



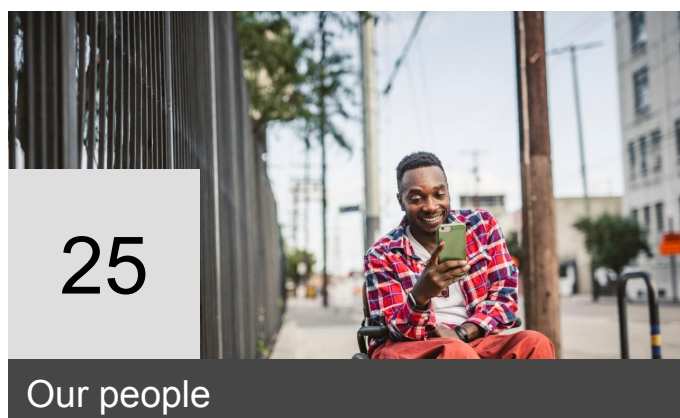
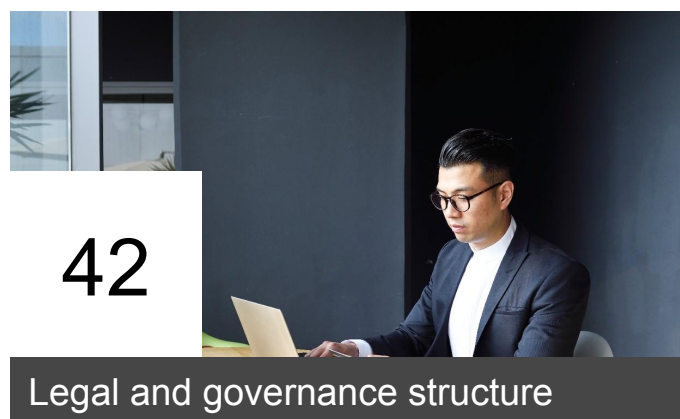
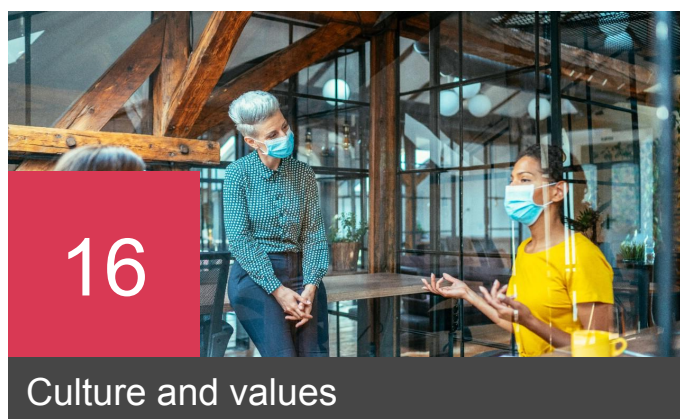
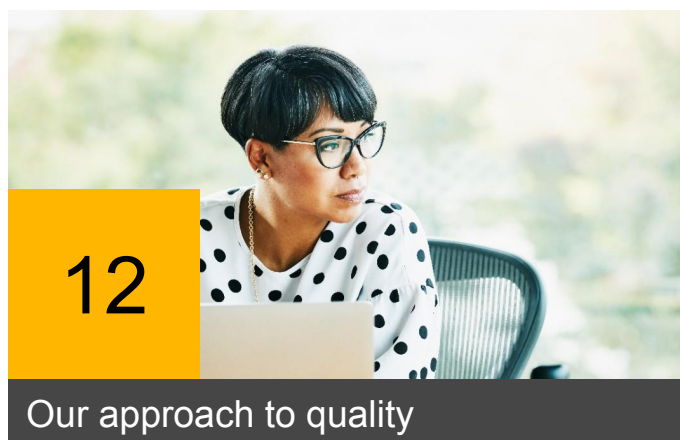
# Transparency Report

PricewaterhouseCoopers Channel Islands

Year end 30 June 2021



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# Message from leadership



## Welcome to our 2021 Transparency report

I am delighted to introduce our 2021 Transparency Report. The annual publication is designed to help our key stakeholders and wider society within the Channel Islands understand our objectives, what we expect from our people and how we're governed. While PwC is a multidisciplinary firm in the Channel Islands this report is primarily focused on our audit practice and related services. However, before looking at our Channel Islands firm in detail, it is worthwhile adding some context from the wider PwC Network

### Network context

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with more than 295,000 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.

Over Summer 2021, we unveiled The New Equation, PwC's landmark global strategy which responds to fundamental changes in the world, including technological disruption, climate change, fractured geopolitics, and the continuing effects of the COVID-19 pandemic. The New Equation is based on analysis of global trends and thousands of conversations with clients and stakeholders. It builds on more than a decade of sustained revenue growth and continued investment. The New Equation focuses on two interconnected needs that clients face in the coming years. The first is to build trust, which has never been more important, nor more difficult. The second is to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever and societal expectations have never been greater. For more information on The New Equation, please see [www.pwc.com/gx/en/](http://www.pwc.com/gx/en/). Our new strategy builds on our ongoing commitment to quality.

### Local application

I write this year's report with an extra layer of reflection as it's my last as Territory Senior Partner before handing over the reins to Nick Vermeulen in January 2022. Much of my time in post has been dominated by the impact of the COVID-19 pandemic. Like everyone on our islands, I am eternally grateful for the tireless care and effort of the doctors, nurses, vaccination volunteers, delivery drivers and others in different walks of life who've kept us safe and well, often at great risk to themselves. As we emerge from the acute phase of the pandemic, I hope that this sense of purpose and togetherness will provide the foundation for addressing other pressing challenges facing our community. This includes tackling climate change and opening up fulfilling opportunities for our children. We at PwC are determined to be at the forefront of this drive.

Looking specifically at our audit operations, I would like to commend the dedication and professionalism of my colleagues in delivering audit opinions within pre-pandemic timelines despite all the upheaval we've faced. Given the uncertainty within the economy, we believe that clear, credible and timely audit has been critical in sustaining market confidence and helping local businesses steer through uncertainty.

Inevitably, there are things I would have liked to have achieved in my time as Territory Senior Partner that have not been possible because of the constraints of the past 18 months. But I also feel that the catalyst of lockdown and the fresh perspectives emerging from the pandemic have given important impetus to digital transformation and flexible working, two of the key priorities I am confident that the firm will take forward. These developments will improve our ability to serve clients, support local communities and attract and retain great talent.

### Equipping our workforce for the future

When I think of our workforce, I see all the different faces across our offices in Alderney, Guernsey and Jersey. Many have been born and bred on the islands. Others, like me, have made our homes here. In all, our diverse workforce brings together people from more than 30 nationalities. We are a firm that exists for the benefit of all Channel Islanders, and is very much rooted in the communities we serve. During my time as Territory Senior Partner, I am especially proud of our growing presence on the island of Alderney.

This Transparency Report is published in accordance with the requirements for third country auditors in Article 45 (5)(e) of the European Communities (Statutory Audits) (Directive 2006/43/EC) for our financial year ended 30 June 2021.



## Percentage of our external audit professionals surveyed who report

Supporting the wellbeing of our people during these difficult times has been the most important responsibility for me and my leadership team. We had already introduced flexible working and invested in fully mobile communications before the pandemic. These foundations paid dividends when we had to make the rapid switch to home working in 2020. The digital connectivity not only enabled us to work remotely, but also sustain mutual support, welfare and morale.

Now that our offices are open once again, it's wonderful to see them brimming with people and life. I believe that our workforce's enthusiasm to come back to work in the office for at least part of the week not only reflects the welcoming nature of the environment, but also the friendships and sense of togetherness that are so critical to our success.

In my view, it's important for colleagues to engage face-to-face regularly. The personal interaction helps to spark new ideas, strengthen collaboration and ensure that everyone can benefit from informal coaching and advice from management. At the same time, our people have the option to work from wherever they want, as best suits them. That might be at home or on the move, or perhaps abroad for a few weeks as members of staff from overseas take the chance to reconnect with family and friends that they might not have seen for over a year. As leaders, we want to set an example by embracing flexibility in our working lives. When people see that they can advance their careers while working in ways that suit them and help them sustain a healthy work-life balance, they will be confident in embracing it too.

Technology certainly helps to make this balanced and agile way of working possible. Through our ongoing New World, New Skills programme, we're helping our workforce to develop the capabilities and confidence to make the most of digital innovation. Using technology to take care of mundane tasks helps our people to focus more of their time on what they find interesting and creates real value for clients. In turn, harnessing the latest advances in analytics and interactive visualisation improves our ability to turn data into insights and take innovation to the next level.

Trust is every bit as important as technology in creating new ways of working. By focusing on outputs, not inputs, and giving people the autonomy to decide how they meet their objectives, we trust them to deliver. While we knew in theory that flexible, digitally-enabled ways of working were the right way forward, the past year has provided solid proof of their efficacy. The combination of advanced technology and workforce upskilling, commitment and empowerment is reflected in rising revenues and client satisfaction scores. In the year up to 30 June 2021, we recognised this outstanding performance through bonuses for every member of staff up to director level.

I am proud to work at PwC

**87%**  
FY21

**91%**  
FY20

The people I work for trust me to use flexibility options without compromising the quality of my work

**87%**  
FY21

**-**  
FY20

In some crucial respects, however, the transformation of our workforce still has some way to go. We are really pleased that at all grades in the business we have a relatively equal split between men and women and negligible gender pay gaps, with an overall pay gap at the staff level of 2.6%. However, at the partner level, we still have work to do. Including partner pay into our gender pay calculation increases the gap to 36%. This is a consequence of having two female partners and 12 male partners. We are determined that with a strong pipeline of diverse talent, we will be able to close the gap. This won't happen overnight and we need to double down on our efforts to create an inclusive culture, investing in leadership development and bringing through our high potential women if we are to achieve greater gender balance and see the pay gap improve over the next five years.

We want to make this a place where everyone can fulfil their potential. We recognise that this is not only the right thing to do morally, but is also critical to the performance of our business by broadening our perspectives and range of experience. Our inclusion and diversity commitment covers all stages of the employment lifecycle from recruitment and induction through to performance review and progression.

## A community of problem-solvers

Beyond our work with clients, our digital and workforce transformation aims to improve our ability to help address the most important challenges facing businesses, communities and wider society here in the Channel Islands and beyond. Working at the intersection of technology, human ingenuity and business insight, we want to create a community of innovative and trusted problem-solvers.

The 2020 launch of our Hive Academy programme in local schools reflects our problem-solving drive. With support from two full-time PwC staff and over 50 volunteers, the Hive Academy aims to help young people build up the digital skills they need to develop rewarding careers and enable our islands to prosper within today's fast-evolving global economy. This was an initiative I'd first seen running successfully in Northern Ireland and I was determined to bring it to the Channel Islands. By June 2021, more than 1,500 students in the Channel Islands had benefited from the hands-on mix of online and classroom training. We have also worked with 50 primary teachers to help them acquire the specialist skills that can help them to enhance their computing classes.

Equally pressing is the move towards Net Zero. Our lead advisory partner, Neil Howlett, has led the development of a series of recommendations on how PwC in the Channel Islands can meet the target within our own business in areas such as travel and energy usage. Just as critical is our work in advising clients. In particular, fund managers' environmental, social and governance (ESG) performance is coming under increasing scrutiny. The Channel Islands' place as a leading global centre for infrastructure and private equity investment means it can play a pivotal role in helping to finance the transition to Net Zero both here and worldwide. Many businesses are keen to play their part, but are still unsure about where to start and how to communicate ESG performance in a credible way. We've set up a dedicated Net Zero and ESG team, led by director, Alison Cambray, which is working with clients to help them develop their strategies and gain assurance over metrics and reporting.

## Enhancing audit quality

Trust is a fundamental part of this purpose and central to meeting our objectives. Audit is a clear case in point. Audit can only be effective if it is trusted by investors, regulators and other key users of accounts. In today's environment, we also need to recognise that trust is more fragile and difficult to earn than ever. That's why we need to go further in strengthening audit quality and transparency.

In practical terms, the steps forward have included splitting the role of External Audit Leader and Territory Senior Partner. This separation has now been in operation for more than a year, enabling our audit lead, Karl Hairon, to dedicate all his time and expertise to developing audit quality and ensuring audit suitability.

We have also split the role of Quality Leader from that of the Risk Management Partner, again with a view to providing direct focus on maintaining and improving the quality of our audit work. Risk, led by Evelyn Brady, focuses on setting the right approach and ensuring the appropriate people are assigned to particular roles and engagements. Quality focuses on day-to-day management and compliance with regulations and internal procedures and John Luff is on point here.

Other important developments include the appointment of a new director responsible for audit methodology, Hani Salem. A key part of this role is advising on the most complex and judgemental aspects of audit practice.

I believe that our ability to sustain quality and trust benefits from strength in depth. This allows our audit directors and partners to rotate regularly and build up new experience. As the demands on auditors evolve, our investment in continuous improvement includes an increase of more than 40% in the average hours of audit training undertaken this year.

This investment has helped us maintain our audit quality scores as assessed by our latest inspection rounds from the Financial Reporting Council (FRC), the Institute of Chartered Accountants in England and Wales (ICAEW) and our own PwC internal inspection programmes.

However, we always know that we can go further. In pursuit of quality, transparency and trust within our audit practice and the wider profession, we are fully engaged with the work of the Department for Business, Energy and Industrial Strategy's (BEIS) ongoing audit reforms. We want to work with BEIS to help develop and take forward beneficial and deliverable proposals.

We are mindful of the vital importance of independence among client-facing personnel in meeting the expectations of clients, regulators and the PwC network. This includes personal responsibility for record keeping alongside rigorous testing of the investments and other financial interests of partners, directors, their families and dependents. This is built into our Accountability Framework. In keeping with changes in how people live, work and engage, the scope of who is covered has widened and incorporates a broader range of relationships. Therefore, we have developed technology to help make this more extensive record-keeping more straightforward. Any technical breaches such as late entry or poor record-keeping have been met with financial penalties.

The other key foundation for transparency and trust is data integrity and security. We are therefore pleased to have achieved ISO/IEC 27001:2013 certification, the kitemark for quality in this area.

## Handing over the reins

I would like to close my introduction by saying thank you to everyone I have worked with. Working with PwC in various locations around the world has been a fantastic experience. I have engaged with wonderful clients and colleagues. I have also had the opportunity – the privilege – to make a real difference.

I leave the post in the safe and capable hands of Nick Vermeulen. I have known Nick for more than 25 years and can attest to his original thinking, dedication to doing the right thing and warmth as a colleague and friend. Nick is a Guernsey native, who brings a wealth of experience of working in both technology and accountancy. His current role is innovation and technology lead, which will provide an important springboard for taking our firm forward in this new world.

## Feel free to get in touch

I hope you find this report useful. If there are any issues that you would like to discuss, please feel free to get in touch.

**Simon Perry**  
Territory Senior Partner & Assurance Leader  
PwC Channel Islands



## A message from our Territory External Audit Leader

Trust lies at the heart of everything we do at PwC. It's fundamental to fulfilling our firm's purpose. One of the ways we build trust is by being transparent.

As auditors, we are also acutely aware of another trust driver: the quality of our external audits. That's why we are pleased to present our Transparency Report for 2021, which shows how we maintain quality in our audit work. The report describes our policies, systems and processes for ensuring quality and the way we foster a culture of quality at every level of the firm. It details the companies we performed audits for and the total revenue from our audit and non-audit work.

### Broadening the definition of audit quality

We welcome the public conversations that arise as a result of transparency about audit quality. We believe there are many factors that contribute to a quality audit and to get a balanced picture of audit quality in PwC Channel Islands, stakeholders need to see a range of measures.

Key developments in the year under review have been:

- Creation of the External Audit Leader role to provide precise focus on this crucial part of our business, driving all our metrics using quality as the key lever.
- Splitting the role of Quality Leader from that of the Risk Management Partner, again with a view to providing direct focus on maintaining and improving the quality of our audit work.
- Enhancing the technical specialist team in our firm with the appointment of a director responsible for Audit Methodology, who has built a team of audit specialists to support the wider engagement leader team within the more complex, judgemental aspects of auditing and accounting matters we come across - called our Chief Auditor Network (CAN).
- Across the Audit practice, we have invested significant time and resources in training. The average hours of training our qualified staff participated in has increased by 46% to 140 hours in this financial year. This training is not only in the core skills of audit methodology, accounting and regulation, but also in personal development skills including scepticism and of course, crucially, in technology - we see this level of investment continuing for the foreseeable future.
- We have enhanced our use of team members based outside the Channel Islands. Some 17.5% of our total audit hours are now delivered through a combination of remote secondees, centres of excellence and delivery centres; giving us access to a broader and deeper pool of human skills than we have ever had access to before.

These investments have helped us maintain our measured quality in audit as assessed by our latest inspection rounds from the FRC, the ICAEW and our own PwC Internal inspection programmes. We have successfully closed out all our audit file reviews with no

files deemed Non-Compliant. Against the backdrop of a business environment impacted heavily by COVID-19, these are results of which we can be proud, but certainly not complacent, as we see the definition of Audit Quality constantly evolving.

We are aware that by committing to this additional level of transparency, there may be times in the future when the results we publish don't meet our high expectations, let alone the public's. Our ultimate goal is that our regulators consider that we have obtained reasonable assurance in all audit areas. We are driving a quality improvement plan aimed at achieving this goal.

### Continuing the discussion on audit quality

Our audit business is fundamental to our strategy and brand. We continue to invest in continuous improvement in audit quality through new systems and technology, risk processes and learning and development for our people. I'm proud of the role we're playing in opening up discussion about audit quality in the markets in which we operate. I welcome the opportunity to keep the conversation going through our Transparency Report and other transparency initiatives.

### Karl Hairon

Territory External Audit Leader



# Year in review

## Financial statement restatements



Number of financial statement restatements involving Market Traded Companies due to material errors

## Mandatory training attendance

**100%**

of partners and staff have completed all mandatory training attendance in FY21

## Partner and staff survey

**86%**

of our staff and partners participated in our Global Pulse Survey

**89%**

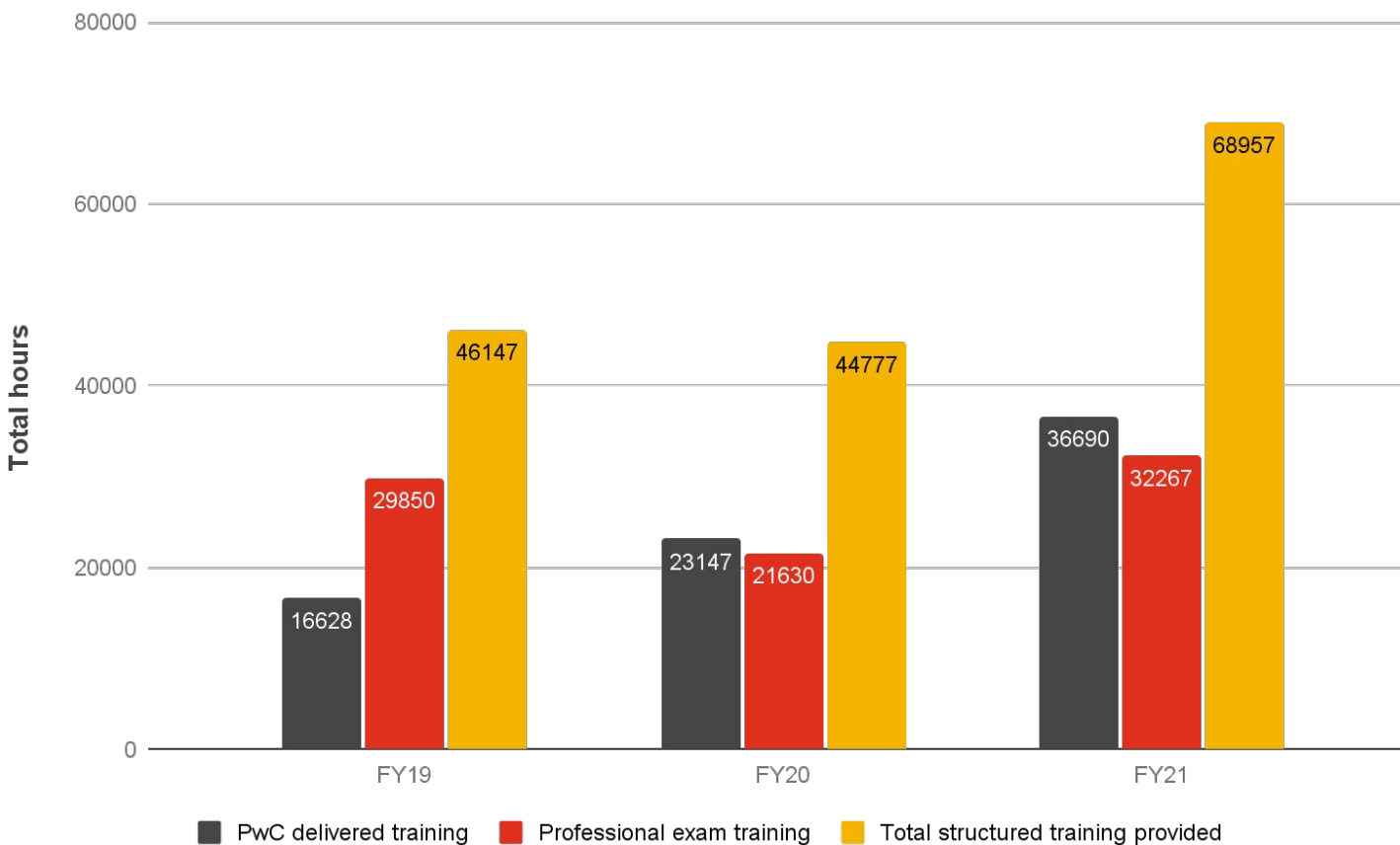
of the respondents believe they are encouraged to deliver high quality services

## Technical support

**1 to 3.7**

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

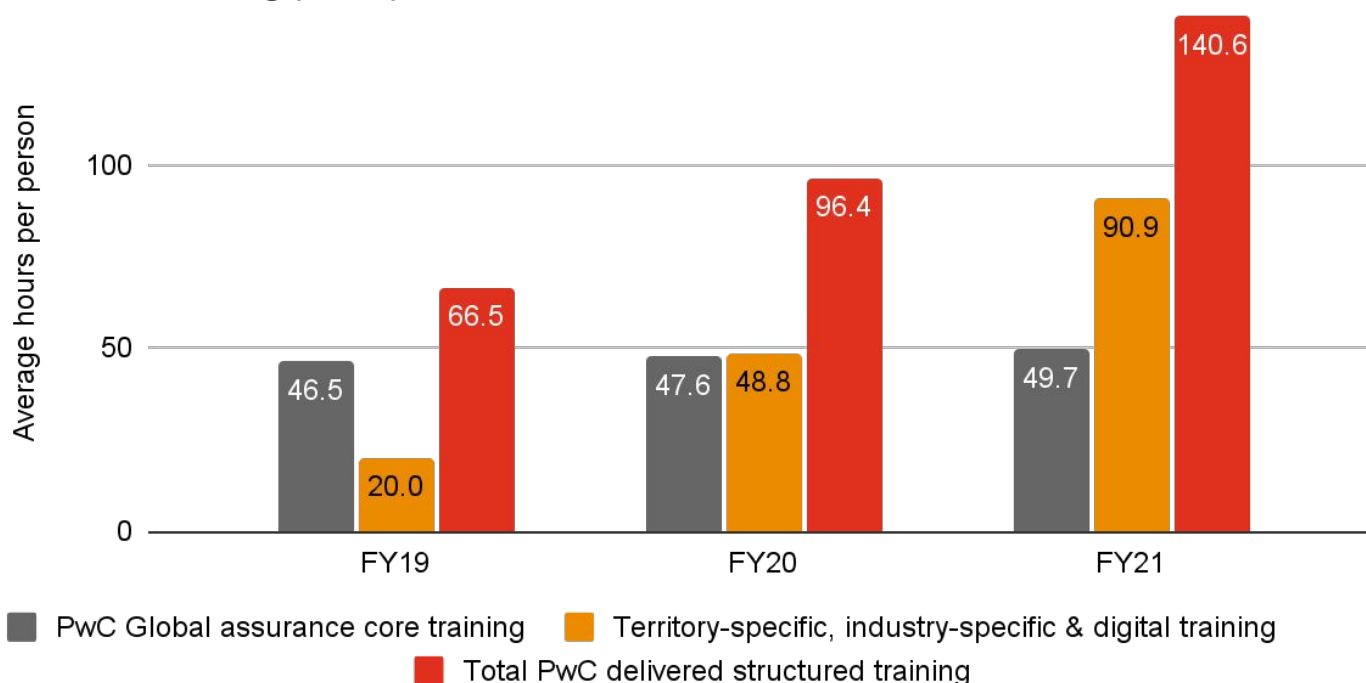
## Assurance and Professional exam training (hours)





# Year in review (continued)

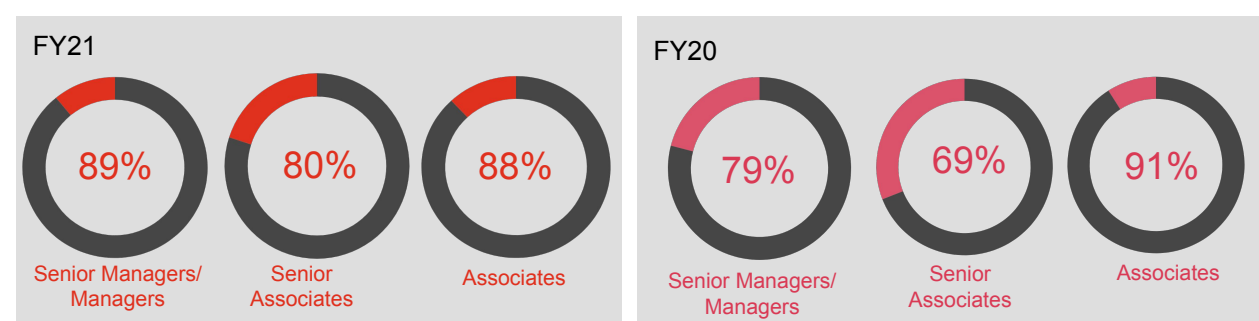
## Assurance training (hours)



## Ratio of audit-related hours for audit team members excluding out of territory team members

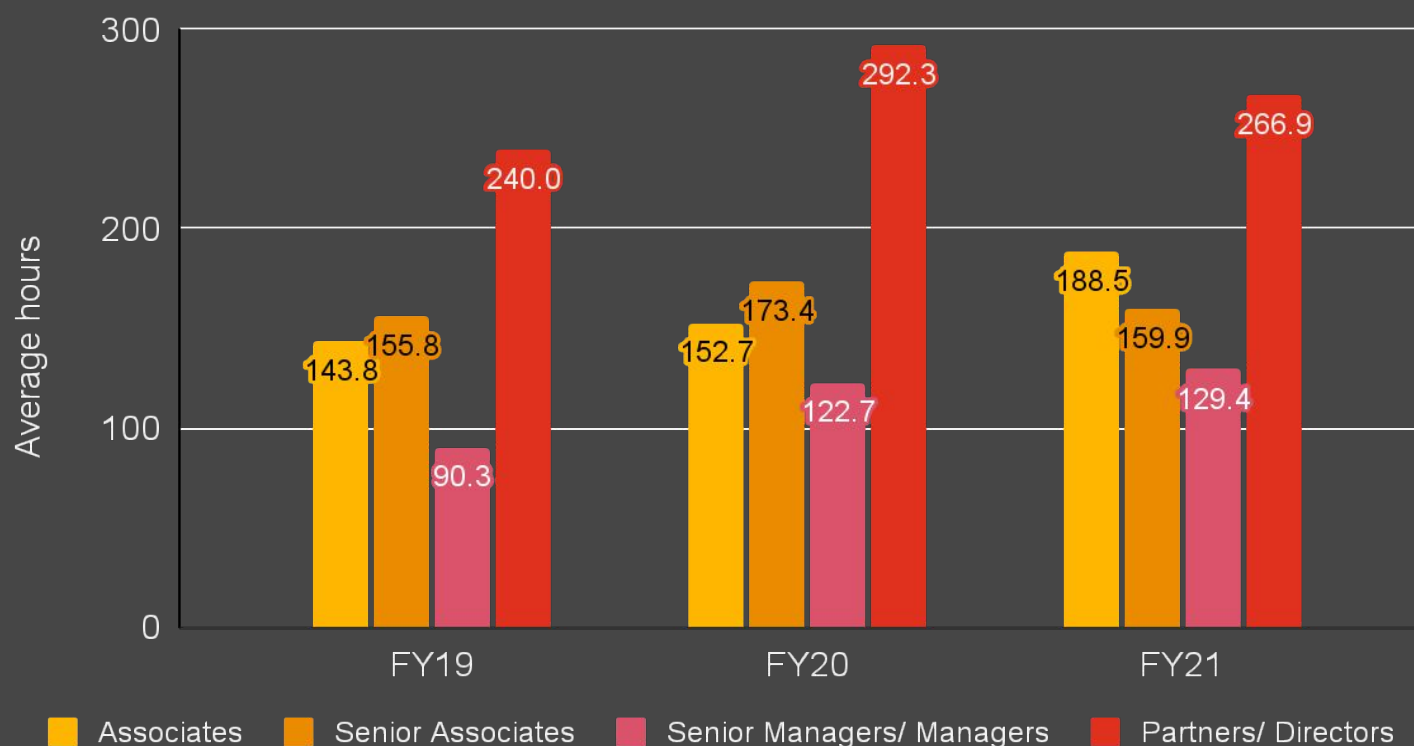
			FY21			FY20			FY19			FY18			FY17		
Partners/ Directors	to	Senior Manager/ Manager	1	to	3.5	1	to	4.0	1	to	3.3	1	to	3.0	1	to	3.6
Senior Manager/ Manager	to	Staff below Senior Manager/ Manager grade	1	to	3.4	1	to	4.2	1	to	4.8	1	to	4.8	1	to	4.8
Partners/ Directors	to	Staff below Senior Manager/ Manager grade	1	to	12.0	1	to	16.9	1	to	15.6	1	to	14.5	1	to	17.4

## Average retention rate by staff level



# Year in review (continued)

FY21 Assurance overtime hours by level



## Our system of quality management

Hours spent on internal and external PwC network-driven reviews of the firm's internal system of quality management

**2,169 hours**



**4 findings**

**7 observations**

Quality findings identified

## Real time reviews

Number of audit engagements included in the real time review program

**25 audit engagements**

With over **624** hours spent by reviewers

## Percentage of non-specialist audit hours performed out of territory

**FY21: 17.5%**

**FY20: 11%**

**FY19: 9%**



### Average experience of our audit partners

**21 years at PwC**

**8 years as partner**



### Average experience of our audit directors

**9 years at PwC**

**3 years as director\***

\*Directors are engagement leaders with audit signing rights, who are not partners



## Our quality improvement programmes

At PwC, we are invested in continuously improving our audit quality through the design and operation of an effective system of quality management. Further, as part of PwC's new global strategy, The New Equation, PwC will continue to invest to further enhance quality. This includes a focus on the following key areas:

- Continuing to strengthen our quality culture to support our partners and teams in displaying behaviours consistent with driving audit quality.
- Integration of the use of Assurance Quality Indicators to aim to **predict** quality, 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.
- Increasing our focus on ongoing and real-time quality monitoring including through the use of Real Time Assurance and Assurance Quality Indicators.
- Developing an implementation plan that addresses explicit requirements resulting from the recently approved IAASB quality management standards. However, it is not expected that the changes related to ISQM 1 will have a significant impact on our SoQM.



“At PwC in the Channel Islands we apply the lens of Quality in all our activities as we firmly believe that this is inextricably linked with our ability to deliver on our Purpose”

Simon Perry, PwC Channel Islands Territory Senior Partner



## Our approach to quality



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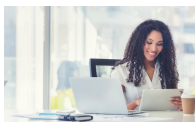
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# Our approach to delivering quality services across all our operations and network

The quality of our work is at the heart of our organisation and we invest significant and increasing resources in its continuous enhancement across all of our businesses. This investment is targeted into many different areas, including training (technical, ethical and behavioural), methodologies, adding resources in key areas and exploring new ways of delivering our work. Each investment reflects a common determination to understand the factors that drive quality and identify opportunities for enhancement.

We are also investing heavily in new technology to drive continuous improvement in the capabilities and effectiveness of all of our services.

We are proud to have been the first of the global professional services networks to have published its network internal audit quality inspection results. It is very important that we are transparent about both the efforts that we are making to enhance quality across the network, and also the results and the impact that these efforts are having at a network level. The publication of this data by our network over the last few years, along with public discourse on the subject of the audit, has quite rightly put an increasing focus on the issue of audit quality, which we discuss in detail in this report.

## Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 295,371 people that emphasises that quality is the responsibility of everyone including our 421 people. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

## Measurement and transparency

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

As our services change and develop, and the needs and expectations of our stakeholders also change, we are continually reviewing and updating the scale, scope and operations of our system of quality management and investing in programmes to enhance the quality of the services that we provide.

For example, we continue to focus on 'tone at the top' of our organisation and are creating the right culture for high performance and high quality. Knowing how important tone at the top is, we are implementing an enhanced and consistent measurement of leadership effectiveness and quality right across our network.

# Specific focus on audit quality

## Specific focus on audit quality

Delivering quality audits is core to our purpose. To that end, we are committed to providing a quality audit. However, where our work falls below the standards that we set for ourselves and are set by the regulators, we are disappointed and also rightly criticised. We take each of these instances very seriously and work hard to learn lessons and to enhance the quality of audits that we undertake in the future.

## The right objectives and capabilities

To help us put this strategy into effect, the PwC network has established clear objectives around audit quality and provides support to help us meet these objectives. Our engagement teams can only deliver quality audit services if they have access to the necessary capabilities – both in terms of people and technology. That's why our quality objectives focus on having the right capabilities – both at a member firm level and across our network – and on using these capabilities to meet our own standards and the professional requirements. These capabilities can only be developed under the right leadership and quality culture, promoting the right values and behaviours.

## Integrated and aligned in the right way

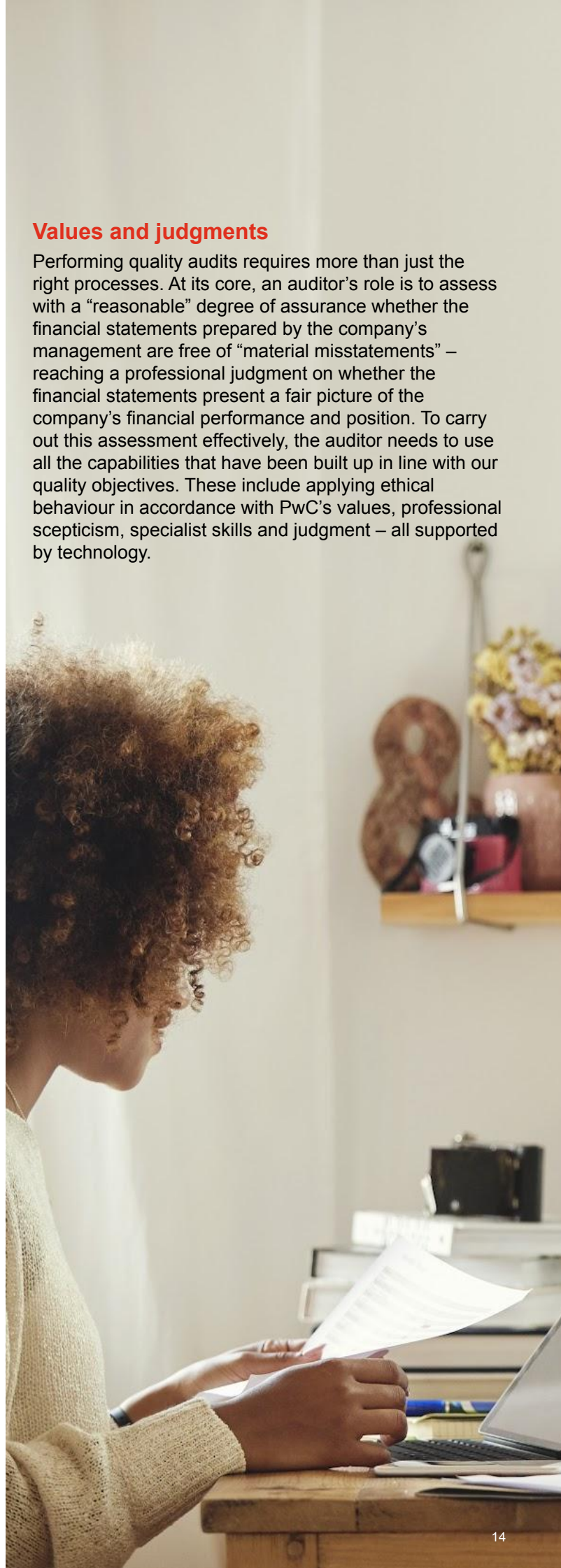
The quality objectives focus on having the right people supported by effective methodologies, processes, and technology appropriately directed and supervised. These represent the capabilities that we believe are relevant to achieving and sustaining audit quality. To help us achieve these objectives, there are a number of dedicated functions at a network level that develop practical tools, guidance and systems to support and monitor audit quality across our network. These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that we tailor to reflect our individual circumstances.

## Delivering a quality end-product consistently

Central to the framework is the recognition that quality management is not a separate concept; it needs to be embedded in everything we do as individuals, teams, firms and the network. The quality objectives are supported by designated key activities which are considered necessary to achieve the quality objectives, focused mainly on building a quality infrastructure and organisation. We supplement and design those key activities as appropriate to respond to risks we have identified to achieving each quality objective.

## Values and judgments

Performing quality audits requires more than just the right processes. At its core, an auditor's role is to assess with a "reasonable" degree of assurance whether the financial statements prepared by the company's management are free of "material misstatements" – reaching a professional judgment on whether the financial statements present a fair picture of the company's financial performance and position. To carry out this assessment effectively, the auditor needs to use all the capabilities that have been built up in line with our quality objectives. These include applying ethical behaviour in accordance with PwC's values, professional scepticism, specialist skills and judgment – all supported by technology.



# Delivering audit quality during the COVID-19 pandemic

## Our response to COVID-19

The global COVID-19 pandemic has had an unprecedented impact on our clients and our people over the last year and a half, as well as global and local economies and broader society.

At PwC, in addition to continuing to safeguard the health, safety and well-being of our people, we have remained focused on working together as a network, with our clients and other stakeholders to continue to deliver audit quality.

## Sharing developments and experience

From the early stages of the pandemic, the PwC network put a team in place to monitor developments globally and to highlight areas of critical importance to ensure we did not compromise on audit quality. We have leveraged the guidance developed by our Network to provide consistent leadership and guidance on audit quality and equip our teams to consider their client's unique circumstances and respond accordingly.

Our Network response was comprehensive. It covered all aspects of audit quality, including regulatory and standard setting updates, auditor reporting, methodology, accounting and learning and education.



## Identifying and addressing risks related to COVID-19

The COVID-19 pandemic resulted in us facing a number of new challenges in our audits and our firm more broadly. This ranged from how we operate as a team to plan and complete the audit, to how we interact with our clients to obtain the necessary audit evidence and execute specific audit procedures.

Our staff and clients alike having confidence in us that we were responsive, open for business and had the resilience (both financial and operational) to continue operating effectively and efficiently was crucial from the outset. One of the initial measures taken was for all partners to reduce and defer Partner Drawings to provide strength to our balance sheet and confidence that we would continue to trade responsibly.

Communication was at the heart of our plan. We clearly and frequently communicated in a variety of ways, harnessing the world class technology already at our disposal to ensure that all our staff were briefed on our response and that they had an opportunity to contribute their views publicly and privately to ensure that nobody was left isolated.

The foundation we have built for our system of quality management helped us navigate some of our biggest challenges as a result of the pandemic. We were able to monitor the actions we took to address identified risks and assess whether changes needed to be made on a real-time basis. We used the experience and examples shared with us from across the network to support our assessment of the issues that had the potential to impact our system of quality management.

The investment in technology and moving quickly to upskill our partners and staff to work seamlessly in a digital world, put us at the forefront in managing remote working during our busiest time of year without sacrificing quality in our audits. Our teams utilised the resources made available and worked cohesively to execute our audits remotely.

We continue to monitor and respond to the ongoing impacts of the pandemic on our people and clients including the implications of changing or easing restrictions.





## Culture and values



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# Culture and values

## Leadership and tone at the top

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

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

Key messages are communicated to our firm by our Senior Partner and our leadership team and are reinforced by engagement leaders. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders' messaging conveys the importance of quality to success of our firm. Based on this tracking, we are confident our people understand our audit 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.

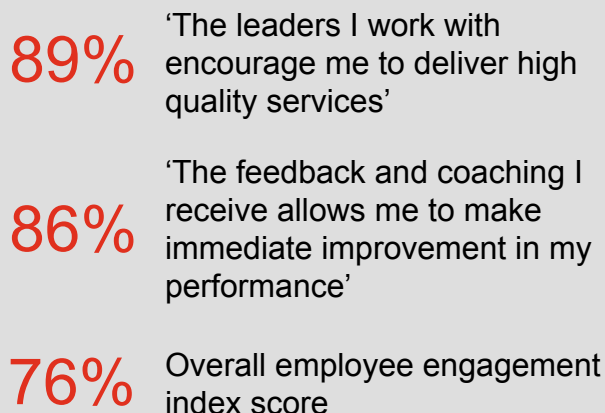
To help PwC Channel Islands put this strategy into effect, the PwC network has established the Quality Management for Service Excellence (QMSE) framework for quality management which integrates quality management into business processes and the firm-wide risk management process. The QMSE framework introduces an overall quality objective for the Assurance practice focused on having the people and processes to deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders.

This overall quality objective is supported by a series of underlying quality management objectives and our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance. The achievement of these objectives is supported by a **quality management process** established by our firm and Assurance leadership, business process owners, and partners and staff.

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.

These programs, by design, require ongoing monitoring and continuous improvement, in particular Assurance Quality Indicators, which we expect will evolve significantly over time and as we continue to use and learn from these measures.

## Percentage of our external audit professionals surveyed who report



## The quality management process

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 analysis and implementing remedial actions; and
- establishing a quality-related recognition and accountability framework to be used in appraisals, remuneration and career progression decisions.

## 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.



## **Aim to Prevent: Real Time Assurance (RTA)**

We have developed a real time quality assurance program designed to provide preventative monitoring that helps coach and support engagement teams get the 'right work' completed in real-time, during the audit. The RTA program comprises both firm-wide monitoring across all audit files against a range of preset criteria and also deep dive Real Time Reviews on selected engagements, ensuring coverage across all partners and directors.

## **Learn: root cause analysis**

We perform analysis 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 analysis, is to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at quality findings from all sources including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM, audits both with and without deficiencies - whether identified through our own internal inspections process or through external inspections and other inputs such as our Global People Survey and financial statement restatements and accounting errors - to help identify possible distinctions and learning opportunities.

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

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, whether the engagement was subject to a pre-issuance review, and the timing of when the audit work was performed.

Our goal is to understand how quality audits may differ from those with deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practise. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.





## Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds partners and directors across all service lines and within internal firm services accountable for 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 behavior and sufficient to incentivise the right behaviours to achieve the quality objectives.



## Ethics, independence and objectivity

### Ethics

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

- i. **Integrity** – to be straightforward and honest in all professional and business relationships.
- ii. **Objectivity** – 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 practise, 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 uphold and comply with the standards developed by the PwC network and leadership in PwC Channel Islands 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 Channel Islands has adopted the PwC network standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our partners and other professionals-behaviours that will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal-to do the right thing.

Upon hiring or admittance, all staff and partners of PwC Channel Islands are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code in the course of their professional careers and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the Code. Each firm in the PwC network provides a mechanism to report issues. There is also a confidential global reporting option on [www.pwc.com/codeofconduct](http://www.pwc.com/codeofconduct). PwC CI has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

The PwC Code of Conduct is available on-line for all internal and external stakeholders at [www.pwc.com/ethics](http://www.pwc.com/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.





## Objectivity and Independence

As auditors of financial statements and providers of other types of professional services, PwC member 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 member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

PwC Channel Islands 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 within the Channel Islands and has access to the wider Network specialist team should the need arise. The PRI reports directly to the Territory Senior Partner.

### 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 non-assurance services for 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 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 Channel Islands supplements the PwC network Independence Policy as required by local and other relevant regulations, including the independence requirements of the United States Securities and Exchange Commission, the Public Company Accounting Oversight Board of the United States and the United Kingdom Financial Reporting Council's Ethical Standard where they are more restrictive than the network's policy.

### Independence – related systems and tools

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

- 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 member firm and those of other PwC member firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services.
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and is used to record their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client 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.

- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code. PwC Channel Islands also uses it for intra-territory reporting (e.g. in a single territory situation) in the absence of a local equivalent alternative system or procedure.

PwC Channel Islands also has a number of Channel Islands-specific systems which include:

- a rotation tracking system which monitors compliance with audit rotation policies for engagement leaders and other key partners involved in an audit; and
- a database that records all approved business relationships entered into by PwC Channel Islands. These relationships are reviewed on a six monthly basis to ensure their ongoing permissibility.

## **Independence training and confirmations**

PwC Channel Islands 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 Channel Islands' independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PwC Channel Islands' 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 member 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 listed and SEC-restricted clients.

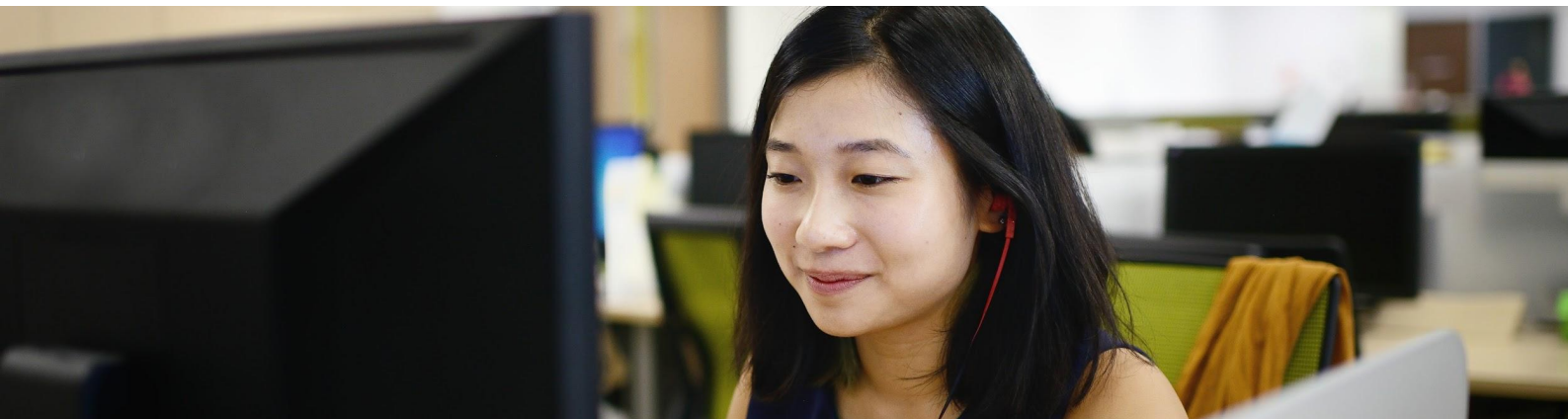
## **Independence monitoring and disciplinary policy**

PwC Channel Islands is responsible for monitoring the effectiveness of its quality control system 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 partners and directors as a means of monitoring compliance with independence policies.
- An annual assessment of the member firm's adherence with the PwC networks' standard relating to independence.

The results of PwC Channel Islands' 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 Channel Islands has 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 member firm and the engagement team and the need for actions or safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Channel Islands 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.

### Client and engagement acceptance and continuance

PwC Channel Islands has a process in place to identify acceptable clients based on the PwC networks' 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.
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

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







## Our people



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# Our people

## People strategy

Our people strategy is enabling our people to have greater agility and confidence in a rapidly changing world.

We do this by focusing on three key areas:

1. Equipping our workforce for today's realities and tomorrow's possibilities; creating a resilient foundation for times of change and developing inclusive and adaptable leaders for a shifting world.
2. Our purpose is to build trust in society and solve important problems. We remain strongly committed to the values of acting with integrity, making a difference, care, working together and making a difference. Our purpose and values have not changed. The world we live in, however, has changed and embodying our values and living our purpose day to day is essential.
3. The evolution of work has accelerated – how and where we work is different, and technology is enabling our people to enhance their skills and create more value while upholding quality. We aim to instill a continuous learning culture that inspires curiosity and ability to grow.

## The PwC Professional

The PwC Professional supports the development and career progression of our staff by providing a single set of expectations across all lines of service, geographies and roles; outlining the capabilities needed to thrive as well as purpose-led and values-driven leaders at every level.





## Professional development

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

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

## Continuing education

We and other PwC member firms are committed to delivering quality assurance services around the world. To maximise consistency in the network, the formal curriculum developed at the network level provides access to training materials covering the PwC audit approach and tools. This includes updates on auditing standards and their implications as well as areas of audit risk and areas of focus for quality improvement.

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

The design of the curriculum allows us to select, based on Channel Island requirements, when we deliver the training. The network developed curriculum is supplemented with content specific to the requirements of the Channel Islands market.

The modular content along with innovative learning approaches have led to formal recognition from the broader learning community. In both 2017 and 2018, PwC's Learning and Education won a Brandon Hall silver award for excellence in the 'best Strategy for a Corporate Learning University'. 2017, 2018 Brandon Hall Group, Inc.

We continue to **digitally upskill** our people to expand the use of digital solutions that enhance the audit quality.

Assurance and Professional exam training	Hours (total)
PwC delivered training	36,690
Professional exam training	32,267
Total structured training provided	68,957
Assurance training	Hours (average per assurance professional)
PwC Global Assurance core training	49.7
Territory specific, industry specific, and digital training	90.9
Total PwC delivered structured training	140.6

Mandatory training attendance 100%





## Case Study: PwC Hive Academy

Our Hive Academy is a great example of living our Purpose and leading by example. The aim of our Hive Academy is to develop and build trust in society here in the Channel Islands by inspiring, encouraging and preparing children and young people for a world of technology through exposure to innovative digital education. The team has been doing just that, under the guidance of Narelle Height and Ralf Meijer, who joined us as Education Managers specifically to deliver on this purpose. To date, 1,500 students have completed the programme this year, and 50 PwC volunteers have had the opportunity to be facilitators, which is hugely rewarding for them. It's never too late to embrace an innovative digital education, so our people of all ages who volunteer on the programme simply get stuck in to digitally upskilling themselves, as they help run the creative days, learning about programming, sequencing, looping, debugging, conditionals and everything in between. With Narelle and Ralf's help, we are now delivering our Hive Academy Programme across many primary and secondary school children in Jersey, Guernsey and Alderney and continue to expand our reach across many more schools in the Channel Islands in the new school year.







### Diversity and inclusion

At PwC, we are committed to creating a culture of belonging. We are focused on ensuring our ways of working embrace diversity and fostering an inclusive environment in which our people are comfortable bringing their whole selves to work and feel that they belong and can reach their full potential. As demonstrated through our core values of Care and Work Together, we strive to more deeply understand and empathise with different backgrounds, perspectives and experiences. We know that when people from different backgrounds and with different points of view work together, we create the most value for our clients, our people, and society.



### Recruitment

PwC Channel Islands 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 the financial year, we recruited 99 new people, including 11 interns and 38 trainees.



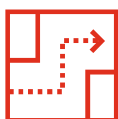
### Team selection, experience and supervision

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 performance focus

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, mobile-enabled technology. We also use Workday to give and receive upward and peer feedback. Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.



### Career progression

PwC Channel Islands 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. Turnover has been influenced by the pandemic, initially stagnating and increasing as markets open up again.



### Global People Survey

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



### Wellbeing and flexibility

Creating a resilient foundation for our people is essential to our combined success. We create awareness of health related matters and provide a supportive framework. Understanding that work is a subset of life, we introduced Everyday Flexibility to allow personal choice around where and when work is performed. Our Dress for your Day policy supports a relaxed environment where the focus is on the task rather than a corporate dress code.

# Partner remuneration

Partners are remunerated solely out of the profits of PwC Channel Islands. Audit partners aren't permitted to be incentivised, evaluated or remunerated for the selling of non-audit services to their audit clients.

The final allocation and distribution of profit to individual partners is made by the Territory Senior Partner, once their performance has been assessed and the annual financial statements have been approved.

Each partner's remuneration comprises three interrelated profit-dependent components:

- **Responsibility income:** reflecting the partner's sustained contribution and responsibilities.
- **Performance income:** reflecting how a partner and their team(s) has performed.
- **Equity unit income:** reflecting the overall profitability of PwC Channel Islands.

Each partner's performance income is determined by assessing achievements against an individually-tailored balanced scorecard of objectives, based on the partner's role and responsibilities.





# Gender Pay Gap

In March 2021, PwC Channel Islands released the latest Channel Islands Women in Work Index using 2019 data - [www.pwc.com/jg/en/publications/women-in-work-channel-islands-2021.pdf](http://www.pwc.com/jg/en/publications/women-in-work-channel-islands-2021.pdf). The report methodology was based on a global index created by PwC of female participation in employment for OECD countries. The report ranked Jersey overall as equivalent to 24<sup>th</sup> in the Index and Guernsey at 19<sup>th</sup>. One of the key metrics in the methodology is gender pay gap differences. As part of the firm's commitment to promote a diverse and inclusive workplace, PwC Channel Islands voluntarily publishes its own gender pay gap information.

## Results: effective 30 June 2021

The gender pay gap is calculated as the difference between the average FTE pay of all women in the firm versus the average FTE pay of all men in the firm, regardless of what they do in the organisation. The table below shows that PwC Channel Islands has a gender pay gap of 2.6% (2020: 2.1%) i.e. men are paid slightly more than women overall. The firm is confident that people are paid equally for equivalent work.

### 1.0 PwC Channel Islands overall gender pay gap

Note:

- figures represent a favour towards women

+ figures represent a favour towards men

Demographic: linked to the gender mix in the population

Non-Demographic: linked to differences in pay

	All staff		Including Partners	
	FY20	FY21	FY20	FY21
Overall gender pay gap	2.1%	2.6%	33.1%	36.4%
Demographic gap	3.6%	3.5%	31.5%	37.9%
Non-demographic gap	-1.4%	-0.9%	1.6%	-1.5%

### 2.0 PwC Channel Islands gender split and gender pay gap by staff grade

	Number of men	Number of women	Pay gap
Associate	38	36	0.8%
Senior Associate	100	78	-3.7%
Manager	31	26	1.1%
Senior Manager	24	23	0.1%
Director	18	10	0.4%

PwC Channel Islands continues to focus on a strategy to create an inclusive workplace and promote workplace flexibility to all staff. In the past 12 months, it has adopted a number of measures to create a more flexible working environment for all, more support and incentives for working parents, and a bigger focus on developing a diverse talent pipeline. The firm believes the strategy is working, but there is more work to do.

At the partner level, it has two women among its 14 partners, as at 30 June 2021. Including partner reward in the analysis shows a gender pay gap of 36.4% (2020: 33.1%). Whilst this indicates that there is some way to go, focusing on leadership development will be a high priority for the firm, so that within a reasonable time period, diversity at the partner level improves. This change will not happen overnight, but the firm is confident of achieving a more diverse leadership within five years.

In terms of diversity beyond gender, PwC Channel Islands is fortunate to have employees from 31 different countries within its business which brings a significant diversity of thinking and experience which its clients get value from.

### Partner and staff survey

Percentage of our external audit professionals surveyed who report that 'the leaders I work with actively build a diverse and inclusive work environment'

**82%** **74%**

FY21

FY19\*

\*this question was not covered in FY20 survey



## Our audit approach



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# Our audit approach

PwC Channel Islands uses a range of cutting-edge methods, processes, technologies, and approaches to ensure continuous improvement in the performance and quality of our audit engagements.

The quality and effectiveness of audit is critical to all of our stakeholders. We, therefore, invest heavily in the effectiveness of our audits, in the skills of our people, in our underlying methodology, the technology we use, and in making the right amount of time and resources available. We pay close attention to the internal indicators and processes that routinely monitor the effectiveness of our risk and quality processes, and provide timely information about the quality of our audit work and any areas for improvement. Details of these indicators and processes can be found in the Monitoring of Assurance quality section. Additionally, we consider what our various stakeholders require from us, what they tell us we need to improve and the findings of regulatory inspections on the quality of our work. Details of the most recent regulatory findings can be found in the Leadership and Quality Management Process section.

## People

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

## Technology

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





# Tools and technologies to support our audit

As a member of the PwC network, PwC Channel Islands 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.

## Our technology

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

**Connect** is our collaborative platform that allows clients to quickly and securely share audit documents and deliverables. Connect also eases the burden of tracking the status of deliverables and resolving issues by automatically flagging and tracking outstanding items and issues identified through the audit for more immediate attention and resolution. Clients are also able to see audit adjustments, control deficiencies, and statutory audit progress for all locations – in real time.

**Connect Audit Manager** streamlines, standardises and automates group and component teams coordination for multi-location and statutory/ regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process which facilitates greater transparency, compliance and quality for complex multi-location audits.

**Dokbot** is a document generation tool that automatically generates the right wording for auditor's reports, audit engagement letters and other audit related documents, based on input parameters that the auditor specifies. The use of DokBot reduces the likelihood that the auditor might make a mistake in tailoring a document to the specific engagement circumstances, particularly in areas that are complex. Dokbot has inbuilt workflow tracking to evidence manager and engagement leader review.

**Halo**, our data auditing tools, test 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 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's Confirmation System**, which facilitates an automated and standardised end-to-end process for all types of external confirmations, allows our engagement teams to create requests and receive external confirmation in a secure environment that helps mitigate the risks associated with receiving confirmation responses electronically.

## Reliability and auditability of audit technologies

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

# Confidentiality and Information Security

Confidentiality and information security 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.

The firm's Risk Management Partner, Evelyn Brady, is responsible for information security. In this role, she is supported by the Information Protection Governance Group (IPGG), which is responsible for providing oversight, policy and strategic direction on information risk and cyber security matters.

Membership of the IPGG comprises representatives from the Leadership Team, Information Technology, Google Projects and Risk Management, including Data and Information Protection. The objectives of the IPGG are to:

- Provide overall governance and oversight of information protection.
- Act as an approval body for information management and protection policies and procedures.
- Agree and allocate information protection accountability and responsibilities.
- Identify and initiate information management remediation projects.
- Monitor compliance with information protection policies and standards.

## Data Privacy

The firm maintains a robust and consistent approach to the management of all personal data, with everyone in our organisation having a role to play in safeguarding personal data. We have continued to build on our extensive GDPR readiness programme, and are committed to embedding good data management practices across our business.

The firm is bound by, and all partners and staff are required to comply with, the ICAEW's fundamental principle of confidentiality. There are also other legal and regulatory obligations on partners and staff about handling confidential information and personal data, and contractual terms govern the use and disclosure of client information.

The firm provides information security and data protection training upon recruitment, annual update training for all partners and staff thereafter, and training to various departments on an ad hoc basis throughout the year. We also have in place an accountability framework and the appropriate technical and organisation measures to promote compliance with relevant data protection regulation.

We are registered with the Guernsey and Jersey Data Protection authorities. Please refer to the regulator websites in [Guernsey](#) or [Jersey](#), our registration references are DPA1992 and 15699, respectively. Our standard privacy statement is available to the public at [www.pwc.com/jg/en/about-us/privacy-statement.html](http://www.pwc.com/jg/en/about-us/privacy-statement.html).

## Information Security

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

The PwC Information Security Policy (ISP) is aligned with ISO/IEC 27001, financial services industry standards, and other reputable frameworks (COBIT, NIST, etc.) as benchmarks for security effectiveness across the network of member firms. The PwC ISP directly supports the firm's strategic direction of cyber readiness to proactively safeguard its assets and client information. The PwC ISP is reviewed, at a minimum, on an annual basis.

PwC Channel Islands is required to adhere to the ISP requirements and complete an annual, evidence based assessment to demonstrate compliance. The assessment undergoes a detailed and standardised Quality Assessment (QA) process performed by a centralised, objective Network Information Security Compliance team.

PwC Channel Islands also operates an information security management system, which is certified as compliant with the requirements of ISO/IEC 27001:2013, covering our Guernsey and Jersey offices.

PwC Channel Islands' information security policies and procedures aim to make sure that:

- Information is protected from internal and external threats.
- Confidentiality, availability and integrity of information is maintained.
- Statutory regulatory and contractual obligations are met.
- Appropriate classification of data confidentiality to ensure it is appropriately handled.

Our policies and procedures include:

- Encryption of all the firm's laptops, PCs and removable media.
- Secure and PwC managed apps for data accessed by mobile devices.
- Software restricting the use of removable media.
- Data is appropriately classified to ensure correct handling of data.
- Access to engagement files – both electronic and hard copy paper files – is restricted to those with a 'need to know' and is regularly reviewed to ensure that such access remains appropriate.
- Data is regularly backed up on individual laptops and PCs.
- Secure workspace policy – including clear-desk, in our offices, if working from home, and at client sites.
- Securing hard copy files when they are not in use.
- Remote access to our network via a secure virtual private network, or equivalent technology.
- Policies on the transmission of data by email outside of the organisation.
- Restricted access to operational areas of PwC Channel Islands and our buildings.

The firm has incident reporting and response procedures that seek to minimise the impact of any data loss which arises.

These procedures include notifying clients when it is known that their data is at risk and, where appropriate and feasible, taking corrective action.

The firm's policies and standards are supported by ongoing compliance monitoring. Monitoring is carried out by PwC Channel Islands' Information Protection Team and Workplace Operations Managers and is supplemented by checks by PwC UK Security, Network Information Security and Infrastructure & Procurement teams. Our ISO/IEC 27001:2013 certification is subject to regular external independent assessment.





# Supporting engagement performance



## **Evolving delivery model**

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



## **Direction, coaching and supervision**

Engagement leaders and senior engagement team members are responsible and accountable for providing quality coaching throughout the audit and supervising the work completed by junior members of the team, coach the team and maintain audit quality. Engagement teams utilise Aura which has capabilities to effectively monitor the progress of the engagement to determine that all work has been completed and reviewed by appropriate individuals, including the engagement leader.



## **Consultation culture**

Consultation is key to maintaining high audit quality. While we have formal protocols about mandatory consultation, in the pursuit of quality, we regularly consult more than the minimum requirement. PwC Channel Islands has access to all the technical resources to track new developments in accounting and auditing and provide updates to the appropriate professional staff. PwC Channel Islands' consultative culture means that its engagement teams will regularly consult with experts and others where appropriate, either locally, within the UK firm, or with global network specialists.



## **Quality Review Partners (QRP)**

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



## **Differences of opinion**

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



## Monitoring



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# 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 Channel Islands. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

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

Our firm's monitoring procedures include 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 and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards. This includes the use of Real Time Assurance which is discussed in more detail on page 11 within The Quality Management Process section.

Our monitoring also encompasses a 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.

Our firm's monitoring program is based on a consistent network-wide inspections program for assurance based on professional standards relating to quality control, including ISQC 1, as well as network policies, procedures, tools and guidance.





ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit or non-audit assurance 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. All assurance partners and signing directors must have at least one of their engagements reviewed every five years, or once every three years for those eligible to sign UK Statutory audit reports, unless a more frequent review is required based on the risk profile of a particular engagement.

Reviews are led by experienced assurance partners from other PwC member firms, supported by objective teams of partners, directors, senior managers and other specialists, again, all from other PwC member firms. 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 support review teams with support on consistent application of guidance on classification of engagement findings and engagement assessments across the network.

In addition, the PwC network coordinates an inspection program to review the design and operating effectiveness of our SoQM. The use of a central team to monitor these inspections across the network enables a consistent view and sharing of relevant experience across the PwC network.

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

Partners and employees of our firm are informed about the inspection results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, engagement partners of our firm are informed by the network inspection program about relevant inspection findings in other PwC member firms, which enables our partners to consider these findings in planning and performing their audit work.



## External inspections

PwC Channel Islands is eligible as a recognised auditor to undertake the required statutory audit work for Jersey and Guernsey domiciled companies with debt or equity listed on regulated exchanges in the following countries:

- Austria
- Luxembourg
- Netherlands (\*)
- United Kingdom

(\*) = Granted equivalence by the relevant regulator under European Communities (Statutory Audits) (Directive 2006/43/EC as amended by Directive 2014/56/EU).

The Jersey Financial Services Commission and the Guernsey Registry have delegated responsibility for conducting inspections of recognised auditors to the Audit Quality Review (AQR) team of the Financial Reporting Council in the United Kingdom.

The AQR team completed its latest triennial inspection of the quality of PwC Channel Islands' work in 2020. Following completion of that inspection, the Financial Reporting Council and the Institute of Chartered Accountants in England and Wales recommended to the Jersey Financial Services Commission and the Guernsey Registry the continuation of PwC Channel Islands' registration as a recognised auditor.

The Quality Assurance Division of the Institute of Chartered Accountants in England and Wales completed its last inspection of PwC Channel Islands in 2021. Following the completion of the inspection, PwC Channel Islands' licence to perform UK Statutory audits remains in place.







## Legal and governance structure



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# Legal and governance structure

## Legal and governance structure and ownership of PwC Channel Islands

PwC Channel Islands is a limited liability partnership. It's wholly owned by its Members, who are commonly referred to as Partners. Its members include PricewaterhouseCoopers LLP (PwC UK). Other than PwC UK, all Members of PwC Channel Islands are natural persons and partners of the firm.

As of 30 June 2021, PwC Channel Islands was made up of fourteen partners in addition to PwC UK; two in tax, one in advisory and eleven in assurance. The subsidiaries providing professional services during the year were PwC Corporate Services (Guernsey) Limited, which is licensed by the Guernsey Financial Services Commission under the Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 and PricewaterhouseCoopers Services (Jersey) Limited, which is a Managed Trust Company that has a joint business relationship with PraxisIFM Trust Limited and is licenced by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998.

Our governance structure reflects our partnership model. We've a senior partner who, once elected, leads his or her fellow partners who collectively form the Management Board with the support of a managing partner in each of Jersey and Guernsey. During the year ended 30 June 2021, PwC UK's interest was represented by Carl Sizer in his capacity as Head of Regions on PwC UK's Management Board. Paul also provided oversight and support to the Channel Islands firm in all key strategic matters relating to PwC UK. Additionally, Karen Finlayson who is a Member of PwC UK's Supervisory Board holds the position of "Protector". The Protector has a formal role in certain governance aspects of partnership affairs and acts as an escalation point for the partners if this is required.



### **Carl Sizer, Partner, Head of Regions, PwC UK**

Carl graduated from Birmingham University and joined PwC UK in 1999, making partner in 2009. Carl joined the Management Board as Head of Regions on 1 July 2020. He has largely focused on the Financial Services sector, most recently leading the growth in PwC UK's Midlands Financial Services practice having also been responsible for the National Banking & Capital Markets Audit practice. Carl has worked with a number of PwC UK's large global and domestic clients and spent two years in the Banking and Capital Markets practice in New York. Externally, Carl is a member of the Institute of Chartered Accountants in England and Wales, where he has previously served as deputy chairman of the Learning and Professional Development Board and is also a member of the Institute of Chartered Accountants in Scotland.



### **Karen Finlayson, Partner, Risk and UK Regions Lead for Government and Health Industries, PwC UK**

Karen is a partner in the PwC UK risk line of service and she specialises in governance, risk, controls and internal audit across the government and public sector. She is also the PwC UK Regions Lead for Government and Health Industries. Karen joined PwC UK in 1997 and became a partner in 2015. She was elected to the PwC UK Supervisory Board on 1 January 2021 and is a member of the PwC UK Risk Committee, PwC UK Talent and Remuneration Committee and is the Channel Island Protector.

## Partners and their key roles as of 30 June 2021

Name	Role(s) as at 30 June 2021	Experience as a PwC Partner	Location
Evelyn Brady	Risk Management Partner and Guernsey Managing Partner	12 years	Guernsey
Mike Byrne	Clients and Markets Leader	6 years	Jersey
Karl Hairon	External Audit Leader and Jersey Managing Partner	11 years	Jersey
Neil Howlett	Advisory Leader	4 years	Jersey
John Luff	Quality Leader	8 years	Guernsey
Lisa McClure	Partner	3 years	Jersey
Roland Mills	People Partner	5 years	Guernsey
Adrian Peacegood	Partner	1 year	Guernsey
Simon Perry	Territory Senior Partner and Territory Assurance Leader	16 years	Guernsey
John Roche	Partner responsible for Independence, Ethics and Business Conduct	15 years	Guernsey
Chris van den Berg	Partner	1 year	Jersey
Nick Vermeulen	Innovation and Technology Partner and Technology Leader	10 years	Guernsey
David Waldron	Partner	1 year	Guernsey
Justin Woodhouse	Tax Leader	31 years	Jersey

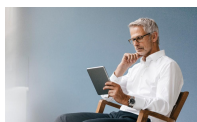
The firm has three PwC offices within the Channel Islands:

Jersey	Guernsey	Alderney
<p>PwC Channel Islands 37 Esplanade St Helier Jersey JE4 4XA</p> <p>Tel: +44 1534 838200 <a href="http://www.pwc.com/jg">www.pwc.com/jg</a></p>	<p>PwC Channel Islands Royal Bank Place 1 Gategny Esplanade St Peter Port Guernsey GY1 4ND</p> <p>Tel: +44 1481 752000 <a href="http://www.pwc.com/jg">www.pwc.com/jg</a></p>	<p>PwC Channel Islands Maison Des Venelles Venelles Des Gaudion Alderney GY9 3YW</p> <p>Tel: +44 1481 752000 <a href="http://www.pwc.com/jg">www.pwc.com/jg</a></p>





## PwC network



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# PwC network

## Global network

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

In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC network is not a global partnership, a single firm, or a multinational corporation. The PwC network consists of firms which are separate legal entities.



## PricewaterhouseCoopers International Limited

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 act as a coordinating entity for member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon 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. 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 member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control member 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. Board members are elected by partners from all PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team** 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 member firms to coordinate activities across all areas of our business.

# Prevention of facilitation of tax evasion: Response to the Criminal Finances Act 2017

The Criminal Finances Act 2017 introduced the concept of an organisation performing a corporate criminal offence if any of their associated persons (including partners and staff) criminally facilitated the evasion of tax either in the UK or overseas. Organisations need to demonstrate that they have reasonable procedures in place to prevent the facilitation of tax evasion. The deliberately wide scope of the offence requires organisations to have oversight of the risks associated with their customers, employees and third parties, over their downstream activities.

PwC Channel Islands follows the PwC Global Code of Conduct which sets out its commitment to upholding professional standards, adhering to applicable laws and regulations and fulfilling ethical obligations. Every year, every member of staff confirms that they are familiar with and have complied with this Code of Conduct.

The PwC Global Code of Conduct guides partners and staff on PwC's core values of: Act with integrity; Make a difference; Care; Work together; and Reimagine the possible. It defines how all partners and staff should behave and conduct business, and provides practical advice on how to take ethical decisions.

PwC Channel Islands has policies, training and procedures to enable it to comply with applicable laws and regulations, including those relating to tax. These include:

- Regular mandatory training for all partners and staff so that they understand the ethical and professional requirements under which it operates.
- Contractual terms and due diligence procedures in respect of persons who perform or will perform services for or on behalf of the firm.
- Client and engagement acceptance procedures.
- Whistle-blowing (Speak Up) policies and procedures.
- Regular reviews of systems and processes by Internal Audit and the risk and quality team.
- Since the introduction of the Criminal Finances Act 2017, PwC Channel Islands has reviewed all existing relevant policies and procedures and has taken a number of additional steps which aim to further formalise and prevent the facilitation of tax evasion. These include:
  - Designating a partner responsible for a response to the offence, reporting directly to the leadership team.
  - Carrying out a risk assessment to identify and prioritise a response to facilitation risk across all service offerings.
  - Reviewing existing policies and procedures across each line of service to identify any enhancements required.
  - Providing training for partners and staff.
  - Committing to monitoring and reviewing the risk assessment at least annually, as well as the firm's continuing compliance with relevant policies and procedures.



# Financial information

The results shown below, for the year ending 30 June 2021, have been extracted from the draft PwC Channel Islands accounts which have yet to be finalised by the partners.

## Total fee income for the years ending 30 June were:

	2021 (Unaudited) £ Million	2020 £ Million
Audit revenue earned from Market Traded Companies	2.6	2.1
Audit revenue earned from all other clients	41.8	35.3
Non-audit services revenue earned from Market Traded Companies	0.7	0.5
Non-audit services revenue earned from all other clients	12.6	10.7

Market Traded Companies are defined under Jersey and Guernsey law as companies incorporated in Jersey and Guernsey with transferable securities admitted to trade on UK and EU Regulated Markets, subject to certain companies that are eligible for exemptions.

Total turnover achieved by statutory auditors and audit firms from EEA Member States that are members of the PwC network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately 2.4 billion Euros. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of 30 June 2021. The list of these entities is included in Appendix 1.



# Public interest audit clients

During the period covered by this Transparency Report, PwC Channel Islands has not signed any audit reports on the financial statements of an EU PIE as defined by Article 13. However, as a third country audit firm, audit opinions have been issued during the year ended 30<sup>th</sup> June 2021 for the Jersey and Guernsey incorporated audit clients listed below that have transferable securities admitted to trade on UK and EU Regulated Markets and meet the definition of being Market Traded Companies under Jersey and Guernsey law.

Listed in the United Kingdom:

- BMO Real Estate Investments Limited
- BMO Commercial Property Trust Limited
- City Merchants High Yield Trust Limited
- GCP Asset Backed Income Fund Limited
- Highbridge Tactical Credit Fund Limited
- Hipgnosis Songs Fund Limited
- Invesco Enhanced Income Limited
- Jersey Electricity PLC
- JPEL Private Equity Limited

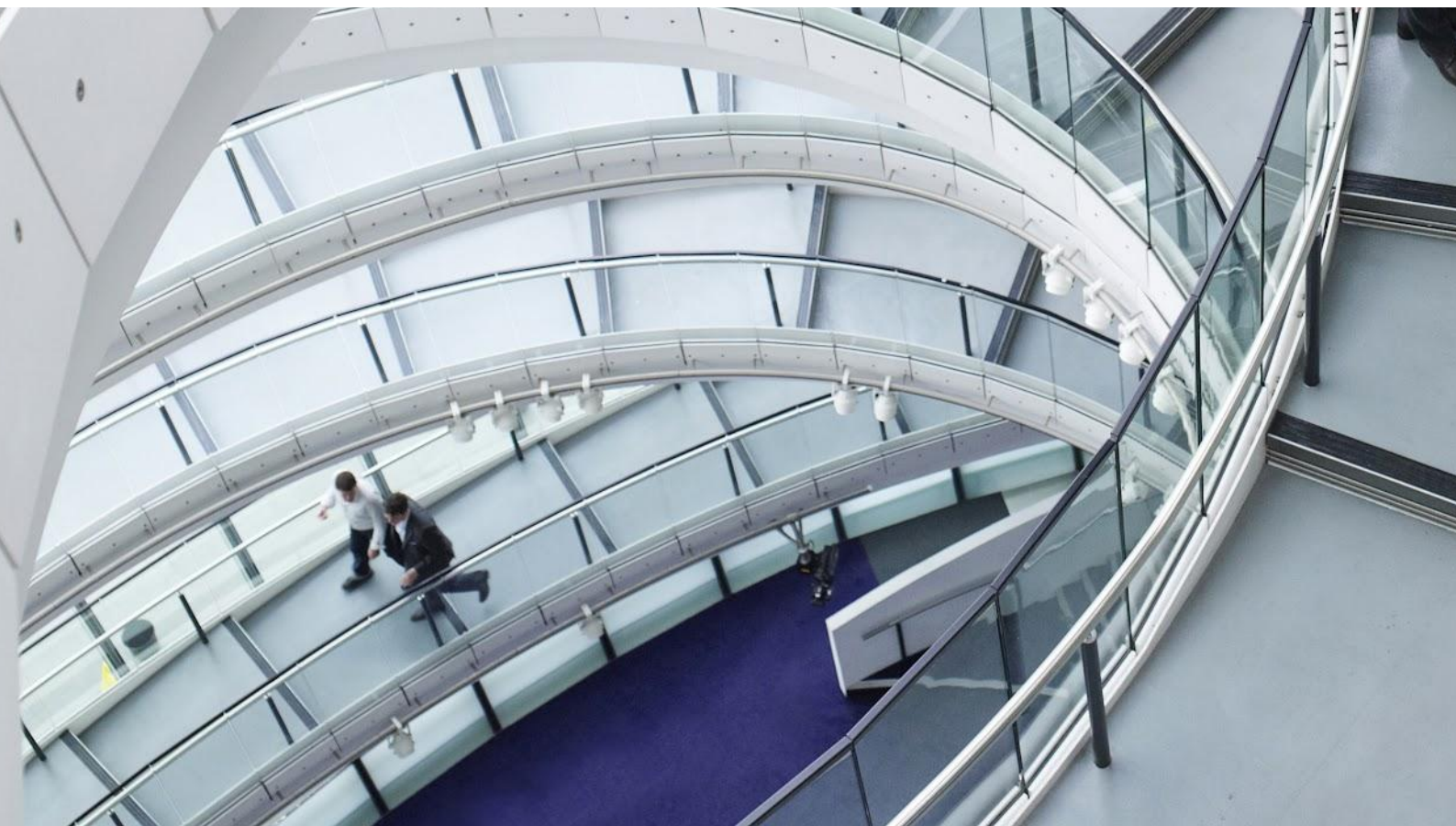
- JTC PLC
- Millshaw SAMS No. 1 Limited
- NB Global Floating Rate Income Fund Limited
- Princess Private Equity Holding Limited
- River & Mercantile UK Micro Cap Investment Company Limited
- Schroders Oriental Income Fund
- SME Credit Realisation Fund Limited
- Starwood European Real Estate Finance Limited
- Tufton Oceanic Assets Limited
- TwentyFour Income Fund Limited
- TwentyFour Select Monthly Income Fund Limited
- Vinacapital Vietnam Opportunity Fund Limited

Listed in Austria and The Netherlands:

- Atrium European Real Estate Limited

Listed in Luxembourg:

- Credit Agricole CIB Finance (Guernsey) Limited



# Appendix 1

Member State	Name of Firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Croatia	PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	PricewaterhouseCoopers Services France
France	PwC Entrepreneurs CAC
France	PwC Entrepreneurs Commissariat aux Comptes
France	PwC Entrepreneurs Audit
France	PwC Entrepreneurs Audit France
France	PwC Entrepreneurs CAC France
France	PwC Entrepreneurs Commissariat aux Comptes France
France	PwC Entrepreneurs France
France	PwC Entrepreneurs Services
France	M. Philippe Aerts
France	M. Jean-François Bourrin
France	M. Jean-Laurent Bracieux
France	M. Didier Brun
France	Mme Elisabeth L'Hermite
France	M. François Miane
France	M. Pierre Pegaz-Fiornet
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Netherlands	Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
Sweden	Öhrlings PricewaterhouseCoopers AB



PricewaterhouseCoopers CI LLP is referred to throughout this report as 'the firm', 'PwC CI', 'we', 'our' and 'us'.

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