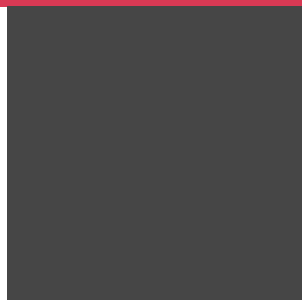


# People



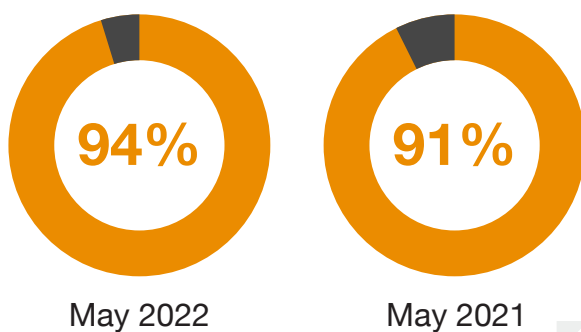
Having the right people with the right skills is fundamental to audit quality and, we aim to attract, develop, reward and retain top talent by creating an inclusive culture where the best people want to stay and build their careers.

Our purpose, culture and values are inextricably linked and together they define who we are as a firm. Our culture, which is supported by our values, guides 'how' we deliver our purpose and our strategy. It sets the tone for how we behave and how we work together to deliver high quality outcomes that have a positive impact on the organisations we work with and our communities.

Our culture means our people are empowered to be the best they can be, embracing change and opportunities in a technology driven world. This is underpinned by a strong team-working ethos creating an inclusive environment where everyone feels valued, and that they can bring their whole self to work.

At a firm level through our You Matter Survey we measure whether our people feel that our leaders' encourage high quality work.

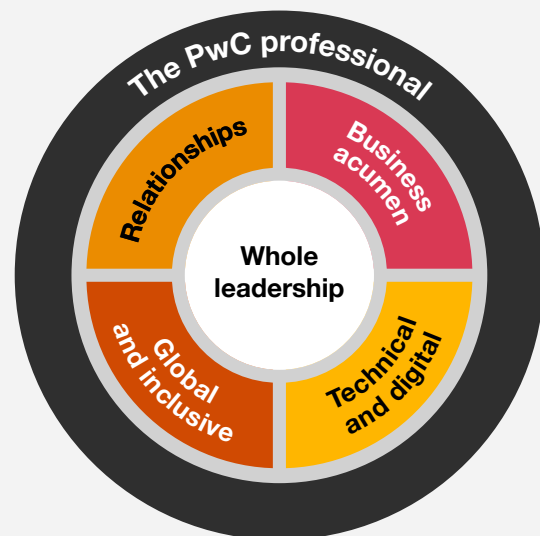
The leaders I work with encourage me to deliver quality services:



## The PwC Professional

The PwC Professional is our global leadership development framework. It supports the development and career progression of our people by providing a single set of expectations across all Lines of Service, geographies, and roles; outlining the skills and capabilities we need as individuals to thrive as purpose-led and values-driven leaders at every level. The PwC Professional comprises five core attributes;

- Whole leadership
- Business acumen
- Technical and digital
- Global and inclusive
- Relationships






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

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

## Audit culture and behaviours

Over the last three years, our Programme to Enhance Audit Quality (PEAQ) has driven an evolution in the culture of our Audit practice. At the start of the programme, we commissioned an independent paper from Professor Karthik Ramanna, which, alongside the work of our firm's cultural experts, helped develop our Audit Behaviours. These Behaviours are designed to create a culture that best supports high quality audit. Our behaviours are:

	<b>Team first</b>
	<b>Challenge and be open to challenge</b>
	<b>Take pride</b>

### Team first

Our teams are inclusive and work together, encouraging a 'problem shared' ethos. We invest in our teams' personal and professional development, coaching with purpose, openly communicating expectations and being present.

### Challenge and be open to challenge

Being comfortable to challenge the organisations we audit – and each other – is fundamental to audit quality. It's vital our teams make a safe space for challenge, role model constructive challenge and empower challenge.

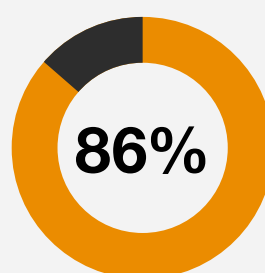
## Take pride

Audit is fundamental to capital markets and the trust it creates delivers great value to society. Our people are deep specialists and we encourage them to take pride in the work they do. Taking pride in their day to day work is also critical to achieving high quality.

These behaviours set clear expectations for our auditors and have been embedded into everything we do, from audit training to delivery and the evaluation of our people's performance.

We undertake an annual Audit Culture and Behaviours survey to measure how well the behaviours are embedded and identify any barriers to demonstrating them. In addition, our Audit Culture team has observed audit teams, held focus groups and collected feedback to assess how our Audit Behaviours are embedded in the day to day interactions of our audit teams. We use these findings to inform our activities to ensure our culture continues to drive high quality.

### Our 2022 Audit Culture and Behaviours survey showed:

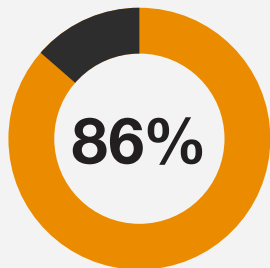


I feel confident to challenge others who demonstrate behaviours that put audit quality at risk.

FY21 85%

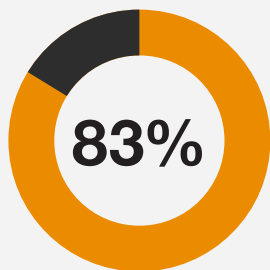


## Our 2022 Audit Culture and Behaviours survey showed:



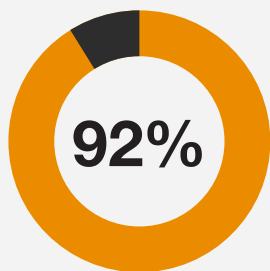
**Team first:** My team regularly shares problems with each other in order to find effective solutions.

FY21 84%



**Challenge and be open to challenge:** My team regularly challenges each other around whether the course of action we are taking is realistic and/or will deliver a quality audit outcome.

FY21 82%



**Take pride:** I am encouraged to perform a high quality audit.

FY21 92%

By understanding how our people feel and tracking our progress in embedding the behaviours, we can continue to develop and tailor our cultural programme.

Culture is a fundamental element of our FY23 Audit Quality Plan (AQP), with a key focus on:

- An enhanced culture of psychological safety where our teams can safely learn from mistakes to support continuous improvement;

- Team contracting as our people continue to navigate the practical ways of working effectively in a hybrid environment; and
- Client contracting, with a renewed focus on reinforcing the critical importance of timely and quality information and supporting evidence.

We believe that these will help further empower our auditors and support quality in everything that we do.

### Inclusion and Diversity

We are committed to building an inclusive culture where everyone at PwC can thrive and fulfil their potential.

We continue to design interventions and actions to drive inclusion so that we are able to recruit and retain different types of people with diverse skills, experiences and perspectives to bring value to our firm and the organisations we work with.

Interventions fall under three priorities:

- Leadership sets the tone from the top;
- Visibility of diverse role models in leadership positions; and
- Minorities have equal opportunities to progress their careers.

These priorities are enabled by action plans focused on five different areas:

- **Creating an inclusive culture** developing strong inclusive leadership skills and leadership role modelling underpinned by a sustained engagement and communications strategy;
- **Senior level accountability** delivering on our publicly disclosed diversity targets for both gender and ethnicity, aligning our accountability framework to both performance management and reward;



- **Fair work access** ensuring people from diverse backgrounds are in key roles throughout our firm and have access to roles that support their development and progression;
- **Targeted recruitment activity** to attract diverse talent for our student and experienced hire opportunities; and
- Access to **career sponsorship** and development.

We monitor the impact of these interventions and measure progress against grade pool targets for gender and ethnicity for all grades. This includes Executive Board review on a quarterly basis as part of our Balanced Scorecard report. We first set targets in 2015 to be achieved by 2020, and have now set further stretch targets out to 2025. These targets and our progress against them, are published in our [integrated reporting hub](#) and [Annual Report](#) in accordance with our obligations under both HM Treasury's Women in Finance Charter and also Business in the Community's Race at Work Charter.

Performance against these targets and actions taken to support our firm's work to increase inclusion and diversity are recognised financially as part of partner performance and remuneration.

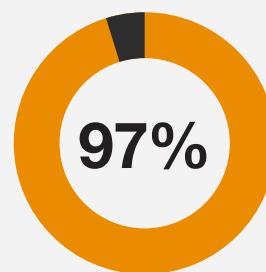
We first voluntarily published our gender pay gap in 2014, prior to the regulations being introduced in 2015. Since then we have held ourselves accountable to disclose more than we are required to, including our partners in our data. We have published our ethnicity pay gap since 2018 and now publish this to show the breakdown of our ethnicity pay and bonus gaps to show our Black, Asian, Mixed Ethnicity pay gaps and Chinese pay and bonus gap.

Our gaps continue to be driven by the fact there are fewer ethnic minorities and females in senior roles within our business. However, this is different from equal pay. We are confident that our people are paid equally for doing equivalent jobs across our business, and we continue to take action to address any gaps and to make sure our policies and practices are fair.

Last year we took our pay gap reporting a step further and additionally reported our Socio-Economic Background (SEB) and disability pay and bonus gaps. We continue to retain our focus on ensuring that all of our people have equal opportunity to work and that all of our talent processes are fair and inclusive.

Alongside our Partner Diversity Council, we have a Staff Diversity Council representing different communities in our firm. The Staff Diversity Council provides challenge and insight, helping us to shape our inclusion and diversity activities, and providing leadership with feedback on experiences of our firm.

In support of our commitment to an inclusive culture, we have invested significantly in firmwide training for all of our people on bias and race awareness in addition to our inclusive leadership training for partners.



of our people have already completed our Open Mind training\*, with all of our people required to complete our race awareness training over the coming year.

\*Our "Open Mind: Think Again" unconscious bias awareness training, which is designed to get our people thinking about their behaviours & choices.



## Wellbeing

We continue to invest in both the mental and physical wellbeing of our people. Our people's wellbeing is a top priority and this is reinforced in communications from all levels of leadership. As part of our people's annual goal setting process we have introduced a Firmwide mandatory Wellbeing Performance Goal, requiring all our people to find ways to prioritise their own wellbeing and support those around them.

This year we introduced two key new wellbeing benefits, Peppy and Money Talks Hub. Peppy gives our people access to first class expert advice and support on the menopause, fertility and becoming a parent. Money Talks Hub is a new financial wellbeing platform that provides education and awareness on financial health, covering both planned and unplanned events for all stages of a user's life and career.

It is important that all of our people feel confident in supporting each other, as well as looking out for their own wellbeing. We have continued our rolling mental health literacy programme which spans basic mental health awareness through to MHFA accreditation. Our goal is that all of our people will have at least a foundational level of mental health literacy, achieving this through completion of the Samaritans' wellbeing conversations and listening training.

Over the year, our communications and engagement activities have included raising awareness and encouraging our people to take action on health matters overshadowed by COVID-19, and breaking taboos around aspects of health still not often discussed in the workplace. For example:

- A series of 'Conversations about Cancer';
- The launch of a new baby loss policy; and
- A spotlight on the menopause and fertility.

We understand that people continue to be impacted in a variety of ways by the pandemic. We have sought to understand more about the impact on different teams and groups so our interventions can be appropriately tailored and targeted. The populations we have focused on include new joiners; younger, more junior employees; and parents. In addition we held listening sessions for those affected by the war in Ukraine.

In response to feedback from our people, we refreshed our existing Everyday Flexibility policy and launched a new Deal with our people which more accurately reflects the changed world of working and incorporates the principle of 'Empowered Flexibility'. The Deal reflects our new blended way of working, with a mix of home, office and client site location. Our people are strongly encouraged to use this opportunity to build positive wellbeing routines into their day, including physical movement and rest and recovery, along with protected time for commitments and interests outside work.



To further support adoption of effective new ways of working, we partnered with an external expert in occupational psychology and behaviour change to produce bitesize resources focused on the mindset for successful hybrid working. A series of podcasts, together with resources teams and individuals can use to help embed change, is helping people break unhelpful habits and develop new, wellbeing-enhancing routines.

Recognising our blended way of working, we wanted to make sure our people could access the wellbeing support they may need in a flexible and fully accessible way. Our virtual pathway to access support (via our Employee Assistance Programme (EAP)) has therefore been supplemented with an in-person option, allowing for an on-site pre-assessment with a clinician in the office. We also provide access to a platform that signposts external support close to where people live on a wide range of wellbeing issues, along with a Virtual GP service, giving all our people 24/7 access to this support.





# Training

## The Year\* in Numbers

**140,000+**

individual pieces of mandatory training were issued and tracked to completion in the year.

**1,600+**

new joiners successfully onboarded into Audit during 2021 (both graduates and experienced hires) with a further **500** joiners welcomed in the first 3 months of 2022.

**13**

institute prizes were awarded to PwC staff in 2021.

Feedback scores on all Audit mandatory training programmes exceeded local stretch targets with a weighted average of

**4.5**

across all programmes.

Further expansion of our FS industry curricula with the implementation of both the **B&CM Academy** and the **enhanced Insurance programmes**. Additional investment in upskilling our teams in key technical areas is planned, with revised IFRS 17 training in development.

Nearly

**27,000**

individual assessments taken to support learners' ongoing development through reinforcement of key technical topics (both across Year 1 to 4 assessments and EAT topic-based assessments).

Year 1 to 4 programmes delivered to over

**2,500**

students virtually and External Auditor Training programme was delivered virtually to around **3,500** qualified staff and partners.

**Redesigned US curriculum released to support those working on US engagements.**

A total of

**3,257**

individuals are currently studying toward a Professional Qualification, **822** of who started their studies in 2021.

Continued investment in technology upskilling with a further

**4,900**

Academy completions and an additional **264** Accelerators trained across the firm. **1,300** of these places and **42** of the Accelerators were from the Audit LoS.

Continued promotion of our "Open Mind" training designed to raise awareness and spark important debate on the topic of unconscious bias with over

**5,000**

staff and partners having completed at least one element of the programme since its introduction in October 2020.

Nearly

**900**

individuals were upskilled across the latest Environmental, Social and Governance (ESG) discussion topics through our "ESG & Me" foundation programme, with a further **170** completing detailed training on climate risk through our "Climate Essentials" curriculum.

\*Our training cycles follow the calendar and not the financial year, hence we have presented training metrics for the calendar year to 31 December 2021 in this report.





## The learning landscape

Throughout our people's careers, they are presented with a variety of development opportunities, classroom, virtual classroom and on-demand learning (both formal and informal), as well as on-the-job real time coaching. Our extensive training portfolio allows individuals to personalise their development journey with access to a variety of education materials, including webcasts, podcasts, articles, videos and in person and virtual courses, to supplement their formal training and, where applicable, professional qualifications.

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

For new joiners, a firmwide induction is provided to all staff followed by a Line of Service event. In addition, the Audit Line of Service has specific mandatory training for new hires before they can work on engagements, as well as certain other specific training requirements necessary to perform work on a job (for example, PCAOB training for SEC registered clients).

Our PwC Professional career progression framework underpins a training curriculum which provides a wealth of opportunities for our people to learn and develop. Training is generally a combination of remote access training and classroom training, although the global pandemic resulted in a period of fully virtual delivery. Towards the end of 2021, in accordance with Government restrictions, we began to return to classroom training as appropriate.

We now adopt a hybrid approach to training our people, taking relevant learnings from virtual delivery and focusing the physical classroom elements on the programmes areas that most benefit from coming together in person.

## Audit mandatory training

The firm's core mandatory audit training is categorised into pre-qualified pathways and a post-qualified curriculum, covering both technical and broader skills content. Experienced hires follow a defined series of onboarding activities prior to joining the post-qualified curriculum. Core audit training is supplemented by US, Financial Services and other industry curricula for those individuals deployed on such engagements. Certain roles, such as Quality Review Partners, also require specific additional training.

Completion of mandatory training is tracked and compliance of all staff and partners is closely monitored. Our training complies with the continuing education of statutory auditors referred to in paragraph 11 of Schedule 10 to the Companies Act 2006. Sanctions apply for non-completion of mandatory training up to and including dismissal.

Within the Audit Line of Service annual training needs are analysed to identify new areas of technical and non-technical training or areas needing reinforcement and focus. Our Training Needs Analysis is prepared in consultation with Audit Risk & Quality\* and considers the current regulatory findings and root cause analysis.

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\*Team consisting of central technical audit and accounting subject matter experts.



Emerging training needs are considered on an ongoing basis and we release new guidance and training materials as appropriate throughout the year. This allows us to respond promptly when areas for improvement are identified.

We continue to invest in our training curriculum so that our people are informed, prepared and empowered to deliver high quality work whilst navigating an increasingly complex political, economic, technological and regulatory landscape.

### Mandatory training attendance



Of partners and staff have completed all mandatory training in FY22\*.

FY21 100%

The total number of hours charged to training time codes by all partners and staff in Audit during the calendar year to 31 December 2021, including exam training for staff under training contracts.

2021 **1.4m hours**

2020 **1.3m hours**

The average time charged to training time codes by qualified (and equivalent grade) partners and staff in Audit during the calendar year to 31 December 2021, including mandatory and elective training.

2021 **95 hours**

2020 **116 hours**

\*Our training cycles follow the calendar and not the financial year, hence we have presented training metrics for the calendar year to 31 December 2021 in this report.



Metric	2021 (Calendar year)*	2020 (Calendar year)	Explanation
The minimum structured training hours provided to qualified audit partners and staff within the annual mandatory audit, accounting and compliance update programme.	30 hours per person	33 hours per person	Feedback received in 2020 indicated that learners experienced digital fatigue on all day training programmes. To address this the length of the days were shortened on all day programmes, such as External Auditor Training (EAT), and additional breaks added. These adjustments, coupled with a marginal reduction in compliance training requirements year-on-year, has led to the reduction on minimum structured hours noted.
The range of possible structured mandatory training hours required by qualified audit partners and staff based on their grade, experience and role (defined by their learner profile responses).	30 - 270 hours per person	33 - 216 hours per person	The redesign of the Financial Services curriculum continued during 2021 with additions to the Banking & Capital Markets Academy and advanced level insurance training. Live workshops were added to the existing suite of specialist banking training, providing our staff with the opportunity to apply their theoretical learning through a series of case studies. Further, the scope of training for experienced joiners was also expanded in 2021.

\*Our training cycles follow the calendar and not the financial year, hence we have presented training metrics for the calendar year to 31 December 2021 in the report.



Metric	2021 (Calendar year)*	2020 (Calendar year)	Explanation
The average time charged to training time codes by qualified (and equivalent grade) partners and staff in Audit during the calendar year, including mandatory and elective training.	95 hours per person	116 hours per person	This movement is attributable to a decrease in elective training selected by partners and staff, combined with a reduction in the minimum mandatory training hours required. Elective training hours have decreased for a number of reasons including a focus in 2020 on technology upskilling through our Digital Academies programme and more in person coaching in 2021.
The total number of hours charged to training time codes by all partners and staff in Audit during the year, including exam training for staff under training contracts.	1.4 million hours	1.3 million hours	Around 50,000 of the additional hours noted relate solely to the impact of the increased headcount in year. The remaining movement mainly reflects changes within the pre-qualified curriculum, including additional content for the Year 2 and 3 programmes. The continued expansion of our foundation specialist pathways e.g. banking, insurance etc. and exam catch up (due to deferrals in 2020) has also contributed to the increase in total training hours.

We are proud of the quality of our training programmes, with high feedback scores, generally in line with or exceeding levels achieved in 2020.

Our people tell us that professional development is the number one reason that they choose to stay at PwC (2022 You Matter Pulse Survey).



\*Our training cycles follow the calendar and not the financial year, hence we have presented training metrics for the calendar year to 31 December 2021 in the report.



# Case study:

## External Auditor Training



A total of three days of classroom training is supplemented with regular webcasts throughout the year, covering key risk and quality matters, latest regulator findings and hints and tips, all on a 'just in time' basis, and topic-based assessments. The programme brings teams together with subject matter experts to explore topics impacting external audits.

We are delighted that 2022 marked the return to the physical classroom, bringing our people together face-to-face for the first time since Autumn 2019 for two of the three classroom days planned.

This calendar year we moved to one training day in the Spring, one in the Summer and one in the Autumn. The acceleration of one of these days to the Spring, allowed teams to explore the implications of ISA (UK) 315 (R) 'Identifying and Assessing the Risk of Material Misstatement' on the upcoming planning phase of their audits. Before the Spring day attendees were required to complete the pre-course work, consisting of two compulsory e-learns, a new approach for this programme. This set our teams up well for the day and received positive feedback.

**The External Auditor Training (EAT) programme remains a critical element of our annual training for all of our qualified auditors and over 3,500 individuals attend the programme each year.**

Summer and Autumn events are designed to cover relevant, timely updates on key matters such as the revised Fraud standard, ISA (UK) 240 (R), climate risk and the latest regulatory findings, as well as content to support our teams in effectively delivering quality audits, such as coaching skills. Topics planned vary, from the audit of cash and cash equivalents to appropriate phasing of audit procedures to the role of a quality review partner.

The implications of ISA (UK) 315 (R) 'Identifying and Assessing the Risk of Material Misstatement' effective for periods commencing on or after 15 December 2021 were introduced during the EAT 2021 Autumn programme and additional dedicated time for this significant update was provided for all qualified staff and partners at the EAT 2022 Spring events. Further ongoing support as this standard is implemented will be provided (including localised training where appropriate) by the Chief Auditor Network. Relevant content from the EAT programme will be incorporated into the pre-qualified curriculum as appropriate.

The Financial Reporting Council (FRC) highlighted in its November 2021 publication 'What Makes a Good Audit?' that the risk of fraud needs to be considered carefully and separately to normal business transactions / risks. There are also upcoming changes to the main fraud standard, ISA (UK) 240 (R), and we have therefore considered this topic further for content in 2022. Content was planned for EAT 2022 Summer and this training built upon previous content, including the EAT 2020 'A forensic mindset' session.

High quality coaching plays a vital role in supporting on-the-job learning, collaboration and successful delivery of audits. Coaching skills continue to be an area of focus for our training (at all levels). A dedicated coaching session was delivered at EAT 2022 Summer, as well as being integrated into all other topics, and programmes as appropriate.



# Case study:

## Spotlight on ESG training

At PwC, our ambition is to build trust in the climate transition and help organisations meet their Environmental, Social and Governance (ESG) goals. We aim to do this through helping our clients transform sustainably, build the credibility of their reporting, invest for the future, and support their people through the process.

Our commitment to the ESG agenda is demonstrated in our £3 million Year 1 investment towards building out our capability in this area. All staff and partners are expected to complete foundation level awareness training to enable them to talk confidently with clients on such matters.

Our dedicated ESG Leaders will receive more focused training on specific areas to help support the wider business on all things ESG and those individuals delivering ESG specific engagements will be supported through deep technical training as relevant to their work.

With around 1,000 people through basic ESG training to date, 2022 will focus on the remaining population as well as our detailed “Climate in Action” curriculum for drivers in the business and the development of our other development of our X-LOS programmes focused on Supply Chain, Sustainable Finance and Reputation Management.

Our qualified audit population will also benefit from additional dedicated time on climate-related matters at the EAT 2022 Autumn sessions, building on the sessions held during EAT 2021.





# Recruitment and Resourcing

PwC UK aims to recruit, train, develop and retain the best people who share the firm's commitment for delivering high-quality services. We encourage talented students to join us at any stage of their academic life. In FY22 this included:

**5,856**

Total recruited

**740**

Flying Start programme

**1,418**

Graduates including flying starts and school leavers

**432**

Tech degree

**110**

One year placements

**105**

School leavers

**269**

Shorter placements

**528**

Summer Interns

In 2019 at the beginning of our Programme to Enhance Audit Quality, we set ourselves a target of recruiting 500 additional experienced auditors, alongside our existing graduate recruitment and training contract pathways. Over the last three years we have recruited over 1,500 experienced auditors from across the UK and overseas. This meant that at the end of 30 June 2022 we had 690 more auditors in the firm than when we first launched the PEAQ.

All recruits for our full-time programmes are required to submit an application form and are subject to at least two interviews. Certain information such as qualifications and any previous employment is verified. Graduate and student recruits also pass through an

internal assessment centre before joining the firm. Our recruitment process is closely aligned to the PwC Professional framework, enabling us to select the best talent, based not only on their technical skills but also on their behaviours and ways of working.

We believe that investing in diverse skills, experiences and backgrounds puts us in a stronger position to understand and meet the needs of our clients.

**203**

Women in business

**222**

New World New Skills

**66**

Black talent in business

**1,596**

Virtual Insight Week (unpaid)

We continued our investment in Inclusion and Diversity by expanding our Diversity in Business programmes with the launch of our new three-day paid Black Talent in Business programme, for which we welcomed 66 joiners. This programme is designed to reach black undergraduate students who are currently under-represented in our industry. This programme sits alongside our existing Women in Business programme, for which we welcomed 203 joiners.

As part of our continued investment in inclusion and diversity, we are pleased to partner with the 10,000 Black Interns programme, pledging our support for its aim to provide paid work experience to black students. Further to this, we are exploring the possibility of introducing a programme aimed at supporting and encouraging students from lower socioeconomic backgrounds. We hope to have launched a programme for this demographic group by Autumn 2023.





Our diversity programmes have been extremely successful year on year and we're proud to see a 27% increase in student hires for our Women in Business and our Black Talent in Business programme. We have reached 1,596 students through our virtual insight week, and 222 students through our New World New Skills programme, where students gain insight into our firm, the clients we support, as well as being provided with key employability skills.

We expanded our Flying Start programmes this year by launching a partnership with Queen Mary University of London with our first intake joining in September 2022.

We've also expanded our Technology Degree Apprenticeship programmes this year to enable us to continue building a pipeline of diverse technology candidates. We have launched a degree apprenticeship programme with Queen Mary University of London, and with Ada College for Digital Skills in Manchester. We expect 100 apprentices to join across these two institutions in Autumn 2022.

### **Assignment of engagement teams**

Partners and staff are assigned to engagement teams, based on their experience, competencies and grade. Our internal resourcing function (split by teams that support each Line of Service) oversees the placement of staff into client assignments to maximise the best match of skills and experience required for the role, and to fairly allocate work whilst balancing the capacity and demand requirements at that time. The assignment of staff is managed within each of the Business Units (BU), allowing the management of skills to be considered more accurately.

The nature of competence and skill required will differ between industry, size and/or nature of the clients, and for certain types of work, specified levels of experience and specific additional training may be

required to ensure that the individuals are competent to undertake the work (for example only certain individuals can lead or undertake certain types of work such as capital market transactions and due diligence work). Other factors such as independence, or security clearance requirements will also be considered.

In addition, some teams, such as Financial Services BUs in the Audit Line of Service (that service a specialised industry) will require a Financial Services specialism and accordingly, this will be considered when staffing teams.

Each Line of Service has an established process for an engagement team to escalate/report resource shortfalls. If demand is greater than the capacity available in a Line of Service we consider whether there is sufficient capacity with the appropriate capability elsewhere in the firm that can support the engagement. If such capacity and capability is not available then we will review if we are to accept the engagement or not.

The firm uses Smart Budget which is a transformational tool that provides an effective, clear and consistent way for us to build quality plans. These plans are recorded in TalentLink which is the system of recording individuals' job allocations and capacity. The Audit Line of Service uses 'Juggler', an automated optimisation tool to schedule resources to engagements in accordance with predefined business rules and priorities for deployment. The Juggler rules have been designed to produce quality resource allocations that meet capacity, continuity, employee preference and audit quality requirements for the junior grades of staff (with the senior grades of staff being directly assigned by the resourcing team, in conjunction with the business).





## Performance evaluation

Performance is defined for our people as ‘what you do (your contribution and the impact this has) and how you do it (the behaviours you demonstrate)’. Managing contribution, impact and behaviours is a year round activity, and all of our people have regular meetings with their Career Coach\* to discuss their ongoing performance.

All our people set goals annually which are linked to wider goals and values. This includes: firmwide and LoS goals, which are cascaded to all partners and staff to set the strategic context; BU/function goals include measurable targets and expectations; and individual goals which define how an individual’s contribution and impact for the performance year ahead will support achievement of the firmwide vision and strategy.

Our people are encouraged to review their individual goals on a regular basis and ensure they are updated as they see fit, in order to ensure their relevance.

For the Audit LoS, our people continue to set goals focusing on quality, change and simplification in the way that we deliver our audits, through demonstration of the Audit Behaviours.

Alongside regular informal feedback conversations with colleagues we expect written feedback to be provided regularly throughout the year by all staff and partners using our core people management tool, Workday.

Last year we introduced quarterly Career Coach check-ins. These are regular opportunities for our people to discuss progress with their Career Coach, review feedback and goals and discuss any concerns.

We formally evaluate the performance of our people on an annual basis to recognise the contribution and impact in delivering upon their goals and contributing to the firm’s strategy. The performance year runs from 1 April to the end of March.

Individuals self-evaluate their performance against their agreed goals and with reference to the PwC values, the Audit Behaviours, and the grade-related skills and capabilities of the PwC Professional. Individuals self-assessments are then passed to Career Coaches for review and comment.

The contribution and impact of each of our people is initially assessed by their Career Coach. A robust moderation takes place, led by Relationship Leaders, to ensure fair outcomes for our people.

A ratings scale is used for performance outcomes, truly exceptional performance (impact tier 1) being the highest and below the high performing norm (impact tier 4) being the lowest, with a simplified scale introduced in FY21 and continued in FY22 for more junior grades of staff. Individuals with lower performance will progress more slowly, and where performance is unsatisfactory, corrective action is taken. Our bonus plan is aligned to an individual’s impact and contribution with higher performers receiving more. Individuals with sustained higher performance also have the opportunity to progress more quickly.

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\*Each member of staff has a Career Coach assigned to them, who supports them with career planning and development.



Everyone in Audit is required to complete an audit quality assessment form within their annual self-evaluation. The purpose of this supplementary form is to give additional focus on how Audit staff had delivered their Audit quality goals with examples of where they had shown the Audit Behaviours of Team first, Challenge and be open to challenge and Take pride.



## Remuneration

In determining remuneration for our staff, we carefully balance several elements including: the quality of the work our people deliver, the economic climate, the external market; engagement and recognition of people's hard work; the performance of the firm; and investment for the future. We have common firmwide reward principles, but in rewarding our people we reflect different markets and skills. We have a firmwide bonus plan, but individual bonuses are determined by each Line of Service.

We review proposed pay and bonus by gender, ethnicity and different working patterns (full time to part time).

We are delighted to report that we have seen a reduction in nearly all our pay gaps compared to 2021. Once again this reflects our commitment to delivering against our five-point action plan<sup>1</sup>. These actions serve to strengthen our talent pipeline and this year, all Audit staff are also required to complete an audit quality assessment form within their self-evaluation. The purpose of this supplementary form is to give additional focus on how Audit staff had delivered their Audit quality goals with examples of where they had shown the Audit LoS behaviours of Team first, Challenge and be open to challenge, and Take pride. Of our internal admissions to partnership, 41% were female and 13% from an ethnic minority background. In 2022 our median gender pay gap<sup>2</sup> was 5.9% (2021: 6%) and our single figure ethnicity pay gap was below zero at -7.4% (2021: -2.9%). Our single figure gender and ethnicity pay gaps do not take into account objective reasons for pay difference such as grade, location or performance level.

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1. [Click this link for further information on the five-point action plan](#)

2. [Click this link for further information on the PwC Annual Report](#)

We voluntarily publish our earnings gap including partners. This data, unlike the regulatory pay gap data is based on actual pay and bonus for employees and financial year distributable income for partners. Our median gender pay gap was 10.3% (2021: 10.1%). The median ethnicity pay gap is in favour of ethnic minority groups at -3% (2021: -0.3%). Pay gaps continue to be primarily driven by under-representation in senior roles within our business which is why we set new targets last year to accelerate our progress over the next five years. Very simply, delivering our targets is essential to closing our pay gaps. But in this second year of working towards our 2025 targets, we have laid a strong foundation for our future and we will continue to focus on all drivers of our pay gaps.

### Promotion

Any promotion in the firm is based on an individual's performance, their skills and the business case. In the case of promotion to director or admission to partnership, the process is particularly thorough and involves the Line of Service leadership teams and the firms' Executive Board. Pathway 2 Partner (P2P) is our development pathway for potential partner candidates and is designed to enhance professional skills and readiness for partnership. Each Line of Service nominates partner candidates for the Internal Partner Admissions (IPA) process. The Partner Affairs Committee, a subcommittee of the Supervisory Board, conducts and manages the overall assessment validation process for all partner candidates. All potential admissions to partnership are considered by the Executive Board and the Partner Affairs Committee and are put to the full partnership for consideration.

Within Audit, the process for promotion to director and admission to partnership involves a formal assessment of the quality of the individual's work and their adherence to ethical requirements and professional standards.

The process includes a written assessment against the PwC Professional framework and the proposed business case for promotion, and an interview with a panel of partners who seek to corroborate that assessment and business case.





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