



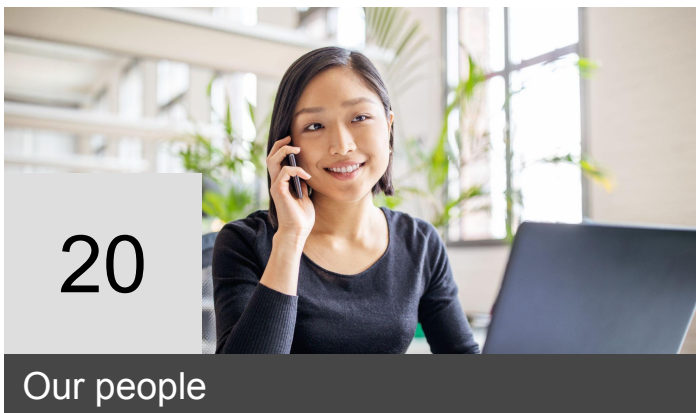
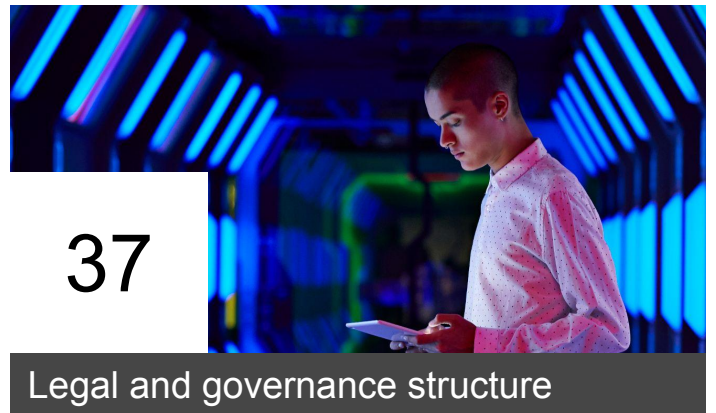
PwC Canada

Transparency report 2023

October 2023



Contents





Message from leadership



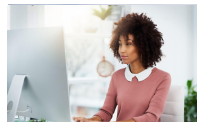
Our approach to quality



Culture and values



Our people



Our audit approach



Monitoring



Legal and governance structure



PwC network

Message from leadership

Welcome to our 2023 Transparency report

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

PwC's global strategy, The New Equation, responds to fundamental changes in the world, including technological disruption, climate change and fractured geopolitics. The New Equation focuses on two interconnected needs that clients face:

- to build trust, which has never been more important, nor more difficult; and
- to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever, and societal expectations have never been greater.

Under The New Equation we're investing in new capabilities in areas that are central to our strategy—including environmental, social, and governance (ESG). We're also teaming across the firm and transforming the way we work, finding new ways to deliver quality and value by harnessing the power of our people and technology. We continue to effectively draw on the deep technical knowledge and experience of our people to develop a deeper understanding of our audit clients' processes and financial reporting risks—which leads to a better audit, including more insightful feedback to management and the audit committee. This ready access to specialists in areas including, but not limited to, climate, human capital, cybersecurity, valuation and tax will continue to support the quality of our work as the environment in which we and our clients operate becomes increasingly complex.

As part of The New Equation strategy, the PwC Network is making an incremental US \$3B investment in quality. This includes a US \$1B investment in a five-year programme to deliver a next generation audit ecosystem that is human-led, tech-powered and data-driven. It will enable us to make continuous improvements to audit quality by further standardizing, simplifying, centralizing and automating our audit work, transforming the experience for our stakeholders and our people.

We're looking at new ways of securely engaging and using data to identify risks, detect anomalies and surface insights, with built-in checks that enhance audit quality. Intuitive, guided experiences and workflows will help our people and clients complete the right tasks at the right time, adapting and scaling in response to the needs and complexities of each engagement.

Learn more about The New Equation [here](#).



At PwC Canada, trust is core to our purpose and key to our ability to be more resilient and accountable and deliver sustained outcomes for all our stakeholders. In order to help organizations build trust, we know that we need to be trusted and accountable ourselves. Like all organizations, we need to stay ahead of rising expectations around issues like transparency and community impact, as well as key global trends—such as increased skepticism and declining confidence in institutions—that are making trust a critical business imperative.

To hold ourselves accountable, we've set out to learn everything we could about the tangible and intangible factors that contribute to trust. From there, we created a framework that identifies what drives trust in our organization, the situations where trust matters most and the metrics we can use to ensure we're living up to our purpose and values.

Explore our Trust Roadmap [here](#).

PwC's approach to building trust also recognizes the importance of quality—and that reporting and compliance represent just one link in a chain that includes organizational culture, executive mindset, aligned standards, certified professionals, stringent controls, tailored technologies and appropriate governance.

PwC Canada, along with all of all major PwC Network Firms, has committed to roll-out of an initiative, spearheaded by PwC US, to enhance trust in our assurance practice, including actions on accountability, independence, quality, and transparency. The initiative will help to enhance the quality of - and confidence in - the information that drives the capital markets. By working toward a globally consistent approach, the PwC network will establish a leading position, reinforce the value of our profession, and most importantly continue to build trust with our clients and our stakeholders.

Thank you for your engagement and interest in our quality journey.



Nicolas Marcoux
Chief Executive Officer
PwC Canada

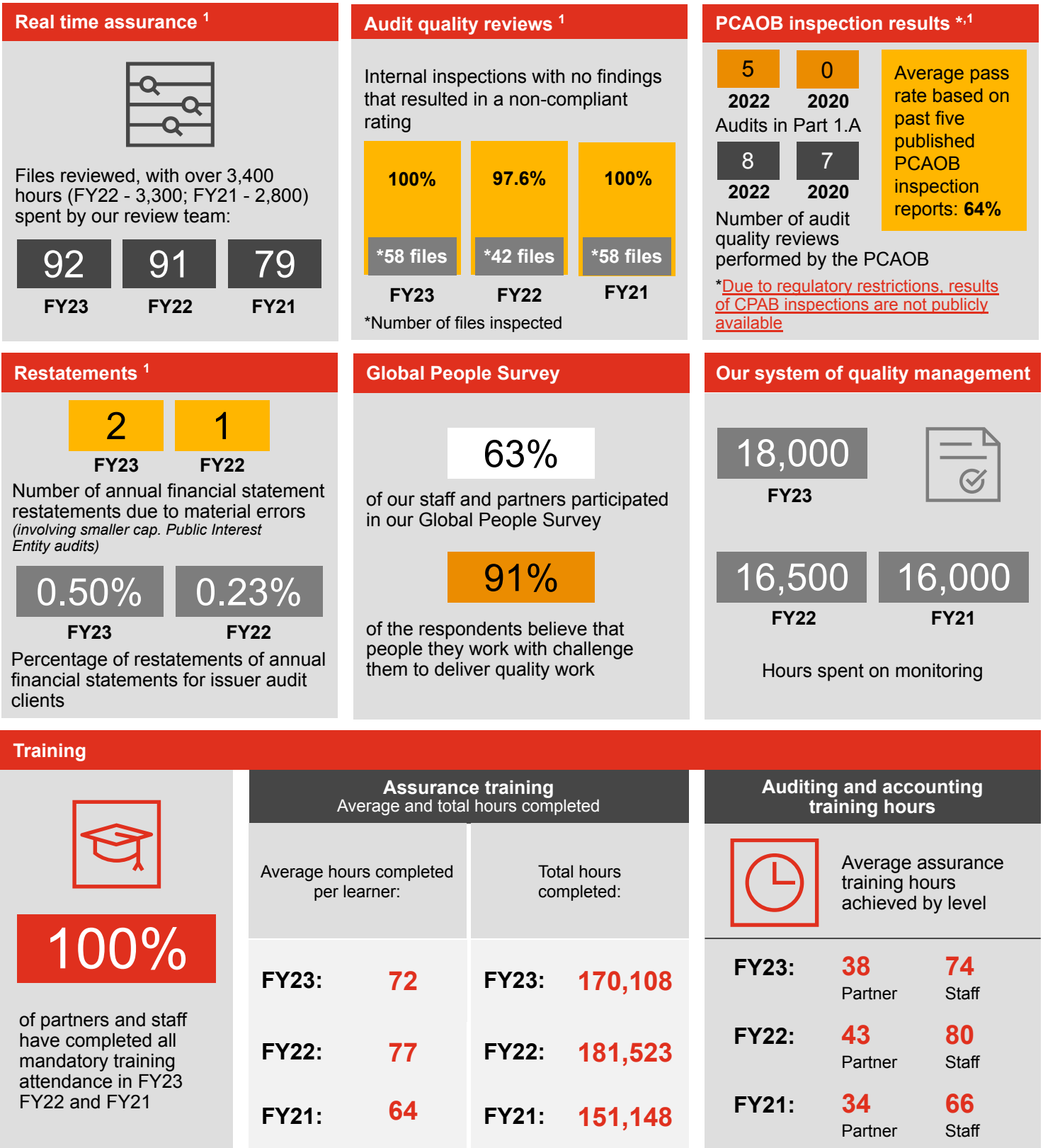


Anita McQuat
National Assurance Leader
PwC Canada



Paul Fitzsimon
Assurance Quality Leader
PwC Canada

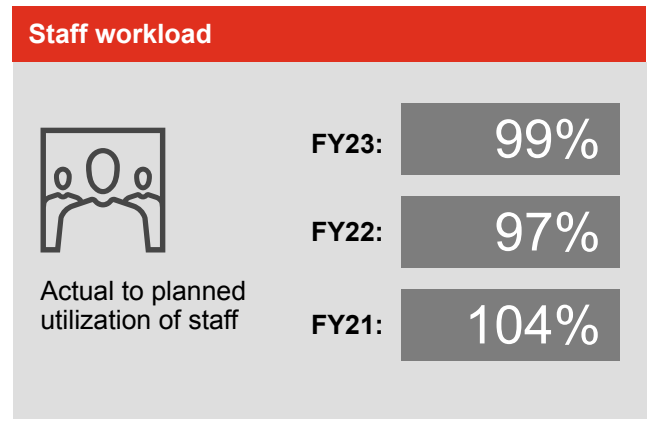
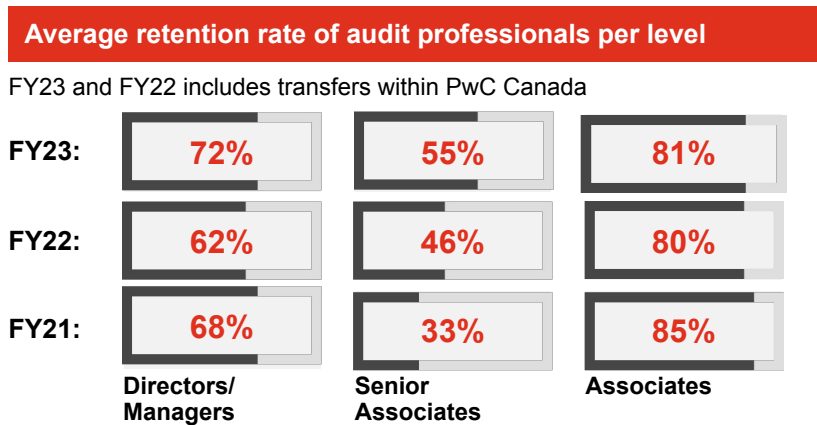
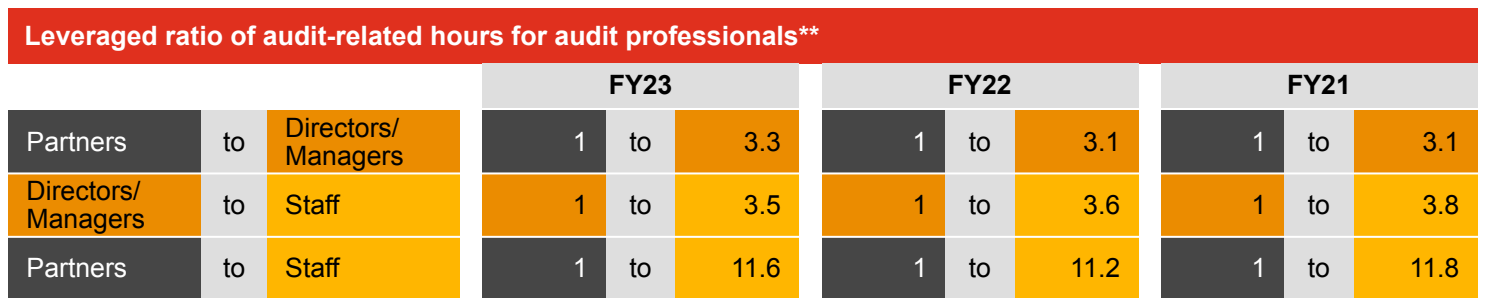
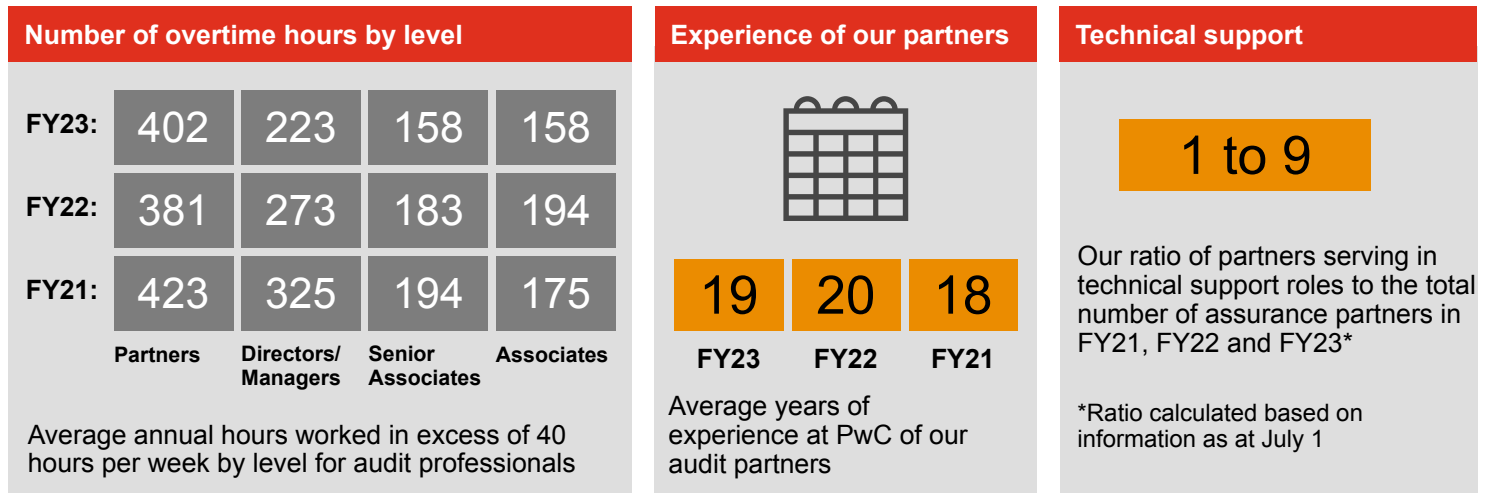
Year in review



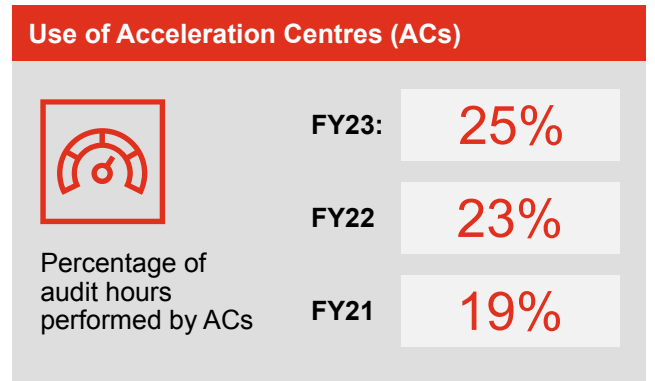
¹ For a detailed discussion of our quality results refer to pages 34-36 of this report.

Please see the full report for additional information regarding the data points shown.

Year in review

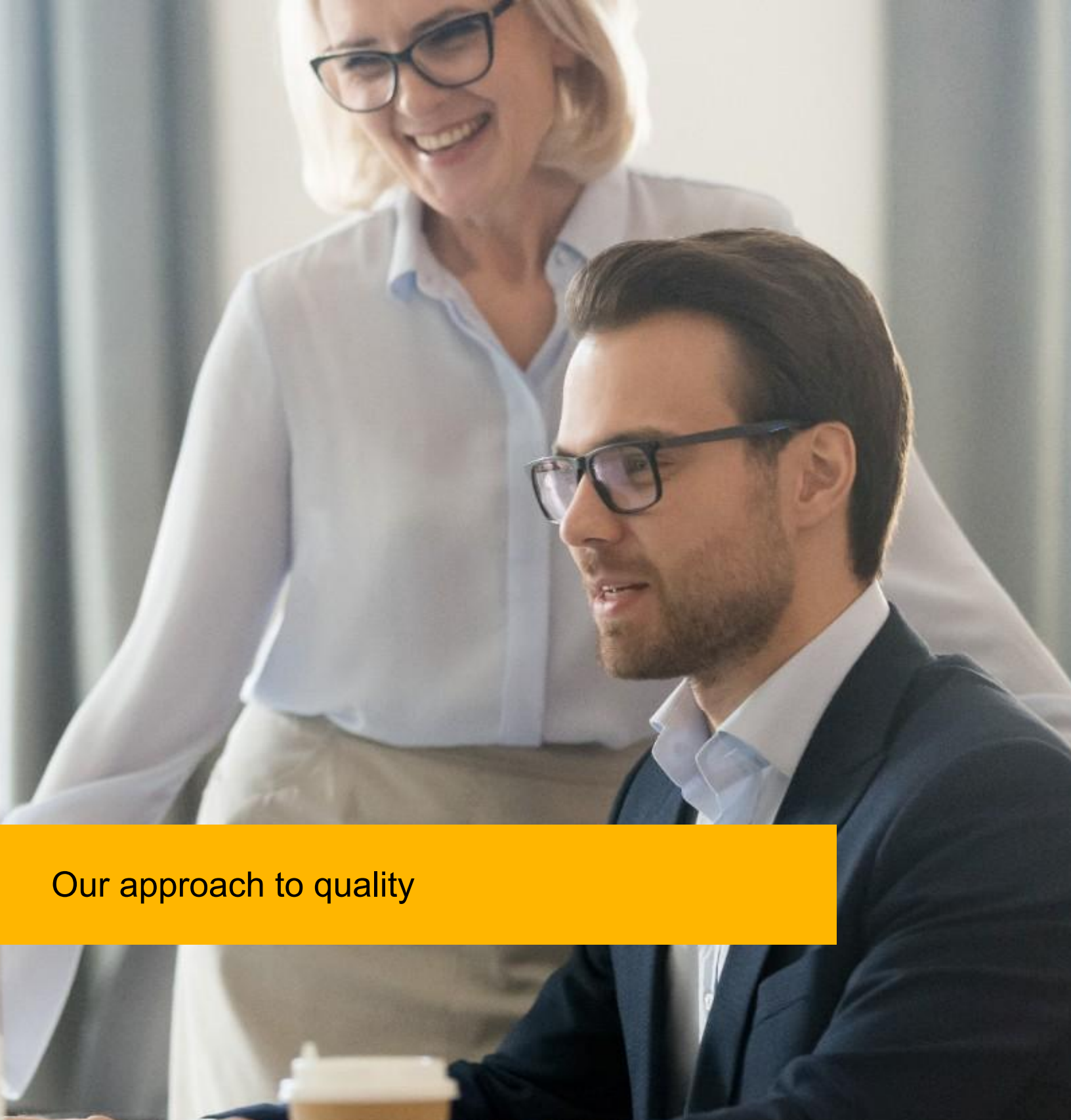


Average number of permanent audit professionals per level**			
	FY23	FY22	FY21
Partners	170	169	174
Directors/Managers	376	369	376
Senior Associates	577	645	570
Associates	506	513	672
Total	1629	1696	1792



**Excluding staff in Acceleration Centres

Please see the full report for additional information regarding the data points shown.



Our approach to quality



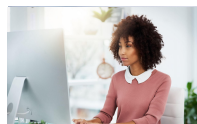
Message from leadership



Culture and values



Our people



Our audit approach



Monitoring



Legal and governance structure



PwC network

Our approach to quality

A specific focus on audit quality across the Network

The PwC Network's Assurance QMSE framework

Delivering high-quality work is at the heart of what we do at PwC; it is what our stakeholders rightly expect of us.

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

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

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

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



Overall quality objective

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

Integrated and aligned in the right way

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

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

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

The Quality Management Process

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

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

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

The key factors that impacted our system of quality management

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

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

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

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

2023 key factors impacting our SoQM

This year, we have seen various factors impact our SoQM but in particular, the most significant changes came from our ISQM 1 implementation, which required enhancements in the following areas:

- Controls related to reliance on network resources and third party service providers
- Controls over technological resources, including over IT infrastructure
- Conclusions on whether the above are appropriate for use in our SoQM and performance of engagements

Statement of effectiveness of audit quality controls

Management of PwC Canada believes that the quality control environment described above complies with all applicable regulations and provides a reasonable basis for believing that financial statement audits and other assurance engagements carried out by PwC Canada consistently meet the required quality standards.



Culture and values



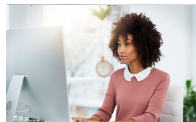
Message from leadership



Our approach to quality



Our people



Our audit approach



Monitoring



Legal and governance structure



PwC network

Our culture and values



Definition and culture

At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of 364,000+ people¹. This culture of quality emphasizes that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.



Measurement and transparency

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

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

¹ Includes partners, regular, non-salaried/self-employed, intern and fixed term staff.



Our firm's commitment to quality

Leadership and tone at the top

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

Trust in what matters

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

That's why we're evolving our assurance offering to provide confidence not just in companies' financial statements but in their impact on people and the planet as well.

We call this 'trust in what matters.' This includes issues that are important to a company and its wider stakeholders. We apply rigorous standards to analyse companies' performance on issues such as climate and diversity. This helps companies demonstrate their progress, enabling these firms to build trust, enhance their corporate reputations, and grow enterprise value.

Audit quality measures

Global people survey: Percentage of respondents who believe they are encouraged to deliver high quality services



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

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

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

This culture is supported by appropriate tone at the top through regular communication from leadership to all partners and staff about the firm's commitment to quality. Key messages are communicated to our firm by our Senior Partner and our leadership team and are reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders' messaging conveys the importance of quality to the success of our firm. Based on this tracking, we are confident our people understand our quality objectives. Delivering service of the highest quality is core to our purpose and our Assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.



Aim to Predict: Assurance Quality Indicators

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

Ethics, independence and objectivity

Ethics

At PwC, we adhere to the fundamental principles of ethics set out in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (the 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 judgments;
3. **Professional competence and due care:** To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and to 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 it, nor use the information for the personal advantage of the professional accountant or third parties; and
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 and 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 Canada monitors compliance with these obligations.

In addition to the PwC Values (Act with integrity, Make a difference, Care, Work together, Reimagine the possible) and the PwC Purpose, PwC Canada 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 Canada are provided with the PwC Global Code of Conduct (the PwC Code). They are expected to live by the values expressed in the PwC Code in the course of their professional careers at our firm and have a responsibility to report and express concerns, and to do so fairly, honestly and professionally when dealing with a difficult situation or when observing behaviours inconsistent with the PwC Code. In addition, every partner and staff are required to complete new hire training, which covers the ethics and compliance network standards, including ethics and the Code of Conduct.

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

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

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

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



Objectivity and independence

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

The PwC Global Independence Policy, which is based on the IESBA Code, including International Independence Standards, contains minimum standards with which PwC firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary. The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph.

PwC Canada 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 & Resilience Officer, a member of the firm's leadership team.

Independence policies and practices

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

- personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g. bank accounts and loans by partners, staff, the firm and its pension schemes;

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

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

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

PwC Canada supplements the PwC Global Independence policy as required by Canadian requirements, and by the EU Audit Regulation where they are more restrictive than the network's policy.

Independence-related systems and tools

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

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and Authorization for Services system;
- Independence Checkpoint, which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client, or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required;

- Authorization 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;
- Joint Business Relationships (JBR) which is a global system used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships;
- Global Breaches Reporting System, which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the IESBA Code.

PwC Canada also uses a rotation tracking system, which monitors compliance with PwC Canada's audit rotation policies for engagement leaders and other key audit partners involved in an audit.

Independence training and confirmations

PwC Canada provides all partners and practice staff with annual or ongoing training on independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulations and, as relevant, provision of services. Partners and staff receive computer-based training on PwC Canada's Independence policy and related topics.

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

Independence monitoring and disciplinary policy

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

- compliance testing of independence controls and processes;
- personal independence compliance testing of a random selection of, at a minimum, partners and managers as a means of monitoring compliance with independence policies; and
- an annual assessment of our PwC firm's adherence to the PwC network's standard relating to independence.

Our independence compliance programs periodically identify exceptions to our independence policies related to financial, service, and other relationships. When a potential independence policy exception is identified, the matter is analyzed carefully with the firm's independence specialists to determine whether an exception to independence rules or standards has occurred. If it is determined that such an exception has occurred, an analysis is completed to determine whether the firm remains objective and impartial. We continue to review and make modifications, as appropriate, to our independence compliance programs and related guidance, as part of analyzing exceptions identified. The results of PwC Canada's monitoring and testing are reported to the firm's management on a regular basis.

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

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

Considerations in undertaking the audit

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

Client and engagement acceptance and continuance

PwC Canada has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention, called Acceptance. Acceptance facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

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

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

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



Reinforce: Recognition and Accountability Framework

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

- **Quality outcomes:** We provide transparent quality outcomes to measure the achievement of 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 quality objectives.
- **Interventions/recognition:** We have put in place interventions and recognition that promote and reinforce positive behaviours and drive a culture of quality.
- **Consequences/reward:** We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivize the right behaviours to achieve quality objectives.



Environmental, Social and Governance (ESG)

Stakeholders are increasingly looking beyond the traditional financial metrics to determine value by using more information about a company's risks and strategies related to ESG considerations. Our leading approach to ESG includes, but is not limited to:

Environmental sustainability:

- The PwC network has made a worldwide commitment to achieve net zero greenhouse gas (GHG) emissions with 2030 goals. The PwC network will work with its clients to support their efforts, contribute to public policy developments in support of net zero and decarbonise our operations and supply chain through SBTi validated near term targets. To mitigate its impacts today, The PwC network will offset its emissions through high-quality carbon credits, transitioning to 100% carbon removals by FY30.

Societal impact:

- Our “New world. New skills.” initiative has a public commitment to digitally upskill at least 2 million Canadians and to help close the digital divide. We've already impacted 1.6M people and organizations through programs like our paid day off to volunteer, not-for-profit board training and matching, pro-bono initiatives and the integration of purpose into our core services. We are actively working in collaboration with other businesses, governments and local communities to upskill people faster and with greater scale and impact to prepare them for the future of work.

Governance and our services:

- Our Trust Roadmap helps our Canadian firm continually learn how and why our stakeholders trust us and what we can do to continue to earn their trust. We identified seven key trust drivers that will underpin our external disclosures and help PwC Canada ensure every interaction, experience, relationship and outcome delivered earns trust to help us be more resilient and accountable.
- We continue to focus on helping our clients and the marketplace better understand ESG risks and opportunities, bringing together our passionate community of solvers from strategy, tax, deals, legal, people, assurance, reporting, data and tech to help incorporate ESG principles in every area of our clients' business—from strategy, through transformation, to reporting—to create value for stakeholders and society.

To learn more about our approach to building trust, ESG and reporting, please visit

<https://www.pwc.com/ca/trust>.





Our people



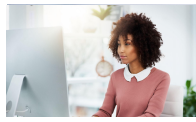
Message from leadership



Our approach to quality



Culture and values



Our audit approach



Monitoring



Legal and governance structure



PwC network

Our people

We are committed to delivering a meaningful experience that supports development for our people and the skills to serve their professional goals.

The pace of developments in standards and technology, combined with stakeholder expectations that are higher than ever, is transforming how we perform our audits and requires that we bring together an audit team of individuals with diverse skills, backgrounds, and perspectives. Our recruiting efforts reflect these needs, and we continue to adapt how and where we source talent.

People strategy

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

Our hiring standards include a structured interview process with behaviour-based questions built from The PwC Professional framework, an assessment of academic records, a review of relevant prior experience (if applicable) and background checks. In response to increasing voluntary turnover rates, we took several key steps to further promote retention of our audit professionals, by not only providing them with greater flexibility in how and where they work, but also by finding more ways to recognize their contributions with meaningful rewards.

Our Acceleration Centres (ACs) and Competency Centres (CCs) represent a talent pool that help us enhance quality and improve our people and client experiences through innovation, flexibility and increased efficiency. Our CCs apply specialized skill sets to scope and complete procedures in certain areas of the audit and specific audit-related activities. By applying those skills across a broad range of clients, the CCs further drive standardization and quality and are able to develop unique perspectives that bring additional insights and value to our clients through our audits. By continuing to further integrate team members located at the ACs, CCs and other delivery models on our audits, we are able to manage workload, which helps our teams continue to meet the needs of our clients while also creating opportunities for our audit professionals to take on more challenging work earlier in their careers and to provide value-added insights to our clients.

Partner remuneration

PwC Canada partners are remunerated solely out of the profits of PwC Canada. Audit partners are not permitted to be incentivized, evaluated or remunerated for the selling of non-audit services to their audit clients.

The final allocation and distribution of profit to individual equity partners is made by firm management once their performance has been assessed and the annual financial results have been determined. The firm's partnership board approves the process and oversees its application, including setting the compensation of the CEO and Leadership Team.

Each equity partner's remuneration is dependent upon the level of equity shares in the firm, which is a function of sustained performance as well as roles and responsibilities, and performance of the individual and his or her business unit in the current period.

Each equity partner's performance is evaluated by assessing achievements against an individually tailored dashboard based on the partner's role and responsibilities. Quality is carefully considered in determining partner income.

There is full transparency among the equity partners over the total income allocated to each partner.



Continuous upskilling

Today's world demands new skills. We are responding to our people and clients' changing expectations to deliver a different, more digital experience to our clients.

We provide our people with learning tools to expand the use of digital solutions on their audits and empower them with a mindset of continual improvement and innovation. Our Digital Academies leverage market-leading software and focus primarily on building three core skills: data wrangling, automation and data visualization. These tools enhance the firm's collective digital fluency while providing individuals with a personalized curriculum to build their digital IQ. Our commitment to digital upskilling and people-led innovation is helping redefine the profession. We're developing more well-rounded audit team members who are skilled in both digital and audit acumen, and this, in turn, enhances quality and the audit experience. Automations developed by our people and the ACs reduce time-intensive routine tasks, allowing more time for performing analysis. Custom data visualizations bring insights to life and quality is enhanced because work is done more consistently.

Digital experts are embedded within our engagement teams and are dedicated to applying digital capabilities to each audit, as well as developing new digital solutions for the firm.

Digital Lab, our unique technology-sharing community, has been integral to our innovation journey. Our audit teams use the Digital Lab to find, build and share digital solutions that support tech-enabling the audit. This, together with investments in digital upskilling, has helped us create innovative, digitally fluent audit teams. Our skilled audit teams are able to use our technology platforms to dig deeper into their clients' data, surfacing audit-related matters and providing relevant perspectives and insights as a result of audit procedures.

728 engagement teams have executed **1,520** standardized automations without customization. **2,960** automations have been downloaded from the digital lab and customized by **1,735** staff members for their specific needs.

Audit quality measures

- Average staff retention rate
- Leverage ratio of audit-related hours
- Staff workload
- Number of audit professionals by level
- Number of overtime hours by level
- Ratio of partners serving in technical support roles to the total number of audit partners
- Average years of experience at PwC



Flexibility and well-being

Flexibility and well-being are all about putting the power of the firm's resources behind our people and helping support their journey to greater well-being. We continue to focus on Be Well, Work Well—our investment in well-being, including creating team plans aligned with our new ways of working (described below) that account for all team members' work preferences and flexibility needs. This year we increased our well-being support, with additional mental health and other resources for our staff.

The future is hybrid. And this is how we play

When it comes to our ways of working, it's our clients and our people who matter the most. Our people are at the forefront of the decisions we make in creating a workplace that is relevant for the future. What is important is how well work is done, not where it is done. Through various surveys and focus groups, our people have told us that they appreciate the empowerment and flexibility to choose where and how they work. Therefore, our ways of working going forward will be a hybrid of in-person and virtual, with the office focused more on connection, collaboration and activity-based working. The mix will depend on our clients and our people, and it will be different across the firm and vary throughout the fiscal year. The new, hybrid model of work will allow us to continue to serve our clients while balancing remote work and retaining some of the flexibility our people appreciated while working from home.





Inclusion and diversity

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



Recruitment

PwC Canada 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.



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 skepticism. 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 Workday. 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 Canada uses The PwC Professional, our global career progression framework, which sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy and support our brand. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's team leader to discuss their development, progression and performance.



Retention

Turnover in the public accounting profession is often high, because as accounting standards and regulations change, accountants are in demand and the development experience we provide makes our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent. Providing our people with the flexibility to meet their professional and personal commitments through hybrid working is a critical component of our people experience and strategy to enhance our retention rates.



Global People Survey

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

Diversity, Equity and Inclusion (DEI)

At PwC Canada, diversity is both a business imperative and a key part of our people engagement strategy. A core part of our PwC Canada DEI strategy has focused on developing quantitative and qualitative measures to prioritize different aspects of the people experience. We seek to reduce inequality by developing a culture that embraces collaboration as an approach to bettering outcomes for the following groups: women, people with disabilities, racialized, LGBTQ2+ and indigenous communities.

We developed our own framework shown below:

An outcomes-driven approach

In FY23 we deepened our approach to understanding how employees experience the workplace. We did this by looking deeply into the our data on the following areas:

1. Transparency and Accountability
2. Pay Equity
3. Leaves (of all kinds)

We published the Trust Roadmap where we published our targets and progress against those targets with a focus on gender, race, disability and Indigenous communities. We segmented our targets to ensure we focus on key areas including career progression, performance and pay transparency. We looked at leaves with a view to ensuring that those who took a leave were not negatively impacted.

Our Workplace Experience Framework

- People from diverse backgrounds and identities have equitable opportunities to advance their careers
- Promotion and advancement opportunities are awarded to the most qualified person
- People feel supported to belong



- I feel safe to be my authentic self within my own team
- I feel safe to discuss topics that impact my life with my team
- There are healthy, open conversations and debates among our team

- Senior colleagues advocate for my career advancement
- The opportunities assigned to me let me demonstrate my full potential
- I feel that work events are sensitive to different people

- I have the ability to set boundaries between work and personal life
- I have flexibility and support for time off when needed
- I have control over when, where and how I work

Closing the bias gap

We continued to monitor the performance ratings to ensure that ratings are distributed in a way that reflects the population. In 2023 we continued to maintain equilibrium with women receiving 50% and men 47% Impact Tiers 1+2, our highest performance ratings. For Visible Minority women we continue to narrow the bias gap with non-visible minority women increasing by 6 points from 2022.

Increasing our commitment to diversity

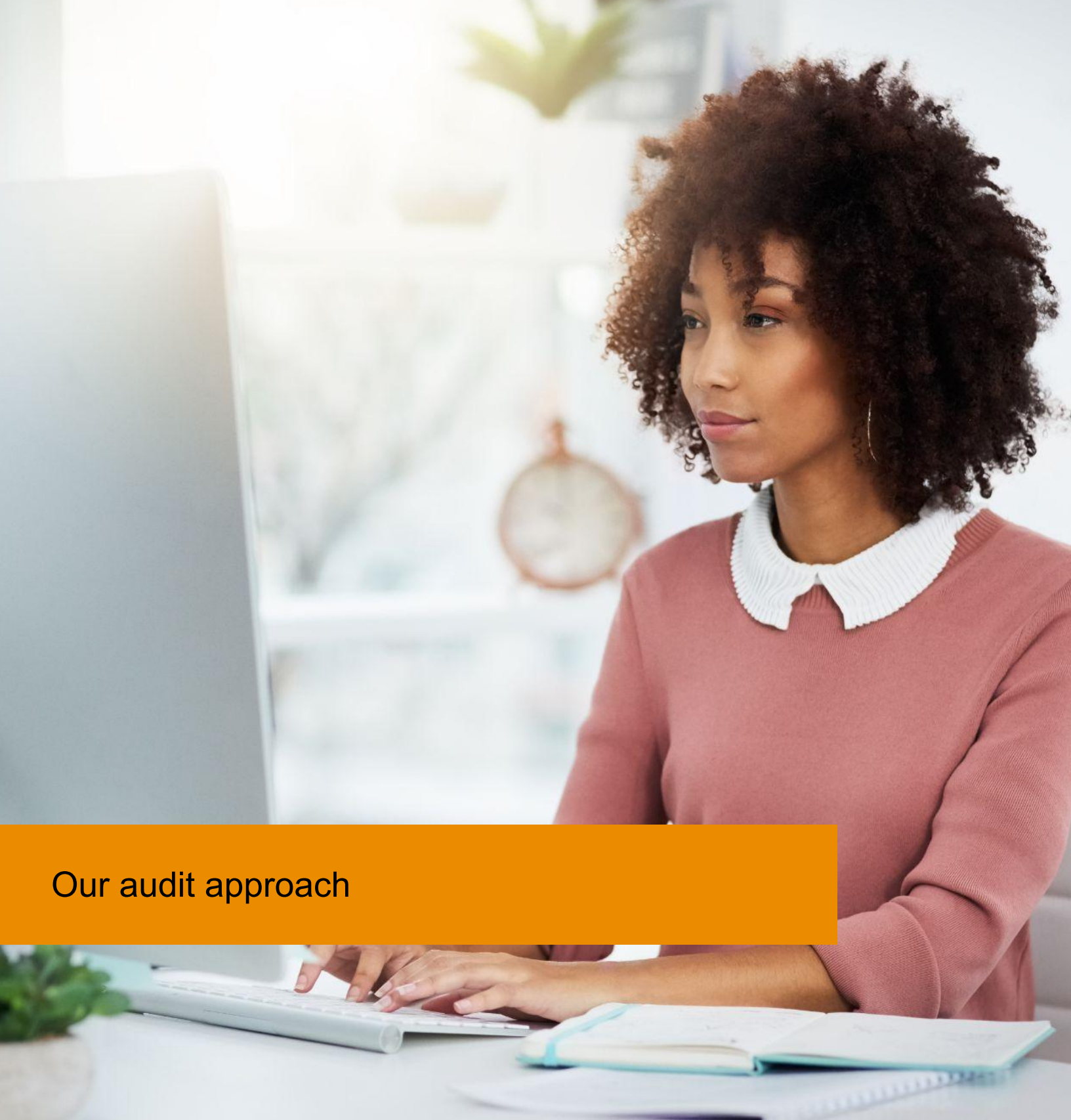
We continue to see increased rates of feelings of belonging and inclusion. We measure this using an index we created ourselves using our survey. We have seen our 'intent to stay' indicator increase by 5 points and our indicator of the 'motivation to advance your career' increase by 6 points.

Continuous learning

We began focusing on behaviours in 2023 with a significant focus on themes of bias underpinned by evidence from our surveys and pay analysis. This work was continued throughout all specific staff and partner wide conferences. As we develop our coaching programs and other leadership capabilities we have undertaken an extensive focus group exercise across the firm to support the development of capabilities to support deeper network and business skills building.

Disability

We have begun extensive work in the area of supporting our employees with disabilities. As Global launched the Global Disability Strategy we began to look specifically at our own needs in this area. We have now agreed a strategy and have a commissioned a disability led agency to audit our premises and processes with a view to helping us target priority areas to begin planning and action on. We have also created a Disability Advisory Committee made up of disabled people at the firm to help lead and guide the work.



Our audit approach



Message from leadership



Our approach to quality



Culture and values



Our people



Monitoring



Legal and governance structure



PwC network

The PwC Professional

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

Professional development

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

Achieving a professional credential supports our firm's commitment to quality through consistent examination and certification standards. Our goal is to provide our staff with a more individualized path to promotion and support them in prioritizing and managing their time more effectively when preparing 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.

Enhanced working practices

Enhanced working practices (EWP) refers to the way we work as a team. At the heart of our EWP approach is the concept of "teach, don't tell"—the use of open-ended questions to teach our people to think and learn, instead of providing answers. This approach is supported by five on-the-job routines:

1. rounds, where all team members present their views on issues or challenges;
2. formal observation and feedback;
3. shadowing;
4. lessons learned; and
5. team workshops.

We have ingrained our EWP philosophy into the way we engage, motivate and inspire our people to deliver a distinctive client experience. We believe that if we treat our people right, we'll get it right with you.

Audit quality measures

- Total training hours
- Average training hours per audit professional
- Mandatory training attendance



Continuing education

We and other PwC firms are committed to delivering quality assurance services around the world. To maximize 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 includes 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 judgment, while applying a skeptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training.

We consider what additional training is appropriate — formal and/or informal — to address any additional specific local training needs based on feedback obtained from:

- our audit risk and quality and accounting consulting services teams on new accounting and auditing standards and financial reporting developments;
- our internal inspections process, RTAs, consultations on auditing matters and other inputs related to monitoring quality; and
- observations from regulatory reviews.

This training is then supplemented with learning from others, whether by receiving and discussing feedback or by shadowing, observing and/or working with others in order to support them on the job.

Attendance at required training courses is monitored and is an important component of an individual's performance assessment. In addition, many courses are followed by learning assessments. These assessments help extend the learning experience by testing knowledge gained during the course and providing participants with a better understanding of where they could improve.



Our audit approach

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

Our audit approach

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



People

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



Technology

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



Approach

We've built our audit around our people and our technology. We've designed it to give us more time with our clients, understanding the things that matter to their business. That's more time understanding client concerns and more time focusing on the inherent risks we see, including how they change over time and how they compare with peer companies.



The PwC Audit

Audit quality measures

- Use of Acceleration Centres



Audit committees

Audit committees have an important role, being charged with oversight of the appointment, performance and independence of auditors. Through timely, meaningful exchanges, we obtain the audit committee's perspectives and fulfill our professional responsibilities to communicate certain items to them. We encourage audit committees to ask us candid questions and engage in an open dialogue to help foster an environment of accountability. For public company audits, our communications occur at least quarterly.

Examples of topics we commonly discuss with the audit committee include:

- our independence, including, when appropriate, the potential effects of proposed non-audit services;
- our role and the roles of management and the audit committee;
- the audit committee's views about fraud risks in the company;
- our audit approach, including our risk assessment process, consideration of fraud risks and results;
- the scope of our audit, including multi-location considerations, where applicable;

- our client service team, including specialists;
- our planned use of the work of others;
- our timeline and communication plan;
- audit fees;
- management's accounting policies and practices, including the adoption of new accounting standards and significant transactions;
- relevant trending topics, including economic developments and new laws and regulations affecting the company;
- the quality of the company's financial reporting;
- audit results, including areas of significant estimates and judgments; and
- firm external and internal inspection results.

We also frequently share observations regarding other matters related to the audit committee's roles and practices, such as the company's management and governance over financial reporting.



Tools and technologies to support our audit

As a member of the PwC network, PwC Canada 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 ISAs and other regulatory requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

The PwC Audit Guide explains PwC's methodology. The Guide, along with PwC's technology-based audit support tools, templates and content support engagement teams in conducting assurance and related service engagements.

We supplement the methodology through the development and enhancement of audit tools and related guidance that are specific to the needs and requirements of the Canadian firm.

Our technology



Aura, our global audit documentation platform, is used across the PwC network. Aura helps drive how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as by 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.

Aura Platinum is supported by a series of technology-based audit support tools and templates that are accessible via a range of electronic devices, ranging from PCs to smartphones. These tools increasingly integrate with Aura, populating audit evidence directly into Aura. The main tools include:



The Connect Suite is our collaborative platform where we share data, document requests and audit status. It provides fast, efficient and secure information sharing with our clients and multi-location audit teams at every stage of the audit:

- **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.
- **Connect Audit Manager** streamlines, standardizes 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 digitizes the entire coordination process which facilitates greater transparency, compliance and quality for complex multi-location audits.



Halo, our data auditing tools, address large volumes of data, analyzing 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 visualize the data to identify client journal entries to analyze and start the testing process.



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



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

Our next generation audit

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

Reliability and auditability of audit technologies

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

Confidentiality and information security

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

Our focus on our clients requires a holistic and collaborative approach to reducing security, privacy and confidentiality risks, with significant investment in appropriate controls and monitoring to embed an effective three lines of defence model. This model has enabled us to strengthen our information security organization, 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 organization having a role to play in safeguarding personal data. PwC Canada adheres to a privacy program that has been designed to meet the standards prescribed by provincial, national and international privacy laws, including but not limited to the Personal Information Protection and Electronic Documents Act (Canada), the Act respecting the protection of personal information in the private sector (Quebec), and the General Data Protection Regulation (EU/EEA). We have continued to build on our extensive data protection program and are committed to embedding good data management practices across all aspects of our business, including enhancing transparency in our data protection policies, embedding privacy by design principles into our day to day work, and performing risk assessments to ensure data is appropriately safeguarded in accordance with legal requirements and best practices. PwC Canada operates a mature privacy program and conducts appropriate monitoring activities to ensure privacy control adherence within the organization.

Information security

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

Failure to protect information could potentially harm the individuals whose information PwC firms hold, lead PwC firms to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand. The Information Security Policy (ISP) outlines the minimum security requirements with which every PwC firm must comply.

PwC firm compliance with the ISP is measured through quarterly data-driven assessments as well as a yearly evidence based assessment for each PwC firm.

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



Supporting engagement performance



Evolving delivery model

We continue to evolve the way we deliver our services so our people give our clients an even better experience, further enhance the quality of what we do and create economic capacity to invest in the future. We use delivery centres to streamline, standardize, automate and centralize portions of the audit. Key delivery centres used by PwC Canada include Acceleration Centres and Competency Centres.



Direction, coaching and supervision

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



Consultation culture

Consultation is key to maintaining high audit quality. We have formal protocols about mandatory consultation in the pursuit of quality. For example, our engagement teams consult with appropriate groups in areas such as taxation, risk, valuation, actuarial and other specialities, as well as individuals within our National Technical function.



National Technical Function

Our Audit Risk and Quality (ARQ) and Corporate Reporting Services (CRS) teams comprise technical accounting, auditing and financial reporting groups 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 member firm's system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, significant risks and a team's responses to those risks, and specific accounting, auditing and financial reporting and disclosure issues.



Differences of opinion

Protocols exist to resolve the situations where a difference of opinion arises between the engagement leader and either the QRP, another Assurance partner or central functions such as ARQ. These include escalation to individuals independent of the engagement or to leadership, as required.



Monitoring



Message from leadership



Our approach to quality



Culture and values



Our people



Our audit approach



Legal and governance structure



PwC network

Monitoring

Monitoring of assurance quality

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

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

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

Audit quality measures



- Audits included in Part 1.A of PCAOB inspection report in relation to the number of file reviews by PCAOB
- Number of restatements
- Number of hours spent on real time assurance and number of file reviewed
- Results of internal inspections
- Number of hours spent on monitoring

Aim to prevent: Real Time Assurance

We have developed a real time quality assurance (RTA) program designed to provide preventative monitoring that helps coach and support engagement teams in getting the 'right work' completed in real time during the audit.

Our RTA program involves the review of engagement files with areas of focus identified as a result of current year internal and external inspection findings, as well as targeted areas based on industry or economic issues, such as climate change. The review assesses engagements during the performance phase of the engagement, rather than after issuance of the opinion or report. It provides an effective and efficient process for monitoring and supporting audit quality.

The RTAs follow a coaching or supporting model to assist with getting the work done correctly and with coaching along the way.

Quality improvement themes identified through these reviews are shared with the practice via webinars or newsletters.



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

EQRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorized 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.

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

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

The inspection results are reported to our firm's leadership, who are responsible for analyzing 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 mentoring, training or further sanctions in accordance with our firm's Recognition and Accountability Framework.

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

Learn: Root Cause Analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses are to understand what our findings tell us about our SoQM and to identify how our firm can provide the best possible environment for our engagement teams to deliver a quality audit. We look at quality findings from all sources, including our own ongoing monitoring of our SoQM as well as network inspection of our SoQM, audits both with and without deficiencies—whether identified through our own internal inspections process or through external inspections and other inputs such as financial statement restatements and accounting errors—to help identify learning opportunities.

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

In addition, the data compiled for audits both with and without engagement-level findings is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, the number of years that key engagement team members have been on the engagement, whether the engagement was subject to a RTA review and the timing of when the audit work was performed.

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

External inspections

External inspections of our public company audit practice provide a data point for audit quality and represent an important check on our internal monitoring and assessment processes. PwC Canada is subject to inspection by the Canadian Public Accountability Board (CPAB) and by the Public Company Accounting Oversight Board (PCAOB).

CPAB

PwC Canada is eligible to undertake statutory audit work of publicly listed entities by virtue of its registration with CPAB. CPAB undertakes an annual inspection of the quality of PwC Canada's work as auditors of Canadian Reporting Issuers. Quality multi-location audits that involve several component audit teams have been a priority area for regulators for a number of years. In order to assess whether sufficient audit evidence has been obtained to support the group team's audit opinion, CPAB may determine during an inspection that it needs access to a substantial portion of the audit work performed by the component auditor. CPAB has encountered some instances during an inspection where a substantial portion of the audit work has been performed by a component auditor in a foreign jurisdiction, and CPAB was not able to gain access to such audit work. As a result, Canadian National Instrument 52-108, *Auditor Oversight* was amended effective March 30, 2022 and now includes a detailed protocol to help facilitate CPAB access to component auditor working papers. We recognize the need for effective and consistent global oversight of member firms. While our existing processes across the PwC network are built to deliver quality audits regardless of jurisdiction, we continue to evaluate our firm-level oversight processes and engagement-level procedures to be responsive to evolving risk factors related to audit work performed by component auditors in jurisdictions outside of Canada.

In March 2023, CPAB issued a report on the 2022 inspection. As at June 30, 2023, the 2023 CPAB inspection was underway and is likely to be concluded towards the end of 2023. Due to regulatory restrictions, we are not able to publicly share the results of these inspections. However, we continue to take pride in our CPAB inspection results.

PCAOB

In addition, the firm is registered with the PCAOB and subject to PCAOB inspections with respect to work as auditors of SEC registrants and their affiliates. Part I, which is the public portion of the PCAOB inspection report, contains an overview of the inspection procedures and observations on the engagements inspected. Part 1.A includes a discussion of deficiencies identified by the PCAOB in its inspection of issuer audits. While we are not satisfied with our 2022 findings that were released this year, we are confident in our continued ability to deliver strong audit quality. We have analyzed the root cause of the matters raised, have taken remedial actions and remain focused on continuous improvement.

A full copy of our 2022 inspection report is available on the PCAOB website at www.pcaobus.org.

The firm continues to be registered with CPAB and PCAOB.

Chartered Professional Accountants Canada

Chartered Professional Accountants (CPA) Canada is our national professional accounting body, with each province being represented by a CPA body. The firm is subject to provincial practice inspections that are focused on private company clients, which assess our adherence to professional standards as set out in the CPA Canada Handbook and relevant provincial rules. We continue to be pleased with these inspection results and use them as an opportunity to continuously improve audit quality.





Legal and governance structure



Message from leadership



Our approach to quality



Culture and values



Our people



Our audit approach



Monitoring



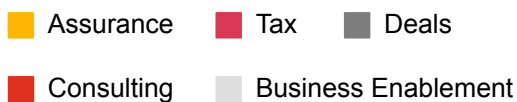
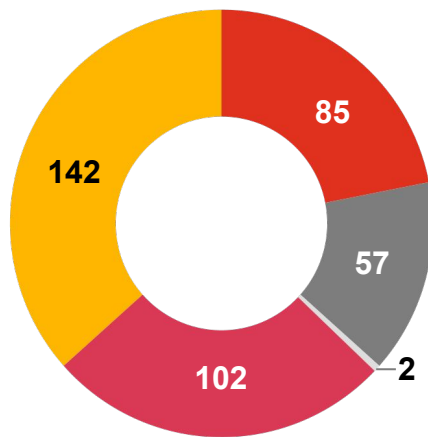
PwC network

Legal and governance structure

Legal structure and ownership of the Firm

The Canadian firm of PricewaterhouseCoopers LLP (PwC Canada) is a limited liability partnership formed under the laws of the Province of Ontario, Canada. It is wholly owned by the partners of PwC Canada. PwC Canada operates out of 19 offices throughout Canada—a full list can be found at www.pwc.com/ca.

Number of equity partners as of July 1, 2023



Governance structure of the firm

PwC Canada's CEO and Senior Partner is responsible for managing and supervising the management of the business and affairs of the firm. Among other responsibilities, the CEO has the authority to establish policies, strategic plans and budgets and to appoint, remove and replace members of the firm's executive team. The CEO is a partner elected by the partnership.

To assist him in discharging his responsibilities, the CEO and Senior Partner has appointed a Leadership Team, which works with him in managing the firm. The responsibilities of the Senior Partner and Leadership Team include establishing and determining the effectiveness of the firm's system of internal control, including those relating to the quality of the firm's audit and assurance services.

PwC Canada's Partnership [board of directors](#) (the Board), currently comprising ten elected partners and three external directors, is charged with overseeing the CEO and firm management. The primary role of PwC Canada's Board of Directors is to help oversee best-in-class governance and enable forward-thinking leadership. The board acts as an advocate supporting management in the execution of the long-term strategy to build a more sustainable, accountable and resilient organization. The Board is also responsible for monitoring the financial performance and internal controls of the firm, reviewing plans and budgets, approving the admission and removal of partners and reviewing and evaluating the performance of members of the Leadership Team. Board members are elected for four-year terms, and one half of the Board is elected by the partnership every two years.

Areas of focus for the Board

The Board meets several times throughout the year and has standing committees which focus on governance, risk management, partner affairs, senior management performance and finance. The CEO is also a member of the Board. Special Board committees are formed to focus on particular issues as required.



PwC network



Message from leadership



Our approach to quality



Culture and values



Our people



Our audit approach



Monitoring



Legal and governance structure

PwC network

Global network

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

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

Governance bodies of PwCIL

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of 19 members. One is appointed as an external, independent director, and the other 18 Board members are elected by partners from PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team**, which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.

PwC Canada's Chief Executive Officer (CEO) and Senior Partner, Nicolas Marcoux, is a member of the Strategy Council and maintains our relationships with the Network Leadership Team.

Financial information

Total turnover achieved by statutory auditors and audit firms from European Union/European Economic Area (EU/EEA) Member States that are members of the PwC network resulting, to the best extent calculable, from the statutory audit of annual and consolidated financial statements is approximately €2.8 billion. This represents the turnover from each entity's most recent financial year converted to Euros at the exchange rate prevailing as of June 30, 2023.

A list of PwC network audit firms and sole practitioner statutory auditors in the EU/EEA Member States can be found in the [Appendix](#).



Relevant EU/EEA and United Kingdom audit clients

During the period covered by this Transparency Report, PwC Canada has signed audit reports for the following clients that have transferable securities listed on regulated markets in the countries noted.



EU/EEA

Ireland

- Royal Bank of Canada

Luxembourg

- Royal Bank of Canada

Sweden

- Africa Oil Corp.
- Filo Mining Corp.
- Lucara Diamond Corp.
- Lundin Mining Corporation
- Lundin Gold Inc.
- Royal Bank of Canada

United Kingdom (UK)

- Canadian General Investments, Ltd.
- Royal Bank of Canada
- Toyota Credit Canada Inc.

Financial information

PwC Canada's audit and non-audit services revenues earned from relevant audit clients listed herein and all other revenues for the fiscal year ended June 30, 2023 are (in CA\$ millions):

- Audit revenues earned from relevant EU/EEA clients: \$28.7*
- Non-audit services revenues earned from relevant EU/EEA clients: \$1.0**
- Audit revenues earned from relevant UK clients: \$26.9*
- Non-audit services revenues earned from relevant UK clients: \$0.8**
- Audit revenues earned from all other clients: \$753.9
- Non-audit services revenues earned from all other clients: \$1,360.6

* Audit revenues of \$26.3 included in both EU/EEA and UK revenues.

** Non-audit services revenues of \$0.7 included in both EU/EEA and UK revenues.



Appendix

PwC network audit firms and sole practitioner statutory auditors in EU/EEA Member States as at June 30, 2023

Member State	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Croatia	PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative

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



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

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PwC refers to the Canadian firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

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