



PwC Hong Kong Transparency Report

Year ended 30 June 2023
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Message from leadership

Message from leadership



Welcome to our 2023 Transparency Report

I am proud to share with our clients and stakeholders our 2023 Transparency Report which includes information about how the Firm is governed, along with an update from Daniel Li, who leads our audit practice. While PwC is a multidisciplinary firm, this report is primarily focused on our audit practice and related services.

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 committed 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: to build trust, which has never been more important, nor more difficult and 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 US \$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 standardizing, simplifying, centralising and automating our audit work, transforming the experience for our stakeholders and our people.

PwC's approach to building trust is designed to meet rising expectations of transparency, accountability and stakeholder engagement. It combines expertise in audit, tax and compliance activities with a drive to expand specialists capabilities in areas such as cyber security, data privacy, ESG and AI. It also recognises the importance of quality – and that reporting and compliance represent just one link in a chain that includes organizational culture, executive mindset, aligned standards, certified professionals, stringent controls, tailored technologies and appropriate governance.

Similar to building trust, delivering sustained outcomes requires us to work in an integrated way. Instead of taking a traditional technology-driven approach to transformation, PwC focuses on the outcomes that our efforts are seeking to achieve. To deliver the agreed outcomes, we then mobilise our expertise in areas including – among many others – strategy, digital and cloud services, value creation, people and organisation, tax, sustainability reporting, deals, business recovery services, legal and compliance. This broad range of capabilities are absolutely critical to the provision of the highest quality audit services.

Quality is central to our firm-wide strategy and is our top priority within our audit practice. We recognize we have an important role to play and we're committed to helping to increase trust and confidence in society through quality and integrity.

Our strategy builds on our ongoing commitment to quality.

Raymund Chao
Chairman and Senior Partner

A message from our Assurance Leader

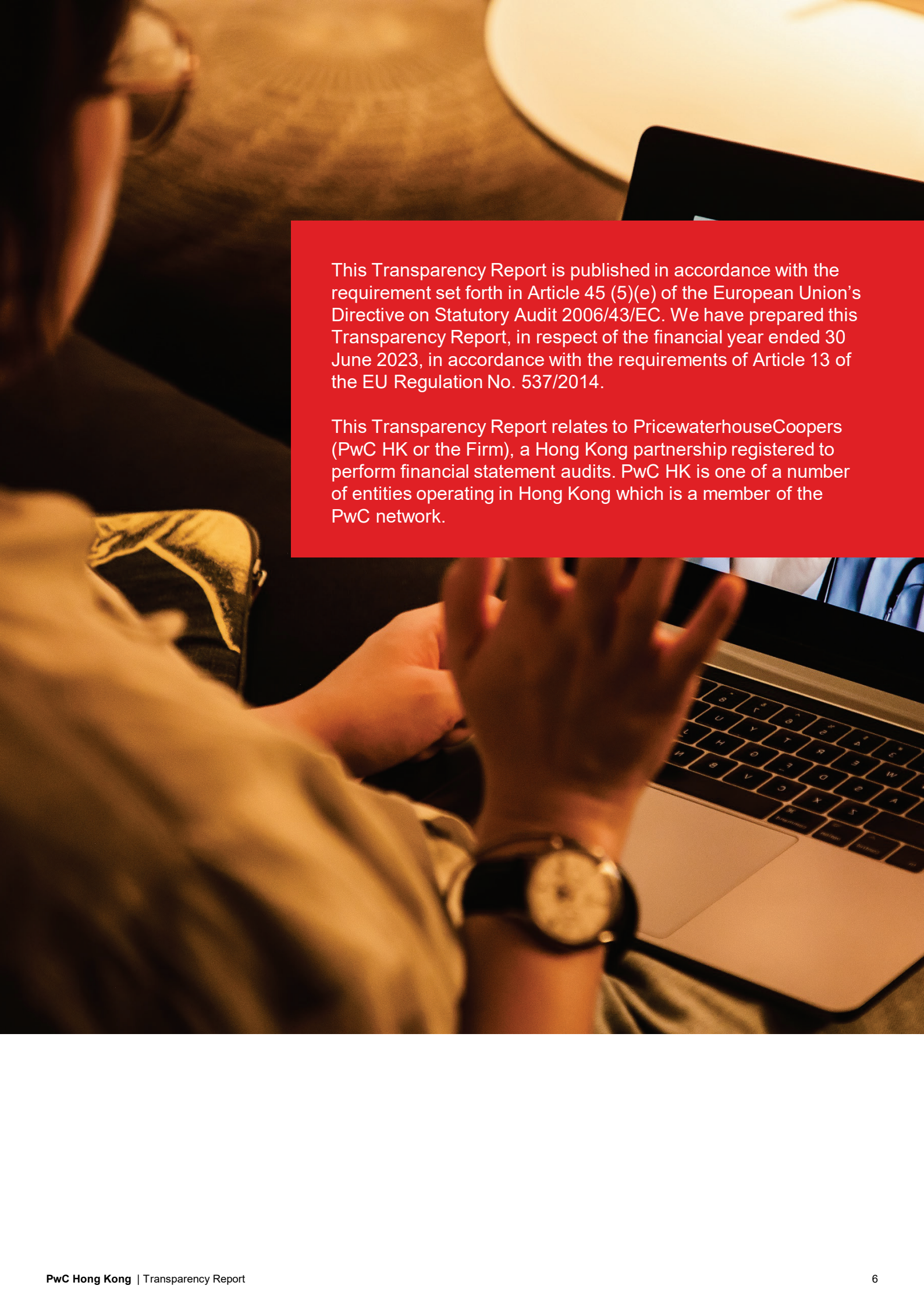


Quality remains at the heart of everything we do and delivering quality audits is absolutely core to our purpose and fundamental to building trust. There are many stakeholders who rely on us to exercise objectivity and impartiality when performing audits. During the challenges of the last 12 months, brought on by the COVID-19 pandemic, geopolitical tensions, uncertainties in the capital markets and issues faced by certain industry sectors, we have continued to perform rigorous and challenging audits. Our audit teams have adapted – bringing solutions to complex issues, maintaining agility and resilience against challenges, and embracing human ingenuity and technology innovation.

We are working towards a future that is human-led and tech-powered and will continue to upskill our people and invest in technology that enhances quality through simplification, standardisation, specialisation and automation. This Transparency Report describes our policies, systems and processes for ensuring quality, the actions we have taken to develop our people, leverage new tools and technologies, monitor audit quality and the way we foster a culture of quality at every level of the firm.

Our audit processes are continuously reviewed and updated in response to the ever-changing landscape and increasing regulatory scrutiny. The investments and efforts we have made to drive audit quality will ensure we continue to solve important problems and build trust in society, and meet the expectations of the stakeholders.

Daniel Li
Assurance Leader



This Transparency Report is published in accordance with the requirement set forth in Article 45 (5)(e) of the European Union's Directive on Statutory Audit 2006/43/EC. 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.

This Transparency Report relates to PricewaterhouseCoopers (PwC HK or the Firm), a Hong Kong partnership registered to perform financial statement audits. PwC HK is one of a number of entities operating in Hong Kong which is a member of the PwC network.



Our approach to quality

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 and manages risk.

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.



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

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.

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 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, circumstances, actions and/or inactions that have necessitated changes to our SoQM include COVID-19 pandemic, geopolitical tensions, uncertainties in the capital markets, increased regulatory scrutiny and issued faced by certain industry sectors. Our firm's processes, procedures and risks are reviewed and updated in response to significant changes throughout the year. ISQM 1 has been fully implemented notwithstanding that the approach to SoQM is a continuous evolving process.





Cultures and values

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's why we're 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

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 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 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 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.



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** – not to compromise professional or business judgements because of bias, conflict of interest or undue influence of others.
- iii. Professional Competence and Due Care** – to attain and maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current technical and professional standards and relevant legislation 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 conduct that the professional accountant knows or should know discredit the profession.

Our network standards applicable to all network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm's and partner's 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 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 PwC HK 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, PwC HK has adopted the PwC network standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals-behaviours that will enable us to build public trust. 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 PwC HK 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 PwC Code of Conduct. 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 PwC 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 PwC 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 online for all internal and external stakeholders at <https://www.pwc.com/ethics>.

PwC HK has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the PwC 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.





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, including 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. PwC HK 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 about fifty independence specialists. Independence matters are reported to the Firm's Strategic Risk Council for discussion/resolution on a regular basis throughout the year, and are escalated to the Firm leadership for resolution, where necessary.

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.

PwC HK supplements the PwC Global Independence Policy to include the independence requirements of the Hong Kong Institute of Certified Public Accountants, the United States Securities and Exchange Commission and those of the Public Company Accounting Oversight Board of the United States and of the EU Audit Regulation where they are more restrictive than the network's policy.

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 benefit plans;
- 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.

Independence-related systems and tools

As a member of the PwC network, PwC HK 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 and SEC 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 service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services system;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and practice managers 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; 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.

PwC HK also has a number of Hong Kong-specific systems which include:

- A system that monitors compliance with PwC HK's audit partner rotation requirements in connection with the member firm's audits of public interest entities; and
- A system that records all approved close business relationships entered into by PwC HK. These relationships are reviewed periodically to ensure their ongoing permissibility. Additionally, PwC HK contributes data on its business relationships that feeds into the Global CES system, so other PwC firms can access the data for independence purposes.



Independence training and confirmations

PwC HK provides (i) onboarding training on introducing independence policy and requirements to new joiners, (ii) milestone training on relevant independence knowledge at promotion, and (iii) annual training for changes in policy or external regulation to all partners and staff.

Partners and staff receive these trainings via computer-based training or face-to-face training delivered by PwC HK's independence specialists, as appropriate.

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. Effective from mid-January 2023, these annual confirmations are supplemented by periodic engagement level confirmations for all audit clients of PwC HK.



Independence monitoring and disciplinary policy

PwC HK 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 practice staff as a means of monitoring compliance with independence policies; and
- An annual assessment of our firm's adherence with the PwC network's standard relating to independence.

The results of PwC HK's monitoring and testing are reported to the firm's management on a regular basis with a summary reported to them on an annual basis.

PwC HK 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 investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC HK's systems and processes and for additional guidance and training.



Considerations in undertaking the audit

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary. The policies and processes we have in place emphasise risk and quality considerations such that financial and operational priorities do not lead to inappropriate judgements about whether to accept or continue a client relationship.

Client and Engagement Acceptance and Continuance

PwC HK 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 and Continuance (A&C)). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

- To document their consideration of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; 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.



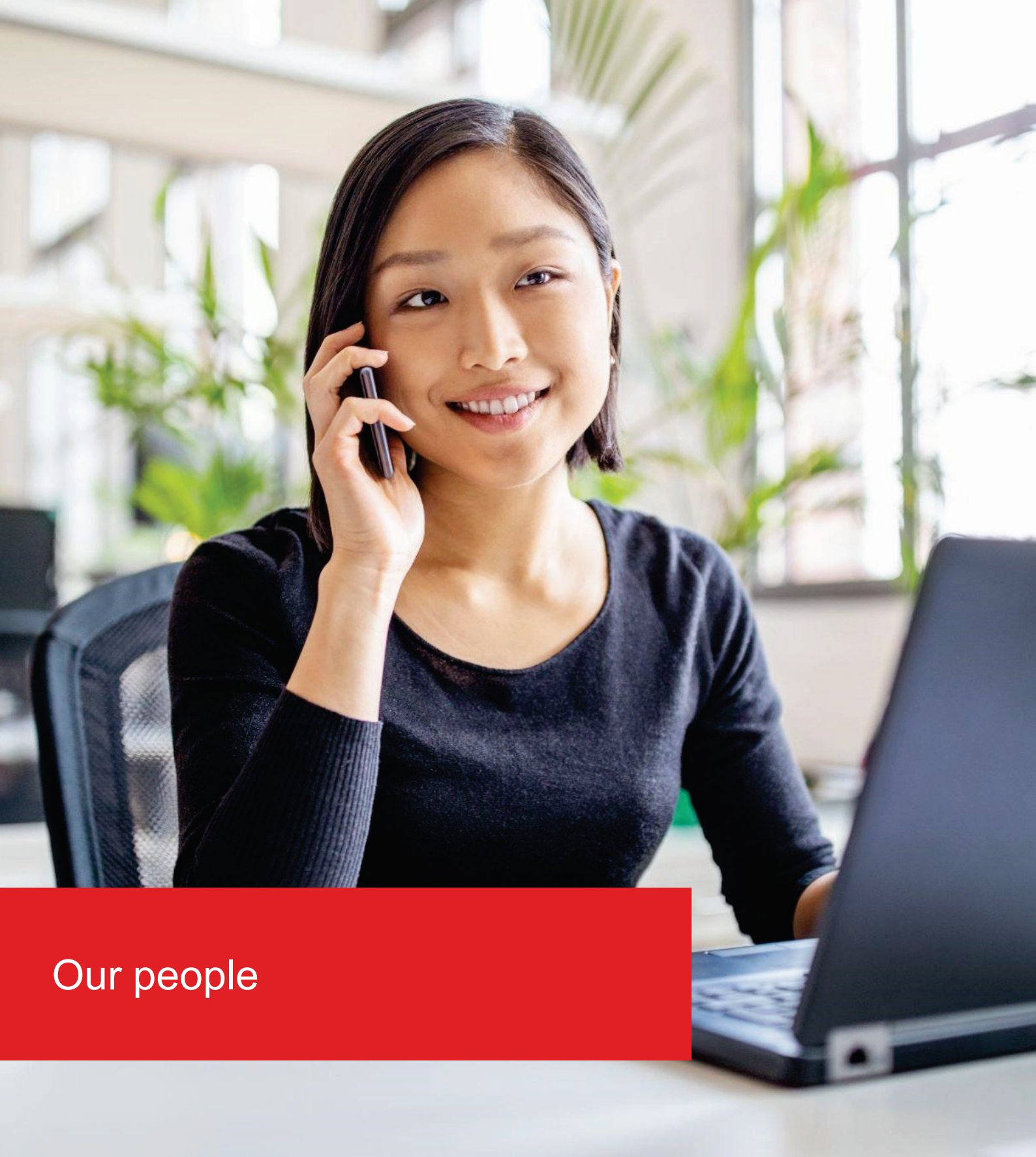
Reinforce: Recognition and Accountability Framework

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 directors with engagement leader and other supporting roles accountable for quality behaviours and quality outcomes beyond compliance. Our RAF considers and addresses the following key elements:

- **Quality outcomes:** We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC network and our firm's standards and policies
- **Behaviours:** We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective
- **Interventions/recognition:** We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- **Consequences/reward:** We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives

Assurance Risk & Quality implements the RAF by summarising all the inputs on quality behaviours and outcomes, and providing recommendations to leadership on annual partner performance evaluation.





Our people

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.

A core part of our people strategy is bringing our People Value Proposition to life to attract, retain and develop our diverse network of talents. We build our Workforce of Future that is human-led and tech-powered, building trust and delivering sustained outcomes for each other, our clients and broader society.

In line with the Global Human Capital strategy, we continue to invest in upskilling and reskilling our people to equip them with future-fit skills including digital, ESG and leadership. We focus on delivering effective learning through the curation of learning content that is relevant and market-leading, design of learning opportunities that are innovative and engaging, and offering of learning experience that is flexible and personalised.





Inclusion and diversity

At PwC, we're 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

PwC HK aims to recruit, train, develop and retain the best fit-for-future staff with the right skills who share in the firm's strong sense of purpose and responsibility for delivering high-quality services. Our hiring selection process includes a structured interview with behaviour-based questions built from The PwC Professional framework, assessment of academic records, working experiences and background checks. Across the firm in FY23, we recruited over 581 new people, including 391 university graduates.



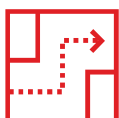
Team selection, experience and supervision

Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of 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. Feedback on performance and progression is collected via our Snapshot tool, a simple, mobile-enabled technology. We also use Workday to give and receive upward and peer feedback. Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.



Career progression

PwC HK 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.

In FY23, we have taken a series of actions to engage with our people and retain our best talents. We have launched the Wellness Reimagined 2.0 App with a number of key upgrades and new features to expand the coverage of multiple wellbeing dimensions including physical, social, and mental well-being across our holistic wellness ecosystem. We have also scaled capabilities to ensure effective resource allocation and provide relief to our people, as well as building a culture of sustainable work by introducing High Performance Routines through firmwide webcast, Team Leader briefings and weekly ePostcards.

To provide better access to meaningful work, we upgraded our Agility Ecosystem to enable faster and easier career moves with greater speed, transparency, and flexibility, together with Internal Career Fairs held on a periodic basis to help our people to explore the diverse career opportunities available at PwC. In addition, we have been focusing on inspiring and motivating our talents to upskill themselves with future-proof and leading-edge capabilities. This is enabled by the gamified ecosystem of Development Miles that cultivate self-driven and collaborative learning culture, and the expansion of learning footprints with the Development Playbook in areas of Leadership, Digital, ESG, Technical & Quality. This allows our people to be future-proof with the most relevant skills and knowledge to take ownership of their career experience at PwC.

All these initiatives are fully supported by our Team Leaders and Career Coaches, who have been empowering their teams to deliver sustained outcomes through fostering a culture of collaboration, innovation, and connectedness. This year we have further stepped up our effort to better support our people managers, with team engagement results of people surveys now available to Team Leaders, and enhanced coaching sessions for Career Coaches to sharpen their leadership and people management skills so that they can drive better people engagement and development, bringing out the best in the team.



Global People Survey

Each PwC firm participates in an annual Global People Survey (**GPS**), administered across the network to all of our partners and staff. PwC HK is responsible for analysing and communicating results locally, along with clearly defined actions to address feedback. In the FY23 GPS, the overall People Engagement Index for PwC Hong Kong is 74%. For intent to stay, 74% of our HK staff expected to stay with us in the next 12 months. Behavioural Change Index stands at 76% while Quality Behaviour Index at 80%.





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.



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 training solutions, 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 classroom learning, virtual classroom and elearning. The training solutions support our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

The design of the training solutions allow us to select, based on local needs, when we will deliver the training.

Based on the specific needs in the local environment, PwC HK supplements the globally developed training solutions with local specific content, both technical and non-technical, to address our local specific needs.

PwC HK also requires its partners and professional staff to complete mandatory training programmes to ensure they are up to date with latest technical knowledge and to equip them with other necessary skills to execute assignments, and to support them to comply with continuing professional development requirements.

PwC HK adopts a learning management system to track the learning status of partners and staff. Completing mandatory training by due dates is also a factor when evaluating staff's annual performance.

PwC HK also maintains up-to-date reference materials which are accessible by all assurance practice partners and staff. These cover audit guidance, procedures and methodology, and include a library of local and international accounting, auditing and ethical standards. To support and keep staff and partners' knowledge up to date, partners and staff receive regular communications on technical and regulatory topics as they arise. Support is available to partners and staff on auditing, accounting and regulatory requirements, including access to subject matter experts.





Our approach

Our approach



Our approach

PwC HK 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 quality and effectiveness of audit is critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, in the skills of our people, in our underlying 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. Details of these indicators and processes can be found in the Monitoring of Assurance quality section. 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.

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.



Our tools

As a member of the PwC network, PwC HK has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing, with additional PwC policy and guidance provided where appropriate (for example, the requirements of Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, United States Generally Accepted Auditing Standards issued by the American Institute of Certified Public Accountants and Public Company Accounting Oversight Board (PCAOB) Auditing Standards. 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.



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 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 security

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation and brand. We take the protection of confidential and personal data very seriously. By applying the Information Security Controls Standard, the policy of the PwC network, that the information assets of the Firm be protected from internal or external threats, whether deliberate or accidental, such that:

- Data subject rights are respected.
- Confidentiality of information is maintained.
- Integrity of information can be relied upon.
- Information is available when the business needs it.
- Relevant statutory, regulatory, and contractual obligations are met.
- The PwC brand is protected

Specifically, it covers the below areas:

- PwC Personnel Responsibilities – areas affecting personnel security within the firm such as employee vetting, terms and conditions of employment, confidentiality agreements, and user awareness training.
- Confidentiality agreements - Where permitted by law and in accordance with local firm policy, confidentiality agreements (for example non-disclosure agreements) may be implemented and signed by PwC Staff and third-party suppliers as a condition of employment.
- Data Protection - Data must be identified based on data classification and confidentiality requirements and must be protected with use of encryption where appropriate (for example, at rest, during transmission) and consider compliance with local and applicable international laws.

Confidentiality and information security



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.



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.
- The Firm has continued to build on our extensive Data Privacy and Protection programme and supplemented the Network Data Policy with Supplementary Guidance in handling personal data. We respect the privacy and confidentiality of information of our clients, our people, and others with whom we do business, including compliance with relevant legal requirements and professional standards.
- We are also committed to embedding good data management practices across our business. Our PwC Code of Conduct contains information on a broad range of local policies covering legal and professional obligations, including the policies on protection of personal data. All partners and staff are required to confirm the compliance of such data protection related policies on an annual basis.

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 Service Delivery Centre (SDC) to streamline, standardise, automate, and centralise portions of the audit.

Direction, coaching and supervision



Engagement leaders and senior engagement team members are responsible and accountable for providing quality coaching throughout the audit and supervising the work completed by junior members of the team, coaching the team and maintaining audit quality. 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 high 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 specialties as well as individuals within our technical support functions.

Technical support



We have specialists supporting our engagement teams including technical accounting, auditing, and financial reporting groups as well as 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 (QRP)



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 those 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 specialists in our technical support functions.



Monitoring

Monitoring



Monitoring of Assurance quality

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 to our Assurance strategy.

Responsibility for appropriate quality management lies with the leadership of PwC HK. This includes the design and operation of an effective SoQM that is responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

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.

The selection criteria of engagements for the RTA programme is revisited every year to ensure engagements with specific risks or within specific industries are covered. Reviewers are nominated partners and senior managers from business units and Risk & Quality depending on the types of RTA programme, and the checklist questions are also enhanced where necessary to address key findings identified in recent engagement reviews and other inspections.



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 network firms. The results of these procedures, together with our ongoing monitoring, form the basis for the continuous improvement of our SoQM. EQRs are performed under a network-wide inspection programme based on professional standards and PwC audit methodology.

EQRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to lead audit, non-audit assurance or related services engagements. 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. Each such individual is reviewed at least once every five years, unless a more frequent review is required based on the profile of that individual's client engagements or due to local regulatory requirements.

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 inspection procedures. 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 receive information on the results of the network inspection program, 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

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 – 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, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality.

In addition, the data compiled for audits both with and without engagement-level findings is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include hours incurred on the audit, the number of years of experience of the key engagement team members, the number of years the key engagement team members have been on the engagement, the number of other audits that the key engagement team members are involved in, whether the engagement was subject to a real time assurance review, etc.

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.

Statement on the effectiveness of the firm's internal quality control system

Management of PwC HK believes that the quality control environment described in this Transparency Report complies with all applicable regulations and provides a reasonable basis for believing that audits carried out by PwC HK consistently meet the required quality standards.



External inspections

As a registered CPA firm and Public Interest Entity auditor, PwC HK is subject to an annual inspection by the Accounting and Financial Reporting Council (AFRC) in Hong Kong under the Accounting and Financial Reporting Council Ordinance. The last inspection by the AFRC was undertaken from October 2022 to January 2023.

The Public Company Accounting Oversight Board (PCAOB) conducted an on-site inspection of PwC HK in late 2022, covering an evaluation of certain elements of system of quality control and a review of certain audit engagements. A report was issued by the PCAOB and published on the PCAOB website in March 2023.





PwC network



Global network

PricewaterhouseCoopers International Limited (PwC IL)

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 19 members. One is appointed as external, independent director, and the other 18 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.

The Chairman and Senior Partner of PwC HK is a member of the Strategy Council and the Network Leadership Team.

Total turnover achieved by statutory auditors and audit firms from EU/EEA Member States that are members of the PwC network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately €2.8 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of 30 June 2023.

A list of PwC Network audit firms and statutory auditors in European Union/European Economic Area Member States as at 30 June 2023 can be found in the Appendix 2 .



Legal and governance structure

Legal and governance structure

Legal structure and ownership

PwC HK is a partnership wholly owned by its partners and established under the laws of Hong Kong SAR. There were 146 partners as at 30 June 2023. Partners have equal voting rights except for partners in their first 4 years of partnership, who have one quarter of one vote (and contribute a correspondingly reduced amount of Capital).

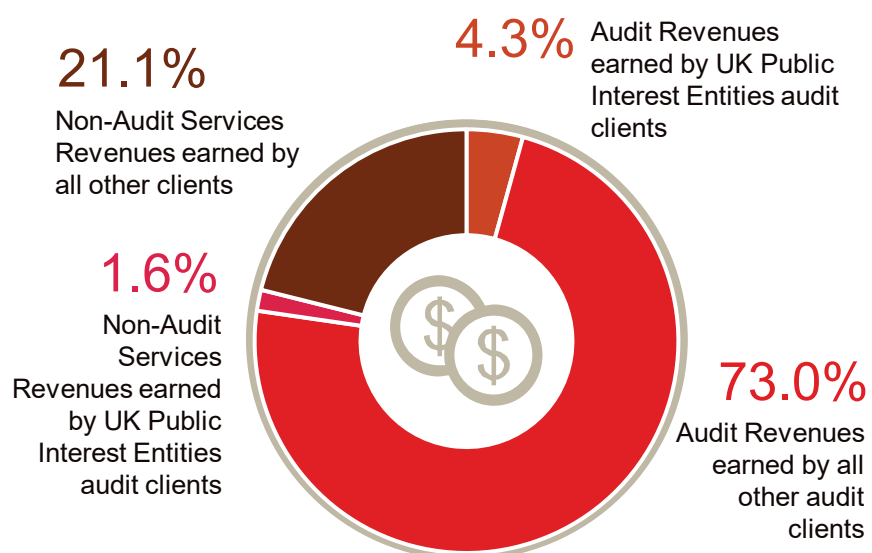
Governance structure of PwC HK

The Chairman and Senior Partner is elected for a period of four years in accordance with a method recommended and overseen by the Firm's governance body, the Board of Partners. The Chairman and Senior Partner has responsibility for the strategic direction and overall management of the Firm, and is supported by a Management Board which has responsibility for management of the Firm.

The Board of Partners is the governance body of the Firm, and its role includes to advise the Chairman and Senior Partner of issues of concern to the partners, to review the processes adopted by management in its decision making, and to oversee the process of the Partner Income System. The Chairman and Senior Partner is an ex officio member of the Board of Partners. The other members are elected for a four-year term. The Board of Partners meets monthly and each meeting is chaired by the Lead Director who controls the agenda. A private session is held in each meeting without the presence of the Chairman and Senior Partner.



Revenue disclosures required by Article 13 Item 2(k) are as follows:



Financial information



Partners' remuneration

Partners' remuneration

Partners are remunerated out of the profits of PwC HK. Audit partners are not permitted to be incentivized, evaluated or remunerated for the selling of non-audit services to their audit clients.

The final allocation and distribution of profit to individual Partners is approved by the Management Board, once their performance has been assessed and subject to firm results. The remuneration committee appointed by the Board of Partners approves the processes and oversees its application.

Each Partner's remuneration comprises three interrelated components:

- responsibility income;
- performance income; and
- Equity unit income.

Each Partner's performance income is determined by assessing achievements against an individually-tailored balanced scorecard of objectives, based on the Partner's role and responsibilities, and against performance and compliance with firmwide policies and expectations, including quality. There is a transparency among the Partners over the process of determining the final income allocation on a summary basis.



Appendix 1 – Public interest audit clients

During the period covered by this Transparency Report, PwC HK has issued audit reports for The Hongkong and Shanghai Banking Corporation Limited and Asian Infrastructure Investment Bank that have transferable securities listed in London.

Appendix 2 – EU entities

The table below is a list of statutory audit firms/auditors by country within our network as of 30 June 2023 (Article 13.2.(b) items (ii) and (iii)):

| Member State | Name of firm |
|----------------|---|
| Austria | PwC Wirtschaftsprüfung GmbH, Wien |
| | PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz |
| | PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz |
| | PwC Österreich GmbH, Wien |
| Belgium | PwC Bedrijfsrevisoren bv/Reviseurs d'enterprises srl |
| Bulgaria | PricewaterhouseCoopers Audit OOD |
| Croatia | PricewaterhouseCoopers d.o.o |
| | 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 |
| | PricewaterhouseCoopers Entreprises |
| | PricewaterhouseCoopers France |
| | M. Antoine Priollaud |
| Germany | PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft |
| | Wibera WPG AG |
| Greece | PricewaterhouseCoopers Auditing Company SA |
| Hungary | PricewaterhouseCoopers Könyvvizsgáló Kft. |
| Iceland | PricewaterhouseCoopers ehf |

Appendix 2 – EU entities

| Member State | Name of firm |
|----------------------------|--|
| 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. |
| | PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. |
| | 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 |
| | Öhrlings PricewaterhouseCoopers AB |



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 issued by The European Parliament and The Council of the European Union.

PricewaterhouseCoopers is referred to throughout this report as “the Firm”, “PwC HK”, “we”, “our” and “us”.

© 2023 PricewaterhouseCoopers. All rights reserved. In this document, “PwC” refers to PricewaterhouseCoopers, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.