The Transparency Report

PwC Colombia FY25

December 2025

Contents

PwC

Message from leadership

Message from leadership

Welcome to our 2025 Transparency report

Welcome to the fourth Transparency Report of PwC Colombia, corresponding to the year 2025.
At PwC Colombia, we reaffirm our commitment to transparency and to strengthening trust in the audit process. This report provides a comprehensive and detailed overview of our System of Quality Management (SoQM) in audit, as well as our governance structure, quality processes, independence, and key risks. It reflects our focus on audit excellence, supported by significant investments in training, technical reviews, and specialized resources.

At PwC Colombia, having the right people with the right skills is fundamental to fulfilling our purpose. We focus on attracting, developing, and retaining professionals with diverse skills and enriching perspectives. Our inclusive work environment promotes continuous learning and professional growth. This culture of excellence, collaboration, and ongoing development allows us to remain a benchmark in the industry, with differentiated talent that drives our sustainability and long-term success.

At PwC, our purpose is to build trust in society and solve important problems.
We're a network of firms in 136 countries with more than 364,000 people who are committed to delivering quality in assurance, advisory, and tax services. We are committed to driving a strong culture of quality and excellence that is core to our purpose.

We recognize the importance of transparency in preserving our reputation and strengthening the trust of our stakeholders. Throughout this report, we share the actions we have implemented to ensure our audit teams have the experience, technology, and support needed to deliver consistent, high-quality services.

The past year has been marked by complex challenges, including economic uncertainty, political instability, inflation, and a cost-of-living crisis, which have required a strong and coordinated response from our teams.

PwC Colombia's approach to building trust is designed to meet the growing expectations for transparency, accountability, and stakeholder engagement. We promote ethical conduct and the maintenance of a strong culture, along with appropriate governance structures. In this challenging environment, strengthening trust remains essential, and I am proud of the valuable contributions made by our audit teams in this regard.

The nature and magnitude of the challenges faced by the organizations we audit demand close collaboration among our teams, sharing knowledge and expertise in audit, tax, and compliance. This collaboration extends to specialized capabilities in cybersecurity, data privacy, ESG, and artificial intelligence, reflecting the benefits of our multidisciplinary Firm. This synergy is key to enhancing both audit quality and the insights we deliver through our work.

This approach is reflected in our global strategy, "The New Equation," which promotes diversity of perspectives, experiences, and knowledge, along with continuous investment in capabilities and technology. Beyond a transformation driven solely by technology, PwC focuses on achieving meaningful outcomes, enabling continuous improvements in audit quality through the standardization, simplification, centralization, and automation of our work—transforming the experience for both our stakeholders and our people.

Our People

At PwC Colombia, having the right talent with the necessary skills is essential to ensuring Quality in everything we do. That's why we focus on attracting, developing, and retaining talented professionals with diverse skills and enriching perspectives. We are committed to fostering an inclusive work environment where everyone can be authentic, feel valued, and actively contribute to the team. Through continuous training and professional development programs, we strengthen the capabilities of our people, preparing them to face the challenges of an increasingly dynamic business environment. This culture of constant learning and evolution translates into high-quality service for our clients, while also driving innovation and creativity. PwC Colombia positions itself as a leader in the sector, recognizing talent for its technical excellence, ethical commitment, and adaptability in a changing business landscape. Ultimately, it is our differentiated talent that drives the Firm's sustainability and long-term success.

Investments in Innovation and New Technologies

Our approach, led by people and powered by technology, combines the specialized knowledge and experience of our auditors with advanced tools, capabilities, and innovative technological solutions.
We view digitalization as a key element of organizational transformation. That's why we apply data analytics, strategic artificial intelligence, cybersecurity, and privacy protection as pillars of our value proposition. Adapting to the technological environment is not just a necessity, but an opportunity to transform how we work and create impact. Strengthening the use of technological tools, aligned with corporate dynamics, enables companies to capitalize on new opportunities and face challenges more effectively.

Global People Survey 2025

95%
My team engages diverse perspectives and consults with specialists, as needed, to perform quality work.

95%
The leaders I work with encourage me to deliver quality services.

Message from
Country Senior Partner (CSP)

Our role as auditors is to build trust in information that drives the capital markets – its accuracy, reliability, and consistency. As the needs and expectations of users of independent audits continue to evolve and information flows grow increasingly complex, PwC is committing to a series of bold actions in the following areas over the next several years that will further enhance confidence in the independent audit:

Strengthening the Accountability Chain

At PwC Colombia, trust is at the heart of our purpose and is essential to delivering sustainable outcomes for our stakeholders. To build trust, we must first be trustworthy and accountable ourselves.
In a world shaped by rising expectations around transparency, social impact, and global trends such as growing skepticism and declining institutional trust, trust has become a critical business imperative. That's why we have developed a framework that allows us to identify both tangible and intangible factors that influence trust, highlight the moments when trust is most critical, and establish metrics to ensure we are fulfilling our purpose and values.

Commitment to Quality and Independence

In recent years, we have made significant investments to strengthen the quality of our work. Strategic initiatives, such as our culture and behavior program, support continuous improvement. Quality-related behaviors consistently receive high scores in satisfaction surveys (Global People Survey or GPS), and our audit files reflect ongoing improvements in quality, demonstrating our commitment to excellence.

We are committed to fostering a quality culture based on continuous learning, adaptability, and timely access to technical guidance. By optimizing our audit processes, we create more efficient environments that allow us to address risks and developments relevant to our clients and society in a comprehensive manner. At PwC Colombia, delivering high-quality work is a fundamental part of our organizational culture.

As auditors and providers of professional services, PwC Colombia places great importance on objectivity, integrity, and professional conduct. Independence is the foundation of our relationship with assurance clients and ensures compliance with the fundamental principles that allow us to effectively serve both capital markets and our clients. Our Global Independence Policy, based on the IESBA Code of Ethics and the International Independence Standards, sets the minimum standards and processes required to rigorously maintain independence from clients, as required.

Building Trust Through Transparency and Engagement

To meet the growing demand for transparency in our audit processes, we are committed to a culture driven by quality and continuous improvement. Our goal is to provide society and stakeholders with a clear view of organizational performance on critical matters.

We will take steps to strengthen engagement with key stakeholders, including potential talent, audit committees, and investors, and to raise awareness about careers in public accounting. These efforts will begin with accountability and evolve over time, reflecting progress in standard-setting, regulation, and emerging practices.

Carlos Mario Lafaurie
Country Senior Partner

A message from our
Territory Assurance Leader (TAL)

It is a pleasure to present the fourth edition of PwC Colombia's 2025 Transparency Report, which highlights our unwavering commitment to quality, transparency, ethics, values, independence, and continuous improvement. In alignment with PwC's global strategy, *The New Equation*, we focus on building trust and delivering sustainable outcomes amid today's challenges.

Our role as auditors is to build trust in the information that drives capital markets. With this purpose in mind, PwC is committed to a series of actions aimed at strengthening trust in independent auditing. These include leveraging our Trust Solutions business line to deliver high-quality services in audit, assurance, and tax, as well as emphasizing the importance of using Audit Quality Indicators (AQIs) as part of our quality culture. AQIs help us stay focused, make informed decisions, and monitor our progress, ensuring we uphold the highest standards of audit quality.

In an increasingly dynamic environment, we strive to optimize performance, adaptability, and the evolution of complex systems to ensure sustainable outcomes for communities and society. Delivering sustainable results is grounded in our ongoing efforts to improve the quality of our work, the standards applied across our network, and the values, ethics, and codes of conduct that guide our behavior.

We have made significant progress in adapting to the evolving landscape of non-financial information and ESG indicators, which are critical for our clients and the future of the audit profession.

Our investments in multidisciplinary expertise, digital capabilities, advanced technologies, and innovative operating models enable us to respond to the demands of the modern business environment.
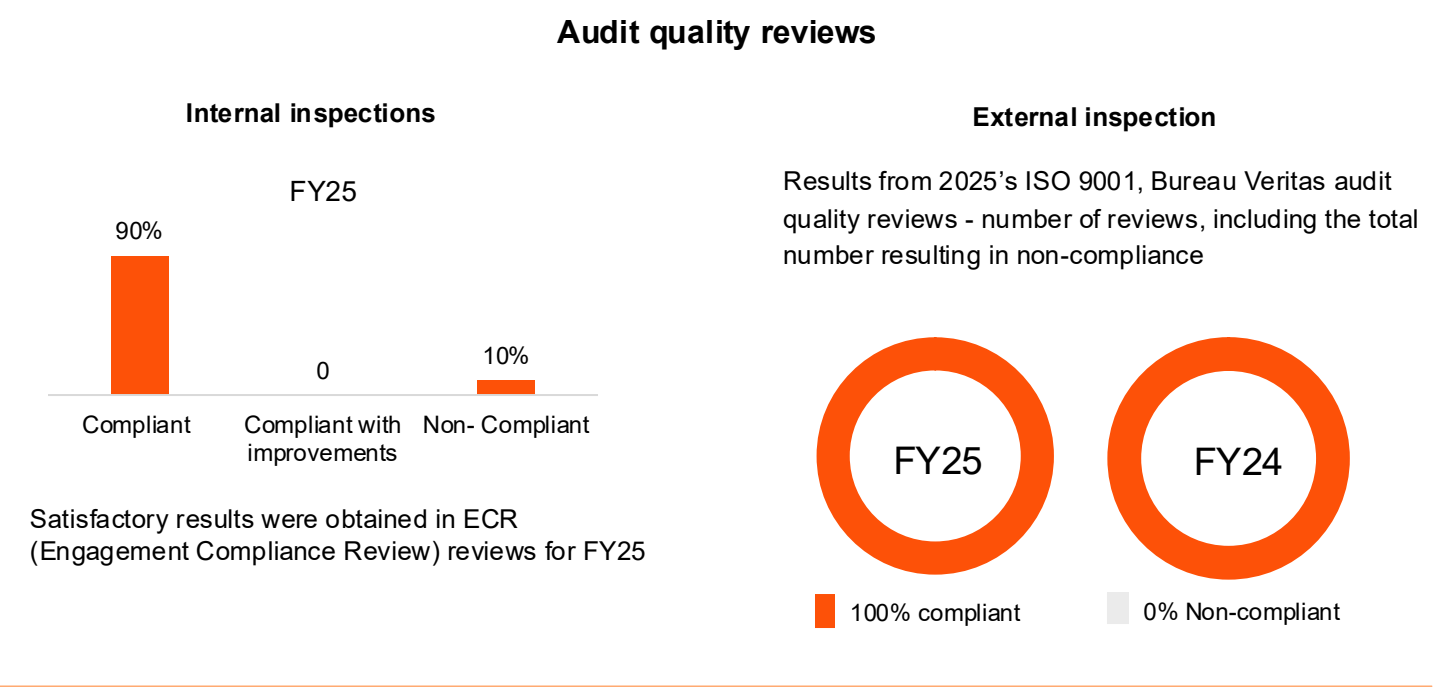
Ethical conduct, strong governance structures, and the promotion of an inclusive and supportive work environment are at the core of our culture. Continuous training and professional development strengthen our teams, driving innovation and creativity that translate into higher-quality service for our clients. By facilitating access to guidance and optimizing our audit processes, we create a more efficient environment that addresses all critical developments and risks affecting our clients and society. At PwC Colombia, delivering high-quality service is an integral part of our organizational culture.

We are also exploring new ways to use data securely to identify risks, detect anomalies, and uncover insights, incorporating controls that enhance audit quality. Intuitive and guided experiences and workflows will support our people and clients in doing the right thing at the right time, adapting and scaling according to the needs and complexities of each engagement.

Jorge Eliécer Moreno
Territory Assurance Leader

Year in review

Partner and staff survey

98%

of our staff and partners participated in our Global Pulse Survey.

88%

of the respondents believe they are encouraged to deliver high quality audits

Restatements

2 Number of financial statement restatements involving PIE audits due to material errors

1% Percentage of restatements of financial statement for PIE audit clients

2025 PCAOB inspection report

Number of audit quality reviews performed by the PCAOB and results

1 Audits included in Part 1

3 Audits inspected

Audit quality reviews

Internal inspections

FY25

90% Compliant

0 Compliant with improvements

10% Non- Compliant

Satisfactory results were obtained in ECR (Engagement Compliance Review) reviews for FY25

External inspection

Results from 2025's ISO 9001, Bureau Veritas audit quality reviews - number of reviews, including the total number resulting in non-compliance

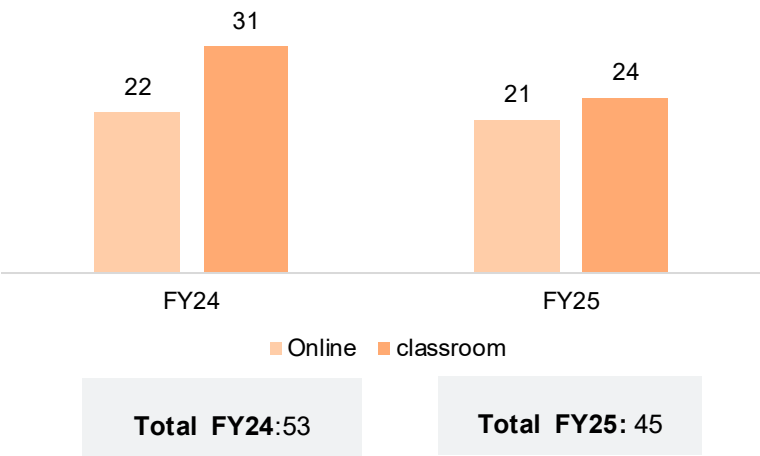FY25

FY24

■ 100% compliant   □ 0% Non-compliant

Our system of quality managements

Number of hours spent on monitoring — **4.496** hours.

Quality findings identified and remediated — **03** findings.

Real Time Reviews

Number of audit engagements included in the real time review program — **28** audit engagements,

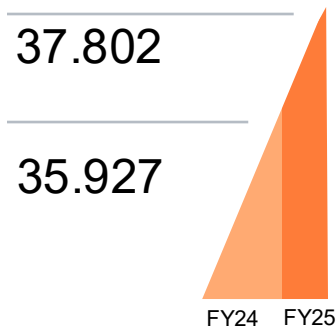With over spent by a fully dedicated team — **4.643** hours.

PwC

Year in review

Our training investment in people
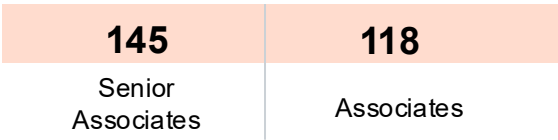
Average hours achieved by partners and staff

Online **classroom**

| **Total FY24**:53 | **Total FY25**: 45 |

Assurance Training

Total hours completed

37.802

35.927

FY24   FY25

Average annual hours worked in excess of 45 hours per week by level

FY25 overtime hours by level

145	118
Senior Associates	Associates

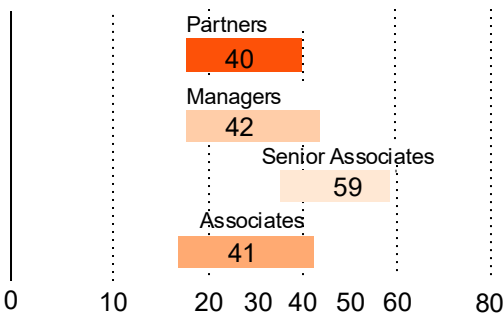### FY24 overtime hours by level

152	126
Senior Associates	Associates

Auditing and accounting training hours

Average number of hours of auditing and accounting training mandated by PwC annually


Training Hours Variation Analysis
Comparison Period: Transparency Report 2024 vs. Current Period
Key Considerations:
- Technical and methodological sessions were designated as optional for Director and Partner levels, aligned with the strategy to prioritize content relevant to leadership roles.
- The curriculum for Senior Manager and Partner (levels 5 and 5+) experienced a reduction in overall duration, optimizing the training load without compromising professional development objectives.
- During the reporting period, there was a low volume of promotions to Manager (level 4) and Senior Manager (level 5), which resulted in a proportional decrease in total training hours delivered.

Average retention rate by staff level

FY25

FY24

| Managers | Senior Associate | Associate |
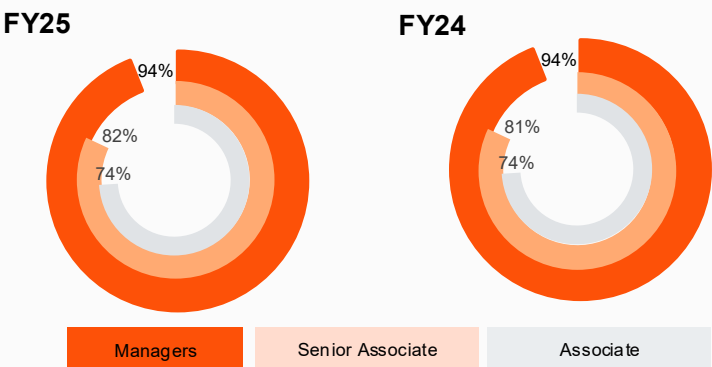
Technical support

5 to 24

Ratio of partners serving in technical support roles to the total number of audit partners

Experience of our partners

Partners' average years of experience at PwC

24 years

Year in review

Project management - PIE audits

FY25

347,216

Budget to actual hours incurred for PIE audits

Staff workload

Actual to planned utilisation of staff working on PIE audits

FY25	75%
FY24	75%
FY23	75%

Leveraged ratio of audit-related hours for audit team members

	FY25	FY24	FY23	FY22
Partners to manager	1 to 8,27	1 to 7,33	1 to 6,4	1 to 6,0
Manager to staff	1 to 6,17	1 to 6,25	1 to 6,5	1 to 6,1
Partners to staff	1 to 51	1 to 45,87	1 to 41,5	1 to 36,8

Our approach to quality

Our approach to quality

International Standard on Quality Management 1 (ISQM 1)

In December 2020, the International Auditing and Assurance Standards Board (IAASB), approved and released three new and revised standards that strengthen and modernise a firm's approach to quality management, including ISQM 1. This standard which became effective 15 December 2022 required all firms to have designed and implement the requirements of the standard and evaluate their SoQM under the new standard by 15 December 2023.

ISQM 1 is an objectives-based approach that expects firms to have an SoQM that operates in a continuous and iterative manner taking into consideration the conditions, events, circumstances, actions and inactions that impact a firm. It enhances the firm's responsibilities around monitoring and remediation, emphasising the need for more proactive, real time monitoring of the SoQM, a more effective, efficient, and timely root cause analysis process, and timely and effective remediation of deficiencies.

ISQM 1 states that the objective of the firm is to design, implement and operate an SoQM that provides the firm with reasonable assurance that:

• The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and

• Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

The standard goes on to say that the public interest is served by the consistent performance of quality engagements and that this is enabled by an effective SoQM.

> **"**
>
> **Overall quality objective under the QMSE framework**
>
> To have the necessary capabilities in our organisation and to deploy our people to consistently use our methodologies, processes and technology to deliver services in an effective and efficient manner to fulfil the expectations of our clients and other stakeholders

A specific focus on audit quality across the Network

The PwC Network's Assurance QMSE framework

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

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

The QMSE framework is designed to align with the objectives and requirements of ISQM 1 and provides a model for quality management in PwC firms that integrates quality management into business processes and the firm-wide risk management process. Under QMSE, our overall quality objective is supported by a series of underlying quality management objectives and each firm's SoQM should be designed and operated so that the overall quality objective, which includes meeting the objectives and requirements of ISQM 1, is achieved with reasonable assurance.

Integrated and aligned in the right way

Our SoQM includes quality objectives are identified from the following components of ISQM 1 as well as any additional objectives the PwC Network has identified in the QMSE framework Governance and leadership:

- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication

Our System of Quality Management (SoQM) structurally integrates the four Strategic Quality Initiatives (SQIs) into the monitoring process, thereby ensuring strict compliance with the international standards established by ISQM 1 and ISQM 2, while fostering a culture of continuous improvement. The leadership of the Firm in Colombia has actively promoted an organizational culture focused on systematic evaluation and ongoing tracking of the SQIs throughout the various stages of the SoQM self-assessment, with the objective of anticipating quality risks, managing them proactively, and driving sustainable enhancements across our operational and methodological processes.

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

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

The Quality Management Process

The achievement of these objectives is supported by a quality management process (QMP) established by our firm and Assurance leadership, business process owners, and partners and staff. This quality management process includes:

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance Quality Indicators
- continuously improving the SoQM when areas for improvement are identified by performing root cause analyses and implementing remedial actions; and
- establishing a quality-related recognition and accountability framework to both set clear expectations of expected quality behaviours and outcomes and reinforce those expectations through consistent and transparent use in appraisals, remuneration, and career progression decisions

This involves the integrated use of Assurance Quality Indicators to aim to predict quality issues, Real-Time Assurance to aim to prevent quality issues, Root Cause Analysis to learn from quality issues and a Recognition and Accountability Framework to reinforce quality behaviours, culture and actions

Our firm's System of Quality Management

Our SoQM must be designed, implemented and operating on an ongoing basis to achieve the quality objectives. This ongoing process includes monitoring, assessing, evaluating, reporting, and being responsive to changes in quality risks, driven by the firm's internal and external environment. This is our QMP.

Our focus on quality management is therefore not to apply prescribed rules but rather to design and implement risk responses which are fit for purpose to manage the risks we identify in our own risk assessment and achieve the quality objective staking into consideration the conditions, events, circumstances, actions and/or inactions that may impact our SoQM.

Our risk assessment process

The past several years have seen unprecedented challenges and our firm's SoQM has helped us navigate and respond to the impact that identified factors had on our ability to achieve the overall assurance quality objective - to deliver quality audit engagements. Our SoQM includes the performance of a risk assessment over the quality objectives identified in the QMSE framework. We consider how and the degree to which a condition, event, circumstance, action or inaction may adversely affect the achievement of the quality objectives which may result in:

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

A quality risk is one that has a reasonable possibility of occurring and individually, or in combination with other quality risks, could adversely affect the achievement of one or more quality objectives.

Our System of Quality Management (SoQM) has been designed under a framework of continuous monitoring of risk factors, effective oversight of controls, and a proactive management approach supported by Strategic Quality Initiatives (SQIs), including the RCA QIP program. This program enables the timely implementation of corrective actions in response to quality exceptions or deviations, ensuring an agile and effective response fully aligned with the requirements of ISQM 1 and the QMSE framework.

Each year, PwC Colombia's leadership conducts a structured process of analysis, identification, and evaluation of emerging risk factors that may impact the achievement of quality objectives. In fiscal year 2025 (FY25), through Risk Alerts issued by the PwC Global Network, several emerging risks were identified, including those related to cybersecurity, Artificial Intelligence (AI), regulatory compliance, and the integrity of training processes. These risks were thoroughly assessed and integrated into the SoQM, along with the corresponding monitoring controls, which ensured their mitigation and prevented their materialization.

During fiscal year 2025 (FY25), the Firm in Colombia achieved a significant milestone in quality management by effectively integrating emerging risks into its System of Quality Management (SoQM). Through continuous monitoring and analysis of Risk Alerts issued by the PwC Global Network, critical factors were identified, including cybersecurity, Artificial Intelligence (AI), regulatory compliance, and the integrity of training processes. These risks were rigorously assessed and incorporated into the SoQM, along with specific monitoring controls that enabled their mitigation and prevented their materialization.

In parallel, the Firm strengthened the use of the Operational Excellence Management System (OEMS), an internally developed methodology that combines mathematical modeling and expert participation to construct the Enterprise Risk Management (ERM) Matrix. The OEMS model was validated by external specialists and published in academic media, representing formal recognition of its technical robustness and practical applicability. This validation positions the Firm as a benchmark in innovation for quality and risk management, reinforcing its commitment to continuous improvement, operational efficiency, and adaptability in dynamic environments

Throughout this transparency report, we have provided insight into the policies and procedures we have designed, implemented and are operating to reduce the quality risks we have identified to an acceptable level and help us achieve reasonable assurance over the firm's SoQM.
As mentioned above, some of our policies and procedures are provided by the PwC Network which we have assessed to determine that these resources are appropriate for use as part of our SoQM and in the performance of engagements. The following sections of the report cover the following ISQM 1 quality objectives:

- Cultures and values – Governance and leadership, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements

- Our people – Human resources

- Our approach – Intellectual and technological resources, engagement performance, information and communication.

Aim to Predict: Assurance Quality Indicators

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

The leadership as part of SoQM monitoring in FY25 implements the Assurance Quality Indicators - guidance 2024 and assigns specific teams to follow up on them depending on the established monitoring frequency. These teams report to the TAL the results which are consolidated in an internal dashboard, and are socialized in the Assurance leadership meetings, subsequently actions are taken to be implemented for the mitigation of the quality risks identified in the measurements.

Our monitoring and remediation process

In the section, Monitoring, found on page 43, we have described the types of ongoing and periodic monitoring our firm has designed, implemented and are operating to provide relevant and reliable information about our firm's SoQM and to help us take appropriate actions over any identified deficiencies so we can remediate those deficiencies effectively and on a timely basis. To support the timely and effective remediation of identified deficiencies, our firm has designed, implemented and are operating a root cause analysis program that is described further on page 47.

The information gathered from our monitoring and remediation process along with other sources of information, such as external reviews, is used to help us evaluate our SoQM.

Statement on the effectiveness of the firm's SoQM

During the year, we completed our evaluation of the firm's system of quality management under ISQM 1. On behalf of PwC Colombia, Carlos Mario Lafaurie and Jorge Eliécer Moreno have evaluated whether our firm's SoQM provides us reasonable assurance that:

The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and

Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

Based on all the relevant information of the firm's SoQM, as of 31 March 2025 we believe our SoQM provides us with reasonable assurance that the quality objectives of ISQM 1 noted above have been achieved.

Cultures
and values

Our culture and values

2164
People

960
Assurance

Definition and culture

At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of 2164 people at the firm level and 960 assurance. This culture of quality emphasises that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

Measurement and transparency

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

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

Our firm's commitment to quality

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

Act with integrity	Make a difference	Care	Work together	Reimagine the possible

Leadership and tone at the top

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

A Culture of Quality as a Strategic Pillar

At PwC Colombia, quality is non-negotiable—it is at the heart of our strategy. Our leadership is deeply committed to fostering a strong culture of quality, grounded in exemplary behaviors that drive meaningful impact across all levels of the firm, aligned with our purpose and values.

This culture is embedded in our risk assessment model, where we define appropriate monitoring controls to proactively manage risks.

One of our key initiatives is the cultural change strategy, which drives high-impact actions across five core pillars:

- Inspire, engage, and mobilize through initiatives such as the #ActitudPwC campaign, internal communications, video capsules, training sessions, benefits, flexibility, and more.

- Quality as a priority and excellence in client service.

- Continuous enhancement of audit processes. Evaluation of behavioral compliance and application of the Responsibility and Accountability Framework (RAF).

- PVP evaluation and onboarding process monitoring.

From the Firm's leadership, we have actively promoted the adoption of key behaviors that reflect our values and standards of excellence across all levels of the Firm. This initiative aims to ensure a positive and consistent experience—both within our teams and in every interaction with clients and other stakeholders.

Leading by example, we have encouraged the creation of dialogue spaces between leaders and team members, where best practices, team achievements, and the challenges we face are shared—especially considering the impact of quality on service delivery.

By demonstrating courage, we have facilitated conversations that push people out of their comfort zones, helping to build deeper relationships within teams, support personal development, and foster mutual trust among colleagues.

By being realistic, we have emphasized the importance of communicating that commitments, decisions, and expectations must be achievable. It is essential to feel free to voice concerns when expectations are not aligned with our capacity, thereby fostering a consultative and open approach.

Audit quality Measures

Quality Behavior Index scores — 88%

People Engagement Index scores — 88%
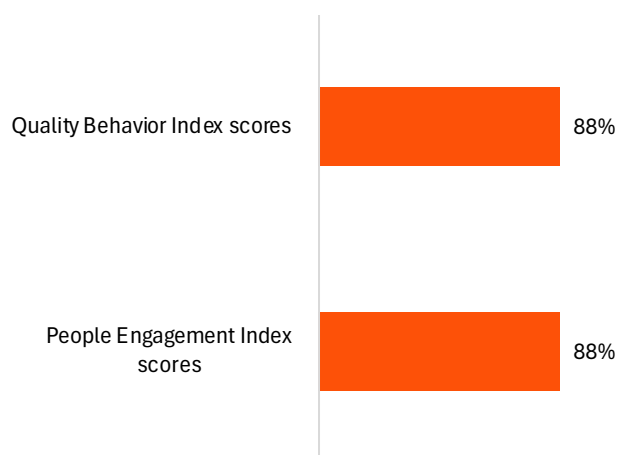
This culture is supported by appropriate tone at the top through regular communication from leadership to all partners and staff about the firm's commitment to quality. Key messages are communicated to our firm by our Senior Partner and our leadership team and are reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. Leadership and engagement partners take the lead on these actions as they role model the expected behaviours in interactions with clients and teams. We measure whether our people believe that our leaders' messaging conveys the importance of quality to the success of our firm. Based on this tracking, we are confident our people understand our quality objectives. Delivering service of the highest quality is core to our purpose and our Assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

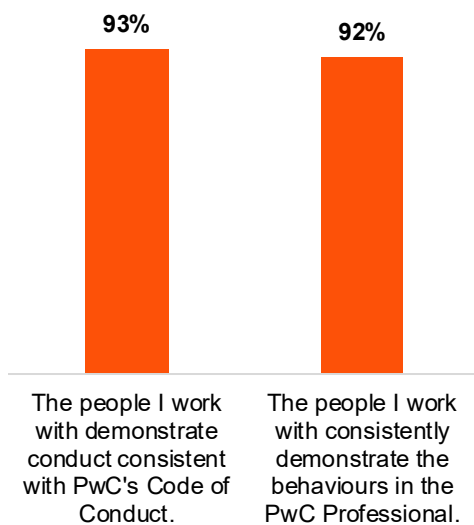# Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high-quality culture. Our RAF has been designed to both set clear expectations of expected quality behaviours and outcomes and reinforce those expectations by holding Partners, including non-Partner Engagement Leaders accountable for quality behaviours and quality outcomes beyond compliance. Our RAF considers and addresses the following key elements:

- Quality outcomes: We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC network and our firm's standards and policies

- Behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objectives

- Interventions/recognition: We have put in place interventions and recognition that promote and reinforce positive behaviours and drives a culture of quality

- Consequences/reward: We have implemented

financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives

The Recognition & Accountability Framework (RAF) is implemented in PwC Colombia as the procedure for managing recognition and accountability for violations of internal policies. This framework is applied in cases of insider trading, workplace harassment, and other disciplinary processes, ensuring transparency, fairness, and alignment with corporate values. The methodology defined by PwC Colombia's leadership for case analysis is based on the frequency, impact and lever of severity of non-compliance, considering quality, people, ethics, and compliance criteria. Throughout the year, key behaviours that promote a culture of quality are strengthened through communications, meetings, and campaigns.

Ethics, independence and objectivity

93% **92%**

The people I work with demonstrate conduct consistent with PwC's Code of Conduct.

The people I work with consistently demonstrate the behaviours in the PwC Professional.

Ethics

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

Global People Survey contains a few questions related to Ethics and the content in the above-mentioned paragraphs, for example:

The people I work with demonstrate conduct consistent with PwC's Global Code of Conduct.

At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.

The leading partner for Ethics, Business Conduct is firmly committed to fostering a top at the top culture of ethics at PwC Colombia. To achieve this, in recent years, PwC Colombia has held an Ethics Week, which aims to raise awareness of the importance of conducting itself with integrity, aligned with our purpose and values. Likewise, a major effort is made to reinforce the behaviors expected of PwC Colombia professionals through communications plans.

We have a workplace harassment policy and an Ethics complaints, and allegations investigation procedure, which aims to provide employees with the necessary information to speak out through various communication channels and report any situation that deviates from the Code of Conduct and the Firm's values. PwC Colombia has a strict policy against any form of retaliation for reporting any actual or potential violation in good faith and makes an effort to protect the confidentiality of this information.

Objectivity and Independence

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

The PwC Global Independence Policy, which is based on the Code, including International Independence Standards, contains minimum standards with which PwC firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph. PwC Colombia has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business. The partner is supported by a small team of independence specialists. The PRI reports directly to the TSP.

Independence policies and practices

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

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

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

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

PwC Colombia supplements the PwC Global Independence Policy as required by the independence requirements of the United States Securities and Exchange Commission and those of the Public Company Accounting Oversight Board of the United States and of the European Commission, as set out in Regulation (EU) No 537/2014 (the "EU Regulation"). where they are more restrictive than the network's policy.

Independence-related systems and tools

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

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the PwC firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services system;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and managerial practice staff before acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required;
- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service;
- Joint Business Relationships (JBR) which is a global system used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships;
- My Compliance Dashboard (MCD) which is a global compliance system that facilitates annual compliance confirmations, engagement independence confirmations and reporting; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g., those set by regulation or professional requirements) where the breach has cross-border implications (e.g., where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code or relevant independence regulations.

PwC Colombia also has a number of specific systems which include:

- A rotation tracking system which monitors compliance with PwC Colombia audit rotation policies for the PwC firm engagement leaders and other key audit partners involved in an audit.

Independence training and confirmations

PwC Colombia provides all partners and practice staff with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on PwC Colombia's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PwC Colombia´s independence specialists and risk and quality teams.

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

Independence monitoring and disciplinary policy

PwC Colombia is responsible for monitoring the effectiveness of its SoQM in managing compliance with independence requirements. In addition to the confirmations described above, as part of this monitoring, we perform:

Compliance testing of independence controls and processes;
Personal independence compliance testing of a random selection of, at a minimum, partners and practice managers as a means of monitoring compliance with independence policies; and
An annual assessment of our firm's adherence with the PwC network's standard relating to independence.

The results of PwC Colombia's monitoring and testing are reported to the firm's management on a regular basis with a summary reported to them on an annual basis.
PwC Colombia has an Accountability Framework and supporting disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

This would include discussion with the client's audit committee regarding the nature of a breach, an evaluation of the impact of the breach on the independence of the PwC firm and the engagement team and the need for actions or safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The PwC firm also follows supplemental local requirements relating to the reporting of breaches. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Colombia's systems and processes and for additional guidance and training.

Considerations in undertaking the audit

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

Client and Engagement Acceptance and Continuance

PwC Colombia has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention called Acceptance System. Acceptance system facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

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

PwC firms (including PwC firm leadership and risk management):

- To facilitate the evaluation of risks associated with accepting or continuing relationships with clients and engagements, PwC Colombia has implemented a counterparty knowledge and due diligence process. This process is part of the Firm's overall risk assessment framework for third parties and services and must be completed prior to initiating any business relationship involving third parties. It must also be updated annually when the relationship extends beyond one year.
- This process applies to the onboarding of clients, suppliers, and employees, and involves a series of activities designed to ensure the proper identification and understanding of third parties with whom PwC Colombia establishes any type of relationship. Among these activities, we currently include the following:

KYC form, used to collect data and information from our clients, which includes, among other aspects, inquiries about ultimate beneficial owners (individuals holding more than 5% ownership in the case of legal entities), parent company, jurisdictions, business activity, and potential direct relationships with politically exposed persons (PEPs).

If warning signs or indications are identified that may represent a reputational or contagion risk for the Firm, the onboarding of the third party is evaluated and approved by a higher authority, implementing our Enhanced Due Diligence processes.

We have an AML (Anti-Money Laundering) team led by a Compliance Officer, responsible for managing, administering, and overseeing the proper and efficient implementation of policies related to the prevention of money laundering, terrorist financing, corruption, and bribery. Additionally, throughout the year, the Firm strengthens its commitment to integrity and responsible conduct through an ongoing training program in ethics, anti-money laundering, terrorist financing, and regulatory compliance. These training sessions, aimed at both technical development and the reinforcement of values, seek to ensure that each employee takes an active role in building a culture of transparency and ethical behavior. Beyond formal compliance, we promote reflection on everyday ethical dilemmas, professional judgment, and the collective responsibility to protect the reputation and principles that define us as an organization.

- To provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- To understand the methodology, basis and minimum considerations all other PwC firms in the network have applied in assessing audit acceptance and continuance.

Our people

Our people

People strategy

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

We are focused on being the world's leading developer of talent and enabling our people with greater agility and confidence in a rapidly changing world. Specific focus areas include creating a resilient foundation for times of change through supporting the well-being of our people and enabling effective delivery; developing inclusive leaders for a shifting world; and enabling our workforce for today's realities and tomorrow's possibilities.

Strategic Objectives:
- Promoting the attraction and retention of talent, offering professional opportunities aligned with the New Equation, PVP management and development of wellness programs adapted to the needs of our collaborators.
- Strengthen the leadership of our community of problem solvers who manage Inclusion and Diversity, framed within our LDE process of continuous development and Upskilling (#PwCAttitude).
- Promote training to ensure that staff benefit from adopting the tools available through digital transformation, for the effective delivery of our services to clients.
- Agility and flexible work that is evolutionary and cutting-edge, with an emphasis on virtuality and productivity.
- Promote Alumni and Mobility programs.

Cultural Change Program:
- Continue promoting a results-oriented quality culture.
- Adopt and integrate Assurance Quality Dimensions (AQDs) into the cultural change program.
- Analysis and monitoring of QBIs.
- Adherence to appropriate behaviors that align with the quality culture and our purpose.

Network Standards:
- Promote NS related to the adoption of appropriate behaviors and application of the RAF

GPS Results:
- Work on the issues we need to optimize to design and implement action plans

Other:
QMSE Testing and Risk Alert Results

The PwC Professional

The PwC Professional is the set of behaviours we expect of all our people, at all levels, to demonstrate with each other and with our clients and other stakeholders. When we focus on the behaviours that guide our interactions, we create opportunities to build trust and empower our teams to deliver distinctive outcomes. This is how we build trust in society and solve important problems.

Audit Quality Measures

81,14%

Average staff retention rate

Partner and manager hours in relation to total engagement hours

- 342,537 (FY25) / 303,482 (FY24) — Partner and manager hours
- 1,798,334 (FY25) / 1,540,590 (FY24) — Total engagement hours

■ FY25   ■ FY24
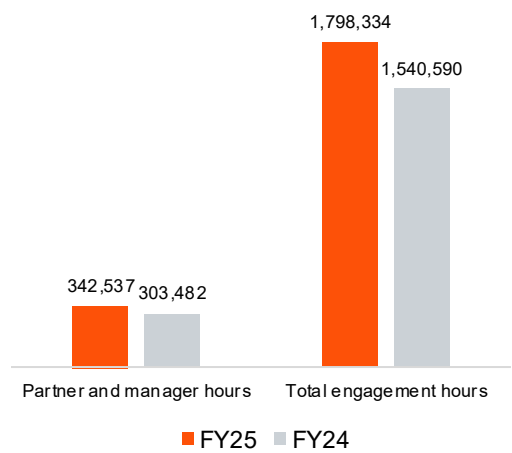
Measure of project management / phasing of the audit, for example, actual utilisation in relation to planned and actual to budgeted hours at period end

FY25: 75% / 72%

FY24: 75% / 74%

■ Budgeted   ■ Actual utilisation
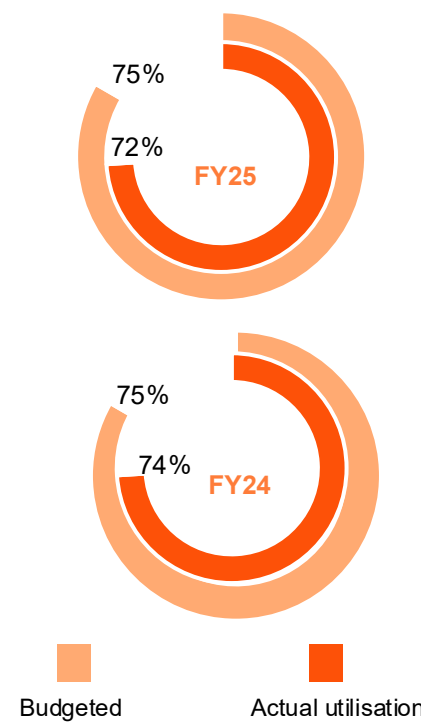
Inclusion and diversity	At PwC, we're an organisation that fosters a culture of belonging and equity where our diverse workforce can thrive and feel like they belong. We do this by delivering on our Inclusion First strategy, which is centred on action, accountability and advocacy, in each of our member firms, across the PwC network.

We embrace and encourage differences and help our people actively develop the skills to work and lead inclusively with our focus on gender equity, disability inclusion, LGBT+ inclusion and social inclusion. Underpinning this is ensuring our systems and behaviours are inclusive. |
Recruitment	PwC Colombia aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks. Across the firm in FY25, we recruited over 305 new people, including 265 university graduates.
Team selection, experience and supervision	Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of junior staff.
Feedback and continuous development	Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional skepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via our Feedback Exchange tool, a simple technology. We also use Feedback Exchange to give and receive upward and peer feedback . Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.
Career progression	PwC Colombia uses The PwC Professional, our global career progression framework, which sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy, and support our brand. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's Team Leader to discuss their development, progression and performance.
Retention	Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide makes our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent.
The following are some of the initiatives carried out by Human Capital team to hire and retain appropriate talent:
• Work within the new PwC Professional framework—"Evolved PwC Professional" (EPP)—based on PwC Leader behaviors (performance and promotion, feedback, and goal setting)—EPP, achieving agility in the use of the "Feedback Exchange" tool. This new framework ensures appropriate behaviors that align with the quality culture and our PwC purpose

Retention

- Continue strengthening the cultural change program by ensuring skills and behaviors, which adopts and integrates the FY25 "Assurance Quality Dimension" (AQD) to deliver quality: 1. Knowledge of reporting standards, 2. Assurance Skills, 3. Direction, supervision, and review, 4. Professional skepticism, and 5. Risk and potential issues management.

- Manage compliance with the Recognition and Accountability Framework (RAF), in coordination with the closure of the CRT, promoting the Firm's Network Standards (NW), related to the adoption of appropriate behaviors for the application of the RAF, monitoring behaviors, and adhering to ethical standards in the training integrity.

- Strengthen the leadership of our community of problem solvers under the new EPP Framework, with the Leadership School: EPP: Trusted Leadership and Distinctive Results: which manages Inclusion and Diversity, framed within the update of the new EPP process for development and continuous upskilling. #PwCAttitude: With emphasis on: Efficient timelines, training, quality, client service, and the audit process.

- Continue managing the positive results of the GPS: Design and implementation of actions to be developed based on the results of FY24. Creation of the Action Plan for the areas to be improved in the LoS.

- Support us in the management of the Champions (Leaders) to achieve the objectives.

- Maintain an optimized onboarding process for new joiners: team activities, balancing client assignments and training codes in the first few months, reviewing training distribution and ensuring adequate time for their completion/continuity with the Plan Tutor (increasing participant numbers), and strengthening the Plan Anfitrión. Creation of the "Tu voz tiene valor " chat so they have the support network they need.

- Constant Evolution and Flexibility" We create flexibility by reimagining ways of working to enable you to give your best: Strengthening the hybrid model, benefits such as Friday Flex, PwC Flex, proper management of work disconnection, Be Well Work Well.

Global People Survey

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

Response Rate

**PEI
(People Engagement Index)**

**QBI
(Quality Behavior Index)**

98%

88%

88%
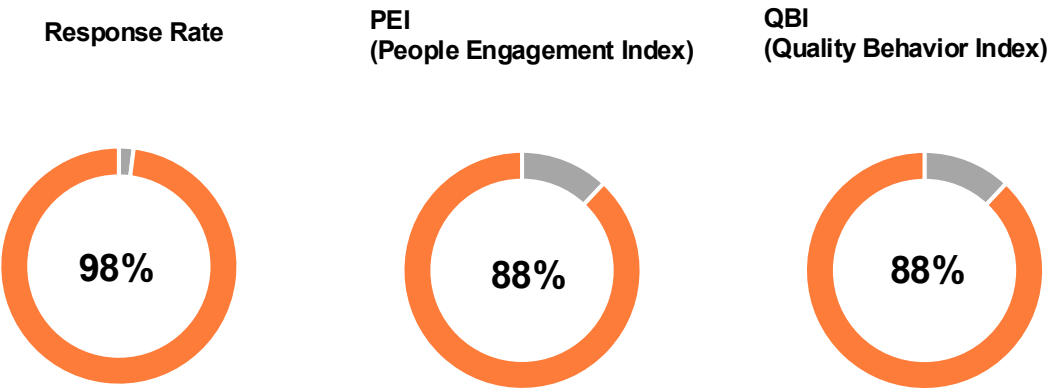
Learning and education

Audit Quality Measures

Average training hours per audit professional

45 Hours per year

Mandatory training attendance

100%

Professional Development

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

Achieving a professional credential supports our firm's commitment to quality through consistent examination and certification standards. Our goal is to provide our staff with a more individualised path to promotion and support them in prioritising and managing their time more effectively when preparing for professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.
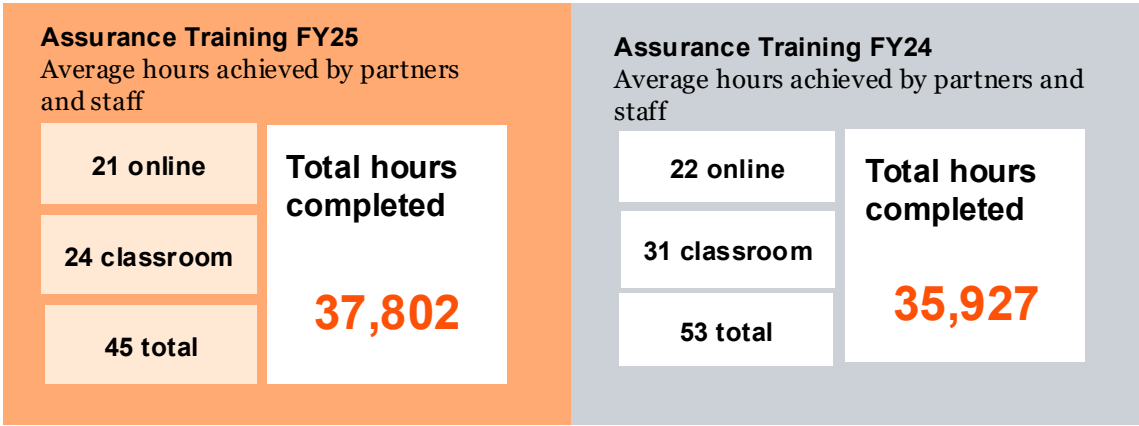
We, and other PwC firms, are committed to delivering quality assurance services around the world. To maximise consistency in the network, the formal curricula, developed at the Network level, provide access to training materials covering the PwC audit approach and tools, as well as areas of audit risk and areas of focus for quality improvement.

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

The design of the curricula allows us to select, based on local needs, when we will deliver the training. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs. Territories to add details of their locally developed training programmes, training programmes used from other Network groups (e.g., GAQ-CRS training on IFRS) and externally sourced training, covering both technical and non-technical training.

Our training investment in people

Assurance Training FY25 Average hours achieved by partners and staff		Assurance Training FY24 Average hours achieved by partners and staff	
21 online	**Total hours completed**	22 online	**Total hours completed**
24 classroom		31 classroom	
45 total	**37,802**	53 total	**35,927**

Our approach

PwC Colombia employs a methodological framework aligned with regulatory requirements and invests in training sessions (such as discussion forums or "Conversatorios") and the development of new technological tools that enable the firm to ensure quality and continuous improvement in the delivery of professional audit services. We make significant investments in both people and technology, allowing us to meet our clients' needs efficiently while ensuring the delivery of services with high quality standards.

As a member of the PwC network, PwC Colombia has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

The PwC Audit Guide explains PwC's methodology.

Tools and technologies to support our audit

Our technology

- Halo for Journals, Journals testing is a key part of our audit approach in response to the risk of fraud. Halo for Journals is an internally built tool with expanded population and export capabilities, to help teams quickly recognize trends and patterns in client data, evaluate risk, test and provide insights to clients.

- Data PRO, is a self-service application that puts data transformation technology into the hands of engagement teams. PwC audit teams are guided through the data transformation process and are able to publish and catalog mapped data within a database for use in downstream applications.

- Acquisition Hub (AQH), is a pre-platform capability rolling out ahead of the Next Generation Audit (NGA) platform. AQH is designed to centralise the user experience for a variety of PwC data acquisition solutions that meet the needs of a broad user base - from complex ERPs, like SAP, to client-developed financial systems.

- ACE-S, is used to assist practitioners with the evaluation of user access and the associated segregation of duties conflicts as well as configurable controls for SAP systems.

Our next generation audit

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

There have been significant investments across the PwC network into Generative AI as we seek to reimagine how we further enable our people by leveraging the power of AI. We are focused on promoting a culture of responsible usage of AI while supporting ongoing interest and quickly evolving potential use cases for AI including Generative AI.

Within the framework of our global and local strategy, the development of tools based on generative artificial intelligence represents a fundamental pillar for the transformation of auditing and risk management. This approach is complemented by a strong commitment to strengthening the skills of our auditors, who receive continuous training in the responsible and ethical use of generative AI, as well as in data analysis and the automation of key tasks, as part of our People + Technology strategy.

Reliability and auditability of audit technologies

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

Confidentiality and Information Security

PwC Colombia is aligned in terms of personal data, security, and confidentiality of information to the policies of the PwC network that allow us to ensure the standards required to meet our obligations, as well as the Colombian regulatory framework, especially the Law 1581 of 2012 and its regulatory decrees.

Confidentiality, personal data handling and information security are key elements of our professional responsibilities. Misuse or loss of confidential client, staff or supplier information or personal data may expose the company to legal proceedings and may also negatively affect our reputation. We take the protection of personal data information and the confidentiality of information very seriously.

We promote our culture on the protection of information at all levels, which is why we have policies and procedures of mandatory compliance, which are available to the public on our website, with which we seek to be transparent in the process of collection, use, custody and destruction of information in accordance with its cycle of life.

Data Privacy

The Firm has implemented a solid and consistent approach to managing all personal data, recognizing and promoting a culture of responsibility where each member of the organization plays a crucial role in safeguarding this data.

We have launched a Personal Data Protection Program that complies with local legislation and is aligned with the General Data Protection Regulation (GDPR). This program encompasses the proper management of Customer Data, Third-Party Data, and Internal Data, all framed within the seven principles defined in the Network's Data Protection Policy.

To achieve this, our partners and staff receive annual training, along with communications about the Network's policy and local legislation regarding the correct management of personal data, to continue building a strong culture of data protection.

Along with the aforementioned, in compliance with applicable laws, a Compliance Officer has been appointed whose primary function is to ensure the operation of the implemented system and compliance with the policies and procedures regarding Information Protection, as well as an exclusive communication channel for HabeasData (co_habeasdata@pwc.com).

Information Security

Information Security is a high priority for the PwC Network. Our firm is accountable to our people, clients, suppliers, and other stakeholders to protect information that is entrusted to us. Failure to protect information could potentially harm the individuals whose information our firm holds, lead our firm to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand. As such, our firm complies with the Information Security Policy which outlines the minimum security requirements for all PwC firms.

Tools and technologies to support our audit

Engagement performance

Evolving delivery model

A strategic approach that combines fair recognition of talent, equitable availability of competitive capabilities across our Firm, and the use of borderless technology to deliver high-impact solutions

Direction, coaching and supervision

The engagement team area effectively provided direction, coaching and supervision and supervised and engagement performance is reviewed in a timely and constructive manner. Perform an ongoing assessment of risk to achieve the direction, coaching and supervision objective and develop appropriate responses to address those risks.

Consultation culture

At PwC Colombia we consider technical consultation on audit and accounting matters to be one of our pillars in the delivery of the highest quality audit services. The consultation process enriches our views and analysis and involves specialists in different areas of auditing.

This is why we have developed an internal consultation policy that covers a wide variety of topics that must be consulted in the development of our audits.

National Technical function

PwC Colombia has consolidated a technical area with partners specialized in different sectors of the economy, which allows us to be at the forefront in the analysis and application of current auditing and accounting standards.

Quality Review Partners (QRP)

Specific audit engagements are assigned a QRP as part of the member firm's system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, significant risks and a team's responses to those risks, and specific accounting, auditing, and financial reporting and disclosure issues.

Differences of opinion

If there are differences of opinions, these are reviewed with the technical team. In more complex situations, the assurance and risk leader could participate.
As a firm we have obtained few cases regarding difference of opinion, but if situations of this nature exist, we have formal protocols to address these situations.

Monitoring

Monitoring

Audit Quality Measures

| 10 | Total number of ECRs |

Number of ECRs rated as:

09	00	01
Compliant	Compliant with Improvement required	Non-Compliant

ECRs rated as:

90%	0%	10%
Compliant	Compliant with Improvement required	Non-Compliant related to total number of ECRs

Monitoring of Assurance quality

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

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

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

Our firm's monitoring includes an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit, non-audit assurance and related services engagements are performed in compliance with laws, regulations and professional standards (also referred to as our ongoing monitoring). This includes the use of Real-Time Assurance.

Audit Quality Measures

Restatements

2   Number of financial statement restatements involving PIE audits due to material errors

Aim to Prevent: Real-Time Assurance

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

Purpose and Objective of the RTA Process

The primary purpose of the RTA reviews for the Colombian Firm is to ensure compliance with the International Standard for Quality Management(ISQM 1): This overarching objective seeks to guarantee that PwC Colombia maintains an effective quality control system, providing reasonable assurance that:

• The Firm and its personnel comply with applicable professional standards, as well as legal and regulatory requirements.

• Reports issued by the Firm and its partners are appropriate under the circumstances.

• For each RTA´s engagement review, the BPORTA designates official Leaders responsible for overseeing adherence to approved procedures. These procedures cover client selection for review, reviewer assignment, planning, execution, and reporting of findings.

• The monitoring of the annual RTA review process is the responsibility of the Leaders appointed by the TAL.

• Review results are communicated to the respective engagement partners, the TAL, and the Assurance Leaders.

In addition to the ongoing monitoring noted above, our monitoring also encompasses periodic assessment of our SoQM which includes the review of completed engagements (Engagement Compliance Reviews - ECR), as well as periodic monitoring of our SoQM by an objective team within our firm. The results of these procedures, together with our ongoing monitoring, form the basis for the continuous improvement of our SoQM. ECRs are performed under a network-wide inspection programme based on professional standards and PwC audit methodology.

03

Number of audit quality reviews performed by the PCAOB

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorized to sign audit, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures.

Each authorized Engagement Leader (EL) to sign an audit report is reviewed at least once every five years, unless a more frequent review is required based on the profile of the engagements in charge by ELs. For assurance engagements other than audit or related services, the established global quality standards apply. The selected sample includes the different types of assurance engagements other than audit or related services performed and considers the risk profile of this type of engagement.

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

Audit Quality Measures	
Total number of file reviews by external regulators:	3
Number of file reviews by PCAOB	3
Number of file reviews by other external regulators resulting in non-compliance	1

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

The inspection results are reported to our firm's leadership who are responsible for analysing the results of the inspections along with quality findings identified from all sources of information, for performing timely root cause analysis, and for implementing remedial actions as necessary. In situations where adverse quality matters on engagements are identified, based on the nature and circumstances of the issues, the responsible engagement leader or our firm's Assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm's Recognition and Accountability Framework.

Assurance engagement leaders of our firm receive information on the results of the network inspection program, designed for their use in assessing the scope of audit work they determine needs to be performed and their reliance on work performed by PwC firms in connection with their audit of a client's consolidated financial statements.

Learn: Root cause Analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses are to understand what our findings tell us about our SoQM and to identify how our firm can provide an effective environment for our engagement teams to deliver a quality audit. We look at quality findings from all sources including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM.

We look at quality findings from all sources including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM, audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections and other inputs such as our Global People Survey, complaints received through ethics hotlines and financial statement restatements and accounting errors—to help identify possible distinctions and learning opportunities.

For individual audits, an objective team of root cause specialists identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality.

In addition, the data compiled for audits both with and without engagement-level findings is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours spent on the audit, the geographic location of key team members in relation to the client, the years of experience of those members on the engagement, the number of additional audits in which the partners participated, whether the engagement was subject to a pre-issuance review, and the timing of the audit work performed.

Our goal is to understand how quality audits may differ from those with engagement-level findings, and to evaluate how these learnings may be used to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality management.

PwC Colombia has a robust Root Cause Analysis (RCA) process that enables the timely remediation of findings at both the SoQM and engagement levels by taking the necessary actions to address potential causal factors.

To perform an adequate and consistent analysis of findings, exceptions, and deviations identified within the SoQM, the Assurance leadership -actively participating in the different stages of the analysis- in collaboration with the RCA team and relevant process leaders, held meetings with the staff involved in the identified situation and with the information collected, determines the root cause and defines remedial plans based on the following considerations:

- We use a combined methodology that integrates the "5 Whys" approach with the Ishikawa (Fishbone) method, aiming to strengthen perspectives and ensure a comprehensive root cause analysis.

- Classification of the root cause according to the following categories: technical knowledge of standards or regulations (ISA, PCAOB, GAAS, Industry-specific, among others), supervision of the work performed, review of audit work, professional skepticism of the team, documented information, professional care, communication, interactions with third parties, and teamwork. This allows for the characterization of findings and a trend analysis.

- Identification of quality behaviors associated with the findings, which are analyzed by the Quality and Cultural Change Committee.

- Analysis of the impact on SQIs, evaluating whether the finding affects AQIs, requires the application of the RAF, or is related to the RTA.

- Evaluation of the pervasiveness and severity of the findings to determine the appropriate actions.

PwC Network

PwC Network

PricewaterhouseCoopersInternational Limited

Firms in the PwC network are members in, or have other connections to PwCIL, an English private company limited by guarantee. PwC IL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for PwC firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwC IL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual PwC firms where appropriate. PwC firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, PwC firms may draw upon the resources of other PwC firms and/or secure the provision of professional services by other PwC firms and/or other entities. In return, PwC firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

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

The governance bodies of PwCIL are:

- Global Board, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of elected partners from PwC firms around the world and one or more external independent directors. Please refer to the following page on the PwC Global website for a list of the current members of the Global Board.
- Network Leadership Team, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- Strategy Council, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- Global Leadership Team, which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.

Legal and governance structure
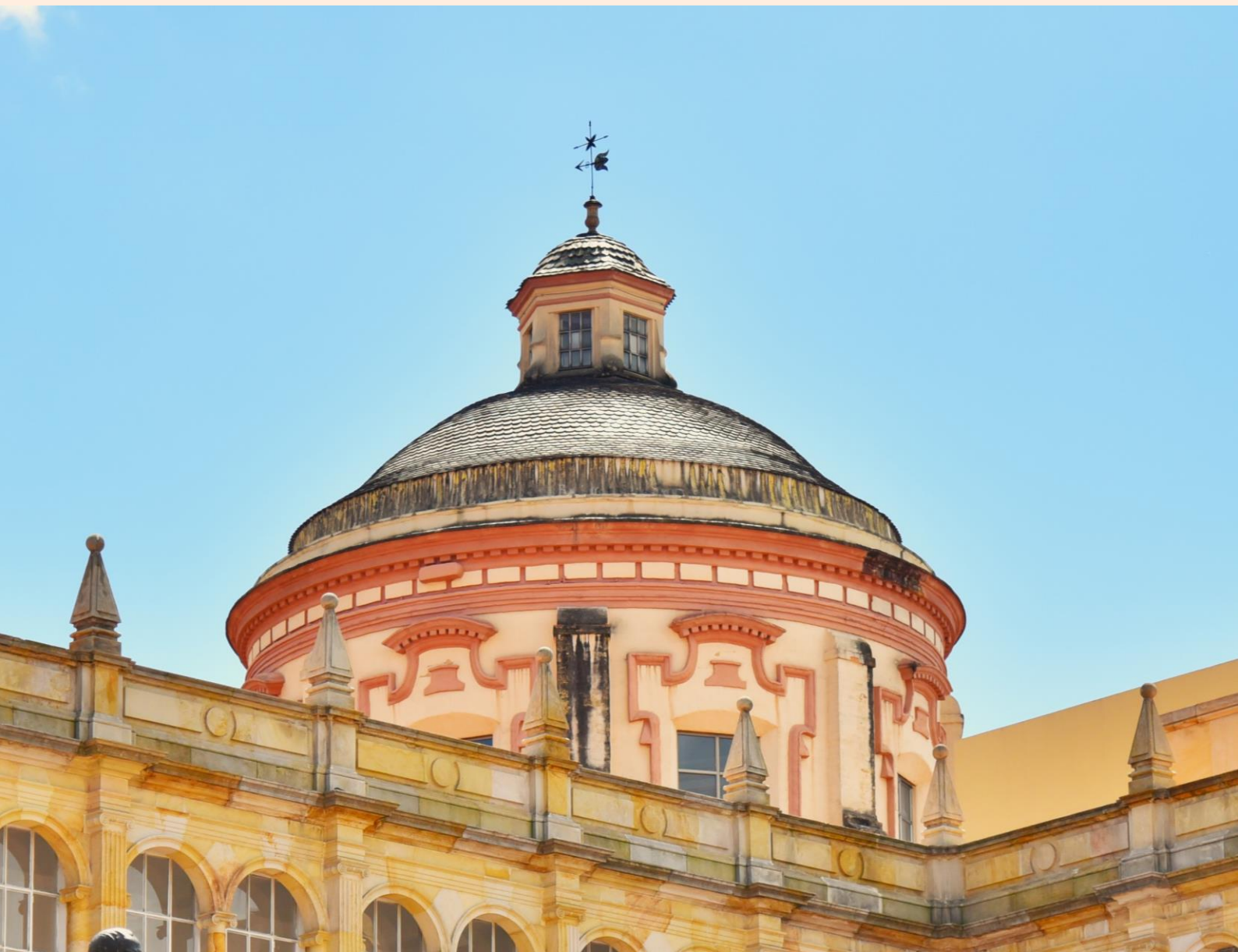
Legal and governance structure

Legal structure of PwC Colombia

Each of the PwC legal entities that are part of PwC Colombia is independent entity organized as a simplified join tstock company, governed by the Partners through the decisions of the General Shareholders' Meeting, following the best practices of Corporate Governance. These practices ensure that the decision-making process is transparent and fair to the partners and employees of the Firm.

The General Assembly is the highest governing body and has the powers regulated by local law and its bylaws and its internal regulations, such as agreeing to amend the bylaws or admitting new partners. The General Assembly meets at the times established in the bylaws and when necessary for the operation of the company.

PwC Colombia operates through the follow line of services: Assurance, Advisory and Tax & Legal. We are registered, for the Assurance and accounting services with the Accounting Central Board (Junta Central de Contadores) and with the Public Accounting Oversight Board (PCAOB) regulator of the United States of America.

(a) Ownership of PwC Colombia

Each one of the PwC legal entities is owned by individuals practicing audit, tax or consulting services in Colombia, commonly referred to as partners who hold the voting rights.

(b) PwC Colombia office structure

PwC Colombia operates out of 4 offices located in the 4 main cities in Colombia. Our headquarters is in the City of Bogotá D.C. A full list can be found at https://www.pwc.com/co/es.html.

c) Principal lines of business

PwC Colombia operates through 3 principal Lines of Service (LoS). These are Assurance, Advisory, Tax & Legal.

Country Leadership Team- CLT

The Country Leadership Team (CLT) is an executive committee, headed by the Senior Territory Partner, responsible for adopting the key strategies, guidelines, and policies of the PwC Networking the Colombian firms. In order to include different perspectives that contribute to reduce risks and enrich the firm's management, key partners with different specialties are part of the CLT. Among them are the Lead Partners of each service line (Assurance, Advisory and Tax Legal Services), and the partners in charge of OGC / Ethics / Risk Independence, Technology/IT, Finance, Human Capital and Marketing & Sales.

Country Leadership Team- CLT is responsible for:

• Planning, development, management and control of the firm's operations.

• Implementation and customization of the global strategies and policies.

• Implementation of the policies; and,

• Implementation of the recommendations made by the firm's Territorial Supervisory Committee.

Country Leadership Team- CLT

Is responsible for:

• Planning, development, management and control of the firm's operations.
• Implementation and customization of the global strategies and policies.
• Implementation of the policies; and,
• Implementation of the recommendations made by the firm's Territorial Supervisory Committee

The current CLT members are:
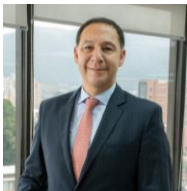
Carlos M. Lafaurie.
Country Senior Partner.

Jorge Eliécer Moreno.
Lead Partner Assurance.

Jorge Mario Añez.
Lead Partner Advisory.

Carlos Miguel Chaparro.
Lead Partner TLS.

Yamile Sarmiento.
Lead Partner HC.

Jhon Pineda.
Lead Partner Risk Management & Independence.

Marta Toro
Chairman TSC.

Carlos Lloreda.
Finance & Infrastructure Partner.

Eliana Bernal.
Lead Ethics & OGC Partner.

Juan Malagón.
Lead Partner Sales & Markets & Communications.

Paul rocha
Lead IT Partner.

The CLT holds monthly meetings to oversee the evolution of the implementation of strategies, guidelines, and policies important to the Network and to review and monitor them. Since its members have executive positions and client portfolios, they are constantly informed about the state of the business and the main needs and concerns of both internal staff and clients.

In addition to the CLT, PwC Colombia has specific teams and partners in charge of different support functions, which are responsible for ensuring the proper administration of the firm.

Governance structure of the PwC Colombia

The current CLT members are:

Country Senior Partner:	Carlos Mario Lafaurie
Lead Partner Assurance	Jorge Eliécer Moreno
Lead Partner Advisory:	Jorge Mario Añez
Lead Partner TLS:	Carlos Miguel Chaparro
Lead Partner HC:	Yamile Sarmiento
Lead Partner Risk Management & Independence:	Jhon Alexander Pineda
Chairman TSC:	Marta Toro
Finance & Infrastructure Partner:	Carlos Lloreda
Lead Ethics & OGC Partner:	Eliana Bernal
Lead Partner Marketing & Sales:	Juan Malagón
Lead IT Partner:	Paul Rocha

Our Offices

Barranquilla

Medellín

Bogotá

Cali

www.pwc.com/co