns and we support and are committed to changes that will improve audit quality.

The last year has posed unprecedented circumstances as a result of the COVID-19 pandemic which challenged our firm to think outside of the box in order to deliver high-quality audits.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with more than 295,371 people who are dedicated to delivering quality in assurance, advisory and tax services. We're committed to driving a strong culture of quality and excellence that's core to our purpose.

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

Our new strategy builds on our ongoing commitment to quality.

Our people are key to performing high-quality audits and we draw upon a wide range of specialist skills across our multidisciplinary practice. That's why we maintain a constant emphasis on our purpose and values that address integrity and independence. We continue to invest in our people by providing ongoing professional and personal development, with in-depth training.

We've taken steps to align our business to support this focus on audit quality. We continuously invest in innovation and new technology to support our services across the firm, to meet the changing audit challenges in a digital age and to enhance the quality of our audit services.

Taken together, these measures represent a significant transformation of our audit business and support our focus on audit quality and our public interest responsibilities.



**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

Trust lies at the heart of everything we do at PwC. It's fundamental to fulfilling our firm's purpose. One of the ways we build trust is by being transparent.

As auditors, we're also acutely aware of another trust driver: the quality of our external audits. That's why we're pleased to present our Transparency Report for 2021, which shows how we maintain quality in our audit work. The report describes our policies, systems and processes for ensuring quality, the results of key quality monitoring programmes and reviews, and the way we foster a culture of quality at every level of the firm. It details the companies we performed audits for and the total revenue from our audit and non-audit work.

We welcome the public conversation that arises as a result of transparency about audit quality. We believe there are many factors that contribute to a quality audit and to get a balanced picture of audit quality in Switzerland stakeholders need to see a range of measures. We therefore put PwC's audit inspection results on the public record but also disclose how we're performing against other key measures of quality including our internal inspection findings. A selection of such results is included in this report.

We're aware that by committing to this additional level of transparency, there may be times in the future when the results we publish don't meet our high expectations, let alone the public's. Indeed, our regulator's report identifies areas that are an opportunity for further improvement for PwC. Our ultimate goal is that our regulator considers that we've obtained reasonable assurance in all audit areas. We're driving a quality improvement plan aimed at achieving this goal.

### Continuing the discussion on audit quality

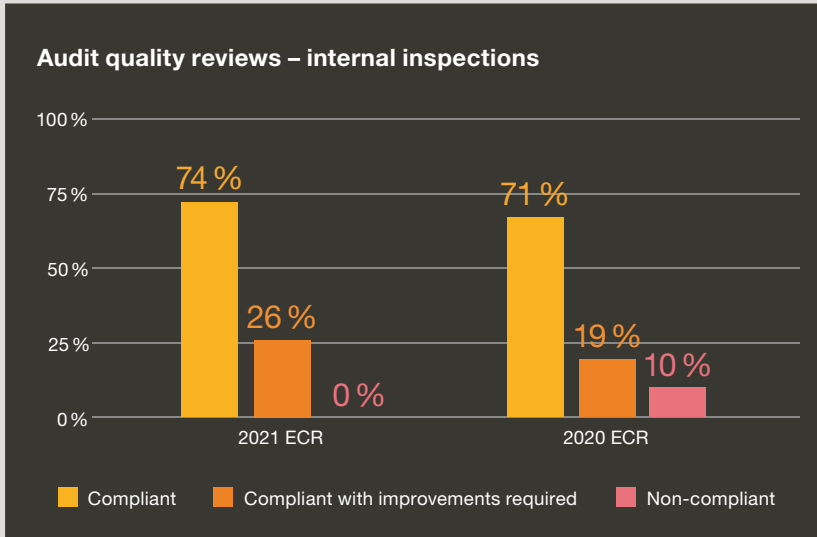
Our audit business is fundamental to our strategy and brand. We continue to invest in continuous improvement in audit quality through new systems and technology, risk processes, real time assurance on ongoing engagements and learning and development for our people. I'm proud of the role we're playing in opening up discussion about audit quality in Switzerland. I welcome the opportunity to keep the conversation going through our Transparency Report and other transparency initiatives.



**Alex Astolfi**

Assurance Leader PwC Switzerland

# Year in review



### Real-time reviews

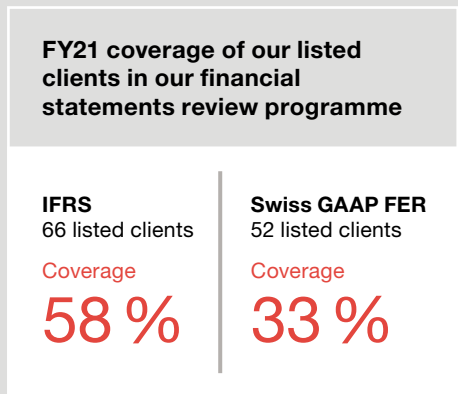
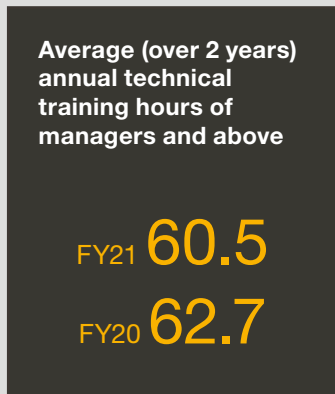
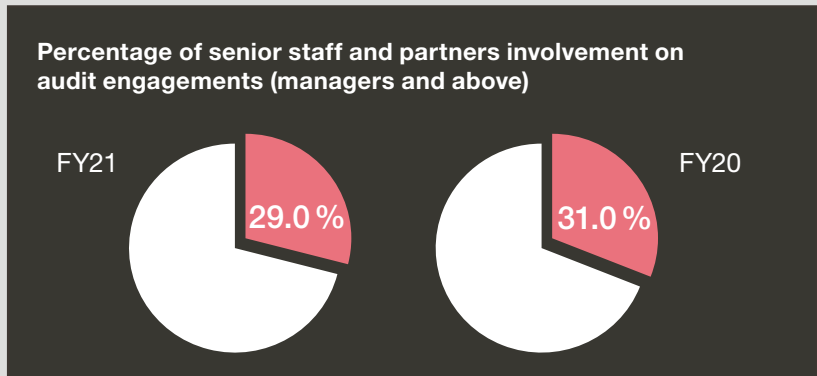
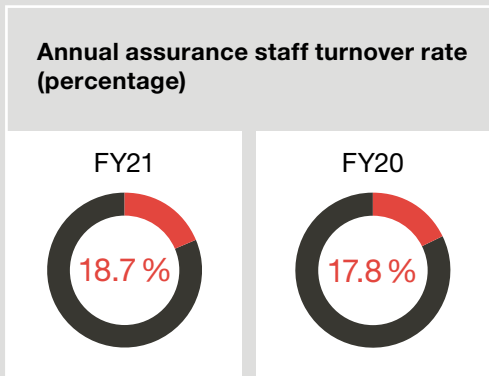
Number of engagements reviewed by our regular RTA programme

**39** audit engagements

### Experience of our partners

Partners' average years of experience at PwC

**22.1** years



Please see the full report for additional information regarding the data points shown.





## Our approach to quality



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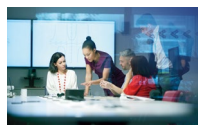
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## Our quality improvement programmes

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

- Continuing to strengthen our quality culture to support our partners and teams 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.
- Increasing our focus on ongoing and real-time quality monitoring including through the use of real-time assurance and assurance quality indicators.
- Developing an implementation plan that addresses explicit requirements resulting from the recently approved IAASB quality management standards. However, it isn't expected that the changes related to ISQM 1 will have a significant impact on our SoQM.

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

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



# 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, in particular increasing real-time assurance support 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're also investing heavily in new technology to drive continuous improvement in the capabilities and effectiveness of all of our services.

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

## Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 295,371 people that emphasises that quality is the responsibility of everyone, including our 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.

## 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 aren't 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're continually reviewing and updating the scale, scope and operations of our system of quality management and investing in programmes to enhance the quality of the services that we provide.

# Specific focus on audit quality

## Specific focus on audit quality

Delivering quality audits is core to our purpose. To that end, we're 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're 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 isn't 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've 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

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 continuing to safeguard the health, safety and well-being of our people, we've 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 didn't compromise on audit quality. We've leveraged the guidance developed by our network to provide consistent leadership and guidance on audit quality and equip our teams to consider their client's unique circumstances and respond accordingly.

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

## Identifying and addressing risks related to COVID-19

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

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

We focused on enhanced supervision and review, the use of consultations with specialists within our firm, enhanced real-time assurance programmes to respond to the risk we identified.

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

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



## Cultures and values



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# Cultures and values

## Leadership and tone at the top

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

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

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

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



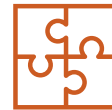
Act with integrity



Make a difference



Care



Work together



Reimagine the possible



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 the Quality Management for Services Excellence (QMSE) framework for quality management, which integrates quality management into business processes and the firm-wide risk management process. The QMSE framework introduces an overall quality objective for the assurance practice focused on having the people and processes to deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders.

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

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

These programmes, by design, require ongoing monitoring and continuous improvement, in particular assurance quality indicators, which we expect will evolve significantly over time and as we continue to use and learn from these measures.

## The quality management process

This quality management process includes:

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate assurance quality indicators
- continuously improving the system of quality management when areas for improvement are identified by performing root cause 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've 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 quarterly 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've 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.

#### **Real-time reviews**

Number of engagements reviewed by our regular RTA programme

**39** audit engagements





## **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's and our firm's standards and policies.
- **Behaviours:** we've 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've put in place interventions and recognition that promote and reinforce positive behaviours and drive a culture of quality.
- **Consequences/reward:** we've 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 or had bonds or equity securities listed on an EU-regulated market.

Audit client	Listed at
BB Biotech AG	Deutsche Börse (DAX), Italian Stock Exchange (Borsa Italiana)
Cavotec SA	Nasdaq Stockholm
Credit Suisse AG	Euronext Dublin, Nasdaq Helsinki, Luxembourg Stock Exchange (LuxX), Euronext Amsterdam, Euronext Paris, Deutsche Börse, Italian Stock Exchange (Borsa Italiana), Nasdaq Stockholm, Börse Frankfurt, Nordic Growth Market-Main regulated, Sweden
EFG International AG	Luxembourg Stock Exchange (LuxX)
Etrion Corporation	Nasdaq Stockholm
EuroChem Group AG	Irish Stock Exchange (ISE), Moscow Stock Exchange (MICEX)
Eurofima Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial	Bolsa de Madrid (BME), Deutsche Börse
GeNeuro SA	Euronext Paris
Highlight Communications AG	Deutsche Börse
International Petroleum Corporation	Nasdaq Stockholm
Swiss Life AG	Irish Stock Exchange (ISE), Luxembourg Stock Exchange (LuxX)
Swiss Reinsurance Company Ltd	Irish Stock Exchange (ISE)
Zürich Versicherungs-Gesellschaft AG	Deutsche Börse, Luxembourg Stock Exchange (LuxX)
Swisscom AG	Irish Stock Exchange (ISE)

## Public interest audit clients listed/have been listed on a UK-regulated market

Audit client	Listed at
Credit Suisse AG	London Stock Exchange (LSE)
Eurofima Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial	London Stock Exchange (LSE)

## Ethics, independence and objectivity

### Ethics

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

- i. Integrity:** to be straightforward and honest in all professional and business relationships.
- ii. Objectivity:** to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- 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 professional 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 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 PwC Code of Conduct in the course of their professional careers and have a responsibility to report and express concerns, and to do so fairly, honestly and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the 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's 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](https://pwc.com/ethics).

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

## Objectivity and independence

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

The PwC Global Independence Policy, which is based on the Code, including International Independence Standards, contains minimum standards with which PwC member firms have agreed to comply and further reflects the independence requirements of the United States Securities and Exchange Commission, those of the Public Accounting Oversight Board of the United States and of

the EU Audit Regulation, where they are more restrictive than the general network's policy. The PwC Global Independence Policy includes processes that are to be followed to maintain independence from clients, when necessary.

PricewaterhouseCoopers AG has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy, including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists. The PRI reports directly to the Territory Senior Partner (CEO).

## 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, including any changes to the Code 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 Swiss Federal Auditor's Act, the Swiss Financial Market legislation as well as the Independence Guidelines of EXPERTsuisse where they are more restrictive than the network's policy.

## 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 all PwC audit clients and their related entities (including all public interest audit clients SEC and EU-restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit engagement services or business relationship. This system also feeds the tools Independence Checkpoint and Authorisation for Services.
- Independence Checkpoint, which facilitates the pre-clearance of publicly traded securities by all partners and managerial practice staff before acquisition and is used to record their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required.
- Authorisation for Services (AFS), which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service.
- Global Breaches Reporting System, which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code and the applicable local legislation.

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 self-developed digital tool that builds a workflow for the practice and the relevant risk management functions of the firm in order to facilitate and ensure inter alia the following processes and controls:
  - Recording and assessing the permissibility of business relationships entered into by PricewaterhouseCoopers AG. If approved, these relationships are reviewed on a six-monthly basis to ensure their ongoing permissibility.
  - Recording and assessing the permissibility of directorships of partners and staff in external organisations. If approved, the directorships are reviewed yearly.
  - The performance of various personal independence compliance testing, whereby randomly selected partners and directors have to demonstrate compliance with the personal independence requirements applying to their personal financial situation.

## **Independence training and confirmations**

PricewaterhouseCoopers AG provides all partners and staff with annual or ongoing 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 directors 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 a breach, an evaluation of the impact of the breach on the independence of PricewaterhouseCoopers AG and the engagement team, and the need for actions or safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The 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've established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we're 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 has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention. The system 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



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# Our people

## People strategy

Our people strategy is focused on being the world's leading developer of talent and enabling our people with greater agility and confidence in a rapidly changing world. Specific focus areas include creating a resilient foundation for times of change through supporting the well-being of our people and enabling effective delivery, developing inclusive leaders for a shifting world, and enabling our workforce for today's realities and tomorrow's possibilities. We hire candidates who have diverse backgrounds and appropriate skills, 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're investing to create the PwC of the future. We're 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 PwC, we're committed to creating a culture of belonging. We're focused on ensuring our ways of working embrace diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and can reach their full potential. As demonstrated through our core values of Care and Work Together, we strive to more deeply understand and empathise with different backgrounds, perspectives and experiences. We know that when people from different backgrounds and with different points of view work together, we create the most value for our clients, our people and society.



### Recruitment

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 FY21, we recruited over 800 new people, including 500 university graduates, interns and apprentices.



### Team selection, experience and supervision

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



### Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Ongoing feedback conversations help our people to grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.



### Career progression

PricewaterhouseCoopers AG uses The PwC Professional, our global career progression framework, which sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy and support our brand. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's team leader to discuss their development, progression and performance.



### Retention

Our firm 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. In July 2020, PwC Switzerland launched an internal study in collaboration with the Swiss Federal Institute of Technology Zurich (ETH Zurich) to detect our people's drivers for well-being during this turbulent time and to find out our employees' opinions on their preferred way of working in the future. As a result of people feedback, PwC Switzerland developed and launched a hybrid flexible model.



### Global People Survey

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

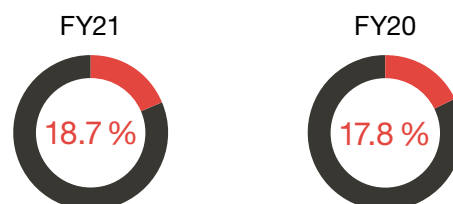
#### Experience of our partners



Partners' average years of experience at PwC

22.1 years

#### Annual assurance staff turnover rate (percentage)



Average (over 2 years) annual technical training hours of managers and above

FY21 60.5

FY20 62.7

## The PwC Professional

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

## Professional development

We're committed to putting the right people in the right place at the right time. Throughout our people's careers, they're presented with career development opportunities, (classroom, virtual classroom), on-demand learning and on-the-job real-time coaching/development. Our flexible training portfolio facilitates personalised learning with access to a variety of educational materials, including webcasts, podcasts, articles, videos and courses.

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

## Continuing education

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

This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, virtual classroom and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgment 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'll 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 2020, 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.

In 2020, 93 % of our staff attended the core assurance mandatory training. The remaining 7 % performed remediation work. Completion of mandatory training is monitored.

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.



## Our audit approach



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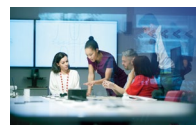
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# Our audit approach

**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**

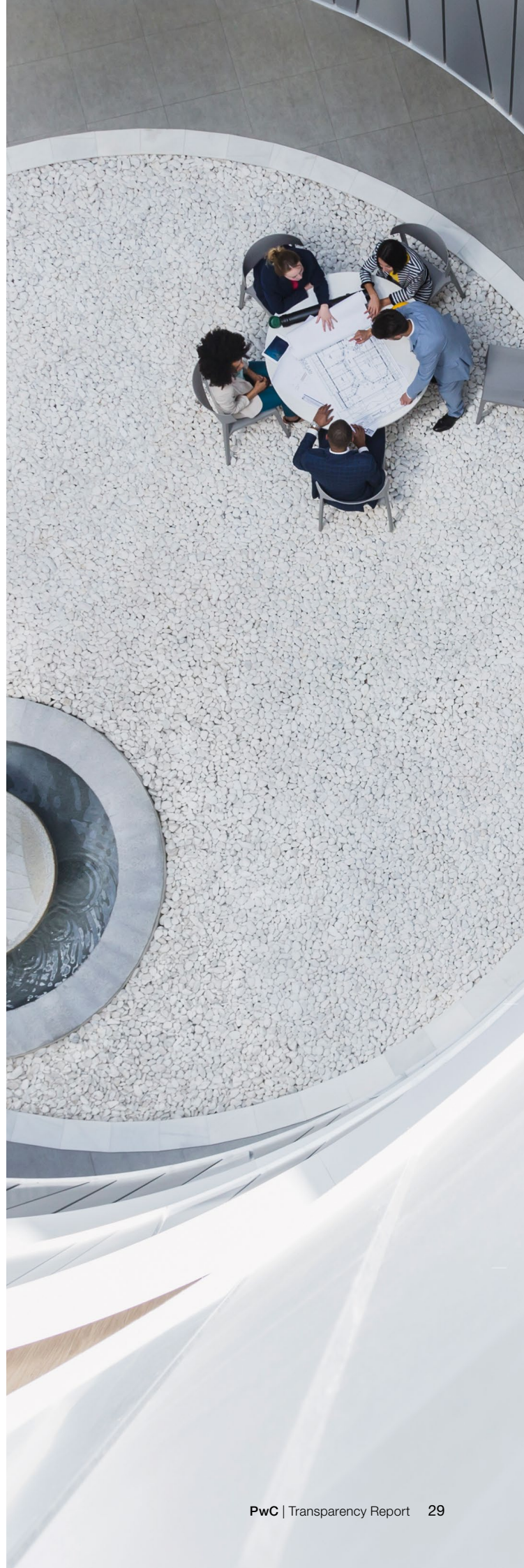
The quality and effectiveness of an audit is critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, the skills of our people, our underlying audit methodology, the technology we use, and in making the right amount of time and resources available. We pay close attention to 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. Additionally, we consider what our various stakeholders require from us, what they tell us we need to improve and the findings of regulatory inspections on the quality of our work. Results of the most recent regulatory inspection can be found in the 'Monitoring' section.

## **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.



## 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**, our global audit documentation platform, is used across the PwC network. Aura helps drive how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Targeted audit plans specify risk levels, controls reliance and substantive testing. Real-time dashboards show teams audit progress and the impact of scoping decisions more quickly.



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



**Connect Audit Manager** streamlines, standardises and automates group and component teams coordination for multi-location and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work, and digitises the entire coordination process which facilitates greater transparency, compliance and quality for complex multi-location audits.



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



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



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

### Reliability and auditability of audit technologies

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

## Information and data protection

Confidentiality and information protection as well as privacy 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 information 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 organisation, controls and monitoring to embed an effective three lines of defence model. This model has enabled us to strengthen our information security and privacy organisation, align with 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've continued to build on our extensive privacy programme for compliance with applicable data protection laws, and are committed to embedding good data management practices across our business.

## Information security

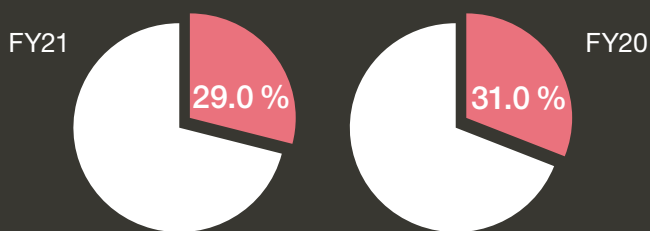
Information security is a high priority for the PwC network. Member firms are accountable to their people, clients, suppliers and other stakeholders to protect information that's entrusted to them.

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.



### Percentage of senior staff and partners involvement on audit engagements (managers and above)



### FY21 coverage of our listed clients in our financial statements review programme

**IFRS**  
66 listed clients  
Coverage  
**58%**

**Swiss GAAP FER**  
52 listed clients  
Coverage  
**33%**

## Supporting engagement performance



### Evolving delivery model

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



### Direction, coaching and supervision

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



### Consultation culture

Consultation is key to maintaining audit quality. We have formal protocols about mandatory consultation, in the pursuit of quality. For example, our engagement teams consult with appropriate groups in areas such as taxation, risk, valuation, actuarial and other 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 member firm's system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, significant risks and a team's responses to 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



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# Monitoring

## Monitoring of assurance quality: internal

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

Responsibility for appropriate quality management lies with the leadership of PricewaterhouseCoopers AG. This includes the design and operation of an effective System of Quality Management (SoQM) that's responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

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

Our firm's monitoring procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards. This includes the use of real-time assurance which is discussed in more detail on page 16 with The Quality Management Process section.

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



During the 2021 ECR programme cycle

**32 audit** (2020: 30) and  
**10 non-audit** (2020: 11)

engagement files were selected and reviewed.

We analyse 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 continue to make improvements to our audit approach, training and other relevant factors.

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-year cycle.

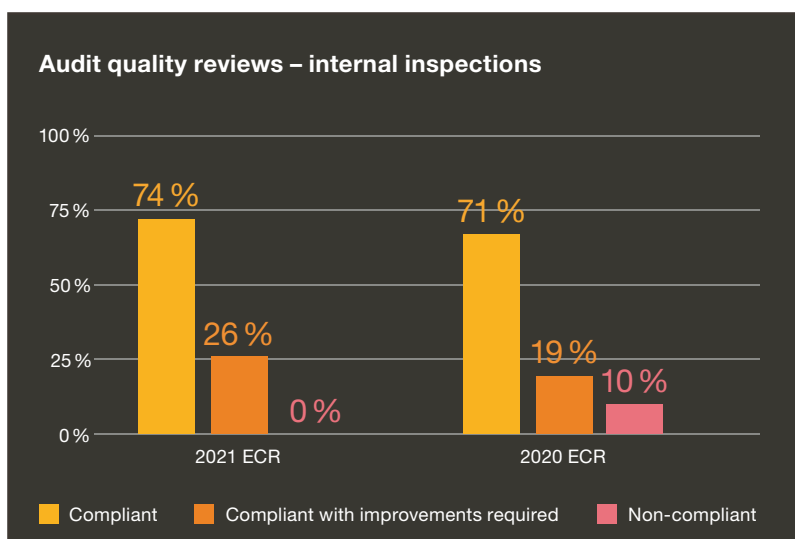
Reviews are led by experienced assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. ECR reviewers may be sourced from other member firms if needed to provide appropriate expertise or objectivity. Review teams receive training to support them in fulfilling their responsibilities, and utilise a range of checklists and tools developed at the network level when conducting their review inspection. The network inspection team supports review teams with support on consistent application of guidance on classification of engagement findings and engagement assessments across the network.

In addition, the PwC network coordinates an inspection programme to review the design and operating effectiveness of our SoQM.

The use of a central team to monitor these inspections across the network enables a consistent view and sharing of relevant experience across the PwC network.

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

Partners and employees of our firm are informed about the inspection results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, engagement partners of our firm, who are responsible for group audits involving cross-border work, are informed by the network inspection programme about relevant inspection findings in other PwC member firms, which enables our partners to consider these findings in planning and performing their audit work.





## 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 2020, 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: due to the COVID-19 pandemic, the review was limited to management interviews and the review of licensing requirements.
- Audit engagements: the regular, annual review included seven financial audit files and three regulatory audit files.

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

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 firm's 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.

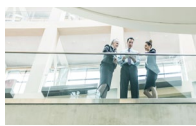
As per the PCAOB 2017 inspection report issued on 19 November 2018 and publicly available, there were no audit engagement findings identified by the PCAOB during this inspection. A visit by the PCAOB was planned for 2020 but postponed owing to COVID-19 and no inspection is scheduled for 2021.



## Legal and governance structure



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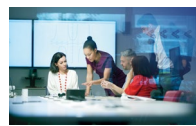
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# Legal and governance structure

## 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 2021, 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 2021, 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 2021, there were 174 partners in the four lines of services:

- 73 Assurance partners
- 50 Tax & Legal partners
- 46 Advisory partners
- 5 Internal Firm Services partners

PricewaterhouseCoopers AG operates in 14 offices: Aarau, Basel, Bern, Chur, Geneva, Lausanne, Lugano, Lucerne, Neuchâtel, Sion, St. Gallen, Winterthur, Zug and Zurich.

## Governance structure of PricewaterhouseCoopers AG

### Board of Directors

During the 2020/21 financial year, the Board of Directors of PricewaterhouseCoopers AG comprised:

- Stefan Räbsamen (Chairman)
- Andreas Staubli (Delegate)
- Heinz Hartmann (Member)
- Alex Astolfi (Member)
- Daniel Ketterer (Member)

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



Stefan  
Räbsamen



Andreas  
Staubli



Heinz  
Hartmann



Alex  
Astolfi



Daniel  
Ketterer

## 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)
- Daniel Ketterer (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 Räsamen.



Andreas  
Staubli



Heinz  
Hartmann



Julie  
Fitzgerald



Alex  
Astolfi



Gustav  
Baldinger



Dieter  
Wirth



Daniel  
Ketterer



## PwC network



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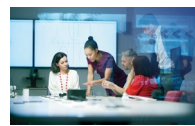
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# PwC network

## 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 isn't a global partnership, a single firm or a multinational corporation. The PwC network consists of firms which are separate legal entities.



## PricewaterhouseCoopers International Limited

Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL doesn't 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, risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

The PwC network isn't one international partnership. A member firm cannot act as an 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 a member firm's exercise of professional judgment.

The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board doesn't have an external role. Board members are elected by partners from all PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team** is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from member firms to coordinate activities across all areas of our business.

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.

## PwC network firms and total turnovers

Member state	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'enterprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Croatia	PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	PricewaterhouseCoopers Services France
France	PwC Entrepreneurs CAC
France	PwC Entrepreneurs Commissariat aux Comptes
France	PwC Entrepreneurs Audit
France	PwC Entrepreneurs Audit France
France	PwC Entrepreneurs CAC France
France	PwC Entrepreneurs Commissariat aux Comptes France
France	PwC Entrepreneurs France
France	PwC Entrepreneurs Services
France	Mr Philippe Aerts
France	Mr Jean-François Bourrin
France	Mr Jean-Laurent Bracieux
France	Mr Didier Brun
France	Ms Elisabeth L'Hermite
France	Mr François Miane
France	Mr Pierre Pegaz-Fiornet
France	Mr Antoine Priollaud

Member state	Name of firm
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Netherlands	Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
Sweden	Öhrlings PricewaterhouseCoopers AB

Total turnover achieved by statutory auditors and audit firms from 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 2.4 billion euros. This represents the turnover from each entity's most recent financial year converted to euros at the exchange rate prevailing as of 30 June 2021.

## Financial information

An analysis of the gross fee revenues of PwC Switzerland for the financial year ending 30 June 2021 is shown below:

Financial information	FY2021	FY2020
i) Audit Revenues earned by EU/EEA Public Interest Entity audit clients	59	52
ii) Audit revenues earned by UK Public Interest Entity audit clients <i>Amount included in (i) EU/EEA revenues</i>	27 -27	8 -8
iii) Audit revenues earned by all other audit clients	284	279
iv) Non-audit services revenues earned by EU/EEA Public Interest Entity audit clients	19	18
v) Non-audit services revenues earned by UK Public Interest Entity audit clients <i>Amount included in (iv) EU/EEA revenues</i>	9 -9	4 -4
vi) Non-audit services revenues earned by all other clients	544	556
<b>Total</b>	<b>906</b>	<b>905</b>

Gross fee revenue includes fees earned by partners and staff of other PwC firms working on PwC Switzerland 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 Räsamen & 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.



[www.pwc.ch](http://www.pwc.ch)

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'.

©2021 PricewaterhouseCoopers AG. All rights reserved. In this document, 'PwC' refers to PricewaterhouseCoopers AG, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [ww.pwc.com/structure](http://ww.pwc.com/structure) for further details.