



PwC Malta Transparency Report 2023

Building on a strong foundation

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Message from leadership



Message from leadership

Welcome to our 2023 Transparency Report

We have prepared this Transparency Report, in respect of the financial year ended 30 June 2023, in accordance with the requirements of Article 13 of EU Regulation No. 537/2014.

This report includes information about how the firm is governed and includes updates from Simon Flynn, who leads our audit practice. While PwC is a multidisciplinary firm, this report is primarily focused on our audit practice and related services. Quality is central to our firm-wide strategy, and remains the top priority for our audit practice, and we continue to invest in our people and in tools, to enhance audit quality. It is essential that we do not let up in our focus on quality and innovation, and we must continue to learn from what is happening in the profession, both locally and internationally.

At PwC, our purpose is to build trust in society and solve important problems. We are a network of firms in **151 countries with more than 364,000 people** who are committed to delivering quality in assurance, advisory and tax services. We are committed to driving a strong culture of quality and excellence that is core to our purpose.

We are focused on providing high-quality, value-added services to our clients, and we must never lose sight of that objective. We also have many other stakeholders, including our people, our regulators, and the communities in which we live and work. Our reputation as the market-leading firm is based on quality and trust, and our core values are integrity, independence, professional ethics and competence. We expect our people to take personal responsibility for bringing these values to life.

Percentage of local Assurance professionals surveyed who report

that their team consults subject matter or technical experts, as necessary, to enable them to perform quality work

89%

that the people they work with challenge them and each other to deliver quality work

85%

PwC Malta staff headcount

691



Total number of employees

56%



Female staff complement

How we're doing

€60.7m

Revenue for the year to **30 June 2023**



To help prepare our 691 people for the different challenges that we are facing today, and to continue to aspire in delivering our services to the highest standards, we have provided over 85,000 hours in training. We continue to work very closely with the network on cross-border and international engagements and our people participate in our global mobility programme, giving them further developmental opportunities.

Organisations such as ours have a duty to invest in the student population, and we continue to work closely with both the University of Malta and MCAST. We provide traineeships and internships to more than 250 students with practical work opportunities to complement their studies. We also provide ongoing guidance, besides providing financial support, to a variety of student organisations such as KSU and KSM.

PwC's global strategy, **The New Equation**, responds to fundamental changes in the world, including technological disruption, climate change and fractured geopolitics. The New Equation focuses on two interconnected needs that clients face: to build trust, which has never been more important, nor more difficult, and to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever, and societal expectations have never been greater.

As part of The New Equation strategy, the PwC Network is making an incremental **\$3bn investment in quality**.

This includes a \$1bn investment in a five-year programme to deliver a next generation audit ecosystem - human-led, tech-powered and data-driven. It will enable us to make continuous improvements to audit quality by further standardising, simplifying, centralising and automating our audit work, transforming the experience for our stakeholders and our people.

As our business, and those of clients, become transformed through innovation and new technology, our investment in this space is critical. We successfully completed the acquisition of Megabyte Limited in early 2023 that has allowed us to grow the number of technologists within the firm to 52 and expand our skill sets. On the back of this, in May 2023 we held our first Technology Week where we showcased our offerings in this area, including various solutions that we have developed, some in conjunction with business partners.

PwC's approach to building trust is designed to meet rising expectations of transparency, accountability and stakeholder engagement. It combines expertise in audit, tax and compliance activities with a drive to expand specialist capabilities. We have invested in areas such as cyber security, data privacy, and ESG, and have teams that we believe are at the forefront of these services in the local market.

Similar to building trust, delivering sustained outcomes requires us to work in an integrated way. PwC focuses on the outcomes that our efforts are seeking to achieve, and that requires us to mobilise our expertise in a wide range of areas. Our new strategy builds on our ongoing commitment to quality. We have therefore organised numerous industry-focused events during the year addressing the specific challenges and opportunities our clients are facing.

We continue to strengthen the management of the firm, and I was proud to announce the appointment of two new directors to the firm this year, Pamela Mamo and Mark Tabone, and Etienne Bonnici as Chief Technology Officer together with the appointment of 15 new senior managers - I know that these appointments will continue to strengthen the level and quality of all services that we provide.

Our results for the 12 months to 30 June 2023 are encouraging, with turnover reaching €60.7 million. This strong performance was achieved across all lines of service, and was driven by growth in our client base, as well as an expansion of the services that we offer. This allows us to continue to invest in our people and in our business. I am so proud of the work that our talented group of partners, directors and staff has delivered this year, and I would like to thank each and every one of them for their efforts and dedication.

In line with our purpose, we continuously strive to have a positive impact on society. With the help and dedication of our people, we work collaboratively to provide guidance, pro bono assistance as well as financial and non-financial support to a multitude of organisations and individuals who our people identify as worthy causes, including Din l-Art Helwa, the Foodbank Lifeline Foundation, Hospice, the Malta Paralympic Committee and Dar tal-Providenza. Our "Giving Back" initiative allowing our people to invest one working day per year to provide this support is an achievement that we are particularly proud of.

The strength of our multidisciplinary approach has underpinned our strong performance this year, but ultimately our growth is the result of the strength of the relationships we build and nurture with our clients through our sustained focus on quality.



Have a question for David?

✉ david.valenzia@pwc.com

✉ @David_Valenzia

David Valenzia
Territory Senior Partner

A message from our Assurance Leader

At PwC Malta, we continue to be firm believers that transparency is the currency of trust and it is the link that connects us to our clients, our people, our success, and most importantly, our integrity. We are pleased to be sharing a year's worth of collective efforts in this year's Transparency Report for financial year 2023, where various opportunities have pushed us, as a community of solvers, to remain steady against a backdrop of significant macroeconomic pressures such as stubbornly high inflation and rising interest rates, as well as geo-political turbulence.

The client demand for our diverse and relevant expertise and services would not be possible without the passion and dedication of our people, our most valued asset, who strive to deliver value beyond our clients' expectations. This commitment can only be attainable in a diverse workplace where individuals can be valued, driven and accomplished. We aspire to create an environment that encourages a sense of belonging through our values, such as Care and Work Together, as we embrace the richness of diverse perspectives and multi-disciplinary backgrounds, enhancing our services and accountability, with a strong foundation built on quality.



We are continuously ensuring that our System of Quality Management (SoQM) is of the highest level, in an ongoing process directed by the firm's internal and external environment, to help us monitor, evaluate and respond to changes in quality risk effectively. The main focus of our Quality Management Process (QMP) established by our firm and Assurance leadership, as well as our business process owners, partners and staff, is not to adhere to predisposed rules, but rather to cater for and implement risk responses that are tailored to our risk assessment, and which help us achieve our quality objectives.



Over the past year, our Quality Management System enabled us to adapt and respond to how identified factors have influenced our capacity to align with our overarching quality assurance goals of delivering the highest quality audit engagements. To this end, it is pertinent that we mention the supporting structures and people that strengthen our audit practice, including Risk & Quality, Human Capital and Marketing and Communications teams, who also ensure the delivery of high-quality deliverables that keeps us at the vanguard of the local profession.

This report details how we preserve the high-quality standard of our audit work and our autonomy, as well as the systems, processes and policies that we set in place, to maintain the highest level of service we deliver to our clients. We carry out a number of crucial quality monitoring initiatives and undergo reviews of our performance in this regard. We hold ourselves accountable for cultivating a culture of quality across all areas of the firm while evaluating ourselves against exceptionally high standards.

Our diligence is also reflected by PwC Malta's, and the PwC Network's, investment in technology, which enables us to fuel our next-generation audit, whilst continuously exploring and investing in new technologies that will continue to redefine and introduce innovations to our audit process, with the aim of supporting us to better adapt to the ever-changing need of our stakeholders, whilst also continuously enhancing our quality. In this regard, we dedicate ongoing efforts to design and implement technological controls and processes that underpin the reliability of our audit technologies.

We are maximising our climate experts' knowledge across the firm to work alongside our audit teams and help them better understand the climate-related challenges which our clients in various industries are facing. Material climate risks and commitments are being adequately considered in the preparation of financial statements to enrich businesses with confidence, and which allows their stakeholders to assign capital that fuels positive changes in line with ESG principles. These changes necessitate that all parties involved in the corporate reporting ecosystem come together to contribute towards the enhancement of reporting.

As industry experts, we lead, and embrace, discussions related to transparency and suitability, and remain open to feedback, given our commitment to enhancing the value of our audits. We continue to prioritise proactively identifying potential risks whilst simultaneously adopting any recommendations that may help our service flourish better.

The investment in our people, processes, technology, and quality, reflect our growth over the past financial year ending in June 2023, where we have seen growth in our income from our statutory audits, and as we continue to invest in our practice, we look forward to our continued sustained growth. We remain confident that this will happen through our purpose as a practice, and as a firm, to pave the way into a future that is human-led and tech-powered in order to deliver faster, more intelligent and better outcomes, in conjunction to our unyielding commitment to quality, independence, and objectivity.

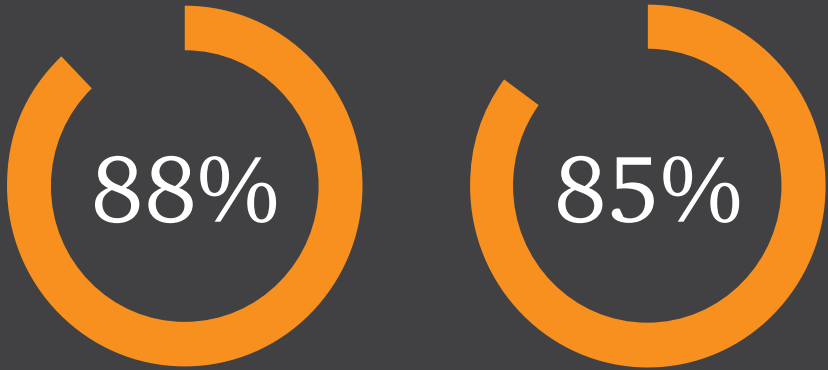
Have a question for Simon?

 simon.flynn@pwc.com

Simon Flynn
Assurance Leader

Year in review - Assurance

Assurance principals and staff survey



of our staff and principals participated in our Global People Survey

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

Core Assurance Training in FY23

Average hours achieved by principals and staff

34
online

78
classroom

112
total

27,449
Total hours completed

Core Assurance Training in FY22

Average hours achieved by principals and staff

18
online

94
classroom

112
total

24,533
Total hours completed

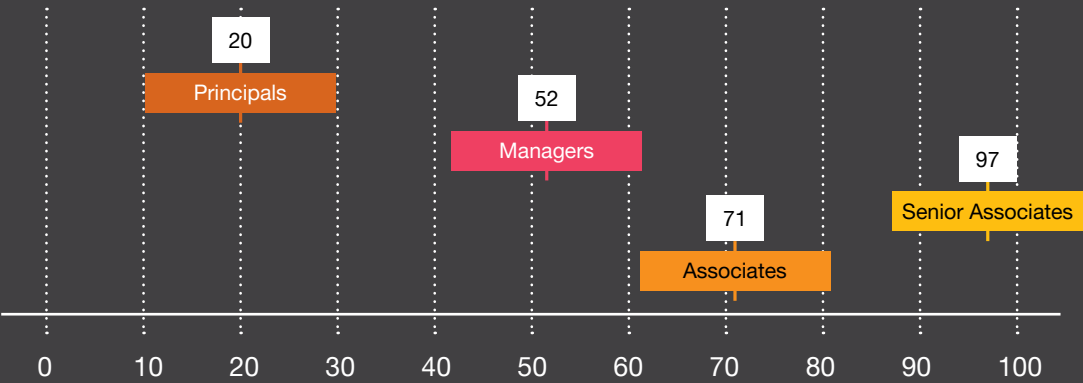
Our system of quality management

Approx. 9,000



Number of hours spent on monitoring and testing

Auditing and accounting training hours



Number of hours of auditing and accounting training mandated by PwC annually

Assurance quality reviews

38

Total number of assurance quality internal reviews including cold (detective) reviews and real-time (preventative) assurance reviews

None of these cold reviews were found to be non-compliant

Experience of our Assurance principals

25.8

Principals' average years of experience at PwC

Our approach to quality



Our approach to quality

A specific focus on audit quality across the Network

The PwC Network's Assurance QMSE framework

Delivering high-quality work is at the heart of what we do at PwC; it is what our stakeholders rightly expect of us. To deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders, the PwC Network has established the Quality Management for Service Excellence (QMSE) framework which integrates quality management into how each firm runs its business and manages risk.

This framework introduces an overall quality objective that is supported by a series of underlying quality management objectives and each firm's system of quality management (SoQM) should be designed and operated so that the overall quality objective, which includes meeting the objectives of ISQM 1, is achieved with reasonable assurance.

The International Standard on Quality Management 1 (ISQM 1)

ISQM 1 became effective 15 December 2022 and required all firms performing audits or review of financial statements, or other assurance or related service engagements to have designed and implemented a SoQM to meet the requirements of the standard.

The PwC Network's Assurance QMSE framework was designed to enable our firms to meet the requirements of ISQM 1. This includes design and implementation of the SoQM to comply with ISQM 1 to meet the effective date and evaluation of the SoQM under the standard by 15 December 2023.



Overall quality objective

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

Integrated and aligned in the right way

The quality objectives focus on having the necessary capabilities and to deploy our people consistently using our intellectual and technological resources to deliver audits in an effective and efficient manner that fulfils the expectations of our clients and stakeholders. Put simply, designing our business and processes to consistently deliver high-quality audits.

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

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

The Quality Management Process

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

- Identifying risks to achieving the quality objectives
- Designing and implementing responses to the assessed quality risks
- Monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance quality indicators
- Continuously improving the system of quality management when areas for improvement are identified by performing root cause analyses and implementing remedial action
- Establishing a quality-related recognition and accountability framework to be used in appraisals, remuneration, and career progression decisions

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

The key factors that impacted our system of quality management

Our system of quality management (SoQM) must be designed, implemented and operating on an ongoing basis to achieve the quality objectives.This ongoing process includes monitoring, evaluating, assessing, reporting, and being responsive to changes in quality risks, driven by the firm’s internal and external environment. This is our Quality Management Process (QMP). Our focus on quality management is therefore not to apply prescribed rules but rather to design and implement risk responses which are fit for purpose to manage the risks we identify in our own risk assessment and achieve the quality objective taking into consideration the conditions, events, circumstances, actions and/or inactions that may impact our SoQM.

The past several years have seen unprecedented challenges and our firm’s SoQM under the QMSE framework has helped us navigate and react to the impact that identified factors had on our ability to achieve the overall assurance quality objective

- to deliver quality audit engagements.



Our SoQM involves a dynamic risk assessment process that takes and analyses the information about these conditions, events, circumstances, actions or inactions which may result in:

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

2023 key factors impacting our SoQM

This year, we have seen various factors impact our SoQM but in particular, some of the more meaningful conditions, events, circumstances actions and/or inactions that have necessitated changes to our SoQM include:

Key factors/risks

Resourcing and attractiveness to the profession is becoming increasingly challenging, leading to the onboarding of experienced hires and engagement / use of delivery centres

Macroeconomic and geopolitical environment including the war in Ukraine that impacts the firm and/or services that we provide

Regulatory developments impacting the business

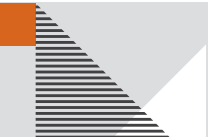


Risk Mitigation

- Internal focus on, and significant investment in, the onboarding process
- Intensive training programme at all levels
- Firmwide process for reviewing delivery models to identify and address relevant risks

- Liaison with PwC Network firms and leveraging of network guidance
- Revisions made to acceptance processes and selectivity criteria
- Engagement with technical auditing and accounting specialists to understand impact on specific audits

- Being directly and regularly involved in discussions with the relevant authorities and the Malta Institute of Accountance to better understand objectives of the changes and implications to our business
- Leveraging of and liaison with the network in relation to responses to changes
- Specific dedicated resources to monitor changes and implement responses
- Regular updating of firm processes and procedures as well as communications to staff members to ensure compliance by all our people, on all our clients, with all applicable regulations



This year's QMSE process was also impacted by the transition from ISQC 1 to ISQM 1. Notwithstanding that the concept of quality control is not new, the approach and key requirements are different. Although the journey had already started with the network, this year we focused on addressing those new areas that still needed to be addressed to be compliant with ISQM 1, particularly the quality objective around resources. Resources captures four distinct components being (i) human resources, (ii) technological resources, (iii) intellectual resources and (iv) service providers. Policies and processes for evaluating and reviewing resources in QMSE therefore had to be extended to cover both resources obtained from the network, another network firm or a third party service provider. An inventory of all service providers (including those related to the network and those that are external to the network) is maintained, together with all related policies and procedures. The area of technological resources was one that involved the input of our systems specialists to test the manner in which key systems were identified, key reports were generated from the systems, as well as to test all IT-related controls mapped against these systems.

The evaluation of our system of quality management involved a number of discussions with the different functions and with Leadership. The results of all the periodic monitoring as well as *ad hoc* monitoring were put together to evaluate whether the set quality control objectives were met. In addition, all findings were put together and an 'aggregated root cause analysis' was carried out to identify potential factors contributing to quality so that we can take actions to continuously improve. This root-cause analysis and resulting remediation plan were approved by Leadership.

Statement on the effectiveness of our internal control system

We believe our quality control system for the Audit practice has been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards.



Cultures and values



Our culture and values

Definition and culture

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



Measurement and transparency

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

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

Our firm’s commitment to quality

Leadership and tone at the top

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

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



Act with integrity



Make a difference



Care



Work together



Reimagine the possible

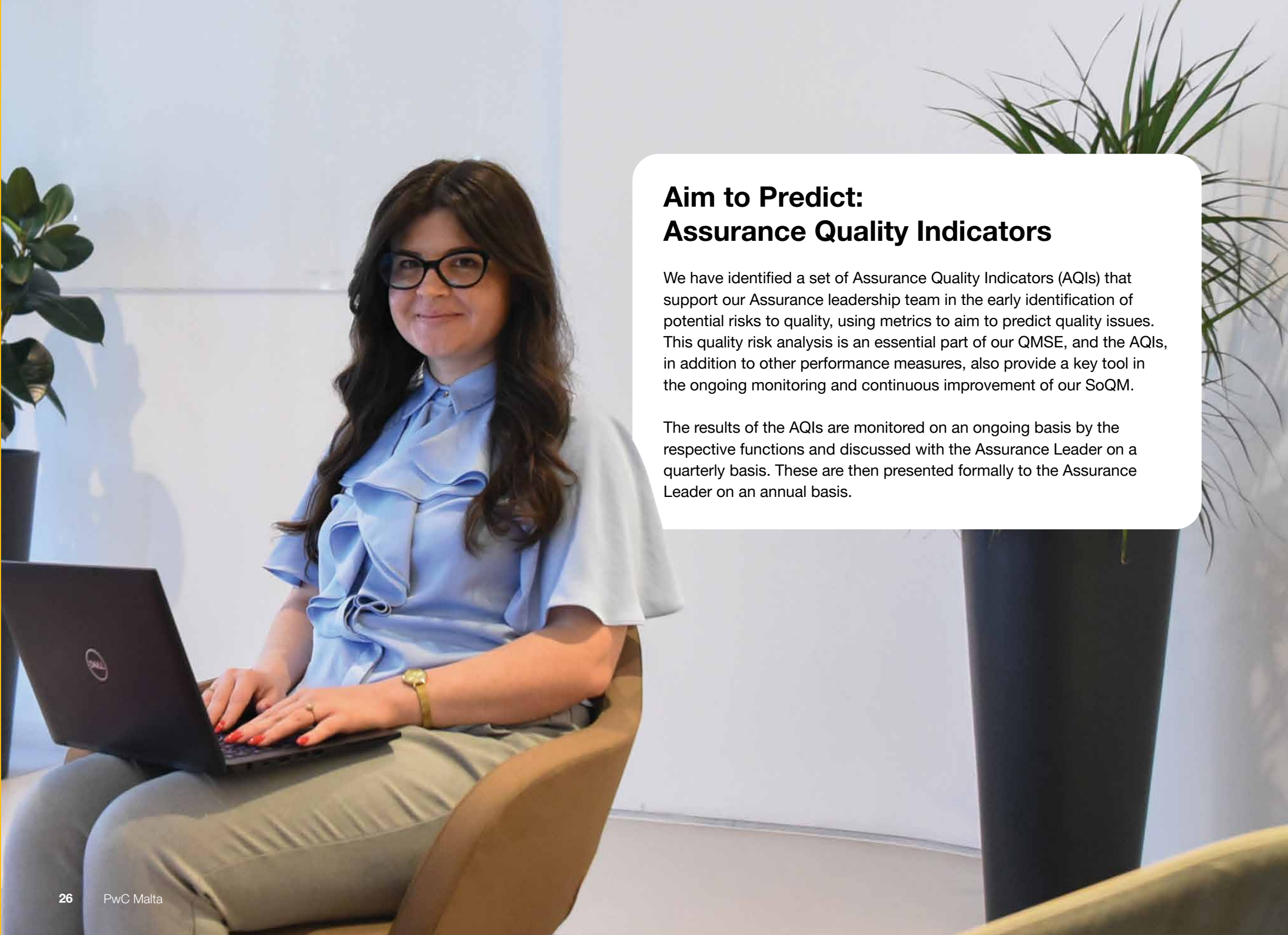
This culture is supported by appropriate tone at the top through regular communications from leadership to all principals and staff about the firm’s commitment to quality. Key messages are communicated to our firm by our senior partner and our leadership team and are reinforced by engagement leaders. 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 the success of our firm. Based on this tracking, we are confident our people understand our quality objectives. Delivering service of the highest quality is core to our purpose and our Assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

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

- Investing in a strong infrastructure that is supported by the right people and by effective tools, technology and processes
- Investing in a risk assessment programme that is agile in identifying and responding to risks in a rapidly changing landscape
- Having a communication and training programme targeting all the different levels of staff to guide our people, disseminate our policies and procedures, as well as build an appropriate level of consistency in what we do
- Having an ongoing monitoring programme that monitors quality and risks to quality

As mentioned before, the firm has continued to invest in its quality management system and processes. The quality management process is supported by a number of strategic quality initiatives, including the use of predictive Assurance Quality Indicators, Real Time Assurance to prevent quality issues, Root Cause Analysis to learn from quality issues, and a Recognition and Accountability Framework to reinforce quality behaviours, culture and actions.

Our commitment to high quality is a core part of our culture; we believe it is the collective responsibility of all our people to uphold and protect the strength of our brand in all that we do. In practice, our business leverages the risk support, controls and processes in place across the firm on a daily basis.



Aim to Predict: Assurance Quality Indicators

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

The results of the AQIs are monitored on an ongoing basis by the respective functions and discussed with the Assurance Leader on a quarterly basis. These are then presented formally to the Assurance Leader on an annual basis.

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:

Integrity

to be straightforward and honest in all professional and business relationships.

Objectivity

to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

Professional Competence and Due Care

to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.



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.

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 partners' 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 principals and staff undertake annual mandatory training, as well as submit annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Principals and staff uphold and comply with the standards developed by the PwC Network and leadership in PwC Malta 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 Malta has adopted the PwC Network standards which include a Code of Conduct, and related policies that clearly describe the behaviours expected of our principals 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 principals of PwC Malta are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code in the course of their professional careers at our firm and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing conduct inconsistent with the Code. In addition, every principal and staff are required to complete new hire training, which covers the ethics and compliance network standards, including ethics and the Code of Conduct.

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

The PwC Code of Conduct and the ethics helpline are available on-line for all internal and external stakeholders at <https://www.pwc.com/ethics>.

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

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

The Firm has an Ethics and Business Conduct Leader, David Valenzia, who is also the Territory Senior Partner. David also sits on the Quality and Risk Management (QRM) Committee and therefore closely follows any issues that are discussed by this committee. Any ethical, behavioural or other troublesome matter are discussed between him and the Risk Management Parter, Lucienne Pace Ross.

David's role includes:

- Setting an appropriate tone at the top through communication and behaviours
- Ensuring that all principals and staff are trained on the Code of Conduct and our supplemental policies and is responsible for assisting the firm in meeting its professional obligations
- Making available reporting lines for concerns without the fear of retaliation and facilitating proper investigations



Complaints and allegations policy

The PwC Code of Conduct encourages principals and staff to speak up when dealing with behaviour or facing a situation that doesn't seem right. Our firm has a policy pursuant to which any principal or staff can report inappropriate business conduct or unethical behaviour. An internal disclosure may be made by filing a report through the Ethics Helpline. Once a report is filed through the helpline, it is sent directly to a designated person within the Human Capital function and the Risk Management function as well as the Ethics and Business Conduct Leader, who will investigate the matter and take remedial action.

We are committed to deal responsibly and professionally with any genuine concerns raised about possible malpractice. Principals and staff have a responsibility to report and express concerns in good faith, honestly and respectfully.

Anti-corruption

The PwC Code of Conduct and local legislation makes it clear that it is unacceptable for our people to solicit, accept, offer, promise, or pay bribes. Policies, procedures and training with respect to anti-corruption are in place.

The Global People Survey contains a few questions related to Ethics and the content in the abovementioned paragraphs, for example:

83% of Assurance principals and staff believe that the people they work with demonstrate conduct consistent with PwC's Global Code of Conduct.

Objectivity and Independence

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

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

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph.

PwC Malta 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. She is supported by a team of independence specialists. 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 principals, 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
- Acceptance of new audit and assurance clients, and the subsequent acceptance of any non-assurance services to be provided to those clients

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

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

PwC Malta supplements the PwC Global Independence Policy as required by local regulations, including independence requirements of the EU Audit Regulation where they are more restrictive than the network’s policy.

We adhere to the independence rules published by IESBA and the Malta Code of Ethics (which includes the transposition of the EU Audit Regulation).



Independence-related systems and tools

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

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the PwC firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services system
- ‘Independence Checkpoint’ which facilitates the pre-clearance of publicly traded securities by all principals and practice managers before acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required
- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit principal’s conclusion on the permissibility of the service

- Joint Business Relationships (JBR) which is a global system used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms’ compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships
- 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 Malta also has a number of specific systems which include:

- A rotation tracking system which monitors compliance with PwC Malta’s audit rotation policies for Malta’s engagement leaders, and other key audit principals involved in an audit
- A list that records all approved simple business relationships entered into by PwC Malta. These relationships are reviewed on a six-monthly basis to ensure their ongoing permissibility



Independence training and confirmations

PwC Malta provides all principals 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. Principals and staff receive computer-based training on PwC Malta’s independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by the firm’s independence specialists.

All principals and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the PwC firm’s independence policy, including their own personal independence. In addition, all principals 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.

Independence monitoring and disciplinary policy

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

- Compliance testing of independence controls and processes
- Personal independence compliance testing of a random selection of, at a minimum, principals and practice managers as a means of monitoring compliance with independence policies
- An annual assessment of our firm’s adherence with the PwC Network’s standard relating to independence

The results of PwC Malta’s monitoring and testing are reported to the firm’s management on a regular basis.

PwC Malta has an Accountability Framework and supporting disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

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

Considerations in undertaking the audit

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

Client and Engagement Acceptance and Continuance

PwC Malta has a process in place to identify acceptable clients based on the PwC Network's proprietary decision support systems for client acceptance and retention (called Client and Engagement Acceptance). Acceptance assessments facilitate 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

PwC firms (including PwC firm leadership and risk management)

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

PwC Malta has a formal acceptance panel that meets on a weekly basis and is responsible for reviewing and approving all new clients. As part of its evaluation, the panel reviews the results of its onboarding procedures (including CDD procedures) and the evaluation included in the Client and Engagement Acceptance assessments referred to above. This assessment will also need to be signed off by the acceptance panel before a client is accepted. The acceptance panel also discusses high risk engagements and mitigating controls/processes, as well as whether any relationships with clients (or services to clients) should be terminated.

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

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



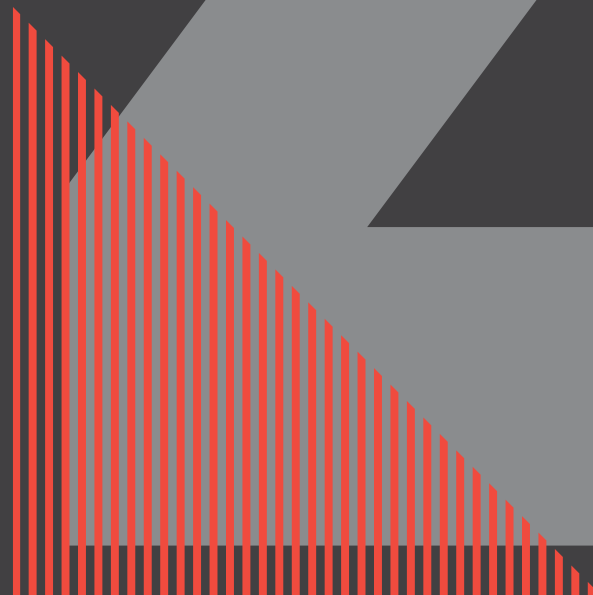
We also have a RAF for non-principals that reinforces quality in everything our people do in delivering on our strategy. Quality is identified by, *inter alia*, our own ongoing monitoring of our SoQM, together when applicable with PwC's Global Assurance Quality Inspection process, by the inspection of external regulators, or by other means, for example, feedback from the risk management function.

The RAF addresses the following principles:

- Quality performance is expected in this framework
- There needs to be accountability for poor performance or failures in meeting professional standards or complying with PwC policies relevant to engagement quality
- Quality should be a major component of the engagement planning, assessment and execution process
- The application of the framework will only achieve the necessary improvement in quality together with a comprehensive program to address and improve the weaknesses noted at all levels in the firm



Our people



Our People

People strategy

Our people strategy was developed in support of our broader business strategy, The New Equation. We are focused on being the world’s leading developer of talent and enabling our people with greater agility and confidence in a rapidly changing world. Specific focus areas include creating a resilient foundation for times of change through supporting the well-being of our people and enabling effective delivery; developing inclusive leaders for a shifting world; and enabling our workforce for today’s realities and tomorrow’s possibilities.

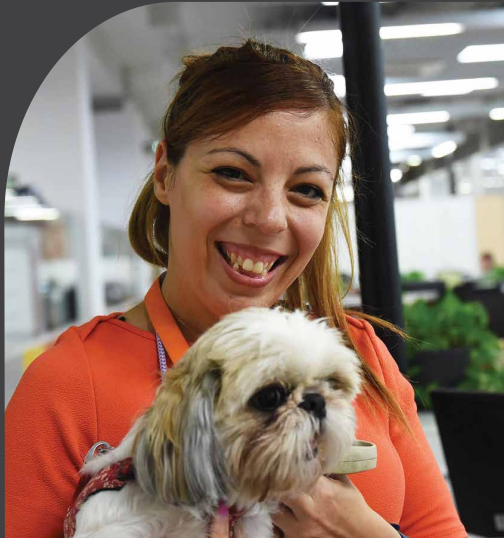
We aim to attract and retain the best and brightest in order to create a strong pipeline of motivated people who are key to the firm’s long-term success.



Inclusion and diversity

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

As at 30 June 2023, **our staff population included 38 different nationalities with 56% of our people being female and the average age of our people being 28.**





Recruitment

PwC Malta aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behaviour-based questions built from The PwC Professional framework, assessment of academic records, and background checks.

Across the firm in FY23, **we onboarded around 170 new joiners, including 70 experienced hires, around 45 graduates and around 100 students, trainees and interns.**



Team selection, experience and supervision

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



Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our principals and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, user-friendly technology. We also use Workday to give and receive upward 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 Malta 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 individuals 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.



Global People Survey

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

Assurance principals and staff GPS results

89%

“My team consults subject matter or technical experts, as necessary, to enable us to perform quality work.”

85%

“The people I work with challenge me, and each other, to deliver quality work.”

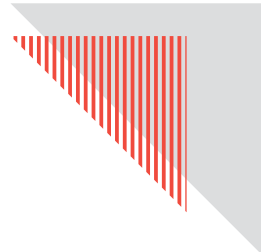
The PwC Professional

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

Professional Development

We are committed to putting the right people in the right place at the right time. Throughout our people’s careers, they are presented with career development opportunities, classroom, virtual classroom and on-demand learning, and on-the-job real time coaching/development. Our flexible training portfolio facilitates personalised learning with access to a variety of educational materials, including webcasts, podcasts, articles, videos, and courses. Achieving a professional credential supports our firm’s commitment to quality through consistent examination and certification standards.

Our goal is to provide our staff with a more individualised path to promotion and support them in prioritising and managing their time more effectively when preparing for professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.



Continuing education

We, and other PwC firms, are committed to delivering quality assurance services around the world. To maximise consistency in the network, the formal 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, virtual classroom, 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 local needs, when we will deliver the training. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs.



Our training investment in people

Assurance Training in FY23
Average hours achieved by principals and staff

34	78	112
online	classroom	total

27,449 **FY23 Total hours completed**

Assurance Training in FY22
Average hours achieved by principals and staff

18	94	112
online	classroom	total

24,533 **FY22 Total hours completed**

Mandatory training attendance for Assurance

100% Of principals and staff have completed all mandatory training attendance in FY23



Our approach





Our approach

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. Our audit approach follows the PwC Audit, being a common, standardised audit methodology. 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 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 Monitoring section.

Our tools

As a member of the PwC Network, PwC Malta 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 firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

Tools and technologies to support our audit

Our technology

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

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

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

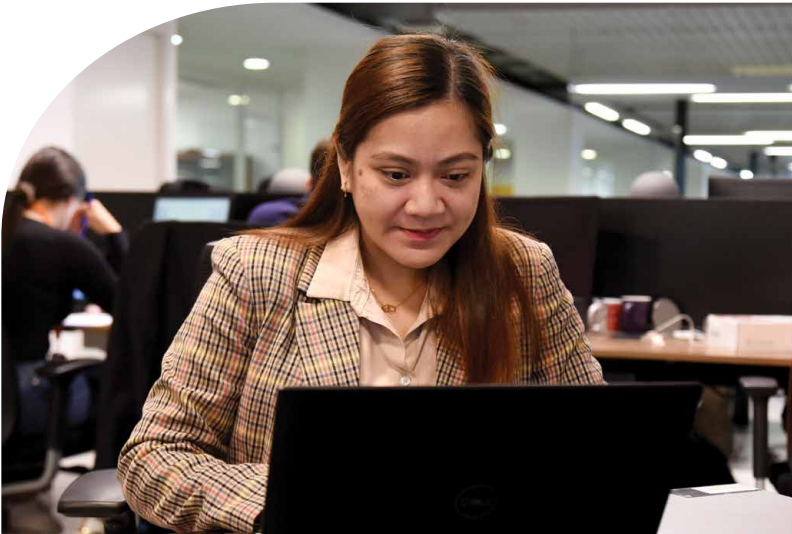


Halo, our data auditing tools, address large volumes of data, analysing whole populations to improve risk assessment, analysis and testing. For example, Halo for Journals enables the identification of relevant journals based on defined criteria making it easier for engagement teams to explore and visualise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

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

Our next generation audit

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



Reliability and auditability of audit technologies

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

Confidentiality, data privacy and information security

Confidentiality and information security

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

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

The firm's policies and procedures are supported by ongoing compliance monitoring. An incident response procedure is also in place.

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 are committed to embedding good data management practices across our business.

Information security

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

Failure to protect information could potentially harm the individuals whose information PwC firms hold, lead PwC firms to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand. The Information Security Policy (ISP) outlines the minimum security requirements with which every PwC firm must comply. PwC firm compliance with the ISP is measured through quarterly data-driven assessments as a well as a yearly evidence based assessment for each PwC firm.

Deviations that result from the assessment are prioritised for remediation per timelines agreed with firm leadership.



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, with a focus on improving efficiencies and further enhancing the quality of our work. We use specialised delivery centres to streamline, standardise, and centralise certain areas of the audit. We also make use of qualified professionals from other PwC offices through a remote team member (RTM) model. The RTM model extends our resources pool by integrating qualified professionals from other PwC firms into our engagement teams (having training, qualifications, and accreditations similar to our people) under the direction and supervision of the engagement leader. Such initiatives allow us to increase workforce capacity and talent, thus creating scope for growth.

Direction, coaching and supervision

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



Consultation culture

Consultation is key to maintaining high audit quality, and we have formal protocols about mandatory consultation. In the pursuit of quality, our consultative culture also means that our engagement teams regularly consult with each other on an informal basis, as well as with experts and others, often in situations where consultation is not formally required. The risk and quality team led by the Risk Management Partner provides consultation on quality and risk management matters and assists engagement teams in complying with PwC Network risk management policies. PwC's audit guide, policies, guidance, templates, professional accounting and auditing standards and technical alerts on new developments are located in electronic repositories and are available to all principals and members of staff.

Any updates to global or local policies are communicated to all principals and members of staff via email alerts and also during mandatory training courses.

Assurance Methodology function

Our assurance methodology function deals with a number of areas, including auditing methodology, reporting and the continuous improvement of our system of quality management. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in auditing and sharing those updates with our professional staff.



Quality Review Partners (QRP)

We appoint a Quality Review Partner (QRP) to conduct engagement quality control reviews of the audits of listed clients, other public interest entities and clients identified as higher risk. QRPs are experienced individuals who are independent of the core engagement team; they receive training when appointed as a QRP and are appointed to an engagement based on their experience and expertise.

The QRP is responsible for reviewing key aspects of the audit including independence, significant risks and the responses to these risks, judgements, uncorrected misstatements, documentation of work done in the areas reviewed, the financial statements, communication with those charged with governance and the appropriateness of the audit report to be issued. QRPs are involved throughout the audit process so that their input is timely. The QRP will seek to challenge the audit team in the judgements they have made and work done. Their review is completed and any matters raised are resolved to the QRP's satisfaction in advance of the audit report date.

Differences of opinion

Protocols exist to resolve the situations where a difference of opinion arises between the engagement leader and either the QRP or another Assurance principal. These include the use of technical panels consisting of principals independent of the engagement.





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

Aim to Prevent: Real Time Assurance

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

It enables us to cover both a wide range of engagements and Assurance quality indicators through our internal monitoring processes with standardisation and automation saving time and resources.

Through the RTA reviews, conducted by a team of experienced managers and through the regular analysis of the RTA dashboard, engagement teams are provided with additional coaching, whilst also enabling the firm to identify common themes to be addressed and shareable practices.



Assurance quality reviews

38

Total number of assurance quality internal reviews including cold (detective) reviews and real-time (preventative) assurance reviews

None of these cold reviews were found to be non-compliant



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

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

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

As part of our ongoing procedures, we monitor various AQIs (audit quality indicators) that are regularly extracted and reviewed for indications of abnormal trends, or for potential quality exceptions to address. The outcome of these AQIs is discussed during regular quality management meetings. Examples could include AQIs around the extent of the involvement of IT specialists across audit engagements, the timeliness of planning activity, the proportionate participation of QRPs and principals in the audit process, amongst others.



External quality reviews

In accordance with applicable regulatory requirements, each member firm may also be reviewed periodically by national and international regulators and/or professional bodies. In this respect, PwC Malta is subject to periodic review by the Quality Assurance Unit (QAU) of the Accountancy Board, usually on a tri-annual basis. The most recent QAU review of the firm was completed in 2020.



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

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

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

Learn: Root cause Analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses are to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at quality findings from all sources, including our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM, external inspections and other inputs such as our Global People Survey - to help identify possible distinctions and learning opportunities.

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

In addition, the data compiled for audits both with and without engagement-level findings is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Our goal is to understand how quality audits may differ from those with engagement-level findings, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality management.

A remediation plan is subsequently developed and monitored to ensure that findings are addressed and corrective action is taken in a timely manner as necessary. Conclusions of the root cause analysis and the remediation plan are discussed with Leadership.



PwC Network



PwC Network

Global network

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

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

The governance bodies of PwCIL are:

Global Board

which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of 19 members. One is appointed as an external, independent director, and the other 18 Board members are elected by partners from PwC firms around the world every four years.

Network Leadership Team

which is responsible for setting the overall strategy for the PwC Network and the standards to which the PwC firms agree to adhere.

Strategy Council

which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.

Global Leadership Team

which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC Network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.



Legal and governance structure



Legal and governance structure

PricewaterhouseCoopers (PwC Malta) is a civil partnership governed by Maltese law. The firm is owned by a group of 22 members, commonly referred to as partners, all of which are companies established in Malta (“corporate partners”). The owners of each corporate partner are individuals (“principals”) that form part of the firm’s partners’ board. Last year, the ownership of the firm vested in the principals in their personal capacities.

The partnership is registered with the Accountancy Board, as an audit firm, in terms of the Accountancy Profession Act (the Act). David Valenzia is the firm’s compliance principal in terms of the Act. David Valenzia is the Territory Senior Partner and subjects himself at the end of a 4-year term to the partner board’s approval for re-appointment.

The number of partners of the firm approved to provide audit and accounting services, and the percentage of voting rights in the firm held by such partners meets the thresholds established in article 10(4) of the Act.



Subsidiary undertakings

The principal subsidiary undertakings of PwC Malta as at 30 June 2023 are:

- **PwC Advisory Services Malta Limited**
Provision of advisory services
- **PwC Consulting Services Malta Limited**
Provision of consulting services
- **PwC Corporate Services Malta Limited**
Provision of CSP services
- **PwC Tax Services Malta Limited**
Provision of tax services
- **PwC Academy Limited**
Provision of educational and training services
- **Abacus Holdings Limited Licensed**
Provision of CSP services
- **Medina Management Services Limited**
Provision of CSP services
- **PwC Malta Technology Services Limited**
Provision of IT services
- **PwC Digital Services Malta Limited** (formerly Megabyte Limited) - Provision of IT services

Governance structure of PwC Malta

The governing body of the firm are the principals, who meet at regular intervals to discuss strategy and to monitor the firm’s progress.

The Council meets to discuss proposals for partner remuneration, for bonuses payable to the directors and managers, and proposals for changes to the level of partner capital contributions. The total level of partner remuneration, level of capital contributions as well as any bonuses payable to managers are reported at the partners’ board meeting.

The firm is organised into three service lines, namely Assurance, Advisory and Tax (including corporate services).

Service line matters are delegated to subsidiary boards composed of all the principals (including directors) in the respective service line, together with the Territory Senior Partner.

Dedicated function boards are also devoted *inter alia* to managing other areas within the firm, including human capital, quality and risk management, clients and markets and finance.

There are also a number of supporting boards, in addition to the function boards, including diversity, regulatory, technology and sustainability.

All function boards and supporting boards have a role across all lines of service.

This structure ensures that all principals are actively involved in the management of the firm, while certain principals carry specific executive roles, reporting to the partners’ board.



Partner remuneration

An essential element of PwC’s ethos is a set of common principles for remuneration of partners in PwC firms, based on performance and quality of work. The underlying premise of the partner income philosophy is to encourage, recognise and reward.

The partner remuneration system includes three core elements for which partners are rewarded: first, the role the principals are asked to play in the firm; second, how well the principals carry out their responsibilities, with a particular emphasis on quality; and, third, how well the firm performs as a whole. Within this framework, the determination of a partner’s rewards hinges on an evaluation against individual and team objectives.

	Partner Council	Assurance Board	Tax Board	Advisory Board	Quality & Risk Management Board	Human Capital Board	Clients & Markets Board	Finance Board
David Valenzia Territory Senior Partner	✓	✓	✓	✓	✓	✓	✓	✓
Simon Flynn Head of Assurance	✓	✓			✓	✓		✓
Fabio Axisa Assurance Partner		✓						✓
Stefan Bonello Assurance Partner		✓				✓	✓	
Christopher Cardona Assurance Partner		✓						
Ian Curmi Assurance Partner		✓						
Stephen Mamo Assurance Partner		✓					✓	
Lucienne Pace Ross Assurance Partner		✓			✓			✓
Romina Soler Assurance Partner		✓						
Norbert Vella Assurance Partner		✓						
Michelle Agius Assurance Director		✓						
Konrad Borg Assurance Director		✓						
Sandra Camilleri Assurance Director		✓						
Joanne Saliba Assurance Director		✓						
Nadia Vella Assurance Director		✓						

	Partner Council	Assurance Board	Tax Board	Advisory Board	Quality & Risk Management Board	Human Capital Board	Clients & Markets Board	Finance Board
Neville Gatt Head of Tax	✓		✓			✓		✓
Bernard Attard Tax Partner			✓				✓	✓
Edward Attard Tax Partner			✓					
David Ferry Tax Partner			✓			✓	✓	
Steve Gingell Tax Partner			✓					
Mark Lautier Tax Partner			✓					
Mirko Rapa Tax Partner			✓		✓			
Francesca Fenech Tax Director			✓				✓	
Joseph Camilleri Head of Advisory	✓			✓		✓		✓
Michel Ganado Advisory Partner				✓		✓		
Bonavent Gauci Advisory Partner				✓	✓		✓	
Ryan Sciberras Advisory Partner				✓			✓	✓
Claudine Attard Advisory Director				✓				
Angelique Spina Advisory Director				✓				
Lisa Pulicino Human Capital Partner						✓		

Appendices

Appendix 1

Financial Information

Appendix 2

EU Entities as at 30 June 2023

Appendix 3

Public Interest Entities audited by the firm

Appendix 4

The Firm's Partners, Directors and Senior Managers

Appendix 1

Financial Information

Financial Information

Services

12 months ended 30 June 2023
€'000

Statutory audits and directly related services for audit clients (EU PIE and subsidiaries of EU PIE)	€6,569
Statutory audits and directly related services for audit clients (other entities)	€16,963
Statutory audits and directly related services for audit clients	€23,532
Non-audit services to audit clients	€9,590
Services to audit clients	€33,122
Services to clients we do not audit	€27,617
Malta firm revenue	€60,739

Appendix 2

EU Entities as at 30 June 2023

EU Entities as at 30 June 2023

Names of other statutory auditors and countries in which they operate in the network:
Article 13(2)(b)(ii) and (iii):

Member State	Name of Firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'enterprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
	PricewaterhouseCoopers d.o.o
Croatia	PricewaterhouseCoopers Savjetovanje d.o.o
	PricewaterhouseCoopers Limited
Cyprus	PricewaterhouseCoopers Audit, s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers



EU Entities as at 30 June 2023

Member State	Name of Firm
Finland	PricewaterhouseCoopers Oy
	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
	PricewaterhouseCoopers France
	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB



EU Entities as at 30 June 2023

Member State	Name of Firm
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Norway	PricewaterhouseCoopers AS
	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
	Öhrlings PricewaterhouseCoopers AB

Appendix 3

Public Interest Entities audited by the Firm

Public Interest Entities audited by the Firm

The Accountancy Profession Act defines a Public Interest Entity (PIE) as an entity whose transferable securities are admitted to trading on a regulated market of any EU Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC, a credit institution as defined in point 1 of Article 1 of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions, or an insurance undertaking within the meaning of Article 2(1) of Directive 91/674/EEC.

Listed equity

- BMIT Technologies plc
- Catena Media plc
- GO plc
- HSBC Bank Malta plc*
- International Hotel Investments plc
- Kindred Group plc
- Lombard Bank Malta plc*
- M&Z plc
- Main Street Complex plc
- Malita Investments plc
- MaltaPost plc
- Midi plc
- PG plc
- Plaza Centres plc
- Simonds Farsons Cisk plc
- Tigne Mall plc
- Trident Estates plc
- Malta International Airport plc
- MedservRegis plc

*These listed entities are also credit institutions



Public Interest Entities audited by the Firm

Listed bonds

- BNF Bank plc*
- CPHCL Finance plc
- Exalco Finance plc
- G3 Finance plc
- Gaming Innovation Group plc
- Hudson Malta plc
- Izola Bank plc*
- Mediterranean Maritime Hub Finance plc
- Melite Finance plc
- Merkanti Holding plc
- Mizzi Organisation Finance plc
- Multitude Bank plc*
- SD Finance plc
- Tumas Investments plc
- United Finance plc
- Virtu Finance plc
- Savarin plc

*These listed entities are also credit institutions

Listed funds

- Altruid Hybrid Fund SICAV plc
- HSBC Malta Funds Sicav plc
- RohFund Global Sicav plc
- Metatron Capital SICAV plc

Credit institutions

- Credorax Bank Ltd
- FCM Bank Ltd
- IIG Bank (Malta) Ltd
- Merkanti Bank Ltd
- Sparkasse Bank Malta plc

The Firm is also the auditor of the financial statements of Akbank T.A.S. Malta Branch, an EU based branch of a foreign bank.

Public Interest Entities audited by the Firm

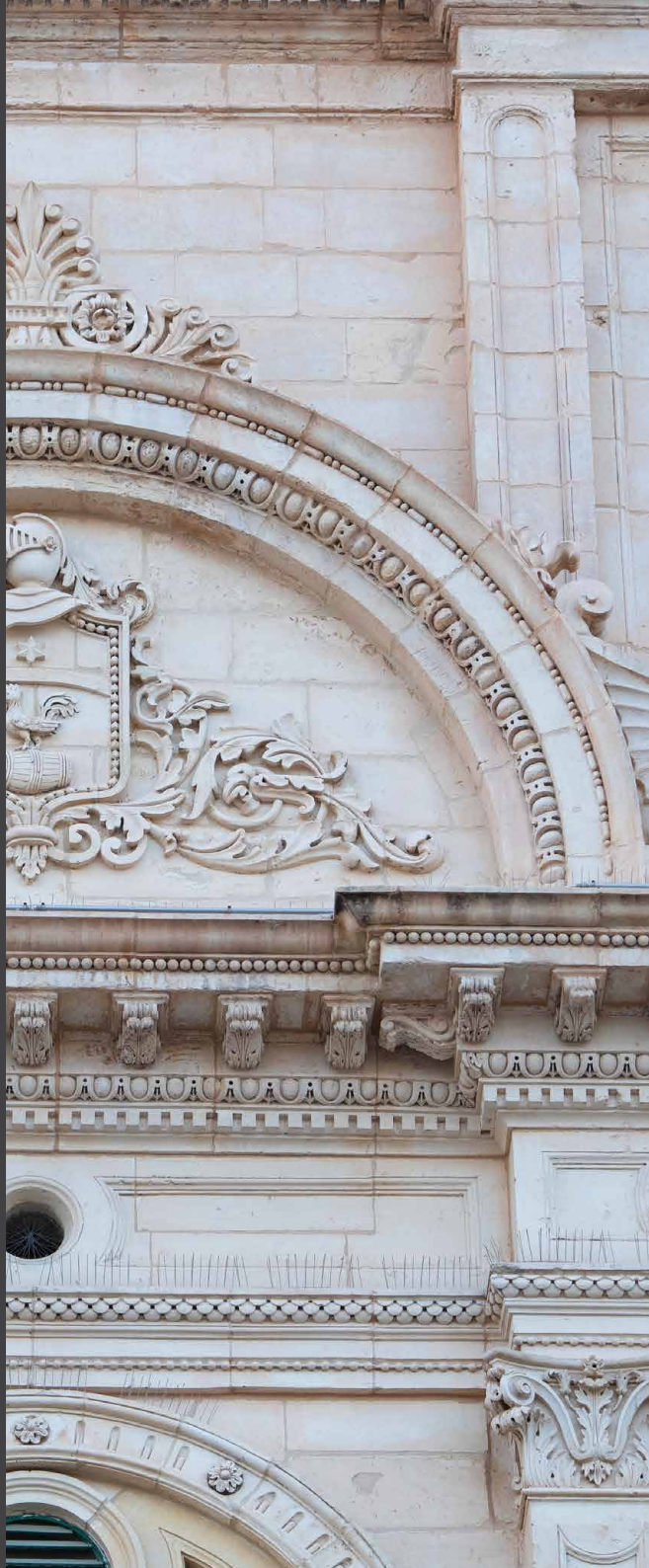
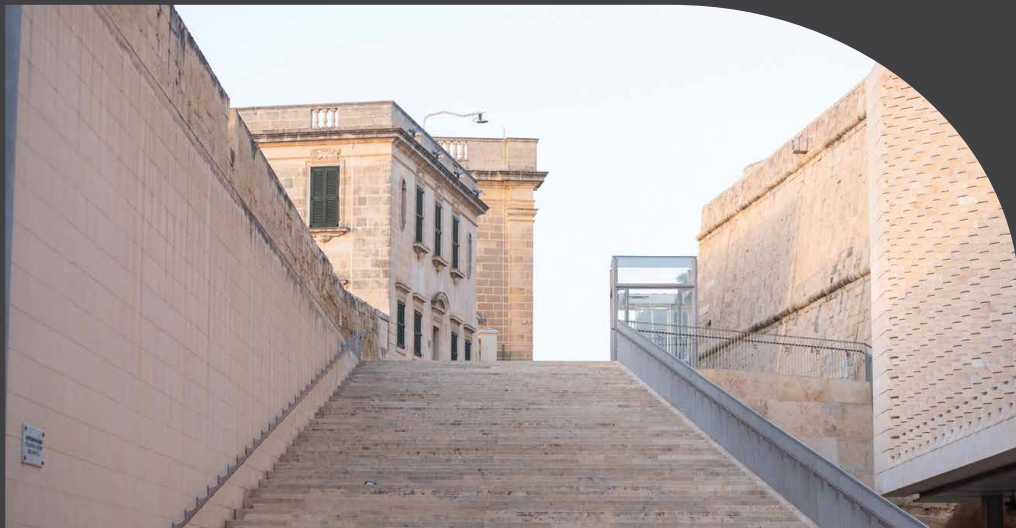
Insurance undertakings

- Atlas Insurance PCC Ltd
- Bastion Insurance Company Ltd
- Bavaria Reinsurance Malta Ltd
- Cafina Assurances Ltd
- Elmo Insurance Ltd
- Ergon Insurance Ltd
- European Insurance Solution PCC Ltd
- First European Title Insurance Company Ltd
- HSBC Life Assurance (Malta) Ltd
- IVALIFE Insurance Ltd
- Monarch Assurance SE
- One Insurance Ltd
- Oney Insurance (PCC) Ltd
- Oney Life (PCC) Ltd
- Rhenas Insurance Ltd
- Tesla Insurance Ltd
- Tulip Assist Insurance Ltd
- Werla Insurance Company Ltd

The firm also audits the following entities that are EU incorporated and that issued securities that were accepted for trading on a market that is not regulated in the EU as defined point 14 of Article 4(1) of Directive 2004/39/EC.

Non EU PIEs

- Lighthouse Properties plc
- MAS plc
- Raketech Group Holding plc
- Tradehold Ltd
- River Tech plc



Appendix 4

The Firm's Partners, Directors and Senior Managers

Assurance Board



Left to right, at the back:

Christopher Cardona, Romina Soler, Konrad Borg, Simon Flynn, Norbert Vella, Lucienne Pace Ross, Ian Curmi, Stefan Bonello

Left to right, in front:

Sandra Camilleri, Fabio Axisa, Joanne Saliba, David Valenzia, Nadia Mifsud, Stephen Mamo, Michelle Agius

Assurance Senior Managers

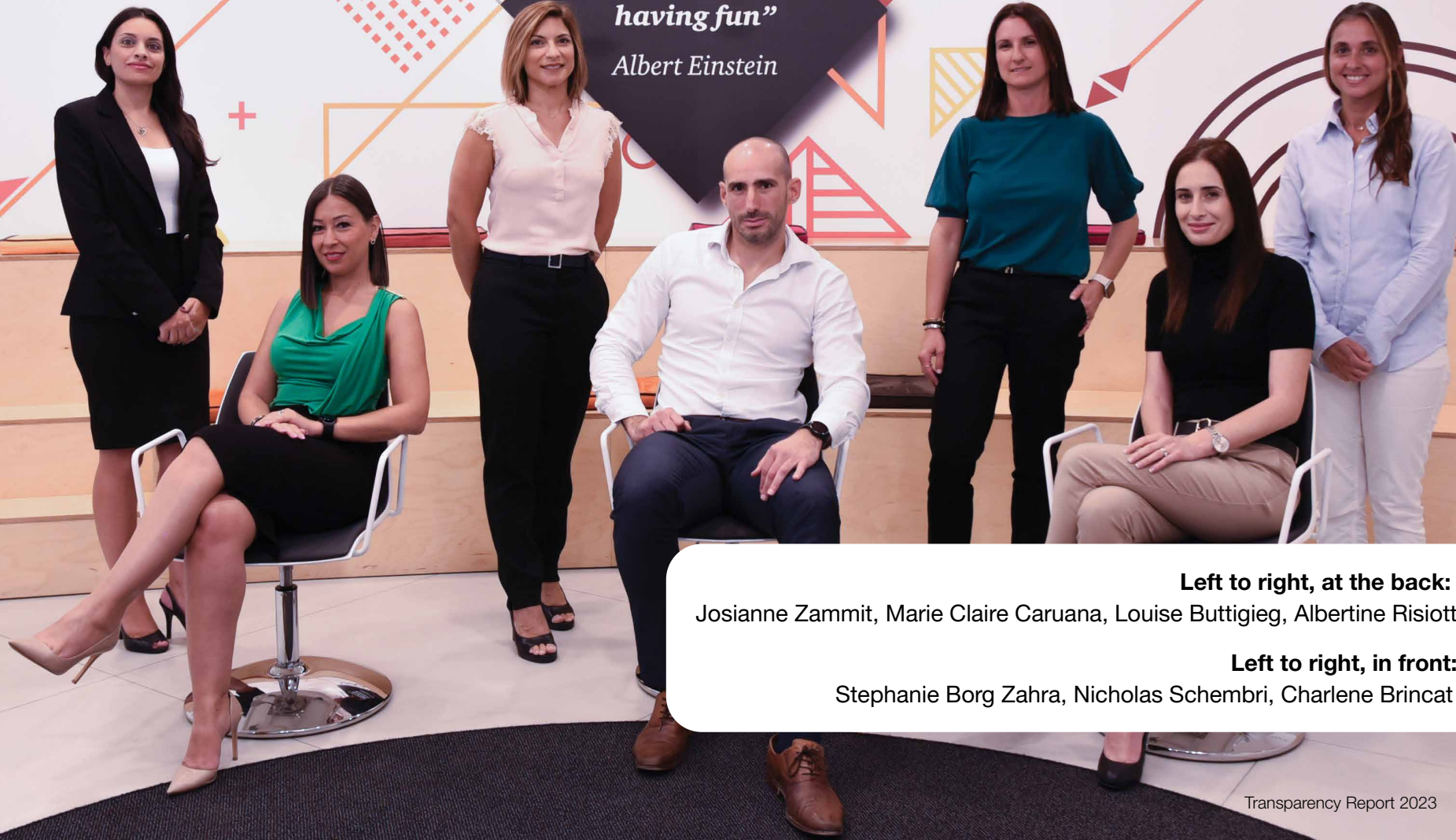


Left to right, at the back:
Limuel Francisco, Pamela Cordina, Iryna Zmievska, Braden Sammut

Left to right, in front:
Elizabeth Chappell, Elaine Bonnici, Rachel Lee Curmi



Assurance Senior Managers



Left to right, at the back:
Josianne Zammit, Marie Claire Caruana, Louise Buttigieg, Albertine Risiott

Left to right, in front:
Stephanie Borg Zahra, Nicholas Schembri, Charlene Brincat

Assurance Senior Managers



Left to right, at the back:

David Gafa', Malcolm Debattista, Daniel Pule',
Christian Fenech, Yohanan Gajadhur, Glenda Borg Gouder

Left to right, in front:

Ivan Grech, Gabriella Bartolo, Anita Zahra, Michael Formosa

Advisory Board



Left to right, at the back:

Claudine Attard, Michel Ganado, Ryan Sciberras, Joseph Camilleri, Pamela Mamo

Left to right, in front:

Bonavent Gauci, Angelique Spina, David Valenzia, Mark Tabone

Advisory Senior Managers

Left to right, at the back:
Daniela Burlo', Vyas Isnoo, Eric Mackay, Tracy Scerri

Left to right, in front:
Ruben Camilleri, Katya Pirotta, Ian Abela

Digital Services Senior Managers

Left to right, at the back:
Engelbert Spiteri, Jake Azzopardi,
Andrew Schembri, David Micallef

Left to right, in front:
Kirsten Cremona, Etienne Falzon

Tax Board



Left to right, at the back:
Bernard Attard, David Ferry, Neville Gatt, Francesca Fenech, Steve Gingell

Left to right, in front:
Mark Lautier, Edward Attard, David Valenzia, Mirko Rapa

Tax Senior Managers



Left to right:
Annamaria Mifsud, Melanie Rizzo Naudi, Ruth Vella, Chris Mifsud Bonnici, Michael Borg, Mark Abela, Anna Marie Herrera, Abigail D'Amato, Deborah Gatt

Tax Senior Managers



Left to right, at the back:
Victoria Abela, Jude Schembri, Maria Demanuele, Marlon Farrugia, Amanda Atkins

Left to right, in front:
Audrey Curmi, Nicolai Borg Sant, Nadya Buhagiar

Tax Senior Managers



Left to right, at the back:
Andre Azzopardi, Kathleen Busuttil, Mirko Gulic, Daniela De Cesare, Svetlik Grima, Eleanor Muscat

Left to right, in front:
Audrey Azzopardi, Roberta Gulic Hammett, Victoria Muscat

F&C Senior Managers



Left to right:
Joslyn Cutajar Schembri, Karen Agius, Keith Agius, Bernie Wirth, Stefan Diacono, Marisa Patricia Aquilina

IFS Board



Left to right:
Etienne Bonnici, Lisa Pullicino, David Valenzia

IFS Senior Managers



Left to right, at the back:
Sarah Mamo, Elizabeth Camilleri

Left to right, in front:
Christian Calleja, Marvic O'Dwyer



We have prepared this Transparency Report, in respect of the financial year ended 30 June 2023, in accordance with the requirements of Article 13 of the EU Regulation No. 537/2014 and Chapter 281 of the Malta Accountancy Profession Act.

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

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