

PwC Malaysia

Transparency Report

2022



pwc



Transparency Report for the financial year ended 30 June 2022



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Message from leadership

A message from our Managing Partner

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 152 countries with more than 327,000 people who are committed to delivering quality in assurance, advisory and tax services. We are committed to driving a strong culture of quality and excellence that is core to our purpose.

Indeed, evolving market conditions over the past year, due to the effects of major events like the Russia-Ukraine war, have challenged us to respond strategically to changing client expectations. We are cognisant of the issues our clients are facing as they adapt to supply chain disruptions, and endeavour to meet stakeholder expectations on environmental, social and governance ("ESG") matters, among other priorities.

A foundation built on trust

Our second Transparency Report affirms how we continue to build trust amidst rising expectations of transparency, accountability and stakeholder engagement in the market.

In support of the Audit Oversight Board ("AOB")'s commitment to promote high audit quality in Malaysia, our Transparency Report highlights our continued focus and efforts to maintain audit quality.

Undoubtedly the pandemic has been a good litmus test of how we as a firm can evolve in responding to unprecedented changes in the audit profession, through our pursuit of audit quality. It has elevated the importance of having a sound and sustainable Assurance Strategy. This is addressed by our commitment to upholding the standards expected of all PwC member firms, in complying with PwC's rigorous system of quality management ("SoQM").

Our Transparency Report describes how we have adapted to the changing risk landscape to deliver these standards. The past year has indeed been an enriching journey for us as we evolved in our audit methodology, invested in new audit tools and technology, and equipped our people with the right skills and behaviours to perform at their best.

The statistics shared in the report, in terms of training hours, hours spent on monitoring activities, partner portfolio and headcount in quality control demonstrate that audit quality is at the heart of everything we do.

While we are accustomed to looking at numbers as a measure of success, we are cognisant that only when these indicators are paired with the right culture that nurtures trust, enabled by our leaders, will we achieve the goals and standards set.

The New Equation

Undeniably, managing the challenges that come with change has not been easy, however, The New Equation, PwC's new global strategy, grounds us and strengthens our conviction that we are on the right track in meeting the needs of our clients and stakeholders.

The New Equation focuses on the need to build trust and deliver sustained outcomes, which speaks to the core of the priorities and issues of the companies we audit. Since we launched The New Equation locally one year ago (in June 2021), we have stepped up our efforts to champion trust from what we stand as a firm, our aspirations and investments to where we grow our expertise in.

In December 2021, we held our fourth Building Trust Awards, recognising Malaysian public-listed companies that are demonstrating significant efforts to build stakeholder trust. Besides it being our first virtual Awards Ceremony, we also featured ESG reporting as a new dimension to the assessment of the finalists, in response to heightened stakeholder expectations on ESG in these extraordinary times.

We have also deepened our involvement in upskilling and education, notably through the variety of professional development programmes offered to businesses under PwC's Academy, including areas like accounting compliance, finance, corporate governance and risk.

We are encouraged by the outcomes of these efforts. Certainly, our journey must continue in harnessing the best of our people, capabilities and technology to enhance trust in Corporate Malaysia, and in delivering high quality audits to our clients.



Soo Hoo Khoon Yean
Managing Partner



Message from leadership

A message from our Assurance Leader

The past 12 months have been no less challenging than the year before, with heightened regulatory expectations on audit quality against the backdrop of an increasingly challenging business environment as Malaysia transitioned to the endemic phase of COVID-19.

Building a greater support for our people

The Great Resignation - a global phenomenon has taken the world by storm, and we were not spared. In response to this, various measures were taken with the aim of providing a better working experience for our people, who are pivotal to our success in delivering a quality audit. Our people's safety and wellbeing will always be a top priority.

At PwC, we believe that wellbeing encompasses not only the body (physical state), but includes the mind (mental and emotional health) and the heart (values and motivation).

We carried out various initiatives throughout the year to engage our people, including #PwCWellbeing-themed webinars, a Wellbeing Challenge tailored for Assurance teams, and a panel discussion on mental health at our recent Assurance Town Hall. With our Managing Partner as a role model, we also reinforced our personal commitment to wellbeing through a Wellbeing Pact. In addition, our firm extended assistance to employees affected by the floods in December 2021 through a fundraising campaign and expanded benefits for calamity relief.

The prolonged lockdown due to COVID-19 has no doubt affected the opportunities to interact and build meaningful human connection. In May 2022, we switched to hybrid mode of primarily working from the office in order to create a better sense of belonging, and embrace greater people engagement within our teams as well as with clients. Our people were greeted with welcome-back-to-office parties and various connect sessions.

Human-led, tech-powered audit for sustainable quality

With the aim of enhancing audit quality and providing a better working experience for our people in mind, we continue to focus our transformation initiatives to shape cultural and behavioural changes. This includes upfront active coaching through preparer-led discussions, and instilling the discipline of timely documentation of work on a daily basis.

We continuously develop and enhance our working practices by nurturing a digital mindset and adopting digital ways of working. This helps us to achieve greater efficiency and higher effectiveness in our audits. Our Digital Academicians gain foundational data analytics and build simple workflows through the Virtual Digital Academies, whilst our Digital Accelerators apply these skills and deep dive into reimagining the way we work.

In addition, we constantly upskill our people through various training avenues and on-demand e-learning. This year we introduced '*Learning on Demand*' which is a learner's pathway containing a range of short bite-sized learning covering various audit topics for teams to learn 'on the go'. To ensure that our people are prepared and equipped with the necessary knowledge for the implementation of ISA 315 (Revised), training sessions were conducted and various reference materials were provided to assist teams with the enhanced audit methodology. We have also included elements of ESG in our training curriculum due to the increasing focus on ESG matters.

Looking ahead

In this second edition of our Transparency Report, you will find key statistics and results of our quality monitoring programmes and reviews, which demonstrate that audit quality is at the heart of everything we do. You will also learn more about our audit quality policies, processes, system of quality management and how we foster a culture of quality at every level of the firm as you browse through our Report.

As Malaysia transitions back to normalcy, the re-opening of borders and virtual working arrangement opportunities have intensified the war for talents not just locally, but also regionally and globally. To stay competitive, we recently made a judicious move to perform a structural adjustment on payscale to attract and retain quality talent.

Despite some of these challenges, I believe that with our continuous investments in technology, process enhancements and people development, as well as the support of our clients and the commitment of our people, we will continue to deliver quality audits and insightful experience to our clients.



Ong Ching Chuan
Assurance Leader



Year in review



Year in review



Our peoples' perspective

72%

of our staff and partners participated in our Global People Survey

92%

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

78%

of the Assurance respondents believe that the people they work with actively seek out new ways to use technology to improve how we deliver to our clients

Our system of quality management

Number of hours spent on monitoring

2,730 hours

8 Real time reviews

Number of PIE audit engagements included in the real time assurance programme

With over **600** hours spent by a fully dedicated team

Our drive to quality

Audit quality reviews - external inspection (PIEs only)

Results of external inspections of Public Interest Entity ("PIE") audit engagements conducted by the Audit Oversight Board ("AOB") during their annual inspection visits.

	FY22	FY21	FY20
	2 findings	2 findings	No finding
3 audit engagements	2 audit engagements	3 audit engagements	

Audit quality reviews - internal inspection (PIEs only)



Results of internal Engagement Compliance Reviews ("ECRs") conducted by independent teams of experienced professionals from other PwC member firms.

Our training investment in people

Assurance training FY22

Average hours achieved by partners and staff who were employed throughout the year

43 + **50** = **93**
online classroom total

Total hours completed **73,556**

Auditing and accounting training hours

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

38
hours

Partners

60
hours

Managerial staff

85
hours

Non-managerial staff

Assurance Training FY21

Average hours achieved by partners and staff who were employed throughout the year

45 + **41** = **86**
online classroom total

Total hours completed **93,050**

(More details on Page 37.)

Year in review



Digital upskilling (More details on Page 39.)



3,593

Assurance visits to the digital lab**



855 persons

consumed at least 1 digital asset



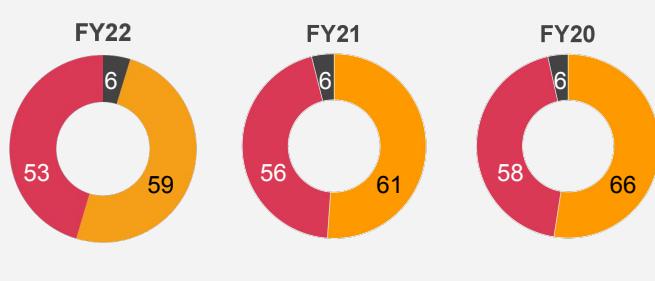
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digital solutions created and applied at work

** Digital lab refers to PwC's online technology sharing platform

Audit Partner workload

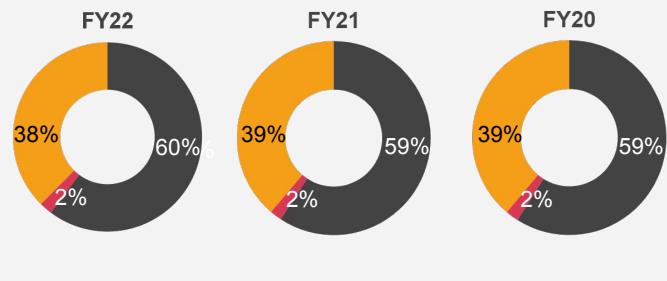
Ratio of average number of engagements per Partner*



■ PIEs ■ Entities related to PIEs ■ Non-PIEs

* Partner auditing PIEs engagements

Average portfolio audit fees per Partner*



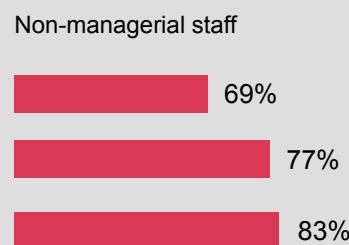
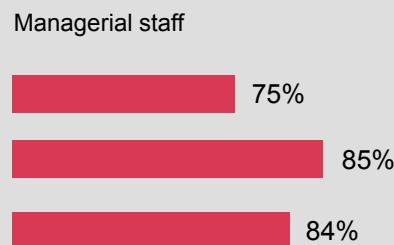
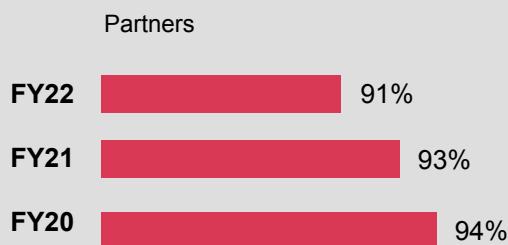
■ PIEs ■ Schedule funds ■ Non-PIEs

Audit staff headcount

	Partners to Managers	Managers to Staff	Partners to Staff
FY22	1 / 6	1 / 6	1 / 41
FY21	1 / 6	1 / 6	1 / 41
FY20	1 / 7	1 / 6	1 / 46



Average retention rate by staff level



Technical support

1 to 10

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

Diversity and inclusivity

46F:54M (Partners and Directors)

65F:35M (Senior Managers and below)



Experience of our partners

Partners' average years of experience in the profession

26 years

“

Our journey must continue in harnessing the best of our people, capabilities and technology to enhance trust in Corporate Malaysia, and in delivering high quality audits to our clients.

”

Soo Hoo Khoon Yean
Managing Partner
PwC Malaysia





Our approach to quality



Our approach to quality



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 more than 327,000 people that emphasises that quality is the responsibility of everyone, including our 2,853 people in Malaysia. 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 rigorous 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 SoQM and investing in programmes to enhance the quality of the services that we provide.





Our approach to quality

The PwC Network's Global Assurance Quality ("GAQ") organisation aims to support member firms in promoting, enabling, and continuously improving Assurance quality through effective policies, tools, guidance and systems used to further promote and monitor quality and to build an appropriate level of consistency in what we do.

Each firm is responsible for utilising the resources provided by the network as part of our efforts to deliver quality to meet the expectations of our stakeholders.

The 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.

At PwC, we are invested in continuously improving our audit quality through the design and operation of an effective system of quality management. This includes a focus on the following key areas:

- Continuing to strengthen our quality culture to support our partners and teams in displaying behaviours consistent with driving audit quality
- Integration of the use of Assurance Quality Indicators ("AQIs"), Real Time Assurance ("RTA"), Root Cause analysis ("RCA") and a Recognition and Accountability Framework ("RAF") (More details on Page 12 to 14)
- Increasing our focus on ongoing and real-time quality monitoring including the use of RTA and AQIs

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

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 achieve each quality objective.

Values and judgements

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 judgement 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 judgement – all supported by technology.

Our approach to quality



The QMSE framework

To deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders, the PwC network has established the Quality Management for Service Excellence ("QMSE") framework for quality management which integrates quality management into business processes and the firm-wide risk management process.

Beyond delivering service of the highest quality which is core to our purpose, the QMSE framework is aligned with our Assurance strategy, which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

This framework introduces an overall quality objective for the Assurance practice that is supported by a series of underlying quality management objectives. 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 ("AQIs") to aim to **predict** quality issues;
- Real Time Assurance ("RTA") to aim to **prevent** quality issues;
- Root Cause Analysis ("RCA") to **learn** from quality issues; and
- Recognition and Accountability Framework ("RAF") to **reinforce** quality behaviours, culture and actions.

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

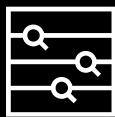


Our approach to quality



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 for appraisals, remuneration, and career progression decisions.



Aim to Predict: Assurance Quality Indicators (“AQIs”)

We have identified a set of 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 together with other performance measures ensure monitoring and continuous improvement of our SoQM.

Information on AQIs specific to individual partners and their engagement teams are communicated quarterly to enable them to proactively take the necessary corrective actions.



Learn: Root cause analysis (“RCA”)

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 objective is to understand what our findings tell us about our SoQM and to identify how we 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 with and without deficiencies - whether identified through our own internal inspections process or through external inspections including regulatory inspections and other inputs such as our Global People Survey - to help identify possible distinctions and learning opportunities.

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

In addition, the data compiled for audits both with and without deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit by the key engagement team members, composition of the engagement teams and the timing of the audit work performed.

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

Our approach to quality



Aim to Prevent: Real Time Assurance (“RTA”)

We have developed an RTA programme designed to provide preventative monitoring that helps coach and support engagement teams get the ‘right work’ completed in real-time, during the audit.

All partners have an audit engagement selected for review at least once every three years. Audit engagements with different year ends and complexity are selected. The RTA programme is carried out by experienced reviewers to provide coaching to engagement teams and identify shareable best practices.

The RTA programme is refined yearly for process improvement based on feedback received. It incorporates key areas of focus for the year and quality observations that may require specific attention.



Reinforce: Recognition and Accountability Framework (“RAF”)

Our 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 together and promote a high quality culture. It holds partners and directors accountable for quality behaviours and quality outcomes beyond compliance. The impact of audit quality matters on the remuneration of audit partners and directors is assessed independently by our Risk, Independence, Solutions and Quality (“RISQ”) team to ensure separation from other elements of performance evaluation. Each partner’s and director’s remuneration reflects how well they have performed against an individually-tailored balanced scorecard of objectives, based on their roles and responsibilities.

Our RAF addresses the following:

- 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 commensurate with outcome and behaviour and are sufficient to incentivise the right behaviours to achieve the quality objectives



Ongoing commitment to audit quality



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 Malaysia. 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, non-audit assurance and related services 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 14 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 programme is based on a consistent network-wide inspections programme 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, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures.

Each signer is reviewed at least once every five years, unless a more frequent review is required based on the profile of that signer's client engagements or due to local regulatory requirements.

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

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

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

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 programme about relevant inspection findings in other PwC member firms, which enables our partners to consider these findings in planning and performing their audit work.



Ongoing commitment to audit quality



Specific focus on audit quality

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

Internal review results

The compliance results of the recent PwC network reviews on engagement level are presented below:

Financial year	Public Interest Entities (“PIE”)	Non-PIE
FY22	83%	100%
FY21	100%	100%
FY20	100%	75%

In FY22, there was one non-listed PIE audit engagement rated as non-compliant with PwC network standards.

The findings did not require a reissuance of the audit report or a restatement. These findings form a key part of our annual Quality Improvement Plan where we learn from the reviews and take corrective actions to further improve our audit quality to avoid similar findings in future audits.

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



External review results

The inspection results on engagement level for PIE by the Audit Oversight Board (“AOB”) for PwC Malaysia are as follows:

- FY22: 2 findings
- FY21: 2 findings
- FY20: No finding

The findings did not require a reissuance of the audit report or a restatement. These findings form a key part of our annual Quality Improvement Plan where we learn from the inspection and take corrective actions to further improve our audit quality to avoid similar findings in future audits.

In addition, in FY22 for firm monitoring review, there was no finding raised by the AOB.



Ongoing commitment to audit quality



Specific focus on audit quality (cont'd)

The results of the 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 programme about relevant inspection findings in other PwC member firms, which enables our partners to consider these findings in planning and performing their audit work.

These reviews highlight issues to be considered for further emphasis in the firm's audit training, additional guidance and targeted messaging. Those efforts are further supported with the work being undertaken by the Culture Team to build a culture that embeds a stronger quality focus that include key initiatives undertaken:

- Documentation Hour - dedicating time every day in a "documentation hour" to document the work that had been performed earlier in the day
- Preparer-led discussions -preparers of work demonstrate their understanding of work performed by actively leading the discussions with reviewers instead of waiting for review comments without discussions
- Done Done - setting aside and spending sufficient time planning the audit, supervising the execution of the audit plan with the objective of timely documentation that records the work done including the professional scepticism and judgment exercised and key decisions supporting the final audit opinion

Ongoing commitment to audit quality



We are evolving our approach to audit delivery to maximise the experience for our people and ensure high quality work for our clients in an efficient and sustainable way. Together, these measures support our focus on continuing to enhance audit quality.



Evolving delivery model

Our enhanced delivery model strategy focuses on helping us to be more competitive and deliver distinctive service to our clients through increased standardisation and automation through the use of trainee associates (Nexus) and our Centres of Excellence. More details on Page 44.



Direction, coaching and supervision

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



Consultation culture

Consultation is key to maintaining high audit quality. While we have formal protocols about mandatory consultation, in the pursuit of quality, we regularly consult more than the minimum requirement. For example, our engagement teams routinely speak with experts in areas such as taxation, risk, valuation, and other specialities as well as individuals within our internal technical support functions.



Technical Support functions

Our technical support functions comprise technical accounting, auditing, and financial reporting specialists as well as risk and quality. These specialists play a vital role in keeping our policies and guidance in these areas current by tracking new developments in accounting and auditing and providing those updates to professional staff.



Quality Review Partners (“QRP”)

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



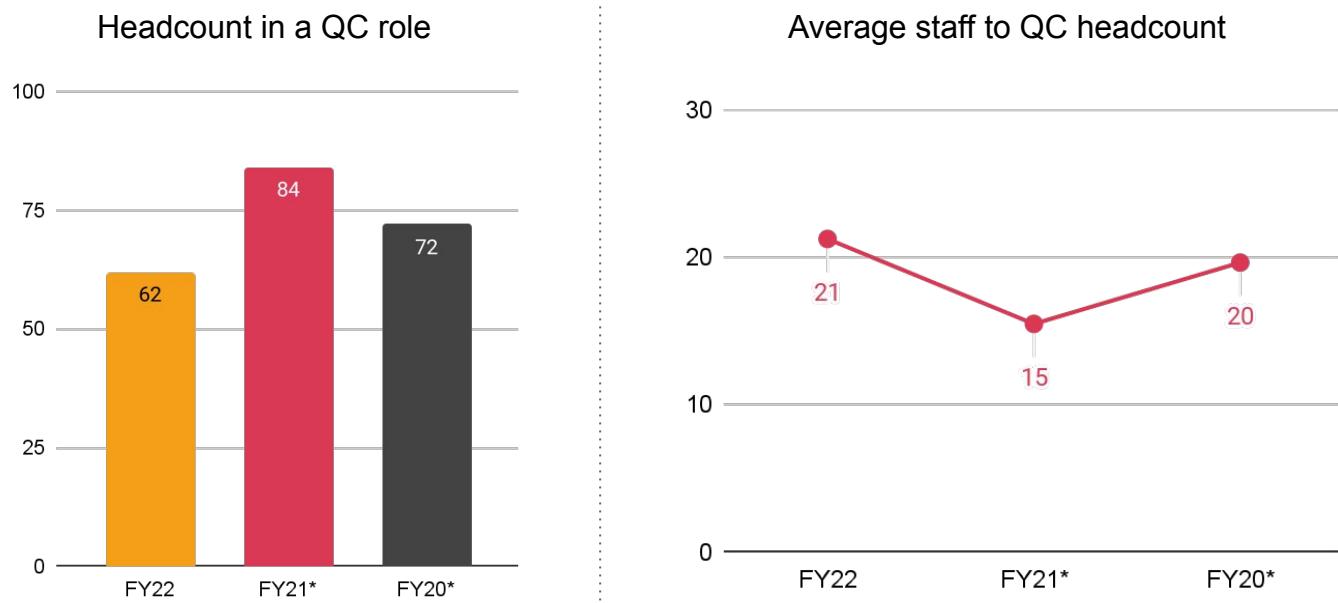
Differences of opinion

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

Investment in audit quality



Staff in a Quality Control (“QC”) role



*FY20 and FY21 included administrative headcount from PwC's Academy

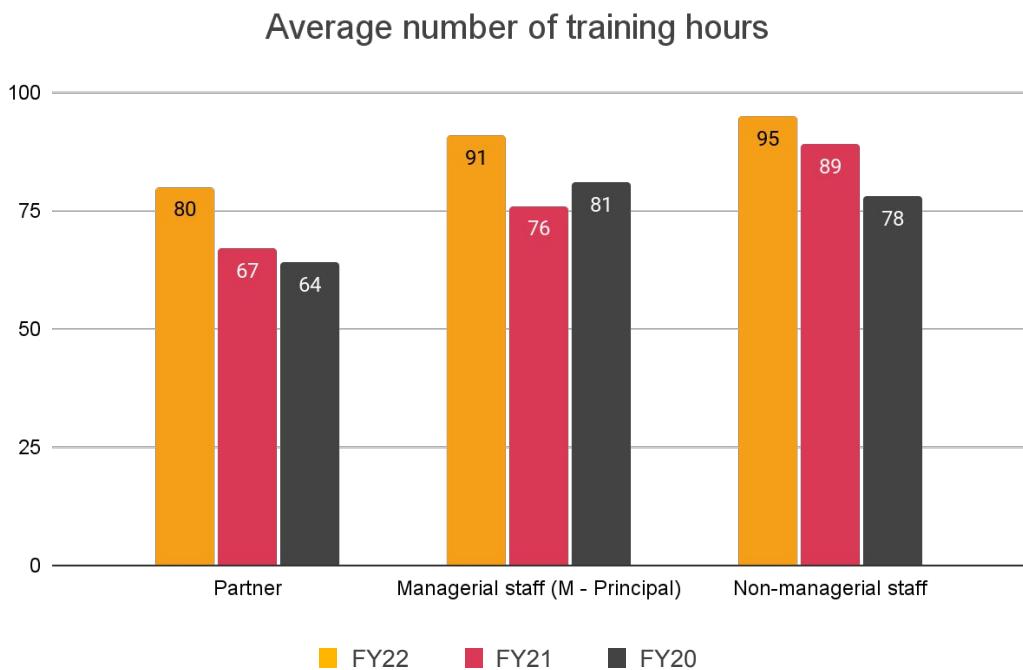
The quality of our work is at the heart of the PwC network and we invest significant and increasing resources in the continuous enhancement of quality across our network. This includes having a strong quality infrastructure supported by the right people, underlying tools and technology at both the network level and within our firm, and a continuous programme of innovation and investment in our technology. We continue to utilise Assurance practice partners, directors and managers to develop and deliver training courses, but their headcount is not included in the above statistics. In FY22, there are 51 full time QC staff, with 17 staff supporting audit teams only and 34 staff supporting audit teams and other lines of service. The remaining 11 staff have other roles outside their QC role. The various QC functions are as follows:

QC component team	Support provided to audit teams
Risk, Independence, Solutions and Quality (“RISQ”)	Risk Management, Independence Office, Office of General Counsel, Regulatory & Compliance and Quality Management
PwC's Academy	Training and professional development
Capital Markets and Accounting Advisory Services (“CMAAS”)	Technical accounting matters
Methodology	Technical auditing matters
Business Transformation	Audit transformation initiatives and use of tools and technology
ISA Reporting	Matters relating to reports issued by audit teams including Key Audit Matters

Investment in audit quality



Average number of training hours



We continue to upskill our people through virtual training and on-demand eLearning. We also leverage on the expertise and knowledge of our partners and managerial staff, who are actively involved in delivering various training programmes. Across the various staff levels, as we continue to focus on enhancing our technical knowledge which provides a key foundation to the work we do, we also prioritise upskilling our people on our tools and technology to deliver exceptional quality to our clients and to gather deeper insights into our audits. Concurrently, we also emphasise the importance of building well-rounded individuals via soft skills or professional skills training. Lastly, we believe that investing time in building our knowledge about ESG will empower us to make changes in the way we live and work.



Navigating the impact of external factors



The past several years have seen unprecedented challenges. From the global COVID-19 pandemic to the Russian government's invasion of Ukraine (hereafter referred to as 'the war in Ukraine'), these events are first and foremost human tragedies.

Our SoQM reflects our response to these events and changing risks based on impacts to our client, our people and the way we operate, including new or revised policies and procedures in our firm that have been implemented or are under consideration at any given point in time.

Under the QMSE framework, our SoQM is designed and operated to consider changes in facts and circumstances resulting in:

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

The QMSE framework has helped us navigate the changes in our firm's environment, by assessing the completeness and effectiveness of our responses including any additional monitoring to be put in place, and identifying any gaps to address new or emerging quality risks.

Ongoing impact of the COVID-19 pandemic in Malaysia

As the country was in transition into the endemic phase in FY22, there were still some engagements in certain industries that remained more significantly impacted by COVID-19, particularly those in the entertainment and hospitality as well as the airlines industry. Nucleus reviews continue to be performed to alongside the core engagement teams as they perform their audits, covering risk management, accounting, auditing and ISA reporting considerations. Engagements are selected based on the client tiering initiative that identifies potential impacted engagements.

Enhanced guidance was shared on COVID-19 considerations focusing on exercising professional scepticism and risk assessments given the continued period of heightened uncertainty.

Engagement teams also continued to consistently use existing documentation template provided by Global Assurance Quality- Methodology in assessing whether they have considered all likely areas of impact to their engagement and have executed and documented engagement-specific responses to the impacts.

The use of technology to facilitate the auditor's work continues to be accelerated by the COVID-19 pandemic. The Assurance practice has adapted successfully to using collaborative tools such as Connect and Google suite, enabling the team to support each other effectively and work collaboratively enabled by hybrid working arrangements while the country transitioned to COVID-19 endemicity.

Instilling better ways of working was achieved through having culture change agents of various management levels to drive initiatives such as Team Habits Canvas (a tool to facilitate discussion and identification of habits to be driven within the respective engagement teams) and the Assurance Ways of Working (#AsrWoW) Challenge.

Our network's response to the war in Ukraine including separation of PwC Russia and Belarus and our approach to sanctions

Following the Russian government's invasion of Ukraine, the PwC network's main focus continues to be doing all we can to help our colleagues and support the humanitarian efforts to aid the people of Ukraine.

The PwC network's response to the war in Ukraine resulted in several actions including the decision that, under the circumstances, PwC should not have member firms in Russia and Belarus and consequently PwC Russia and PwC Belarus have exited the network.

In addition, the PwC network (excluding Russia and Belarus) is exiting work for Russian entities or individuals subject to sanctions. Any sanction on Russian entities or individuals that is passed anywhere in the world will be applied everywhere in the PwC network. The PwC network will also not undertake any work for the Russian Federal Government or State-owned Enterprises and is also conducting reviews to identify engagements with non-sanctioned Russian clients and considering the appropriateness of any ongoing relationship.

Our network's response to the conflict including the separation of PwC Russia and PwC Belarus and approach to sanctions, as well as consideration of the broader risks that impact our clients are being factored into our firm's SoQM through the identification of potential quality risks that have or may arise. Our firm is monitoring the actions we have and will take to address the identified risks to assess whether further changes are needed to our firm's SoQM or how we perform our engagements and interact with our clients.

Although there was minimal impact of the conflict on PwC Malaysia, the firm performs regular screening and has incorporated the latest sanctions into our risk management procedures. Engagement teams where clients are impacted by the conflict are also encouraged to consult with technical specialists within the firm.

Cultures and values



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.

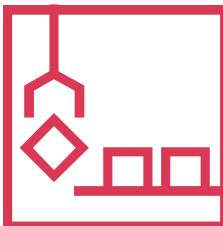
Our purpose reflects 'why' we do what we do, and our strategy provides us with the 'what' we do. 'How' we deliver our purpose and strategy is driven by our culture, values and behaviours. This forms the foundation of our system of quality management and permeates how we operate, including guiding our 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



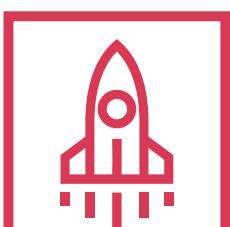
Care



Work together



Reimagine
the possible



Key messages are communicated to our firm by our Managing 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 the success of our firm. Based on this tracking, we are confident our people understand our audit quality objectives.



Cultures and values



Our culture in Assurance

During the pandemic when most teams were still working remotely, a dedicated Culture Team comprising of Managers to Directors was set up to promote better ways of working to drive quality and wellbeing.

Specifically, the Culture Team drove the Assurance Ways of Working (#AsrWoW) initiatives which focus on four key areas (Preparer-led Discussion, Documentation Hour, Done Done Planning, and Wellbeing initiatives) to enable a culture of quality and wellbeing.

Some of the initiatives undertaken in FY22 were:

- Nominate #AsrWoW influencers in respective business units
- #AsrWoW Challenge to drive participation and share success story
- Introduce #lunchbreakawayfromwork initiatives
- Continuous communication via the Culture newsletter



We want to move towards a better audit culture through Assurance Ways of Working.



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 Code of Ethics for Professional Accountants ("IESBA Code"), which are:

1. **Integrity** – to be straightforward and honest in all professional and business relationships.
2. **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
3. **Professional Competence and Due Care** – to maintain professional knowledge and skills at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
4. **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.
5. **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 submit 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 Malaysia 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 Malaysia 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 Malaysia are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the IESBA 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 IESBA 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 Malaysia 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 online for all internal and external stakeholders [@pwc.com/ethics](http://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 Network standards and policies are informed by and meet the goals and objectives of the OECD Guidelines.



Independence and Objectivity

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

Independence policies and practices

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

- personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g., bank accounts and loans by partners, staff, the firm and its pension schemes.
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (“SOPS”), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities.
- business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business.
- 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 IESBA Code or in response to operational matters.

The PwC Global Independence Policy includes the independence requirements of the United States Securities and Exchange Commission and those of the Public Accounting Oversight Board of the United States and of the EU Audit Regulation on relevant audit engagements, where they are more restrictive than the network’s policy.

PwC Malaysia has supplemented the PwC Global Independence Policy as required by the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants (“MIA”) and the Companies Act 2016 in Malaysia, where they are more restrictive than the network’s policy.

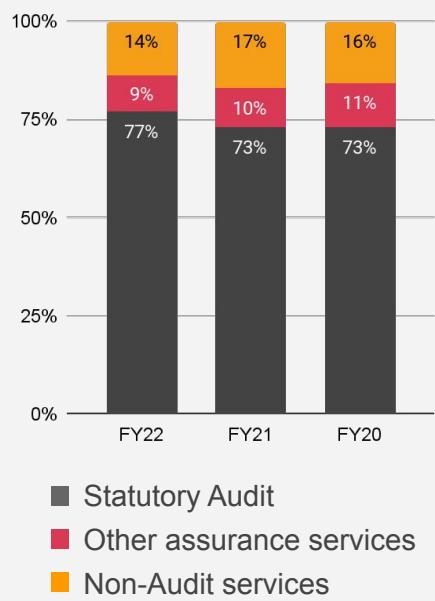


Auditor independence

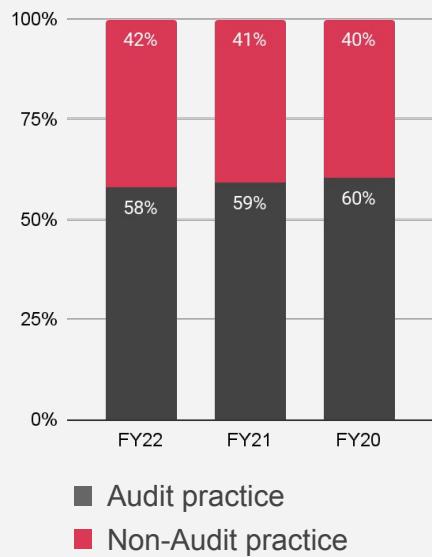


Breakdown of audit fees from audit clients and fee income from audit practice and non-audit practice

Proportion of fee income from audit clients (%)



Proportion of total fee income (%)



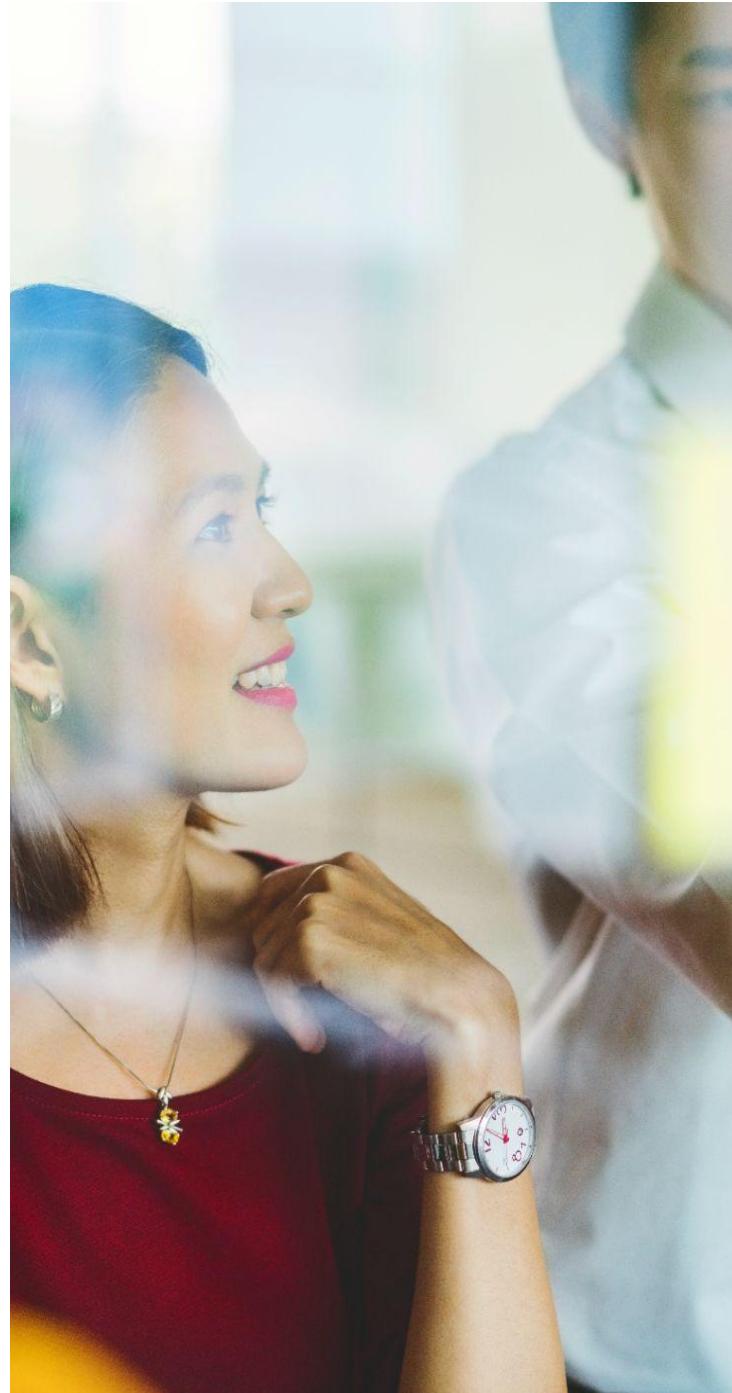
The statutory audit fees increased in FY22 as compared to the non-statutory and non-audit fees from Audit clients.



Independence - related systems and tools

As a member of the PwC network, PwC Malaysia 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 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 engagement 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 records their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;
- Authorisation for Services (“AFS”) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner’s conclusion on the permissibility of the service;
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches are evaluated and addressed in line with the IESBA Code; and
- Joint Business Relationship (“JBR”) which is a global system that records all approved JBRs entered into. These relationships are reviewed on a six month basis to ensure their ongoing permissibility.



PwC Malaysia also has a rotation tracking system which monitors compliance with audit rotation policies for signing partners, engagement leaders and quality review partners involved in an audit. The firm has a separate rotation tracking process for other key audit partners involved in an audit of PIEs.

Independence training and confirmations

PwC Malaysia provides all partners and practice staff with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services.

Partners and staff receive training via eLearn on PwC Malaysia's independence policy and related topics. Additionally, virtual training is delivered to members of the practice on an as-needed basis by PwC Malaysia's independence specialists.

All partners and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the 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 are compliant with policy and that required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations for audit clients and/or their related entities.



Independence monitoring and disciplinary policy

PwC Malaysia is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence requirements.

In addition to the confirmations described above, as part of this monitoring, we perform:

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of partners and managers; and
- An annual assessment of the member firm's adherence with the PwC Network Standard relating to independence.

The results of PwC Malaysia's monitoring and testing are reported to the firm's leadership team on a regular basis.

PwC Malaysia 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 the 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. PwC Malaysia also follows supplemental local requirements relating to the reporting of breaches if the engagements involve Public Interest Entities.

The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Malaysia'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 to decide if we should continue with the client engagement and have policies and procedures related to withdrawing from an engagement or a client relationship when necessary.



Client and Engagement Acceptance and Continuance

PwC Malaysia implemented a process to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention (called Acceptance).

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

Engagement teams:

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

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.



Our people



Our people



People strategy

Our people strategy was developed in support of our broader business strategy, The New Equation. We are focused on being the world's leading developer of talent and enabling our people with greater agility and confidence in a rapidly changing world. Specific focus areas include creating a resilient foundation for times of change through supporting the wellbeing 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.

Our people strategy will support us in addressing both the challenges of today, and to shine a light into the future. The current economic landscape, whilst advantageous in some areas, has contributed to the brain drain across the accounting sector primarily to countries with stronger currencies and higher standards of living. The increased cost of doing business, and increased complexity may also be contributing to the challenges of attracting the right talent to be part of the industry.

But these challenges also provides us a unique opportunity to reflect, reimagine and reset our ways of working. We now should reframe mobility, flexibility and demand for professional talent enabled by technology as an opportunity rather than a challenge. Successfully building trust in these new ways of working will enable us to attract, retain and develop the workforce of the future and remain a competitive and attractive organisation for talent.

Our People

Audit staff headcount

FY22:

31

Partners

FY21: 31
FY20: 30

181

Managerial staff

FY21: 187
FY20: 199

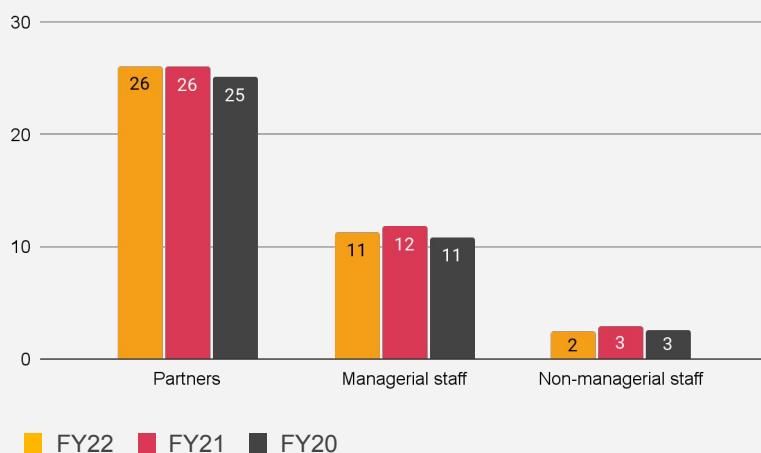
1,105

Non-managerial staff

FY21: 1,082
FY20: 1,185

	Partners to Managers	Managers to Staff	Partners to Staff
FY22	1 / 6	1 / 6	1 / 41
FY21	1 / 6	1 / 6	1 / 41
FY20	1 / 7	1 / 6	1 / 46

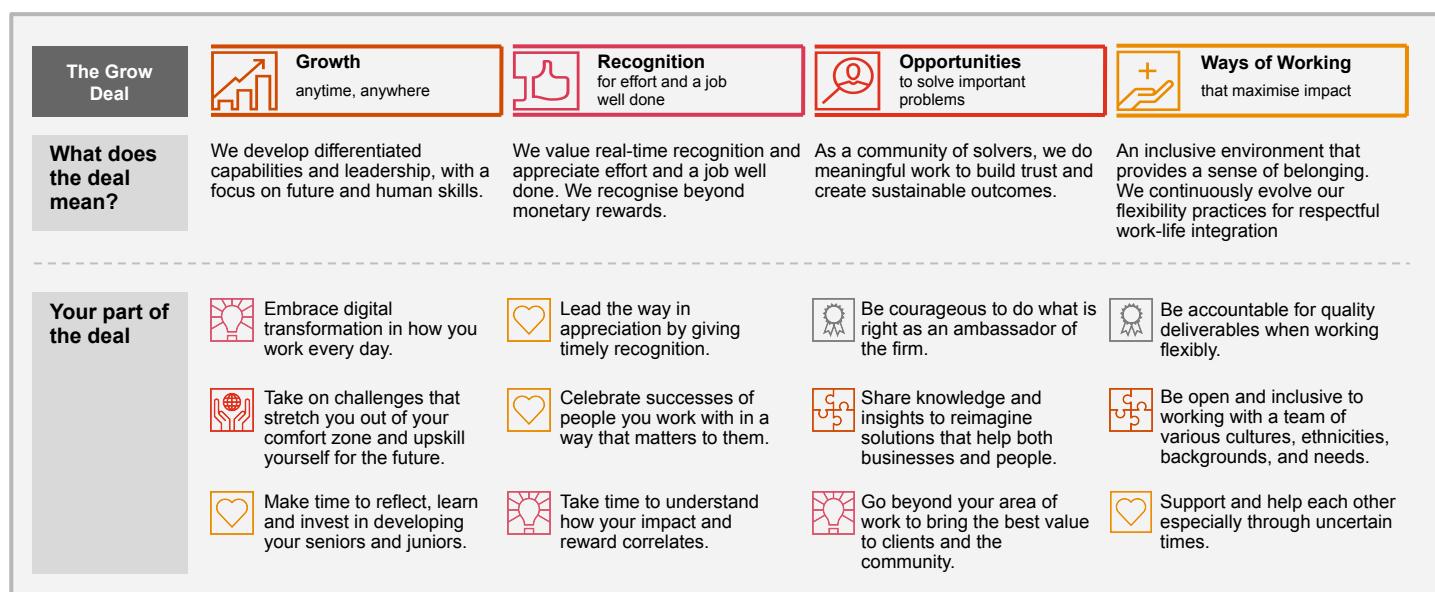
Average years of experience



Our People Value Proposition (“PVP”) - GROW

People are our priority. As part of our people strategy, we look to support our people in various ways such as their wellbeing and growth, as well as their contribution to our purpose to build trust in society and solve important problems.

We aim to provide our diverse community of solvers with a #MyPwCExperience through GROW, which is our People Value Proposition (“PVP”) framework below. The #MyPwCExperience campaign helps bring to life the PwC purpose and values using GROW’s 4 pillars - Growth, Recognition, Opportunities to solve important problems and Ways of Working. These are all aligned to the career aspirations and personal needs of each person within the firm.



When we create our campaigns, initiatives, and plans that are focused on our people, it is usually based on our PVP. Its effectiveness can be measured through our annual Global People Survey* (GPS). Some of the results for 2022's GPS in line with our PVP are as below:

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



Growth

- 90% agree that 'I am encouraged to try new things and learn from failure'
- 74% agree that 'The leaders I work with provide me with regular feedback and coaching on my performance'



Opportunities

- 92% agree that 'I have the opportunity to work on challenging assignments that contribute to my development'
- 86% understand how their work contributes to our Purpose



Recognition

- 63% agree that 'I am recognised for my contributions in a way that is personally motivating'
- 65% agree that 'The partners/leaders in my practice make a point of connecting with me'



Ways of Working

- 74% agree that 'The leaders I work with actively build a diverse and inclusive work environment'
- 70% agree that 'I can talk to my team/relationship leader about my wellbeing and any support I need'



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 foster 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 people of different backgrounds, perspectives and experiences. We know that when people from different backgrounds and with different points of view work together, we create the most value for our clients, our people, and society.



Recruitment

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

Across the firm in FY22, we recruited 1,151 new people. With the increasing demand for professional talent and following higher than usual attrition rates in FY22 especially at experienced hire levels, we've had to rethink our resourcing strategy. In Assurance, while we have increased recruitment of experienced hires by 90 from FY21, some of the strategies included tapping on talent from other member firms via virtual services to support our engagements. We also recruited our largest ever intake of graduates, amounting to 522. This is supplemented by our investment in training to ensure that our new hires have the required competencies to perform in their roles.



Gender ratio of the firm

46F:54M

(Partners and Directors)



65F:35M

(Senior Managers and below)



New hires for Assurance practice

634 across all levels, including



522 at entry level



Team selection, experience and supervision



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



Feedback and continuous development

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



Career progression

PwC Malaysia uses 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 career coach to discuss their development, progression and performance. We are constantly rethinking our workforce strategy in line with our new ways of working and ever evolving landscape. With that, we have introduced different career paths to cater for specialist skill sets, such as the Technology Career Path.





Retention

Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide makes our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent.

The pandemic has left a psychological impact on all of us, driving the global phenomenon, The Great Resignation. Fear of the unknown, lack of people interaction and engagement while working from home contributed to a rise in wellbeing cases and with it, a shift in life priorities gearing towards personal fulfillment. Coupled with easing travel restrictions and the weakened Malaysian currency, we have seen an increase in professional talent pursuing opportunities in countries with stronger currencies and better work-life balance, leading to a brain drain of our Malaysian professional talent.

86%
agree

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

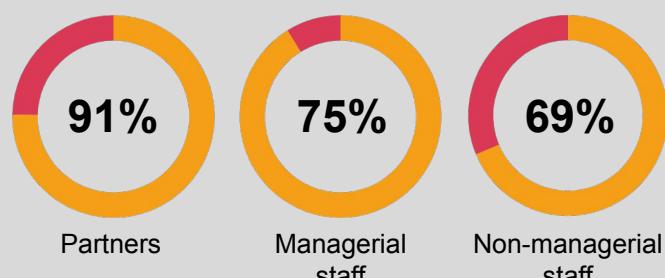


We have not been spared by this global phenomena. While there is a need to rethink our ways of working, attraction and retention remain our priority as we continue to invest and cater to the changing needs of our workforce today. During the pandemic, we expanded our coverage of benefits to care for our people and their wellbeing, paid special bonuses to recognise the dedication and efforts of our people, and most recently, reviewed and performed a structural adjustment on payscale to remain competitive in the market.

Our focus arising out of the pandemic was also to encourage employees to return to the office and be present at client offices, to rebuild and strengthen relationships through physical engagement sessions with various groups of employees to connect and deepen the sense of belonging coming out of a virtual working arrangement and into a hybrid mode.

With that, we have launched flexSpace Reimagined, a hybrid working arrangement building on the culture of trust given to employees, enabled by technology in line with our new ways of working. We also leveraged off our global network to provide our people with opportunities to experience working with other member firms via virtual services.

Retention rate



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.



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, virtual classroom and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training. In PwC Malaysia, the Assurance Development Committee ("ADC") is set up to steer the development of PwC Assurance partners and staff. The ADC then considers what additional training is appropriate, be it formal or informal, to address any additional specific local needs. For example, accounting updates on Malaysian Financial Reporting Standards ("MFRS") / International Financial Reporting Standards ("IFRS"), industry specific training as well as other externally sourced training, covering both technical and non-technical training.



Our training investment in people

Assurance training FY22

Average hours achieved by partners and staff who were employed throughout the year

93

FY22 Total hours completed*

73,556

Assurance training FY21

Average hours achieved by partners and staff who were employed throughout the year

86

FY21 Total hours completed*

93,050

Assurance training FY20

Average hours achieved by partners and staff who were employed throughout the year

78

FY20 Total hours completed*

89,331

* Total hours completed were taken from partners and staff that were with the firm throughout the financial year (i.e. excluding the training hours completed by the new joiners and leavers for each financial year). Hence, the fluctuation year on year is impacted by the timing of staff movement.

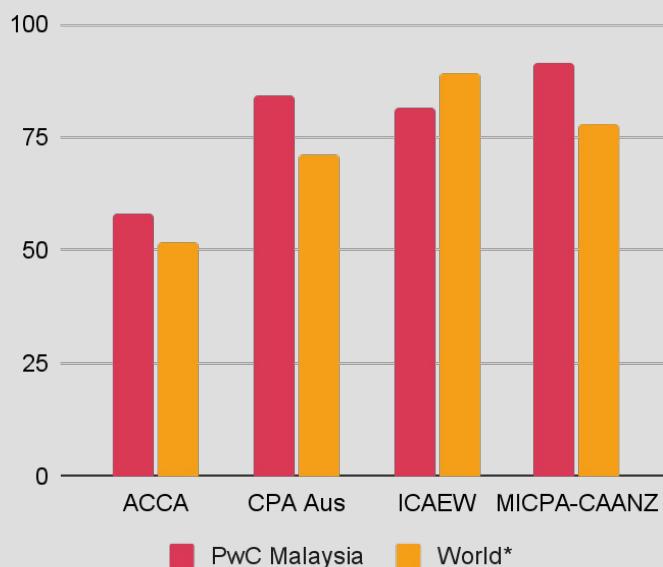
Professional development

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

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

FY22 overall professional exam results

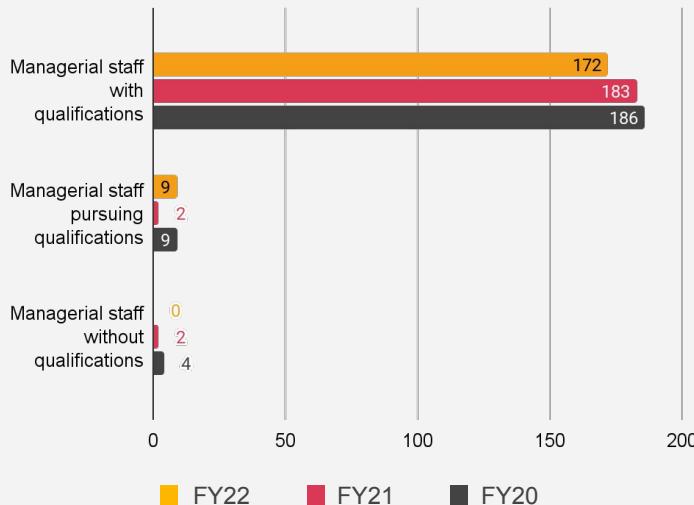
Pass rate of PwC Malaysia vs World* (%)



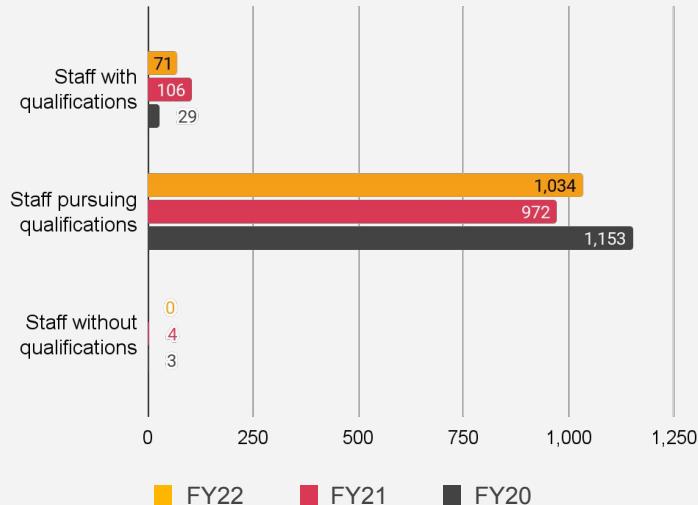
*Average pass rates of the countries which attempted the examination

Professional Qualifications

Managerial staff



Non-managerial staff



Digital upskilling

We believe that everyone should be able to live, learn, work and participate in the digital world. Globally, PwC has committed US\$3 billion to upskilling. In Malaysia, we are developing our people's digital skills through curated classrooms and virtual learning trainings, as well as self directed learning.

Our Future Skills initiatives aims to provide each individual with a personalised curriculum to build their digital acumen to expand the use of digital solutions on their audits and also empower them with a mindset of continual improvement and innovation. Leveraging on market leading software to primarily build three core skills: data preparation, data visualisation and automation, there's something for everyone.

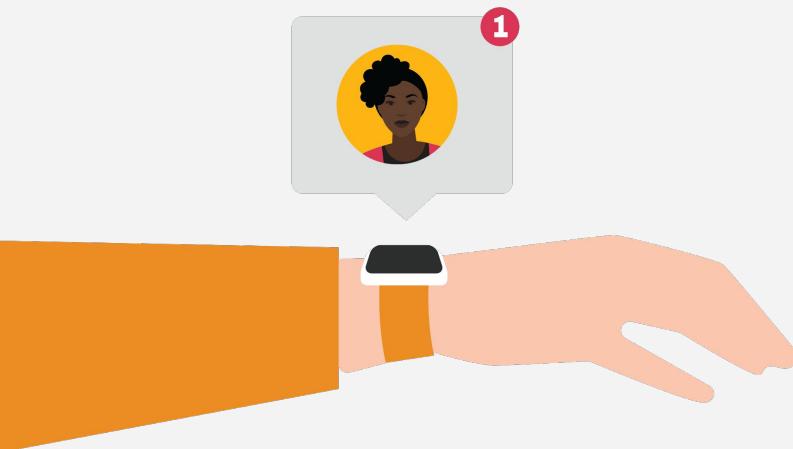
To pique curiosity on digital trends, we have invested in availing Digital Badges that rewards learners for completing certain learning and application of digital skills across the firm.

To drive application of skills, our people complete the Digital Academy. Since the inception of Digital Academy, we have trained more than 1,247 staff on data preparation, visualisation and automation through our programmes such as Data Analytics Online Academy and Virtual Digital Academy session.

We have launched 3 cohorts of Digital Accelerators, who have gone through digital learning paths that will provide them with in-depth knowledge in the area of data & analytics, intelligent process automation and artificial intelligence. With these new skills, the individuals are embedded within our engagement teams, dedicated to applying digital capabilities to each engagement, as well as developing new digital solutions for the firm.

FY22 highlights

589	earned Digital Badges
441	completed Data Analytics Online Academy
207	completed Virtual Digital Academy
71	total digital solutions created and applied
33	total Digital Accelerators to date



Our Commitment to our people's wellbeing

The overall wellbeing of our people is a vital part of our people strategy - This is evident as the team's wellbeing is a performance indicator for partners and directors of the firm.

Our *flex+* programme provides flexBenefits including Specialist Outpatient and Consultation, maternity related expenses and leave, extended paternity leave and also subsidies for lifestyle including gym memberships and digital tools. *flexMed* provides flexibility for our people when they're unwell for not more than a day.

Additionally, we expanded on #MyPwCExperience which was originally a social media campaign. Using the hashtag as our anchor, it now includes initiatives for our people such as:

- Care Chats:** Our people nominated a colleague they'd like to recognise, and they were both awarded food vouchers so that they can have a drink while having a virtual chat to catch up and stay connected. A total of 300 people participated in this event.
- Sharing Tree:** Creating a platform for our people to reconnect with each other and renew their motivations for the year, especially as we transitioned back to the office. At the end of the session, participants hung notes on the Sharing Tree on what they've learnt throughout the pandemic and what excites them about coming back to the office.
- Connect sessions:** Many of our people joined the firm during the pandemic and had never physically met their team members or stepped into the office. To help build camaraderie among them, we brought together various groups of employees so they can get to know each other beyond just work matters.

We also recognise that wellbeing encompasses physical, emotional and mental health. For emotional and mental health support, we have provided a complimentary Employee Assistance Programme ("EAP") that is manned by professional counsellors to provide our people with confidential and independent counselling support since 2017. In the past year, we made plans to move from a conventional EAP model to a digital one with a wider range of healthcare professionals which includes not just psychologists but also dieticians, fitness instructors and executive coaches.

As a result of the lockdowns during the pandemic, many people found themselves working longer hours and having back-to-back meetings. "Block your o'clock" was developed to help our people manage and protect their time while respecting one another's time. We encourage our people to have well planned and shorter virtual meetings, set up protected time to finish work and avoid meetings during lunch time.

We have wellbeing activities and events that run throughout the year to remind our people that wellbeing takes consistent effort. These include our annual Wellbeing refresh, KakiJalan, mindfulness classes and wellness webinars hosted by industry professionals. To encourage social connections across the firm, we have Lepak with a stranger ("LWAS") where our people take turns to host and share their hobbies and experience outside work, creating opportunities for our people to make connections outside work.

To help our people in Assurance practice a culture of wellbeing when they need it the most, during the audit peak season, the Assurance Wellbeing Challenge encourages the adoption of wellbeing habits. It creates a culture of care and resilience as a team to sustain them through this very challenging time.



Assurance Wellbeing Challenge	Wellbeing Refresh	KakiJalan	Mindfulness	LWAS	World Mental Health Day
300 ASR participants Made up of 28 teams	52% ASR participation ASR: 57 Total 109	59% ASR participation ASR: 138 Total 233	39% ASR participation ASR: 113 Total 288	41% ASR attendance ASR: 142 Total 346	38% ASR attendance ASR: 88 Total 231

Awards

We have been recognised for being a good place to work. Some of the awards we have been presented with are as follows:

	Graduan Brand Awards 2021	Graduate Choice Awards 2021	Malaysia's 100 Leading Graduate Employers 2021
#1 in Professional Services	Top 5 in Professional Services & Accounting	#2 in Accounting & Professional Services sector	
Top 5 Overall Winner	Top 5 in Consulting	#2 in Consulting sector	
		Top 7 Overall winner	



“ For me personally, participating in the challenge really helped me to stay motivated and persevere through the peak period. My experience during peak this year has been so much better with the wellbeing habits I've adopted individually and with my team. I was able to stay resilient through difficult times and I'm happy to say that up to today, I have not had to take a single day off work due to stress or health-related issues. ”

- Assurance Wellbeing Challenge participant



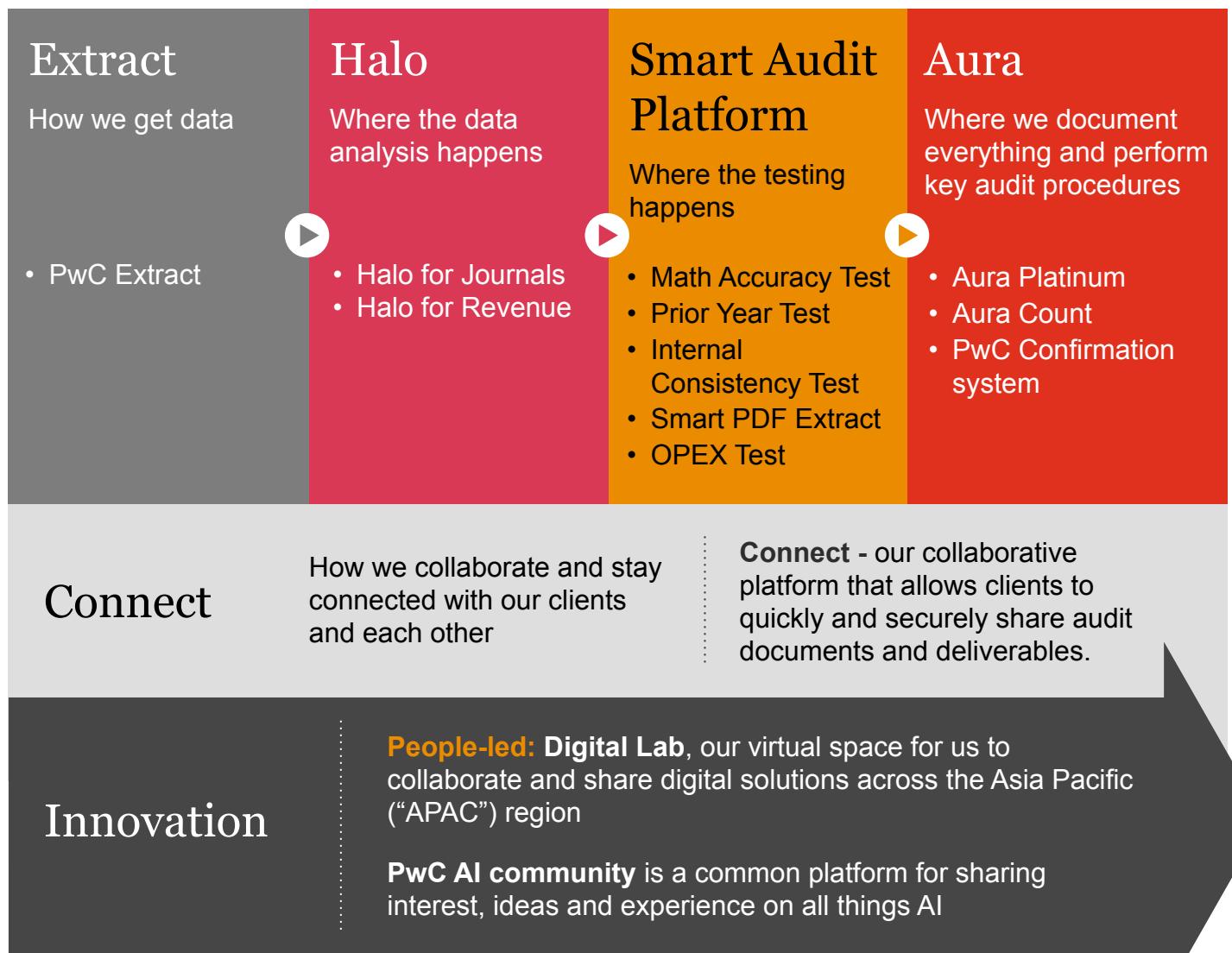
Reimagine the audit

How are we reimagining the audit?



Human-led, tech-powered

Aligned with our firm's new global strategy, The New Equation, we are committed to building a truly digital workforce with people who are skilled and empowered to use the latest technology ("tech") to solve important problems. Our approach is one that is human-led and tech-powered. It's about how human ingenuity combines with technology to deliver faster, more intelligent and deeper insights whilst building trust across the value chain. Through innovation and four tech-powered platforms, each with its own fully integrated suite of tools, and innovation, we deliver quality, insights, and value throughout the audit.



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.

Refer to Appendix 3 for a full suite of our tools and technologies used to support the audit.

How are we reimagining the audit? (cont'd)



Enhancing our delivery model

We recognise that the way we operate needs to evolve as we are constantly faced with disruption from technological changes, resource challenge and increasing compliance risk. As such, we are evolving the way we deliver our services so that we give our people and clients a better experience and ensure that we deliver high quality work for our clients in an efficient and sustainable manner.

Our enhanced delivery model strategy focus on helping us to be more competitive and deliver distinctive service to our clients through increased standardisation and automation with use of trainee associates (Nexus) and our Centres of Excellence as detailed below:

- Nexus are our trainee associates based in Ipoh and Kuala Lumpur who perform routine transactional work, allowing our front line delivery team to focus on more complex areas.
- Our Centres of Excellence (“COE”) aims to drive a high quality audit experience by utilising highly skilled team members in more complex areas. To date, we have the Data COE and Financial Statement Review COE. Centres of Excellence are devoted to specific areas of the audit and these team members can apply deep expertise and advanced tech tools to drive quality and efficiency as they are knowledgeable in a particular area of the audit.





Confidentiality and information security

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation. We make every effort to protect clients confidentiality and we treat right to privacy 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.

Data privacy

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

Information security

Information security is a high priority for the PwC network. 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 Malaysia is required to adhere to the ISP requirements and complete an annual, evidence based assessment to demonstrate compliance. The member firm is assessed against the required controls through analysis of available data. In coordination with member firm stakeholders, the data is reviewed for quality to ensure an accurate assessment of the member firm's security posture. Deviations that result from the ISP Compliance Programme assessment process are prioritised for remediation utilising a risk based approach and per timelines agreed with leadership.



Sustainability and climate change

How we embed sustainability as part of our assurance practice



Sustainability reporting in Malaysia

With the heightened focus on ESG matters, stakeholders are increasingly looking for reliable information and data that will allow them to make informed decisions.

Regulators are seeking to ensure that ESG reporting is accurate, consistent, comparable, relevant and transparent. The proposed enhanced Bursa Malaysia Sustainability Reporting Requirements aims to improve sustainability-related disclosures made by listed companies in Malaysia, including requiring disclosure on whether the Sustainability Statement has been assured.

Our recent joint survey with the Malaysian Institute of Certified Public Accountants (“MICPA”) “Embracing the ESG revolution: Zeroing in on investor expectations” also indicates that there is an increased need from local investors for quality and reliable ESG disclosures to be made by companies.

At PwC Malaysia, we support the initiatives undertaken by the regulators, standard setters and various other bodies in improving the quality, reliability and comparability of sustainability reporting. Amongst the examples of our involvement in improving sustainability reporting in Malaysia are:

- being part of the Malaysian Accounting Standards Board “Working Group 71 (“WG71”) Sustainability Reporting,” tasked to review pronouncements issued by IFRS Foundation on sustainability reporting related matters with one of our partners appointed as the Project Manager
- involved in various sub-committees under the Joint Committee on Climate Change (“JC3”)
- part of the ASEAN Working Committee on Capital Market Development (“WC-CMD”) and ASEAN Capital Markets Forum (“ACMF”) Joint Sustainable Finance Working Group Industry Advisory Panel
- release of [Sustainability Counts](#) thought leadership with National University of Singapore which discusses sustainability reporting requirements across Asia Pacific

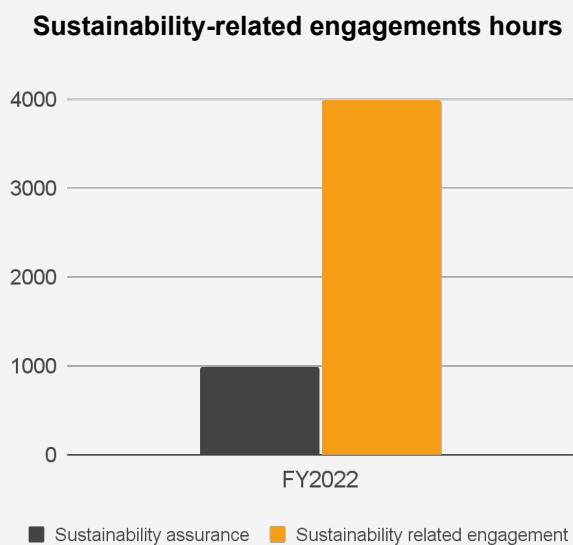
In addition to the above, we published our yearly Annual Report using the principles of the Integrated Reporting (“IR”) Framework and the Global Reporting Initiative, which includes the relevant ESG disclosures.

Upskilling our people

As part of our upskilling programme, we have incorporated elements of ESG as part of our curriculum. During the current financial year, our people spent a total of more than 3,000 training hours on ESG-related curriculum.

Sustainability-related engagements by our assurance practice

During the current financial year, we have spent the following hours working on sustainability-related engagements:



Providing assurance on sustainability reporting

We have been working with our clients in providing assurances on selected sustainability-related disclosures as part of their yearly Annual Report and/or Sustainability Statement.

Our assurance procedures are conducted in line with the approved standard for assurance engagements in Malaysia.

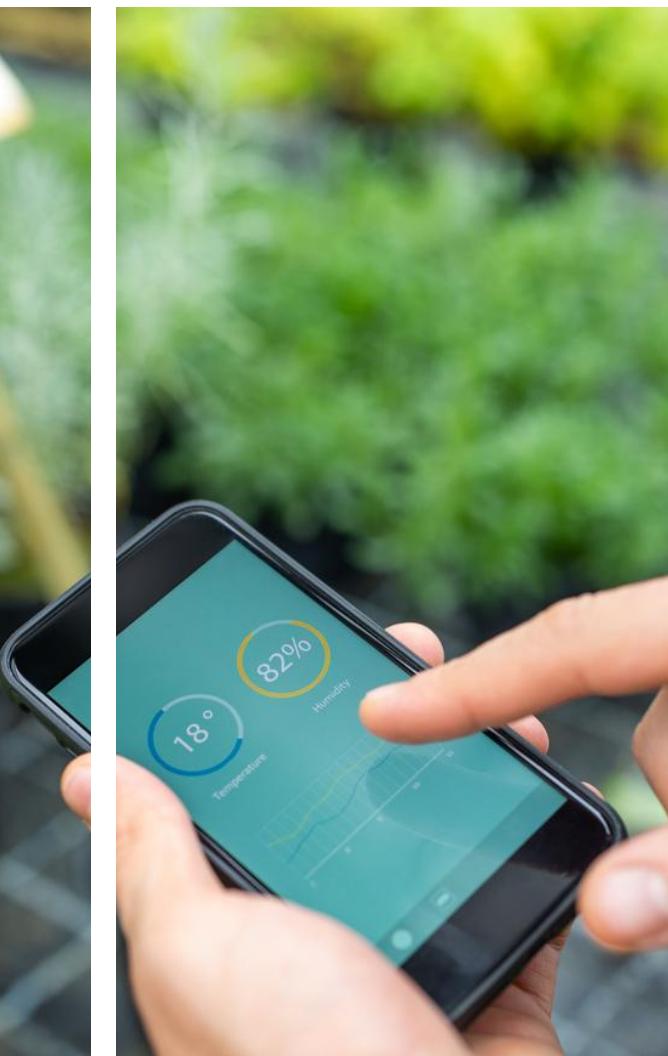
How we embed sustainability as part of our assurance practice (cont'd)



Our commitment to ESG

As outlined in PwC's global strategy, The New Equation, we have committed to achieve net zero greenhouse gas ("GHG") emissions by 2030.

Our net zero commitment will require us to transform our business model to decarbonise our value chain, increase transparency, and support the development of robust ESG reporting frameworks and standards. We are also committed to increase the size of our ESG practice to support both the government and companies on their ESG response.



Our net zero commitments involve 3 main areas:

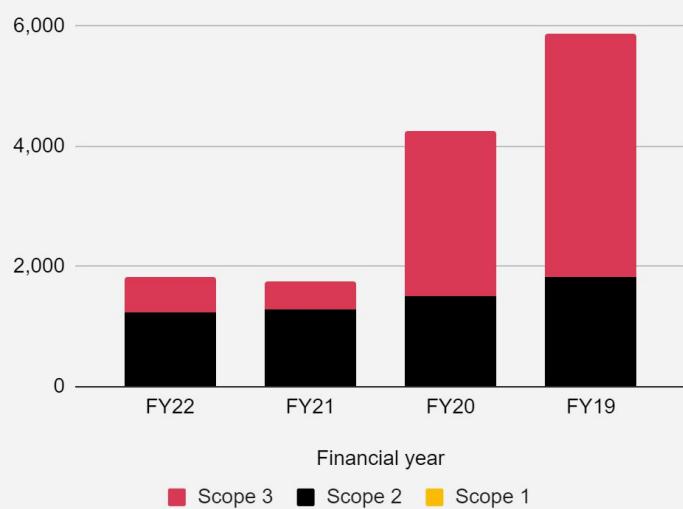
- **Halve our emissions**

We aim to reduce our greenhouse gas emissions by 50% by FY30 (from a FY19 baseline). We have a strategy and plans to meet our commitment, refer to our [annual report](#) for more information. Our commitment also involves continuous engagements with our suppliers and switching to 100% renewable energy moving forward.

As part of this commitment, we are also ensuring that our major suppliers have set their own Science Based Targets ("SBT") and validated by the SBT initiative.

Our carbon emission

Carbon emission by Scope 1, 2 and 3



Reduction in emissions in FY20 and FY21 were mainly due to the government's lockdown measures where our entire workforce continued to work from home at various stages throughout both financial years.

- **Work with stakeholders**

This involves our commitment to advance sustainability-related reporting to help stakeholders understand the impacts of ESG on business. We also embed the implications of climate change and other ESG-related factors into our client work.

- **Public policy discussion**

We continuously involve and engage the regulators to advance thinking on how to address climate change.



Legal and governance structure



Legal and governance structure



Legal structure and ownership of PwC Malaysia

PricewaterhouseCoopers PLT is the audit entity for PwC in Malaysia, with 31 audit partners.

PricewaterhouseCoopers PLT and its affiliated corporate entities listed in Appendix 1 below form PwC Malaysia ("the firm"). PwC Malaysia is wholly owned by the partners of the firm. Partners have equal voting rights in all matters relating to the corporate entities.

There are no such instances of partners with more than 10% share in the partnership and also no family relationships between partners undertaking leadership roles or holding substantial equity in the partnership of more than 10% share with other partners in the firm.

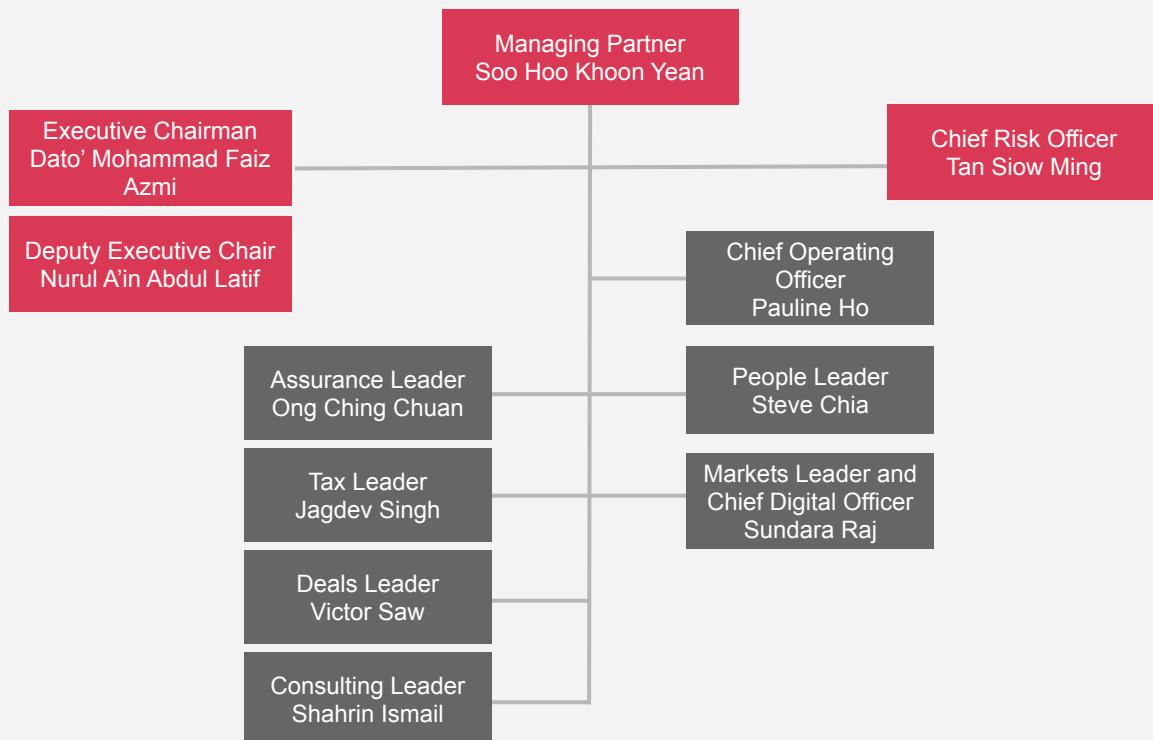
Governance structure of the PwC Malaysia

Our governance structure reflects our partnership model. We have a Managing Partner who, once elected, forms the Country Management Team ("CMT") which is made up of partners. The CMT's activities are governed by the Partnership Agreement. Each member of the CMT is subject to formal, rigorous, and ongoing performance evaluation. In addition, consideration is given to PwC's Network Standards. The CMT meets monthly, with additional meetings called when required.

Areas of focus for the CMT

The CMT considers a wide range of issues for the firm such as risk, strategy, reputation, people matters including health and wellbeing especially during the COVID-19 pandemic, technology, return on investments, and culture and has supported, given guidance to and challenged the Managing Partner.

The CMT provides oversight of the long term strategy and certain partner matters under the Partnership Agreement.





The PwC

network



The PwC network



Global network

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

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



PricewaterhouseCoopers International Limited

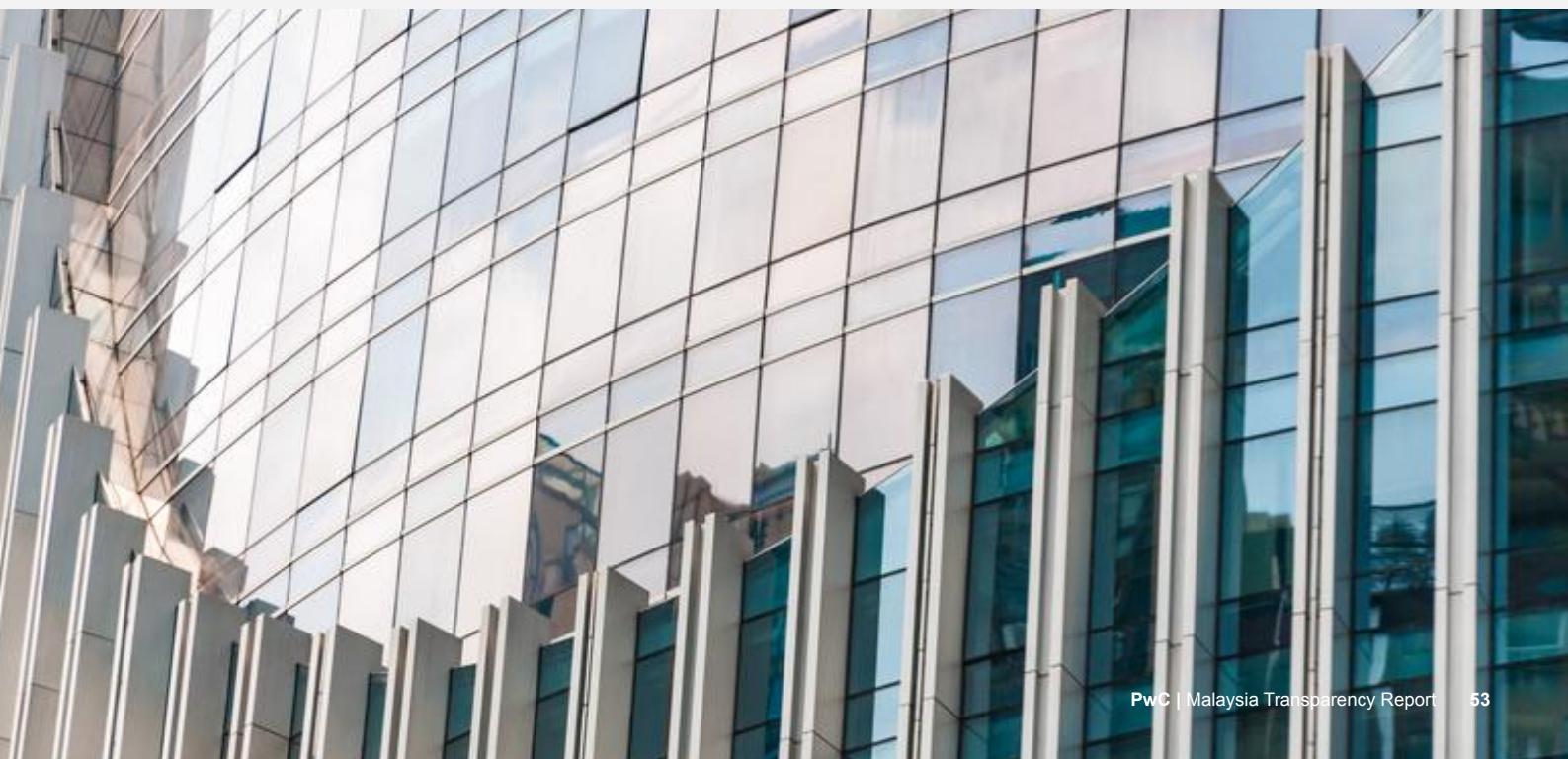
Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (“PwCIL”), an English private company limited by guarantee.

PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate.

Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL. The PwC network is not one international partnership. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control member firm's exercise of professional judgement.

The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of 20 members. Two are appointed as external, independent directors, and the other 18 Board members are elected by partners from PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team** 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:

Details of affiliated corporate entities as at 30 June 2022 that form PwC Malaysia

Name of Entity	Principal business activity	Country of incorporation
1 PricewaterhouseCoopers PLT	Providing audit and assurance services	Malaysia
2 PricewaterhouseCoopers Hldgs Malaysia PLT	Investment holding entity	Malaysia
3 PricewaterhouseCoopers Advisory Services Sdn Bhd	Providing advisory services	Malaysia
4 PricewaterhouseCoopers Taxation Services Sdn Bhd	Providing taxation and other consultancy services, including corporate secretarial services	Malaysia
5 PricewaterhouseCoopers eTax.com Sdn Bhd	Research and development of tax technology solutions	Malaysia
6 PricewaterhouseCoopers Risk Services Sdn Bhd	Providing risk assurance services	Malaysia
7 PricewaterhouseCoopers Capital Sdn Bhd	Providing advisory services	Malaysia
8 PwC Consulting Services (M) Sdn Bhd #	Providing consultancy services	Malaysia
9 PwC Consulting Associates (M) Sdn Bhd #	Providing consultancy services	Malaysia
10 PricewaterhouseCoopers WMS (Malaysia) Sdn Bhd #	Provision of advice and consulting services regarding customs excise and international trade projects	Malaysia
11 PricewaterhouseCoopers Associates Sdn Bhd	Providing management services	Malaysia
12 VS & Co	Approved liquidator	Malaysia
13 PricewaterhouseCoopers Actuarial Services (Malaysia) Sdn Bhd *	Providing actuarial services	Malaysia
14 PricewaterhouseCoopers Service Delivery Center (Malaysia) Sdn Bhd #	Provision of support services to its parent company and its network of member firms	Malaysia
15 PricewaterhouseCoopers Malaysia Holdings Sdn Bhd	Investment holding company	Malaysia
16 PWC STRATEGY& (MALAYSIA) SDN BHD #	Management consultants and advisers	Malaysia

entity where PwC Malaysia has a beneficial interest

* not owned by, or part of PwC Malaysia

Appendix 2:

List of Public Interest Entities audited by PwC Malaysia as at 30 June 2022 (1/2)

Public Listed Companies (PLCs)	Listed subsidiaries under PLCs	Financial Institutions
<ol style="list-style-type: none">1. Affin Bank Berhad2. Alliance Bank Malaysia Berhad3. Allianz Malaysia Berhad4. Astro Malaysia Holdings Berhad5. Axiata Group Berhad6. Bank Islam Malaysia Berhad7. Bumi Armada Berhad8. Carlsberg Brewery Malaysia Berhad9. CIMB Group Holdings Berhad10. Cnergenz Berhad11. CTOS Digital Berhad12. Cycle & Carriage Bintang Berhad13. Deleum Berhad14. Dutch Lady Milk Industries Berhad15. FGV Holdings Berhad16. Gas Malaysia Berhad17. Genting Berhad18. Harrisons Holdings (Malaysia) Berhad19. Hengyuan Refining Company Berhad20. Hibiscus Petroleum Berhad21. Hong Leong Financial Group Berhad22. Icon Offshore Berhad23. IGB Berhad24. IJM Corporation Berhad25. IOI Properties Group Berhad26. Leong Hup International Berhad27. MAA Group Berhad28. Malaysia Building Society Berhad29. Malaysian Resources Corporation Berhad30. Maxis Berhad31. Media Prima Berhad32. Melewar Industrial Group Berhad33. Mesiniaga Berhad34. Metrod Holdings Berhad35. Petra Energy Berhad36. Petron Malaysia Refining & Marketing Bhd.37. Pharmaniaga Berhad38. Pintaras Jaya Berhad39. Reach Energy Berhad40. RHB Bank Berhad41. Scicom (Msc) Berhad42. Seremban Engineering Berhad43. Sime Darby Berhad44. Sime Darby Plantation Berhad45. Sime Darby Property Berhad46. Syarikat Takaful Malaysia Keluarga Berhad47. Tenaga Nasional Berhad48. Wah Seong Corporation Berhad49. Wang-Zheng Berhad50. Yinson Holdings Berhad51. YTL Power International Berhad	<ol style="list-style-type: none">52. Genting Malaysia Berhad53. Genting Plantations Berhad54. Hong Leong Bank Berhad55. Hong Leong Capital Berhad56. MSM Malaysia Holdings Berhad57. Mycron Steel Berhad58. Teo Seng Capital Berhad	<ol style="list-style-type: none">59. Affin Hwang Investment Bank Berhad60. Affin Islamic Bank Berhad61. AIA Bhd.62. AIA General Berhad63. AIA Public Takaful Bhd.64. AIG Malaysia Insurance Berhad65. Alliance Investment Bank Berhad66. Alliance Islamic Bank Berhad67. Allianz General Insurance Company (Malaysia) Berhad68. Allianz Life Insurance Malaysia Berhad69. Ambra Versicherung Ag, Malaysia Branch70. Axa Affin General Insurance Berhad71. Axa Affin Life Insurance Berhad72. Bank Of America Malaysia Berhad73. Bank Of China (Malaysia) Berhad74. BNP Paribas Malaysia Berhad75. Chubb Insurance Malaysia Berhad76. CIMB Bank Berhad77. CIMB Investment Bank Berhad78. CIMB Islamic Bank Berhad79. Gibraltar BSN Life Berhad80. Great Eastern General Insurance (Malaysia) Berhad81. Great Eastern Life Assurance (Malaysia) Berhad82. Great Eastern Takaful Berhad83. Hannover Rück SE Malaysian Branch84. Hong Leong Assurance Berhad85. Hong Leong Investment Bank Berhad86. Hong Leong Islamic Bank Berhad87. Hong Leong Msig Takaful Berhad88. HSBC Amanah Malaysia Berhad89. HSBC Bank Malaysia Berhad90. India International Bank (Malaysia) Berhad91. J.P. Morgan Chase Bank Berhad92. KAF Investment Bank Berhad93. MBSB Bank Berhad94. OCBC Al-Amin Bank Berhad

Appendix 2:

List of Public Interest Entities audited by PwC Malaysia as at 30 June 2022 (2/2)

Financial Institutions

- 95. OCBC Bank (Malaysia) Berhad
- 96. QBE Insurance (Malaysia) Berhad
- 97. Private Pension Administrator Malaysia
- 98. RHB Insurance Berhad
- 99. RHB Investment Bank Berhad
- 100. RHB Islamic Bank Berhad
- 101. Sun Life Malaysia Assurance Berhad
- 102. Sun Life Malaysia Takaful Berhad
- 103. Syarikat Takaful Malaysia Am Berhad
- 104. The Pacific Insurance Berhad
- 105. Tokio Marine Insurans (Malaysia) Berhad
- 106. Tokio Marine Life Insurance Malaysia Bhd.

CMSL Holders

- 107. Affin Hwang Asset Management Berhad
- 108. AIA Pension And Asset Management Sdn. Bhd.
- 109. AIIMAN Asset Management Sdn Bhd
- 110. Alpha Reit Managers Sdn Bhd
- 111. Amundi Aalam Sdn. Bhd.
- 112. Amundi Malaysia Sdn. Bhd.
- 113. Axis Reit Managers Berhad
- 114. BIMB Investment Management Berhad
- 115. BNP Paribas Asset Management Malaysia Sdn. Bhd.

- 116. BNP Paribas Asset Management Najmah Malaysia Sdn. Bhd.
- 117. BOS Wealth Management Malaysia Berhad
- 118. CLSA Securities Malaysia Sdn Bhd
- 119. Credit Suisse Securities (Malaysia) Sdn Bhd
- 120. Franklin Templeton Asset Management (Malaysia) Sdn. Bhd.
- 121. Franklin Templeton GSC Asset Management Sdn. Bhd.
- 122. GAX MD Sdn. Bhd.
- 123. Goldman Sachs (Malaysia) Sdn Bhd
- 124. Guidance Investments Sdn. Bhd.
- 125. Hong Leong Asset Management Bhd
- 126. Hong Leong Islamic Asset Management Sdn Bhd
- 127. IGB Reit Management Sdn Bhd
- 128. JP Morgan Securities (Malaysia) Sdn Bhd
- 129. KAF Investment Funds Berhad
- 130. KAF-Seagroatt & Campbell Securities Sdn. Bhd.
- 131. KIP REIT Management Sdn. Bhd.
- 132. Macquarie Capital Securities (Malaysia) Sdn Bhd
- 133. Malacca Securities Sdn. Bhd.
- 134. MTC Asset Management (M) Sdn. Bhd.
- 135. RHB Asset Management Sdn. Bhd.
- 136. RHB Islamic International Asset Management Berhad
- 137. Value Partners Asset Management Malaysia Sdn. Bhd.

Appendix 3:

Specific tools and technologies to support the audit



As a member of the PwC network, PwC Malaysia 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. As part of The New Equation investment, the PwC network will be rolling out a continuous stream of new capabilities through our existing platforms to increasingly simplify, standardise, centralise and automate our audit work.



Aura Platinum

PwC Audit is underpinned by Aura Platinum, our global audit documentation system which is used across the entire 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.

New features and functionality for Aura are continually being developed at a global level to reflect technology initiatives to improve quality and efficiency, themes from external and internal quality reviews and feedback from global users.

 Connect	 Halo	 Count	 PwC's Confirmation System	 Connect Audit Manager
<p>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.</p>	<p>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.</p>	<p>Count, which facilitates the end-to-end process for inventory counts, allows our engagement teams to create and manage count procedures, counters to record results directly onto their mobile device or tablet and engagement teams to export final results into Aura.</p>	<p>PwC's Confirmation System, which facilitates an automated and standardised end-to-end process for all types of external confirmations other than bank confirmation, allows our engagement teams to create requests and receive external confirmation in a secure environment that helps mitigate the risks associated with receiving confirmation responses electronically.</p>	<p>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.</p>

Appendix 3:

Specific tools and technologies to support the audit (cont'd)



Our technology

PwC Extract

enables us to seamlessly obtain and evaluate clients' data directly by connecting to their ERP systems and securely transferring data to our XDP platform.

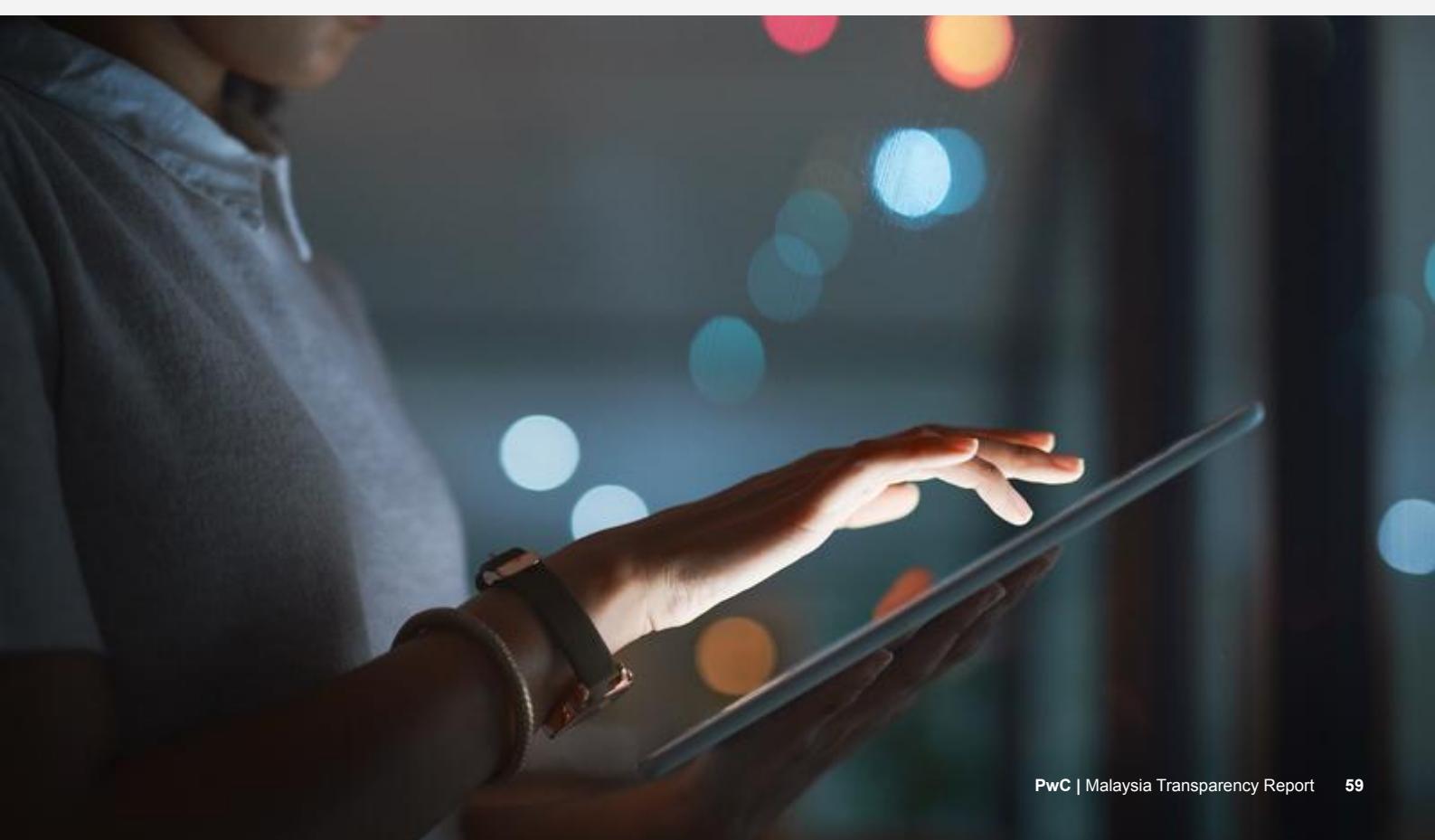
Digital Lab

is a virtual space for our people to collaborate, create and share automations.

Smart Audit Platform

is a secure web-based portal with a growing suite of integrated intelligent automation tools and solutions based on cutting-edge machine learning and automation technology. These advanced solutions reduce the risk of manual error, and enhance the delivery of a consistent and high quality audit. Current tools include:

- Mathematical Accuracy Test: streamlines testing over the mathematical accuracy of financial statement documents
- Prior Year Test: automates the checking of comparative numbers presented in a financial report
- Internal Consistency Test: Uses automation to help our auditors check the consistency of values presented multiple times within financial statements
- Smart PDF Extract: extracts information from PDF documents into consistently formatted and structured Excel workbooks
- OPEX Test: streamlines the testing of operating expenses by automatically analysing the supporting documentation needed to be matched against the general ledger





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