

# Transparency Report FY24

PricewaterhouseCoopers LLC, Isle of Man

Year ended 30 June 2024

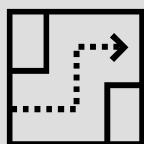


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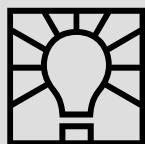
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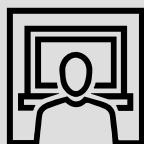
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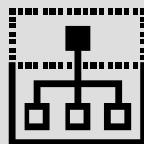
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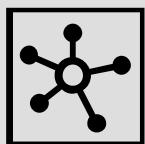
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# Message from leadership



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# Message from leadership



## Welcome to our 2024 Transparency report

At PwC we recognise the importance of transparency to our reputation. Our Transparency Report provides information on our firm's system of quality management over audits. This report explains how the firm is governed as well as providing more detailed descriptions of our policies and processes, particularly as they relate to delivering consistent audit quality.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 149 countries with more than 370,000 people who are committed to delivering quality in assurance, advisory and tax services. We are committed to driving a strong culture of quality and excellence that is core to our purpose.

As the Isle of Man firm (PwC Isle of Man), we are committed to providing a quality industry-focussed service offering including audit & assurance, tax, advisory, people and organisation and actuarial services. We aim to deliver more value than our clients expect and form long-term relationships. Operating from our Douglas office, we are proud to be a locally owned and controlled organisation of more than 110 staff with 18 Partners/Directors.

PwC's approach to building trust is designed to meet rising expectations of transparency, accountability and stakeholder engagement. That's why PwC Isle of Man are combining expertise in audit, tax and compliance activities with a drive to expand specialist capabilities in areas such as actuarial, people organisation and sustainability. PwC's approach also recognises the importance of quality - and that reporting and compliance represent just one link in a chain that includes organisational culture, executive mindset, aligned standards, certified professionals, stringent controls, tailored technologies and appropriate governance. It is part of our public interest commitment to consistently perform quality engagements and be transparent about our system of quality management.



*Nicholas Halsall introducing our  
Boardroom Agenda breakfast seminar*

# Message from leadership

Similar to building trust, delivering sustained outcomes requires us to work in an integrated way. Instead of taking a traditional approach to transformation, PwC focuses on the outcomes that our work is seeking to achieve. To deliver the agreed outcomes, we then mobilise our expertise in areas including – among many others – digital services, value creation, people and organisation, tax, sustainability reporting, deals, business recovery services and regulatory compliance.

Our strategy builds on our ongoing commitment to quality. Delivering high-quality work is at the heart of everything we do at PwC and is something that all our stakeholders rightly expect of us.

With the world and our island changing faster than ever, so are the expectations of our clients, our people and society. PwC is not immune from the challenges created, so we too must evolve to keep pace with the needs of a rapidly changing world. We are doing this through our focus on what it means to lead and deliver value, and by investing in the skills and capabilities needed to help our clients solve their most complex problems. I have been consistently clear about the benefits we see from being a locally owned and controlled multi-disciplinary firm, and in our complex and evolving business environment, this ability to adapt and collaborate is critical to leading and delivering value.

Delivering value is core to our strategy, with a vision that defines what we want to be known for: collaboration, innovation, empowerment and belonging. Underpinned by our purpose and values, this creates a shared sense of belonging where all our people feel empowered to contribute and innovate, and a culture where unacceptable behaviour is challenged.

Through combining and promoting the right behaviours, upskilling to embrace change and by living our values, we can make a sustainable difference to our clients, our people and in our community.



**Nick Halsall**  
Territory Senior Partner  
PwC Isle of Man

# Message from leadership



## A message from our Assurance Leader

In a rapidly changing and uncertain world, our Assurance practice has a key role to play in fulfilling PwC's purpose, to build trust in society and solve important problems. As we provide assurance over clients' financial and non-financial information we strive to deliver value beyond clients' expectations, ensuring that quality is at the heart of everything we do.

We build trust and deliver sustained outcomes by combining human expertise and ingenuity with the right technology. It starts with tone at the top, ensuring that our culture and values are aligned, encouraging the right behaviours all the time. This is all underpinned by having the right people.

Rapidly changing technology, including GenAI, and changing investor and stakeholder expectations means that our practice has to transform in order to remain relevant. In this regard, we face similar challenges to our clients - we need to innovate and transform our business. We are committed to doing this in a way that protects quality and ensures that our people are equipped to succeed in a changing environment.

### Quality management

We are continuously ensuring that our System of Quality Management (SoQM) is of the highest level, in an ongoing process directed by the firm's internal and external environment, to help us monitor, evaluate and effectively respond to changes in risks to quality. The main focus of our Quality Management Process (QMP), as established by our firm and Assurance leadership, including our business process owners, is not to adhere to predisposed rules, but rather to implement risk responses that are tailored to our risk assessment and which help us to achieve our quality objectives.

This report details how we preserve the high quality standard of our audit work, as well as the systems, processes and policies that we set in place to maintain the highest level of service to our clients. We carry out a number of crucial quality monitoring initiatives and undergo reviews of our performance in this regard. We hold ourselves accountable for cultivating a culture of quality across all areas of the firm, evaluating ourselves against exceptionally high standards.

We use a dynamic risk assessment process and continue to invest in and enhance our SoQM. On an annual basis, we conduct a formal review of the effectiveness of our SoQM.



# Message from leadership

## People

We recognise that the calibre of our people is central to our reputation for quality work. We have a huge focus on nurturing and developing key talent to ensure that our clients get the best service and advice and that our people are the best they can be. In a world of change, it is becoming increasingly important that people are equipped to be part of the workforce of the future. By engaging, training and empowering our people, we are providing the support for future improvement and success.

Firmwide, in FY24 we recruited 31 new people, including 12 trainees. Our people value proposition supports our people to take ownership of their careers and create their future with us. We are committed to supporting our people in a rapidly changing world to help them to reach their full potential. This includes significant ongoing investment in training, including exam support, technical and professional development and future focused upskilling of our staff to ensure they have the right capabilities to adapt to changing technology and stakeholder expectations. Inclusion and Diversity (I&D) is at the heart of our people value proposition and, as outlined under “Our people”, we are empowered by a new ‘Inclusion First’ strategy, directly supporting the enablement of our purpose.

## Our technology

We use a human-led, tech-powered approach to deliver high quality audits. We bring together deep industry and functional expertise with powerful technology tools and capabilities, developed both in-house and by the PwC network's technology alliance partners. As outlined under “Our approach”, technology is central to how we operate and is embedded in our audit testing.

As part of our commitment to building trust and delivering sustained outcomes, the PwC network is investing more than \$1bn in a multi-year project to deliver a new global platform to power our Next Generation Audit (NGA) ecosystem. As part of this, PwC is heavily investing to expand and scale our AI capabilities. Leveraging a first-of-its-kind relationship with Microsoft, audit clients can expect a PwC audit experience infused with the latest cognitive technologies. Our strategic investment puts us at the forefront of technology-enabled change, enabling us to harness the power of GenAI in a secure and responsible way.

## Statement on the firm's System of Quality Management

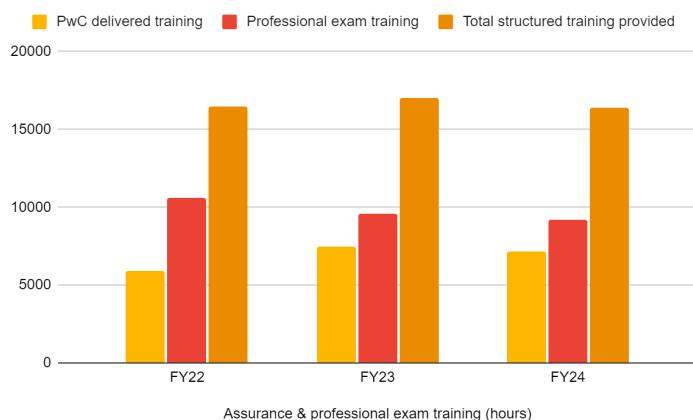
As more fully explained on page 12, based on all the relevant information of the firm's SoQM as at 31 December 2023, we believe our SoQM provides us with reasonable assurance that its quality objectives have been achieved.



**Paul Jones**  
Assurance Leader  
PwC Isle of Man

# Year in review

## Assurance and Professional exam training (hours)



## Mandatory training attendance

**100%**

of partners and staff completed all mandatory training attendance during the calendar year to 31 December 2023

## Partner and staff survey

**95%**

of our staff and partners participated in our Global People Survey

## Inclusion first

**19**

different nationalities are represented in our workforce

## Staff Male:Female Ratio



## Leveraged ratio of audit-related hours for audit team members

			FY23 (reclassified in line with FY24 definitions)			FY24		
Partners & Directors	to	Manager	1	to	1.84	1	to	1.80
Manager	to	Staff	1	to	3.50	1	to	3.33
Partners & Directors	to	Staff	1	to	6.42	1	To	5.98

## Our system of quality management

Number of hours spent on quality monitoring

**2,175 hours**

## 3 findings

Firm-wide quality management deficiencies identified

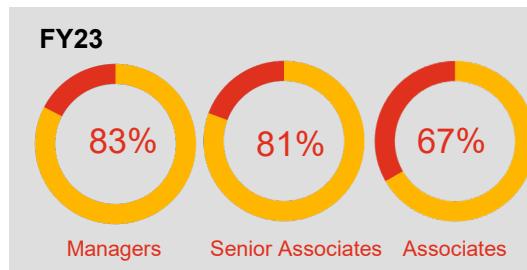
## Real time reviews

Number of audit engagements included in the real time review program

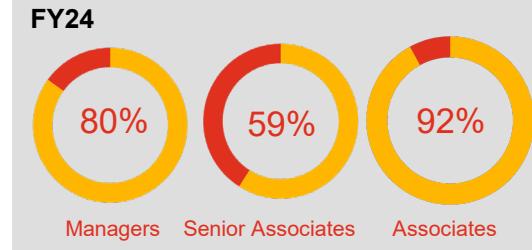
**26 audit engagements**

**628 hours spent**

## Average retention rate by staff level



## FY24



## Experience of our audit partners

Partners' average years of experience at PwC

**26 years at PwC**

**8 years as partner**

## FY24

Experience of our audit directors

Directors' average years of experience at PwC

**18 years at PwC**

**4 years as director**



# Our approach

## to quality



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# Our approach to quality

## International Standard on Quality Management 1 (ISQM 1)

In December 2020, the International Auditing and Assurance Standards Board (IAASB), approved and released three new and revised standards that strengthen and modernise a firm's approach to quality management, including ISQM 1. This standard, which became effective 15 December 2022, required all firms to have designed and implemented the requirements of the standard and evaluated their System of Quality Management (SoQM) under the new standard by 15 December 2023.

ISQM 1 is an objectives-based approach that expects firms to have a SoQM that operates in a continuous and iterative manner taking into consideration the conditions, events, circumstances, actions and inactions that impact a firm. It enhances the firm's responsibilities around monitoring and remediation, emphasising the need for more proactive, real time monitoring of the SoQM, a more effective, efficient, and timely root cause analysis process, and timely and effective remediation of deficiencies.

ISQM 1 states that the objective of the firm is to design, implement and operate a SoQM that provides the firm with reasonable assurance that:

- The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

The standard goes on to say that the public interest is served by the consistent performance of quality engagements and that this is enabled by an effective system of quality management.



## A specific focus on audit quality across the Network

### The PwC Network's Assurance QMSE framework

Delivering high-quality work is at the heart of what we do at PwC; it is what our stakeholders rightly expect of us.

To deliver services in an effective and efficient manner that meets the expectations of our clients and other stakeholders, the PwC Network has established the Quality Management for Service Excellence (QMSE) framework which integrates quality management into how each firm runs its business and manages risk.

The QMSE framework is designed to align with the objectives and requirements of ISQM 1 and provides a model for quality management in PwC firms that integrates quality management into business processes and the firm-wide risk management process. Under QMSE, our overall quality objective is supported by a series of underlying quality management objectives and each firm's SoQM should be designed and operated so that the overall quality objective, which includes meeting the objectives and requirements of ISQM 1, is achieved with reasonable assurance.



### Overall quality objective

To have the necessary capabilities in our organisation and to deploy our people to consistently use our methodologies, processes and technology to deliver services in an effective and efficient manner to fulfil the expectations of our clients and other stakeholders

### Integrated and aligned in the right way

Our SoQM includes quality objectives that are identified from the following components of ISQM 1 as well as any additional objectives the PwC Network has identified in the QMSE framework:

- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication

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

# Our approach to quality

These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that each firm tailors to reflect our individual circumstances. Each firm is responsible for utilising the resources provided by the network as part of our efforts to deliver quality to meet the expectations of our stakeholders.

## The Quality Management Process

The achievement of these objectives is supported by a Quality Management Process (QMP) established by our firm and Assurance leadership, business process owners, and partners and staff. This quality management process includes:

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance as well as appropriate Assurance quality indicators
- continuously improving the system of quality management when areas for improvement are identified by performing root cause analyses and implementing remedial actions and
- establishing a quality-related Recognition and Accountability Framework to both set clear expectations of expected quality behaviours and outcomes and reinforce those expectations through consistent and transparent use in appraisals, remuneration, and career progression decisions

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



## Our firm's system of quality management

Our SoQM must be designed, implemented and operating on an ongoing basis to achieve the quality objectives. This ongoing process includes monitoring, assessing, evaluating, reporting, and being responsive to changes in quality risks, driven by the firm's internal and external environment. This is our QMP.

Our focus on quality management is therefore not to apply prescribed rules but rather to design and implement risk responses which are fit for purpose to manage the risks we identify in our own risk assessment and achieve the quality objective taking into consideration the conditions, events, circumstances, actions and/or inactions that may impact our SoQM.

## Our risk assessment process

Our firm's SoQM helps us to navigate and respond to challenges to our ability to achieve the overall assurance quality objective - to deliver quality audit engagements. Our SoQM includes the performance of a risk assessment over the quality objectives identified in the QMSE framework. We consider how and the degree to which a condition, event, circumstance, action or inaction may adversely affect the achievement of the quality objectives which may result in:

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

A quality risk is one that has a reasonable possibility of occurring and individually, or in combination with other quality risks, could adversely affect the achievement of one or more quality objectives.

# Our firm's system of quality management



## 2024 key factors impacting our SoQM

This year, we have seen various factors impact our SoQM but some of the more meaningful conditions, events, circumstances actions and/or inactions that have necessitated changes to our SoQM include:

- resourcing and attractiveness of the profession, and
- the impact of emerging technologies.

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



## Aim to Predict: Assurance Quality Indicators

We have identified a set of Assurance Quality Indicators (AQIs) that support our Assurance leadership team in the early identification of potential risks to quality, using metrics to aim to predict quality issues. This quality risk analysis is an essential part of our QMSE, and the AQIs, in addition to other performance measures, also provide a key tool in the ongoing monitoring and continuous improvement of our SoQM.

Throughout this transparency report, we have provided insight into the policies and procedures we have designed, implemented and are operating to reduce the quality risks we have identified to an acceptable level and help us achieve reasonable assurance over the firm's SoQM. Some of our policies and procedures are provided by the PwC Network which we have assessed to determine that these resources are appropriate for use as part of our SoQM and in the performance of engagements.

The following sections of the report cover the following ISQM 1 quality objectives:

- Cultures and values – Governance and leadership, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements
- Our people – Human resources
- Our approach – Intellectual and technological resources, engagement performance, information and communication

### Our monitoring and remediation process

In the section, Monitoring, found on page 31, we have described the types of ongoing and periodic monitoring our firm has designed, implemented and are operating to provide relevant and reliable information about our firm's SoQM and to help us take appropriate actions over any identified deficiencies so we can remediate those deficiencies effectively and on a timely basis. To support the timely and effective remediation of identified deficiencies, our firm has designed, implemented and are operating a root cause analysis program that is described further on page 34.

The information gathered from our monitoring and remediation process along with other sources of information, such as external reviews, is used to help us evaluate our SoQM.

## Statement on the firm's system of quality management

During the year, we completed our evaluation of the firm's system of quality management under ISQM 1. On behalf of PwC Isle of Man, the territory senior partner and territory assurance leader have evaluated whether our firm's SoQM provides us reasonable assurance that:

- The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

Based on all the relevant information of the firm's SoQM, as at 31 December 2023, we believe our SoQM provides us with reasonable assurance that the quality objectives of ISQM 1 noted above have been achieved.



# Cultures and values



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# Our culture and values



## Definition and culture

At PwC, we define quality service as consistently meeting the expectations of our stakeholders and complying with all applicable standards and policies. An important part of our ability to deliver against this quality definition is building a culture across a network of more than 370,000 people. This culture of quality emphasises that quality is the responsibility of everyone. Continuing to enhance this culture of quality is a significant area of focus for our global and local leadership teams and one which plays a key part in the measurement of their performance.



## Measurement and transparency

For all our businesses, each PwC firm – as part of the agreement by which they are members of the PwC network – is required to have in place a comprehensive system of quality management (SoQM); to annually complete a SoQM performance assessment; and to communicate the results of these assessments to global leadership. These results are then discussed in detail with the leadership of each local firm and if they are not at the level expected, a remediation plan is agreed with local leadership taking personal responsibility for its successful implementation.

As the services that our network provides change and develop, and the needs and expectations of our stakeholders also change, the PwC network is continually reviewing and updating the scale, scope and operations of our PwC firms' systems of quality management and investing in programmes to enhance the quality of the services that the PwC network provides.



# Our firm's commitment to quality



## Leadership and tone at the top

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 deliver 'trust in what matters'.

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



Act with integrity



Care



Make a difference



Reimagine the possible



Work together

This culture is supported by appropriate tone at the top through regular communication from leadership to all partners and staff about the firm's commitment to quality. Key messages are communicated to our firm by our Senior Partner and our leadership team and are reinforced by engagement partners. These communications focus on what we do well and actions we can take to make enhancements. Leadership and engagement partners take the lead on these actions as they role model the expected behaviours in interactions with clients and teams. We measure whether our people believe that our leaders' messaging conveys the importance of quality to the success of our firm. Based on this tracking, we are confident our people understand our quality objectives. Delivering service of the highest quality is core to our purpose and our Assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.



## Reinforce: Recognition and Accountability Framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients, how we work with our people and driving a high-quality culture. Our RAF has been designed to both set clear expectations of expected quality behaviours and outcomes and reinforce those expectations by holding Partners including non-Partner Engagement Leaders accountable for quality behaviours and quality outcomes. Our RAF considers and addresses the following key elements:

- Quality outcomes: We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC network and our firm's standards and policies
- Behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone from the top and a strong engagement with the quality objective
- Interventions/recognition: We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- Consequences/reward: We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives

# Ethics, independence and objectivity



## Ethics

At PwC, we adhere to the fundamental principles of ethics set out in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (the Code), which are:

- i. **Integrity** – to be straightforward and honest in all professional and business relationships.
- ii. **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- iii. **Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- iv. **Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- v. **Professional Behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession.

Our network standards applicable to all network firms cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/fair-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake annual mandatory training, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff comply with the standards developed by the PwC Network and leadership in PwC Isle of Man monitors compliance with these obligations.

In addition to the PwC Values (Act with Integrity, Make a difference, Care, Work together, Reimagine the possible) and PwC Purpose, PwC Isle of Man has adopted PwC's Global Code of Conduct, Network Standards and related policies that clearly describe the behaviours expected of our partners and other professionals – behaviours that will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal-to do the right thing.

Upon hiring or admittance, PwC Isle of Man provides an overview of the PwC Global Code of Conduct and the expected behaviours for all partners and staff, who should follow these expectations throughout their professional careers at our firm. As part of the values and expectations in the Code, they also have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult situation or when observing conduct inconsistent with the Code. In addition, all new partners and staff are required to complete new hire training, which covers the ethics and compliance network standards, including ethics and the Code of Conduct.

PwC has implemented a network-wide confidential ethics helpline for the reporting of questions or concerns related to behaviours that are inconsistent with the Code of Conduct and related policies. Every PwC firm has a separate and secure tier of the ethics helpline for their confidential matters and investigations. The ethics helpline is also available for third parties, including clients. The ethics helpline allows our partners, staff and third parties to feel safe raising a question or concern without fear of retaliation.

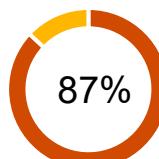
The PwC Code of Conduct and the ethics helpline are available on-line for all internal and external stakeholders at <https://www.pwc.com/ethics>.

PwC Isle of Man has adopted a Recognition and Accountability framework to facilitate remediation of behaviours that are inconsistent with the Code of Conduct.

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



At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.



The people I work with demonstrate conduct consistent with PwC's Global Code of Conduct.



## Objectivity and Independence

As auditors of financial statements and providers of other types of professional services, PwC firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The PwC Global Independence Policy, which is based on the Code, including International Independence Standards, contains minimum standards with which PwC firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph. PwC Isle of Man has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing, who is responsible for implementation of the PwC Global Independence Policy including managing the related independence processes and providing support to the business. The partner is supported by a small team of independence specialists. The PRI reports directly to the Territory Senior Partner.

### Independence policies and practices

The PwC Global Independence Policy covers, among others, the following areas:

- personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g., bank accounts and loans by partners, staff, the firm and its pension schemes;
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (SOPS), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities;
- business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business; and
- acceptance of new audit and assurance clients, and the subsequent acceptance of any non-assurance services to be provided to those clients.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes are designed to help PwC firms comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations, including any changes to the Code or in response to operational matters.

PwC Isle of Man supplements the PwC Global Independence Policy as required by the Crown Dependencies' Audit Rules and Guidance where they are more restrictive than the network's policy.

### Independence-related systems and tools

As a member of the PwC network, PwC Isle of Man has access to a number of systems and tools which support PwC firms and their personnel in executing and complying with their independence policies and procedures. These include:

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the PwC firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services system;
- 'Independence Checkpoint' which facilitates the pre-clearance of publicly traded securities by all partners and managerial practice staff before acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required;
- Authorisation for Services (AFS) which is a global system that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service;

## **Independence-related systems and tools, continued**

- Joint Business Relationships (JBR) which is a global system used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships;
- My Compliance Dashboard (MCD) which is a global compliance system that facilitates annual compliance confirmations, engagement independence confirmations and reporting; and
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g., those set by regulation or professional requirements) where the breach has cross-border implications (e.g., where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code or relevant independence regulations.

PwC Isle of Man also has a number of Isle of Man-specific systems which include:

- A rotation tracking system which monitors compliance with PwC Isle of Man's audit rotation policies for the Isle of Man firm, engagement leaders, other key audit partners and senior staff involved in an audit.

## **Independence training and confirmations**

PwC Isle of Man provides all partners and staff with annual or on-going training in independence matters. Training typically focuses on milestone training relevant to a change in position or role, changes in policy or external regulation and, as relevant, provision of services. Partners and staff receive computer-based training on PwC Isle of Man's independence policy and related topics. Additionally, face-to-face training is delivered to members of the practice on an as-needed basis by PwC Isle of Man's independence specialists and risk and quality teams.

All partners and practice staff are required to complete an annual compliance confirmation, whereby they confirm their compliance with relevant aspects of the PwC firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by periodic and ad-hoc engagement level confirmations for certain listed and financial services clients.

## **Independence monitoring and disciplinary policy**

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

- Compliance testing of independence controls and processes;
- Personal independence compliance testing of a random selection of partners and practice managers as a means of monitoring compliance with independence policies; and
- An annual assessment of our firm's adherence with the PwC network's standard relating to independence.

The results of PwC Isle of Man's monitoring and testing are reported to the firm's partners and the PwC global network.

PwC Isle of Man has a Recognition and Accountability Framework and supporting disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and that require any breaches of independence requirements to be reported and addressed.

This would include discussion with the client's audit committee regarding the nature of a breach, an evaluation of the impact of the breach on the independence of the PwC firm and the engagement team and the need for actions or safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in PwC Isle of Man's systems and processes and for additional guidance and training.

# Considerations in undertaking the audit

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary. The policies and processes we have in place emphasise risk and quality considerations such that financial and operational priorities do not lead to inappropriate judgements about whether to accept or continue a client relationship.



## Client and Engagement Acceptance and Continuance

PwC Isle of Man has a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention called Acceptance. Acceptance facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

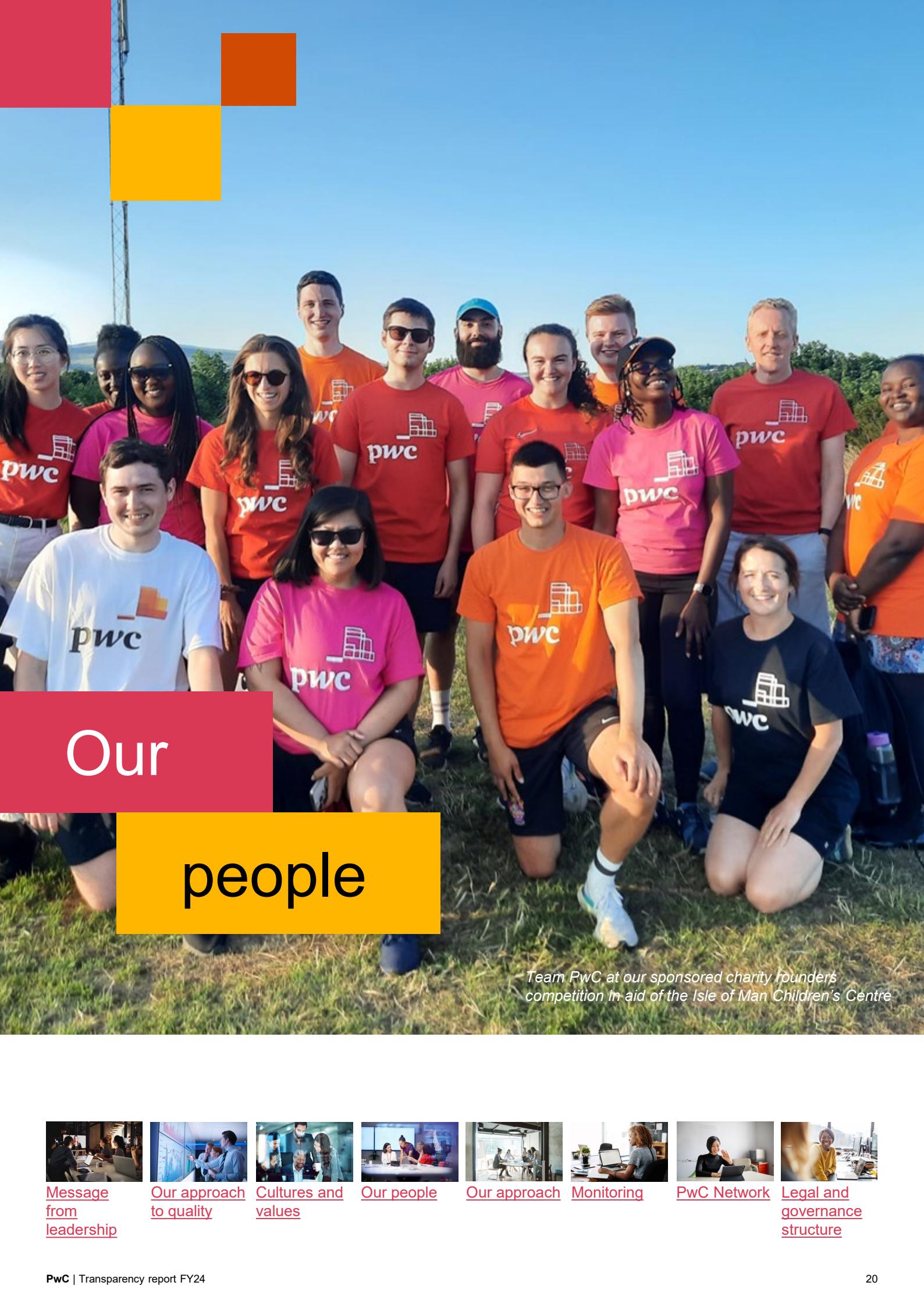
### Engagement teams:

- To document their consideration of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation, by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement; and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

### PwC firms (including PwC firm leadership and risk management):

- To facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements, including whether or not PwC Isle of Man should be associated with a particular entity, its management and/or its services;
- To provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- To understand the methodology, basis and minimum considerations all other PwC firms in the network have applied in assessing audit acceptance and continuance.





# Our

# people

Team PwC at our sponsored charity founders competition in aid of the Isle of Man Children's Centre



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# Our people



## People strategy

Our people strategy was developed in support of our broader business strategy, The New Equation, and aligned to our local PwC Isle of Man business strategy. PwC is focused on being the world's leading developer of talent and enabling our people with greater agility and confidence in a rapidly changing world. Specific focus areas include creating a resilient foundation for times of change through supporting the well-being of our people and enabling effective delivery; developing inclusive leaders for a shifting world; and enabling our workforce for today's realities and tomorrow's possibilities.

PwC Isle of Man is achieving this by:

- Introducing new ways of working by redesigning and reconfiguring our workplace to a highly collaborative, agile, digitalised and innovative environment.
- Upskilling and building an agile and high-impact workforce which is market-centric and fit for the future.
- Fostering a holistic culture of wellness and flexibility where our people thrive personally and professionally.



## The PwC Professional

The PwC Professional is the set of behaviours we expect of all our people, at all levels, to demonstrate with each other and with our clients and other stakeholders. When we focus on the behaviours that guide our interactions, we create opportunities to build trust and empower our teams to deliver distinctive outcomes. This is how we build trust in society and solve important problems.

# Our people



## Inclusion First

Our people are at the heart of our organisation. We are committed to attracting the best people and offering them exciting career and development opportunities. We employ people from diverse cultures and backgrounds and with a wide range of experiences. We are committed to making sure everyone who works at PwC feels comfortable bringing their true selves to work. An inclusive workplace enables us to embrace the diverse backgrounds and perspectives of all our people to create better outcomes for stakeholders and society.

Our Inclusion First strategy is enabling The New Equation by enhancing the diversity of our community of solvers. It aims to foster a sense of belonging for all our people, promoting a culture that embraces differences and individuality and creates a highly collaborative and productive working environment, that enables our people to bring their authentic selves to work. We are collectively empowered to build trust and deliver sustained outcomes.

During this financial year, we achieved this through:

- The development of initiatives that increased knowledge around cultural differences, neurodiversity, personality types, conscious & unconscious bias, and delivering effective communication through a better understanding of the needs of all our people.
- Enhancing our recruitment process to increase diversity of characteristics and diverse thinking (neurodiversity) and perspectives.
- Holding world food day events, with all our people bringing in foods from their countries and cultures.

Social inclusion is a dimension of local importance to our strategy as an internationally diverse workforce employing people from 19 nationalities within the business. Initiatives and engagements are promoted to explore and celebrate different traditions and culture and ensure proportional representation of promotions through a nationality and ethnic heritage lens.

Beyond this Gender Equity is key to our strategy helping to support balanced gender representation across all levels of our organisation and areas of our business. Our local actions are supporting the representation of women in leadership positions and cultivating a sustainable pipeline of female talent along with holding ourselves accountable to leadership KPI's which focus on gender.

**19** nationalities are represented in our workforce.



## Gender Pay Gap

As part of our commitment to a diverse and inclusive workplace and gender equity this year we are voluntary publishing our gender pay gap information.

We are actively monitoring and managing our gender split at all levels of the firm and the gender pay gap by grade. 54% of our people are female with a higher representation at the qualified level roles up to senior management level.

The table below illustrates the pay gap for FY24. Whilst the gap is high across most levels, this reflects the number of females who have been promoted at 59% compared to males at 41% this year. Additionally, newly promoted employees and new hires to the firm tend to start at the entry level of the pay band for their new grade, which impacts the overall pay gap. Of the new hires who joined in this financial year, 48% were females and 52% were males. Gender pay gap continues to be an area of focus.

	Number of men	Number of women	Pay gap
<b>Associate</b>	<b>19</b>	<b>10</b>	1.6%
<b>Senior Associate</b>	<b>12</b>	<b>22</b>	-3.3%
<b>Manager</b>	<b>9</b>	<b>14</b>	-6.3%
<b>Senior Manager</b>	<b>3</b>	<b>7</b>	3.2%
<b>Director</b>	<b>7</b>	<b>5</b>	-3.7%
<b>Grand Total</b>	<b>50</b>	<b>58</b>	3.1%

**Note:**

- figures represent a favour towards men
- + figures represent a favour towards women

**78%**

of our people believe our leaders actively build a diverse and inclusive work environment.

# Learning and education



## Professional Development

We are committed to putting the right people in the right place at the right time. Throughout our people's careers, they are presented with career development opportunities, classroom and on-demand learning, and on-the-job real time coaching/development. Our flexible training portfolio facilitates personalised learning with access to a variety of educational materials, including webcasts, podcasts, articles, videos, and courses.

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

PwC Isle of Man has rolled out a firm-wide development programme with the aim to develop firm-wide capability in personal effectiveness and people management skills. The programme contributes to the personal growth and development of our people, which is an essential part of our people strategy to build a high-impact workforce.



## Continuing education

We, and other PwC firms, are committed to delivering quality assurance services around the world. To maximise consistency in the network, the formal curricula, developed at the Network level, provide access to training materials covering the PwC audit approach and tools, as well as areas of audit risk and areas of focus for quality improvement.

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

The design of the curricula allows us to select, based on local needs, when we will deliver the training. Our Learning & Education leader then considers what additional training is appropriate – formal and/or informal – to address any additional specific local needs. Training may be sourced from our PwC internal databases, externally or via our internal locally developed training programmes.

# Our people



## Inclusion and diversity

At PwC, we're an organisation that fosters a culture of belonging and equity where our diverse workforce can thrive and feel like they belong. We do this by delivering on our Inclusion First strategy, which is centred on action, accountability and advocacy, in each of our member firms, across the PwC network.

We embrace and encourage differences and help our people actively develop the skills to work and lead inclusively with our focus on gender equity, disability inclusion, LGBT+ inclusion and social inclusion. Underpinning this is ensuring our systems and behaviours are inclusive.



## Recruitment

PwC Isle of Man aims to recruit, train, develop and retain the best and the brightest staff who share in the firm's strong sense of responsibility for delivering high-quality services. Our hiring standards include a structured interview process with behaviour-based questions built from The PwC Professional framework, assessment of academic records, and background checks. Across the firm in FY24, we recruited 31 new people, including 12 trainees (graduates and school leavers) and 19 experienced hires. Over the course of the year we also had 3 fixed-term employees and 8 summer interns join us.



## Team selection, experience and supervision

Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of junior staff.



## Feedback and continuous development

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff. Feedback on performance and progression is collected via our Snapshot tool, a simple, mobile-enabled technology. We also use Workday to give and receive upward and peer feedback. This is backed up with a culture of ongoing feedback as work progresses and upon completion stage, thus aiding our goal to provide regular and timely feedback so we see progress and ongoing quality output across the firm. Ongoing feedback conversations help our people grow and learn faster, adapt to new and complex environments, and bring the best to our clients and firm.



## Career progression

PwC Isle of Man uses The PwC Professional, our global career progression framework, which sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy, and support our brand. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's Team Leader to discuss their development, progression and performance. PwC Isle of Man are formulating career paths for people across all levels and lines of service, to ensure our people are best placed to progress their career ambitions in the short terms and over the longer period.



## Retention

Turnover in the public accounting profession is often high because as accounting standards and regulations change, accountants are in demand and the development experience we provide makes our staff highly sought after in the external market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent. PwC Isle of Man has undertaken a review of its overall employee proposition and in particular the benefits offering and career pathways for each level to strengthen retention and overall people engagement.



## Global People Survey

Each PwC firm participates in an annual Global People Survey, administered across the network to all of our partners and staff. PwC Isle of Man is responsible for analysing and communicating results locally, along with clearly defined actions to address feedback. We had a very strong response rate with 95% of our workforce taking the opportunity to share feedback on many aspects of our working environment. Our focus on seeking feedback from our people remains a priority and the firm continues to identify areas for further development to ensure we maintain the engagement of our people and strive to strengthen the quality of our services in meeting our clients' needs.



of our people believe to deliver high quality, their team discusses anticipated changes in the business environment that can impact our clients and society



of our people believe the leaders they work with actively build a diverse and inclusive work environment.



of our people believe the people they work with challenge them and each other to deliver quality work.

# Corporate Responsibility

Through our corporate responsibility agenda and operating as a responsible business we support the growth of our people and community and look to minimise our impact on the environment.



## Community engagement

Community engagement is an important element of our corporate responsibility strategy with our main aim being to make a positive difference to the community in which we work and live. For several years, we have worked closely with local charity Love Tech, who aim to inspire girls and young women to learn and explore Science, Technology, Engineering and Mathematics (STEM) opportunities. Coming together with Love Tech demonstrates our drive to deliver sustained outcomes to our clients, people and community by helping prepare young people with a mix of education and skills to help meet the future needs of our economy through STEM awareness and knowledge.

'STEM SPARK' is an educational initiative launched in January 2024 and is available to all thirty-three island primary schools. Our sponsorship of this programme is enabling each school to receive a donation of eight STEM books across age groups to increase school library STEM collections along with assemblies and workshops for children and teachers on a range of STEM topics including, healthy eating, your DNA traits, observing and recording the weather, as well as talks on specific STEM careers. Between January and June 2024, five primary schools were visited, delivering 56 books and reaching approximately 600 children.



Representatives from Love Tech and PwC Isle of Man launching the 'STEM SPARK' educational initiative.



## Environmental impact

PwC made a worldwide commitment to achieve net zero greenhouse gas (GHG) and set near-term science-based targets. Our near-term science-based targets are aligned with a 1.5°C climate scenario and have been validated by the SBTi. A key part of our commitment is making sure we are doing what we can to limit our own impact on the environment and lead by example.

PwC Isle of Man's net zero strategy and action plan is focused on four work streams: measurement and disclosure, emissions reduction, supply chain, and renewable energy and carbon offsets. To date we have achieved an 83% reduction in Scope 1 and 2 emissions compared to our FY19 baseline. Since FY19 we have made multiple strategic decisions to reduce our current emissions. In April 2022 we transitioned to the Green Tariff with Manx Utilities, providing renewable electricity to our office. At the start of FY23 we permanently turned off all gas heating in the main office space of the building and switched to using the Green Tariff electric air source heat pumps. In the advent of the COVID-19 pandemic we increased our usage of virtual meetings and conferences, reducing the need to travel. This is reflected by a 43% reduction in business travel emissions since our FY19 baseline, which is well under our glidepath to reach a 50% reduction by FY30.

Challenges to our strategy include the increase in business travel to clients and PwC conferences following the pandemic as well as engaging with our suppliers to commit to Science Based Targets. However, it should be noted these challenges are being experienced globally and are not unique to PwC Isle of Man.

PwC plays an important role in this global transition in helping our clients to understand and navigate the challenges they will face from the environmental agenda, whilst building trust with stakeholders. During FY24 PwC Isle of Man has invested in people and skills to launch Sustainability and Climate Change services to help our clients transition to a more sustainable future where organisations are increasingly reporting a combination of financial and non-financial information.



# Our approach



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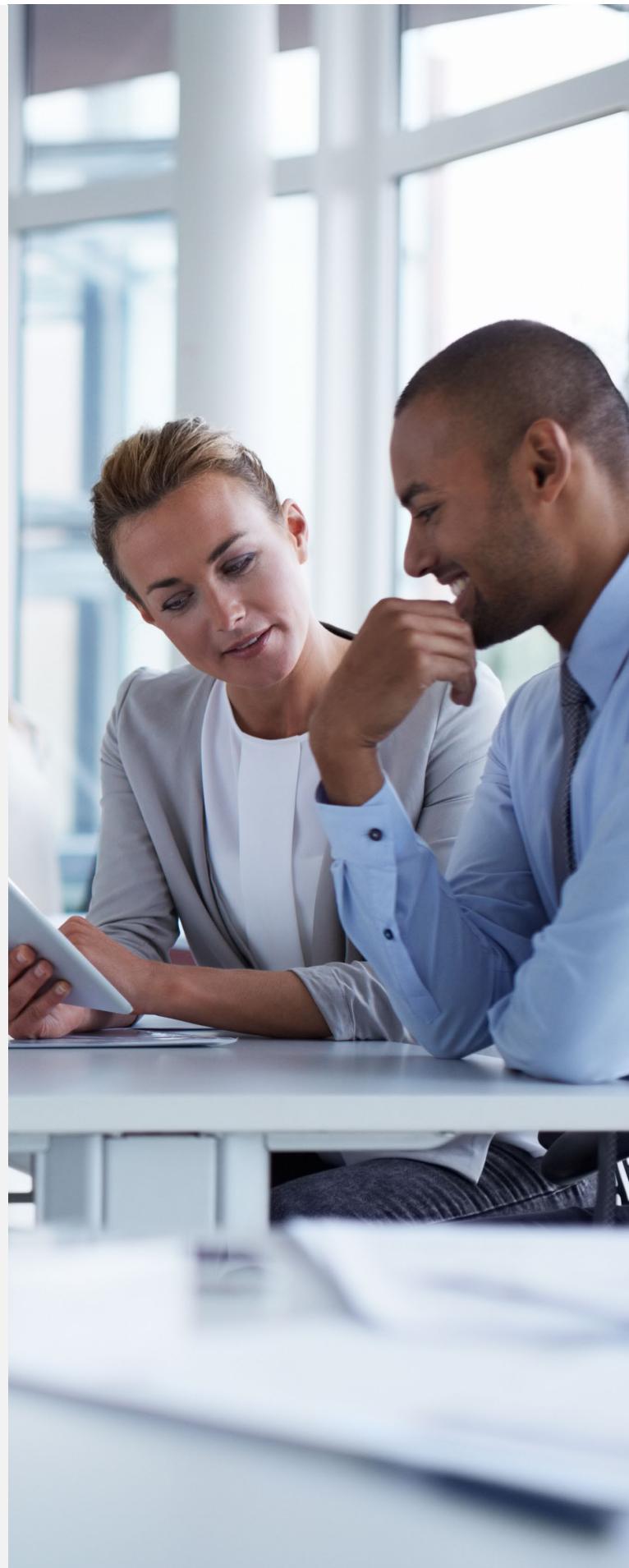
# Our approach

As a member of the PwC network, PwC Isle of Man has access to and uses PwC Audit, a common audit methodology and process. This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate.

PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our common audit methodology provides the framework to enable PwC firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements.

PwC Audit is developed by the Global Assurance Quality – Methodology Group (GAQ – Methodology). GAQ Methodology has responsibility for the maintenance and update of global audit policies and guidance, including: the PwC Audit Guide; libraries of audit activities for our global audit software (Aura); and template letters and other documents for use by engagement teams.

Our Isle of Man Audit Risk and Quality group is responsible for developing policies, guidance and templates to supplement the global methodology to address additional requirements such as Isle of Man laws and regulations.



# Tools and technologies to support our audit



## Our technology

**Aura**, our global audit documentation platform, is used across the PwC network. Aura helps drive how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Targeted audit plans specify risk levels, controls reliance and substantive testing. Real time dashboards show teams audit progress and the impact of scoping decisions more quickly.

**Connect** is our collaborative platform that allows clients to quickly and securely share audit documents and deliverables. Connect also eases the burden of tracking the status of deliverables and resolving issues by automatically flagging and tracking outstanding items and issues identified through the audit for more immediate attention and resolution. Clients are also able to see audit adjustments, control deficiencies, and statutory audit progress for all locations – in real time.

**Connect Audit Manager** streamlines, standardises and automates group and component teams coordination for group and statutory/regulatory audits. It provides a single digital platform to see all outbound and inbound work and digitises the entire coordination process which facilitates greater transparency, compliance and quality for complex multi-location audits.

**Instructions Tool** automates and standardises the creation of interoffice instructions based on reporting and specific engagement requirements.

**Halo**, our data auditing tool, address large volumes of data, analysing whole populations to improve risk assessment, analysis and testing. For example, Halo for Journals enables the identification of relevant journals based on defined criteria making it easier for engagement teams to explore and visualise the data to identify client journal entries to analyse and start the testing process.

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

**PwC Confirmations**, our global, secure, web-based confirmation platform providing a guided experience to preparing, sending, monitoring and receiving electronic and paper responses for our auditors and third-party confirmers as well as a dashboard view to assist in status updates. The Confirmmer portal allows confirmers to easily navigate and provide responses.

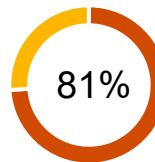
**Halo Platform** enables our engagement teams to manage all data extractions, executions and storage for all applications through one central location, allowing our engagement teams to monitor the status of data uploads and use the acquired entity data for multiple applications during the audit.



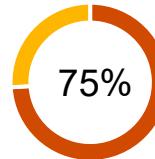
## Our next generation audit

As part of our commitment to building trust and delivering sustained outcomes, the PwC network is investing in a multi-year project to deliver a new global audit platform to power our next generation audit, ultimately replacing our legacy technologies such as Aura and Connect. By exploring and investing in new technologies and redefining underlying audit processes, PwC will further standardise, simplify, centralise, and automate our audit work. PwC's investment will accelerate ongoing innovation and enable us to respond to changing stakeholders' needs while taking advantage of emerging technologies, including Generative AI, providing a transformed audit experience focusing on continuous quality enhancement. PwC's vision for NGA is to provide efficient, robust and independent assurance and audit insights across financial and non-financial information, helping to build trust in what matters to our stakeholders. As PwC gains momentum around the next generation audit programme, we will continue to release new capabilities on an ongoing basis to enhance quality and the overall audit experience.

There have been significant investments across the PwC network into Generative AI as we seek to reimagine how we further enable our people by leveraging the power of AI. We are focused on promoting a culture of responsible usage of AI while supporting ongoing interest and quickly evolving potential use cases for AI including Generative AI.



of our people believe at PwC, the quality of the technology they work with allows them to complete their work effectively



of our people believe the people they work with actively seek out new ways to use technology to improve how we deliver to our clients (internal and external)



## Reliability and auditability of audit technologies

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



### Confidentiality and Information Security

Confidentiality and information security are key elements of our professional responsibilities. Misuse or loss of confidential client information or personal data may expose the firm to legal proceedings, and it may also adversely impact our reputation. We take the protection of confidential and personal data very seriously.

Our focus on our clients requires a holistic and collaborative approach to reducing security, privacy and confidentiality risks with significant investment in appropriate controls and monitoring to embed an effective three lines of defence model. This model has enabled us to strengthen our information security organisation, align to industry good practice and improve our internal control frameworks.

#### Data privacy

The firm maintains a robust and consistent approach to the management of all personal data, with everyone in our organisation having a role to play in safeguarding personal data. We have continued to build on our extensive GDPR compliance programme and are committed to reinforcing good data management practices across our business.

#### Information Security

Information Security is a high priority for the PwC Network. Our firm is accountable to our people, clients, suppliers, and other stakeholders to protect information that is entrusted to us. Failure to protect information could potentially harm the individuals whose information our firm holds, lead our firm to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand. As such, the Isle of Man firm complies with the PwC Information Security Policy which outlines the minimum security requirements for all PwC Firms.

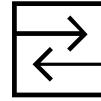


## Supporting engagement performance



### Direction, coaching and supervision

Engagement leaders and senior engagement team members are responsible and accountable for providing quality coaching throughout the audit and supervising the work completed by junior members of the team, coach the team and maintain audit quality. Engagement teams utilise Aura which has capabilities to effectively monitor the progress of the engagement to determine that all work has been completed and reviewed by appropriate individuals, including the engagement leader.



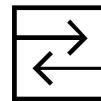
### Quality Review Partners (QRP)

Specific audit engagements are assigned a QRP as part of the member firm's system of quality management as required by professional standards. These partners, who have the necessary experience and technical knowledge, are involved in the most critical aspects of the audit. For example, they may advise on matters of firm independence, significant risks and a team's responses to those risks, and specific accounting, auditing, and financial reporting and disclosure issues.



### Consultation culture

Consultation is key to maintaining high audit quality. We have formal protocols about mandatory consultation, in the pursuit of quality. For example, our engagement teams consult with appropriate groups in areas such as accounting, taxation, risk, valuation, actuarial and other specialities.



### Differences of opinion

Protocols exist to resolve the situations where a difference of opinion arises between the engagement leader and either the QRP, another partner or central functions such as Risk and Quality. These include the use of technical panels consisting of partners independent of the engagement.



# Monitoring



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# Monitoring



## Monitoring of Assurance quality

We recognise that quality in the Assurance services we deliver to clients is key to maintaining the confidence of investors and other stakeholders in the integrity of our work. It is a key element to our Assurance strategy.

Responsibility for appropriate quality management lies with the leadership of PwC Isle of Man. This includes the design and operation of an effective System of Quality Management (SoQM) that is responsive to our specific risks to delivering quality audit engagements, using the network's QMSE framework.

The overall quality objective under the QMSE framework is to have the necessary capabilities in our firm and to deploy our people to consistently use our methodologies, processes and technology in the delivery of Assurance services in an effective and efficient manner to fulfil the valid expectations of our clients and other stakeholders.

Our firm's monitoring includes an ongoing assessment aimed at evaluating whether the policies and procedures which constitute our SoQM are designed appropriately and operating effectively to provide reasonable assurance that our audit, non-audit assurance and related services engagements are performed in compliance with laws, regulations and professional standards (also referred to as our ongoing monitoring). This includes the use of Real-Time Assurance.



## Audit Quality Measures

- Total number of ECRs
- Number of ECRs rated as Compliant, Compliant with Improvement Required, Non-Compliant
- ECRs rated as Compliant, Compliant with Improvement Required, Non-Compliant related to total number of ECRs (%)
- Financial statement restatements involving PIE audits due to material errors
- Frequency and impact of accounting errors (that may not result in restatements)

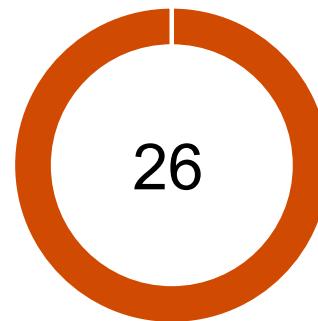


## Aim to Prevent: Real Time Assurance

We have developed a Real-Time Quality Assurance (RTA) programme designed to provide preventative monitoring that helps coach and support engagement teams get the 'right work' completed in real-time, during the audit.

Our RTA program focuses on real-time quality. Our experienced team of reviewers, using a Firm-wide dashboard and the automation of processes, perform detailed reviews of active engagements with a view to identifying potential quality matters prior to the issuance of the audit report.

The program ensures coverage across a wide variety of clients, industries and Engagement Leaders. Engagement teams are provided with real-time information and coaching to allow potential quality matters to be adequately considered and resolved.



26 active  
Assurance files  
subject to Real  
Time  
Assurance  
review



## Restatements

7

Number of financial statement restatements  
due to material errors



# Monitoring

In addition to the ongoing monitoring noted on page 32, our monitoring also encompasses a periodic assessment of our SoQM which includes the review of completed engagements (Engagement Compliance Reviews - ECR), as well as periodic monitoring of our SoQM by an objective team within our firm. The results of these procedures, together with our ongoing monitoring, form the basis for the continuous improvement of our SoQM. ECRs are performed under a network-wide inspection programme based on professional standards and PwC audit methodology.

ECRs are risk-focused reviews of completed engagements covering, on a periodic basis, individuals in our firm who are authorised to sign audit, non-audit assurance or related services reports. The review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures.

Reviews are led by experienced Assurance partners, supported by objective teams of partners, directors, senior managers and other specialists. ECR reviewers may be sourced from other PwC firms if needed to provide appropriate expertise or objectivity. Review teams receive training to support them in fulfilling their responsibilities and utilise a range of checklists and tools developed at the network level when conducting their inspection procedures.

The network inspection team supports review teams by monitoring the consistent application of guidance on classification of engagement findings and engagement assessments across the network.

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

The inspection results are reported to our firm's leadership who are responsible for analysing the results of the inspections along with quality findings identified from all sources of information, for performing timely root cause analysis, and for implementing remedial actions as necessary. In situations where adverse quality matters on engagements are identified, based on the nature and circumstances of the issues, the responsible engagement leader or our firm's Assurance leadership personnel may be subject to additional mentoring, training or further sanctions in accordance with our firm's Recognition and Accountability Framework.

Assurance engagement leaders of our firm receive information on the results of the network inspection program, designed for their use in assessing the scope of audit work they determine needs to be performed and their reliance on work performed by PwC firms in connection with their audit of a client's consolidated financial statements.



# Monitoring

## External inspections

PwC Isle of Man is eligible as a recognised auditor to undertake the required statutory audit work for Isle of Man incorporated companies with debt or equity listed on a UK regulated exchange.

The Isle of Man Financial Services Authority have delegated responsibility for conducting inspections of recognised auditors to the Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW). The QAD is the relevant regulatory or professional body for PwC Isle of Man for audits of companies with transferable securities trading on a UK or EU regulated market subject to the Crown Dependencies' Audit Rules and Guidance, as well as all UK audit clients. Their visits are at a minimum of every 3 and 6 years respectively and the results are assessed to ensure the firm is able to continue to perform such audit work.

During the financial year ending 30 June 2024 the QAD performed a Crown Dependency Audit inspection of PwC Isle of Man. The result of this inspection was satisfactory with a recommendation for our Crown Dependency registration to continue.

In September 2024, following the end of the Financial year, the QAD in tandem with the Isle of Man Financial Services Authority, performed a Practice Assurance Review. The result of this inspection was satisfactory with no matters requiring action.

In addition, as agreed with the Isle of Man Financial Services Authority, the ICAEW also conducted a visit in August and September 2024 to review aspects of PwC Isle of Man's anti-money laundering compliance. Their report noted 4 exceptions rated as "minor".

## Learn: Root cause Analysis

### Learn: Root cause analysis

We perform analyses to identify potential factors contributing to our firm's audit quality so that we can take actions to continuously improve. Our primary objectives when conducting such analyses are to understand what our findings tell us about our SoQM and to identify how our firm can provide an effective environment for our engagement teams to deliver a quality audit.

We look at quality findings from all sources including:

- our own ongoing monitoring of our SoQM;
- the Network inspection of our SoQM;
- audit engagement level findings from our own internal inspections process or external inspections; and
- other inputs such as financial statement restatements and accounting errors,

to help identify possible distinctions and learning opportunities.

For individual audits, an objective team of root cause specialists identifies potential factors contributing to the overall quality of the audit. We consider factors relevant to technical knowledge, supervision and review, professional scepticism, engagement resources, and training, amongst others. Potential causal factors are identified by evaluating engagement information, performing interviews, and reviewing selected audit working papers to understand the factors that may have contributed to audit quality. In addition, the data compiled for audits both with and without engagement-level findings is compared and contrasted to identify whether certain factors appear to correlate to audit quality. Examples of this data include experience, sufficiency and continuity of staff, hours incurred on the audit, level of consultation with experts and specialists, experience on similar clients, seniority and experience of engagement leaders and the benefit from interventions such as real-time reviews and quality review partners.

Our goal is to understand how quality audits may differ from those with engagement-level findings, and to evaluate how these learnings may be used to continuously improve all of our audits. We evaluate the results of these analyses to identify enhancements that may be useful to implement across the practice. We believe these analyses contribute significantly to the continuing effectiveness of our quality management.

We evaluate the results of this analysis to identify enhancements that may be useful to implement across the practice. A remediation plan is subsequently developed and monitored to ensure that findings are addressed and corrective action is taken in a timely manner as necessary.

Root cause Analysis conclusions are shared with Leadership and learning areas are shared with the practice during tailored training sessions, forums and internal communications



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# PwC network



## PricewaterhouseCoopers International Limited

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. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, a single firm, or a multinational corporation.

For these reasons, the PwC network consists of firms which are separate legal entities. The firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world. Firms in the PwC network are members in, or have other connections to PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to facilitate coordination between member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, the Network Leadership Team and Board of PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual PwC firms where appropriate. Member firms of PwCIL can use the PwC name and the resources and methodologies of the PwC network. In addition, member firms may request 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 and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain "PricewaterhouseCoopers", however there is no ownership by PwCIL. 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 PwC 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.



## The governance bodies of PwCIL are:

### The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of elected partners from PwC firms around the world and one or more external independent directors. Please refer to the following [page on the PwC Global website](#) for a list of the current members of the Global Board.
- **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 PwC firms to coordinate activities across all areas of our business.

The Territory Senior Partner of PwC Isle of Man is connected to the Strategy Council and maintains our relationships with the Network Leadership Team.





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# Legal and governance structure



## Legal structure and ownership of PwC Isle of Man

PricewaterhouseCoopers LLC is a limited liability company incorporated in the Isle of Man and is registered as a "recognised auditor" with the Isle of Man Financial Services Authority.

The members of PricewaterhouseCoopers LLC, known as partners, together form the governing body. They meet together and with the firm's directors at regular intervals to discuss strategy and to monitor the firm's progress against that strategy.

Name	Role(s)	Experience as a PwC Partner
 Nicholas Halsall	Territory Senior Partner, PwC Network,	14 years
 Andy Dunn	Partner responsible for Risk & Quality	11 years
 Nicola Shepstone	Assurance Quality Leader, Business Enablement Functions Leader, Learning & Education	11 years
 Ferran Munoz-Lopez	Clients & Markets Leader, Partner Responsible for Independence, Chief Internal Auditor, Advisory Leader, Tax Leader	5 years
 Paul Jones	Territory Assurance Leader, Partner responsible for IT, Corporate Responsibility, Risk Assurance and Digital	5 years
 Nichola Christison	Ethics & Business Conduct Leader	3 years
 Johann Marais	Actuarial Leader, Human Capital Leader, Partner responsible for Wellness	3 years



# Legal and governance structure



## EU Public Interest Entities (EU PIEs) / Market Traded Companies (MTCs)

During the period covered by this Transparency Report, PwC Isle of Man has not signed any audit reports on the financial statements of an EU PIE as defined by Article 13 or any Isle of Man incorporated audit clients that had transferable securities admitted to trade on a UK or EU regulated market meeting the definition of MTCs under Isle of Man law and regulations.



## Financial information

An analysis of the total turnover of PwC Isle of Man for the financial years ended 30 June 2024 and 30 June 2023 is shown below.



## Partner remuneration

Partners are remunerated solely out of the profits of PwC Isle of Man.

Audit partners are not permitted to be incentivised, evaluated or remunerated for the selling of non-audit services to their audit clients.

Once the annual financial statements have been approved, the final allocation and distribution of profit to individual partners is made according to their entitlement under the firm's operating agreement adjusted for their performance which is assessed against their objectives and the firm's Recognition and Accountability Framework.

Total fee income for the years ended 30 June was:

	2024 £'000	2023 £'000
Statutory audit revenue from Market Traded Companies	-	9
Audit revenue earned from all other clients	8,589	7,610
Non-audit services revenue earned from Market Traded Companies	3	-
Non-audit services revenue earned from all other clients	3,162	2,924



[pwc.com/im](http://pwc.com/im)

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