



PwC Indonesia Transparency Report

November 2024



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Message from leadership

Message from our Territory Senior Partner



Eddy Rintis
Territory Senior Partner

Welcome to our 2024 Transparency Report

Welcome to KAP Rintis, Jumadi, Rianto & Rekan (PwC Indonesia)'s Transparency Report for 2024. We recognise that our reputation relies, in part, on being transparent about how we work. Our Audit Transparency Report details how we continue to focus on audit quality through a range of measures such as learning and development and ensuring sustainable workloads for our people. We understand that delivering quality goes beyond reporting and compliance – it includes culture, standards, training, governance, and the tools we use to deliver our work.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 149 countries with over 370,000 people who are committed to delivering quality in assurance, advisory and tax services. We are committed to driving a strong culture of quality and excellence that is core to our purpose.

PwC's approach to building trust is designed to meet rising expectations of transparency, accountability and stakeholder engagement. It combines expertise in audit, tax and compliance activities with a drive to expand specialist capabilities in areas such as cyber security, data privacy, Environmental, Social and Governance (ESG) and Artificial Intelligence (AI). It also recognises the importance of quality - and that reporting and compliance represents just one link in a chain that includes organisational culture, executive mindset, aligned standards, certified professionals, stringent controls, tailored technologies and appropriate governance. It is part of our public interest commitment to consistently perform quality engagements and be transparent about our System of Quality Management (SoQM).

We're investing in new capabilities in areas central to our strategy—including ESG. We're also transforming how we work by leveraging the power of our people and technology. Additionally, we are investing in our clients' businesses and industries to better understand their unique challenges and opportunities. We continue to draw on the deep technical knowledge and experience of our people to enhance our understanding of our audit clients' processes and financial reporting risks, leading to better audits and more insightful feedback to management and audit committees. Our specialists in climate, human capital, cybersecurity, valuation, and tax will continue to support the quality of our work as the environment in which we and our clients operate becomes increasingly complex.

Results of our FY24 survey to Assurance professionals

83% of respondents felt they received consistent messages about the importance of audit quality from both local and firm leadership.

90% of respondents felt they understood the firm's audit quality objectives

Taking action to lead the profession

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

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:

Accountability – we will implement tangible measures to demonstrate to our stakeholders that the leaders of our firm are accountable for audit quality.

Quality – we will execute a series of initiatives to enhance confidence in audit quality with a focus on fraud and going concern and to explore enhancements to the audit report through more expressive content.

Transparency – we will continue to increase the level of transparency over key aspects of audit quality performance, including enhancing our audit quality report and communicating information related to our policies and practices with respect to potential conflicts of interest.

Engagement – we will execute a series of initiatives to enhance engagement with key sets of stakeholders, including potential talent, audit committees and investors, including investing time to raise awareness of careers in accounting.

We're approaching these actions in phases – starting with accountability – and expect that each will evolve over time as we consider standard setting and regulatory developments and emerging practice matters.

Our people are core to everything we do, and we recognise the important role culture plays in audit quality. The wellbeing of our people and the quality of our work go hand in hand. During FY24, we have continued our work to ensure sustainable and flexible workloads for our people while maintaining high-quality standards for our clients and stakeholders. Employee wellbeing has always been a key priority. We foster a diverse, inclusive workplace that recognises our people's strengths and perspectives so they can be their authentic selves and reach their full potential.

At PwC, we believe that the powerful combination of the best people, empowered by market-leading technologies, allows us to deliver quality and value at an unprecedented level. We are constantly innovating to enhance the audit experience, leveraging new and emerging technologies to provide real-time delivery, increased efficiency, and greater transparency.

A message from our Assurance Leader



Jumadi Anggana
Territory Assurance Leader

Our purpose is to build trust in society and solve important problems. Our assurance service is critical to building confidence in business and we are committed to playing our part.

Our approach is designed to meet rising expectations of transparency, accountability, and stakeholder engagement. Ensuring that we have the capabilities to deliver high quality services that can meet heightened expectations is an ongoing journey, which is why it is important for us to cultivate a culture built around trust, with quality as the common thread binding our people, processes and technology.

We continue to operate in a challenging and uncertain economic environment, and I am proud that our

people support each other and work together to deliver high quality outcomes. Our people are specialists with deep industry knowledge and expertise who drive our human-led, technology-powered and data enabled audits.

At PwC, we recognise how important transparency is to our reputation. We are pleased to present our 2024 Transparency Report which serves as a testament to our commitment to open and honest communication in building trust, by providing clear and comprehensive insights into our policies, systems and processes for ensuring quality. This report sets out the actions we have taken to create a culture in our Assurance practice that delivers consistently high-quality work.



Transparency report at a glance

1. Our people

Our people, their skills and how we train our staff to ensure our quality standards are met

Our people

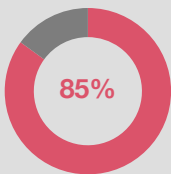


Number of audit partners and directors
79

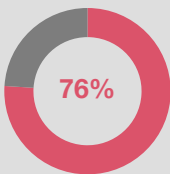


Number of audit staff
over 1,900

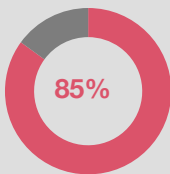
Average retention rate by staff level



Managers



Senior Associates



Associates

Utilisation metrics



Assurance people utilisation
70%

Our partners



Partners' average years of professional experience
25 years

Results of our survey to Assurance professionals



90% of respondents felt the PwC Learning and Development program has helped them prepare for the work they do.

89%

of respondents felt they collaborate with our technical experts, as necessary, to ensure quality work is delivered.



90%

of respondents felt they are continuously challenged by the people they work with to deliver quality work



88% of Assurance respondents believe that the people they work with demonstrate behaviour consistent with PwC's Global Code of Conduct.

Assurance Training (January – December 2023)

Average hours achieved by partners and staff

44 **74** **118**
online classroom total

Total hours completed

223,097

Average training hours by grade

Upskilling our people is key to achieving and maintaining our quality audits. We provide both auditing and accounting training, in addition to on-the-job training our staff receives.

Auditing and accounting training hours

Partner and Managers	Senior Associates	Associates
44 hours	91 hours	113 hours

2. Our approach

Ensuring our quality through continuous, year-round oversight

Our relentless focus on quality



Over **4,300 hours** were spent conducting our real-time reviews.



62 real-time reviews were performed on our audit files.



41,400 hours spent implementing and monitoring our SoQM.



Total coverage of partners and directors selected on real-time reviews was **92%** (FY23: 76%)



On average, each of our PwC professionals receive **10 pieces of feedback** on their performance from superiors and / or peers annually.

Leverage ratio of audit-related hours



Partner to
Manager

1 to 2.9

FY23: 1 to 3.1



Manager to
Staff

1 to 15.4

FY23: 1 to 15.2



Partner to
Staff

1 to 44.6

FY23: 1 to 47.7

Leverage ratio of audit-related hours

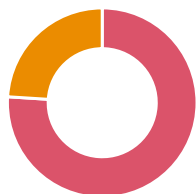
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Ratio of partners serving in technical support roles to the total number of audit partners

3. Monitoring

Monitoring and assessing our quality through the lens of others

Internal inspection results



■ Compliant
■ Compliant with improvement required
■ Non-compliant

25 audit engagements were subject to post-engagement internal quality reviews in FY24, all of them received compliant results.

External inspection results

There were **no engagements** (with financial year ends relating to this fiscal year) that were subject to external quality reviews during FY24.



■ Compliant
■ Compliant with improvement required
■ Non-compliant

However, there were **2 engagements** for FY23 that were reviewed during FY24. Both reviewed engagements received compliant results.

Our client feedback

As part of monitoring our quality, we receive feedback from our clients. We ask our client's to evaluate us based on the following aspects of our delivery. Those criteria include:

1. Industry and business knowledge
2. Ability to identify key areas of focus
3. Ability to challenge the clients
4. Sharing timely and relevant updates with clients
5. Communication on the audit delivery plan
6. Technology used in conducting the audit

Average score

8.56 / 10

(FY23: 8.53)



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 a 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 system of quality management.

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.

Overall quality objective

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

Integrated and aligned in the right way

Our SoQM includes quality objectives that are identified from the following components of ISQM 1, alongside any additional objectives the PwC network has identified in the QMSE framework as relevant to our SoQM:

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

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

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

The Quality Management Process

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

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance quality indicators
- continuously improving the system of quality management when areas for improvement are identified by performing root cause analyses and implementing remedial actions and
- establishing a quality-related recognition and accountability framework to 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.

The QMP 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 Quality Management Process (QMP).

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

The period of our financial year is not the same with that of our SoQM year. Our financial year is from 1 July to 30 June, whereas our SoQM year runs from 1 April to 31 March annually. The data presented in this Transparency Report is based on the financial year, unless otherwise stated. Starting FY25, the SoQM period will be changed to 1 July to 30 June to align with our firm's financial year.

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 risk 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.

Ethical behaviour in learning environment

To uphold the value of integrity of our people in particular related to training and education, we have established policies and procedures to embed quality culture into our SoQM including control and monitoring of the right behaviour that supports the right attitude in learning and education environment.



Our firm's system of quality management

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.

We assess the performance against our AQIs on a quarterly basis, where we monitor several metrics such as the distribution of workload, compliance with independence requirements and the direction and supervision of work.

Adherence to ISQM 1 and SPM 1 Requirements

The Transparency Report is prepared in accordance with the ISQM 1 to align with the PwC network requirements.

The regulatory framework in Indonesia is governed by the Standard on Quality Management 1 (SPM 1), equivalent to International Standard on Quality Control 1 (ISQC 1), ISQM 1's preceding standard. PwC Indonesia has ensured the SoQM is designed to comply with and meet the requirements of both ISQM 1 and SPM 1.

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 whether those resources are appropriate for use as part of our SoQM and in the performance of engagements.

This Transparency Report covers 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

Our monitoring and remediation process

In the section, Monitoring, found on page 32, 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 is operating a root cause analysis programme that is described further on page 35.

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 firm's system of quality management

During the year, we completed our evaluation of the firm's SoQM under ISQM 1. On behalf of PwC Indonesia, the Territory Senior Partner and Territory Assurance Leader 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 at 31 March 2024, we believe our SoQM provides us with reasonable assurance that the quality objectives noted above have been achieved.



Cultures and values

Our culture and values

Our culture of quality

At PwC network, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of 364,000 people. This culture of quality emphasises that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

Quality management assessment process

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 a SoQM performance assessment; and to communicate the results of these assessments to global leadership. These results are then discussed in detail with the leadership of each local firm and if they are not at the level expected, a remediation plan is agreed with local leadership taking personal responsibility for its successful implementation.

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



Our firm's commitment to quality

Leadership and tone that drives a quality focused culture

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

Trust in what matters

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

That's why we are evolving our assurance offering to provide confidence not just in companies' financial statements but in their broader impact.

We call this 'trust in what matters'. We apply rigorous standards to analyse companies' performance on issues such as climate and diversity. This helps companies demonstrate their progress, enabling them to build trust, enhance their corporate reputations and grow enterprise value.

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

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

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

Audit Quality Measure



Global People Survey:

Quality Behaviour Index 84%

People Engagement Index 73%

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 the 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.

To further drive a quality culture beyond the tone at the top and leadership role modelling, we have implemented several initiatives, including:

- We encourage engagement team conversations about expected behaviours and provide feedback on those behaviours.
- Objectives relating to quality are set for all partners and staff and reflected in their performance evaluations.
- Regular communications emphasise the importance of quality as our license to practice and our value proposition.
- Providing quality reminders and performance evaluations focusing on quality as a prerequisite for partner and director admission.

Our quality culture is assessed through various channels. The leadership teams evaluate GPS results to identify action points, such as mandatory coaching training and improvements in recruitment processes. Focus group discussions are held to delve into the root causes of issues, whilst exit surveys/interviews inform necessary action points reported to leadership. The Real-Time Review process monitors the implementation of quality culture, and upward feedback highlights any behaviours related to quality and people. These initiatives ensure our commitment to quality is embedded at every level of the organisation.

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 and staff accountable for quality behaviours and quality outcomes. Our RAF considers and addresses the following key elements:

- **Quality outcomes:** We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC network and our firm's standards and policies
- **Behaviours:** We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective

- **Interventions/recognition:** We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- **Consequences/reward:** We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives

Our firm's Leadership determines the extent quality-requirements are met on an annual basis as part of our performance evaluation process. This is conducted through the setting of performance matrices setting and evaluation for each partner and staff member.





Ethics, independence and objectivity

Ethics

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

- i. **Integrity** – to be straightforward and honest in all professional and business relationships.
- ii. **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- iii. **Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- iv. **Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- v. **Professional Behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

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

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, PwC Indonesia has adopted PwC's Global Code of Conduct, Network Standards and

related policies that clearly describe the behaviours expected of our partners and other professionals-behaviours that will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal-to do the right thing.

Upon hiring or admittance, PwC Indonesia provides an overview of the PwC Global Code of Conduct and the expected behaviors for all partners and staff, who should follow these expectations throughout their professional careers at our firm. As part of the values and expectations in the Code, they also have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing conduct inconsistent with the Code. In addition, every partner and staff are required to complete new hire training, which covers the ethics and compliance network standards, including ethics and the Code of Conduct.

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

The PwC Code of Conduct and the ethics helpline are available on-line for all internal and external stakeholders at <https://www.pwc.com/ethics>. PwC Indonesia has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct. Finally, the Organisation for Economic Co-operation and Development (OECD) provides guidance, including the OECD Guidelines for Multinational Enterprises (the OECD Guidelines), by way of non-binding principles and standards for responsible business conduct when operating globally. The OECD Guidelines provide a valuable framework for setting applicable compliance requirements and standards. Although the PwC network consists of firms that are separate legal entities which do not form a multinational corporation or enterprise, PwC's network standards and policies are informed by and meet the goals and objectives of the OECD Guidelines.

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



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 Indonesia supplements the PwC Global Independence Policy as required by local regulations and other independence regulations, including the independence requirements of the United States Securities and Exchange Commission and those of the Public Accounting Oversight Board of the United States and EU Audit Regulation where they are more restrictive than the network's policy.



Independence-related systems and tools

As a member of the PwC network, PwC Indonesia 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 partner 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 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 Indonesia also has a number of Indonesia-specific systems which include a rotation tracking system which monitors compliance with PwC Indonesia's audit rotation policies for engagement partners, other key audit partners and if required, senior staff involved in an audit.

Independence training and confirmations

PwC Indonesia provides all partners and practice staff with 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 Indonesia'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 Indonesia's independence specialists.

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 public interest entities.



Independence monitoring and disciplinary policy

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

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners and practice 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 Indonesia'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 Indonesia has an Independence 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 Indonesia's systems and processes and for additional guidance and training.

Considerations in undertaking the audit

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

Client and Engagement Acceptance and Continuance

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

Engagement teams:

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

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

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





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.

The PwC Professional

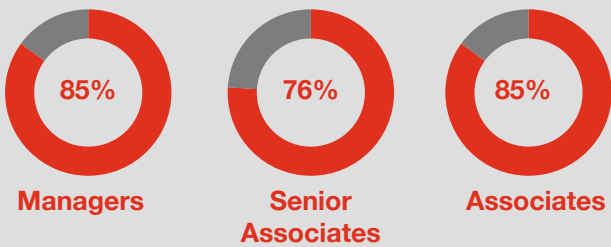
The PwC Professional is the set of behaviours we expect of all our people, at all levels, to demonstrate with each other and with our clients and other stakeholders. When we focus on the behaviours that guide our interactions, we create opportunities to build trust and empower our teams to deliver distinctive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

To enforce PwC Professional framework, we are implementing a more robust process for evaluating performance quality. This includes updating our recruitment process, how we evaluate the effectiveness of performance improvement plan, training, performance evaluations and talent management.

Audit Quality Measure

We evaluate our performance based on average retention rate and the rates of this have been presented on page 7.

Average retention rate by staff level





Inclusion and diversity

At PwC network, 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 Indonesia aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behaviour-based questions built from the PwC Professional framework, assessment of academic records, and background checks. Across the Assurance team, we recruited over 593 new people, including 473 university graduates in FY24.



Team selection, experience and supervision

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



Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, mobile-enabled technology. Additionally, we use Workday to facilitate upward and peer feedback. Ongoing coaching conversations, which has increased by 23% compared to previous year, 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 Indonesia 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. However, in FY24, both overall regrettable turnover and high-performer turnover have decreased due to improved market conditions. We continue to monitor workload management and connectivity with teams.



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 Indonesia is responsible for analysing and communicating results locally, along with clearly defined actions to address feedback.

Our feedback results tell us staff appreciate the PwC Indonesia work culture. The feedback results suggest a continued focus improvement on Retention, Flexibility & Wellbeing, and People Engagement.

We have begun responding to our staff feedback through revising various programs such as global mobility, how we reward our people, channels and ways we connect with each other, and our continuous feedback process.



Learning and education

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, formal trainings, 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 eLearns.

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

Continuing education

We, and other PwC firms, are committed to delivering quality assurance services around the world. To maximise consistency in the network, the formal 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 to address any additional specific local needs by considering input from the practice and other functions (e.g. Quality Team, Corporate Reporting Services (CRS), Business Technology, Risk Management and industry expertise.

Audit Quality Measure

We evaluate our performance based on the average training hours presented on page 7.

Average accounting and auditing training hours by grade

Partner and Managers	Senior Associates	Associates
44 hours	91 hours	113 hours

Our training investment in people

Assurance Training FY24

Average hours achieved by partners and staff

44 online	74 classroom	118 total
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FY24 Total hours completed
223,097

**Mandatory
training
attendance**

100%

of partners and staff completed
all mandatory training in FY24



Our approach

Our approach

The quality and effectiveness of our audits are critical to all of our stakeholders. We therefore invest heavily in the effectiveness of our audits, in the skills of our people, in our audit methodology, the technology we use, and in making the right amount of time and resources available. We pay close attention to the internal indicators and processes that routinely monitor the effectiveness of our risk and quality processes and provide timely information about the quality of our audit work and any areas for improvement. Details of these indicators and processes can be found in the Monitoring of Assurance Quality section. Additionally, we consider what our stakeholders feedback and findings of regulatory inspections.

People

Data and technology can help reveal insights, but it takes an inquisitive person with well-rounded business knowledge to understand what those insights mean. We recruit professionals with these capabilities - people who can deliver high quality outcomes in terms of client service and compliance.

Technology

As technological change accelerates, our clients want to trust their information with organisations that do not merely keep up but lead the way. We have made a global commitment to offer leading audit technology, and we have invested heavily in tools to match our approach. The result is greater quality and insight to our clients.

Our Tools

As a member of the PwC network, PwC Indonesia 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. Indonesian Standards on Auditing (SAs) are adopted from ISAs and are therefore substantially similar to them. Our common audit methodology provides the framework to enable PwC firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.





Tools and technologies to support our audit

Our technology

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

Connect is our collaborative platform that allows clients to quickly and securely share audit documents and deliverables. Connect also eases the burden of tracking the status of deliverables and resolving issues by automatically flagging and tracking outstanding items and issues identified through the audit for more immediate attention and resolution. Clients are also able to see audit adjustments, control deficiencies, and statutory audit progress for all locations- in real time. Connect Audit Manager streamlines, standardises and automates group and component teams coordination for group and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process which facilitates greater transparency, compliance and quality for complex multi-location audits.

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

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

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

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

Smart Audit Platform, is one of our intelligent solutions, which enables the automation of several audit activities surrounding financial reporting process and substantive testing. It assists the audit by reducing the risk of manual error, enhancing quality and representing a leap forward in the evolution of the audit by using machine learning and artificial intelligence.

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 next generation audit 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.

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

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation. We take the protection of confidential and personal data very seriously.

Our focus on our clients requires a holistic and collaborative approach to reducing security, privacy and confidentiality risks with significant investment in appropriate controls and monitoring to embed an effective three lines of defence model. This model has enabled us to strengthen our information security organisation, align to industry good practice and improve our internal control framework.

Data Privacy

The firm maintains a robust approach to the management of all personal data, with everyone in our organisation having a role to play in safeguarding personal data. We continue to adapt the “Zero Trust” security framework as part of our effort to protect our data. The implementation of the “Zero Trust” security framework will evolve PwC’s cybersecurity model to meet the complexity of the current and future environment.

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.



Engagement performance



Evolving delivery model

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



Direction, coaching and supervision

Engagement partners and senior engagement team members are responsible and accountable for providing high quality coaching throughout the audit, supervising the work completed by junior members of the audit team and maintain audit quality. Teams utilise Aura, which has the capability to effectively monitor the progress of the engagement, to ensure that all works have been completed and reviewed by the appropriate individuals, including the engagement partner.



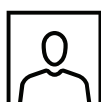
Consultation culture

Consultation is key to ensuring audit quality. In pursuit of quality, the firm has formal mandatory consultation protocols. In addition to a mandatory consultation requirement, the firm also reinforces a consultation culture to engagement teams. For example, our engagement teams proactively seek advice to improve client service or to resolve a difficult or contentious matter from various experts in areas such as taxation, risk, independence, valuations, actuarial and other experts as well as individuals within our Risk and Quality (R&Q) teams.



CRS and Quality Team

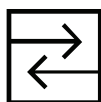
Our CRS and Quality Teams comprise of technical accounting, auditing and financial reporting specialists as well as audit quality and methodology specialists. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing and providing updates and training to our staff.



Quality Review Partners (QRP)

As part of the firm's SoQM and as required by professional standards, a QRP is assigned to higher risk engagements, such as engagements with listed entities, high-profile clients and clients preparing for an initial public offering. QRPs are partners who have experience, industry expertise and technical knowledge related to their assigned engagements.

The QRP is involved in key aspects of an audit to make an objective evaluation of the engagement team's significant judgements and conclusions reached. They may advise on matters of firm independence, the risks of material misstatements of the financial statements and the engagement team's responses to those risks, and any specific accounting, auditing, financial reporting and disclosure issues. QRPs are required to complete mandatory training before undertaking the role.



Differences of opinion

Protocols exist to resolve the situations where a difference of opinion arises between the engagement partner and either the QRP, another Assurance partner or central functions such as the R&Q function. These include the use of technical panels consisting of partners independent of the engagement.



Network Information Security

At PwC, our Network Information Security is a cornerstone of our commitment to safeguarding the digital integrity of our clients, partners, and stakeholders. This function encapsulates a comprehensive set of advanced technical capabilities and strategic initiatives designed to protect sensitive information, ensure compliance, and enhance overall cybersecurity resilience.



Monitoring

Monitoring

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 Indonesia. This includes the design and operation of an effective SoQM that is responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

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

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

Aim to Prevent: Real Time Assurance

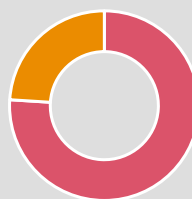
We have developed a Real-Time Assurance (RTA) programme designed to provide preventative monitoring that helps coach and support engagement teams get the 'right work' completed in real-time, during the audit.

Our RTA program involves Real Time Reviews which are targeted to specific engagements and particular focus areas. These reviews are performed by experienced practice and Risk & Quality personnel. These reviews benefit the practice teams by sharing best practices and providing coaching on both accounting and auditing matters throughout the review process.

Audit Quality Measure

We evaluate our performance based on internal and external inspection result and the results of this have been presented on page 8.

Internal inspection results



25 engagements were subject to post-engagement internal quality reviews in FY24, all of them received compliant results.

■ Compliant ■ Compliant with improvement required ■ Non-compliant

External inspection results



There were **no engagements** (with financial year ends relating to this fiscal year) that were subject to external quality reviews during FY24.

However, there were **2 engagements** for FY23 that were reviewed during FY24. Both reviewed engagements received compliant results.

■ Compliant
■ Compliant with improvement required
■ Non-compliant

The regulators in Indonesia perform a regular inspection on audit partners and Public Accounting Firms. In November 2024, two of the Firm's audit partners were given non-financial sanctions related to inspections in FY25 of two separate audits for the financial year ended 31 December 2023.

In addition to the ongoing monitoring noted above, our monitoring also encompasses periodic assessment of our SoQM which includes the review of completed engagements (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

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. Assurance partners are subject to ECR at least once every five years. This may be more frequent dependent on the partner's client engagements. Assurance partners may also be subjected to further reviews in accordance with local regulatory requirements.

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 utilise a range of checklists and tools developed at the network level when conducting their inspection procedures. The network inspection team supports review teams by monitoring the consistent application of guidance on classification of engagement findings and engagement assessments across the network.



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

The inspection results are reported to our firm's leadership who are responsible for analysing the results of the inspections along with 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 partner or our firm's Assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm's Recognition and Accountability Framework.

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



Learn: Root cause Analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses are to understand what our findings tell us about our SoQM and to identify how our firm can provide 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
- network inspection of our SoQM,
- audits both with and without deficiencies - identified through either our own internal inspections process or through external inspections and
- other inputs (for example: our Global People Survey, Financial statements restatements and accounting errors).

This analysis helps to 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.

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.



The PwC network



The PwC network

PricewaterhouseCoopers International Limited

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively.

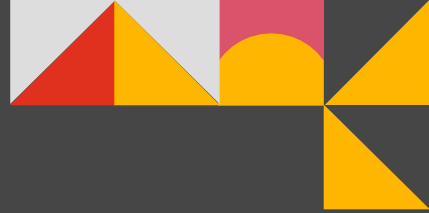
In many parts of the world, accounting firms are required by law to be locally owned and independent. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, a single firm, or a multinational corporation.

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

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.



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