



PwC Canada

Transparency report 2022

October 2022



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Message from leadership

Welcome to our 2022 Transparency report

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

In June 2021, we unveiled The New Equation, PwC's landmark global strategy, which responds to fundamental changes in the world, including technological disruption, climate change, fractured geopolitics and the effects of the COVID-19 pandemic. The New Equation is based on analysis of global trends and thousands of conversations with clients and stakeholders. It builds on more than a decade of sustained revenue growth and continued investment. The New Equation focuses on two interconnected needs that clients face in the coming years. The first is to build trust, which has never been more important, nor more difficult. The second is to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever and societal expectations have never been greater. Under The New Equation we are investing in new capabilities in areas that are central to our strategy—including environmental, social, and governance (ESG). We are 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 non-audit professionals 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\$3bn investment in quality. This includes a US\$1bn investment in a multi-year programme to deliver a new audit ecosystem—one 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 clients and our people.



We are looking at new ways of securely ingesting 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 our stakeholders. In order to help organizations build trust, we know that we need to be trusted and accountable ourselves. And while we do have a long-standing reputation for trust through our financial reporting and compliance work, we know we need to do more. 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 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.

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

2020 PCAOB inspection report*

0
Audits in Part 1.A

7
Number of audit quality reviews performed by the PCAOB

Average pass rate based on past five published PCAOB inspection reports: **70%**

*Due to regulatory restrictions, results of CPAB inspections are not publicly available

Restatements

1 **3**
FY22 FY21

Number of annual financial statement restatements due to material errors (involving smaller cap. PIE audits)

0.23% **0.62%**
FY22 FY21

Percentage of restatements of annual financial statements for issuer audit clients

Real time assurance



Files reviewed, with over 3,300 hours (FY21 - 2,800; FY20 - 1,800) spent by our review team:

91 **79** **74**
FY22 FY21 FY20

Audit quality reviews

Internal inspections with no significant findings

97.6% *42 files FY22	100% *58 files FY21	97.9% *47 files FY20
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*Number of files inspected

Global People Survey

65%
of our staff and partners participated in our Global People Survey

94%
of the respondents believe they are encouraged to deliver high quality services

Our system of quality management



16,500 **14,000**
FY22 FY21

Hours spent on monitoring

Training



100%
of partners and staff have completed all mandatory training attendance in FY21 and FY22

Assurance training

Number of training courses offered

FY22:	335 E-learns	49 Classroom and webinar	384 Total
Average hours completed per learner: 77 Total hours completed: 181,523			
FY21:	331 E-learns	75 Classroom and webinar	406 Total
Average hours completed per learner: 64 Total hours completed: 151,148			
FY20:	124 E-learns	74 Classroom and webinar	198 Total
Average hours completed per learner: 39 Total hours completed: 68,502			

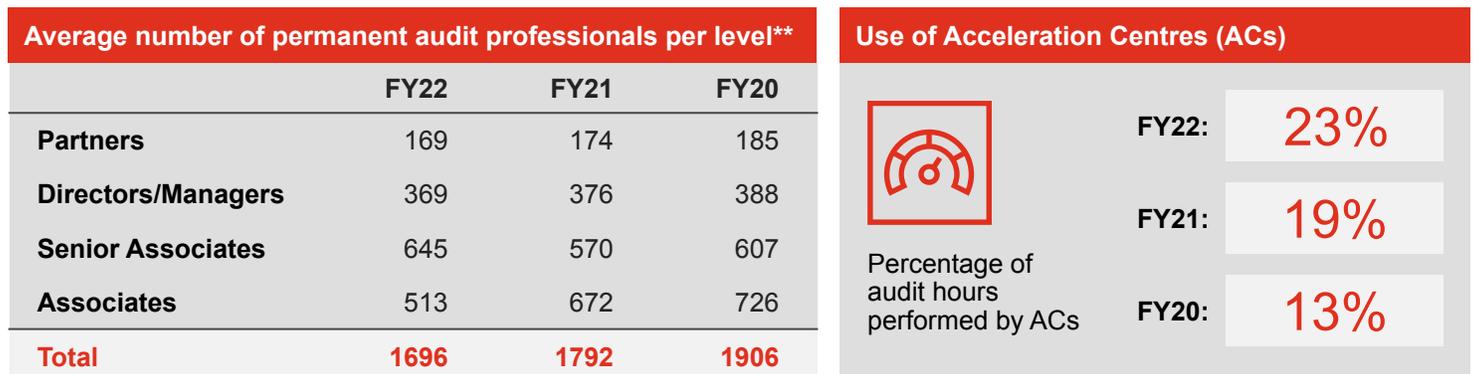
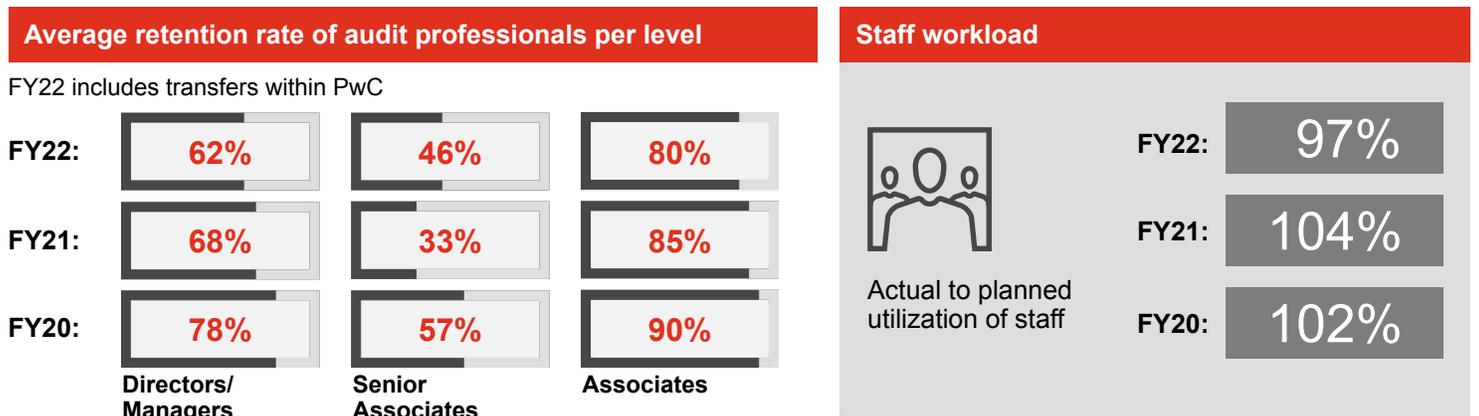
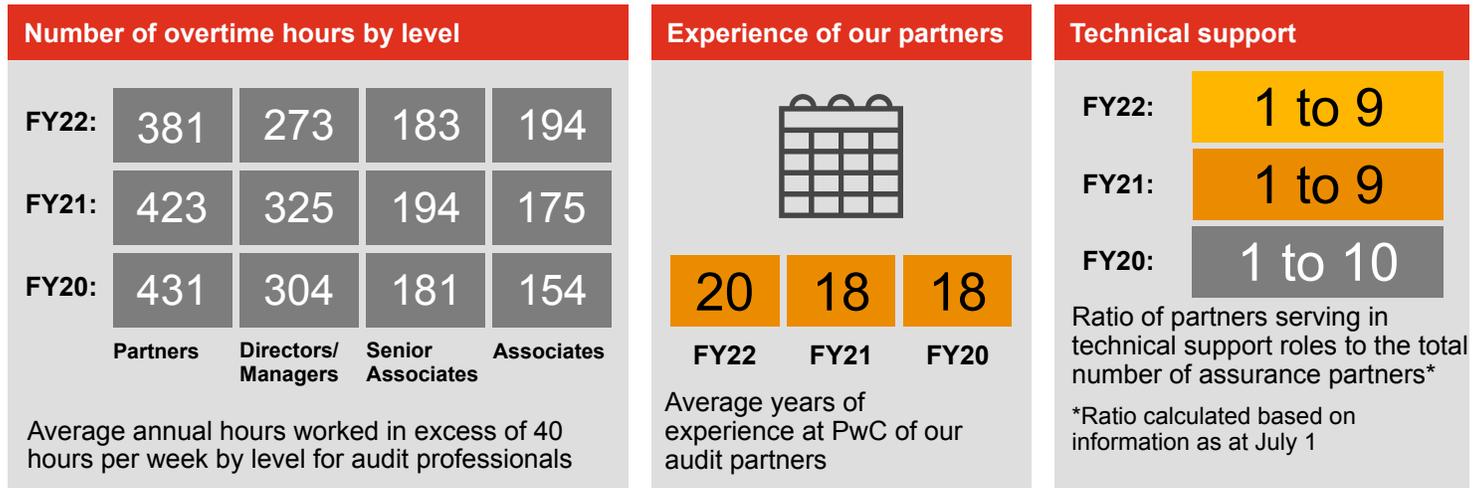


Average assurance training hours achieved by level

FY22:	43 Partner	80 Staff
FY21:	34 Partner	66 Staff
FY20:	22 Partner	40 Staff

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

Year in review



**Excluding staff in Acceleration Centres

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



Our approach to quality



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Our approach to quality



Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 327,000+ people¹ that emphasizes that quality is the responsibility of everyone, including our approx. 9,000+ people² in Canada. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.



Measurement and transparency

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

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

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

² Includes active partners and staff, leaves of absence, independent contractors, interns and contingent staff



Specific focus on audit quality

The quality of our work is at the heart of the PwC network and we invest significant and increasing resources in the continuous enhancement of quality across our network. This includes having a strong quality infrastructure supported by the right people, underlying tools and technology at both the network level and within our firm and a continuous programme of innovation and investment in our technology. The PwC network's Global Assurance Quality (GAQ) organization aims to support member firms in promoting, enabling, and continuously improving Assurance quality through the effective use of policies, tools, guidance and systems to further promote and monitor quality and to build an appropriate level of consistency in what we do. Each firm is responsible for utilizing the resources provided by the network as part of our efforts to deliver quality to meet the expectations of our stakeholders.

The QMSE framework

To deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders, the PwC network has established the Quality Management for Service Excellence (QMSE) framework, which integrates quality management into business processes and the firm-wide risk management process. This framework introduces an overall quality objective that is supported by a series of underlying quality management objectives, and our SoQM must be designed and operated so that these objectives are achieved with reasonable assurance.

Specific focus on audit quality

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

The right objectives and capabilities

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

Integrated and aligned in the right way

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

Delivering a quality end product consistently

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

Values and judgments

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

Navigating the impact of external factors on our system of quality management

The past several years have seen unprecedented challenges. From the global COVID-19 pandemic to the Russian government's invasion of Ukraine (hereafter referred to as "the war in Ukraine"), these events are first and foremost human tragedies. Our SoQM reflects our response to these events and changing risks based on impacts to our clients, our people and the way we operate, including new or revised policies and procedures in our firm that have been implemented or are under consideration at any given point in time. Under the QMSE framework, our SoQM is designed and operated to consider changes in facts and circumstances resulting in:

- new or changing quality risks to achieving one or more of the quality objectives;
- changes to the risk assessment of existing quality risks; and
- changes to the design of the firm's SoQM, including the risk responses.

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

Sharing developments and experience COVID-19

From the early stages of the pandemic, the PwC network put a team in place to monitor developments globally and to highlight areas of critical importance to ensure we did not compromise on audit quality. More than two years into the pandemic, we have maintained our focus on those areas impacting our clients, our people and how we work. We have leveraged the guidance developed by our network to provide sustained, consistent leadership and guidance on audit quality and equip our teams to consider their clients' unique circumstances and respond accordingly.

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

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

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

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

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

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



Culture and values



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Culture and values

Audit quality measures

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



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 the way we do business with each other and within our communities.

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 that our people understand our audit quality objectives.

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



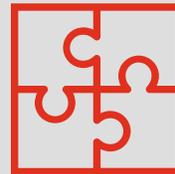
Act with integrity



Make a difference



Care



Work together



Reimagine the possible

Quality management for service excellence

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 for our clients, in the context of the capital markets and within wider society.

As previously mentioned, to help PwC Canada put this strategy into effect, the PwC network has established the QMSE framework, which introduces an overall quality objective for the Assurance practice that is supported by a series of underlying quality management objectives. Our SoQM must be designed and operated so that these objectives are achieved with reasonable assurance. The achievement of these objectives is supported by a **quality management process** established by our firm and Assurance leadership, business process owners, and partners and staff.

This involves the integrated use of:

- Assurance Quality Indicators to aim to **predict** quality issues;
- Real Time Assurance to aim to **prevent** quality issues;
- Root Cause Analysis to **learn** from quality issues; and
- a Recognition and Accountability Framework to **reinforce** quality behaviours, culture and actions.

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

The quality management process

This quality management process includes:

- identifying risks to achieving quality objectives;
- designing and implementing responses to assessed quality risks;
- monitoring the design and operating effectiveness of 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 SoQM 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.

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.

At PwC, “audit quality” means that we consistently:

- comply with auditing standards;
- exercise professional skepticism;
- use our experience to identify and resolve issues timely; and
- apply a deep and broad understanding of our clients’ businesses and the financial environment in which they operate.

Our audit quality principles are achieved through our audit quality practices and mean that we:

- ask tough questions;
- apply an objective and skeptical mindset;
- embrace the supervision and review process as a way to continuously improve;
- stay current on professional standards;
- have timely, meaningful exchanges with audit committees and management;
- plan our work and resolve issues in a timely and thorough fashion;
- remain alert for issues that need deeper analysis;
- act with professionalism and integrity; and
- recognize our role in the capital markets.



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.

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 Root Cause Analysis on 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 deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, 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 deficiencies and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls.



Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds 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.



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 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. Each firm in the PwC network provides a mechanism to report issues. There is also a confidential global reporting option on [pwc.com/codeofconduct](https://www.pwc.com/codeofconduct). PwC Canada has adopted an accountability framework to facilitate remediation of behaviours that are inconsistent with the PwC Code.

The PwC Code is available online for all internal and external stakeholders at [pwc.com/ethics](https://www.pwc.com/ethics).

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





Objectivity and independence

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

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

PwC 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 and 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 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 network Independence policy as required by Canadian requirements, independence requirements of the United States Securities and Exchange Commission (SEC) and those of the Public Company Accounting Oversight Board of the United States and of 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 that support PwC member firms and their personnel in executing and complying with our independence policies and procedures. These include:

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

- 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; and
- a database that records all approved close business relationships entered into by PwC Canada. These relationships are reviewed on a six-month basis to ensure their ongoing permissibility.

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 member firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships.

Independence monitoring and disciplinary policy

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

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

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

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

This would include discussion with the client's audit committee regarding the nature of a breach, an evaluation of the impact of the breach on the independence of the member firm and 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, whether we can comply with relevant ethical requirements, including independence, and whether we have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary.



Client and engagement acceptance and continuance

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

Engagement teams:

- to document their consideration of matters required by professional standards related to acceptance and continuance;
- to identify and document issues or risk factors and their resolution, 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/or engagement.

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

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

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:

- In 2020, PwC Canada joined the global PwC network of firms in a commitment to achieve net zero greenhouse gas (GHG) emissions by 2030. This commitment includes a science-based target to reduce absolute emissions by 50% against a 2019 baseline, which is aligned to a 1.5 degree global temperature rise scenario. PwC Canada has also established an internal GHG cap to mitigate post-COVID-19 emission increases. In July 2021, our targets were independently validated by the Science Based Targets initiative.

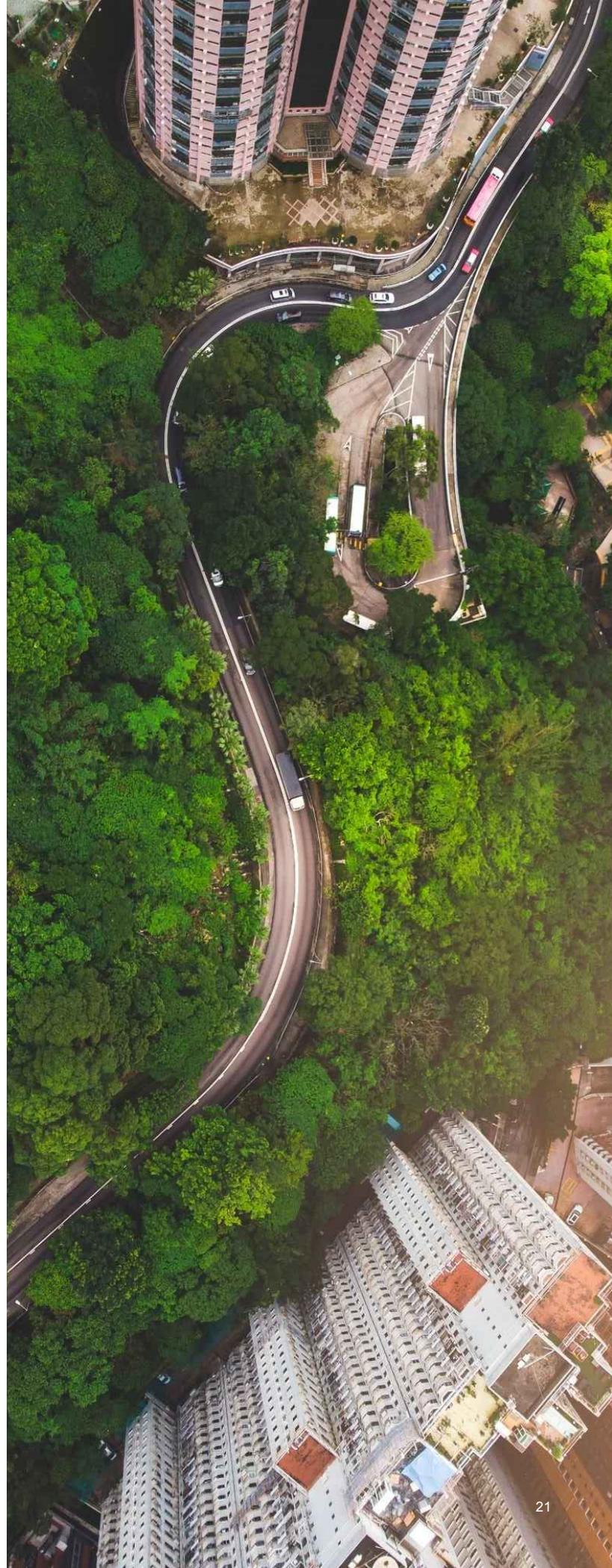
Societal impact:

- Our “New world. New skills.” initiative has a public commitment to digitally upskill at least two million Canadians and to help close the digital divide. We've already impacted 710,000 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:

- Last year, we launched a Trust Roadmap to help 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 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 ESG approach and reporting, please visit our Corporate Responsibility site at <https://www.pwc.com/ca/cr>.





Our people



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Our people

The stories that continue to make headlines—the continuously evolving COVID-19 pandemic, the Russian government’s invasion of Ukraine, the Great Resignation, climate change, the continued fight for equity in business and government, and many more—have left an indelible mark on us as individuals, as a firm and as a society. We are proud of the resilience, empathy and commitment demonstrated by our people over the past year.

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. We executed mid-year pay increases and special one-time bonuses, where appropriate, as part of our commitment to competitive pay. These meaningful steps were taken to continue to attract and retain top talent.

Our Acceleration Centres (ACs) and Competency Centres (CoEs) represent a talent pool that help us enhance quality and improve our people and client experiences through innovation, flexibility and increased efficiency. By continuing to further integrate team members located at the ACs and other delivery models on our audits, we were able to manage workload in response to increasing turnover rates, which helped 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.

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.

1,123 engagement teams have executed **2,451** Alteryx business-led assets. **3,084** digital solutions have been downloaded from the digital lab by **1,977** staff members.

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





Diversity and inclusion

At PwC, we are committed to creating a culture of belonging. We are focused on ensuring our ways of working embrace diversity and on 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 empathize 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 member 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:

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

Both women of colour and women not of colour saw an increase in proportions evaluated in performance Impact Tiers 1+2 in FY22: proportion of **women of colour increased by 38%**, or +16 pts; proportion of **women not of colour increased by 19%**, or +11 pts., **narrowing the gap** between the two groups.

Increasing our commitment to diversity

Across our Inclusion and Diversity Index we saw an average 5% increase in satisfaction levels across areas such as belonging, building an inclusive workplace environment and inclusive leadership that is committed to diversity, equity and inclusion.

An outcomes-driven approach

We have sought to develop both a targets-driven and quality of workplace experience approach to our interventions. We want to achieve a real increase in outcomes across a number of key workplace experience indicators.

In FY22, we focused on key outcomes in the areas that make up our Workplace Experience Framework.

Continuous learning

We are committed to creating a continuous learning environment in diversity, equity and inclusion. We are developing a Truth and Reconciliation strategy, and to this end we are closed on the National Day for Truth and Reconciliation. Yearly, all staff are asked to commit to an action or learning. This year we partnered with First Nations University and developed a mandatory training program (*4 Seasons of Reconciliation*). Also, leadership undertook training: *The Inclusive Mindset Badge* aims to develop a culture of inclusive leadership. Our commitment to anti-racism awareness is a high priority, and all staff are required to complete our *Open Minds* training.

A sense of belonging

"I feel like I belong because I have been on many diverse teams that accepted me and encouraged each other to embrace our differences. I have only had a few experiences where I felt like a minority on a team. Additionally, I have friends at the firm who make me feel like I belong". —Man, Person of Colour

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 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

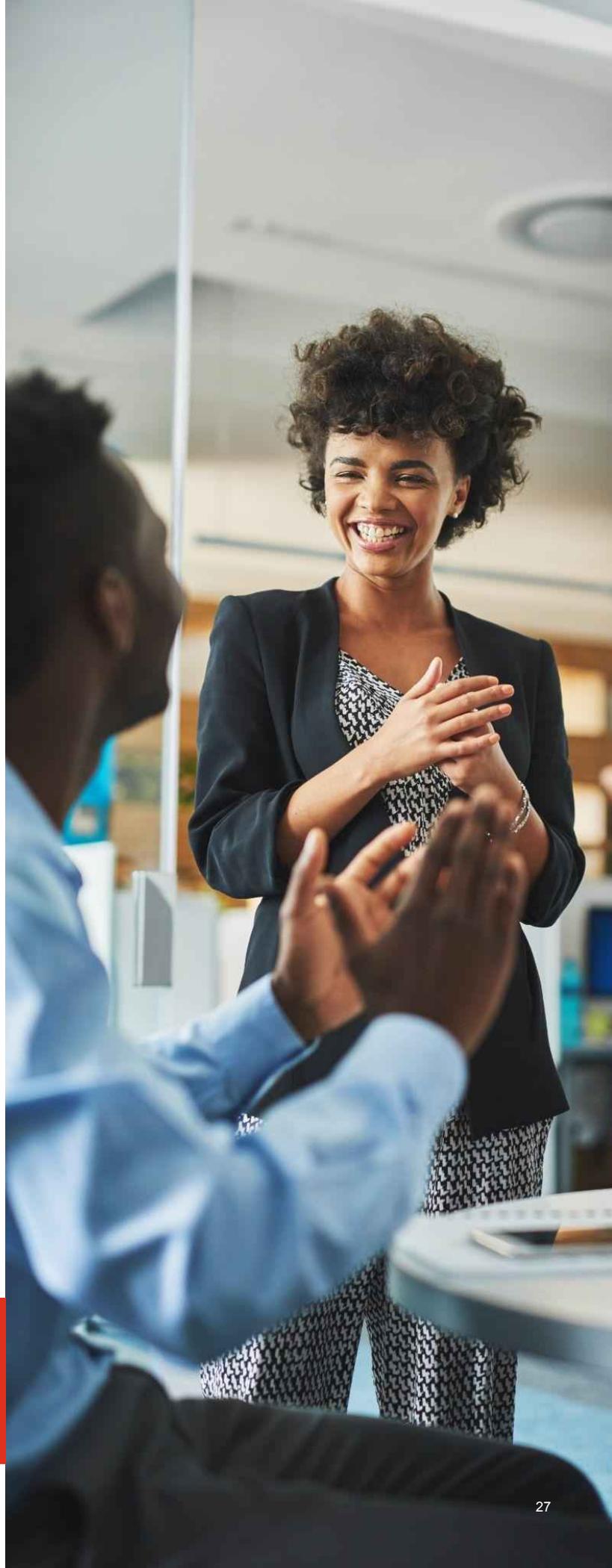
Enhanced working practices (EWP) refers to the way we work as a team. At the heart of our EWP approach is the concept of "teach, don't tell"—the use of open-ended questions to teach our people to think and learn, instead of providing answers. This approach is supported by five on-the-job routines:

1. rounds;
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

- Average training hours per audit professional
- Mandatory training attendance
- Number of training courses offered



Continuing education

We and other PwC member 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.

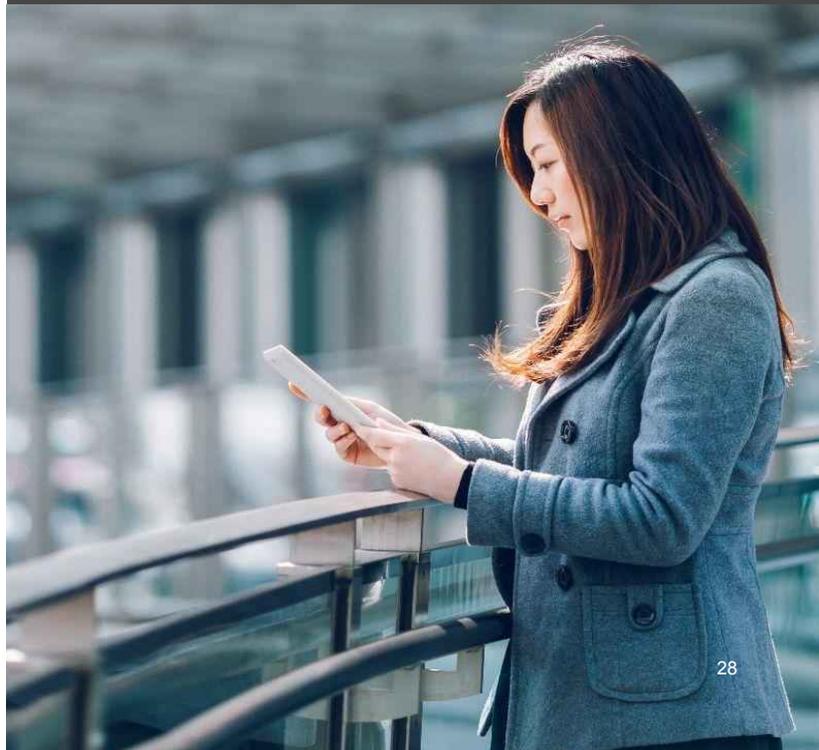
Attendance at required training courses is monitored and is an important component of an individual's performance assessment. In addition, many courses are followed by learning assessments. These assessments help extend the learning experience by testing knowledge gained during the course and providing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

Issues arising from regulatory or professional obligations

Within the preceding year, investigations by regulatory authorities have resulted in the following two public settlements related to a matter that was self-reported by the firm. The description is a summary only and is not intended to address all aspects of the matter. In connection with the settlements, the firm and/or the individuals neither admitted nor denied the factual or legal conclusions.

On February 24, 2022, the Public Company Accounting Oversight Board (PCAOB) announced a settlement with PwC LLP. The matter related to a number of personnel having access to answers and, in some cases, sharing answers, to internal training assessments. The PCAOB found that the firm violated PCAOB rules and quality control standards related to integrity and personnel management and imposed a \$750,000 fine and censure. As described in the PCAOB order, the regulator took into account the firm's extraordinary cooperation with the matter.

The Canadian Public Accountability Board (CPAB) also announced a settlement with PwC LLP on February 24, 2022 related to this same matter described above. CPAB found that the firm violated CPAB's rules and quality standards related to integrity and personnel management. CPAB required the firm to pay \$200,000 along with a censure. The firm was also credited with extraordinary cooperation by CPAB, including self-reporting, conducting an internal investigation and taking remedial actions.





Our audit approach



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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



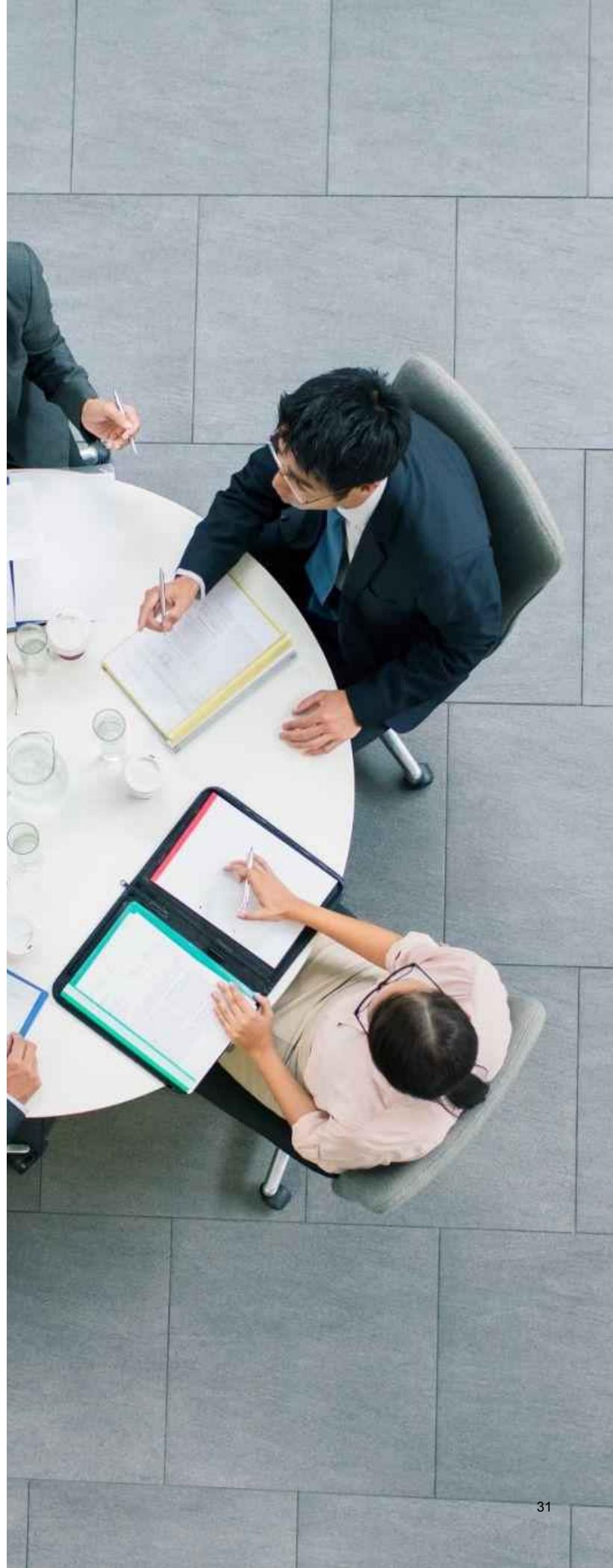
Audit committees

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 member 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 streamlines, standardizes and automates real-time communication and workflow between clients and the PwC Engagement team. 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, test 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 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, which facilitates an automated and standardized end-to-end process for all types of external confirmations, allows our engagement teams to create requests and receive external confirmation in a secure environment that helps mitigate the risks associated with receiving confirmation responses electronically.

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

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

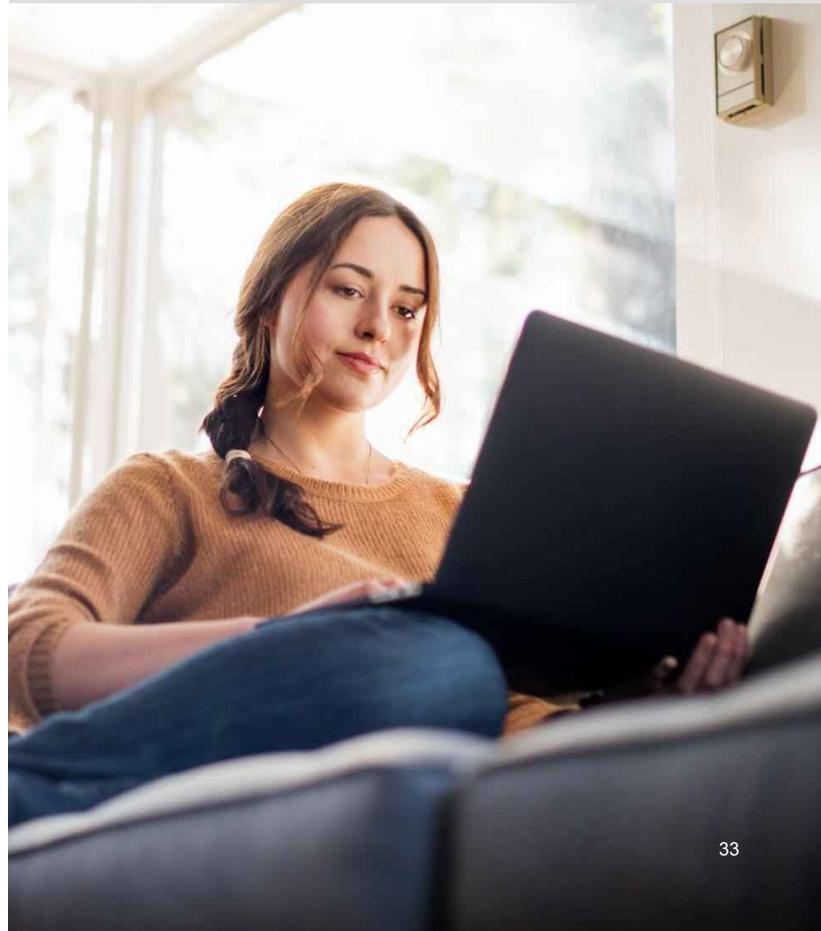
The firm maintains a robust and consistent approach to the management of all personal data, with everyone in our organization having a role to play in safeguarding personal data. PwC Canada adheres to a privacy program that has been designed to meet the standards prescribed by provincial, national and 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 our business. PwC 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. Member firms are accountable to their people, clients, suppliers and other stakeholders to protect information that is entrusted to them.

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

PwC Canada is required to adhere to the ISP requirements and complete a quarterly, data-driven assessment to demonstrate compliance. The Member firm is assessed against the required controls through analysis of available data. In coordination with Member firm stakeholders, the data is reviewed for quality to ensure an accurate assessment of the Member firm's security posture. Deviations that result from the ISP Compliance Programme assessment process are prioritized for remediation utilizing a risk-based approach and per timelines agreed on with 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.



Specialists in auditing, risk and accounting

Our Audit Risk and Quality (ARQ) and Accounting Consulting Services (ACS) 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



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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 procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit and non-audit assurance engagements are performed in compliance with laws, regulations and professional standards. This includes the use of real time assurance, which is discussed in more detail in the [quality management process](#) section.

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

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



ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are 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. ECR reviewers may be sourced from other member firms, if needed, to provide appropriate expertise or objectivity. Review teams receive training to support them in fulfilling their responsibilities and utilize a range of checklists and tools developed at the network level when conducting their inspection procedures. The network inspection team supports review teams with support on consistent application of guidance on classification of engagement findings and engagement assessments across the network.

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

The results of all inspections are reported to our firm's leadership, who are responsible for 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.

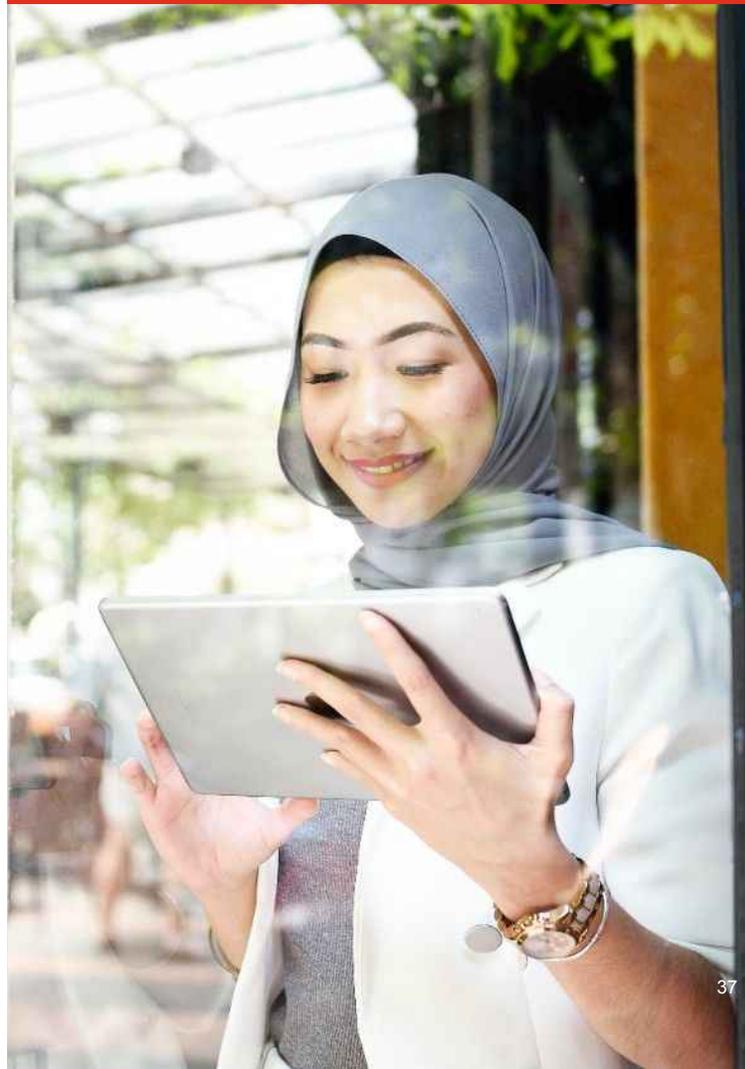
Partners and employees of our firm are informed about the inspection results and the actions taken to enable them to draw the necessary conclusions for the performance of their engagements. In addition, engagement partners of our firm are informed by the network inspection program about relevant inspection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

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.

Audit quality measures

- Audits included in Part 1.A of PCAOB inspection report
- 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



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). The investments we have made in audit quality have had a positive impact on the results of the external inspections.

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 2022, CPAB issued a report on the 2021 inspection. As at June 30, 2022, the 2022 CPAB inspection was underway and is likely to be concluded towards the end of 2022. 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. No Part 1.A findings were included in the most recent PCAOB inspection report pertaining to their 2020 inspections. A full copy of the report will be available on the PCAOB website at www.pcaobus.org. The investments we have made in audit quality have had a positive impact on the results of the 2020 inspection. No PCAOB inspections took place in 2021 and the 2022 PCAOB inspection was underway at the time of writing and is likely to be concluded by the end of 2022.

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



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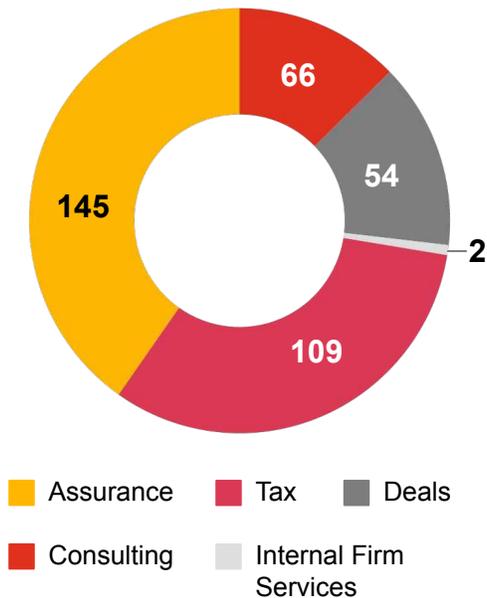
[PwC network](#)

Legal and governance structure

Legal structure and ownership of the Firm

The Canadian firm of PricewaterhouseCoopers LLP (PwC Canada or the firm) 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 23 offices throughout Canada—a full list can be found at www.pwc.com/ca.

Number of equity partners as of July 1, 2022



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 nine 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. 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.



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PwC network

Global network

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

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



PricewaterhouseCoopers International Limited

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 member firms in the PwC network. Focusing on key areas such as strategy, brand and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

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

The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of 20 members. Two are appointed as external, independent directors, and the other 18 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 member 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 €2.5 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, 2022.

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.
- Pure Gold Mining Inc.
- 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, 2022 are (in CA\$ millions):

- Audit revenues earned from relevant EU/EEA clients: \$27.3*
- Non-audit services revenues earned from relevant EU/EEA clients: \$0.8**
- Audit revenues earned from relevant UK clients: \$26.4*
- Non-audit services revenues earned from relevant UK clients: \$0.7**
- Audit revenues earned from all other clients: \$690.1
- Non-audit services revenues earned from all other clients: \$1,282.1

* Audit revenues of \$25.6 included in both EU/EEA and UK revenues.

** Non-audit services revenues of \$0.6 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, 2022

Member State	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
Croatia	PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
France	PricewaterhouseCoopers Entreprises
France	PricewaterhouseCoopers France
France	M. Philippe Aerts
France	M. Jean-Laurent Bracieux
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.
Netherlands	Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados—Sociedade de Revisores Oficiais de Contas, Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
Sweden	Öhrlings PricewaterhouseCoopers AB



We have prepared this Transparency Report, in respect of the financial year ended June 30, 2022, 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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