

2024 Transparency report

PricewaterhouseCoopers LLP

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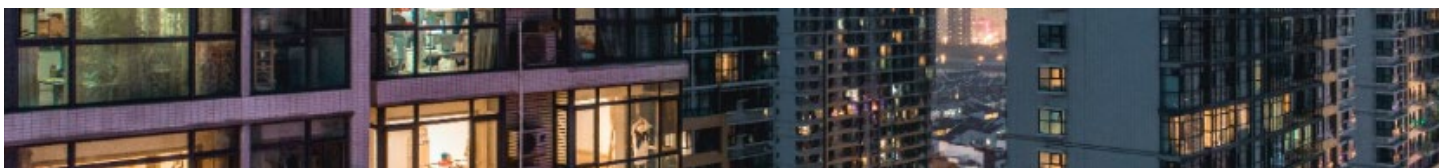
Introduction

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 149 countries with more than 370,000 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.

We believe reliable, accurate, and transparent financial reporting is the lifeblood of the capital markets. Our purpose is to build trust in society and solve important problems through our commitment and delivery of quality audits. PwC's approach to building trust is designed to be responsive to rising expectations of transparency, accountability and stakeholder engagement. It combines expertise in audit, tax and compliance activities with a drive to expand specialist capabilities in areas such as cyber security, data privacy, sustainability and Artificial Intelligence (AI). Our purpose also recognizes 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. It is part of our public interest commitment to consistently perform quality engagements and be transparent about our system of quality management.

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 work is seeking to achieve. To deliver these outcomes, we then mobilize our expertise, as permitted under relevant independence rules, in areas including—among many others—strategy, digital and cloud services, people and organization, tax, sustainability reporting, and business recovery services.

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 for our fiscal year ended June 30, 2024. Throughout this report, the terms "PwC," "firm," "we," and "our" refer to one or more of PricewaterhouseCoopers LLP, PwC US Group LLP (and its subsidiaries) and PwC USA LLP.



Quality across the PwC Network

Quality audits across the PwC Network¹ are vital to the US firm's brand. To support member firms in delivering quality services in an effective and efficient manner that meets the expectations of our stakeholders, the PwC Network has established the Quality Management for Service Excellence (QMSE) framework, which integrates quality management into how each member firm runs its business and manages risk.

The QMSE framework introduces an overall quality objective that is focused on member firms, including Acceleration Centers (ACs) having the necessary capabilities, and deploying its people to consistently use its methodologies, processes, and technology to deliver quality audits in an effective and efficient manner. To help member firms achieve this objective, the PwC Network invests significant resources into the continuous enhancement of quality across the Network. This includes having a strong quality infrastructure supported by the right people, underlying tools and technology at both the Network and firm level, and a program of continuous innovation and investment in technology. The PwC Network's Global Assurance Quality organization aims to support member firms in promoting, enabling, and continuously improving 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.

Each member firm designs, implements, and operates its own system of quality management to identify and respond to risks to achieving the overall quality objective and a series of underlying quality management objectives set forth in the QMSE framework. In addition, each member firm is responsible for:

- monitoring its system of quality management, including an ongoing assessment aimed at evaluating whether the policies and procedures that constitute the member firm's system of quality management are designed appropriately and operate effectively to provide reasonable assurance that the overall quality objective is achieved and the use of audit quality indicators;
- continuously improving its system of quality management and implementing remedial actions when areas of improvement are identified; and
- setting clear expectations regarding the behaviors that support quality and reinforcing those expectations, including through accountability.

The PwC Network coordinates an inspection program to periodically review certain elements of the member firm's system of quality management as well as the member firm leadership's own assessment of the effectiveness of its system of quality management and determination of whether the overall quality objective is achieved.

In addition, each member firm executes risk-focused reviews of completed engagements covering, on a periodic basis, individuals in the member firm who are authorized to sign audit or non-audit assurance or related services reports. These reviews assess whether work was performed in compliance with applicable professional standards and engagement-related policies and procedures. These reviews are planned and executed, and results are assessed, using guidance and a range of checklists and tools developed at the Network level. The results of these reviews are reported to member firm leadership who are responsible for analyzing the results of the inspections along with the matters identified from all sources of information, performing root cause analysis, and implementing remedial actions as necessary.

PwC US partners receive information about the results of the Network inspection program to consider, when applicable, in planning and performing their audit work.

We also assist member firms in promoting quality in audits performed under US auditing standards. This includes, for example, providing training materials specifically designed for PCAOB audits, in addition to annual training on updates to US accounting and auditing standards, and providing access to experienced resources who share learnings and leading practices on quality. At the audit team level, we have provided our group audit teams with guidance and shared effective working practices related to the direction, supervision and review of component auditor work.

¹ PwC Network is defined on page 34 of this document.

Our culture and values

Our purpose and values

Our purpose is to build trust in society and solve important problems.

We expect our professionals to exhibit the core values underlying our purpose, as these values define the expectations we have for working with each other and our clients:



As a firm, we continue to lean into our purpose to live our values. We're proud of what we've accomplished to date, but we know there's more to be done, and we're committed to continuing this work.

Our multidisciplinary firm

Our multidisciplinary model is the foundation from which we build, and draw upon, the deep technical knowledge and industry experience, diverse backgrounds and perspectives, and distinct skills of professionals across the firm to further support our commitment to quality and benefit our people and stakeholders.

Our audit professionals deliver the audit and assurance services our reputation is built upon, with the support of professionals across the firm with specialized capabilities in a growing number of areas, including emerging technology (such as Generative Artificial Intelligence, or GenAI), data and analytics, cybersecurity, tax, climate, human capital, digital assets, and valuation. When appropriate, our audit teams involve specialists in assessing risk, designing and performing audit procedures, and evaluating audit evidence to more effectively focus audit effort and provide more value to management and the audit committee, especially during times of change or uncertainty. Further, our audit teams are able to draw on our broad bench of non-audit specialists to enhance their own skills and gain unique perspectives. This ready access to specialists continues to support the quality of our work and bring additional value to our engagements as the environment in which we and our clients operate becomes increasingly complex.

Actions to support the profession and confidence in independent audits

Our role as auditors is to build trust in the information that drives the capital markets—including that information's usefulness, accuracy, reliability, and consistency. In 2023, we committed to taking action over the next several years in five foundational areas—including Accountability, Quality, Independence, Transparency, and Engagement—to support the profession and further enhance confidence in the work we do as auditors. Over the past year, we have completed several significant steps:

- With the involvement and direct input of leaders of our firm, we have developed an annual public certification related to the disclosures made in our annual Audit Quality Report, which includes a conclusion about the effectiveness of the system of quality management as of the date of the most recent annual evaluation.
- Income-at-risk provisions have been signed by the most senior members of our Operating Committee, including the Senior Partner, Chief Operating Officer, Chief Commercial Officer, Chief Financial Officer, General Counsel, Assurance Leader, Tax Leader, and Advisory Leader. The income-at-risk provisions are expected to apply in circumstances such as pervasive and significant firm-level incidents, for example, significant breakdowns in the system of quality management.
- We are exploring enhanced risk-based procedures related to identifying and responding to fraud risks and performing a going concern evaluation. We are piloting procedures to augment existing fraud inquiries, brainstorming, and whistleblower program evaluations, as well as additional risk assessment procedures to assess a company's longer-term business viability. As part of these pilots, we are considering potential expanded communications with the audit committee.
- We are gathering and assessing feedback from numerous stakeholders regarding the form and content of our annual Audit Quality Report, including whether there are different or additional transparency data points that should be considered for inclusion in future reports. We are also considering potential enhancements in response to viewpoints from regulators, investors, and other stakeholders as reflected in recent standard setting and rulemaking activity.

- With insights gathered from investors and directors, we are developing a plan to enhance our engagement with and remain responsive to the expectations of these stakeholders.
- We have also increased our focus on existing and potential new activities at colleges and universities, including presentations to students and faculty, and are planning additional investments in marketing the profession to attract new talent. We have committed 140,000 hours against our one-million-hour goal in a multi-year campaign to raise awareness of careers in accounting and auditing, including outreach to high school and community college students to identify talent earlier.

As we work toward these objectives, we give appropriate consideration to stakeholder perspectives and developments impacting the profession and our firm. As we monitor our progress in each of these areas, and as stakeholder expectations evolve, standards and regulations change, and technology advances, we will explore opportunities to evolve our efforts.



Tone at the top

The role the firm plays has always been underpinned by the need for trust and our ability to deliver quality services, valuable insights, and meaningful solutions. We look at tone at the top broadly, considering areas such as how we win new work, accept new clients, develop and share thought leadership, recruit and develop our people, and create an inclusive and respectful work environment.

The leaders of our firm recognize that our brand and professional reputation are built on delivering quality audit and assurance services. As a result, topics such as quality, ethical behavior, and accountability are an ongoing focus of our leadership communications, which are used to reinforce our commitment to our purpose and values and the importance of audit quality to the success of our firm. For example, in practice-wide and firm-wide webcasts and during career milestone events and training, our leaders share real-life experiences that illustrate and encourage expected behaviors. Our leaders regularly reinforce the critical importance of ethical behavior to our purpose and brand, to our success as individuals and as a firm, and to the strength of the profession. Key messages communicated to our people by our Senior Partner and our leadership team are reinforced by engagement partners.



Accountability and incentives

Partners are evaluated based on their contributions towards our strategic agenda and their individual goals, inclusive of impact and quality. All partners, including lead audit partners, quality review partners, auxiliary partners, and specialist partners are subject to our accountability program, which considers the results of external and/or internal inspections. Partner accomplishments are measured based on the partner's relative performance against established goals. Partners receive a share of the firm's profits based on their level of responsibility, individual quality results, the firm's performance, and the partner's overall performance. Through audit quality awards, we further recognize and incentivize partners who exhibit outstanding behaviors with respect to audit quality consistent with our strategy and values, for example, demonstrating preparedness for and positive interactions during inspection or managing particularly challenging matters, including delivering difficult messages in an exceptional manner. Our audit partners are not evaluated or compensated for selling non-audit services to their audit clients.

Our non-partner professionals are eligible to participate in our annual performance bonus plan based, in part, on the achievement of quality goals and objectives.

When necessary, partners, managing directors, and directors/managers are required to implement a responsive action plan to address quality issues. Each plan is approved by the partners to whom they report along with other members of our leadership team. Implementation of each plan is monitored to confirm agreed-upon actions are undertaken.

Ethics, including independence, and objectivity

Demonstrating ethical behavior, acting with integrity, and maintaining independence are hallmarks of the audit profession and are critical to our business strategy and success. Our people are expected to make ethical decisions guided by our purpose and grounded in our values.

Professionals across our firm strive to do the right thing whether dealing with clients, stakeholders, or each other. They understand the necessity of acting with integrity and the value of demonstrating objectivity in all the services we provide. We recognize that we operate in a complex environment with competing demands and expectations and with the potential for actual or perceived conflicts of interest. Our leaders firmly believe, and make it clear to our people, that no client, fee, or opportunity is worth compromising our values or independence. Through communication and action, our senior leadership serves as ethical role models and sets a clear tone from the top, inspiring our people to put our purpose and values front and center — consistently sharing a clear vision of who we are and what we stand for. Everyone at PwC is empowered to be an ethical leader.

Our purpose and values are the basis of the PwC Global Code of Conduct and its US companion. Each provides a frame of reference that underpins the high standards of ethical behavior expected of all our people.

Our policies related to ethics, including independence, integrate the requirements of the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA code) and the relevant standards and regulations established by US standard setting bodies and by external regulators, such as the SEC, PCAOB, and AICPA.² We require our partners and employees to complete training on our policies, including integrity, independence, information security, record-keeping, and fair competition, during our required new hire, new manager, new partner, and annual training. AC audit team members receive similar training appropriate to their roles, on an annual basis.

Compliance with these policies, and the laws that provide the foundation for such policies, is confirmed during our required annual compliance confirmation process. We monitor our compliance programs to confirm they are appropriately designed, operating as designed, and effective at meeting legal, regulatory, and firm requirements. We provide multiple ways for people to ask questions, obtain policy guidance, or voice concerns, including a dedicated Compliance Resource Center and an Ethics HelpLine, through which concerns may be reported anonymously.

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:



² SEC - Securities and Exchange Commission, PCAOB - Public Company Accounting Oversight Board, AICPA - American Institute of Certified Public Accountants

Network Standards

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 firm leadership 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, we have adopted the PwC Network standards, which include a Code of Conduct, and related policies that clearly describe the behaviors expected of our partners and other professionals—behaviors 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 employees and partners of PwC are provided with the PwC Global Code of Conduct and the expected behaviors for all partners and staff, who should follow these expectations throughout their professional careers at our firm. As part of the values and expectations in the Code, they also 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 employee 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 behaviors 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>.

PwC has adopted an accountability framework to facilitate remediation of behaviors that are inconsistent with the Code of Conduct.

Finally, the Organization 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 that 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.

Independence compliance programs

As auditors, our stakeholders expect us to be independent, in both fact and appearance, to support our ability to exercise professional skepticism and draw objective conclusions.

Our independence compliance programs include systems and processes that support our people in maintaining independence and leverage technology to automate important activities, when possible. These systems and processes include, for example:

- recording and making available information about the entities for which independence is required for teams to be able to search which entities are restricted, including: the client name, affiliates and other client-related entities, securities, and assurance deliverables;
- reviewing for the permissibility of requested non-audit services for restricted clients, prior to engagement, including involvement of independence specialists in certain situations;
- pre-clearing, recording, and maintaining securities and other financial arrangements of our professionals and their immediate family members, including an automated rules engine that determines whether the relationships are permitted or prohibited based on the restriction status of the entity and the current independence rules;



- automatically recording purchases and disposals of certain security transactions to assist our professionals in maintaining a complete and accurate portfolio of securities to be monitored;
- assessing, from an independence perspective, the permissibility of proposed business relationships and monitoring the continued permissibility of previously approved existing business relationships;
- centralizing and automating the gathering of certain information related to an independence assessment, including prior to acceptance of a new assurance engagement; and
- facilitating the process for obtaining advice on independence matters and documenting independence-related consultations.

Our independence systems and processes also support the monitoring of personal independence compliance, including documenting our professionals' annual confirmation of compliance, facilitating the process of sending engagement independence confirmations, generating the documentation necessary to evidence the confirmation process, and testing individual independence compliance. This includes monitoring to which audit clients, including affiliates, a professional charges time and comparing to the investments the professional has recorded in the firm's system.

To further mitigate potential independence risk in the execution of non-audit services and to enhance audit committee pre-approval communications, our process for reviewing and authorizing certain non-audit services for SEC issuer audit clients includes:

- the review and assessment of the scope of services for permissibility by an independence specialist;
- the review of the related audit committee pre-approval communications, when certain criteria are met; and
- the performance of pre-engagement independence coaching sessions and independence in-flight reviews for certain engagements.

Our overall independence compliance programs consider independence in both fact and appearance, and often go beyond regulatory requirements, as they are designed to reinforce our purpose and values as well as to mitigate the risk of violations of the relevant rules and standards. We regularly consider our policies and update them accordingly based on changes in regulatory requirements or professional standards and other developments. We've issued guidance to assist teams in mitigating the risk of violations in certain areas of our independence policy that we identified as more likely to involve complex, unusual, or unfamiliar circumstances, for example, voluntary and involuntary situations that could lead to a restricted client becoming unrestricted, certain joint business relationships, significant personal relationships, and litigation matters.

We have a team of independence specialists (16 partners and 302 employees) who, with the support of the ACs, is responsible for maintaining our overall independence compliance programs.

Specialists from this team are also involved in developing our independence training courses and serve as a resource for our people when questions arise. In FY24, this team engaged in approximately 38,000 independence-related consultations and inquiries with teams and individuals across the firm.

Our independence compliance programs periodically identify exceptions to our independence policies related to financial, service, and other relationships. These independence policy exceptions typically result from the inadvertent failure to follow the firm's processes. However, in some cases, they result from a service provided or relationship that existed during a period when the firm was not required to be independent or was subject to different independence requirements under which the service or relationship was not prohibited. For example, if management of a private audit client informs us of its decision to go public, in addition to evaluating the permissibility of ongoing services and relationships under the independence standards that apply to public companies, we assess the permissibility of previously completed services and relationships as appropriate under the independence standards.

When a potential exception is identified, the matter is analyzed carefully with the firm's independence specialists to determine whether an exception to independence policy, rules or standards has occurred. If it is determined that such an exception has occurred, an analysis is completed to determine whether the firm remains objective and impartial. The nature of the exception, including its duration, the relevant mitigating factors, and the overall impact on the firm's objectivity and impartiality are communicated, in writing, and discussed with those charged with governance at our audit client so that we can obtain their perspective.

If we or those charged with governance conclude we are not objective and impartial, we would not be able to continue the audit relationship. In certain situations, the firm and/or the firm's clients may consult with the regulator related to the matter.

Accountability is important to our purpose and values and is responsive to the heightened expectations of stakeholders. Accordingly, we have an accountability framework that identifies specific actions and behaviors that are expected of each partner and employee to comply with independence policies and regulatory requirements related to financial, service, and other relationships. When exceptions occur, the accountability process involves multiple coaching discussions held with the partner or employee to reiterate the continued importance of maintaining independence, including additional training where needed. The framework includes consequences when exceptions occur, which may be financial impacts or may affect a partner's or employee's continued service or employment with the firm. These impacts are determined based on behaviors and circumstances that contribute to the firm's risk including considering any recurring patterns or negative behavior. We remain focused on continually promoting awareness of the requirements and our policies, emphasizing the importance of compliance, and implementing processes, controls, and technology that facilitate compliance by our partners and employees.

Independence training and confirmations

To support the implementation of our processes and reinforce the individual behaviors necessary to maintaining independence, our audit team members are required to take training courses tailored to their level and the services they provide. We provide all partners and staff with computer-based annual and milestone training in independence policy and related topics. Milestone training typically focuses on independence matters relevant to a change in position or role, changes in policy or external regulation, and, as relevant, provision of services. Additional training is delivered on an as-needed basis.

All partners and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with all aspects of PwC'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 audit clients.



Partner rotation

Partner rotation strikes a balance between bringing “fresh eyes” to the audit and maintaining a deep understanding of the client’s operations, in part, through industry knowledge and continuity of other team members. Our practice leaders use systems and processes to manage current and successor partners’ portfolios, including understanding their skills and capacity to maintain audit quality. On audits of SEC issuers, lead audit partners and quality review partners are required to rotate off engagements every five years, and certain other audit partners every seven years. Furthermore, we maintain rotation policies for partners and other senior personnel on audit engagements not subject to the SEC rotation requirements.



Our people

Diversity, equity, and inclusion

At the core of building trust and delivering sustained outcomes is our strategy to advance diversity, equity, and inclusion to further build on our culture of belonging. Bringing people from different lived experiences and educational and professional backgrounds together fosters a strong diversity of thought and experience that enhances the quality and value of our work. It starts with an inclusive workplace that supports equitable opportunities within the firm from recruitment to partnership — supporting all of our people so that every person has opportunities to grow to their full potential and achieve professional success in a way that's important to them.

We are proud of how we have continued to attract diverse talent into the firm as well as our commitment to enhance the experience of all of our professionals throughout their career journey. At the same time, we acknowledge that there is still more work we want to do, and we remain committed to cultivating a diverse and inclusive work environment.

For more information about our commitment to diversity, equity, and inclusion, refer to our [Purpose and Inclusion Report](#).

The PwC Professional framework

The *PwC Professional framework* is our global leadership development framework, which provides a single set of expectations across our segments, roles, and territories. It assesses skills and competencies, which are expressed as observable behaviors across five dimensions, including relationships, business acumen, technical and digital, global and inclusive, and whole leadership. It also includes specific quality dimensions to guide our non-partner audit professionals in building critical skills and behaviors related to delivering audit quality, such as professional skepticism, review and supervision, auditing skills, issues management, and accounting and technical knowledge.

The performance of audit team members, excluding partners, is assessed against the dimensions of the *PwC Professional framework*. Each non-partner audit professional is aligned to a Development Team composed, in FY24, of a Relationship Leader, Career Coach, and Talent Consultant. Relationship Leaders play a primary role in the professional growth of our non-partner audit professionals by providing mentoring and career support by continuing to review and discuss progression against the dimensions.



Professional growth and development

Throughout their careers, our audit professionals are provided with career development opportunities; virtual and in-person classroom training, on-demand learning; as well as on-the-job real time coaching and development. The composition of our audit teams provides newer team members the opportunity to work with more seasoned team members, which promotes meaningful on-the-job training. Judgment is honed by observing how seasoned auditors approach issue identification, management, and resolution.

Finding the right balance between virtual and in-person work remains top of mind for our firm and engagement leadership. We continue to embrace more in-person time together to further support the development and needs of our people. Our ways of working are designed to give employees the flexibility they need to balance team, client, and personal needs, while staying connected with colleagues and receiving valuable experiential learning through regular in-person experiences.

To help provide a strong foundational start for all of our first-year associates, their formal training takes into consideration the evolving expectations of associates. They begin at an in-person leadership program, which brings all of our entry-level hires together in advance of multi-day technical training. This is followed by ongoing small group sessions that reinforce key learnings, enhance development, and drive quality. The first-year associate experience also supports our newest joiners in focusing their first year at the firm on building their network and honing their skills through client and project work as they receive ongoing feedback and coaching without the pressure of a peer-relative performance assessment at year-end.

This year we also took additional, focused action to reinforce the professional skills of our new reviewers through facilitated, small group discussions designed to complement their existing curriculum.

We have also directed significant focus and investments into the growth and development of AC audit team members. This includes our audit professionals completing strategic tours at the ACs, engagement leader/team visits to ACs, and alignment of training on and offshore to drive consistent integration, quality, execution, and skill enhancement.

Achieving a professional credential supports our firm's commitment to quality through consistent examination and certification standards. Obtaining a CPA credential is an important element of our audit professionals' career progression and a prerequisite for promotion to audit manager. We provide a variety of resources, including exam preparation materials, formalized group learning opportunities, and protected time to study, and incentivize our people with a bonus to achieve their credential early in their tenure.



Our people experience

A career performing audit work at PwC can be rigorous, challenging, complex and ever-changing. Attracting, retaining, and developing top talent is fundamental to our ability to deliver quality services and help build trust. We are committed to delivering a meaningful experience that supports development for our people and the skills to serve their professional goals. With our [My+ people strategy](#) (My+), we maintain a people experience in which:

- there is increased emphasis on growth and development;
- rewards and benefits are customized;
- well-being is stitched into our daily experiences; and
- there is flexibility to support our people as their lives and needs shift over time.

See [pwc.com](https://www.pwc.com) for some of the ways we have been awarded and recognized for our responsible business leadership, diversity, work life flexibility, career coaching, and training.

Technology is at the core of our people strategy and supports a personalized experience with customizable learning, benefits, and well-being tools. My Feedback is a tool that provides a simple way to give upward and peer feedback to help individuals improve the effectiveness of their people leadership skills. Team Polling is a confidential tool for leaders to get a quick pulse check on what's going well and where there are opportunities to enhance their team's experience. This year, we introduced My Marketplace, an AI-driven digital platform that connects people, skills, and opportunities across our firm to help our people learn about the types of work we do and related skills and expand their network. In addition, our Leaders in Action series has evolved to feature distinguished thought leaders encouraging responsible use of GenAI and other technology to help us work more efficiently and innovatively.



Retention

Voluntary turnover in the public accounting profession can fluctuate based on several factors, including accounting standard and regulation changes and changes in external market demand. The experience of our people can have a significant impact on turnover, and we remain focused and committed to realizing the full potential impact of our My+ strategy on our people experience. The rate of voluntary turnover fluctuates based on demand and competition in the market for jobs in accounting and auditing.

Global People Survey

In May of 2024, the PwC Network administered the **Global People Survey**, which among other components, measures the pride, advocacy, commitment, and overall satisfaction of our people (a measurement we call our People Engagement Index (PEI)). Many internal and external factors have the potential to impact our PEI; market demand for our talent and our total rewards and benefit programs are two factors that impact the commitment and overall satisfaction of our people. Our PEI has a substantial influence on how we define and adjust our people initiatives.



Continuing education

Continuous learning is a fundamental aspect of our culture. Learning that occurs through on-the-job supervision, review, and mentoring is supplemented through completion of in-person and virtual classroom courses and on-demand training programs. The way we deliver training continues to evolve to align with what audit work is done, by whom, when, and how. We also continue to take steps to increase the amount of in-person classroom opportunities for our people.

Our National Office Learning Team collaborates closely with our National Office, practice and firm leaders, and others so training is responsive to developments impacting our audits — including changes in the profession and our practice — and feedback obtained from:

- our National Office on new accounting and auditing standards and financial reporting developments and consultations on accounting and auditing matters;
- our pre-issuance reviews and internal inspections;
- PCAOB inspections and peer reviews;
- surveys and focus groups with engagement team members; and
- other inputs related to monitoring quality, such as our analyses of quality drivers.

We reinforce the importance of learning to an individual's professional development, including providing our audit professionals with sufficient time to complete training courses specifically targeted to their role and experience level. These courses integrate auditing and accounting concepts and use simulation-based activities for a more effective learning experience. MyLearning, a simplified learning platform, is available to our people to aggregate required, recommended, and elective learning in one place, enabling more transparent access to skill development aligned to career goals.



Our partners, managing directors, and directors/managers also receive industry-specific training and training related to new or revised professional standards and regulations and other practice or financial reporting developments, when applicable. AC audit team members are provided training that is aligned to the training provided to other audit team members performing in a similar role. As the responsibilities of AC audit team members expand, they are provided additional training relevant to those expanded responsibilities.

In addition, we offer audit team members training on non-technical topics, such as project management and issues management. Several years ago, we began digitally upskilling our workforce, building digital IQ regarding data wrangling and visualization and automation. We continue to provide numerous learning tools to support the digital acumen of our audit teams, expand the use of digital solutions on audits, and foster a mindset of continual improvement and innovation.

This year we have made an additional significant investment to upskill our people on AI including trainings on using AI responsibly and prompting. Collectively, our audit and Digital Assurance & Technology professionals had approximately **37,000 hours** of training on the use of AI.

Completion of required auditing; accounting; and annual independence, ethics, and compliance training is a component of individual performance. Required auditing and accounting training includes a learning assessment as part of the overall learning experience, as appropriate, which requires the participant to earn a passing score to be granted credit for course completion. We take steps to communicate and continually reinforce the understanding that assessments are required to be completed on an individual basis.

The amount of required auditing and accounting training can vary from year to year based on a number of factors, including the issuance of new accounting and auditing standards, the nature and extent of changes in response to feedback obtained, as previously described, and the impact of our ongoing curriculum redesign, which includes the use of digital tools to deliver training. Our audit professionals must meet the minimum continuing professional education requirements for licensure. The average annual training completed per audit professional significantly exceeds those minimum annual requirements. Failure to complete required training or to achieve the minimum number of auditing, accounting, and ethics training hours for licensure can impact an audit professional's performance evaluation and compensation.



Accountability and incentives

Considerations in undertaking an audit engagement

Our approval processes govern the acceptance of new audit clients and continuance of existing audit clients based on the audit team's responses to a series of questions, which, in aggregate, form the basis of our risk assessment. For the acceptance of new audit clients, our process requires approvals by lead audit partners, quality management partners, and sector leadership. For existing client continuance assessments, the extent and level of approval depends on the nature of the client and results of the required risk assessment. Additionally, an event-driven reassessment of our relationship with the client is performed when certain events occur, or become known, that were not considered at the time of the latest assessment.

Our approval processes consider business, litigation, and reputational risks, as well as expectations with respect to our professional performance, and are updated as needed to reflect evolving societal and economic circumstances. When applicable, we perform inquiries with the predecessor auditor and evaluate those communications before agreeing to accept a new audit engagement. We accept new or continue existing audit relationships only when supported by our assessment of risks and when we believe our audit procedures can be satisfactorily designed and executed. We consider:

- the applicable professional and regulatory standards as compared to our professional competence and capabilities;
- the integrity, conduct, and reputation of key management, board members, and significant shareholders;
- the nature of the company's operations, its industry, and applicable laws and regulations;
- the potential impact on independence, conflicts of interest, and/or relationships with other entities and whether there are circumstances that might impair our independence or objectivity as auditors of the company; and
- the timing and resource needs of the engagement, including any potential constraints that would affect our ability to comply with applicable standards.

Before agreeing to accept a new or continue an existing audit engagement we also consider whether the amount of audit fees is commensurate with the expected level of effort.

In addition to the considerations above, we continue to evaluate trends impacting our clients and engagement teams. For example, to the extent our existing or potential clients are participating in or express an interest in activities that associate them with distributed ledger technology or crypto assets, including cryptocurrency and non-fungible tokens, we conduct acceptance and continuance consultations with our teams. These consultations address matters including the nature of the distributed ledger technology or crypto assets, the robustness of internal controls at the entity and/or its service providers, management's skill set and competencies, and other considerations such as regulatory matters and liquidity. Overall, they have helped us mitigate risks in our client portfolio associated with these matters.



Our audit approach

Performing audits in accordance with professional standards is an important way that we fulfill our purpose to build trust in society and solve important problems. Each year we issue audit reports on the financial statements of thousands of public and non-public companies. We conduct our audits following applicable auditing standards in order to obtain reasonable assurance regarding whether the financial statements are presented fairly, in all material respects. Although reasonable assurance is a high level of assurance, it is not a guarantee. An audit involves examining the underlying audit evidence, including information and reports provided by the company, on a test basis. In some circumstances, we also rely on—and for many companies, test and opine on—a company’s internal control over financial reporting, which due to inherent limitations may or may not prevent or detect misstatements. We are proud of the important role that audit opinions play in the capital markets and how they help us fulfill our broader purpose as a firm.

Rooted in our core values, our audit approach reflects our view of the future—people-led, enhanced by powerful technology, and digitally amplified. While technology is a key part of how we’re reimagining and revolutionizing the audit experience, it’s our people—with their unique blend of audit and digital acumen, extensive industry experience, and deep technical know-how—that set us apart.

Driven by a **quality-first, purpose-always** mindset, our people deliver an audit that focuses on:

Simplification: We provide the resources and guidance our teams need to take out unnecessary complexity and focus on the areas of risk.

Standardization: Through the consistent adoption of our tools and guidance, further integration of AC audit team members, and centralized execution by our Audit Center of Excellence, we are able to appropriately scale and standardize.

Specialization: Our audit teams have relevant industry and technical knowledge, and they leverage specialists and consult with the National Office, when appropriate, to bring the right knowledge to the audit at the right time.

Automation: Our people are upskilled to understand and use our innovative technology and are empowered to create custom automations.

We have an ongoing process to assess our audit approach, including the technology and tools used by our teams, so that it continues to align with our strategy and drive audit quality.



Our audit teams

We are committed to putting the right people with the right skill sets in the right place at the right time. In assigning our audit team members, we leverage our talent sourcing platform, which provides visibility into their experiences and interests. Our audit teams are composed of individuals who bring the right blend of technical capabilities and industry knowledge to deliver quality and value to our clients. In a complex, increasingly digitized business environment, this can also mean considering the convergence of industries, and our agile approach to assigning audit team members allows us to leverage our broad bench of audit professionals across industries to meet our clients' audit needs.

How we conduct our audits continues to evolve due to cross-geography staffing, involvement of specialists, and expanded use of ACs and our Audit Center of Excellence. These changes from our historical working practices have required our audit teams to adjust how they communicate, coach across the team, and manage the audit. We have continued, through relevant guidance and training, to support our teams in working collaboratively as one team towards a common goal—a quality audit.

As fully integrated members of the audit team, our AC audit team members perform an increasing amount of work in specific audit areas, allowing our audit professionals to focus on more complex or judgmental matters, while managing workloads to meet the needs of and provide value-add insights to our clients.

Audit Center of Excellence

Audit professionals in our Audit Center of Excellence (“COE”) apply specialized skill sets to scope and complete procedures in certain areas of the audit and specific audit-related activities (e.g., the preparation of comfort letters). By applying those skills across a broad range of clients, COE audit professionals further drive standardization and quality and are able to develop unique perspectives that bring additional insights and value to our clients through our audits.

COE audit professionals perform procedures in numerous audit areas, such as cash and cash equivalents, accounts receivable, accounts payable, investments, inventory, income taxes, payroll, and more. There are also industry-specific COE teams focused on testing internal controls and performing substantive work in areas including insurance premiums and claims, bank loans and deposits, and broker dealer revenues and operating expenses.

Quality review partners

Quality review partners (QRPs) and QRP assistants are a component of our quality control system. Individuals serving in these roles must have the requisite technical knowledge, training, experience, and time to perform the role effectively. All QRPs and QRP assistants are required to take training before assuming their roles.

QRPs and QRP assistants are involved in the most important aspects of the audit, including reviewing the audit plan, considering the firm's independence, evaluating the significant risks of material misstatement in the financial statements and our responses to those risks, and reviewing certain accounting, auditing, and financial reporting and disclosure matters.



Our audit process

Our top-down, risk-based audit starts with obtaining an understanding of the company's industry and business, financial systems, processes, and internal controls. We combine deep, dynamic, tech-enabled analysis with the digital skills, industry and technical knowledge, and professional judgment of our audit teams to obtain this understanding.

Using data either obtained via automated data extraction or provided by our client via our digital document sharing tools, and with the knowledge obtained in understanding the business, our audit teams analyze large volumes of data and transactions to identify risks inherent in the financial statements. With the help of our data visualization, analytics, and auditing tools, they apply advanced data science, visualization, and guided risk assessment to analyze full populations and focus work on areas of relevant risk.

This deep, data-driven risk assessment influences the controls we select for testing and guides our substantive audit response. It begins in the planning phase of the audit and continues through the issuance of our report. Aura enables sequential and intuitive audit plan development and risk assessment through each phase of the audit, leveraging embedded industry-specific content that drives consistency in execution. With Aura, our audit teams are able to develop a precise audit plan that specifies, for individual risks of material misstatement the risk level, controls reliance, and substantive testing. The timely involvement of more experienced audit professionals, including partners, during planning and risk assessment facilitates the appropriate consideration of materiality, audit risk, and planned response. Establishing audit planning milestones supports our audit teams in better allocating and managing resources and avoiding late surprises by performing audit work earlier in the audit cycle.

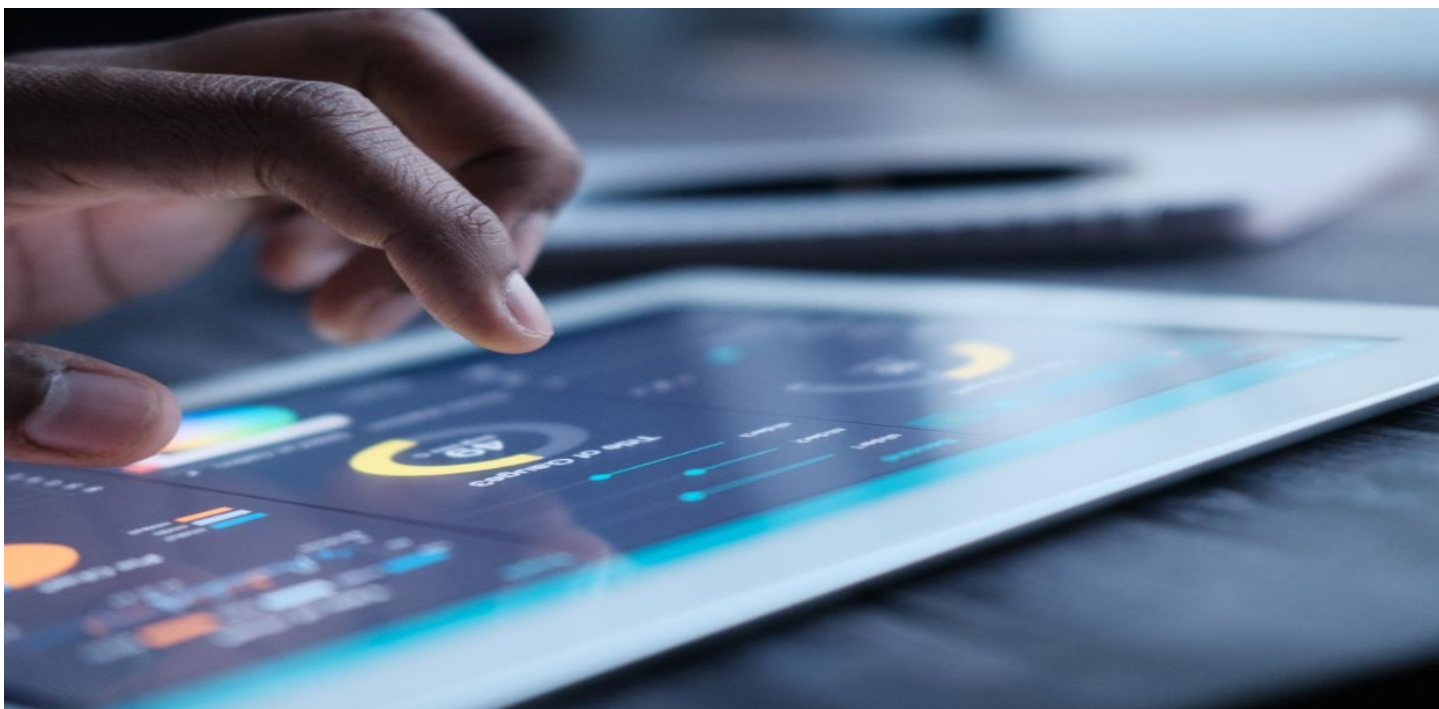
When we audit the financial statements of a company with operations in multiple locations or business units (i.e., components), our audit approach, including the nature, timing, and extent of our involvement in the work of component auditors, is influenced by our assessment of risks of material misstatement to the consolidated financial statements (including significant risks), the significance and risk associated with a given component, the nature of the work being performed by the component auditors, and our understanding of the component auditors (including related to independence and ethics and knowledge, skill, and ability). We expect all aspects of our audits to meet US standards and satisfy our own quality objectives, and to that end, we continually refine how we use the work of component auditors and the level of our involvement in their work. Our global digital collaboration tools streamline, standardize, and automate real-time communication and collaboration between group and component audit teams. This includes secure document exchange, enhanced status tracking, and issue management capabilities between group and component audit teams.

Smart dashboards show the impact of scoping decisions and progress of the audit more quickly. Our audit teams leverage our real-time project management dashboards to drive further transparency regarding status and automatically flag and track outstanding items and issues identified through the audit for more immediate attention and resolution.

Throughout the audit, we stay connected with our clients to anticipate and resolve complex issues and discuss relevant emerging topics and insights. We also communicate with audit committees on a timely basis. For public company audits, our communications occur at least quarterly.

Examples of topics we commonly discuss with the audit committee include:

- our independence, including, when applicable, the potential effects of proposed non-audit services;
- our role and the roles of management and the audit committee;
- the audit committee's views about fraud risks in the company;
- our audit approach, including our risk assessment process, consideration of fraud risks, and results;
- the scope of our audit, including multilocation considerations, when applicable;
- our client service team, including specialists;
- our planned use of the work of others;
- our timeline and communication plan;
- audit fees;
- management's accounting policies and practices, including adoption of new accounting standards and significant transactions;
- audit observations and insights, including related to relevant trending topics such as economic developments and new laws and regulations affecting the company;
- the quality of the company's financial reporting;
- audit results, including areas of significant estimates and judgments; and
- firm PCAOB inspection results.



Our audit technology

We continue to build trust through innovative and business-driven products that are human-led and tech-powered, focused on the end-to-end audit experience, and centered around Aura.

Aura, the PwC Network's cloud-based audit platform, is used globally across all of our audits (**more than 100,000** auditors across the PwC Network use Aura), driving quality and consistency on a world-wide basis.

Our audit teams can access specialized tools to visualize and analyze, for example:

- full revenue populations at the transaction level;
- full journal entry data sets; and
- individual security prices across entire investment portfolios.

Our audit teams use sophisticated tools to securely extract or ingest key pieces of client data for assessment and analysis in Aura. They can easily navigate between various dashboards and detailed data schedules, facilitating a data-driven risk assessment, and prompting more focused audit analysis and testing.

Our tools are designed to support leading audit practices based on the data and process maturity of our clients. We continue to expand our capabilities, harnessing the power of data to further enhance our audit quality.

Technology innovations occur within our central innovation and technology team, as well as within specific industry-aligned teams who are empowered to innovate with their respective audits in mind, leveraging our platforms as appropriate. In FY24 we continued to add innovative capabilities to drive quality and improve the audit experience. We also continued migrating our underlying applications to a new platform that better aligns with our future technology vision.

We continue to assess and enhance our technology solutions that align with our longer-term vision, including further simplifying and standardizing processes. We improved Aura project management dashboards and digital checks—making it easier for our teams to prioritize and monitor the status of audit-related tasks and identify where updates to audit documentation are needed. We've offered new tools and continued investing in existing tools that:

- perform full revenue population analysis at the transaction level;
- simplify, standardize, and automate testing of information technology general controls;
- standardize, centralize, and automate testing of configurations, security, and key reports;
- provide a simplified and streamlined experience to help teams draft audit reports and engagement letters;

- facilitate a streamlined and efficient assessment of financial statement disclosures;
- simplify and standardize aspects of accounting, auditing, and reporting research activities; and
- provide industry-specific audit process enhancements.

This year, we introduced multiple tools that leverage GenAI, including ChatNational, ChatPwC—an intelligent assistant tool in a secure PwC environment, where users can engage in diverse conversations and address a vast range of topics, and Microsoft’s M365 Copilot—an AI-powered assistant designed to help with a wide range of tasks, from summarizing important documents and meeting action items to generating first drafts of emails and deliverables. We created comprehensive GenAI training and business rules regarding the appropriate use of GenAI in performing certain tasks. To date in FY25, we have also issued new policies, guidance, and training to expand the responsible use of GenAI powered tools in our audits.

By combining their digital skills, technical knowledge, and professional judgment with our leading technology and world-class methodology, our audit teams deliver a quality audit and end-to-end digital experience at scale. When needed, a network of professionals with advanced digital skills and training is available to support our audit teams in identifying and adopting the most impactful tools and automations for their engagement. With Digital Lab, our unique technology-sharing platform, audit team members are able to find, enhance, and share digital assets to enhance audit quality and efficiency.



Data security

Our standards of behavior emphasize the importance of integrity and require our people to protect the confidentiality of client data and information. Our information security policies outline controls every employee and partner must comply with in using or building technologies to support the audit. We use security technology and processes so confidential data is shared only on a need-to-know basis. Our Security Operations Center is tasked with monitoring and managing the global security systems that establish the security of firm and client assets and data. Teams of highly skilled professionals are focused on threat detection and response around the globe.



Specialists

Our audit teams utilize our broad network of multidisciplinary specialists to better understand our clients' businesses, identify and address relevant risks, stay informed on developing matters, and obtain insights related to the audit. Our teams combine experience across a broad range of capabilities to address various accounting and auditing areas, for example, the potential impact of complex income tax matters; valuation processes related to the use of fair value in financial reporting; information technology innovations; cybersecurity threats; and forensic investigations.

The National Office

Our National Office is organized by technical competencies and aligned to the industries in which our clients operate, enabling these resources to effectively bring specialized knowledge and experience in a broad range of technical accounting, auditing, and financial reporting matters to audit teams and clients across all industries. National Office resources provide informed perspectives on client-specific matters, play an active role in standard setting and regulatory activity, and deliver thought leadership to our stakeholders. These resources, with the support of the ACs, are also responsible for keeping our policies and guidance in these areas current.

Our policies identify matters that require National Office consultation and are updated as appropriate. Additionally, audit teams are encouraged to voluntarily consult with the National Office whenever they believe they could benefit from additional insights. In FY24, our National Office conducted thousands of consultations with our audit teams on the application of auditing and accounting standards to client-specific facts and circumstances. In the event an audit partner initially has a different viewpoint than our National Office, a resolution process provides guidance for elevating the discussion until a firm position on the matter is reached.

This year we launched ChatNational, a Microsoft Teams-based chat interface that brings the search capabilities for Viewpoint into a single easy-to-access experience for our audit team members. By embedding GenAI capabilities in ChatNational, we are enabling our audit professionals to ask technical accounting, auditing, or reporting questions and receive responses that are supported by GenAI along with relevant Viewpoint search results, tools, training, and templates.

The ratio of our partners/managing directors serving in technical support roles to the total number of audit partners/managing directors is based on our periodic evaluation of our technical support resource needs and leverage model and is intended to ensure sufficient, quality technical resources are available for our audit teams. This ratio also reflects the resources needed to prepare guidance, policies, and publications to address new accounting and auditing standards or other developments impacting financial reporting.

Chief Auditor Network

Our Chief Auditor Network provides our audit teams on-the-ground support focused on advancing audit quality. They leverage their in-depth knowledge of our methodology and their industry-specific auditing experience to support the design of effective and efficient audit approaches, provide advice through consultations and facilitation of targeted workshops with audit teams, and perform targeted outreach to audit teams addressing quality reminders and recent developments. In addition, the Chief Auditor Network supports AC team members through training and facilitating interactive sessions focused on key audit topics and other reminders.

Through all these activities, the Chief Auditor Network helps drive audit quality and provides leaders with insights on the practice environment and overall trends in the performance of our audits.



Quality Management Network

Our Quality Management Network comprises more than 120 experienced audit partners serving in local, sector, and national roles in support of our audit practice. Quality Management audit professionals are responsible for the design, development, and administration of our Quality Management policies and guidance.

The design of the Quality Management Network allows the Quality Management partners to provide support to audit partners and teams as they navigate complex issues with our clients and other stakeholders. A Quality Management partner is assigned to each audit partner and assists in assessing risks (including whether to undertake or continue an audit engagement) and applying the firm's quality management policies. Audit teams are required to consult with Quality Management on a variety of topics, including specific circumstances related to the determination of materiality, evaluation of errors, potential illegal acts, going concern considerations, and lead auditor considerations. Given the levels of collective experience, audit teams are encouraged to consult with Quality Management when they become aware of complex matters in order to evaluate the risks, consider the potential impact, and gather insights even when consultation may not be required.

Assurance Quality Advisory Committee

Our independent Assurance Quality Advisory Committee (AQAC) currently consists of three members who have the collective experience and deep understanding of the interests of the preparer, auditor, investor, and standard setting and regulatory communities.

The AQAC provides perspectives and advice to our leadership team on aspects of the business, operations, culture, governance, system of quality management, and risk management approach that are reasonably expected to impact audit and assurance quality. The AQAC regularly discusses quality indicators such as inspection results and consultation trends. In addition, we engage with them on emerging issues such as our investment in AI, relevant standard setting and rulemaking, and progress on our actions to support the profession and confidence in the independent audit. The AQAC continues to provide perspectives with respect to the standard setting and regulatory environment and our business/growth strategy. The establishment of the AQAC in 2020 made us the first firm with both a board that includes external members and an independent advisory committee focused on quality.



Monitoring of audit quality

Our system of quality management

Our system of quality management is designed to meet the requirements of the PwC Network's QMSE framework and the relevant quality control standards of the PCAOB, AICPA and IAASB, including International Standard on Quality Management 1 (ISQM 1).

Those assigned ultimate responsibility and accountability for our system of quality management evaluate and conclude on an annual basis as of March 31 whether it provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved. Annually, certain firm leaders, including our Senior Partner and Assurance Leader, sign a certification as to the design, evaluation, and disclosure of information related to our system of quality management, including procedures related to ethics and independence. This evaluation and certification is supported by functional leaders and control owners who complete internal certifications related to the controls for which they are responsible. The purpose is to acknowledge their responsibility, whether they are aware of any exceptions in the design or operation of their controls that could impact reasonable assurance, and their understanding that other leaders within the firm are relying upon these certifications to conclude on the overall effectiveness.

The design and operating effectiveness of our system of quality management over our audit practice is tested annually by our Inspections Group. The most recent annual evaluation confirmed that as of March 31, 2024, our system of quality management over our audit practice is designed appropriately and operating effectively to provide reasonable assurance that the quality objectives prescribed by the relevant quality control standards, including ISQM 1, and the PwC Network's QMSE framework have been achieved.

Leveraging technology and data, we take a proactive, risk-based approach to designing and operating our system of quality management to achieve our quality objectives. Our system operates in a continual and iterative manner and is designed to be responsive and resilient to changes in the nature and circumstances of the firm and developments in the auditing environment and the regulatory landscape. We also continue to invest in and reimagine our system of quality management to capitalize on the rapid technological change and changing business environment, including harnessing data and using technology to monitor audit quality on a real-time basis.

The evolution of our system of quality management has positioned us well to adapt to future regulatory developments, such as the PCAOB's new quality control standard QC 1000, adopted by the PCAOB in May 2024 and effective December 15, 2025.

Our system of quality management identifies risks and includes controls in the following functional areas:

- Organizational structure, including tone at the top and leadership's responsibility related to quality
- Independence, integrity, and objectivity
- Practice environment
- Personnel management, including training, assignment, and evaluation
- Acceptance and continuance of clients and engagements
- Engagement performance, including technology used in our audits and review and supervision
- Participation by Network firms
- Engagement partner and QRP assignments
- Monitoring, including internal inspections and root cause analyses of results
- Administration, including design and maintenance of quality management policies and procedures

Continuous learning and improvement process

As a learning organization, we continue to focus on identifying opportunities for enhancement in a timely manner through various channels, including monitoring the results of consultations with our National Office, pre-issuance reviews, and internal and external inspections, as well as our analyses of quality drivers. As part of our ongoing continuous learning and improvement process, we rapidly respond, developing and implementing actions to address the opportunities identified and monitor our progress. The enhanced guidance and tools and the additional communications, training, targeted workshops, and reach-outs described throughout this report reflect our commitment to advance audit quality—our number one priority.

Pre-issuance reviews

One way we monitor quality is to review audit work on certain audit engagements prior to the issuance of their respective audit reports. Our pre-issuance reviews provide audit teams with timely feedback, which can be incorporated into their audits prior to the completion of fieldwork, and the results are considered as part of our continuous improvement process.

Each year we reassess the scope and areas of focus of these reviews, taking into consideration factors such as changes in professional, regulatory, and/or firm policy requirements, recent inspection results, environmental considerations, the results of other monitoring procedures, and our analyses of quality drivers, and knowledge gained by those charged with supporting audit teams' quality efforts. An individual engagement may be selected for one or more pre-issuance reviews in a cycle. For example, certain of the selected engagements were subject to two pre-issuance review programs: with one focused on planning procedures and the other on execution-related audit activities.



Internal inspections

Our internal inspections program assesses audit engagements' compliance with firm policies, procedures, and applicable professional and regulatory standards. The selected engagements are inspected subsequent to the issuance of their respective audit reports.

Under the firm's internal inspections program, audit engagement partners are generally selected for inspection every three to five years. The frequency of selection reflects, in part, a balance with the number of pre-issuance reviews.

Overall, the engagement selection process results in a sample of audit engagements that is representative of our audit practice (e.g., sector, geography, size) and meets or exceeds the requirements set forth in the applicable quality control professional standards.

The Inspections group oversees all aspects of the internal inspections program, including its design and execution—it monitors audit quality, drives consistency in our inspections process, and delivers insights into areas for continued focus. This group, along with support from audit professionals and specialists (if applicable) with relevant industry or technical experience, executes the annual inspections.

The Inspections group communicates inspections observations and results to the audit practice and works with other groups in the National Office and firm leadership to provide input into the identification of potential causal factors for inspection observations and into the development of actions we could take to continue to enhance quality.



External inspections

PCAOB inspections of our public company audit practice provide a data point for audit quality and represent an important check on our internal monitoring and assessment processes.

As the PCAOB states in the most recent inspection report, its “selection of audits for review does not constitute a representative sample of the firm’s total population of issuer audits.” As a result, the results cannot be used to draw conclusions about the frequency of deficiencies throughout a firm’s portfolio. The PCAOB’s approach is designed to be weighted towards targeting items of interest to their regulatory purposes. There are inherent differences in the purpose and methods used by the PCAOB to select audits for inspection compared to those used for our internal inspections.

The most recent inspection report on our audit practice is dated May 23, 2024 (our “2023 PCAOB Inspection Report”) and describes the results of the PCAOB’s 58 (or approximately 3% of our issuer audits) inspections generally covering 2022 audits.

Part I.A of the PCAOB Inspection Report

Part I, which is the public portion of the PCAOB inspection report, contains an overview of the inspection procedures and observations on the engagements inspected. Part I.A includes discussion of deficiencies in certain issuer audits that were of such significance that the PCAOB believes that we had not obtained sufficient appropriate audit evidence to support our opinion(s) on the issuers' financial statements and/or internal control over financial reporting.

In the 2023 inspection cycle, we noted an increase in observations mainly related to executing routine and non-complex audit procedures in normal risk areas. Based on our analyses of quality drivers, we do not believe any of the observations raised are indicative of a systemic issue or broader issue in a particular audit area. As a learning organization, we took prompt actions to assess and respond to the nature of the matters identified and potential contributing factors. Through guidance, training, and various communications, we've reinforced to our teams the importance of consistent execution in our day-to-day work — from planning through completion of the audit. This includes the careful preparation and self-review of audit work and the appropriate level of supervision and review throughout the audit. We've also encouraged our teams to seek additional opportunities to enhance experiential learning and team collaboration through in-person activities. We continue to monitor the progress of our teams and adjust or take additional actions as deemed appropriate.

Part I.B of the PCAOB Inspection Report

Part I.B of the PCAOB inspection report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). Part I.B of our 2023 PCAOB Inspection Report includes deficiencies related to various requirements of the PCAOB, including specific requirements applicable to audit committee communications and forms required to be filed with the PCAOB.

Part I.C of the PCAOB Inspection Report

Part I.C of the PCAOB Inspection Report includes instances of potential non-compliance with SEC and certain PCAOB rules related to independence for issuer audit clients, identified through our own compliance procedures and the PCAOB's inspections. Part I.C of our 2023 Inspection Report (covering the period July 1, 2022 to March 31, 2023) includes 75 instances across 51 issuers identified through our own compliance procedures. The majority of instances (54) identified related to financial relationships, including investments in and other financial relationships with an audit client, including its affiliates. The personal financial relationships of hundreds of thousands of partners and employees of PwC Network firms, including PwC US, are monitored through our tools for pre-clearing, recording, and maintaining securities and other financial arrangements described on page 9, and, in the US alone, hundreds of thousands of acquisition and disposal transactions are recorded in these tools on an annual basis.

As acknowledged by the PCAOB in Part I.C, we have evaluated the instances of potential non-compliance included within that section. For each, the firm and the relevant audit committee determined that the firm's objectivity and impartiality were not impaired. In reaching conclusions about our independence, we follow the processes described on page 12 to determine whether an exception to independence rules or standards has occurred and, if so, whether the firm remains objective and impartial.

We continue to review and make enhancements, as appropriate, to our independence compliance programs and related guidance based, in part, on our analysis of identified instances of potential non-compliance. Recent actions have included new and enhanced mandatory trainings and enhanced annual confirmations and certifications, including incremental self-reviews of the completeness and accuracy of investments recorded in our independence systems.

Part II of the PCAOB Inspection Report

Part II of the inspection report reflects observations identified during the PCAOB's review of certain practices, policies, and processes related to our system of quality control. The Sarbanes-Oxley Act mandates that Part II not be made public if a firm addresses the quality control observations to the PCAOB's satisfaction within 12 months of the date of the inspection report.

The PCAOB determined that it is satisfied with the actions we took to address observations contained in Part II of our 2020 inspection report (which generally covered our 2019 year-end audits). The PCAOB has not notified us of its determination of how we addressed observations contained in Part II of our 2021 Inspection Report (which generally covered our 2020 year-end audits). The 12-month period for us to address the comments made in Part II of our 2022 and 2023 Inspection Reports expire on November 29, 2024 and May 22, 2025, respectively.



Peer review

Our most recently completed peer review was conducted by Grant Thornton LLP for the year ended June 30, 2021 and covered audit and attest engagements that are not subject to permanent PCAOB inspection. In the peer reviewer's opinion, the system of quality control in effect for the firm's accounting and auditing practice applicable to engagements that are not subject to PCAOB permanent inspection for the year ended June 30, 2021 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. The firm has received a peer review rating of pass. The report is publicly available on the AICPA [website](#).

Our peer review for the year ended June 30, 2024 is currently in process.

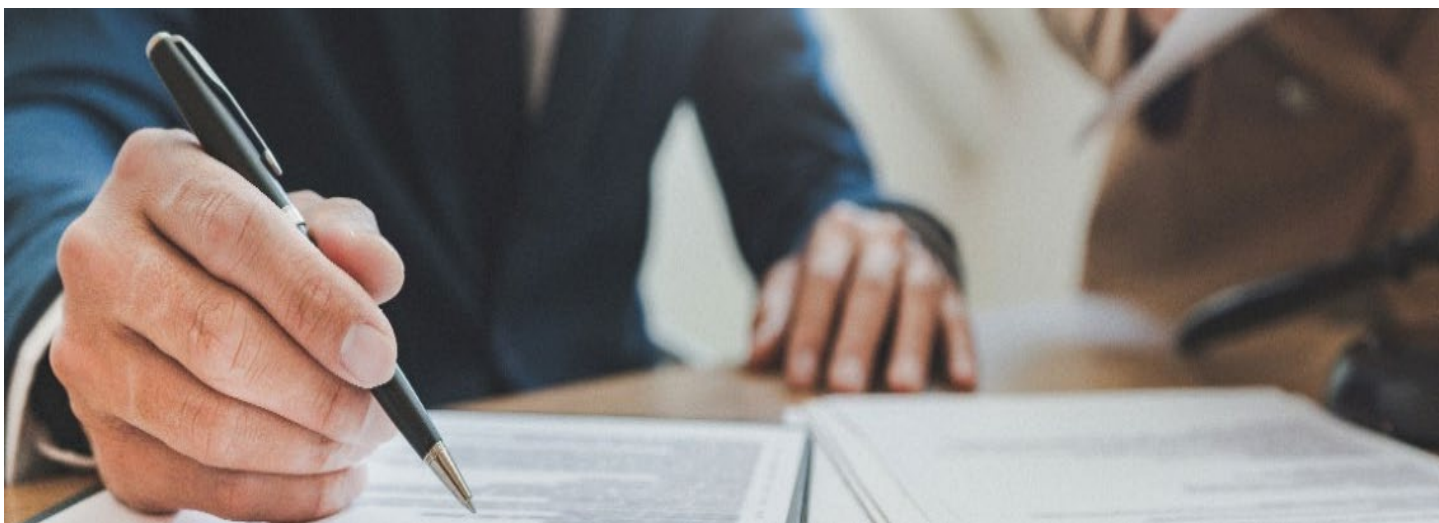
Analyses of quality drivers

As part of our formal efforts to identify the root cause of identified audit deficiencies, we perform a root cause analysis of audits with and without deficiencies identified through internal and external inspections. As part of a robust and mature process, a dedicated team of reviewers from our National Office, and independent from the engagement team, identifies and considers factors relevant to technical knowledge, supervision and review, professional skepticism, engagement resources, and training, as well as factors related to other elements of our system of quality management that may have contributed to audit quality. These potential causal factors are identified by evaluating data for the engagement and certain members of the engagement team, performing interviews, and reviewing audit working papers and relevant records, such as those related to training and time recording.

In addition, we compare and contrast vast amounts of data across numerous data points for audits with and without deficiencies to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether the client recently undertook an initial public offering, whether key engagement team members are in the same industry as the client, the number of years that key engagement team members have been on the engagement, the number of other audits the engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was planned and performed. Our goal is to understand how audits without deficiencies may differ from those with deficiencies.

The results of these analyses are communicated to practice and firm leadership and used to identify actions that may be useful to implement across all or certain elements of our practice to enhance audit quality and improve our system of quality management. Further, we monitor progress, including the effectiveness of the actions we take, and make further adjustments or implement new actions as appropriate.

Consistent with our continuous improvement mindset and the fact that audit quality is our top priority, we continue to explore ways to enhance our root cause analysis. For example, we are experimenting with the use of advanced technologies, including machine learning and GenAI, in the analysis of data points referenced above. We have found that, by leveraging technology in our analyses and continually enhancing our efforts to monitor progress, that we are able to identify potential causal factors and appropriate actions earlier and to a greater level of precision—driving appropriate change more rapidly and effectively.



Legal structure and ownership of PricewaterhouseCoopers LLP

Global network

“PwC” is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the “PwC Network.” “PwC” is often used to refer either to individual firms within the PwC Network or to several or all of them collectively. In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC Network is not a global partnership, a single firm, or a multinational corporation. The PwC Network consists of firms that are separate legal entities.

PricewaterhouseCoopers International Limited

The firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world. Firms in the PwC Network are members in, or have other connections to, PwCIL, an English private company limited by guarantee. PwCIL does not practice accountancy or provide services to clients. Rather its purpose is to facilitate coordination between member firms in the PwC Network. Focusing on key areas such as strategy, brand, and risk and quality, the Network Leadership Team and Board of PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name, and the resources and methodologies of the PwC Network are made available to them. In addition, member firms may request the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms agree 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, and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names that contain “PricewaterhouseCoopers,” however there is no ownership by PwCIL. A member firm cannot act as an agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control any member firm’s exercise of professional judgment.

The governance bodies of PwCIL are:

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



Legal and governance structure of the firm

PricewaterhouseCoopers LLP provides audit, assurance and certain advisory services and is registered with the PCAOB to perform audits of US public companies. PricewaterhouseCoopers LLP is a Delaware limited liability partnership. PricewaterhouseCoopers LLP is owned by PwC US Group LLP and individual partners and principals who actively participate in its business.

In the United States, each of PricewaterhouseCoopers LLP, PwC US Group LLP (and its primary subsidiaries), and PwC USA LLP are member firms of PwCIL. Services to clients are provided by the subsidiaries of PwC US Group LLP, including the entities listed below (the “Related Entities”):

- PricewaterhouseCoopers LLP
- PwC US Consulting LLP
- PwC US Business Advisory LLP
- PwC US Tax LLP

PwC US Group LLP and its Related Entities also are organized under Delaware law and each is a separate and distinct legal entity. The partnerships provide distinct and complementary services, including audit and assurance, tax and advisory services. Each of the Related Entities is separately capitalized and has its own Executive Board. PwC USA LLP has certain responsibilities for cross-functional coordination and oversight of the PwC US entities. PwC USA LLP has no ownership interest in PwC US Group LLP or its subsidiaries.

The PwC USA LLP Senior Partner is elected by US partners and principals and manages the firm’s overall strategy pursuant to the powers delegated by the firm’s partners and principals and works in concert with an Operating Committee (formerly US leadership team) appointed by the Senior Partner. The Senior Partner of PwC USA LLP is also the Senior Partner of PwC US Group LLP.

The Senior Partner of PwC US Group LLP appoints the members of the PricewaterhouseCoopers LLP Executive Board, subject to the approval of the partners and principals of PricewaterhouseCoopers LLP. The PricewaterhouseCoopers LLP Assurance Leader and a majority of its Executive Board are CPAs. The PricewaterhouseCoopers LLP Executive Board has the authority, among other things, to approve the admission of partners and principals to the firm, require the withdrawal of partners and principals from the firm, and approve the firm’s financial statements.

The Assurance management team, led by the Assurance Leader, establishes and implements the strategy for the PricewaterhouseCoopers LLP Assurance business. Certain members of PricewaterhouseCoopers LLP’s Executive Board and management team, including the Assurance Leader, also sit on the PwC US Group LLP Operating Committee and Executive Board. The PwC US Chief Commercial Officer has oversight of each line of service leader. The Senior Partner and Assurance Leader are responsible for the establishment and maintenance of PricewaterhouseCoopers LLP’s system of quality management as a whole.

The Practice Quality Committee (PQC) of PwC US Group LLP is responsible for professional quality oversight of the firm and the Related Entities. With respect to PricewaterhouseCoopers LLP, the PQC is responsible for oversight of the audit, attest, and other public accountancy services, including whether the services are performed in compliance with professional standards and applicable laws. The PQC also has oversight responsibilities related to PricewaterhouseCoopers LLP’s system of quality management.















PricewaterhouseCoopers LLP is licensed to practice public accountancy in all 50 states and certain US jurisdictions. In addition, PwC US Group, PwC US Tax LLP, and PwC US Business Advisory LLP are also licensed to practice public accountancy in various jurisdictions.

Operating Committee as of July 1, 2024

	Paul Griggs PwC US Senior Partner		Jenny Koehler Chief Operating Officer of Advisory
	Roz Brooks Public Policy Leader		Christine Lattanzio Partner Affairs Leader
	Deanna Byrne Assurance Leader		Emmanuelle Rivet Chief Risk Officer
	Krishnan Chandrasekhar Tax Leader		Yolanda Seals-Coffield Chief People & Inclusion Officer
	Tyson Cornell Advisory Leader		James Shira Chief Information Officer
	Kristin Francisco Chief Operating Officer of Assurance		Zach Stern General Counsel
	Tim Grady Chief Operating Officer		Michael Thiessen Chief Clients & Markets Officer
	Kathryn Kaminsky Chief Commercial Officer		Colin Wittmer Chief Financial Officer
	Jennifer Kennedy Chief Operating Officer of Tax		Farhad Zaman Chief Network Officer

List of public interest entities

A list of the EU/EEA Public Interest Entities (defined as those incorporated outside of the EU/EEA that have transferable securities listed on a EU/EEA regulated market) for which we carried out a statutory audit during the year ended June 30, 2024 can be found below:

	Adtran Holdings Inc.		Merck & Co, Inc.
	Bank of America Corporation		Mondelez International, Inc.
	Ford Motor Company		Noble Corporation plc
	Fresenius Medical Care US Finance II, Inc		Schlumberger Limited
	International Business Machines Corporation		SPDR Dow Jones Industrial Average ETF Trust
	JPMorgan Chase & Co.		The Goldman Sachs Group, Inc.
	MBIA Global Funding, LLC		Toyota Motor Credit Corporation

Financial information

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

US firm gross revenue for year total (ended June 30, 2024 in millions USD):

Audit Revenues earned by EU/EEA Public Interest Entity audit clients	77
Audit Revenues earned by UK Public Interest Entity audit clients	319
Audit Revenues earned by all other audit clients	5,430
Non-Audit Services Revenues earned by EU/EEA Public Interest Entity audit clients	12
Non-Audit Services Revenues earned by UK Public Interest Entity audit clients	130
Non-Audit Services Revenues earned by all other clients	17,585
Gross Revenue	23,553

US gross revenue mix – by segment:





























Trust Solutions	41%
Consulting	59%

PwC Network revenue

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 3 billion Euros. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of June 30, 2024.

EU EEA member firms

The table below is a list of audit firms and statutory auditors within the network i.e., from EU or EEA Member States as of June 30, 2024 (firms with an asterisk at the end of their names are as of December 31, 2023).

Austria		PwC Wirtschaftsprüfung GmbH, Wien
Austria		PwC Österreich GmbH, Wien
Belgium		PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria		PricewaterhouseCoopers Audit OOD *
Croatia		PricewaterhouseCoopers d.o.o
Croatia		PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus		PricewaterhouseCoopers Limited
Czech Republic		PricewaterhouseCoopers Audit, s.r.o.
Denmark		PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab *
Estonia		AS PricewaterhouseCoopers
Finland		PricewaterhouseCoopers Oy
France		PricewaterhouseCoopers Audit
France		PricewaterhouseCoopers France
France		M. Antoine Priollaud
Germany		PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany		Wibera Wirtschaftsberatung Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
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