

3 Talent



Our 15 quality objectives

■ Leadership and quality management process

Objective 1: Leadership and quality management process

■ Ethics and objectivity

Objective 2: Ethical requirements and values

Objective 3: Objectivity and independence

■ Client selectivity management/ Solutions and opportunities management

Objective 4: Client selectivity

Objective 5: Managing services and products

Objective 6: Engagement acceptance and continuance

■ People management

Objective 7: Recruit, develop and retain

Objective 8: Learning and education

Objective 9: Assignment of people to engagements

Objective 10: Evaluation and compensation

■ Technology management

Objective 11: Technological resources

■ Solutions delivery management

Objective 12: Support for engagement performance

Objective 13: Direction, coaching and supervision

Objective 14: Expert knowledge

■ Monitoring and enhancement process for the system of quality management

Objective 15: Quality controls in performing engagements



Message from leaders

The greatest asset of a professional services firm is people. And the growth of each staff is the key to each organisations' growth.

Masahiko Nara

Chief Human Capital Officer, Human Capital Planning Office Leader

Chikako Suzuki

Chief Culture Officer/Chief People Development Officer, People Development Office Leader

Due to rapid changes in the business environment, managerial and social issues have been diversifying, expanding and complicating the challenges we face as a professional services firm.

As the breadth of issues we face widens and increases in complexity, the level of knowledge and experience required in each area is increasing. To address the breadth and complexity of these issues, the Firm has been focusing on encouraging all staff to develop a professional mindset.

For example, our people strategy encourages all staff to take ownership of their professional growth and career progression and develop themselves by continuously engaging with other staff and taking on new challenges. We are also striving to foster and establish a culture that supports this. To continue to be an organisation that helps audited companies, clients and society solve their problems, the Firm's staff need to embrace and respect the knowledge and experience of other staff and bring together such knowledge and experience while enhancing their own.

The Firm has established the People Development Office and Human Capital Planning Office which assumes

HC-related roles, and appointed an officer as a leader for each office. The role of the People Development Office is to define a people model necessary to deliver our vision and strategy and to establish a people development infrastructure, while the role of the Human Capital Planning Office is to build and operate a workplace environment that helps each staff grow as professionals and create diverse values. Both offices collaborate in promoting people development by fulfilling their respective roles.

As part of our FY2024 initiatives, we strengthened our people development functions. For example, we have enhanced training programs for improving expertise and cultivating necessary knowledge and the evaluation program for obtaining feedback. We also clarified career paths and improved our programs for diverse work styles that use hybrid work and other arrangements.

With the integration in December 2023, PricewaterhouseCoopers Japan LLC has started its operation. Since then, we have discussed and taken actions as a new firm. We believe this will lead to our further evolution, individually and as an organisation. We will also continue to focus on our people development initiatives to ensure that our people grow as professionals, creating diverse values.

Our people

Our people model

To ensure the diversity and flexibility of our people and delivery of high quality audits, the Firm has defined the following three attributes as our people model: Embracing and pursuing diversity, Mindset that supports autonomy and challenge, and Ability to harness the power of, and develop, people (mutual respect).

- Diversity: Since diverse knowledge and experience is instrumental to respond to the breadth and complexity

of issues to be dealt with, each staff should recognise and develop his/her own strengths and enhance their professional skills, thereby building diverse knowledge and experience as an organisation.

- Autonomy: Each staff should take ownership of his/her own growth, pursue his/her career as a professional, and take action with courage.
- Mutual Respect: Each staff should respect, embrace and collaborate with each other, solve problems together, and build an ideal organisation that allows diverse people to proactively demonstrate their own power.

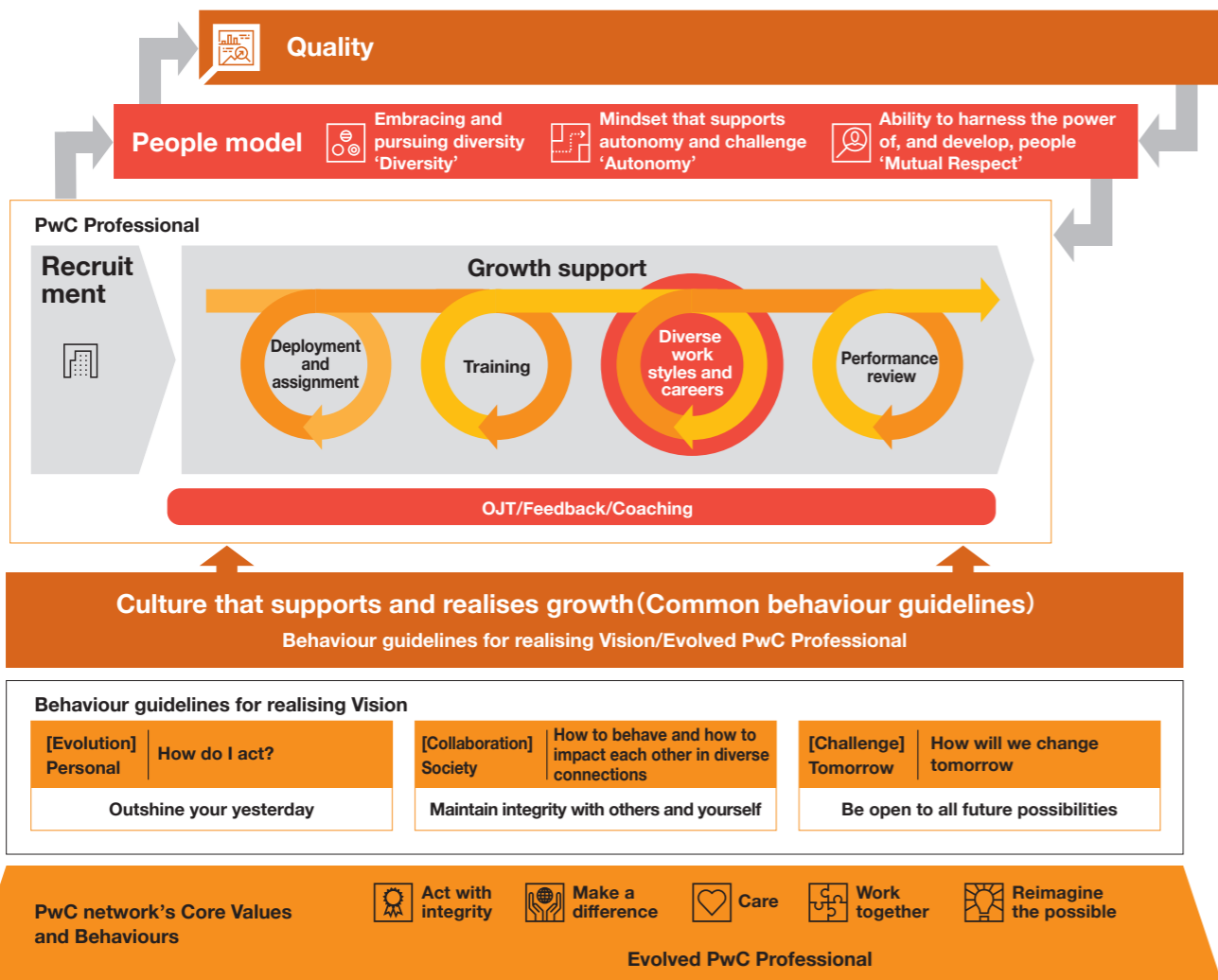
Continuous growth support

For each staff to grow his/her own career path, the Firm has established a framework for implementing programs that cover recruitment and development, training, deployment and assignment, and performance review and management through two-way communication. By continuously and repeatedly operating these programs according to the people’s lifecycle, the Firm supports continuous growth of each staff. We believe that people developed under these programs will drive distinctive, high-quality audits for the Firm.

Key initiatives related to our people strategy

Our people strategy aims to firmly establish a culture where all staff continuously grow as professionals. Our key initiatives are centred on 1. recruitment and development, 2. diverse work styles and careers, 3. training, 4. deployment and assignment, 5. performance review and management, and 6. fostering a culture, which are discussed in detail below.

Lifecycle to develop people for delivering high-quality audit



Key initiatives of our people strategy

1 Recruitment and development	In the recruitment phase, we place the utmost importance on hiring people based on their qualities and whether they relate to the Firm’s strategy and culture, without concern for achieving a target number of recruits. In the development phase, we promote the professional growth of each staff.	► p. 79
2 Diverse work styles and career	For staff to realise their career as professionals, it is important to guide them to career paths that lead to the realisation of our strategies. Further, it is essential to establish an environment and programs that enable people to choose diverse work styles according to their life stage and other factors in their career progression.	► p. 80
3 Training	Training is essential for professional growth. People need to have a minimum amount of knowledge in the fields they consider to be their strengths. The Firm provides mandatory and imperative training in a wide range of areas (e.g. sustainability, cutting-edge technology, including generative AI) and offers a subsidy program for external training expenses.	► p. 81
4 Deployment and assignment	The Firm determines assignments in a manner that ensures people gain work experience required for each career progression and considers workload balance.	► p. 82
5 Performance review and management	This is feedback to promote professional growth. Obtaining timely feedback on both strengths and improvements is imperative to professional growth.	► p. 83
6 Fostering a culture	Behaviour of each staff is critical in realising our people strategy. Fostering a culture to disseminate the common behaviour guidelines based on how each staff should act to realise our goals as an organisation.	► p. 23

Recruitment and development

Recruiting diverse people

Only people can ensure quality. Recruiting is a vital process for securing diverse people that supports audit quality and integrated assurance (p. 11). It is also important to recruit people who have knowledge, experience, integrity and share common values. In all recruitment activities, we introduce candidates to our programs and initiatives for professional growth and the people model and career plans. In recent years, we have been actively recruiting diverse people.

Recruitment indicators

Percentage of people other than JICPA or JICPA exam passers

We focus on understanding capabilities and skills of mid-career hires for recruitment and make use of such information for subsequent assignment and support of their growth.

70%

Percentage of non-JCPAs and non-exam passers

We actively hire people with diverse backgrounds, experiences and skills who are not Japanese CPAs.

47.2%

Number of nationalities (including Japan)

Against the backdrop of globalisation, we hire people from diverse countries to incorporate viewpoints and thoughts that transcend geographic and cultural boundaries.

22 countries

People development

Professional growth is generally achieved through work experience, feedback and learning from training. The Firm places priority on on-the-job training and two-way dialogue through coaching. Inquiries and consultation, feedback, proactive dialogue and suggestions from coaches for professional growth enable support tailored to each staff's growth.

In addition to regular feedback via on-the-job training and coaching, the Firm has established a development program called Global Leadership Development Experience (Global LDE) for people to acquire skills for the future. A Career Coach, who is assigned to each staff, engages in coaching that stimulates staff to take ownership of their growth based on their growth strategy and career plan.

The Firm also offers training programs to acquire skills and knowledge according to the staff's grade, thereby providing continuous support for their professional growth. These include training courses featuring trends in the business environment and changes in strategies.

Opportunities for diverse career paths

Clarifying career paths

Career paths are diversifying, and this trend has become pronounced in recent years. The Firm aims for sustainable growth both at the organisation and individual level to provide high-quality audit and integrated assurance services by adapting to changes in the environment. To achieve this, our organisation needs to provide diverse working styles and careers, and develop diverse people who bring these to life.

To ensure diversity at an individual level, the Firm has established personnel programs suited to diverse work styles and careers. In FY2024, the Firm shared diverse career models and career paths that are necessary for each model. We will continue to share information on diverse career paths and promote coaching from a medium-to-long-term perspective.

Since having diverse career opportunities is vital for the sustained growth of the organisation and individuals, the Firm offers various programs to achieve this. For example, through secondment of audit professionals to relevant domestic institutions and assignment to internal

departments such as Risk & Quality, audit professionals develop a more diversified perspective on audit, which will enable them to understand risks of audit clients in more depth. Experience in an overseas assignment enables them to acquire a global perspective cultivated through different cultures and to perform audits by taking into account global developments in audits. Experience in non-audit services and secondment to companies improves the ability to identify business risks and risks in internal controls of audit clients. We believe these experiences will expand the risk awareness of audit professionals in providing audit services and help improve audit quality.

The Firm is also expanding the interaction with former employees of PwC through the alumni network. Feedback from PwC alumni provides a valuable perspective in understanding external expectations and recognition of the Firm.

Additionally, many staff who have returned to the Firm after temporarily leaving to have experience in other organisations or locations are contributing to the Firm by leveraging their experience.

Diverse experiences for risk recognition and enhancement of audit quality



Training

Positioning of training

The Firm considers training as a learning opportunity for continuous professional growth. In addition to technical areas such as financial statement audits, the Firm offers a variety of courses that enable staff to acquire necessary skills according to their career path.

To develop professionals who can provide high-quality audit and integrated assurance services, people need to acquire skills according to their grade and role that enable them to respond flexibly to changes in environments and situations.

Training plans are reviewed annually to embody and incorporate the five attributes defined in the PwC Professional Framework to help people acquire knowledge and skills necessary to develop and improve behaviour required as PwC's staff.

In addition to mandatory training courses for all staff, we

offer imperative courses to allow staff to take as per their needs and learning motivation.

In FY2024, the Firm reduced the required minimum hours for mandatory training courses, and enhanced access to various training courses. By creating an environment in which staff can actively take ownership of their growth, the Firm supports long-term growth through a development plan formulated to realise diverse careers for each staff.

The Firm monitors the status of attendance at training courses. If an act of inappropriate attendance (e.g. sharing answers of an assessment or taking multiple courses at the same time) is detected, a strict disciplinary action, will be taken.

Knowledge gained through learning is deepened by on-the-job training and coaching, and is accumulated as experience. Through these efforts, the Firm aims to provide solutions by harnessing the power of people with diverse strengths in their respective speciality areas.

Deployment and assignment

Our approach to assignment

Under the Firm's business model, we organise OUs by industry of audit clients and assign staff to continually engage in a certain industry to enable them to accumulate business knowledge. We believe that this model helps the Firm build a foundation for high-quality audits and integrated assurance services.

In the recruitment process, we discuss with candidates their interested industry and career aspirations and, after joining the Firm, determine an OU to be assigned according to their interests. This approach encourages staff to have a high sense of purpose and motivation in work, and contributes to maintaining and enhancing the quality of audit and integrated assurance services.

After joining the Firm, staff regularly discuss medium- to long-term career goals and determine experience necessary to achieve the goals which are adjusted according to their life stage and situations. These are reflected in their assignment to ensure flexibility in response to changes in the environment.

same time, to address issues at an OU level, such as uneven workload in busy seasons, overallocation of work to certain staff and assignment inefficiency, we are working to ensure firm-wide optimal resource assignments across OUs. After the integration in December 2023, the AAO has been working to integrate the assignment of ex-PwC Aarata and ex-PwC Kyoto to solve existing resource management issues.

Going forward, we will promote flexible cross-OU assignments and encourage employees to develop knowledge and experience and flexibility to adapt to changes with the aim of becoming a professional group with optimised expertise. This approach will promote diversified assignments in line with the individual career plan.

Various training programs are available for each employee to acquire necessary skills according to their career path.

	Associate	Senior Associate	Manager	Senior Manager	Director	Partner
	PwC Culture(Purpose, Values and behaviours, Behaviour guidelines for realising Vision)					
Whole leadership	Coaching (e.g. career coach system)					
	Leadership training by grade					
Business acumen	Sustainability training					
	Project management, facilitation, upfront coaching by VR					
Technical and digital	Learning programs, such as MBA essential business knowledge/business skills					
	Digital Upskilling (enhancement of digital skills-Digital Quest/Digital training/Internal badge program/Support for JDLA's deep learning certification for engineers)					
	Annual accounting and audit training/US accounting and audit standard training/IFRS training					
	Audit tool training/OU-level subject matter training (e.g. risk assurance, regulatory compliance)					
Global and inclusive	Fraud case study, accounting fraud experience program					
	Language learning programs (grant for participation in programs offered by language schools (Japanese/English/Chinese), grant for taking an English proficiency test)					
	Global mindset/Communication					
Relationships	Inclusion and Diversity (gender, disability, LGBT + Inclusion, different culture, internal badge program)					
	Assertive communication					

Quality management indicators (AQI) related to training

Average training participation hours of audit practitioners*	90.5 hours	Result of the feedback survey on training	4.4/5 points
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* Audit practitioner means a person who is engaged in audit work for 35 hours or more in a year.

Assurance Assignment Office

Against the backdrop of increasing complexity in the audit environment affected by advancement in business and heightening expectations towards auditors, the Firm has established an assurance assignment office (AAO) to build a firm-wide optimal assignment structure.

The Firm has formulated a policy to promote the mobilisation of engagement teams that are best suited to the situation of clients. Each team develops an assignment plan in accordance with this policy. At the

Performance review

PwC Professional and performance review program

PwC defines the skills and competencies required for partners and staff under the PwC Professional, which is the PwC network's common framework. This categorises skills and competencies required for leadership to realise PwC's Purpose and act based on values into five attributes.

The performance review program requires performance review according to individual life stage and career paths. Performance review uses the PwC Professional as evaluation criteria, and focuses on strengths of each employee while embracing diversity. The results are provided to staff with sufficient explanation and feedback through coaching.

Audit quality in performance review

Performance review is performed considering each grade and based on the five attributes of the PwC Professional and the status of achieving KPIs set by each operating unit.

By defining service quality as one of the most key indicators in performance review, the Firm encourages all staff to acquire skills and competencies required to ensure

quality, and motivates them to act with a quality-first mindset in working for audits and other engagements.

Performance review and determination of compensation for partners, including leadership members, is based on the internal policy and procedures on performance evaluation and an individual plan developed annually by each partner. In the annual plan, indicators related to service quality are regarded as the most key indicators. The progress of achieving the indicators is evaluated by the leader of each operating unit and results are submitted to the Management Committee. If a partner is given a high rating for his/her contribution to quality in an external inspection, or is recognised for his/her efforts to maintain and improve audit quality, this will be appropriately reflected in performance review.

360-degree feedback

The Firm conducts 360-degree feedback with the aim of fostering an open culture and enhancing the value of each staff. The results of 360-degree feedback for partners and partner candidates are reflected in their performance review. 360-degree feedback is also available for other staff. As all staff can receive feedback from anyone at any time, timely feedback from other staff is used as input to facilitate personal growth.

PwC Professional Framework

- Relationships**
Build meaningful relationships with integrity and trust
- Global and inclusive**
Operate and collaborate effectively with a mindset that transcends boundaries and embraces global and cross-cultural perspectives



- Business acumen**
Bring business knowledge, in novation and insight to create distinctive value for clients and PwC
- Technical and digital**
Apply a range of technical, digital and other professional capabilities to deliver quality and value
- Whole leadership**
Lead oneself and others to make a difference and create a positive impact in a responsible, authentic, resilient, inclusive and passionate manner

Well-being and Inclusion and Diversity (I&D)

Purpose of well-being and promotion structure

Workplaces need to provide an environment where employees feel motivated and work comfortably. Based on the results of the annual employee engagement survey, the Firm has identified well-being as an area that requires ongoing efforts.

To foster an organisational culture in which employees can demonstrate high performance while leading a healthy life, the Firm has been working on various initiatives in collaboration with the Management Committee, Planning & Management, Internal Firm Services and PwC Health Insurance Society, with the CEO serving as a leader.

Initiatives toward well-being

It is vital to meet the diverse work-style needs of diverse people. To this end, the Firm has implemented a system that enables people to design their own work style according to the needs of their life stage. With the diversification of working places, hours and arrangements, we believe that allowing people to flexibly choose a work style contributes to individual growth and organisational development.

The health management strategy map illustrates the relationship between initiatives (health investment) and target indicators, and clarifies the health management strategy. This map helps improve the effectiveness of various initiatives. As part of our initiatives to improve well-being, the Firm has established a coaching system in which a coach is assigned to each staff to appropriately consult about working hours and work style.

I&D

PwC Japan Group promotes I&D focusing on 5 domains: gender, nationality, disabilities, work style reform and LGBT + Inclusion.

【Health and Productivity Management Organisation】
In recognition of various initiatives, the Firm has been certified as a health and productivity management organisation (large enterprise category) that implements excellent health management for six consecutive years, and as a White 500 enterprise for three times, since 2019.

【Kurumin Certification】
The Firm has implemented measures and established a workplace environment to support child care. Owing to these efforts, the Firm has received the Kurumin certification (certification granted to entities who support employees for their child care) from the Minister of Health, Labour and Welfare.

Wellbeing/I&D-related indicators

Percentage of women (entire Firm)	35.2%	Percentage of women in managerial positions (Managers and above)	24.6%
Percentage of men taking childcare leave	101%*	Period of childcare leave taken by men	6.7 weeks
Average number of days of paid leave taken (excluding partners)	17.5 days	Gender pay gap	81.2%

*The percentage of men taking childcare leave is calculated based on the formula of the indicator required to be disclosed under the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.