



# Transparency Report

October 2023



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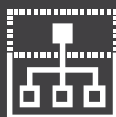
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# Message from leadership



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# Message from leadership

## Welcome to our 2023 Transparency Report

In this report you will find information about how our firm is governed, including insights from the leader of our audit practice in Switzerland, Alex Astolfi. While PwC operates in multiple disciplines, the primary focus here is on our audit practice and related services.

Our firm continues to make delivering audit services of the highest quality a key strategic priority. We are continuously looking for ways to further improve the quality of our audit services and are committed to adopting any measures that will enable us to do so.

At PwC, our purpose is to build trust in society and solve important problems. We are a network of firms in 151 countries with more than 364,000 people who are dedicated to delivering quality in assurance, advisory and tax services. We are committed to driving a strong culture of quality and excellence that is core to our purpose.

PwC's global strategy, The New Equation, responds to fundamental changes in the world including technological disruption, climate change and fractured geopolitics. 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.

As part of The New Equation strategy the PwC network is making an incremental \$3bn investment in quality. This includes a \$1bn investment in a five-year programme to deliver a new audit ecosystem – human-led, tech-powered and data-driven. It will enable us to make continuous improvements to audit quality by further standardising, simplifying, centralising and automating our audit work, transforming the experience for our clients and our people.

An essential part of The New Equation is nurturing bonds with our clients and supporting them in the best ways possible. To do this in such a fast-moving and uncertain environment we need a broad network and stable relationships; in other words, we need to build trust by fostering enduring bonds. This takes hard work and proactive, direct communication.

While we are committed to constantly enhancing the quality of our audits and meeting evolving challenges by investing in innovation and new technology, we realise that our real source of strength lies in our people. The ability to draw on a wide range of specialist skills across our multidisciplinary practice is key to audit quality. We continue to invest in our people by providing in-depth training and ongoing professional and personal development opportunities.

To enable us to work together to deliver sustained outcomes in response to the enormous challenges of today's world, we are more committed than ever to creating enduring bonds between us as a firm, with our people, our clients and business partners.



**Sebastian di Paola**  
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

While the effects of the pandemic have abated, geo-political developments continue to unsettle the global order. The world has changed fundamentally, and in many ways has become more uncertain. Trust has therefore become more important than ever: without it, business, and society as a whole, would be unable to function.

Helping assure a foundation of trust is fundamental to our firm's purpose. You could say it is our core business. One of the most important ways of building trust is being transparent; hence this, our latest Transparency Report.

Once again, our Transparency Report for 2023 documents our efforts to maintain the quality of our audit work – arguably the most important contribution we make to building trust. You will find information on our policies, systems and processes for ensuring quality, the outcomes of key quality monitoring programmes and reviews, and our endeavours to encourage a culture of quality at every level. You will also find details of the companies we audited and the total revenue generated by our audit and non-audit work.

In last year's report we expressed the fact that we welcome the public debate that arises from transparency on audit quality. I would like to reiterate this commitment. We continue to put PwC's audit inspection results on the public record as well as disclose how we are performing against other key measures of quality, including our internal inspection findings. Again, this year's report presents a selection of such results.

By stepping up transparency we are also challenging ourselves, in effect raising the benchmark in terms of the quality we and our stakeholders expect us to deliver. Ultimately, we want to ensure that our regulator considers that we have obtained reasonable assurance in all audit areas. We continue to drive a quality improvement plan aimed at achieving precisely this goal.

### Continuing the discussion on audit quality

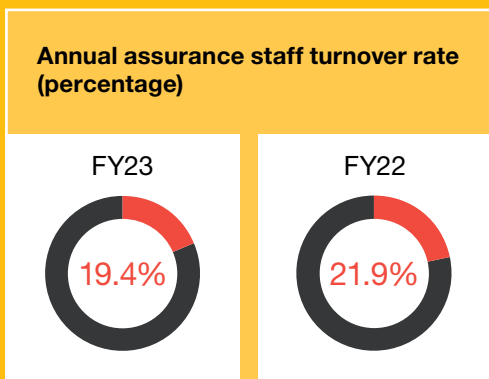
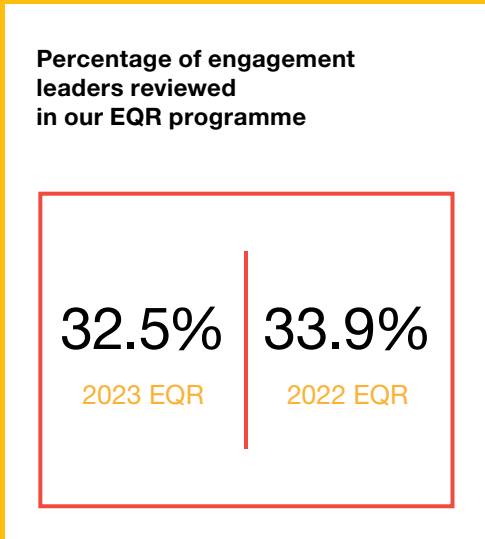
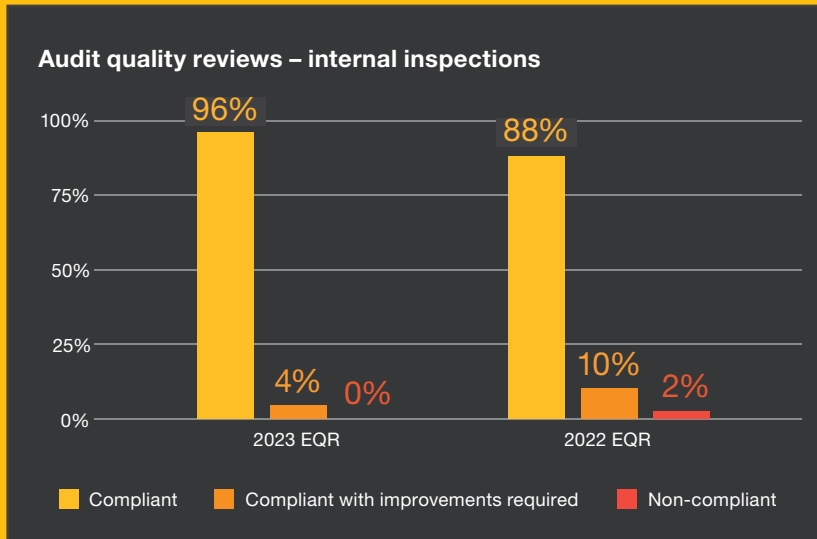
Our investment in continuously improving audit quality continues to reflect the fundamental strategic importance of our audit business. In addition to state-of-the-art systems and technology, our investment focuses on risk processes, real-time assurance on engagements, a healthy consultation and speak-up culture, and learning and development opportunities for our people. We are committed to leading by example – in terms of both the quality of our audit work and our transparency in reporting on it – and our investment mirrors this commitment.



**Alex Astolfi**

Assurance Leader PwC Switzerland

# Year in Review



### 2023 Partner and staff survey

- 88%** of our staff and partners participated in our Global People Survey.
- 87%** of the respondents think the people they work with challenge them and each other to deliver quality work.
- 89%** of the respondents believe the people they work with demonstrated conduct consistent with PwC's Global Code of Conduct.
- 77%** of the respondents shows favourable in the overall Quality Behaviours Index

### Real-time reviews FY23

Number of engagements reviewed by our regular RTA programme

**42** audit engagements

### Experience of our partners

Partners' average years of experience at PwC

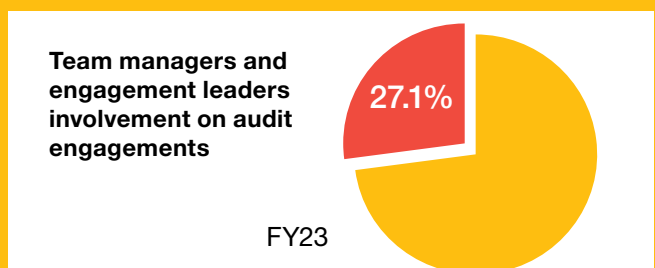
**24.2** years

### FY23 coverage of our listed clients in our financial statements review programme

Standard	Number of Clients	Coverage
IFRS	59 listed clients	49.2%
Swiss GAAP FER	48 listed clients	25%

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

FY23 **67.2** | FY22 **62.9**



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





# Our approach to quality



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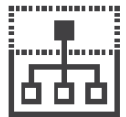
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# Our approach to quality

A specific focus on audit quality across the Network

## The PwC Network's Assurance QMSE framework

Delivering high-quality work is at the heart of what we do at PwC; it is what our stakeholders rightly expect of us.

To deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders, the PwC network has established the Quality Management for Service Excellence (QMSE) framework which integrates quality management into how each firm runs its business.

This framework introduces an overall quality objective that is supported by a series of underlying quality management objectives, and each firm's system of quality management (SoQM) should be designed and operated so that the overall quality objective, which includes meeting the objectives of ISQM 1, is achieved with reasonable assurance.

## The International Standard on Quality Management 1 (ISQM 1)

ISQM 1 became effective 15 December 2022 and required all firms performing audits or review of financial statements, or other assurance or related service engagements to have designed and implemented a SoQM to meet the requirements of the standard.

The PwC Network's Assurance QMSE framework was designed to enable our firms to meet the requirements of ISQM 1. This includes design and implementation of the SoQM to comply with ISQM 1 to meet the effective date and evaluation of the SoQM under the standard by 15 December 2023.

## Integrated and aligned in the right way

The quality objectives focus on having the necessary capabilities and to deploy our people consistently using our intellectual and technological resources to deliver audits in an effective and efficient manner that fulfils the expectations of our clients and stakeholders. Put simply, designing our business and processes to deliver consistently high-quality audits.

To help us achieve these objectives, the PwC network invests significant resources in the continuous enhancement of quality across our network. This includes having a strong quality infrastructure supported by the right people, underlying tools and technology at both the network level and within our firm, and a programme of continuous innovation and investment in our technology. The PwC network's Global Assurance Quality (GAQ) organisation aims to support PwC firms in promoting, enabling and continuously improving Assurance quality through effective policies, tools, guidance and systems used to further promote and monitor quality and to build an appropriate level of consistency in what we do.

These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that each firm tailors to reflect our individual circumstances. Each firm is responsible for utilising the resources provided by the network as part of our efforts to deliver quality to meet the expectations of our stakeholders.



### Overall quality objective

To have the necessary capabilities in our organisation and to deploy our people to consistently use our methodologies, processes and technology to deliver services in an effective and efficient manner to fulfil the expectations of our clients and other stakeholders.

## The Quality Management Process

The achievement of these objectives is supported by a **quality management process (QMP)** established by our firm and Assurance leadership, business process owners, and partners and staff. 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 analyses and implementing remedial actions and
- establishing a quality-related recognition and accountability framework to be used in appraisals, remuneration and career progression decisions.

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.



# The key factors that impacted our system of quality management

Our system of quality management (SoQM) must be designed, implemented and operating on an ongoing basis to achieve the quality objectives. This ongoing process includes monitoring, evaluating, assessing, reporting and being responsive to changes in quality risks, driven by the firm's internal and external environment. This is our Quality Management Process (QMP). Our focus on quality management is therefore not to apply prescribed rules but rather to design and implement risk responses which are fit for purpose to manage the risks we identify in our own risk assessment and achieve the quality objective taking into consideration the conditions, events, circumstances, actions and/or inactions that may impact our SoQM.

The past several years have seen unprecedented challenges and our firm's SoQM under the QMSE framework has helped us navigate and react to the impact that identified factors had on our ability to achieve the overall assurance quality objective – to deliver quality audit engagements.

Our SoQM involves a dynamic risk assessment process that takes and analyses the information about these conditions, events, circumstances, actions or inactions which may result in:

- New or changing quality risks to achieving one or more of the quality objectives
- Changes to the risk assessment of existing quality risks
- Changes to the design of the firm's SoQM, including the risk responses.

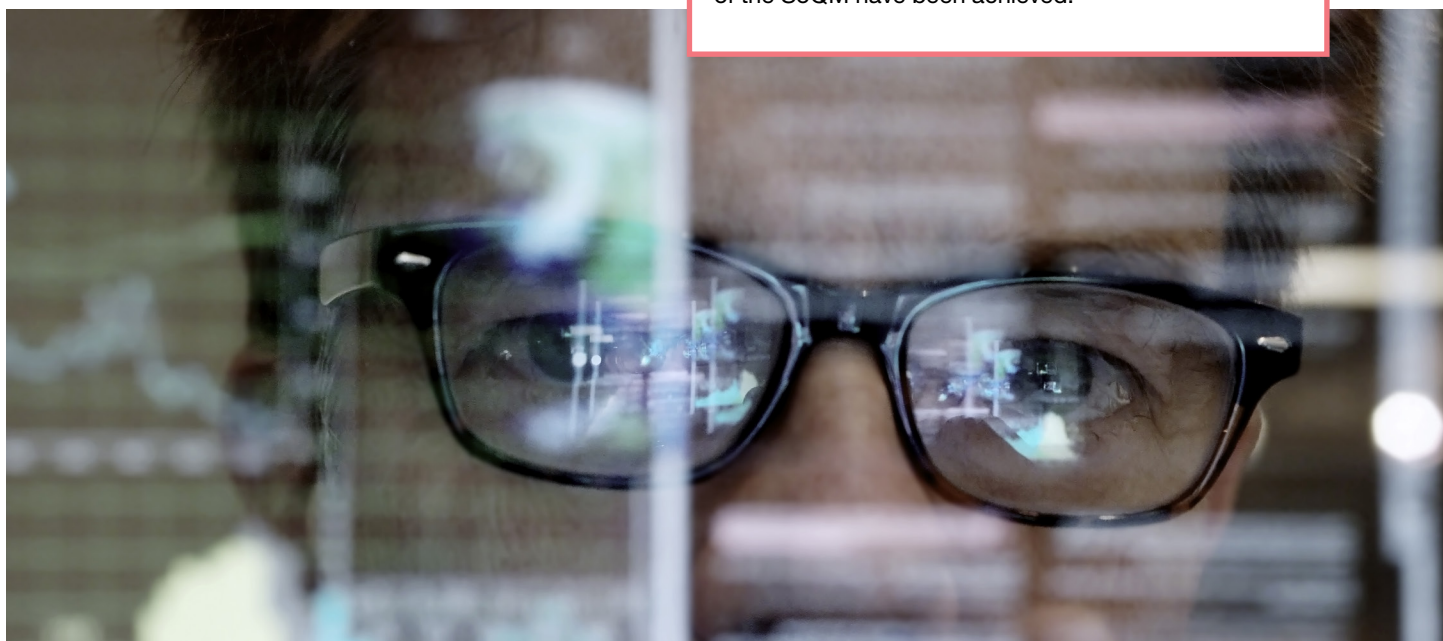
## 2023 key factors impacting our SoQM

This year, we have seen various factors impact our SoQM, but in particular, some of the more meaningful conditions, events and circumstances that have necessitated changes to our SoQM include: resourcing and attractiveness of the profession, the impact of the war in Ukraine (including the impact of separation of the Russian firm in this context and economic sanctions), banking sector developments, preparation for sustainability reporting and assurance standards, alternative delivery models/strategy.



### Statement on the effectiveness of our SoQM

The Territory Senior Partner and the Assurance Leader have assessed that our SoQM provides the firm with reasonable assurance that the objectives of the SoQM have been achieved.





## Cultures and values



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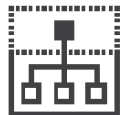
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# Our culture and values

## Definition and culture



At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of 364,000 people.

This culture of quality emphasises that quality is the responsibility of everyone. 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 comprehensive 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 the services that our network provides change and develop, and the needs and expectations of our stakeholders also change, the PwC network is continually reviewing and updating the scale, scope and operations of our PwC firms' systems of quality management and investing in programmes to enhance the quality of the services that the PwC network provides.



# Our firm's commitment to quality

## 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 what matters – how we do business, with each other and in our communities.

### Trust in what matters

Today, companies are judged on far more than financial outcomes. A company's performance in areas like ESG, cybersecurity and more can affect its reputation, staff retention, access to capital and ultimately enterprise value.

That is why we are evolving our assurance offering to provide confidence not just in companies' financial statements but in their impact on people and the planet as well.

We call this 'trust in what matters'. This includes issues that are important to a company and its wider stakeholders. We apply rigorous standards to analyse companies' performance on issues such as climate and diversity. This helps companies demonstrate their progress, enabling these firms to build trust, enhance their corporate reputations and grow enterprise value.

We encourage our clients to understand what matters to their stakeholders, and we deliver assured information about the company's performance on these measures. We believe that if it needs to be trusted, it needs to be assured. High-quality assurance heightens accountability and trust while giving companies a robust basis for tracking and improving their performance.

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



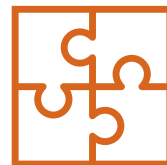
Act with integrity



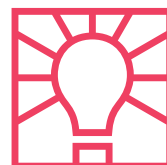
Make a difference



Care



Work together



Reimagine the possible

## Quality culture and behaviours

Taking the information that our cultural thumbprint survey showed, we identified the following four core behaviours:

- Speak up
- Walk the Talk
- Coach and Listen and
- Respect Everyone's Needs

The core behaviours support a quality-focused culture in a holistic way. Encouraging speaking up whilst leadership leads by example leads to easier and earlier identification of risks, issues and strong ideas, whilst strong coaching/ listening and a respect for needs enables staff to manage their wellbeing whilst continuing to develop. This in turn leads to a reduction in attrition, keeping our knowledge and talent in-house thereby leading to stability and an increase in quality.

This culture is supported by appropriate tone at the top through regular communication from leadership to all partners and staff about the firm's commitment to quality. Key messages are communicated to our firm by our senior partner and our leadership team and are reinforced by engagement leaders. These communications focus 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 are confident our people understand our 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.

## 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 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.



## 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.

Client name	Listed at
Beaconsmind AG	Börse Frankfurt, Euronext Paris
Cavotec SA	Nasdaq Stockholm
Credit Suisse AG	Euronext Amsterdam, Börse Frankfurt, Deutsche Börse, Euronext Paris, Nasdaq Helsinki, Euronext Dublin, Italian Stock Exchange (Borsa Italiana), Luxembourg Stock Exchange (LuxX), Nasdaq Stockholm, Nordic Growth Market-Main regulated Sweden
Eurofima Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial	Bolsa de Madrid (BME), Deutsche Börse, Luxembourg Stock Exchange
GeNeuro SA	Euronext Paris
International Petroleum Corporation	Nasdaq Stockholm
Swiss Life AG	Euronext Dublin, Luxembourg Stock Exchange
Swisscom AG	Euronext Dublin







### Ethics

At PwC we adhere to the fundamental principles of the 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 actions that discredit the profession.

Our network standards are applicable to all network firms and cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair competition, anti-corruption, information protection, firms' and partners' taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All existing partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC network and leadership in PricewaterhouseCoopers AG monitors compliance with these obligations.

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC 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. 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.

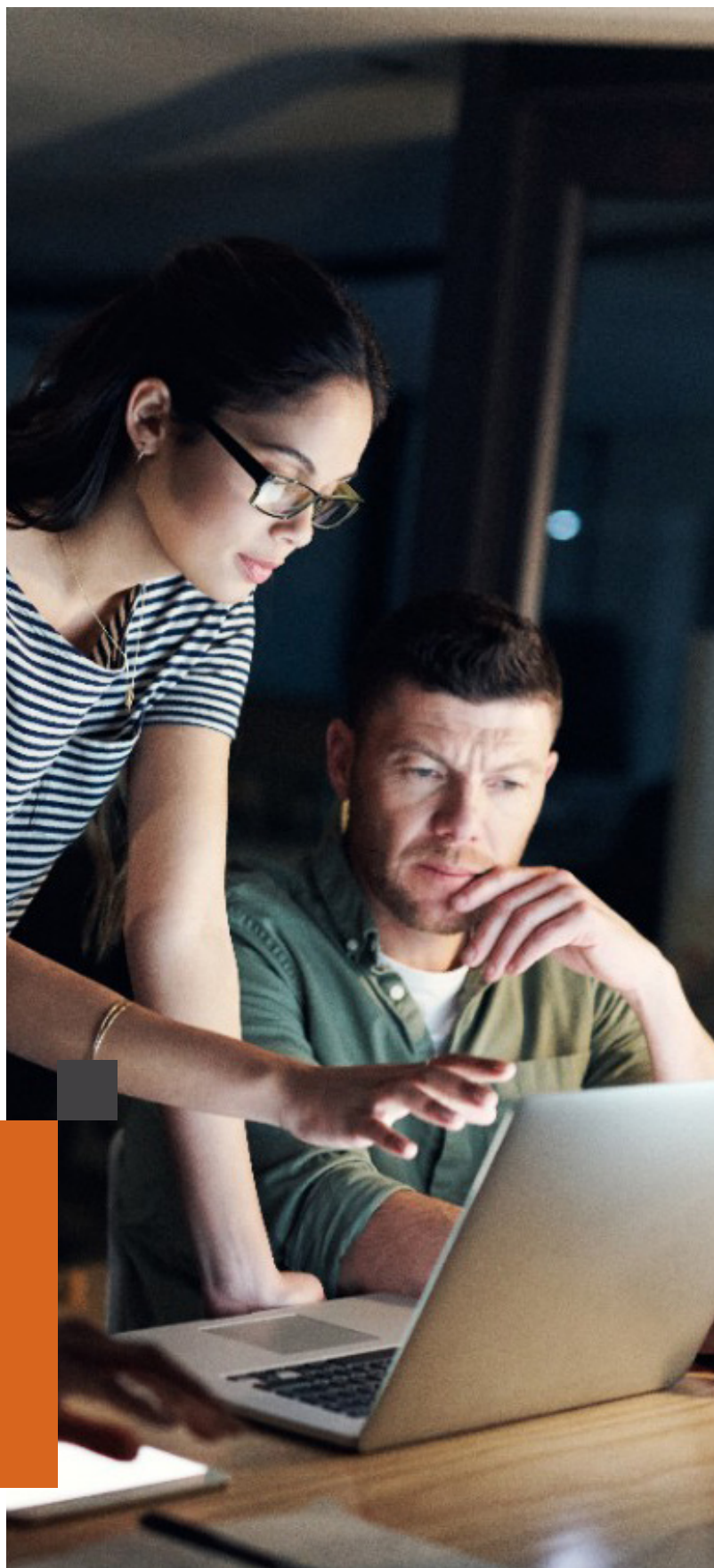
Upon hiring or admittance, all staff and partners of PricewaterhouseCoopers AG are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code in the course of their professional careers at our firm and have a responsibility to report and express concerns, and to do so fairly, honestly and professionally when dealing with a difficult situation or when observing conduct inconsistent with the Code. In addition, every partner and staff are required to complete new hire training, which covers the ethics and compliance network standards, including ethics and the Code of Conduct.

PwC has implemented a network-wide confidential ethics helpline for the reporting of questions or concerns related to behaviours that are inconsistent with the Code of Conduct and related policies. Every PwC firm has a separate and secure tier of the ethics helpline for their confidential matters and investigations. The ethics helpline is also available for third parties, including clients. The ethics helpline allows our partners, staff and third parties to feel safe raising a question or concern without fear of retaliation.

The PwC Code of Conduct and the ethics helpline are available on-line for all internal and external stakeholders at <https://www.pwc.com/ethics>.

PricewaterhouseCoopers AG has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

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 or enterprise, PwC's network standards and policies are informed by and meet the goals and objectives of the OECD Guidelines.



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 this is open available for internal and external reports, both disclosed or anonymously.

## Objectivity and independence



As auditors of financial statements and providers of other types of professional services, PwC 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 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 (PCAOB) 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.

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph. 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 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 (TSP).

### 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; and
- Acceptance of new audit and assurance clients, and the subsequent acceptance of any non-assurance services to be provided to 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 firms 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 Global 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 firms and their personnel in executing and complying with their 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 PwC firm and those of other PwC firms before entering into a new non-audit engagement services or business relationship. This system also feeds the tools Independence Checkpoint and the Authorisation for Services system;
- 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 firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities 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;
- Joint Business Relationships (JBR) which is a global system used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships; and
- Global Breaches Reporting System, which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). 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 tracking system which monitors the compliance of PricewaterhouseCoopers AG with the notification requirement of the Swiss Federal Audit Oversight Authority in relation to the ratio between fees for audit and non-audit engagements.
- 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 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.

## 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 PwC 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 for all audit and assurance clients. Engagement level confirmations are triggered and obtained automatically via the 'Independence Confirmation Tracker', a tool developed and deployed by the PricewaterhouseCoopers AG.

## Independence monitoring and disciplinary policy



PricewaterhouseCoopers AG is responsible for monitoring the effectiveness of its system of quality management 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 our PwC 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 an Accountability Framework and supporting 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 the PwC firm 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 PwC firm also follows supplemental local requirements relating to the reporting of breaches. 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.



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. The policies and processes we have in place emphasise risk and quality considerations such that financial and operational priorities do not lead to inappropriate judgments about whether to accept or continue a client relationship.



### 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 (called Acceptance). The Acceptance 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; and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

#### PwC firms (including PwC 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; and
- To understand the methodology, basis and minimum considerations all other PwC firms in the network have applied in assessing audit acceptance and continuance.

## 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 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 promote and reinforce positive behaviours and drive 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.





# Our people



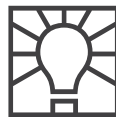
Our approach to quality



Cultures and values



Our people



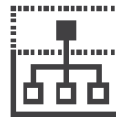
Our approach



Monitoring



PwC network



Legal and governance structure



# Our people

## People strategy



Our people strategy was developed in support of our broader business strategy, The New Equation. We are 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.



### People Value Proposition

In alignment with our broader business strategy, PricewaterhouseCoopers AG developed and launched a new People Value Proposition. It was co-created together with employees, partners and the management and operating board and describes what we stand for as an employer, what makes us unique and what people can expect from PwC. Externally, this was rolled out via our new global employer branding campaign. Internally, we kicked off a programme with specific activities, measures and communications to bring our People Value Proposition to life.



### Inclusion and diversity

At PwC, we are committed to being a leading organisation for inclusion and belonging with our people, clients and external stakeholders and a leading employee destination for diverse talent. We are 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 FY23, PricewaterhouseCoopers AG recruited over 1,100 new people, including over 600 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. In addition, we are taking the personal preferences of our employees into consideration, if possible, when staffing for an engagement to support individual development and increase retention.



### 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. Feedback on performance and progression is collected via Workday. We use Workday to give and receive upward, peer and downward feedback. 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.



### Experience of our partners

Partners' average years of experience at PwC

# 24.2 years



### 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

Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide makes our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on 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. Since the pandemic, PwC Switzerland has a hybrid flexible model which was rolled out in August 2021. In addition, we have launched a new taskforce 'Strategic Talent Team' consisting of several People Partners from Assurance, who are driving different initiatives to improve retention. Also, the Quality culture and behaviours programme aims to improve the culture in Assurance, which should have a positive impact on retention.

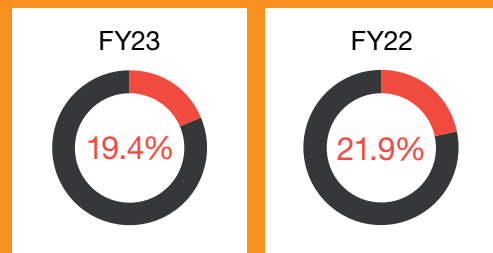


### Global People Survey

Each PwC 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.

PwC Switzerland generally has a high participation rate in the Global People Survey. In 2023, 88% of our partners and staff provided their feedback, resulting in an overall People Engagement Index of 80% and a Quality Behaviours Index of 77%.

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



#### 2023 Partner and staff survey

**88%** of our staff and partners participated in our Global People Survey.

**89%** of the respondents believe the people they work with demonstrated conduct consistent with PwC's Global Code of Conduct.

**87%** of the respondents think the people they work with challenge them and each other to deliver quality work.

**77%** of the respondents shows favourable in the overall Quality Behaviours Index

## 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 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, virtual classroom and 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.

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

FY23 **67.2** | FY22 **62.9**



## Continuing education



We, and other PwC 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 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.

The Assurance training comprises several technical update training courses and various e-learning programmes for Partners and experienced staff. The trainings focus on technical innovation and deal with topics such as risk management, independence, regulatory update, audit methodology, accounting and transformation/upskilling. In addition, we deliver core training for less experienced staff to undertake the work assigned to them and develop their professional skills.

Last but not least, if any 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 approach



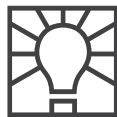
**Our approach to quality**



**Cultures and values**



**Our people**



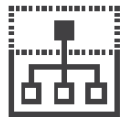
**Our approach**



**Monitoring**



**PwC network**



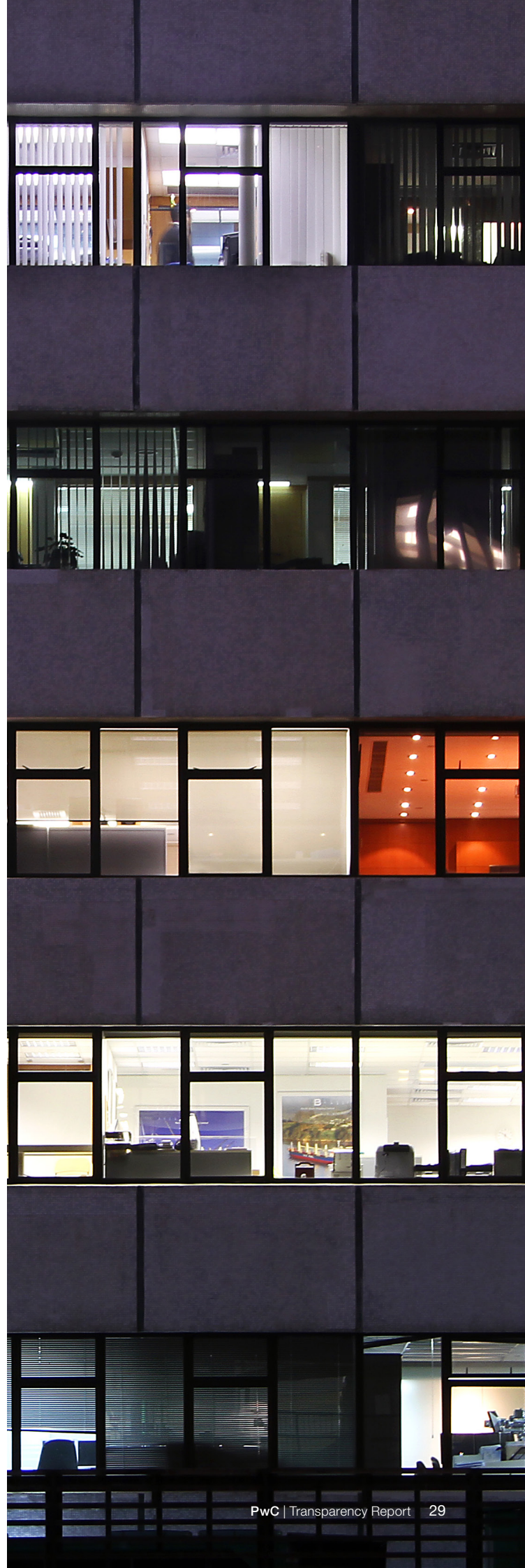
**Legal and governance structure**

# Our 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 and our underlying audit methodology, by 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.



## Our Tools



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 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.

# Tools and technologies to support our audit

## Our technology



**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, address 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 observing 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 Confirmations**, our global, secure, web-based confirmation platform providing a guided experience to preparing, sending, monitoring and receiving electronic and paper responses for our auditors and third-party confirmers as well as a dashboard view to assist in status updates. The Confirmer portal allows confirmers to easily navigate and provide responses.

**Halo Platform** enables our engagement teams to manage all data extractions, executions and storage for all applications through our existing platforms to increasingly simplify, one central location, allowing our engagement teams to monitor the status of data uploads and use the acquired client data for multiple applications during the audit.

## Our Next Generation Audit

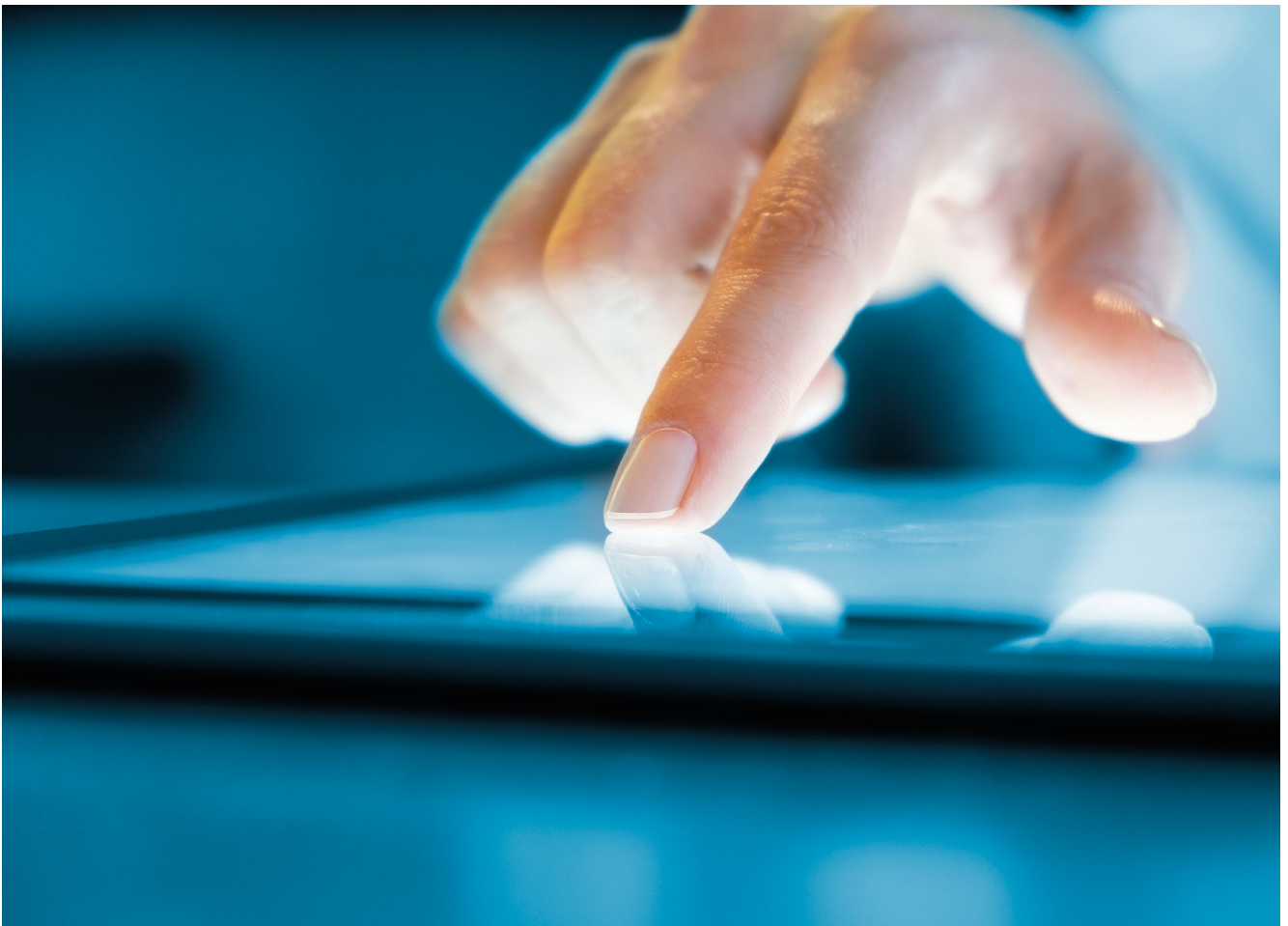


As part of our commitment to building trust and delivering sustained outcomes, the PwC network is investing in a multi-year effort to deliver a new global audit platform to power our next generation audit, ultimately replacing our legacy technologies such as Aura and Connect. By exploring and investing in new technologies and redefining underlying audit processes, PwC will further standardise, simplify, centralise and automate our audit work. PwC's investment will accelerate ongoing innovation and enable us to respond to changing stakeholders' needs while taking advantage of emerging technologies, providing a transformed audit experience focusing on continuous quality enhancement. PwC's vision for NGA is to provide efficient, robust and independent assurance and audit insights across financial and non-financial information, helping to build trust in what matters to our stakeholders. As PwC gains momentum around the next generation audit programme, we will continue to release new capabilities on an ongoing basis to enhance quality and the overall audit experience.

## 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.



# Confidentiality and information security

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 have 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

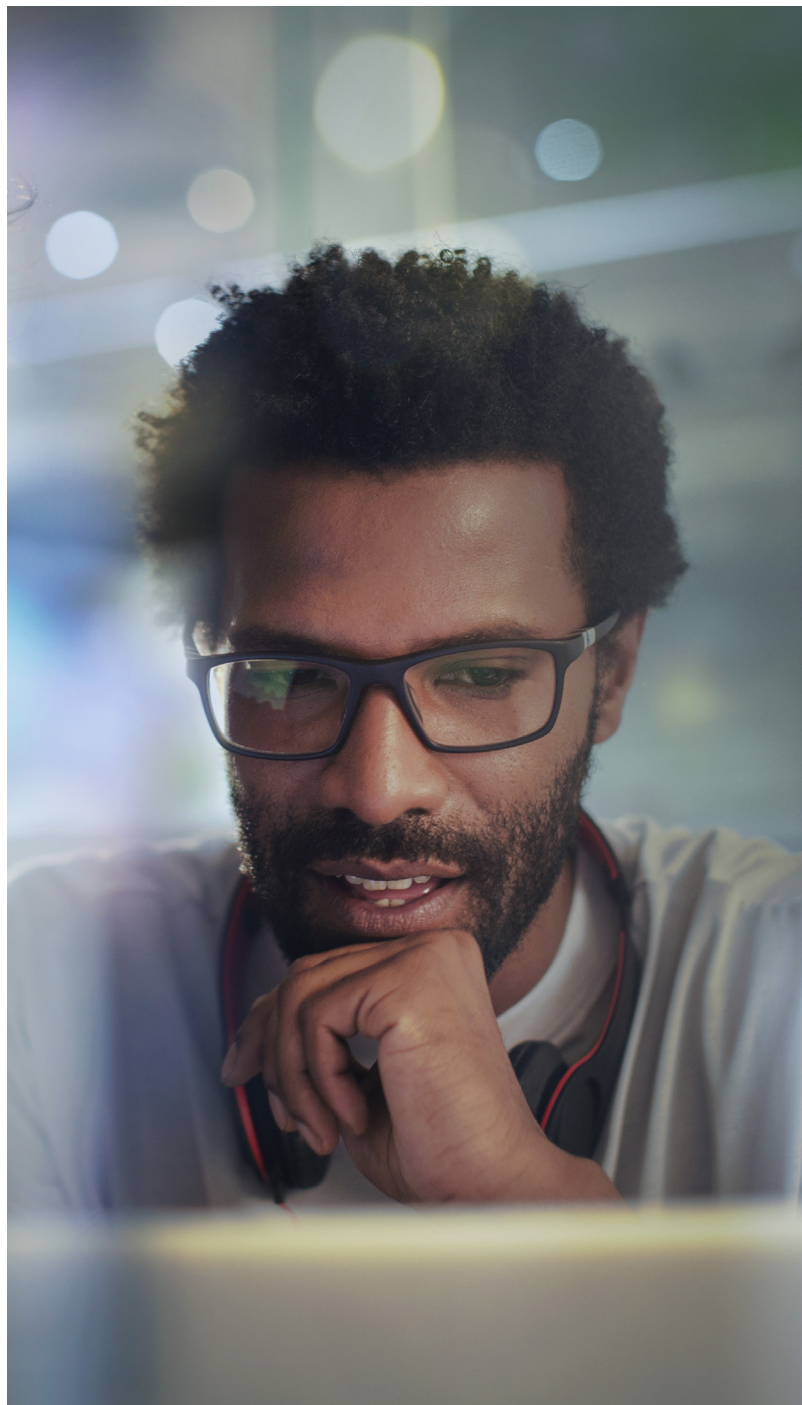


Information Security is a high priority for the PwC network. PwC firms are accountable to their people, clients, suppliers and other stakeholders to protect information that is entrusted to them.

Failure to protect information could potentially harm the individuals whose information PwC firms hold, lead PwC firms to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand. The Information Security Policy (ISP) outlines the minimum security requirements with which every PwC firm must comply.

PwC firm compliance with the ISP is measured through quarterly data-driven assessments as well as a yearly evidence-based assessment for each PwC firm.

Deviations that result from the assessment are prioritised for remediation per timelines agreed with firm leadership.







### 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 specialists as well as individuals within our Assurance Technical Office.



### 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.



### Assurance Technical Office

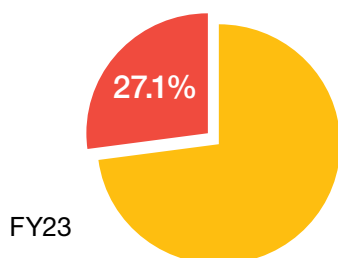
Our Assurance Technical Office comprises specialists in accounting, auditing and financial reporting, as well as in risk and quality. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing, and providing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



### 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.

### Team managers and engagement leaders involvement on audit engagements



### FY23 coverage of our listed clients in our financial statements review programme

**IFRS**  
59 listed clients

Coverage

**49.2%**

**Swiss GAAP FER**  
48 listed clients

Coverage

**25%**



# Monitoring



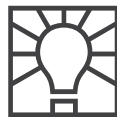
[Our approach to quality](#)



[Cultures and values](#)



[Our people](#)



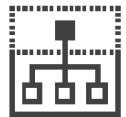
[Our approach](#)



[Monitoring](#)



[PwC network](#)



[Legal and governance structure](#)

# Monitoring

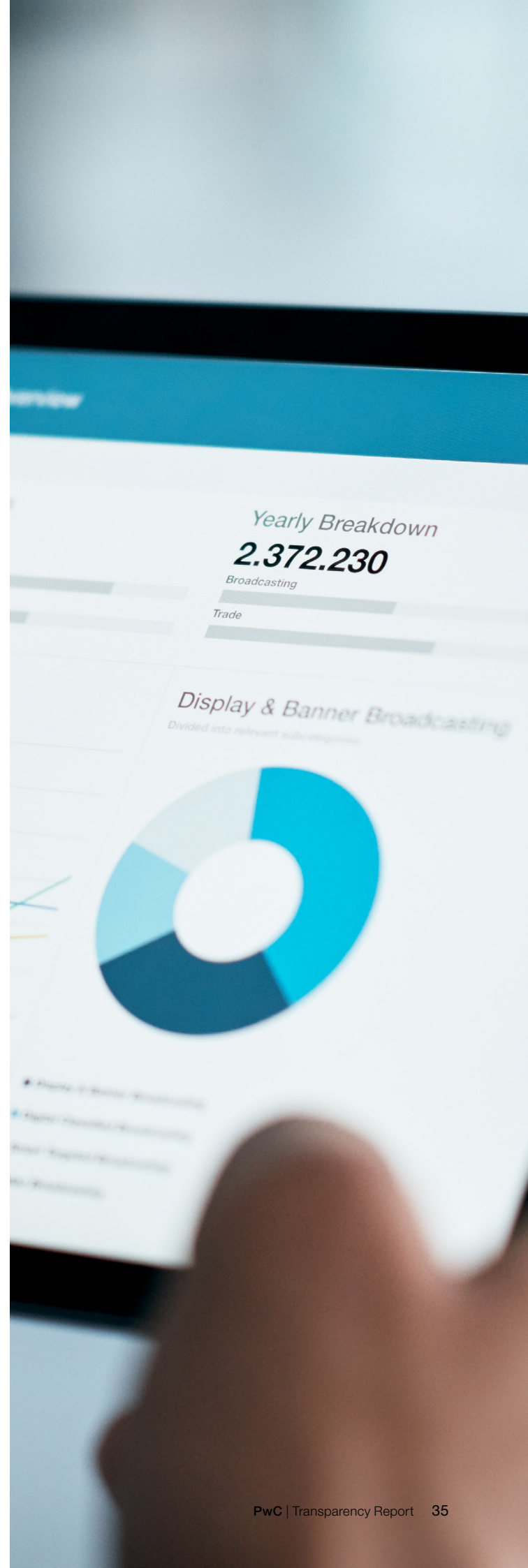
## Monitoring of assurance quality: internal

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 is 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 is 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 includes 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, non-audit assurance and related services engagements are performed in compliance with laws, regulations and professional standards (also referred to as our ongoing monitoring). This includes the use of Real Time Assurance.



## 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.

In addition to the ongoing monitoring noted above, our monitoring also encompasses periodic assessment of our SoQM which includes the review of completed engagements (Engagement Quality Reviews – EQR), 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. EQRs are performed under a network-wide inspection programme based on professional standards and PwC audit methodology.

During the 2023 EQR programme cycle, 38 audit (2022: 41) and 9 non-audit (2022: 11) engagement files were selected and reviewed.

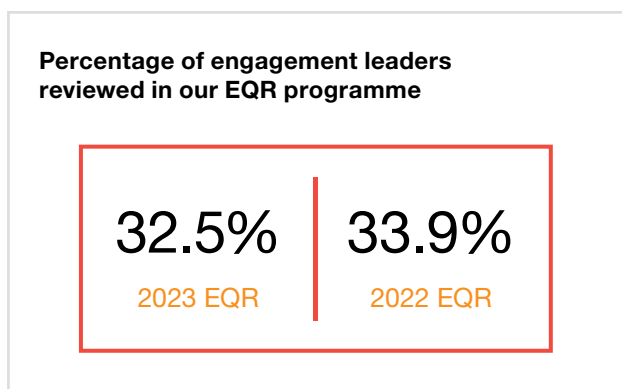
Overall, the results of the 2023 Swiss quality review confirmed that the firm runs effective internal quality controls when managing its audit engagements, and that the firm's quality control system for the assurance practice has been suitably designed.

We analyse instances where our audit quality objectives were not fully achieved and consider their potential causes, and take timely and responsive action to address them.

In addition, we continue to make improvements to our audit approach, training and other relevant factors.

EQRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit, non-audit assurance or related services 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 EQR 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. EQR reviewers may be sourced from other PwC 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 by monitoring the consistent application of guidance on classification of engagement findings and engagement assessments across the network.



Additionally, the PwC Network undertakes periodic reviews to evaluate certain elements of PwC firms' systems of quality management. The Network also looks at the PwC firm leadership's own assessment of the effectiveness of their system of quality management and their determination of whether the overall quality objective has been achieved.

The inspection results are reported to our firm's leadership who are responsible for analysing the results of the inspections along with the findings identified from all sources of information 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.

Assurance partners of our firm, who are responsible for group audits involving cross-border work, receive information on the results of the network inspection programme, designed for their use in assessing the scope of audit work they determine needs to be performed and their reliance on work performed by PwC firms in connection with their audit of a client's consolidated financial statements.

## Learn: Root cause Analysis (RCA)

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 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 and financial statement restatements, 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 engagement-level findings 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 and whether the engagement was subject to a pre-issuance review under our RTA programme, among other data points.

Our goal is to understand how quality audits may differ from those with engagement-level findings 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 management. 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.





## 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 October 2022, PwC's Swiss firm was subject to an inspection by the FAOA. This inspection was focused on the following areas:

- firm review (i.e. review of registration conditions and several firm-wide processes)
- audit engagements: the regular, annual review included seven financial audit files and three regulatory audit files

For the 2022 inspection, none of the comments included in the FAOA's final reports issued in May 2023 represented an issue that impairs PricewaterhouseCoopers AG's ability to provide companies with audits conducted in accordance with professional standards.

Beginning of May 2023 the FAOA conducted the next annual inspection in connection with which an inspection report has not been issued yet.

PricewaterhouseCoopers AG is also subject to regulatory oversight by the 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 started in May 2023 and covered the period of May 2022 until April 2023. This PCAOB inspection is not concluded yet and therefore no inspection report has been issued so far.



# PwC network



Our approach to quality



Cultures and values



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# PwC network

## Global network



Firms in the PwC network are members in, or have other connections to 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 PwC 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 amongst individual PwC firms where appropriate. PwC firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, PwC firms may draw upon the resources of other PwC firms and/or secure the provision of professional services by other PwC firms and/or other entities. In return, PwC 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 PwC firm cannot act as agent of PwCIL or any other PwC firm, cannot obligate PwCIL or any other PwC firm, and is liable only for its own acts or omissions and not those of PwCIL or any other PwC firm. Similarly, PwCIL cannot act as an agent of any PwC firm, cannot obligate any PwC firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control any PwC firm's exercise of professional judgement.





## 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 does not have an external role. The Board is comprised of 20 members. One is appointed as an external, independent director, and the other 19 Board members are elected by partners from 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**, which 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 PwC firms to coordinate activities across all areas of our business.

Andreas Staubli, TSP 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 turnover

Member state	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
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

Member state	Name of firm
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
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 de 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
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 2.8 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 2023.



# Legal and governance structure



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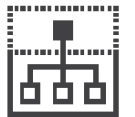
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# Legal and governance structure

## 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 2023, 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 2023, PwC Holding was held by PwC Partner Andreas Staubli, Sebastian di Paola & 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 the 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 2023, there were 178 partners in the four lines of service:

- 71 Assurance partners
- 52 Tax & Legal partners
- 50 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 2022/23 financial year, the Board of Directors of PricewaterhouseCoopers AG comprised:

- Sebastian di Paola (Chairman)
- Andreas Staubli (Delegate)
- Heinz Hartmann (Member)
- Alex Astolfi (Member)
- Daniel Ketterer (Member)

As of 1 July 2023, Sandra Böhm has succeeded Heinz Hartmann 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.



Sebastian di Paola



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)
- Daniel Ketterer (Quality & Regulatory Affairs Leader)

As of 1 July 2023, Sandra Böhm has succeeded Heinz Hartmann in his role as COO/CFO.



Andreas  
Staubli



Heinz  
Hartmann



Julie  
Fitzgerald



Alex  
Astolfi



Gustav  
Baldinger



Dieter  
Wirth



Daniel  
Ketterer

## 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. Sebastian di Paola is the Chairman since 1 July 2022.

## Financial information

An analysis of the gross fee revenues of PwC Switzerland for the financial year ending 30 June 2023 is shown below (amounts in CHF million):

Financial information	FY2023	FY2022
i) Audit Revenues earned by EU/EEA Public Interest Entity audit clients	56	47
ii) Audit Revenues earned by all other audit clients	298	288
iii) Non-Audit Services Revenues earned by EU/EEA Public Interest Entity audit clients	22	19
iv) Non-Audit Services Revenues earned by all other clients	733	616
<b>Total</b>	<b>1,109</b>	<b>970</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, Sebastian di Paola & Co. KmG. Audit partners are not 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 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 2023, 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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