

*United Nations
Global Compact
PwC Communication
on Progress 2012*

*part
of it:*



About this report

This report is the PwC Communication on Progress for the UN Global Compact (UNGC). It details our work, progress and achievements within the area of corporate responsibility (CR), aligned with the UNGC's ten principles. PwC firms undertake a range of CR initiatives in support of the UNGC principles.

In this report, we detail the PwC network strategy and positioning of CR, approach to governance and stakeholder engagement. We also detail our four focus areas for CR: Responsible business, Diversity and inclusion, Community engagement, and Environmental stewardship. Examples of PwC firms' initiatives that align with the UNGC principles can be found throughout this report and at the end we explain how we intend to continuously improve to meet the UNGC principles across the PwC network.

We have selected a number of case studies across this report and also highlight specific PwC firm initiatives within each section. The case studies from PwC firms demonstrate how the principles are implemented. We have included links and references so that further examples from PwC firms can be explored.

PwC has previously reported progress against the UNGC principles on a calendar year basis. However, this report covers both FY 2011 and FY 2012 to bring our UNGC reporting into alignment with our fiscal year reporting cycle and we will report annually on this basis in future.

Please note that throughout the report we refer to our global network of independent firms as 'the Network'. 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.

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Letter from Dennis Nally

PwC is proud to participate in the United Nations Global Compact (UNGC). The PwC network joined the UNGC in 2002 and in 2011 became one of over 50 participants in the UNGC's LEAD programme, through which the PwC network aims to achieve the LEAD stated goals of 'supporting leading UNGC participants in their efforts to achieve higher levels of corporate sustainability performance – as outlined by the Blueprint for Corporate Sustainability Leadership'.

PwC's work with the UNGC and the LEAD programme helps PwC firms to share their corporate responsibility (CR) learning and experience. PwC firms work within the UNGC at both the global and local level using their experience to support their clients and other UNGC participants to integrate the UNGC goals within their organisations.

As part of the PwC network's commitment to the principles of the UNGC, and CR more broadly, PwC firms have made significant progress in aligning their work over the past 18 months. During 2012, we also refreshed our Network CR strategy to clearly demonstrate that CR at PwC is about creating value for PwC firms' clients, people and communities and increasing the impact of their activities. We express the PwC network's ambition as:

- **doing the right thing** in our own businesses, and
- **being a catalyst for change** in the world around us.

CR goes to the core of the business of firms in PwC network. 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 returned to investors and the salaries paid to employees. As auditors, helping to maintain public trust in the capital markets is ingrained in the PwC culture. We've always had a wide and diverse community of stakeholders.

So we take our corporate responsibilities very seriously and encourage PwC people to get engaged with their communities.

The greatest asset of PwC firms is our people – engaging them in local CR efforts and in their communities, alongside the work they do with their clients, is crucial to PwC's success. Our goal is not only to support and encourage PwC people to become actively involved in community programmes, but for them to be inspired by them.

There are some specific examples of PwC firms' work in communities in the past 18 months of which I am particularly proud. One is the work over the past three years with the United Nations Human Rights Commissioner for Refugees (UNHCR). In the desert nation of Chad, PwC firms' contributions to the UNHCR have built seven new primary schools and improved 25 others – providing access to education for over 16,000 refugee children. PwC professionals also used their skills in business and project management to create an approach that the UNHCR is now adopting for other refugee camps in Chad.

I am also proud of the way in which PwC firms use their skills, knowledge and experience to create value for communities. In response to the tragic earthquake and tsunami in Japan, the PwC Japan firms, along with disaster recovery experts from PwC firms around the world, formed a Japan Recovery Taskforce to support the



recovery of Japan. Government officials and local and international experts from PwC and other organisations held the first global symposium in July 2011.

We are proud to continue to participate in the UNGC so that we can be part of the solution to some of the world's most pressing challenges. One of those issues is water and we are a signatory to the UNGC CEO Water Mandate, a public-private initiative that aims to advance water sustainability solutions. PwC US worked with the UN and a wide range of stakeholders – including the Carbon Disclosure Project, Global Reporting Initiative, and World Resources Institute – to develop global guidelines for corporate water disclosure.

PwC firms are focused on results; we can only manage and improve what is measurable. The PwC network is committed to reducing its environmental impact by actively integrating principles of good environmental management into PwC workplaces around the world. In FY 2012 79% of PwC firms measured their greenhouse gas (GHG) emissions. The PwC network also developed a global GHG methodology that is currently being implemented and will be reported on from FY 2013. In the future, the PwC network will also define performance indicators for PwC firms' work in communities, helping to assess the value of PwC programmes more effectively. I am proud of the progress firms in the PwC network have made by implementing policies and system changes – delivered through their people – to manage themselves in a more sustainable way.

PwC firms will continue to engage with stakeholders and communities to have a positive impact in the places where PwC people live and work. I look forward to continuing PwC's work with the UNGC in 2013, and furthering PwC's commitment to doing the right thing and being a catalyst for change.

A handwritten signature in black ink, appearing to read "Dennis M. Nally". The signature is stylized and cursive.

Dennis M. Nally
Chairman, PricewaterhouseCoopers
International Limited

Strategy and positioning of CR

Our refreshed strategy and positioning

The PwC network strategy is driven by a commitment to do the right thing in our own businesses and to be a catalyst for change in the world around us.

Doing the right thing means playing our part in responsible business issues that are central to our businesses – from the quality of our services and the diversity of our people, to our engagement with communities and our environmental footprint. Being a catalyst for change 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 have four focus areas to bring this strategic intent to life locally: Responsible business, Diversity and inclusion, Community engagement, and Environmental stewardship. We describe our firms' work in each of these areas within this report. The overlaps and intersections of these four areas with the UNGC four areas of Human Rights, Labour Rights, Environment and Anti-Corruption, should become apparent throughout.

We refreshed our global CR strategy in 2012 and it will be implemented across the Network in 2013. It aims to give focus to local activities, highlight areas in which the whole network can align for greater impact, and show how PwC people across the Network can play their part.

We have introduced 'leadership ladders' that provide guidance for PwC firms for implementation of the CR strategy. The ladders allow for flexibility across the four focus areas, and encourage excellence and continuous improvement. They are designed to inspire territories and make it easier to succeed by bringing our resources and knowledge together to give clear examples of best practice.



Examples of local CR commitments

- In 2012, PwC UK set new environmental performance targets for 2017 after its previous targets were achieved including 'zero-to-landfill' in terms of waste, while also cutting its carbon emissions from energy use by almost 30%. In the future, PwC UK aims to decouple their economic and environmental impacts – to reduce the environmental effects of the business even as it grows. New targets include achieving 100% recycling by 2017, reducing all material and waste impacts by 50% and cutting total carbon emissions by 25%.
- PwC Germany has set four environmental management goals.
- PwC US's Earn Your Future programme 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. See the Community Engagement section of this report for details.

PwC is a global network of separate firms, owned and operating locally in 158 countries around the world.

This structure provides PwC firms with the flexibility to operate as the most local and the most global of businesses at the same time. CR at PwC is similarly governed at global and local levels and it runs right to the top of local and Network leadership.

Our participation in the UNGC is for all PwC firms within our Network. However, implementation is varied due to different local economic, social and environmental priorities.

Governance

Our Network structure

PwC is a global network of separate member firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited (PwCIL), a UK private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Instead, it acts as a coordinating entity 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.

Network governance

We have a number of leadership groups that oversee governance within the PwC network:

- The Global Board is responsible for the governance of PwCIL, oversight of the Network Leadership Team and approval of network standards.
- The Network Leadership Team sets the overall strategy for the PwC network and the standards to which PwC firms agree to adhere.
- The Strategy Council agrees the strategic direction of the Network and facilitates alignment for the execution of strategy.
- The Network Executive Team coordinates key aspects of PwC's Assurance, Advisory and Tax offerings, and functional areas across the PwC network.

CR governance

There are more than 165 people from leadership and management teams across the Network with responsibility for CR. The responsibility for local CR ultimately rests with the Territory Senior Partner of each PwC firm.

At the Network level, CR is led by the Global Corporate Responsibility Board (GCRB), which is chaired by Moira Elms, a member of the Network Executive Team. The GCRB was restructured in 2011 to comprise leaders from the largest PwC firms, regional CR leaders and sustainability subject matter experts. In keeping with best practice the board also includes an external independent advisor, Will Day, who brings more than 25 years of NGO relief and development background as well as extensive experience working with senior leaders from business and government.

The board comes together quarterly to provide governance, oversight, input and direction to PwC's CR global strategy in alignment with the overall business strategy and to be the forum for alignment across the PwC network.

In 2011, we also evolved our Global Gender Council, which had existed since 2006, to become our Global Diversity and Inclusion Council. The Council provides advice and assistance to its sponsor, PwC's Global Chairman, Dennis Nally. See the Diversity and inclusion section on page 16 for more information.

Stakeholder engagement

To create the most value for our business and communities, PwC firms consult their stakeholders to help decide the priorities for their business including their CR programmes. Local stakeholder engagement enables PwC firms to gain in-depth insights on what stakeholders need and want in different parts of the world. Leadership in each territory sets the direction for their CR strategy accordingly and in alignment with the global CR strategy.

Responding to feedback

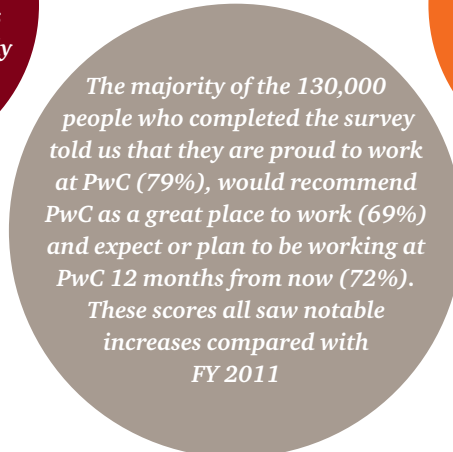
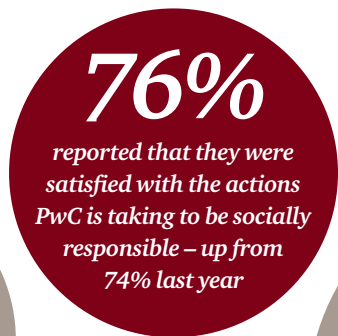
Every year we consult our people across the Network for their views on local approaches to CR through our Global People Survey. This gives us insight on levels of engagement, as well as offering an opportunity for our people to feedback on CR activities.

In FY 2011, our overall score on environment stewardship was lower than we would like, even though many individual territories do very well in this area. We responded in FY 2012 by developing a global environmental statement and a PwC global carbon footprint methodology both of which will be implemented in FY 2013. In FY 2012, 76% reported that they were satisfied with the actions PwC is taking to be socially responsible – up from 74% last year – and 66% reported that PwC is responding appropriately to address the impact of our business activities on the environment.



Examples from our global network

- PwC Netherlands has run stakeholder dialogues to obtain feedback for several years. See PwC Netherlands [2010–2011 Annual Report pages 91–92](#).
- PwC UK interviewed its clients to understand their views on its approach to corporate sustainability and published a [Stakeholder Dialogue Report](#) in 2011. More information about PwC UK's work with its stakeholders can be found by [clicking here](#).
- China took the top three issues identified by each group of its stakeholders to develop a [materiality index](#) for CR.



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.

Our people are also reporting rising engagement with PwC as an employer. In our latest survey, 72% of PwC people worldwide voiced high levels of personal engagement and 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.

Working with other global institutions

The PwC network maintains strong relationships with a vast range of global institutions and international bodies. This includes, for example, helping the International Integrated Reporting Council (IIRC) to develop their standards. Please see our Responsible business section of this report for details on our work with the IIRC and the [UN CEO Water Mandate](#).

PwC also participates in several working groups with the UNGC, including ‘Sustainable Energy for All’ and ‘CR Reporting and Transparency’, as well as being a member of the UNGC LEAD Steering committee. In these groups we seek to gain inspiration and insight from the work of others, and also to share the wide experience of our people. For example, PwC US has helped several companies participating in LEAD to consider how they might meet the LEAD requirements in a way that creates the most value for them and their stakeholders. Our partnership with the Clinton Global Initiative (CGI) is an example of how PwC US has applied this same principle.



Examples of local materiality assessments

– Some PwC firms have carried out their own materiality assessments. For example [PwC firms in China, Hong Kong, Singapore and Taiwan](#) (see pages 12–13 of the [FY11 CR report](#) for details) and [PwC UK](#) (see their [website](#) for details).

Sustainable supply chains

– We have improved the sustainability of supply chains in [PwC Canada](#), [PwC UK](#) and [PwC US](#).

“At our best, we hear and understand the goals of our clients, our people and other stakeholders, and work with them to create value.”

Dennis M. Nally, Chairman, PricewaterhouseCoopers International Limited

At the 2012 Clinton Global Initiative America (CGI America) meeting, PwC US announced their Earn Your Future programme, which will focus on two major gaps in the US education system: a lack of financial literacy among youth and the lack of training opportunities for educators. The commitment will invest \$160 million – \$60 million in cash donations and one million service hours worth \$100 million – in youth education, impacting more than 2.5 million students and educators in the United States. Please see the case study in the Community Engagement section of this report for more information.

The PwC network continues to work with various organisations to help shape the renewable energy agenda including PwC UK which acts as an advisor to the World Economic Forum’s project ‘The Energy Access Partnership: Unlocking business opportunities’ and long-term work with the World Business Council for Sustainable Development (see case study).

Creating a sustainable supply chain

Suppliers are important stakeholders within the global value chain. At a local level, many PwC firms have regular dialogue with suppliers as well as formal supplier assessments. These mechanisms are used to understand supplier challenges and enhance the quality of service and corporate responsibility standards in our supply chain. This forms part of our risk assessment to enable PwC firms to prepare for the short, medium and long term.

We also believe PwC firms have an opportunity to leverage their purchasing power to influence social and environmental performance in our supply chain. Our responsibility to understand and manage the social and environmental impacts of these procurement activities is not only an important area of focus for us. Examples of progress in this area can be found in many PwC firms’ sustainable supply chain policies and practices including: PwC Australia, PwC Canada, PwC Czech Republic, PwC Russia, PwC UK and PwC US. Please also see the example of a supplier initiative provided in the Diversity and inclusion section.



Developing a Supplier Code of Conduct at PwC US

PwC US developed a Supplier Code of Conduct that outlines expectations with supplier relationships. The US firm periodically measures suppliers' adherence to the code and gains insight into their leading practices through a survey of their largest suppliers.

PwC US is currently working to transform the survey into an interactive tool that their suppliers can use to benchmark their performance against other suppliers. The aim is to encourage participation by providing suppliers with some value in return for their participation in the survey and also help them drive continuous improvement.



Our work with WBCSD

The PwC network was invited to join World Business Council for Sustainable Development (WBCSD) in 2001 and has played an active role as a member. Between 2007 and 2009, PwC's former global Chairman, Sam DiPiazza was chair of the Council. Ian Powell, Chairman of PwC UK is currently PwC's WBCSD Council Member.

PwC firms have been involved in many of WBCSD's major work programmes, acting as one of the Co Chairs for the Vision 2050 project and contributing to the Council's preparations for the UN Rio+20 summit and the companion piece to Vision 2050, Picking up the Pace, which outlines the policy implications of achieving Vision 2050.

We have also contributed to work on:

- sustainable consumption and value chains
- ecosystems and ecosystems valuation
- the WBCSD/WRI Greenhouse Gas Protocol
- the Council's water project.

Support is also provided to the Cement Sustainability Initiative by PwC France and the Sustainable Forest Products Initiative is supported by PwC Canada. In addition to our membership of the Council, many PwC firms are also members of 15 associated national Business Councils for Sustainable Development.

Responsible business

We believe some of today's biggest business opportunities lie in society's biggest challenges – from the management of natural resources to making business more transparent, trusted and fair.

We believe in being part of the global conversation and movement towards Responsible business practices that create positive change in the world.

As part of the implementation of our refreshed Network CR strategy, we are doing more to embed responsibility into our core PwC services. This means thinking about what it means across our businesses – so that Responsible business is understood inside PwC and built into the services we provide for others in the following ways:

- We look to build CR into relevant services and products.
- We're focusing on the impact of our services by looking at issues of ethics, integrity and building trust.

- We're creating new client services.
- We contribute thought leadership and help to create new reporting standards.

Building CR into relevant services and products

We help organisations around the world strengthen their own corporate responsibility agendas through the services that we provide every day:

- We review, advise and transform thousands of businesses around the globe every year.
- We offer services that focus on enhancing trust and transparency between 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.



Examples of our efforts to raise awareness of CR in our people, our clients and our communities

- Every new employee from each PwC firm is introduced to CR as part of the Network's mandatory curriculum.
- We are conducting Sustainability Awareness Workshops for our leaders across the PwC network.
- PwC Germany has introduced online sustainability training for its people.
- At PwC US, over 80% of staff work in an office with a 'green team'.
- PwC UK created a video explaining how sustainability means rethinking business featuring Will Day, PwC's sustainability advisor.
- PwC US has created an online curriculum to teach students about sustainability.
- PwC Netherlands raises awareness of major issues like climate change and poverty among schoolchildren through the Foundation 'Kids moving the World'.

It is important that our people are aware of how our services and products can make a difference. We have been conducting workshops to educate leaders across the Network about how sustainability can have an impact on their work; in conversations with clients, and within their teams. Please see the ‘Sustainability awareness workshops’ case study.

One example of how this type of awareness programme can deliver results is the Project Blue initiative. Project Blue considers the major trends that are reshaping the competitive and investment landscape for financial services businesses including demographic change and the war for natural resources. The analysis draws on the perspectives of industry leaders and experience within PwC firms around the world. It also brings together a huge amount of research into the forces shaping the global economy, customer expectations and government policy. Rather than offering one way forward, the primary objective is to provide a framework to help CEOs assess the implications of these trends and use this analysis to drive sustainable strategic and operational advantage.

New client services

As the Network’s sustainability services practices grow, we are able to have a wider impact among our clients. Many PwC firms continuously invest in research and innovation to meet growing demand for support on the opportunities and risks on environmental and social challenges. This helps businesses around the world turn CR into ‘business as usual’. One ground-breaking example is PUMA’s Environmental Profit & Loss account. Please see the Environmental stewardship section in this report for more information.

Ethics, integrity, building trust and anti-corruption: our external work

We’re focusing on the issues of ethics, integrity and building trust – by reflecting our ethics, standards and integrity in everything we do and also by working to generate the greatest impact we can on these issues which are fundamentally related to our business. This supports our refreshed CR strategy to be a catalyst for change in the relevant debates. For example, we know that rebuilding trust is on the CEO agenda and PwC UK have developed a series of thought leadership papers and debates to explore this important topic. A key asset for any business, trust is an economic driver and a performance enhancer.

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. Several PwC firms also organise annual transparency awards for the non-profit sector – please see the case study in the Community engagement section.



Examples of our firm’s work with clients

- PwC Germany and PwC UK worked with PUMA on its environmental profit & loss account, to put a value on the eco-services that PUMA uses. See the Environmental stewardship section for case study.
- PwC’s Project Blue initiative provides a framework to help CEOs assess the implications the major trends that are reshaping the financial services market including demographic change and the war for natural resources.
- PwC US and PwC UK have served as global advisor and report writer to Carbon Disclosure Project (CDP) since 2008.

Responsible business continued

PwC also carries out anti-corruption work with clients and contributes thought leadership on the topic. PwC has conducted advocacy and raised awareness in the Czech Republic, Russia, the US and the UK through the forum, Fraud Academy, covering fraud, corruption and integrity risks. The PwC Fraud Academy is a forum through which members can share knowledge and participate in research to help prevent, detect and investigate fraud and economic crime in all their many forms. Members receive technical updates on fraud prevention and detection issues as well as the opportunity to meet periodically with other PwC Fraud Academy members to exchange knowledge, ideas and experiences.

The Network has also published the following thought leadership papers in this area:

- Confronting corruption – the business case for an effective anti-corruption programme.
- Fighting Fraud in Government.

PwC firms in Malawi, the Philippines, Tanzania and the UK have contributed to the development of a new approach in the transparency of infrastructure projects through our joint management of the Construction Sector Transparency Initiative (CoST). These PwC firms have worked with Engineers Against Poverty and Tiri for the past four years to manage CoST – a multi-stakeholder initiative involving the private and public sectors and civil society in eight pilot countries: Ethiopia, Guatemala, Malawi, Philippines, Tanzania, the UK, Vietnam and Zambia. The results and effectiveness of CoST were confirmed by the G20 High Level Panel on Infrastructure (November 2011) and the UK Parliament International Development Committee inquiry into infrastructure and development. CoST is a strong example of sustained stakeholder commitment and sustainable impact which has now been endorsed by the World Bank and implemented through some of its projects.

Business ethics and our Global Code of Conduct: our approach within the Network

PwC's Global Code of Conduct nurtures a culture that supports and encourages all PwC people to behave appropriately and ethically, especially when they have to make tough decisions. The foundational elements of our culture are independence practices and compliance.

Our code of conduct demonstrates our values in action and includes a strict anti-bribery standard that it is unacceptable for our people to solicit, accept, offer, promise or pay bribes. This is further supported by our Global Anti-bribery policy and a confidential facility to allow our people to raise any concerns about ethics and business conduct.

We operate in a highly regulated environment and must remain ever diligent to make sure we remain compliant with the rules and regulations of our industry and our clients' industries in the 158 countries in which we operate. This is no small task and requires large teams that focus solely on compliance issues. Our policies, practices and culture supports transparency within our business. 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 are reviewed by others independent of the PwC firm in question, and firms are required to develop an action plan to address specific matters where they are not in compliance.

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.

In particular, 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.



Our work with the International Integrated Reporting Council (IIRC)

PwC has been at the forefront of developments in corporate reporting over the past decade. One of the initiatives having the greatest impact in determining the future of reporting is the International Integrated Reporting Council (IIRC), an initiative that PwC has supported from the start, in particular through the pro-bono secondment of Jessica Fries, PwC's Integrated Reporting Network Leader, from 2008.

The IIRC aims to forge global consensus on the direction in which reporting needs to evolve, creating an international integrated reporting framework that brings together the different strands of reporting into a coherent, integrated whole capable of explaining how a company creates and sustains value in the short, medium and long term. It has the support of the IASB, IOSCO, WBCSD and GRI, to name just four of the Council members.

Originally intended to be an 18-month project running The Prince of Wales's Accounting for Sustainability Project, Jessica was asked to stay on for a further two years to set up and run the IIRC as its Executive Director after A4S brought together international leaders to agree on the need for integrated reporting and the establishment of the IIRC at a roundtable hosted by The Prince of Wales.

Jessica is now back at PwC leading the firm's work around integrated reporting. She remains closely involved in reporting developments as a Non Executive Director on the IIRC Board and as Executive Chairman of A4S. PwC also continues to support the IIRC through secondments, research and the involvement of PwC's Global CEO, Dennis Nally, on the IIRC's Council.

At a local level, PwC Netherlands is demonstrating leadership in Responsible business by taking part in the IIRC pilot programme that aims to put the above recommendations into practice.



Setting standards with PwC France and Accor

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 across their whole value chain.

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 facilitated a review of the new methodology by a panel of independent life-cycle and sustainable tourism experts, and Accor has made the results available through its knowledge-sharing platform, Earth Guest [PLANET 21 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 Organisation for Standardisation (ISO) global working group which aims to develop guidance on easier and more effective application of ISO life-cycle standards at an organisational level.

For more examples of client work that has a positive impact on society and the environment, see the Environmental Stewardship and Community Engagement sections.

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

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 all 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. 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 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. New joiners, irrespective of which PwC firm and part of the practice they join, receive training on the PwC Global Independence Policy. 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. Although most breaches are minor and attributable to an oversight, breaches are taken seriously and investigated as appropriate.

For more information, please refer to our [Global Annual Review 2012](#), pages 34–41.

Contributing to new reporting standards

PwC is working with a number of international bodies on further standards of reporting:

The PwC US and UK firms have served as global advisor and report writer to [Carbon Disclosure Project \(CDP\)](#) – the global climate change reporting system – for its three flagship reports since 2008: the Global 500, US S&P 500, and UK FTSE 350.

PwC is a signatory to the [UNGC CEO Water Mandate](#) that aims to assist companies in the development, implementation, and disclosure of water sustainability policies and practices – to advance water sustainability solutions. PwC US is supporting more than 80 corporate signatories in a project designed to unify the field of voluntary corporate water disclosure. This work has helped to develop [global guidelines for corporate water disclosure](#) that bring together existing initiatives and ultimately reduce the disclosure burden on companies.

PwC UK has played a pivotal global role in [International Integrated Reporting Council \(IIRC\)](#) since 2008. The IIRC has brought together world leaders from the corporate, investment, accounting, securities, regulatory, academic, civil society and standard-setting sectors to develop a new approach to reporting – [Integrated Reporting](#) (see case study). [Integrated Reporting](#) aims to provide a clear and concise representation of how an organisation demonstrates stewardship and how it creates and sustains value. It is designed to enhance and consolidate existing reporting practices; to move towards a reporting framework that provides the information needed to assess organisational value in the 21st century.

Another 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 across their whole value chain – see the case study.

Additional thought leadership and research

PwC publishes a number of open source materials, based on the experience and knowledge within the Network.

APEC CEO survey: In 2011, more than 900 participants from the 21 APEC member economies shared their views on the trends in their markets as reported in PwC's 15th Annual Global CEO Survey. The survey explores CEO confidence in their company's growth prospects, and how they're building local capabilities and creating new stakeholder networks in new markets. PwC's report is based on interviews with business leaders and CEOs from across the region. It added important insights to discussions at the Summit including position papers on green growth and food security.

Audit reporting

As a Network, PwC fully supports significant enhancements to auditor reporting and is keen to work collaboratively with all interested parties to take this agenda forward. We have outlined our support for changes that are driven by a clear set of principles, are timely and practicable, significantly enhance auditor reporting, including consideration of where the benefits outweigh the costs, add value to users, recognise the need for corporate reporting to evolve, and best serve the public interest.

PwC also supports the consultations initiated by both the International Auditing and Assurance Standards Board (IAASB) and Public Company Accounting Oversight Board (PCAOB), to look at ways in which auditor reporting might be modified to better meet the needs of investors and other stakeholders of the financial reporting system. These are the two main audit standard setting bodies whose standards have global reach and impact.



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.

Diversity and inclusion

Introduction

As stated in PwC's Global Code of Conduct, PwC expresses its support for fundamental human and labour rights and avoids participating in business activities that abuse them. The PwC Global Code of Conduct and local employment policies capture the essence of our approach to human rights and to building a culture of respect and inclusion – by clearly setting out the way we expect PwC people to do business.

Across the PwC firms, we're committed to helping all our talented people – from all backgrounds – to build a rewarding career and reach their potential. In our experience the most diverse teams are the highest performing teams, they help us build better relationships with our clients to give us a competitive edge and ensure we are doing the right thing.

Our Global Diversity and Inclusion Council

The PwC Network established the Global Gender Advisory Council in 2006 to educate and raise awareness around the business case for better female retention and development across all territories. While gender diversity remains a priority, the Gender Advisory Council evolved to become the Global Diversity and Inclusion Council in 2011. This expanded scope recognises

our ongoing commitment to building the broader cultural skills of our people. The Council, spearheaded by our global chairman Dennis Nally and senior partners from around the world, drives our Diversity and inclusion strategy.

With the support of the Council we have developed various global initiatives, some of which are detailed below. In FY 2012 we began to further this work when the Council embarked on a comprehensive diversity change management project, which aims to identify and tackle the barriers to diversity. 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 the Network in FY 2013.

Training on Diversity and inclusion

We train our people to develop respect for individuality and culture. For example, during 2011, PwC UK implemented a firm-wide training programme called *Open Mind* which used innovative e-learning, video and face-to-face discussion sessions to help our partners and our people reflect on how open-minded they are. This training was available to all PwC UK people and every member of the PwC UK Executive Board has taken part.



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.

Born visually impaired owing to a genetic disorder, by the age of 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 has 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 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? Perhaps, but considering Asif's track record, it may well be just within reach.



Supporting supplier diversity in the US

PwC US believes that a strong supplier diversity programme is a key component of how they select their suppliers. The PwC US supplier diversity initiative seeks out qualified minority and women owned business enterprises (MWBES) that can offer competitive products and services to the firm, and the purchasing policy states that they will act on opportunities to do business with qualified MWBES. PwC US also supports MWBES through their membership in the National Minority Supplier Development Council and the Women's Business Enterprise National Council.

The amount PwC US spends with MWBES and other diverse suppliers has steadily increased over the past three years. In calendar year 2011, more than 9% of their managed procurement spend went to Tier I and Tier II diverse-owned businesses. While they are constantly working to increase the amount we spend with diverse-owned businesses, they also aim to achieve broader results.

Beyond the numbers, PwC US works to improve the quality of our relationships with diverse-owned businesses: mentoring and supporting key diverse suppliers, and providing them with scholarships at select universities that help diverse suppliers improve their business operations. Since 2008, PwC US has increased the purchasing from diverse-owned businesses from 8.2% to over 9% in 2011.

Diversity and inclusion continued

Some of our other development programmes have a cultural element. PwC's International Mobility Programme develops the cultural skills and international perspective of our people across the PwC Network, which boosts the delivery of high-quality services to clients. On 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. We also created Genesis Park, an accelerated leadership development programme that supports our people to become future global leaders. It focuses on expanding creativity, problem-solving skills and an aptitude for working across cultures through real work and real life experiences, supported by real-time coaching.

Female leaders in the Network consistently report that a mobility experience was one of the top three developmental milestones in their paths to leadership. We are actively pursuing better gender parity in our key talent programmes throughout the Network. For example, during FY 2012, 37% of participants in Genesis Park were women and 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.

Gender diversity

We are constantly seeking to improve the proportion of female partners. In FY 2012, 20% of our new partner admissions and 17% of our partners worldwide are women – up from 16% last year. Examples of success across the Network include PwC Australia, PwC China and PwC US where 23%, 25% and 29% of leadership teams are women respectively. And 42% of new financial services partners in firms in Asia Pacific in FY 2012 were women. Find out more about our work here:

- [Diversity and inclusion at PwC.](#)
- [Diversity in the PwC UK supply chain.](#)
- [Our research on women in leadership positions in professional services.](#)
- [Women at PwC.](#)
- [The Women's Forum.](#)



Women in leadership

- In FY 2012 23%, 25% and 29% of leadership teams were women in PwC Australia, PwC China and PwC US respectively.
- In FY 2012, 42% of new financial services partners in the PwC firms in Asia Pacific were women.
- In 2011, PwC UK played an active part in the discussions around Lord Davies' [recommendations on the representation of women on boards.](#)

Boosting employment opportunities for students

The Network 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 opportunity to develop their career is key to the future of PwC and something that we are committed to, even in difficult economic times.

For example, PwC UK's apprenticeship scheme represents a real contribution to the local community – and helps foster social mobility. It also helps us to build a diverse workforce with a range of different skills and perspectives. PwC US's Start internship programme is another example and is uniquely designed to expose high-performing diverse college students to the firm. These interns have the opportunity to further professional and technical development skills in the appropriate business related areas while working with teams in different functional areas across PwC US. This opportunity allows students to learn about the US firm while further developing the skills necessary for success in the business world. After successful completion, students have the opportunity to complete a client service internship in one of the US firm's three service lines: Assurance, Tax or Advisory.

Collaborating with others

The PwC network worked with Diversity Best Practices, an organisation committed to helping others excel in managing diversity on a multinational scale, to hold an annual global event. The Global Best Practice session – held on November 2011, in Beijing, China – was designed to provide global members insight into the challenges of managing diversity in China and addressed the issues of cross-cultural competence and generational diversity. Following the event we released a paper called Gender and Gen Y: Insights into Global Diversity in China, which provides an overview of the key outputs from the day's discussions.

We worked with the Women's Forum and CNBC Creative Solutions at the Women's Forum in Deauville where representatives from PwC firms 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 all PwC people.

See the Stakeholder section for information on how we are working with suppliers on diversity and inclusion, among other issues. Also see the Supply chain case study in this section.



Training on Diversity and inclusion

- 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.
- In FY 2012 PwC UK implemented the Open Mind initiative across the firm.
- International development programmes such as Genesis Park and International Mobility aim to improve the cultural skills of our people.

Recognition

We've won a number of awards for our approach to diversity and inclusion.

António Guterres, UN High Commissioner for Refugees, said: “The ‘Educating the Children of Darfur’ project is tangible proof of the good that can be achieved through public and private sector partnership, even in the most remote and difficult of locations. The project is only one component of the partnership between UNHCR and PwC. The success of our partnership over the last three years has reset the bar for our relationship with the private sector.”

Community engagement

We use our skills and experience to create socio-economic value for our local communities. Through our new CR framework we encourage the firms in the PwC network to develop local strategies that include a focus on education and capacity building, as these are areas where PwC professionals can transfer their own business skills.

By capacity building we mean providing funding, skilled volunteer time, pro bono work or support of other means to organisations with a social purpose in order to strengthen their ability to operate effectively. PwC firms encourage their people to be actively involved in community programmes and charitable donations.

Education

Across our Network, we are helping to close the educational gap through a huge range of programmes involving targeted donations, skills-based volunteering, and innovative collaborations with non-profits.

For example, PwC US is focused on improving youth education and financial literacy and launched [Earn Your Future](#) in 2012, using the

skills and knowledge of employees to increase proficiency in mathematics and financial literacy. The programme aims to better prepare young people to make responsible decisions and contribute to a healthier economy. PwC US is also supporting financial literacy in Belize – please see our ‘Highlights’ column for more information.

In 2009, the PwC Network made a three-year 4 million USD commitment to the UNHCR (the office of the United Nations High Commissioner for Refugees) and together we began the [Educating the Children of Darfur](#) initiative, a three year commitment to provide education opportunities to refugee children. PwC’s contributions have built seven new primary schools and improved 25 others – improving access to education for over 16,000 refugee children. PwC professionals also used their skills in business and project management to create an approach that the UNHCR is now adopting for other refugee camps in Chad.

A final report on the impact and achievements of this project is available for [download](#).



Education

- In FY 2012, [PwC US](#) sent 200 partners, staff, and interns to Belize to lead financial literacy and entrepreneurship camps at ten schools. The schools provide needed training to teachers and school administrators, including financial literacy and computer skills training.
- PwC partnered with the UNHCR on the [Educating the Children of Darfur initiative](#), a three-year project to educate refugee children which ended in December 2011.
- In June 2012, PwC US launched [Earn Your Future](#) a \$160 million investment to address youth education with a focus on financial literacy.



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.”

“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.”

Gina Anderson, Centre for Social Impact, Australia



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.

Community engagement continued

Capacity building

PwC is building capacity within the NGO sector including many initiatives with a focus on developing trust, transparency and accountability:

- The PwC NGO Transparency Awards, which currently take place in Australia, Germany, the Netherlands and Korea, highlight the importance of building confidence in the NGO sector at a time of increasing public cynicism. Please see our case study for more information.
- In FY 2012, PwC Germany created Transparency Check, an online tool which allows NGOs to self-assess their reporting – see ‘Highlights’ for more information.
- PwC Poland and PwC Canada are also supporting leadership programmes with the NGO sector to develop better leaders. More information is within ‘Highlights’.

We were also proud to offer our skills and expertise to support the rebuilding of both Haiti and Japan after the tragic earthquakes and tsunami. Please see our ‘Highlights’ for more information.

PwC firms’ work with clients can also have a positive impact on communities and international development. One such example is PwC UK’s management of both the The Business Innovation Facility (BIF) on behalf of the UK Department for International Development and Innovations Against Poverty (IAP) which is funded by the Swedish International Development Agency.

BIF supports companies through technical assistance as they develop and implement inclusive businesses. This provides opportunities for people at the base of the economic pyramid – as producers, suppliers, employees, distributors, or as consumers of affordable goods and services. BIF is a three-year pilot programme operating in five countries: Bangladesh, India, Malawi, Nigeria and Zambia, running from July 2010 to December 2013 and PwC UK has been involved from the outset.

IAP is a challenge fund that supports inclusive businesses with the provision of grants (up to 200,000 euros) to innovative inclusive business projects.



Capacity building

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 Poland created an innovative programme for NGOs involving coaching from PwC leaders.

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.

In 2012, PwC Germany created the PwC Transparency Check, an online tool available globally that enables NGOs to generate a free and anonymous self-evaluation of their own reporting. NGOs can use the tool to highlight areas for improvement.

Throughout FY 2011, a dedicated team from PwC US worked with international donors and multinational institutions to establish the Interim Haiti Recovery Commission (IHRC). The IHRC’s purpose is to direct and coordinate over US\$5 billion of international aid with a focus on monitoring so that resources are applied as effectively as possible and in a transparent and accountable way.

In response to the tragic earthquake and tsunami in Japan, PwC Japan joined with our disaster recovery experts around the world to form a Japan Recovery Taskforce. The team made PwC’s skills, knowledge and experience available in support of rebuilding Japan.

Social enterprise

In 2011, PwC UK launched a pioneering partnership with the private, public and third sectors called The Fire Station, a unique combination of public, private and charitable organisations to let social enterprise flourish.

PwC Spain supports the Momentum Project which helps social entrepreneurs to consolidate and guarantee the feasibility of their projects. See case study on page 23.



The Momentum Project: strengthening the confidence of potential investors in social enterprise

The Momentum Project is a pioneering initiative in Spain to help social entrepreneurs who have projects underway and need to consolidate and guarantee the feasibility of those projects and to give them complete training, advice and support on how to improve their project and increase social and economic impact. The project is a joint initiative of BBVA, ESADE Business School and PwC Spain.

PwC Spain is incorporated as a partner in the initiative, and their participation is aimed at strengthening the confidence of potential investors who are interested in investing in business projects from selected social entrepreneurs. PwC Spain's contribution is especially important at a critical stage of The Momentum Project: The Social Investment Day. This is a meeting with the investment community sponsored by BBVA in which social entrepreneurs present their projects and try to get private funding, and that has led to the creation of an investment vehicle to fund seven of the projects selected in 2011.



Sharing our skills in Haiti

The magnitude 7 earthquake that struck Haiti in 2010 killed more than 300,000 people, injured an equivalent number, and left one million people homeless. As donations from around the world poured into Haiti, PwC's US firm immediately pledged to contribute its specialised business skills to help manage the massive relief and recovery effort. Throughout FY 2011, a dedicated team from the US firm worked with international donors and multinational institutions to establish the Interim Haiti Recovery Commission (IHRC), comprising members of the international community and local Haitian officials.

The IHRC's purpose is to direct and coordinate over US\$5 billion of international aid with a focus on monitoring so that resources are applied as effectively as possible and in a transparent and accountable way.

After providing pro-bono services for more than a year, PwC US was re-engaged by IHRC to establish and manage the commission's Performance and Anti-corruption Office (PAO).

As a first step, the PwC team carried out extensive research to compile a first-of-its-kind report to the IHRC's board that outlined the purpose, status and financial circumstances of every redevelopment project underway in Haiti.

PwC US has successfully assisted the IHRC in fulfilling one of its essential and long-standing goals: to provide its board and stakeholders – most importantly, the Haitian people – with objective and independent reporting and oversight of its portfolio of projects. This unique opportunity to create transparency across the international donor community, to the benefit of a country facing major and unprecedented challenges, also provided a great development opportunity for PwC's people to use their core skills in a different and challenging environment.

Community engagement continued

Both initiatives have already generated a wealth of knowledge and experience, which is shared via the Practitioner Hub, managed by PwC UK. The Hub is a partnership between both programmes and provides an online forum where members can access information and share thinking on business practices that will deliver commercial returns and new opportunities for the world's poorest people.

Supporting social entrepreneurs

In many countries we are expanding the remit of our community engagement work to support social entrepreneurship – initiatives are in place, for example, in Australia, Brazil, Canada, the Netherlands, New Zealand, Spain, the US and the UK.

For example, PwC Spain is a key supporter of The Momentum Project – a pioneering initiative in Spain to help social entrepreneurs.

In 2011, PwC UK launched a collaborative initiative with the private, public and third sectors called The Fire Station, a unique combination of public, private and charitable organisations to let social enterprise flourish.

- Brigade is a social enterprise that is a cooking school, bar and bistro supporting Beyond Food Foundation's United Kitchen Apprenticeship programme for disadvantaged people. Within the programme, 25 homeless people have received training and mentoring in FY 2012. "The programme gives homeless and other vulnerable people a chance to develop catering skills and qualifications – along with the confidence they need to break the cycle of homelessness," says head chef Simon Boyle.
- A hub for social entrepreneurship including the School for Social Entrepreneurs, Social Enterprise UK and the PwC UK Centre for Social Impact including the PwC Social Entrepreneurs Club, which offered mentoring and training to more than 80 social entrepreneurs in FY 2012.



PwC Australia and its work with employment service providers, Mission Australia

In Australia, PwC has worked with one of the country's largest charities and employment service providers – Mission Australia (MA) – to help improve its employment services. With close to 100 sites across the country, MA receives government funding based on performance and employment outcomes delivered by its various sites.

MA was determined to replicate best practices across all its sites. So in June 2010, it turned to PwC Australia for help, benefiting from the Australian firm's programme giving charities access to PwC services at 30% of the normal rate. The result? A boost in the number of 'five star' government-rated sites. MA is now placing more job seekers at a faster rate, improving retention rates and better equipping job seekers with important skills. Says MA CEO Toby Hall: "This means more lives are transformed on a daily basis."

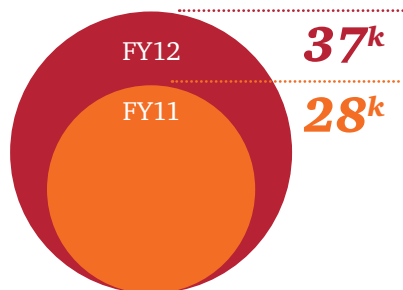
Volunteering in the community

In FY 2012, more than 37,000 PwC people around the world took part in community activities – an increase from 28,000 in FY 2011 and in the PwC global people survey, 76% reported that they are satisfied with the actions PwC is taking to be socially responsible.

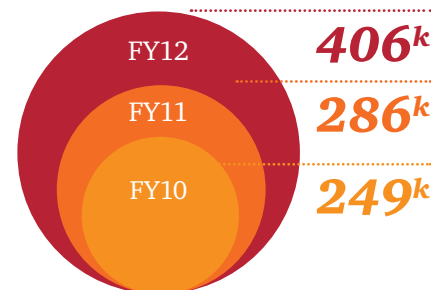
The reporting of our Network's community activities was changed in FY2012 to clarify the time our people give to community activities generally and where they have contributed their professional skills. The shift towards donating our professional skills instead of donations or general volunteering is 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.

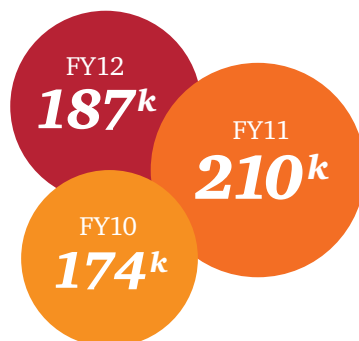
Number of PwC people participating in community activities



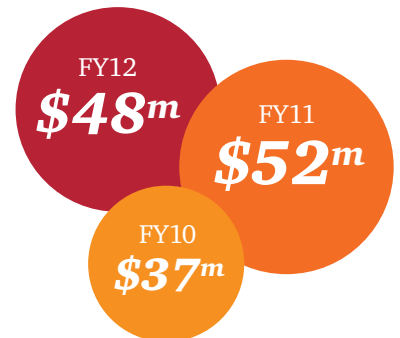
Provision of professional services/skilled volunteering (number of hours)



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 restated to reflect a correction in a prior year classification of contributions from our people and PwC Foundations.

Environmental stewardship

Introduction

As a Network of professional services firms, PwC does not have a particularly high environmental impact compared with other companies of the same size. Nonetheless it is important to manage this impact across the Network and, over the past 18 months, many PwC firms have implemented initiatives to improve the environmental performance of their buildings, minimise travel and reduce waste and have made significant progress in minimising the environmental impact of their operations.

One of our greatest contributions to Environmental stewardship is through thought leadership and working with clients. Here, we believe we have real potential to act as catalysts for change.

Our Environmental statement and Greenhouse Gas (GHG) methodology

Many PwC firms have made significant progress in reducing their carbon footprints and wider environmental conservation. Building on this foundation, in 2012, we began developing a Global Environmental Statement, to demonstrate our Network-wide commitment to this area, which we will implement in 2013. Some territories within the Network have their own environmental policies. Some examples can be found here:

- [PwC Australia Environmental policy](#).
- [PwC US Environmental statement](#).
- [PwC UK Environmental policy](#).



We have many examples of excellent environmental stewardship within the Network

- **Reaching ISO 14000 standards**
[PwC UK & PwC Germany offices](#) are ISO 14000 certified
- **GHG inventory**
[PwC Australia](#) has its GHG inventory independently verified
- **Forest project**
[PwC China](#) involved 600 employees in their dedicated forest project
- **Carbon reduction**
[PwC Czech Republic](#) has set itself a carbon reduction target of cutting emissions by 25% per employee by FY2013.
- **Green buildings**
There are PwC offices which meet environmental ‘gold standard’ or higher across the Network. For example, [PwC US](#) has conducted energy, water and waste audits covering 80% of office space. In FY11, 38% of its buildings were LEED-certified or have LEED-certified interiors.

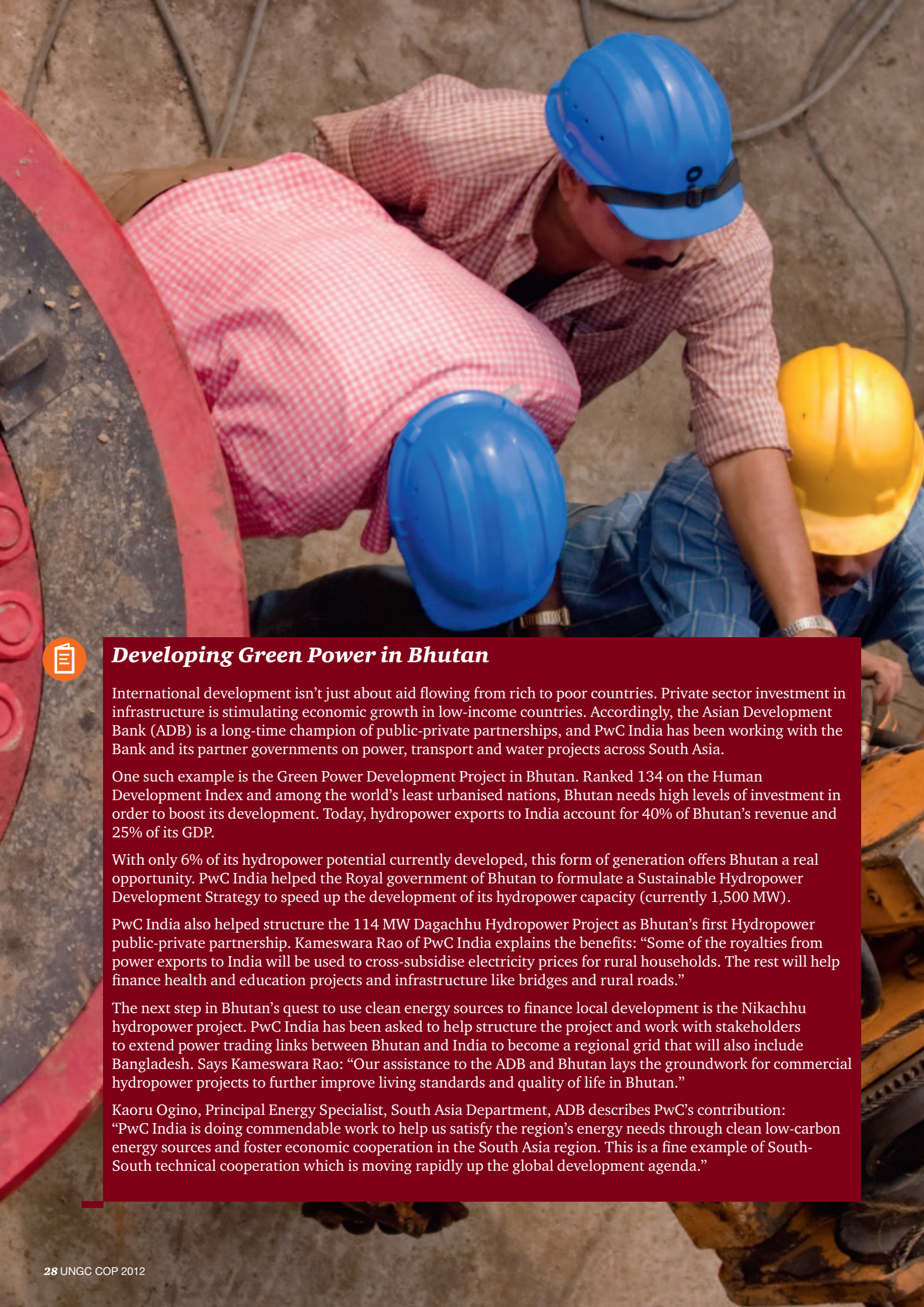


Green Teams at PwC US

PwC people form one of the firm's most important stakeholder groups. Whether it is using electricity more efficiently, printing less, or using a video conference technology rather than taking a flight, much of the firm's environmental impact is the sum of the decisions that PwC employees make each day. Green Teams are one way to drive behaviour change among employees and the application of environmental best practices. Green Teams began in 2008 and there now are 35 in PwC US. Over 80% of employees in PwC US work in an office that has a Green Team.

Some examples of Green Teams' activities and accomplishments are:

- The Dallas office created a unique partnership with the NBA's Dallas Mavericks Trees for Threes. The idea is simple. For every three-point shot the team scores, PwC US will plant a tree in one of the city's local parks. As sports and recreation are a way that communities come together, this partnership is a natural fit.
- The Chicago office wanted to revitalise its Green Team, PwC people formed the steering committee that works to design and implement policies and engagement programmes across the green themes of energy use, transportation, materials and waste, and community. However, they knew that for their efforts to be successful they needed to not only create the programmes but engage the staff. So, at the first meeting, they advertised a bicycle giveaway. This attracted the attention of a large number of staff and the Green Team's kickoff event was standing room only.
- The San Francisco office has one of the US firm's most advanced waste and materials' programmes. In addition to reduction, reuse and recycling programmes, they use composting, which is supported by a city ordinance. They've also successfully engaged staff through creative programmes like 'Bring Your Ugly Mug to Work Day', a competition to recognise the owner of the ugliest coffee mug. The light-hearted approach has a serious aim. It encourages people to move away from using paper coffee cups and substitute reusable mugs – ugly or not.
- The Tampa office provides the critical support services that allow PwC US to be the high-performing firm we are. Given this unique role, this office operates very differently from other offices that are focused on client services and has the opportunity to create a different type of community. Their 'Do a Little, Change A Lot' programme is just one example. Watch a video on this programme via this [link](#).



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. 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.

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. 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."

In 2012, we also developed our PwC Global GHG methodology, which is now being implemented and will be reported on from FY 2013. In the interim, 79% of our operations currently calculate their carbon footprint and many demonstrate best practices in environmental stewardship as demonstrated by the examples within 'Highlights'.

Environmental impact of our buildings

Many PwC firms take into account the energy used in their buildings and work to reduce it and are also working to, for example, reduce the waste generated and the resources consumed, such as paper and water.

Some buildings in the Network have been independently accredited by Leadership in Energy and Environmental Design (LEED) or certified the Building Research Establishment Environmental Assessment Method (BREEAM), the US and European measures for sustainability of buildings respectively. Examples of PwC offices that meet environmental 'gold standard' or higher include: Atlanta, Amsterdam, Frankfurt, Guangzhou, Hong Kong, London, Prague, Shenzhen and Toronto.

7More London, the new PwC UK building is designed to emit 58% less carbon than a typical building of its size and was confirmed as the highest scoring sustainable office building in the UK and was certified as 'outstanding' by the BREEAM in April 2011.

When 5,500 of our 16,000 people moved into the new office in London, the UK firm took advantage of the opportunity to change mindsets and behaviours. The UK firm reported on the

behaviour change initiatives that were implemented in the Lessons learned – 7 More London: a catalyst for behaviour change paper.

Adding value through our work with clients and thought leadership

With a global network of 700 people in our Sustainability and Climate Change practice, we are a leading advisor on sustainability, climate change and green growth.

Over the past 18 months, we have helped clients across the world to dramatically improve their environmental stewardship. Two significant pieces of work were the publications of The Economics of Ecosystems and Biodiversity (TEEB) and the PUMA environmental profit and loss account (E P&L). The TEEB project examined how biological diversity benefits the global economy, while we helped PUMA become the world's first company to place a value on the natural resources it uses along its supply chain. Both pieces of work made a strong case that companies around the world need to integrate the economics of biodiversity and ecosystem services into decision-making.

PwC UK is also working with NGOs and Governments. The three Bornean Governments of Indonesia, Malaysia and Brunei have committed to conserving the island's natural resources and biodiversity, while simultaneously promoting green growth. To accomplish these twin goals an international team of PwC professionals was asked by WWF to apply the TEEB research and a business perspective in an assessment of the green growth potential for the Heart of Borneo.



Impact through client work and thought leadership

Our sustainability services practice works with clients to measure and transparently report their environmental impact.

– Green energy

PwC India has 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).

– Award winning advice

The global Sustainability and Climate Change practice was named consultancy of the year for the second time in succession at the 2012 BusinessGreen Leaders Awards.

– Biodiversity

PwC UK published The Economics of Ecosystems and Biodiversity (TEEB), which examined how biological diversity benefits the global economy. This work was used to help the Bornean Governments assess the green growth potential for the Heart of Borneo.

Sustainable supply chain

Please see Stakeholder section for information.

Environmental stewardship continued

The public debate on environmental stewardship is an important one and we want to demonstrate our support by sharing our skills and research. PwC's thought leadership publications, videos and webcasts, in this area can be found on PwC's [global sustainability website](#) – topics include regular updates on 'Global Green Policy Insights' and industry specific thought leadership.

UN CEO Water Mandate

We participate in UNGC projects and are proud to be a signatory to the UNGC CEO Water Mandate, a public-private initiative that aims to assist companies in the development, implementation, and disclosure of water sustainability policies and practices – to advance water sustainability solutions.

PwC decided to support these aims in the way that will have maximum impact: by contributing

our knowledge and water subject matter expertise to support the more than 80 corporate signatories to the Water Mandate in a project designed to unify the field of voluntary corporate water disclosure. 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 develop global guidelines for corporate water disclosure that bring together existing initiatives and ultimately reduce the disclosure burden on companies. These guidelines were launched at World Water Week in Stockholm in August 2012 and are publicly available to companies to help guide their water disclosure and management.

Please see the Stakeholder section for information on how we are working with suppliers to improve their environmental performance.



PUMA case study

With big business increasingly in the spotlight for its impact the environment, sport lifestyle company PUMA decided to do something about it. With our help, it became the world's first company to produce an environmental profit and loss account (E P&L).

This groundbreaking move puts a value on the eco services PUMA uses, signalling a radical change in the way it will account for its use of natural resources from this point on.

This innovative P&L describes in monetary terms the environmental impacts caused by greenhouse gas (GHG) emissions and water consumption along PUMA's entire supply chain. The first results revealed that the direct ecological impact of PUMA's operations translates to €7.2 million with an additional €87.2 million falling on four tiers along its supply chain. In total, this leads to an overall GHG and water consumption impact of €94.4 million. These costs will serve as a metric for the company when aiming to mitigate the footprint of its operations.

PUMA turned to the PwC Germany and UK firms after seeing our PwC UK Sustainability & Climate Change team's work on The Economics of Ecosystems and Biodiversity (TEEB) report and our commentary on integrated reporting. Both are pioneering works that look at how companies can account for their social and environmental impacts in financial terms.

Jochen Zeitz, PUMA's Executive Chairman commented: "I believe that the current business model that originated in the industrial revolution must evolve into a business paradigm that works with nature and not against it. As businesses, we must account for the cost to nature of doing our business and with this E P&L we have taken the first step towards assessing a realistic economic value of PUMA's impact on the environment. Because we can only manage, what we measure."

Alan McGill, a PwC UK Sustainability & Climate Change partner continued: "This initiative gives PUMA a unique and challenging insight into its supply chain. It's a game-changing development to integrate environmental issues into a business model like this, because it provides a basis for embedding reliance on natural capital into business strategy. Fundamentally, the E P&L analysis is about risk management for both the environment and for the business, because you can't separate the two."

It's clearly early days for reporting of this type. Invariably, the smaller the supplier, the harder it is to certify the environmental data, so certain assumptions have to be made. It involves the use of sophisticated modelling techniques and overall accuracy can only improve in the years to come. But what's already for certain is that the environment has at last been valued, and for that alone PUMA should be applauded.

Continuous improvement

Overview

As part of PwC's commitment to the United Nations Global Compact and as one of approximately 50 participants in the UNGC's LEAD programme, the Network seeks to continuously improve PwC's CR results and impact.

We look forward to continuing PwC's work with the UNGC in 2013, and furthering PwC's commitment to do the right thing and being a catalyst for change. This will also enable us to further improve our global CR reporting. We will also be introducing our new Global Environmental Statement, as part of our commitment to reduce the environmental impact of our businesses. This will provide guidance on minimal standards for the environment across all of our firms. Our new global GHG methodology will also be used across the largest firms in the Network.

We recognise that the independent assurance of reported information not only builds stakeholder trust, but also helps to improve management processes. PwC firms recognise the value to be gained by assuring CR work and results. We are not yet in a position to seek assurance of CR information at a global level, however, several of the Network's largest firms, including Australia, the Netherlands, and the UK have independent assurance on their CR information.

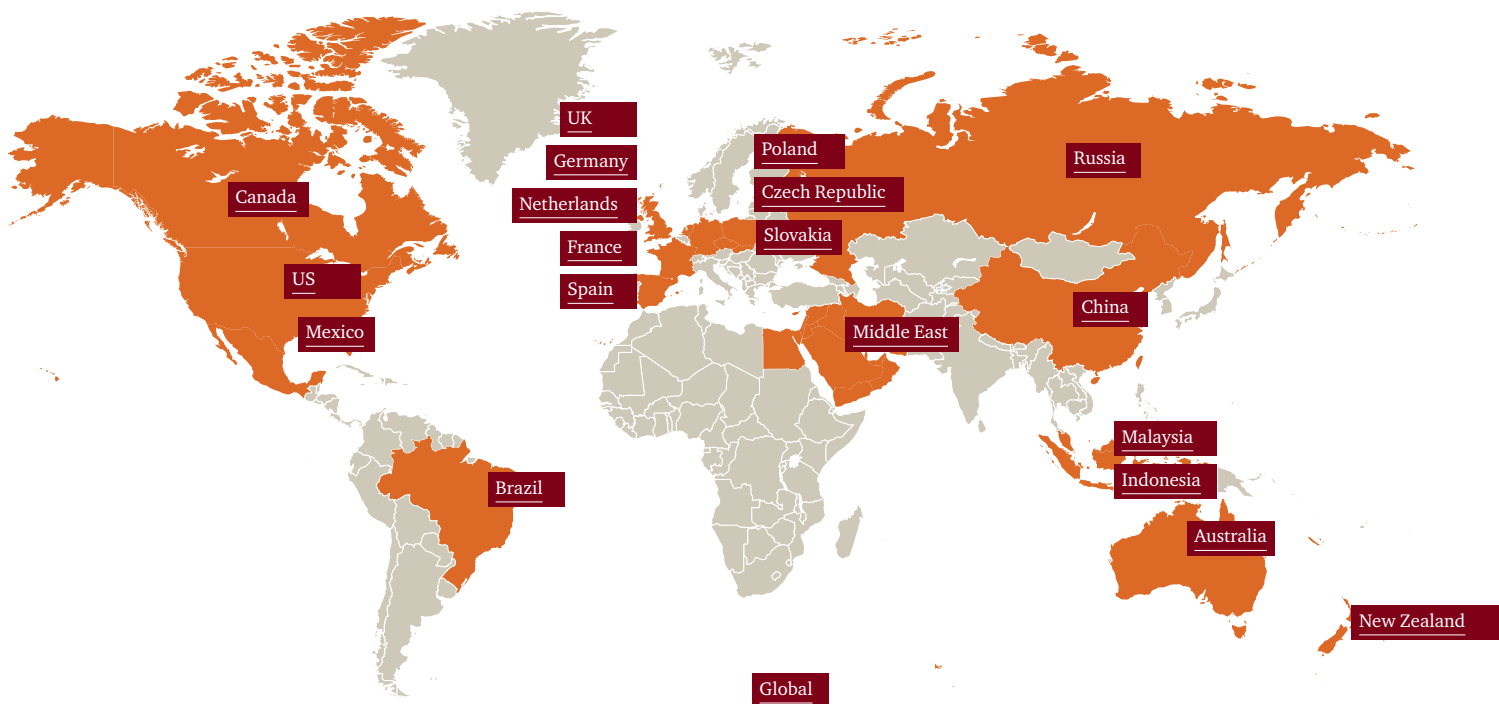
Building on this foundation the aim is to progress to external assurance in the coming years. This will begin with internal assurance of the CR information from the 21 largest PwC firms which represent approximately 80% of the Network. This interim step will enable the improvement of controls and processes to prepare for independent assurance. We believe this plan will result over time in independent assurance which will cover the most material aspects across the Network. We look forward to the learning and trust this process will create.

We will continue to participate in various UNGC working groups and encourage PwC firms to take part in regional involvement with the UNGC through its local networks. We are committed to making continuous improvements in reporting standards. PwC UK will remain a key contributor to the International Integrated Reporting Council (IIRC) and PwC Netherlands will carry on their pilot in 2013 to develop implement the integrated reporting standards.

Thought leadership remains central to our CR work and we endeavour to lead the debate in topics relating to client work, the industries PwC firms work in and within sustainability.

Links and further information

Given the structure of PwC as an independent network of member firms there are a vast array of CR initiatives across the Network which support the implementation of the UNGC principles. We have included only a few in this report and encourage you to explore the following links to our global and local CR websites and reports for more information:



For additional information, please contact Moira Elms, Global Leader, Brand and Communications
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ABOUT THE GLOBAL COMPACT

The United Nations Global Compact began as a speech in Davos and since has become the one of, if not the, world's largest Corporate Citizenship initiatives with over 10,000 participants from more than 145 countries. The goal of the Compact is twofold and simple:

1. Mainstream the ten principles in business activities around the world
2. Catalyse actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

Human Rights

- Principle 1: businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally-friendly technologies.

Anti-Corruption

- Principle 10: businesses should work against corruption in all its forms, including extortion and bribery.

What is not simple is how a company can achieve these goals. This report is meant to show you how PwC, as a global network of professional services firms, is working to bring the Compact to life in our operations.

