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Sustainability Report- Azerbaijan

1 July 2021 – 30 June 2022





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Message from the CMP



Movlan Pashayev

Country Managing
Partner
PwC Azerbaijan

This is the first year we have prepared a summary of how we contribute to building trust and solving important issues in Azerbaijani society. Technology is evolving at an unprecedented pace, and there is an ever-growing need for knowledge transfer. As consultants, we have a significant role to play in promoting new forms of learning and helping our stakeholders prepare for the transformation of jobs in the digital era.

For example, in recent months, we have conducted a survey among Azerbaijani CEOs about the assessments addressing growth, sustainability, and strategy and have supplemented them with comments, background information, and recommendations.

By publishing the results and offering our suggestions, we want to provide guidance and propose viable solutions in the long run. But we still have a long way to go: in keeping with PwC's global objectives, we need to provide further training and support to communities, social groups in need, and civil society, and reduce the number of air miles we fly, to name a few.

In this particularly challenging period, PwC Azerbaijan has closed a truly successful season, exceeding its own and the region's expectations — I am extremely proud of my colleagues' achievements. More importantly, this year's Global People Survey results show that trust in each other and the sense of belonging to a community have grown stronger.

This helps us create a truly cohesive and inclusive community and enables us to build trust among our clients and within society as a whole. PwC's global network, including PwC Azerbaijan, is now building this trust under a new strategy called The New Equation, which reflects the fact that we live in an age where everything is new and keeps changing.

We understand that trust has always been harder to earn or easier to lose. So, we are focused on helping our clients build trust with their stakeholders across all aspects of their operations. Equally, we are focused on assisting companies in developing and translating their strategic objectives into sustained outcomes that propel them forward. These are the two interdependent tenets of The New Equation strategy.

With over 145 employees in PwC Azerbaijan, we are aware of the significant impact we can have on social, economic and environmental matters. It is our responsibility to meet these commitments today and go forward.



Our strategy

22 June 2021 PwC 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.

Organisations increasingly need to earn trust across a wide range of topics that are important to their stakeholders. Success depends on fundamental shifts in the way executives think, as well as on organisational culture, systems and ambition. 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. Businesses need to change faster and more thoroughly to attract capital, talent and customers. Too often, however, narrowly conceived transformation initiatives do not deliver the outcomes they promise. So a new approach is needed.

In Azerbaijan, building trust and solving significant problems are at the heart of everything that we do. It sums up our role beyond generating profit as we want to contribute to the broader societal level.

We refreshed our approach in 2016 to focus on 'outcomes' in the key areas where we feel we can make a positive impact:



Deepening and owning relationships with **priority clients**



Focusing on **key industries via the “One-Firm” approach – Energy, Telecommunications, Financial**



Services, Public Sector, Chartered Institute of Personnel and Development



Deepening relationships with selected **public sector** organisations



Expanding specialized **advisory offerings** for robust growth



Delivering a distinctive **solution-oriented sales pitch** to clients at competitive price

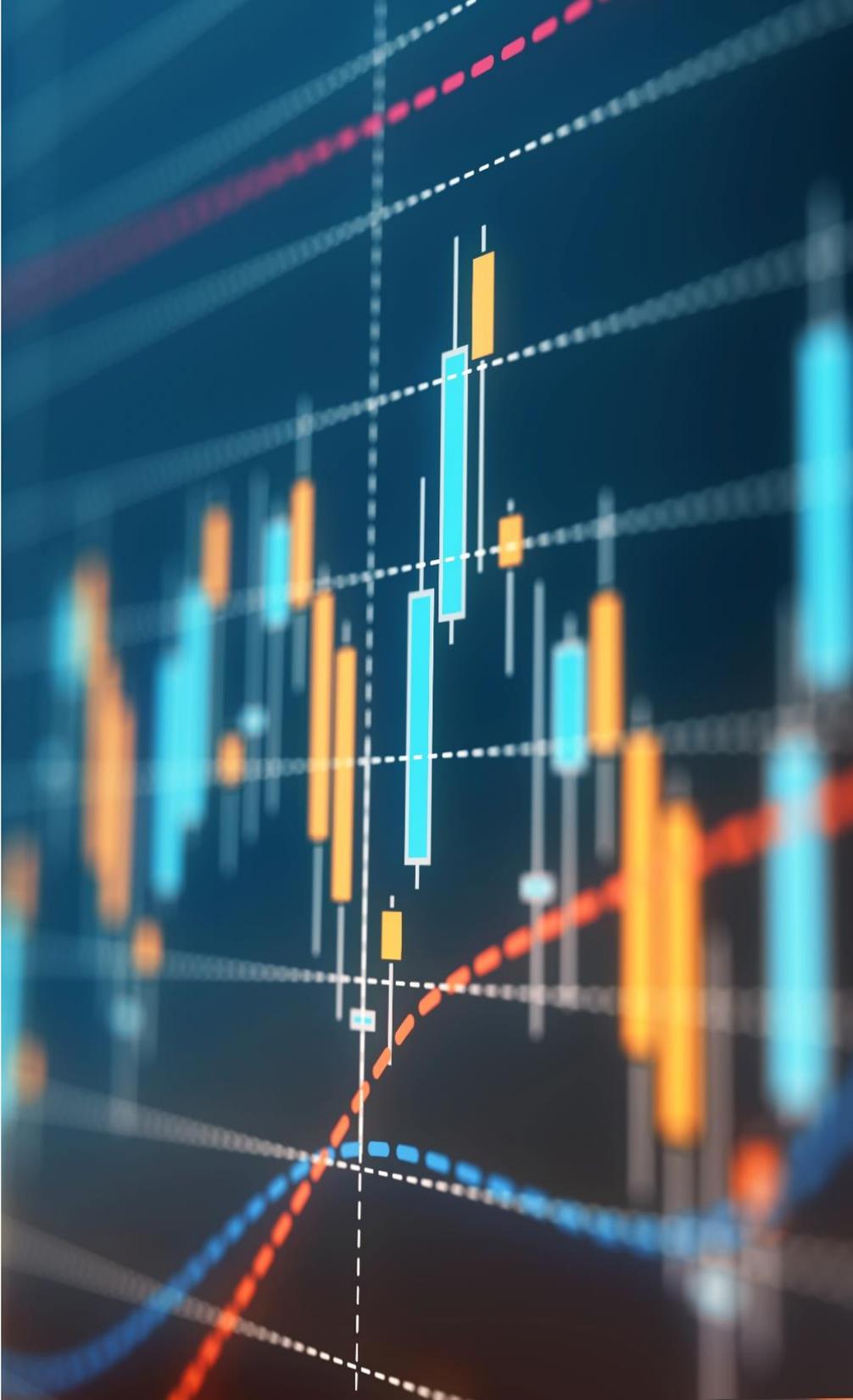
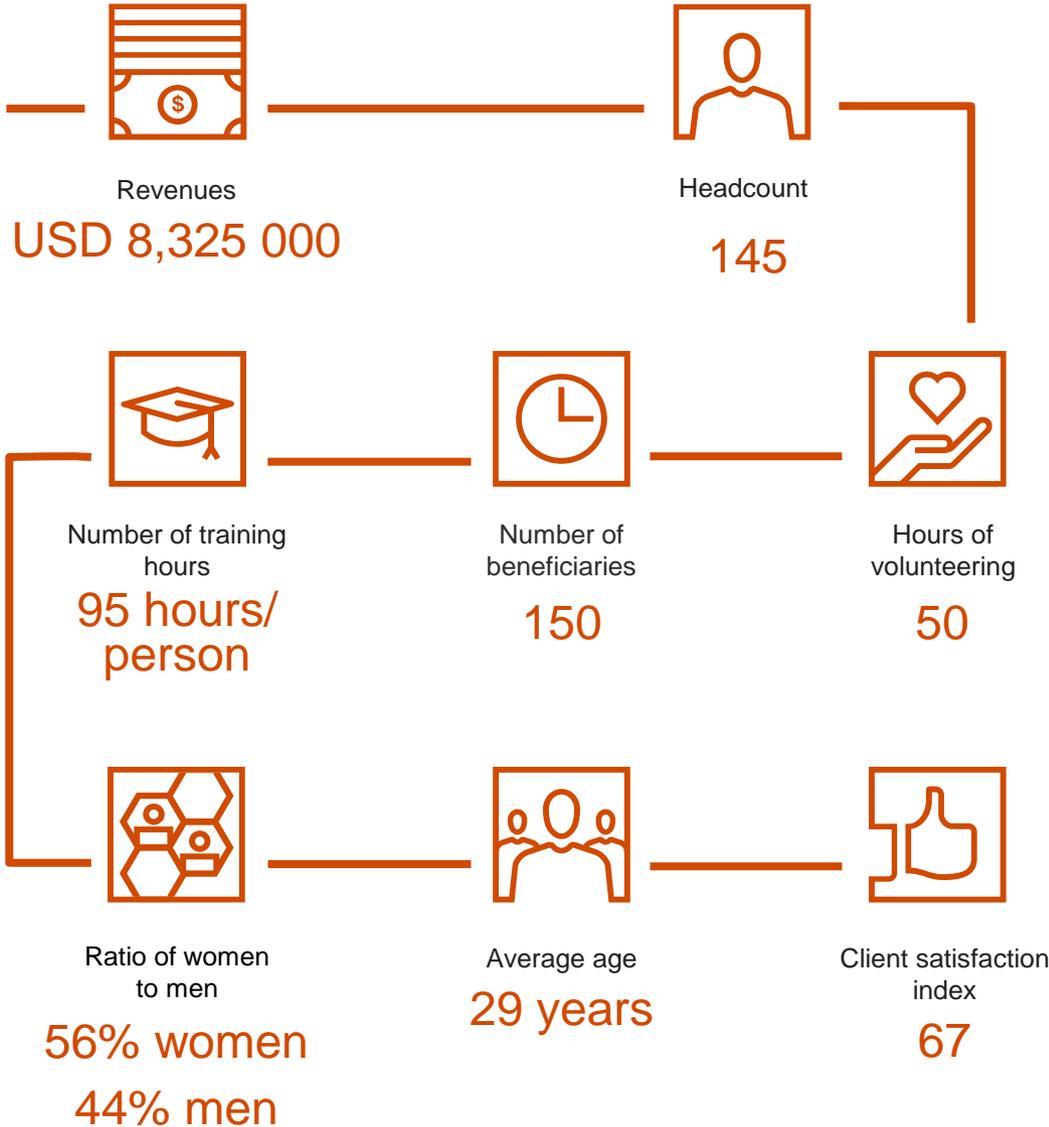


Executing on cross-LoS **investment priority** areas – Technology, Public, FS and Deals



Increasing focus on **Technology** in line with market trends (data analytics, cyber security, enterprise resource planning)
Investing in growing **national team capacity and capability**

Our key performance indicators



About the report

This is the first year PwC Azerbaijan is publishing its sustainability report. This report provides an overview of our efforts in the past financial year to find valuable solutions for today's challenges and complex business problems. In this document, we summarise the activities our colleagues carry out every day, aligned with our strategy, to ensure PwC's operations as a sustainable business. Our goal is to continually improve our economic, social and environmental performance and to contribute to the development of the global economy and economy of Azerbaijan.

Our report is an important management tool as it provides a comprehensive overview of our past performance and future direction. The internal review, carried out as part of the reporting process, clarified how our corporate systems and processes affected our economic, environmental and social performance. Also, it highlighted the areas that could further improve our performance in the field of sustainability.

We have prepared our report in accordance with international GRI standards without independent third-party certification.

Our report aims to be comprehensive, showing our stakeholders how our company operates and how we impact our immediate and broader environment. We use the experience gained during the reporting process and the feedback we receive to improve our sustainability performance.

The report covers all PwC entities operating in Azerbaijan and their sustainability performance and presents consolidated information on their economic, social and environmental performance.

- PwC Central Asia and Caucasus B.V. Azerbaijan Republic Branch
- PwC Audit Azerbaijan LLC
- PwC Eastern Europe B.V. Azerbaijan Republic Branch



The reporting period includes—in accordance with our financial year—the one-year interval between 1 July 2021 and 30 June 2022 (FY22 or 2022 financial year). Due to the non-calendar financial year, besides the information and data, special measurement and calculation methods are also shown where necessary. Where possible, we have also provided the data of the previous financial year (FY 2021) to facilitate comparison. We have prepared the report according to the Global Reporting Initiative (GRI) reporting framework in terms of both the report structure and the reporting process: Core option to report about economic and social impacts, emphasising the following principles for defining report content and quality: materiality, stakeholder inclusiveness, completeness, accuracy, comparability, timeliness, reliability, balance, and the sustainability context.

Definition of the reporting process

In our reporting process, we have progressed in accordance with the steps outlined in the GRI criteria system. Firstly, we determined the focal points (important issues) that are relevant to the future of the company and are closely related to our objectives. Secondly, we explored the company’s environment while mapping our wider stakeholder groups and then ranked them by their influence. And finally, we explored the major topics that they think are relevant to the company’s operation.

Stakeholder groups or stakeholders are those persons and small or large social groups that influence the effectiveness of corporate operation or on whom the company has any economic, environmental or social impact and who gain benefits or suffer disadvantages as a result of the company’s operations.



If you have any questions or comments concerning our sustainability report or PwC’s operation, please e-mail us at az_pwc_azerbaijan@pwc.com. We will use your feedback to improve next year’s report.

Defining the topics

Below, we summarise the topics that constitute the basis for how we do business. We report on the performance of the previous financial year by means of these topics because they are the most important in terms of the sustainability of PwC’s operations.

The topics covered here have been defined on the basis of the information requested by our leaders and representatives of our various units. Every year, we define the right tools to examine, improve and make these topics sustainable. In order to determine the topics, we collected information on an ongoing basis, analysed our activities, coordinated with our organisational units, engaged stakeholder groups, and incorporated feedback.

We ranked the relevant areas and topics according to their strategic importance and social, economic and environmental impact on our stakeholders.

-  Well-being of our people
-  Customer satisfaction
-  Innovative business solutions
-  Professional self-fulfilment of our people, talent management
-  Reaching the next generation
-  Community engagement
-  Professional assistance to civil society
-  Sustainability in our supply chain
-  Diversity and inclusion

About PwC

PwC is one of the world's leading business consultancy firms. We help our clients achieve their goals through our industry-specific professional services.

With offices in 152 countries and 327,947 people, we are among the leading professional services networks in the world. We help organisations and individuals create the value they are looking for, by delivering quality in assurance, tax, advisory and technology consulting services.

At PwC, our purpose is to build trust in society and solve important problems.

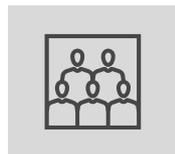
PwC Global



US\$50.3bn
Sales revenues



152
countries



327,947
employees

PwC Azerbaijan



US\$8.325m
Sales revenues



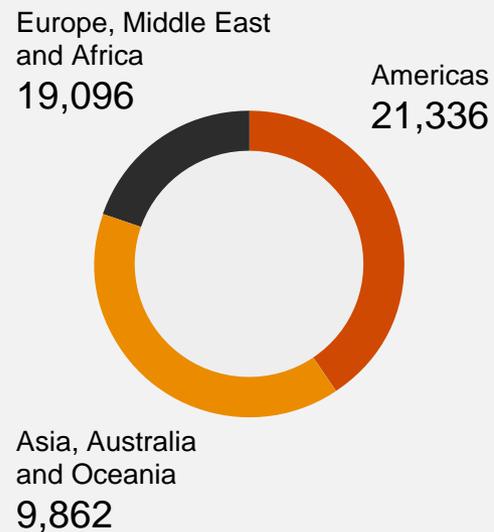
1
office



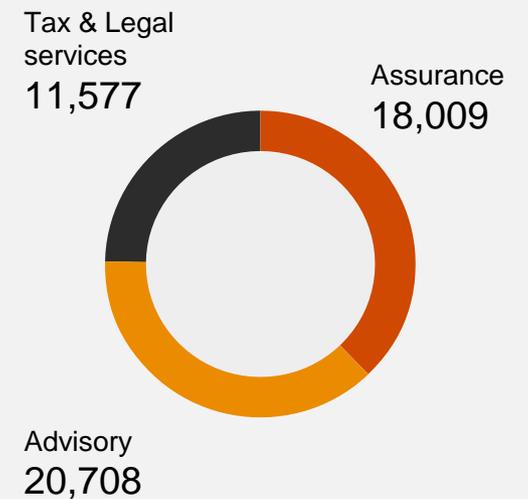
145
employees

400+ clients

Gross worldwide revenue by region (in millions of USD)



Gross worldwide revenue by service area (in USD millions)



Responsible marketing & communications

The PwC brand

The PwC brand is a cornerstone of the quality we represent. It helps us stand out while at the same time obliging us to stay true to our values and enhance the value of our brand.

As a global network, we must protect our brand elements with great care and attention so that they are clear and consistent. A brand is more than just a logo, a set of colours, style or imagery; it is about personal relationships and human emotions. It allows us to tell a powerful and well-formulated story through our people and to articulate our common goal: we strive to build trust in society and solve important problems.

One of the tasks of Marketing, Communications and Business Development (MCBD) team of PwC Azerbaijan is to find relevant forms and channels of communication that allow us to address our various stakeholder groups.

All members of the PwC network have a staff member in their Marketing, Communications and Business Development team. This staff member has to ensure that all communications materials comply with the rules and principles concerning the PwC brand and trade name as determined by the PwC Global Brand team.

Our aim is to present a uniform corporate image, whether in print publications, sports sponsorship arrangements, client events or press releases. The Brand Site is a platform accessible to everyone in PwC's global network where brand assets – logo, illustrations, icons and templates – are available in one place. Our international brand team members can help with guidance, risk management (for example, when collaborating with a potential external party) or joint media appearances.

MCBD strategy

MCBD strategy in Azerbaijan focuses on communications, brand, sustainability, corporate responsibility and Business Development. MCBD team is responsible for maintaining and strengthening high brand awareness and market presence through:

- target events
- sponsorships and selective investments
- collaboration with business associations
- personal branding of people
- social media and website
- thought leadership.



We uphold top market reputation through our thought leadership products, including:

- Annual CEO Survey, Doing Business and Investment Guide, Annual Sustainability report, PwC Azerbaijan Times.

And finally, the focus on providing BD support to our internal stakeholders through:

- Priority Clients Programme and Client Feedback Programme
- Proposal and Business Development management.

External communications and social media

The number of our subscribers and posts is increasing every day, compared to the last financial year.

Key topics of PwC Azerbaijan's media appearances:

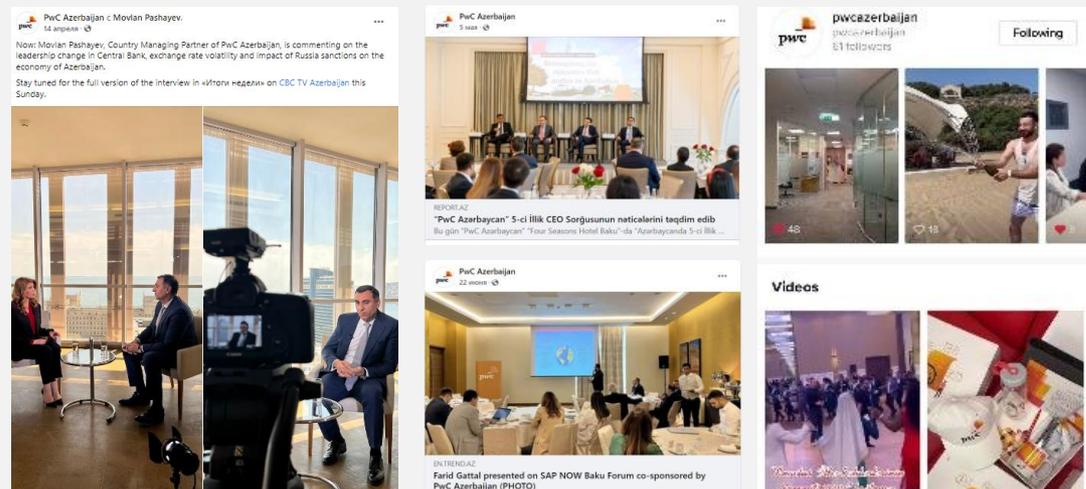
- PwC announces new strategy: The New Equation
- PwC's climate targets validated by The Science Based Targets Initiative (SBTI)
- PwC Azerbaijan talked about the proposed amendments to the Tax Code and Labor Code
- PwC Azerbaijan has been selected as an audit partner of the "Karabakh Revival Fund"
- PwC Azerbaijan sponsored Enactus Network Leadership Summit 2022
- PwC Azerbaijan presented the Key Findings of its 5th Annual CEO Survey
- Ministry of Trade and Integration of the Republic of Kazakhstan and QazTrade invite Azerbaijani traders and distributors to visit the Trade and Economic Mission of Kazakh products
- The Leader of PwC Technology in Azerbaijan, Farid Gattal, participated as a speaker in the SAP NOW Almaty Forum
- Formula 1 Marshals Team of PwC Azerbaijan participated in the Azerbaijan Grand Prix 2022
- Farid Gattal presented on SAP NOW Baku Forum, co-sponsored by PwC Azerbaijan.

Managing our client database is also the responsibility of the Marketing, Communications and Business Development team. In the 2022 financial year, we received no complaints of abuse of personal client information, loss or unauthorised use of client data.

(Note: this media analysis was prepared by PwC Azerbaijan based on its own media appearance analysis tool)



* TikTok and YouTube accounts have been activated in 2022



Thought leadership and market presence

We think it is important to share our business insights, observations and experience not only with our clients but also with other stakeholders in our country. At PwC, our purpose is to build trust in society and solve important problems. One of the key tools that we use for building a strong brand and creating value is thought leadership.

In the 2022 financial year, PwC Azerbaijan hosted two large-scale events featuring: > Tax and Legal Awareness Session > 5th Annual CEO Survey

Tax and Legal Awareness Session

In December, we organised our traditional Tax and Legal Awareness session for our clients, partners and stakeholders. The discussions mostly were about the 2022 Tax Code amendments and other crucial changes in the business legislation in Azerbaijan. Over 150 participants representing businesses across various sectors of the economy, including CEOs, CFOs, and tax and legal managers, attended the session. The PwC team also discussed the new Transfer Pricing regulations in Azerbaijan.



5th Annual CEO Survey

In May, PwC Azerbaijan hosted the presentation of the 5th Annual CEO Survey, a part of PwC's 25th Annual Global CEO Survey. Over 100 CEOs from business, representatives of the foreign embassies, public sector, government and media attended the event. Movlan Pashayev, CMP of PwC Azerbaijan, presented the key findings of the survey and moderated the panel discussion on Reimagining the outcomes that matter in Azerbaijan. The report offered a look at how today's executives were meeting the most pressing challenges in Azerbaijan and around the globe, from navigating through global economic recovery to preparing for a net-zero society.



Presence in media

In the financial year that ended on 30 June 2022, we had 1,469 media appearances. Some of them are related to:

- Interview at Today's Economy programme on CBC TV Azerbaijan with Movlan Pashayev, CMP of PwC Azerbaijan
- Interview at the Weekly Review programme on CBC TV Azerbaijan with Movlan Pashayev
- Panel discussion at SAHNA project closing ceremony supported by Debate in Civil Society and Azerbaijan Youth Fund with Aysel Suleymanova, MCBF Leader, PwC Azerbaijan
- Interview at Hour of the Entrepreneur programme on CBC TV Azerbaijan with Aysel Suleymanova, MCBF Leader, PwC Azerbaijan
- Interview at the Today's Economy programme on CBC TV Azerbaijan with Farid Ghattal, Technology Leader in PwC Azerbaijan.



Our values

At PwC, we strive to address the world's biggest challenges, working together to solve important problems and build trust in society. We facilitate the operation, adaptation and development of complicated systems – capital markets, economic or tax systems – in an increasingly complex and fast-paced world in order to enable them to benefit communities and society.

We aim to support our clients in making informed decisions and operating in an efficient manner.

Our values drive who we are, what causes we support and how we behave. We have shaped our values together, and we all play a role in making these values show in our day-to-day operations. These values help us achieve our goals.

Despite the different backgrounds and cultures in which we work within the PwC network, we have common values all over the world. Our values guide us in our conduct with our clients and colleagues and make us responsible for delivering the best possible performance in all cases. This is the key to our success.

The trust of our clients, employees and communities in PwC, as well as our strict ethical standards, guide us in all our activities. Our values constitute the foundation for our Code of Conduct, which serves as a reference framework for our everyday decision-making and business activities.

We build trust and solve important problems together.



Act with integrity

- We speak up for what is right, especially when it feels difficult.
- We expect and aim to achieve the highest professional standards.
- When making decisions and performing our activities, we behave as if our own reputations were at stake.



Care

- We aim to understand all parties we get in contact with.
- We acknowledge all contributions to a common cause.
- We cherish each other's development and let everyone perform at their best.



Work together

- We co-operate and share our relationships, ideas and knowledge within the PwC network.
- We seek and integrate a diverse range of perspectives, people and ideas.
- We provide and request feedback to develop ourselves and each other.



Reimagine the possible

- We question conventional ways and try new paths.
- We innovate, test and learn from failure.
- We seek opportunities in all ideas.



Make a difference

- We are informed and ask questions about our future.
- With the help of our colleagues, our clients, and society, we make an impact through our actions.
- We respond promptly to the challenges presented by the constantly changing environment in which we operate.

Values in times of crisis – ADAPT

The market economy is the most powerful driver of social change ever. Whereas the majority of trends is governed by an obvious set of rules, there is a growing number of challenges which are either not being dealt with or are not being efficiently handled by the current system. Such challenges are posed by climate change, as well as the different forms of economic exclusion and inequality.

The world is grappling with system-wide problems, which the coronavirus pandemic has shed even more light on.

Values become accentuated in crisis situations. This is a moment in history that provides an opportunity and incentive for all organisations to consolidate their goals, i.e. to focus on responding to principal and substantial issues: Why do we exist? Why are we here? Whose needs are we here to meet?

The world is currently shaped by five global megatrends. These are long-term trends which basically redesign the future.



Demographic and social change



Shifts in global economic power



Rapid urbanisation



Climate change and resource scarcity

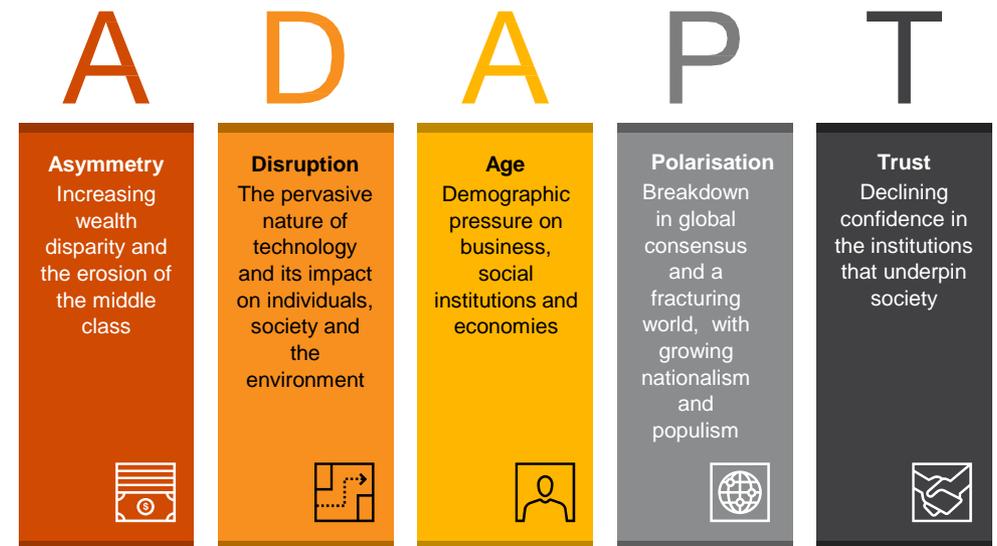


Technological advances

Which current and future consequences do these trends have for organisations, the industry and society at large? How can we shape them and respond to them?

PwC's specialists – Blair H. Sheppard, Global Leader for Strategy and Leadership, and his team – have identified a set of urgent global challenges and have captured their findings in a framework called ADAPT.

The coronavirus pandemic has brought about significant economic and social changes, which have accelerated existing trends and now demand prompt solutions from economic and social players.



At PwC, we aim to find solutions and develop innovations for these pressing problems, as well as to empower society to navigate the new world in a manner that focuses on the opportunities opened up by technology and takes human and environmental aspects into account at the same time.

Our people

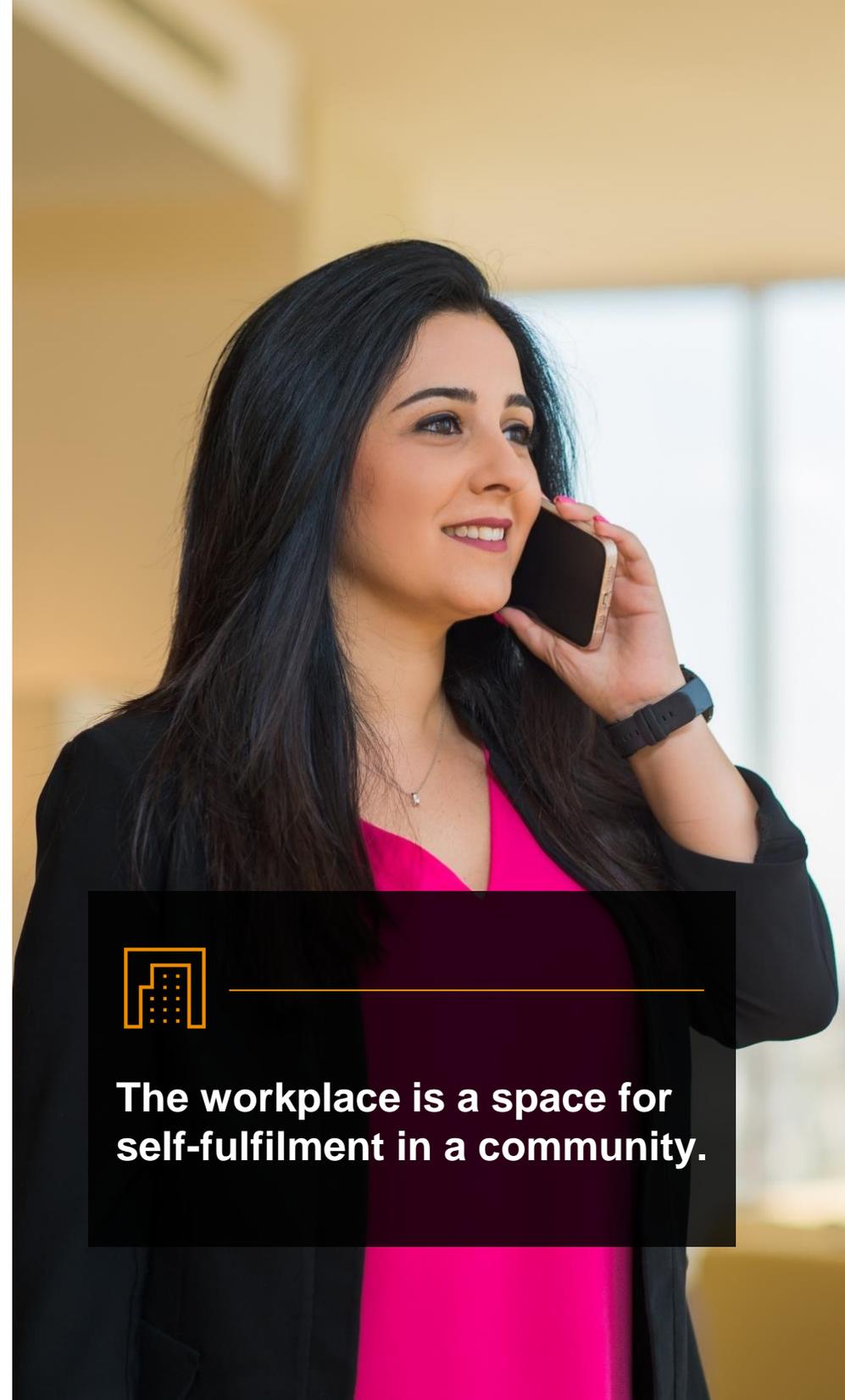
PwC's most valuable assets are our people because they have the knowledge, professional expertise and experience on which we build our services.

This is enriched by a wide variety of human factors that carry the feeling of belonging to a community. At PwC, we focus on ambition, competence, flexibility, leadership and networking skills and develop them every day.

Our staff in Azerbaijan numbered 145 according to statistical data of the last day of the 2022 financial year (including full-time employees and interns). Our people work in the following areas: financial consulting and advisory; audit; tax and legal; business and technology consulting; marketing, communications and business development; human capital; finance; IT; and infrastructure and procurement.

PwC employees

	2021		2022
	113	Employees	145
	110	Full-time employees	140
	17	Interns	27



The workplace is a space for self-fulfilment in a community.

Staff numbers by position, gender and age

Partners		
FY21		FY22
3	Between 30 and 49	3
0	Between 50 and 69	0



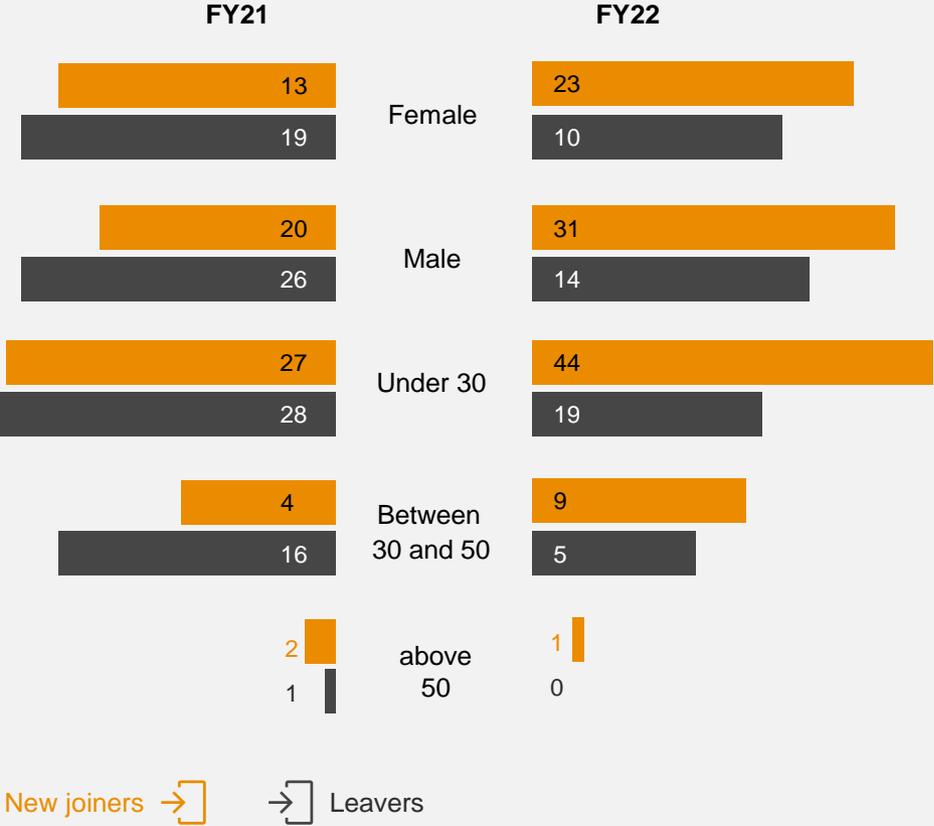
Staff		
FY21		FY22
63	Under 30	92
45	Between 30 and 49	47
5	Between 50 and 69	6



Interns		
FY21		FY22
17	Under 30	27



Turnover according to age and gender



PwC's headcount is characterised by constant minor fluctuations, reflecting changes in the labour market, the development of the annual business figures and the individual interests of our colleagues.

Benefits

 Remuneration	Insurance, promoting health, paid company holidays, learning & development, yoga classes, flexitime, company events, fruit day, corporate rates to the health club (GYM)
 Other incentives	Loyalty recognition, success story award for teams, Key Talent programme, appreciation award
 Financial incentives	Referral bonus, project bonus
 Variable pay	Performance bonus
 Guaranteed pay	

At PwC, we aim to make life more pleasant and easier for our people. We offer free, unlimited coffee to keep people going during the week. We endeavour to enhance our people's health with various free or discounted specialist medical examinations, general medical consultations, weekly fruit days and yoga classes twice a week.

Promoting a healthy lifestyle

Physical activity is a part of a balanced lifestyle. To that end, we offer our employees sporting opportunities, including

- weekly yoga classes
- team sports (football).

In 2007, PwC Azerbaijan established its own football team and strengthened the team spirit beyond the office space. The team attended football tournaments in Porec, Athens, and Warsaw and always took first places.

PwC always supports the health and well-being of its employees and encourages them to take an active part in all types of sports engagements.



Sharing joy

We feel it is critical to spread our team's diverse talent and enthusiasm not only with our clients but also internally. Every year we organise Year End Party and Away Day for our employees to get to know each other, develop team building and experience, and give our colleagues the opportunity to share their joy and just have fun.



Employer-employee relationship

Our shared goal is to work with the most talented and outstanding specialists and to make PwC an attractive workplace for professionals who can identify with us and our values. Therefore it is crucial to make our employer brand promise not just appealing but also credible.

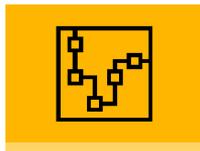
Along with the values that PwC represents globally, our employees expect us to provide them with the following:



Opportunity to become an expert



Continuous development



Diverse clients & sectors



Teamwork culture



Friendly workplace



When I've just joined PwC Azerbaijan, I immediately felt that feeling of belonging somewhere, having a purpose, and being a part of something great. Everyone, from my colleagues and my manager to the HR and admin teams, was so welcoming and ready to guide me on this new life chapter. I am immensely grateful for that. If you ever think about joining PwC Global Network, my advice is to stop thinking and start applying because this is the right choice to make."



I enjoy the variety of work and challenges we encounter in Assurance Services. Continuous development is an integral part of our work."



Being a part of the PwC leadership team gives me a chance to develop a strong team to make the impossible possible."

Recruitment and selection

To have the best professionals, we need to find and attract the most talented workforce. The work of our Recruitment team within Human Resources involves hiring new colleagues according to market needs. We are present on several online platforms and events where prospective employees can get to know our firm and the positions we offer.

Greetings

New joiners get acquainted with professional and community activities based on PwC's values in small teams and in an interactive manner on their first day with us. They can gain deeper insight into an activity they choose (e.g. pro bono volunteering, innovation opportunities, digital skills development) already on their first day.



Creating a healthy and safe working environment, protecting our colleagues, and ensuring that persons involved in recruitment have a positive experience are equally important to us. This is why we did all of our recruitment online during the COVID-19 pandemic.

**Inara Namaliyeva,
HC Leader**

Fruit Day

When delivering fruit plates in the office every week, we show care for our people and make a difference in the community by supporting local businesses.



Yoga Classes

As a part of #FitPwC, we provide an opportunity for everyone to stay fit and healthy. We encourage our colleagues to join yoga classes and have a good time by destressing and refreshing their mind.



Well-being campaigns

The situation with the pandemic is starting to recede, and we are gradually returning to our usual work schedule in the office. Across the PwC network, our leaders have highlighted our people's well-being as a People Priority. PwC Azerbaijan takes the health of its employees seriously, and we organised Fruit Day and Yoga Classes to encourage our colleagues to take care of their well-being.



PwC Hybrid Radio

In February 2022, we took part in the CEE Hybrid Radio broadcast. Movlan Pashayev, Country Managing Partner of PwC Azerbaijan, joined Bob Moritz, Global Chairman of PwC, Nick Kós, CEO of PwC CEE, and other colleagues in a discussion about the business impact of PwC CEO Survey, the flagship edition globally and in Azerbaijan.



Diversity

The PwC network is committed to creating and supporting an inclusive workforce. We employ people from diverse cultures and backgrounds and with a wide range of experience. We're committed to making sure everyone who works at PwC feels comfortable bringing their true selves to work. Advancing and supporting diversity and inclusion isn't just the right thing to do. An inclusive workplace enables us to embrace the diverse backgrounds and perspectives of all our people to create better outcomes for stakeholders and society.

Our diversity efforts focus on the following areas:



reintegrating employees returning from maternity leave



supporting women's career paths



providing flexible forms of work, especially for workers with children



gender balance in the recruitment



equal salary: commitment to equal pay for men and women



PwC Azerbaijan builds a corporate culture that offers innovation, continuous learning and professional development, in which we work flexibly, thus supporting work-life balance.

Our CR strategy

Our CR strategy, both globally and locally, focuses on mentoring the next generation and developing innovative business solutions. We aim to achieve measurable and lasting positive changes in society and the environment. Our annual sustainability report on our corporate responsibility initiatives provides transparency and contributes to keeping our stakeholders informed. Our report presents our corporate responsibility programmes and plans and identifies the areas that need improvement. We believe we can create permanent and sustainable value for our direct and indirect stakeholders through our core professional activities, technical expertise and related services. Therefore, throughout the financial year, we provide professional assistance or pro bono services to NGOs, involving as many of our colleagues as possible.

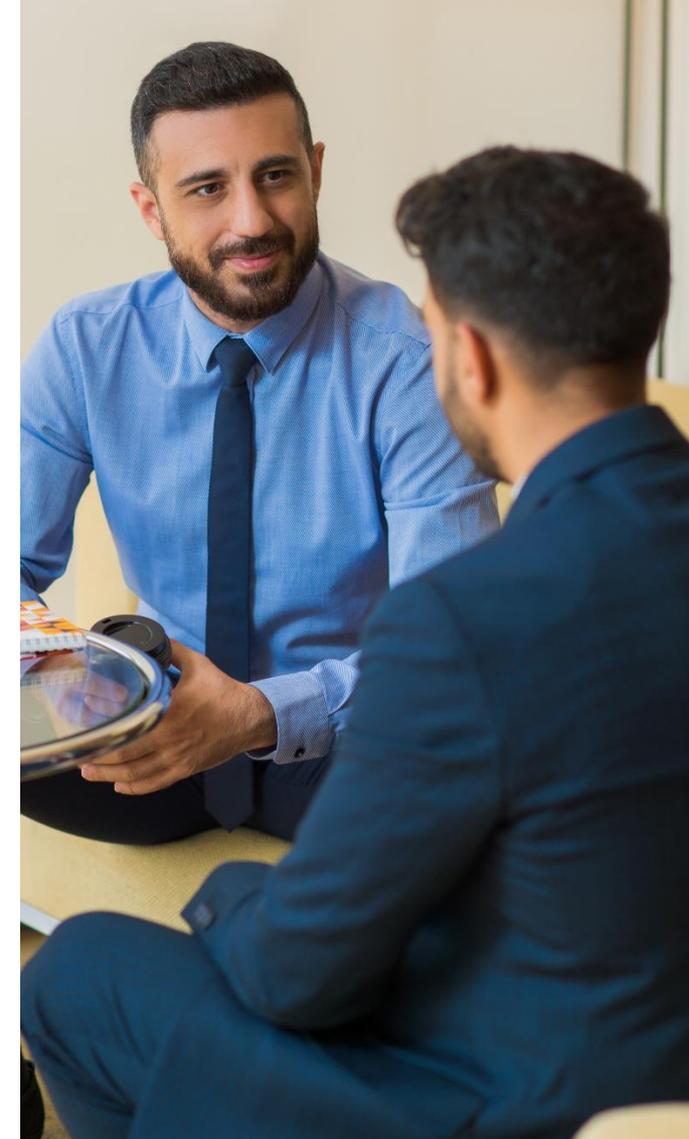
CR management

PwC is committed to playing a leading role in building a sustainable future. We have many capabilities that are relevant to CR—the same ones we use in our businesses every day—and we put these to use working with others to make a difference. PwC in Azerbaijan launched its formal Corporate Responsibility Programme in 2009. Our Programme operates in four main areas: Marketplace, People, Environment and Community. Our Marketing, Communications and Business Development team is responsible for our firm’s CR function. They are responsible for monitoring projects, coordinating them, developing action plans and initiatives on our CR strategy, and ensuring that our internal and external CR communications are consistent and uniform. The CR strategy team includes **the Head of MCBD, Aysel Suleymanova and MCBD team members Jamala Mammadzada and Jamila Salayeva**. Planning is carried out in consultation and cooperation with our CMP, while specific programmes are organised and implemented by our staff. The content of our CR is approved by **Movlan Pashayev, CMP**.



A major area of focus for us will be non-financial reporting and integrating climate-related and other environmental, social and governance (ESG) related factors into mainstream corporate disclosures and governance.”

Aysel Suleymanova, Marketing, Communications and Business Development Leader



Approval

Country Managing Partner,
Movlan Pashayev



Implementation

PwC employees



Strategic planning

Marketing, Communications and
Business Development Leader,
Aysel Suleymanova



Project coordination and
communication Marketing,
Communications and Business
Development Team

Our Global CR strategy

PwC's commitment to sustainable development is reflected in the financial and social added value that our services help create. We build trust by offering solutions to the most pressing issues using the skills and knowledge of our people.

PwC has been a signatory to the UN Global Compact (UNGC) since 2002 and is deeply committed to its ten principles in the areas of human rights, labour, the environment, and anti-corruption. We report on our activities in the Communication on Progress every year.

[Click here for the latest report.](#)

We align our operations and strategy with the 17 Sustainable Development Goals and related commitments adopted by the UN in 2015. Of the 17 Sustainable Development Goals, our strategy focuses on goals that our industry can have the most significant impact on and that afford us the greatest opportunity.

Quality education

Our people are our greatest asset, and keeping their skills and knowledge up-to-date is key to our success.

We believe that education and providing future generations with the skills to meet the challenges of the digital age play a crucial role in societal success, so we share our knowledge by making it widely available.



Good health and well-being

The health and well-being of our staff are our number one priority. We offer various programmes and flexible options to help them improve their quality of life in addition to their work quality. We also support social causes that improve the living conditions of disadvantaged groups.



Gender equality

Gender equality is one of the focus areas of PwC's global diversity strategy. We provide equal opportunities regardless of gender, support women's career paths, and aim to increase the proportion of women in leadership positions.



Climate action

In September 2020, the PwC global network announced a worldwide commitment to achieving net zero greenhouse gas emissions by 2030. This means we will halve our total operational greenhouse gas emissions within a decade and invest in carbon removal and storage projects to compensate for all remaining emissions. We will also work with key suppliers and support them in tackling their climate impact.



Honest work and economic growth

We look for opportunities not only through our CR activities but also in the services we provide to contribute to sustainable development both locally and globally. As an engine of change, we support our clients in their efforts to promote sustainable development, integrate sustainability aspects into the services we provide, apply the latest digital technologies in our operations, provide a job to nearly a thousand people, and make significant contributions to the local economy through our fiscal (tax) payments.



Community investment training sessions, seminars, webinars

Following PwC's community investment strategy announced in 2018, we aim to contribute to the training and skills development of 15 million people globally by 2022. We were able to achieve this goal a year earlier; by now, we have reached 18 million people, of which we are very proud (see ["PwC's global results for FY 2022"](#)).

Investment in talented youth has always been among our top priorities. Under this initiative, we closely cooperate with the leading institutions all over the country and share our experience with the young generation and give them an opportunity to learn more.



As part of this commitment, Movlan Pashayev, Country Managing Partner of PwC Azerbaijan, was one of the key guest speakers of the workshop on Career Guidance and Introduction to the Business World and shared his business insights and professional experience with war-wounded and children of veterans and martyrs of the 44-day war.

In November, Movlan Pashayev participated in the panel discussion at the event organised by AfChamber. This event, dedicated to Domestic Violence and Safe Workplace, was held in the framework of 16 Days of Activism against Gender-Based Violence. It is an annual international campaign that starts on 25 November, the International Day for the Elimination of Violence against Women.

Among our strategic partnerships is cooperation with youth institutions, including ADA University, Enactus, and Junior Achievement Azerbaijan, as well as with the leading business associations. In April, Aysel Suleymanova, Marketing, Communications and Business Development Leader of PwC Azerbaijan, participated in a discussion with ADA University students. She shared her professional experience in public speaking and talked about the importance of persuasion skills at work. The event organised by ADA University Career Service.

In January, Inara Namaliyeva, HC Leader of PwC Azerbaijan, contributed to the HR Academy, a 2-month training programme organised by AfChamber to share her knowledge with the youth. The programme aimed to provide training courses to help young HR professionals and students improve their skills.

And finally, PwC Azerbaijan was one of the main sponsors of the Enactus Network Leadership Summit 2022, organised by Enactus Azerbaijan in partnership with the Azerbaijan Student Youth Organisations' Union and the Youth Enlightenment Support Public Union. The Network Leadership Summit 2022 hosted by Baku for the first time in the South Caucasus, was attended by more than 60 members from 25 member countries of Enactus Platform. Fahri Mustafayev, Assurance Partner of PwC Azerbaijan, delivered a speech at the closing ceremony of the summit.

PwC is committed to inspiring young people to improve the world through entrepreneurial action.

Our environmental strategy

PwC's global environmental strategy comprises three pillars.



We are reducing our carbon footprint by driving efficiency (reducing our business travel and adopting efficient online business solutions).



We will be sourcing 100% renewables for our electricity consumption by 2022.



Since 2019 we have been offsetting 100% of our air travel emissions.

Elements of our approach:



Measuring and understanding our impact



Driving efficiency



Switching to renewables



Managing our air travel impact



Offsetting unavoidable emissions



Extending our efforts to a broader scope and supply chain

PwC is investing in a range of voluntary carbon offset projects to mitigate the impact of our air travel emissions. Carbon offset projects not only reduce greenhouse gas emissions but also allow us to take responsibility for the impact of our operations while we investigate longer-term solutions.

Committing to Net Zero by 2030.

The PwC global network has announced a worldwide science-based commitment to achieve net zero greenhouse gas emissions by 2030. Within the next ten years, we will decarbonise our operations, including our travel footprint, and invest in carbon removal projects to compensate for residual emissions.

What does this mean in practice?

- PwC is committed to decarbonising its operations and supply chain. This includes transforming how we provide services to our clients (e.g. by adopting more online meeting technologies, and not only during pandemic-related lockdowns), reducing our business travel, and increasing our use of zero-carbon energy.
- We are integrating climate-related and other environmental-, social- and governance- (ESG) related factors into our work with our clients, from strategy to implementation.
- PwC continues to work to improve corporate reporting standards that promote reliable non-financial reporting practices (This is the first year when PwC Azerbaijan has prepared a sustainability report).
- We remain committed to long-term research and collaboration programmes with other companies, policymakers and NGOs to accelerate the transition to a net zero economy. We have been playing an active role in the work towards achieving the UN Sustainable Development Goals.

Standard measurement system across the global PwC network

Members of the PwC network report their data at the end of each financial year (by 31 July). As part of this process, we report on our performance with respect to the community and the environment and aggregate data from members of our network into PwC's Global Annual Review.



Last year, more than **93,000** PwC employees undertake ESG training through Global ESG Academy



Greenhouse gas emissions 50% less than in FY21.



790,000+ hours of volunteering work



+13,4% net profit compared to FY22.



At 21 largest member firms, 90% of electricity came from renewable sources in FY22.



148,822 new colleagues joined PwC worldwide.



On track to meet our net zero commitment by

2030



An average of 70 hours of training per employee per year.

PwC's global results for FY 2022

Community investment (USD)

222,500,000 (FY21: 208,988,245)

Number of volunteers

34,254 (FY21: 39,222)

Volunteer hours

789,579 (FY21: 754,169)

Number of beneficiaries covered by community programmes

Goal by 2022: **21,696,263**

3,615,003 FY18	5,321,345 FY19	5,247,965 FY20	4,341,652 FY21	4,078,006 FY22
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Our community initiatives

#togetherwesolve

At PwC, our purpose is to build trust in society and solve important problems worldwide. We believe businesses have a key role to play in addressing societal issues.

Today, the systems that underpin societies are facing unprecedented challenges. As a business, we have a responsibility to actively support the development of these systems so that they bring wider benefits to communities.

This is particularly important in the context of the growing gap between economic growth and social progress. For many years, globalisation, digitisation and technological change fuelled global economic growth, resulting in a continuous improvement of many people's lives. At the same time, many countries have also experienced high levels of mistrust and dissatisfaction in increasingly large sections of their population, as access to resources and the benefits derived from that access are distributed unequally among different geographies and social groups. To address the causes and drive change, we must restructure social and economic systems, including changing the role of business in both.



Volunteer Day

Over the past year, we organised a number of events where more than 100 PwC staff took part. In December of 2021, PwC Azerbaijan decided to visit the local dog shelter, where we spent great time with dogs, provided them with food and other necessary items. We are very proud of our Giving Back December activity and how our people contribute to society by dedicating time to taking care of those in need.

[Video summary of the day](#)



In March of this year, the PwC Azerbaijan team held a Tree Planting activity in collaboration with the Ministry of Ecology and Natural Resources.

More than 20 PwC employees, together with their family members, were involved in planting 200 trees. This was in line with our commitment to offset our emissions through high-quality carbon credits, support local communities, preserve sustainable landscapes and help create renewable markets. At PwC Azerbaijan, our purpose is to build trust in society and solve important problems. Within our CR programme, we aim to fulfil our purpose by focusing on inclusivity, environmental sustainability, and systemic reform. The tree topics are generally related to significant societal challenges across the globe.

In FY 23, PwC Azerbaijan plans more projects, charity events and campaigns with the involvement of our employees. By this, PwC aims to help people and communities to thrive.



From the first year, PwC Azerbaijan has been participating as Marshals Team in Formula 1 race, a significant event for our country. Every year our team is in charge of Sector 1, known as one of the most intensive and responsible sectors of the Baku City Circuit. Every year, more than 20 PwC Azerbaijan staff are gather together and volunteer as marshals during Formula 1. These activities demonstrate PwC's team spirit and values reflected in the Firm's purpose.

General volunteer activities



Our staff members are involved in various volunteering efforts organised by PwC or individually throughout the year.



Our stakeholders

Companies are forced to rethink their strategy due to the crisis caused by COVID-19. They need to develop a much more resilient and adaptable way of operation. Our responsibility to our people and communities is now more important than ever. But it is not just about organisations being good corporate citizens; it is also necessary to demonstrate and communicate this to all stakeholders. This is because transparency increases trust, and trust creates long-term value for shareholders. Communicating reliable information is, therefore, a key for all stakeholders.



Relations with stakeholders

 Stakeholder group	 Communication tools	 Forms of cooperation in FY22	 Development opportunities
Employees	Global people survey, annual performance evaluation, regular career meetings and coaching, staff events, newsletters	Annual global people survey across the PwC network Holding internal events online Improving our internal processes through continuous technological innovation and offering up-to-date tools to enhance our employees' skills	Incorporating feedback into our operations, leading to real action Reviewing critical areas during the year Supporting the mental well-being of our colleagues Launching programmes that provide the experience of belonging to a community despite reducing interpersonal contacts Further expanding our professional knowledge bases, knowledge sharing, facilitating cooperation between sectors
Customers and clients	Client feedback surveys, newsletters, professional events, studies, social media campaigns, tenders	Building relationships and demonstrating PwC's expertise in various events, e.g. presenting Azerbaijan's CEO Survey.	Optimising client experience by considering environmental factors Serving the needs of both groups of participants at hybrid events Mitigating the economic damage caused by the pandemic, introducing personalised services
Suppliers	Traditional dialogue with suppliers, tenders, feedback	Working with responsible, certified suppliers	Further increasing the ratio of responsible suppliers
Government and regulatory bodies	Participation in professional forums, publications, surveys, membership in professional organisations, press releases	Joint events or projects Joint webinars and events with the government and regulatory bodies Participating as tax, legal, and financial reporting subject matter experts in various roundtables and discussions	Increasing involvement in reviewing professional materials, active participation in the preparation as a consulting partner Facilitating dialogue between regulators and businesses
Next generation, potential employees	Youth surveys; participation in job fairs, and academic competitions; youth projects and competitions; social media campaigns	Participating in higher-education job fairs (online during the pandemic) and employee preference surveys	Strengthening employer branding activities
Local communities, non-profit organisations	Participation in professional forums and events, collaboration in non-profit projects, volunteer tasks, pro bono services, training, and memberships	Cooperation with professional organisations, e.g. American Chamber of Commerce, CCIAF, AHK, ASK, ATIB, Chamber of Auditors, British Chamber of Commerce, Youth Foundation, Enactus Azerbaijan, ADA University, CBC TV	Adopting and sharing best practices, involving as many employees as possible in activities, and facilitating civil society cooperation Increasing the rate of digital skills development in training programmes
Media	Newsletters, professional events, studies, social media campaigns, statements	Preparing press releases, expert interviews, professional articles and background materials	Current tax and legal issues, monitoring and clearly explaining changes; supplementing materials prepared by the global network with local information
	Events, newsletters, social media, training invitations	Preparing press releases, alerts, involvement in corporate responsibility projects	Maintaining our visibility through media appearances by PwC professionals on relevant subjects Creating additional opportunities to build and maintain relationships, involvement in CR projects

Employees

PwC aims to be the best employer by attracting and retaining the best talents. Therefore it is crucial to provide our employees with equal opportunities for development, show exemplary leadership, and recognise outstanding performance. We strive to create a culture of flexibility where work-life balance is critical.

We support the well-being of our people with various programmes and motivate them to achieve outstanding performance, acquire proficiency in digital technologies, and continuously develop their knowledge. Celebrating our successes and spending time together outside work is also key, as these activities promote a sense of belonging to our community.

We strive to equip our professionals with the skills and abilities they need to succeed in an ever-changing digital world.

Next generation, potential employees

To have the best professionals, we need to find and attract the most talented workforce. PwC's recruitment team regularly participates in university career fairs. In the past financial years, our colleagues served as instructors at ADA University and participated in the Annual Career Fair organised by ADA University.



Our clients

PwC has been present in Azerbaijan professional services market for more than 25 years. During this time, we have delivered value-added professional services to multinational and privately owned companies. In addition to knowing our client's business, so we can better support them, a key to our success is listening to our clients.

In order to provide our services at the highest possible level of quality and to realise personalised ideas according to changes in the economic environment, we strive to develop multidirectional and effective communication with domestic companies.

That's why we create opportunities to meet and exchange ideas with our clients on diverse platforms: business events, professional forums, surveys, training sessions, cultural and sports events, and personal discussions.

Client acceptance and retention

PwC Azerbaijan has implemented a process to identify acceptable clients supported by the proprietary PwC International decision support system for client acceptance and retention (Acceptance and Continuance —A&C). This is how the system works: the engagement team, together with industry specialists and risk management staff, consider jointly whether the risks associated with an existing or potential client are manageable and whether we want to do business with that client and its management.

Client feedback survey

We have been soliciting online feedback from our clients as part of our Client Feedback Programme for years. The survey helps us measure the overall level of our clients' satisfaction with our services and gives us the opportunity to identify areas that need further improvement.

The survey is driven by three members of our Marketing, Communications and Business Development team. In the previous financial year, they implemented internal communications processes to promote the programme, automate certain parts, and communicate the results. In the client feedback survey, we use a measure called Net Promoter Score (NPS), which shows the loyalty of our clients.

This metric is a branded joint development of Fred Reichheld (an American business strategist famous for his research and publications on the loyalty business model and loyalty marketing), Bain & Company (a global management consulting firm) and Satmetrix (a U.S.-based provider of customer experience software). A positive NPS (the sum is greater than zero) is good, while an NPS over 50 is excellent.



Our key surveys and analyses serve as a compass for both existing and potential clients



PwC's Azerbaijan CEO Survey

(Note: The field research for the survey was conducted during October, November, and December of 2021, before the war in Ukraine began on February of 2022, and so the responses did not reflect the sentiment and views of CEOs shaped by the impact of the war.)

PwC Azerbaijan has been surveying the expectations of Azerbaijani CEOs annually for the past five years. Since the beginning of our survey, optimism about global and Azerbaijan economic growth rates has never been higher than in 2022. Half of the companies expected an increase in headcount. However, the pandemic has deepened concerns business leaders already had.

13% of Azerbaijani CEOs have targets related to GHG emissions and racial and ethnic diversity in their annual bonus/long-term incentive plan.

Key findings from Azerbaijan:



79% of Azerbaijani CEOs believe global economic growth will improve over the next 12 months.



77% of Azerbaijani CEOs are very confident about their own company's growth over the next 12 months



Azerbaijani CEOs have rebalanced the countries they are focusing on to drive revenue growth. Whilst Turkey and Russia remain the top two countries, US has leapt from 4th place last year to 3rd.



62% of Azerbaijani CEOs rank health risks as their top priority to address, followed by geopolitical conflict (48%). Cyber risks and Macroeconomic volatility are still among the top threats.



Only **18%** of companies in Azerbaijan have made, or are progressing towards, a net-zero and/or carbon-neutral (20%) commitment.



44% of Azerbaijani CEOs assess their strategic priorities and make changes in their major initiatives at least once a year



13% of Azerbaijani CEOs have targets related to GHG emissions, racial and ethnic diversity in their annual bonus/long-term incentive plan.



50% of Azerbaijani CEOs initiate investments in a new projects at least once per year.



Companies in Azerbaijan have changed their strategies fundamentally. Their main focus in past decades was on costs, efficiency and value creation, but the discussion has recently turned to major strategic transformations. Some industries are facing fundamental changes, such as technological and digital transformation... The latter has introduced new distribution channels and players that are intensifying competition and rewriting the rules of the game. The cross-sectoral drive for sustainability is forcing companies to think about their contribution to all aspects of ESG and especially their social commitment—because both customers' loyalty to brands and employees' loyalty to their employers are declining.

Movlan Pashayev, CMP
PwC Azerbaijan

[Watch our highlight video from PwC Azerbaijan's 5th Annual CEO Survey event](#)

5th Annual Azerbaijan CEO Survey



Presentation of ESG results of the 5th Azerbaijan CEO survey to the Ministry of Ecology and Natural Resources of the Republic of Azerbaijan

Movlan Pashayev, Country Managing Partner of PwC Azerbaijan, together with Aysel Suleymanova, Marketing, Communications and BD Leader of PwC Azerbaijan, presented key findings of the 5th Azerbaijan CEO Survey to the Ministry of Ecology and Natural Resources of Azerbaijan Republic. The main features of the findings are as follows:



Many Azerbaijani business leaders still seem uncertain when considering the potential impact of climate change and social inequality issues on their organisations.



Despite rising interest in ESG, strategy is still primarily driven by business metrics



In Azerbaijan, CEOs have almost caught up with their global peers in making decarbonisation commitments



Azerbaijan CEOs are not far behind their global peers in net zero commitment



Only **18%** of companies in Azerbaijan have made, or are progressing towards, a net-zero and/or carbon-neutral (20%) commitment.



13% of Azerbaijani CEOs have targets related to GHG emissions, racial and ethnic diversity in their annual bonus/long-term incentive plan.

Our supply chain

We are putting special emphasis on the selection of our suppliers. We strive to develop long-term relationships with them, thereby ensuring the consistent quality of the services we receive.

We also aim to continually increase the number of our non-profit suppliers.

Our supplier policy refers to PwC's Third Party Code of Conduct, which explains the minimum standards of integrity and business conduct PwC expects of the third parties with which it does business.

Partner organisations, memberships

Due to our professional work, we are in contact with and engaged in dialogue with many community groups, professional organisations, and non-profit and regulatory bodies. We cooperate with or are members of the following organisations:

- American Chamber of Commerce
- CCIAF
- AHK
- ASK
- ATIB
- Chamber of Auditors
- British Chamber of Commerce
- Youth Foundation
- Enactus Azerbaijan
- ADA University



Responsible operations

PwC Azerbaijan's office is housed in the Landmark Business Centre in Baku. It is important to know that each building meets the relevant essential health and safety requirements. The Landmark buildings are smoke-free.

Qualified internal staff provides professional administrative support. The offices can be provided with modern designs and furnishings based on the needs of the tenants. The Landmark Business Centre is a modern, environmentally friendly office.

Here are the results of Estimated Annual Energy Efficiency and Savings:



Value

55 000 AZN



Energy

500 mVt



Grown Tree

694



Reduced CO2

230 tons





Climate protection and reducing our environmental footprint are of strategic importance in PwC's global network. In order to drive sustainable growth, we have undertaken to implement short- and long-term environmental goals, and we align our operation with these goals.

Our most important achievements in the past financial year in terms of reducing our environmental impact:

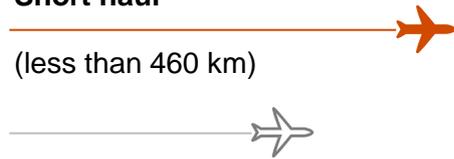
 <p>Power Consumption FY22</p> <p>19 843 kWh</p>	 <p>Office space</p> <p>1,214.76 m²</p>	 <p>Headcount FY21 FY22</p> <p>113 145</p>
 <p>Sheets of paper used FY21</p> <p>69 791 sheets</p>	 <p>Sheets of paper used FY22</p> <p>143 676 sheets</p>	 <p>Separated waste</p> <p>718 KG Sheet of paper used</p>

Air travel in numbers

FY22

Short haul

(less than 460 km)

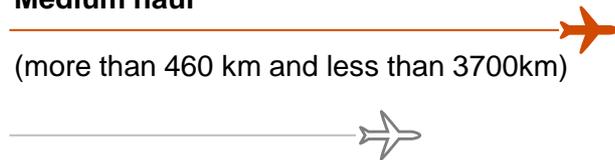


2,179.00 km

FY22

Medium haul

(more than 460 km and less than 3700km)



302,398.00 km

Total

FY22

304,577.00 km

FY21

377,159.69 km



How can we become greener?

In this extraordinary year, declining office use and travel restrictions have significantly impacted some of our environmental metrics: power consumption, paper usage, waste generation and air travel decreased. At the same time, we saw an increase in our environmental footprint:



The use of company cars increased significantly, mainly due to an increase in staff numbers and our fleet.



Business flights also declined significantly as a result of the pandemic. We aim to keep our figures below pre-pandemic levels thanks to our new digital working arrangements.

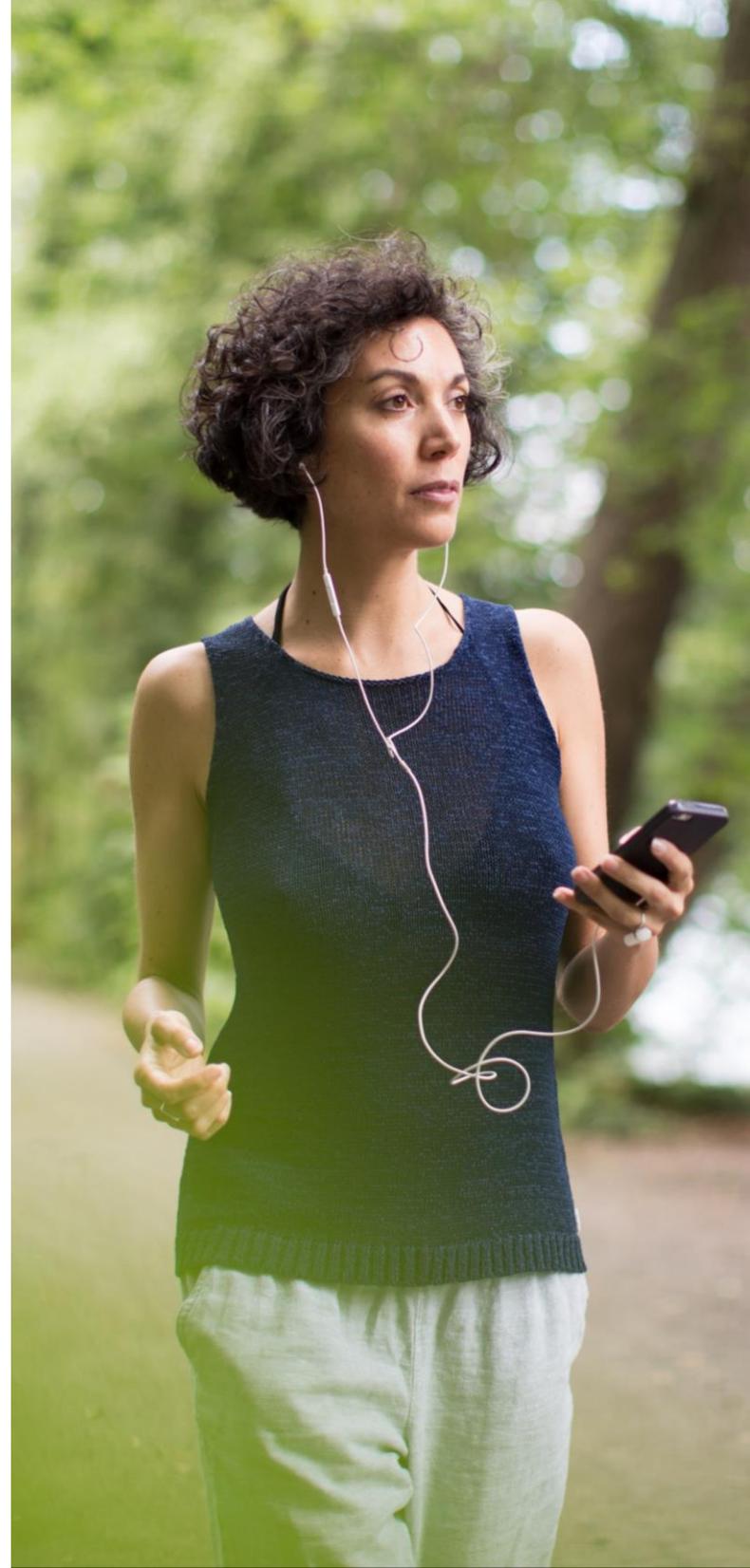
GHG offset

We are committed to minimising the impact of our carbon emissions, focusing on areas of our footprint that are most material to our business. While professional services firms do not have the footprint of many other industries, we use significant power in our offices and data centres and travel to deliver on our client engagements.

Air travel is, to a certain extent, an essential part of how we perform our client-facing work, but it is also one of the largest sources of our carbon emissions. To help reduce the impact of our travel, our firms are adopting new meeting technologies and raising awareness amongst our people of alternative ways to travel.

Of course, we are aware that the decrease in our environmental footprint is partly due to the travel restrictions caused by the coronavirus pandemic and the prevalence of remote work. However, many new practices have become part of our corporate culture: we are constantly optimising our work processes and developing our services so that they involve significantly less travel, favouring a digital workflow over a paper-based workflow.

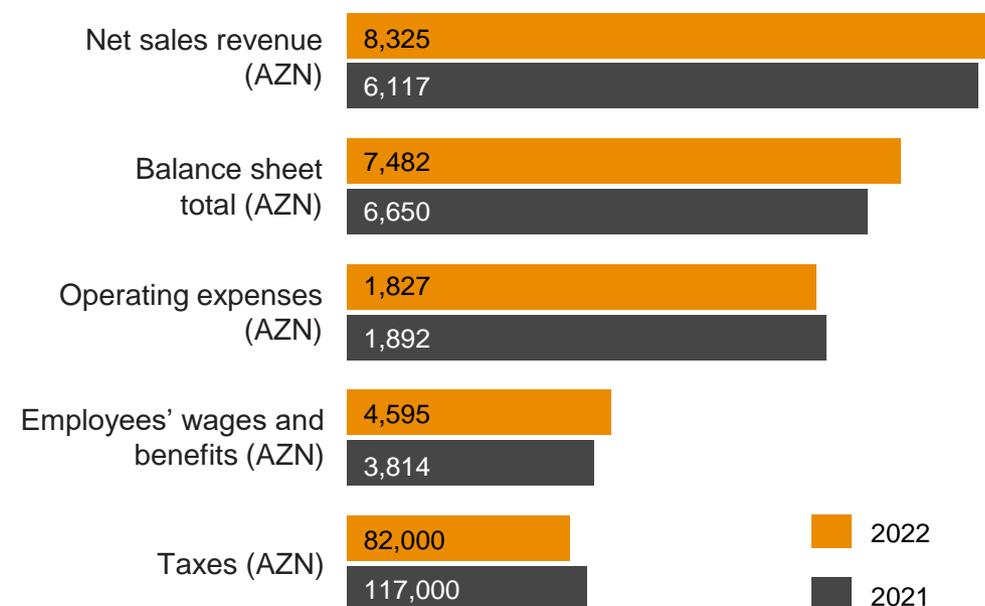
Our goal remains the same—to reduce our carbon footprint, in line with our global commitment, and to offset 100% of our air travel emissions by investing in PwC's global carbon offset initiatives and projects.



PwC in Azerbaijan

In Azerbaijan, in our office in Baku, 145 employees assist our clients in three main service areas (assurance, tax and legal, and advisory services) and in many other specialities. We have grown to become a leading audit and business advisory firm because we have been gathering experience since PwC Azerbaijan was established in 1995. We use this experience and combine it with our international expertise. Our people are the source of this experience and expertise, and our present and future depend on them.

Economic indicators



	2022	2021
Headcount	145	113



Our services



Audit and Assurance Services

- Financial statements audits, reviews and agreed upon procedures under ISA
- ISA audit of financial information under group reporting and consolidation framework
- IFRS transition
- Corporate reporting improvement
- Risk assurance services
- Internal audit
- Financial accounting
- Training
- IT audit
- IT security and cybersecurity audits
- Legal requirements and profit tax returns
- Audit and non-attest assurance procedures on Production Sharing Agreements
- Anti-Bribery and Ethical Compliance Procedures
- Capital Market Advices
- Accounting Advices
- Consulting on implementation of new accounting standards
- Consulting on Process Automation



Advisory Services

Consulting

- Strategy Consulting
- Financial Consulting
- Operational Consulting
- Business Consulting
- Risk Consulting

Technology

- PwC integrated solution powered by SAP
- Business and technology fusion
- Data analytics
- Automation
- Digital transformation

Deals

- Valuation & Economics
- Corporate Finance
- Business Recovery Services
- Transaction Services
- Delivering Deal Value
- Deal Strategy



Tax Services

Tax Advisory

- General tax advisory services
- International tax planning and structuring
- Tax review services
- Developing an efficient tax function
- Customisation of strategy and operations in new economic environment—tax considerations
- Verification of income and taxes withheld at the source
- Personal income tax management and reporting
- Transfer pricing
- Tax aspects of M&As
- Tax Controversy and Dispute Resolution
- Tax Reporting and Strategy

Accounting

- Payroll services
- Tax Compliance
- Global Mobility Services (IAS)
- Integrated Solutions (Whitening)
- Data Analysis and Automation
- HR administration services



Legal Services

- Anti-Bribery and Anti-Money Laundering
- Banking, Finance and Securities
- Corporate, Compliance and Commercial Law
- Corporate Governance and Corporate Secretarial Legal Consulting
- Construction & Real Estate Law
- Dumping & Unfair Competition
- Deal Structuring
- Employment Law and Human Resources Legal Consulting
- Environmental, Health and Safety Compliance
- Food and Agricultural Law
- Healthcare and Pharmaceutical Law
- Information & Communications Technology Law
- Intellectual Property and Data Protection Law
- International Public and International Private Law
- International Trade and Customs
- Insolvency and Bankruptcy
- Legal Due Diligence
- Migration Law
- Oil & Gas, and Mining
- Product Liability
- Litigation and Dispute Resolution

Legal structure and ownership of PricewaterhouseCoopers Audit Azerbaijan LLC.

PricewaterhouseCoopers Audit Azerbaijan LLC is a limited liability company. The shares and voting rights of the company are held by:

- PricewaterhouseCoopers Central Asia and Caucasus B.V. 99%
- PricewaterhouseCoopers Eastern Europe B.V. 1%

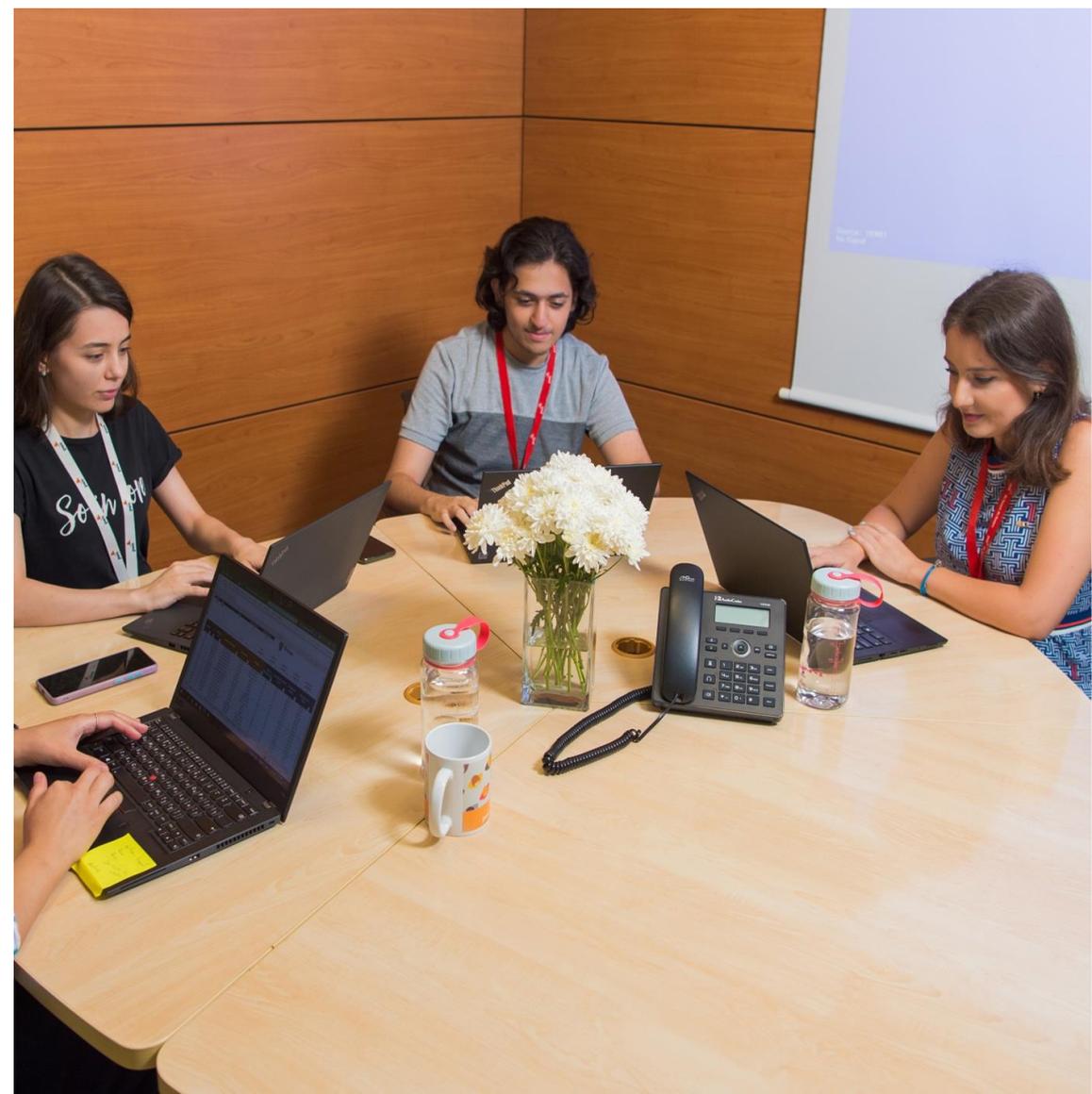
Such entities are ultimately owned by the partners of PricewaterhouseCoopers member firms.

PricewaterhouseCoopers Audit Azerbaijan LLC is a member of PricewaterhouseCoopers International Limited.

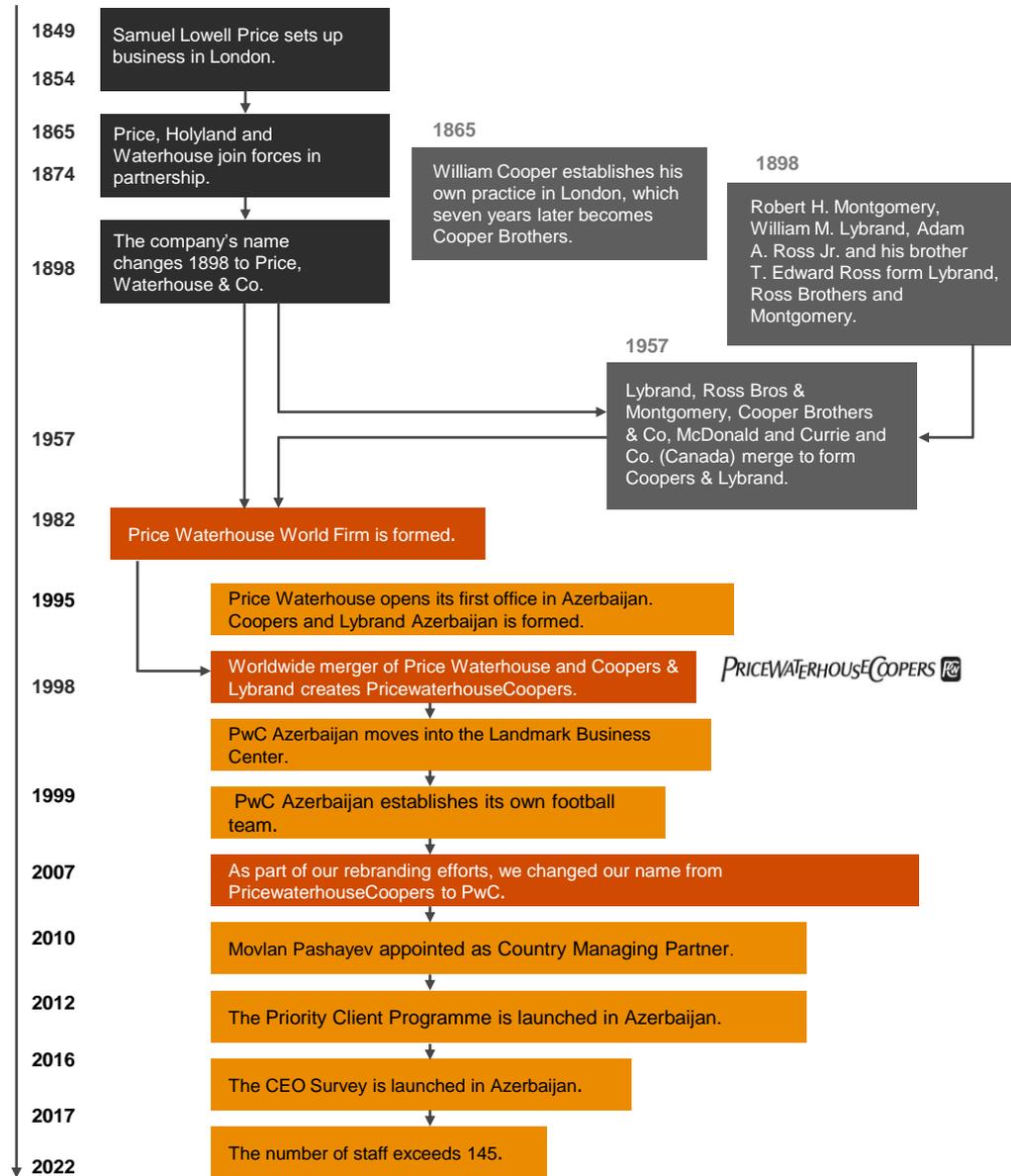
PricewaterhouseCoopers Audit Azerbaijan LLC cooperates with other Central and Eastern European member firms to provide services to local and mutual international clients operating in our region. This cooperation is organised through a regional management team which, in addition to ensuring the adherence of these regional firms

to the policies and procedures of PwC International, enables resource sharing, the enforcement of risk management policies and quality standards.

Each national member firm also has its own management structure in place in accordance with relevant legal and operational requirements. This legal structure and network arrangement give each member firm the flexibility and autonomy to respond quickly and effectively to conditions in its local market. It also reflects the fact that regulatory authorities in some countries grant the right to practise as auditors to nationally based firms in which locally qualified professional auditors (or in the European Union, a combination of auditors and or EU audit firms) have at least a majority ownership and control.



PwC's history



Governance

Within the Central and Eastern European grouping of PwC member firms, which includes 29 national territories, a matrix system of management is operated. Each partner votes every four years in an election that chooses a PwC CEE Chief Executive, who in turn appoints a Management Board, including representatives from geographical and business lines and Operational Leaders.

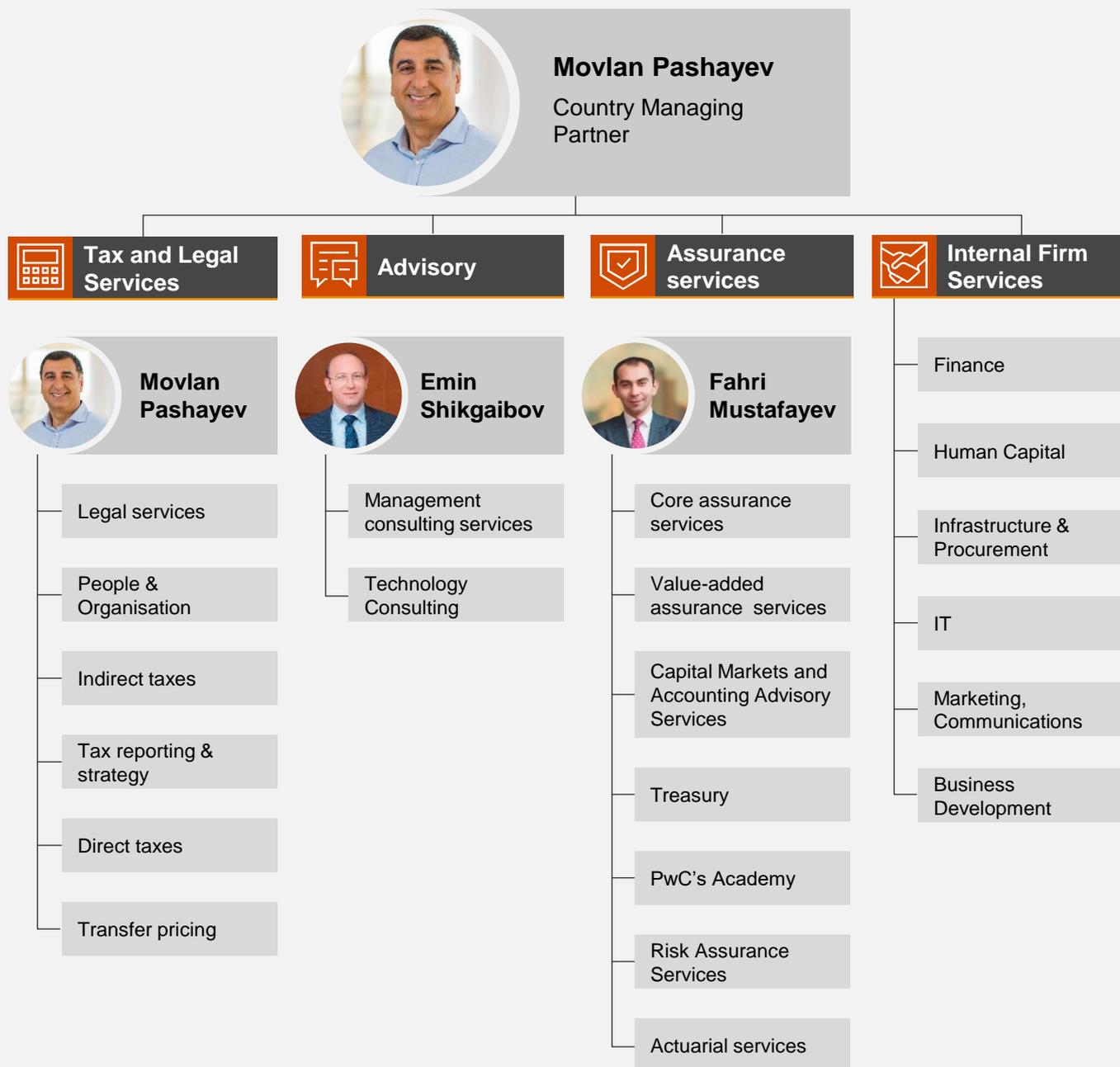
This Management Board is responsible for setting broad business objectives and ensuring compliance with PwC International policies.

Across geographical lines, the policy and business objectives of each principal business line (Assurance, Tax & Legal and Advisory) are set by the business line management team.

Oversight of the Regional Management Board on behalf of the partners is carried out by an elected regional Partners Council, which approves key policies and decisions which affect partners and the firm.

PwC Azerbaijan is managed by the Country Managing Partner (CMP): Movlan Pashayev, Tax and Legal Services Leader.

PwC Azerbaijan's organisational structure between 1 July 2021 and 30 June 2022



PwC's 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 (“PwCIL”) is one of the world’s largest networks of professional services firms. PwC’s 327,947 employees help our clients and stakeholders in 152 countries with industry—specific audit, tax, legal and advisory services.

PricewaterhouseCoopers International Limited Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), a UK 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, risk and quality.

PwCIL works to develop and implement policies and initiatives to create a common and coordinated approach for PwC firms. 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 an 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. Board members are elected by partners from all 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 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 network firms to coordinate activities across all areas of our business.

The CEO of PwC CEE is Nick Kós, who is a member of the Strategy Council and maintains relationships with the Network Leadership Team.

Quality and risk management

Delivering the highest quality service is core to our purpose and strategy, focusing on strengthening trust and transparency in our clients, the capital markets and wider society.

To help PwC Azerbaijan put this strategy into effect, the PwC network has established a framework for quality management which integrates quality management into business processes and the firm-wide risk management process.

The framework introduces an overall quality objective primarily for the Assurance practice. It focuses on having the necessary capabilities in our organisation and deploying our people to consistently use our methodologies, processes and technology in the delivery of services effectively and efficiently to fulfil the valid expectations of our clients and other stakeholders.

Our quality management system for our Assurance practice is based on International Standard on Quality Control 1—“Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements” (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB) and the standards/guidelines issued by the American Chamber of Auditors.

ISQC 1 applies to firms that perform audits of financial statements, report in connection with investment circulars and provide other assurance services where they relate to activities that are reported in the public domain and are, therefore, in the public interest. The objective of ISQC 1 is for the firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- The firm and its personnel comply with professional standards and regulatory and legal requirements; and
- Reports issued by the firm or engagement partners are appropriate in the circumstances.

Our detailed quality control procedures are set out in our PwC Audit Guide and in PwC’s Network Risk Management policies and guidance. The policies and procedures are embedded as part of the firm’s day-to-day activities.

Our QMS is based on the six elements of quality control set out in ISQC 1, which are:

We and the other PwC member firms are committed to delivering quality services around the world. To maximise consistency in the Network, we use a formal curriculum developed at the Network level.

This formal learning is delivered using a blend of delivery approaches, which include remote access, classroom learning and on-the-job support. The curriculum allows us to select when we deliver different portions of the training based on local needs.

PwC prescribes mandatory e-learning courses aimed at educating staff members about risk management, quality and compliance issues.

These are as follows:

- Mandatory Risk & Quality 2022 training—an online course to be completed at the start of each financial year
- CEE Compliance Curriculum—Risk Management Package, which includes Combatting Corruption and Money Laundering, and Living the Code: Insider trading and Economic sanctions training for new joiners—this course must be completed by all new joiners by the specified deadline.



Leadership responsibilities for quality within the firm



Acceptance and continuance of client relationships and specific engagements



Engagement performance



Ethical requirements



Human resources



Monitoring

Human rights

No human rights violations were reported during the period concerned. We believe it's our responsibility to respect and uphold the human rights of our people and any other individuals we are in contact. We seek to integrate human rights into our existing business practices in accordance with our human rights policy. PwC's Global Human Rights Statement is available on our [website](#).



Code of Conduct

We take pride in the fact that our services add value by helping to improve transparency, trust and consistency of business processes. In order to succeed, we must grow and develop, both as individuals and a business. Our core values of Excellence, Teamwork and Leadership help us to achieve this growth. We conduct our business within the framework of applicable professional standards, laws, and regulations, together with PwC policies and standards. This objective incorporates, inter alia, full compliance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics for Professional Accountants.

However, we also acknowledge that these standards, laws, and policies do not govern all types of behaviour. As a result, we also have a Code of Conduct which is applicable and issued to all PwC people and firms. This Code is based on our values and takes them to the next level—demonstrating our values in action. The Code defines how we should behave and conduct business in a wide range of settings and situations. It also contains a “framework for ethical decision making” to assist partners and staff in deciding on the right course of action addressing ethical dilemmas they can come across. Partners and staff are expected not only to live by the Code values in their careers with PwC but also to help others at PwC do the same.



Living our Purpose and Values

The PwC culture thrives supported by a framework of internal and external expectations and requirements. These help guide our behaviours and build trust:

- in our business model
- in our communities
- in each other
- in how we use information



CEE has a fully integrated Ethics & Business Conduct network. Supervision over ethical matters in CEE is carried out by the regional Ethics and Business Conduct Leader. Each country has a local Ethics and Business Conduct Team responsible for promoting ethics locally. This includes, but is not limited to, communication and training for local country partners and staff. More than 327,000 PwC employees take part in ethics training globally every year. In addition, each PwC office has access to the detailed supplementary guidance of our Code of Conduct.

These policies include guidance on such matters as the receipt of gifts from clients, close personal relationships and how staff should proceed if they become aware of unethical behaviour by any partner or employee. Our Ethics Helpline provides a safe environment for our employees and third parties to ask questions and report any concerns they may have.

CEE has a region-wide tool accessible to all partners and staff to enable the sending of anonymous queries to a selected Ethics & Business Conduct team. Individuals from outside of PwC, including our clients' personnel, can submit a query anonymously by using a global PwC communications tool available from www.pwc.com. When potential non-compliance with our Code of Conduct is reported or otherwise suspected, steps are taken to investigate, and where appropriate, remedy the situation. Partners and staff are encouraged to report and express their concerns and must do so fairly, honestly and respectfully.

The CEE Complaints and Allegations policy sets the protocols for investigating the issues reported.

PwC is committed to protecting individuals against retaliation. Partners and staff at PwC are responsible for addressing issues that are brought to their attention. All amendments needed to the firm's systems or policies, identified during the course of an ethical investigation, are addressed.

[The PwC Code of Conduct is available here.](#)



PwC Azerbaijan's Ethics Leader is Fakhri Mustafayev, Partner.

At each level and dimension of the PwC Professional, expectations on ethical behaviour are defined.



The most innovative solutions come from working together with colleagues and clients. Effective collaboration enables innovation.

Speak Up

At PwC, we believe in creating an inclusive workplace where people feel able to be themselves in a safe environment that helps foster an open culture where everyone feels comfortable bringing their ideas—

and their challenges—to the table. These values are central to who we are and how we operate, and this helps us deliver a quality service to our clients.

Our confidential whistle-blowing helpline and [website](#)—Speak Up—are available to any partner or member of staff who observes inappropriate business conduct or unethical behaviour that cannot be resolved locally, or where the normal consultation processes are not appropriate.

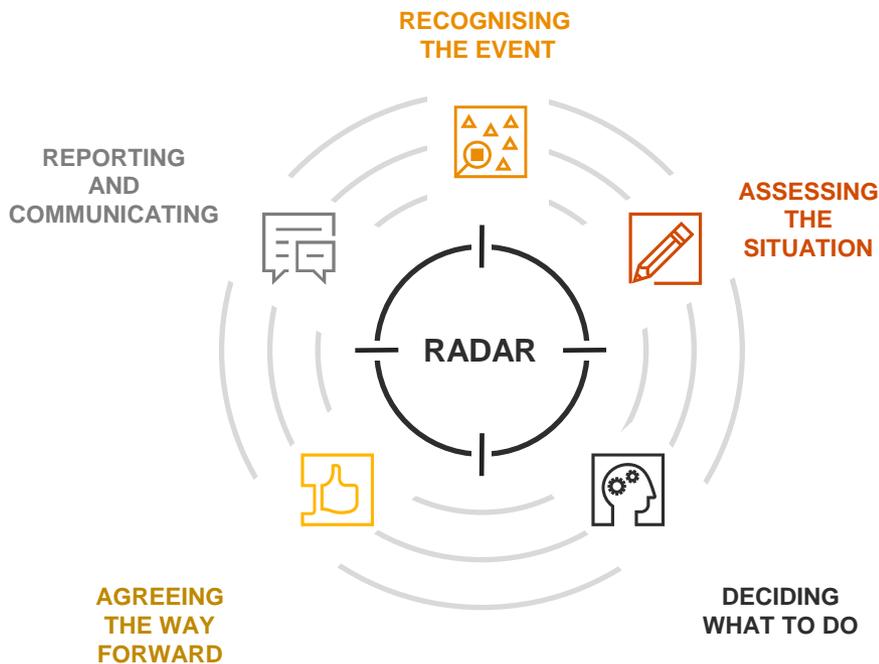
The helpline or website can also be used if you just have questions or want advice about speaking up and reporting concerns.

The helpline number is 020 7212 5233, and the website can be accessed [here](#).

RADAR

We are purpose-led and values-driven, and our purpose and values are our guiding principles in deciding the right thing to do. Addressing and resolving ethical dilemmas is complex, and the Code cannot address all questions or situations. The Code is one of many tools we have as professionals to guide our behaviour. It is not meant to be a rule book. The Code is underpinned by the PwC Purpose and values. It is supported and supplemented by network standards, network and local policies and guidance, all of which are available on relevant sites throughout the network.

The RADAR decision-making framework is here to help our people think and to build their skills in analysing ethical dilemmas and, in doing so, make good decisions.



PwC's Third Party Code of Conduct

PwC's Third Party Code of Conduct explains the minimum standards of integrity and business conduct PwC expects of the third parties with which it does business. PwC expects third parties to require the same levels of integrity and business conduct from their personnel and anyone outside their organisation engaged to provide services for or with PwC.



GRI Content Index

GRI (Global Reporting Initiative) is an international organisation that aims to provide a standard framework of guidelines and indicators for preparing sustainability reports, thus ensuring comparability and promoting transparency among companies. The following table shows the information from the report, attached to specific GRI indicators. You can read more about the guidelines and the indicators on the following website: <https://www.globalreporting.org/standards/>

Number	Disclosure	Reference in the report	Page number	Comments
102-14	Statement from senior decision-maker	CMP's letter	3	
102-2	Activities, brand, products, and services	PwC in Azerbaijan	9, 41, 45, 46	
102-3	Location of headquarters	PwC in Azerbaijan	41	
102-4	Location of operations	PwC in Azerbaijan	41	
102-5	Ownership and legal form	PwC in Azerbaijan	43	
102-6	Markets served	PwC in Azerbaijan	46	
102-7	Scale of the organisation	PwC in Azerbaijan	41	
102-8	Information on employees and other workers	Our people	15, 16	
102-9	Supply chain	Our stakeholders	36	
102-15	Key impacts, risks, and opportunities		14	https://www.pwc.com/az
102-1	Name of the organisation	PwC in Azerbaijan	43	
201-2	Financial implications and other risks and opportunities due to climate change		N/A	
102-42	Identifying and selecting stakeholders	Our stakeholders	31	
102-19	Delegating authority	PwC in Azerbaijan	45	
102-31	Review of economic, environmental and social topics	Our strategy	22, 23	
102-39	Percentage increase in annual total compensation ratio			This information is confidential according to PwC's HC policy.
102-16	Values, principles, standards, and norms of behavior	Our values	13	
102-17	Mechanisms for advice and concerns about ethics	Human rights	49, 50	
102-41	Collective bargaining agreements			According to a decision by PwC's CEO, information on collective agreements is confidential.
102-11	Precautionary principle or approach		23	Global Compact Principle 7: Businesses should support a precautionary approach to environmental challenges.
102-12	External initiatives.		N/A	

Number	Disclosure	Reference in the report	Page number	Comments
102-13	Membership of associations	Our stakeholders	36	
102-45	Entity included in the financial statement	About the report	6	
102-46	Defining report content and topic Boundaries	About the report	6	
102-47	List of material topics	About the report	6	
103-1-2-3	Evaluation of the management approach	Our strategy	22-26	
102-48	Restatements of information		N/A	
102-49	Changes in reporting			There was no change in PwC's Azerbaijan's reporting.
102-40	List of stakeholder groups	Our stakeholders	31	
102-43	Approach to stakeholder engagement	Our stakeholders	31	
102-44	Key topics and concerns raised	About the report	6	https://www.pwc.com/az
102-50	Reporting period	About the report	6, 7	
102-51	Date of most recent report	About the report	7	
102-52	Reporting cycle	About the report	7	
102-53	Contact point for questions regarding the report	About the report	7	
102-54	Claims of reporting in accordance with the GRI Standards	About the report	7	
102-55	GRI content index		52	
102-56	External assurance	About the report	6	
102-18	Governance structure	PwC in Azerbaijan	45	
102-20	Executive-level responsibility for economic, environmental and social topics	PwC in Azerbaijan	45	
102-21	Consulting stakeholders on economic, environmental and social topics	Our stakeholders	31	
102-22	Composition of the highest governance body and its committees	PwC in Azerbaijan	45	
102-23	Chair of the highest governance body	PwC in Azerbaijan	45	
102-25	Conflicts of interest			Is regulated by Accountants (IESBA) Code of Ethics for Professional Accountants.

Number	Disclosure	Reference in the report	Page number	Comments
102-26	Role of highest governance body in setting purpose, values, and strategy	PwC in Azerbaijan	45	
102-27	Collective knowledge of highest governance body	PwC in Azerbaijan	45	
102-28	Evaluating the highest governance body's performance		N/A	
102-29	Identifying and managing economic, environmental and social impacts	Our Values	13,22-25	
102-30	Effectiveness of risk management processes	Quality and risk management	47	
102-32	Highest governance body's role in sustainability reporting	Our strategy	22	
102-33	Communicating critical concerns		N/A	
102-34	Nature and total number of critical concerns		N/A	
102-35	Remuneration policies			This information is confidential according to PwC's HC policy.
102-36	Process for determining remuneration			This information is confidential according to PwC's HC policy.
102-37	Stakeholders' involvement in Remuneration			This information is confidential according to PwC's HC policy.
102-38	Annual total compensation ratio			This information is confidential according to PwC's HC policy.
201-1	Direct economic value generated and distributed	About PwC	8	
201-3	Defined benefit plan obligations and other retirement plans	Our people	15	
201-4	Financial assistance received from government		N/A	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		N/A	This information is confidential according to PwC's HC policy.
202-2	Proportion of senior management hired from the local community		N/A	
203-1	Infrastructure investments and services supported		N/A	
203-2	Significant indirect economic impacts	Our key performance indicators	5	
204-1	Proportion of spending on local suppliers	Our stakeholders	30	
401-1	New employee hires and employee turnover	Our people	15	

Number	Disclosure	Reference in the report	Page number	Comments
401-2	Benefits provided to full-time employees	Our people	15	
401-3	Parental leave			
402-1	Minimum notice periods regarding operational changes			
403-1	Occupational health and safety management system			
403-2	Hazard identification, risk assessment, and incident investigation			
301-1	Materials used by weight or volume	Responsible operation	37-39	
301-2	Recycled input materials used	Responsible operation	37-39	
302-1	Energy consumption within the organisation	Responsible operation	37-39	
302-3	Energy intensity	Responsible operation	37-39	
302-4	Reduction of energy consumption	Responsible operation	37-39	
305-1-2-3	Emissions	Responsible operation	37-39	
403-3	Occupational health services	Our people	20	PwC Mindfulness training and Employee Assistance program.
403-4	Worker participation, consultation, and communication on occupational health and safety		20	Health & Safety COVID pandemic awareness mandatory training for all staff.
404-1	Average hours of training per year per employee	Our people	N/A	
404-2	Programmes for upgrading employee skills and transition assistance programmes			PwC Azerbaijan does not regularly provide (retraining) counselling to retiring employees or those changing jobs.
404-3	Percentage of employees receiving regular performance and career development reviews.			PwC assesses the performance of its employees each year. Performance was assessed through PwC Workday in FY 22.
405-1	Diversity of governance bodies and employees.	Diversity	21	
405-2	Ratio of basic salary and remuneration of women to men.			We review the principle of equal pay annually and make adjustments if necessary.

Number	Disclosure	Reference in the report	Page number	Comments
404-1	New suppliers that were screened using social criteria	Our stakeholders	36	
404-2	Negative social impacts in the supply chain and actions taken.			There were no such incidents at our company during the period under review.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.			https://www.pwc.com/gx/en/
412-2	Employee training on human rights policies or procedures.	Human rights	48	
406-1	Incidents of discrimination and corrective actions taken.			There were no reported incidents of discrimination at PwC Azerbaijan during the reporting period.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		N/A	
408-1	Operations and suppliers at significant risk for incidents of child labour		N/A	
410-1	Security personnel trained in human rights policies or procedures		N/A	
411-1	Incidents of violations involving rights of indigenous peoples			No human rights violations were reported during the period concerned
412-1	Operations that have been subject to human rights reviews or impact assessments			PwC fully complies with this commitment.
415-1	Political contributions		N/A	
419-1	Non-compliance with laws and regulations in the social and economic area.			PwC Azerbaijan did not identify any incidents of non-compliance that would be contrary to PwC's statutes or its social media policy during this period.
413-1	Operations with local community engagement, impact assessments, and development programmes	Our strategy	22-28	

Number	Disclosure	Reference in the report	Page number	Comments
413-2	Operations with significant actual and potential negative impacts on local communities.		N/A	PwC is not aware of any negative effects.
205-1	Operations assessed for risks related to corruption.		N/A	There were no such local incidents during the period under review.
205-2	Communication and training about anti-corruption policies and procedures.	Quality and risk management	47-51	
205-3	Confirmed incidents of corruption and actions taken.			There was no such incident during the period under review.
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices			There was no such incident during the period under review.
416-1	Assessment of the health and safety impacts of product and service categories.		N/A	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.			There were no such incidents.
417-1	Requirements for product and service information and labelling.		N/A	
417-2	Incidents of non-compliance concerning product and service information and labelling			Number of incidents of non-compliance concerning product and service information and labelling: 0.
102-24	Nominating and selecting the highest governance body.	PwC in Azerbaijan	45	
102-10	Significant changes to the organisation and its supply chain.			There has been no significant change amongst PwC's suppliers
417-3	Incidents of non-compliance concerning marketing communications.			There were no such incidents.
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.			There was no such incident during the period under review.

Imprint

Special thanks to members of PwC Azerbaijan's reporting and corporate responsibility working groups, that is—Human Capital (HC), Finance Department(FIN), and Office of General Council (OGC) for their contribution to this report.

Contents & Published



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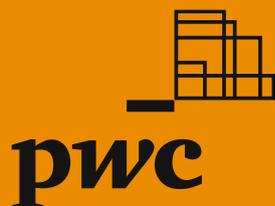
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