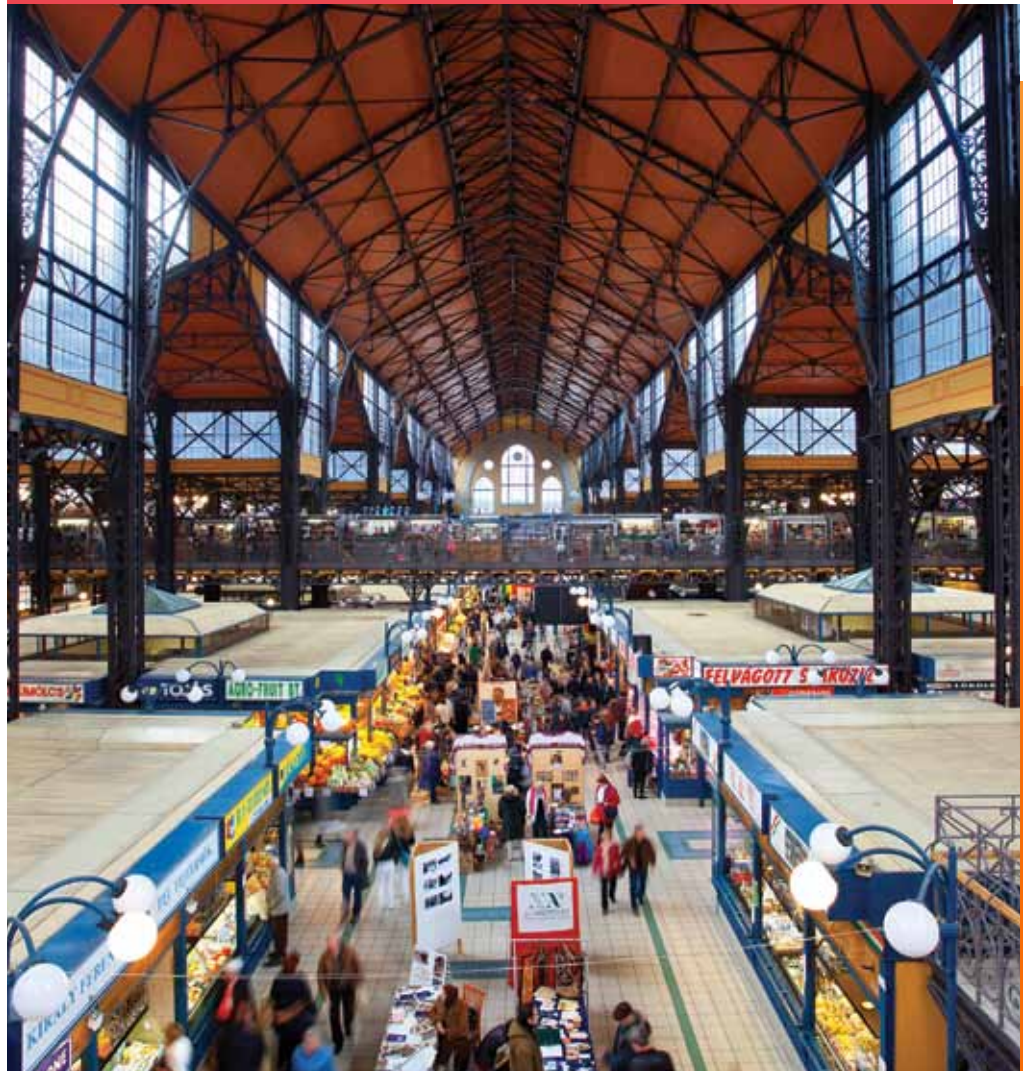


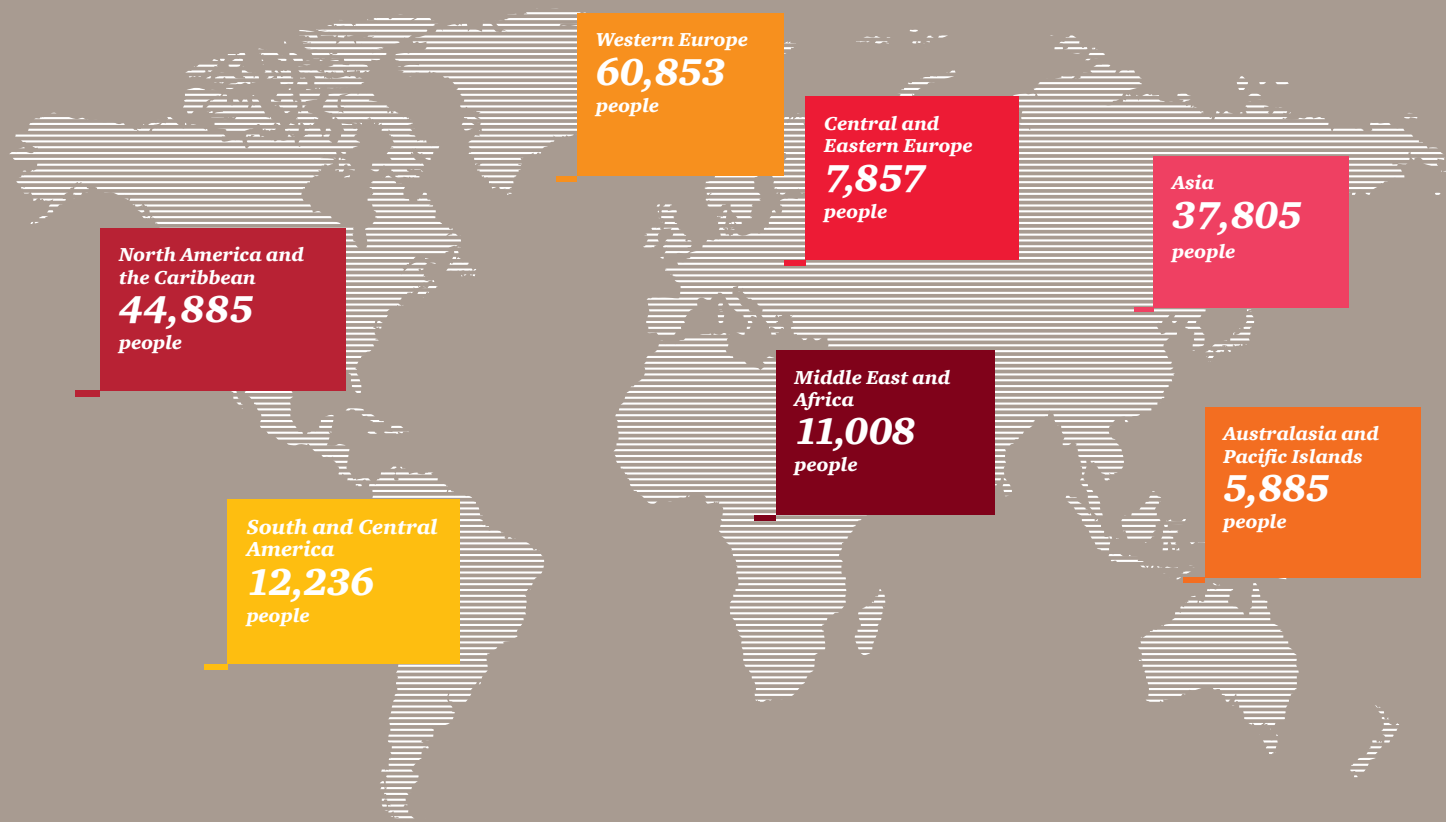
Rethinking the future

Global Annual Review 2012

Creating value for our clients, people and communities in a changing world.



Our people



Figures at 30 June 2012

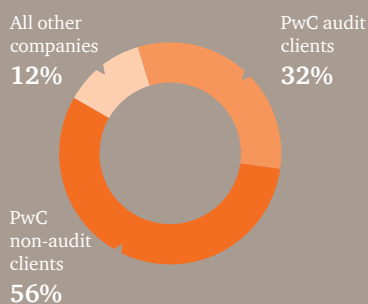


PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with more than 180,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com

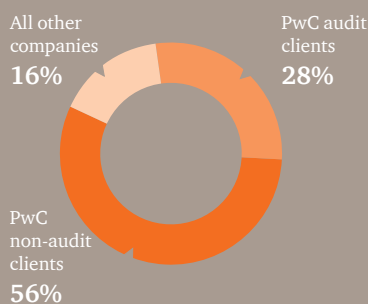
In this Global Annual Review we look at issues that impact all our stakeholders around the world, and we examine our performance, our key network policies and standards, and our work in the global community during FY 2012.

Our clients

FT Global 500



Fortune Global 500



Audit clients include both sole and joint audits. Non-audit clients are those companies where PwC did not provide statutory audit services and where revenues exceeded US\$ 500,000 in FY12.

PwC firms provided services to 422 companies in the Fortune Global 500 and 439 in the FT Global 500.

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Note to readers:

In this Global Annual Review, the terms *PricewaterhouseCoopers*, *PwC*, *our* and *we* are used to refer to the network of member firms of PricewaterhouseCoopers International Limited or, as the context requires, to one or more PwC member firms. For more information, see www.pwc.com/structure.

FY 2012 runs from 1 July 2011 to 30 June 2012.

www.pwc.com/annualreview

Chairman's interview

Nora Wu, Human Capital Leader for PwC China, recently sat down with Dennis Nally, Chairman of PricewaterhouseCoopers International, to get his views on a range of issues and events related to the past year. You can read excerpts from Nora's interview with Dennis here or view video selections at www.pwc.com/annualreview.

Nora: Let's start with the big picture. What's your view of the current global economy?

Dennis: It's been a difficult year and looking out over the next 12 to 24 months I think it's going to continue to be pretty challenging. The US economy is sluggish and the eurozone continues to struggle as it works through its debt issues. China's economy, as you know, is beginning to slow and in India we're seeing the same story. This underlines the degree to which country economies around the world are dependent upon one another. When one region of the world slows down, you can see a cascading effect hitting other parts of the world. But the picture is not entirely bleak. We have certain markets that continue to prosper. Indonesia and Brazil, for example, are doing relatively

well. But clearly, there are a lot of uncertainties out there. And for the time being, we're all going to have to collectively deal with the global economy's 'new normal'.

Nora: How have the past 12 months been for PwC?

Dennis: Given the environment that we're operating in, I think our performance has been pretty strong. Our revenue is up 8% at US\$31.5 billion, the first time we have passed the US\$30 billion milestone. We've seen good growth in all of our lines of service. Our Assurance practice is up 3%, the Tax practice 8%, and Advisory 17%. We remain very much focused on audit quality, which, in our view, is the name of the game. Our Tax practice continues to do very well as clients look for help in terms of compliance with multiple jurisdictions and changing tax regimes. On the Advisory side, many clients are looking for ways to become more efficient in terms of how they manage their supply chains, control cash flows and improve their capabilities around innovation. Overall, our results this past fiscal year suggest that despite the sluggish global economy, there are many opportunities out there for PwC. Whatever the economic conditions, clients continue to look to PwC for help and our strategy of attracting the very best talent to serve our clients continues to translate into a good top line performance. So, I remain very optimistic about PwC's future.



Nora Wu
Human Capital Leader for PwC China

Dennis M. Nally

Chairman, PricewaterhouseCoopers
International Limited

Dennis M. Nally was elected chairman of the PwC network for a four-year term beginning on 1 July 2009. He joined PwC's Network Leadership Team in 2008. From 2002-2009, he was senior partner of PwC US. He joined PwC in 1974 and became a partner in the US firm in 1985.



Nora: PwC's growth in recent years has come mostly from its non-audit businesses. Can you comment on that?

Dennis: We view all of our business lines as equal contributors to the PwC brand and we're focused on making all of them competitive and successful. But it's correct to say that in the past few years, it's the non-audit services that are really driving strong growth across the PwC network. And for the foreseeable future, we continue to expect that to be the case. To the extent that we can continue to offer clients an attractive value proposition with respect to our non-audit services, I expect that part of our business will continue to grow.

Nora: Looking at the Assurance practice, what's your view of the various proposed changes in regulations governing the accounting profession?

Dennis: Clearly, the financial crisis has caused a lot of people to revisit the auditor's role and responsibility. At PwC, we welcome the opportunity to have that discussion. In terms of the audit, I think there are always things that we can learn and there are always things we can do better. And, in fact, we are engaged in discussions with regulators all around the world with respect to changes that might enhance audit quality, increase investor confidence and generally improve the way the audit profession works. And I think, over the next several months, we'll begin to see some formal

proposals coming out in terms of changes that we think would be good for financial reporting and good for the capital markets.

Nora: In today's fast-moving environment, how can the audit be made more relevant to companies and their investors?

Dennis: It's a great question. Regardless of whether we're talking about PwC's Assurance, Tax or Advisory practices, the question of relevancy is really central to everything we do. The audit today is very much based on historical financial information. But many investors are saying they want additional information and wider assurances.



We remain very much focused on audit quality, which, in our view, is the name of the game.

Risk management, for example, is one area where greater assurance might be welcomed. So I think the question of relevance is central to the discussion of what the audit should be and the value it should deliver. Right now, there is what I would describe as an ‘expectation gap’ between what some people think the audit profession should provide and what the audit does under current rules and regulations. So the question is, how do we get a better understanding of what investors and regulators are looking for from an audit? And what can be done to close any gap between those expectations and what auditors do now? That’s an ongoing discussion we’re having with regulators, clients, investors, and other stakeholders.

Nora: Looking again at revenues, PwC’s growth is also increasingly attributable to the rise of the world’s developing economies. What are the implications of that?

Dennis: It’s an important point. PwC’s growth really mirrors what’s going on with our clients. And as our clients try to capitalise on opportunities globally, a lot of our growth is coming out of developing markets. Today, our revenues from the developing markets represent about 20% of PwC’s global revenues. We expect that to double over the next five or six years.

The developing markets provide us with a substantial opportunity – and also a substantial challenge. How do we bring the right capabilities at the right time to the developing markets around the world? That’s one of the biggest questions we face. If we get it right, if we solve that puzzle, it’s going to deliver a great deal of value to our clients – and offer our people tremendous opportunities for personal and professional growth.

Nora: Coming from China, I can concur that recruiting exceptionally talented people is a top priority for us. Is PwC continuing to expand its workforce around the world?

Dennis: Definitely. PwC’s primary assets are its people. Right now, we have over 180,000 people working in our network. How do we continue to attract our fair share of talented people? I would say the key is offering people the opportunity to learn, grow, and succeed on their own terms. It’s all about opportunity and a commitment to develop our people regardless of where they are in their careers, and to give them the flexibility to work in a way that suits their life style. Considering PwC’s growth trajectory – and the opportunities available to us across the globe – I imagine we will continue to recruit aggressively and offer our people outstanding career choices. I can’t think of a better time to be at PwC.

Nora: I agree. From a professional development perspective, it’s a great time to be with PwC. Can you also comment about how PwC people are getting involved in their local communities?

Dennis: Sure – it’s an important issue for us because it goes to the question about the role of our business. Among a lot of people, there’s an evolving view that business has a broad and significant part to play in terms of contributing to society above and beyond the profits it returns to investors and the salaries it pays to employees. Because of our traditional role in helping to maintain public trust in the capital markets, that’s an idea that is ingrained in our culture. We’ve always had a wide and diverse community of stakeholders. So we take our corporate responsibilities very seriously and encourage our people to get engaged with their communities. This past year we’ve had over 37,000 PwC people around the world involved in community-building and charitable activities. It’s something we’re very proud of.

We are engaged in discussions with regulators all around the world with respect to changes that might enhance audit quality, increase investor confidence and generally improve the way the audit profession works.

Nora: On a personal note, what do you enjoy most about your job?

Dennis: I've always liked interacting with clients and in my present job I get to do that a lot. And I really like meeting PwC people from different countries and backgrounds. It's really interesting to be exposed to different cultural perspectives and ways of communicating. And I've been to parts of the world I never imagined I would ever visit. This past year, I travelled across large parts of Africa, which was just fascinating to see. It's a tremendously exciting part of the world. I consider myself very lucky to have a job that's fun, that I really enjoy, and that I have a real passion for.

Nora: There must be some part of your job that you don't enjoy so much...

Dennis: Well, air travel is not terribly fun, but to be effective in this role you've got to be on the ground, you've got to get together with clients, talk to PwC people, meet with regulators. You can't sacrifice that kind of face-to-face engagement – it's invaluable. So spending a fair amount of time on airplanes is something that just goes with the territory, so to speak.

Nora: PwC operates in a very competitive marketplace. What makes PwC stand out from other professional services providers?

Dennis: A couple of things. First, I would say it's the calibre of our people. We try to hire really bright and talented individuals – and we do our best to develop them at every stage of their career with us. So it starts with talent. Secondly, I would say it's the strength of our network – 180,000 people operating in over 150 countries. That enables us to deliver services to our clients everywhere they operate – and everywhere they would like to operate. So the depth of our capabilities – which is reflected in the talent of our people – combined with the breadth of our network is just a powerful combination that, quite frankly, is tough for our competitors to match.

Nora: Last question – What are the big challenges and opportunities facing PwC in the years ahead?

Dennis: I previously mentioned the issue of relevance. As a professional services organisation, we have to evaluate on a continuing basis whether the services we offer match the needs and requirements of our clients. It's easy to forget that clients change over time, their needs evolve, and if we're going to stay relevant to them, we have to evolve, too. The other big challenge we have is recruiting enough good people. There's simply not enough to go around. And so we have to do everything we can to make talented people want to come and work with us – and stay with us. In my view, the organisation that is able to adapt, that stays relevant to its clients, and remains a magnet for talent – that's an organisation that's going to win in the marketplace. And, of course, in the years ahead, that's how we want to position PwC.

Nora: Thank you for your time today, Dennis.

Dennis: Thank you Nora. It was a pleasure speaking with you.

Do you have any questions for Dennis?

Email dennis.m.nally@us.pwc.com

Tackling today's challenges

It is a key strength of PwC – and a sign of the quality, depth and breadth of our services – that our client relationships span companies ranging from the largest global multinationals to many small and medium-sized enterprises. Our clients are also based in almost every country in the world, each with its own business environment and trends.

Yet, despite this huge diversity, we find that our clients across the globe often face very similar challenges in achieving sustainable growth and delivering value to their stakeholders. Helping companies rise to these challenges and find the growth they are seeking is what PwC does best.

Helping our clients to achieve sustainable growth and deliver value to their stakeholders is what PwC does best.

Looking across our worldwide community of clients, we see them grappling with a handful of key issues:

- As increasing globalisation brings organisations closer together, **collaboration** between private enterprise, governments and NGOs becomes ever more important
- In a time of unprecedented volatility, organisations are addressing new ways to build **competitive advantage**
- One key to success is finding new ways to harness the **talent** to deliver growth
- Now that economic, political and environmental instability have become permanent facts of life, organisations are seeking to improve their own **resilience** and prepare for what's around the next corner
- As expectations of the business community and its role in the development of society grow, companies are increasingly looking at how they can measure, build and sustain **trust**.

We are working with our clients to meet each of these challenges and by doing so, helping them to achieve sustainable growth.



Collaborate to achieve stability

If the global financial crisis has shown us one thing, it's how close the linkage now is between countries across the world. Local risks soon become global ones. Historic findings from our Annual Global CEO Survey show that CEOs' confidence in the growth of their businesses moves in much the same way, whether they're from developed or emerging countries. This year, the respondents globally named over 60 different countries as important for their companies' future growth.

But as companies grow overseas, they face a complex patchwork of standards and varying political, tax and regulatory systems. This level of complexity is a major barrier. So, across industries, the need to bring together international standards and best practices – and to collaborate to tackle shared risks and seize mutual opportunities – is clear.

In many cases, this collaboration bridges not just industries but also the public and private sectors, as with our work on the Green Power Development Project in Bhutan (see page 10).

As such case studies illustrate, collaboration is growing and yielding positive results. But it needs to go much further. And we believe it will – encouraged by the fact that priorities such as workforce development, financial sector stability and infrastructure improvement are important for both businesses and governments worldwide.

These shared needs will drive convergence in areas like accounting and auditing standards, anti-corruption practices, healthcare, international taxation and climate change. The era of convergence and collaboration has only just begun.

If the global financial crisis has shown us one thing, it's how close the linkage now is between countries across the world.

Developing Green Power in Bhutan

International development isn't just about aid flowing from rich to poor countries. Private sector investment in infrastructure is stimulating economic growth in low-income countries to benefit the poorest nations. Accordingly, the Asian Development Bank (ADB) is a long-time champion of public-private partnerships, and PwC India has been working with the Bank and its partner governments on power, transport and water projects across South Asia.

PwC India helped the Royal Government of Bhutan to formulate a Sustainable Hydropower Development Strategy to speed up the development of its hydropower capacity (currently 1,500 MW). PwC India also helped structure the 114 MW Dagachhu Hydropower Project as Bhutan's first Hydropower public-private partnership. Kameswara Rao of PwC India explains the benefits: "Some of the royalties from power exports to India will be used to cross-subsidise electricity prices for rural households. The rest will help finance health and education projects and infrastructure like bridges and rural roads."

The next step in Bhutan's quest to use clean energy sources to finance local development is the Nikachhu hydropower project. PwC India has been asked to help structure the project and work with stakeholders to extend power trading links between Bhutan and India to become a regional grid that will also include Bangladesh. Says Kameswara Rao: "Our assistance to the ADB and Bhutan lays the groundwork for commercial hydropower projects to further improve living standards and quality of life in Bhutan."

Kaoru Ogino, Principal Energy Specialist, South Asia Department, ADB describes PwC's contribution: "PwC India is doing commendable work to help us satisfy the region's energy needs through clean low-carbon energy sources and foster economic cooperation in the South Asia region. This is a fine example of South-South technical cooperation which is moving rapidly up the global development agenda."



Dagachhu Hydropower Project
Bhutan

One such example is the Green Power Development Project in Bhutan. Ranked 134 on the Human Development Index and among the world's least urbanised nations, Bhutan needs high levels of investment in order to boost its development. Today, hydropower exports to India account for 40% of Bhutan's revenue and 25% of its GDP. With only 6% of its hydropower potential currently developed, this form of generation offers Bhutan a real opportunity.

Helping Telstra embrace change in a competitive environment

Telstra is Australia's leading telecommunications and media company, with offerings ranging from fixed and mobile voice to internet access and pay TV services. Following Telstra's recent privatisation by the Australian government, CEO David Thodey is leading the company through a change programme to become more sales and marketing-led. Telstra is also undergoing structural changes under the government's National Broadband Network agenda.

In its drive to embrace this new approach, Telstra is facing several internal and external challenges, all against a backdrop of a highly competitive marketplace. To overcome these obstacles, Telstra has launched 'Project New', which has three central themes: simplify, serve and save. It aims to touch all parts of the organisation, and takes into account issues such as changes in the company's costs profile, and the parallel requirements to leverage investments in IT and networks, boost productivity, and match its customer service performance to its network superiority.

PwC Australia enjoys a long-standing relationship with Telstra and has successfully delivered over 35 strategic projects across five of Telstra's business units. These projects included assisting Telstra with its programme alignment, structural reorganisation, cultural engagement, process establishment, and customer experience and productivity programmes. We've also contributed to its simplification drive, and helped improve Telstra's customer experience in each of the past two years. Going forward, we're continuing to work in collaboration with Telstra as its trusted adviser and implementation partner.

Robert Nason, Group Managing Director, Business Support and Improvement at Telstra, acknowledges the importance of PwC's role. "There is probably not a firm that's more intimately involved in the change programme that Telstra is undertaking than PwC," he says. "We have a very close working relationship and, more than other firms, PwC does understand how to do the job of managing a centrally driven programme in collaboration with the company, and working with business unit leaders without losing sight of the corporate objectives. I would characterise PwC as being very strong on pragmatic solutions for achieving outcomes and particularly strong in the telecom space using its international network."

Mike McGrath, PwC's Managing Partner – Markets, and Client Lead Partner, Telstra, adds: "At PwC Australia, we are taking the journey with Telstra, step by step, as they navigate the market and take advantage of the opportunities. We are proud of our efforts and growing relationship with Telstra."



Working with Haier to achieve long-term value

Based in China's Eastern coastal city of Qingdao in Shandong province, Haier Group has grown from a small struggling plant into a global group with more than 80,000 employees. It has approximately 80 overseas entities, including factories, trading companies and R&D centres worldwide, and its strong network accounted for a global turnover of approximately RMB 160 billion (USD\$23.3 billion) in FY 2011. For three years running, Haier has been cited as the world's largest white goods home appliance brand.

While PwC China's relationship with Haier goes back many years, in 2010 it underwent a step change: Haier Group Chairman and CEO Mr. Zhang Ruimin announced a strategic cooperation agreement with PwC China. From the second half of 2010 to the first half of 2011, PwC China teams worked with Haier on nearly 30 projects, including internal control, tax, risk management, human resources, and mergers and acquisitions.

More recently, PwC China has been working with Haier on a post-merger and acquisition integration project. Consistent with Haier's position as a global brand, PwC China assisted in the business's acquisition of Sanyo Electric's white goods product line in Japan and Southeast Asia, which enhanced Haier's R&D, manufacturing and marketing capabilities to better serve the needs of local consumers.

PwC China's global relationship partner Kevin Zhang says: "We take nothing for granted and have worked hard over the years to establish, build and maintain an effective long-term relationship with Haier that brings value to all." PwC China continues to invest in the client relationship, while introducing best industry practice, taking small projects as pilots, delivering the highest level of service quality and adding value. "A key factor has been close and regular communications at all levels, so that we all respond quickly and effectively in meeting the client's needs and expectations," adds Kevin.

The result is summed up by Haier Group Chairman and CEO Mr. Zhang Ruimin: "Haier and PwC are now trusted strategic partners."

Build competitiveness in a time of change

As we scan the horizon beyond 2012, the outlook remains dominated by economic volatility and uncertainty. Factors ranging from the eurozone's rumbling debt crisis to the long-term shift of economic power to emerging economies mean there's little sign of an end to the current state of flux. A further impact is that the world is becoming an ever-more competitive place, with the internet enabling consumers and business customers to buy from all over the world, compare suppliers and share market knowledge.

So growth is at a premium. To find it, companies are embracing the sheer size of the potential in emerging markets, while keeping a close eye on costs and risks. But they also know they have to do things differently to compete more effectively in the new economy.

So companies are putting the 'local' in their global growth strategies, building wider and deeper networks, and moving away from selling products towards creating personalised value for customers.

How can companies achieve all this amid such sweeping and radical change? By being ready to transform and innovate to get closer to their markets. This is precisely what we're helping more and more companies to do. Assisting clients to handle the transition from state-owned entity to customer-centric private sector player, as with Australian telecommunications company, Telstra (see page 11). Or helping them deal successfully with rapid growth from a small, domestically-focused operation into a major global enterprise, as with China-based Haier Group (see this page). Either way, building and sustaining competitiveness in a fast-moving environment provides the bedrock for future success.



PwC China's Kevin Zhang and Haier CFO Ms Tan Li Xia at a Haier account planning workshop in Qingdao.

Harness talent for future growth

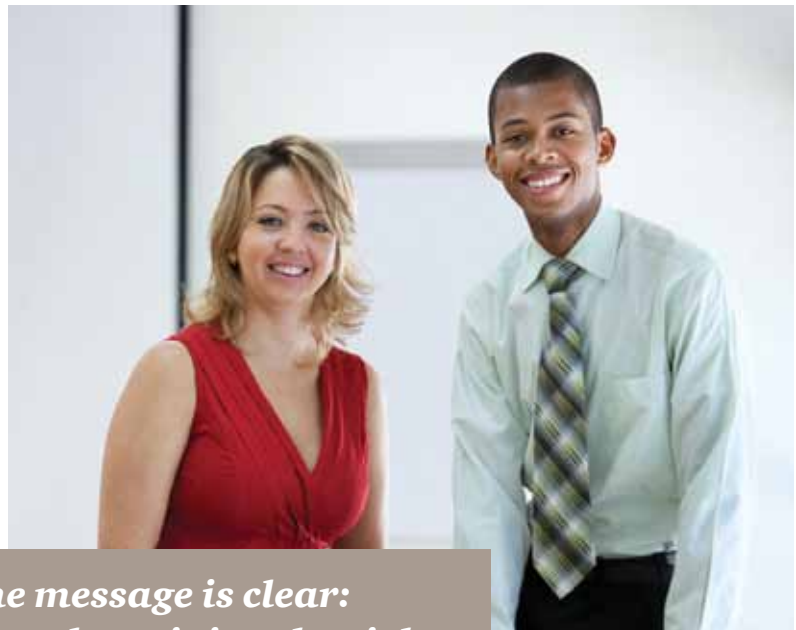
There have never been so many educated and mobile people in the world. Yet businesses in all industries are finding it harder to recruit – with over half the companies in our 2012 Global CEO Survey saying that not being able to find key skills could hurt their ability to grow. This figure rises to 62% in Asia Pacific, home to the world's largest workforce. The reason? Chronic skill gaps, and a mismatch between supply and demand.

The rise of emerging markets is creating jobs in places where it's tough to find the right people. International and local competition for those who do have the right skills is intensifying by the day. And new kinds of jobs are being created – in old and new industries – that many unemployed people don't have the skills for.

In response to such challenges, more companies are starting to take a longer-term, strategic approach to closing the gap between what they have, what they need and what's out there. This includes making the most of their existing talent, a goal that we helped Swiss Re to achieve through its radical cultural and behavioural change programme in Finance (see page 14).

And rather than treating resourcing as an afterthought to business planning, companies are putting in place succession plans, mobility strategies and diversity programmes. Overall, the message is clear: recruiting and retaining the right people today means making HR a truly strategic player.

There have never been so many educated and mobile people in the world – yet businesses in all industries are finding it harder to recruit.



Overall, the message is clear: recruiting and retaining the right people today means making HR a truly strategic player.

Transforming Finance at Swiss Re

In 2008, Swiss Re – the world's second-largest reinsurance company – faced some significant challenges, heightened by the global financial crisis. In response, the group undertook an extensive reorganisation, creating major change across the whole business. Finance staff experienced some of the heaviest impacts, as operations shifted to shared service centres. Teams of many years' standing were redeployed or restructured. This led to a breakdown in communication, less collaboration across teams, and declining employee engagement.

Working with a carefully selected team from Finance and HR at Swiss Re, an engagement team drawn from PwC UK and PwC Switzerland set about designing and implementing 'Finance as One', a groundbreaking cultural and behavioural change programme covering the whole Finance function – 33 offices in 21 countries – and every one of the department's 1,060 employees. The programme set out to change the way people behaved at critical times for both the individual and the organisation. Small changes and strong leadership had a big effect.

The initiative promoted a clear vision and values, helping teams to develop working practices that translated those values into their everyday working routines, and encouraging a set of consistent behaviours. The team also

developed a series of 'people initiatives' to boost capabilities and development opportunities for Finance employees.

Whatever they do and wherever they are, Swiss Re's Finance people now have a common vision and a shared understanding of strategy and values. What's more, they understand the role they need to play in bringing Finance's vision and strategy to life. As a result, Finance has seen a drop in operational, risk-related errors, an improvement in employee engagement and retention, and a more collaborative working environment across departments and functions.

The programme has been recognised nationally and internationally, winning the Association of Management Consulting Firm's (AMCF) Excellence in Management Consulting award for Human Capital, and the Management Consulting Association's (MCA) award for Finance and Risk Management.

George Quinn, Swiss Re's Group Chief Financial Officer comments: "Behavioural change initiatives are challenging because of the often personal and therefore awkward nature of the issues that must be confronted, especially in a very technical environment like Swiss Re. I really needed that moment of inspiration to see the way forward and PwC provided it."

Mark Stephen, PwC UK consulting partner adds: "To refine and promote Finance's vision is one thing, to change the way people work and behave on a sustainable basis to live up to Swiss Re's values is quite another. Only with a committed team and a visionary client leader could we have hoped to achieve it. The success of the programme is a credit both to the diversity of skills the PwC network of firms has built and to the dedication of the team."

The programme has been recognised nationally and internationally, winning several top awards.



Members of the Swiss Re – PwC team receive the Management Consulting Association's (MCA) award for Finance and Risk Management in April in London.

From left to right: Steven O'Connor (PwC UK), Harald Port (PwC Switzerland), Malin Wadström (Swiss Re), Andreas Leu (Swiss Re), James Edsberg (MCA), Mark Stephen (PwC UK), Jörg Thews (PwC UK).

Build resilience in tough times

The risk landscape is changing radically. Throughout the recent economic crisis, improving risk management was a key focus for many organisations. A positive outcome is that companies are now better prepared with their enterprise risk management (ERM) frameworks than before the crisis struck. But increasingly, ERM alone is not enough.

Why? Because the size, speed and nature of risks are changing beyond recognition. Global interconnectivity and communications mean local risks are snowballing rapidly and unpredictably into global ones – and from there into systemic shocks. Traditional ERM processes are geared towards identifying and predicting risk events as a basis for avoiding them or managing their impacts. In an environment where unpredictable events have equally unpredictable effects, this approach will no longer do.

To navigate through this new environment, companies need not just risk management, but risk resilience.



Growth through change at Kuoni

Kuoni, founded in Switzerland more than a century ago, is a leading global travel service company employing more than 12,000 people in over 60 countries. In 2011, Kuoni acquired Gullivers Travel Associates (GTA) for US\$720 million and overnight turned the Kuoni Global Travel Services division into a business with a turnover of CHF 2.4 billion.

Unlike most integrations, the main focus was not to consolidate and take out costs. Instead, the drive was to bring a huge new operation together without damaging ‘business as usual’ in either organisation. Once the business was integrated, the goal was to use the momentum of transformational change to focus immediately on propelling rapid and sustainable growth.

PwC UK partner Cameron Roberts, one of a team consisting of travel and integration specialists from PwC firms in the UK, Switzerland and Japan, explains: “We were initially asked to help with the combined financial, commercial and operational due diligence before the deal was signed, and continued to support Kuoni through to ‘Day One’ and beyond. Key to our success was our knowledge and experience of the travel sector, our tried and tested merger and acquisition integration methodology, our extensive experience of integration projects, and our ability to field a global team.”

The efforts were recognised by Kuoni. “PwC supported us on two levels,” says Rolf Schafroth, CEO Kuoni Global Travel Services Division. “Strategically they provided structure and direction and prevented us from going down blind alleys. And practically, they rolled their sleeves up, immersed themselves in our business and worked incredibly hard to complete the integration planning process within an aggressive timescale, leaving us in great shape.”

Taking a fresh look at risk and internal audit at Nufarm

Nufarm is one of the world's leading crop protection companies. Its products help farmers protect against damage caused by weeds, pests and disease. Headquartered in Australia, Nufarm has manufacturing and marketing operations throughout Australia, New Zealand, Asia, the Americas and Europe.

A change of CFO and General Manager, Global Risk & Assurance, gave the Board an ideal time to take a fresh look at their risk management and internal audit function. They sought a greater emphasis on enterprise-wide risk management and a more strategic approach to internal audit. For Nufarm, delivering the change meant selecting a risk and internal audit provider with a global footprint with whom they could work to transform their function.

Following a competitive tender, PwC Australia was selected to co-source Nufarm's internal audit function for three years. Melbourne-based partner Jason Agnoletto toured Nufarm's global operational sites with Dean van Straaten, Nufarm General Manager, Global Risk and Assurance. The aim was to gain a better understanding of senior business stakeholders' expectations and the challenges they face across all aspects of their organisation.

Jason Agnoletto says of Nufarm: "As a large, decentralised organisation, each local site has its own processes and own way of doing things. We knew we couldn't demonstrate our understanding of their situation from behind a computer – we needed to get out and see their business first-hand. This showed our commitment to understand their business so we could deliver greater value through our internal audit relationship."



Because Nufarm has operations in emerging markets, PwC Australia Managing Partner – Reputation, Regulation and Risk, and lead partner for Nufarm Mary Waldron says: "They were comforted by both our global footprint and our team of specialists in the internal audit space. Moreover, our approach reflects our commitment to working with them in attaining their business goals, rather than simply providing a service."

For Nufarm, Dean van Straaten comments: "The initial 60 days, post the appointment of PwC, focused on building a revised strategy and vision for the risk management and internal audit function at Nufarm. Feedback from key stakeholders across the group reflected a need for the function to be a visible and valued business partner. Jason has demonstrated a keen commitment to jointly own this vision and the global PwC team is an integral part of achieving our goal."

This means accepting that disruptions will occur, and gaining the ability to adapt and evolve the organisation while keeping an even keel. That's evidenced in the way that we helped global travel service company Kuoni to harness the momentum of its merger with Gullivers Travel Associates, to drive transformational change without damaging 'business as usual' (see page 15). And in another example, how we are helping one of the world's leading crop protection companies to take a fresh look at its risk management and internal audit function (see this page).

Going forward, businesses can adapt ever more fully to the new risk landscape by integrating risk management with strategic planning, focusing on strategic and systemic risks to strengthen and expand their ERM frameworks, and building a risk-aware culture and behaviours throughout the business.

Risk has changed: we believe businesses need to change with it – by expanding risk management into resilience.

Rebuild and sustain trust

Recent high-profile events have highlighted just how important trust is to businesses today. As a key asset for any business, trust is an economic driver and a performance enhancer. It's what legitimises business to do what it does, and it's what gives business a future. Organisations need to actively build and sustain trust or risk going out of business.

During conversations with clients and stakeholder debates on this subject, it's become clear that trust cannot be bought or enforced, but has to be earned through behaviours based on principles of honesty and integrity. The challenge is for businesses – starting with their leaders – to embed into their corporate culture the values and behaviours that are worthy of people's trust. Organisations need to achieve authenticity, where what they do is aligned with what they say.

This is all the more critical today, since globalisation and the explosion in social media mean businesses now operate in a global goldfish bowl. So they have no choice but to be transparent and communicate clearly and openly, whether reporting on their social impact, financial results, or any other area.

Every year, PwC's UK firm organises the Building Public Trust awards to help raise standards of transparency in measurement and reporting practices for businesses. Now in their tenth year, the awards recognise UK businesses and public sector organisations that have done a particularly good job in building transparency and trust into their reporting.

Today, no business can present one face to the outside world while behaving differently behind closed doors. In fact, there are no closed doors in the digital era. The only way to earn trust is through clarity, honesty – and authenticity.



Ian Powell

PwC UK senior partner and
member of the Network
Leadership Team

“Business makes a vast contribution to society, by creating the goods and services which support our well being, by providing people with jobs and a sense of community, and by creating the financial prosperity that pays the taxes which support public services.

“Building a new consensus around the positive role that business plays is critical to our ability to build trust. Key to achieving this is improving transparency – and this requires businesses to continue to improve the way they report.”

Delivering the opportunity of a lifetime

CEOs around the world are pulling hard on every business lever within their reach. Productivity, innovation and transformation have evolved from aspirations into a vital agenda for corporate survival. However, there's another important lever that CEOs must also get to grips with: building and maintaining a truly engaged, flexible and talented workforce.

PwC's proposition to our people

Your career is just that: yours. You choose it. You live it. You make it happen. To get the best from it, you need the best opportunities.

That's why opportunities are at the heart of PwC careers. Opportunities to grow as an individual, to work flexibly, to build lasting relationships and make an impact in a place where people, quality and value mean everything. The skills, insights and connections you develop at PwC are career defining wherever your career may take you.

Talent, hard work and opportunity. You provide the first two, we'll take care of the rest. It's the opportunity of a lifetime. Take it.

A clear proposition

At PwC, we know that our people feel engaged if they understand how their efforts create value – not only for them, but also for our clients. And we've boiled this requirement down into a single, straightforward proposition for all our employees. With a workforce as diverse as ours, you might not have thought that one proposition could cover everyone at PwC. But we think it does.

What is our proposition? Simply that PwC represents the opportunity of a lifetime. In our view, this proposition is not only simple, but also real. Even more important, our people have responded enthusiastically to this new expression of what it means to be part of PwC.

One sign of this positive response is that our people are reporting rising engagement with PwC as an employer. In our latest global people survey, 72% of PwC people worldwide voiced high levels of personal engagement. What's more, 85% of the largest PwC firms increased their levels of people engagement in FY 2012, with some increasing their scores by as much as 15 points.



Discovering

Susumu Adachi, PwC Japan

A conversation in Japan with a visiting PwC US partner inspired Susumu Adachi to seize the opportunity to broaden his career experience. As a result, Susumu is now on a temporary secondment to New York. Says Susumu: “This is a very exciting opportunity both to develop my expertise and also to share my global experiences when I return home. I’m really honoured.” Susumu sees tremendous value in terms of his professional development: “The secondment itself is a great opportunity for me to develop new relationships and build trust.”

People engagement correlates closely to employee retention – and here we’ve seen further positive signs this year, with a decrease of more than 2% in voluntary turnover. But the benefits of higher engagement go way beyond increased retention, since a deeply engaged workforce also brings strategic advantage. Why? Because, by definition, engaged employees embed the goals and objectives of the business in all the plans they make and decisions they take. This means that, through their combined weight, they pull firmly and consistently in the right direction.

Making it personal

Fundamental to our ability to engage our people is recognising their individual skills, experience and aspirations. Even before they start work, each of the 40,000 people we hire this year will go through an onboarding process that provides them with the opportunity to start to consider their own personal career paths with PwC. Some of these recruits will be experienced professionals, part-way through their careers. But most will be members of the millennial generation, embarking on a new journey.



Connecting

Anne-Lise Glauser, PwC France

“Working together as a network gives you so much more power to make things happen quickly and effectively,” says Anne-Lise, a director in the French firm’s Paris office. “Years ago, I was lucky enough to be involved in helping to build PwC’s retail and consumer Transactions and Strategy network in Europe, which is still very strong and working.” During that time, Anne-Lise discovered for herself the power that those relationships can bring. “When people commit themselves to a network,” she notes, “they see how effective it can be in getting relevant solutions. No question, you’re stronger with a network than on your own.”

The millennials come to the job market with particular views about what they want from an employer. For them, prestige, money or job security are not necessarily the most important considerations. Instead, they’re looking for the chance to gain new experiences and be provided with career development and mobility opportunities.

We strive to fulfil these expectations in many ways, just one of which is overseas secondments. Every year, thousands of our people – most of them in the early stages of their career with PwC – take part in long- or short-term assignments.

These secondments give our people unique career experiences, while also providing PwC firms and clients with a sizable group of professionals who are capable and comfortable working across borders. And we keep these increasingly skilled and valuable people engaged, by continuing to offer them new experiences and enabling them to move around between different jobs.

While our workforce includes a high proportion of younger people, our business model is based on deploying in-depth experience and expertise quickly to anywhere in the world. This is why, in addition to recruiting promising junior staff, we also hire and retain highly-experienced people, with skills that have been built up and proven over many years. For some in this group, their stage of life – perhaps as parents of young children – means job flexibility may be a priority.

In our latest survey, 72% of PwC people worldwide voiced high levels of personal engagement.

Global highlights

Consequently, providing our people with opportunities to decide where they work, what they work on, and even when they work will be critical for us to build and sustain their engagement, not to mention the opportunities for them to engage in other aspects of the business, such as our community engagement programmes.

We also look to extend our engagement with our people beyond the boundaries of PwC. As their careers develop and their priorities evolve, many PwC people will eventually go on to join other organisations. We believe that the experience and relationships our alumni build at PwC stay with them, wherever their paths lead. That's why it's important that we keep in touch with our alumni. Also, a number of our alumni rejoin us each year, making it even more worthwhile to keep the communication channels open.

PwC ranked #5 on DiversityInc's 2012 Top Companies for Global Diversity list.

PwC Australia received a citation for being a 2012 Employer of Choice for Women.

PwC China was ranked #1 in the Chinese Institute of Certified Public Accountants (CICPA) Top China Accounting Firms 2011 for the ninth consecutive year.

PwC Korea was honoured by the President of Korea with the 2011 Best Job-Creation Award to Top 100 Enterprises.

For a record ninth year running, PwC UK was placed #1 in The Times Top 100 Graduate Employers for 2012.

PwC UK placed #5 in the Sunday Times Best Big Companies to Work For in the UK – up from 11th in 2011 and the highest of any of the Big Four.

PwC US ranked #1 on DiversityInc's 2012 Top Companies for Diversity list.

PwC US also made the Fortune 100 Best Places to Work at #48, up 25 places from 2011, and #11 among big employers.

Universum ranked PwC #7 of the World's Most Attractive Employers by business students in 2012.

PwC completed its NextGen report, the largest research based global generational study ever conducted. Our research efforts, in conjunction with the University of Southern California and the London Business School, represent the insights and perspectives of over 40,000 PwC partners and employees from 18 countries.

We've had many successes and awards that reflect our deep commitment to our greatest asset, our people.

Shimpei Oikawa

Senior associate at PwC Japan and assistant coach of Japan's wheelchair basketball team at the 2012 London Paralympic Games

“Entering the Paralympic stadium and waving to such huge crowds left me lost for words. That was a scene that made everything in my life positive.”



Sharpening

Adam Pascoe, PwC Australia

“It’s important to have someone challenge and question you to make sure that you’re developing in the right way and getting new perspectives.” So says Adam Pascoe, who works in the mergers and acquisitions area of PwC Australia’s Tax practice. Adam’s current partner-coach Wayne Plummer has scheduled a monthly coaching meeting with him. “At first I thought this might be excessive. But actually, it’s been great. Most of us are so busy that we just ‘do’. So this experience of having someone say – ‘Hey Adam, sit down, think about what you’re doing and why you’re doing it’ – well, it’s been really powerful and effective.”



Spark: Connecting our network

In recent years, new ways of connecting data, content and people have helped organisations become more efficient and productive. Building on these advances, more and more organisations are coming to see that a social media network model can enable the kind and level of collaboration they need.

For example, take the task of sharing a draft digital document among a dozen members of a working group. It’s likely that this will entail the exchange of hundreds of emails, with dozens of outdated versions of the document circulating in cyberspace. Isn’t there a more efficient way to collaborate? We think there is. At PwC, the answer is an enterprise collaboration platform that we recently launched, called Spark.

What is Spark? It’s a place where PwC people can connect with colleagues to share ideas, collaborate on projects, and ultimately create more value for our clients. For a knowledge organisation like PwC, Spark simply represents a better way of working together.

It hasn’t taken long for PwC’s workforce to grasp the advantages of an enterprise collaboration platform like Spark. More than 90,000 PwC people have subscribed. And in some countries, the percentage of Spark users has already passed 75%.

So far, the best evidence we have of how Spark is transforming collaboration at PwC comes from user feedback. As one Spark subscriber says: “With Spark, I’m able to connect with people I might never have met, gain knowledge, share my resources, and educate people on topics I’m passionate about. That’s not just technology – it’s the raw power of collective intelligence...”

We've launched a career development framework that helps guide our people through the rich array of career paths PwC offers.

Realising our potential

Across our large and diverse global workforce, our aim is to provide all our people with specific opportunities that fit their individual strengths, interests and career goals. To do this, we need to understand their personal ambitions and expectations, which can vary significantly according to age, gender, career track and life circumstances.

Getting all of this right in a way that includes everyone is crucial for enabling our people to realise their potential – and thereby enabling us to realise our full potential both for clients and as an organisation.

Another attribute that fosters engagement is being a learning organisation – and at PwC we learn every day. Our combination of learning from doing, learning from others, and learning through formal programmes and solutions means we learn rapidly, continuously and efficiently.

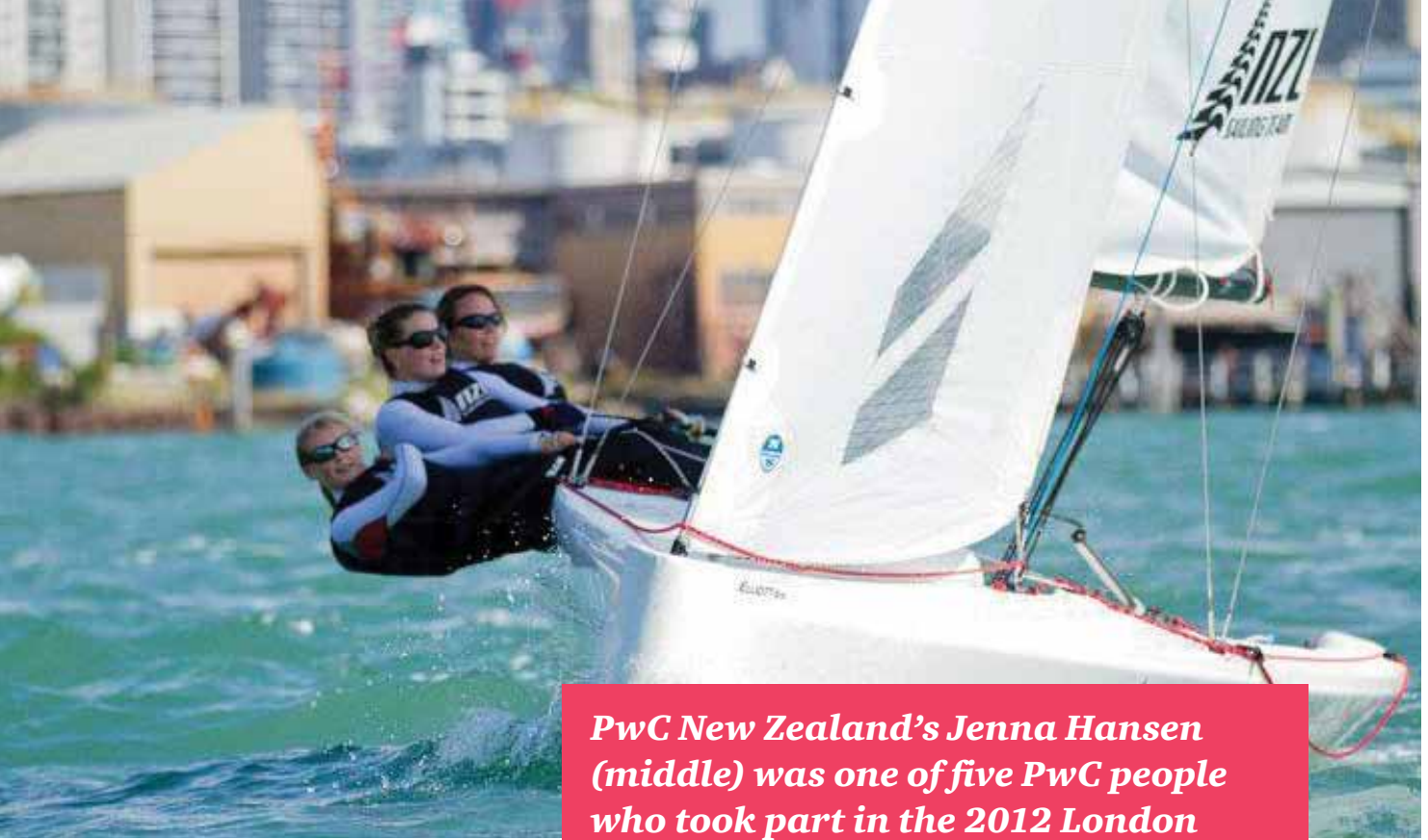
To encourage and enable our people to make conscious and well-thought-out career choices, we've launched a career development framework that helps guide them through the rich array of career paths PwC offers.



Making an Impact

Deepa Bachchavat, PwC India

Deepa, an assistant manager in expatriate tax in Delhi, has found that being of service to her community is a very powerful and fulfilling experience. “When I saw that my firm had started a corporate responsibility initiative, it was as if my prayers had been answered. In some of the schools in the slum areas of Delhi, Calcutta, Mumbai – indeed, all over India – there are children who have been deprived of the most basic things of life. So I and many of my colleagues volunteer every Saturday to go into the schools; we have quizzes on mathematics, English, drawing sessions – it’s one hour of fun and learning. And it has had an impact in even the most remote areas. When we work with PwC clients, we seek to understand their issues and we never want to fail them. But at the same time I firmly believe it is also our duty to serve this other part of our society.”



PwC New Zealand's Jenna Hansen (middle) was one of five PwC people who took part in the 2012 London Olympic or Paralympic Games.

In some firms, this has evolved into the creation of specialist teams that provide our people with 'career service consultations' when they feel they're ready to consider new opportunities inside or outside PwC.

Many organisations claim that their people are their greatest asset. In our case this is demonstrably true. However, as with a portfolio of assets, some investments perform more highly than others – and no organisation can afford to undervalue its highest-performing members.

So we're also building programmes to support the people who we think have the potential to become future PwC leaders. With this in mind, our plans for the coming year include initiatives to advance PwC's approach to leadership development, along with further investments in world-class coaching and new technologies to support our people's learning goals.

By any standards, PwC is an extraordinary organisation, with more than 180,000 talented people across 158 countries. We want to enable each and every one of these valued individuals to explore what is possible at PwC. We want them to realise their true potential and be confident of our support as they do so... even if that means that some use the skills, experience and relationships they build up with us to be successful elsewhere.

That's why we call it the opportunity of a lifetime. And it's why more and more of our people agree.

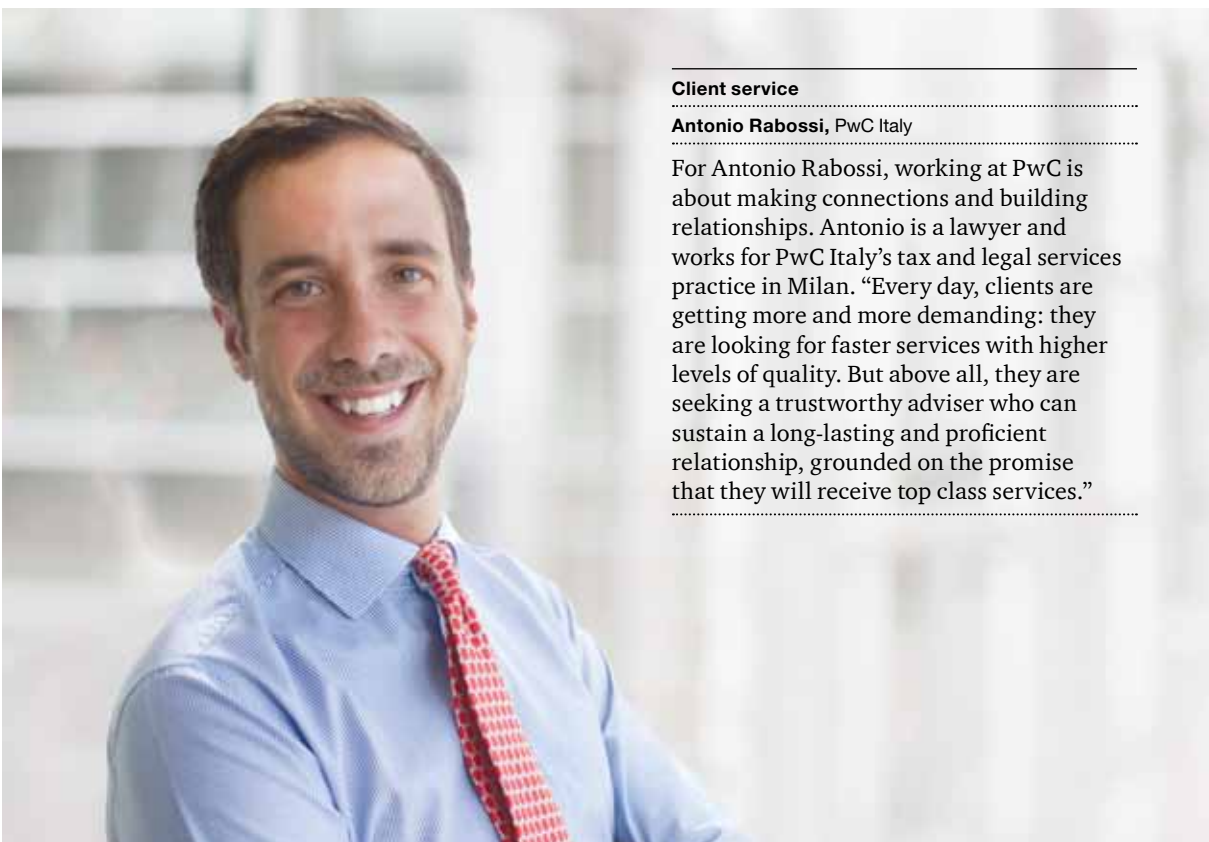
“In a climate of growing unemployment in many locations and an increasing pool of highly educated people across the globe, it’s hard to imagine that business leaders are facing a widening ‘talent gap’. But they are. In fact, most CEOs tell us that talent is the most complex and urgent challenge they face today.

“To meet this challenge, business leaders need to get more strategic about how they manage their people. A clear understanding of – and respect for – what employees really value is a vital step towards shaping an organisation that attracts, motivates and retains the best talent, at every level and in every location. Here at PwC we seek to recruit talented people and we know they will work hard to contribute. In return, we offer them the opportunity of a lifetime.”



Silas Yang

PwC China senior partner and member of the Network Leadership Team



Client service

Antonio Rabossi, PwC Italy

For Antonio Rabossi, working at PwC is about making connections and building relationships. Antonio is a lawyer and works for PwC Italy’s tax and legal services practice in Milan. “Every day, clients are getting more and more demanding: they are looking for faster services with higher levels of quality. But above all, they are seeking a trustworthy adviser who can sustain a long-lasting and proficient relationship, grounded on the promise that they will receive top class services.”

Corporate responsibility: playing our part

Corporate responsibility (CR) is embedded in both what PwC does and the role we play to influence and engage others.

At PwC, we believe in being part of the global conversation and movement towards responsible business practices that create positive change in the world. And responsible business practices, such as ethics, integrity, independence and transparency, have always been at the heart of who we are.

Our relationships span almost every sphere of business and public life – from individual entrepreneurs to governments – so we can help others to evolve and operate as responsible businesses.

An agenda for action

PwC's Corporate Responsibility agenda focuses on the material issues for the PwC business and incorporates widely-accepted CR best practices, linking them to our core business strategy. Our CR agenda operates on two central principles:

Do the right thing, which means playing our part in responsible business issues that are central to our business – from the quality of our services and the diversity of our people, to our engagement with communities and our environmental footprint.

Be a catalyst for change, which is about using our skills, voice, and relationships to work with others and influence activities that make a difference, create change and have a lasting impact on the world around us.

We apply these principles to areas where we can have the greatest impact: responsible business, diversity and inclusion, community engagement, and environmental stewardship.

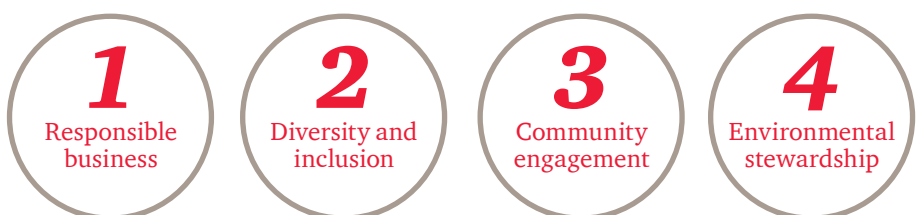
At PwC, we believe in being part of the global conversation and movement towards responsible business practices that create positive change in the world.

Our two central principles

Do the right thing

Be a catalyst for change

Our four focus areas



1. Responsible business

We recognise that today's most important business opportunities lie in society's biggest challenges – ranging from helping businesses become more transparent, trusted and fair, to the management of increasingly scarce natural resources. That's why we use our skills to act as a catalyst for wider change in business and society. This includes creating services and solutions that help companies become more sustainable, and collaborating closely with clients, regulators and other organisations to develop sustainable practices and reporting standards.

There are many examples of our commitment to responsible business. PwC firms in four countries organise awards that promote trust and transparency in the NGO sector (see page 29). And in 2012, PwC Germany has gone a step further by creating the PwC Transparency Check, an online tool available globally that enables NGOs to generate a free and anonymous self-evaluation of their own reporting, highlighting areas for improvement.

part of it:

We believe that PwC has an important role to play in defining and deepening the practice of corporate responsibility.

Playing our part

Today, through the many services that we provide, we're making ourselves part of the solution by helping organisations around the world strengthen their own corporate responsibility agendas.

- We review, advise and help to transform thousands of businesses around the globe every year.
- We offer services that focus on enhancing trust and transparency in government, business and society.
- We contribute to the development of the standards that underpin financial systems and industries.
- We're developing new ways of measuring environmental and social impacts and many other services through our Sustainability and Climate Change practices.
- We're managing our own impact, but we're also uniquely positioned to help integrate and foster change around corporate responsibility issues in ways that have more widespread effects.

The project helped to shape the new sustainable development strategy that Accor announced in April 2012, including 21 measurable targets for all its hotels to achieve by 2015.

Helping to create new sustainability standards

A good example of our contribution to the creation of new sustainability standards is PwC France's work with Accor – one of the world's leading hotel operators – to develop a comprehensive methodology for measuring its environmental footprint. The project helped to shape the new sustainable development strategy that Accor announced in April 2012, including 21 measurable targets for all its hotels to achieve by 2015.

PwC France also facilitated a review of the new methodology by a panel of independent life-cycle and sustainable tourism experts, and Accor has now made the results available through its knowledge-sharing platform, Earth Guest Research.

Drawing on the insights developed through its work with Accor, PwC France is now providing its expertise on a pro bono basis to the International Organization for Standardization (ISO) global working group. This develops guidance on easier and more effective application of ISO life-cycle standards at an organisational level.

An integrated approach to reporting

PwC Netherlands is also demonstrating leadership in responsible business through its participation in a pilot programme sponsored by the International Integrated Reporting Council (IIRC). The pilot programme's purpose is to develop a new approach to corporate disclosure that integrates reporting on an organisation's strategy, governance and financial performance with information regarding its social, environmental and economic impact.

This approach to corporate reporting – commonly called integrated reporting (IR) – can help businesses understand how their decisions may affect various stakeholder communities, and provide stakeholders with greater insight into corporate performance across a range of measures.

While PwC Netherlands is directly involved in the development of an integrated reporting framework through its participation in the IR pilot, the principles promoted by the IIRC are reflected in actions taken by many PwC firms across the world.

Unwrapping the complexity: Sustainability awareness workshops

Sustainability issues are becoming increasingly relevant as clients look to manage risk, improve efficiency or achieve growth in this globalised, transparent and highly connected economy.

Over the past year, PwC's Global Sustainability Leader Malcolm Preston and his team have developed a sustainability awareness workshop targeted initially at PwC partners in five countries: Argentina, Brazil, Chile, the UK and the US. Each workshop has been designed to enhance awareness of global, regional and local sustainability issues, how these issues impact on our clients, and the trends in strategies and initiatives adopted by leaders to address these challenges.

The most recent workshop was conducted in Brazil during the Rio+20 Earth Summit in which partners came together from PwC firms in Argentina, Brazil and Chile. Ronaldo Valiño, PwC Brazil's Mining Industry Leader, notes: "As a result of the workshop, I now know more about the broader sustainability issues that are impacting my clients and have learned how we at PwC can apply our expertise to help solve these issues while creating value."

PwC firms in Argentina, Brazil, Chile, the UK and the US have since adopted the workshop and the next wave of workshops is being planned for PwC participants throughout Europe and in Japan and Australia.

PwC transparency awards: supporting improved reporting by NGOs

Trust, transparency and accountability are of growing importance in the NGO sector. They enable donors to make informed decisions about which organisations to support; keep staff and volunteers motivated; let directors demonstrate the integrity of their organisations; and build confidence among an often cynical public.

PwC has been promoting trust and transparency throughout the NGO sector for over seven years through the PwC Transparency Awards. The concept originated in the Netherlands, where the awards were launched by the Dutch firm in 2004 – and they have since been introduced by PwC firms in Australia, Germany, and Korea. Through collaboration with local experts such as the University of Göttingen in Germany and the Centre for Social Impact in Australia, our people use their skills to assess the award submissions and provide detailed feedback to the entrants to support further improvements in their reporting.

Many NGOs across the world have experienced the positive impacts on their reporting. Gina Anderson of the Centre for Social Impact in Australia comments: “As the PwC Transparency Awards enter their sixth year, their significance is becoming ever more important. They will be increasingly relevant with the establishment of the Australian Charities and Not-for-Profit Commission this year.”

And Dr. Jürgen Heraeus, Chairman of the Board of the German National Committee for UNICEF, adds: “Winning PwC’s Transparency Award has been a very positive affirmation of UNICEF Germany’s efforts to be fully transparent and continuously nurture our donors’ trust. Detailed feedback given by the jury has been valuable, and we are fully committed to lead further on transparency efforts in the not-for-profit sector.”

At PwC, we believe that the future of corporate reporting is integrated reporting – and that a recognition and understanding of sustainability-related issues must eventually be embedded across the entire spectrum of services we offer the marketplace.

In light of that, leaders of our sustainability practice have launched a series of workshops aimed at raising awareness among PwC partners of global, regional and local CR issues (see page 28). In this way, we’re providing our partners with the tools they need to help clients apply responsible approaches to all their business functions.



PwC Korea hosts an awards ceremony for the winners of the 2012 Samil Transparency Awards.

“PwC people around the world are using their skills and expertise to make a real, tangible difference in the lives of millions. In the US, for example, youth education is a priority, which is why it is a key priority for us. We believe that by concentrating our efforts – and leveraging our relationships with other businesses, educators and community members – we can have a more meaningful impact. Through the ‘Earn Your Future’ programme, our people are helping to fill that gap.”

Bob Moritz

PwC US senior partner and member of the Network Leadership Team



2. Diversity and inclusion

To create value for clients and communities we have to build and maintain strong relationships among people who possess a variety of talents, experiences and backgrounds. Globally, diversity and inclusion are integral to our people and business goals.

Spearheaded by our global chairman Dennis Nally and senior partners from around the world, our Diversity and Inclusion Council drives our diversity and inclusion strategy.

With the encouragement of the Council we have developed various initiatives.

For example, we are building on the success of a training programme for our Network Leadership Team which raised awareness of implicit assumptions and the impact on talent management. We are extending the programme to a broader range of partners this year.

And in association with the Women’s Forum and CNBC Creative Solutions, PwC representatives to the Women’s Forum in Deauville asked delegates, “What will women’s empowerment mean for men?” While inclusion must focus on providing more choice for certain classes of employees we believe that the ultimate goal of diversity and inclusion should be greater opportunity for every member of our workforce.

For more detailed information on diversity and inclusion, (see page 54).

3. Community engagement

PwC firms create value in their local communities by contributing their time, skills and resources to a variety of activities. The primary focus is on education and helping people to better develop the skills they need – a process known as ‘capacity building’.

For example, the US firm has leveraged the skills and knowledge of its people to increase proficiency in mathematics and financial literacy, and better prepare young people to make responsible decisions, be productive citizens and contribute to a healthier economy.

PwC can help to close the educational gap through targeted donations, skills-based volunteering, and partnerships with non-profits that are focused on improving youth education within and outside of the school day. This theme underpins PwC’s Earn Your Future, which was launched in the US in 2012 (see below).

Earn Your Future: enhancing financial literacy

PwC US’s Earn Your Future is a US\$160 million investment composed of US\$60 million in cash donations and one million service hours worth US\$100 million, to address youth education with a focus on financial literacy. This commitment will reach more than 2.5 million students and educators across the United States over the next five years.

This multi-year investment aims to unite educators, parents and communities to work collaboratively to improve financial literacy among students – a necessary competency to preparing our workforce of tomorrow and advancing our global economy.

PwC US has committed to leveraging the power of its 35,000 people, and their core skills, to convey the importance of teaching financial responsibility and literacy in the classroom to equip students early on with the decision-making skills necessary to secure a successful financial future.

To support this endeavour, PwC US has developed a unique financial literacy curriculum, complete with 21 modules including interactive lessons, multimedia, and assessments for students aged 8 to 18. The curriculum is easily accessed online and free to download by teachers, parents and non-profit representatives worldwide to instruct on their own, or to receive experienced training, facilitated by PwC US partners and staff. This branded curriculum empowers our people to use their talents and knowledge to develop the next generation while making a tangible impact on the economic landscape of the country.



Another focus for PwC is supporting capacity building within the NGO sector. PwC Poland and PwC Canada have recognised this need, and have adopted different approaches to supporting leadership development in the NGO sector.

The PwC Poland Foundation has developed 'Two sectors – one vision', a coaching programme for social leaders, run with the School for Leaders Association, as an effective and sustainable way of supporting the sector. PwC people are actively supported and encouraged to reach their potential through coaching and personalised development at every level. PwC Poland made use of this experience and created an innovative programme for NGOs involving coaching from PwC leaders.

Meanwhile, PwC Canada has created the Leadership Grants Program, which provides financial support for the professional development of staff and volunteers at small to medium-sized Canadian NGOs. Since the programme's launch in 2006, the PwC Canada Foundation has awarded over C\$1,000,000 in grants to over 400 registered NGOs.



NGO leaders at a workshop run by PwC Poland as part of the 'Two Sectors – One Vision' programme

4. Environmental stewardship

We create value by understanding and reducing our impact on the environment. We also make a positive influence through our work and thought leadership in this area.

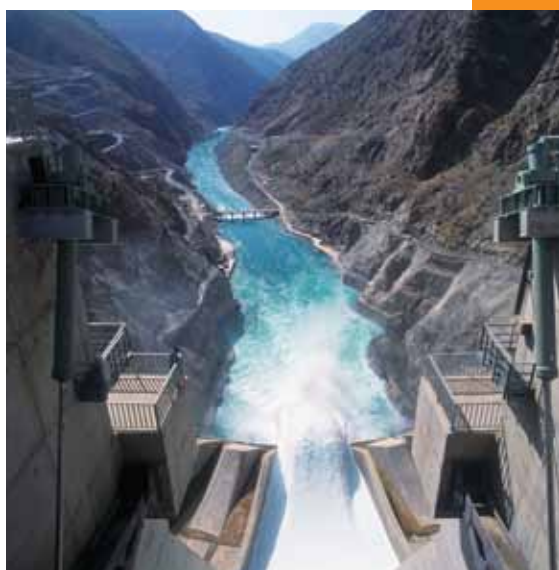
For the past five years, PwC's support in analysing and reporting for the Carbon Disclosure Project has helped some of the world's largest companies provide investors with information and analysis regarding their carbon footprint. We also apply the same measurement to our own operations, and in the past year we've calculated 79% of our carbon footprint. Our local firms use this information to set their carbon reduction strategies, often underpinned by stringent environmental management and transparent reporting against targets – meaning we don't just report the good news.

For example, PwC UK assessed its environmental performance in 2012 against challenging five-year targets, and achieved 'zero-to-landfill' in terms of waste, while also cutting its carbon emissions from energy use by almost 30%. But it hasn't all been easy. The UK firm's target for carbon emissions from client-facing air travel was missed and will be a continuing priority in future years. As a first step, PwC UK has launched a campaign to encourage web-conferencing as an alternative, and wants to collaborate with clients to find additional innovative solutions.

In the future, PwC UK's targets include achieving 100% recycling by 2017, reducing all material and waste impacts by 50% and cutting total carbon emissions by 25%.

A further confirmation of PwC's commitment to CR is that we're a signatory to the United Nations Global Compact (UNGC) CEO Water Mandate, a public-private initiative that aims to assist companies in the development, implementation and disclosure of water sustainability policies. We've gone further than signing up by contributing our skills and expertise to the Mandate, to support the development of innovative new standards made available to all (see below).

The UNGC CEO Water Mandate: helping companies manage water issues



Having become a signatory to the UNGC CEO Water Mandate, we decided to support its aims in the way that will have maximum impact: by contributing our knowledge and water subject matter expertise. PwC US has worked with the UN and a wide range of stakeholders – including the Carbon Disclosure Project, Global Reporting Initiative, and World Resources Institute – to analyse existing corporate water disclosure practices and to draft the first global corporate water disclosure guidelines. These were launched in August 2012 at World Water Week in Stockholm and are now publicly available to companies to help guide their water disclosure and management.

For companies just beginning to disclose on water-related issues, the guidelines can help them gather and analyse common data and incorporate the results into their respective sustainability or financial reports. For businesses with more progressive water management systems, the guidelines provide advanced metrics and guidance on how to report on such activities as engagement with NGOs, governments, suppliers and communities.

Conclusion

There's a global conversation going on about what constitutes responsible corporate behaviour; how those behaviours can be embedded within organisations; and what sorts of measures should be used to determine CR's worth. That's a conversation that PwC is very much a part of – both within our own organisation and in conversations with clients, governments and NGOs.

We also recognise that discussions about CR can't be limited to corporate boardrooms and think tanks. Employees, customers, vendors, and the man and woman on the street all have a stake in the matter – and something important to contribute to it, too.

So, engaging those communities – bringing them into the conversation – must be made part of the CR equation. That's why engagement with our stakeholders is important to the way we think about and practise CR. In the end, we believe, inclusion and a diversity of ideas around CR is the best basis on which to create greater value for all.

Committed to sharing information



At PwC, we're constantly reviewing the ways in which we work, and how we describe ourselves, in order to make sure we put the principle of transparency into practice. Our aim is to provide greater clarity about who we are and what we do in order to provide stakeholders with confidence in the PwC network – particularly recognising our role in the capital markets.

In our view, the key factors that differentiate PwC among the world's leading professional services organisations are the talent of our people, the breadth of the PwC network and the standards with which PwC firms comply. These standards cover important areas such as service quality, PwC firms' governance arrangements, independence, risk management, people and culture, and brand and communications.

PwC firms agree to follow network standards and their compliance with these standards is monitored regularly.

In this section of our Global Annual Review, we share some details about the PwC network's organisation, standards and processes – including specific information in relation to independence, remuneration and continuing education.

Legal structure, ownership and network arrangements

Network arrangements and member firms

In most parts of the world, the right to practise audit and accountancy is granted only to firms that are majority-owned by locally qualified professionals. PwC is a global network of separate member firms, operating locally in countries around the world.

PwC firms are members of PricewaterhouseCoopers International Limited and have the right to use the PricewaterhouseCoopers name.

As members of the PwC network, PwC firms share knowledge, skills and resources. This membership enables PwC firms to work together to provide high-quality services on a global scale to international and local clients, while still taking advantage of being local businesses, knowledgeable about local laws, regulations, standards and practices.

PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee in which PwC firms are members. PwCIL does not practise accountancy or provide services to clients. Instead, it acts as a co-ordinating entity for PwC firms. PwCIL works to develop and implement policies and initiatives that create a common and co-ordinated approach for PwC firms. PwCIL focuses on key areas such as strategy, brand, and risk and quality.

PwC firms can use the PwC name and draw on the resources and methodologies of the PwC network. In return, member firms are required to abide by certain common policies and the standards of the PwC network.

PwCIL governance bodies

Global Board

The Board, which consists of 18 elected members from 13 countries, is responsible for the governance of PwCIL, oversight of the Network Leadership Team and approval of network standards. The Board does not have an external role. Board members are elected every four years by partners from all PwC firms, with the current board taking up office in April 2009.

Board members may serve a maximum of two terms of four years each. The Board meets four times a year and on further occasions as required.

Network Leadership Team

The Network Leadership Team (NLT) sets the overall strategy for the PwC network and the standards to which PwC firms agree to adhere.

The NLT is made up of the Chairman of the PwC network; the senior partners of the US, the UK and China member firms; and a fifth member appointed by the Board, currently the senior partner of PwC Germany. The Chairman of the PwC network and the fifth member may serve on the NLT for a maximum of two terms of four years each in their respective capacities. The terms of the other NLT members are limited by the arrangements in their respective firms. The NLT typically meets monthly and on further occasions as required.





Norbert Winkeljohann

PwC Germany senior partner and member of the Network Leadership Team

“Never has the spotlight been more firmly fixed on our profession, shedding light on the way we work and our crucial role in helping to boost confidence in the capital markets. We are always looking at ways to provide greater clarity about who we are and what we do.

“Furthermore, we are already participating in a vigorous debate aimed at achieving reforms that will truly benefit investors, the capital markets and the economy as a whole. What is beyond doubt is that these reforms should seek to achieve two key outcomes: the enhancement of audit quality and a boost in the relevance of the audit profession.”

Strategy Council

The Strategy Council, which is made up of senior partners of the largest PwC firms and regions, agrees the strategic direction of the network and facilitates alignment for the execution of strategy. The Strategy Council meets on average four times a year.

Network Executive Team

The Network Executive Team is appointed by, and reports to, the Network Leadership Team. Its members coordinate key aspects of PwC’s Assurance, Advisory and Tax offerings, and functional areas such as Risk and Quality, Human Capital, Operations, Public Policy and Regulatory Affairs, and Brand and Communications across the PwC network.

The names of all current members of these bodies can be found at the end of this Review.

Standards and internal quality control systems

As members in the PwC network, PwC firms are required to implement the agreed-upon common standards and policies of the PwC network. Every PwC firm is responsible for its own risk and quality performance and, where necessary, for driving improvements.

Each PwC firm is also exclusively responsible for the delivery of services to its clients.

To support transparency and consistency, each PwC firm’s Territory Senior Partner signs an annual confirmation of compliance with certain standards. These cover a range of areas, including independence, ethics and business conduct, Assurance, Advisory and Tax risk management, governance, anti-bribery and data protection and privacy.

These confirmations are reviewed by others who are independent from the PwC firm in question. Member firms are required to develop an action plan to address specific matters where they are not in compliance; such action plans are reviewed and execution of the plan is monitored.

There are some common principles and processes to guide PwC firms in applying the network standards. Major elements include:

- the way we do business
- sustainable culture
- policies and processes
- quality reviews.

The way we do business

PwC firms undertake their business activities within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a PwC Code of Ethics and Business Conduct for their partners and staff.

PwC people have an obligation to know, understand and comply with the guidelines contained in the Code as well as the values – Excellence, Teamwork and Leadership – on which the guidelines are based.

Sustainable culture

To promote continuing business success, PwC firms nurture a culture that supports and encourages PwC people to behave appropriately and ethically, especially when they have to make tough decisions.

PwC people have ready access to a wide array of support networks within their respective firms – both formal and informal – and technical specialists to help them reach appropriate solutions. The foundation of PwC’s culture is objectivity, professional scepticism, cooperation between PwC firms and consultation.

Policies and processes

Each PwC firm has its own policies, based on the common standards and policies of the PwC network. PwC firms also have access to common methodologies, technologies and supporting materials for many services.

These methodologies, technologies and content are designed to help a member firm’s partners and staff perform their work more consistently, and support their compliance with the way PwC does business. Each client engagement leader is responsible for assigning partners and staff to a particular engagement and building the appropriate combination of professional competence and experience.

Quality reviews

Each PwC firm is responsible for monitoring the effectiveness of its own quality control systems. This includes performing a self-assessment of its systems and procedures and carrying out, or arranging to have carried out on its behalf, an independent review.

In addition, the network monitors PwC firms’ compliance. This includes monitoring not only whether each PwC firm conducts objective quality control reviews of all of its services, but also includes consideration of a member firm’s processes to identify and respond to significant risks.

In accordance with applicable regulatory requirements, each firm may also be reviewed periodically, in some cases annually, by national and international regulators and/or professional bodies.

For Assurance work, there is a specific quality review programme based on relevant professional standards relating to quality controls including International Standard on Quality Control 1: ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements’ (‘ISQC1’) and where applicable the PCAOB Quality Control Standards.

The overriding objective of the assurance quality review programme is to assess for each PwC firm that:

- quality management systems are appropriately designed, are operating effectively and comply with professional network standards and policies
- engagements selected for review were performed in compliance with applicable professional standards and PwC Audit requirements, and
- significant risks are identified and managed appropriately.

A member firm’s assurance quality review programme is monitored, as is the status and effectiveness of any quality improvement plans a PwC firm puts in place.



Quality is the most important measure in assessing a partner's contribution.

Independence practices

Policy and resourcing

Objectivity is the hallmark of our profession, at the heart of our culture and fundamental to everything we do. Independence underpins objectivity and has two elements: independence of mind and independence in appearance.

PwC firms reinforce both of these elements through a combination of setting the right tone from the top; independent consultation on judgemental issues; detailed policy requirements including prescribed processes to safeguard independence; regular training; and careful observance of independence requirements.

PwC's Global Independence Policy – based on the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants – contains minimum standards with which PwC firms have agreed to comply.

These relate to assurance clients, including the adoption of processes and safeguards designed to maintain independence from such clients.

PwC firms impose supplementary independence restrictions and processes by reference to local regulatory and ethical requirements, when necessary. Details of any such requirements with cross-border effect are communicated throughout the network.

Each PwC firm is required to have a partner responsible for independence matters, supported by adequate and trained resources, to support the relevant member firm and its people in complying with policy requirements. This includes providing a resource to consult on policy interpretations and practice matters.

Training

Training programmes on the PwC Global Independence Policy and related independence processes are available to all PwC firms. These include the requirements around personal behaviour, services that may and may not be provided to audit clients, and business relationships.

Each PwC firm is responsible for developing and implementing an appropriate annual independence training for its partners and practice staff, making appropriate use of global materials, supplemented with additional content tailored to reflect local requirements.

The Assurance, Tax and Advisory lines of service also provide training and other materials dealing with independence considerations related to the provision of non-assurance services. New joiners, irrespective of which PwC firm and part of the practice they join, receive training on the PwC Global Independence Policy.

Compliance

Our compliance processes rely on a combination of business activities and monitoring systems.

Our network has detailed policies and processes to evaluate the potential impact of a proposed service on the reporting PwC firm's independence.

PwC firms are required to obtain authorisation from the lead audit engagement partner regarding the provision of non-audit services to entities on the 'Independence List'. Authorisation is only given after careful analysis of whether the service could impair the reporting firm's independence by reference to policy requirements, including an evaluation of threats to independence and available safeguards.

Partners and client-facing managers in all PwC firms are also required to record the details of their investment portfolios on a sophisticated confidential database that provides real-time monitoring of the permissibility of investments held against an 'Independence List' of prohibited securities.

Joint business relationships are evaluated for any threats to independence, and are required to be approved, recorded and regularly monitored for changes that may impact the independence assessment.

As well as these and other compliance-monitoring systems, PwC firms operate a number of confirmation and verification processes, such as:

- annual compliance confirmations by partners and practice staff, and
- inspection and compliance-testing programmes at firm and engagement levels. Such inspections look at, among other things, compliance with the requirements relating to partner rotation and partner compensation.

PwC firms are required to have disciplinary policies and mechanisms that promote compliance with independence policies and processes, and to report and address any breaches of independence requirements which, even with the control processes outlined above, may occasionally occur.

This would include, where appropriate, discussion with the client's audit committee regarding an evaluation of the impact of the independence issue and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, breaches are taken seriously and investigated as appropriate.



Partner remuneration

An essential element of PwC's ethos is a set of common principles for remuneration of partners in PwC firms, based on partner performance and quality of work.

Under these principles all PwC firms' partner remuneration systems should reward partners based on three core elements:

- the role they are asked to play in the partnership
- the quality of their work
- how well their individual firm performs as a whole.

The underlying premise of the partner income philosophy is to encourage, recognise and reward partners, both as individuals and as members of teams, based on their contribution to their respective firms. Quality is the most important measure in assessing a partner's contribution.

The successful execution of PwC firms' partner income arrangements, including delivery of actual rewards, hinges on a balanced scorecard evaluation against individual and team objectives. The performance-rewards structure respects the regulatory environment in which PwC firms operate, and each PwC firm maintains and operates its own compensation system for its partners and staff.



Training solutions are designed to develop and reinforce professional judgement, scepticism, and technical and professional excellence to achieve quality in everything PwC firms and their professionals do.

Leadership remuneration

The processes for evaluating and setting the remuneration of the Network Leadership Team (NLT) and Network Executive Team (NET) are led by the Global Board and the NLT, respectively, working with the PwC firms concerned. They follow the same principles as those applying to other partners in their respective member firms.

While the primary factors in setting target remuneration are the market and practices of each individual's member firm, the process takes appropriate account of the scope and importance of NET and NLT members' responsibilities and contribution across the network.

Continuing education

The PwC approach to learning and education (L&E) is to provide access to a wide curriculum of courses developed in accordance with global standards, while also providing support for PwC firms' L&E leadership and fostering personal accountability for continuous education.

PwC firms are committed to delivering quality audits around the world. To help them do this, a consistent curriculum gives their Assurance practitioners,

as well as specialists in Advisory and Tax who provide audit support, access to courses covering:

- the PwC audit approach and tools
- updates on audit as well as independence and accounting standards and their implications
- areas of audit risk and engagement quality.

Courses are developed using best-practice learning techniques, designed to meet the needs of practitioners.

Training solutions are designed to develop and reinforce professional judgement, scepticism, and technical and professional excellence to achieve quality in everything PwC firms and their professionals do. There are focused programmes for people with special roles, or who serve clients with unique characteristics. These individuals include:

- Quality Review Partners
- people leading multi-location audits or engagements with shared service centres
- those serving clients around the globe who are listed on US stock exchanges.

PwC firms are committed to delivering quality audits around the world.

Our focus in the past year has been on continuing to enhance and develop our curricula in response to findings from internal quality reviews and external regulatory reviews as well as needs identified by practitioners.

As well as focusing on ‘what’ PwC people learn, it is just as critical to consider ‘how’ they do it. A large part of how people learn comes from on-the-job experiences.

PwC firms provide guidance, tools and forums for staff to share their experiences in order to support them on the job. We also believe that we learn from others, whether by receiving and discussing feedback, or by observing and working with others.

The remainder comes from formal learning. Formal learning solutions vary in methods, and include webcasts presented by specialists, computer-based e-learning using videos and avatars, and classroom courses that give practitioners the opportunity to sharpen their professional judgement by sharing insights and experiences with their instructors and peers.

To make sure that L&E programmes are effective, PwC training programmes are evaluated continually using assessments for a number of milestone programmes as well as surveys of partners and staff in PwC firms to see how well they have been able to transfer their learning into the workplace.

With some 180,000 people across the member firms in the PwC network, the task of providing continuous education throughout each professional’s career is a major challenge.

Mechanisms have been put in place at all levels – individual, firm and network – to help achieve this goal. PwC firms’ L&E leaders are responsible for reporting their training plans for the year and their actual delivery of training to the target audience for each programme at year-end.



Facts and figures

Revenues

Despite the challenging economic climate, PwC continued to perform well in FY 2012, with gross revenues for the 12 months ending on 30 June 2012 up 8% to US\$31.5 billion. For the first time, PwC's annual revenues have exceeded US\$30 billion.

PwC's ability to post strong revenue growth is testimony to our clear focus on recruiting and retaining the best people and striving to provide the highest quality service for our clients all around the world.

PwC firms in the Americas enjoyed particularly healthy growth in FY 2012 with revenues from North America and South America both increasing by 13%. These results come on the back of very strong growth in FY 2011.

Revenue growth from the Middle East and Africa was also very strong, up 15%, reflecting PwC's increased levels of investment in the region.

PwC firms in Asia also continued to perform well with revenues up 8% in FY 2012.

Despite the continued uncertainty about the future of the eurozone, and the chilling effect this has had on economic growth, PwC firms in Europe grew more strongly in FY 2012 than in the previous year, with growth of 4% in Western Europe and 8% in Central and Eastern Europe.

Revenues from PwC firms in Australia and the Pacific were down by 5%. This revenue decline is on the back of a one-off exceptional item in FY 2011 in Australia, which significantly boosted revenue growth last year. Without this exceptional item, revenues from Australia and the Pacific continued to grow steadily, up 3%.

Local revenues from many of PwC's largest firms around the world continued to grow very strongly. Revenues from the US increased by 15%, the UK by 6%, China by 14%, and Brazil by 14%. There were also some very strong results from PwC firms in key developing markets, with revenues from India up by 16%, Russia by 13% and South Africa by 12%.

Given the strength of their economies and capacity for growth, emerging markets are making increasingly large contributions to PwC. In FY 2012, 20% of PwC's global revenues came from emerging markets.

Figure 1: Aggregated revenues of PwC firms by geographic region (US\$ millions)

	FY12 at FY12 ex. rates	FY11 at FY11 ex. rates	% change	% change at constant ex. rate
Asia	3,728	3,427	8.8%	7.9%
Australasia and Pacific Islands	1,681	1,677	0.2%	-5.0%
Central and Eastern Europe	816	778	4.8%	8.3%
Western Europe	11,984	11,518	4.0%	4.4%
Middle East and Africa	1,077	987	9.1%	14.6%
North America and the Caribbean	11,187	9,881	13.2%	13.4%
South and Central America	1,037	955	8.6%	12.9%
Gross revenues	31,510	29,223	7.8%	8.0%

FY12 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY12 exchange rates. FY11 aggregated revenues are shown at average FY11 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Assurance

PwC's Assurance operations remain our best-known services, defining our brand. In FY 2012, revenues from our Assurance operations grew steadily, up 3% to US\$14.9 billion. This steady growth is significant, given the mature nature of the business and the highly competitive nature of the audit market.

In Assurance, our focus is to compete based on the quality of our offering. In FY 2012, we invested heavily in the support and development of assurance services delivered by PwC firms. These investments are aimed at continuous quality improvement and making our assurance services more relevant and more responsive to the needs of our stakeholders and the capital markets.

Advisory

PwC's Advisory operations continued to grow strongly around the world, with global revenues increasing by 17% to US\$8.7 billion. This growth was driven largely by increased sales in consulting services as clients have recognised our ability to help them deliver transformational change from strategy through execution. Globally, our Consulting revenues increased by 23%, also bolstered by a number of selective acquisitions.

The global market for advisory work remains highly competitive. While we expect further organic growth from the advisory market we will also seek selective strategic acquisitions to strengthen further our ability to deliver benefits for clients.

Tax

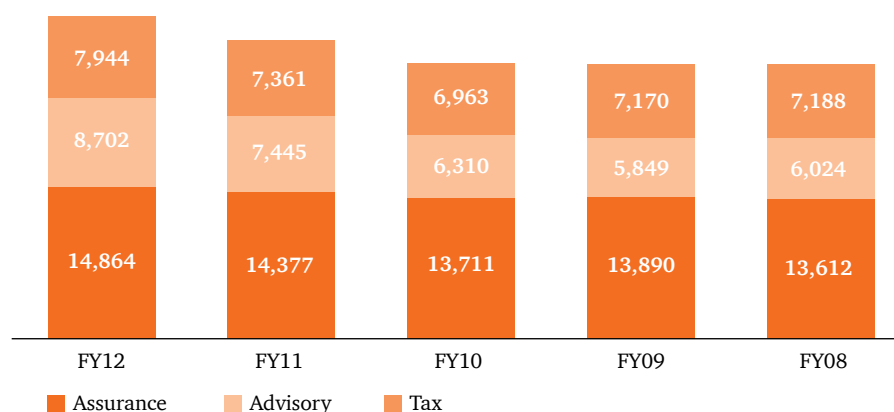
Building on a strong performance in FY 2011, revenues from PwC's Tax operations continued to grow well in FY 2012 up 8% to US\$7.9 billion. Growth was strong right around the world, but particularly in Asia and the Americas. This growth was driven by increasing demand from clients for advice to deal with the risks and challenges presented by tax compliance, tax revenue examinations and tax accounting.

Figure 2: Aggregated revenues of PwC firms by service line (US\$ millions)

	FY12 at FY12 ex. rates	FY11 at FY11 ex. rates	% change	% change at constant ex. rate
Assurance	14,864	14,393	3.3%	3.4%
Advisory	8,702	7,458	16.7%	16.9%
Tax	7,944	7,372	7.8%	7.9%
Gross revenues	31,510	29,223	7.8%	8.0%
Expenses and disbursements on client assignments	(1,852)	(1,755)	5.5%	5.1%
Net revenues	29,658	27,468	8.0%	8.2%

FY12 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY12 exchange rates. FY11 aggregated revenues are shown at average FY11 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June. The allocation of revenues between Lines of Service has been restated for FY11 to reflect the current organisation structure.

Figure 3: PwC's service line mix (2008-2012) at constant exchange rates (US\$ millions)

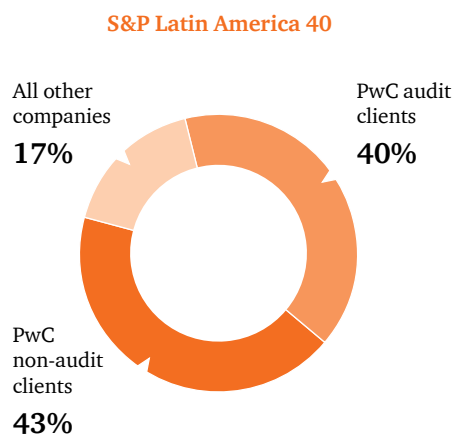
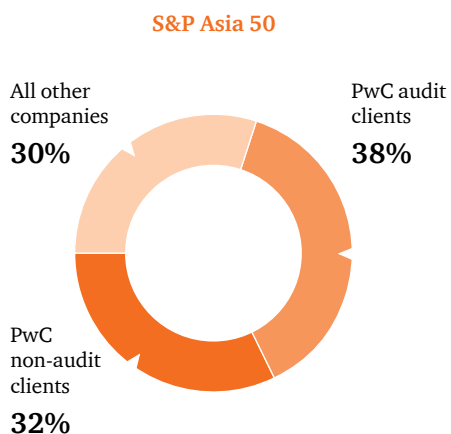
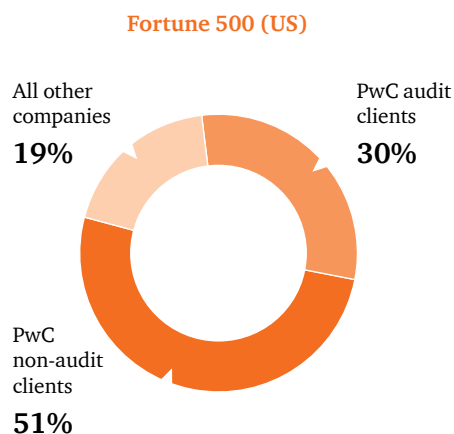
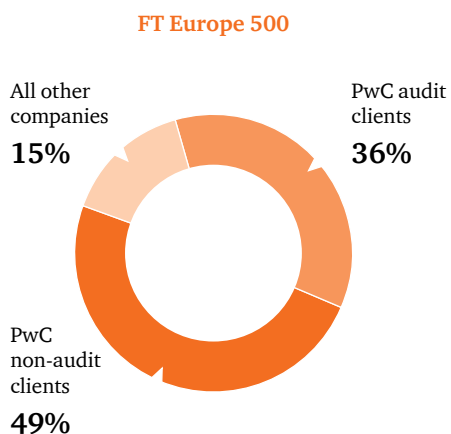
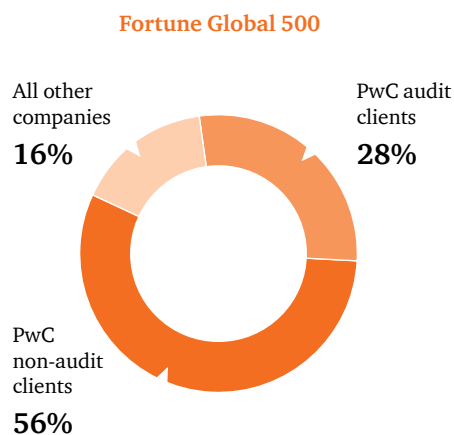
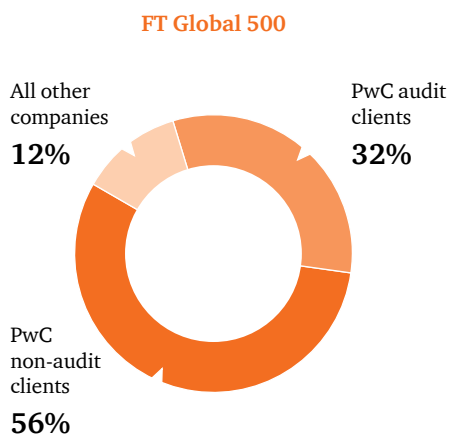


PwC's Advisory operations continued to grow strongly around the world, with global revenues increasing by 17% to US\$8.7 billion.

Figure 4: Aggregated revenues by industry sector (percentage of revenue)



Figure 5: Global and regional client bases – company indices / lists



Audit clients include both sole and joint audits.

Non-audit clients are those companies where PwC did not provide statutory audit services and where revenues exceeded US\$ 500,000 in FY12.



In 2012, two-thirds of our Tax and Advisory revenues came from clients that are not audited by PwC.

Less than one-third of fees from audit clients in 2012 were for non-audit services.

In addition, as companies actively transform their business operations to deal with globalisation and changing supply chains, PwC Tax professionals have been active in advising clients of the related tax consequences and risks.

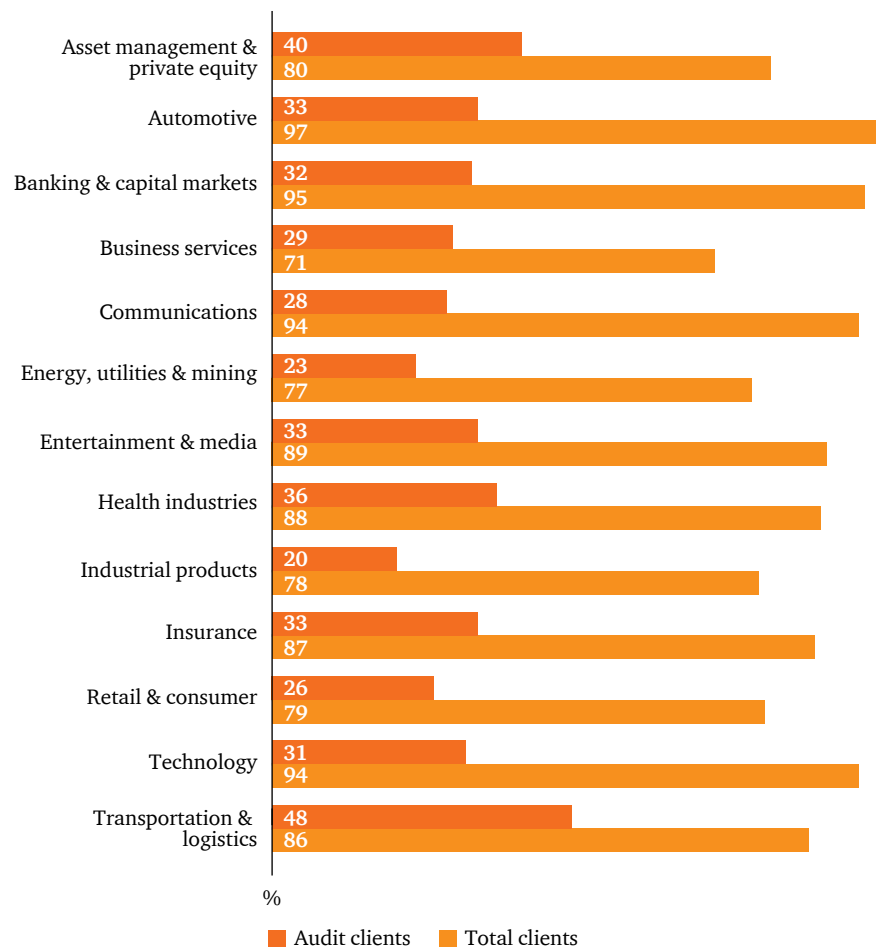
We expect that demand for Tax services will continue to build in the next few years on the back of a rapidly changing business environment and increasing tax authority demands. In addition we anticipate strong growth in Tax revenues from developing countries, as Tax advice is one of the first services clients seek as they enter new markets.

Clients

PwC's clients range from some of the world's largest multinationals to small entrepreneurs. Our services are tailored to meet the specific needs of each client, taking into account their size, location and sector.

In FY 2012, PwC firms provided services to 422 of the Fortune Global 500 companies and 439 companies in the FT Global 500.

Figure 6: Clients of PwC firms as a percentage of the Fortune Global 500





This year our global workforce reached its largest ever total of...

180,529

Figure 7: PwC firms' people

PwC people	FY12	FY11	FY10
Partners	9,359	8,697	8,625
Client service staff	139,723	129,720	122,967
Practice support staff	31,447	30,293	30,126
Total	180,529	168,710	161,718

Figure 8: Headcount by region

PwC people	FY12	FY11	Growth
Asia	37,805	34,591	9%
Australasia and Pacific Islands	5,885	6,111	-4%
Central and Eastern Europe	7,857	7,507	5%
Western Europe	60,853	58,940	3%
Middle East and Africa	11,008	10,436	5%
North America and the Caribbean	44,885	39,951	12%
South and Central America	12,236	11,174	10%
Total	180,529	168,710	7%

The number of people who joined PwC firms around the world in FY 2012 reached...

42,472

People

Our global workforce grew by 7% this year to reach our largest ever total of more than 180,000. We saw the biggest increase in employee numbers in the Americas and Asia – followed by Europe, the Middle East and Africa. In Australasia and the Pacific Islands, employee numbers fell, due largely to a reorganisation programme in Australia.

Globally, over 42,000 people joined PwC firms around the world – including more than 20,000 graduates and close to 18,000 experienced professionals.

This rise in global headcount marks our growing attractiveness as an employer. We continue to invest in attracting the best people and giving them the opportunity to build rewarding careers.

With a presence in 776 locations across 158 countries, we offer exciting career opportunities all around the world.

Figure 9: PwC people by line of service

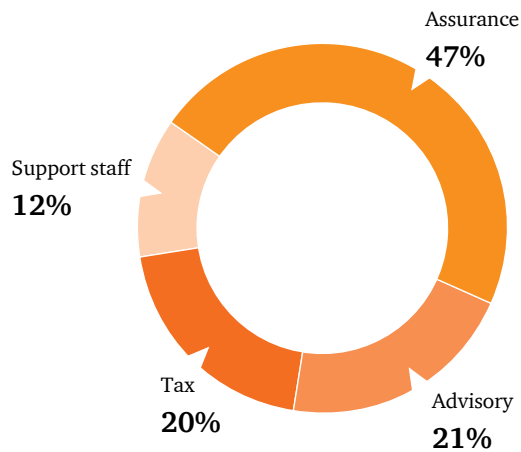


Figure 10: PwC people by region

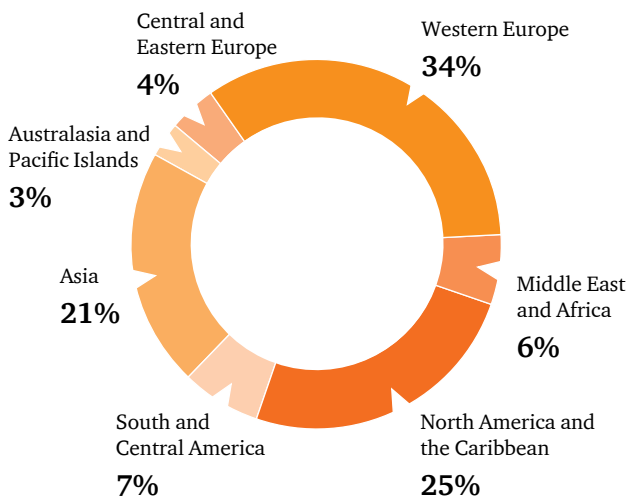
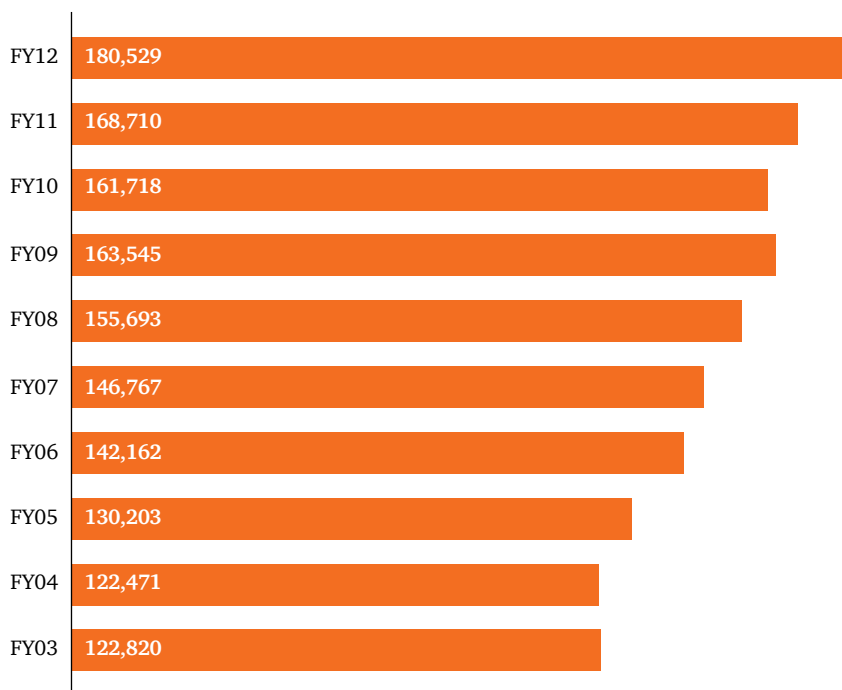


Figure 11: New joiners in FY12 and FY11

	FY12	FY11
Graduates/campus hires	20,559	17,629
Experienced professionals	17,983	20,149
Support staff	3,930	2,990
Total	42,472	40,768

We continue to invest in attracting the best people and giving them the opportunity to build rewarding careers.

Figure 12: PwC people since 2003





With offices in 776 locations in 158 countries, PwC has a presence in almost every corner of the world.

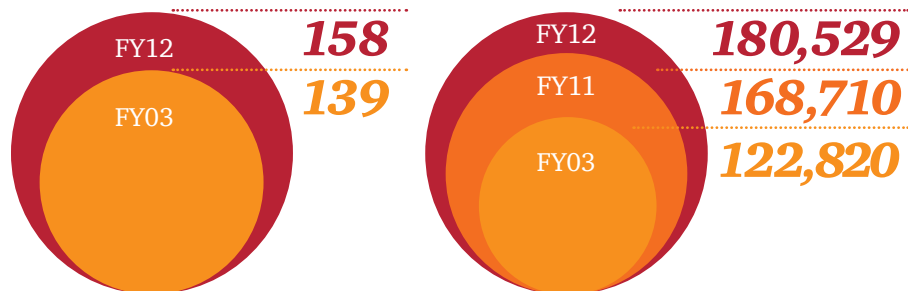
Number of countries where PwC has a presence

FY12	158	FY07	150
FY11	158	FY06	149
FY10	154	FY05	148
FY09	151	FY04	144
FY08	153	FY03	139

Figure 13: PwC's global footprint

Number of countries where PwC has a presence

PwC global headcount



Graduate recruits

PwC recruited over 20,500 graduates in FY 2012, a record number for PwC. That makes us among the largest recruiters of graduates in the world. Attracting the best people to PwC and offering them first-class training and the best opportunity to develop their career is a key to the future of PwC and something that we are committed to, even in difficult economic times.

PwC is one of the most attractive organisations for graduates, as is borne out in student surveys around the world. While we hold the top position in a number of key countries as the most attractive employer, our ranking in some student surveys has slipped a little in the last 12 months due to our name change, recognition of which is taking time to rebuild among student audiences. While this has not affected our ability to attract the best people, it is something we are actively addressing and we expect to see a clear improvement in our rankings in the year ahead.

Figure 14: PwC ranking in student surveys

	Rank in Big Four	Rank among all employers
Asia	3	10
Belgium	2	3
Brazil	2	33
China	1	17
Germany	1	12
Nordic	2	2
Pan-European	2	6
Russia	3	18
Spain	4	31
Sweden	2	5
Switzerland	2	12
UK	1	1
US	3	8

Sources: Asia (Universum Graduate Survey), Belgium (Trendence Survey), Brazil (Universum Graduate Survey), China (Universum Graduate Survey), Germany (Trendence Survey), Nordic (Universum Graduate Survey), Pan-European (Trendence Survey), Russia (Universum Graduate Survey), Spain (Universum Graduate Survey), Sweden (Universum Graduate Survey), Switzerland (Universum Graduate Survey), United Kingdom (High Fliers), United States (Universum Graduate Survey)

In FY 2012, more than

20,500

graduates chose to begin their careers with PwC

Number of new international assignments in FY 2012...

2,495 people

Global People Survey

Every year, we conduct a survey of our people around the world to find out how they feel about working at PwC. This enables us to make PwC a better place to work. This year, 71% of our people took part in the survey.

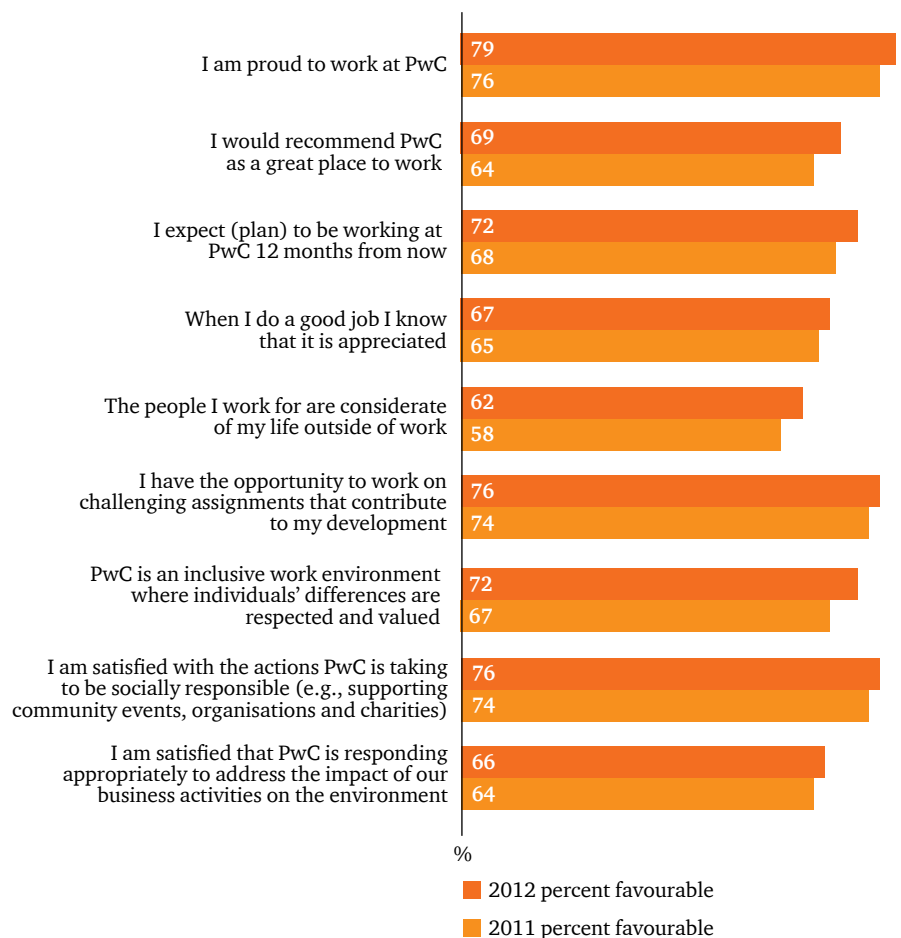
The majority of the 130,000 people who completed the survey told us that they are proud to work at PwC (79%), would recommend PwC as a great place to work (69%) and expect or plan to be working at PwC 12 months from now (72%). These scores all saw notable increases compared with FY 2011.

Other results that demonstrate we are moving in the right direction include: 62% say the people they work with are considerate of their life outside work, up from 58% in FY 2011. And 76% say they have the opportunity to work on challenging assignments, up from 74% last year.

During FY 2012, we embarked on a change management programme to identify and tackle barriers to diversity within PwC. This initiative is starting to bear fruit, reflected in the fact that 72% of people – up from 67% in FY 2011 – say they feel PwC is an inclusive work environment where individuals’ differences are respected and valued.

But we know we can always do better. That’s why our focus for the year ahead will be using the results of the survey to explore some of these key areas in more detail and make PwC an even better place to work.

Figure 15: Global People Survey results (% agreeing)



The vast majority of our people told us they are proud to work at PwC.

International mobility

One of the reasons clients choose PwC is our strong global network: it allows us to move people around the world to meet client needs wherever they happen to be. It's also one of the things that makes working at PwC so attractive.

At 30 June 2012, a total of 2,584 PwC people were on long-term international assignments – an increase of 14% from FY 2011 – with participation from 109 countries around the network.

For our overall programme, the total number of new long-term and short-term international assignments that started in the year was in line with last year (see figure 16).

Thanks to continued investment in our international mobility programme, we are able to make sure we have the right people in the right place at the right time. As a result, our clients get the expertise they need – wherever they are in the world. And our people have access to a wealth of exciting career opportunities.

Figure 16: International mobility programme – number of new assignment starts

	FY12	FY11	FY10*
Long-term assignments	1,213	1,294	747
Short-term assignments	1,282	1,189	695
Total	2,495	2,483	1,442

*Comparative numbers have been restated to reflect actual assignment starts in the year. In prior years, these numbers included assignments that were approved to start but where the assignee had not yet physically begun the assignment.



Diversity and Inclusion

At PwC, we're committed to helping all our talented people – from all backgrounds – to build a rewarding career and reach their potential.

While we've made progress towards developing a more diverse pool of talent, we feel it hasn't been quick enough. For example, 20% of our new partner admissions and 17% of our partners worldwide are women – up from 16% last year. We are constantly seeking to improve this.

In FY 2012, the Diversity and Inclusion Council embarked on a comprehensive diversity change management project. Its aim is to identify and tackle the barriers to diversity.

PwC UK and PwC Belgium launched diversity programmes involving data analysis, a review of human capital systems and processes, and interviews with partners and staff. As a result, PwC firms have put in place refreshed diversity plans supporting their growth strategy; and leaders have undergone training to create awareness about the role of biases in decision-making processes.

In addition, actions and programmes that have shown success in promoting more diverse leadership will be reflected in a Global Diversity & Inclusion toolkit, to be shared with all member firms in FY 2013.

For example, in Scotland, where 30% of PwC partners are women, there is a strong culture of inclusion and excellent management of maternity leave. Partners work closely with talented women so they enjoy a smooth transition back to work.

Moira Elms

Chair of the Global Diversity and Inclusion Council

“This year has been about looking at what hasn't worked so well, and also about understanding what has really brought more diversity to the table.”



Making the business case for hiring people with disabilities

Mohammed Asif Iqbal, a principal consultant in PwC India's Kolkata office, is passionate about bringing disabled people into the workplace.



Mohammed Asif Iqbal

Principal consultant in PwC India's Kolkata office

Born visually impaired owing to a genetic disorder, by 16 Asif had completely lost his sight. "My teachers and many people around me didn't think I was meant for learning," he says. Asif proved everyone wrong. At the age of 11, he moved to the US where he finished his primary and secondary education. He later became the first visually impaired person to graduate from St. Xavier's College, Kolkata with a degree in commerce. He went on to become the first visually impaired person in India to gain an MBA in HR.

Asif's been with PwC India since 2005, working with clients on human resource consulting assignments. Technology helps him to be fully effective: "My work is mostly done through talking software installed on my laptop and mobile phone. Whatever appears on my screen gets turned into an audio output."

Asif is involved in a number of initiatives to help disabled people in India join the workforce and build rewarding careers. This has earned him several awards, including the National Institute for the Visually Impaired's 2011 Excellence award.

He is dedicated to helping business leaders understand that hiring people with disabilities makes business sense. "By 2020, I would like disabled people to make up 5% of the top 100 Indian companies' workforce," he says. An ambitious goal? Maybe... but considering Asif's track record, it may well be just within reach.

Meanwhile, we have been achieving successes throughout the network.

- There is good news for diversity at the top with 23%, 25% and 29% of leadership teams being women in PwC Australia, PwC China and PwC US respectively.
- In FY 2012, 42% of new financial services partners in firms in Asia Pacific were women.
- We are actively pursuing better gender parity in our key talent programmes throughout the network. For example, during FY 2012, 37% of participants in our global leadership development programme – Genesis Park – were women.
- Female leaders in our network consistently report that a mobility experience was one of the top three developmental milestones in their paths to leadership. Globally, 36% of our talent deployed on long-term international assignments were women. Our Tax practice led the way, with women making up 40% of all long-term and 48% of all short-term international assignments.



Simon Cuthbert

FY12 Genesis Park participant, PwC Australia

“I have built real relationships with people from 17 countries and every continent. I feel privileged to have so many amazing people in my network.”

Development programmes

At PwC, we aim to give our people a range of opportunities to grow and reach their full potential. Our people development approach is based on a mixture of three types of learning: ‘real’ learning that comes from working on challenging assignments, coaching and classroom learning. Here’s a snapshot of what’s new in PwC’s global development world.

Genesis Park

Genesis Park is our global leadership development programme. It centres around an intensive 10-week residential group learning programme that aims to accelerate the development of top-performing PwC people and promote qualities of resilience, responsibility and authenticity. Every year, 150 high-potential PwC senior managers and directors from around the world take part in Genesis Park. During 2012, the Genesis Park residential programme is being held in China, South Africa and Canada, with each site hosting 50 participants.

Every year, we improve the programme, and in 2012 this included developing a best practice coach academy, adding more experiential learning and making improvements in technology.

We continued to enhance our partnership with leading business school INSEAD, further developing our curriculum. Professors from INSEAD helped participants to gain a better understanding of complex global issues through a series of workshops on topics such as global imbalances, and monetary and fiscal policy.

In February 2012, PwC was given a top international award for Genesis Park. Bersin & Associates – a global provider of research, tools and advisory services in talent management – commended the programme for the way it “develops senior managers into resilient, responsible, and authentic leaders.”

IQ – small screen, big potential

PwC’s first global mobile learning platform, IQ, launched in June 2012. IQ has two components. The first is an online administration system that hosts content and enables it to be targeted and deployed to learners. The second component is a mobile app, which is installed on a learner’s smartphone or tablet device so that mobile learning, job aids, performance support, how-to guides, videos and podcasts can be downloaded and viewed.

Coaching

Coaching is a key element of PwC’s development approach. We embarked on a new project in FY 2012 to improve the quality and consistency of coaching across PwC. This involved identifying examples of what works well across our network and defining coaching practice principles. These best practices will be shared with all PwC firms in FY 2013 through a global toolkit.

Higher Performing Teams

Our Team-Based Learning (TBL) programme is built on the philosophy that learning and development should occur during the course of our day-to-day work. TBL uses techniques such as providing shadowing opportunities to less experienced staff. In FY 2012, 5,000 people from 31 countries were introduced to its principles and routines. Since its launch in 2010, the programme has reached over 13,000 PwC people across the world.

Corporate responsibility in numbers

Over the past year, more than 37,000 PwC people around the world took part in community activities – up from 28,000 in FY 2011. Our global people survey revealed that our people feel increasingly happy with PwC’s approach to CR. 76% said they are satisfied with the actions PwC is taking to be socially responsible – up from 74% last year.

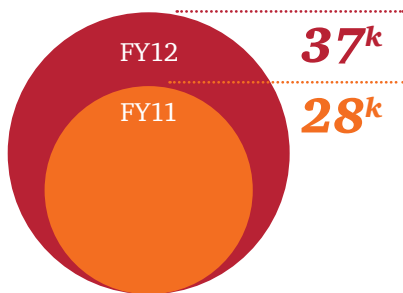
In FY 2012, we clarified how we report on the time our people give to community activities to better represent where they have contributed their professional skills, as this is how PwC can have the most impact. The shift towards donating our professional skills instead of donations or general volunteering is a strategic priority in many firms across the PwC network.

The number of hours of free or heavily discounted professional services and skilled volunteering that we provided to community organisations increased to 406,000 in FY 2012 – up from 286,000 in FY 2011 and 249,000 in FY 2010.

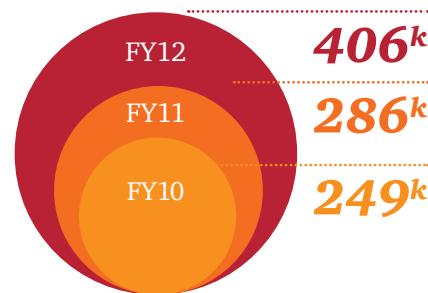
PwC’s largest firms around the world donated US\$48 million in FY 2012, down from the FY 2011 figure, reflecting a shift towards giving our professional skills in combination with donations.

Figure 17: CR in numbers

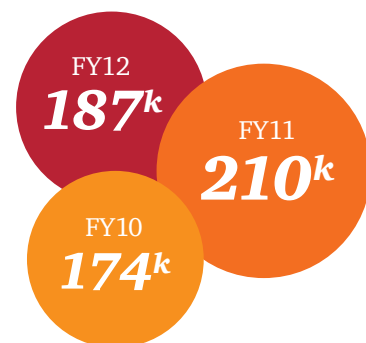
Number of PwC people participating in community activities



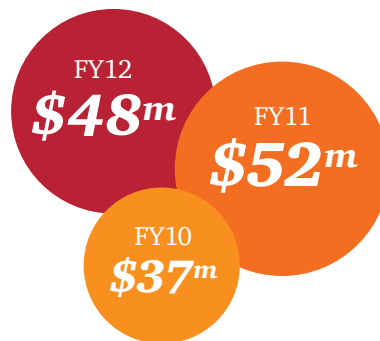
Provision of professional services/skilled volunteering (number of hours)



Volunteering hours



Giving (US\$)



These figures relate only to the larger firms in the PwC network.

Giving: The comparative FY11 and FY10 figures have been re-stated to reflect a correction in a prior year classification of contributions from our people and PwC Foundations.

Over the past year, more than 37,000 PwC people around the world took part in community activities – up from 28,000 in FY 2011.

Network leadership

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Ian Powell	United Kingdom
Norbert Winkeljohann	Germany
Silas Yang	China

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Dennis Finn	People and Culture
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Colm Kelly	Operations
Naresh Kumar	Transformation
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Markus Neuhaus	PwC Experience
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Wolfgang Richter	Technology
Javier Rubinstein	General Counsel
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Rick Stamm	Tax

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Deepak Kapoor	India
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Hiroyuki Suzuki	Japan
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Serge Villepelet	France
Norbert Winkeljohann	Germany
Silas Yang	China



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PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with more than 180,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com.

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PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

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