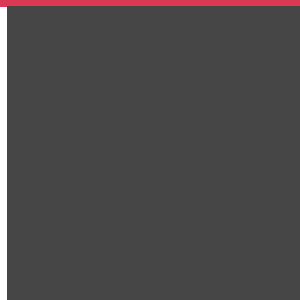
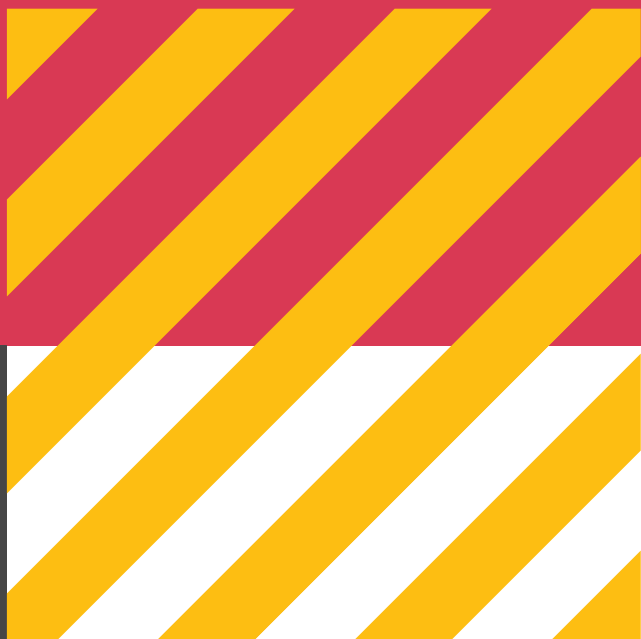


Firmwide governance



Update from the Public Interest Body (PIB)





It has been another very busy year for the Public Interest Body, with a continuing focus on audit quality and public interest considerations. The PIB has continued to ensure that it provides an appropriate level of oversight and governance regarding the promotion of audit quality, the firm's reputation and its resilience.

The Role of the Public Interest Body (PIB)

The role of the PIB is to enhance stakeholder confidence in the public interest aspects of the firm's activities, through the involvement of Independent Non-Executives (INEs). The PIB considers a wide range of issues, with a particular focus on matters of public interest.

The INEs have oversight of the firm's policies and procedures for promoting audit quality, helping the firm to secure its reputation more broadly including in its non-audit business, and reducing the risk of firm failure.

Biographies of the PIB

Dame Fiona Kendrick DBE

Fiona Kendrick, former Chairman and CEO of Nestlé UK&I, is Chair of the PwC Public Interest Body, Deputy Chair of the Institute for Apprenticeships Board and former Chair of NMITE, a new university of Hereford for Engineers. Fiona also sits on the Government's Food & Drink Sector Council. Fiona was a UK Commissioner for Employment and Skills and played a lead role in supporting the development and delivery of strategies for skills and employment across the four UK nations. Fiona was President of the Food and Drink Federation, the association that represents the UK food and drink manufacturing industry (2015-2017).





Sir Ian Gibson CBE
(stepped down from the
PIB in September 2021)

Sir Ian is a Senior Independent Director at Norbrook Laboratories Ltd. Previously, his executive career was spent mainly in the automotive industry, with 18 years at Nissan Motor Company Ltd where he was Chief Executive in the UK and Europe, and was on the Japanese Main Board. Previously, he was at Ford Motor Company for 15 years. Sir Ian has been a Non-Executive Deputy Chairman at ASDA plc and a non-executive director at several companies, including GKN plc, Northern Rock plc and Greggs plc. He has also been Chairman of Trinity Mirror plc and Wm Morrison Supermarkets plc and BPB plc. Sir Ian has also been a Member of the Court of Directors at the Bank of England and has had several Government advisory roles.



Justin King CBE
(stepped down from the
PIB in March 2022)

Justin King is an operational leader with over 30 years of experience at leading customer-facing businesses, including Sainsbury's, Marks & Spencer, Asda, Häagen-Dazs, PepsiCo and Mars. He was a non-executive director of Staples between 2007-2015, was a board member of LOCOG from 2009-2013, a member of the Prime Minister's Business Advisory Group from 2010-2012 and acted as interim Chairman of Manor Marussia F1 Team from 2014-2015, reflecting a lifelong interest in the sport. Justin was Vice Chairman and Senior Advisor at Terra Firma between 2015-2021 and served as a director on a number of boards within the TF portfolio. He led the sale of Wyevalle Garden Centres and brighterkind, both TF companies. Justin became a non-executive director of Marks and Spencer Group plc in January 2019 and was appointed as a senior adviser by Atrato Capital, the Investment Advisor

to Supermarket Income REIT Plc, in March 2019. He is also a Senior Advisor to Snappy Shopper, Itim Group Plc and Sazka Group. He recently launched, and now chairs, the Made by Sport charity, which champions the power of sport to change young lives. In 2011, Justin was awarded CBE (Commander of the British Empire) for his services to the retail industry.



Philip Rycroft CB

During a 30 year career, Philip held senior leadership positions in departments such as the Cabinet Office, Office for the Deputy Prime Minister, Department for Business, Innovation and Skills and the Scottish Executive. Most recently Philip was Permanent Secretary for the Department for Exiting the EU before retiring from the Civil Service in 2019.



Suzanne Baxter
(appointed as a member
of the PIB in July 2022)

Suzanne Baxter is an experienced chair, director and finance professional with substantial board and committee experience. Suzanne holds a broad portfolio of non-executive positions that includes board appointments as Audit Committee Chair at Ascential plc and Auction Technology Group plc, and at Pinsent Masons LLP. She was formerly a non-executive director and Audit Committee Chair at WHSmith plc and, following her longstanding work in the area of equality, was appointed as a Commissioner for Equality and Human Rights for Great Britain. Suzanne's executive career was spent in the professional and business services sectors with roles at Serco, as CFO at Mitie Group plc and as Chair of the Business Services Association. She also held roles at Deloitte Corporate Finance and at PwC, where she qualified as a chartered accountant. Suzanne is a Fellow of the ICAEW and of the RSA.



**Victoria Raffé**

Victoria Raffé is a former director and Executive

Committee member of the Financial Conduct Authority, where she held a number of leadership roles during a 20 year career with the regulator and its predecessor the Financial Services Authority. Since leaving the FCA in 2015 Victoria has focused on a portfolio of non-executive positions including The Bank of London.

**Kevin Ellis**

Kevin joined the UK firm's Executive Board in 2008

as Head of Advisory, and was made Managing Partner in 2012. Kevin was elected as Chair and Senior Partner of the UK and Middle East alliance in 2016.

**Chris Burns**

Chris is the Chair of the UK Supervisory Board and

became Chair of the Alliance (UK and Middle East) Supervisory Board on 9 May 2019 and is a member of the Talent and Remuneration Committee. Chris was also elected to the Global Board of the international PwC network in 2020 and serves on the Global Markets Committee.

**Hemione Hudson**

(stepped down from the PIB in November 2021)

Hemione is the UK Head of Audit and is a member of the UK Management Board. She is also a member of the Audit Oversight Body, the Clients & Markets Executive, Executive Risk Committee and the Global Assurance Leadership Team.

**Kate Wolstenholme**

(stepped down from the PIB in November 2021)

Kate joined the Supervisory Board on 1 January 2019, was reappointed Chair of the Risk Committee in January 2021 and is also a member of the firm's Audit Oversight Body.



Public Interest Body FY22 meeting attendance

	A	B
Dame Fiona Kendrick DBE*	6	6
Suzanne Baxter*	–	–
Sir Ian Gibson CBE*	2	2
Justin King CBE*	5	5
Victoria Raffé*	6	6
Philip Rycroft CB*	6	5
Kevin Ellis	6	5
Chris Burns	6	6
Hemione Hudson	2	2
Kate Wolstenholme	2	2

*Independent Non-Executive

A – Maximum number of formal meetings which could have been attended.

B – Number of meetings actually attended.

MB and SB members of the PIB are: Kevin Ellis (from July 2016), Hemione Hudson (from August 2017 to November 2021), Chris Burns (from 5 February 2019) and Kate Wolstenholme (from 20 February 2019 to November 2021)

Notes:

Sir Ian Gibson stepped down from the PIB in September 2021. Both Hemione Hudson and Kate Wolstenholme stepped down from the PIB in November 2021. Both Hemione and Kate continued to have a standing invitation to attend PIB meetings and each attended all PIB meetings from November onwards as guests. The meeting not attended by Philip Rycroft CB and Kevin Ellis was an ad hoc meeting. Suzanne Baxter joined the PIB in July 2022, so did not attend any meetings in FY22.

The INE Appointment Process

The Independent Non-Executives are nominated by the Senior Partner and approved by the Supervisory Board. Each INE has a letter of appointment that sets out their rights and duties. The Senior Partner and Supervisory Board respectively decide which members of the Management and Supervisory Boards will sit on the Public Interest Body. Terms of office for the INEs are not coterminous, to facilitate rotation in future years.

Each INE letter of appointment includes obligations and restrictions on the INEs in order to ensure they remain independent of the firm. In developing these conditions, the firm considered the Audit Firm Governance Code, issued by the Financial Reporting Council, and the FRC's Ethical Standard, as well as considering what a reasonable third party would expect of an Independent Non-Executive.



The firm's criteria for assessing the independence of an INE from the firm include whether an INE holds any relationships with the firm and its owners, which may be inconsistent with principle C.2 of the AFGC 2016. The length of the term served by the INE is also taken into consideration, with any term in excess of nine years being subject to rigorous review.

Each INE must go through a thorough independence check and clearance process before they can be appointed. Under the letter of appointment, an INE must comply with certain prohibitions in respect of their financial interests and relationships, including employment relationships, and these form a key aspect of the firm's criteria for assessing the independence of an INE from the firm's audit clients. As part of these prohibitions, an INE or an immediate family member must not control or have significant influence over an audit client of the firm or another PwC firm, or any of its related entities. In the case of an SEC restricted entity, an INE or an immediate family member must not own more than 5% of the outstanding equity securities of that entity. An INE must not be employed by an audit client of the firm or any of its related entities, nor serve as a director (or similar position) of such an entity. An INE must not have an immediate family member who is a director or officer or is employed in a senior executive position with an SEC audit client or any of its related entities. INEs also must not promote, deal in, or underwrite any securities issued by an audit client of the firm or another PwC firm. Each INE must confirm compliance with the letter of appointment in respect of their financial, business and personal relationships before being appointed and, thereafter, annually.

Changes in the Membership of the Public Interest Body

As part of the PIB's succession strategy, we were pleased to welcome Suzanne Baxter as a member of the PIB. Suzanne was appointed

as an INE with effect from 4 July 2022 and brings significant experience and expertise. Suzanne is a Fellow of the ICAEW and of the RSA. Details of Suzanne's experience as a non-executive together with her executive career are set out in the Biographies.

In September 2021, Sir Ian Gibson stepped down after serving as an INE since the inception of the PIB, while Justin King also stepped down as an INE in March 2022. I am grateful to both Sir Ian and Justin for their insights and the contributions that they have both made and the exemplary role that they have each played in the governance of the firm.

Working with the Audit Oversight Body (AOB)

The AOB was established in November 2020 as part of the firm's transitional arrangements for the implementation of the FRC's Principles for Operational Separation of Audit Practices (the Principles of Operational Separation). The financial year ended 30 June 2022 has been the first full annual cycle for the AOB, and the PIB has received regular updates from the AOB and the Audit Partner Remuneration and Admissions Committee (APRAC), a Committee of the AOB. Further information on the key matters considered by the AOB, together with the changes in its membership during the year, are set out in the Update from the Audit Oversight Body.

Areas of PIB focus

This has been a year of growth and development for the firm, with a continuing focus on the return to the office for the firm's people following the COVID-19 lockdowns and an increasing demand for the firm's services across a range of areas. Throughout this period, the PIB has continued to set its own agenda with a focus on matters that it regards as being in the public interest. During the year, the PIB has focused on a number of areas, as set out on the next page.



Key matters considered by the PIB in the year

Audit and corporate governance reform

- This has remained a key area of focus for the PIB. During the year, the PIB discussed the consultation from the Department for Business, Energy and Industrial Strategy on restoring trust in audit and corporate governance, and the Government's response.
- The PIB also continued to focus on the firm's transitional arrangements for its implementation of the Principles of Operational Separation.

Operational development of the PIB

- It has also been a year of development in terms of the operation of the PIB, particularly in terms of how it has provided oversight of the firm's Audit practice through the AOB. The inception of the AOB has also enabled the PIB to increase its focus across the non-audit areas of the firm's business, including the Consulting, Deals, Risk and Tax Lines of Service, helping the firm secure its reputation more broadly.

Audit quality

- The regular updates that the PIB has received from the AOB during the year have been very important in helping the INEs to discharge their responsibility under the Audit Firm Governance Code to promote audit quality. These updates have included detail on how the AOB has provided oversight on the Programme to Enhance Audit Quality (PEAQ). The PIB was involved in the development of the PEAQ, which was introduced by the firm's Audit practice in June 2019.
- In the view of the PIB, the changes to strengthen audit quality as part of the PEAQ came at an important time for the firm and the profession. Ensuring that there is consistently high audit quality remains critically important. The PIB was pleased to see a further improvement in the firm's performance in the FRC's AQR results for the year, with none of the audits inspected requiring significant improvements. The PIB was also pleased to note the recognition from the AQR of the firm having demonstrated continuous improvement to audit quality and culture.

Updates from the Ethics Partner

- The PIB receives biannual updates from the firm's Ethics Partner, who has a reporting line into the PIB.
- The PIB receives regular updates on the firm's "Speak Up" whistleblowing facility and the firm's Code of Conduct from the Ethics Partner. The PIB also receives regular updates from the Head of Internal Audit. I attended the Supervisory Board Audit Committee discussion of the full year report from the Head of Internal Audit, which included details of the various reviews it had conducted to assess the effectiveness of the firm's systems of internal control.



Effectiveness

During the year we conducted an independent externally facilitated effectiveness review of the PIB. The external facilitator for the review was the Perform Partnership, who have appropriate skills and experience in performing such reviews. The external facilitator brought independent challenge to how the PIB performs, including through individual meetings with members of the PIB. In addition to these meetings, a detailed questionnaire was also completed. The external facilitator also attended the PIB meeting on 24 May 2022 and they provided their results and recommendations to me prior to reporting back to the PIB at its 4 July 2022 meeting. I am pleased to report that in the view of the external facilitator, the PIB was found to be an effective independent governance body. Further information on the independent externally facilitated effectiveness review is set out in Committee structures and what they do section of the Firmwide Governance chapter.

Building Wider Relationships

During the year, there has been a continued focus on increasing the level of interaction of the INEs with the wider firm. As a member of the PIB, the chair of the Supervisory Board has a standing agenda item at each meeting in order to provide an update on the activities of the Supervisory Board. I attended a Supervisory Board meeting in November 2021 that was held at the firm's Belfast office and met the partners and staff there. Sir Ian Gibson also attended a Supervisory Board meeting in September 2021, while Victoria Raffé has been invited to attend a Supervisory Board meeting in November 2022 that is due to be held at the firm's Manchester office.

The INEs continue to have embedded roles with certain committees of the Supervisory Board. These embedded roles were put in place following the recommendations from the governance review that the firm undertook in 2018, with the purpose of these roles being to increase the profile of the INEs and the value they bring to the broader partnership. Sir Ian Gibson stepped down as a member of the Supervisory Board Talent and Remuneration Committee during the year and I was appointed as his successor in that role. I also stepped down from my role as a member of the Supervisory Board Risk Committee and Victoria Raffé was appointed to this role.

During the year, a series of biannual meetings between certain members of the PIB, the AOB and the Supervisory Board have been initiated, with meetings having taken place in January and June 2022. At the June meeting, the findings from the Supervisory Board Spring Partner Engagement process were discussed, including the areas of interest among the Firm's Partners. The INEs also held a joint meeting with members of the PwC Global Board in October 2021.

The INEs each attended an element of the External Auditor Training programme within the Audit practice during the year and I am also pleased to report that the INEs have continued their regular engagement meetings with the FRC.

Culture and People

In the view of the PIB, the firm continues to have an appropriate culture. We continue to see this culture reflected in the information presented to us as well as in the processes for decision making and in the INEs interactions with staff and partners.



During the year, the PIB received updates from the AOB in respect of the culture within the Audit practice. The PIB has also continued to receive biannual updates from the firm's Chief People Officer, which include information on wellbeing, inclusion and diversity, attrition and recruitment among the firm's people. These updates also cover how the desired values, culture and behaviours are embedded across the firm, together with the results of feedback surveys conducted among the firm's people, to monitor engagement levels and sentiment across the business.

Audit Firm Governance Code

The PIB continues to use the Audit Firm Governance Code as a guide to good governance as well as a compliance requirement. A key area of focus during the year has been the development of an updated Audit Firm Governance Code by the FRC, which was published in April 2022. This matter was discussed by the PIB at various points during the year and the INEs submitted a response to the FRC's consultation on the development of the updated Audit Firm Governance Code, in addition to the firm's own response. The PIB's terms of reference are available by clicking on the link: <https://www.pwc.co.uk/who-we-are/terms-of-reference-the-public-interest-body.html>

Appropriate indemnity insurance is in place in respect of legal action against an INE and sufficient resources are provided by the firm to enable each INE to perform their duties. This includes access to independent professional advice at the expense of the firm, where considered appropriate and necessary to discharge their duties.

Look Ahead

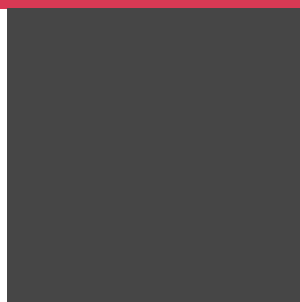
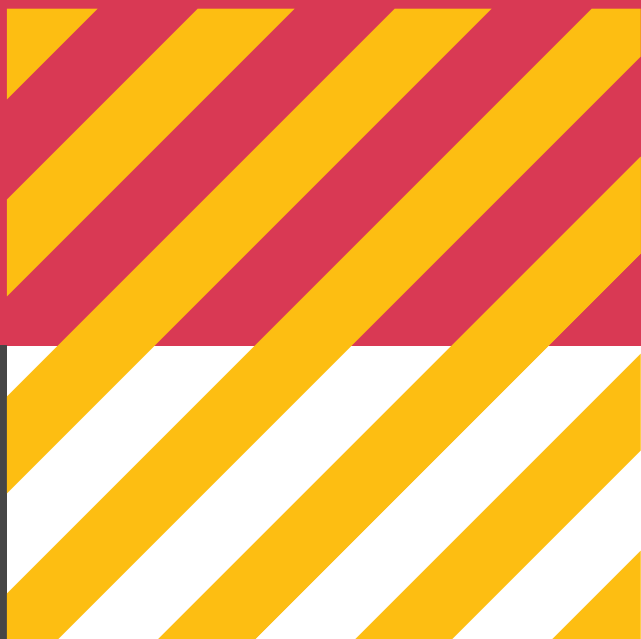
With audit quality and public interest considerations remaining under close scrutiny, it continues to be a very important time for the audit profession. As a key component of the firm's governance, the PIB has a central role to play by working with the AOB and Supervisory Board to provide constructive challenge and effective and robust oversight of the firm's audit practice as well as the non-audit areas of the firm's business. We look forward to continuing to fulfil this important role.

Dame Fiona Kendrick

Chair of the Public Interest Body



Update from the Audit Oversight Body (AOB)



Update from the Audit Oversight Body (AOB)



As I reflect on my second year as Chair of the Audit Oversight Body, I'm pleased that the audit business has continued to perform high quality audits at a time when the need to underpin confidence in capital markets has never been greater.

The AOB was established in November 2020 to strengthen the governance and oversight of the audit business as part of our implementation plans to address the FRC's principles for operational separation.

The responsibilities of the AOB include:

- Overseeing the firm's audit practice to ensure it remains focused on the delivery of consistently high quality audits, including assessing the audit strategy, monitoring the progress of the Programme to Enhance Audit Quality and reviewing the audit practice's culture and control activities.
- Supporting (as appropriate) the firm's senior management in the execution of their responsibilities through robust oversight and constructive challenge;
- Promoting a culture supportive of the public interest; and
- Overseeing the FRC's objective to improve audit quality by ensuring that people in the audit practice are focused above all on delivery of high-quality audits in the public interest.

Biographies of the AOB

Philip Rycroft CB

During a 30 year career, Philip held senior leadership positions in departments such as the Cabinet Office, Office for the Deputy Prime Minister, Department for Business, Innovation and Skills and the Scottish Executive. Most recently Philip was Permanent Secretary for the Department for Exiting the EU before retiring from the Civil Service in 2019.



Sir Ian Gibson CBE (stepped down from the AOB in September 2021)

Sir Ian is a Senior Independent Director at Norbrook Laboratories Ltd. Previously, his executive career was spent mainly in the automotive industry, with 18 years at Nissan Motor Company Ltd where he was Chief Executive in the UK and Europe, and was on the Japanese Main Board. Previously, he was at Ford Motor Company for 15 years. Sir Ian has been a Non-Executive Deputy Chairman at ASDA plc and a non-executive director at several companies, including GKN plc, Northern Rock plc and Greggs plc. He has also been Chairman of Trinity Mirror plc and Wm Morrison Supermarkets plc and BPB plc. Sir Ian has also been a Member of the Court of Directors at the Bank of England and has had several Government advisory roles.





Caroline Gardner CBE
(appointed as a member of
the AOB in August 2021)

Caroline was the Auditor General for Scotland between 2012 and 2020, responsible for auditing the Scottish Government and public bodies spending £40 billion a year during a period of significant growth in Scotland's financial powers. She is a member of the board of the Wheatley Group, the International Federation of Accountants and the House of Lords Audit Committee, and she is a trustee of the International Futures Forum. She was a member of the International Ethics Standards Board for Accountants from 2010 to 2015. Caroline was awarded a CBE in 2020. She is a Fellow of the Royal Society of Edinburgh and a Fellow of the Chartered Institute of Public Finance and Accountancy (CIPFA), serving as CIPFA President during 2006-07.



Victoria Raffé
(appointed as a member of
the AOB in December 2021)

Victoria Raffé is a former director and Executive Committee member of the Financial Conduct Authority, where she held a number of leadership roles during a 20 year career with the regulator and its predecessor the Financial Services Authority. Since leaving the FCA in 2015 Victoria has focused on a portfolio of non-executive positions including The Bank of London.



Hemione Hudson

Hemione is the UK Head of Audit and is a member of the UK Management Board. She is also a member of the Public Interest Body, the Clients & Markets Executive, Executive Risk Committee and the Global Assurance Leadership Team.



Kate Wolstenholme

Kate joined the Supervisory Board on 1 January 2019 and was reappointed Chair of the Risk Committee in January 2021.



Audit Oversight Body FY22 meeting attendance

	A	B
Philip Rycroft CB	6	6
Caroline Gardner CBE*	6	6
Sir Ian Gibson CBE*	1	1
Victoria Raffé*	4	4
Hemione Hudson	6	6
Kate Wolstenholme	5	5

*Independent Non-Executive

A – Maximum number of formal meetings which could have been attended.

B – Number of meetings actually attended.

Note: Kate Wolstenholme stepped down from the AOB in September 2021 and was reappointed in December 2021, in order to maintain an AOB INE majority.

Changes in AOB membership

On 31 August 2021, we were pleased to welcome Caroline Gardner onto the AOB. Caroline was appointed as the AOB's only doubly independent non-executive, meaning that she is not also a member of the Public Interest Body (PIB). She brings a wealth of audit knowledge and experience and has been a valuable member of the AOB as we moved through another significant year for the profession.

Alongside Caroline, we are also pleased that from September 2021, Victoria Raffé joined the AOB. Victoria is already a member of the PIB and Supervisory Board risk committee and her experience at the financial services regulator has been welcomed in shaping our perspectives over the regulated audit business.

Key matters considered by the AOB in the year

Overseeing audit strategy, consideration of audit quality controls, measures and reviews and challenging outputs

- We met with the Audit Executive throughout the year and discussed key priorities and the results of the FRC's reviews of the business.
- We have challenged the audit practice on its internal and external quality review results, including its root cause assessment programme and the remedial actions being undertaken.
- We reviewed the internal system of quality management and ISQC (UK) 1 final report to understand the plan to remediate any findings. There were no significant findings identified in the year.



Key matters considered by the AOB in the year

Monitoring the implementation and embedding of PEAQ into business as usual through the Audit Quality Plan (AQP)

- As the three year programme has continued, we have monitored the quarterly reporting of PEAQ and its progress against key milestones and assessed the final PEAQ closure report. It has been pleasing to see that the firm has been able to deliver on this significant investment in quality and we welcome the positive comments made by the regulator in relation to this programme of work.
- The firm has developed a detailed AQP to ensure a continuing focus on performing consistently high quality audits. The AOB has reviewed the AQP and the regular reporting activities that will allow the AOB to monitor the plan.

A deeper dive into areas such as culture, new auditing standards and the people model

- The AOB also reviewed the results of the annual culture survey. The firm this year has reinforced the importance of psychological safety and its criticality to high quality through its training and development programme.
- I, and other members of the AOB, have spent time in person with PwC audit teams and have been struck by their commitment and passion for the work they do. Alongside participating in annual external audit training events, I have enjoyed joining teams during various planning meetings and these interactions have helped me to improve my understanding of the day to day reality of what it is like to be an auditor – including how audit teams are addressing topical matters in practice such as responding to fraud risks, the implementation of the revised ISA 315 and the demonstration of professional judgement and scepticism.
- We spent time understanding the audit practice's approach to climate change, specifically in relation to the way that is impacting both financial audits as well as non-financial assurance.
- The attractiveness, development and retention of key talent has been another area we have focused on this year. We have inputted into the firm's strategy to increase capacity and develop and retain top talent, recognising the needs of the future business, leveraging the value of a multidisciplinary firm and also the expectations of work for the younger generation. We are encouraged by the approach being taken and will continue to oversee this important area.

Engagement with the FRC

- We have met with the FRC on a regular basis and participated in its roundtables to discuss topics such as public interest, capacity, systems of internal controls, operational separation and our annual quality results.
- We welcomed both Sir Jon Thompson, CEO, and Sarah Rapson, Executive Director of Supervision, at the FRC to join an AOB and to share the FRC's key priorities with us. Our firm's supervisor has also joined and observed an AOB meeting.



Key matters considered by the AOB in the year

Consideration of Audit Partner Remuneration and Admissions

It is important that oversight is also given to the ‘levers’ adopted by the audit practice to promote and reward positive audit quality behaviours for our Audit Partners. We do this through a sub-committee of the AOB, the APRAC. The APRAC comprises three INEs and is chaired by Caroline Gardner.

The responsibilities of the APRAC include:

- Overseeing the audit partner remuneration process to ensure individual audit partner remuneration is determined above all by contribution to audit quality; and
- Overseeing the process by which candidates are selected for admission to the partnership to practice as audit partners.

Working with the Public Interest Body

The AOB is a sub-committee of the PIB and has a clear audit-specific remit. The INE appointment process is detailed in the Update from the Public Interest Body on page 15. The AOB’s terms of reference are available by clicking on the link: <https://www.pwc.co.uk/who-we-are/terms-of-reference-audit-oversight-body.html>.

As the Chair of the AOB I report to the PIB after each AOB meeting to provide an update on the challenges made, and where relevant any recommendations or action to be taken. During the year the AOB also provided specific updates to the PIB on key matters including progress against the PEAQ and the results of internal and external quality reviews.

Looking ahead

We will continue to provide governance and challenge to the audit practice and constructively engage with our stakeholders, including the FRC, to share our perspectives on how we believe high quality audit services can be delivered for the benefit of public interest. This includes monitoring the firm’s Audit Quality Plan and progress against its plans for operational separation.

In the next twelve months, the AOB will continue to focus on what needs to be done across the whole ecosystem to promote the attractiveness and purpose of the profession. We will also assess the continuing investments planned to support audit quality in the practice.

At a time when the profession is under significant scrutiny, and against an uncertain economic background, it is important to highlight the role that PwC, and the audit profession, plays in the UK economy. It is vital that we continue to build trust in audit, and subsequently confidence in business – benefiting the wider corporate governance and reporting ecosystem. The AOB acknowledges the part we play in this journey.

Philip Rycroft CB

Chair of AOB



Firmwide governance



Committee structure and what they do

Firmwide governance – Committee structure and what they do

The firm's governance is guided by our purpose – to build trust in society and solve important problems. Our purpose is central to our decision making processes and our risk appetite. It also informs how we manage our business in the interests of our partners and stakeholders.

This governance section explains the firm's governance arrangements. We explain the roles of the Chair and Senior Partner, and the Management Board (MB) and its committees, the Supervisory Board (SB) and its committees. Information related to the Public Interest Body (PIB), and its committee the Audit Oversight Body (AOB), are disclosed in their respective updates.

Good Governance

We are required to report on how we have applied each of the principles of the Audit Firm Governance Code 2016 (AFGC) and make a statement on our compliance with the AFGC's provisions. In doing so, we also consider good governance practices under the UK Corporate Governance Code (2018). During the year we have fully complied with the AFGC as detailed in the Compliance mapping chapter.

We continually seek to enhance our governance arrangements as part of our ongoing commitment to quality. Within our governance arrangements, we acknowledge and support the heightened interest in audit and audit related services and the quality of our delivery of these. We have a common cause with investors, regulators, government and society to ensure the right actions are taken to build world-leading levels of trust in audit and the profession itself.

Our Independent Non-Executives (INEs) are a key part of our governance structure, providing external oversight of the firm. The PIB comprises a majority of INEs. By having a separate body, able to determine its own

agenda and with high calibre INEs, the firm considered this to be the most appropriate way to ensure the public interest is served, by helping the PIB to oversee audit quality in addition to its consideration of wider public interest issues. The Audit Oversight Body, a Committee of the PIB, also comprises a majority of AOB INEs.

Stakeholders and dialogue

We recognise that with approximately 25,000 people, 74,000 alumni, revenue for the financial year ended 30 June 2022 of £5,002m and being a regulated business, we are a substantial firm with a broad range of stakeholders. We communicate with our stakeholders through various channels, including an increased use of technology for virtual communication through the COVID-19 pandemic.

We engage regularly with investors and held a number of roundtable and educational events for them throughout the year on topical issues, with insights and feedback shared with PIB members through periodic briefing. You can find more information on our engagement with investors on page 138.

Throughout the year, internal stakeholder engagement included biannual partner meetings led by the Management Board with partners from across the firm and biannual partner engagement meetings led by the Supervisory Board. The Chair and Senior Partner held town hall meetings with partners and staff, utilising technology for live webcasts; in addition to the periodic communication via multiple platforms to all partners and staff.



Governance structure

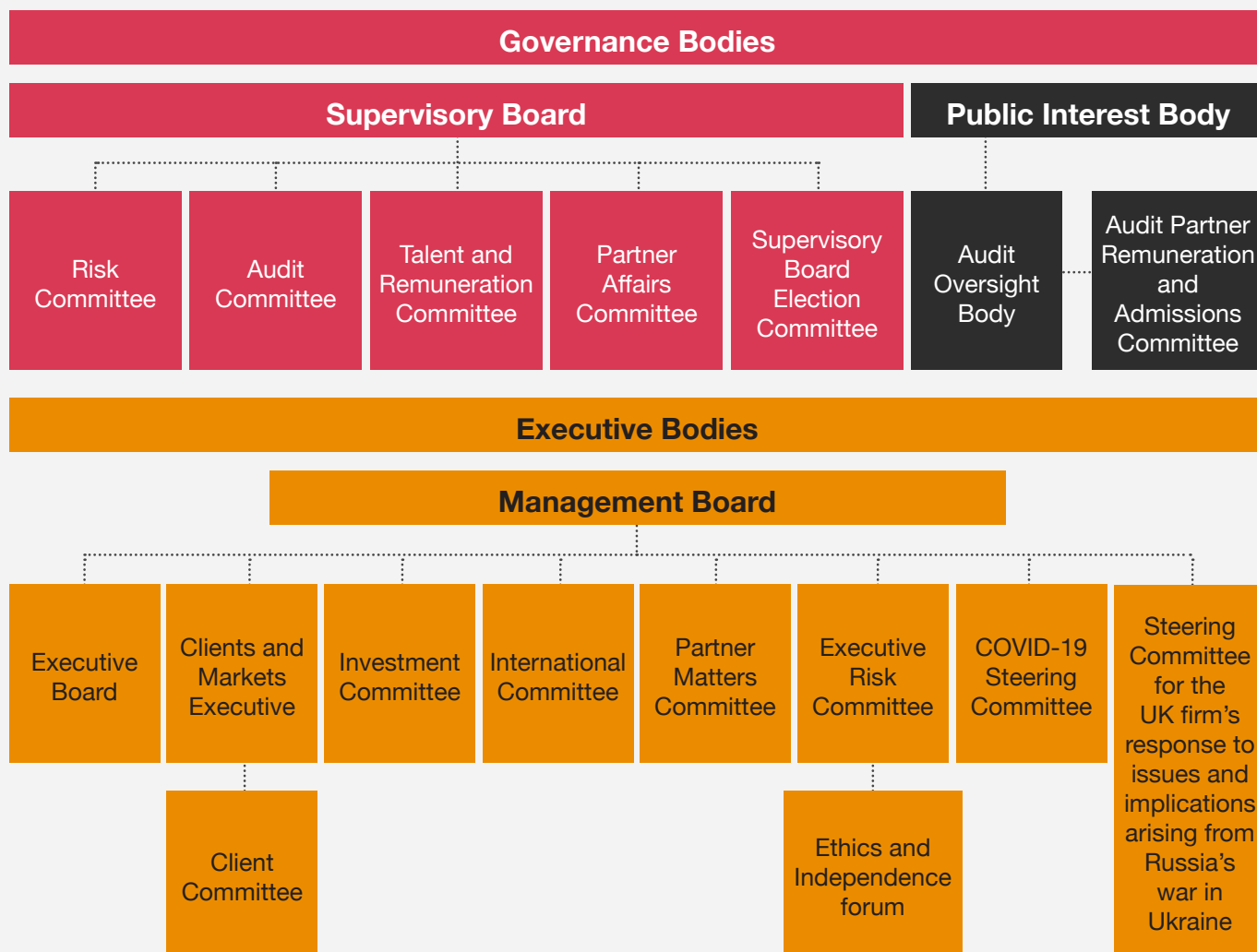
Our governance structure reflects our partnership model. The Senior Partner is elected by the partners of the firm for an initial term of four years, with the option to stand for a second four year term. Once elected, the Senior Partner forms their Management Board and Committees. The role of the Talent and Remuneration Committee of the SB includes providing governance oversight of any succession planning in respect of the MB.

The Supervisory Board comprises members who are elected by partners, certain ex-officio members (the UK Senior Partner ex officio, and those partners who have been elected to the board of PricewaterhouseCoopers International Limited (also known as the “Global Board”)). The elected members of the SB are elected by the Partners of the firm for a term of four years, with six of the twelve seats being subject to election every two years. There is no limit to the number of terms that an SB member can be elected for, save only that no elected member will serve for a period of more than four years without submitting themselves for re-election.

The Public Interest Body is made up of Independent Non-Executives, plus representatives from the firm’s MB and SB, each of whom are nominated by the Senior Partner and Chair of the Supervisory Board respectively. Details of the appointment process and terms of appointment for the Independent Non-Executives are set out in the Update from the Public Interest Body. The firm’s Head of Audit and Chief Risk Officer and General Counsel each have a standing invitation to attend Public Interest Body meetings.

The Boards’ activities are governed by the Terms of Reference which are available on the Members’ Agreement and the firm’s website, by clicking on the link: <https://www.pwc.co.uk/who-we-are/terms-of-reference-governance-structure.html>. Each member of the MB is subject to formal, rigorous, and ongoing performance evaluation. In addition, consideration is given to PwC’s Network standards. Support is given to the Boards by our Board Secretariat team who are responsible for advising on governance matters. The key governance bodies of the firm are described below.





Activities

The key matters considered in the year by our executive and governance bodies included strategy, culture, people, quality, performance, technology and investment, regulation and reputation. Within these matters, the governance of key risks facing the firm (including cyber, regulatory and litigation risks) were considered and included on the relevant agendas.

Further information on our risks and how these are managed is available within the risks and responses, on page 52.

Supervisory Board

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

Twice a year the SB holds engagement meetings at which partners from around the country can speak directly to SB members on matters of concern. The partner feedback is discussed with the MB and a report together with the MB's response is made available to partners.

The SB met 11 times (excluding ad hoc meetings) throughout the period. The SB visited the Belfast and Birmingham regional offices during the year. The SB has two members who are also Global Board members. The Global Board members provide PwC Network updates and a Network perspective at SB meetings, while helping to ensure consistency across the PwC Network.

Committees of the Supervisory Board

There are five committees of the Supervisory Board: the Risk Committee, the Audit Committee, the Talent & Remuneration Committee, the Partner Affairs Committee and the Supervisory Board Election Committee.

Risk Committee

The Risk Committee reviews the firm's risk framework on behalf of the SB. It also receives reports and recommendations from management and from the firm's Executive Risk Committee, which enables it to review and challenge the firm's enterprise-wide risk framework, including financial, operational and reputational risks and policies and procedures that fall within the context of the firm's strategy. The Committee also reviews the firm's approach to audit quality and non-audit services quality, and oversees the effectiveness of the firm's whistleblowing procedures.

Audit Committee

The Audit Committee assists the SB in fulfilling its legal and fiduciary obligations with respect to matters involving the external audit, internal controls, internal audit and financial reporting functions of the firm. This includes monitoring the effectiveness and independence of the firm's statutory auditor as well as the statutory auditor's reappointment, remuneration and engagement terms, and the policy in relation to, and provision of, non-audit services. In addition, the Audit Committee reviews the effectiveness of the firm's internal control framework; the scope, results and effectiveness of the firm's Internal Audit function; the integrity of the Group's Financial Statements and digital annual report and the significant reporting judgements contained in them; and the firm's Transparency and Sustainability reports.

Further information can be found in the Audit Committee report on page 39.



Partner Affairs Committee

The Partner Affairs Committee ensures that all partners are treated fairly, which includes monitoring and overseeing the annual partner income moderation process, reviewing partner medical provision, development, changes to benefits, flexible working and diversity. It also ensures that appropriate processes and procedures are in place to provide robust governance, including for direct partner admissions, retired partner programmes and involuntary retirements.

Talent & Remuneration Committee

The Talent & Remuneration Committee reviews the remuneration, talent development and, where appropriate, succession plans for the Talent & Remuneration population (T&RC population). The T&RC population comprises the UK Senior Partner, members of the Management Board, and any UK partners on the Global Leadership Team or EMEA Leadership Team.

Supervisory Board Election Committee

The Supervisory Board Election Committee meets in the year of an SB election period. The primary purpose of the Committee is to consider the SB election process and timetable and make recommendations to the SB. The Committee members would usually act as “guardians”, meaning that they would meet with interested candidates to answer any questions and to talk about their experiences on the SB.

The Management Board

The Management Board oversees the firm’s long term strategy and certain partner matters under the Members’ Agreement (including dealing with involuntary partner retirements).

During the year the MB has focused on strategic matters, utilising the knowledge and experience of both Executive Board and Clients and Markets Executive members. The formal meetings are scheduled to

be held at least quarterly but further ad-hoc meetings have been held for strategy sessions and certain partner matters. In the year, the MB met eight times. At its formal meetings, the MB considers matters in line with its Terms of Reference, including updates with respect to the audit practice.

Committees of the Management Board

The executive structure of the UK firm primarily comprises a Management Board consisting of members of the Executive Board and Clients and Markets Executive, responsible for the policies, strategy, direction and management of the UK firm.

Executive Board

The Executive Board (EB) is responsible for execution of the policies, strategy and management of the UK firm, and receives regular reports from the committees of the MB. The EB holds monthly meetings and conducts business at additional meetings as necessary. During the year, the EB met 19 times and considered the day-to-day governance and business performance of the firm.

Clients and Markets Executive

The Clients and Markets Executive (CME) is responsible for overseeing the UK firm’s client facing and market activities.

Client Committee

The Client Committee, which is a committee of the CME, considers engagement or client acceptance decisions that carry significant risks to the firm or that relate to particularly sensitive or confidential circumstances, including commercial and other conflicts.

Investment Committee

The Investment Committee provides governance for acquisitions, joint ventures, disposals and investments to support the growth of the UK firm.



International Committee

The International Committee is responsible for decision making in relation to, and oversight of, the UK firm's strategic alliances (currently Africa, Central and Eastern Europe and Middle East), matters relating to regionalisation and/or EMEA, and approval of any matters on behalf of the MB relating to Network issues. The International Committee also has oversight of matters relating to Alternative Delivery Models where such delivery occurs outside of the United Kingdom.

Partner Matters Committee

The Partner Matters Committee is responsible for certain Partner human resource (HR) matters on behalf of the MB.

Executive Risk Committee

The Executive Risk Committee is responsible for establishing a risk framework, overseeing and challenging the management of risk across PwC UK.

Ethics and Independence Forum

The Ethics and Independence Forum, which is a committee of the Executive Risk Committee, considers policy matters related to professional ethics and independence.

COVID-19 Steering Committee

The COVID-19 Steering Committee was established in March 2020 to consider and make recommendations to the MB or Executive Board in respect of any matters relating to or impacted by the COVID-19 pandemic as well as to oversee any related business as usual decisions.

Steering Committee for the UK firm's response to issues and implications arising from the Russian Government's war in Ukraine

This Steering Committee was established in May 2022 and considers and makes recommendations to the Management Board or Executive Board in respect of any matters relating to or arising from the Russian Government's war in Ukraine, as well as to oversee any related business as usual decisions.

Public Interest Body

The purpose of the Public Interest Body (PIB) is to enhance stakeholder confidence in the public interest aspects of the firm's activities. The PIB is comprised of four independent non-executives and two representatives from the firm (one from the Management Board and one from the Supervisory Board).

Committee of the PIB

In November 2020 the firm established a committee of the PIB, the Audit Oversight Body (AOB), to oversee governance of the firm's audit practice. The AOB is comprised of a majority of Independent Non-Executives, as well as representatives from the MB and SB and the UK Head of Audit ex officio. The purpose of the AOB is to oversee the firm's obligations with respect to the pursuit of the FRCs objectives, outcomes and principles for operational separation insofar as they are within the control of the Audit practice. The Audit Partner Remuneration and Admissions Committee (APRAC) is a committee of the AOB. The APRAC, which is comprised of Independent Non-Executives, oversees the audit partner remuneration process to ensure individual audit partner remuneration is determined above all by contribution to audit quality, and the process by which candidates are selected for admission as audit partners.



Representatives from the MB and SB on the AOB are nominated by the Senior Partner and Chair of the Supervisory Board respectively. The appointment process and terms of appointment for the AOB INEs are consistent with the appointment process and terms of appointment for the Independent Non-Executives, as set out in the Update from the Public Interest Body.

How often do the Boards and Governance Bodies meet and what is member attendance?

The Management Board meets quarterly with additional meetings being called when required. The Executive Board, which is a committee of the Management Board, and the Supervisory Board, each meet monthly with additional meetings being called when required. Meeting attendance by individual Board members is provided, together with their biographies, on page 43 to 51.

The Public Interest Body meets at least four times a year, with additional meetings being called when required. The Independent Non-Executives also meet as a separate group to discuss matters relating to their remit. Further information on the activities of the PIB, including Meeting attendance by individual members and their biographies is set out on page 12.

Compliance with the Audit Firm Governance Code

The EB and PIB have reviewed the principles and provisions of the Audit Firm Governance Code together with details of how the firm is complying with those. Following this review, the EB, on behalf of the MB, has concluded that, as at 30 June 2022 the firm is in compliance in full with the principles and provisions of the Audit Firm Governance Code (AFGC) 2016.

The AFGC includes a requirement for firms to determine governance KPIs and to report against them. The EB and PIB considered the KPIs that the firm had reported against in the prior year and confirmed that they remained supportive of them being applied for the year ended 30 June 2022 without any changes being made. The KPIs are set out in the table on pages 34 to 37.

During the year, the firm carefully considered the provisions of the 2018 UK Corporate Governance Code. It was decided that, while the firm did not intend to implement any of the provisions of the 2018 UK Corporate Governance Code not already included in the AFGC, it would keep this under review pending any future updates to the AFGC.

In April 2022, the FRC published an updated version of the Audit Firm Governance Code, which is applicable for financial years beginning on or after 1 January 2023. We are carefully working through the Code's principles and provisions in the context of our business.



Governance KPI	Notes	Performance
Board attendance Management Board, Executive Board, Supervisory Board, Public Interest Body members should attend a sufficient number of meetings as set out in the Terms of Reference.	Sufficient meetings should be held for the Boards to achieve their objectives and in line with their Terms of Reference. Attendance should be achieved by all members for 80% of meetings.	The number of meetings was in line with the firm's requirements, attendance was also in line with requirements, except for two members of the MB, each of whom served for only a six month period during the year. Attendance records of individual participants of each Board are stated elsewhere in the report.
Board composition That there is a diverse mix on each Board, taking into account, for example, the 30% Club (a club which seeks a minimum of 30% of Boards to be women) and ethnic minority targets. That there is a diverse population of people presenting at Board meetings (e.g. an annual update from each LoS and different mix of presenters at each meeting).	Information on the composition of the MB, SB and PIB is on the firm's website, www.pwc.co.uk/who-we-are.html Board presentations include sponsors and presenters to help achieve a diverse and inclusive population of people presenting at Board meetings.	MB – 5 out of 14 MB members are female, and there are two ethnic minority members. EB – 2 out of 7 EB members are female. SB – 4 out of 14 SB members are female, and there are two ethnic minority members. PIB – 3 out of 6 members of the PIB are female.



<p>Board activities</p> <p>That meetings are formally scheduled for the following year and sufficient balance is given in the forward agendas for: strategy; governance; internal controls and risk management; financial performance; and people.</p>	<p>The Chair and the Secretary regularly meet to consider the matters appropriate for future meetings to ensure that sufficient time is spent on the most relevant matters for the firm. This is also considered during the Board effectiveness reviews.</p>	<p>The firm considers that this was complied with in the year.</p>
<p>Board effectiveness</p> <p>That formal effectiveness reviews are carried out annually and externally every three years as set out in the AFGC 2016 and summaries of outputs published.</p> <p>That Terms of Reference of Boards and Committees are reviewed annually.</p> <p>That the minimum number of INEs, and the appropriate balance of management and INEs on the PIB, is achieved in accordance with the Terms of Reference.</p>	<p>Following the restrictions associated with the ongoing COVID-19 pandemic in FY21, the firm commenced an externally facilitated board effectiveness review in 2022.</p> <p>The firm reviewed the Boards' and Committees' Terms of Reference as part of the implementation of the recommendations from the Governance Review.</p> <p>PIB Terms of Reference are available on the firm's website and its composition is determined by the Members' Agreement.</p>	<p>The last external review of the PIB was carried out in 2018. In March 2022 an externally facilitated board effectiveness review of the PIB, SB, MB and EB commenced, conducted by the Perform Partnership and this concluded in July 2022. Further information on this review is set out in the Firmwide governance section of this report.</p> <p>A Terms of Reference review began in Spring 2021 and has continued through 2022. The PIB Terms of Reference were last reviewed by the PIB in May 2022. The AOB Terms of Reference were reviewed by the PIB in February 2022.</p> <p>As at 30 June 2022 there were three INEs on the PIB. Suzanne Baxter was appointed to the PIB in July 2022.</p>

Values

Integrity, compliance, whistleblowing, and people surveys are reviewed at least annually (and updates from PAC/PMC at least half yearly).

INEs review reputation, the risk register and audit quality at least annually.

Integrity is covered at all Board meetings. Compliance is covered at the Audit & Risk Committees, PAC (sanctions) and EB meetings. Whistleblowing is discussed at EB, PIB and RC meetings. People surveys are discussed at EB and PIB meetings. The MB and EB receive PMC reports and minutes. The SB receives PAC reports.

Reputation and audit quality is covered at every PIB meeting. With the creation of the Audit Oversight Body in November 2020, the PIB receives regular reporting on audit quality from this committee to ensure appropriate oversight. The top risks are discussed and agreed with the PIB, SB and EB (on behalf of the MB). The PIB receives quarterly Risk and Quality updates.

The firm considers that it complied with this KPI ensuring certain matters relating to the firm's values and reputation are considered during the year, including by the INEs.

These matters were reviewed during the year and confirmed at the July 2022 PIB meeting.

Systems and Risk

Boards review effectiveness of firm's systems of internal control at least annually.

Audit Committee meets at least four times a year and the Risk Committee meets at least four times a year.

The SB receives regular updates from both the Audit and the Risk Committee. Additionally, the PIB also receives updates from the Risk Committee in order to assess both the key risks and the adequacy of related controls.

Annually the Audit Committee confirms an Internal Audit plan which is compiled using a risk based approach. Internal Audit reports are received by the Audit Committee and EB periodically. In addition, the External Auditors report is submitted to the Audit Committee at least annually.

The firm considers that it complied with this KPI ensuring certain matters relating to the firm's operations and oversight by the Audit Committee and the Risk Committee are considered during the year. The Audit Committee met nine times and the Risk Committee met seven times in FY22.



Dialogue

That the firm shall meet with investors at least annually.

INEs attend a Supervisory Board meeting at least annually. The firm should consider the perspective of listed companies and their investors by, for example, inputting into consultations. The Boards should consider the Sustainability KPIs at least annually.

The firm held a number of roundtable and educational events for investors, retail investors and analysts throughout the year.

INEs held biannual meetings with members of the Supervisory Board during the year.

Investor engagement was covered at PIB meetings as part of the Corporate Affairs updates. The Sustainability year-end report is approved by the EB (on behalf of the MB) and reviewed by the Audit Committee.

The firm considers that it complied with this KPI through internal and external dialogue, investor engagement and considering sustainability matters during the year. Whilst compliant, the firm will consider further engagement with investors. The EB (on behalf of the MB) and Audit Committee considered this in August 2022.



Externally Facilitated Board Reviews

In accordance with its Governance KPI for Board Effectiveness, the firm undertook externally facilitated reviews of the Management Board, Executive Board, Supervisory Board and Public Interest Body in 2022.

The Perform Partnership was selected to undertake these reviews and conducted this work over a period of several months. The scope and methodology for the reviews included the Perform Partnership:

- Observing certain Management Board, Executive Board, Supervisory Board and Public Interest Body meetings;
- Reviewing the Management Board, Executive Board, Supervisory Board and Public Interest Body meeting papers;
- Preparing and circulating questionnaires to Management Board, Executive Board, Supervisory Board and Public Interest Body members; and
- Conducting follow up interviews with Management Board, Executive Board, Supervisory Board and Public Interest Body members.

Once the Perform Partnership had concluded their work, the findings of their reviews were presented to the Management Board, Executive Board, Supervisory Board and Public Interest Body respectively.

Management Board – The review of the Management Board found that it was operating effectively and had strong processes in place. The review also found that the Management Board had demonstrated resolve, commitment and success in setting and delivering the firm's strategy and had demonstrated strong leadership of the firm. Although functioning well, the review highlighted areas which could make the Management Board even more effective, including in respect of

ensuring that the Management Board continued to have the range of skills and diversity of perspectives needed for its role.

Executive Board – The review of the Executive Board found that it was both effective and successful. The review also found that the Executive Board was providing effective support to the Management Board in delivering its strategy, through providing operational and executive oversight, and having effective processes in place. The review identified some areas of focus to help support the further development of the Executive Board, including in respect of drawing on a broad range of perspectives.

Supervisory Board – The review of the Supervisory Board found that it was operating effectively and played an important role in the governance of the firm. The review also found that the Supervisory Board had good processes in place and provided effective governance support and challenge to the firm's leadership. While the Supervisory Board was found to be operating with effectiveness, the review noted the importance of maintaining the range of skills and diversity of perspectives among its membership, to help support its role.

Public Interest Body – The review of the Public Interest Body found that it was an effective independent governance body, bringing support and challenge to the firm's leadership while operating through the lens of the public interest. The review also identified that the Public Interest Body was well respected across the firm and that its work had made a positive impact. While functioning effectively, the review noted some areas for consideration for the Public Interest Body, including with regard to the continuing focus on succession planning for Independent Non-Executives.

It is intended that the majority of the recommendations from each of the reviews will be taken forward during FY23.



The Audit Committee Report

The Audit Committee of the Supervisory Board comprises five members of the Supervisory Board, having both audit and non-audit backgrounds. The Audit Committee met nine times in the year ended 30 June 2022 (FY21: 12 times). The Managing Partner and Chief Operating Officer, the Finance Partner, the Head of Internal Audit, and the external Auditors from Crowe U.K. LLP (Crowe) have a standing invitation to attend Committee meetings. Both the internal and external auditors also meet privately with the Committee members without management present.

The Committee monitors and reviews:

- The effectiveness of the firm's internal control systems;
- The scope, results and effectiveness of the firm's Internal Audit function;
- The effectiveness and independence of the firm's statutory auditor;
- The reappointment, remuneration and engagement terms of the firm's statutory auditor including the policy in relation to, and provision of, non-audit services;
- The planning, conduct and conclusions of the external audit;
- The integrity of the Group's Financial Statements and digital annual report and the significant reporting judgements contained in them; and
- The firm's Transparency Report and Sustainability Reporting.

Internal control and risk management systems

The Committee's review of internal controls includes considering reports from the firm's internal and external auditors.

Internal Audit

During the year, the Committee considered and approved the Internal Audit work programme, the appropriateness of resources and the adequacy of management's response to matters raised.

Internal Audit plan

The Internal Audit plan is compiled using a risk based approach to ensure that the appropriate focus is given to the top risks faced by the firm. A risk assessment is undertaken to ensure that appropriate assurance is provided across the audit business on a risk basis. The main areas of focus are Public Reporting, Technology, Firmwide operations (including regulatory compliance) and Line of Service specific reviews. The Internal Audit team complete both assurance and consulting reviews with the objective of both reporting on the effectiveness of the existing controls and helping support continual improvement in control. The Committee reviews the annual plan to ensure that it is satisfied with the level and type of work being performed.

The Committee approves the plan annually, including the required resources. There is a dedicated Internal Audit team that performs the required work, supplemented by specialist resources from the business as appropriate.

The Committee reviews progress against the plan, proposed changes to the plan and the adequacy of resources on a quarterly basis, with monthly updates provided to the Chair of the Committee.

Internal Audit findings

Each Internal Audit review provides assurance in relation to control effectiveness for the relevant scope area alongside any matters arising. There is a robust process in place to assign findings to an action owner and to monitor the status of open findings. On a monthly basis an open findings report is shared with management



and the summary position is shared with the Executive Board and the Committee quarterly. The Committee ensures that it is satisfied with the adequacy of management's response to the findings raised as well as the implementation of recommendations to support continued improvement.

Internal Control – other reporting

The Committee also considered reports from other parts of the UK firm charged with governance and the maintenance of internal control, including in respect of the management of the firm's own tax affairs. The Committee reviewed and considered the statements in respect of the effectiveness of the firm's internal quality control system (see "Our system of quality management" section within the Audit quality chapter) and in respect of the systems of internal control from an Ethics, Independence and Objectivity perspective (refer to the Ethics chapter), and concurred with the disclosures made.

Financial reporting

The Committee carried out its responsibility for monitoring and reviewing the integrity of the Group's Financial Statements by reviewing formal updates provided by management on key accounting developments and by reviewing the Group's Financial Statements with both management and the external auditors. The significant issues the Committee considered in relation to the Group's Financial Statements for the year ended 30 June 2022 are set out below. The Committee has discussed these with Crowe, together with Crowe's Key Audit Matters described in the independent auditor's report on our Financial Statements.

Investment in Clients (including revenue recognition)

The Committee continued to review the firm's approach regarding revenue recognition in acknowledgement of the complexity of some of the underlying contracts, the range of potential estimates involved and the accounting judgements required. These reviews included discussions with management and the internal and external auditors. The Committee was satisfied that the firm's approach to revenue recognition and to the valuation of unbilled amounts for client work were appropriate.

Provisions for claims and regulatory proceedings

The Committee considered that this continued to be a complex and higher risk area given the political, regulatory and economic environment and the inherent judgement involved in determining provisions. The Committee considered the controls that were in place to ensure the appropriateness of judgements and estimates made in determining the level of provisioning. The Committee was briefed by the firm's Head of Litigation and Regulatory Investigations on the status of claims and regulatory matters involving the firm. While the assessment of provisions is a judgemental matter, the Committee was satisfied that the level of provisions held was reasonable based on the information available.



External audit

The Committee undertakes an annual review of the qualification, expertise, resources and independence of the external auditors and the effectiveness of the external audit process by:

- Reviewing Crowe's plans for the audit of the Group's Financial Statements, the terms of engagement for the audit and the proposed audit fee;
- Considering the views of management and the Crowe engagement partner on Crowe's independence, objectivity, integrity, audit strategy and its relationship with the Group; and
- Taking into account information provided by Crowe on its independence and quality control.

The external auditors are engaged to provide non-audit services where there are business benefits in doing so, their objectivity and independence would not be compromised and no conflict of interests would be created. Suitable approval processes are in place to ensure that these criteria are met before Crowe is engaged to provide non-audit services. Fees paid to Crowe for audit and non-audit services are set out in our Financial Statements. The non-audit assurance services provided during the year related to sustainability reporting, grant claims, regulatory compliance and controls assurance. Non-audit services constituted 18.1% (FY21: 18.1%) of Crowe's total fee for the Financial Year.

Having considered a number of factors including audit effectiveness, business insight, tenure and approach to audit partner rotation, the Committee concluded that it was appropriate for Crowe to be reappointed as external auditor.

Management Board and Independent Non-Executive remuneration

Partners, including members of the Management Board

All partners, including members of the Management Board, are remunerated solely out of the profits of PwC UK and partners are personally responsible for funding their pensions and other benefits.

Audit partners and Audit staff, which includes staff from other Lines of Service contributing to the audit, are not permitted to be, nor are they incentivised to be, evaluated, promoted or remunerated for the selling of non-audit services to their audit clients.

The expectations of audit partners are set out in the Our audit methodology chapter of this Report, and audit quality forms a key part of the partner performance appraisal process. In addition, Audit Risk & Quality partners input into the assessment of performance in respect of risk and quality matters for the audit partners in their teams, and are involved in the remuneration discussions for audit partners to make sure that the process complies with the firm's policies.

The final allocation and distribution of profit to individual partners is made by the Partner Matters Committee, with oversight from the Partners Affairs Committee and, as applicable, the Talent and Remuneration Committee, once performance has been assessed and the annual financial statements have been approved. The Supervisory Board approves the process and oversees its application.



Each partner's profit share comprises two interrelated profit-dependent components:

- Performance income – reflecting how a partner and their team(s) have performed; and
- Responsibility and equity unit income – reflecting the partner's sustained contribution and responsibilities (responsibility income) and the partner's capital contribution (equity unit income).

Each partner's performance income is determined by assessing achievements against an individually tailored balanced scorecard of objectives, based on the partner's role.

These objectives take account of our public interest responsibilities by ensuring we deliver quality services and maintain our independence and integrity.

Quality failings identified either through regulatory reviews or internal quality reviews impact the remuneration of audit partners, and other audit and non-audit engagement leaders in Assurance, through an accountability framework. The Accountability Framework also seeks to reward good quality audit work delivered by engagement leaders. There is transparency among the partners over the total income allocated to each individual.

Drawings

The overall policy for partners' monthly drawings is to distribute a proportion of the profit during the financial year, taking into account the need to maintain sufficient funds to settle partners' income tax liabilities and to finance the working capital and other needs of the business. The Executive Board, on behalf of the Management Board, with the approval of the Supervisory Board, sets the level of partners' monthly drawings, based on a percentage of their individual responsibility income.

Tax

Our distributable profit per partner is calculated on a pre-tax basis and the taxes borne individually by our partners include both income tax as well as corporation tax on subsidiary profits.

Independent Non-Executives

Our INEs are paid an annual fee of £100,000 for their services. The chair of the PIB receives an additional £40,000. The chair of the AOB also receives an additional £20,000. Where an INE is also a member of the AOB they receive a further £30,000 for this role. Where a member of the AOB is also a member of the Audit Partner Remuneration and Admissions Committee (APRAC), they also receive a further £10,000 for this role. Where an INE is also a member of a Supervisory Board Committee, they receive a further £20,000 for this role.



Biographies of members of the Management Board and Supervisory Board

Firmwide Governance – Biographies of members of the Management Board and Supervisory Board

The Management Board

The following partners are or were members of the Management Board during the year. Those with an (E) next to their names are also members of the Executive Board. Those with (CME) next to their name are members of the Clients and Markets Executive.



Kevin Ellis (E)
Chair and Senior Partner

Kevin joined the UK firm's Executive Board in 2008 as Head of Advisory, and was made Managing Partner in 2012. Kevin was elected as Chair and Senior Partner of the UK and Middle East alliance in 2016. He joined the firm in 1984 on the graduate training programme and qualified as a chartered accountant (ICAEW). Kevin specialised in providing turnaround and crisis management support to businesses in the public and private sectors for over 26 years.



Marco Amitrano (E)(CME)
Head of Clients and Markets
(Appointed as Managing Partner from 1 July 2022)

Marco is responsible for Clients and Markets. He has 30 years of international experience in Advisory and Assurance services, serving major clients in the UK and around the world across a range of industries, including technology, engineering and consumer products. Marco is a Chartered Accountant with the ICAEW and has also served on the board of British American Business. Prior to joining PwC, he qualified with a Masters degree in Electrical and Electronic Engineering at the University of Newcastle-upon-Tyne and is a graduate of Columbia Business School in New York.



Quentin Cole (CME)
Head of Industries from
1 January 2022

Quentin has been a Partner since 2010. He graduated from Cardiff University in 1997 with a degree in History and has a Masters degree in Business Administration from the University of Gloucestershire. Quentin began his career in industry before joining PwC where he was a member of our Business Restructuring Services (BRS) team for circa 20 years. While in BRS, Quentin worked on many high profile and complex assignments in the private sector before specialising in turnaround and crisis management in the public sector and healthcare markets in 2005. Quentin became UK Industry Leader for Health Industries in 2015 and from 2018 to 2021 led the combined UK Government & Health Industries practice.



Ian Elliott (E)
Chief People Officer
from 1 January 2022

Ian is PwC UK's Chief People Officer. He joined the firm in 1988 on the graduate training programme and qualified as a chartered accountant (ICAEW). Prior to moving into his current role, Ian led the UK Forensic Services practice, where he specialised in Forensic Investigations in the public and private sectors. Ian joined the UK firm's Executive Board as Chief People Officer on 1 January 2022.





Ben Higgin (E)
Head of Technology
and Investments

Ben is a Partner and member of PwC's UK Executive Board, responsible for Technology and Investments. He works closely with Technology leaders across the PwC Network to develop technology solutions and to promote our technology to a global client audience especially as part of our New world. New skills initiative.

Ben is based in Manchester, where he is establishing a new PwC Technology Centre and building a collaborative technology ecosystem with other technology recruiters in the North West.

Ben's previous roles have included leading our Client Assets practice, advising financial services clients on regulation and leading work on organisational design, culture and behavioural change.

Ben is a passionate advocate for mental health and wellbeing, and a champion for inclusion and diversity in technology roles. Ben is a trustee of Tech She Can and has been a partner at PwC since 2012.



Laura Hinton (CME)
Tax Leader from 1 January
2022 (and previously (E),
Chief People Officer until
31 December 2022)

Laura is a member of PwC's UK Management Board, where she holds the position of UK Tax Leader, which includes leadership of PwC UK's Tax, Legal and People, and Organisation practices. Laura has over 25 years experience as a business consultant, specialising in HR and Workforce transformation, operating model programmes and culture change. As of September 2022, Laura chairs the PwC Network's EMEA Executive team. She has been a partner in PwC since 2006. Prior to taking on this role, Laura

was PwC UK's Chief People Officer, and a member of the Executive Board for over five years, where she was also responsible for the firm's overall Transformation Programme and leading on our External Reputation and Communications agenda.

Laura graduated from King's College, London with a 1st Class Business Management degree, is a qualified Chartered Accountant and is an alumnus of Harvard Business School. Prior to joining PwC, she was a Partner at BDO, where she established and led the HR Consulting team, following a number of years in the Audit practice.

She is currently an Executive Fellow at King's College Business School, in London, and also an active member of the Heart of the City Leadership Council.



Hemione Hudson (CME)
Head of Audit

Hemione is the UK Head of Audit and is a member of the UK Management Board. She is also a member of the Public Interest Body, Audit Oversight Body, the Clients & Markets Executive, Executive Risk Committee and the Global Assurance Leadership Team.

As part of her role on the Management Board Hemione is responsible for setting and delivering the UK firm's Audit strategy, including financial audit, non-financial audit, assurance and ESG assurance. This encompasses oversight of, and responsibility for audit quality, including leading the Programme to Enhance Audit Quality.

Hemione received a BSc (Hons) in Psychology from the University of Durham in 1995, and joined PwC UK later that year. She is a fellow of the ICAEW having qualified as a Chartered Accountant in 1998 and became a Partner of the firm in 2007.





Warwick Hunt (E)
Chief Operating Officer
until 31 December 2021,
Managing Partner until
his retirement from
the firm on 31 August 2022

Warwick graduated from the University of the Witwatersrand in Johannesburg with a Bachelor of Accountancy (with honours), and holds FCA (Australia and New Zealand) and ACA (ICAEW) qualifications.

He chaired the International and Partner Matters Committees, led the PwC Network's EMEA Executive Team and sat on the EMEA Leadership Team before retiring from the firm on 31 August 2022.

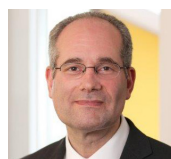
Before joining the Executive Board in October 2013, Warwick completed a four year term as PwC Middle East Senior Partner. Prior to that he was a partner in PwC New Zealand where he led the firm as Territory Senior Partner and Chief Executive Officer from 2003 to 2009.

In addition to his management responsibilities, Warwick led the provision of services to a range of clients.



Sam Samaratunga (CME)
Head of Risk

Sam is PwC UK's Head of Risk. During his career, Sam has primarily been focused on banking, capital markets and financial services market infrastructure, advising clients on the analysis of risk, control and change within complex information systems. He has specialised in financial services and led client engagements with a range of major banks, clearing houses, regulators and stock exchanges. Sam is a Chartered Accountant with the ICAEW.



Dan Schwarzmann (CME)
Head of Market Initiatives
and Industries until 31
December 2021

Dan has been a Partner since 1998 and involved in company restructuring and insolvency work from 1990, focusing on Financial Services and acting on high profile cases such as Lehman. Prior to leading Market Initiatives, he spent eight years on the UK Management Board and also led the Business Recovery Services team for six years. He is a member of the ICAEW and has a Masters degree in Business Administration from City University.



Carl Sizer (CME)
Head of Regions
and Platforms

Carl graduated from Birmingham University and joined the firm in 1999, making Partner in 2009 and going on to join the Management Board as Head of Regions on 1 July 2020. From 1 January 2022 he has also taken responsibility for Platforms; whereby he is responsible for driving our market approach to addressing the most significant challenges and opportunities that our clients face. Carl is focused in the Financial Services sector and previously led the growth in our Midlands Financial Services practice and was responsible for the National Banking & Capital Markets Audit practice. Carl has worked with a number of our global clients and spent two years in the Banking and Capital Markets practice in New York. Externally, Carl is a member of the ICAEW, where he has previously served as deputy chairman of the Learning and Professional Development Board and is also a member of the Institute of Chartered Accountants in Scotland.



Lucy Stapleton (CME)
Deals Leader from
1 January 2022

As UK Deals Leader, Lucy is responsible for our Lead Advisory, Transactions, Value Creation & Realisation and Restructuring & Forensics businesses. Lucy advises large private equity and corporate clients on multinational carve outs and vendor due diligence; bid defence; buy-side due diligence and was the founder of the firm's market leading healthcare transaction services practice. Lucy began her career in audit in London where she qualified as a chartered accountant (ICAEW) before completing a two year secondment to the New York Deals team. Lucy has been a UK partner since 2006 and in addition to her market focus has been the UK Pharmaceutical and Life Sciences Leader; Chief Operating Officer for Deals and People Leader for Transaction Services.



Alison Statham (E)
Chief Risk Officer and
General Counsel

Alison is the UK firm's Chief Risk Officer and General Counsel. Before joining the Management Board, she was the firm's Deputy General Counsel overseeing a wide range of commercial, risk, regulatory, governance and other practice issues. Prior to joining PwC, Alison qualified as a solicitor at Linklaters and worked in private practice specialising in commercial litigation with an emphasis on professional services. She graduated from King's College London with a degree in law and holds a Masters in International Business Law.



Paul Terrington (CME)
Head of Consulting

Paul sits on PwC's UK Management Board as Head of Consulting. He was previously Regional Chairman of PwC in Northern Ireland from 2011 to 2020. Paul has been a PwC Partner since 2003 and has over 30 years experience as a consultant. He has extensive experience in large-scale transformation and change programmes with public sector and large private sector businesses. He is a member of the Council of the Institute of Directors in the UK and past Chair of the Institute of Directors in Northern Ireland. He is the current Chair of Ulster Rugby Management Committee and previous Chair of NI Hospice capital appeal fund. He is a Northern Ireland Hospice Ambassador. Paul holds an LLB (Hons) Degree in Law from the University of Reading and a Postgraduate Diploma in HR Management from the University of Ulster. In January 2021 he was awarded a CBE for services to the economy in Northern Ireland.



Marissa Thomas (E)
Chief Operating Officer
from 1 January 2022
(Appointed as Managing
Partner from 1 July 2022)

Marissa is PwC's UK Managing Partner – Chief Operating Officer and has been with the firm for 28 years. For the last 25 years Marissa has been advising private equity, sovereign investors and large corporate clients on tax related matters on transactions. This includes advice on investment structures, due diligence and various aspects of fund manager set-up and ongoing operation.

Prior to moving into her current role, Marissa has held two other Management Board roles – the Head of Deals and more recently the Head of Tax.





Ken Walsh (CME)
Deals Leader until 31
December 2021

Until 31 December 2021, Ken was PwC's UK Deals Leader. Since then he has been transitioning to PwC Middle East where he assumed the role of Regional Managing Partner on 1 July 2022.

Ken has over 25 years' experience of working with larger private equity and corporate clients in buying and selling businesses in the UK, Continental Europe and North America.

After graduating University in Dublin, Ken joined the firm in 1990 on the graduate training program in Jersey, Channel Islands and qualified as a chartered accountant (ICAEW). He subsequently completed a three year secondment in Toronto, Canada. Ken became a Partner in the UK in our Transaction Services business in 2004. Along with leading the relationship with many of our key private equity clients, Ken has been the Chief Operating Officer for Deals and People Leader for Transaction Services. As UK Deals Leader, Ken led and was responsible for our Transaction Services, Corporate Finance, Forensics and Restructuring businesses.

Management Board FY22 meeting attendance

	A	B
Kevin Ellis	13	13
Marco Amitrano	13	13
Quentin Cole	6	6
Ian Elliott	6	5
Ben Higgin	13	13
Laura Hinton	13	12
Hemione Hudson	13	11
Warwick Hunt	13	11
Sam Samaratunga	13	12
Dan Schwarzmenn	7	7
Carl Sizer	13	12
Lucy Stapleton	6	4
Alison Statham	13	13
Paul Terrington	13	11
Marissa Thomas	13	11
Ken Walsh	7	5



Executive Board FY22 meeting attendance

	A	B
Kevin Ellis	19	18
Marco Amitrano	19	16
Ian Elliott	12	11
Ben Higgin	19	18
Laura Hinton	7	6
Warwick Hunt	19	16
Alison Statham	19	18
Marissa Thomas	12	11

A – Maximum number of formal meetings which could have been attended.

B – Number of meetings actually attended.

The Supervisory Board

The following partners have served as members of the Supervisory Board during FY22.



***Chris Burns**
Chair (initially elected to the SB on 1 January 2017, elected as Chair of the SB on 18 January 2019)

Chris is the Chair of the UK Supervisory Board and became Chair of the Alliance (UK and Middle East) Supervisory Board on 9 May 2019. He is a member of the Talent and Remuneration Committee and the firm's Public Interest Body. Chris was also elected to the Global Board of the international PwC network in 2020 and serves on the Global Markets Committee. He is an Audit partner based in London with lead responsibility for a portfolio of listed clients, having joined the firm in 1992 and becoming a partner in 2005.



Simon Ager
(elected to the SB on 1 January 2021)

Simon is a partner in our Deals Tax team. He has over 23 years experience advising a wide range of corporate and fund clients on tax due diligence, joint ventures, restructuring, M&A and capital markets transactions. Simon founded the PwC UK Tax SPA team advising clients on the negotiation and protection of tax risks/value items in sale and purchase and other agreements. He is also a member of our Africa Business Group. He was elected to the Supervisory Board from 1 January 2021 and is a member of the Audit Committee and Partner Affairs Committee and is also the Supervisory Board engagement, and communication leader.





***Glen Babcock**
(elected to the SB on
1 January 2019)

Glen is a Deals partner in Restructuring with experience in legal entity and operational restructuring, cost reduction and cash generation. Glen works with local and international clients across all sectors and industries. He joined the firm as an auditor in San Francisco in 1993 and became a partner in the UK in 2007. Glen was elected to the Supervisory Board on 1 January 2019 and was Chair of the Country Admissions Committee until 30 June 2021. Glen is now Chair of the Talent and Remuneration Committee and a member of the Audit Committee.



Kevin Ellis
(elected to the SB as Alliance
Senior Partner on 1 July 2016
and re-elected on 1 July 2020)

The Senior Partner also sits on the Supervisory Board (as an ex officio member).



Imran Farooqi
(elected to the SB on
1 January 2021)

Imran is a Deals Partner in Forensics. He is the UK Head of Financial Crime and specialises in delivering global Anti Money Laundering, Know Your Customer compliance programmes in the Corporate and Investment Banking sector. He joined the firm in 2015 after 10 successful years at another Big 4, where he was responsible for delivering a number of critical compliance related regulatory programmes. Imran was elected to the Supervisory Board in January 2021 and is a member of the Partner Affairs Committee and Risk Committee.



Karen Finlayson
(elected to the SB on
1 January 2021)

Karen is a partner in our Risk Line of Service and she specialises in governance, risk, controls and internal audit across the government and public sector. She is also the Regions Lead for Government and Health Industries and the Lead Client Partner for NHS National Bodies. Karen joined the firm in 1997 and became a partner in 2015. She was elected to the Supervisory Board on 1 January 2021 and is a member of the Risk Committee, Talent and Remuneration Committee and is the Channel Island Protector.



Sandie Grimshaw
(elected to the SB on
1 January 2021)

Sandie is a Consulting partner with breadth and depth of large transformation programme delivery experience primarily in the public sector. She currently runs the Consulting Health practice and is a member of the Public Sector Health Board. Sandie joined the Supervisory Board on 1 January 2021 and is a member of the Partner Affairs Committee and the Talent and Remuneration Committee. She also became chair of the Country Admissions Panel on 1 July 2021 which oversees the admission of direct admit and internal promotions to partner.





***David Kenmir**
(appointed to the SB
on 8 May 2019)

David is a Risk partner specialising in the authorisation and operationalisation of new Bank start-ups. He is a member of PwC's Financial Services Risk and Regulation practice. He joined the firm in 2010 and became a partner in 2011. He joined the Supervisory Board on 8 May 2019 and is Chair of the Partner Affairs Committee.



***Andy Key**
(elected to the SB on
1 January 2019)

Andy is a Consulting partner with experience primarily across aerospace, defence and security clients in the public and private sector. He was part of PwC's management consulting practice from 1995-2000, spent five years growing technology start-up businesses, then rejoined the firm in 2005. Andy was admitted to the partnership in 2009 and now holds a number of leadership roles within our Government & Public Sector business with a range of client and market responsibilities. He was elected to the Supervisory Board from 1 January 2019, and was appointed Deputy Chair of the Supervisory Board in January 2021. Andy is a member of the Audit Committee and the Supervisory Board of PwC Middle East and of the Alliance Supervisory Board.



Duncan Skailes
(initially elected to the
SB on 1 January 2007)

Duncan is a Deals partner in London. He joined the firm in 1987 and became a partner in 1999. Duncan rejoined the Supervisory Board in April 2017 when he became a member of the Global Board, the body

responsible for the governance of the PwC Network, and is a member of the PwC Middle East Board and Alliance Supervisory Board.



Dave Walters
(elected to the SB on
1 January 2021)

Dave is a partner in the Audit practice based in Birmingham within the Risk and Quality function, where he specialises in corporate accounting issues. He joined the firm in Birmingham in 1989 and became a partner in 2013. He joined the Supervisory Board on 1 January 2021. Dave was appointed as a member of the Audit Committee and Partner Affairs Committee in January 2021. Dave was also appointed as Chair of the Audit Committee in February 2022.



***Lorna Ward**
(elected to the SB on
1 January 2019)

Lorna is a Consulting partner specialising in Technology within the Retail and Consumer Products industries based in Bristol. She joined the firm in 2011 and became a partner in 2015. She joined the Supervisory Board on 1 January 2019 and is a member of the Partner Affairs Committee and the Risk Committee.



***Kenny Wilson**
(appointed to the SB
on 4 April 2019)

Kenny is an Audit partner with experience of working with both listed and privately owned companies. He joined the firm in 1993 and became a partner in 2007. Kenny joined the Supervisory Board in January 2021, was reappointed Chair of the Audit Committee, and stood down as Chair of the Audit Committee in February 2022 but remained a member of the Committee.





***Kate Wolstenholme**
(elected to the SB on
1 January 2019)

Kate is an Audit partner based in London. Kate leads our Law Firms Advisory Group and has a particular focus on professional partnerships. She joined the firm in 1991 and became a partner in 2011. Kate joined the Supervisory Board on 1 January 2019, was reappointed Chair of the Risk Committee in

January 2021, and is also a member of the firm's Audit Oversight Body. Kate represented the Supervisory Board as a member of the Public Interest Body until November 2021 and has a standing invite to attend PIB meetings.

*Those marked with an asterisk will serve until 31 December 2022, and the others until 31 December 2024. Ex officio members of the SB are the Senior Partner (Kevin Ellis) and Duncan Skailes, as a member of the Global Board.

Supervisory Board FY22 meeting attendance

	Length of service	A	B
Chris Burns	5 years, 6 months	11	11
Simon Ager	1 year, 6 months	11	10
Glen Babcock	3 years, 6 months	11	10
Imran Farooqi	1 year, 6 months	11	11
Karen Finlayson	1 year, 6 months	11	10
Sandie Grimshaw	1 year, 6 months	11	10
David Kenmir	3 years, 2 months	11	11
Andy Key	3 years, 6 months	11	11
Duncan Skailes	10 years, 2 months	11	11
Dave Walters	1 year, 6 months	11	11
Lorna Ward	3 years, 6 months	11	11
Kenny Wilson	3 years, 3 months	11	11
Kate Wolstenholme	3 year, 6 months	11	10
Kevin Ellis ††	6 years	11	10

A – Maximum number of formal scheduled meetings which could have been attended. In addition to this number, there were a further four meetings held on an ad hoc basis to consider specific matters.

B – Number of meetings actually attended.

†† Kevin Ellis is appointed as an ex officio SB member and does not typically attend SB meetings convened on an ad hoc basis.



Principal risks and responses

Principal risks and responses

The Audit Firm Governance Code 2016 requires the firm to conduct, at least annually, a review of the effectiveness of the firm's internal control systems, covering all material controls such as financial, operational and compliance controls, and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm.

The Management Board takes overall responsibility for establishing systems of internal control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for implementation of these systems and for the ongoing monitoring of risk and the effectiveness of controls rests with senior management.

In the year ended 30 June 2022, we have carried out a robust assessment of the principal risks facing the firm, and the audit practice. This included considerations of the risks that would threaten the firm's business model, future performance, solvency or liquidity, and the sustainability of the audit practice within the UK and explains how they are being managed or mitigated.

We are operating in an environment of continuous change, leading to uncertainty and unpredictable implications for our business, our clients and our broader stakeholders. Our experience of recent global events, including Brexit, COVID-19 and the war in Ukraine have highlighted the need to continue to adopt agile and adaptable approaches. The firm's principal risks reflect the environment we are currently operating in as well as the persistent risks that the firm faces on an ongoing basis.


This year we have retained all of the risks from last year, with some changes within risk descriptions and ratings to reflect the current environment. We've highlighted major changes in ratings through the trend analysis marked against each risk.

Our previous People Risk has been split this year, to reflect the differing challenges between managing the short-term people market versus building the right people model of the future. Management of both of these risks are important to the firm, but require different responses.

In addition, we have included one new risk this year with respect to Financial Performance. Whilst the firm is in a strong position financially, the current macroeconomic environment is incredibly uncertain and, as with all businesses, this comes with risk for the firm. It is therefore important that the firm recognises this and considers the impacts to both ourselves and our clients.




Externally Influenced

FY22		Risk trend direction
Risk landscape	Mitigations	FY21/FY22
<p>Regulatory developments impacting the business</p> <p>Failure to adapt and respond to the impact of further significant regulatory change on our business and the competitive landscape.</p>	<p>Continued focus on the audit profession and larger multidisciplinary firms, following the recommendations from the CMA, Kingman and Brydon reviews and BEIS consultation which is expected to result in legislation.</p> <ul style="list-style-type: none"> Regular engagement and direct interaction, where possible, with governmental bodies and regulators to understand objectives, provisions of changes and the implications for our businesses. Regular/continuous monitoring of the cumulative impact of changes in the regulatory environment on the firm's ability to provide services to audit clients. Regulatory affairs specialists who lead the firm's efforts track all changes in applicable regulatory regimes, of whatever origin, under which the UK firm operates. Regular updating of firm processes and procedures to ensure compliance by all our people, on all our clients, with all applicable regulations. Business contingency planning. 	







FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Geopolitical risk Risk that geopolitical changes significantly impact the firm and/or the services we provide.	<ul style="list-style-type: none"> Ukraine war and the related global ramifications, including impacts on the world economy and sanction programmes. Potential for sensitivities in political relations between significant territories such as the US, China, Russia, UK and the EU. Financial Services sector equivalence post-Brexit unclear, which could impact the stability of the firm's large FS client base. Potential for further UK devolution. Certain economists warn of potential stagflation. 	<ul style="list-style-type: none"> Regular engagement with experts and the global PwC Network to understand the changing political landscape. Standing agenda points on Management and Executive boards, with regular expert opinion sought. Firmwide steerco for response to war in Ukraine. Liaison with PwC network firms. 	



FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
<p>Public perception and reputation</p> <p>Failure to:</p> <p>Respond in an impactful and transparent manner to issues raised, in particular to those which contain a public interest or moral dimension, and/or are perpetuated by adverse media coverage which impacts the firm's reputation; or</p> <p>Appropriately manage the firm's reputation by not proactively positioning the firm's communications including publicly stated ESG commitments.</p>	<ul style="list-style-type: none"> Continued, heightened public scrutiny of business, professional services and the Big 4. Societal trust in professional services and wider business landscape eroding. Keeping pace with societal expectations including social inclusion, I&D and ESG. Increasing activism including fast-moving social media campaigns. Risk of damage to the UK firm's reputation through negative media coverage of issues, litigation or regulatory enforcement in PwC Global network firms. 	<ul style="list-style-type: none"> Embedding a culture of 'doing the right thing' from the top to the bottom of the organisation with an emphasis on individual accountability for reputational risk. Engaging in open and serious debate with relevant stakeholder groups on trust-related and public interest issues to inspire change. Sharing of knowledge and insights on trust to sustain, widen and enrich the discussion. More actively promote the firm's positive contributions including those to our clients, our people and to broader society e.g. through our commitments to net zero, I&D and social mobility. 	




Evolving the Firm


	FY22		Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Evolving new client services and products Failure to stay relevant, to invest and evolve services/products to meet changing market and client needs which could lead to poor business performance and impact the brand.	<ul style="list-style-type: none"> Changing client needs require us to be agile and adapt at speed. Potential for new services to lead to increased regulatory and independence requirements. 	Well-established procedures for responding to changing client needs, including: <ul style="list-style-type: none"> Monitoring of business dynamics and client trends; Upskilling programme to provide partners and staff with enhanced business and commercial skills; Client and Markets Executive review and consideration of new client service and product offerings; and Client Committee involvement in acceptance of higher risk engagements and new significant offerings. 	 
Evolving delivery models and use of third parties Failure to evolve and manage resilient alternative delivery models, including appropriate use of third parties and alliances, leading to quality issues, delivery disruption, financial and/or brand implications.	<ul style="list-style-type: none"> Focus on improving efficiencies and evolving the way we deliver client services. Reliance on resilience/ business continuity of entities providing services to our clients from entities outside PwC UK. Increased demand for non-core skills and services to be provided by third parties in the delivery to clients. 	<ul style="list-style-type: none"> Firmwide process for reviewing new delivery models to identify and address relevant risks. Internal focus on relevant on-boarding and operating processes and procedures. Developing a third party risk management approach to ensure risks associated with third parties are identified and managed throughout the lifecycle of engagements. 	 




Operational

FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Audit services delivery quality Significant audit quality failure in the UK firm or the PwC Network due to either: Engaging with an inappropriate client; Inadequate delivery of services; or Leading to a potential service failing, reputational risk, litigation and/or regulatory action.	<ul style="list-style-type: none"> • Pressure on the audit profession potentially leading to fewer people joining the profession, and experienced professionals leaving the profession, which may negatively impact quality. • Efforts through the Programme to Enhance Audit Quality are improving AQR results. • Continued regulatory scrutiny and challenging litigation environment in the audit market. • Risk of increased failure of clients due to the evolving economic environment. 	Internal quality management systems, including: <ul style="list-style-type: none"> • Recruitment standards and staff development procedures; • Client engagement and acceptance processes, including the Audit Tender Acceptance Process and Client Committee; • Client engagement standards supported by methodologies and tools; • Increased communications and consultations to keep quality and professional scepticism front of mind in a hybrid working model; • Real-time support for engagements through hot reviews of active engagement files through the Higher Profile Client (HPC) review programme; • Programme to Enhance Audit Quality (PEAQ) practices embedded into day to day activities; • Continuous Improvement team focused on root cause analysis, dynamic issue identification and action planning; • Quality reviews of PwC network firms, including the UK firm; and • Monitoring and review of key performance indicators by various governance groups including the Executive Board and the Audit Oversight Body. 	




FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Non-audit services delivery quality Significant quality failure in the UK firm or the PwC Network due to: Engaging with an inappropriate client, or Inadequate delivery of services, Leading to a potential service failing, reputational risk, significant cost to remedy, perceived or actual conflict of interest, litigation and/or regulatory action.	<ul style="list-style-type: none"> Increasing complexity of the work we are performing, the client situations we are supporting and the length of contracts. Increased use of technology to deliver services or licensing of technology to clients. Increasingly competitive people market in key competencies. 	Internal quality management systems, including: <ul style="list-style-type: none"> Recruitment standards and staff development procedures; Client engagement and acceptance processes, including Line of Service Panels and Client Committee; Client engagement standards supported by methodologies and tools; Established quality policies, processes and procedures; Monitoring and reporting of higher risk engagements; Quality reviews of PwC network firms, including the UK firm; and Monitoring and review of key performance indicators by various governance groups including the Executive Board. 	





FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Cyber Security Inadequate protection of the technology landscape leading to: Leakage of the firm's or our clients' confidential data; or Reduced defences against ransomware attacks.	<ul style="list-style-type: none"> • Evolving cyber threat landscape through a major catastrophic breach or ransomware incident. • Increased reliance on technology to deliver services leading to a greater risk of cyber security threats. • Growth in the 'internet of things' creating a greater attack surface. • Increased possibility of a catastrophic cyber incident through links from trusted critical suppliers. 	<ul style="list-style-type: none"> • Cyber Committee chaired by a member of the Executive Board, which provides overall strategic direction, framework and policies for information security. • The firm operates an ISO/IEC 27001:2013 certified information security management system which includes: <ul style="list-style-type: none"> – Governance – including policies, processes, leadership (Cyber Committee) and assessment for client data and other information; – Physical, technical and human resource control; – Threat intelligence; – Incident response capability; – Regular monitoring and independent review systems; – Continual investment in established cyber security controls; – Security awareness and education programmes; and – Introduction of the monitoring of ISO27701. 	




FY22			Risk trend direction
Risk landscape	Mitigations		FY21/FY22
<p>Data:</p> <p>Risk that inadequate data strategy, governance, protection and/or implementation by the business results in:</p> <p>Loss or misuse of the firm's or clients' data, which may lead to reputational damage and/or commercial implications for the firm and/or our clients; or</p> <p>Impeding the firm's ability to realise the benefits of responsibly using data to enhance services delivered to clients.</p>	<ul style="list-style-type: none"> Increasing demands of clients for additional data insights driving the need to adapt the use of data to provide increased value to clients. Increased focus on the ethical use of data, AI and other technology. Increasing volumes of data being produced as clients accelerate their digitisation efforts. Hybrid working may increase the risk of data loss as engagements are conducted both through on-site and remote working teams. Increased public, client and regulatory scrutiny in respect of data/confidentiality as a result of high profile scandals and GDPR. 		




FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Regulatory compliance Failure to comply with relevant independence, legal, regulatory (including sanctions) or professional requirements leading to regulatory action, financial penalties, reputational damage and/or a client conflict of interest.	<ul style="list-style-type: none"> Regulatory environment is more assertive leading to increased monitoring and reporting to ensure the firm is compliant. Sanctions environment is ever evolving due to the Ukraine war. Schrems impact on international transfer of data. Independence restrictions globally are continuing to evolve. Ethical standard has been embedded across the business. The business is developing new services which may require additional regulatory checks and monitoring. 	Established compliance and independence management systems, including: <ul style="list-style-type: none"> Clear policies, procedures and guidance; Regular updating of firm processes and procedures to facilitate compliance by all our people, on all our clients, with all applicable regulations; Mandatory annual training for all partners and staff; Client and engagement acceptance procedures; Annual independence and compliance submissions for all partners and staff enforced by penalties for non-compliance; and Regular monitoring and reporting to the Executive Board. 	 




FY22			Risk trend direction
Risk landscape	Mitigations		FY21/FY22
<p>Operating and leveraging the technology environment:</p> <p>Failure to ensure the IT infrastructure and applications across the technology ecosystem, including third parties and the global Network, support the running of the business now and in the future.</p>	<ul style="list-style-type: none"> • Criticality of technology solutions/products to support the delivery of services and the importance of business continuity planning continues to be an area of focus. • Importance of preparing for the IT infrastructure of the future which will affect the ability to serve clients in rapidly changing markets. 		
	<ul style="list-style-type: none"> • Recovery of critical systems is secured by the use of two geographically distant data centres. If required, failed systems are reinstated at the second data centre, in line with business Impact Analysis priorities. • Continuing programme of testing provides assurance of our ability to rebuild systems from backups. • IT Incident management procedures identify key systems to determine the time criticality of impacted systems to ensure appropriate prioritisation of actions. • Ongoing review of business critical systems. • Continued programme of disaster recovery. • Technology Risk Board in place to approve use of new technology. 		




	FY22		Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
<p>Safety and Physical security:</p> <p>Failure to ensure safety and physical security of all our people working:</p> <p>in our offices, on client sites or overseas.</p>	<ul style="list-style-type: none"> The UK government (and devolved nations) have removed all COVID-19 regulations. We have ongoing obligations to protect our people from infectious disease (including COVID-19) under existing H&S legislation. In the event of a change in government policy (e.g. due to the emergence of new variants), we are ready to reinstate COVID-19 secure measures in our offices. Due to a significant reduction in international business travel (which is expected to continue), the safety and security of our people while on business travel is reducing overall. The current threat level for terrorism in the UK is 'Substantial' which was downgraded from 'Severe' in February 2022. Although PwC is not deemed a direct target for a terrorist attack, our city centre locations raise the likelihood of an attack impacting our people. The safety of our people whilst on business travel: the risk landscape for international travel is diverse and is under constant review to evaluate risks including geopolitical, security, safety and medical risks including COVID-19. 	<ul style="list-style-type: none"> Firmwide travel policy and processes for all our people, incorporating 24/7 tracking and, where appropriate, consultation with a dedicated security team. Comprehensive security infrastructure covering all our premises. Continuous monitoring of threat levels and issues in overseas travel destinations, and potential threats to our premises. Client Committee escalation for travel approval to high and extreme risk locations for international engagements. Our International Travel Security Management system fully meets the requirements of the ISO: 31030 standard and has been independently assured by Global Secure Accreditation. Geopolitical risk team reviews country-level security and issue regular updates on in-country situations for travellers. 	



FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Client assets Failure to adequately manage the risks associated with handling and processing client assets (monies and physical) leading to regulatory, financial, commercial and reputational implications.	<ul style="list-style-type: none"> • Potential for increase in insolvencies in the future as COVID-19 support programmes are scaled back. • Threat of theft is amplified by increasing cyber security risks. • Increasing number and size of client engagements which include processing of significant client monies. 	Well-established procedures for dealing with client assets and related matters, including: <ul style="list-style-type: none"> • Portfolio diversification policy; • Daily monitoring of credit and related ratings and maturities; • Monitoring and independent review; and • A Treasury Committee which receives regular updates on the above. 	



FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22*
People (current) Issues impacting our people and business in the short term, including: Failure to attract and retain key talented people, including offering a competitive total reward package; Failure to create and maintain a diverse and inclusive culture; Failure to demonstrate the core competencies and capabilities of our people, including their ability to anticipate and adapt quickly to changing client needs; Failure to adequately address employee wellbeing; and Failure to ensure compliance with firm procedures and to police unacceptable behaviour.	<ul style="list-style-type: none"> • Attractiveness of Audit careers due to uncertainty of future regulations, the intensity of the work environment and perception of the audit profession, which may inhibit ability to attract and retain top talent at both partner and staff levels. • Increased competitiveness for talent risking increased attrition. • Increasing need for technologists and the challenge in attracting and retaining them in professional services. • Potential increased attrition as we start to come out of the pandemic. • Importance of a diverse workforce and the risk of not achieving targets set or achieving a narrowing of pay gaps. • Ongoing pressure on our people as we emerge through COVID-19 and geopolitical events impacting health and wellbeing. 	<ul style="list-style-type: none"> • Regular reviews of the market for student and experienced talent to benchmark the firm's relative competitive position and ensure agile management of resources. • Use of various communication and discussion channels to engage with our people. • Continued practical focus on building people engagement and supporting retention. • Monitoring and review of key performance indicators by the Executive Board, including staff surveys, external data and regular client feedback. • Regular review of the Learning and Development curriculum to ensure it supports the development of the skills and behaviours required for our people to deliver their roles and aligns to our culture and strategy. • Diversity targets and action plans in place. • Wellbeing remote working support. 	

*Our previous People Risk has been split this year. See description of the change on page 52.



FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
People (future) Failure to adapt people strategies today to be ready for changes in employee expectations and business models in the future, including: Failure to offer a sufficiently appealing proposition to future talent which restricts our ability to attract and retain key and diverse talent; Failure to develop the skills and leaders needed for the future business; Failure to maintain the firm culture in a changing business environment; and Failure of not anticipating and adapting quickly enough to changing workforce, people and client needs.	<ul style="list-style-type: none"> • Evolving expectations of employees potentially negatively impacting the attractiveness of the firm and professional services to highly talented individuals. • Changing needs of clients and the importance of our people continually developing skills e.g. technology, data analytics, to provide high quality services to clients. • The future of work post COVID-19 is now being considered across all areas of society leading to the 'great resignation' and 'great retirement'. • Four generations are now in the workforce with potentially different desires and needs. • Societal shift away from traditional career paths is being seen. • Evolving understanding of hybrid working for the future is ongoing. 	<ul style="list-style-type: none"> • People Council, representing a group of diverse backgrounds and roles within the firm, in place to obtain feedback to understand the future needs of our staff. • People strategies are regularly reviewed and updated to ensure they are relevant. • Inclusion and diversity targets and action plans in place. • Ongoing reviews of reward and incentives to ensure that they are relevant to the new world of work. 	n/a Split risk in FY22



FY22			Risk trend direction
	Risk landscape	Mitigations	FY21/FY22
Financial performance Failure to adequately plan for and appropriately respond to the broad financial effects of internal or external forces impacting the business, including macroeconomic developments, changing market conditions and evolving resourcing models, resulting in a failure to optimise the business' growth and profitability potential, appropriately manage its working capital needs and/or withstand a crisis.	<ul style="list-style-type: none"> • Certain economists warn of potential stagflation. • UK GDP expected to slow in the new year and the potential downside risk is being assessed. 	<ul style="list-style-type: none"> • Comprehensive budgeting and planning processes that look forward three years across multiple scenarios, covering growth, profitability, resourcing and working capital perspectives. • Regular monitoring of the business through EB, CME, Regions and Industries, COO, People Partner and Risk forums. Use of forward looking sales, financial and resource deployment forecasts and assessments. • Investment and Client Committees ensuring that only the best opportunities receive funding and that high risk engagements are carefully assessed prior to acceptance. • A Treasury Committee sets and regularly monitors the firm's funding position, foreign currency exposures and cash flows. • Appropriate levels of banking facilities and below the line reserves are maintained, providing additional resilience. • Ongoing focus on working capital management with clear targets and daily monitoring to ensure optimisation. 	n/a New risk in FY22



Network and UK Firm Structure



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

In many parts of the world, accounting firms are required by law to be locally owned and independent. The PwC network is not a global partnership, a single firm, or a multinational corporation. The PwC network consists of firms which are separate legal entities.

PricewaterhouseCoopers International Limited

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

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

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

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, which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from member firms to coordinate activities across all areas of our business.

The Chairman and Senior Partner of PwC UK is a member of the Strategy Council, and the Network Leadership Team.



Legal Structure and Ownership

PricewaterhouseCoopers LLP (PwC UK) is a limited liability partnership incorporated in England and Wales.

a) Ownership of PwC UK

PwC UK is wholly owned by its members, who are commonly referred to as partners. During the year, the average monthly number of partners was:

PwC UK Partners

FY22	925
FY21	900

Partners on secondment overseas

FY22	16
FY21	14

Total

FY22	941
FY21	914

b) UK office structure

PwC UK operates out of 19 (FY21: 20) offices throughout the United Kingdom – a full list can be found at www.pwc.co.uk.

c) Related firms, entities and investments

Set out below are details of PwC UK's related firms, interests and investments. Further details can be found in the PricewaterhouseCoopers LLP Members' report and financial statements for the year ended 30 June 2022, within our Annual Report 2022, which is available at www.pwcannualreport.co.uk in 2022.

(i) Subsidiary undertakings

PwC UK's trading subsidiary undertakings located in the United Kingdom are shown in the table within this appendix. A full list of all subsidiary undertakings is included in the PwC UK Financial Statements 2022. All entities listed in the table are 100% owned.

PwC UK has an equity holding in and a strategic alliance with the PwC Middle East and PwC Channel Islands firms. The non-controlling interest in profits and capital attributable to the members of PricewaterhouseCoopers CI LLP and to the Middle East partners of PricewaterhouseCoopers (Middle East Group) Limited are shown as non-controlling interests in the PricewaterhouseCoopers LLP Members' report and financial statements for the year ended 30 June 2022, within our Annual Report 2022, which is available at www.pwcannualreport.co.uk.

(ii) Jointly controlled entities and associates

The Group held interests in three significant jointly controlled entities and associates at 30 June 2022:

- PricewaterhouseCoopers Mobility Technology Services LLC, which offers international mobility services;
- PricewaterhouseCoopers Service Delivery Centre Holdings (Katowice) B.V., which provides shared services for PwC Network firms;
- PwC Service Delivery Centre (Egypt) Holdings No.1 Limited, which also provides shared services for PwC Network firms; and
- PwC Poland Services Limited, which offers specialised cloud-based solutions and transformational services.



(iii) Other investments

PwC UK also holds a number of investments, including repayable interest-bearing preference shares issued by PwC Poland Services Limited and repayable interest-bearing subordinated loan notes from, and minority equity holdings in entities in the PwC Network. Further details are provided in the PwC UK Financial Statements 2022.

UK registered trading subsidiary undertakings	Country of incorporation
Companies	
Beyond Food Community Interest Company	England
Embankment Place Primary Healthcare Limited	England
PricewaterhouseCoopers Advisory Services Limited	England
PricewaterhouseCoopers (UK) Advisory Services (KU) Limited	England
PricewaterhouseCoopers (UK) Advisory Services (IE) Limited	England
PricewaterhouseCoopers Assurance UK Limited	Scotland
PricewaterhouseCoopers Business Services Limited	England
PricewaterhouseCoopers Consulting Services UK Limited	England
PricewaterhouseCoopers Overseas Limited	England
PricewaterhouseCoopers Services Limited	England

PwC Business Consulting Services Limited	England
PwC Customs Intermediary Services Limited	England
PwC Change Management Limited	England
PwC Digital Services (UK) Limited	England
PwC Holdings (UK) Limited	England
PwC Strategy& (UK) Ltd	England
Limited Liability Partnerships	
PricewaterhouseCoopers CI LLP	England
Accounting Advisory (UK) LLP	England

d) Principle lines of business

Throughout the year, PwC UK operated through five principal Lines of Service (LoS), Audit, Consulting, Deals, Risk and Tax. Support services were provided by Business Solutions. Programmes to develop expertise and to share knowledge in all key industries are also in place.

The services delivered by the LoS during the year to 30 June 2022 are as follows:

Audit

The Audit Line of Service is focused on delivering audit and audit related work:

- Statutory and non-statutory audits of financial statements.
- Interim reviews of financial information not required by law but performed in accordance with generally accepted auditing standards.



- Other public interest assurance work (e.g. Client Asset Sourcebook audits (CASS), reporting accountant services performed in accordance with the Standards for Investment Reporting (SIRs), ISRE2410 interim financial information reviews).
- Services which law or national regulations require the auditor to provide.
- Services that are required by law or regulations, which do not have to be provided by the auditor, but which require the provider to be independent.
- Assurance services that are not required by law but which relate to financial information or controls over financial reporting.
- Assurance services related to information or matters included in the front half of the financial statements.
- Assurance services over other operational matters where that work is able to be performed to a clearly defined, external standard and where the provider is required to be independent.

Consulting

Our core Consulting Services combine strategy, technology and management consulting expertise with the power of our Alliance relationships to help our clients address complex issues to transform their businesses and deliver sustained outcomes.

From strategy through to execution to run, our specialists (including Strategy&, our global strategy house) combine industry and functional expertise to help organisations set goals and put the right business strategy in place to deliver them, whether that's cloud transformation, customer-led transformation, operations transformation, finance transformation, risk and compliance transformation, execution managed services or enterprise wide transformation.

We work with clients to unlock the opportunities transformation presents and deliver change that will make a difference to their organisation, communities and society. Over the years we've helped organisations around the world introduce transformational change at pace, including creating new strategies that address the Net Zero agenda; using data and insights to drive change; rolling out new business models, products and services; and delivering responsible growth.

Our Delivering Deals Value – Value Creation and Realisation specialists work closely with our Deals line of service in order to bring specific insight and delivery capabilities in carve out/separation activities (pre deal including vendor assistance, sell-side vendor due diligence and buy-side diligence, and post deal including migration planning and implementation); operational due diligence (buy-side and sell-side vendor due diligence); M&A integration (pre deal synergy assessment and post deal integration execution), and rapid value creation pre deal and associated implementation post deal.

Deals

Transaction services: Deal Strategy: Buy and sell-side financial due diligence, commercial and market due diligence, sale and purchase agreements, business modelling, Financial Decisions and Analysis, Valuations, bid support and defence.

Corporate finance: Mergers and acquisitions advisory, private equity, portfolio advisory, project finance and public private partnerships, infrastructure finance advisory, real estate advisory, public to private transactions, and public company advisory.

Forensic services: Capital projects advisory, Disputes including analysis and development of dispute resolution strategies, Digital and Forensic Investigations, creating response to issues that pose regulatory, financial or reputational risk, Financial Crime identifying



potential vulnerabilities, strengthening monitoring systems and remediation.

Business Restructuring Services:

Rapid Cost Reduction, Working Capital Improvement, Restructuring Leadership including day-to-day programme management, Debt and Capital Advisory services, Distressed Financial Restructuring, Corporate Insolvency services, Pension support to trustees and participating employers, Insurance liability restructuring and operational consulting services, and Corporate Simplification and Exit.

Risk

Technology, Data and Analytics:

Working with other lines of service on transformation implementation, digital transformation risk, managing the risk of digital integration, emerging and disruptive technology risk, data governance, data migration, data visualisation, data strategy, data quality, data protection, data analytics and business insights.

Cyber Security: Cyber transformation, defence and detection, incident response and recovery, cyber risk advisory, and identifying and mitigating cyber risk across the deals lifecycle.

Business Risk and Controls: Internal Audit, governance, risk and compliance (GRC) including new UK SOx regulations and ESG, commercial assurance, performance assurance, IFRS 17, LIBOR, operational resilience.

Risk modelling services: Financial modelling, predictive modelling, insolvencies and run-off solutions, regulatory, risk and capital management, underwriting and catastrophe modelling, claims, reinsurance, insurance reserving and reporting, mergers and acquisitions, pensions and other benefit plans, performance benchmarking and insurance needs for the public sector.

Capital Markets, Accounting Advisory and Structuring Services:

Assurance on capital market transactions and listings, raising debt or equity capital, accounting advisory, GAAP conversions, structuring services, equity advisory and navigating deals and mitigating risk, treasury advisory and commodity management.

Tax

Tax: Corporate tax advisory, tax on transactions, transfer pricing, corporate and international tax, finance and treasury, indirect taxes, property taxes, tax management and accounting services, dispute resolution, corporate tax compliance and outsourcing, private business tax advisory, personal tax advisory and compliance, tax valuations, sustainability and climate change taxes, tax risk and strategy, tax disclosures, tax transparency, value chain transformation, investment advisory, incentives, grants and reliefs, operational tax services (financial services).

People and Organisation: Providing solutions to workforce related challenges across workforce strategy, organisation design, culture and communications, inclusion and diversity, performance and reward, employment, pensions and benefits, HR transaction/deals advice, people analytics and benchmarking, HR technology and HR function transformation.

Legal: Corporate law, international business reorganisations, M&A, banking and finance, employment and pensions law, real estate law, sourcing, technology and intellectual property law, commercial law, tax, commercial and regulatory dispute resolution, financial services regulatory law, cyber security and data protection law, government and public sector law, legal function consulting and legal entity management and company secretarial and entity governance advice, sector law, legal function consulting and legal entity management and governance advice.





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