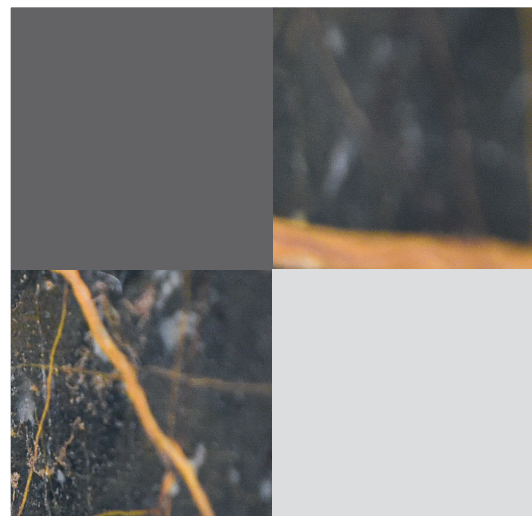




2021



PwC Malta Transparency Report

Working together to build trust in
society and solve important problems

www.pwc.com/mt

Contents



1 Message from Leadership



2 Our Approach to Quality



3 Cultures and Values



4 Our People



5 Our Audit Approach



6 Monitoring



7 Legal and Governance Structure



8 PwC Network



01 Message from Leadership

Welcome to our 2021 Transparency report

We have prepared this Transparency Report, in respect of the financial year ending 30 June 2021, 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. The audit profession continues to be under significant public scrutiny and challenge. We understand the concerns and we support and are committed to changes that will improve audit quality.



At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with more than 295,000 people who are committed to delivering quality in assurance, advisory and tax services. We are committed to drive a strong culture of quality and excellence that is core to our purpose.

In June 2021, we unveiled The New Equation, PwC's landmark global strategy which responds to fundamental changes in the world, including technological disruption, climate change, fractured geopolitics, and the continuing effects of the COVID-19 pandemic. The New Equation is based on analysis of global trends and thousands of conversations with clients and stakeholders. It builds on more than a decade of sustained revenue growth and continued investment. The New Equation focuses on two interconnected needs that clients face in the coming years. The first is to build trust, which has never been more important, nor

more difficult. The second is to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever and societal expectations have never been greater. For more information on The New Equation, please see www.pwc.com

Our new strategy builds on our ongoing commitment to quality.

Our people are key to performing high quality audits and we draw upon a wide range of specialist skills across our multidisciplinary practice. That's why we maintain a constant emphasis on our purpose and values that address integrity and independence. We continue to invest in our people by providing ongoing professional and personal development, with in depth training. We remain committed to the upskilling programme that we commenced a few years ago, and where the fruits of this investment really came to the fore during the pandemic.

We have taken steps to align our business to support this focus on audit quality. We continuously invest in innovation and new technology to support our services across the firm, to meet the changing audit challenges in a digital age, enhance the quality of our audit services, and ensure that compliance with regulations remains a priority for us and our clients.

Taken together, these measures represent a significant transformation of our audit business and support our focus on audit quality and our public interest responsibilities.

This year continued with the unprecedented challenge of delivering audit quality during the COVID-19 pandemic. This remained a key focus area for us. While our priorities have been to protect the livelihood of all staff members, both from a health and economic point of view, and helping our clients and the communities in which we work deal with the impact of COVID-19, this period has also allowed us to further understand further the new ways of working. Flexible working arrangements are here to stay, as a result of both technology advancements and people's changing working habits. As an organisation we must embrace these

Global People Survey

93% of respondents

"The feedback and coaching I receive allow me to make an immediate improvement in my performance"

88% of respondents

"My team is able to work together effectively in a virtual environment"

“

At PwC, our purpose is to build trust in society and solve important problems.

Welcome to our 2021 Transparency Report

David Valenzia
Territory Senior Partner

changes, while remaining committed to giving people the opportunity to come together, build relationships and share ideas in a workplace.

I would like to thank all my partners and staff for their continued support and dedication in adapting to the new ways of working and retaining the focus on delivering professional and high-quality services to our clients. I am confident that we are well positioned to help our clients and our people embrace the opportunities that exist in this ever changing world. And I also want to thank, on behalf of everyone at PwC, all the front-line workers whose dedication to providing care to those more severely impacted by COVID-19 and to saving lives, and to distributing the vaccine, has been an inspiration to all of us and has allowed us to start to return to a semblance of normality.

I am also very proud of the way our people have found ways to support each other and find innovative ways to interact. Acts of altruism could be found across the firm that were also a humbling experience, and I would like to congratulate Ivan Grech for being awarded the Kevin Mahoney Award for Altruistic Acts by The Malta Institute of Accountants. In order to keep active during these trying times, a group of our people organised the PwC Walk with Us challenge. Held in June 2021, the participants logged a collective 62 million steps!!

We continue to deliver encouraging results with turnover for the 12 months to 30 June 2021 increasing by 5% to €45 million. This gives us a great foundation, and also a responsibility, to

“
As an organisation we must embrace these changes, while remaining committed to giving people the opportunity to come together, build relationships and share ideas in a workplace.

continue to invest in our business and also to adapt to the new realities, brought about by the continuing change in landscape that the regulatory environment that we are operating in is demanding, and which have been accelerated by the pandemic.

I was especially pleased to announce the appointment of two new partners and three new directors to the firm this year, Ian Curmi, Christopher Cardona, Nadia Mifsud, Francesca Fenech and Claudine Attard – I know that these appointments will continue to strengthen the level and quality of all services that we provide.

I would also like to place on record my appreciation for the years of service, support and insight that George Sammut made to the firm. George retired from the partnership at the end of 2020 after 36 years with the firm, with the last 18 years as a partner in our Advisory Line of Service.



David Valenzia
Territory Senior Partner

Have a question for David?



david.valenzia@pwc.com



@David_Valenzia

A message from our Assurance Leader

Simon Flynn
Assurance Leader

We are pleased to present our Transparency Report for 2021. This report brings together a year of hard work, great effort and unbending commitment from all our people in an environment that continued to present difficulties, not least because of the continued impact of COVID-19 on our business and on that of our clients. We learnt more and more how to do things differently including working remotely, getting our teams together virtually and interacting with clients on video calls rather than face to face. All this presented its challenges but underlying everything was our unstinting drive to fulfil our purpose of instilling trust and of upholding the quality of our external audit product.

This report describes how we maintain quality in our audit work and describes our policies, systems and processes for ensuring quality. Every year, we conduct key quality monitoring programmes and are subject to external reviews of our performance in this respect. We pride ourselves in fostering a culture of quality at every level of the firm and measure ourselves against very high benchmarks. We aim to ensure that external reviewers consider that we have obtained reasonable assurance in all audit areas.

“

We take on board recommendations of how we can improve and commit to doing this in the shortest time possible.

We are aware of the wide public debate that exists, both locally and internationally, about transparency around audit quality. We welcome, and contribute to, this debate also by publishing reports such as this explaining and detailing our responses and results when measuring audit quality. We recognize that there is always room for improvement in everything. We take on board recommendations of how we can improve and commit to doing this in the shortest time possible.

Maintaining and improving quality requires not only a mindset that places quality at the fore of everything that we do but also an investment in resources dedicated for this purpose. We have a number of people who are focused exclusively on promoting quality, assisting our teams in achieving this quality, measuring it and developing and implementing learning and education programmes that, amongst other things, ensure that quality standards are constantly upheld. These people are central to our audit offering and feature very prominently in the day-to-day management of our assurance practice. During 2021 we increased our resources in this area and going forward we are firmly committed to continue to strengthen this function.

Coupled with our investment in people is our investment in new systems and technology that make the way that we work smarter and that therefore also enhance audit quality. Our investment in new digital solutions to our audit offering continues unabated as we recognize the power of automation in a number of our processes. This enables us to upskill our people which remain our most valuable resource and to which we dedicate considerable effort in recruitment, retention, talent development and training. We are grateful that our people repeatedly rise to the occasion to deliver quality work that enables us to remain at the forefront of the profession in Malta.

Our audit practice continues to grow. In 2021 income from statutory audits grew by 7.5% and comprised 45% of the total income of the firm. We look forward to sustaining this growth whilst retaining an unyielding commitment to quality, independence and objectivity in the way we act and in the services that we provide to all our clients.



Simon Flynn
Assurance Leader

Have a question for Simon?

 simon.flynn@pwc.com



Year in review 2021

How we're doing

€45m

Revenue as at 30 June 2021

Our People

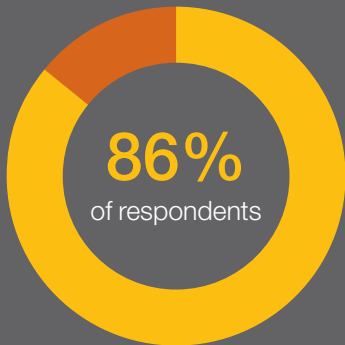
626

Total number of employees

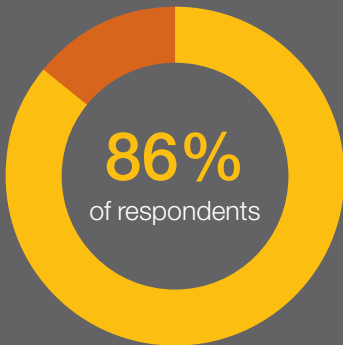
57%

Female staff complement

Global People Survey



"I am proud to work at PwC"



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

Around

60,000

Firmwide training hours during the year

100%

Assurance mandatory training attendance



27

Audit quality reviews

Total number of audit quality internal reviews including cold and real time assurance reviews



10

Quality & Risk Management

Total quality and risk management full-time employees

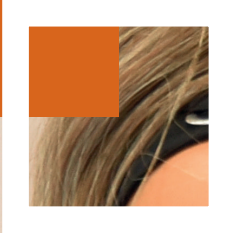


11

Average years of experience of our partners

Our quality improvement programmes

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



“

I am also very proud of the way our people have found ways to support each other and find innovative ways to interact.

David Valenzia, PwC Malta Territory Senior Partner

- Continuing to strengthen our quality culture to support our partners and teams display behaviours consistent with driving audit quality
- Integration of the use of Assurance Quality Indicators to aim to predict quality, Real Time Assurance to aim to prevent quality issues, Root Cause analysis to learn from quality issues and a Recognition and Accountability Framework to reinforce quality behaviours, cultures, and actions

In addition, we continue to engage with our stakeholders to have:

- Public discussions on the future of audit, exploring how it needs to change to meet society's evolving expectations
- Real time engagement around the impact of COVID-19 on audit compliance



02 Our Approach to Quality

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

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

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



Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of over 295,000 people that emphasises that quality is the responsibility of everyone including our 626 people. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

Measurement and transparency

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

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

Specific focus on audit quality

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

The right objectives and capabilities

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

Integrated and aligned in the right way

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

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



Delivering a quality end-product consistently

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

Values and judgments

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

Delivering audit quality during the COVID-19 pandemic

Our response to COVID-19

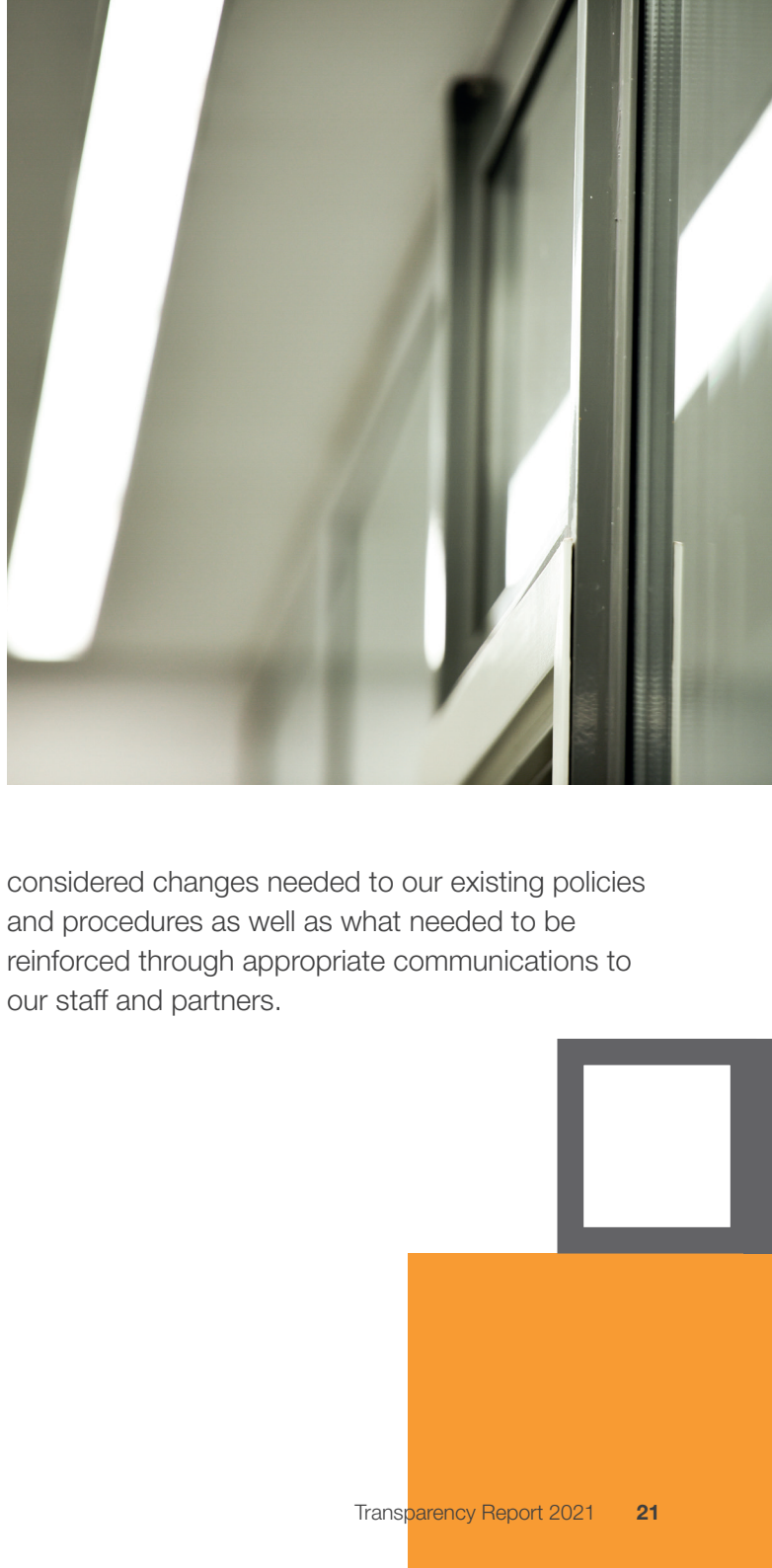
The global COVID-19 pandemic has had an unprecedented impact on our clients and our people over the last year and a half, as well as global and local economies and broader society.

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

Sharing developments and experience

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

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



considered changes needed to our existing policies and procedures as well as what needed to be reinforced through appropriate communications to our staff and partners.



Identifying and addressing risks related to COVID-19

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

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

Locally we have a task force who discuss any people, quality and technology issues arising out of this pandemic and also provide staff with necessary guidance and regular communications and updates.

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



03 Cultures and values

Leadership and tone at the top

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



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

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

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

Audit Quality Measures

Employee survey results or Employee Engagement Index scores:

- specific questions such as "I am encouraged to perform high-quality audits"
- coaching and training and the positive impact this has on your day-to-day job (%)

Delivering service of the highest quality is core to our purpose and our assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

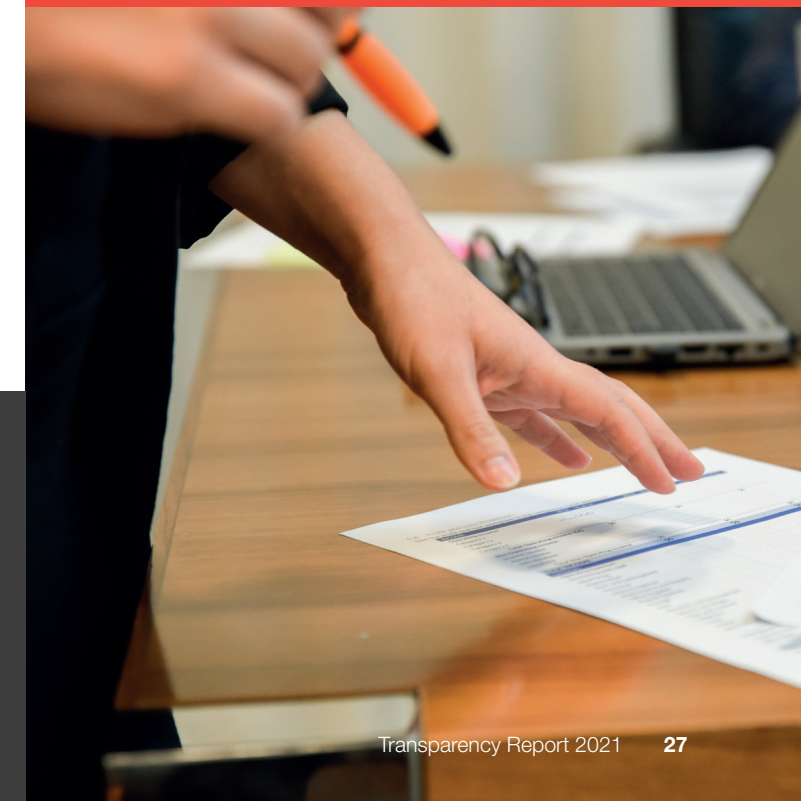
To help PwC Malta put this strategy into effect, the PwC network has established the Quality Management for Service Excellence (QMSE) framework for quality management which integrates quality management into business processes and the firm-wide risk management process. The QMSE framework introduces an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

This overall quality objective is supported by a series of underlying quality management objectives and our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance.

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

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

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



Leadership and tone at the top



The Quality Management Process

This quality management process includes:

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

Although this Transparency Report is focused on our assurance practice, many of our systems, policies and procedures operate firmwide across all parts of our business.

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 presented formally to the Assurance Leader annually however certain results are monitored on an ongoing basis by the respective functions.



Aim to Prevent: Real Time Assurance

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

The RTA program is designed to be a preventative monitoring program that further supports engagement teams get the 'right work' completed 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.

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

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

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality.

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

RCA is also performed on both the positive results and deficiencies of our own ongoing monitoring of our SoQM as well as Network inspection of our SoQM.



Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds partners and non-partner engagement leaders accountable for quality outcomes. Our RAF considers and addresses the following key elements:

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

We also have a RAF for non-partners that reinforces quality in everything our people do in delivering on our strategy.

The RAF applicable to non-partners, includes different types of interventions for poor performance of staff as well as recognition of staff for truly exceptional performance in the area of quality. Quality is identified by, inter alia, PwC's global assurance quality review (GAQR) process, by the inspection of external regulators, or by other means, for example, feedback from the Risk Management Partner.

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.

Ethics, independence and objectivity

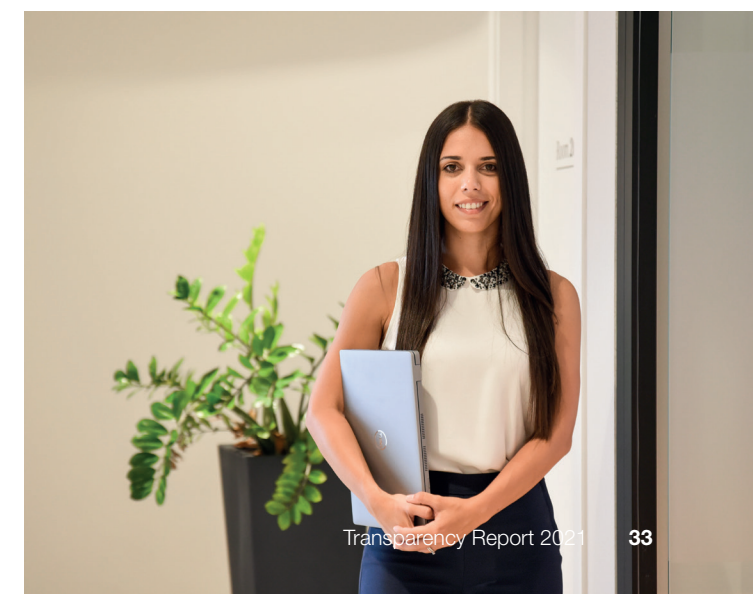
Ethics

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

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

- v. Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession.

Our network standards applicable to all network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC network and leadership in PwC 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 partners and other professionals-behaviours that will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal-to do the right thing.

Upon hiring or admittance, all staff and partners of PwC 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 and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the Code. Each firm in the PwC network provides a mechanism to report issues. There is also a confidential global reporting option on pwc.com/codeofconduct. PwC Malta has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

The PwC Code of Conduct is available on-line for all internal and external stakeholders at pwc.com/ethics.

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

The Firm has an Ethics and Business Conduct Leader who is supported by staff. He is dedicated in:

- setting an appropriate tone at the top through communications and behaviours
- ensuring that all partners and staff are trained on the Code of Conduct and our local supplemental policies and are responsible for assisting the firm in meeting its professional conduct 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 partners 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 partner or staff can report inappropriate business conduct or unethical behaviour. Matters are reported to the Ethics and Business Conduct Leader; who will investigate and resolve the issue that has been raised. We are committed to deal responsibly and professionally with any genuine concerns raised about possible malpractice, partners 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.

Objectivity and Independence

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

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

PwC 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. The partner 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 partners, staff, the firm and its pension schemes;
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services ('SOPS'), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities;
- business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business. and acceptance of new audit and assurance clients, and the subsequent acceptance of non-assurance services for those clients

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

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

PwC Malta supplements the PwC Network Independence Policy as required where they are more restrictive than the Network's policy.

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

- Authorisation for Services ('AFS') which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code.



PwC Malta also has a number of specific systems controls in place which include:

- A rotation tracking system which monitors compliance with PwC Malta's audit rotation policies for the Malta engagement leaders and, other key audit partners involved in an audit; and
- A list that records all approved close 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 partners and staff with annual or on-going training in independence matters, policies and related topics. Additionally, face-to-face training is delivered by the firm's independence specialists as required.

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

Independence monitoring and disciplinary policy

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

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners and managers as a means of monitoring compliance with independence policies; and
- An annual assessment of the member 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 disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed. This would include discussion with the client's audit committee regarding the nature of a breach, an evaluation of the impact of the breach on the independence of the member firm and the engagement team and the need for actions or safeguards to maintain objectivity.

Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC 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.





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 audit client acceptance and retention (called Acceptance and Continuance ('A&C')). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

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

Member firms (including member firm leadership and risk management):

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



Managing potential conflicts of interest

The firm attaches great importance to confidentiality and to the management of potential conflicts of interest.

While very active in the corporate finance arena, the firm does not act as the originator of potential transactions, as this would entail having to choose between clients as to where to direct a business opportunity.

Conflicts of interest may arise on non- audit services, in particular when clients request assistance on purchase or sale transactions that may involve other clients in a counterparty or competitor capacity.

When approached by more than one company to assist on a particular transaction, we ensure that we are able to assist on the transaction concerned within the constraints of audit independence rules.

In certain cases, we may be approached by more than one bidder. In such instances, all the clients concerned are advised that we would not be acting on an exclusive arrangement. The work concerned would in these cases be handled by teams working in a strictly segregated fashion.

Withdrawal from an engagement

Policies and procedures, in accordance with legal and professional obligations, are in place for circumstances in which we determine that we should, or are required to withdraw from an engagement. These policies include the need for appropriate consultations both within the firm and with those charged with governance at the entity.





04 Our People

People strategy

Our people strategy is 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 hire candidates who have diverse backgrounds and appropriate skills; have a questioning mindset and intellectual curiosity; and demonstrate courage and integrity. 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.

We aim to 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.

The current pandemic has necessitated us to rethink our strategy, bringing well-being and remote working to the forefront of our people priorities.



Diversity and inclusion

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

As at 30 June 2021, our staff population included 26 different nationalities with 57% of our people being female and the average age of our people being 31. We are delighted to report that we are making excellent progress in our continued efforts to drive enhanced awareness and translate it into concrete and comprehensive actions.



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 behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks. Across the firm in FY21, we recruited over 175 new joiners, including 35 experienced hires, around 50 graduates and more than 75 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 partners and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, user-friendly mobile-enabled 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 individual's coach 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 member firm participates in an annual Global People Survey, administered across the network to all of our partners and staff. PwC Malta is responsible for analysing and communicating results locally, along with clearly defined actions to address feedback.



Audit Quality Measures

Around 60,000

training hours during the year

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 personalized 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 individualized path to promotion and support them in prioritizing and managing their time more effectively when preparing professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.

Continuing education

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

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

The design of the curriculum allows us to select, based on local needs, when we will deliver the training. Our L&E leader then considers what additional training is appropriate – formal and/or informal – to address specific local needs.

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

Audit Quality Measures

- Average staff retention rate
- Partner and manager hours in relation to total engagement hours
- Measure of project management/ phasing of the audit, for example, actual utilisation in relation to planned and actual to budgeted hours at period end

Mandatory training attendance

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

100%

Andrew Tabone, 2020 PwC Award Winner



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.



Equipping people with the skills they need to progress while serving our clients remains another key priority.

Our practices to maintain capabilities and technical competence also include monitoring the completion of mandatory training and implementation of remedial actions when needed, equipping our tutors with effective instructor skills and continuous assessment of the effectiveness of our programmes through a number of evaluation techniques.

Partners and staff attended around 60,000 hours of training between July 2020 and June 2021.

This training ensures that our people are alert to regulatory changes, reinforces their awareness of key compliance matters, and supports the wide range of industry expertise and specialist skills available across the firm.

Training programmes and courses are progressive in their design, with each year's sessions building on the earlier training given to an individual.

Training is normally conducted in our state-of-the-art training centre in Qormi. The Hub, is a separate building adjacent to our offices, which besides other purposes consolidates all the firm's training courses and programmes. The 2,000 square metre building has a capacity of twelve separate spaces that enable a variety of training sessions to be held concurrently. Attendance at overseas courses and gatherings would also usually be a regular occurrence, particularly on specialist topics.

As a result of the pandemic, in the majority of instances, we have had to reimagine our learning and development content and delivery. We adjusted our mode of delivery of training to live online sessions and we also leveraged our global online learning platform, Vantage.

On an ongoing basis, we continue to review the performance of our people and to ensure they continue developing and being given opportunities to grow, allowing them to transform their skills into new and different areas.

Besides the formal technical curriculum, our people follow business skills sessions, which includes grade specific programmes as well as subject specific sessions. During this year particular emphasis was given to well being sessions, innovation and transformation sessions to prepare our people to prepare themselves for the new realities while being effective in the new virtual world of work.

In today's dynamic world, the speed of technological change requires that our people agenda focuses, amongst other things, on creating initiatives to help our own people learn new skills for a digital age. We have this year continued our investment in upskilling our people enabling us to give them opportunities to gain the knowledge and ability they need to use advanced and ever-changing technologies in the workplace and in their daily lives.

Our firm has been part, and plans to continue nominating individuals from our lines of service to be part, of PwC's Digital Accelerator programme. This programme puts groups of PwC people through an immersive training programme that teaches them skills in technology such as automation, machine learning, design thinking, and digital storytelling. They become local champions who lead by example and coach their colleagues to bring a digital approach to every client engagement and to our internal ways of working.



05 Our Audit Approach

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

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



Tools and technologies to support our audit

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 member firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

Our technology

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

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

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

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

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.



People

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

Technology

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



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 have continued to build on our extensive GDPR readiness programme, and are committed to embedding good data management practices across our business.

Information Security

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

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

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



Supporting Engagement Performance



Direction, coaching and supervision

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



Consultation culture

Consultation is key to maintaining high audit quality. 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 partners and members of staff.

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



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, another assurance partner. These include the use of technical panels consisting of partners independent of the engagement.



Engagement documentation

At the end of an engagement, teams are required to archive the electronic file in accordance with policies laid down by professional standards. In the case of the electronic audit file, automated processes exist to make sure that the file is archived on time and the act of archiving prevents any further amendments being made to the file. Unless required for legal, regulatory or internal review purposes files are only accessible by members of the engagement team until they are destroyed. We have a retention and destruction policy around engagement files.



06

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 procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards. This includes the use of Real Time Assurance which is discussed in more detail on page 29 within The Quality Management Process section.

Our monitoring also encompasses a review of completed engagements (Engagement Compliance Reviews - ECR) as well as periodic monitoring of our SoQM by an objective team within our firm. The results of these procedures, together with our ongoing monitoring, form the basis for the continuous improvement of our SoQM.

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

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

Reviews are led by experienced Assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. ECR reviewers may be sourced from other member 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 support review teams with support on consistent application of guidance on classification of engagement findings and engagement assessments across the network.

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

The results of all inspections are reported to our firm's leadership who are responsible for analysing the findings and implementing remedial actions as necessary. In situations where adverse quality matters on engagements are identified,

based on the nature and circumstances of the issues, the responsible partner or our firm's Assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm's Recognition and Accountability Framework.

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

Audit Quality Measures

- Total number of ECRs.
- Number of ECRs rated as compliant, compliant with improvements required, non-compliant.
- Total number or real time assurance reviews.



Statement on the effectiveness of the firm's system of quality management

Regular reports, based on documented monitoring procedures for the system of quality management, are submitted to the partner group by the assurance leadership, business process and risk management, to ensure the proper operation of the procedures described.

The various reviews of our system of quality management carried out during 2021 has not identified any failings or weaknesses that have been determined to be significant.

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 carried out in 2019.



07 Legal and Governance Structure

Legal structure and ownership of the PwC Malta

PricewaterhouseCoopers (PwC) is a civil partnership governed by Maltese law. The firm is owned by a group of 20 members, commonly referred to as partners, all of whom are professionals active within the practice.

The firm is registered as an audit firm with the Accountancy Board 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 as senior partner subjects himself at the end of a 4 year term to the full partnership board's approval for re-appointment.

The number of partners of the firm who are Certified Public Accountants holding a practicing certificate in auditing, 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 2021 are:

Subsidiary undertaking	Principal activity
PwC Malta Technology Services Limited	Provision of IT services
PwC Advisory Services Malta Limited	Provision of advisory services
PwC Consulting Services Malta Limited	Provision of consulting services
PwC Tax Services Malta Limited	Provision of tax services
Abacus Holdings Limited	Licensed to provide trustee services
Medina Management Services Limited	Licensed to act as a corporate service provider
Abacus (Nominee) Limited	Licensed to provide trustee services
PwC Academy Limited	Provision of educational and training services



Governance structure of PwC Malta

The governing body of the firm is the partner group, which meets at regular intervals to discuss strategy and to monitor the firm's progress.

The Partner Council meets to discuss proposals for partner remuneration, for bonuses payable to the 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 meeting.

The firm is organised into three service lines, namely assurance, advisory and tax (including company administration).

Service line issues are delegated to subsidiary boards comprised of all the partners 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 partners are actively involved in the management of the firm, while certain partners carry specific executive roles, reporting to the partner group as a whole.

Partner remuneration

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

The partner remuneration system includes three core elements for which partners are rewarded: first, the role they are asked to play in the partnership; second, how well they 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 an individual partner's rewards hinges on an evaluation against individual and team objectives.

The Partner Council meets to discuss proposals for partner remuneration, for bonuses payable to the managers, and proposals for changes to the level of partner capital contributions. The total level of partner remuneration, level of capital contributions is reported at the partners meeting.

	Partner Council	Assurance Board ¹	Tax Board	Advisory Board	Quality & Risk Management 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		✓			
Michelle Agius Assurance Director		✓			
Joanne Saliba Assurance Director		✓			

Human Capital Board	Clients & Markets Board	Finance Board
✓	✓	✓
✓		✓
		✓
✓	✓	
	✓	



¹ Authorised to sign audit reports on behalf of the firm

	Partner Council	Assurance Board ¹	Tax Board	Advisory Board	Quality & Risk Management Board
Neville Gatt Head of Tax	✓		✓		
Bernard Attard Tax Partner			✓		
David Ferry Tax Partner			✓		
Steve Gingell Tax Partner			✓		
Mark Lautier Tax Partner			✓		
Mirko Rapa Tax Partner			✓		✓
Joseph Camilleri Head of Advisory ¹	✓			✓	
Bonavent Gauci Advisory Partner				✓	
Michel Ganado Advisory Partner				✓	
Ryan Sciberras Advisory Partner				✓	
Angelique Spina Advisory Director				✓	
Lisa Pulicino Human Capital Partner					
Nicolette Mirabelli Risk Management Director					✓

Human Capital Board	Clients & Markets Board	Finance Board
✓		✓
	✓	
✓	✓	
✓		✓
	✓	
✓		
	✓	
✓		

¹ Authorised to sign audit reports on behalf of the firm





08 PwC Network

Global Network

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

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



Size of the network

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

A list of PwC Network audit firms and sole practitioner statutory auditors in the EU/EEA Member States, as at 30 June 2021, can be found in Appendix 2.

**PricewaterhouseCoopers
International Limited**

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

The PwC network is not one international partnership. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL

cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control member firm’s exercise of professional judgement.

The governance bodies of PwCIL are:

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





Appendices

Appendix 1

Financial Information

Appendix 2

EU Entities as at 30 June 2021

Appendix 3

Public Interest Entities Audited by the firm

Appendix 4

Firms' Partners, Directors and Senior Managers



Appendix 1

Financial Information

Services	12 months ended 30 June 2021 €'000
Statutory audits and directly related services for audit clients (EU PIE and subsidiaries of EU PIE)	€ 4,367
Statutory audits and directly related services for audit clients (other entities)	€ 15,789
Statutory audits and directly related services for audit clients	€ 20,156
Non-audit services to audit clients	€ 9,091
Services to audit clients	€ 29,247
Services to clients we do not audit	€ 15,826
Malta firm revenue	€ 45,073

Appendix 2

EU Entities As at 30 June 2021

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

Member State	Name of Firm
Finland	PricewaterhouseCoopers Oy
	PricewaterhouseCoopers Audit
	PricewaterhouseCoopers Entreprises
	PricewaterhouseCoopers France
	PricewaterhouseCoopers Services France
France	PwC Entrepreneneurs CAC
	PwC Entrepreneurs Commissariat aux Comptes
	PwC Entrepreneurs Audit
	PwC Entrepreneurs Audit France
	PwC Entrepreneurs CAC France
	PwC Entrepreneurs Commissariat aux Comptes France
	PwC Entrepreneurs France
	PwC Entrepreneurs Services
	M. Philippe Aerts

Member State	Name of Firm
France	M. Jean-François Bourrin
	M. Jean-Laurent Bracieux
	M. Didier Brun
	M. Anouar Lazrak
	Mme Elisabeth L’Hermite
	M. François Miane
	M. Pierre Pégaz-Fiornet
Germany	M. Antoine Priollaud
	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa

Member State	Name of Firm
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
	Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados-Sociedade de Revisores Oficiais do Contas Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.

Member State	Name of Firm
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

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 Bonds

- Bortex Group Finance plc
- Corinthia Finance plc
- Exalco Finance plc
- Ferratum Bank plc
- Gaming Innovation Group plc
- Hudson Malta plc
- MeDirect Bank (Malta) plc
- Mediterranean Maritime Hub Finance plc
- Melite Finance plc
- Merkanti Holding plc
- Pendergardens Developments plc
- SD Finance plc
- Together Gaming Solutions plc
- Tumas Investments plc
- United Finance plc
- Virtu Finance plc

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
- Main Street Complex plc
- Malita Investments plc
- Malta Properties Company plc
- MaltaPost plc
- Midi plc
- PG plc
- Plaza Centres plc
- Savarin plc
- Simonds Farsons Cisk plc
- Tigne Mall plc
- Trident Estates plc

Listed Funds

- Altruid Hybrid Fund SICAV plc
- Amalgamated Investments Sicav plc
- HSBC Malta Funds Sicav plc
- RohFund Global Fund Sicav plc

Insurance Companies

- Atlas Insurance PCC Ltd
- Bastion Insurance Company Ltd
- Bavaria Reinsurance Malta Ltd
- Cafina Assurances Ltd
- Citadel Insurance plc
- Darag Malta Insurance and Reinsurance PCC Ltd
- Duiker Insurance Company Ltd
- Elmo Insurance Ltd
- Ergon Insurance Ltd
- European Insurance Solution PCC Ltd
- First European Title Insurance Company Ltd
- GasanMamo Insurance Ltd
- HSBC Life Assurance (Malta) Ltd
- One Insurance Ltd
- Oney Insurance (PCC) Ltd
- Oney Life (PCC) Ltd
- Rhenas Insurance Ltd
- SN SecureCorp Insurance Malta Ltd
- Tulip Assist Insurance Ltd
- Werla Insurance Ltd

Credit Institutions

- BNF Bank plc
- CommBank Europe Ltd
- Credorax Bank Ltd
- FCM Bank Ltd
- IIG Bank (Malta) Ltd
- Merkanti Bank Ltd
- NBG Bank Malta Ltd
- Yapi Kredi Bank Malta Ltd

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.

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

- Brait plc
- Raketeck Group Holding plc
- Tradehold Ltd

Appendix 4

The firm’s partners, directors and senior managers

Assurance Board

Left to right, at the back:
Fabio Axisa, Lucienne Pace Ross, David Valenzia, Simon Flynn, Nadia Mifsud.

Left to right, in front:
Michelle Agius, Ian Curmi, Stefan Bonello, Joanne Saliba, Romina Soler, Stephen Mamo, Christopher Cardona.

Assurance Senior Managers

Left to right, at the back:
Marie Claire Caruana, Nicholas Schembri.

Left to right, in front:
Stephanie Borg Zahra, Charlene Baldacchino, Konrad Borg, Louise Buttigieg.





Assurance Senior Managers

Left to right, at the back:
Glenda Borg Gouder, David Gafa', Sandra Camilleri.

Left to right, in front:
Anita Farrugia, Sarah Schembri.

Assurance Senior Managers

Left to right:
Norbert Paul Vella, Gabriella Bartolo, Michael Formosa.





Advisory Board

Left to right, at the back:
Michel Ganado, Joe Camilleri, David Valenzia, Angelique Spina.

Left to right, in front:
Claudine Attard, Ryan Sciberras, Bonavent Gauci.



Advisory Senior Managers

Left to right:
Ivan Grech, Etienne Bonnici, Mark Tabone, Vyas Isnoo,
Andrew Schembri, Eric Mackay.



Tax Board

Left to right, at the back:
Mirko Rapa, David Ferry, David Valenzia, Steve Gingell.

Left to right, in front:
Mark Lautier, Neville Gatt, Francesca Fenech, Bernard Attard.



Tax Senior Managers

Left to right, at the back:
Audrey Azzopardi, Eleanor Muscat, Nicolai Borg Sant,
Abigail D'Amato.

Left to right, in front:
Maria Demanuele, Kathleen Busuttil, Melanie Rizzo Naudi,
Svetlik Grima.

Tax Senior Managers

Left to right, at the back:
Mark Abela, Annamaria Mifsud, Anna Marie Herrera,
Mirko Gulic.

Left to right, in front:
Edward Attard, Ruth Vella, Michael Borg,
Chris Mifsud Bonnici, Victoria Muscat.



Tax Senior Managers

Left to right, at the back:
Marisa Patricia Aquilina, Stefan Diacono,
Karen Agius.

Left to right, in front:
Joslyn Cutajar Schembri, Gillian Wirth.



IFS Senior Managers

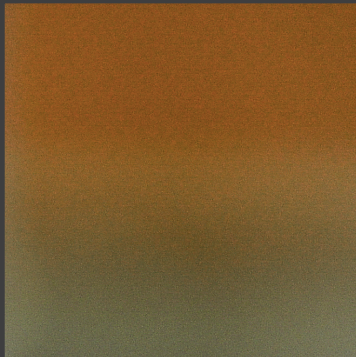
Left to right, at the back:
Elizabeth Camilleri, Christian Calleja.

Left to right, in front:
Robert Debono, Pamela Mamo, Michelle Vassallo Pulis.

IFS Board

Left to right:
Lisa Pullicino, David Valenzia, Nicolette Mirabelli.

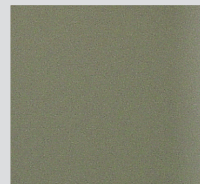




We have prepared this Transparency Report, in respect of the financial year ended 30 June 2021, in accordance with the requirements of Article 13 of the EU regulation No. 537/2014.

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

© 2021 PricewaterhouseCoopers. All rights reserved. ‘PwC’ refers to the Malta member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.



#ThisisPwC

www.pwc.com/mt

Follow us on:



To view the web version of this report visit:
www.pwc.com/mt/annualreviewmalta