

There's more... to Corporate Responsibility than you might think

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Explaining the CR agenda at PwC

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PwC's approach to corporate responsibility

What is Corporate Responsibility?

Like most organisations we have our own definition.

Put simply, corporate responsibility is about helping us understand how we impact our stakeholders and the communities in which we operate, and then applying this knowledge in a responsible way to create a strong and successful business.

It enables us to add value to all of our stakeholders, ranging from clients to employees, suppliers, local community partners and society in general. It does this by giving us a different and broader view of business issues, prompting us to consider ethical and sustainability issues, understand risks from a more holistic viewpoint and leverage our network more effectively to the benefit of all our stakeholders. Corporate responsibility is about creating the right culture for our business – one in which we not only understand our impacts, but are motivated to manage them effectively.

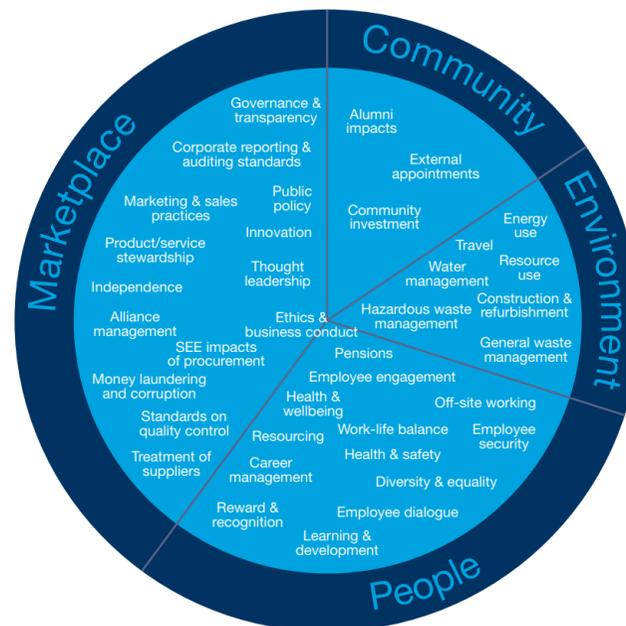
Our CR Footprint – understanding our impacts

We started our corporate responsibility journey by using a simple model to identify and map our major corporate responsibility related issues into four main segments:

Environment	– our impact on the environment from running our business
Community	– the impact of our business on our local communities
People	– our impact on the people who work in our business
Marketplace	– our impact on the market through the services we deliver, and the goods and services we buy to support our business.

When we mapped our most critical issues onto the model, it developed into our CR Footprint.

This shows us that while the community and environment are important areas, the greatest impact we have as an organisation is through our interactions with our people and with the marketplace in which we operate.



Our priorities

Seven clear groupings emerge from our CR Footprint. These represent the priority areas for our business in terms of corporate responsibility.

Our culture and ethics underpin our corporate responsibility agenda in its entirety.



Culture and Ethics		Enhancing our reputation for honesty and integrity by focusing on the culture and behaviour of the whole organisation.
Marketplace	Client Service Delivery	Ensuring that the advice we provide, and the way we provide it, is not only technically sound but gives due consideration to relevant ethical and sustainability issues.
	Public Agenda	Contributing to the public agenda in areas where we have relevant expertise, and delivering transparency and accountability through our own corporate reporting.
	Supply Chain	Incorporating not only economic but social and environmental considerations into our purchasing decisions.
People		Ensuring that we are a great place to work through a commitment to managing the development and wellbeing of our people.
Environment		Reducing our direct and indirect impacts on the environment.
Community Affairs		Making a difference on social issues in the areas where we have a physical presence.

This document is structured around these priorities, and provides information on our progress in each area, as well as highlighting our key goals and challenges for the future.

Chairman's message



Corporate responsibility is extremely important to us as an organisation. How we perform in this regard is important to all of our stakeholders, and is a motivating factor for many of our people, and for me personally. So I am delighted to be able to introduce this document illustrating the breadth of our agenda, and detailing our priorities and plans to be an ever more responsible business. I believe that this report brings some much-needed clarity to a complex area, and – equally importantly – outlines some of the challenges facing us over the next few years.

We intend to lead our industry in integrating corporate responsibility and sustainability into all aspects of what we do – ranging from the advice we give to clients, to our contributions to public policy, being a great place to work, minimising our environmental impact and working with our suppliers and local communities.

To achieve this, our commitment is to:

- Maintain a high standard of ethical behaviour
- Be proactive in recognising the sustainable development challenges facing our clients and ensure we have the appropriate resources and solutions to help them respond
- Reduce our carbon and waste footprints
- Introduce new responsible leadership and sustainability training programmes
- Develop a more robust corporate responsibility performance management system
- Raise awareness and understanding of corporate responsibility with our key stakeholders.

We are passionately committed to developing this agenda. However we recognise that we are only a few years into a much

longer journey which, as for many organisations, may generate some strategic challenges for our business. We know we don't have all the answers yet and that we must share our ideas and be willing to learn from others. We also need to get better at informing and engaging you – our people across the firm – in our journey. For us to succeed we need everyone to be aware and involved.

It is important that we make the right connections within our business to deliver on our priority areas. Moira Elms chairs our Corporate Responsibility Governance Group to facilitate these connections and provide a forum for developing our strategic agenda for corporate responsibility.

I hope you find this report interesting and informative. Even more than that, I hope it makes you want to get involved – which is why I would welcome your feedback, which you can send to me directly at 'Ask Kieran'.

Kieran Poynter

Culture and Ethics

Why this matters to PwC

Our success depends on having an ethical culture that engenders trust in everyone who comes into contact with us.

Our approach is to ensure that the way we do business reflects the aspirations in our Code of Conduct – that we live the code. Our reputation for ethics and integrity suggests that we have been doing pretty well at this. But there is never room for complacency – because continuing to live up to our values is critical to maintaining our reputation.

95%

of PwC people believe that it is important the firm acts with responsibility in society.

Source: YouMatter June 2006

What we do

To help us really embed the code, we focus on eight areas that we believe are critical to supporting our business culture:

Setting the right tone from the top –

The Board takes responsibility not only for growing the firm as a business, but also for driving our response to wider issues. Examples include Kieran Poynter's active sponsorship of our diversity agenda and climate neutral initiative, and Richard Collier-Keywood's championing of our Community Affairs programme.



Managing the business using more than just financial measures –

We use a balanced scorecard to track our progress against the challenging targets we have set ourselves in terms of clients, people and the firm as a whole. We link our management's reward to their performance in these areas, measured against your feedback in regular YouMatter surveys. So your views on how well management is doing help to determine how they are rewarded.

Making ethics a part of business decision making –

We take on new assignments and new clients every day, and we have formal processes in place for assessing all clients and engagements before we accept them – including reviewing the ethical behaviour and reputation of their senior management. For existing clients and recurring projects we repeat these assessments at least annually.

Taking a thorough approach to regulatory compliance –

We operate in a highly regulated industry with far-reaching rules on issues such as independence and money laundering. For us, embracing the regulations simply has to be a way of life. That is why we have invested heavily in training and support mechanisms to ensure that we achieve a compliance culture.

Trusting and empowering our people –

We do our utmost to ensure that we recruit and retain the best people, that you understand what is expected of you as representatives of PwC, and that we give you the right tools to deliver professional services with ethics and integrity. Then we trust you to use your own experience and insights to deliver the excellence that our clients expect. In 2005-06, 75% of you agreed that 'the management style of my group encourages people to give their best'. This is an area we want to improve still further.

Enabling personal development – helping people to think more broadly –

We have invested a large slice of our £42 million training budget for 2005-06 in creating opportunities to develop broad management and leadership skills and increase understanding of key social and economic issues. Our MD+ course 'Corporate Responsibility – Making it Personal' is an example of one of the initiatives we are putting in place to

There is more to an ethical culture than having a Code of Conduct...

Our Code of Conduct is one important part of our firm's moral compass. Our personal ethics and integrity, our culture, who we are, all determine how well we live up to its aspirations.

increase the awareness and use of corporate responsibility concepts in our approach to work and client relationships.

Rewarding the right behaviours –

Everyone contributes to our culture, whether positively or negatively, through numerous actions and conversations every day. Compliance with regulations, respect for confidentiality, behaviour towards clients and colleagues, understanding of corporate responsibility issues – all of these have an impact. This is why our personal appraisal process includes a focus on these behaviours, and also why we support more informal ways of celebrating the right behaviours through local recognition schemes – often referred to as 'thank you' schemes.

Supporting our people through difficult situations –

Line management, career coaches and mentors are all available to help you deal with difficult decisions at work, and we offer you additional guidance and support through our confidential ethics and compliance help-lines. We also seek to support you when dealing with situations outside the office, including providing a confidential employee assistance helpline and access to counselling as well as the opportunity to request practical solutions – such as career breaks or flexible working arrangements.

40,000

hours invested in mandatory compliance and independence training.



Ranked equal 4th in the Business in the Community Corporate Responsibility Survey 2006, and top in our sector.

Where next

Through a co-ordinated programme of activity we are seeking to embed corporate responsibility further into our business. We will only be successful if we can engage all of you in the agenda – enabling you to get involved and to help drive change.

Our plans

Improving our communications on corporate responsibility and the part we all have to play in it – this report is the first step in a firm-wide awareness programme that we will be developing and putting into effect throughout 2007.

Launch a corporate responsibility training programme – this year we are launching our Cambridge Sustainability Training programme for partners, and also developing enhanced training opportunities for all staff.

Enhance performance measurement – we will develop improved non-financial performance measures for our next Annual Report.

Continue to encourage alternative ways of recognising exceptional performance outside the appraisal process – different parts of the business have their own schemes.

What you can do

In 2005-06, 60% of you said that you were sufficiently well informed about the firm's corporate responsibility activities. We want to improve this – so please watch out for our communications.

Book yourself on to relevant courses on MyDevelopment – for example our Diploma/MD+ course 'Corporate Responsibility – Making it Personal.'

Read the Annual Report and look for improved reporting on our corporate responsibility agenda.

Find out about the schemes in your own area. The portal (doing work / managing my team) has some great tips on personal and informal performance recognition.

Further information including case studies is available at www.pwc.com/uk/cr or you can email us at 'Corporate Responsibility'

Client Service Delivery

Why this matters to PwC

Our work with clients is our greatest opportunity to make a real and positive difference in society. Increasingly, our clients are facing challenges around sustainable development including climate change, energy security, waste management and ethics in the supply chain. If we are to take our responsibilities to clients and society seriously, we must ensure that we embed sustainability thinking into the advice we provide.

We also know that our people want to make a real difference for clients and society. So providing you with opportunities to work on sustainable development issues is important in building staff motivation, enhancing our employee brand and creating the leaders of tomorrow.

'If you cannot understand how you can help deliver the Government's sustainability objectives, then don't bother to bid.'

Sir Ian Andrews, Chairman of Sustainable Procurement and Operations Board

What we do

We work with many clients who require sustainability advice. Recent examples include a review of social, environmental and ethical risk management in corporate banking for the Bank of Scotland Corporate and our partnership with the sustainability think tank, Forum for the Future, to develop an assurance framework for the Commission for a Sustainable London 2012. The Commission plans to use the framework as a means of independently assessing progress toward the sustainable development objectives of the London 2012 Olympic and Paralympic Games.

'PwC have been instrumental in helping our business formalise the way we assess, manage and report social and environmental risks. Their support has enabled us to take significant steps forward in our Corporate Responsibility agenda.'

Peter Cummings, CEO, Bank of Scotland Corporate

We are also working with industry groups or even wider coalitions that have come together to address sustainability and corporate responsibility challenges. One example of these is the Council for Responsible Jewellery Practices (CRJP).

In 2005, PwC assisted a group of 14 organisations to form the CRJP. We acted as the CRJP Secretariat as well as leading the development of Principles and a Code of Practices.

As a firm we are increasingly involved with the new generation of businesses – including wind farms and the wider renewable energy sector – springing up to tackle issues such as waste and climate change. We are advising either the procuring authority or one of the bidders on 60% of major municipal PFI/PPP waste management deals currently in procurement in the UK.



However, this work is just one part of our involvement in advising on sustainable development since it is now relevant to every one of our clients in some way. 'Mainstream' projects increasingly need to address sustainable development issues, and effective service delivery requires a blend of business skills and specialist knowledge in areas such as environmental management, health and safety, human rights and development issues. We have a sustainability network of over 400 practitioners in more than 40 countries to help us achieve this balance on a global basis. For example, teams in Delhi and London worked together this year to advise SRF Ltd, a leading diversified industrial group in India, on the structuring, marketing and sale of carbon credits generated through a large industrial emissions abatement project

There is more to corporate responsibility than compliance...

Corporate responsibility and commitment to sustainable development are becoming increasingly important to our clients in both the public and private sector, as concerns over global issues such as climate change, energy security and human rights move to the top of their boardroom agenda.

under the framework of the UN Clean Development Mechanism.

In response to the growing importance of sustainable development we created a new Sustainability Forum in early 2006 to share our skills, experience and services more effectively across the firm. The Forum has developed a business plan that will increase the focus on sustainable development and corporate responsibility in our UK client work.

Delivery on the plan will help us meet our clients' growing need for advisory and

tax professionals who understand and know how to respond to sustainability challenges such as achieving carbon neutrality. It will also help us respond to the growing demand from clients keen to enhance their governance and assurance over sustainability related policies and processes. And in the public sector, where sustainability has become a central platform of service delivery, we will focus on supporting the overall sustainability strategy, and advising on policy, economic regeneration, sustainable communities and transport economics.

81%

surveyed in PwC's recent Global CEO survey said that their company's development programme focuses increasingly on equipping leaders to take a role in creating a sustainable business environment.

Where next

Our key challenge is to create a firm wide mindset focused on sustainable development and corporate responsibility. If we tackle this challenge successfully, we will achieve our ambition – which is to become the leading provider of professional services that support sustainable development both in businesses and public sector institutions. We aim to do this by further developing our specialist skills in areas such as climate change, energy, clean technology and waste management; by integrating our specialist sustainability professionals ever more closely into our service delivery teams; and by increasing the awareness and understanding of all our partners and staff by putting in place new sustainable development programmes.

Our plans	What you can do
Work more closely with our clients on our respective footprints – identifying ways to collaborate or share ideas.	Talk to your colleagues and client contacts to share ideas, such as identifying ways we can reduce the carbon footprint associated with our service delivery.
Continue to invest with clients in industry-wide forums addressing sustainability issues – such as our work with project FORGE in developing guidance on the implications of climate change for the financial services sector.	Learn more about PwC's work with clients and industry forums on sustainable development and corporate responsibility. Use this knowledge to inform your thinking about how these issues affect your clients.
Consolidate and strengthen our client-service sustainability resources – providing strong leadership from the very top of the firm and continuing to invest in people.	Familiarise yourself with our network of key sustainability contacts and the work we do with clients. (See www.pwc.com/uk/sustainabilityservices).
Sustain and build our firm-wide Sustainability Forum – providing it with central investment support.	Attend Sustainability Forum events and build your network of PwC sustainability contacts.
Develop a sustainability and corporate responsibility mindset in our client work – through investing in awareness raising and development programmes focused on sustainable development, corporate responsibility and ethics.	Keep yourself up to speed with the issues, consider their relevance to your clients and discuss them with colleagues and client contacts. Keep an eye on our website / portal. Sign up for relevant development programmes (see Culture and Ethics section).

Further information including case studies is available at www.pwc.com/uk/sustainabilityservices or you can email us at 'Corporate Responsibility'

Public Agenda



Why this matters to PwC

Our contribution to the public agenda helps to shape public policy – which in turn affects the way that we, and other organisations throughout the UK, organise and run our business. By virtue of what we do, and of our size, profile and client base, we are uniquely positioned both to influence the public agenda – and to be influenced by it.

This is why we must think and talk about critical issues for the long-term well-being of the UK economy and wider society. By doing this, we can stimulate the type of informed public debate that leads to considered public policy-making.

196

business leaders attended the gala dinner for the Building Public Trust Awards 2006.

What we do

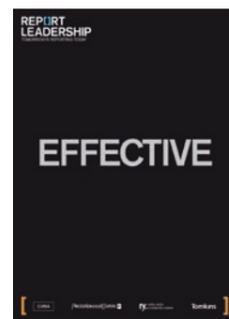
In all our efforts to contribute to the public agenda, we seek to share our thinking and professional expertise to inform policy-makers and wider stakeholders about crucial social and economic issues. Here are seven issues on which we took strong public positions during 2006.

Creating a vibrant UK economy – In our view, it is vital that the UK retains reporting and regulation based on UK-style principles rather than US-style rules. In 2006 we made continuing efforts to put this view across to government and regulators via many forums and channels.

Efficient public services – We regularly advise the public sector on ways to improve the efficiency and quality of service delivery. People's expectations of public services continue to rise while financial resources become increasingly squeezed. This means many traditional ways of delivering services are no longer fit for purpose, so we collaborate with leading think tanks to develop, suggest and apply new approaches.

Value of the audit – We continue to lead the public debate about the role and future of our profession. Following the events at Enron five years ago, we – like the rest of the profession – are committed to ensuring audit quality meets the expectations of companies and their stakeholders. So in 2006 we continued to work hard to support the IAASB, and to

ensure that actions at a European or global level do not undermine the UK profession's quality or contribution.



Corporate transparency – We consistently champion better, more relevant reporting, giving strong support in 2006 to the Government's introduction of the Business Review. Given

the rising importance of intangible assets, we also believe that financial accounting can only partially explain business performance. To press this view, we joined the Prince of Wales's Accounting for Sustainability project, conducted our fourth annual Building Public Trust awards, and helped to create the multi-stakeholder Report Leadership Group.



Building Public Trust Award 'For Telling It How It Is' in the FTSE 100: Martin Greenslade of Land Securities Group PLC and Kieran Poynter.

Helping to address sustainable development challenges – We have a leadership role in the World Business Council for Sustainable Development (WBCSD), a coalition of over 190 major companies that share a commitment to the principles of sustainable development. Sam di Piazza, CEO of PricewaterhouseCoopers International,

There is more to corporate responsibility than understanding the big issues...

We actively seek to use our insights to stimulate well-informed public debate on key issues affecting society. This in turn contributes to considered public policymaking.

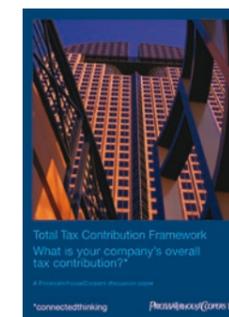
is on both the WBCSD Council and the Executive Committee and chairs a focus area examining the Role of Business in Society. We are also contributing to the WBCSD's work on Development through our international development network, our Africa team and our Total Tax Contribution work. And we are a member of the Sustainable Forest Products Industry group.



The World in 2050
How big will the major emerging market economies get and how can the OECD compete?

Globalisation and the environment – In March 2006 we published *The World in 2050*, highlighting the implications for the global climate of headlong growth in emerging

economies such as China, India and Brazil. We followed this up in September by calculating the effects of world GDP growth on carbon emissions. Our conclusions anticipated those of the Stern review later that year.



Total Tax Contribution Framework
What is your company's overall tax contribution?

simplify business taxation, clarify anti-avoidance legislation, and plan for the impact of globalisation. This work extended to our joint project with the World Bank to compare tax systems around the world. Evidence from the report suggests that simpler tax systems promote economic growth and can help achieve a win/win for governments and industry. During the year we also published our second Total Tax Contribution survey for The Hundred Group.

Efficient tax system – We engaged with the revenue authorities throughout 2006 about the efficiency and impact of the tax system. We were especially vocal on the need to

16%

of all UK Government revenues borne and collected by The Hundred Group amounting to £72.8bn.

Source: PricewaterhouseCoopers LLP Total Tax Contribution survey for The Hundred Group, 2006

Where next

Going forward, the firm's public policy agenda will continue to focus on maintaining the competitive advantage of the UK economy and its critical role in creating a civil society. Efforts will focus on enhancing the relevance of corporate reporting and the quality and value of the audit process, improving the efficiency and effectiveness of the UK fiscal system and public sector services.

Our plans

Enhancing trust in the corporate sector – championing increased corporate transparency, through initiatives including the Building Public Trust awards, setting up a PwC Government and Public Sector think tank, ongoing research into the information needs of the global capital markets, and through our ongoing commitment to audit quality.

Enhancing the UK's position as an attractive location for business – through our work to maintain its principles-based regulatory environment and its strong accounting profession, together with our efforts to contribute to the development of the tax system.

Improve public services – developing new policy ideas through collaboration with others.

What you can do

Read 'Abstract' every month and keep abreast of how the firm's thought leadership programme and public policy campaigns are shaping our economy and society.

Have a look at the Government and Public Sector pages of our website and make your clients aware of the work we are doing. Get involved or provide input and ideas to those teams leading our public agenda initiatives.

Environment

Why this matters to PwC

When it comes to the environment, we are – quite literally – all in it together. In October 2006, a ground-breaking report from Sir Nicholas Stern sought to connect the science on global warming with the potential impact on our economies and our way of life. The report showed that aside from its wide-scale ecological impacts, global warming could shrink the global economy by 20%. There is a growing awareness across society that environmental responsibility is critical to all our futures.

90%

We buy over 90% of our electricity from renewable sources.

What we do

As a business, our greatest environmental impact comes from the carbon emissions created by our office energy use and business travel.

Over the past three years we have reduced our total carbon emissions by 45%. We have achieved this by buying over 90% of our energy from renewable sources, improving our space efficiency to reduce heat and light requirements, conducting energy audits to identify problem areas, installing low energy lighting, and with your help, implementing local energy saving initiatives.

To reduce our air miles, we have made a substantial investment in phone and video-conferencing and now have new or upgraded facilities in all of our major offices. Last year we were able to avoid 1.1 million miles of travel through your use of telesuite facilities, thereby avoiding the emission of 198,000kg of CO₂.

To encourage reduction in car miles, our Green Fleet Initiative provides advice on cleaner fuels and vehicle selection. We also provide interest-free season ticket loans, the 'Cycle to Work' scheme, and cycle and shower facilities in many of our offices. Where car usage is unavoidable, PwC and Masterlease have teamed up with The CarbonNeutral Company to provide you with the opportunity to



make your motoring carbon neutral. Whether you have a car through our Choices car scheme or have your own, you have the option to join our Go CarbonNeutral programme.

We are constantly looking for ways to reduce our carbon footprint. In March 2007 we announced that our business operations in the UK, including all business travel, will be climate neutral by the end of this financial year. Our primary focus will be on reducing emissions and we are working with the Carbon Trust to develop a comprehensive emission reduction plan.

If everything was printed and copied double-sided, we could save approximately 8,000 trees per year.

We will continue to look for energy-saving opportunities including awareness programmes about switching off electronic equipment at night – and putting renewed emphasis on travelling less. Business travel is a necessary part of the way we do business but we can always challenge ourselves on the need and frequency of travel, choose to use the most climate-friendly mode of transport, and accept individual business travel reduction targets.



This year we scored 97.7% in the Business in the Community Environment Index, and were ranked top of our sector of accountants and consultants.

There is more to protecting the environment than recycling paper...

We all want to save the planet, and we know that doing business impacts the environment in lots of ways – travelling, using energy and resources, generating waste. We all need to take responsibility for reducing these impacts. As a firm, we are committed to doing our bit, and helping you to do yours.

The energy saved by recycling one plastic bottle will power a computer for 25 minutes.

We recognise that some emissions are unavoidable – which is why we have made a three-year commitment to offsetting the firm's residual greenhouse gas emissions from office energy consumption and business travel. The firm has sourced carbon credits from a portfolio of projects with Climate Care, including new carbon finance for two projects in India and South East Asia providing sustainable energy to local communities from wind turbines and biomass generators. We hope to boost confidence in investing in similar small scale renewable energy products.

For the buildings we occupy, we always aim to site them in locations easily accessible by public transport. We also insist on buildings with a good environmental performance – for our new London building architects BDP produced a sustainability specification which means that this building will meet the highest BREEAM standard of 'excellent', as must any new building we specify. Refurbished buildings will be brought up to the next best rating of 'very good'.

Our environment agenda also includes waste management and reducing our use of resources – notably paper. Over the past three years you have helped us slash the proportion of our waste disposed of in landfill by 80% by

60%

of our waste is recycled today – up from 30% in 2002-03.

supporting initiatives such as desk-top recycling boxes, and local recycling facilities. We have also cut paper consumption by more than 20% over the same period – supported by an initial roll-out of energy-efficient multi-function devices (MFDs) which print and copy double-sided, saving paper and toner.

Where next

We have made some significant improvements to date – our key challenge is to continue to improve our environmental performance through working with the Carbon Trust and increasing our engagement with everyone in the firm, with each of us playing our part to reduce our environmental footprint.

Our plans	What you can do
Travel – as business activity continues to grow, our formal target is to secure a net per capita reduction in carbon emissions from business travel, currently standing at 1.43 tonnes/head.	Help us stretch this target by reducing your travel through more use of video-conferencing and public transport. Offset your vehicle emissions by joining our Go CarbonNeutral scheme and choose a low emission / energy efficient car from our car schemes.
Buildings – we have done a lot of the obvious things already so improving on our current performance will be harder – our target is to further reduce carbon emissions from office energy consumption by 3% to 0.5 tonnes/head.	Small actions can add up to a material reduction in energy use. Help us exceed our targets by turning off monitors, phone chargers and lights at the end of the day.
Waste management arrangements – again our targets reflect the amount of work already done. With your help we aim to reduce total waste generated by another 3% to just under 3,000 tonnes and increase the percentage of waste recycled to 65%.	Utilise recycling facilities and reduce the overall amount you put in the bin – last year we each threw away nearly three times our own body weight in rubbish in the office! We can recycle paper, cups, bottles, cans, phones and IT equipment in the office. ALL paper can, and should, go in the 'Confidential' bins.
Paper consumption – we want to reduce the amount of paper each of us consumes, with a target net reduction in consumption from the current 57kg/head.	Simple 'think before you print' initiatives will make a difference – as will double-sided copying and printing. We will make double-sided printing more easily accessible for more of you with increased investment in multi-function devices to replace desk side printers. Please ask if you don't have local access to the new generation of efficient printers.

Further information including case studies is available at www.pwc.com/uk/cr or you can email us at 'Corporate Responsibility'



Being a responsible employer means more than providing a safe working environment...

Corporate responsibility also means ensuring great opportunities for personal development, fostering diversity and choice, and looking after the health and welfare of all of our people. We want your time with PwC to be a deeply rewarding experience. This is what we mean by providing a great place to work.

Why this matters to PwC

We will achieve sustainable long-term success only if we truly value our people and provide everyone with a great place to work. So we set out to attract the most talented and committed people, create an environment in which our staff can realise their full potential, and benefit from first class training and development.

Ultimately, being a great place to work creates a virtuous circle. It means we can focus our collective expertise to deliver the highest quality for clients and business partners. And it means the best people will not only join us but stay with us throughout their careers.



We also develop leadership by bringing people outside their comfort zones. Our global leadership programme Ulysses, enables future leaders to work at grassroots level in developing countries. Zubin Randeria, one of three UK partners involved in Ulysses in 2006, worked in Ghana with BasicNeeds, a charity working to ensure that mentally ill people can access the treatment they need. And several UK people worked in Kenya on the inaugural OASIS community programme.

We recognise that we all have different needs and priorities. Therefore, we offer flexibility in pay and benefits through Choices, enabling everyone to create their own bespoke package. Whether you want to cycle to work, take extra holiday, build up your pension or offset your car's carbon emissions, Choices lets you do it.

We also work to extend this flexibility into leisure and lifestyle. Our YouMatter surveys show how much you value flexibility such as home working – and last year we approved 95% of requests for flexible hours.

1,729
partners and staff have participated in health awareness sessions in the past 18 months.

What we do

Creating a great place to work starts before you join. To help us recruit the best people and have a diverse workforce, our recruitment programmes must reach out into the wider community. So, for example, we offer graduates placements in collaboration with SCOPE, the UK cerebral palsy charity, and we sponsor skill.org.uk, the national bureau for students with disabilities.

Ranked top for the third year running in The Times Top 100 List of Graduate Employers 2006.

Our approach to diversity crosses borders. Every year, our Tax World Experience, Assurance Good Global Citizen and global mobility programmes enable hundreds of outstanding people from countries worldwide to work in the UK, developing new skills and networks. At the same time, hundreds of you from the UK go to work in PwC firms overseas.

We tailor our learning and development programmes to help us all grow personally and professionally. As well as technical training, these include networks of coaches and counsellors, plus initiatives such as the ASPIRE programme for potential partners, leadership programmes including Emerging Leaders, and the PwC Business Diploma for managers.

93%
of our people would recommend the firm to a friend as a place to work.

We also take a proactive approach to helping our people stay healthy and recover from illness. To date we have delivered our 'desk survival course' aimed at improving musculoskeletal health at over 40% of offices and are aiming for 100% by year-end. And the *Zest for Life at PwC* programme seeks to help us all adopt a healthier lifestyle

Listed in The Times 'Top 50 Places where women want to work' in 2006.

through exercise, better nutrition and working smarter.

Thanks to your volunteering, hundreds of people across the firm are also helped and connected by our support networks – including the Ethnic Forum, GALE (gay, lesbian, bisexual and transgender) Network, PwC Special Needs Child Support Network, PwC Women, and several faith networks. We also support people's efforts for their chosen causes through our Volunteering Awards Scheme, our Matched Giving Programme

£42m
invested in terms of direct cash cost in learning and development activities in 2005-06.

and our collaboration with Voluntary Services Overseas (VSO).

Where next

Your feedback has been very positive on many measures, but we know we face rising competition for our skilled people. Our challenge is to understand the needs and aspirations of all our people more fully than ever before, and to continue to increase the diversity, health and wellbeing of the people in all parts of our business.

Our plans	What you can do
<p>Fostering greater engagement – so that all staff feel fully valued and satisfied at work.</p> <p>Listening to you to understand your needs – this will involve tapping into existing networks and developing new ones, encouraging dialogues between leaders and staff, and drawing on feedback from sources such as focus groups and YouMatter surveys.</p>	<p>Provide honest and timely feedback on issues that matter to you.</p> <p>Complete YouMatter surveys so that the firm knows your views and can respond in turn.</p> <p>Use your team leaders, counsellors and mentors to express your views and concerns and provide an environment for others to talk with you.</p>
<p>Embedding Zest for Life at PwC – ensuring that our health and wellbeing initiatives are valuable and relevant, whether working in PwC offices or off-site. This will include offering everyone the opportunity to attend a Fit for Life course, and seeking out ways to support local schools in encouraging children to be active.</p>	<p>Enrol in the one day Fit for Life course on MyDevelopment.</p> <p>Look after yourself and your teams – take advantage of <i>Zest for Life</i> and the healthy lifestyle choices on offer.</p> <p>Make use of the BUPA Employees Assistance Programme available 24 hours on 0800 269 616.</p>
<p>Developing a Responsible Leadership programme for the UK – complementing our existing global programmes, Ulysses, Genesis Park and OASIS. Each year, 15 UK partners and directors will work together with a variety of private sector, NGO and/or inter-governmental projects.</p>	<p>Utilise the opportunities on offer to attend leadership and corporate responsibility related courses.</p>
<p>Supporting people with disabilities – appointing a dedicated manager to recruit and employ people with disabilities, help us understand our responsibilities and tackle practical issues.</p>	<p>Support our diversity agenda.</p>
<p>Improving our working environment both on-site and off-site – such as providing portable lap-packs for off site working.</p>	<p>Contact the Health and Safety team (ext 42087) if conditions at work or at the client site are not creating a healthy working environment.</p>

Further information including case studies is available at www.pwc.com/uk/cr or you can email us at 'Corporate Responsibility'

Supply Chain

Why this matters to PwC

The sustainability of every major organisation's supply chain is now under scrutiny as never before. Why? Because purchasing power is one of the most visible ways for companies to influence behaviour beyond their own organisational boundaries. So for a business like ours that wants to be a force for good in society, it is essential that we use our commercial muscle wisely and responsibly, and encourage our suppliers to subscribe to high ethical standards. Just like you, our potential clients and new joiners want to know how we measure up in this area before they decide whether we are the right firm for them.

What we do

There are two underpinning themes to how we manage our supply chain. The first is to treat all our suppliers fairly and responsibly, which means making space both for large-scale and small local suppliers where it makes economic sense, providing fair terms of business, and paying on time. The second is to understand and manage the social and environmental impacts of our procurement, which requires a level of engagement and dialogue beyond just evaluating the price.

85%

of surveyed suppliers consider that PwC treats them fairly as a supplier.

Two years ago we published *Corporate Responsibility in the Supply Chain* which sets out our aim to 'establish relationships with our suppliers under which we do business on a consistent, fair and ethical basis, and expect the same in return.' At the same time, we invited our key major suppliers to engage with us to make our aim a reality. Our Supplier Corporate Responsibility Forum, where we bring together our major suppliers to share our experiences and best practice, has now



Our procurement team has recently received a 'Gold Award', the highest standard of accreditation awarded by the Chartered Institute of Purchasing and Supply.

become a regular event. In 2006 an independent survey of our major suppliers showed that 85% believe PwC is a good organisation to do business with and treats them fairly and with respect.

In February 2007 we were delighted to have our supply chain processes accredited to the prestigious Gold Standard by the Chartered Institute of Purchasing and Supply (CIPS). This hallmark recognises that we work to the highest professional standards with our customers and our suppliers.



Engaging with our suppliers takes many different forms. This year we participated with Mitie – our UK-wide supplier of document production and distribution services – to provide seven training places in their Real Apprentice Scheme, a

'PwC are open and honest, they respect our point of view and are prepared to listen.'

2006 Independent Supplier Survey

There is more to corporate responsibility than buying green energy...

We spend over £500m a year on goods, services and property. This brings buying power but also responsibility. We must incorporate not only economic but also social and environmental considerations into the purchasing decisions we make.

programme that offers a first step into paid employment for young previously unemployed people from disadvantaged areas in South London. This proved such a success that we are now planning to replicate this scheme with Mitie in other areas of the country.

Carpet manufacture can have significant environmental consequences, including use of resources and pollution. We partner with InterfaceFLOR, a world leader in environmentally-sensitive manufacture and distribution of carpet products whose founder, Ray Anderson, enjoys a substantial global reputation as a business leader with a passionate environmental conscience. We also participate in their ReEntry® scheme to reclaim used carpet and divert it from landfill.

Our accommodation and buildings management partner, Honeywell, has helped us reduce energy consumption through smart efficiencies, with a 1.2 million kwh annualised saving at Embankment Place alone. And with some input from our furniture suppliers we have been able to remanufacture office furniture for reuse. Where we simply can't make use of older furniture it goes to Green-Works, a charity that trains local school leavers and sells on the recycled products.

Also during 2006, we engaged with our cleaning contractors and the ethical campaign London Citizens to address concerns on providing a living wage and also to provide holiday and sick pay entitlements, still not the norm in this industry.

100%

of coffee supplied in our vending machines is Fairtrade.

Other choices we have made, with your active encouragement, include the increasing use of Fairtrade coffee, now in all our vending machines, and working with the Ethical Tea Partnership (ETP) to ensure all our tea is from ETP suppliers.

Where next

Going forward, we will continue to work with our suppliers and the business on developing ways to respond to three key challenges: addressing corporate responsibility issues throughout the supply chain; reducing the amount of resources we consume; and balancing our needs for efficient supply arrangements with the desire to support our local communities.

Our plans	What you can do
Promote and embed our Responsible Purchasing Policy.	If you need to set up significant purchasing arrangements, use the firm's procurement experts to support you – this will ensure that corporate responsibility issues and potential risks which may not be obvious are considered.
Promote fair treatment of suppliers and continue to track and respond to their opinions of PwC as a customer.	Use preferred suppliers wherever possible – our processes are set up to deal efficiently with these suppliers, so they get paid more quickly. Process invoices quickly – in 2005-06 it took an average of five and a half weeks for invoices to reach accounts payable, but only four days to get paid after that.
Develop a Small Business Policy to enable smaller suppliers to engage effectively with PwC. This will describe our approach to issues such as prompt payment, and ensure that our terms and conditions of contract do not disadvantage or discriminate against small businesses.	
Develop effective measures of our suppliers' corporate responsibility performance.	

Further information including case studies is available at www.pwc.com/uk/cr or you can email us at 'Corporate Responsibility'

£24m

PwC in the UK spends £24m a year on air travel.



Community Affairs

Why this matters to PwC

A recent survey showed that 95% of our staff agree it is important for the firm to act responsibly and get involved in local communities. Through our *PwC in the Community* programme we recognise our broader responsibilities within society. Our programme enables us to contribute our time, skills and resources while also offering opportunities to everyone involved to gain new skills and personal fulfilment. The success of our programme also helps us to strengthen our business relationships and underpins our values of teamwork, leadership and excellence.

Business in Community % We have been a member of the PerCent Club for 19 consecutive years, committing us to giving at least 1% of our relevant annual profits to the community.

What we do

PwC has had a commitment to supporting the community for over 19 years. And perhaps more than any other area of our sustainability efforts, this commitment is driven by you. In 2005-06, almost 2,900 of you across the country donated a total of 30,000 working hours to a wide range of national and regional activities with a focus on education and employability.

Across all our projects, our aim is to be fully integrated with our communities. A good example is our programme in Southwark, south London, where our wide-ranging efforts stretch back to the early 1990s. These include Our Theatre, a partnership with Shakespeare's Globe and Southwark Council that has involved over 4,000 students from 48 Southwark schools since 1997. And in December 2006 we celebrated the 20th year of our pantomime, in which nearly 200 of you donated skills and time to entertain 7,000 inner-city children.

During the past year, volunteers from the Birmingham office supported

'PwC views the needs of the community very thoughtfully and are not just handing out cheques – they want to know that the programmes they support are well thought-out and have a sustainable impact. It would have been much harder to achieve what we have without their support. It's a really valuable association for Charles Dickens School.'

Liz Owens – Headteacher, Charles Dickens School

unemployed young people on The Prince's Trust Team Programme, a 12-week personal development course. And many of you have helped deliver practical educational sessions in partnership with organisations including *businessdynamics* and Common Purpose.

£4.2m

our overall community contribution in 2005-06.

Also in the field of education, over 200 PwC employees, from Newcastle to Southampton, have undergone special training to work with Volunteer Reading Help in 19 schools throughout England since our partnership began in April 2004.

In Northern Ireland we are involved in local schools, providing support and encouragement to young people. Our offices in Scotland also organised several team volunteering days, mainly helping to improve the local environment.

Whilst much of the firm's community effort is channelled through our community partners, we also recognise your commitment to supporting charities in your own time. Through our Matched Giving Programme, you can have up to £250 per year donated to the charities for which you fundraise. In 2005-06, 670 of you took advantage of this, triggering

There is more to community involvement than giving money...

Thriving local communities benefit us all – people and organisations alike. So, as a firm, we try to help prevent the social exclusion of young people through creative, active partnerships focused on education and employability.

donations totalling £135,000. We also donate through our Volunteering Awards Scheme, which is open to those who have a sustained involvement with a charity or community organisation. In 2005-06, awards totalling £74,000 were made to charities through this scheme.



30,000

hours contributed by our volunteers in 2005-06.

'We started working with PwC about two years ago as part of the Volunteer Reading Help programme. It inspires the children because they see people who are in good jobs giving up their own time to come in and work with them.'

We've worked with a number of companies over the years, but I can honestly say that the commitment of the PwC staff is second to none. We really appreciate the effort they put in.'

Tony Phillips – Headmaster, St Marks C of E Primary School Miles Platting, Manchester

Where next	
The key challenge facing our community programme is managing effectively the growing numbers of staff who are coming forward to volunteer. We are delighted that the number of you volunteering has nearly trebled over the past three years. Ensuring that these growing ranks of volunteers – and the charities that we will be supporting with our time, effort and skills – receive a worthwhile and positive experience is a significant task.	
Our plans	What you can do
Make more effective use of our professional skills – by placing even greater emphasis on utilising our people's specialist expertise in our community activities.	Collectively, you possess a huge array of skills – IT, mentoring and coaching, marketing, HR, secretarial, project management and many more. Offering your time and skills to worthwhile projects can create the greatest benefit for our communities.
Play a leading role in the development of our global community programme – particularly by supporting the growing number of PwC territories seeking to adopt or emulate aspects of our approach in the UK.	Share your stories and experiences – so that these can be shared in turn with the global community.
Links with Environment – Integrate more closely our support for the community and the environment.	Turn team-building events into community events – and help conserve the environment.
Increase the level of volunteering from 19% in 2005-06 to 21% in 2006-07.	Contact Community Affairs to find out about opportunities for volunteering. Inform the Community Affairs team if you fundraise or volunteer for a charity in your own time – you may be eligible for funding from the firm.

Further information including case studies is available at www.pwc.com/uk/cr or you can contact us at community.affairs@uk.pwc.com

...but what can I do?

All of our corporate responsibility initiatives need your support to be successful – the small actions taken by each of us can add up to a big difference.

These pictures show some examples of the simple actions we can all take as individuals, as suggested in two books published by the movement We Are What We Do – ‘Change the World for a Fiver’ and ‘Change the World 9 to 5’. We Are What We Do believes that each of us has the power to make a difference and together we can change the world.

For more information on what we are doing as a firm, click on www.pwc.com/uk/cr. For further examples of simple actions that you can do at home and at work, see www.wearewhatwedo.org

ACTION
011 | Get fit, feel better



we are what we do

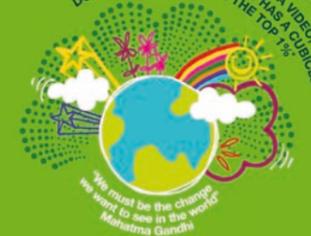
ACTION
051 | Find out where your lunch has come from



we are what we do

ACTION
098 | Spread the word

IF YOUR HOME HAS SOMETHING OTHER THAN A DIRT FLOOR, YOU ARE IN THE TOP HALF OF THE WORLD'S POPULATION.
IF YOUR HOME HAS A ROOF, A DOOR, WINDOWS AND MORE THAN ONE ROOM, YOU ARE IN THE TOP 20%.
IF YOU HAVE REFRIGERATION, YOU ARE IN THE TOP 5%.
IF YOU HAVE A CAR, A MICROWAVE, A VIDEO, A COMPUTER AND THIS TOILET HAS A CUBICLE DOOR, THEN YOU ARE IN THE TOP 1%.



We must be the change we want to see in the world
Mahatma Gandhi

ACTION
078 | Photocopy on both sides



we are what we do

Are you OK?

ACTION
077 | Show empathy

we are what we do

NEVER THROW PAPER AWAY.
THERE IS NO AWAY.

ACTION
052 | Recycle waste paper

we are what we do

ACTION
069 | Shut down your computer properly

Turn off computer



Save planet a bit



Save planet

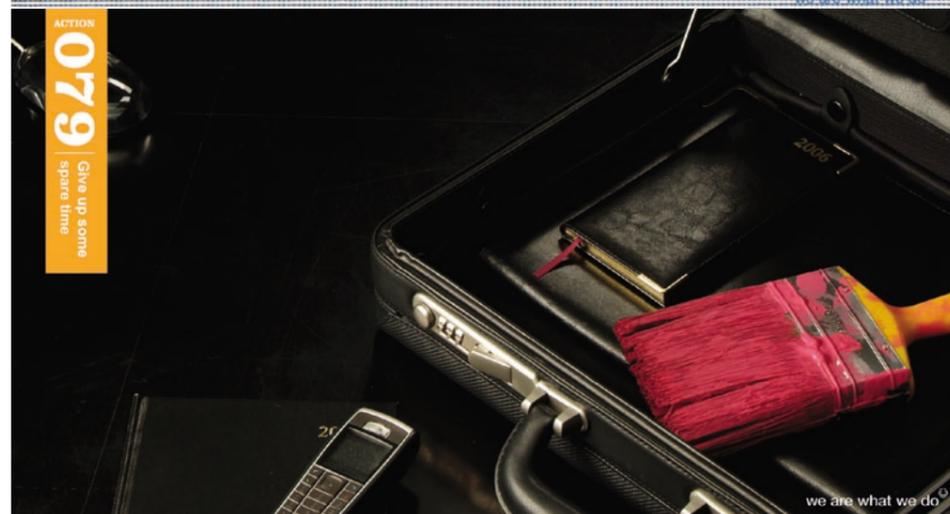


Planet saved

Not bothered

we are what we do

ACTION
079 | Give up some spare time



we are what we do

ACTION
095 | Earn fewer air miles



we are what we do

ACTION
097 | Say thanks



we are what we do
small actions x lots of people = big change