





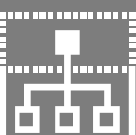



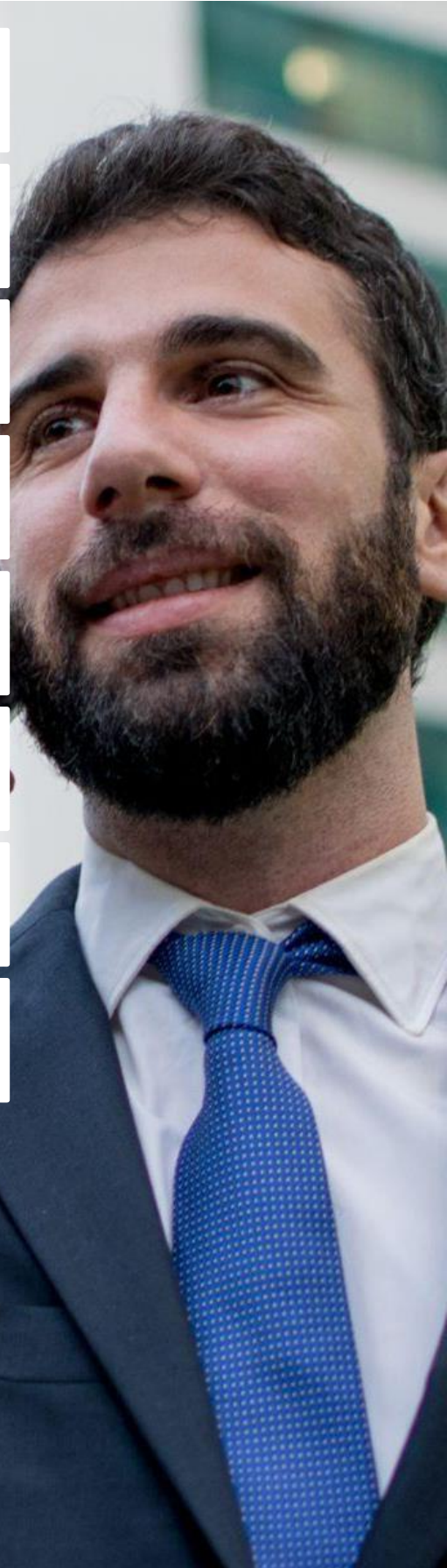


Transparency Report FY23 PwC Colombia



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Message from leadership



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Message from leadership

Welcome to our 2023 Transparency report

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

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

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.

Percentage of Assurance professionals surveyed who report



Receiving consistent messages about the importance of audit quality from both local and firm leadership

Response Rate

97%

FY23

96%

FY22

92%

FY21

People Engagement Index

94%

FY23

91%

FY22

79%

FY21

Effectiveness of leadership

93%

FY23

83%

FY22

78%

FY21



Message from leadership

On behalf of PwC Colombia's partners, it is very satisfying to present the 2023 Transparency Report, which allows us to measure the scope of our actions and reinforce our permanent commitment to quality.

In line with the demands of the times, PwC Colombia carries out its functions with the highest standards, by constantly analyzing the different contingencies that may arise in challenging scenarios characterized by volatility and high levels of uncertainty surrounding us today.

Having a first-class team has allowed us to overcome the aforementioned challenges efficiently and successfully, thus demonstrating sustainable results and building trust in our stakeholders. I am pleased to mention that 95% of our employees feel proud to belong to the Firm, according to our 2023 Global People Survey (GPS).

Reaffirming the importance of the people who make up our team, we annually enrich our professional strengthening programs. This year we continued with the Leadership Training School, thus contributing to the growth of our employees through the development of their skills and opportunities for career advancement.

Building trust in society and solving important problems is our purpose in all the territories where the PwC network of firms is present, with more than 330 thousand people who every day add value to our clients in Assurance, Tax Advisory, and Consulting services. At the local level, all organizations, companies and individuals who trust in our experience and human and professional capacity are the reason for our actions, which show a permanent responsibility to provide an excellent service, by living our values in all areas.

For more than two years we have been implementing The New Equation, a PwC global strategy that responds to technological disruption, climate change effects, geopolitical changes, and social tension, in addition to the urgency of achieving business sustainability in an increasingly challenging present.

Our actions are aimed at achieving measurable progress, maintaining proper implementation of Network Standards within the Firm, and responding to priority issues such as Net Zero.

Together with our teams, we will continue to reinforce this approach and actively participate in the debate and solutions.

Our contribution to society goes far beyond fulfilling our purpose. We want to continue to drive the comprehensive and sustainable growth of our country that we began 76 years ago, making business the center of progress, employment and innovation.

I invite you to review this document to learn more about our progress in human talent management, our strategy to continually modernize audit services with new technologies and processes, our governance and organizational structure, and our culture change program, among other relevant topics.



Carlos Mario Lafaurie
Country Senior Partner

A message from our Assurance Leader



Jorge Eliécer Moreno Urrea
Territory Assurance Leader

We are pleased to present our second PwC Colombia 2023 transparency report, which reflects our commitment to quality as a top priority and conveys our progress towards maintaining our purpose of building trust in society.

Aligned with the strategy of *The New Equation* Global network, we have defined our corporate strategy, which focuses on ensuring sustainable results and taking on the new challenges of the environment caused by international geopolitical contingency, social instability, technological disruption, climate change, as well as the challenges of our Firm in Colombia.

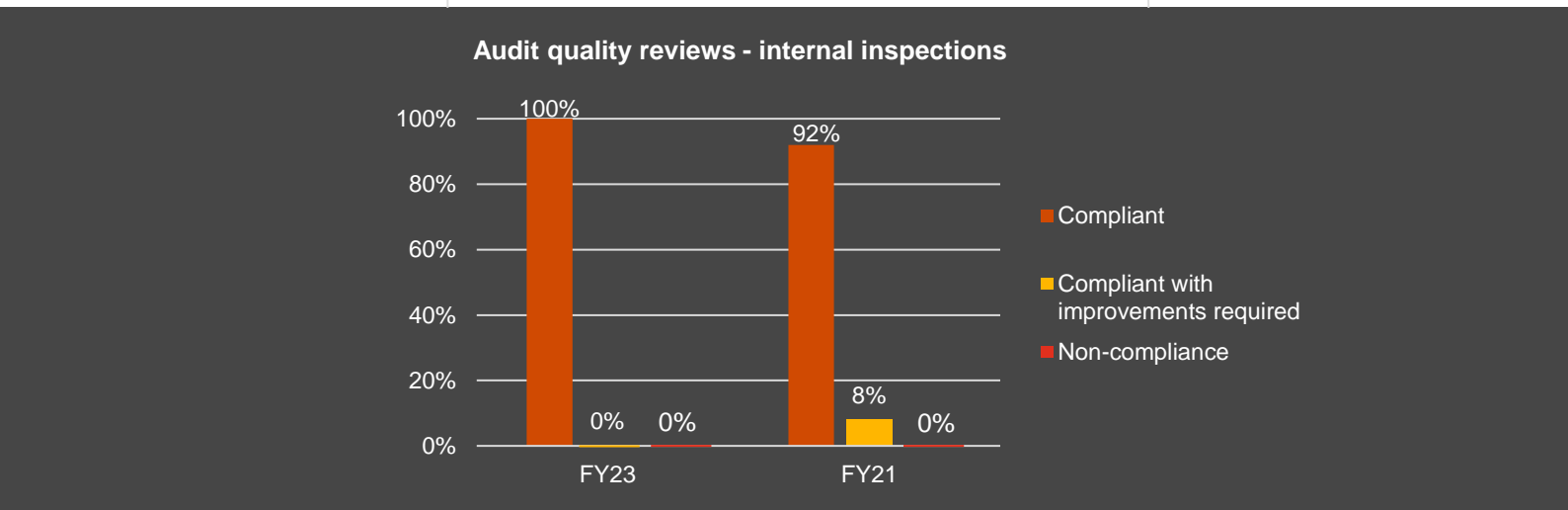
In this complex scenario, our report shows the systems, processes and policies we have implemented to maintain the quality of our work and generate value for our stakeholders. Among other topics, we present in this document the main Assurance Quality Indicators (AQIs), convinced that a good internal quality management system, together with independent monitoring of its compliance, are key for our organization to move in the right direction.

At the same time, we have made efforts to orient our practice towards the assurance of non-financial information and ESG indicators, advancing hand in hand with changes in local and international regulations on the subject. We know that these issues are an important part of our clients' current concerns and will shape the auditing profession in the immediate future.

Aware of the importance of the audit business in defining our brand in Colombia, we continue to invest in multidisciplinary knowledge, in the digital capabilities of our teams, in distinctive international experiences that contribute to the growth of our professionals and in new operating models that allow us to better respond to the needs of the modern business world.

We are very proud of our role in the financial market and in society at large, and we hope this report shows both our commitment to that purpose and our efforts to fully honor it.

Partner and staff survey	Audit quality reviews - external	Restatements
<p>97% of our staff and partners participated in our Global Pulse Survey.</p> <p>96% of the respondents believe they are encouraged to deliver high quality audits</p>	<p>Results from 2023 ISO 9001:2015, Bureau Veritas audit quality reviews - number of reviews, including the total number resulting in non-compliance</p> 	<p>1 Number of financial statement restatements involving PIE audits due to material errors</p> <p>1% Percentage of restatements of financial statement for issuer audit clients</p>



For FY23, satisfactory results were obtained in the QMR (Quality Management Review) reviews that highlight the leadership commitment and quality culture of the Colombian Firm.

Our system of quality management	
<p>Number of hours spent on monitoring</p> <p>7,400 hours</p> <p>17 findings Quality findings identified and remediated</p>	<p>Number of audit engagements included in the real time review program</p> <p>39 audit engagements</p> <p>With over 2,000 hours spent by a fully dedicated team</p>

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

Assurance Training FY23

Average hours achieved by partners and staff

20 online | **27** classroom | **47** total

Total hours completed: **32,750**

Assurance Training FY22

Average hours achieved by partners and staff

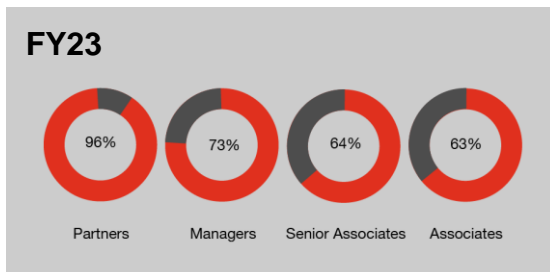
22 online | **29** classroom | **51** total

Total hours completed: **33,960**

Leveraged ratio of audit-related hours for audit team members

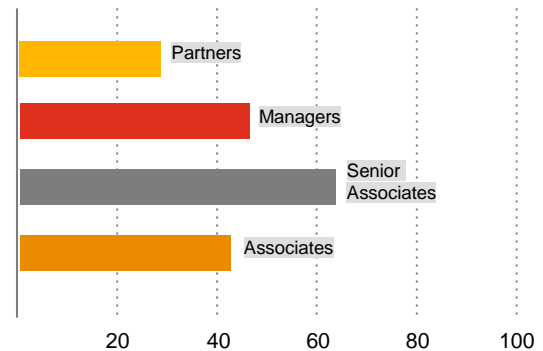
			FY23			FY22			FY21		
Partners	to	Manager	1	to	3	1	to	3	1	to	3
Manager	to	Staff	1	to	6	1	to	6	1	to	6
Partners	to	Staff	1	to	20	1	to	20	1	to	21

Average retention rate by staff level



Auditing and accounting training hours FY23

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



Technical support

5 to 25

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



Experience of our partners

Partners' average years of experience at PwC

26,8 years



Our approach to quality



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Our approach to quality

A specific focus on audit quality across the Network

The PwC Network's Assurance QMSE framework

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

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

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

The International Standard on Quality Management 1 (ISQM 1)

ISQM 1 became effective 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 fulfil the expectations of our clients and other stakeholders

Integrated and aligned in the right way

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

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

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

The Quality Management Process

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

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

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

The key factors that impacted our system of quality management



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

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

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

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

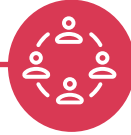
2023 key factors impacting our SoQM

This year, we have seen various factors impact our SoQM but in particular, some of the more meaningful conditions, events, circumstances actions and/or inactions that have necessitated changes to our SoQM include:



Ethical behavior and integrity

Ethical behavior and integrity is an identified risk factor that has a direct and significant impact on our SoQM. PwC has reinforced the culture of ethics and quality by emphasizing the importance of these elements in our daily behavior for the provision of a quality audit. Our SoQM incorporates processes and quality controls that require its professionals to comply with, among others, the Code of Conduct, training on ethical behavior, independence and risk standards, etc. All these requirements are mandatory and are continuously monitored as part of the RAF.



Cultural change

One of the great challenges is to promote a culture of change focused on strengthening the behaviors framed in the RAF and oriented to the achievement of sustainable results that go hand in hand with our purpose, the Global strategy, The New Equation, and our One Firm strategy. In response to this, a cultural change program has been established, which defines actions that allow us to obtain satisfactory results in which quality is our top priority.



Attraction and retention of human talent

In recent years, attracting talent has been an important challenge for PwC Colombia. Our practice requires committed and motivated professionals who understand PwC's values and vision in order to provide quality service to our clients. To respond to this risk factor, we have promoted a strategy of hiring professionals from various universities in the country, offering an attractive career plan for new generations. Turnover has also been considered a risk factor that we have addressed by revising our development and benefit plans for our professionals, promoting activities that not only imply economic benefits, but also allow new professionals to have more free time for their personal and family needs. These activities include, among others, friday flex, hybrid work, days off for birthdays, marriage or maternity, wellness activities, among others.

Impact of megatrends.

Geopolitical Uncertainty - War in Ukraine

A new risk factor associated with the war resulted from the Russian invasion of Ukraine was added. The repercussions of the war have had significant consequences, mainly in terms of loss of human lives. The macroeconomic and geopolitical environment has had a negative impact on international markets, mainly increasing fuel and food prices, product shortages and shipping logistics, among others. To respond to this risk factor, the Firm's SoQM includes procedures in audits to measure the impacts and consequences on our clients. One example is the performance of a risk assessment.

Climate change

Climate change and ESG have been considered as a risk factor affecting business continuity and, therefore, audit quality. We have established a clear strategy to promote knowledge among our professionals, clients and Society, developing services that allow us to identify areas of impact on organizations and monitor them through indicators of compliance with international sustainability and environmental management standards. PwC's professionals and specialists have the appropriate training to understand and assess the potential audit risks associated with climate change that affect our clients. The firm's SoQM has incorporated processes and quality controls to mitigate the risk factor and provide quality audit services.

Technological disruption

Technology is in constant evolution and impacts the way we operate in the world, driven by the amount of information we generate daily, the need to make decisions and how to ensure that those decisions are correct and made by the right people. In this sense, it directly impacts the provision of our services, we identify it as an opportunity to create and protect value within our firm and to our clients, and at the same time as a threat in the increase of risks such as cybersecurity, regulation and the excessive use of artificial intelligence, social networks and the Internet in business and in everyday life. Taking this into account, we have created tools and controls that allow us to be aligned to this growth, to these technologies and to protect the information of our clients through good practices, not only in technology, but also in the adequate training of our resources to make the best decision in relation to the protection of our brand.





Cultures and values



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Our culture and values



Definition and culture

At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of 364.000 people.

This culture of quality emphasises that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.



Measurement and transparency

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

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



Our firm's commitment to quality



Leadership and tone at the top

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

Tone at the top

Management promotes behaviors through its actions, leading by example and reinforcing the Firm's commitment to quality. Key messages are communicated to the practice through different venues: CLT, management meetings, executive committee, senior management meetings, and quality and culture change committee meetings. These communications focus on what we do well and what actions we can take to improve. We test whether our people believe that our leaders' messages communicate the importance of quality to the Firm's success. Based on this monitoring, we are confident that our people understand our quality objectives. Our commitment to providing the highest quality service is fundamental to our purpose and our Assurance strategy, which aims to reinforce trust and transparency in our clients, in the capital markets and in society at large.

In addition, we have a solid communication plan, which reinforces key issues regarding quality, risk, independence and any other key issues, such as:

- Dissemination of the code of conduct
- Awareness campaigns aimed at reinforcing ethical behavior, PwC values, among others.
- Dissemination of topics associated with the RAF and behaviors aligned with our purpose.





Leadership and tone at the top



Learning Behavior

Support a robust RCA root cause analysis process, which includes risk and SoQM impact analysis, maintaining a proactive process in which management actively participates in understanding the root cause of findings and ensuring that proposed remediation plans are effective.

The Firm establishes a strong learning culture by training team members, ensuring that they have the appropriate knowledge to perform quality work.

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



Aim to Predict: Assurance Quality Indicators

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

Territory Assurance Leader analyses the periodical information received from the functional area leaders and monitors the evolution of the indicators. The frequency of each indicator depends on the periodicity defined for control and monitoring (annual, semi-annual, quarterly or more frequently).



Audit Quality Measures

- People Engagement Index scores: 94%
- Quality Behaviour Index scores: 88%



Ethics

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

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

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

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

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

PwC 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 people I work with demonstrate conduct consistent with PwC's Global Code of Conduct (92% of favorable answers in GPS FY23).

At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences: 85% of favorable answers in GPS FY23).





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 Colombia 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 TSP.

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 the rotation of key audit partners.

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

PwC Colombia supplements the PwC Global Independence Policy as required by Central Accountants Board, PCAOB and CPAB where they are more restrictive than the network's policy.

Independence-related systems and tools

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

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

Independence-related systems and tools, continued

- 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.

PwC Colombia also has a number of specific systems which include:

- A rotation tracking procedure which monitors compliance with the Firm'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 Colombia. These relationships are reviewed on an annual basis to ensure their ongoing permissibility.



Independence training and confirmations

PwC Colombia 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 independence policy and related topics as required. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PwC Colombia's independence specialists and risk and quality teams.

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





Independence monitoring and disciplinary policy

PwC Colombia 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 and practice managers as a means of monitoring compliance with independence policies; and
- An annual assessment of our firm's adherence with the PwC network's standard relating to independence.

The results of PwC Colombia 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 Colombia 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 PwC firm follows Network requirements relating to the reporting of breaches. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Colombia's systems and processes and for additional guidance and training.



Considerations in undertaking the audit

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

Client and Engagement Acceptance and Continuance

PwC Colombia has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention called Client Acceptance and Engagement Acceptance in Salesforce. It 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.



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

There is a procedure called Recognition Accountability Framework - RAF, which establishes the expectations for engagement leaders and collaborators in terms of quality, people, ethics and independence.

The human capital area scales the requirements with the different people in charge in order to identify non-compliances related to: internal audits, global reviews, satisfaction surveys, non-compliance with courses, reports related to ethics, risk and independence issues, among others. In the event of non-compliance in terms of quality, people, ethics and/or independence, a methodology has been defined for the application of consequences based on the analysis of the level of seriousness. The applicable consequences include: Coaching, Corrective or complementary training, Warnings, Impact on the current year's performance evaluation, among others. Likewise, the procedure contemplates recognition criteria for engagement leaders and collaborators who obtain exceptional results.





Our people



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Our people



Audit Quality Measures

- Average staff retention rate: 66,38%
- Partner and manager hours in relation to total engagement hours: 20,5%
- Measure of project management/phasing of the audit, for example, actual utilisation in relation to planned and actual to budgeted hours at period end: 105%



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 HC Strategy is based in global pillars as follow: "Enabling our workforce for today's realities and tomorrow's opportunities - enable our people to have - and deliver - a quality experience with the right mix of team members, skills and approaches that fit today and flex for tomorrow"; "Creating a Resilient Foundation for times of change" We build a strong foundation for our people and our firm through the values, systems and healthy habits that enable us to confidently navigate evolution our business", "Developing inclusive leaders for a shifting world" We develop effective, diverse and inclusive leaders at all levels with the skills they need to perform and advance in an environment of continuous change" customized with the local business and people needs.





Inclusion and diversity

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



Recruitment

PwC Colombia 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 400 new people, including 229 university graduates.



Team selection, experience and supervision

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



Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, mobile-enabled technology. We also use 360 Feedback / Leadership Assessment tool to give and receive Top, down, upward and peer feedback. Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.



Career progression

PwC Colombia 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.

The current challenges in HC require anticipating the future and managing hybrid and flexible strategies that reflect the personalization of work and the way in which people and teams perform their work using real-time tools and taking advantage of the advanced knowledge of the human sciences. It is key to strengthen the interaction between people, place and technology, doing in coherence what this great change asks of us as a community of solvers in accordance with our strategy of "The New Equation".

PwC - moving forward from this complex environment - has managed the Engagement



Analytics project, to mitigate the loss of key talent, and strengthen leadership practices by identifying the key points to work on and prioritizing those that generate the greatest impact.

Talent Analytics is used to accelerate the employee experience, according to the relevance of factors and personalization. This methodology allows us to identify the causes that most impact the employee experience to generate "moments of truth" that have greater recall, connect each person in a different and personalized way, perform an analysis of employee data for targeted intervention and thus leverage and enhance to a greater extent the definition and development of interventions with high impact on the business and the employee experience.

In this way, we observe a greater degree of sophistication in the use of data analytics, whereby we move from descriptive analytics that allows us to understand the What happened? To move towards Diagnostic analytics which allows us to identify causes of trends and results, i.e. Why did it happen? To continue towards predictive analytics where we want to predict future results based on the past.



From this framework, the XLoS project has been managed at the territory level of +Conectados Contigo which, after processing and analyzing the data collected, and other activities carried out, has defined the key dimensions that have been worked from various fronts such as trust, communication, connection, recognition, confidence and flexibility, defining specific strategies that generate value according to the needs of the LoS.

In addition, to empower the employee as community of solvers we work with "Action Committees" conformed by employees by LoS (Manager and above and seniors) to analyze development areas and create solutions to be implemented, and address to z generation and centennials they participate in "Café con Yamile" where they have important conversations to provide recommendations, ideas, solutions to different aspects like communication, relationships, trust and confidence, recognition, etc.

Global People Survey" header.

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



PEI: 94%

Intent to Stay Index: 91%

Quality behavior index: 88%

The Learning & Development I have used at PwC, including classroom/virtual classroom, digital assets, webcasts, reading, job aids, eLearns and other digital learning has helped me prepare for the work I do: 88%

The leaders I work with provide me with regular feedback and coaching on my performance: 83%.



Audit Quality Measures

- Average training hours per audit professional :55 hr
- Mandatory training attendance:99,80%



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 or people’s careers, they are presented with career development opportunities through classroom and virtual classroom where they attend the different technical contents, soft skills as coaching, leadership and how to prepare them to their managerial role. These contents are a supplemental curriculum to develop new skills and manage their engagements through quality. There are other on-demand learning to develop Digital upskilling, English language, Writing and Presenting skills added to the external education programme where they obtain facilities to develop other studies in universities and educational institutes that improve their skills and visibility in the market environment. Our flexible training portfolio facilitates personalised learning with access to a variety of educational materials as webcasts, podcasts, articles, videos and courses. Finally, the on-the-job real time coaching/development - named Programa Tutor- helps the New Joiners to achieve the needed abilities to perform their duties in a easy and fast pace way, to accelerate their learning.

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



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 judgement while applying a sceptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs. Territories to add details of their locally developed training programs, training programs used from other Network groups (e.g., GAQ-Accounting training on IFRS) and externally sourced training, covering both technical and non-technical training.



Our training investment in people

Assurance Training FY23

Average hours achieved by partners and staff

20 online	27 classroom	47 total
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FY23 Total hours completed

32.750

Assurance Training FY22

Average hours achieved by partners and staff

22 online	29 classroom	51 total
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FY22 Total hours completed

33.960

Mandatory
training
attendance

99.80%

Of partners and staff have completed all mandatory training attendance in FY23



Our approach



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Our approach



Our approach

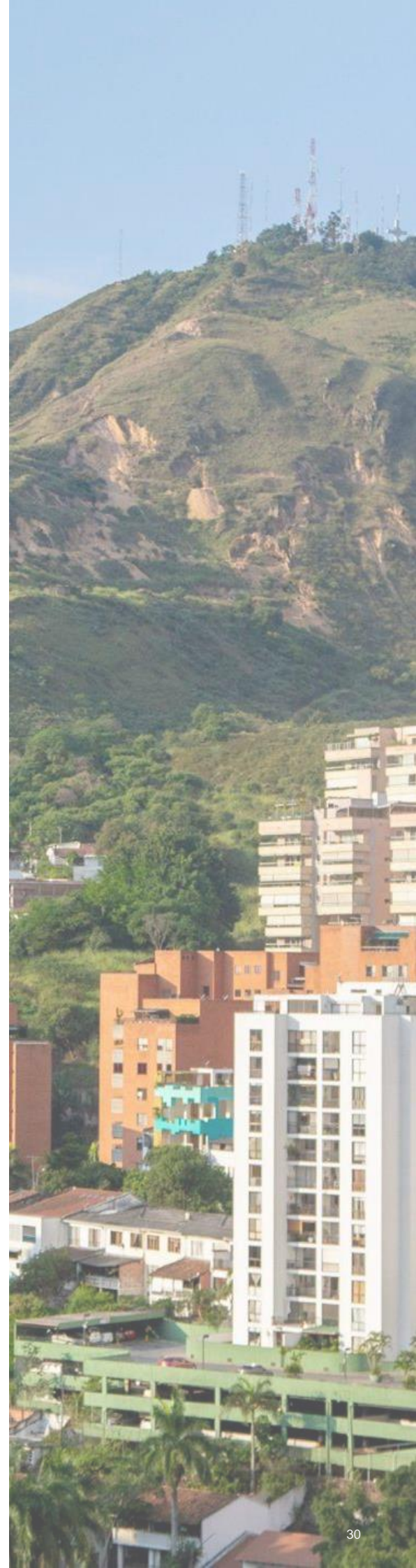
PwC Colombia, uses a methodological framework adjusted to regulatory requirements and invests in the development of new technological tools that allow us to ensure quality and continuous improvement in the provision of professional audit services. We make a high level of investment in people and technology which allows us to meet the needs of our clients obtaining efficiencies and ensuring the provision of a service with high quality standards.



Our tools

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

The PwC Audit Guide explains PwC's methodology. In addition, in order to comply with the requirements related to professional statutory audit services, we have developed a customized work program that allows us to comply with the obligations established by the oversight and control entities for the statutory auditor.



Tools and technologies to support our audit



Our technology

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

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

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

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

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

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

Halo Platform enables our engagement teams to manage all data extractions, executions and storage for all applications through one central location, allowing our engagement teams to monitor the status of data uploads and use the acquired client data for multiple applications during the audit.



Our next generation audit

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



Reliability and auditability of audit technologies

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

Confidentiality and information security



Confidentiality and information security

PwC Colombia is aligned in terms of personal data, security, and confidentiality of information to the policies of the PwC network that allow us to ensure the standards required to meet our obligations, as well as the Colombian regulatory framework, especially the Law 1581 of 2012 and its regulatory decrees.

Confidentiality, personal data handling and information security are key elements of our professional responsibilities. Misuse or loss of confidential client, staff or supplier information or personal data may expose the company to legal proceedings and may also negatively affect our reputation. We take the protection of personal data information and the confidentiality of information very seriously.

We promote our culture on the protection of information at all levels, which is why we have policies and procedures of mandatory compliance, which are available to the public on our website, with which we seek to be transparent in the process of collection, use, custody and destruction of information in accordance with its cycle of life. .

Data Privacy

The Firm has implemented a solid and consistent approach to the management of all personal data, recognizing and promulgating a culture of responsibility where each member of the organization has a fundamental role in the performance of personal data protection. We have implemented a Personal Data Protection Program that complies with local legislation and is aligned with the General Data Protection Regulation (GDPR). To achieve this, our partners and staff receive annual training, along with communications related to the Network's policy and local legislation regarding the correct handling of personal data, to continue building a strong data protection culture.



Information Security

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

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

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

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



Supporting engagement performance



Direction, coaching and supervision

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



Consultation culture

At PwC Colombia we consider technical consultation on audit and accounting matters to be one of our pillars in the delivery of the highest quality audit services. The consultation process enriches our views and analysis and involves specialists in different areas of auditing. This is why we have developed an internal consultation policy that covers a wide variety of topics that must be consulted in the development of our audits.



National Technical function

PwC Colombia has consolidated a technical area with partners specialized in different sectors of the economy, which allows us to be at the forefront in the analysis and application of current auditing and accounting standards.



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.

If there are differences of opinions, these are reviewed with the ACS team. In more complex situations, the assurance and risk leader could participate.

As a firm we have obtained few cases regarding difference of opinion, but if situations of this nature exist, we have formal protocols to address these situations.





Monitoring



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Monitoring



Audit Quality Measures

- Total number of ECRs: 13
- Number of ECRs rated as Compliant: 13 Compliant with Improvement Required: 0 Non-Compliant: 0
- ECRs rated as Compliant: 100%, Compliant with Improvement Required: 0%, Non-Compliant related to total number of ECRs (%): 0%
- Financial statement restatements involving PIE audits due to material errors: 1
- Frequency and impact of accounting errors (that may not result in restatements): Low



Monitoring of Assurance quality

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

Responsibility for appropriate quality management lies with the Leadership of PwC Colombia. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

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

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



Restatements

1

Number of financial statement restatements involving PIE audits due to material errors

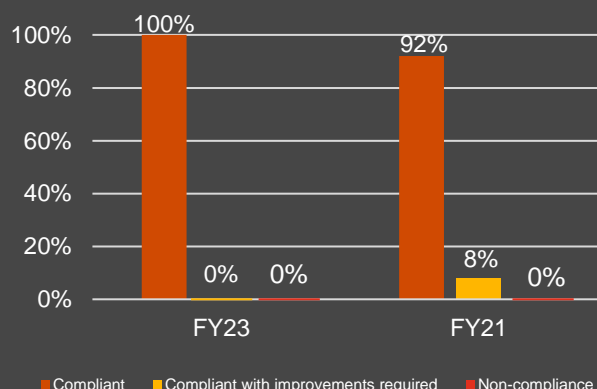


Aim to Prevent: Real Time Assurance

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

In PwC Colombia the engagement selection is based on a range of criteria including: client risk profile (HPC, PIE, etc.); individual partner results from recent inspections/reviews; and/or engagements with a particular risk where there are known weaknesses in execution of the related audit procedures. The focus is to identify engagements at higher risk of audit failure such that this risk can be minimized.

Audit engagement inspections - internal



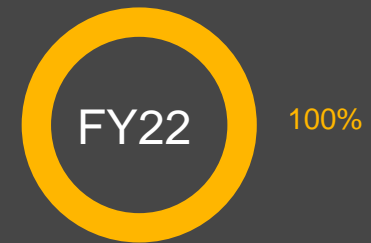
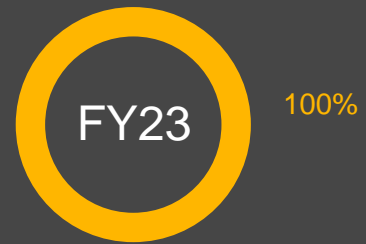
In addition to the ongoing monitoring noted above, our monitoring also encompasses periodic assessment of our SoQM which includes the review of completed engagements (Engagement Quality Reviews - EQR), as well as periodic monitoring of our SoQM by an objective team within our firm. The results of these 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.

Reviews are led by experienced Assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. EQR reviewers may be sourced from other PwC firms if needed to provide appropriate expertise or objectivity. Review teams receive training to support them in fulfilling their responsibilities, and 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.

Audit quality reviews - external

Results from 2023 ISO 9001:2015, Bureau Veritas audit quality reviews - number of reviews, including the total number resulting in non-compliance



■ Compliant
 ■ Non-compliance



Audit Quality Measures

- Total number of file reviews by external regulators:0
- Number of file reviews by PCAOB:0
- Number of file reviews by other external regulators:0 resulting in non-compliance (or equivalent):0



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

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



Learn: Root cause Analysis

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

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

In addition, the data compiled for audits both with and without 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 spent on the audit, the number of years that key members of the engagement team have been on the engagement, the number of other audits in which the engagement partners are involved, whether the engagement was subject to a pre-issuance review, and the time at which 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.

A methodology has been established for the root cause analysis, the identification of the behaviors associated with the findings and the definition of the corresponding remedial plans. The TAL, the AQL and the RCA leader participate in this exercise.



PwC network



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Global network

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

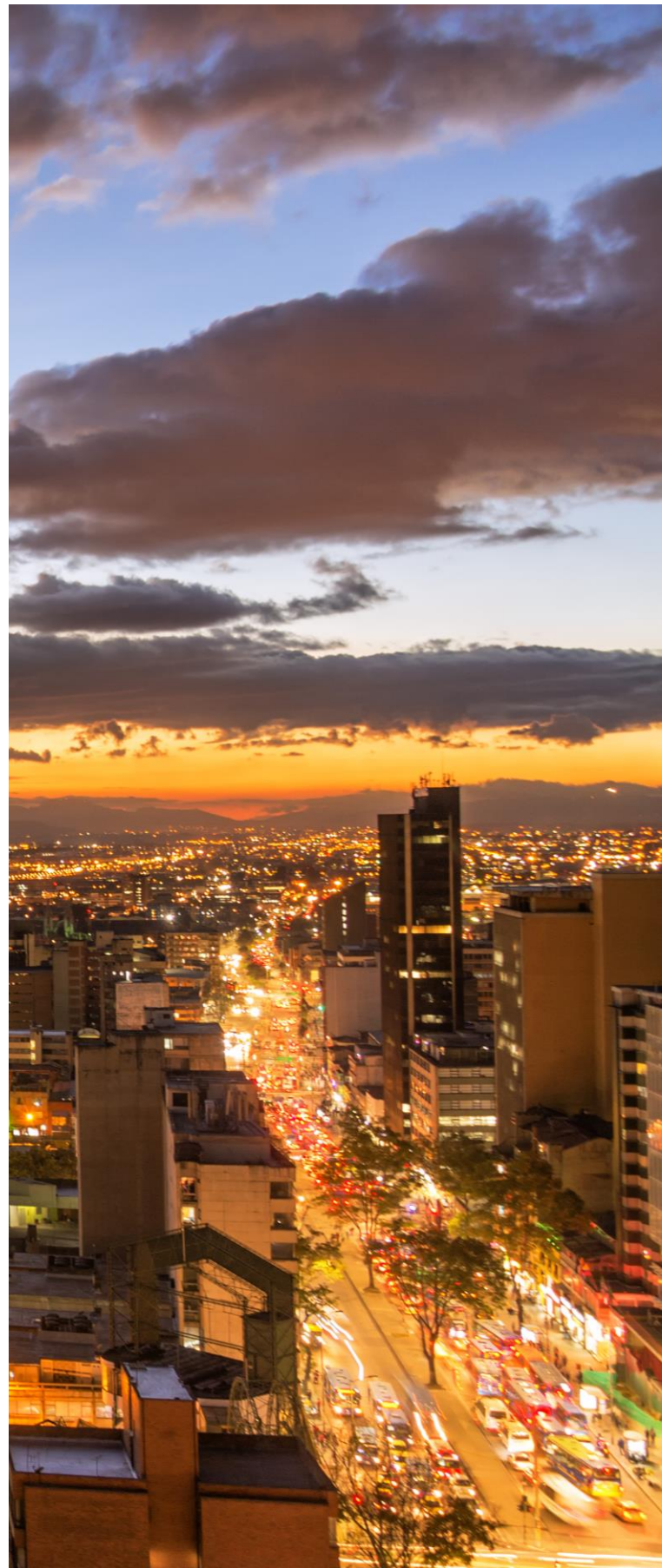
The PwC network is not one international partnership. A PwC firm cannot act as agent of PwCIL or any other PwC firm, cannot obligate PwCIL or any other PwC firm, and is liable only for its own acts or omissions and not those of PwCIL or any other PwC firm. Similarly, PwCIL cannot act as an agent of any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



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 directors, and the other 18 Board members are elected by partners from PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- **Global Leadership Team**, 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..

**Please refer to the GAR being released in early October for any changes.*





Legal and governance structure



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Legal and governance structure

Legal structure of the PwC Colombia

PwC Colombia is organized as a simplified joint stock company, governed by the Partners through the decisions of the General Assembly, following the best practices of Corporate Governance. These practices ensure that the decision-making process is transparent and fair to the partners and employees of the Firm. The General Assembly is the highest governing body and has the powers regulated by local law and its bylaws, such as agreeing to amend the bylaws or admitting new partners. The General Assembly meets at the times established in the bylaws and when necessary for the operation of the company.

PwC Colombia operates through the follow line of services: Assurance, Advisory and Tax & Legal. We are registered, for the Assurance and accounting services with the Accounting Central Board (Junta Central de Contadores) and with the Public Accounting Oversight Board (PCAOB) regulator of the United States of America and the Canadian Public Accountability Board (CPAB) regulator in Canada.

a) Ownership of PwC Colombia

Each one of the PwC legal entities is owned by individuals practicing audit, tax or consulting services in Colombia, commonly referred to as partners who hold the voting rights.

(b) PwC Colombia office structure

PwC Colombia operates out of 4 offices located in the 4 main cities in Colombia. Our headquarters is located in the City of Bogotá D.C. A full list can be found at <https://www.pwc.com/co/es.html>.

We had 1867 people working with us during the year ended June 30, 2023.

c) Principal lines of business

PwC Colombia operates through 3 principal Lines of Service (LoS). These are Assurance, Advisory, Tax & Legal.

Governance structure of the PwC Colombia

Other governance bodies of PwC Colombia are the Country Leadership Team (CLT), the Country Senior Partner, the Territorial Supervisory Committee and the Risk and Quality Partner. The CLT is responsible for the overall management of our firm; the Country Senior Partner, chairs the CLT and is in charge of ensuring the implementation and maintenance of PwC Network's global policies and procedures. The Supervisory Board oversees partner admissions and firm management. Finally, our Independence, Risk and Quality partners have the role of critically and objectively assessing whether professional standards have been strictly observed.

Country Leadership Team- CLT

The Country Leadership Team (CLT) is an executive committee, headed by the Senior Territory Partner, responsible for adopting the key strategies, guidelines, and policies of the PwC Network in the Colombian firms. In order to include different perspectives that contribute to reduce risks and enrich the firm's management, key partners with different specialties are part of the CLT. Among them are the Lead Partners of each service line (Assurance, Advisory and Tax Legal Services), and the partners in charge of OGC / Ethics / Risk & Quality, Technology/IT, Finance, Human Capital and Marketing & Communications.

Legal and governance structure

Country Leadership Team- CLT

Is responsible for:

- Planning, development, management and control of the firm's operations.
- Implementation and customization of the global strategies and policies.
- Implementation of the policies; and,
- Implementation of the recommendations made by the firm's Territorial Supervisory Committee

The current CLT members are:



Carlos M. Lafaurie.
Country Senior Partner.



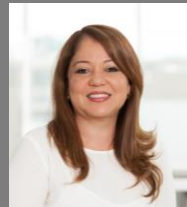
Jorge Eliécer Moreno.
Lead Partner Assurance.



Jorge Mario Añez.
Lead Partner Advisory.



Carlos Miguel Chaparro.
Lead Partner TLS.



Yamile Sarmiento.
Lead Partner HC.



Juan Antonio Colina.
RMP (Risk Management Partner).



Dorian Echeverry
Chairman TSC.



Carlos Lloreda.
Finance & Infrastructure Partner.



Eliana Bernal.
Lead Ethics & OGC Partner.



Juan Malagon.
Lead Partner Sales & Markets & Communications:



Mauricio Arias.
Lead IT Partner.



Jhon Pineda.
PRI (Partner Responsible for Independence).

The CLT holds monthly meetings to oversee the evolution of the implementation of strategies, guidelines, and policies important to the Network and to review and monitor them. Since its members have executive positions and client portfolios, they are constantly informed about the state of the business and the main needs and concerns of both internal staff and clients.

In addition to the CLT, PwC Colombia has specific teams and partners in charge of different support functions, which are responsible for ensuring the proper administration of the firm.

Our Offices





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

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