

UK Transparency Report 2021
PricewaterhouseCoopers LLP
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People – Talent, performance and reward

This forms part of our FY21 Transparency Report

Firmwide governance
Independence and ethics

People

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People

Talent, performance and reward



The PwC Professional

The PwC Professional is our global leadership development framework. It supports the development and career progression of our staff by providing a single set of expectations across all Lines of Service, geographies, and roles; outlining the skills and capabilities we need as individuals to thrive as purpose-led and values-driven leaders at every level. We refreshed our PwC Professional framework across the network on 1 July 2020 to keep it relevant to our people and the skills they need in a changing world. The PwC Professional is organised by five core attributes;

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

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

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

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

Key messages are communicated to our firm by our Chairman and Senior Partner, our Executive Board, Audit Leadership Team and reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. We track whether our people believe that our leaders’ messaging conveys the importance of quality to the success of our firm (84% of auditors responded favourably to this in our You Matter survey). Based on this tracking, we are confident our people understand our audit quality objectives.

Performance evaluation

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

Goals are set annually. Firmwide and LoS goals are cascaded to all partners and staff to set the strategic context; BU/function goals include measurable targets; and individual goals define how an individual’s contribution and impact for the performance year ahead will support achievement of the firmwide vision and strategy.

Alongside regular informal feedback conversations with colleagues we expect written feedback to be provided regularly throughout the year by all staff and partners using Workday as the technology enabler. For those in the Audit line of service, feedback form was introduced in FY21 to allow more structured engagement feedback questions to be provided.

We have introduced quarterly check-ins this year, these are regular opportunities for our people to discuss progress with their Career Coach, review feedback and discuss any concerns.

We formally evaluate the performance of our people on an annual basis to recognise the contribution and impact each of our people has had in delivering upon their goals and contributing to the firm’s strategy. The performance year usually runs from 1 April to the end of March. For 2020, due to the COVID-19 pandemic, the performance year was extended to be the 15-month period to 30 June 2020. We have since reverted to a 31 March performance year end so this followed with a 9-month performance review period



from 1 July 2020 to 31 March 2021.

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

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

An impact tier scale is used for performance outcomes, 1 being the highest and 5 being the lowest, with a simplified scale introduced in FY21 for more junior grades of staff. Individuals with lower performance will progress more slowly, and where performance is unsatisfactory, corrective action is taken. Our bonus plan is aligned to an individual's impact and contribution with higher performers receiving more. Individuals with sustained higher performance also have the opportunity to progress more quickly.

Remuneration

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

We review proposed pay and bonus by gender, ethnicity and different working patterns (full time to part time). We have conducted Equal Pay Reviews for more than 10 years. We continue to publish our gender and ethnicity pay gaps both on a regulatory basis and on a total income basis including our partners. In addition we have gone a step further publishing the breakdown of our ethnicity pay gap for different ethnic minority groups and have also published our social mobility and disability pay gaps for the first time this year.

We are delighted to report that we have seen a reduction in nearly all our pay gaps compared to 2020. Once again this reflects our commitment to delivering against our five-point action plan¹. These actions serve to strengthen our talent pipeline and this year,



All Audit staff are also required to complete an audit quality assessment form within their self-evaluation. The purpose of this supplementary form is to give additional focus on how Audit staff had delivered their Audit quality goals with examples of where they had shown the Audit LoS behaviours of Team First, Challenge and be open to Challenge and Take Pride.

of our internal admissions to partnership, 41% were female and 13% from an ethnic minority background. In 2021 our median gender pay gap² was 6% (April 2020 7.8%) and our single figure ethnicity pay gap was below zero at -2.9% (April 2020 1.1%) Our single figure gender and ethnicity pay gaps do not take into account objective reasons for pay difference such as grade, location or performance level. We voluntarily publish our earnings gap including partners. This data, unlike the regulatory pay gap data is based on actual pay and bonus for employees and financial year distributable income for partners. Our median gender pay gap was 10.1% (2020: 11.6%) and the median ethnicity pay gap is below zero at -0.3% (2020: 3.5%) Pay gaps continue to be primarily driven under-representation in senior roles within our business which is why we set new targets last year to accelerate our progress over the next 5 years. Very simply, delivering our targets is essential to closing our pay gaps. But in this first year of working towards our 2025 targets, we have laid a strong foundation for our

1. Refer to the following link for further information on the five-point action plan <https://www.pwc.co.uk/who-we-are/our-purpose/empowered-people-communities/inclusion.html>

2. Refer to the PwC Annual Report for further information <https://www.pwc.co.uk/who-we-are/annual-report.html>





Within Audit, the process for promotion to director and admission to partnership involves a formal assessment of the quality of the individual's work and their adherence to ethical requirements and professional standards. The process includes a written assessment against the PwC Professional framework and the proposed business case for promotion, and an interview with a panel of partners who seek to corroborate that assessment and business case. We take this process seriously and will not promote an individual to director or admit an individual to the partnership if we have concerns about the quality of their work.

future and we will continue to focus on all drivers of our pay gaps.

Promotion

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

Audit Partner Remuneration and Admissions committee

The Audit Partner Remuneration and Admissions Committee (APRAC) is a committee of the Audit Oversight Body (AOB). The purpose of the APRAC is to support the AOB in the oversight of specific obligations with respect to the pursuit of the FRC's objectives, outcomes and principles for operational separation. The APRAC is comprised of up to three Audit Non Executives (ANEs). The APRAC's primary responsibilities are:

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

