

2013 Annual Review

CEO's introduction

Our performance

Our people

Our community

Our services

Our leaders



Contents

- 1. CEO's introduction*
- 2. Our performance*
- 3. Our people*
- 4. Our community*
- 5. Our services*
- 6. Our leaders*

All figures are in Australian Dollars unless otherwise specified.





Introduction

Luke Sayers
Chief Executive Officer

What does it mean to be truly relevant in a world that is changing?

Our firm has worked hard during 2013 to understand how we can be more relevant – to our clients, the market, to the communities in which we live and work, and to society. In an environment of continued global economic uncertainty, economic power shifts within our region and the impact of mega-trends like technology and innovation, regulatory activism and the war for talent, we seek to anticipate what our clients will need and how we can help them create value from uncertainty.

Closer to home, ongoing political uncertainty has impacted business confidence and created community frustration with the lack of genuine, thoughtful debate on how our country should tackle fundamental challenges. Things like how to manage the economy through the post mining boom and how to fund public policy initiatives in education, infrastructure and disability support.

With all this change and a tendency towards short-termism, relevance is as much about agility as it is about strategy. The new vision, values and strategy our

firm introduced during FY13 reflects our appreciation of the need to change and be agile, ready to meet new challenges and to be bold in creating new, longer-term opportunities. Our vision “To realise and discover the potential of...” is purposefully incomplete, challenging us to look for new value, as well as to realise latent potential.

Our values are the centrepiece of how we will operate as a firm. They are:

- Performance Matters
- Have a Go
- Embrace Differences
- Hunger for Growth
- Be Open and Authentic
- Care

These values talk honestly about the behaviours we expect and by inference, the behaviours we will not tolerate. They were developed by our people through a unique and powerful online engagement process to determine our values and explore their meaning.

As you would expect, growth is a core focus of our strategy. We're investing in new opportunities through our digital, analytics, cyber, performance alignment and people businesses.



Our strategy is our response to our changing world, and our belief about the role that professional services should play. We want to differentiate, to be known for making a positive impact on issues that matter in the market and society. We are conscious of our responsibility as professionals and community-minded individuals to bring our skills to bear and contribute to the long-term thinking that Australia needs to secure our future. Our people have embraced this, with a large number of partners holding external board relationships and many more taking on leadership roles in community organisations. As a firm, we're contributing thought leadership to debates as diverse as tax reform, the National Disability Insurance Scheme, audit quality and the digital economy. We're offering more than just resources. We're committed to offering a point of view, engaging in and energising the genuine debate we believe is needed in Australia.

We're also conscious of Australia's role and potential in our Asia-Pacific region. We've focused on realising the opportunities presented by the continued growth of nations and markets in Asia by building our networks, capabilities and experience across the region. We've formed new business alliances with our global counterparts covering the Chinese and Hong Kong markets, and all of South East Asia. And we've engaged the market in a

conversation about what role Australia can play in Asia's continued development, and what this means for our clients and their businesses.

As you would expect, growth is a core focus of our strategy. We're investing in new opportunities through our digital, analytics, cyber, performance alignment and people businesses. And we're exploring how we can work with existing clients to realise and discover their potential, in both existing and new markets.

We're also adjusting our operating model so that we are more agile. What does the workforce of the future look like for PwC? We're investing in our people – in skills, diversity, flexible working and activity based working. Now that we have identified our core values, we are challenged to live them every day and for our decisions to be judged against them.

These are just some of the ways we're striving to be more relevant, both now and for many years in the future. It's genuinely exciting to see what can be achieved with a vision about 'potential'. I hope you enjoy reading this year's Annual Review.

Luke Sayers

Our performance

The firm achieved a solid result in a very difficult market. Major businesses continued to maintain a cautious outlook. Lower demand for many of our traditional services drove our focus on setting up a number of new businesses and selected acquisitions.

We have invested in areas like: Analytics, Cyber Security, Capital Projects, Digital, People and Performance Alignment. We invested in strategic acquisitions, namely Intunity and The Asset Partnership, and expanded our presence in Asia with consulting joint ventures covering China, Hong Kong and South East Asia. We finished the year with great momentum.



Revenue by line of service (\$'000)

Line of service	FY12*	FY13	Growth
Assurance	451,940	452,777	0.2%
Advisory	534,200	511,904	-4.2%
Tax & Legal	338,465	359,077	6.1%
Private Clients	154,296	146,254	-5.2%
Total	\$1,478,091	\$1,470,012	-0.6%

* FY12 revenues restated to reflect internal movements

Revenue by industry (\$'000)

Industry	FY12	FY13	Growth
Consumer and Industrial Products	270,915	266,155	-1.8%
Financial Services	371,774	364,697	-1.9%
Resources, Services & Government	680,440	696,018	2.3%
Technology, Information, Communication & Entertainment	155,772	143,142	-8.1%
Total	\$1,478,901	\$1,470,012	-0.6%

CEO's introduction

Our performance

Our people

Our community

Our services

Our leaders



Click icons to view details

*Regional figures are for the year ended 30 June 2012

Our people

1 2

Our people are key to our firm and our clients' success and it is their passion, knowledge and experiences that add value to the way we do business.

During the year, people from across the firm worked together to define and launch a new vision, a strategy that each of us can work confidently towards, and values which reflect our desired behaviours to deliver value to our clients and society together with the aspirations of our people.

We have aligned how we ask our people and clients for feedback through the introduction of a new People Feedback Survey; like our Client Feedback Survey, it focuses on measuring advocacy through a net promoter score. The new survey complements PwC's existing Global People Survey, which provides us with an annual measure of people engagement. Whilst we have a highly engaged workforce, the introduction of the new People Feedback Survey raises the bar in measuring advocacy.

We have also worked hard to embed our values into everything we do and, as a result, have refreshed our 360 feedback program to reflect our values and to encourage our people to share feedback with each other.

We renewed our efforts to build a diverse and welcoming workplace, creating a strategy that focuses on three key areas where we can have the biggest impact for our people, our clients and society: Culture/Asia, Disability, and Gender. By building the foundations for diversity and inclusion, we will engage with our people, attract and retain the best talent, and meet the needs of our diverse clients and communities.



CEO's introduction

Our performance

Our people

Our community

Our services

Our leaders

Click on people to see stats

Our community

This past year has seen significant change in how we approach corporate responsibility at PwC, with societal relevance now embedded in the firm's overall strategy.

Our Societal Relevance Framework seeks to maximise our societal impact in two ways:

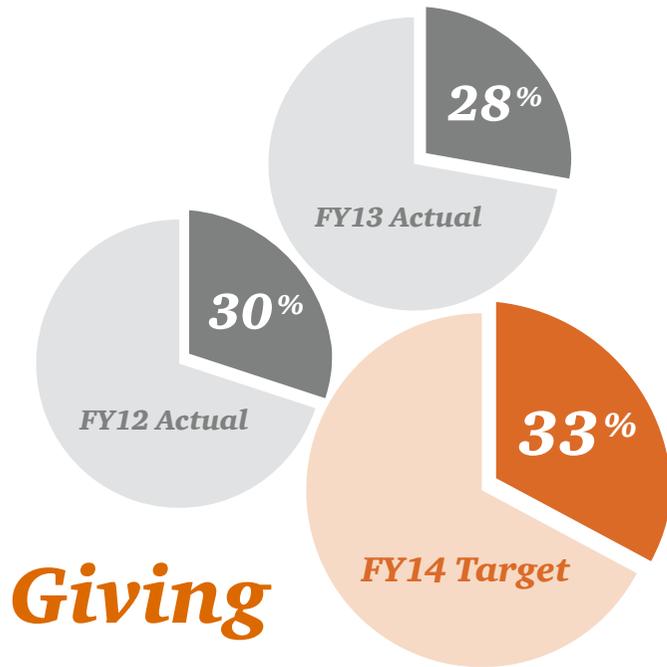
1. By “doing the right thing” and running the firm in a responsible way – for example, we are carbon neutral under the government's National Carbon Offset Standard accreditation.
2. By “being a catalyst for change” in society more broadly – for example, by promoting public debate on important societal issues like *tax reform*, and working on shared value business initiatives that are good for both society and the firm.

To achieve maximum societal impact we have had to change the way we have traditionally operated.

In response to the needs of our people and feedback from the not-for-profit sector, we are continuing to ramp up our skilled volunteering. By separating skilled from unskilled volunteering, we will be tracking and publicly reporting on the progress of this transition.

We believe one of the ways that we can have the most societal impact is through shared value initiatives. These initiatives leverage the skills and expertise of our people to address pressing social and environmental challenges – simultaneously generating both economic and societal value.





People supporting our charity partners by donating through payroll giving

Mentoring and volunteering

Number of people mentoring in the community

FY12 Actual **270** 

FY13 Actual **312** 

% of people participating in volunteering in the community



Environment



Greenhouse gas emissions total (tonnes CO2-e)*

FY12** **35,349** FY13 (estimate) **31,414**



Internal firm air travel total (million kms)

FY12** **38.0** FY13 (actual) **32.8**



Paper consumed (million sheets)

FY12** **39.3** FY13 (actual) **27.5**



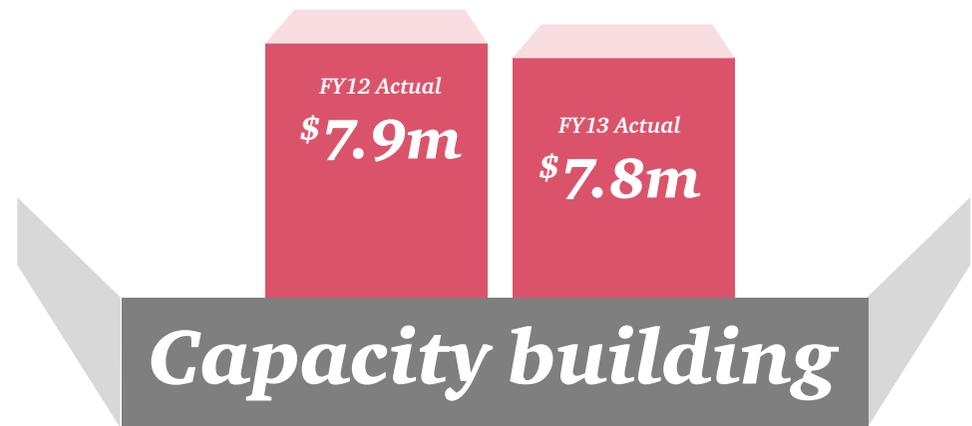
Electricity from renewable sources (%)

FY12** **100%** FY13 (actual) **100%**

* These figures represent PwC's gross emissions excluding the purchase of renewable energy

** Prior year estimate has been updated with independently verified actual data

Total value of capacity building



Capacity building

Our capacity building program gives not-for-profits access to the same services we offer clients. We call it 'capacity building' to reflect how it uses our skills and expertise to grow an organisation's capacity to deliver their strategic priorities.

CEO's introduction

Our performance

Our people

Our community

Our services

Our leaders

Our services

Service offerings

*Click icons
to view details*

Assurance

Tax & Legal

Deals

Consulting

Private Clients

Enterprises

1

2

CEO's introduction

Our performance

Our people

Our community

Our services

Our leaders

Our services

Key industries

Our key industries are represented across all of our service offerings

*Click icons
to view details*

Financial services

***Energy, utilities
and mining***

***Technology,
information,
communications
and entertainment***

Government

Health

***Retail, consumer
and industrial
products***

1

2

CEO's introduction

Our performance

Our people

Our community

Our services

Our leaders

Executive Board

Click to view profiles

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Note to readers:

FY2013 runs from 1 July 2012 to 30 June 2013.

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