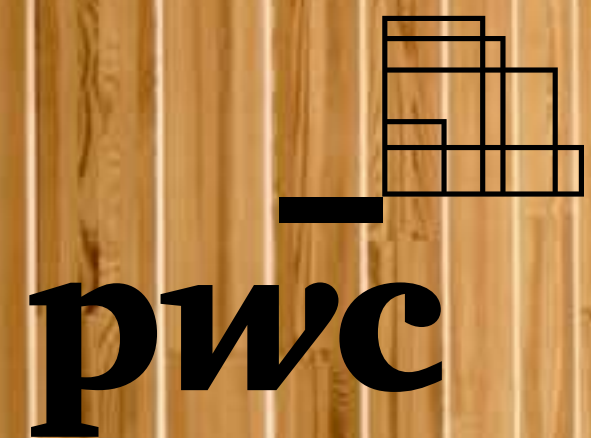


October 2023

# Transparency Report

PwC Luxembourg







# PwC Luxembourg Transparency Report

The whole PwC Team wishes you, dear reader, a very warm welcome to the PwC Luxembourg Transparency Report of activities for the year ended 30 June 2023 (2023). The report is issued in accordance with EU Regulation No 537/2014 of the European Parliament and of the Council of 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. The regulation prescribes that certain information on our legal structure, independence and quality assurance has to be made publicly available.

We fully support the Law's requirements on transparency, which align with our Firm's values and have provided relevant complementary information on the PwC Network, our longer term sustainability goals as well as our People and Transformation ambitions.

## Content





# Welcome to our 2023 Transparency Report

Welcome!

It is a privilege for me to write the first introduction to our Transparency Report as newly elected Managing Partner of PwC Luxembourg as from 1 July, 2023. I'm pleased to report a seamless transition of leadership, maintaining our momentum. This report encompasses insights into our governance, featuring updates from Isabelle Dauvergne, head of our Assurance practice.

The fiscal year 2023 marked a remarkably successful period for PwC Luxembourg, achieving a record turnover of €635m, signifying a 17% increase from FY22. This growth, attributed to all sectors and industries, is a source of great pride. However, a noteworthy portion of this increase is tied to essential price adjustments, necessary to absorb rising costs in various areas including personnel remuneration and overheads such as rent and IT expenses. In response to the prevailing high inflation, we made substantial investments in aligning salary grids and bonus pools to enhance competitiveness in the market and support our team.

As a major employer and through our extensive client interactions, we serve as an economic barometer, acknowledging our responsibility to address pressing concerns. Upholding our core values of integrity and independence, we remain committed to fostering the growth and development of our people through comprehensive training programs.

Looking ahead, our long-term outlook remains optimistic. Despite immediate market fluctuations, we maintain focus on our mission to instill trust and deliver sustainable outcomes for our clients. Our steadfast dedication to problem-solving and adherence to high standards define our approach.

I extend sincere thanks to our clients for their unwavering trust in our services and to all partners and team members for their exceptional contributions.

Transitioning to our Transparency Report, we further solidified our governance structures, emphasising diversity in leadership. FY23, despite global inflationary pressures and tightened monetary policies, witnessed our outstanding financial performance. At PwC Luxembourg, financial success is a result of our strategic priorities aligned with client needs. These include Managed Services, Sustainability Services, and Technological Alliances. Our impact on clients and communities, investments in transformative delivery models, and care for our team members complement this success.

In the recent national elections, voters emphasised the importance of growth and competitiveness, aligning with our role as data-driven advisors to the government. We advocate for Luxembourg's pivotal role in financial leadership and sustainable transitions on a global scale.

While we navigate a period of monetary uncertainty, we maintain a growth trajectory, anticipating a shift from a cautious «waiting mode» to a more forward-looking investment outlook in the medium term.

In the face of challenges, both governmental and economic, we remain resolute in our capacity to provide trust and sustainable solutions for our clients. Our commitment to long-term investments ensures a steadfast focus on our mission.

As a significant employer and economic influencer, we recognise our duty to spotlight critical concerns, including Luxembourg's competitiveness, talent attraction, and social cohesion.

This report sheds light on our audit practice and related services, emphasising our unwavering commitment to quality, vital for retaining the trust of our clients and stakeholders. In a profession under constant scrutiny, our dedication to excellence is paramount. Our teams, attuned to client needs, navigate complex audits in dynamic and uncertain environments, embodying a significant transformation of our audit business, reinforcing our dedication to audit quality and public interest responsibilities.

I hope you find this Transparency Report useful and impactful.

Warm regards

**François Mousel**, Managing Partner



# A message from our Assurance Leader

## A successful year demonstrating the relevance of our quality assurance

FY23 was an outstanding year for PwC Luxembourg's Assurance practice. In these unprecedented times, characterised by geopolitical uncertainty, inflation, regulatory complexities amidst the drive for transformation, our success points to the trust our clients have in us, and the relevance of our quality service offering. We were—and continue to be—able to adjust our services to respond to our clients' needs. We also continue to invest for tomorrow's needs, for example, on our Environmental, Social, and Governance (ESG) services offer.

Strong growth was seen in the Audit practice (+26%) as well as the Other Assurance Services (+14.5%), the latter including our Broader Assurance Services (BAS) which encompasses a wide range of complementary assurance-related services such as risks (incl. cyber, IT, data), actuarial, valuation & controls etc. particularly relevant to deliver proactive assurance to our clients, and prepare their business and organisational readiness to face complex challenges.

## Investing in technology and innovation

The positioning and continued support to the development of our Assurance Services has proven especially relevant and valuable with several large assignments in the field of ESG and sustainability reporting, notably with the Sustainable Finance Disclosure Regulation (SFDR) kicking in as from 2023. The expectations from stakeholders require all market players to ensure they report timely, accurately and with proper assurance level.

These investments in our capabilities, from a resource as well as tools and technology perspective in these fields will represent a key asset and differentiator to our clients when it comes to the upcoming Corporate Sustainability Reporting Directive (CSRD), which will hit in successive waves as from 2024. The Digital Operational Resilience Act (DORA) will represent another focus point going forward from a broader assurance standpoint.

## Our people

The backbone of our Assurance practice's development remains our continued investment in our People (+283 FTE increase between 30 June, 2022 and

2023), a considerable challenge in a highly competitive marketplace for skilled resources able to understand and adapt to the challenges of our clients in an holistic manner. This investment in our workforce remains closely linked to our deepening investments in Assurance Technology with new, transformative tools. This benefits not only our People's experience in the delivery of our services but also our clients' through high-quality, tailored and business-centric audits, yielding sustainable outcomes and solutions.

Despite the well-recognised "war for talent" in Luxembourg and the Greater Region, we welcomed approximately 893 new employees, not counting interns and students, which speaks largely to the reputation we have as an employer.

We are constantly improving our HR strategy with the aim to be a leading organisation for top talent and for inclusion and belonging for our People, our clients and external stakeholders, as well as a leading employee destination for diverse talent. We aim to provide our people a great place to work, flexibility as well as opportunities to develop and grow. We believe the flexibility options we provide (satellite offices, hybrid working and flexible hours) are key differentiators to attract talent and so is our training programme. This comprehensive curriculum prepares our people for the delivery of quality assurance services but also prepares them for the future by developing new skills.

We are delighted that we continue to be a top choice for both experienced hires and new graduates as well as to attract talents knowledgeable in matters such as ESG, Emerging technologies, Data, AI etc.



## Quality remains at the heart of what we do

Where appropriate and necessary, our audit teams are able to draw on expertise from parts of the firm or network outside the Assurance practice using our multidisciplinary model approach. For instance, audit – especially in today's data-rich world – requires analysis and judgment of vast amounts of increasingly diverse information. This means that it is vital to have a deep understanding of technologies like data analytics, as well as capabilities around the valuation of assets and complex financial instruments, actuarial calculations, treasury operations, tax compliance, and many other areas. Being able to bring these skills to bear on audit work helps strengthen audit quality and builds trust in the information contained in financial statements.


I invite you to read the Our approach to Quality and Monitoring Sections of this Transparency Report which describes how we maintain high quality in our audit work and conveys the seriousness with which we approach our responsibility and our interest to engage with you about audit quality.

## Trust has never been more important than it is today.

Our strategy and focus remains the same. On our side, PwC Luxembourg Assurance practice continues its commitment to quality assurance and to help our clients become more resilient for the future.

**Isabelle Dauvergne**, Assurance Leader





# PwC Luxembourg

At PwC Luxembourg, our purpose is to build trust in society and solve important problems. The Firm, and its 3,215 people (without interns), is a member of a network composed of independent Firms in 151 countries with more than 364,000 people who are committed to delivering quality in assurance, advisory and tax services.

PricewaterhouseCoopers Luxembourg, operating as a Société coopérative since 1 July 2012 (“PwC Luxembourg” or “our Firm”), is a company with limited liability incorporated under Luxembourg law. It is registered with the Luxembourg Business Registers under number B 65477 with a subscribed capital of EUR 946,925 and a total of capital and reserves of EUR 37,694,098 at 30 June 2023 and is registered as an approved audit Firm (“cabinet de révision agréé”) as per the Law of 23 July 2016 on the audit profession as amended. It is owned by individuals providing audit, tax or advisory services in Luxembourg. A majority of voting rights are in the hands of shareholders who are registered approved statutory auditors (“réviseurs d’entreprises agréés”) and members of the IRE (Institut des réviseurs d’entreprises) and in the hands of shareholders who

are Chartered Accountants (members of the Ordre des Experts-Comptables).

Our Firm additionally is registered with the PCAOB (the US Public Company Accounting Oversight Board), the UK FRC, the JFSA (the Japan Financial Services Authority), the Hong-Kong FRC and with the BVI (British Virgin Islands) Financial Services Commission. PwC Luxembourg has three fully owned operating subsidiaries which are PricewaterhouseCoopers Academy S.à r.l., PricewaterhouseCoopers Training Administration Service Centre S.à r.l. and PwC Tax Information Reporting S.à r.l..





# PwC Network

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively. In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC network is not a global partnership, a single firm, or a multinational corporation. The PwC network consists of firms which are separate legal entities.



## PricewaterhouseCoopers International Limited

Firms in the PwC network are members in, or have other connections to PwCIL, an English private company limited by guarantee. PwCIL does not practice accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for PwC firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual PwC firms where appropriate.

PwC firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, PwC firms may draw upon the resources of other PwC firms and/or secure the provision of professional services by other PwC firms and/or other entities. In return, PwC firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

The PwC network is not one international partnership. A PwC firm cannot act as agent of PwCIL or any other PwC firm, cannot obligate PwCIL or any other PwC firm, and is liable only for its own acts or omissions and not those of PwCIL or any other PwC firm. Similarly, PwCIL cannot act as an agent of any PwC firm, cannot obligate any PwC firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control any PwC firm's exercise of professional 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 19 members. One is appointed as external, independent director, and the other 18 Board members are elected by Partners from PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team**, which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.

A Partner of PwC Luxembourg is a member of the Global Board, and in her role as representative of the Small and Medium countries, she maintains our relationships with the Network Leadership Team.

## PwC's global strategy

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

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





# Our approach to quality





Specific focus on audit quality across the Network

The PwC Network’s Assurance QMSE framework  
Delivering high-quality work is at the heart of what we do at PwC; it is what our stakeholders rightly expect of us.

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

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

*The impact of the International Standard on Quality Management 1 (ISQM 1)*

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

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

Overall quality objective

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

Integrated and aligned in the right way

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

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

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

the expectations of our stakeholders.

The Quality Management Process

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

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

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





### Aim to Predict: Assurance Quality Indicators

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

The Assurance leadership team reviews an AQI dashboard on a quarterly basis, whose purpose is to analyse trends over the last relevant periods in order to assess whether new remedial actions need to be enforced / to which extent existing remedial actions are efficient.

The AQIs used as predictors include the following: utilisation and turnover of our People, recruitment completion rate, compliance with learning policies, involvement of specialists, timing of planning reviews, independence breaches, people engagement index, inspection findings, involvement of more experienced personnels, etc.

### Aim to Prevent: Real Time Assurance

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

Experienced practice professionals are namely entrusted with pre-issuance reviews of certain engagements selected on the basis of a risk-based approach. This programme contributes to the overall quality of the audit and is a good opportunity to provide additional coaching to engagement teams and to identify shareable best practices.

The number of audit engagements included in the real time review programme over the year was 398.

### 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 our Global People Survey and financial statement restatements and accounting errors—to help identify possible distinctions and learning opportunities.

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

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

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

### Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (“RAF”) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high quality culture. It holds Partners, including non-Partner Engagement Leaders, 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 the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC Network and our Firm’s standards and policies.
- Behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective.
- Interventions/recognition: We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality.





- Consequences/reward: We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives.

### The key factors that impacted our system of quality management

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

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

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

- New or changing quality risks to achieving one or more of the quality objectives.

- Changes to the risk assessment of existing quality risks.
- Changes to the design of the firm's SoQM, including the risk responses.

#### 2023 key factors impacting our SoQM

This year, we have seen various factors impact our SoQM but in particular, some of the more meaningful conditions, events, circumstances actions and/or inactions that have necessitated changes to our SoQM include the resourcing and attractiveness of the profession, and the impact of emerging new delivery models. Our Firm has indeed maintained its efforts to attract and retain talented resources, and has recently increased the use of remote workers and of short-term exchanges of resources within the network. These circumstances have led to reinforced monitoring procedures in order to ensure these new resources were adequately and timely trained and coached to deliver consistent high-quality audits.







## Our Culture and Values

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### Definition and culture

At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of more than 364,000 people. This culture of quality emphasises that quality is the responsibility of everyone, including our 3,215 people. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.

### Measurement and transparency

For all our businesses, each PwC firm—as part of the agreement by which they are members of the PwC network—is required to have in place a comprehensive system of quality management (SoQM); to annually complete a SoQM performance assessment; and to

communicate the results of these assessments to global leadership. These results are then discussed in detail with the leadership of each local firm and if they are not at the level expected, a remediation plan is agreed with local leadership taking personal responsibility for its successful implementation.

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

### Leadership and tone at the top

Our purpose and values are the foundation of our success. Our purpose is to build trust in society and solve important problems, and our values help us deliver on that purpose. Our purpose reflects 'why' we do what we do, and our strategy provides us with the 'what' we do. 'How' we deliver our purpose and strategy is

driven by our culture, values and behaviours. This forms the foundation of our system of quality management and permeates how we operate, including guiding our leadership actions, and how we build 'trust in what matters' - how we do business, with each other and in our communities.

### Trust in what matters

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

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

We call this 'trust in what matters.' This includes issues that are important to a company and its wider



stakeholders. We apply rigorous standards to analyse companies' performance on issues such as climate and diversity. This helps companies demonstrate their progress, enabling these firms to build trust, enhance their corporate reputations, and grow enterprise value.

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

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

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

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

Assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

## Ethics, independence and objectivity

### Ethics

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

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

Our network standards applicable to all network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, antitrust/fair-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC network and leadership in PwC Luxembourg monitors compliance with these obligations.

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, PwC Luxembourg 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 Luxembourg are provided with the PwC Global Code of Conduct. They are expected to live by the values expressed in the Code in the course of their professional careers at our Firm and have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing conduct inconsistent with the Code.



In addition, every partner and staff member is required to complete new hire training, which covers the ethics and compliance network standards, including ethics and the Code of Conduct.

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

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

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

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

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

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

At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.

### Objectivity and Independence

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

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

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

PwC Luxembourg 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 Firm's Head of Risk and Quality.

### 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 any non-assurance services to be provided to those clients.

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

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of Assurance services. Policies and supporting guidance



are reviewed and revised when changes arise such as updates to laws and regulations, including any changes to the Code or in response to operational matters.

PwC Luxembourg supplements the PwC Network Independence Policies as required by local regulations and by the EU Audit Regulation where they are more restrictive than the network's policy.

#### **Independence - related systems and tools**

As a member of the PwC Network, our Firm has access to a number of systems and tools which support PwC 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 PwC firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services system;
- 'Independence Checkpoint', which facilitates the preclearance of publicly traded securities by all partners and practice managers before acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required;
- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit

service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit Partner's conclusion on the permissibility of the service;

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

Our Firm also has a number of Luxembourg-specific systems which include a rotation tracking system which monitors compliance with our Firm's audit rotation policies for the Firm engagement leaders, other key audit Partners and senior staff involved in an audit.

#### **Independence training and confirmations**

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

and staff receive computer-based training on our Firm's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by our Firm's independence specialists and risk and quality teams.

All partners and staff practice are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the PwC firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by engagement level confirmations every Partner or staff needs to complete twice a month for clients they have worked on. A confirmation is also required for every audit engagement file a Partner or Staff has access to.

#### **Independence monitoring and disciplinary policy**

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

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners, practice directors and managers as a means of monitoring compliance with independence policies; and
- An annual assessment of our PwC Firm's adherence with the PwC network's standard relating to independence.



The results of our Firm's monitoring and testing are reported to the Firm's management on a regular basis with a summary reported to them on an annual basis. PwC Luxembourg has an Accountability Framework and supporting disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

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

Based on the reviews outlined above, we confirm that we conducted an internal review of independence practices during the year ended 30 June 2023.

### Considerations in undertaking the audit

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have

appropriately considered the integrity of the client.

We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary. The policies and processes we have in place emphasise risk and quality considerations such that financial and operational priorities do not lead to inappropriate judgments about whether to accept or continue a client relationship.

### Client and Engagement Acceptance and Continuance

We have a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance (A&C)). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management.

More specifically, this system enables:

### Engagement teams:

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

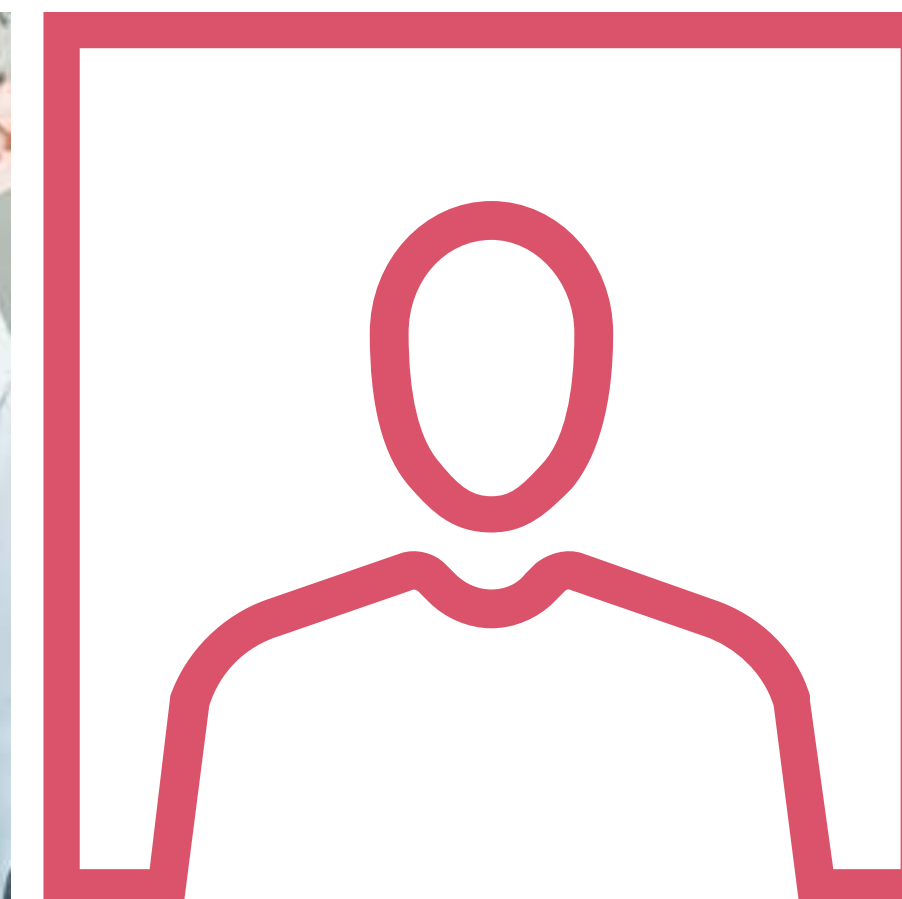
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

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

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

The A&C is supplemented by VigiLense Suite, a set of tools gathering all the AML and Risk Management tasks which are critical for the acceptance of client relationships and Assurance engagements.





## Our People

1/3

### 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 current Firm's vision is to:

- Be committed to be the best HC function in Luxembourg.
- Aim to be recognised internally for being the people experts while being agile and disruptive business partners as well as problem solvers.
- Aim to be recognised externally for our innovative people strategy.

### Inclusion and diversity

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

### Recruitment

Our Firm aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services.

Our hiring standards include a structured interview process with behaviour-based questions built from The PwC Professional Framework, assessment of academic records, and background checks. Across the firm in FY23, we recruited over 893 new people.

### 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 regular 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 our My Contribution tool, a simple, mobile-enabled technology. We also use Workday to give and receive upward and



peer feedback. Ongoing career 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

Our Firm uses The evolved PwC Professional, a 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, performance and career.

#### Retention

Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide makes our staff

highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent.

#### Global People Survey

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

#### The PwC Professional

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

#### Professional Development

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

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

our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.

#### Continuing education

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

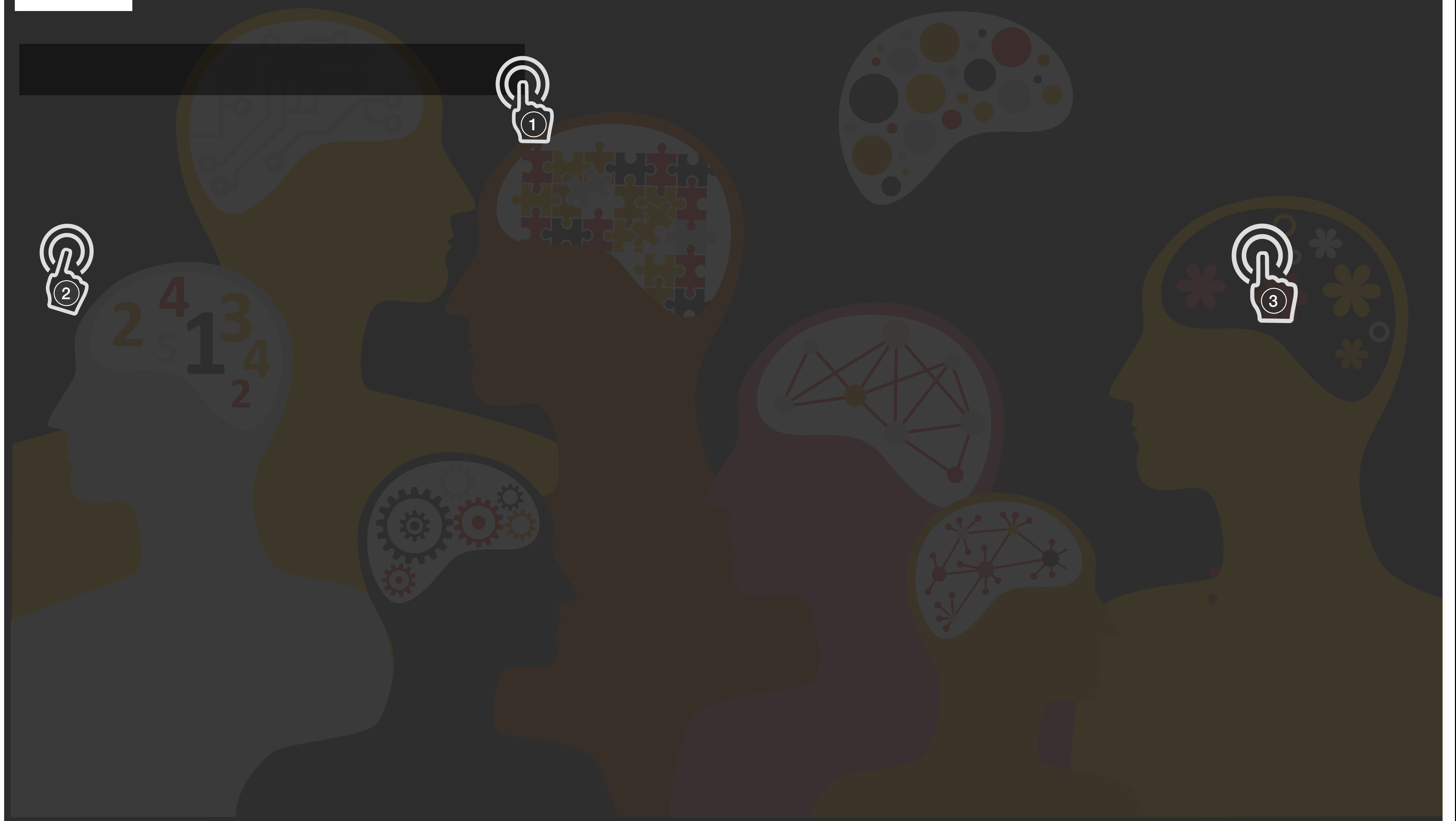
This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, virtual classroom, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional 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. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs.

PwC Luxembourg will add in any local training to ensure that staff received global as well as local specific content, training programmes used from other Network groups (e.g. GAQ-Accounting training on IFRS) and externally sourced training, covering both technical and non-technical training.











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## Our approach

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

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

### Technical support

Ratio of partners serving in technical support roles to the total number of audit partners: 1 to 12

### Experience of our partners

Partners' average years of experience at PwC: 17.7

### People

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

### Technology

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

### 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**



### Our tools

As a member of the PwC network, PwC Luxembourg has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

### Our technology



We continue to invest heavily in advanced software and artificial intelligence (AI) powered tools that are transforming the way people and technology work together. AI and automation have the potential to enhance audit work with exceptional speed and accuracy, eliminating human bias and error, and augmenting human judgment. Our auditors work with intelligent machines where vast volumes of data can be analysed and interpreted in seconds using advanced analytics and visualisation - to spot patterns and trends in data, and detect anomalies and exceptions. 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.

### Our next generation audit (NGA)

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

### Reliability and auditability of audit technologies

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



## Confidentiality and information security

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

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

### Data Privacy

The Firm maintains a robust and consistent approach to the management of all personal data, with everyone in our organisation having a role to play in safeguarding personal data. We have continued to build on our extensive GDPR readiness programme, and are committed to embedding good data management practices across our business.

### Information Security

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

Failure to protect information could potentially harm the individuals whose information PwC firms hold, lead PwC firms to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand.

The Information Security Policy (ISP) outlines the minimum security requirements with which every PwC firm must comply.

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

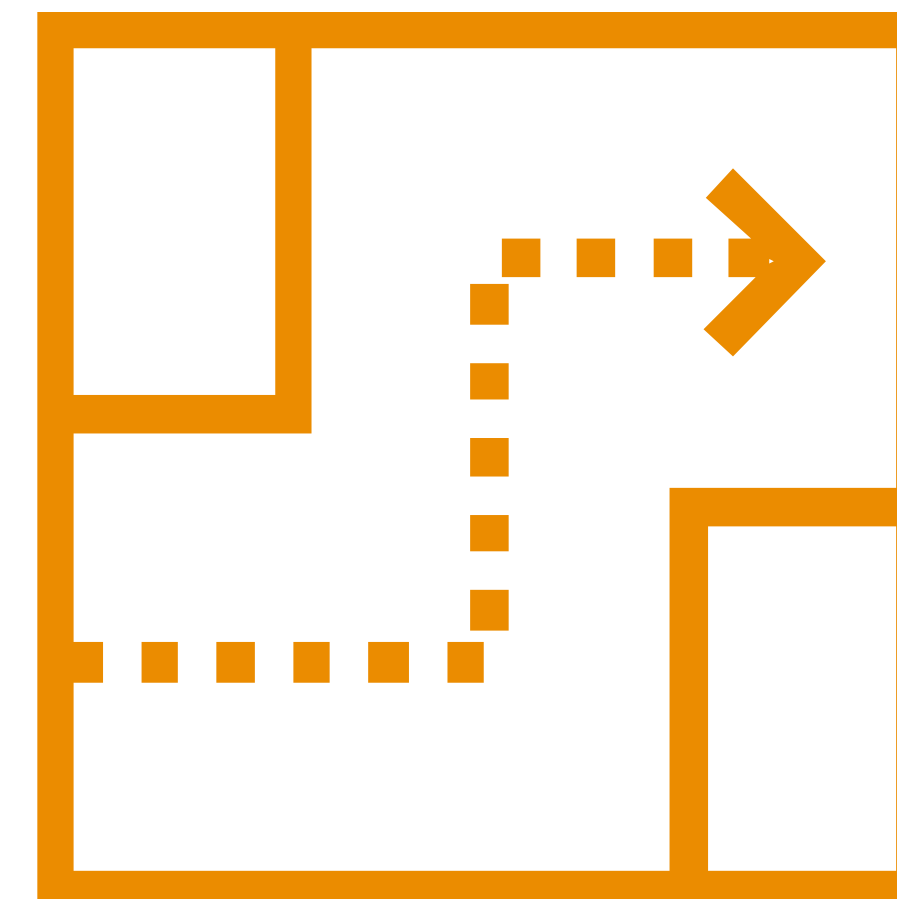
Deviations that result from the assessment are prioritised for remediation per timelines agreed with firm leadership.

In addition to complying with the PwC Network's security requirements, PwC Luxembourg owns an ISO 27001 certification, showing that our Information Security Management System complies with the requirements of ISO/IEC 27001:2013. The scope of the certification covers all information systems and processes employed by PwC Société Coopérative and PwC Tax Information Reporting (TIR) to store and process customers' data.

## Supporting engagement performance







## Monitoring

1/2

### Monitoring of Assurance quality

We recognise that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the Leadership of our Firm. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit and non 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 fulfill the valid expectations of our clients and other stakeholders.

Our Firm's monitoring procedures include an ongoing assessment aimed at evaluating whether the policies and

procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit, non-audit assurance and related services engagements are performed in compliance with laws, regulations and professional standards. This includes the use of Real Time Assurance (RTA) which is also discussed in more detail on page 9 within the Quality Management Process section.

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

EQRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals

in our Firm who are authorised to sign audit, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. Each signer is reviewed at least once every five years, unless a more frequent review is required based on the profile of that signer's client engagements or due to local regulatory requirements.

Reviews are led by experienced Assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. EQR reviewers are sourced from other PwC firms to provide appropriate expertise or objectivity.

Review teams receive training to support them in fulfilling their responsibilities, and utilise a range of checklists and tools developed at the network level when conducting their inspection procedures. The network inspection team supports review teams by monitoring the consistent application of guidance on



classification of engagement findings and engagement assessments across the network.

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

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

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

Our Firm's audit practice and the registered statutory auditors (réviseurs d'entreprises agréés) are also subject to annual inspections performed by the CSSF (Commission de Surveillance du Secteur Financier), and joint inspections are also performed on a periodic basis by both the CSSF and the PCAOB (Public Company Accounting Oversight Board) for engagements that fall under their supervision. The last CSSF inspection

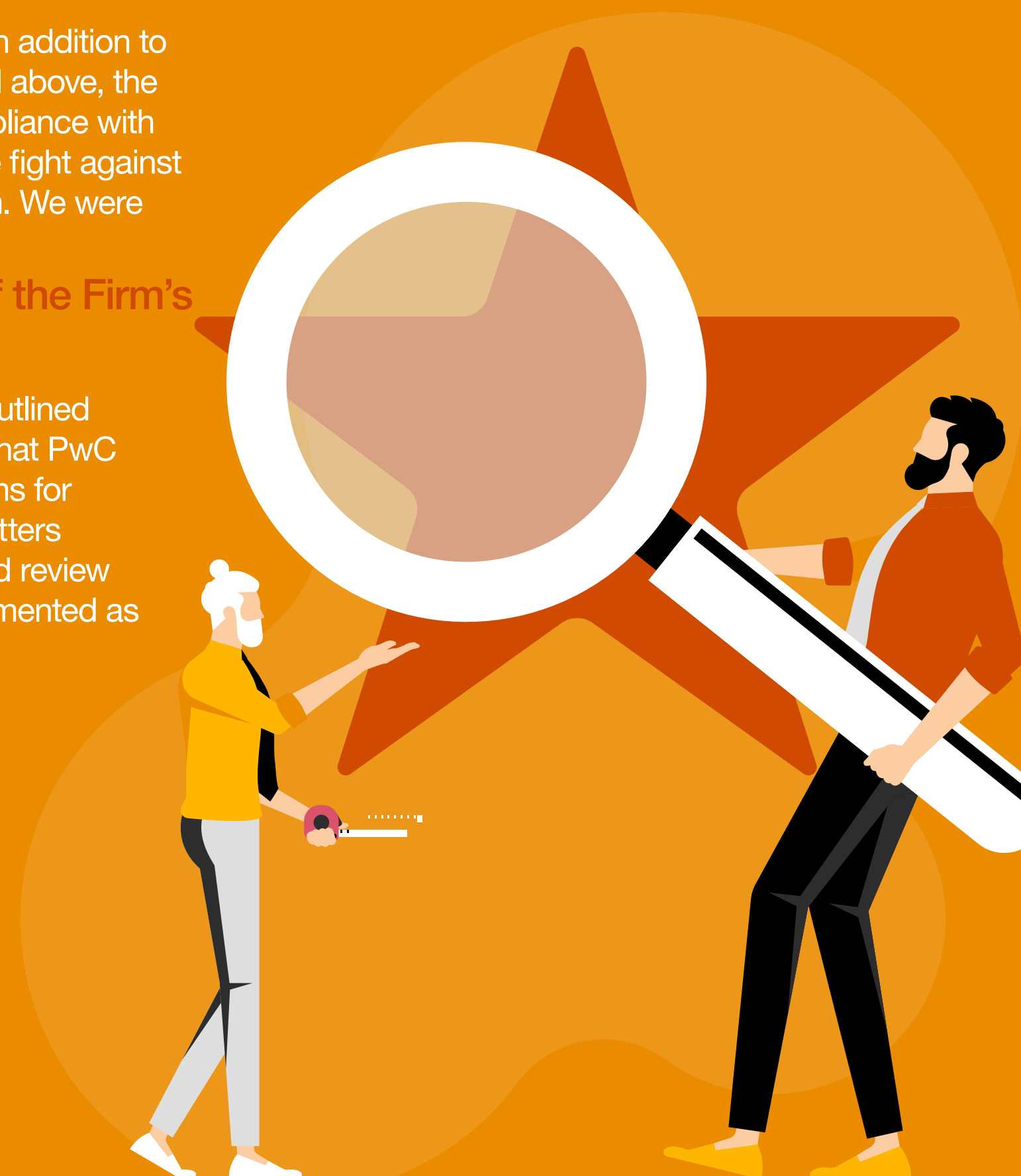
occurred in 2022 and the last joint inspection occurred in 2019.

Peer reviews are also performed by the IRE (Institut des réviseurs d'entreprises) on a periodic basis, whose scope of review is all contractual audits performed, and all the other specific assurance reports which are issued by our Firm as a requirement of the Luxembourg laws (i.e reports issued in the context of contributions in kind, interim dividends, mergers, liquidations, etc...).

Our last IRE peer review occurred in 2022. In addition to the review of engagement files as described above, the IRE is also in charge of monitoring our compliance with our professional obligations in relation to the fight against money laundering and financing of terrorism. We were last subject to this review in 2021.

### **Statement on the effectiveness of the Firm's internal quality control system**

On the basis of the reviews performed, as outlined above, the Management Board is satisfied that PwC Luxembourg's internal quality control systems for Assurance are operating effectively. Any matters identified through the various monitoring and review processes are actioned and changes implemented as appropriate.







# Governance

PwC Luxembourg is governed by a Management Board (Conseil de Gérance) having the overall responsibility for the strategic, business, operational and financial management of our Firm. The Management Board members are appointed by the shareholders meeting and the Board is composed of a majority of approved statutory auditors. It sets and communicates its strategic priorities, which cascade into our Firm's business planning process. The contribution of Assurance, Tax, Advisory and support services is monitored by the Management Board, which also takes overall responsibility for the systems of internal control (which include controls relating to quality) and for reviewing and evaluating their effectiveness.

Our Firm is led by a Managing Partner, assisted by a Deputy Managing Partner, who, like the other members of the Board, is elected for four years by the shareholders. Currently, the members of the Management Board are: François Mousel (Managing Partner), Olivier Carré (Deputy Managing Partner), Isabelle Dauvergne, Björn Ebert, François Génaux, Roxane Haas, Vincent Lebrun and Cécile Liégeois. The audit of the Firm's financial statements is carried out by an independent local audit Firm.

The Firm also has an oversight body (the Supervisory Board). This board is presently composed of six members elected among and by the Partners, for a term of four years. It is not under the authority of another body.

The Supervisory Board considers a wide range of issues for the firm such as risk, strategy, reputation, people matters including health and wellbeing, technology, return on investments, and culture and has supported, given guidance to and challenged the Managing Partner and the Management Board (MB). The SB has particular insight on the views of the Partners of the firm and reflects those in conversations with management.

The Supervisory Board has overall responsibility for governance of the Firm and oversight of the Management Board. It has an advisory and oversight role and is responsible for considering, reviewing and providing guidance on those matters that are, or may potentially be, of concern to the Partners or our Firm. These matters include but are not limited to, the implementation of, or compliance with, global or Firm policies and rules and the arrangements for effective communication between the Firm's management and the Partners.

The internal Ethics and Business Conduct committee is composed of an independent chairman and a college of Partners as well as an Ethics Officer. The committee oversees the firm's values and ethical behaviour and is devoted to creating an open culture where everyone feels respected, included and valued while being able to bring their whole self to work.









# Partners' remuneration

At PwC Luxembourg, our partners have a remuneration package which is made up of a fixed income amount (salary) and a variable bonus. Each partner is responsible for his or her own pension arrangements. The final amount to be allocated to the individual partners is proposed by the Evaluation Committee (emanation of the Country Leadership Team) and subject to the oversight of the Remuneration Oversight Committee (ROC) composed of the chair of the Supervisory Board and two additional members of the Supervisory Board.

The partner's performance is assessed based on two components: a Firm component depending on the results at Firm's level and an individual component depending on the responsibilities and contribution of each partner. Each partner's income is determined by assessing achievements against an individually tailored scorecard of objectives.

These objectives include ensuring our Firm delivers quality services and maintains independence. Under no circumstances are audit partners rewarded for selling non-audit services to audit clients.

**François Mousel, Managing Partner**





# Our sustainability journey to deliver on our purpose

To find out more,  
please discover our  
**Annual Review 2023**







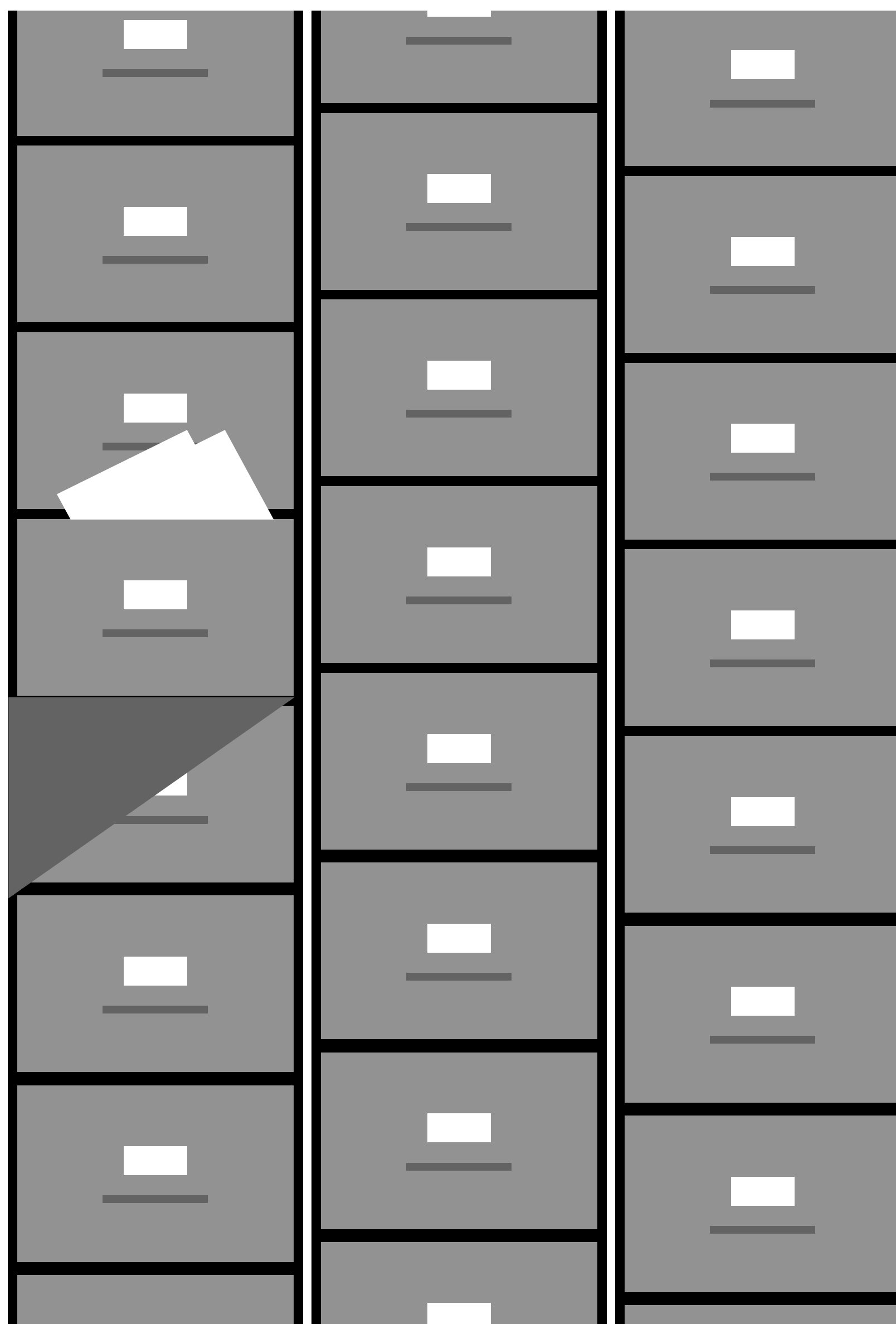
# Appendices

## Appendix 1

List of public interest entities as defined by article 1 (20) of the Law of 23 July 2016 on the audit profession for which we carried out a statutory audit during the year ended 30 June 2023.

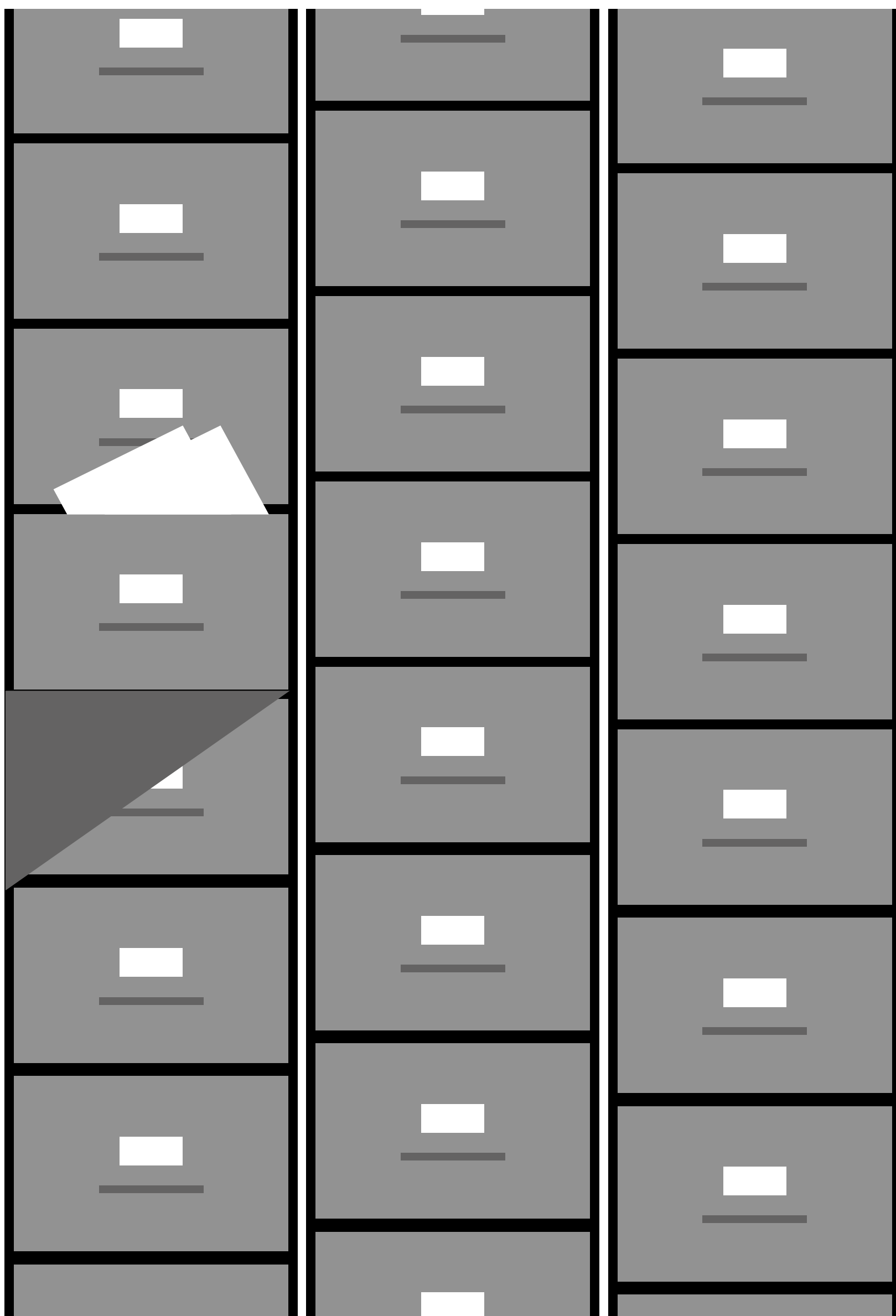
Ageasfinlux S.A.	BNP Paribas Easy
AlG Europe S.A.	BPCE Life
Allegro.eu	BREW RE S.A.
Allianz Life Luxembourg	CaixaBank Wealth Management Luxembourg S.A.
Amundi Index Solutions	CALI Europe
APERAM	CK Hutchison Group Telecom Finance S.A.
Argentum Capital S.A.	CLEARSTREAM BANKING S.A.
ARISA Ré	Clearstream Fund Centre S.A.
Avia SICAV-SIF	Colonnade Insurance S.A.
Aviva Investors European Secondary Infrastructure Credit SV S.A.	COMURA S.A.
AXA ASSURANCES LUXEMBOURG	Convex Europe S.A.
AXA Assurances Vie Luxembourg	Covéa Lux Fonds Spécial
AXA Wealth Europe	CREDIT SUISSE (LUXEMBOURG) S.A.
BANK OF CHINA (EUROPE) S.A.	DZ PRIVATBANK S.A.
Bankinter International Notes S.à r.l.	EFG Bank (Luxembourg) S.A.
Bankinter Luxembourg S.A.	EOF MASTER FUND SCS SICAV-RAIF
Banque de Patrimoines Privés	Euler Hermes Ré
BANQUE DEGROOF PETERCAM LUXEMBOURG S.A.	Eurasia Capital S.A.
Banque Internationale à Luxembourg	Evergreen II SICAV-FIS
Banque Transatlantique Luxembourg	Evergreen III SICAV-FIS
Bavarian Sky S.A.	FIS Privatbank S.A.
BenevolentAI	FORTUNA Banque.s.c.
BIL REINSURANCE S.A.	Frankfurter UCITS-ETF
	FWU Life Insurance Lux S.A.





Gaz Capital S.A.	PayPal (Europe) S.à r.l. et Cie, S.C.A.
GELF Bond Issuer I S.A.	PBD GERMANY AUTO LEASE MASTER S.A.
Golden Partner Fund	Pictet & Cie (Europe) S.A.
GPN Capital S.A.	Pony S.A.
GTC Aurora Luxembourg S.A.	Purple Protected Asset
Hannover Finance (Luxembourg) S.A.	RBC Investor Services Bank S.A.
HeidelbergCement Finance Luxembourg S.A.	Reinet Investments S.C.A.
Hiscox SA	Repsol Europe Finance
HSBC Private Bank (Luxembourg) S.A.	Richemont International Holding S.A.
IndexIQ	SB Capital S.A.
InPost S.A.	SC Germany S.A.
JARNA ISSUANCE VEHICLE SA	Schroders Capital Semi-Liquid
KBC Group Re S.A.	SEALS FINANCE S.A.
KBC Ifima S.A.	SecurAsset S.A.
KERNEL HOLDING S.A.	SELP Finance S.à r.l.
KMU Portfolio S.A.	SES
Landmark Capital S.A.	Single Platform Investment Repackaging Entity SA
Lombard Odier (Europe) S.A.	Société Electrique de l'Our
M&G Asia Property Fund	SWISS LIFE (LUXEMBOURG)
Miravet S.à r.l.	Swiss Life Products (Luxembourg) S.A.
Monument Assurance Luxembourg S.A.	Swissquote Bank Europe SA
Multi Units Luxembourg	TENARIS S.A.
Natixis Wealth Management Luxembourg	The Partners Fund SICAV
NORD/LB Luxembourg S.A. Covered Bond Bank	Tokio Marine Europe S.A.
NORDEA SPECIALISED INVESTMENT FUND, SICAV-FIS	Trafigura Funding S.A.
NOVA CASIOPEA RE S.A.	VP Bank (Luxembourg) SA
Novello Capital S.A.	Weser Funding S.A.
Partners Group Global Value SICAV	





## Appendix 2

### Financial Information

At PwC Luxembourg, our wide range of various-sized clients come from a broad spectrum of activities from the financial sector, including Banking, Asset & Wealth Management, Alternatives and Insurance, to industrial and commercial activities. We service all types of clients from large multinationals to small family-run enterprises and, of course, the public and institutional sectors. In relation to the disclosure requirements foreseen in Article 13.2 (k) (i)-(iv) of the EU Audit Regulation on financial information, we refer to our annual accounts which are filed on the register of commerce and companies in Luxembourg.

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

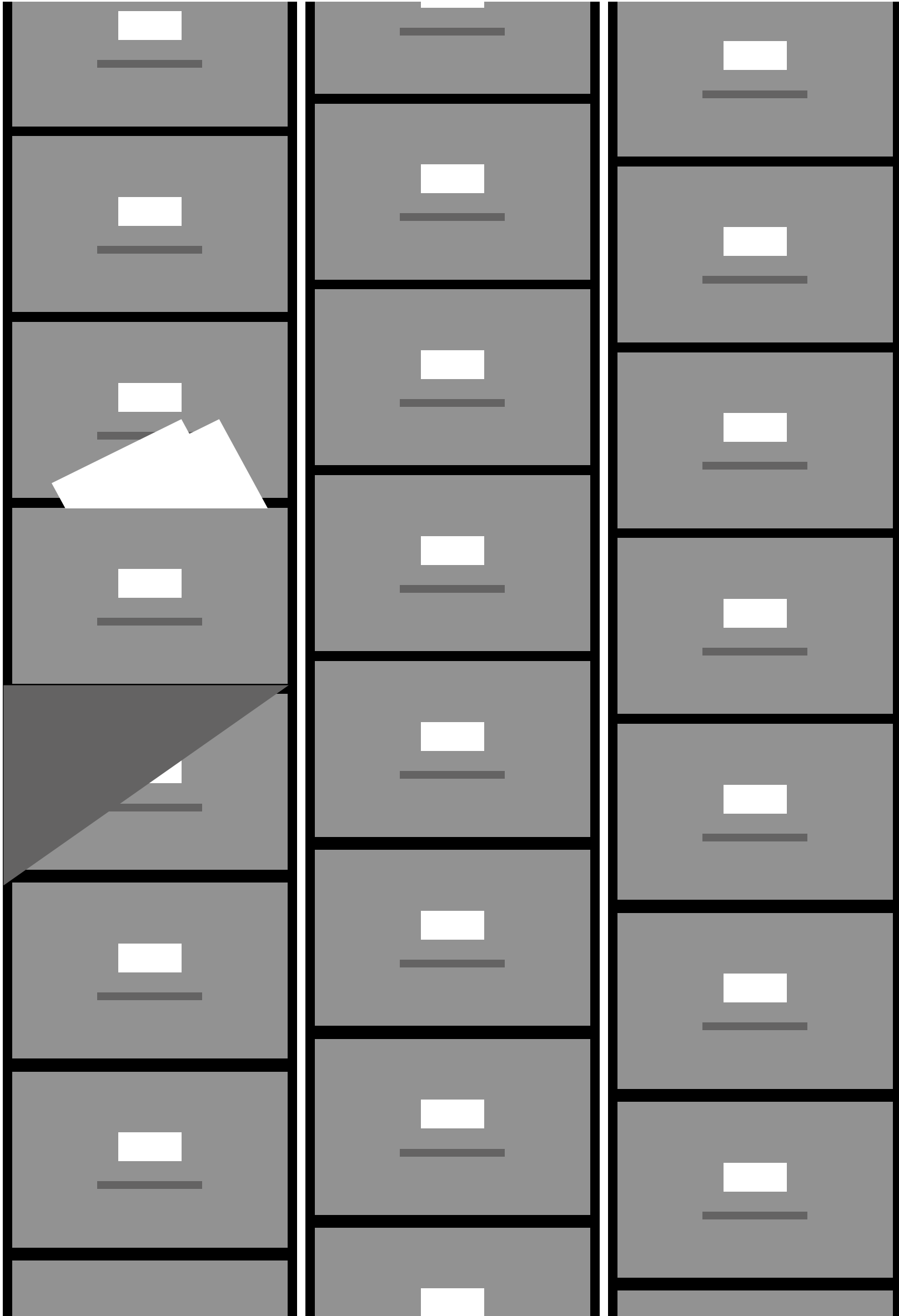
## Appendix 3

### List of Audit Firms/Statutory Auditors.

#### Disclosure in accordance with Article 13.2 (b)(ii) of the EU Regulation

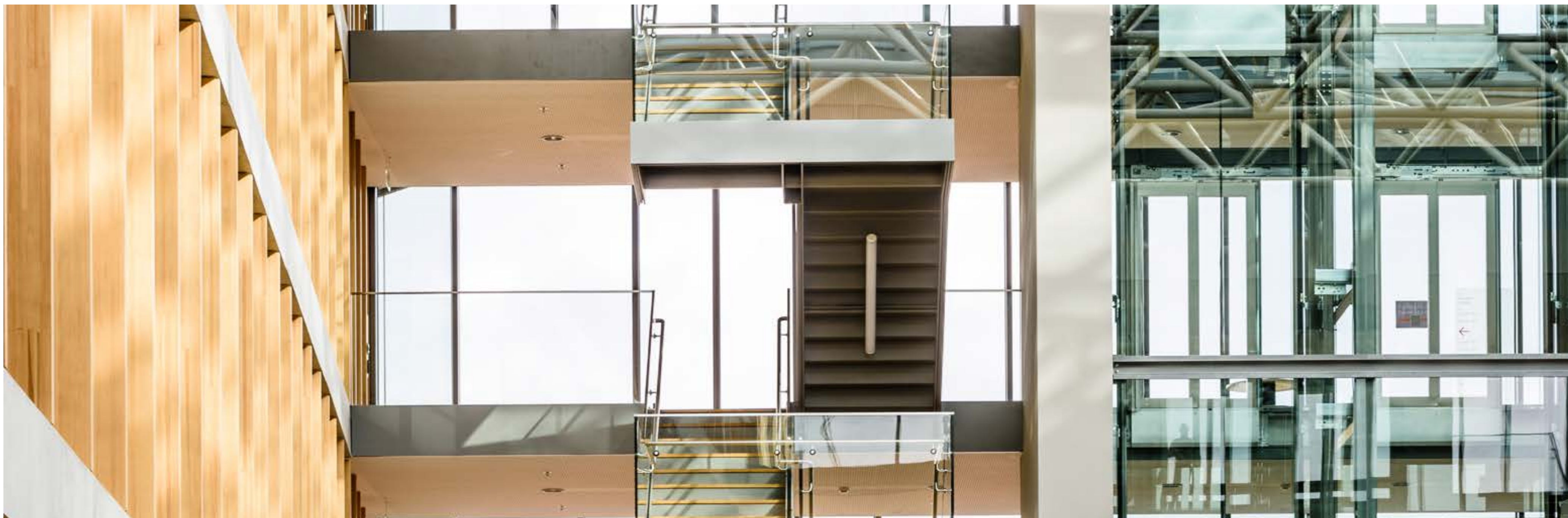
Member State	Name of firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
Austria	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz
Austria	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz
Austria	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'enterprises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





France	PricewaterhouseCoopers France
France	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Germany	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
Poland	PricewaterhouseCoopers Polska spółka z ograniczona odpowiedzialnoscia Audyt sp. k.
Poland	PricewaterhouseCoopers Polska spółka z ograniczona odpowiedzialnoscia 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

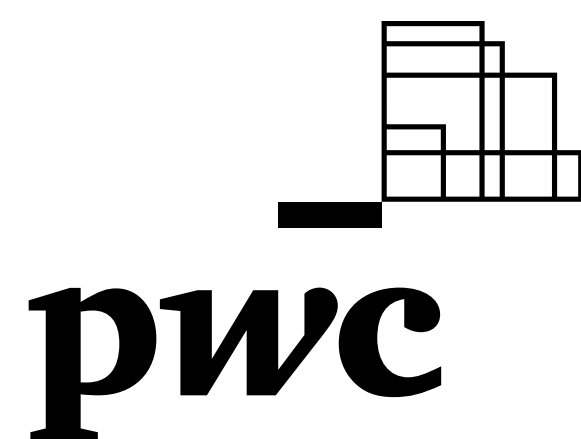




[pwc.lu](https://www.pwc.lu)

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At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with over 364,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](https://www.pwc.com) and [www.pwc.lu](https://www.pwc.lu).



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