



Transparency report FY22

Assurance - PwC Colombia



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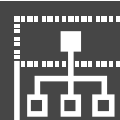
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Message from leadership

Welcome to our 2022 Transparency report

We are pleased to present our transparency report 2022 PwC Colombia, which allows us to visualize the systems, processes and policies we have implemented to maintain quality in our work and in the services we provide to our clients, because a good Integrated Quality Management System (SoQM) and its continuous monitoring are key parts of our Firm to continue with the process of continuous improvement in accordance with our strategy.

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

In June 2021, we unveiled The New Equation, PwC's landmark global strategy which responds to fundamental changes in the world, including technological disruption, climate change, fractured geopolitics, and the continuing effects of the COVID-19 pandemic. The New Equation is based on analysis of global trends and thousands of conversations with clients and stakeholders. It builds on more than a decade of sustained revenue growth and continued investment. The New Equation focuses on two interconnected needs that clients face in the coming years. The first is to build trust, which has never been more important, nor more difficult. The second is to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever and societal expectations have never been greater.

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 multi-year programme to deliver a new audit ecosystem - human-led, tech-powered and data-driven. It will enable us to make continuous improvements to audit quality by further standardizing, simplifying, centralizing and automating our audit work, transforming the experience for our clients and our people.

For more information on The New Equation, please see <https://www.pwc.com/gx/en/>

Percentage of Assurance professionals surveyed who report

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

98%
FY22

98%
FY21

95%
FY20

Understanding the firm's audit quality objectives

95%
FY22

95%
FY21

90%
FY20

At PwC Colombia, we recognize that we face increasingly volatile and complex environments derived from the high level of uncertainty surrounding us nowadays. Therefore, our purpose of building trust in society and solving important problems is stronger than ever.

Throughout this year we have continued working on our global strategy, The New Equation, which consists of finding solutions to help our clients deal with technological disruption, climate change and fractured and complex geopolitics as a requirement for the sustainability of their businesses.

We also continue making the difference through our One Firm strategy, which guides our actions, as part of PwC's global network, with responsible and transparent behavior, doing the right things and becoming agents of change.

Message from leadership

One of the keys to living our purpose is to act with integrity, in accordance with our values and culture. We additionally ensure ourselves to comply with current regulations as well as to constantly update our policies and processes of the Integral Risk Management and Self-Control System for Money Laundering, Financing of Terrorism and Proliferation of Mass Destruction Weapons (SAGRILAFIT, per its Spanish Acronym).

At PwC, we work to make the difference, always seeking to offer a professional experience that provides solutions and confidence to our clients, as it is highlighted by the Client Loyalty Index, which graded us with a rating of 9.1 out of 10.

None of the above would have been possible without the outstanding work of our people who are our main success factor. I am pleased to mention that, according to our 2022 Global People Survey (GPS), 94% of our employees are proud to belong to the Firm. Aligned with the importance of the people who are part of our team, every year we enrich our professional strengthening programs. For instance, this year we have created the School of Leadership Training, contributing to the growth of our collaborators through the development of their skills and opportunities for career advancement.

At the Firm, we are interested in and understand the importance of sustainable development while avoiding to compromise the future needs of the people. For this reason, we have 4 strategic axes of Corporate Sustainability: community, responsible business, diversity and inclusion, and environment, which are focused on creating inclusive solutions, closing skills gaps for the most vulnerable communities, reducing our environmental footprint by 2030, and creating a sustainable future.

Thanks to our One Firm strategy, we frame our operations in the 2030 Sustainable Development Goals, integrating ESG (Environment, Society and Governance) thinking into the way we work, transforming the way we do business and create positive impact.

We developed our interest in reducing our environmental impact and carbon footprint through our Net Zero 2030 commitment, the decarbonization plan, the Environmental Management System, the evaluation and mitigation of the inadequate use of natural resources, and environmental awareness campaigns. Thanks to this, we managed to reduce the carbon dioxide (CO₂) tons produced by 88%, compared to fiscal year 2019 (base year).

All my gratitude to the people who are part of PwC Colombia, whose passion, knowledge and commitment make possible the quality and value of the services we provide. Thanks also to all our stakeholders, with whom we work daily to create value in society and positively impact the world around us. We will remain committed to sustainable and profitable growth for PwC Colombia, our clients and the country.



Carlos Mario Lafaurie
Country Senior Partner

A message from our Assurance Leader

As the Assurance Leader of PwC Colombia, I share with you the context in which we have navigated this fiscal year.

It has never been more relevant than now to generate trust in our society, in the institutions and in the markets. We navigate through turbulent times, where uncertainty and change have become a constant. To mitigate this scenario, or at least try to reduce the impacts it generates, it becomes a joint work of all stakeholders: businessmen, entrepreneurs, regulators and of course the auditors, aligned with our purpose which is "to generate confidence in society and solve important problems", performing a comprehensive assurance of all services provided with the highest quality.

Our profession is rapidly transforming. It is not an easy change, but it is exciting. These changes require a constant adaptation of our methodologies and being observant to the latest trends and improvements to provide an optimal and satisfactory service for our clients. Along these lines, the unconditional support of the PwC Network is of vital importance to guarantee quality in our audits and the approach we use in them.

The financial information that is subject to an audit always refers to "past events". But a good audit "looks to the future", by providing an independent vision in relation to the way in which the organization makes its forecasts and assumptions, how it makes its projections, how it values its resources or how it manages its risks. In an increasingly complex economic-financial environment, it is essential to look ahead and anticipate opportunities or problems. In this way, at PwC Colombia we try to be an ally in the projection of our clients and to be a contribution in the decision-making process.

The importance of the incorporation of non-financial information in the annual reports, making the impact of organizations on environmental, social and governance (ESG) more transparent, opens up an immense opportunity for the auditing profession to strengthen its role as a trust builder in society. This information discloses how we're performing against other key measures of audit quality including our internal inspection findings.

We will continue working intensely to provide the best service and continue to be at the forefront of the latest technologies and trends that support us to be the best allies for our clients.



Jorge Eliécer Moreno
Territory Assurance Leader



FY22

Partner and staff survey

96%

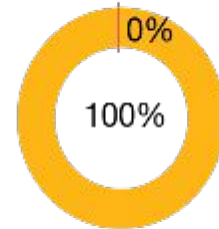
Partner and staff participated in our Global People Survey.

85%

of the respondents believe they are encouraged to deliver high quality audits (GPS - Quality Behaviors Index).

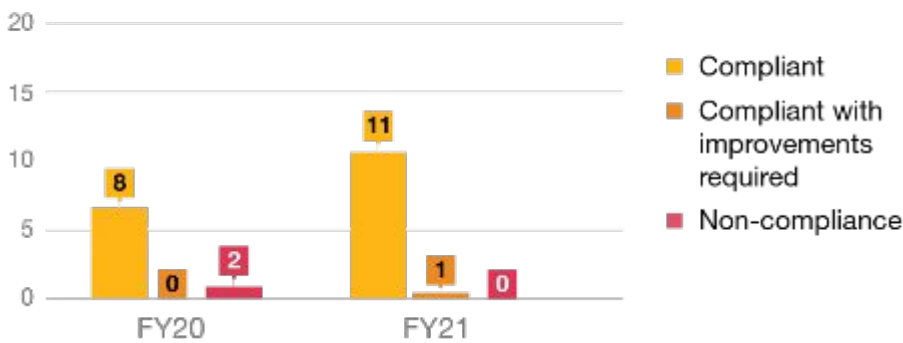
Audit quality reviews - external FY22 y FY21

Results from 2021 ISO 9001:2015, TÜV Rheinland audit quality reviews - number of reviews, including the total number resulting in non-compliance



■ Compliant ■ Non-compliance

Audit quality reviews - internal inspections



Restatements

2

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

0.45%

Percentage of restatements of financial statement for issuer audit clients

Our system of quality management

Number of hours spent on monitoring

4,800 hours

10 findings RTA ISA*
RTA PCOAB findings identified and remediated**

Quality findings identified and remediated

Real time reviews

Number of audit engagements included in the real time review program

19 Audit Engagements RTA ISA*

With over 4,800 hours spent by a fully dedicated team.

Assurance Training FY22

Average hours achieved by partners and staff

22	29	51
online	classroom	total

30,694 Total hours completed

Assurance Training FY21

Average hours achieved by partners and staff

25	20	45
online	classroom	total

23,969 Total hours completed

Auditing and accounting training hours

This report includes the amount of hours each person attended as part of the training that includes global plan and mandatory local training according to Colombia's necessities



* RTA ISA: Real-Time Assurance International Standards on Auditing

** RTA PCOAB: Real-Time Assurance Public Company Accounting Oversight Board

Please see the full report for additional information regarding the data points shown. [Electronic users may click on the data points to navigate to additional information.](#)

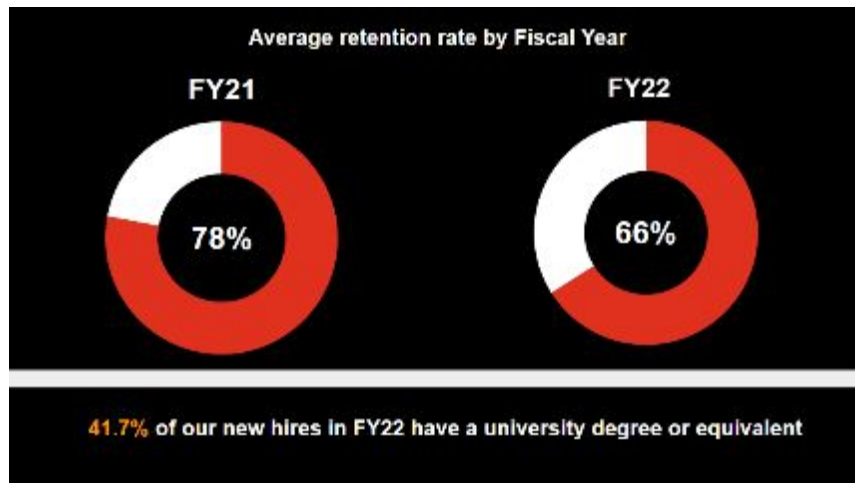
FY22

Average annual hours worked in excess of 40 hours per week by level



Leveraged ratio of audit-related hours for audit team members

		FY22		FY21		FY20		FY19	
Partners	to	Manager	1 to 3	1 to 4.0	1 to 4.0	1 to 4.0	1 to 4.0	1 to 4.0	
Manager	to	Staff	1 to 6	1 to 3.6	1 to 4.2	1 to 4.2	1 to 4.2	1 to 4.2	
Partners	to	Staff	1 to 18	1 to 20.2	1 to 21.3	1 to 21.3	1 to 21.3	1 to 21.3	



Please see the full report for additional information regarding the data points shown. [Electronic users may click on the data points to navigate to additional information.](#)

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PwC network

Global network

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

In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC network is not a global partnership, a single firm, or a multinational corporation. The PwC network consists of firms 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 member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual member firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

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

The governance bodies of PwCIL are:

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

The Country Senior Partner maintains our relationships with the Network Leadership Team.



Our approach to quality



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Our approach to quality



Definition and culture

At PwC, we define quality service as one that consistently meets the expectations of our stakeholders and which complies with all applicable standards and policies. An important part of delivering against this quality definition is building a culture across a network of 327,000 people that emphasizes that quality is the responsibility of everyone including our 1867 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 our services change and develop, and the needs and expectations of our stakeholders also change, we are continually reviewing and updating the scale, scope and operations of our system of quality management and investing in programmes to enhance the quality of the services that we provide.

Assurance manages a high impact cultural change campaign that motivates, persuades and mobilizes Assurance service line employees towards a change of attitude towards the need to do a different job in terms of quality, working on 5 key topics such as Efficient times, Training and feedback, Quality as a priority, Auditing processes and Customer service from an individual, team and company dimension.

The commitment analysis project is integrated to this campaign, where the themes of leadership, connection, trust, recognition, flexibility and psychological security are worked on.

The CRT – Career Round Table is a meeting realized at the end of the fiscal year among LoS Lead Partner, Team Leaders, and Human Resources, where assess performance of each employee during that fiscal year. All employees will be assessed and received a final Impact Tier.

Our LDE – Leadership Development Experience- offers the possibility in a real way the growth and development process within the firm through evaluation and recognition objectively understanding in a better way the contribution and impact by each employee. It includes the goal planning, the feedback conversations as part of their actions for continuous development receiving real-time feedback when a project milestone is reached or when a client assignment is closed and the performance evaluation including key indicators that analyze the impact of the contribution during each fiscal year. In this order, our people feel engaged and recognized for the contribution and impact they make and are immersed in a continuous improvement model.



Specific focus on audit quality

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

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

The QMSE framework

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

This framework introduces an overall quality objective that is supported by a series of underlying quality management objectives and our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance.

Specific focus on audit quality

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

The right objectives and capabilities

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

Integrated and aligned in the right way

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

Delivering a quality end-product consistently

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

Values and judgements

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

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

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

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

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

Sharing developments and experience COVID-19

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

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

PwC Colombia managed the COVID-19 vaccination program with ANDI (Asociación Nacional de Empresarios de Colombia). Vaccination program against COVID-19 with ANDI, where a total of 2,252 doses were acquired and applied in the country and their families were vaccinated throughout the country.

We worked on the prevention of contracting the disease, with various activities from the Wellness area that generated self-care guidelines, and in the event of catching the disease, assistance was provided by the Firm's doctor, using telemedicine and offering the prepaid medicine program for employees. In addition, we also worked remotely during the health emergency in the country, seeking to reduce the risk of contagion.

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

Following the invasion of Ukraine by the Russian government, the main objective of the PwC network continues to be to do everything possible to assist our colleagues and support humanitarian efforts to help the people of Ukraine.

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

In addition, the PwC network is thrilling Russian entities and individuals subject to sanctions with its work. Any sanctions on Russian entities and individuals that are approved anywhere in the world will be applied throughout the PwC network.

The PwC network will also not undertake any work for the Russian Federal Government or state-owned enterprises and is also conducting reviews to identify engagements with non-sanctioned Russian clients and consider the appropriateness of any ongoing relationships.

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

Cultures and values



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Cultures and values

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

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

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

Key messages are communicated to our firm by our 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 audit quality objectives.



Audit Quality Measures

96% of our People align with the values demonstrated at PwC.

75% of our People think that the feedback and coaching they receive allow them to make immediate improvement in their performance.



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.

As mentioned previously, to help PwC Colombia put this strategy into effect, the PwC network has established the QMSE framework which introduces an overall quality objective for the Assurance practice that is supported by a series of underlying quality management objectives. Our system of quality management (SoQM) must be designed and operated so that these objectives are achieved with reasonable assurance.

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



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

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

The Quality Management Process

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

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 analyzes 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).

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.

We have developed a Real-Time Quality Assurance (RTA) program designed to provide preventative oversight that helps train 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/Financial Statement Line Item ("FSLI") 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.

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 deficiencies is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include the hours incurred on the audit, whether key engagement team members are in the same geography as the client, the number of years that key engagement team members have been on the engagement, the number of other audits that engagement partners are involved in, 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 deficiencies, and to use these learnings to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality controls. Following a root cause analysis, PwC Colombia prepares, monitors and evaluates its effectiveness, related with Quality Improvement Plan (QIP), that consolidates the actions taken to address potential causal factors that contribute to prevent its future occurrence in both internal and external reviews, regulators' reviews, among others.



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 behaviors 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.
- **Behaviors:** We have set expectations of the right behaviors 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 behaviors and drives a culture of quality.
- **Consequences/reward:** We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behavior and sufficient to incentivize the right behaviors to achieve the quality objectives.

PwC Colombia has defined an Accountability Framework applied to each LoS. A Balance Score Card (BSC) for Engagement Leaders (ELs) and Career Round Table (CRT) as part of the Leadership Development Experience (LDE) process addressed to managers and staff have been established and are set out below as follows:

1. **Review and update documentation:** At the beginning of the fiscal year, we review and update the BSC (Scope: ELs) the changes were reviewed and approved by CLT and the organizational goals from LDE (Staff scope) by LoS Leader partners.

Related to BSC currently there are 4 dimensions in total, the previous year it was made up of 5.

- 1) Growth and Financial Performance
- 2) Customer
- 3) Firm and People
- 4) Quality, Independence and Risk

2. Communication:

- The BSC was socialized in the CLT additionally, each LoS lead partner extended the message to the LoS ELs.
- The organizational goals session was socialized through a meeting scheduled for all staff on August 19, 2021 as part of the LDE process. This session invites the people as a voluntary participation, to reinforce the importance of this process. In addition, it was recording and share to the entire Firm, via email in August 25t, 2021 as a reminder to define the individual development goals until September 30th, 2021. This information is always available via Human Capital Site.





- The CRT- Career Round Table sessions- where the individual performance is evaluated, and it consider the frequent feedback received during the fiscal year and the Annual Review Process on May -was realized during June 2022. Additionally, each manager and coach shared the dates, considerations, and tips with their team and coaches.
- In the case of new joiners, this was communicated through the official Onboarding Process of the Firm, and it is reinforced through the body program

Based on the scope stated in the "**Network Accountability Reference Guide**", the elements of the framework to be covered are considered as follows:

A. Ethics and conduct: Any violation/infraction of the PwC Code of conduct, ethics and business conduct, and involvement of complaints, investigations, and/or litigation related to personal conduct are penalized in accordance with the Colombian Laboral legal guidelines, the labor contract and internal work regulations.

B. Compliance requirements: Any non-compliance with local policies, network policies and requirements are assessed in accordance with:

- **BSC:** the corporate objective of quality, independence, and risk.
- **CRT:** NDPP (Network Data Protection Program) and quality indicators and performance based on the information described before.

C. Independence: Non-compliance with personal independence and scope of services are assessed in accordance with:

- **BSC:** the corporate objective of quality, independence, and risk.
- **CRT:** NDPP and quality indicators and performance based on the information described before.

D. LoS requirements: Delays in completion (e.g., training, ACC), poor risk and quality (R&Q) performance, low customer satisfaction, among others, are assessed in accordance with:

- **BSC:** The following corporate objectives: financial growth and performance, Client, Firm and people, and Quality, Independence, and risk. This includes delays in complying with mandatory courses, ACC, among others.
- **CRT:** Indicators of % Snapshot hours, quality, NDPP, L&E Status, Time Report and chargeability in internal and external projects. This includes delays in complying with mandatory courses, ACC, among others.

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:

- 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, 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 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 behaviors expected of our partners and other professionals-behaviors 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. Each firm in the PwC network provides a mechanism to report issues. There is also a confidential global reporting option on [pwc.com/codeofconduct](https://www.pwc.com/codeofconduct). PwC Colombia has adopted an accountability framework to facilitate remediation of behaviors that are inconsistent with the Code of Conduct.

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

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



Objectivity and Independence

As auditors of financial statements and providers of other types of professional services, PwC member firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behavior. 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 member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

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 CSP.**

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 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 network Independence Policy as required by the independence requirements of the United States Securities and Exchange Commission and those of the Public Company Accounting Oversight Board of the United States and of the European Commission, as set out in Regulation (EU) No 537/2014 (the "EU Regulation") 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 member firms and their personnel in executing and complying with our independence policies and procedures. These include:

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and Authorization for Services;
- Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and is used to record their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required;
- Authorization for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service; 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. 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 member firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations for every client.

Independence monitoring and disciplinary policy

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

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of, at a minimum, partners and practice managers as a means of monitoring compliance with independence policies; and
- An annual assessment of the member 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 disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

This would include discussion with the client's audit committee regarding the nature of a breach, an evaluation of the impact of the breach on the independence of the member firm and 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 member firm follows Network policies and guidance 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 systems and processes and for additional guidance and training.



Considerations in PwC Colombia 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.

Client and Engagement Acceptance and Continuance

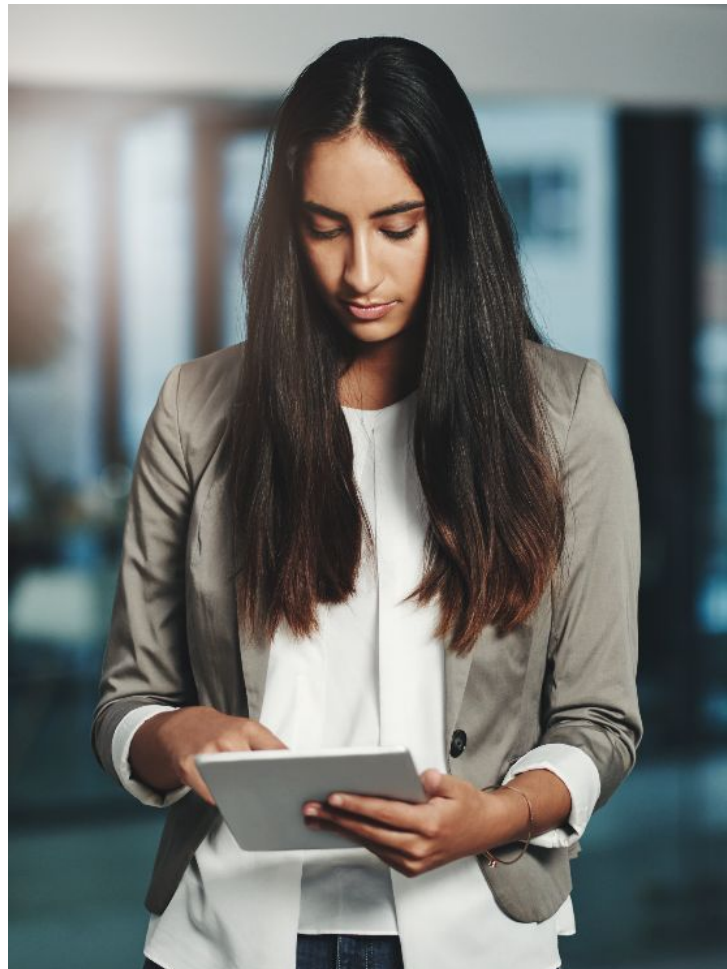
PwC Colombia has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention Acceptance and Continuance A&C. A&C facilitates a determination by the engagement team, business management and risk management 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.

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

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



Our people



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Our people

People strategy

Based on Our Ambition: Fueled by our purpose, PwC will be seen as the most trusted and relevant professional services business in the world. We attract the best people to help organizations build trust and deliver sustained outcomes, enabling our people with greater agility and confidence in a rapidly changing world.

Our People strategy remain flexible to adapt to our evolving business needs and clearly depicts the need for our culture and behaviors to drive everything we do. It includes 3 key pillars, developed from 7 strategic imperatives which detail how the business and enabling functions can make bold moves together.

Pillar 1. Enabling our workforce for today's realities and tomorrow's possibilities:

- a) We enable our people to have – and deliver – a quality experience, as a community of solvers, with the right mix of team members, skills and approaches that fit today and flex for tomorrow.
- b) Differentiated people experience o Workforce agility, flexibility and deployment

Pillar 2. Creating a resilient foundation for times of change

- a) We build a strong and flexible foundation for our people and our firm through the values, systems and healthy habits that enable us to confidently navigate the evolution of our business and live up to our ambition of The New Equation.
- b) Wellbeing
- c) Enabling effective delivery

Pillar 3. Developing inclusive leaders for a shifting world o 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.

- a) Leadership o Inclusion and Diversity
- b) Continuous upskilling

Audit Quality Measures

- Average retention rate by fiscal year
FY21: 75.2%
FY22: 63.97%
- 41.76% of our new hires in FY22 have a university degree or equivalent.
- Partner and manager hours in relation to total engagement hours 177,019 / 892,319 --> 19.8%.
- Measure of project management/phasing of the audit, for example, actual utilization in relation to planned and actual to budgeted hours at period end; utilization real acum. 72% VS 70% budget.





Diversity and inclusion

At PwC, we're committed to creating a culture of belonging. We are focused on ensuring our ways of working embrace diversity and 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 behavior-based questions built from The PwC Professional framework, assessment of academic records, and background checks. Across the firm in the FY22, we recruited over 328 new people, including 137 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 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 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 Talent Management require anticipating the future and managing hybrid and flexible strategies that reflects 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 leadership skills. It is key to strengthen the interaction between people, place and technology, doing in coherence as a community of solvers in accordance with our strategy of "The New Equation".

PwC - moving forward from this complex environment - through our Engagement Analytics project, which support the way to mitigate the loss of key talent, and strengthen leadership practices by identifying the key points to accelerate the employee experience in a better way and reinforce the engagement within the Firm. Based on the results of our Global People Survey and different internal sources, is defined the action plan which includes key areas to improve as communication, connection, recognition, confidence and flexibility, diversity and inclusion.



Global People Survey

Each PwC member firm participates in an annual Global People Survey, administered across the network to all of our partners and staff. PwC Colombia is responsible for analyzing 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, and on-demand learning, and on-the-job real time coaching/development. Our flexible training portfolio facilitates personalized learning with access to a variety of educational materials, including webcasts, 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 individualized path to promotion and support them in prioritizing and managing their time more effectively when preparing professional exams. Providing our people with the ability to fulfill professional and personal commitments is a critical component of our people experience and retention strategy.

Continuing education

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

This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, virtual classroom, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset.

The design of the curriculum allows us to select, based on local needs, when we will deliver the training. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs.



Our training investment in people

Assurance Training FY22

Average hours achieved by partners and staff

22
online

29
classroom

51
total

FY22 Total hours completed

30,694

Assurance Training FY21

Average hours achieved by partners and staff

25
online

20
classroom

45
total

FY21 Total hours completed

23,969

Mandatory training attendance

99.49%

Of partners and staff have completed all mandatory attendance in FY22.

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. Additionally, in order to comply with the requirements related to the professional services of statutory auditors, 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, test large volumes of data, analysing whole populations to improve risk assessment, analysis and testing. For example, Halo for Journals enables the identification of relevant journals based on defined criteria making it easier for engagement teams to explore and visualise the data to identify client journal entries to analyse and start the testing process.

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

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, standardize, centralize and automate our audit work.

Reliability and auditability of audit technologies

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



Confidentiality and information security

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 general public on our website, with which we seek to be transparent in the process of collection, use, and custody of information.

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, in order to continue building a strong data protection culture.

Information Security

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

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

PwC Colombia must comply, in addition to local legislation, with ISP requirements and complete an annual data-based assessment to demonstrate compliance. The Member Firm is assessed against the required controls through analysis of available data. In coordination with the Member Firm's stakeholders, the quality of the data is reviewed to ensure an accurate assessment of the Member Firm's security posture. Deviations resulting from the ISP Compliance Program assessment process are prioritized for remediation using a risk-based approach and according to timelines agreed upon with 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 overseeing the work performed by junior team members, coaching the team and maintaining the quality of the audit. Engagement teams use 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 consultations 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 quality management system, 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 issues 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

Our internal policies clearly establish the step-by-step procedure to be followed for the resolution of situations where there are differences of opinion among our partners regarding technical issues.



Monitoring



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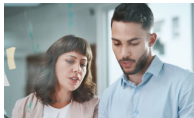
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Monitoring

Monitoring of Assurance quality

We recognize that the quality of assurance services we provide to clients is critical to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element of our assurance strategy.

The responsibility for proper quality management rests with the management of PwC Colombia. This includes the design and operation of an effective System of Quality Management (SoQM) that responds to our specific risks to deliver 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 deploy our people to consistently use our methodologies, processes and technology to deliver assurance services effectively and efficiently to meet the valid expectations of our clients and other stakeholders.

Our firm's monitoring procedures include an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit, non-audit assurance and related services engagements are performed in compliance with laws, regulations and professional standards. This includes the use of Real Time Assurance which is discussed in more detail on page [7] within The Quality Management Process section.

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

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

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorized to sign audit, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. Each signer is reviewed at least once every five years, unless a more frequent review is required based on the profile of that signer's client engagements.

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

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. For this type of review the Colombian Firm included in its review team, reviewers from others PwC Member Firms, local reviewers and reviewers from the Risk & Independence (R&I) team.

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

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

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



Legal and governance structure



[Message from leadership](#)



[PwC network](#)



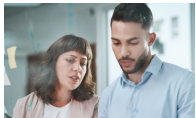
[Our approach to quality](#)



[Cultures and values](#)



[Our people](#)



[Our approach](#)



[Monitoring](#)

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 with the Accounting Central Board for the Assurance and accounting services and with the PCAOB regulators of the United States of America and 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, 2022.

c) Principal lines of business

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



Legal and governance structure



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 firm. 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:

Country Senior Partner; Carlos Mario Lafaurie.

Lead Partner Assurance: Jorge Eliécer Moreno.

Lead Partner Advisory: Jorge Mario Añez.

Lead Partner TLS: Carlos Miguel Chaparro

Lead Partner HC. Yamile Sarmiento.

Lead Partner Rsk: Juan Antonio Colina.

Chairman TSC: Dorian Echeverry

Finance & Infrastructure Partner: Edgar Pedraza.

Lead Ethics & OGC Partner: Eliana Bernal.

Lead Partner Sales & Markets & Communications: Juan Malagon.

Lead IT Partner: Mauricio Arias.

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.



Carlos Mario Lafaurie
Country Senior Partner



Yamile Sarmiento
Lead Partner HC



Eliana Bernal
Lead Ethics &
OGC Partner



Jorge Eliécer Moreno
Lead Partner Assurance



Juan Antonio Colina
Lead Partner Risk



Juan Malagon
Lead Partner Sales
& Markets &
Communications



Jorge Mario Añez
Lead Partner Advisory



Dorian Echeverry
Chairman TSC



Mauricio Arias
Lead IT Partner



Carlos Miguel Chaparro
Lead Partner TLS



Edgar Pedraza
Finance & Infrastructure
Partner

Legal and governance structure

Country Senior Partner

The Country Senior Partner is the top leader of PwC Colombia and, together with the Territory Leadership Team (CLT), is responsible for and has authority over the conduct of all Territory matters within the framework imposed by the rules, regulations and normative regime of the PwC Network including the LAN Rules and the decisions of the Territory Partner Assemblies.

The Country Senior Partner (CSP) is the Chair of the Territory Partner Assemblies and the Territory Leadership Team (CLT).

The Country Senior Partner (CSP) and the Territory Leadership Team (CLT) are responsible for the Territory's financial results, the execution of the approved strategy and the implementation of all brand protection, risk management, quality and independence policies of the PwC Network.

The appointment as Country Senior Partner (CSP) is for a term of five years, with the possibility of immediate re-election.

Territorial Supervisory Committee

The Committee has no executive responsibility or functions. The Committee represents the partners in overseeing and supervising the proper implementation of the Territory's management policies and strategies and the application of these Rules, ensuring that the Country Senior Partner (CSP) and Leadership Team are responsible for the conduct of the Territory. He/she is the principal interpreter and advisor to the members.

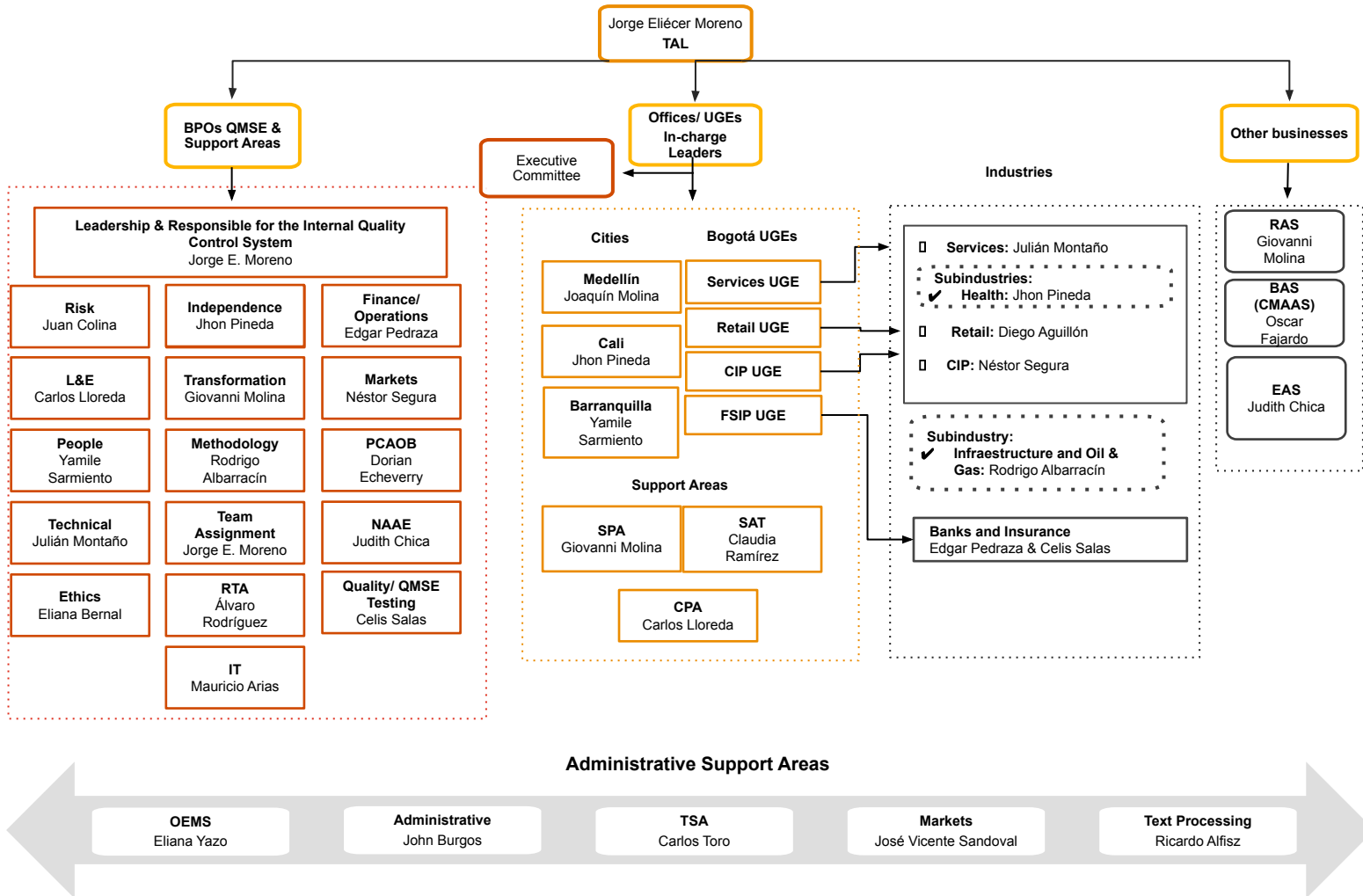
The term of office shall be 4 years, unless re-elected.

The principal roles of the Oversight Board are to hold the firm's Leadership Team to account and to represent the interests of partners, and as such it is a vital part of the firm's governance structure.

The Oversight Board is made up of 3 partner members, who are elected for a term of four years by our partners. PwC Colombia has adopted detailed policies and related rules regarding business ethics and compliance with all applicable professional standards.



Assurance Chart



Administrative Support Areas

OEMS
Eliana Yazo

Administrative
John Burgos

TSA
Carlos Toro

Markets
José Vicente Sandoval

Text Processing
Ricardo Alfiz

Our offices





www.pwc.com

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