

Global commitments

As one of the world largest professional services firms, PwC is particularly aware of its obligation to take a leadership role in promoting the concept and practice of corporate responsibility. One very visible example of how we do this is by participating in the United Nations Global Compact (UNGC). The UNGC provides a policy platform and practical framework for companies committed to responsible business practices, including ten principles defined by the UNGC in the areas of human rights, labor, the environment, and anti-corruption. PwC's participation in the UNGC is established through a written commitment to uphold the UNGC's ten principles. By participating in the Compact, PwC's global network of member firms actively support the UNGC's ten principles in their respective geographies.

The UNGC is the world's largest corporate citizenship and sustainability initiative and brings together more than 5,100 corporate participants and stakeholders from over 130 countries. First and foremost, the Compact is concerned with building and demonstrating the social legitimacy of business and markets.

In addition to its direct participation in the UNGC, PwC has also collaborated with a number of UN agencies to assist in activities and programs that further support the principles of the UNGC. These efforts include our work with the United Nations Convention against Corruption and United Nations Office on Drug and Crime in combating corruption; the United Nations Central Emergency Relief Fund to supply disaster relief; the United Nations High Commission for Refugees to provide refugee support; and the United Nations Environment Program to address the risks of climate change.

As a signatory to the UNGC, PwC also participates in the related Communication on Progress (COP) process, which obligates signatories to provide annual disclosure to stakeholders on progress made in implementing the UNGC's ten principles. In this way COP helps to instill accountability and drive continuous improvement among Compact participants, and, at the same time, builds a useful repository of responsible corporate practices. Throughout this website and our Global Annual Review, you will see how PwC is working to incorporate the ten principles of the UN Global Compact in the way we operate in the marketplace, treat our people, interact with our local communities, and protect the environment.

UN Global Compact Principles

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 standards

- ▶ 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.

Contacts

Bronwyn Neeson
Global Corporate
Responsibility office

"Our signing of the Compact is important because it shows not only our commitment to the 10 principles, but also our willingness to commit our entire global network of member firms to these principles."



Dennis M. Nally
Chairman,
PricewaterhouseCoopers
International



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.

[Offices worldwide](#)

[Site map](#)

[RSS](#)

[Contact us](#)



[International PwC Sites](#)

© 2008-2010 PricewaterhouseCoopers. All rights reserved.

"PricewaterhouseCoopers" and "PwC" refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.

[Privacy](#) [Legal](#) [About site provider](#)

How do we navigate a changing world?

CEO Perspective	2
Performance highlights	4
Markets	6
How has business changed?	8
What challenges are we facing?	12
How are we working with clients?	16
Structure and Strategy	18
Who are we?	20
What have we achieved?	23
Who are our leaders?	24
How do we ensure quality?	26
Responsible Leadership	28
How do we support our people?	30
What do we offer our clients?	32
How are we impacting our communities?	34
How are we engaging with the marketplace?	36
Facts and Figures	38
Contact Details	48

Contents

In an increasingly uncertain world, asking the right questions can be as important as knowing the answers. Founded on quality and acting with resilience, PricewaterhouseCoopers is working closely with our people, our clients and the community to develop new insights and identify the opportunities that will secure a sustainable future.

To my partners, our staff, clients and friends

Welcome to our Australian Annual Review for the 2009 financial year. Little did I know when I became CEO on 1 July last year what was in store. What a year it has been!

Our credible performance in FY09 could not have been achieved without the stellar efforts and support of our people, who worked admirably to do our best for clients and the firm. I am deeply grateful for their efforts and the support they have shown.

The global financial crisis

Though there were signs of a liquidity problem in parts of the global financial system in the latter part of 2007, few, if any, foresaw the extent of the system's collapse and the ensuing economic decline. While actions of government and others appear to have stabilised the crisis, the world has changed in significant ways. Witness the extent of government intervention in business ownership, increased regulation and oversight; the decline of complex, highly geared business models; the restructuring of entire industries; and the end, for now at least, of the easy credit of the previous decade.

But what an opportunity this presented for me and my team, and Australian businesses generally, to finesse how best we can work with our clients to build truly competitive global businesses.

Australia and our firm – thanks in part to a mining boom, a robust financial system and the buffer of a federal budget surplus – entered the worst global recession in 80 years from a position of strength. During the early months of FY09, PwC's performance was outstanding. In the latter part of the year, like many, we began to feel strongly the impacts of a rapidly softening economy. The effects were partly offset by strong performance in the counter-cyclical parts of our business, such as our growing and successful corporate restructuring and economics teams. We finished the year with modest revenue growth of just over 1 per cent, which was still an achievement and another record revenue year for our firm.

Challenge and opportunity

Throughout the year I met with CEOs and senior executives from many organisations. I was struck by how many were in agreement that these difficult times were as much about opportunity as they were about challenge. These discussions also reaffirmed my sense that if we are flexible and listen closely, there are excellent opportunities for us to collaborate with clients to achieve mutual success using the full power and – at times under-utilised – breadth of this firm's resources.

The rapid shifts in the world around us have definitely helped create a burning platform for both organisational change and a more genuine focus on opportunities that deliver the greatest value. Those with the hunger and determination to seize the agenda at times like these ensure their organisations are agile and able to emerge from tough times stronger than when they went in. This has been, and remains, our aim for our clients and ourselves.

Our focus

This year we took care to have a close look at what business was feeling about the professional services industry. While there were many positives, to be frank, the picture painted was not always as flattering as our industry, and we, would have liked. Those insights are helping us to evolve our business to focus more on collaborative relationships, to be more progressive and questioning, as well as agile and empathetic.

Our aim is to drive sustainable growth through clear decisions about who we serve, what we offer and what we are like to work with. While it has required some internal restructuring to simplify and target our focus, these changes position us well to enhance networking across our teams and within the marketplace for the benefit of our clients. We have also aligned our client relationship, market, brand and cultural initiatives. Our new development curriculum will enlighten and reinforce them all. In professional services, the client experience is everything and our audacious goal over the next few years is to perfect it.

We made a number of acquisitions to better serve our clients in the areas of strategic and operations consulting, economics, estate planning, franchise management and debt and capital advisory. Throughout this year, through acquisitions, recruitment and promotion, we welcomed 37 new partners to the firm. We also continued to invest in developing new solutions, and refining and improving our traditional offerings. You will see more projects, designed to build new and better business models and enhance our brand, unfold over the next year.

CEO Perspective

A year of achievement

As CEO, one of my top priorities for our firm is finding, inspiring, developing and retaining great talent, recognising that it is ultimately individual and team behaviours that shape our firm's culture and support the success of our clients. Underpinning this is a philosophy of continuous improvement. Our talent management strategy guides the future development, retention and succession plans of our key talent. A Talent Council, comprising senior representatives across the firm, oversees our strategy and identifies talent initiatives and leadership development opportunities – such as an overseas tour, a client secondment, a business school course or a period working with one of our leaders. We are proud that we kept our promise to invest \$94 million in initiatives to help our people develop, grow and excel. And we plan to spend more next year.

We fortified our commitment to corporate responsibility this year, becoming Australia's first carbon neutral professional services firm; the first professional services firm to enter the Corporate Responsibility Index; and the only firm to release independently assured data on our greenhouse gas emissions.

What about 2010?

The Australian Government and the Reserve Bank of Australia acted swiftly and well to minimise the impacts of the global financial crisis on the Australian economy. Some observers are seeing early positive signs, though a sustained recovery seems some way off. Key to Australia's future prosperity will be a focus by the government and private sectors on, among other things, Australia's education and health systems, its resources and services sectors, foreign investment strategies and the national infrastructure. Our own strategies, plans and capabilities are focused on supporting these efforts.

Australia's regulatory systems have generally performed well and we believe the government should tread carefully before adopting overseas legislative reforms here. While sensible, effective regulation is to be encouraged, it is equally important to avoid regulatory responses which over-reach and threaten the entrepreneurial, innovative spirit that is at the heart of economic growth and prosperity.

We expect FY10 to continue to be difficult. Yet, as positive thinkers, we are now firmly focused on the recovery and the possibilities it brings. We are confident that PwC can assist Australia to turn economic and environmental challenges into opportunities for sustainable growth and social change.

Best wishes for 2010.

Mark Johnson
CEO and Senior Partner



-
- PwC's total revenue was \$1.42 billion, representing growth of 1 per cent on FY08.

 - We were named Market Leader in the *BRW* Client Choice Awards, Audit Firm of the Year in the *CFO* Awards and one of *International Tax Review's* Leading Australian Tax Advisers, among other honours.

 - We became carbon neutral and reduced our carbon emissions before offsetting by 23 per cent (substantially exceeding our target of 10 per cent).

 - Despite changing economic conditions, we invested \$94 million in developing our people and did not implement hiring or promotion freezes.

 - We made strategic acquisitions to enhance our breadth and depth of client service, including Clarendene Estate Planning Lawyers, Mainsheet Corporate and Franchise Developments Management Consulting.

 - We continued our commitment to shaping the debate on important issues in the community by, among other activities, making a submission to the government's Henry Tax Review and hosting a National Health Forum.

 - We were recognised as an EOWA Employer of Choice for Women and the Top Company for Global Diversity by *DiversityInc.*

 - The firm undertook some \$15 million of professional services work in the not-for-profit sector pro bono or at highly discounted rates. We also donated some \$3.5 million, thanks primarily to our payroll giving program and firm matching.

 - We received the *BRW* ANZ Private Business Awards 2008 award for Excellence in Community Practices.

 - Eighty-six per cent of respondents taking part in our ECLIPSE client feedback surveys and face-to-face interviews rated us at least four out of five for overall satisfaction.
-

Performance highlights

- We held the inaugural PwC Experience Awards to identify and celebrate the teams and individuals leading our firm in delivering distinct experiences.

- We launched a \$1 million sponsorship of the Centre for Social Impact.

- We began refining our environment management system to align with ISO 14001, participated in the Corporate Responsibility Index for the first time and were the only professional services firm to release independently assured greenhouse gas emissions accounts for FY08.

- PwC joined with Asialink and the Melbourne Institute to launch the Asialink Index, the first ever comprehensive index of Australian/Asian engagement. PwC is also a sponsor of Melbourne University's Asialink Leaders' Program.

- Australia hosted the global rollout of PwC's new auditing platform as part of the Assurance practice's connectedassurance* commitment to delivering best practice processes, greater value and insights and an unparalleled client experience.

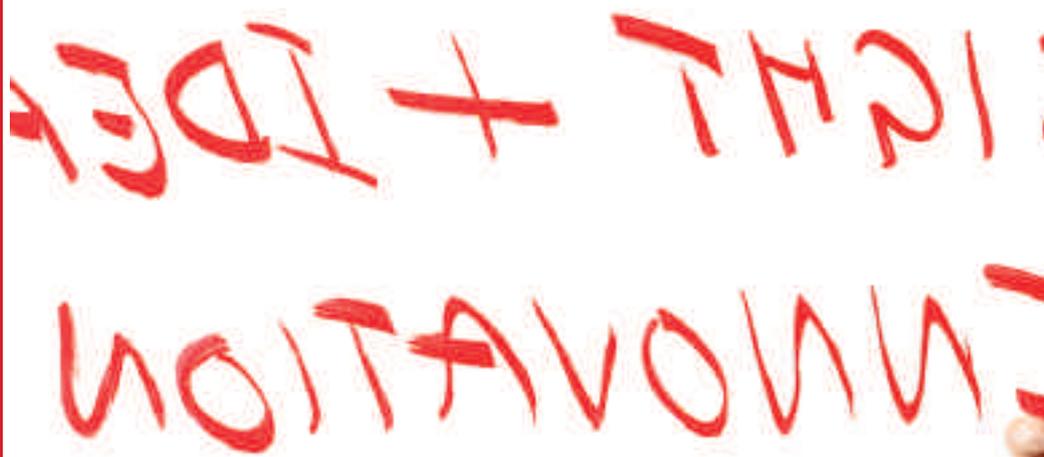
- We established a Debt and Capital Advisory practice led by specialists with over 20 years of banking experience.

- PwC's Purchased Additional Annual Leave take-up increased by more than 75 per cent on FY08.

- The PwC Foundation hosted the second annual PwC Transparency Awards, promoting improvement in the quality and transparency of reporting by not-for-profit organisations.

- As the effects of the global financial crisis began to surface, more than 3,500 of our people elected to take 10–15 days of unpaid leave to help preserve the fabric of the firm.

Markets



Olivier Marion, Senior Manager

A manager by 23, Olivier was the FY09 winner of PwC's national PwC Experience Awards for individual excellence in client service. As a member of the Tax & Legal practice in Perth, Olivier receives consistently positive feedback from his clients and team members, continually demonstrating how one person with the right mindset can make a major impact.

Sophie Langshaw, Senior Manager

With a passion for innovation, Sophie is committed to capturing and sharing insights with her clients and account teams. Leveraging this collective knowledge has helped identify areas for improved efficiencies and new revenue streams – testament that insight translates into value. Sophie is working with the firm's innovation team to capture new ideas and insights through innovation sessions with clients across the country.



Paul Bendall, Ian Farmer and Pat McKeon, the leaders of PwC's Assurance, Tax & Legal and Advisory lines of service, discuss leadership and relationships in the current business environment.

1. In the current market CEOs and boards are facing extreme short-term and long-term challenges. From each of your perspectives, what do you see as the top three things most critical to businesses making it through this period successfully?

Pat McKeon From Advisory's perspective, strong organisations will do two things. They'll balance short-term pragmatism, including a clear focus on cash, risk, etc., while keeping their eye on the longer term. Markets such as these offer real opportunities, from presenting a platform for internal change to creating bargains that would usually be unaffordable.

Ian Farmer And I believe the other critical issues are staying absolutely connected to customers, and engaging in more robust and rigorous scenario planning and business forecasting.

Paul Bendall Boards and CEOs need reassurance around the stability and sustainability of their business operations and relationships with employees, suppliers, customers and regulators. This is vital to remaining confident in their ability to emerge from the current market turmoil as dynamic and competitive organisations.

2. Halfway through the year, PwC's 12th Annual Global CEO Survey found almost half of Australian CEOs considered information about climate change when making long-term decisions about the success and durability of their business. How do you think the global financial crisis has impacted the way leaders approach corporate responsibility?

Paul Bendall The global financial crisis has increased the focus on corporate responsibility. Regulators, governments, employees, suppliers, analysts and shareholders are seeking greater transparency and looking for sound risk management and a holistic understanding of what is driving organisational performance. Employee reward and recognition structures must be shaped to ensure they drive sustainable business behaviours.

These emerging social and community obligations are increasing pressure for a broader-based, real-time business reporting model, extending the existing obligations of business beyond mere periodic financial reporting.

Ian Farmer I agree. If we learn anything from the current situation, it has to be that a focus on true sustainability and the obligations organisations have to the wider community is vital. This includes ensuring key players in the local and global markets have robust and sustainable business models and greater transparency around material issues. The focus of governments around the world has shifted dramatically, and there is little doubt that tighter scrutiny in the area of corporate responsibility and sustainability will be the way of the future. We are seeing this in a global trend to greater transparency and responsibility around tax risks and tax management.

Pat McKeon I also believe this kind of recessionary market often drives a 'flight to quality' from a client and customer perspective. In this respect, clients will be able to see which companies and organisations continue their commitment to corporate responsibility initiatives even when budgets are tight. We, for example, remain committed to our corporate responsibility initiatives – they are not just important to the organisations that benefit from them; they are important to the fabric of our culture.

How has business changed?

3. What changes have you seen in the type of work coming through your line of service in the past 12 months?

Ian Farmer In the area of tax, businesses across all industries are now heavily focused on freeing up cash. A back-to-basics trend to enhance cash flows and optimise refunds has clearly emerged. We are also finding the relationship between tax payers and tax authorities has become strained, and we are playing a more significant role in helping clients find certainty in tax positions.

Pat McKeon Within our Advisory business, we've seen our work shift to supporting clients who are suffering from reduced revenues, debt issues, cash liquidity and funding challenges. From our perspective, that means that our Corporate Advisory & Restructuring team, our Debt Advisory team and many of our consulting teams have seen a change in the shape of their work. More than ever, this is a great opportunity for us to collaborate with our clients to find sustainable solutions.

We've also been delighted to work with our government clients in finding solutions to the many challenges that face Australia at state and federal levels in the areas of health, water, education and transport. Our teams feel proud to be a part of building a better Australia.

Paul Bendall In the current market, I see boards and management seeking broad-based business assurance rather than a technical opinion on periodic financial statements. Organisations struggling to access and manage credit, debt and equity funding against falling asset values and consumer demand are seeking an independent and robust view to help ensure they remain viable. We are finding increased demand for risk, controls, security and forensic assurance services as an extension of our core financial statement assurance services.

More broadly, we are seeing businesses impacted by suppliers failing and a sharp reduction in the need for goods and services as demand abates in some sectors of the economy. Speed and agility in changing and responding to the new circumstances are defining success in both a positive and negative context within the current environment.

4. What do you believe Australian business and government leaders should be focusing on as they enter FY10?

Pat McKeon Clearly there is a requirement to re-strengthen the fundamentals in both companies and government. And this brings us back to good planning, sound financial management and strong execution of business plans. There is, however, a huge responsibility to manage confidence levels such that the growing maturity level of corporate Australia doesn't suffer. That could hold it back from participating in the growth to come in the Asia Pacific region.

Ian Farmer There is no doubt that a simplification of the Australian taxation system should be an area of ongoing focus – the Henry Review is a unique opportunity to reshape the tax system. With over 56 different business taxes currently in place, there has to be change. At the individual company level, there are also great gains to be made in simplifying processes to reduce the current cost of meeting compliance obligations.

Paul Bendall I think financial and operational risk management will also be top of the agenda for legislators and regulators. The focus will be on re-instilling confidence, protecting shareholders and investors from risky business practices, and preventing a recurrence of the current financial crisis.



Paul Bendall
Managing Partner, Assurance Services
paul.bendall@au.pwc.com



Ian Farmer
Managing Partner, Tax & Legal
ian.farmer@au.pwc.com



Pat McKeon
Managing Partner, Advisory Services
pat.mckeon@au.pwc.com

5. What do you think will be the lasting impact of the global financial crisis on the Australian business landscape?

Paul Bendall In the coming years, government stimulus will fund infrastructure development, igniting growth for resources and construction businesses that will be supported by the financial sector. Some organisations will find the opportunity to strengthen their core business by acquiring the peripheral operations of other companies. Others will find a way to better manage productivity and profitability, which in easier times might have been overlooked in the frenzied search for growth.

I believe the post-global financial crisis Australian business landscape will be characterised by government enjoying a stronger hand as guardian of the public interest. Business-to-business transactions and relationships will become more transparent. Businesses will rely on employees with new skills and competencies and an eye to financial security borne of community prudence rather than rampant private opportunism.

Pat McKeon The global financial crisis will also refocus Australian leadership teams back on the fundamentals of their organisations, and I think this is a broadly positive thing. Relationships will be tested, tried and either strengthened or abandoned under such conditions.

Ian Farmer It seems that while a recovery in the economy will be relatively slow, it could be unpredictable in where and how it emerges. In light of this, I think the relationships between boards and advisers will be enhanced, and a new level of consultation and rigour will emerge in decision making.

Businesses are currently being forced to review the composition of their workforces, with many now opting for more flexibility in their approach. This includes a renewed focus on moving resources to meet peaks and troughs and offering staff greater flexibility in the way that they work. This has real benefits for both employers and employees, and may well set the tone for many organisations moving forward.

6. What do you think is the future of globalisation and how is it playing into your current decision-making processes?

Ian Farmer We are seeing acceleration in the globalisation of tax policy and tax authority networks. Our global networks are critical to our ability to help clients deal with this trend. We are committed to providing clients with a seamless and consistent service, bringing the very best of our global expertise wherever it is needed. While this is a key benefit for our clients, it also provides our people with a worldwide network of colleagues to call upon, and the opportunity to work anywhere in the world.

Pat McKeon In the market I'm seeing a real threat to growth through globalisation, as some organisations begin to bunker down and focus more on their own cost base, customers and opportunities rather than more extensive areas of collaboration. From our perspective, we want to make sure that our clients not only have access to the intellectual property of our Australian firm, but also of other PwC firms around the world. As the Australian Firm Executive, it's crucial that we work even harder at collaborating with our counterparts in Asia, Europe and the Americas.

How has business changed?

Paul Bendall There are a number of fundamental societal shifts – proliferation of new media technologies, falling trade barriers, inbound migration and importation of foreign regulation through cross-border operations – that are all contributing to a structural realignment in the Australian economy. These shifts demand that our firm is flexible and agile.

We are developing new capabilities to serve the offshore operations of Australian businesses. New areas of focus include offshore supply chain assurance; global operational and financial risk assurance; governance processes; cross-border data integrity, transfer and security assurance; offshore regulatory compliance assurance; global treasury assurance; and support for new offshore market entry strategies.

7. From a professional services standpoint, what do you think is the key to strong client service in the current environment?

Pat McKeon The key for us is to fully understand the strategy of each organisation as well as the execution focus of the CEO and his or her executive team. Once we have a grasp of that, our strategy, deals, consulting economics and transformation teams can, in combination, provide a single solution point for the client. This is unparalleled in the Australian professional services environment.

Paul Bendall As we help secure a sustainable future for our Australian community, we anticipate having robust conversations; airing alternative views; and challenging management thinking, governance, processes and internal controls.

Ian Farmer This all supports our broader focus on building and maintaining quality client relationships. The ability of our diverse firm to work alongside clients, to provide valuable support and insight as they navigate an uncertain future, is essential. No one can predict for certain what tomorrow will look like, but we can work together to tackle the issues as they emerge, and to help shape the way forward.

Changing conditions are raising a number of challenging questions for the Australian market. Our people are listening to clients' concerns and working with them to find opportunities for improvement and growth across a range of areas.

Will Australia learn the lessons of lost opportunity from the resources boom?

The abrupt end to the commodities boom last year presents an opportunity to reflect on the windfalls and challenges Australia's resources industry has undergone. Chinese and global demand for resources will return, which will result in the sector's resurgence at least in the medium term. But what has Australia learnt from the last rush to ensure it is better prepared for the next wave of opportunity?

Australia's critical infrastructure, particularly its port and rail systems, proved inadequate during the boom. Burgeoning global demand saw ports choked beyond capacity, with ships waiting in queues. Production and delivery had to be slowed due to infrastructure blockages. Addressing these fundamental issues will require a commitment from industry and government to invest for the long term in strategic transport assets. New infrastructure will ensure Australia's resources industry has the capacity to be more competitive internationally.

Regulation has been a persistent barrier to business, particularly during the boom. Multiple and disjointed regulatory approval processes at various levels of government slowed investment decisions. Lack of clarity around Australia's Foreign Investment Review Board decisions may risk future inflows of offshore capital.

Australia's taxation system places a complex web of imposts on resource projects that confuse and frustrate investors. However, potential relief on many of these issues is imminent with the Henry Tax Review due to report later this year. Hopefully this review and other measures will bring about the necessary reform needed to see Australia's resources industry prosper in the 21st century and beyond.

michael.happell@au.pwc.com

How do we maintain and improve the vitality of our health system?

The past year has seen health system reform become a major focus of public debate. For the last 25 years, Medicare has provided Australia with a popular and stable national framework for the financing of the health system. We have enjoyed outstanding health outcomes, ranking as one of the global leaders for long life expectancy.

Why then is there a groundswell of support for significant reform? The challenges facing the Australian health system are common to all developed health systems around the world. The ageing population, the ever-increasing availability of new medical technologies and treatments, and the shift in the burden of disease from acute to chronic mean that health expenditures continue to grow at a rate faster than GDP. At the same time, the traditional structure of health care does not offer solutions to the management of chronic illness. The pressure on our public hospital emergency departments is symptomatic of the absence or failure of other forms of care.

While health systems around the world are diverse, this decade has witnessed an enormous convergence of health solutions. Many systems are addressing sustainability by moving towards the Australian mixed model of public and private financing and developing new models of care to address the diseases of the 21st century. As our leaders prepare for the next 25 years, they will need to recognise and build on the existing strengths of our system to design a framework capable of handling the demands of a rapidly changing world.

mary.c.foley@au.pwc.com

What challenges are we facing?

What role do financial statements play in building a company's story?

A number of commentators suggest financial statements have become more difficult to understand, and many stakeholders would agree that it's not always easy to decipher the real drivers behind a company's performance.

The increased volume of legislation and regulation impacting required disclosures has heightened the risk that companies' annual reports do not convey a clear and easily understood presentation of their performance. Further, the complexity has led to an increased use of presentation packs in an attempt to distil information, which means the data being relied upon by many analysts and other stakeholders is often unaudited.

Although the government is seeking to reduce 'red tape', and standard-setters are working to simplify the accounting framework, it is not their job alone. The accounting profession has a significant role to play in addressing these issues. The ICAA, supported by PwC and others, has recently proposed a broad-based reporting framework to address some of the current reporting shortcomings. We should continue to challenge key stakeholders to develop annual reports and financial statements that are more candid and user-friendly, while pushing for greater rigour in the information that is published in presentation packs and other accompanying documents.

The community is also increasingly interested in understanding the broader strategy and performance of an organisation, from its environmental record to the development of its people. Accountants should encourage boards and management to include these metrics and provide stakeholders with the capability to examine more than just the financial health of an organisation. In the wake of the global financial crisis, we must meet the increasing demand for the knowledge and understanding – not just data – which will ultimately support the restoration of faith in our financial governance and reporting systems.

richard.deutsch@au.pwc.com

Is Australia ready to be in a region at the centre of global affairs?

Over the past 18 years, Australia's engagement with the world has tripled, but its engagement with Asia has quadrupled. This relationship with Asia is not only likely to continue to grow, but also become more challenging. Today we are entering a new period in which our nation, and much of the world, will be increasingly shaped by a shift in global economic and strategic power to Asia. Assessing and navigating the opportunities and dangers in this post-Western Asia will require skill and sensitivity. Australian organisations will not only need language skills, but an awareness of national rivalries, complex religious and ethnic undertones and different business dynamics.

PwC, together with the Melbourne Institute and Asialink, has developed the first multi-indicator measure of engagement between Asia and Australia. The index tracks engagement along seven dimensions, providing insights into the evolution and nature of Australia's international relationships over the past two decades. For example, while it is true that China has become extremely important to Australia's economy, the 2008 index found the Association of Southeast Asian Nations (ASEAN) has actually become Australia's most important trading partner, with a higher volume of two-way trade.

Asia holds half of the world's population and is on the verge of what may be the largest industrial revolution the world has ever seen. We believe that the success of Australia in the 21st century is inextricably linked to our ability to effectively engage with this population across a broad range of areas, from trade and investment, to education, tourism and migration. By strengthening bilateral discussions and building cross-cultural understanding, Australia will be well placed in the region to make the most of opportunities and foster mutually beneficial long-term relationships.

phil.oprey@au.pwc.com

Are new mindsets, behaviours and culture necessary to restore trust in the financial sector?

Many financial services organisations around the world are currently re-examining their strategic intent and their style of operating in response to what undoubtedly has been a financial crisis, but is now increasingly becoming a period of reflection and adaptation. The changes emerging during this period show a greater focus on risk and uncertainty, for instance, in improving the ongoing sustainability of products and services. Decision makers are placing even greater weight on corporate responsibility – a mindset change around the interconnected nature of the financial system, economy and community stakeholders.

In tackling issues of corporate responsibility, some soul searching appears to have transpired in response to ill-disciplined behaviours centred on growth and profit. There has been significant debate as to how the financial sector can align desired behaviours with outcomes and rewards.

This question is sure to provoke ongoing response from many stakeholders in the coming months. The manner in which the sector conducts, and responds to, the debate will influence the degree of trust bestowed upon its leaders.

What this seems to be creating – for which there are hints but no conclusive proof as yet – is a quantum shift in the mindset and behaviour of the sector. A culture of innovation and entrepreneurship still needs to be cultivated, but not at the expense of honesty, transparency and objectivity. Public policy makers should assess if and how any legislative changes will make a material difference to the restoration of trust.

The balance between trust and control is always a delicate one, not least in the current circumstances. Changes are undoubtedly needed to restore the community's confidence in the financial services sector, but the impact of changes will ultimately lie in the behaviours of the sector's leaders and their organisations. As always in financial services, trust will be a key source of competitive advantage.
sandra.birkenleigh@au.pwc.com

Is a downturn the right time to invest in innovation?

Innovation suddenly seems to be high on the agendas of many top organisations. In fact, eight out of 10 CEOs interviewed in PwC's Annual Global CEO Survey said change was on their radar and innovation was the key to that change.

If you look at the companies that successfully competed in past recessions (e.g. Google, Apple, Procter & Gamble), they invested in the downturn in preparation for a new market. FY09 is no different and leaders are widely quoted on their commitment to invest in the future, inventing new answers to old questions as well as creating new questions.

But what is innovation really? Most will say it is about creating new value, but the real power is not in the definition itself. Businesses focused on building a culture of innovation are achieving better outcomes. Risk taking, removing fear of failure, engaging people in new ways of thinking and designing systems to support that thinking are the trademarks of businesses that will step ahead of their competitors.

The role of leaders in this scenario is critical. They need to provide clear strategic intent, act as an advocate and protector of the innovation activities, and allocate the right levels of resources to ensure success. They must also be relentless in communicating both failures and success, encouraging participation and experimentation.

merran.dawson@au.pwc.com

What challenges are we facing?

“The thing that impresses me about PwC is that they are open; they work collaboratively with us and they understand our business. They’re also not afraid to draw my attention to any areas which I need to correct – and if I do need to correct them, it’s done in a very open, professional environment.”

Steven McDonnell, Group Manager for Accounting and Taxation,
ActewAGL

From offering insight on improving biscuits to walking the streets with law enforcement, PwC has worked with a broad spectrum of Australian organisations. Below are just a few of the ways we've added value for our clients and, ultimately, their consumers and stakeholders.

Australian Red Cross

PwC's work to assist the Australian Red Cross through capacity-building engagements since 2006 meant the organisation knew where to turn when it needed assistance helping the Victorian bushfire victims get back on their feet.

We listened to the Red Cross's needs and were able to act quickly and effectively with a team that developed a stand-alone collection application used by the telephone volunteers to collect funds. The data generated in this application was integrated into the existing receipting system, enabling the Red Cross to process the unprecedented volume of transactions more quickly and efficiently. The application collected over \$4.7 million from 23,000 donors. An additional PwC team was seconded for three months to assist with the set-up and operation of the Victorian Government's Bushfire Recovery and Reconstruction Authority.

This professional support was supplemented by an immediate staff appeal by PwC CEO Mark Johnson. In just two weeks, 69 per cent of our people contributed a total of \$648,638 (including firm matching of \$250,000). In Melbourne, 180 PwC people donated blood and 230 volunteered to provide assistance. Three offices were filled with blankets, clothing, toys, non-perishable goods and toiletries, including some 400 suits, shirts, ties and shoes.

Campbell Arnott's

When brought in to prepare the Campbell Arnott's audit, the PwC team realised it was in a position to deliver much more than a standard financial review. During the engagement, team members began using their understanding of the client's business to internally discuss and document observations about Campbell Arnott's products, process and culture.

As the project came to a close, the team members compiled their thoughts into a formal Senior Management Report and submitted it with the audit. Campbell Arnott's CEO Mark Alexander called PwC Partner David Kelly soon after, commenting that he found the contribution added value well beyond the numbers, by providing outstanding insights and product innovation suggestions. Alexander proceeded to follow up a number of the highlighted items with his senior leadership team.

Infrastructure Australia

With the challenge of investing in infrastructure to meet the growing demands of the Australian economy, the new peak infrastructure body Infrastructure Australia was set up to guide investment from the Commonwealth Government's Building Australia Fund.

In light of Infrastructure Australia's focus on economic evidence to inform its decisions, PwC was engaged to provide expert advice. This involved the secondment of a PwC director to assist with an audit of the condition and capacity of the nation's existing infrastructure, the design of the organisation's investment prioritisation methodology, and the review of submissions from state and territory governments.

In addition, a number of PwC economic specialists provided technical cost benefit advice to ensure the Infrastructure Australia Council had sound evidence upon which to base crucial investment decisions. Backed by such evidence, the council was able to identify the best options, maximising the impact of public investment in Australia's economic, environmental and social goals.

How are we working with clients?

Commonwealth Bank of Australia

PwC focused on delivering a robust, value-driven and business-relevant statutory audit to the Commonwealth Bank. The core team built on the traditional technical strength of the audit by embedding a variety of relevant specialists into the team. Industrial psychologists and forensic and risk management specialists worked side by side with the accountants throughout the engagement.

This diverse team aimed to constantly 'lift the bar' on delivering service excellence in all aspects of its work. As a result, the bank received a thorough and wide-reaching audit that delivered global insight, empathy without compromise and objectivity to support the board and management teams in their ongoing mission to enhance value for shareholders.

Victoria Police

Putting ourselves in our clients' shoes for Victoria Police literally meant touring the streets of Melbourne after hours to observe police operations in action. In response to an increase in public disorder and related crime in Melbourne, Victoria Police initiated a special operation, 'SafeStreets', to combat the problem. PwC began working closely with Victoria Police to evaluate the effectiveness of Melbourne's CBD SafeStreets Taskforce, which involved assessing the impacts of an increased street presence and quantifying the costs and benefits of such an approach.

The team – made up of specialists from PwC's economics, project management, risk and actuarial service areas – also assisted the Victorian Government in considering ways to address the multifaceted public order problem through a range of programs and regulatory and policy changes.

The final outcome has been a thorough assessment of what policing strategies work, as well as a forward-looking strategy that provides a sustainable approach to managing public order on Victoria's streets for years to come.

Australia Post

When Australia Post wanted to pursue a payroll exemption for owner-drivers in Tasmania, the organisation drew on a long-standing relationship with PwC to find a solution. The Melbourne Employment Taxes team combined a strong reputation, technical expertise and existing knowledge of the client's structure and objectives to carefully manage negotiations with the State Revenue Office. The complex argument required a dedicated and thorough approach from the team, as there was no precedent for how the Tasmanian payroll tax law would apply to Australia Post's arrangements.

On behalf of the client, the team obtained a favourable private ruling supporting the exemption in the last half of FY09. This resulted in a significant payroll tax refund for the 2004–07 tax periods, providing Australia Post with more capital to invest in providing high-quality mail and parcel services to all Australians.

China Shenhua Energy Company Limited

When we learnt that China Shenhua Energy Company Limited (CSEC), the world's largest publicly listed coal company, was undertaking its first overseas investment in the developed world in Australia, we put ourselves in the client's shoes to understand and respect the Chinese cultural way of doing business. A team representing the breadth of PwC's expertise was quickly pulled together to produce a strong proposal that addressed CSEC's needs.

The company was impressed with the level of work put into the proposal, as well as our focus on finding solutions to meet all its needs as individuals and as a company. Our tax reputation in the market, our way of doing business and the availability of senior PwC partners to meet with the client on very short notice, led to our appointment as their Australian business adviser. One of the highlights for the client was the presentation in Mandarin by the key partner, with the client commenting it was the "most authentic Chinese speech given by an English-speaking person" they had ever heard.

Soter Tiong, Senior Manager

Chosen to represent PwC's Melbourne office in the Asialink Leaders Program, Soter is at the forefront of helping Chinese and Australian firms do business. Through an earlier two-year secondment to PwC Shanghai, Soter was able to gain experience providing accounting solutions to many multinational companies listed on the Hong Kong, Singapore and Shanghai stock exchanges.

Paul Barker, Senior Accountant

Selected for the Assurance apprenticeship program, Paul enjoyed a three-month in-depth look at PwC's business operations and the opportunity to work closely with members of the Assurance leadership team. The experience offered him insights into strategic client management, responsible leadership and effective communication.



$$x04.0 = 02 -$$
$$02 = (04.0 - 1) x$$
$$22 = x$$

Structure and Strategy



Case Study

Supporting our private clients

In response to the growing needs of our private clients, we have increased the focus on the knowledge, insight and energy our Private Client Services (PCS) team brings to the market.

The energy of the private client market and the opportunity to help build and grow Australia's future iconic businesses are at the heart of what drives our PCS team. With more than 41 partners and 400 staff, PCS is a significant priority for the firm. The team enables PwC to provide a personalised and complete business consulting solution to Australia's small to middle market, including private and family businesses, entrepreneurs and high-net-worth individuals.

PCS works in close collaboration with each client as a trusted business adviser, providing frank and honest advice on areas such as business restructuring, benchmarking, compliance, strategy advice, personal tax and succession planning. We help private businesses grow by providing access to the same knowledge, networks and opportunities available to our large clients, while at the same time understanding private clients' unique business and personal drivers.

PwC is Australia's leading professional services firm, bringing the power of our global network to help Australian businesses, charities and governments assess their performance and improve the way they work. Growing from a one-man Melbourne accountancy practice in 1874 to the worldwide merger of Price Waterhouse and Coopers & Lybrand in 1998, PricewaterhouseCoopers Australia now employs over 6,000 people, providing a range of services to 96 per cent of the ASX 200 and 98 per cent of the ASX 100.

PwC is brimming with energetic and inspirational people from all backgrounds – arts, business, engineering, economics, finance, health, law – who ensure our clients receive the depth and breadth of insight and perspective required to negotiate an increasingly complex global environment.

Across our Advisory, Assurance and Tax & Legal lines of service, we offer a broad range of services that combine to provide our clients with a range of end-to-end solutions. From improving the structure of the Australian health system, to assuring the integrity of some of Australia's largest organisations, and helping corporations prepare a business case for sustainable operations – our teams bring a unique combination of knowledge and passion to addressing the risks and opportunities facing our community.

PwC's aim is to set new standards in responsible leadership, working with our clients to create value and sustainable solutions. We realise that it takes more than rhetoric and good intentions to remain Australia's leading professional services firm. It is a mission requiring a daily commitment to innovation and investment in our people, and to continuing a legacy of collaboration with our clients and the communities in which we live.

Former Price, Holyland & Waterhouse employee Joseph Flack arrives in Australia and opens an accounting practice in Melbourne

Flack & Flack is formed when Joseph Flack partners with his son, Olympian Edwin Flack

Flack & Flack joins the international firm of Price Waterhouse & Co

1874

1904

1946

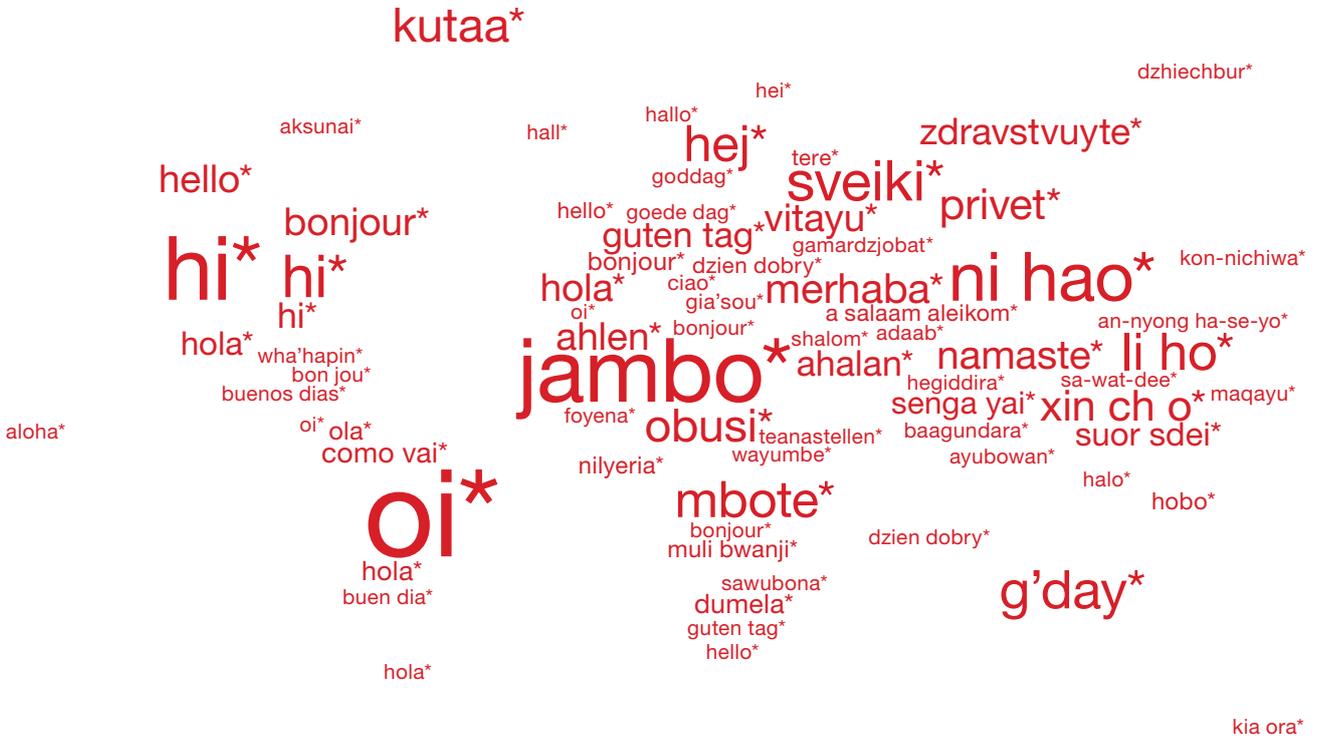
Who are we?

What we offer

Sectors we serve	Financial Assurance	Risk & Controls Solutions	Corporate Tax	Specialist Taxes	Private Client Services	Deals	Consulting
Resources, Services, Health and Government Government, Health, Energy & Resources, Services, Construction, Transport & Logistics	Financial Statements Regulatory Assurance	Credit, Operational & Market Risk Controls Design, Implementation & Assurance	Compliance Services Consulting	Indirect Taxes International Assignment Solutions	Personal Estate Planning & Wealth Management Personal/Business Taxation	Mergers & Acquisitions Debt & Capital Advisory	Strategy Financial Effectiveness
Financial Services Banking & Capital Markets, Insurance & Investment Management	Financial Reporting Advice Climate Change Reporting	Compliance Solutions Forensics	Tax Due Diligence & Transaction Support International Tax Services	Legal Services Tax Risk & Controversy	Business Funding & Structuring Succession Planning	Corporate & Project Finance Due Diligence	Actuarial Financial Transformation
Consumer and Industrial Products Retail & Consumer Goods, Industrial Products		Technology Security Project Assurance		Research & Development Transfer Pricing	Deals Personal/Business Mentoring	Performance Improvement Opportunities Corporate Restructuring	Performance Improvement Technology & Projects
Technology, Information, Communications & Entertainment Technology, Entertainment & Media		Internal Audit		Employment Taxes	Business Strategy & Growth Operational Effectiveness	Carve-outs & Divestments Valuations	People & Change Business Operations
Private Clients High-Net-Worth Individuals, Family Businesses and Entrepreneurs					Financial Assurance	Insolvency & Administrations	Value-Based Management Sustainability & Climate Change Advisory

<p>Worldwide merger of Price Waterhouse and Coopers & Lybrand creates PricewaterhouseCoopers</p>	<p>PwC Australia launches the ECLIPSE client feedback program</p>	<p>IBM acquires PwC Consulting, the global management consulting and technology services unit of PwC</p>	<p>PwC Australia develops the four core service values of the PwC Experience, which will later be adopted globally</p>	<p>PwC announces plan to be carbon neutral by FY09, acquires GEM Consulting and becomes the country's largest multidisciplinary partnership (MDP)</p>	<p>PwC acquires Clarendene Estate Planning Lawyers, Franchise Developments Management Consulting, Mainsheet Corporate, and a Debt and Capital Advisory practice</p>
1998	2001	2002	2006	2008	2009

PricewaterhouseCoopers Australia milestones



155,000 PwC people

153 countries

What have we achieved?

PwC is honoured to have received a range of awards and accolades for our achievements as an employer, business leader and professional services provider. These honours are pleasing recognition of our ability to respond to the needs of our clients and the community.

Market Leader in BRW Client Choice Awards

The *BRW* awards are unique in that they are based on an independent survey of 18,000 clients conducted by the specialist consulting firm Beaton Consulting. The survey was completed in October/November 2008 and reflects client interactions with PwC over the previous 12 months. This was the fourth consecutive year PwC received the Professional Services Market Leader award.

Audit Firm of the Year in the CFO Awards

PwC's winning submission to *CFO* magazine's Audit Firm of the Year Award highlighted the firm's ability to provide market-leading audit services; educate clients and the broader community on climate change; collaborate with the Institute of Chartered Accountants to launch the PwC Transparency Awards for the not-for-profit sector; influence public discussion; and support its people not only in their specific roles in PwC, but in their long-term professional and personal aspirations.

Excellence in Community Practices

PwC won the 'Excellence in Community Practices' category for the inaugural *BRW* ANZ Private Business Awards, which are aimed at raising the profile of outstanding private businesses, and encouraging the spirit of entrepreneurship. Nominations for the awards were open to all private businesses and were judged by a panel of industry and academic experts.

Lead Greenhouse Gas Advisory Group in Australasia

In recognition of its outstanding work, PwC's Australian Sustainability & Climate Change team (S&CC) was named the Lead Greenhouse Gas Advisory Group in Australasia. It was the first time any PwC

climate change team received this internationally renowned accolade. The award is the result of the ninth annual market survey run by leading environmental and business publication *Environmental Finance*. The survey is the largest of its kind, receiving votes from business leaders around the globe.

International Tax Review's Leading Australian Tax Advisers

This award reinforces the position of our 1,000-strong Australian tax practice as the country's leading tax adviser. In addition to our unrivalled local resources and industry knowledge, the Australian team draws on the skills and experience of a network of almost 20,000 tax and legal professionals in jurisdictions around the world.

EOWA Employer of Choice for Women

In 2009 PwC became certified as an Employer of Choice for Women, acknowledging our ongoing support of women and equal opportunity programs that recognise and advance the female workforce.

Global Communities Award

PwC's Australian Foundation won Best in Class in the global firm's 2008 Global Communities Recognition Awards. Now in their second year, the awards showcase the breadth of community engagement taking place across the PwC network globally and acknowledge outstanding contributions under the award categories Best in Class, Development and Innovation. This award recognises the achievements and impact of our Foundation over the last six years.

Most Outstanding Fundraising Project for 2009

The UN Refugee Agency UNHCR received the Fundraising Institute of Australia's National Award for Excellence in Fundraising for its work with PwC on the UNHCR PricewaterhouseCoopers Power of 10 Initiative. On 11 August 2008, Sam DiPiazza, our global CEO, handed a ceremonial cheque over to the UNHCR for US\$4 million – the amount that PwC raised through the generosity of

its people and member firms across the globe. This amount is now funding the education of up to 30,000 child refugees in eastern Chad who have fled the conflict in Darfur, Sudan.

Top Company for Global Diversity

PwC was named Top Company for Global Diversity in 2009 by *DiversityInc*, a leading publication on diversity in the workplace. The evaluators commended PwC for the work and achievements of its global Gender Advisory Council, an international group of 14 senior male and female leaders from around the world who actively work to improve the representation of PwC women in the workplace.

Editors' Special Tax Contribution Award

As chairman of the Tax Design Review Panel, PwC's Chief Operating Officer Neil Wilson helped form a series of tax policy recommendations, which were all accepted and reflected in the government's FY09–10 budget. In the *International Tax Review's* 2008 Asia Tax Awards, Neil was recognised by the editor for his significant contribution in this role.

Best use of software in a not-for-profit setting

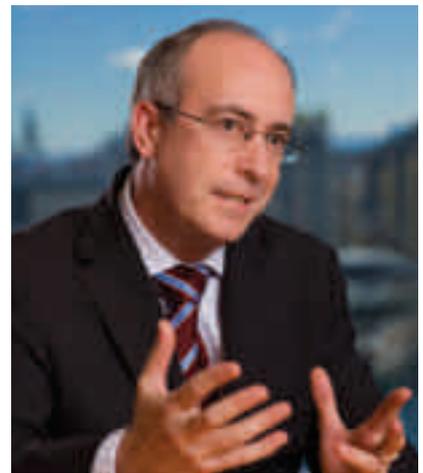
As part of the firm's capacity-building work with Mission Australia, PwC advised the organisation's Community Services Division on developing a software system to streamline its workflow and become more efficient. The resulting MACSIMS system, developed in association with Sydney-based company FlowConnect, resulted in a 95 per cent reduction in internal reporting time and an 80 per cent reduction in time spent producing government-funding reports. It was selected as the 'best use of software in a non-profit setting' in the Australian Community Technology Awards.



Mark Johnson
CEO and Senior Partner



Paul Bendall
Managing Partner, Assurance Services



Derek Kidley
Managing Partner, Clients and Industries



Neil Wilson
Chief Operating Officer



Mary Waldron
Managing Partner, Networks



Ian Farmer
Managing Partner, Tax & Legal

Who are our leaders?



Sophie Crawford-Jones
Human Capital Leader



Patrick McKeon
Managing Partner, Advisory Services



Luke Sayers
Managing Partner, Markets
(FY09 Managing Partner, Tax & Legal and Markets)

Board of Partners

- Bruce Morgan**
Chairman
- Tony Clemens**
Vice Chairman
- Mark Johnson**
CEO and Senior Partner
- Rob Baker**
- Sandra Birkenleigh**
- Nadia Carlin**
- Nick Chipman**
- Colin Dunn**
- Peter Le Huray**
- Jan McCahey**
- Rob Ward**

How do we ensure quality?

In a challenging environment, PwC's Risk and Quality Group aims to inspire best practice governance by responding efficiently to market conditions, taking a proactive approach to monitoring risk and simplifying compliance processes.

Enabling the best service

The Risk and Quality Group consistently manages the standard of engagements across each line of service by embedding risk and quality measures in day-to-day activities.

This allows each practice to concentrate on providing services to clients, while at the same time giving clients the comfort of knowing they are complying with rigorous standards and policies. Some of our important initiatives in this area include:

Responding to market activity

The global financial crisis is arguably the biggest current challenge to Australia's economic prosperity. Our timely response to the crisis ensures that we deliver innovative client service, while at the same time protecting and maintaining the firm's reputation.

We have mobilised a team to support our engagement teams through ongoing consultation. We ensure our people do not stand alone when making key decisions. This includes initiating risk review panels, publishing relevant guidance and developing technology to effectively monitor high-risk engagements.

Sharing and collaboration have also been incorporated into our training and development, and encouraged through firm-wide communications. This ensures our people have the most up-to-date information and guidance to effectively serve our clients.

Simplification

The monitoring and management of risk is vital to us, particularly in the current climate. However, it is also important to provide clients with an environment in which it is easy to do business. One initiative to balance these objectives has been the transformation of our standard terms of business. Through collaboration across the firm, particularly with the Office of General Counsel, we successfully reduced the complexity and length of the terms, while at the same time ensuring the language still protects the firm's business. Our new client and engagement acceptance system further simplifies and accelerates the compliance and acceptance process.

Firmwide Risk Committee

The Firmwide Risk Committee has been established to formalise the oversight of all risks to which the firm could be exposed. The committee, comprised of key leaders, has developed a Risk Register to document the management of these risks.

Global Risk Management and Compliance Standards

PwC Global requires all firms to comply with Global Risk Management and Compliance Standards.

This means each member firm is required to document and explain compliance, and is subject to an independent review. This process guarantees all PwC firms are compliant with network standards, ensuring a consistent standard of service worldwide.

connectedassurance*

The connectedassurance* project is designed to deliver better client service, improved experiences for our people and visible and sustainable quality. The project includes a new global audit technology platform and more inclusive and interconnected working practices.

Ensuring the best quality

PwC aims to achieve sustainable performance. The focus is on initiatives and solutions that will benefit the firm and its clients for many years to come; long-term solutions rather than short-term answers.

Quality system and engagement reviews

Our sustainable review programs, consisting of Real Time Reviews, Completion Reviews and Quality Reviews, are conducted across the firm by internal reviewers, external bodies and PwC Global. The programs support the sustainability of all PwC services, ensuring that rigorous reviewing and monitoring is in place.

Reviews have also been conducted by external regulators, including the Australian Securities & Investments Commission (ASIC), the Public Company Accounting Oversight Board (PCAOB) and the Audit Quality Review Board (AQRB). The overall outcome has been positive, with the acknowledgement that PwC Australia has a strong quality control structure.

Code of Conduct

We have developed a new eLearning module for our Code of Conduct, providing our people with a more interactive, scenario-based training system. To ensure our people are aware of their ethical obligations, we have expanded the firm's existing Annual Compliance Confirmation to include ethical matters. We have successfully piloted this program with partners and aim to roll it out to all staff. A new ethics dashboard has also been developed that brings together results of internal surveys, and measures wellbeing, diversity and training completion.

Managing conflicts: Independent partners

When clients show interest in a particular transaction, an independent partner is appointed. Their role is to confidentially administer engagement clearances and practices from the outset. This, together with the firm's ethics procedures, means that we can quickly determine who we are able to act for and how any conflict can be appropriately managed with respect to client confidentiality.

Partner metrics

To promote best practice, partners are subject to performance metrics that monitor their approach to risk and quality. The metrics measure a partner's approach to consultation, training and firm-wide risk management. The metrics also encompass an independent examination of engagement files.

Case Study**Corporate responsibility in our operations**

At PwC we believe that to serve our clients effectively we must ensure that our own internal systems and firm culture are in good shape. By integrating corporate responsibility into areas such as our risk management framework, supply chain and procurement policies, we become better positioned to advise our clients on the practical aspects of making these changes.

Our initiatives to address the issue of climate change have truly allowed us to put ourselves in our clients' shoes. In December 2006, PwC became the first professional services firm in Australia to announce a timetable to achieve carbon neutrality. We are also the first professional services firm to publicly report on our greenhouse gas emissions inventory and emission management plan and have them independently assured.

These initiatives allow us to understand what it means for our clients to implement similar strategies and initiatives. Engaging our own staff to reduce their environmental footprint through travel reduction campaigns and interactive online tools has helped us to support our clients' staff in doing the same.

Through these responsible business practices, we hope to expand the breadth of insight we can offer our clients, while cultivating high standards of corporate responsibility for the broader business community.

Responsible Leadership

Alun Richards, Senior Manager

During four years at PwC London and four years at PwC Sydney, Alun has always placed importance on giving back to the community. As a mentor in the Elevate coaching program, the PwC Foundation's joint venture with Mission Australia, Alun mentored a young Australian to help build her enterprise skills and employability.

Alecia Braven, Associate Director

As a part of PwC's Young Leadership Team, Alecia has enjoyed a dynamic personal and professional development experience. Designed to turn PwC's highest performing talent into inspirational leaders, the program involves five three-day intensive sessions and provides Alecia with ongoing mentoring from one of the firm's top female leaders.



Case Studies

Hero to the hounds

Yuki Nagashima
Manager

Inspired by her participation in Foundation Day activities, Yuki wanted to get more actively involved in volunteer organisations. With the help of her coach, Yuki put together a business case and worked with her team to ensure her workload could be managed and delegated appropriately. She was able to take Fridays off to assist the Greyhound Adoption Program with rescuing dogs and promoting the adoption of greyhounds as pets.

“Working four days a week means I can finally turn my dreams into reality and help the Greyhound Adoption Program.”

Working dad

Trevor Johnston
Senior Manager

Trevor joined PwC in Scotland, specialising in the energy sector, and later transferred to Australia. After celebrating the birth of his first child three years ago, Trevor was able to take advantage of paid paternity leave when his wife returned to work.

This gave Trevor the opportunity to spend three months developing a close bond with his daughter during that very precious first year. Since returning to the Assurance practice, Trevor has continued to manage his work around the changing needs of his family.

“The way PwC looks after its people, as much as its clients, is what helps make the firm so exceptional.”

PwC’s approach to corporate responsibility ensures that we continue to enhance the development and wellbeing of our people. Our focus is on the whole person, not just their technical expertise, and we provide a diverse range of opportunities to support our people in reaching both their personal and professional potential.

Our firm is brimming with energetic and inspirational people who want to build an enduring career. Strong relationships make this possible; they define our connection with each other, our clients and the broader community.

Over the last few years we have progressively developed a deliberate and focused approach to building relationships, enriching our culture and supporting our people. More than 88 per cent of our people say they are proud to work for PwC. Our pioneering culture initiative, the PwC Experience, is embedded in everything we do – from the way we attract and recruit people to developing them and measuring performance. The PwC Experience originated within PwC Australia and, due to its success, has been adopted by the firm’s global network.

Development

Despite the current economic conditions, PwC is continuing to invest strongly in learning and development for our people. In FY09, we spent \$94 million on initiatives to help our people grow and excel. In addition to building technical competency, we assist our people to enhance their broader business skills, such as client relationship management, commercial acumen, leadership and teamwork.

Our talent management strategy guides the future development, retention and succession plans of our key talent. A Talent Council, made up of senior representatives from across the firm, oversees our strategy and identifies talent experiences and development opportunities that enable our people to become strong leaders.

PwC people development is based on a 70:20:10 approach. This follows workplace research findings that 70 per cent of development should come from experience on the job, 20 per cent through coaching and mentoring and 10 per cent through formal education. This strategy has been designed to help our people get the most out of their career, with plenty of support and guidance along the way.

Coaching

As the world grows in complexity, our people and clients are being asked to respond more quickly, learn new skills, use faster and better technology and interact effectively with a range of diverse cultures – all while balancing busier personal and community-focused lives. As a result, people are looking for deeper and more meaningful connections with their business advisers, employers and colleagues.

How do we support our people?

To help our people build stronger relationships within their teams and with clients, we have focused in recent years on building our coaching capability. Each person at PwC is assigned a coach who is responsible for helping foster their professional development. A network of skilled coaching champions supports and models our relationship-building and conversation-based approach, ensuring every discussion is seen as an opportunity for both parties to learn, challenge, reframe and innovate.

Diversity

PwC is committed to achieving a truly diverse and inclusive organisation, reflective of the community in which we live. We know that six people with different ideas are more valuable than 60 people who all think the same.

Women currently make up half of PwC's graduate recruits and, while we still have work to do to improve the retention rates later in their careers, our efforts are having an impact. The percentage of female partners in our firm has increased by 45 per cent since 2004 and over the last financial year we have increased the percentage of women across the majority of grades. Twenty-five per cent of our executive team is female, up from nine per cent in FY07. We have also been recognised as an EOWA Employer of Choice for Women.

“Achieving diversity at PwC is critical to ensuring that we become a firm that is distinctive, innovative and inspiring for our people and our clients.”

Mark Johnson, CEO

We are continually striving to improve our gender mix across the firm. In FY08, Women's Leadership Forums and Mentoring Circles were established. We recognised that women often have difficulty finding a female mentor, owing to a lack of role models in leadership positions. These groups provide an avenue for women to share their experiences and stories, using their strengths to build mentoring skills and increase confidence.

We are also investing in initiatives to support ethnic diversity over the coming years, providing language and culture training, as well as relocation support for our people.

Working flexibly

A career at PwC can take people in many different directions, providing broad opportunities, challenging work and connections to innovative people. We want to ensure our people are inspired at every stage of their career.

Like most businesses, we are working hard to support and retain our people through a challenging economic environment. Our ability to be agile as an organisation is more important than ever in achieving sustainable success.

We have long been committed to helping our people achieve balance by offering a range of workplace flexibility options to support progressively busy lives and careers. For example, our people can choose to work part-time, take up flexible working hours or purchase additional annual leave. These options assist our people in pursuing family or personal interests, such as travel or study.

We also offer 14 weeks of paid parental leave. Ninety per cent of our people who go on parental leave return, 10 per cent above the industry benchmark. We offer these new parents on-site caring facilities, and a childcare information and resources service.

Our range of flexible work options are positive steps that deliver a healthy work-life balance for our people, while at the same time setting us up for sustainable success.

Getting agile

Work experience in a different team, state or country can be a great way to broaden talents and improve career prospects. At PwC, we have well-established domestic and global mobility programs, providing our people with a range of local, international and client secondment opportunities. This enables staff to move around in their careers and builds a highly capable pool of talent for our clients that can be moved up and around the organisation.

International experience is in demand from our clients and is highly valued in the increasingly global economy. We have offices in more than 100 countries and a number of long-term secondments become available each year. Domestically, we saw more than 50 staff per month experience new challenges across our eight Australian offices through a secondment or permanent transfer.

In addition, the firm encourages and supports those wanting to develop their careers by working in different areas of the business through internal mobility initiatives.

What do we offer clients?

PwC has a long-held commitment to delivering excellent client service. From large multinationals through to sole entrepreneurs, we are committed to listening and working with our clients to develop new insights, capture growth and create value.

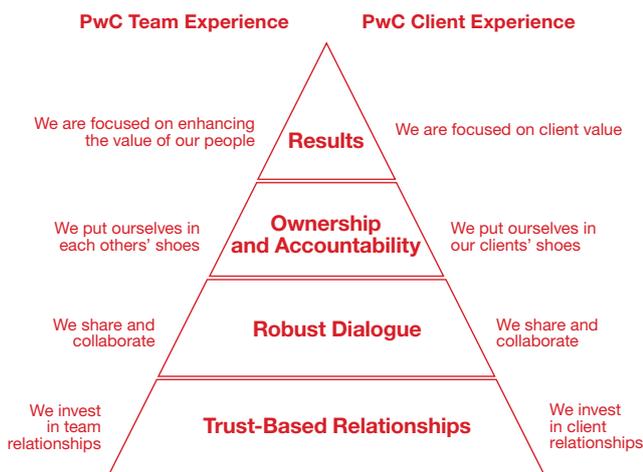
Slower global markets and an unpredictable business environment bring opportunities as well as risks to our diverse range of clients and their industries. Through collaboration, we assist our clients and their customers to navigate current conditions and prepare for the future. We aim to contribute in ways that make a real difference and have a positive impact on major business and social issues.

Distinctive service

In order to face issues in the current market, we strive to deploy the depth and breadth of our talent, passion, skills and perspectives so that internal and external relationships can be built and strengthened. We continually strive to improve our internal culture and performance, providing quality service underpinned by the behaviours that make PwC distinctive in the eyes of our clients.

To help deliver this, we launched the PwC Experience in 2006 as our core professional and cultural development program. It is embedded in everything we do and has been used as a model for PwC offices around the world.

The PwC Experience Framework



Diverse expertise

PwC Australia provides industry-focused Assurance, Tax & Legal and Advisory services for public and private clients in four areas:

- Corporate accountability
- Risk management
- Structuring and mergers and acquisitions
- Performance and process improvement.

Our global network provides access to many leading business specialists and ensures quality and consistency wherever our clients access our services in the world. In Australia, we are also the only Big Four firm to offer legal services to assist clients in negotiating the complexities of relevant legislation.

“Did PwC effectively stand in our shoes and take the ride with us? Yes they did; they were fantastic.”

John Cann, Project Consultant, Daily Crediting Rate Project, AustralianSuper

Relevant solutions

PwC's Assurance practice further cemented its journey to bring a deeper and broader approach to auditing in FY09 by rolling out connectedassurance*. This approach builds upon the PwC Experience and is framed around PwC's new global auditing platform, integrating solution and service innovation, client service delivery and dynamic resourcing and development. The worldwide launch of the new auditing platform began in Adelaide last year and drives the Assurance practice's commitment to delivering best practice processes, greater value and insights, and an unparalleled experience for our people and clients.

Several areas of our firm were restructured in 2009 to better address the changing needs of our clients. For example, as businesses became challenged by the continuing scarcity of debt finance and the need to reset to an optimum capital structure, PwC established a Debt and Capital Advisory practice. This group provides independent advice and support led by specialists, each with over 20 years of banking experience. Our Health practice also stands ready and committed to help health providers and government address the complex issues facing Australia's health system. CEO Mark Johnson is especially passionate about this topic and sits on the Healthy Taskforce of the Business Council of Australia.

While PwC advises some of Australia's top listed companies, we also invest heavily in providing personalised services to entrepreneurs and high-net-worth individuals through Private Client Services. We offer a Master of Business program, which facilitates networking among peers and provides deeper insight into topics of strategic importance to private business owners. PwC's Private Business Barometer examines the sentiment of small to medium private businesses and is used widely by the media, industry groups and government. It is the most comprehensive Australian survey of its kind, and Prime Minister Kevin Rudd provided the Government Overview for the 2009 report.

The firm's ongoing commitment to a comprehensive review and ultimate reform of Australia's tax system remained a key focus this year. PwC provided the government and community with effective consultation through a number of forums, including the third annual Australian Total Tax Contribution Survey; specific thought leadership pieces on topics such as stamp duty, ESS, GST and FBT; as well as regular tax reform updates for our client CEOs and CFOs.

Accountability

Our focus on creating and delivering the PwC Experience continues to resonate in the market, with the firm receiving numerous accolades and awards.

While we are proud of this, we recognise that we cannot become complacent and must continue to strive to improve and listen to our clients. Our client feedback program, ECLIPSE, was launched in 2001. In FY09, 86 per cent of respondents taking part in our client feedback surveys and face-to-face interviews rated us at least four out of five for overall satisfaction. More detail on these results can be found in the Facts and Figures section of this Annual Review.

The PwC Experience Awards were introduced in FY09 to identify and celebrate the teams and individuals who are leading the firm in delivering distinct experiences to their teams or clients. Over 200 nominations were received nationally and narrowed to 13 finalists. The four award winners were announced at a gala dinner in September 2008, with medals and cash prizes presented by Olympic gold medallist Leisel Jones.

Networks

We continue to expand our focus on helping non-executive directors (NEDs) access opportunities to engage with Australian and global leaders in a confidential environment. In FY09, 80 per cent of ASX 50 companies were impacted by our priority NEDs event program.

This year, the firm responded to feedback from ASX 100 directors and CEOs by investing in a nine-month highly tailored development and relationship program for ASX 100 CFOs. Hosted by PwC and facilitated by the Melbourne Business School and a variety of global experts, CFO Ascent helps participants broaden their skills and way of thinking to deliver greater value and insights to their leadership teams. This distinct program has received terrific feedback from a number of CFOs.

PwC also launched a business-based social networking website, PwC Connect, for our alumni and current employees in manager roles or above. The site is the first of its kind in Australia and aims to provide mutually beneficial opportunities for our current people, clients and the alumni community. Within 24 hours of the June launch, an impressive 16 per cent of the eligible population had registered.

Case Study

PwC brings Ram Charan to Australia

In an effort to consistently bring the best service and insights to our clients, PwC brought highly acclaimed speaker and business strategist Dr Ram Charan to Sydney and Melbourne to spend a week in dialogue with the Australian partnership and more than 115 clients. Ram has coached some of the world's most successful CEOs and has worked behind the scenes at many leading companies, helping them to develop, shape and implement their strategic direction. He was able to share insightful perspectives on what executives are currently facing around the globe; how they are adapting to the world economic correction; and how they are finding opportunities and positioning themselves for the upturn.

Ram began his discussions by framing the causes of the economic correction before putting the outcomes into context for CFOs, CEOs, boards and non-executive directors. Ram encouraged CFOs to play a larger role and educate their boards and management teams on how the financial system works, explaining trends as they emerge. He emphasised that all boards and CEOs need to understand how financial information impacts their business, their sector and the wider economy to ensure they can quickly respond to changes.

Ram also outlined the best approaches to building a strategic plan and highlighted the traits leaders will need to be successful in the new economic climate. Being able to ask the right questions, identify and use talent, maintain effective networks, reinforce accountability and stay focused on the bigger picture were some of the characteristics that topped his list of essentials.

Case Study

The importance of payroll giving

Payroll giving is perhaps the best kept secret in Australian fundraising and philanthropy. It is an easy, effective and meaningful way for business to support the not-for-profit sector. PwC listened to concerns from the not-for-profit sector on the limited breadth of organisations engaged in payroll giving and the disappointing uptake within each business. We collaborated with the Australian Charities Fund, Charities Aid Foundation, United Way and Centre for Social Impact to further investigate the issue.

The *Giving Business* report investigates why the take-up of payroll giving has not been stronger, both in relation to the number of businesses that offer the facility and the number of employees who participate when it is offered.

The results were launched in our Sydney office on the evening of Tuesday, 4 March. The Business Council of Australia highlighted the research with its members, and PwC shared the findings with more than 100 clients to increase awareness about the benefits of this channel of giving. Following the success of the payroll giving research, we intend to continue to partner with not-for-profit organisations to undertake further research projects.

For us, upholding corporate responsibility in our community means that the people of PwC are committed to playing a leading role in achieving a sustainable future: we hold ourselves accountable for our actions and promote responsible business practices; support the growth and development of our people and communities; and seek to minimise our impact on the environment.

We approach corporate responsibility from four perspectives, which we call the Four Quadrants — Community, Environment, People and Marketplace. By considering the wider impacts of our decisions in these areas, we are able to develop a comprehensive strategy that embeds corporate responsibility into all our business planning and processes.

Throughout this review you will have seen our corporate responsibility commitment in practice. Our progress to date reflects the engagement and commitment of our leaders. Our Corporate Responsibility Advisory Council is chaired by our CEO and has oversight across all of our corporate responsibility quadrants. The principles of corporate responsibility are embedded within the firm's strategy, policies, risk management framework, supply chain management, and recruitment and development practices.

Some highlights across our quadrants this year included:

1. Capacity building

We are best equipped to serve our communities by using our professional expertise to support participants in the not-for-profit sector – we call this capacity building. This work is undertaken either pro bono or at heavily discounted rates, and for the first time in FY09 the total value of such work reached \$15 million.

2. Our transparency agenda

We became the first professional services firm to participate in the Corporate Responsibility Index and benchmark our practices against 125 high-performing organisations in the UK, Australia and New Zealand. The findings have given us a starting point for measuring and focusing our efforts in years to come.

We are also the only professional services firm to publicly release independently verified greenhouse gas emissions accounts, which include targets for future emission reductions. The accounts disclose key learnings from the process that we hope will encourage and assist other organisations to adopt similar practices.

For the second year, we ran our flagship initiative, the Transparency Awards, with the Institute of Chartered Accountants in Australia and the Centre for Social Impact. These awards recognise and encourage improvement in the quality and transparency of reporting within the not-for-profit sector.

This Annual Review contains more of the firm's non-financial information than ever before.

3. Reducing our carbon footprint

We reduced our carbon emissions before offsets by 23 per cent in FY09, substantially exceeding our public target of a 10 per cent reduction. This was primarily achieved through a switch from air travel to video conferencing and a move to 33 per cent renewable energy.

We also achieved strong reductions in paper usage and, with the help of our building managers, reduced our waste to landfill.

How are we impacting our communities?

PwC Corporate Responsibility Partner Rick Millen discusses our changing world with Peter Shergold, CEO of the Centre for Social Impact; Peter Hunt, Executive Chairman of Caliburn Partnership; and Toby Hall, CEO of Mission Australia.

Rick Millen **How do you think recent economic developments impact the corporate responsibility agenda in Australia?**

Peter Shergold It will sort out the companies that are genuinely committed from those that have only picked up the term. What I think we will see, within the next five years, are companies that are genuinely committed to corporate responsibility and incorporate it into their internal and external strategy, taking it to a new level. The private sector needs to get back to the heart of corporate responsibility to restore its image in our civil societies. PwC, a leader here, is symptomatic of a company that understands that.

Peter Hunt In a recessionary environment, many people become a lot more thoughtful because problems are more visible and there's hope thoughtfulness will actually translate into better corporate thinking about social issues going forward.

Rick Millen **So the current environment might actually encourage more engagement?**

Peter Hunt Hopefully chief executives and boards will understand staff loyalty is something that is incredibly prized. You can destroy a corporate culture quite easily by making quick decisions in down times.

Rick Millen **Toby, what is the perspective from the not-for-profit sector?**

Toby Hall At the coalface we are seeing some organisations that have professed to be corporately

responsible pulling those budgets completely. You've got organisations where this is embedded and part of their strategy, and some organisations that are basically saying this has been a marketing tool.

My personal perspective on corporate responsibility is that it actually spans every behaviour of an organisation and, therefore, has to be embedded to succeed.

Rick Millen **How do you all feel corporate responsibility contributes to sustainable business success?**

Peter Hunt Your business, like my business, is a people business. When clients are interfacing with PwC people, at whatever level, I think it shines through.

Corporate responsibility develops a culture of enormous loyalty within a company. Every consumer that interacts with a company can see that internal culture directly through the people. If people actually believe in a company, it is so much more compelling. But this is intangible and I think a lot of companies struggle to put a dollar value against it.

Toby Hall I think, like Peter has said, the value of employees who like the fact their organisation has got a social heart is phenomenal. When you get an executive who's working in the private sector to visit a homeless service, it gives them a perspective that things are bigger than just their organisation. This makes people think differently about one another. That value is significant and is something more than just financial returns.

Peter Shergold There is no doubt in my mind that at the heart of the value to companies of corporate responsibility is long-term sustainability and reputational advantage. It undoubtedly makes it easier to recruit the best, and more importantly, it makes it easier to retain the best.

Rick Millen **Toby, what do you think really makes a relationship between a corporate and a not-for-profit organisation successful?**

Toby Hall One of the things business has to remember is that it is part of the community, and therefore when it does good in the wider community, it's actually doing good for itself. It's a virtuous cycle that needs to continue to build.

I think the days of getting financial donations are gone, to be honest. If you can't maintain a strategic relationship with a corporation and actually have them add value to you and you add value to them, then you're not doing what you should be.

Rick Millen **From the corporate side of the fence, would you both agree with that?**

Peter Hunt If you take the capacity of leading corporates to constantly adapt to better meet competition, and you combine that with the dynamism and social understanding of the not-for-profit sector, you've got something which is potentially incredibly stimulating.

It is not only fascinating, but capable of leading to thought change, and thought change can lead to paradigm shift, and paradigm shift can lead to a huge reduction in social issues.

Peter Shergold Social innovation will come out when you have an honest, transparent and equitable relationship between not-for-profit organisations, private sector companies and governments. And that's what we've got to work towards. That's where I see corporate responsibility moving.

Toby Hall Peter raises an amazing point there, and I think the heart of this is actually having respect across the government, non-profit and private sectors for one another's skills. It's about getting the relationships right, and those relationships start with trust.

To view Rick's full discussion with Peter Shergold, Peter Hunt and Toby Hall, please visit www.pwcannualreview.com.au

For a list of PwC's FY09 corporate responsibility metrics, please see the Facts and Figures section.

How are we engaging with the marketplace?

PricewaterhouseCoopers remains in constant dialogue with our clients and the wider business community about the issues affecting them. We invest a great deal of our time and resources in exploring these challenges and opportunities and bringing them to the attention of organisations, regulators, standard-setting bodies and the community as a whole.

Leading the discussion

PwC advocated from the beginning of the economic shift that businesses resist impulses to freeze investments and instead focus on making strategic investments. Throughout the year, we published a wide variety of documents to help investors, analysts and industry executives respond to the rapidly shifting environment.

In February, PwC's paper *The Day After Tomorrow* analysed emerging themes and models as financial services providers struggled to make sense of the credit issues underlying the global financial crisis.

The paper proposed that the distinguishing features of the new environment would be an accelerated shift of economic power to Asia; a simpler, more transparent form of banking; increased government involvement; a stricter governance structure based on national and international regulation; and the need for sustainable business models capable of moving financial institutions out of pure survival mode.

As the global financial crisis unfolded, we also rolled out our online response, *Challenging times call for questions that challenge*, which provided clients with a toolkit of webcasts, 10 fundamental priorities to focus on, industry overviews and global thought leadership. This was the same advice we used to guide our own internal practises.

In March 2009, PwC teamed with law firm Blake Dawson to propose that distressed debt could be the lifeline the Australian services sector needed to navigate non-performing loans and assets. Our joint guide, *Distressed Investing in Australia*, was the first of its kind and gathered interviews from a number of major financial players domestically and offshore in a dialogue supporting the development of a robust distressed debt and asset market in Australia.

For the first time, *Aussie Mine*, PwC's overview of the financial performance of the mid-tier mining sector, analysed half-year financial reports for the period up to 31 December 2008. This provided an early perspective on the impact of the global financial crisis on our mining sector. The **PwC Melbourne Institute Asialink Index** provided specific insight into Australia's engagement with Asia across a range of industries and economies.

PwC released the seventh annual *Australian Entertainment and Media Outlook*, which predicted continued growth in the entertainment and media industry through to 2012 despite the global economic instability. The publication provided detailed analysis of the unique social, technological, political and regulatory drivers that would influence consumer spending and advertising across 11 industry segments in the next five years.

In May, PwC's *Banking Perspectives* gave context and insight into the half-year earnings of Australia's four major banks. And as the federal budget was released, PwC responded the next morning with a range of expert commentaries putting the numbers into context and accelerating the debate on employee share schemes.

Our carbon survey, which we published in June 2009 as *Carbon ready... or not*, asked executives of 151 Australian businesses what they were doing to prepare for climate change, their motivations for acting and their views of the impact of the Carbon Pollution Reduction Scheme on earnings and investment decisions.

Shaping policy

The firm continues to work alongside government and major Australian organisations to enhance the quality and integrity of the country's business systems.

As chairman of the Tax Design Review Panel, PwC's Chief Operating Officer Neil Wilson helped form a series of tax policy recommendations, which were all accepted and reflected in the government's FY09–10 budget. The increasing complexity of Australia's tax system was further examined in a series of PwC's studies using our Total Tax Contribution framework. Partner Tim Cox and the broader firm continue to engage in this debate through submissions and further work on compliance costs commissioned to support the Secretary to the Treasury, Dr Ken Henry, in his review of Australia's tax system.

In July, PwC published *The Role and Practice of Investor Relations within Australian and New Zealand Listed Entities* for the Australasian Investor Relations Association. This survey explored current investor relations practices, preferences and trends. Represented by Partner Nick Ridehalgh, PwC also contributed to the Institute of Chartered Accountants in Australia's new **Broad Based Business Reporting** framework which aimed to stimulate discussion with the marketplace to achieve more consistent reporting of KPIs for industry sectors.

PwC's Assurance National and Markets Leader Richard Deutsch was elected **President of the Institute of Chartered Accountants in Australia** in 2009. He is currently working with leaders across the accounting industry to respond to fluctuating business needs in the wake of the global financial crisis.

Other partners who are currently members of industry and standard-setting bodies include: Mark Coughlin, **Financial Reporting Council**; Victor Clarke, **Australian Accounting Standards Board** (Partner Kevin Stevenson left PwC to serve as chairman of the board for FY10); and Valerie Clifford, **Australian Auditing and Assurance Standards Board**.

Such representation acknowledges PwC's ongoing contribution to innovation and adherence to regulation, positioning the firm at the forefront of shaping local and global developments.

Creating change

Improving transparency

Forty-four not-for-profit organisations entered the second annual **PwC Transparency Awards**, drawing from a broad cross-section of institutions. An increase in overall scores, coupled with a 20 per cent increase in participant numbers, reflects not only the community's appetite for these awards but the value it places on them.

The firm continues to invest time in providing some of Australia's leading analysts and key business reporters with a deeper understanding of financial reporting. Through facilitating discussions at the **Corporate Reporting Users Forums** and individual organisations, our teams help dissect technical issues and explain the best approaches to analytical interpretation.

Acting responsibly

Our firm is committed to monitoring, measuring, reducing and publicly reporting our environmental impact. In FY09, PwC increased use of video conferencing by 150 per cent, reduced paper usage by 24 per cent, began refining our environment management system to be in line with ISO 14001, and provided each PwC employee with access to an **online personal carbon footprint calculator**.

To become carbon neutral, we have made the necessary adjustments to our infrastructure and operations, invested in renewable energy and countered our residual emissions by purchasing accredited offsets. Our achievements in FY09 reduced our emissions before offsetting by 23 per cent.

We use the lessons we have learnt internally to assist the wider business community in reducing its carbon footprint. Our Sustainability and Climate Change practice advises a spectrum of clients on their environmental strategy and management approaches. The practice was named the **Lead Greenhouse Gas Advisory Group in Australasia** by *Environmental Finance* magazine in FY09.

The total value of our Foundation's capacity-building approach in FY09 was **\$15 million**, meeting the increased demand for support from our charity partners in the community. This work is undertaken either pro bono or at highly discounted rates. It is designed to support long-term social change through improving the ability of our charity partners and others to deliver on their missions efficiently and effectively.

Case Study

Leading Australia's health debate

The urgent need to meet the changing health requirements of Australians over the next 20 years was the subject of a National Health Forum, hosted in March by PwC and attended by leading local and international health experts.

Speakers included Dr Christine Bennett, the Chair of the National Health and Hospitals Reform Commission, whose interim report, *A Healthier Future for All Australians*, provided an important platform for the discussion.

Held in Sydney, the all-day session exceeded expectations in terms of challenging and evolving the nation's thinking on health. Attendees considered transferable lessons from international health system reform, with speakers from the Netherlands, UK and US sharing their experiences and perspectives.

The forum fostered active and lively debate and was a demonstration of PwC's ongoing dedication to the health sector. The firm's Health practice is led by one of Australia's pre-eminent health professionals, Mary Foley, and supported by a core team of more than 80 health specialists.



Facts and Figures

Angie McMartin, Manager

When not competing in international athletic events in her 'secret weapon' Australian flag running shoes, Angie uses her flexible work arrangements to train for her next personal goal. By coming to work at 7:30 am, leaving at 4 pm and taking off Fridays, she is able to balance her professional ambitions with valuable time in the pool and on the pavement.

Julie Coates, Partner

Since starting with Coopers & Lybrand in 1988, Julie has transferred between four of the firm's offices, ranging from Nottingham to Bermuda, and worked in all lines of service. In 2002, she advanced to partner while on parental leave for her first child. Since returning from five months of parental leave, Julie has worked in a variety of flexible arrangements that support her changing role as a mother.

Delia



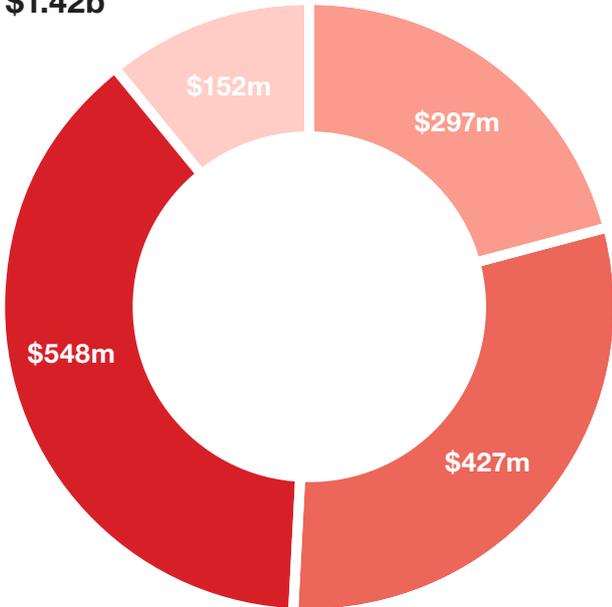
In the past year, PwC has set out to increase transparency as part of our corporate responsibility commitment. While we have performed better in some areas than others, we are continuously working to measure and improve performance across all aspects of our internal and external operations.

Our finances

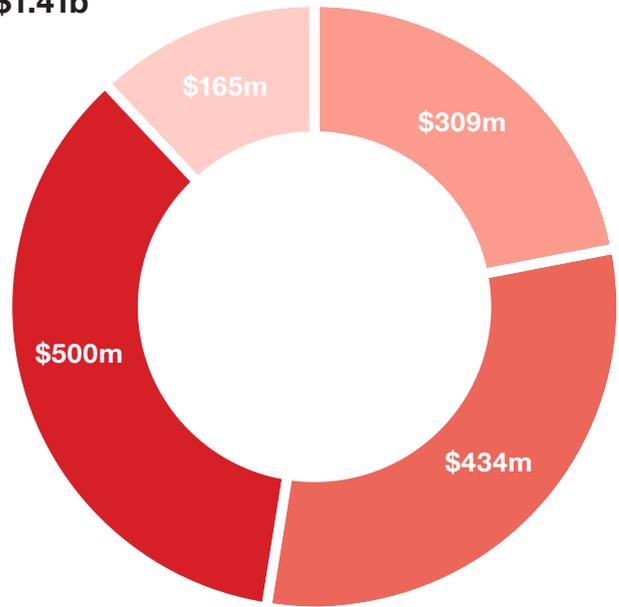
Despite the challenging economic conditions, total revenue for FY09 was \$1.42 billion, up 1.1 per cent on 2008.

Revenue by industry

2009
\$1.42b



2008
\$1.41b



- Resources, Services, Health and Government
- Financial Services
- Consumer and Industrial Products
- Technology, Information, Communication & Entertainment

Fiscal year Revenue by industry (\$'000)

Industry	2009	2008
Consumer and Industrial Products	297,172	309,474
Financial Services	427,403	434,155
Resources, Services, Health and Government	548,028	499,869
Technology, Information, Communication & Entertainment	151,874	164,970
Total	1,424,478	1,408,468

Fiscal year Revenue by line of service (\$'000)

Line of service	2009	2008
Assurance	618,331	598,104
Advisory	365,442	364,835
Tax & Legal	440,705	445,529
Total	1,424,478	1,408,468

Our client feedback

Our client feedback program, ECLIPSE, gives strong indications that our clients appreciate our culture of continuous improvement. Between May 2008 and April 2009, we conducted 571 face-to-face client-care visits and received 886 online client-care surveys.

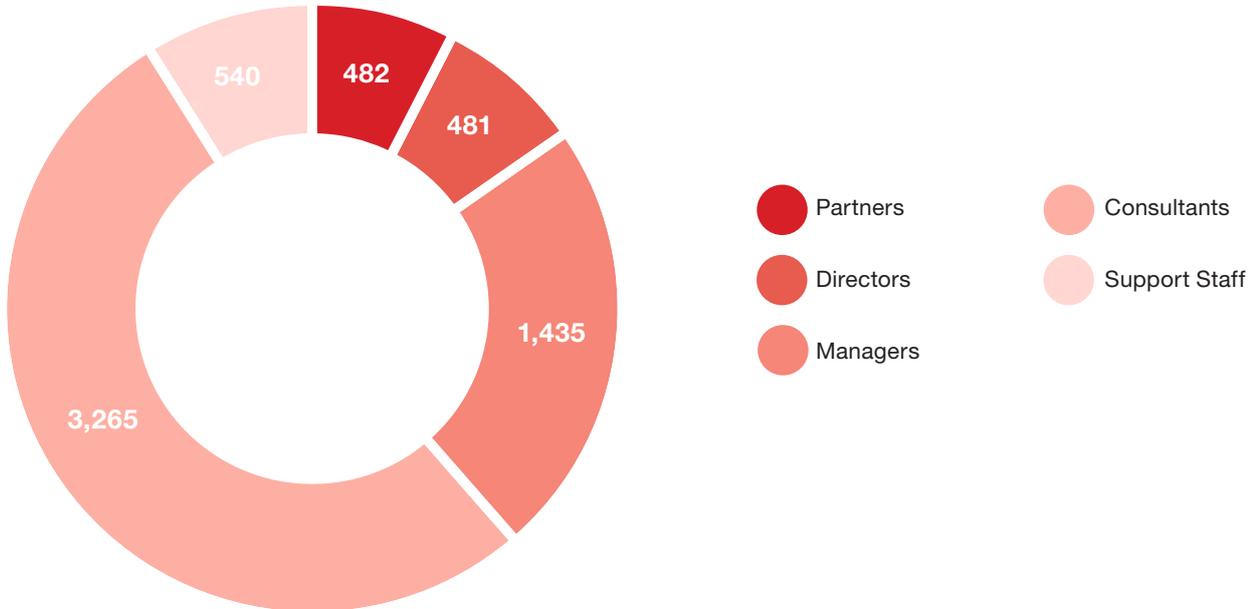
Our results were as follows:

- **19 per cent** of respondents rated us 5 out of 5 for both overall satisfaction and likelihood to recommend.
- **82 per cent** of respondents rated us at least 4 out of 5 on a client loyalty index.
- **86 per cent** of respondents rated us at least 4 out of 5 for overall satisfaction.

Our people

Total number 6,203

By grade



While we still have work to do, PwC continues to fortify our ongoing investment in developing our female leaders. Twenty-five per cent of our executive team is female, up from 9 per cent in FY07, and in FY09 we were recognised as an EOWA Employer of Choice for Women. We have increased the percentage of women in the majority of grades this year and currently employ an almost equal portion of females to males across the firm.

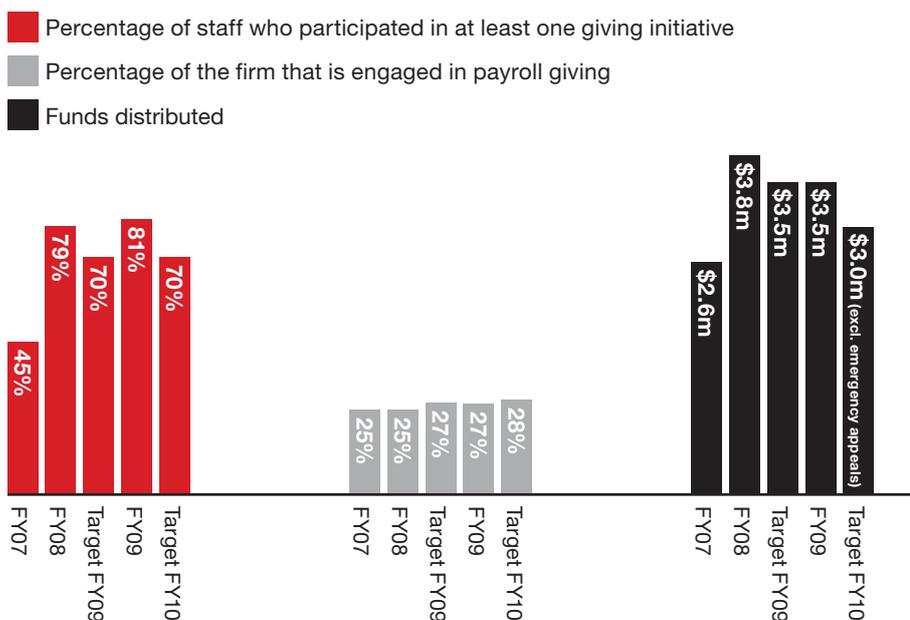
Flexibility by the numbers

Just over **1,060** of our partners and staff participated in eEquilibrium, our initiative to improve and support the wellbeing of our employees and their families. More than **1,100** of our people took advantage of the ability to purchase additional annual leave. Our people took **3,716** weeks of total paid and unpaid parental leave, and **90 per cent** of our employees returned to work after parental leave. More than **255** people came to Australia on secondment, and **157** of our people went overseas for a secondment. More than **3,500** of our people opted to take 10-15 days of unpaid leave to help ensure the fabric of the firm was preserved through the global financial crisis.

Engaging our people

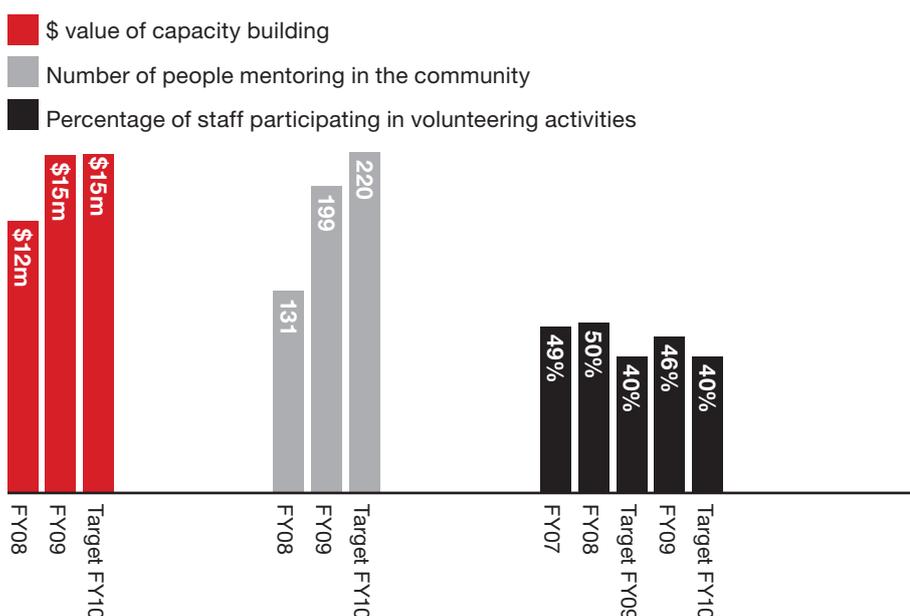
Our strategy continues to include financial support and volunteering, but increasingly we recognise that we can provide more sustainable value to our charity partners by leveraging our people’s business skills and expertise through capacity building, mentoring and skilled volunteering. The increase to \$15 million in our capacity-building efforts is indicative of this shift in focus.

Giving



Fluctuations in giving patterns reflect the impact of one-off appeals in response to emergencies (e.g. the Victorian bushfires, the earthquake in China and the cyclone in Myanmar). The underlying trend in giving is upward.

Capacity building, mentoring and volunteering



In FY09, we shifted our focus towards enhancing the impact of strategic capacity building and mentoring – this is reflected in the strong increases in activity shown above. We are working to increase quality rather than quantity and therefore reduced our FY09 target for volunteer participation to 40 per cent. We do, however, remain committed to accommodating the demand from our people to volunteer and, as a result, exceeded this target with 46 per cent of our people undertaking a volunteering activity during the year.

Feedback from our people

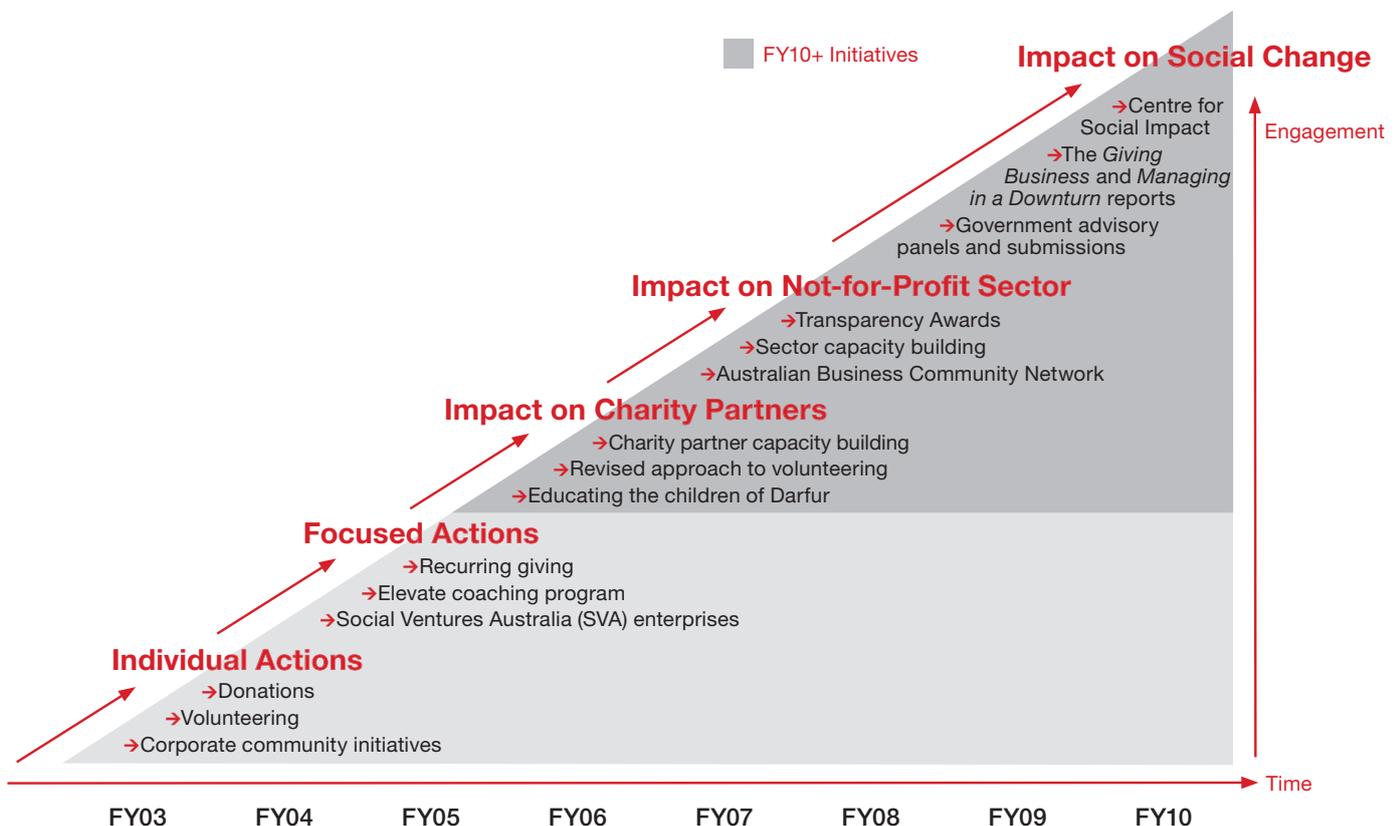
Every year our Pulse surveys provide anonymous insights into how our people feel we are doing as an employer. These are some of the FY09 findings:

- **88 per cent** of our people say they are proud to work at PwC.
- **80 per cent** feel they have the opportunity to work on challenging assignments that contribute to their development.
- **90 per cent** of our people are satisfied with the actions the firm is taking to be socially responsible.
- **76 per cent** of our people are happy with the ways in which PwC is addressing its impact on the environment.

Engaging our community

Our aim is to make a positive and sustainable impact on the communities in which we live and work. This approach requires deep relationships with our 23 charity partners, so that we can understand and support them in achieving their goals.

We are working to leverage our skills and position in the business community to impact on social change. The evolution of our approach to community engagement over the six years since the PwC Foundation was established is demonstrated below.



Corporate Responsibility Index (CRI)

The CRI is a voluntary tool developed to assist companies in improving their corporate responsibility practices. It provides a systematic process to identifying non-financial risks, as well as developing and improving corporate responsibility in line with business strategy. The CRI sets a benchmark for companies that are committed to managing, measuring and reporting their impact on society and the environment.

PwC was the first professional services firm to participate in the CRI and publicly report our results as part of our commitment to the transparency agenda. We were ranked **23rd out of the 35 Australian and New Zealand participants**, giving us a strong foundation on which to build our continued involvement. It highlighted our strengths – for example, we scored **98 per cent for our Community Investment performance** – in addition to confirming that the areas we were focusing on within our FY09 corporate responsibility strategy, such as our environmental practices, were the right ones.

Environmental footprint

At PwC we are committed to managing our impact on the environment. As evident in the table below, our strategy to reduce our carbon footprint is to first reduce our impact, then supplement with renewable energy sources and, finally, purchase accredited carbon offsets for any residual emissions.

We publicly disclosed targets to reduce our carbon emissions before carbon offsets by 10 per cent in FY09 and by 25 per cent over four years. We have substantially exceeded our first-year target, reducing our emissions by 23 per cent and almost reaching our four-year target in one year. This partially reflects the impact of cost-control initiatives introduced at mid-year, but also corresponds to the introduction of new tools to encourage behavioural change in our people.

The most significant changes achieved were an increase of over 150 per cent in the use of video conferencing and a reduction of 24 per cent in paper usage, primarily through the introduction of default double-side printing.

Greenhouse gas emissions	FY10 target	FY09 result	FY09 target	FY08 result
Greenhouse gas emissions (tonnes CO _{2-e})	**	28,661*	33,570*	37,300
Greenhouse gas emissions per FTE (tonnes CO _{2-e})	**	5.46*	5.55	6.43
Internal firm air travel ('000 km)	28,636	30,791	34,144	40,170
PwC portion of base-building waste to landfill (tonnes)	274	288	316	333
Paper consumed in our printers and copy centre ('000 sheets)	37,843	39,835	44,036	51,806
Electricity from renewable sources (%)	66	33	33	0

*These figures include the purchase of renewable energy but do not include purchased accredited carbon offsets.

**Our greenhouse gas emission targets will be set once the emerging renewable energy and emissions trading legislation and proposed standards have been finalised. The targets will be made publicly available in the release of our PwC Greenhouse Gas Emissions Inventory Report.





We focus on client value

We invest in client relationships

Contact Details

Adelaide

Level 14, 91 King William Street
Adelaide SA 5000
Australia

Mail address

GPO Box 418
DX 77 Adelaide
Adelaide SA 5001
Australia

T: +61 8 8218 7000
F: +61 8 8218 7999

Brisbane

Riverside Centre
Level 15, 123 Eagle Street
Brisbane QLD 4000
Australia

Mail address

GPO Box 150
DX 77 Brisbane
Brisbane QLD 4001
Australia

T: +61 7 3257 5000
F: +61 7 3257 5999

Canberra

Minter Ellison Building
Level 1, 25 National Circuit
Forrest ACT 2600
Australia

Mail address

GPO Box 447
DX 77 Canberra
Canberra City ACT 2601
Australia

T: +61 2 6271 3000
F: +61 2 6271 3999

Melbourne

Freshwater Place
Level 19, 2 Southbank Boulevard
Southbank VIC 3006
Australia

Mail address

GPO Box 1331
DX 77 Melbourne
Melbourne VIC 3001
Australia

T: +61 3 8603 1000
F: +61 3 8613 5555

Newcastle

Level 6, 26 Honeysuckle Drive
Newcastle NSW 2300
Australia

Mail address

PO Box 798
DX 77 Newcastle
Newcastle NSW 2300
Australia

T: +61 2 4925 1100
F: +61 2 4925 1199

Perth

QV1 Building
Levels 19–21, 250 St George's Terrace
Perth WA 6000
Australia

Mail address

GPO Box D198
DX 77 Perth
Perth WA 6840
Australia

T: +61 8 9238 3000
F: +61 8 9238 3999

Sydney

Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000
Australia

Mail address

GPO Box 2650
DX 77 Sydney
Sydney NSW 1171
Australia

T: +61 2 8266 0000
F: +61 2 8266 9999

Townsville

51 Sturt Street
Townsville QLD 4810
Australia

Mail address

PO Box 1047
DX 77 Townsville
Townsville QLD 4810
Australia

T: +61 7 4721 8500
F: +61 7 4721 8599

PAUL ABBEY ADRIAN ABBOTT JANE ACHJIAN JASON AGNOLETTO TIM ALLMAN NIGEL AMPHERLAW GRAHAM ANDREWS WAYNE ANDREWS KIRSTEN ARBLASTER MAURICE ARGENTO DAVID ARMSTRONG KIRSTEN ARMSTRONG DON BAARTZ ROBERT BAKER ROD BALDING SUE BANNATYNE ANDREW BARLOW ANGEL BARRIO EWAN BARRON ASH BASSILI STEPHEN BEACH MEREDITH BEATTIE BRAD BECK PAUL BENDALL BILLY BENNETT CHRIS BENNETT BRIAN BERESFORD MICHAEL BERSTEN CORINNE BEST STEVE BILLINGHAM GRAEME BILLINGS CHRIS BILLINGTON SANDRA BIRKENBLEIGH WIM BLOM ROB BLUMOR STEVEN BOSILJEVAC MARK BOSNICH DAVID BOSTOCK STEVE BOURKE RICHARD BRADGATE PAUL BRASSIL NOEL BRENT MIKE BRIDGE MICHAEL BROWNE PAUL BRUNNER NICOLE BRYANT SCOTT BRYANT PETER BUCHHOLZ LUKE BUGDEN CHRIS BURT PETE CALLEJA WILL CAMPBELL JOHN CAMPION JOHN CANNINGS DAVID CARADUS NADIA CARLIN BRUCE CARLSTEIN PADDY CARNEY TONY CARROLL JUSTIN CARROLL JOSEPH CARROZZI PHIL CARTER PAUL CARTER CHARMARINE CHALMERS JOSH CHALMERS KIM CHEATER MICHELLE CHIANG NICK CHIPMAN RAHOUL CHOWDRY CHARLES CHRISTIE DEREK CLARK PHIL CLARKE VICTOR CLARKE TONY CLEMENS VALERIE CLIFFORD ANDY CLOKE JULIE COATES MIKE CODLING MALCOLM COLDERICK PETER COLLINS LIAM COLLINS DELLA CONROY DAVID COOGAN TONY COOK CHRIS COOPER FRANK COOPER DAN COTTON MARK COUGHLIN STEPHEN COUGLE TIM COX DOUG CRAIG KAREN CRAWFORD RICK CRETHAR MIKE CROKER ANDREW CRONIN VANESSA CROSLAND CRAIG CUMMINS CLARA CUTAJAR CHRIS CUTHBERT MICHAEL DANIEL CHRIS DANIELL JASON DANIELS MIKE DAVIDSON ADAM DAVIS MERRAN DAWSON NIKHIL DE SILVA BRETT DELANEY MARIO D'ELIA TRUDY DELMENICO-GRAY DAVID DENNY RICHARD DEUTSCH PRADIP DEVALIA BARRY DIAMOND GREG DIAMOND WARREN DICK CHRIS DODD JOHN DOVASTON MARK DOW JONATHAN DOY PIERRE DREYER ROD DRING COLIN DUNN PETER DUNN JAMES DUNNING DEBRA ECKERSLEY BILL EDGE GUY EDWARDS ALAN ELLIOTT BRUCE ELLIS JASON ELLIS ANDREW ELSWORTH BRETT ENTWISTLE MURRAY EVANS KATE EVANS JUSTIN EVE IAN FARMER PAT FARRELL DINO FARRONATO JOHN FAUVET HELEN FAZZINO JOHN FEELY KEN FEHILY MARCO FELTRIN TOM FENTON CRAIG FENTON SCOTT FERGUSSON ANNE-MARIE FEYER REGINA FIKKERS DENNIS FINN KEL FITZALAN MIKE FITZPATRICK ANDREW FORMAN MIKE FORSDICK MICHAEL FRAZER STEVE FRIZZELL GLEN FROST NEIL FULLER JAMES GARDE ROSS GAVIN ROHAN GEDDES MARK GILBRAITH BRIAN GILLESPIE MARK GODDARD TIM GOLDSMITH ANDREW GORDON MATT GRAHAM CON GRAPSAS SIMON GRAY ADRIAN GREEN KATE GREENHILL SEAN GREGORY KEVIN GRIFFITHS JON GRIFFITHS JOHN GROUIOS JAMES GULBIN MEGAN HAAS JASON HABAK MARK HABERLIN SCOTT HADFIELD GLEN HADLOW GREG HALL IAN HALL CRAIG HAMER IAN HAMMOND LISA HANDO ANDREW HANSON MIKE HAPPELL LISA HARKER STUART HARKER TONY HARRINGTON JASON HAYES KEN HAYWARD NIALL HEALY COLIN HEATH NICK HENRY CAMERON HENRY MARK HIGGINS JULIAN HINE AMANDA HOCKING IAN HOCKINGS GREG HODSON CHRISTIAN HOLLE DARREN HONAN BRIAN HOR SUE HORLIN NICK HOUSEMAN CATHERINE HOWARD ROB HUBBARD WAYNE HUF CHARLES HUMPHREY STEVE HUMPHRIES BRIAN HUNTER ALISTAIR HUTSON MARK INGHAM STEVE INGRAM DAVID IRELAND DEREK IVERS LYNDON JAMES IAN JEFFREY SANJIV JERAJ CHRIS JOHNSON MARK JOHNSON CAMERON JONES WILLIE JORDAAN KATE JULIUS ALICE KASE CLAIRE KEATING VICTORIA KEESING DAVID KELLY MILES KENNEDY PETER KENNEDY GREG KEYS DEREK KIDLEY CHRIS KINSELLA PAUL KIRK ANTHONY KLEIN PAUL KOENIG PETER KONIDARIS GALINA KRAEVA STEVE KRANES SAMMY KUMAR MARCUS LAITHWAITE DEBBIE LAST CHRIS LATHAM MARK LAURIE CRAIG LAWN BRIAN LAWRENCE DAVID LAWSON ANDREW LAZAR PETER LE HURAY SCOTT LENNON PAUL LEWIS DAVID LEWIS CHRIS LEWIS JIM LIJESKI CAROL LILLEY STEVEN LIM PAUL LINDSTROM ANTON LINSCHOTEN MARTIN LINZ MARTIN LOCKE MARCUS LOJSZCZYK STEPHEN LONGLEY ANNE LOVERIDGE ROBIN LOW CHRIS LOWE MATTHEW LUNN JON LUNN JANE MADDEN FRANCES MAGUIRE SHANNON MAHER TREVOR MAHONY LIZA MAIMONE MANUEL MAKAS MAUREEN MANGION GAVIN MARJORAM CHRISTA MARJORIBANKS MARIA MARTIN SANDRA MASON JOHN MASTERS PETER MASTOS JEFFREY MAY BRAD MCBEAN JAN MCCAHEY DOUG MCCCLUSKEY ROSS MCCOLL ROGER MCCOMISKIE NIALL MCCONNELL MIKE MCCREADIE GARY MCDERMOTT BRUCE MCDONALD JAMES MCELVOGUE DAVID MCEVOY SHANE MCEWEN MIKE MCGRATH CRAIG MCILVEEN DALE MCKEE DAVID MCKEERING PAT MCKEON ALASTAIR MCLEAN JUSTIN MCLEAN PAUL MCMAHEN JIM MCMILLAN PAUL MCNAB ANDREW MCPHAIL ANDREW MCPHERSON ANGELA MELICK BILLY MESTON CASSANDRA MICHIE ANDREW MILL RICK MILLEN LEIGH MINEHAN RICHARD MIRABELLO DAVID MOORE BRUCE MORGAN CHRIS MORRIS GAVIN MOSS STEPHEN MOULTON EDDY MOUSSA DON MUNRO DAVID MURPHY PAT MURRAY JAN MUYSKEN JULIAN MYERS PAUL NAGLAN CATHY NANCE NEIL NAPPER ARJUN NARANG ALLAN NEILSEN SARAH NELSON ANDREW NICOLAOU GLEN NOONAN PAUL O'BRIEN STEVE O'BRIEN JOCK O'CALLAGHAN JOHN O'CONNOR MICKO O'DONNELL JOHN O'DONOGHUE CONOR O'DOWD PHIL O'PREY MARK O'REILLY KEVIN O'ROURKE MATT OSMOND VISH PADMANABHAN DAVID PALLIER VOULA PAPAGEORGIOU ANDREW PARKER TONY PEAKE ALASTAIR PEARSON DANTE PEEL TIM PEEL ELIZA PENNY ROY PETERSON MICHAEL PLAYFORD WAYNE PLUMMER ROGER PORT TROY PORTER ANDREW PORVAZNIK KEIRON POULOS JIM POWER CLARE POWER SUMANTH PRAKASH DAVID PRATT ANN PREVITERA JAMES PUCHLENKO PEBBLES PUNIA ROBERT RADLEY AJAY RAWAL MONO RAY MARK READING CHRIS REARDON CLIFF REES KEVIN REEVES KEVIN REID KEVIN REILLY NICK RIDEHALGH MARK RIDLEY ZARA RITCHIE KYLIE RIXON JON ROBERTS GARRICK ROBINSON JOHANNA ROCHE ASHLEY ROCKMAN DAVID ROMANS SIMON ROOKE DANIEL ROSENBERG DARREN ROSS SEAN RUGERS WAYNE RUSSELL SUZI RUSSELL GEORGE SAGONAS MANOJ SANTIAGO OLIVER SARGENT LUKE SAYERS CESARE SCALISE NIAMH SCANLON WILL SCHOFIELD JAN SCHREUDER STUART SCOUAR MARTIN SCULLY WILLIE SEATON NORAH SEDDON JONATHAN SEETO TOM SEYMOUR RICHARD SHACKCLOTH MALCOLM SHACKELL PAULA SHANNON PAUL SHEPHERD KEITH SHEPPARD MIKE SHEWAN JOHN SHIM STUART SHINFIELD CHRIS SIEVERS LISA SIMPSON JASON SLADE DAVID SMITH KIM SMITH DEBBIE SMITH STEPHANIE SMITH DARREN SMITH NIGEL SMYTHE STEVE SNOOK GRAHAM SORENSEN MARK SOULOS ROB SPRING CRAIG STAFFORD GRANT STEWART RICHARD STEWART KRISTIN STUBBINS JOHN STUDLEY JOHN SULLIVAN RUSSELL SUTTON LOUISE SUTTON ALISON TAIT WAYNE TARRANT BILL TESTA CRAIG THOMASON ROSS THORPE JEREMY THORPE MICHELLE TREMAIN DARREN TURNER MARC UPCROFT DANIE UYS CARL VALENTINE PETER VAN DONGEN MARCUS VAN VUGT RONEN VEXLER DERRICK VICKERS MARY WALDRON PATRICK WALKER JOHN WALSH SCOTT WALSH SCOTT WARD ROB WARD ALLAN WATSON TIM WATSON GARRY WAUGH TERRY WEBER ANDREW WEEDEN ANDREW WELLINGTON DAVID WHALE PETER WHEELER ANDREW WHEELER DAVID WIADROWSKI EDDIE WILKIE ROSALIE WILKIE GREG WILL STEVE WILLIAMS JULIAN WILLIAMS JON WILLIAMS CHRIS WILLIAMS DAVID WILLS TODD WILLS NEIL WILSON ANDREW WILSON GARETH WINTER KEN WOO ASHLEY WOOD JO WOODCOCK NOELINE WOOF STEVE WOOLLEY JOHN YEOMAN

Please visit www.pwcannualreview.com.au

© 2009 PricewaterhouseCoopers. All rights reserved.
'PricewaterhouseCoopers' refers to PricewaterhouseCoopers, a partnership formed in Australia or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.



Mixed Sources

Product group from well-managed forests and other controlled sources

www.fsc.org SGS-COC-003898
© 1996 Forest Stewardship Council

This document is printed on Neo Satin stock supplied by Moorim Paper, Korea. All fibre used in the production of Neo Satin is purchased from sources approved by the FSC, PEFC or CSA and operating under the framework of ISO 14001 environmental standards. Moorim Paper has made a commitment to plant more trees than it uses in production.

PricewaterhouseCoopers

Corporate Responsibility

Key performance indicators analysis and recommendations

December 2009

'PwC's aim is to set new standards in responsible leadership, working with our clients to create value and sustainable solutions. We realise that it takes more than rhetoric and good intentions to remain Australia's leading professional services firm. It is a mission requiring a daily commitment to innovation and investment in our people, and to continuing a legacy of collaboration with our clients and the communities in which we live.'

(PwC Annual Review 2009 - Who are we?)

Executive summary

Objective

PwC's Corporate Responsibility Advisory Council (CRAC) is seeking to demonstrate the firm's market leadership in corporate responsibility (CR) performance and reporting.

The purpose of this engagement is to assist PwC in achieving this objective. In particular we have been requested to identify, prioritise and recommend appropriate CR key performance indicators (KPIs) for a professional services firm to externally report in its Annual Review. This report sets out our recommendations for additional CR KPIs and measures relating to the four quadrants of community, environment, people and marketplace for consideration by the CRAC and Firm Executive.

Firm strategy

As noted in the cover page quote taken from the 2009 Annual Review, PwC strives to be a responsible leader. Being distinctive in relation to CR is also one of the firm's five goals. Our CR activities and performance influence others towards changing their own CR practices; and so to maintain our position we must always seek to improve.

In the past 5 years we have seen:

- A number of large organisations leveraging off the Foundation model and incorporating people giving, volunteering activities and strategic capacity building into their own CR strategies.
- KPMG following PwC in becoming carbon neutral.
- Increasing discussion with clients to share our CR journey, so they can improve their own CR initiatives and learn from our experience.
- The S&CC team assisting organisations in understanding sustainability as it relates to their organisation, performing stakeholder reviews, developing systems for reporting, and providing assurance over non financial data.

The 2009 Annual Review was our first combined report addressing both PwC's financial and CR performance for the year. The next step is to deliver a truly integrated report demonstrating that we have an integrated strategy where the economic, community, environment, people and marketplace implications of the objectives set are considered, managed, monitored and reported together; and where the actual financial and non financial performance outcomes (KPIs or other measures) are given equal prominence.

Measuring and disclosing our strategy, key objectives and performance in an integrated fashion for both financial and CR key KPIs is a significant step for the firm on its journey to be the market leader in relation to corporate responsibility. It will also assist with meeting one of the firm's five goals to be distinctive in relation to CR.

Transparency

One important outcome coming out of the global financial crisis has been the need for greater corporate transparency. Key stakeholders have realised that companies can no longer be assessed purely based on financial data alone. Financial data tends to be a lag indicator; whereas strategically important CR information can provide a lead indication into the health of the business and the strength of the Board and the management team. PwC, like many other organisations, has been affected by the slow down in the economy. Now is the time for PwC to show leadership by being transparent and candid in its reporting of the impact of the downturn from a financial and CR perspective, and in explaining the actions taken to protect the brand, maintain core teams, support clients and mitigate any longer term negative implications.

PwC is not a public company and does not have external shareholders making investment decisions on public information. Instead PwC has key stakeholders that have a genuine interest in understanding the performance of the firm against its business strategy. The information needs of key stakeholders should be the focus for PwC's external reporting.

Competitive environment

Our research shows that there is very limited sustainability reporting performed by our competitors locally in Australia. Where information has been reported, it has been focused on community investment and engagement, or broad environment objectives. Globally there have been some significant improvements in the level of reporting by KPMG and Deloitte Touche Tohmatsu. Their disclosures, along with leaders in CR reporting, have been used to determine “good performance practice” for the purposes of this assessment.

There is an opportunity for PwC to demonstrate market leadership by being the first professional services firm in Australia to demonstrate integrated and transparent reporting to its key stakeholders. It will also position PwC as the only Big 4 in Australia “walking the talk” in relation to transparent and integrated financial and CR reporting.

Other territories

Over recent years, several other PwC territories have publicly presented increasing levels of financial and non-financial information. We have assessed PwC UK (as a leader with full financial disclosure and detailed non-financial disclosures), PwC Netherlands and the PwC Global annual review as part of our benchmarking work.

Our approach

The contents of this report have been prepared through:

- research of our major competitors in Australia and globally
- our understanding of market leaders in Australia; and
- reviewing of the guidance provided in the Corporate Responsibility Index, Global Reporting Initiative and the draft ISO 26000 Guidance on Social Responsibility.

The KPIs have been recommended for inclusion in the 2010 Annual Review and on our external website for external communication to our key stakeholders.

Next steps

There are a number of steps required to design and implement robust systems and processes to enable PwC to capture, manage, monitor and report on the additional KPIs and measures outlined in this document.

The recommended next steps should be incorporated into a detailed project plan to underpin development of the 2010 Annual Review.

Contents

1. Background	
1.1 Integrated reporting	6
1.2 Our approach	9
1.3 Next steps	11
2. Firm strategy and Corporate Responsibility	12
3. Community	14
4. Environment	21
5. People	28
6. Marketplace	35
Appendices	
Appendix A: Recommended CR scorecard	43
Appendix B: GRI participants in Australia	44
Appendix C: FY09 Annual Review statistics	46
Appendix D: Scope of the engagement	47

1. Background

1.1 Integrated reporting

Trend towards integrated reporting (and assurance)

Amongst other important learnings, the global financial crisis opened the eyes of investors and the broader community to the need for more effective governance practices, more clearly articulated corporate strategy and organisational goals, improved risk management and the need for more transparent and candid reporting of performance. Over the last 12 months, PwC has been impacted by the market downturn and has made a changes and decisions to adapt to the new circumstances. The changes made and their implications should be explained in our annual performance report to key stakeholders.

If the firm wants to continue to assist and advise Boards and senior executives on effective and transparent reporting, the firm should be prepared to be as candid in its own reporting. The recent release of King III introduced requirements for all South African organisations to prepare integrated financial and CR reports to meet stakeholder needs, or explain why they had not. The chairman of the King Committee, Mervyn King, explained that '*governance, strategy and sustainability have become inseparable*', that is organisations can not explain their strategic performance without clearly articulating how their decisions have impacted on the communities in which they operate and on the environment, as well as financially. He also noted that integrated reports should be independently assured. There have also been legislative changes in Denmark, Germany, UK, Malaysia and Indonesia towards integrated reporting for public companies. Harvard is releasing a book in 2010 called *One Report* for consideration by the SEC, as well as other regulators. This book explains why the integrated report is so important as a tool for articulating sustainable business performance.

Governance

King III notes that corporate governance principles and practices are dynamic and evolve. In Australia, the Australian Stock Exchange released updated Corporate Governance Principles and Recommendations in 2007, which must be adopted and implemented by public companies. The principles are:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

It is likely that these principles need to be updated again for some of the forward looking thinking applied in King III, especially the move towards integrated reporting and the position that Boards and senior executives having a responsibility to a broader set of stakeholders than just the company's shareholders. Whatever the reporting obligations, organisations must have a strong and effective governance framework with independent directors overseeing management's implementation of the agreed strategy within the envelope of the agreed risk appetite. Forward looking organisations then not only disclose their governance framework, but also demonstrate how governance principles and practices have been effectively embedded into day to day operations and decision making..

Global Reporting Initiative

The Global Reporting Initiative (GRI) is considered to be the most thorough and globally accepted framework for sustainability reporting, and has been used as a key source of example KPIs throughout this report. The GRI describes itself as a network-based organisation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. This framework sets out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance. A listing of the organisations in Australia applying the GRI to external reporting and the associated level of disclosure has been included in Appendix C.

GRI reporting principles

The GRI provides principles that guide choices on ensuring the quality of reported information, including its proper presentation. The quality of information enables stakeholders to make sound and reasonable assessments of performance, and take appropriate action.

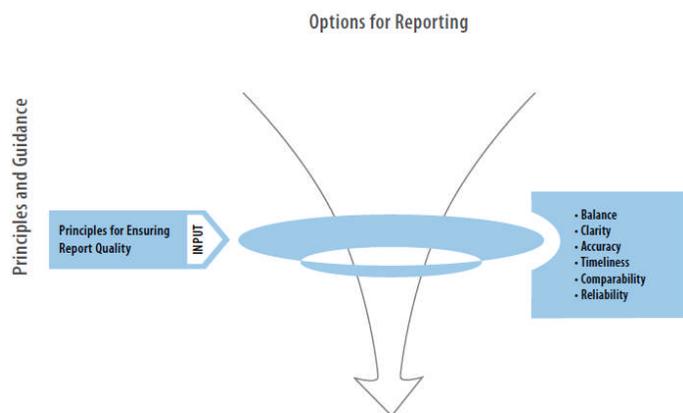


Figure 5: Principles for Ensuring Report Quality

- **Balance:** The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.
- **Comparability:** Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyse changes in the organisation's performance over time, and could support analysis relative to other organisations.
- **Accuracy:** The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organisation's performance.
- **Timeliness:** Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.
- **Clarity:** Information should be made available in a manner that is understandable and accessible to stakeholders using the report.
- **Reliability:** Information and processes used in the preparation of a report should be gathered, recorded, compiled, analysed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

Current market observations

During the research completed it was noted that:

- PwC Australia's 2009 Annual Review included more non-financial disclosures than in 2008, but there were limited links to strategy / goals, limited context provided, comparisons to show movement / change or descriptions of the impact of these facts.
- In the professional services industry in Australia there is very limited non-financial information released by our key competitors.
- There is a growing trend around the world to increase non-financial disclosures with PwC, KPMG and Deloitte Touche Tohmatsu releasing additional corporate responsibility disclosures in their 2009 reports.
- Generally sustainability reports within our industry include qualitative descriptions, examples and case studies with limited quantitative KPIs to support claims. There is opportunity for PwC to lead reporting practices in Australia through fulsome and integrated reporting.

Good practice in integrated reporting

They key recommendations for working towards integrated reporting are:

- The quadrant strategies (and related KPIs) must be aligned to and integrated in PwC's overall firm strategy.
- Required outcomes should be explicit at the strategy stage, such that objectives, resources needs, timelines, milestones and key KPIs can be defined and clearly linked with the role description, responsibility and incentives of the responsible partner/ team.
- Financial and CR strategy, objectives and performance should not be in separate reports. The economic, environmental and social implications of all decisions made and subsequent performance achieved are inextricably interlinked.
- Targets, milestones and accountabilities should be set and managed at the LoS level, as well as for the firm overall, with regular 'by exception' reporting of performance (scorecards) to the LoS, CRAC and Firm Executive, so that required actions can be implemented.
- In developing the strategy, required outcomes and reporting process, the areas of focus and related information requirements of all key stakeholders should be considered and addressed.
- Internal management reporting will be more granular and detailed than external reporting, but external reporting should flow on from, and be consistent with, the internal reports.
- External reports should be concise, candid, relevant to stakeholder information needs, and written in plain English. The report should articulate each strategic plank, provide trend lines of performance and set targets/goals (with sensitivities/risks if required).
- KPIs should be defined. Actions taken to address reported issues should be provided. Changes to key KPIs should be kept to a minimum and clearly explained. The level of 'combined assurance', that is internal and external assurance, should be disclosed.

The points raised above would be included in recommendations presented or discussed with our clients in a corporate reporting and communications engagement. The implementation of these concepts into PwC's external reporting processes would demonstrate the firm's leadership in transparent reporting, and our commitment to practicing what we recommend.

Marketing versus transparent performance reporting

Historically, CR reports may have been, or been seen to be, a marketing document, highlighting the key achievements of an organisation without being balanced and explaining where things did not go to plan. PwC globally and locally has invested in understanding the information needs of various stakeholders, and so the information that organisations should publicly disclose. PwC has worked hard to remove 'spin' from CR and financial reporting, and focus it on meaningful information, independently assured, on strategic performance. Some of the key messages being discussed with clients in relation to our latest research are listed in the good practices above.

By following the GRI reporting principles listed on the previous page, the firm should avoid the potential for stakeholders to see our external reporting as 'spin'. But there also needs to be a commitment to have consistent KPIs over time and include them in the reports regardless of whether they may be viewed as favourable or not. If transparency is not sustained, or if disclosures are 'cherry-picked', there are likely to be significant reputational implications. There can be greater positive impacts in providing context and specific actions taken to address a negative issue than by doing nothing or trying to ignore it.

1.2 Our approach

PwC's Commitment

'PwC's aim is to set new standards in responsible leadership, working with our clients to create value and sustainable solutions. We realise that it takes more than rhetoric and good intentions to remain Australia's leading professional services firm. It is a mission requiring a daily commitment to innovation and investment in our people, and to continuing a legacy of collaboration with our clients and the communities in which we live.'

(PwC Annual Review 2009 - Who are We?)

Objective and approach

The Sustainability & Climate Change (S&CC) team understands that the CRAC is seeking to demonstrate PwC's market leadership in CR performance and reporting. In planning for the FY10 Annual Review, CRAC requested S&CC to identify, prioritise and recommend 'market leading' CR KPIs for a professional services firm.

The S&CC team undertook desk-top research of the CR activities and disclosures made by PwC and our competitors both locally and globally, as well as those made by CR market leaders. The PwC's 2009 disclosures were compared to global frameworks (i.e. GRI, CRI, draft ISO 26000 Guidance). A draft report was prepared setting out our findings and recommendations of CR KPIs to be managed and reported internally (scorecard) in the four CRI quadrants of Community, Environment, People and Marketplace, as well as those to be considered by the CRAC and FEX for inclusion in the FY10 Annual Review.

In developing the FY10 key CR KPIs, the S&CC team has:

- Consider KPIs/commitments made in FY09 (summarised in Appendix C)
- Consider firm-wide and each quadrants strategy for FY10 (as detailed in Section 3 – 6)
- Identified the indicative information needs of key stakeholders (as detailed in Section 3 – 6)
- Research good practices in each quadrant, CR strategy management and reporting, in order to determine:
 - KPIs to be managed, monitored and reported internally (scorecard) (summarised in Appendix A), and
 - KPIs to be disclosed externally (Annual Review, or Integrated Report).

Users of the information

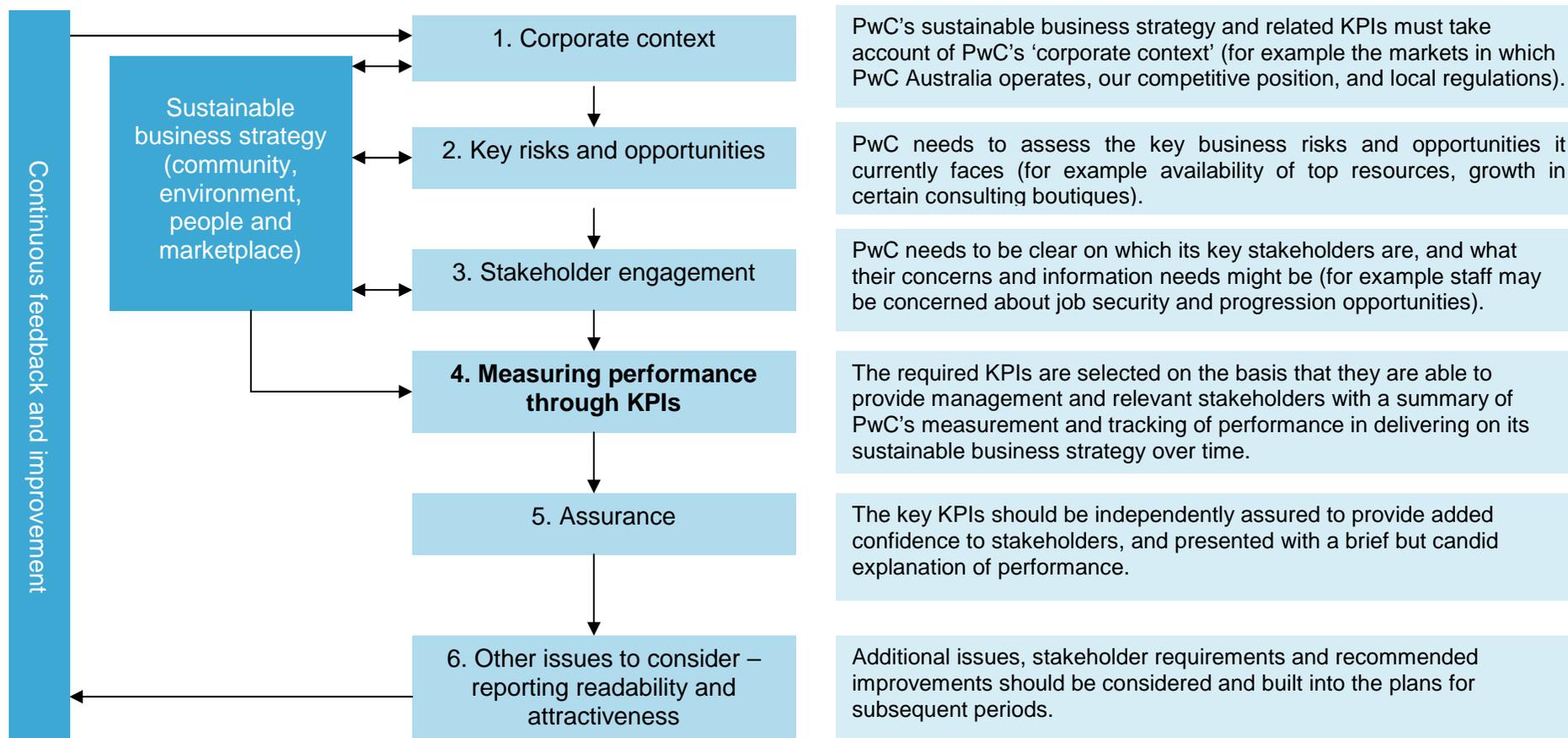
PwC's key stakeholders are: people (including potential, current and ex-employees); clients; community organisations linked to the firm; governments and regulators; professional bodies and suppliers (including alliance partners). A preliminary indicative assessment of the information requested by these stakeholders has been incorporated into the analysis for each CR quadrant. Further analysis is required to determine and document the methods for engaging with each stakeholder group. It is also recommended that PwC undertake direct feedback with each stakeholder group to confirm and update this preliminary assessment.

Location of information

The location of the KPIs recommended in this report will need to be determined based on the key communication channels used by key stakeholders. The external reporting could be included in the Annual Review or on PwC's external website.

Reporting framework

The CRI provides a robust framework and sound principles for establishing and embedding CR policies and practices when developing an organisation's sustainable business strategy. This report presents recommendations with respect to step 4. However, step 4 should not be reviewed in isolation.



1.3 Next steps

The identification of key KPIs for external reporting and demonstration of market leadership is only the first step in preparing for the release of the FY10 Annual Review. We have identified the following key next steps to design and implement the comprehensive reporting framework:

1. **Define CR strategy, goals and objectives** – PwC should ensure that external reporting continues to include a clear definition of what CR means to PwC, our strategy, goals and objectives for change. This will ensure that users of the information will understand the context, strategy and performance of the firm.
2. **Identification and confirmation of issues with key stakeholders** – PwC needs to develop a stakeholder engagement framework to facilitate identification and communication with key stakeholder groups. PwC will need to confirm the relevant stakeholder issues through dialogue. During this process there should also be a confirmation on the type, format and regularity of information that each stakeholder group requires. The preliminary assessment of stakeholder information needs outlined in this report and related KPIs presented should be confirmed.
3. **Discuss KPIs with relevant managers, identify source data, and identify levers for change / targets** – Before confirming the public disclosure of the KPIs included in this report, the CR team will need to discuss the proposed KPIs with the relevant internal managers to confirm the relevance of each KPI in measuring the performance of each quadrant. Once the KPIs have been confirmed, the base data will need to be collected. This should include the documentation of the data collection process (through a methodology document) and the development of systems and processes to collect the information on a regular basis as required. Each KPI selected should be manageable, and each target achievable. The specific management levers for each KPI will need to be determined, targets set and adequate initiatives introduced to support achievement of the target. The implementation of these initiatives should be the responsibility of the relevant managers in each area, and linked to their personal plans and incentives.
4. **Determine timeframe for implementation** – Once the above have been assessed a project time line should be prepared listing the key steps required before the release of the FY10 annual review, the people responsible and the timeframe for completion.
5. **Identifying opportunities** – The need for improved reporting to support the growing needs of key stakeholders is not specific to PwC and is an issue being faced by the firm's clients. The investment in delivering an integrated external report should be utilised as an opportunity to demonstrate a framework to assist client's in working towards their own integrated reporting.

The S&CC team have expertise to support each of these elements if required.

2. Firm strategy and Corporate Responsibility

Firm's strategic goals

The firm's overall sustainable business strategy and related goals have been linked to the quadrants of corporate responsibility in the table below. When developing relevant KPIs or performance measures, the CR team should ensure that they are aligned with the firm's strategic goals, and demonstrate PwC's performance in one or more of the CR quadrants. The measurement of KPIs enables the clear highlighting of performance and potential issues to the firm's leadership through a traffic light report. In addition it is important that each KPI or measure can be easily compiled from auditable underlying data, and managed and monitored by PwC leadership.

Firm goals	Community	Environment	People	Marketplace
1. Being #1 in each of our businesses and growth plays for strength of service and capability	X		X	X
2. Being recognised as a leading place to work	X	X	X	X
3. Being recognised as leading edge in Corporate Responsibility	X	X	X	X
4. Growing revenues faster than our competitors				X
5. Growing profit per partner faster than revenue growth over the cycle.				X

CR strategic priorities

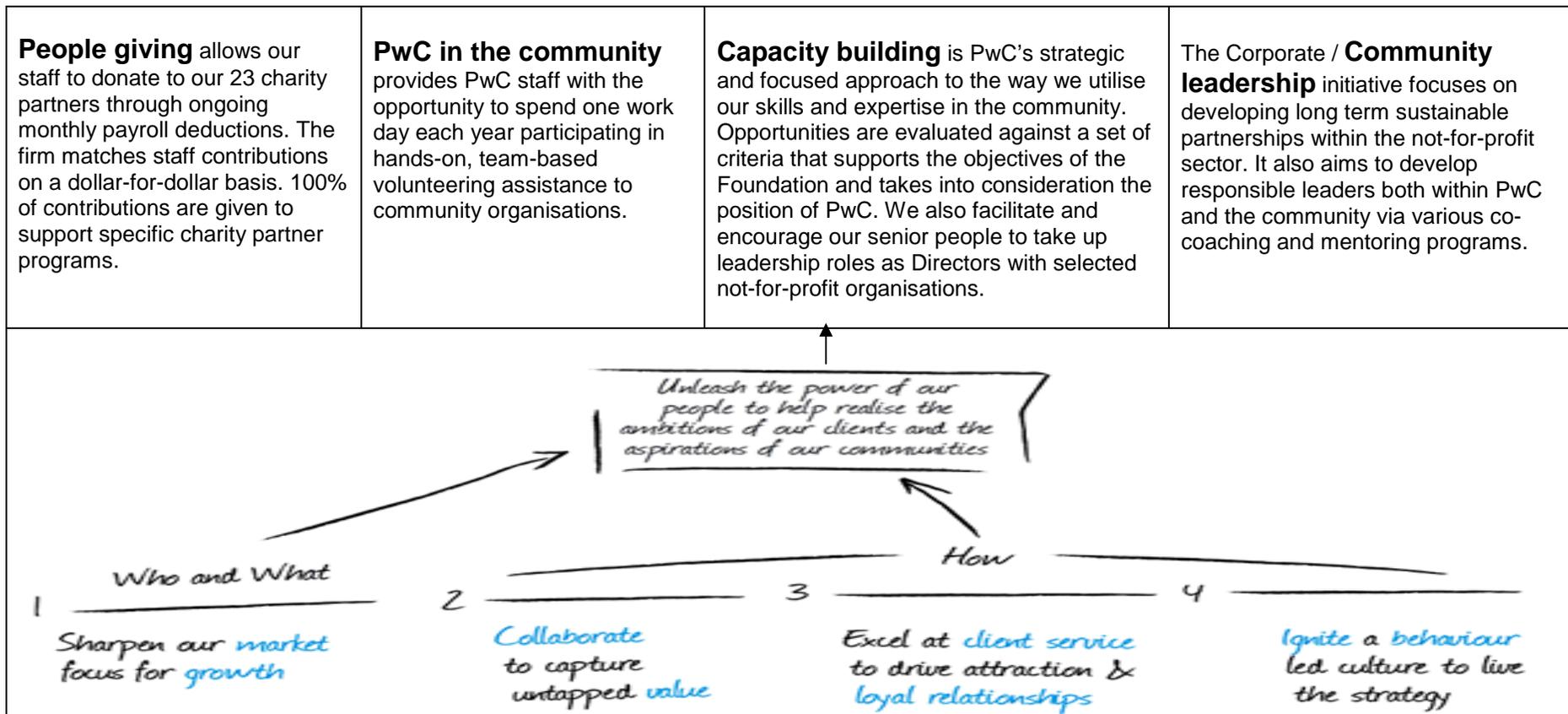
The current strategic priorities for CR in FY10 are listed below.

Community	Environment	People	Marketplace
<ul style="list-style-type: none"> Continue to encourage our people in Foundation initiatives and support and recognise the champion network. Positive impact on social change through research / influence initiatives, contribution to Government and Not for Profit advisory panels and submissions. Positive impact on the not-for-profit sector eg. Transparency Awards, partnership with CSI, SVA hubs and ABCN mentoring. Positive impact on our charity partners via revised charity partner model, capacity building, unskilled and skilled volunteering and giving initiatives. 	<ul style="list-style-type: none"> Continued focus on engaging our people with environmental initiatives and affecting behavioural change. Continued focus on carbon measurement and reduction plan, including reporting against targets via green scorecard. Implementation of environment management system. Ongoing infrastructure upgrades. 	<ul style="list-style-type: none"> Supporting HC in responsible employment practices and initiatives, such as diversity, flexible working options, health and wellbeing and employee development. Engage our people through developing CR champions and communication tools. Including CR principles in firm behaviours and values. Educate our people through continuing to embed CR into induction, training and development. Measure CR engagement via Pulse, Global People Survey, upward feedback and other key tools. 	<ul style="list-style-type: none"> Develop and roll out CR communications / branding plan – harness opportunities to demonstrate distinctive brand, ensure CR embedded in firm's new branding. Measure CR business benefits / value creation. Demonstrate CR leadership, including via CR Index performance, East Cluster support and integration of CR into PwC thought leadership. Roll out marketplace paper priorities, including integration of CR into enterprise wide risk management framework, SSCM, ECLIPSE and client acceptance procedures. Demonstrate transparency agenda via core initiatives, eg. Annual Report, Transparency Awards, GHG accounts. Start to play influencing / leader role in CR amongst Australian corporate sector through enhanced external communications strategy. Support business opportunities, proposals and networking initiatives, including S&CC practice and more broadly.

3. Community

Community strategy

KPIs should measure the performance of the “community” related strategic goals of the firm. The key goal of the Foundation is to make a positive and sustainable impact in the communities in which we live and work. The following information was obtained from the Foundation intranet site which identifies the key strategic goals of the Foundation. These strategic goals link broadly to supporting PwC to “Unleash the power of our people to help our clients outperform”. The four key headings highlighted in the Foundation strategy have been used to group the KPIs recommended in this report.



Indicative stakeholder needs

Limited research was performed to identify indicative stakeholder needs of our people and our clients, as they are two of the key stakeholders groups of the firm. The consistent themes are presented in the points below.

Information needs of stakeholders

What do we assume our people want to know?

- To understand the investment PwC makes into the community.
- To understand where our people giving is going.
- To understand how many skilled and unskilled hours are provided to not for profits?
- To understand who our charity partners are and if they change why changes were made.
- Amount of admin cost versus funds that go direct to the charity.

What do our clients want?

- The success of our programs in engaging our people.
- The financial costs and benefits of the actions taken by the firm to support the community.

What is happening in the market?

Further research was performed on PwC's key competitors in Australia and globally to identify the key themes in external reporting. This was compared to the most commonly used and respected global reporting frameworks to identify further areas in which the firm can take a market leadership position. Examples of the type of disclosures currently being presented have also been included.

What is happening in the market?

What are our competitors reporting?

- Reporting community investment by type of activity.
- Reporting total number of skilled and unskilled labour provided to community groups.
- Measuring total tax contribution PwC UK.

What are market leaders reporting?

- **ICAA Broad Based Business Reporting panel** recommends 'office based business' include at least the following GRI disclosures:
 - EC1 from the GRI – Direct, economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
- London Benchmarking Group recommends reporting charitable gifts, community investment and commercial initiatives, split by cash, employee time, gifts in kind, management costs.
- **Other market leaders** including Westpac disclose percentage of commitment investment of pre tax profit, contributions by area of involvement, breakdown of community investment.

Examples of public reporting

Community investment

• Total community investments	15 large member firms	• \$138.9m	N/A
• Donations		• \$81.3m	N/A
– Member firm/foundation donations (monetary and in-kind)		– \$54.5m	
– Member firm partner and employee donations (to member firm-supported organizations and fundraisers)		– \$26.8m	
• Member firm/foundation costs for managing community investment programs		• \$6.9m	N/A
• Aggregate value of volunteer and pro bono work by member firm people		• \$50.7m	N/A
– Traditional volunteering		– \$15.9m	
– Skills-based volunteering		– \$10.7m	
– Pro bono work		– \$24.1m	
• Aggregate hours of volunteer and pro bono work by member firm people		• 463,000	N/A
– Traditional volunteering		– 212,000	
– Skills-based volunteering		– 136,000	
– Pro bono work		– 115,000	
• IMPACT Day participation			
– Number of countries		– 57	– 43
– Number of Deloitte participants		– Over 48,000	– Over 46,000

2009 Deloitte Touche Tohmatsu Corporate Responsibility Report

Community Contributions (A\$) - Australia

Area of involvement	2008		2007		2006		2005		2004	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Charitable gifts	2.4	4	1.4	3	2.6	6	2.1	5	2.1	6
Community investment ^{2,3}	45.8	81	40.3	78	35.5	76	31.7	72	30.4	66
Eco projects	0.2	1 ⁴	0.6	1	0.4	1	0.3	1	0.3	1
In-kind	1.7	3	2.2	4	0.9	2	1.4	3	1.2	4
Management costs	1.2	2	1.2	2	1.2	3	1.2	3	1.3	4
Commercial sponsorships	5.2	9	6.3	12	6	13	7.2	16	6.3	19
Total	56.5		52		46.6		43.9		41.6	

1 Figures re-stated owing to under reporting within financial inclusion

2 In 2007 \$31 million from foregone revenue for fee-free accounts for non-profit organisations and low income earners

3 In 2008 \$36.4 million from foregone revenue for fee-free accounts for non-profit organisations and low income earners

4 Rounded up from 0.4%

Westpac Stakeholder Impact Report, 2008

Research outcomes

The table below identifies the key KPIs and the level of reporting practice identified during our research activities. The key issue relevant to this quadrant is transparency in the underlying data included within each figure so the users of the information can understand the context.

KPI	Priority	Current reporting practice	Source
Total hours contributed to the not of profit sector by type (including hours for social change, skilled, unskilled and management time).	High	Good practice	CRI
Total contributions (dollars) to the not for profit sector (including cash (by employee and firm matching), labour cost at average recovery, in-kind donations and management time at cost).	High	Good practice	CRI
Total contributions (dollars) to the not for profit sector split by cause area.	High	Good practice	CRI
Percentage of FTE employees participating in volunteering activities.	High	Market leadership	Existing PwC measure.
Percentage of FTE employees contributing to people giving (split by regular giving and emergency appeals).	High	Market leadership	Existing PwC measure, split to be more transparent.
Percentage of PwC staff that say that they are satisfied with the actions PwC is taking to be socially responsible (e.g. supporting community events, organisations and charities).	High	Market leadership	Existing internal measure.
Number of PwC employees mentoring in the community.	High	Market leadership	Existing internal measure.
Number of partners on the board of not for profit organisations.	High	Market leadership	Opportunity for differentiation.
Average ECLIPSE score for overall satisfaction with PwC from our charity partners.	High	Market leadership	Existing internal measure.
Total revenue and average engagement margin of client engagements with charity partners.	High	Market leadership	Supporting business case.
Number of transparency award participants and average score of transparency participants.	Moderate	Market leadership	Existing internal measure.
Number of mentoring programs offered by PwC.	Moderate	Market leadership	Existing internal measure.
Community contributions per FTE.	Moderate	Market leadership	London benchmarking group.
Community contributions as a percentage of total revenue.	Moderate	Market leadership	London benchmarking group.
Community contributions as a percentage of pre-tax profits.	Moderate	Market leadership	London benchmarking group.

Recommended community KPIs to FEX & CRAC

It is recommended that the KPIs are presented to the CRAC linked to any key financial impact as noted below. In addition to the regular KPIs selected it is also recommended that the Pulse results are presented every six months to provide evidence supporting the success of the people strategy, and to identify areas for additional focus. This scorecard should be completed for each quarter and YTD for each LoS and the firm as a whole. A pro-forma has been included in Appendix A.

Non Financial KPI	Financial KPI
People giving	
Percentage of FTE employees contributing to people giving (split by regular giving and emergency appeals). #	Financial contribution of People Giving and matching by the firm.
PwC in the community	
Percentage of FTE employees participating in volunteering activities.	Total people giving (dollars) to the not for profit sector split by cause area. #
Capacity building	
Total hours contributed to the not of profit sector – including hours for social change, skilled (split between strategic / non strategic), unskilled and management time. #	Total contributions (dollars) to the not for profit sector (including cash (by employee and firm matching), labour cost at average recovery, in-kind donations and management time at cost). #
Average ECLIPSE score for overall satisfaction with PwC from our charity partners. #	Total revenue and average engagement margin of client engagements with charity partners.
Community leadership	
Number of CR related mentions in the media. #	
Number of transparency award participants and average score of transparency participants.	Financial investment in the Transparency awards.

Pulse results
<i>% of PwC staff that says that they are satisfied with the actions PwC is taking to be socially responsible (e.g. supporting community events, organisations and charities). #</i>

KPIs included in the recommendations for external reporting.

Recommended external reporting

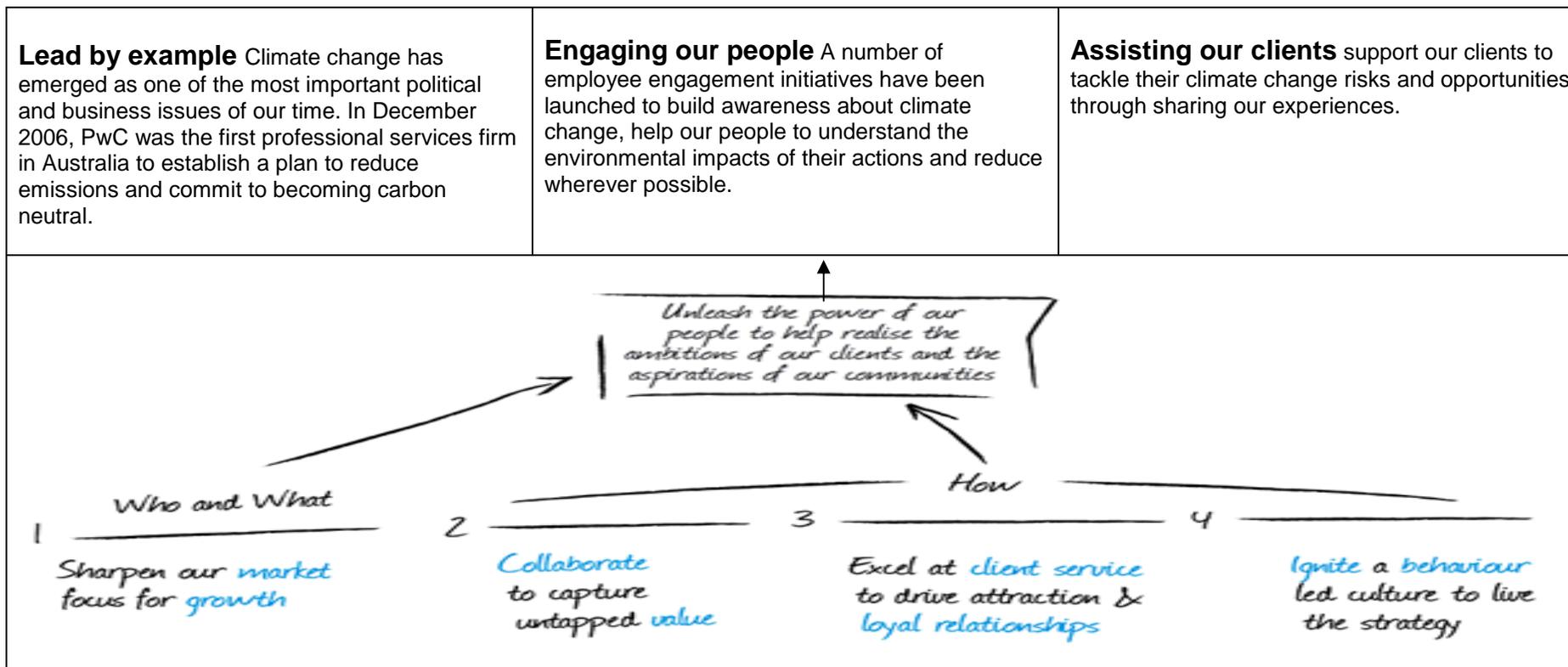
The following table represents the recommended key KPIs to be incorporated into the Annual Review for FY10. The relevance of these KPIs to adequately demonstrate the firm's performance against its strategic objectives and availability of data should be confirmed with Foundation team.

KPI	Graph showing progress	Target 2011	Actual 2010	Actual 2009	Actual 2008	Other comments / explanations
People giving						
Percentage of FTE employees contributing to people giving (split by regular giving and emergency appeals).						
PwC in the community						
Total hours contributed to the not of profit sector – including hours for social change, skilled, unskilled and management time.						
Total contributions to the not for profit sector (including cash (by employee and firm matching), labour cost at average recovery, in-kind donations and management time at cost).						
Total contributions to the not for profit sector split by cause area.						
Capacity building						
Average ECLIPSE score for overall satisfaction with PwC from our charity partners.						
Community leadership						
Number of CR related mentions in the media.						
<i>Percentage of PwC staff that say that they are satisfied with the actions PwC is taking to be socially responsible (e.g. supporting community events, organisations and charities).</i>						

4. Environment

Environment Strategy

KPIs should measure the performance of the “environment” related strategic goals of the firm. The key goal of the environment quadrant is to reduce the direct and indirect impacts on the environment. The following information was obtained from the FY08 Greenhouse Gas Emissions Inventory Report showing the key strategic goals of the environment. These strategic goals link broadly to the supporting PwC to “Unleash the power of our people to help our clients outperform”. The four key headings highlighted in the environment strategy have been used to group the KPIs recommended in this report.



Indicative stakeholder needs

Limited research was performed to identify indicative stakeholder needs of our people and our clients, as they are two of the key stakeholders groups of the firm. The consistent themes are presented in the points below.

Information needs of stakeholders

What do we assume our people want to know?

- To understand how the firm is reducing its impacts through actions.
- To understand the actions that is being taken to reduce air travel.
- To understand what the firm's financial commitment is to reducing its environmental impacts.
- To understand the portion of waste that is recycled.
- To understand how much paper we consume.

What do our clients want?

- Evidence to show how PwC is taking responsibility and reducing the firm's environmental impact.
- The success of our programs in engaging our people through environmental initiatives.
- The financial costs and benefits of the actions taken by the firm to reduce our environmental impacts.

What is happening in the market?

Further research was performed on PwC's key competitors in Australia and globally to identify the key themes in external reporting. This was compared to the most commonly used and respected global reporting frameworks to identify further areas in which the firm can take a market leadership position. Examples of the type of disclosures currently being presented have also been included.

What is happening in the market?

What are our competitors reporting?

- Total GHG emissions by major category.
- Reduction outcomes and associated costs.

What are market leaders reporting?

CRI recommends: overall greenhouse gas emissions; energy; transport; process emission; waste generated and re-used / recycled; and resource use.

ICAA Broad Based Business Reporting panel recommends 'office based business' include at least the following GRI disclosures:

- EN1 (Material used by weight or volume)
- EN3 (Direct energy consumption by primary energy source)
- EN4 (Indirect energy consumption by primary source)
- EN16 (Total direct and indirect greenhouse gas emissions by weight)
- EN22 (Total weight of waste by type and disposal method)
- EN29 (Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce)

Other market leaders are ANZ. They report on total greenhouse gas emissions and consumption by major impact area.

Examples of public reporting

Average 2007 headcount	123,322
Total emissions	446,256 tons CO ₂ e
Emissions per FTE	3.62 tons CO ₂ e
Total emissions by source	
Electricity, heating and cooling	204,271 tons CO ₂ e
Business car travel	81,559 tons CO ₂ e
Business air travel	160,426 tons CO ₂ e

KPMG Global Corporate Citizenship: Values in Action, July 2009

Environment Indicator	2007	2008	2009	2010	2011
GHG emissions (tonnes CO ₂ -e) ⁽⁴⁾	181,496	182,030	184,550	175,251	-
Total energy consumed (MWh)	147,719	148,617	141,890	139,128	-
Paper (tonnes)	3,912	3,951 ⁽⁵⁾	3,114	3,921	-
Water from 12 key sites (kL) ⁽⁶⁾	132,210	138,603	150,440	125,498	-
Recycling (paper tonnes)	1,364	1,276	1,383	1,329	-

ANZ Corporate Responsibility Review 2008

Research outcomes

The table below identifies the key KPIs and the level of reporting practice identified during our research activities.

KPI – Non-financial	Priority	Current reporting practice	Source
Total greenhouse gas emissions before offsetting and after offsetting.	High	Common	Existing PwC measure
Total energy consumed within our tenancy.	High	Good	Existing PwC measure
Percentage of renewable energy purchased.	High	Good	Existing PwC measure
Total kms of air travel.	High	Good	Existing PwC measure
Total sheets of paper consumed during our printers and copy centre.	High	Good	Existing PwC measure
Percentage of PwC staff that say they are satisfied that PwC is responding appropriately to address the impact of our business activities on the environment.	High	Market leadership	Existing PwC measure
Total kms of taxis, car mileage and car hire.	Moderate	Market leadership	Existing PwC measure
Cost of investment in environmental activities split by renewable energy, offsets, infrastructure changes and management costs.	Moderate	Market leadership	Demonstrates financial investment.
Total of PwC's portion of waste to landfill (and percentage recycled)	Moderate	Market leadership	Existing PwC measure / GRI / CRI
Number of exceptions noted from EMS documentation (and implementation internal audit).	Moderate	Market leadership	Leadership opportunity
Take up rates of key environmental initiatives during the period.	Moderate	Market leadership	Leadership opportunity
Cost savings from reduction in air travel, paper consumption.	Moderate	Market leadership	Demonstrates financial benefits
Total indirect energy consumed in PwC's portion of base building energy.	Moderate	Market leadership	Existing PwC measure
Water consumption in our offices.	Moderate	Market leadership	GRI

Recommended environment KPIs to FEX & CRAC

It is recommended that the KPIs are presented to the CRAC linked to any key financial impact as noted below. In addition to the regular KPIs selected it is also recommended that the Pulse results are presented every six months to provide evidence supporting the success of the people strategy, and to identify areas for additional focus. This scorecard should be completed for each quarter and YTD for each LoS and the firm as a whole. A pro-forma has been included in Appendix A.

Non Financial KPI	Financial KPI
Leading by example	
Percentage change in: <ul style="list-style-type: none"> Tenancy electricity consumption # Renewable energy purchased # Air travel in kms # Kms travelled by reimbursed car mileage and taxis Sheets of paper consumption # Video conferencing utilisation PwC portion of waste to landfill 	Cost savings from reduction activities.
Total of PwC's portion of waste to landfill (and percentage recycled).#	
Number of exceptions noted from EMS documentation and implementation internal audit.	Cost of internal audit of the EMS.
Engaging our people	
Take up rates of key environmental initiatives during the period. #	Cost of investment in environmental activities split by renewable energy, offsets, infrastructure changes and management costs.
Assisting our clients	
Number of clients downloading a copy of the GHG Accounts. #	Investment in the preparation of the GHG Accounts.
Number of technical bulletins released to our clients on environmental issues. #	Investment in the preparation of technical bulletins.

Pulse results
<i>% of PwC staff that says that PwC is responding appropriately to address the impact of our business and activities on the environment. #</i>

KPIs included in the recommendations for external reporting.

Recommended external reporting

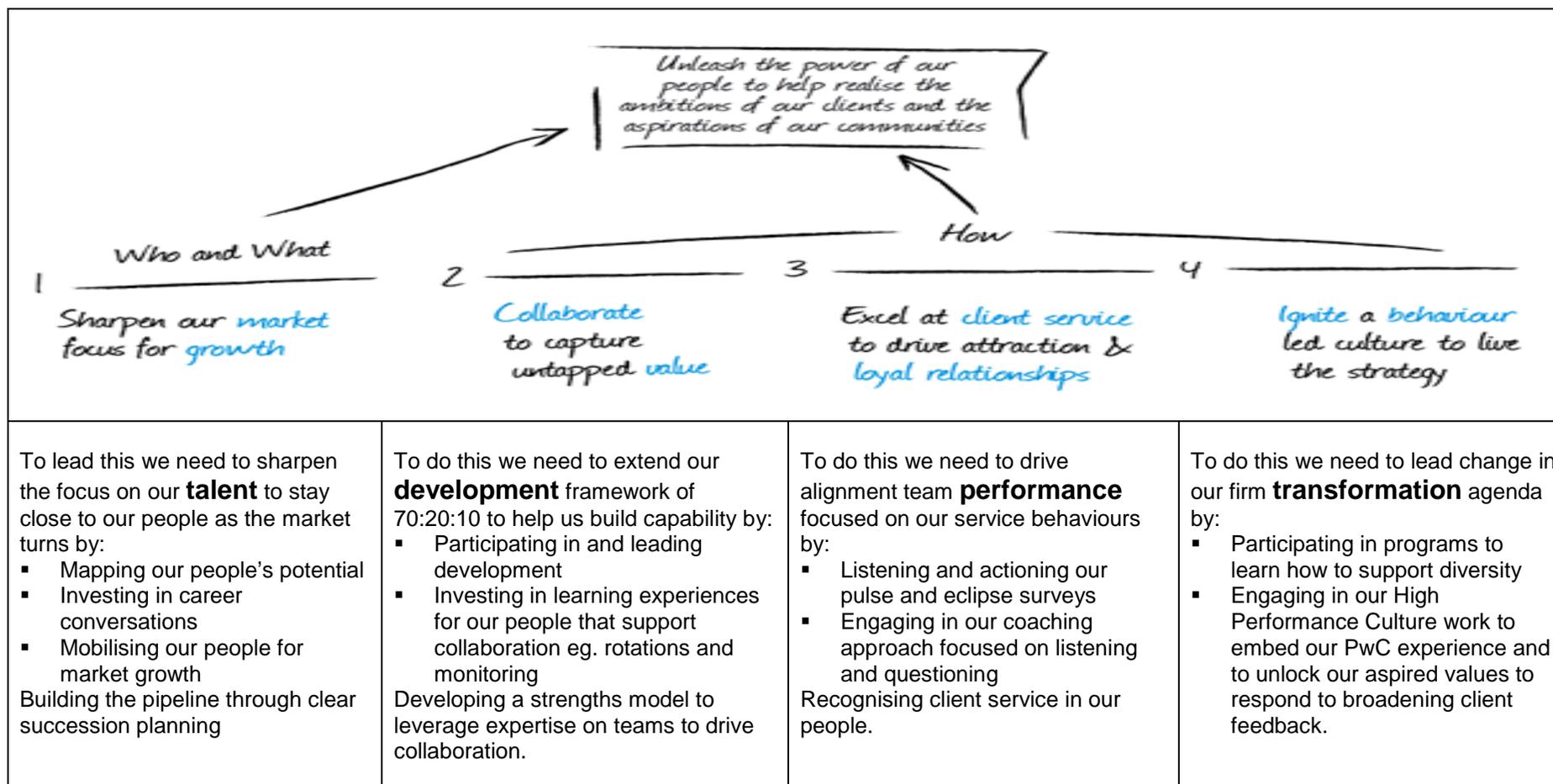
The following table represents the recommended key KPIs to be incorporated into the Annual Review for FY10. The relevance of these KPIs to adequately demonstrate the firm's performance against its strategic objectives and availability of data should be confirmed with environment team.

KPI	Graph showing progress	Target 2011	Actual 2010	Actual 2009	Actual 2008	Other comments / explanations
Leading by example						
Total greenhouse gas emissions before offsetting and after offsetting.						
Total energy consumed within our tenancy and percentage of renewable energy purchased.						
Total kms of air travel.						
Total sheets of paper consumed by our printers and copy centre.						
Total cost savings from the environmental programs.						
Total of PwC's portion of waste to landfill (and percentage recycled).						
Engaging our people						
<i>Percentage of PwC staff that say they are satisfied that PwC is responding appropriately to address the impact of our business activities on the environment.</i>						
Take up rates of key environmental initiatives during the period.						
Assisting our clients						
Number of clients downloading a copy of the GHG Accounts.						
Number of technical bulletins released to our clients on environmental issues.						

5. People

People strategy – FY10

KPIs should measure the performance of the “people” strategic goals of the firm. The following information was obtained from the HC Strategy FY10 – FY12. It shows how the HC strategy underpins the firm’s market growth strategy. The four key headings highlighted in the HC strategy have been used to group the KPIs recommended in this report.



Indicative stakeholder needs

Limited research was performed to identify indicative stakeholder needs of our people and our clients, as they are two of the key stakeholders groups of the firm. The consistent themes are presented in the points below.

What do we think our people may want to know?

- Average age of employees by grade
- Average income by grade
- Understand any differences in the salaries of women and men.
- How many people are working part-time?
- Hours of training per person per year.
- Regrettable turnover by grade by gender.
- Paternity and maternity leave taken.
- Study leave taken by grade.
- Inbound and outbound secondments.
- Salary of the CEO

What do we think our clients may want to know?

- The investment made to develop our people.
- The number of employees and the locations of these staff.
- The turnover of staff.
- Indication of staff engagement

What is happening in the market?

Further research was performed on PwC's key competitors in Australia and globally to identify the key themes in external reporting. This was compared to the most commonly used and respected global reporting frameworks to identify further areas in which the firm can take a market leadership position. Examples of the type of disclosures currently being presented have also been included.

What are our competitors reporting?

- Key results from employee surveys.
- Number of employees by line of service.
- Gender diversity by partners and others.

What are market leaders reporting?

ICAA Broad Based Business Reporting panel recommends 'office based business' include at least the following GRI disclosures:

- LA2 (Total number and rate of employee turnover by age group, gender and region)
- LA10 (Average hours of training per year per employee by employee category)
- LA13 (Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity)
- LA14 (Ratio of basic salary of men and women by employee category)
- HR4 (Total number of incidents of discrimination and actions taken) from the GRI and percentage of employees returning to work after maternity leave, length of paid / unpaid leave provided.

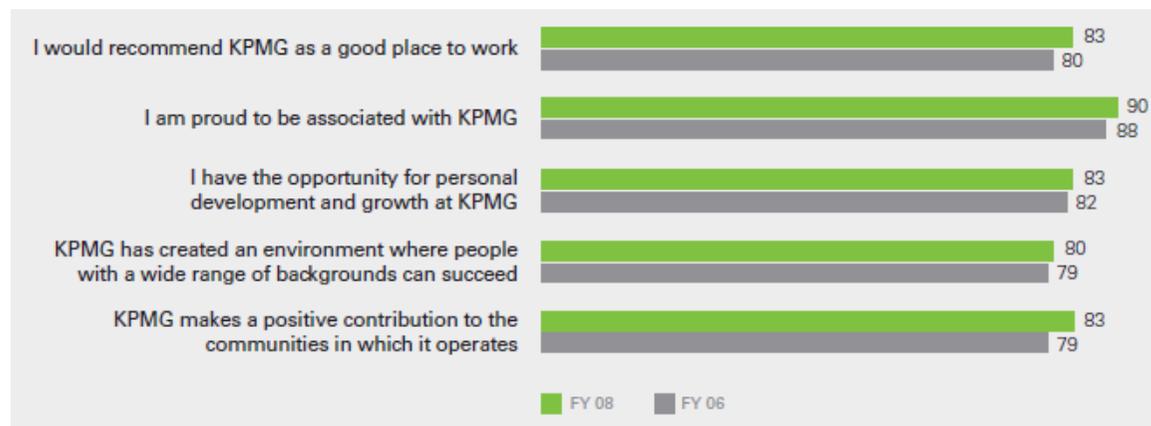
Other market leaders are presenting diverse statistics on employment patterns but these are generally focused on age brackets, women in management and turnover rates.

Examples of public reporting

TABLE 2: WORKFORCE BY AGE AND GENDER
(All figures for year ended 30 September)

	2008		2007		2006	
	F	M	F	M	F	M
▶ AGE <25	7%	4%	8%	5%	7%	4%
▶ AGE 25-34	17%	14%	19%	13%	19%	13%
▶ AGE 35-44	18%	14%	19%	12%	20%	11%
▶ AGE 45-54	12%	8%	12%	7%	13%	7%
▶ AGE >55	4%	2%	3%	2%	4%	2%

NAB 2008 Corporate Responsibility Review



KPMG International Annual Review 2008

Figure 14: PwC people by gender, June 2009

Percentage of women	2009	2008
Client service and practice support staff	50%	49%
New partners*	16%	23%
All partners	15%	15%

*Admitted on 1 July 2009

PwC Global Annual Review 2009

Research outcomes

The table below identifies the key KPIs and the level of reporting practice identified during our research activities.

KPI	Priority	Current reporting practice	Source
Total FTE by grade and line of service	High	Common	PwC Global
External awards/recognition	High	Common	Competition
Percentage of women at each grade	High	Good practice	GRI
Total FTE by age	High	Good practice	GRI
Percentage of people that say they are motivated to give my best for PwC	High	Good practice	Existing PwC measure.
Percentage of people that say they are proud to work for PwC	High	Good practice	Was included in Pulse survey but is included in the Global People Survey.
Percentage of graduates accepting positions offered	High	Good practice	Competition
Percentage of women and men in graduate intake	High	Good practice	Competition
Average number of sick days taken per person and associated costs	High	Good practice	BT and GRI
Flexible working take-up (% of men/women working part time; level of purchased leave)	High	Good practice	PwC
Number of reported injuries at PwC office sites	High	Good practice	GRI
Total hours of development time per person per grade (split to internal / external training)	High	Market leadership	GRI
Total employee costs	Moderate	Market leadership	GRI
Regrettable turnover by grade and gender	Moderate	Market leadership	GRI
Hours of paternity and maternity leave taken	Moderate	Market leadership	Interest by our people
Percentage of employees returning to work after maternity leave	Moderate	Market leadership	ICAA recommendation
Length of paid / unpaid leave provided	Moderate	Market leadership	ICAA recommendation
Number of inbound and outbound secondments	Moderate	Market leadership	PwC Global
Percentage of people with non-English speaking backgrounds	Moderate	Market leadership	GRI
Number of staff complaints/ disputes and cost associated with complaints / disputes or legal actions	Moderate	Market leadership	GRI
Remuneration of CEO and / or average remuneration for leadership team	Moderate	Market leadership	Public company disclosure
Cost of recruitment (not including graduate intake)	Low	Market leadership	Example of financial implications
Cost of graduate recruitment	Low	Market leadership	Example of financial implications
Cost of secondment program	Low	Market leadership	Example of financial implications
Cost of relocations (split between international and domestic)	Low	Market leadership	Example of financial implications
Average income by age / gender	Low	Market leadership	Interest by our people
Number of transfers of people within Australia	Low	Market leadership	Interest by our people
Funds invested in learning and development in our employees.	Low	Market leadership	Example of financial implications
Number of staff engaged with well-being (Equilibrium) programs and the associated cost for running the program	Moderate	Market leadership	PwC
Pay differential of men and women at each grade	Moderate	Market leadership	GRI

Recommended people KPIs to FEX & CRAC

It is recommended that the KPIs are presented to the CRAC linked to any key financial impact as noted below. In addition to the regular KPIs selected it is also recommended that the Pulse results are presented every six months to provide evidence supporting the success of the people strategy, and to identify areas for additional focus. This scorecard should be completed for each quarter and YTD for each LoS and the firm as a whole. A pro-forma has been included in Appendix A. Diversity indicators should be aligned with the key strategy and work completed by HC.

Non Financial KPI	Financial KPI
Talent (Getting agile + Working flexibly)	
Graduate acceptance rate * #	Cost of graduate recruitment
Number of inbound/outbound secondments	Cost of secondment program
Regrettable turnover % by grade/ gender * #	Cost of recruitment (not graduate intake)
Number of weeks of purchased leave	Cost savings of purchased leave
% of staff on flexible working hours #	
Length of parental leave paid and taken #	Amount of parental leave paid
% return after parental leave #	
Number of transfers within Australia #	Cost of relocations
Remuneration by grade (by gender)	
Development (Career Development)	
Average hours training per year by grade (split between internal and external) by gender. #	L&D investment in our people
Performance	
Number of staff complaints/disputes (type) #	Cost of legal actions
Remuneration of CEO and / or average remuneration for leadership team #	Total draw - leadership/ all partners
Average income by grade/ by gender	Total wages cost (staff)
Average hours sick leave taken per person #	Cost of sick leave
Number of reported injuries at PwC sites	Cost of lost time due to injury
Transformation (Diversity + Health & Wellbeing)	
Partners/ staff by Los/grade/gender/ age #	
Number of females in Exec team *	
Graduate intake (ratio male to female) #	
% of people with non English speaking background	
Number of people participated in Equilibrium #	Cost of Equilibrium program
Number of staff engaged in well being programs #	Cost of well being program

* KPIs included in the HC Strategy FY10 – FY12.

KPIs included in the recommendations for external reporting.

Pulse results
<i>% pride in working at PwC * #</i>
<i>% motivated to give best for PwC #</i>
<i>% my coach cares about me</i>
<i>% constructive development conversations</i>
<i>% opportunity for challenging assignments</i>
<i>Optimistic about future career opportunities at PwC</i>
<i>My team collaborates for good of client</i>
<i>My ideas are listened to</i>
<i>I know it is appreciated when I do a good job</i>
<i>There is effective leadership in my team</i>
<i>There is good communications of firm strategy within my team</i>
<i>The Market growth strategy is strengthening client relationships.</i>
<i>I can have the right balance between personal and work commitments and be successful at PwC</i>

Recommended external reporting

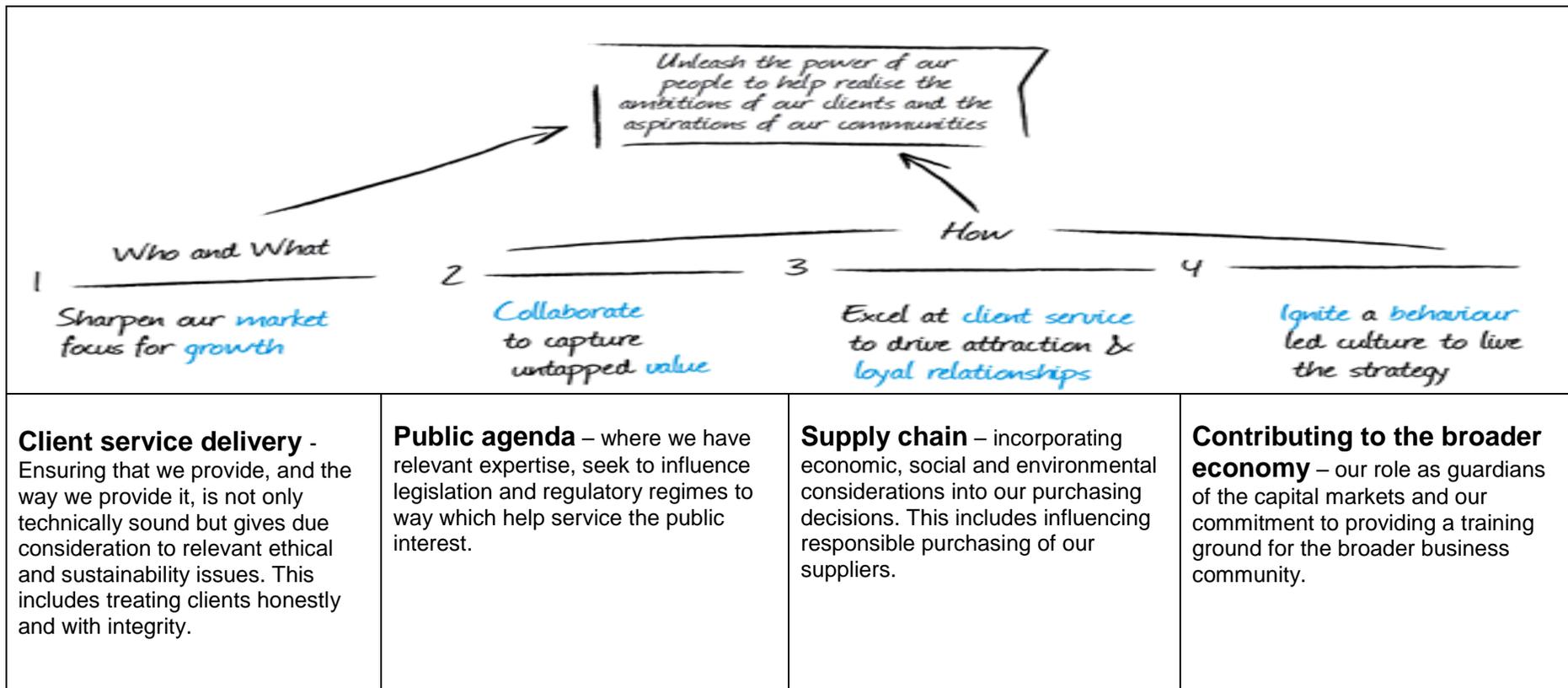
The following table represents the recommended key KPIs to be incorporated into the Annual Review for FY10. The relevance of these KPIs to adequately demonstrate the firm's performance against its strategic objectives and availability of data should be confirmed with HC teams.

KPI	Graph showing progress	Target 2011	Actual 2010	Actual 2009	Actual 2008	Other comments / explanations
Talent (Getting agile + Working flexibly)						
% pride in working at PwC						
% motivated to give best for PwC						
Regrettable turnover % by grade / gender						
% of staff on flexible working hours						
Length of parental leave paid and taken						
% return after parental leave						
Graduate acceptance rate						
Number of inbound / outbound secondments (International and Domestic)						
Development (Career Development)						
Average hours training per year by grade (split between internal and external) by gender.) and financial investment in these programs						
Performance						
Remuneration of CEO and / or average remuneration for leadership team						
Average hours sick leave taken per person						
Number of staff legal actions / complaints / disputes by type						
Transformation (Diversity + Health & Wellbeing)						
Partners/ staff by Los/grade/gender/ age						
Graduate intake (ratio male to female)						
Number of people participated in Equilibrium and Well Being) programs						

6. Marketplace

Marketplace strategy

KPIs should measure the performance of the “marketplace” related strategic goals of the firm. The following information was obtained from the Marketplace position paper and the FY09 Annual Review. The diagram below shows how these goals link to the firm’s market growth strategy. The four key headings highlighted in the marketplace position paper have been used to group the KPIs recommended in this report.



Indicative stakeholder needs

Limited research was performed to identify indicative stakeholder needs of our people and our clients, as they are two of the key stakeholders groups of the firm. The consistent themes are presented in the points below.

Information needs of stakeholders

What do we assume our people want to know?

- Total revenue and partner profits.
- Revenue by LoS, industry and company size.
- ECLIPSE results for clients recommending PwC.
- Hours used to prepare thought leadership.
- Win rates for proposal submissions.
- Which companies in the ASX (or top 100 companies) have CEO, CFO or CIO is an ex-PwC employee.
- Partner profits.

What do our clients want?

- Which type of clients we work with?
- Would other clients recommend us.
- Would other clients return their business with us.
- Hours contributed and investment in thought leadership.

What is happening in the market?

Further research was performed on PwC's key competitors in Australia and globally to identify the key themes in external reporting. This was compared to the most commonly used and respected global reporting frameworks to identify further areas in which the firm can take a market leadership position. Examples of the type of disclosures currently being presented have also been included.

What is happening in the market?

What are our competitors reporting?

- Total revenue by LoS.
- Total revenue by client type.
- PwC UK prepared financial statements in 2009.

What are market leaders reporting?

ICAA Broad Based Business Reporting panel recommends 'office based business' include at least the following GRI disclosures:

- EC1 (Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)
- PR5 (Practices related to customer satisfaction, including results of surveys measuring customer satisfaction)
- HR2 (Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken)

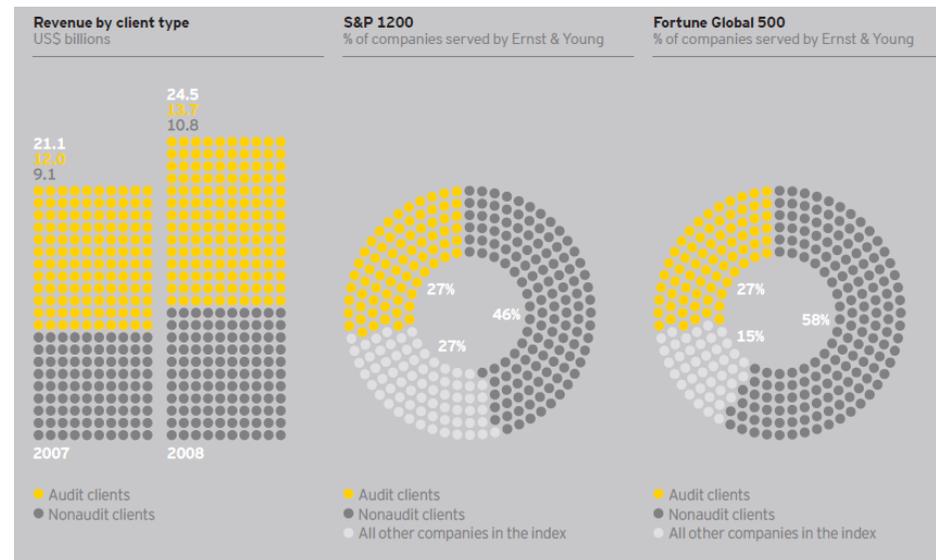
Other market leaders are required to report significant amount of financial information, where financial information is not required for compliance purposes it is generally only revenue.

Examples of public reporting

Consolidated income statement for the year ended 30 June 2009

	Notes	2009 €m	2008 €m	Increase (Decrease)
Turnover				
Assurance		861	800	(1%)
Tax		650	675	(4%)
Advisory		737	703	5%
	2	2,248	2,244	-
Expenses and disbursements on client assignments		(267)	(278)	
Net revenue		1,981	1,966	1%
Staff costs	3	(974)	(956)	2%
Depreciation, amortisation and impairment	4	(26)	(29)	
Other operating charges	4	(209)	(310)	(5%)
Operating profit		682	605	12%
Finance income	5	90	98	
Finance expense	5	(54)	(77)	
Profit on ordinary activities before taxation		688	606	13%
Tax expense in corporate subsidiaries	6	(8)	(11)	
Profit for the financial year before members' profit shares		680	675	1%
Profit attributable to minority interests	18	13	11	
Profit available for division among members	18	667	664	
Profit for the financial year		660	675	(2%)

PwC UK Annual Report, 2009



EY Global Review 2008

Research outcomes

The table below identifies the key KPIs and the level of reporting practice identified during our research activities.

KPI	Priority	Current reporting practice	Source
Total revenue by LoS, industry and company size (ASX, middle market and PCS).	High	Good practice	Existing PwC measure, expanded to show size of companies.
Percentage of suppliers screened to measure compliance with SCCM policy.	High	Market leadership	GRI
Total tax contribution of the firm (including personal tax of partners, payroll tax, etc).	High	Market leadership	PwC UK.
Number of thought leadership papers prepared during the period.	High	Market leadership	Recommended indicator of PwC's conversion rates.
Average profits distributed to each partner. *	Moderate	Market leadership	PwC UK
Average satisfaction rate of clients through ECLIPSE score.	Moderate	Market leadership	Existing PwC measure.
Average rate that clients recommend PwC to others through ECLIPSE score.	Moderate	Market leadership	Existing PwC measure.
Percentage of proposals won by PwC.	Moderate	Market leadership	Recommended indicator of PwC's conversion rates.
Number of PwC alumni holding Senior Executive roles in ASX 100 organisations.	Moderate	Market leadership	People suggestion.
Percentage of proposals that request CR credentials in the RFP.	Moderate	Market leadership	Measure of investment in educating our clients.
Percentage of existing client re-tenders won by PwC.	Moderate	Market leadership	Recommended indicator of PwC's conversion rates.
Percentage of existing client with recurring work won by PwC in the same period.	Moderate	Market leadership	Recommended indicator of PwC's conversion rates.
Hours used to prepare thought leadership.	Moderate	Market leadership	Measure of investment in educating our clients.
Financial cost of this thought leadership at cost of employment.	Moderate	Market leadership	Measure of investment in educating our clients.
Number of government panels in which PwC contributes to the public agenda.	Moderate	Market leadership	Measure of investment in educating our clients.
Sustainability & Climate Change related revenue growth	Moderate	Market leadership	Measure of investment in educating our clients.
Number of external awards / recognition identified for PwC.	Moderate	Market leadership	Measure of investment in educating our clients.
Average number of days it takes to pay suppliers.	Moderate	Market leadership	Measure of investment in educating our clients.

* The external disclosure of distributed partner profits is expected to create significant attention to the FY10 annual review and would drive significant internal / external attention to PwC's performance.

Recommended people KPIs to FEX & CRAC

It is recommended that the KPIs are presented to the CRAC linked to any key financial impact as noted below. In addition to the regular KPIs selected it is also recommended that the Pulse results are presented every six months to provide evidence supporting the success of the people strategy, and to identify areas for additional focus. This scorecard should be completed for each quarter and YTD for each LoS and the firm as a whole. A pro-forma has been included in Appendix A.

Non Financial KPI	Financial KPI
Client service delivery	
Total revenue by LoS, industry and company size (ASX, middle market and PCS).	
Average satisfaction rate of clients through ECLIPSE score.	Average profits distributed to each partner.
Average rate that clients recommend PwC to others through ECLIPSE score.	
Percentage of proposals won by PwC.	
Percentage of existing client re-tenders won by PwC.	
Sustainability & Climate Change related revenue growth	
Percentage of proposals that request CR credentials in the RFP.	
Public agenda	
Number of thought leadership papers prepared during the period.	Financial cost of thought leadership publications (time at standard costs plus marketing).
Number of government panels in which PwC contributes to the public agenda.	Revenue generated from work with government.
Supply chain	
Percentage of suppliers screened to measure compliance with SCCM policy.	
Contribution to the broader economy	
Number of CR related mentions in the media.	Total tax contribution of the firm (including personal tax of partners, payroll tax, etc)
Number of PwC alumni holding roles of CEO, CFO or CIO of ASX 100 organisations.	
Percentage of core CR initiatives completed; and available to the public via PwC's external website.	Cost and benefits of CR initiatives.

KPIs included in the recommendations for external reporting.

Recommended external reporting

The following table represents the recommended key KPIs to be incorporated into the Annual Review for FY10. The relevance of these KPIs to adequately demonstrate the firm's performance against its strategic objectives and availability of data should be confirmed with HC teams.

KPI	Graph showing progress	Target 2011	Actual 2010	Actual 2009	Actual 2008	Other comments / explanations
Client service delivery						
Total revenue by LoS, industry and company size (ASX, middle market and PCS).						
Average satisfaction rate of clients through ECLIPSE score.						
Average profits distributed to each partner.						
Average rate that clients recommend PwC to others through ECLIPSE score.						
Percentage of proposals won by PwC.						
Sustainability & Climate Change related revenue growth.						
Percentage of proposals that request CR credentials in the RFP.						
Public agenda						
Number of thought leadership papers prepared during the period.						
Number of government panels in which PwC contributes to the public agenda.						
Supply chain						
Percentage of suppliers screen to measure compliance with SCCM policy.						
Contribution to the broader economy						
Total tax contribution of the firm (including personal tax of partners, payroll tax, etc)						
Number of PwC alumni holding Senior Executive roles in ASX 100 organisations.						

Appendices

Appendix A: Recommended reporting CR scorecard

We recommend that the CR scorecard includes the following headings. Where possible data should be split by LoS, with comments specific to the impact across LoS.

Non-Financial KPI	Traffic light	Target	Current period	Prior period	Financial KPI	Current period	Prior period	Comments	Action required	Person responsible

Appendix B: GRI participants in Australia

The following organisations reported under the GRI in 2009. The levels listed below are described on the following page.

A	A+	B	B+	C	C+	Undeclared
Dexus	Australia & New Zealand Banking Group	Australia Post	AGL	Banarra	CPA Australia	Citypower and Powercor Australia
Fosters	Australian Ethical Investment	Brambles	Amcor	East Gippsland Water	Hi Fert	Credit Union Foundation Australia
Lion Nathan	BHP Billiton	City of Melbourne	Fuji Xerox Australia	GWM Water		DSE
Optus	Boral	Corporate Express	Hydro Tasmania	Hatch Associates Perth Hub		Ergon Energy
	GPT Group	CSIRO Sustainable Ecosystems	IAG Australia	Parsons Brinckerhoff		Net Balance Management
	Mecu	Orica	Landcom	Ruah Community Services		Qantas
	National Australia Bank	Pacific Hydro	Oz Minerals	PanAust		Santos
	Toyota Australia		Stockland	Telstra		Sensis
	Transurban		Woolworths			The Water Corporation
	Westpac Banking Corporation					Transfield Services

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

Appendix C: FY09 Annual Review reporting

The statistics included in the FY09 Annual Review have been identified below. The statistics noted with a * included comparative data, while the statistics noted with a # included a target for the period.

Community	Environment	People	Marketplace
<ul style="list-style-type: none"> • We launched \$1m sponsorship of the Centre for Social Impact • The firm undertook some \$15m of professional services work for the not-for-profit section • Donated \$3.5m in payroll giving and form matching • 20% increase in participants in the Transparency Awards* • People giving participation percentages* # • People giving funds distributed * # • Capacity building funds distributed * # • Number of people mentoring in the community * # • Percentage of staff participating in volunteering activities * # 	<ul style="list-style-type: none"> • First carbon neutral professional services firm • Aligning our EMS to ISO 14001 • 33% renewable energy * # • 150% increase in the use of video conferencing facilities * # • 23% reduction in GHG emissions, total GHG emissions * # • Internal air travel * # • Waste to landfill * # • Paper consumed in printers and copy centre * # 	<ul style="list-style-type: none"> • Invested \$94m in initiatives to help our people develop • PwC's purchased annual leave take-up increased by more than 75% on FY08 * • More than 3,500 of our people elected to take 10 - 15 days of unpaid leave to help preserve the fabric of the firm • More than 88% of our people say they are proud to work for PwC • Women currently make up 50% of PwC's graduate recruits • The percentage of female partners in our firm has increased by 45% since 2004 • 35% of our executive team is female, up from 9% in FY07 * • Total employees by grade • 1,060 people participated in eEquilibrium • 1,100 people took purchased annual leave • 3,716 weeks of total paid and unpaid parental leave • 90% returned to work after parental leave • 255 people came to Australia on secondment • 157 people went overseas on a secondment • 80% feel they have the opportunity to work on challenging assignments that contribute to their development • 90% of our people are satisfied with the actions the firm is taking to be socially responsible • 76% of our people are happy with the ways in which PwC is addressing its impact on the environment 	<ul style="list-style-type: none"> • Completed the CRI • PwC's total revenue was \$1.42 billion* • Revenue split by industry * • Revenue by line of service * • 86% of respondents taking part in our ECLIPSE client feedback surveys and face-to-face interviews rated us at least 4 out of 5 for overall satisfaction • 19% of respondents rated use 5 out of 5 for both overall satisfaction and likelihood to recommend • 82% of respondents rates us at least 4 out of 5 on a client loyalty index • 80% of ASX 50 companies were impacted by our priority NEDs event program • Within 24 hours of the June launch of PwC Connect, 16% of eligible population had registered • Ranking in the CRI index

Appendix D: Scope of the engagement (exert from the Engagement Letter)

1 Background

In 2008 PwC participated in the Corporate Responsibility Index (CRI) for the first time. The results have provided a benchmark on how well PwC has embedded CR to date, as well as opportunities for future improvement. Although, the results highlighted 'community engagement' as a key strength, it also identified other areas of external CR reporting that require further improvement.

PwC recognises the importance of transparent reporting to stakeholders. This year PwC has released a set of Greenhouse Gas Accounts disclosing the firm's carbon footprint, carbon management strategy and targets for reduction. This is in line with best practice in the market. PwC also integrated certain CR metrics into the FY09 Annual Review for the first time, and are now seeking to further improve the reporting of CR performance towards good practices for a professional services firm.

PwC is working toward identifying, managing, monitoring and reporting a set of KPIs and other performance information across four CR quadrants in its Annual Review being community, environment, people and marketplace. Once identified, these KPIs will be embedded in strategy, policy and day to day management practices. Targets will be set for each KPI, and they will be regularly reported in management information packs.

PwC's CR team has requested that Sustainability & Climate Change (S&CC) professionals assist the firm in achieving its objective to further improve the quality of its CR practices and reporting. In particular, PwC requires the S&CC team to identify, prioritise and recommend appropriate CR KPIs for a professional services firm to externally report in its Annual Review. These recommendations and supporting evidence will be considered by the Corporate Responsibility Advisory Council and Firm Executive.

2 The services

We will perform the following procedures and report to you the findings resulting from our work.

a) Scope of work

The detailed scope of work for the proposed services is outlined in the table below.

Task	Advice on corporate responsibility reporting
1.1	Meet with Justine Felton to obtain copies of firms CR strategy, the analysis performed and data collected from previous KPI reviews

Task	Advice on corporate responsibility reporting
	undertaken by the CR team.
1.2	Meet with Katie Reid and Sonya Voumard to understand the maximum space available in the FY10 Annual Review for CR KPIs.
1.3	Review PwC's current KPI disclosures and previous KPI research documentation and taking into account the relevant experience of the S&CC team compare with: <ul style="list-style-type: none"> • current publicly disclosed external reporting practices for other professional services firms (in Australia and overseas); • requirements of the CRI; and • principles and guidelines of the Global Reporting Initiative (GRI).
1.4	Analyse the findings from the review in 1.3 above; identify potential gaps in the current KPIs disclosed in order to prepare a draft paper in line with the deliverables listed in 2(b).
1.5	Meet with the CR team to discuss our draft findings.
1.6	Based on our discussions, update the paper outlining our findings for presentation to the Corporate Responsibility Advisory Council and Firm Executive.

b) Deliverables

We will prepare and deliver a brief report presenting findings from the completion of the proposed services. The report will include as a minimum:

- Scope of the engagement;
- Listing of identified KPIs and:
 - Prioritisation for inclusion in the FY10 Annual Review;

- Whether they are 'common practice', 'good practice' or 'market leadership';
 - A rationale for inclusion;
 - The reporting frameworks that recommend the disclosure; and
 - An example from another organisation (if applicable).
- Provide other information (as identified during research) that may be of interest in relation to competitor CR commitments and targets; and
 - Listing of next steps and associated timing required to: identify source data; discuss each KPI with the relevant manager; identify the levers for change; and determine the timeframe for implementation of additional KPIs into the FY10 Annual Review. These tasks will be assigned to the CR team, internal audit or S&CC as required.

We will also provide regular updates on our progress to key members of PwC's CR team throughout the engagement.

c) Scope exclusions

- The procedures that we will perform in accordance with Section 2 (the Services) will not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and, consequently, no assurance will be expressed.
- In areas requiring the exercise of management's discretion or judgement, our role will be restricted to providing input for your consideration.
- PwC is a regulated Multi-Disciplinary Partnership (providing both legal and non-legal services) in certain states of Australia. The services described above do not comprise legal services.