

Talent to succeed

Global Annual Review 2011

*Creating a distinctive
experience for our clients
and people.*



Our people

Western Europe
58,940
people

Central and
Eastern Europe
7,507
people

Asia
34,591
people

North America and
the Caribbean
39,951
people

Middle East and
Africa
10,436
people

Australasia and
Pacific Islands
6,111
people

South and Central
America
11,174
people

PwC people

168,710

Figures at 30 June 2011

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with close to 169,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com

In this Global Annual Review we look at issues that impact all our stakeholders around the world, and we examine our performance, our key network policies and standards, and our work in the global community during FY 2011.

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Note to readers:

In this Global Annual Review, the terms *PricewaterhouseCoopers*, *PwC*, *our* and *we* are used to refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL) or, as the context requires, to one or more PwC member firms. Each member firm is a separate legal entity and does not act as an 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 judgement 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 judgement or bind another member firm or PwCIL in any way.

FY 2011 runs from 1 July 2010 to 30 June 2011.

www.pwc.com/annualreview

158

countries

771

locations

Chairman's letter



Dennis M. Nally

Chairman, PricewaterhouseCoopers International Limited

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

Dear friends and colleagues,

To a striking degree, all businesses today are based on people and ideas. Our success at PwC – the quality of the services we deliver – absolutely depends on the talents of our 169,000 people and the value they bring to every assignment, every day.

We are always looking to attract talent to enhance our business relationships, deepen our industry knowledge and refresh our world view.

But attracting top talent means constant assessments and challenges in order to answer the questions: "To attract the people we need, what kind of business must we be, and what kind of jobs must we offer?"

Our continued efforts to answer these questions bore fruit in 2011, when PwC firms were once again recognised by many independent external observers for their innovative human resource programmes. They include PwC US being ranked among the 100 Best Companies to Work For by *Fortune* magazine, and as one of *Working Mother's* Top 10 Best Workplaces for the eighth year in succession. And both globally and in the US, PwC ranked in the top three of *DiversityInc's* Top Companies for Diversity.

While such awards illustrate why we're proud of the efforts by PwC firms to provide their people with fulfilling careers, actual examples convey the story much better. Please take some time to read the case studies and profiles included throughout this Review.

PwC: Thriving in a difficult economy

Operating in a volatile global economic environment is clearly the 'new normal'. The shocks to the financial markets seem relentless: the political turmoil in the Arab world, the earthquake and tsunami in Japan, the response to the sovereign debt crisis in Europe, the political posturing around the US debt ceiling, and the commodity-driven inflation in many countries.

As a result, the anticipated recovery from the worst recession since the Great Depression has been halting, and the 'two-speed' economy predicted by analysts has become reality. As many of the most developed nations struggle with increasingly sluggish economic conditions, the rapidly developing economies, while not totally immune, are enjoying steady growth, as they experience increasing demand from both outside and within their borders.

Looking across the world, the PwC network performed well in FY 2011. Overall gross revenues for the 12-month period ending on 30 June 2011 were up by 10% to US\$29.2 billion, the biggest annual gain that the network has achieved since the onset of the economic crisis in 2008. At constant exchange rates our growth rate was slightly lower but still healthy, with revenues rising by 8% year-on-year.

Globally and in the US, PwC ranked in the top three of DiversityInc's Top Companies for Diversity.

Advisory operations continued to grow strongly during the year, with an impressive 20% increase in revenues to US\$7.5 billion.

This strong revenue growth is the direct result of our commitment to invest in people and businesses across our network throughout the economic downturn, combined with our strategy focused on providing quality, flexibility and value. In formulating and leading that strategy, I am grateful for the efforts of the PwC Network Leadership Team who also serve as senior partners of PwC firms – namely Bob Moritz (US), Ian Powell (UK), Norbert Winkeljohann (Germany) and Silas Yang (China) – as well as the Territory Senior Partners of all PwC firms worldwide.

PwC's Assurance operations remain the core of our organisation. In FY 2011 our Assurance revenues grew by 7% to US\$14.1 billion. This represented a robust performance, particularly in light of the increasingly competitive market for audit and accounting services around the world. The resulting downward pressure on prices masks even stronger underlying growth in PwC's Assurance business. While competitive pricing is important, we believe that our Assurance operations are – and must continue to be – defined not by their price, but by the quality of the service our firms provide. We continued to invest very heavily in service quality throughout FY 2011, and we will accelerate this investment in FY 2012.

Advisory operations continued to grow strongly during the year, with an impressive 20% increase in revenues to US\$7.5 billion. Advisory growth was driven by the beginnings of recovery in mergers and acquisitions activity in a number of key markets, the continued high demand for consulting services, and a series of strategic acquisitions. We anticipate continued healthy growth in the Advisory business in the year ahead.

Tax revenues also returned to solid growth in FY 2011, rising by 8% to US\$7.6 billion. The positive upturn was seen across the world.

Looking at the results geographically, PwC achieved increases in revenue in all geographic regions. Revenues in Asia rose by 14%, in Australasia by 38%, and in the Middle East and Africa by 20%. PwC firms also delivered significant returns to growth in the Americas, with North American revenues rising by 10% and growth in South and Central America doubling to 23%.

Given the subdued economic conditions and continuing uncertainty around the Eurozone, our revenue growth was more modest in Western Europe at 4%, and in Central and Eastern Europe at 7%. But these growth rates were still impressive in the circumstances.

At a country level there were some very strong performances from our firms in emerging markets, in particular South Africa, Brazil and China. More developed markets such as Australia and the US also enjoyed robust growth.

We're pleased that we've managed to deliver this formidable improvement in our results during tough times. There's no doubt that this performance is down to the hard work and dedication of PwC people across the world.

Further details of the results can be found in the Facts & figures section towards the end of this Review.

The profession: Under a microscope

In addition to operating during uncertain economic conditions, our profession is also dealing with a rapidly shifting regulatory environment. Major initiatives that could impact our businesses – either through legislation or direct regulation – are under discussion in jurisdictions including Europe and the US.

The European Commission, for example, has published a wide-ranging discussion paper on auditing, addressing key issues such as independence, competition and governance. In the UK, regulators are examining competition in the audit market to decide whether changes may need to be made in the structure of the profession. And in the US, the Public Company Accounting Oversight Board is considering a number of options to strengthen the objectivity of audit firms.

PwC firms around the world are actively engaged in the debate about these and many other issues affecting our businesses. Reflecting on these developments, there is an opportunity to reassess the role of the audit and how it can best meet the changing needs of the capital markets. We are therefore keen to embrace changes that enable the profession to continue to develop and thrive in the years ahead.

However, it is important to remember that improving audit quality must remain the paramount objective of any soundly based reform. In support of this aim, we're continually seeking to lead the profession in enhancing audit quality and bolstering its relevance to all participants in the capital markets. With this in mind, we've invested heavily in improving audit quality at PwC, and will continue to do so into the future. After all, it is the very essence of our work.

We take very seriously our responsibility to participate in the public debate about the future of the audit. And that is why we seek outcomes that will maintain the strength, independence and sustainability of the profession and serve the public interest.

Reputation and responsibility

We believe that we have a responsibility to help create a sustainable future and make our world a better place. These issues are high on the agenda for our people and the communities in which we work. At PwC, our people are not only supported and encouraged to become actively involved in community programmes – they are inspired by them. We have an enviable record in the number of volunteer hours and charitable donations made across the world.

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

We take very seriously our responsibility to participate in the public debate about the future of the audit.

One example is PwC's involvement with the United Nations Human Rights Commissioner for Refugees (UNHCR). In the desert nation of Chad, the UNHCR and PwC have jointly built seven new primary schools and improved 25 others – bringing hope to over 16,000 refugee children. PwC professionals applied skills in business and project management to create an approach that the UNHCR is now adopting for other refugee camps in Chad.

In addition to our volunteering and donations, many of our people use their core skills with the support of PwC's resources to benefit the communities in which we operate. For example, in response to the tragic earthquake and tsunami in Japan, PwC's Japanese firms, along with disaster recovery experts from PwC firms around the world, formed a Japan Recovery Taskforce to make PwC's skills, knowledge and experience available in support of rebuilding Japan. Government officials and local and international experts from PwC and other organisations held the first global symposium in July to discuss the issues facing Japan.

As with our work with clients, when it comes to corporate responsibility, we are focused on results. For instance, we are committed to reducing the environmental impact of our businesses by actively integrating principles of good environmental management into our workplaces around the world. To sum up, we look to exhibit responsible behaviour in everything we do, as well as engaging with our stakeholders and communities to have a positive impact in the places where we live and work.

Ambitious aspirations

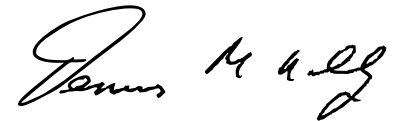
Our goal is clear: we want to be the number one professional services network in the world – defined not only by size, but also from the perspectives of quality, brand, talent and profitability. We're making good progress in these areas, but it's about more than a ranking; it's about being known as the network of firms that does the right thing for clients, people, communities and the capital markets. At our best, we hear and understand the goals of our clients, our people and other stakeholders, and work with them to create value.

From where we stand today, the direction of the global economy is difficult to predict. But what we can see are major trends such as the continuing advance of globalisation, the burgeoning growth of emerging nations, and ongoing rapid shifts in demographics. PwC has sought to keep in step with these changes. For example, we've invested for growth in new markets in Asia and Africa where we see great potential. We've also made a number of strategic acquisitions in our Advisory businesses, and will continue to undertake more of these as we see opportunities. And, as I said at the start, in order to grow we will continue to adapt human capital policies to attract and motivate talent across

all generations. There is a common theme here – we need to be agile and focused to achieve the right results for our clients and ourselves.

As you will see in this document, we are doing just that. We are proud of what has been accomplished this past year. Our focus now, however, is on the opportunities that lie ahead: helping companies navigate through this rocky recovery; developing methodologies and services that deliver even more quality and value; incorporating new technologies that drive efficiencies and collaboration across our network; attracting talented people to start or continue a career at PwC; and much more.

I look forward to updating you on our progress in 2012.



Dennis M. Nally
Chairman, PricewaterhouseCoopers
International Limited



New paths to innovation



Amid uncertain economic and business conditions, companies across the world are constantly seeking new sources of growth. The solution may lie in new products, market segments or geographies – or in adopting new business models, pricing structures or channels to market. But the common thread running through all these strategies is applying innovation and insight to identify and exploit new opportunities. Helping companies to do this successfully and sustainably is what PwC does best.

With any strategy, the key question is: “Will it create sustainable value?” Crucially, value is not simply equivalent to a business’s size or market share. Instead, it’s primarily about designing and delivering new and better ways to satisfy customer needs. This underlines why innovation in products, services and business models is now the most powerful source of value creation – a fact recognised by the CEOs polled for our 14th Annual Global CEO Survey, who say innovation is as important to growing their businesses as expanding in existing markets.

So it’s little wonder that CEOs with growth agendas have accelerated their plans around innovation. But in many businesses, they find they’re hampered by corporate research and development (R&D) processes that are still too slow, incremental and disconnected from market opportunities. As a result, many businesses are exploring new paths to innovation.

Succeeding in this quest demands much more than revamping the R&D function. Innovation in any business creates tension. This is good, because such tension is the energy that drives innovation forward. However, this energy needs to be harnessed and targeted through a disciplined process, underpinned by a culture of enablement, creativity and risk-taking – because some new ideas will inevitably fail. So the onus is on the CEO and top management to lead from the front by integrating fresh thinking into their strategic goals, and creating a culture and model that encourages and celebrates it.

“There is no question that CEOs face a challenge today in delivering sustainable value to their stakeholders. In such an environment, innovation plays a key role; and it is fascinating to see that it’s the world’s rapidly developing economies that often seem to be at the forefront in meeting this challenge. I believe it’s vital that the world’s business and industry leaders foster a culture in their organisations that encourages and rewards the development of new products and services, as well as new and effective ways of delivering them.”

Ian Powell

PwC UK senior partner and member of the Network Leadership Team



The price is right

For new innovation models, look no further than to the world's rapidly developing economies. Rising living standards in these economies have fuelled consumer demand for new and improved products and services. But while people's incomes are increasing, their spending money remains finite. So entrepreneurs across the developing world have adopted the practice of 'frugal innovation' – the art of developing new products and services that deliver considerable value, but at radically reduced costs. Central to successful frugal innovation are resourcefulness and ingenuity, coupled with the discipline to focus on the things that really make a difference for customers.

Frugal innovation goes hand-in-hand with the growing recognition that there is tremendous potential for growth further down the world's 'income pyramid'. Over the past two decades, more than a billion new consumers have entered the global economy, mostly in emerging markets.

At the same time, consumer behaviours and lifestyles in all markets – developed and emerging – are changing rapidly in response to the new opportunities and experiences opened up by increasingly pervasive and mobile internet access.

The question is: "How to respond to these seismic shifts with product and service innovation that engages all these consumers with the right proposition at the right price?" A big part of the answer lies in cloud computing and SaaS (Software-as-a-Service). This was shown by the US firm's recent collaboration with Adobe Systems – one of the world's most consistently innovative companies – to deliver a SaaS offering for its next product release.

Innovation across boundaries

A further characteristic of new innovation models is that old boundaries no longer apply – whether between people, geographies or organisations. As our case study shows, when the Daya Bay Nuclear Operations and Management Company in China wanted to innovate across almost every aspect of how it manages its business and maintains its plants, it called in PwC China – which in turn accessed world-class nuclear expertise from PwC US.

This client experience reflects how the removal of traditional boundaries is driving the emergence of 'open innovation' – an approach that mixes and matches internal and/or external ideas and resources to develop new business models and technologies. A big part of this is joining forces and collaborating with others. PwC UAE helped Abu Dhabi's Mubadala Development Company develop innovative and value-generating insights for its investment allocation strategy. And you can read how PwC US is using 'crowd-sourcing' to harness open innovation in its own business.

An experiment in internal crowd-sourcing

"Got a good idea?" The PwC US Innovation Office frequently engages staff to crowd-source solutions to business challenges using an idea management tool called iPlace – the place for ideas.

During 2011, the US firm launched a turbo-charged crowd-sourcing effort organised as a competition and open to the US firm's 30,000 staff members. The goal was to identify a potential business opportunity that could become a US\$50 million to US\$100 million business for the firm.

Over nine months, the competition elicited the participation of more than 10,000 people in the US firm and collectively generated 779 business proposals. After two rounds of evaluation, a panel of judges chose a winning team during an exciting finale, which was broadcast to the entire firm.

The PwC US Innovation Office is exploring the possibility of implementing the top 25 ideas.

Adobe Systems

Getting ready for the cloud era



Founded nearly 30 years ago, Adobe Systems is a world leader in developing and offering software solutions that help business and creative professionals produce compelling content and applications. Put simply, using Adobe products enables the company's customers to work more effectively and deliver more powerful and meaningful digital experiences.

When it comes to the resulting take-up of Adobe's products, the figures speak for themselves. Adobe Flash Player is installed on 98% of all internet-enabled desktops. And Adobe Photoshop is used by more than 90% of creative professionals. It's no exaggeration to say that Adobe products set the standard for online communication and collaboration, while bringing engaging online experiences to millions of people every day.

Adobe has achieved this consistent success against the background of a rapidly changing environment, requiring it to adapt and enhance its business model and products through a culture of continuous innovation. And in the years ahead, Adobe customers' technology use will be further impacted by the emergence of SaaS (Software-as-a-Service) and cloud computing. So, when Adobe was looking to transform its business model to enable a SaaS offering for its next product release, it turned to PwC's US firm.

Together, Adobe and PwC US teams collaborated to design a bundled solution for software product and subscription services – CS5 – that could be marketed as a cloud-based subscription service. PwC US helped Adobe build and operate

the IT programme management office for the product launch, and manage the business and technical infrastructure of its new cloud-based business model.

The project requirements for the development and launch of CS5 were defined in record time by using 'all-hands' collaboration, in which PwC US and Adobe people brainstormed ideas and worked out prototype designs. According to PwC US partner Michael Pearl, this approach delivered value that even exceeded the original expectations. Michael explains: "Not only were the business requirements produced in record time – essentially weeks instead of months – but the event was transformative in the way that it brought together Adobe's IT function with its sales and marketing side."

As a key component of the broader initiative, the PwC team particularly encouraged Adobe to seize the opportunity to automate the revenue recognition processes associated with its new product offering. PwC US managed both the technical implementation of the new revenue recognition process and the array of back-office changes which were necessary to achieve it.

PwC Global Relationship Partner Mark McCaffrey comments: "Just as Adobe seeks to distinguish its offerings in the market, PwC seeks to differentiate itself as a professional services provider. That begins by knowing our clients, taking time to understand their growth objectives, and working with them to be sure that what we bring drives value."



Mubadala Development Company

Strong relationships make all the difference

Mubadala Development Company was established in 2002 by the Abu Dhabi Government to facilitate economic growth and diversification. The company selects and manages long-term, capital-intensive investments that deliver strong returns and tangible social benefits for the Emirate – in strategic industries such as aerospace, energy, healthcare, infrastructure, technology and real estate.

Mubadala evaluates a significant number of deals every year across a range of industries and regions.

PwC UAE works with Mubadala on its due diligence process to deliver modelling support and commercial, financial and tax due diligence to help Mubadala identify promising investments for its portfolio.

According to Mubadala two things differentiate PwC from its peers. One is its focus on building deep relationships with its clients, which is important to Mubadala as it believes that long-term relationships add more value. Second is PwC's global transactions network, which provides Mubadala with access to people across their various lines of business at the right times, leading to more effective and efficient investment decisions.

PwC UAE Advisory partner Richard Rollinshaw says: "It is a pleasure to work with a company that values relationships as much as we do. Mubadala's mandate is to invest into innovation to drive long-term value creation for the benefit of Abu Dhabi. Through our relationship with Mubadala, we can help make a real difference to the Emirate's economy – and we are delighted to be part of that effort."

Assurance innovation

As well as helping clients innovate in their products, services and business models, we also strive to innovate in our own business, for example in our Assurance services. As the section on audit quality on page 14 describes, we're committed to driving continuous improvement in our assurance offerings, while continually scanning the horizon for future developments

and innovation opportunities. And our unrivalled level of engagement with the investment community keeps us ahead of the game in aligning reporting with investor expectations, and in providing corporate management with the information it needs to drive better decisions and create higher shareholder value.

The Daya Bay Nuclear Power Operations and Management Company (DNMC), located in China's southern province of Guangdong, operates one of the world's largest nuclear power sites. The state-owned enterprise, which employs over 5,000 people, manages six 1,000-megawatt pressurised water reactors based on an Areva design. The first reactor went into commercial operation in 1994 and the last will be operational later in 2011.

To incorporate global best practice in their operations, the company turned to PwC China for assistance. In turn, the PwC China team called on colleagues in PwC's US firm to provide additional know-how and innovative thinking regarding nuclear power plant maintenance and safety matters.

So began a long-term collaboration involving more than 30 people from PwC's China and US firms working closely with more than 80 DNMC personnel. Their central task was to use the very best of SAP's Enterprise Asset Management and Enterprise Resource Planning systems to transform the company's business processes – a goal which is central to DNMC's determination to run a safe, efficient and productive plant.

The work has comprised a comprehensive programme as to how DNMC maintains its power plants; manages and deploys its people; schedules its maintenance programmes; procures materials; and plans and accounts for its business activities. Previously, all these operations were performed across diverse platforms that offered limited integration, and hence provided a restricted view of the entire enterprise. Today, DNMC can monitor all its operations in real time and make operational decisions based on current and comparable data. The result: a safer, more streamlined operation that maximises efficiency and minimises risk.

“The Daya Bay Nuclear Management Solution has transformed almost every aspect of how we manage our business and maintain our plants,” says one DNMC senior executive. “We hired PwC because of their knowledge of leading nuclear practices and their strong reputation locally and globally. They already had a working model, so their approach was to engage our management team frequently to ensure that we knew the magnitude and impact of the process changes that we were implementing. Sometimes this was difficult, as it was a very large programme covering hundreds of processes and almost everyone who works at the plant and in our offices.

“We were already a successful nuclear operator and we needed to move to the next level to demonstrate that we can compete with the best globally – and we needed deep expertise and strong programme management to ensure that the transformation was successful and completed on time. Since we have gone live, we have been very impressed by the completeness of the solution. We would have struggled without PwC's help, guidance, encouragement and experience. We believe that we are better positioned to grow our business with this new management system.”

PwC China Advisory partner Robert Barrett adds: “This was the first project of its kind to pull together global expertise in critical areas – and on a very large scale – to provide solutions to a Chinese state-owned enterprise.”



Daya Bay
Teamwork and innovation
bring out the best

Bumi plc

Supporting the emergence of a new mining major

Innovation isn't just about inventing clever new products. It's also about creating new ways to structure and manage profit-making enterprises.

Take, for example, the special purpose acquisition company – originally called Vallar PLC – founded by Nat Rothschild and James Campbell. This was listed on the London Stock Exchange in July 2010 with a view to becoming a major force in the mining industry. The PwC UK firm acted as reporting accountant in the initial listing, which raised US\$1 billion, and was subsequently appointed as auditor. Since then, PwC has supported the company in its US\$3 billion acquisition of stakes in two mining companies listed in Indonesia: 75% of Berau Coal Energy and 25% of Bumi Resources. Most recently, in June 2011, PwC UK assisted in relisting Vallar as a premium-listed company on the London Stock Exchange, at which point the group was renamed as Bumi plc.

The combination of the pioneering structure and the cross-border acquisitions in emerging markets meant that the client needed a professional services provider with a global footprint, a strong track record as reporting accountants and auditors, and the capabilities to support the development of a FTSE 100 governance environment for the new group. In order to meet these requirements, PwC UK's Energy, Utilities & Mining (EU&M) Assurance

practice worked very closely with our International IPO centre and colleagues in the PwC Indonesian firm to meet Bumi's demanding timetable. In addition to prospectus-related assurance and due diligence work, PwC is also providing risk assurance, tax and sustainability services – including assisting the client in establishing its health, safety and communities policy and procedures, and its compliance procedures relative to the UK Bribery Act.

Lord Renwick, Chairman of the Audit Committee of Bumi plc, commented: "We are very grateful to all the members of the PwC team for the huge effort they have made here in London and in Jakarta to help get us to the position now reached."

PwC UK EU&M leader Ross Hunter, who handles the Bumi account, commented: "This has been a remarkable and at the same time challenging journey that has tested our team on many levels. I'm proud that we were able to deliver our work within the deadline, according to the client's needs. We are looking forward to developing our relationship with Bumi plc further following their recently announced US\$2 billion acquisition of Bumi Resources Minerals."

The UK firm is already working with the company founders in their next endeavours, including appointment as reporting accountants and auditors to Vallares PLC, Nat Rothschild and Tony Hayward's new oil and gas venture. It raised £1.35 billion on the London Stock Exchange in June 2011, and has recently announced the US\$2.1 billion acquisition of Genel Energy in Turkey.



This leadership is evident in the innovation we apply in our assurance engagements for clients. When PwC Germany won the audit of Bertelsmann Group, one of the key attractions for the client was the ability to offer an innovative real-time group reporting platform, providing client teams with transparent web-based access to component team reports. And our work with Bumi plc underlines the value of our innovative thinking and insights in areas ranging from assurance and due diligence to cross-border corporate structuring, tax and sustainability.

As we highlighted at the start of this section on clients, companies in today's world need to seek out new sources of growth – meaning innovation is not an option, but a requirement. In FY 2011 we have continued to support and accelerate our clients' innovation journey, while also sustaining our own pipeline of future client-focused innovation. These are efforts that we will maintain and intensify in FY 2012.

After a highly competitive tender process, PwC Germany won the audit of Germany-based Bertelsmann Group – one of the world's largest media companies. In a separate, closely-aligned tender, PwC Luxembourg also won the audit of RTL Group, the leading pan-European Free-TV broadcaster that is Bertelsmann Group's largest subsidiary.

As well as RTL, the Bertelsmann Group portfolio includes Random House, the world's largest book-publishing group, and Gruner + Jahr, Europe's leading magazine publisher, as well as arvato, an international media and communication service provider. Bertelsmann Group operates in 52 countries and has more than 100,000 employees.

RTL, which is based in Luxembourg, has interests in 40 TV channels and 33 radio stations across 10 countries. Its content production arm, Fremantle Media, produces more than 10,000 hours of programming every year, and is the largest independent TV distribution company outside the US.

When Bertelsmann and RTL invited the major global assurance networks to compete to be its auditor, PwC teams – led by Germany-based partner Werner Ballhaus and Luxembourg-based partner Pascal Rakovsky – welcomed the opportunity to showcase an impressive set of credentials. These included a deep understanding of the group's business operations and a proven track record of delivering quality assurance, advisory and tax services. Further important factors included the deep personal commitment and close collaboration of both teams in Germany and Luxembourg – supported by the strong, long-standing relationship between the two engagement leaders – and valuable input from PwC firms in France,

Spain, Italy, the US and the UK. Werner explains: "Going the extra mile and strictly focusing on how to deliver the best quality audit regardless of our internal structures and borders was key to our success."

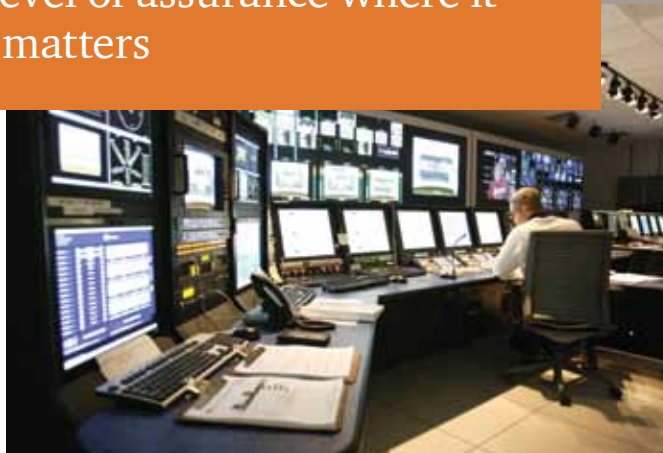
Building on these advantages, some additional considerations helped to clinch the deal. The PwC team developed and presented an innovative, risk-based approach tailored to the decentralised structure of the group and its strategy, which involves continuously bundling administrative and financial support services into shared service organisations. PwC's proposed approach also included a coordinated tax audit supporting the group's tax strategy, 'spot check audits', and risk-based scoping. Having awarded the audit to PwC Germany, Bertelsmann will also benefit from a fully transparent and real-time group reporting technology that allows the client web-based access to component team reports.

In the current economic climate the spotlight has increasingly been turned onto the ability to offer value for money in delivering an audit – but the Bertelsmann and RTL tenders underline the fact that this does not mean focusing just on price. Says Pascal: "Cost is clearly an important issue, but not as important as quality and a commitment to delivering an effective and transparent audit. So we developed an evolving audit approach that means as the group matures, it establishes a robust control environment and robust audit reporting function." Werner adds: "This means we are able to focus in a very detailed way on the major risk areas for the business, delivering a higher level of assurance where it really matters. So overall, the audit is more tailored, more efficient and more innovative – a fact that is appreciated by Bertelsmann and RTL."

Bertelsmann Group CFO Dr Thomas Rabe says: "In the tender process PwC Germany convinced us with a modern and intelligent audit approach that enables us to increase the audit assurance as well as a state-of-the-art communication concept. With PwC's excellent team we now experience a very smooth transition that allows us to gain helpful insights from their 'fresh view'."

Both Pascal and Werner conclude: "We believe what has come across is that we all truly enjoy the experience of working with the Bertelsmann and RTL teams – it is a commitment and a challenge."

Bertelsmann and RTL Group High level of assurance where it really matters



Audit quality

Our focus on Audit Quality

At PwC, our services contribute in many ways to the vibrancy and efficient functioning of the capital markets. But probably our most important contribution is in providing assurance on financial statements – enabling investors and other market participants to have confidence in the financial statements they use when making decisions on where to allocate their capital.

Our audit reports also help the companies we audit to enter the capital markets, in turn allowing them to raise funds, grow their businesses, and – as a result – contribute to the growth of the economy. For all these reasons, our audits need to be of consistently high quality.

Our services contribute in many ways to the vibrancy and efficient functioning of the capital markets.

A dynamic environment

Auditors need to maintain and deliver quality in a dynamic business environment characterised by constant change – including economic cycles, financial crises, rapid advances in technology, increasingly complex accounting standards, and evolving investor and regulator expectations. This means we need an approach that enables us to recognise changes in these factors quickly and improve continuously to promote sustained audit quality.

Our approach at PwC includes rigorous quality control systems and processes to monitor our performance and identify when changes are needed. Leadership also has a role, such as setting the tone from the top, reinforcing the culture of integrity, and setting the direction at the individual firm level. And, when auditing certain complex areas, audit teams receive support from partners and other professionals in the advisory and tax practices.

Continuous improvement

The strength of the global PwC network supports the sharing of knowledge so that individual firms are better placed to understand how changes in economic business and regulatory issues around the world impact a company's financial reporting. The PwC network sets high quality standards for all PwC firms and continues to invest heavily in processes, tools and resources to help them meet these standards. It also monitors audit quality in firms, helping them understand what is needed for continuous improvement.

PwC firms gain this understanding in several ways, including talking to investors, audit committees, managements and regulators about their expectations of an audit. Their views help us identify areas for improvement and focus on what lies ahead for the audit profession.

Sustaining quality through talent

As mentioned elsewhere in this Review, PwC is pursuing a strategy aimed at further developing and retaining people, from entry-level staff to partners, and broadening our talent pool in ways that support our audit quality objectives. For example, around the world our firms are admitting more audit partners and hiring more experienced audit staff to help us meet the growing demand for PwC to provide assurance services.

We're also hiring people with specialised technical and industry knowledge and skills to support our audit teams, and acquiring businesses that provide professional services other than audits. Our view is that the collective experience and insights our professionals gain from providing such services increase our ability to understand companies' business and risks – thus benefiting audit quality.

Steadfast focus

Overall, we believe the ability to perform high-quality audits is safeguarded by steadfastly bringing to audit work a highly developed sense of independence, objectivity and professional scepticism guided by a tone from the top that conveys and reinforces expectations about audit quality.

At PwC, a commitment to performing high-quality audits is something we fully embrace. We've made major investments in quality in FY 2011. In future, we'll remain fully focused on identifying and implementing further changes to enhance audit quality for investors and other stakeholders in the financial reporting system.

At PwC, a commitment to performing high-quality audits is something we fully embrace.



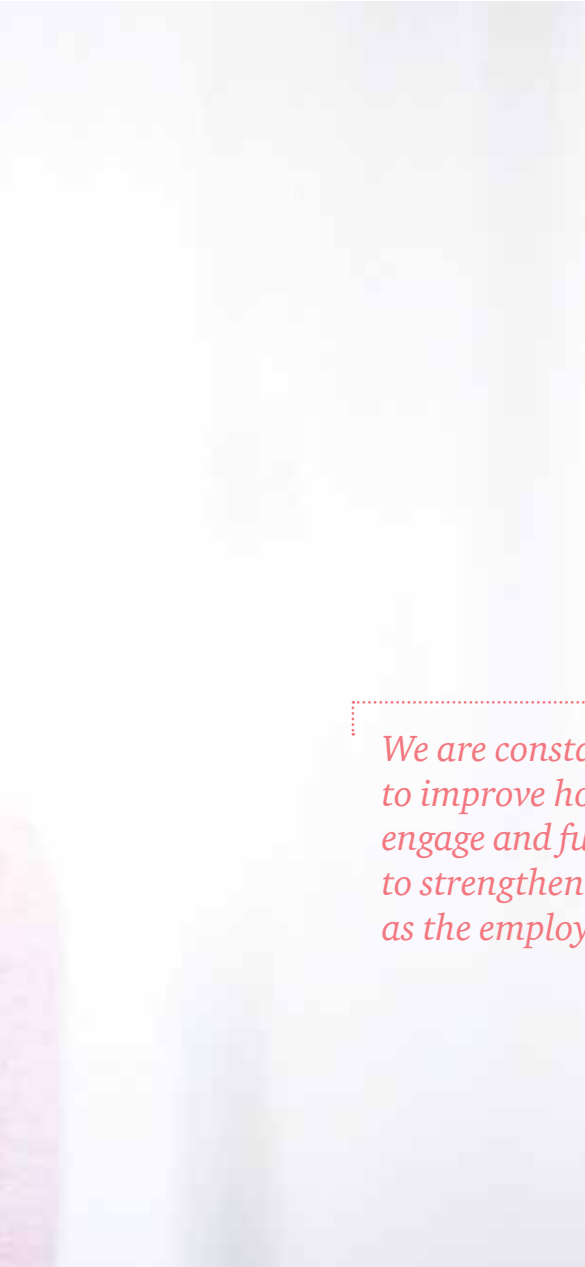
“When it comes to audit quality, the markets have clearly spoken. Quality is a continual focus at PwC, but we have accelerated that focus over the past year to meet not only the increased expectations of investors and regulators, but also the challenges of an ever more complex business environment. PwC is committed to exceeding the expectations of our broader stakeholder group by making significant investments in our people, structures and processes to achieve sustained audit quality over the long term.”

Bob Moritz

PwC US senior partner and member of the Network Leadership Team

*Creating value
for our people*





While many organisations make this claim, in PwC's case it is demonstrably true: our people and the knowledge they possess are our most important asset. Ever since we opened for business 150 years ago, it has been vital for us to attract bright professionals, mentor and motivate them, and inspire them to high standards of quality and behaviour.

We are constantly looking to improve how we develop, engage and fulfil our people, to strengthen our position as the employer of choice.

We do this in several ways. And throughout, we are constantly looking to improve how we develop, engage and fulfil our people, to strengthen our position as the employer of choice.

Developing our people

For example, during FY 2011 we've taken action to improve the way we assess and develop talent, and the way we deal with succession planning. Talent leaders in different countries are continuously collaborating and sharing best practices to make us more sophisticated in these areas – and especially the way we develop future leaders.

During the year, we've also been driving a consistent recruitment experience across the entire PwC global network. An assessment in early FY 2011 showed that PwC firms' recruitment processes and employee experience varied widely. We quickly identified best recruitment practices and helped PwC firms throughout the network apply them consistently. This programme is already driving up the quality of our new joiners' experience.

We've made great strides in driving mobility in FY 2011, with the number of people across the PwC network going on new overseas assignments nearly doubling from 2010.

One of the most important things our people do, every working day, is build relationships. This means we need a consistent approach to relationship building across PwC, based around a common set of priority skills. To help ensure this, we've designed and developed webcasts and workshops for use across the world.

One of the things that makes working at PwC attractive is the opportunity to work on assignments around the world. We've made great strides in driving mobility in FY 2011, with the number of people across the PwC network going on new overseas assignments nearly doubling from 2010. For greater detail on our international mobility programme, please see page 48 in the Facts and figures section.



“Every day, and wherever I am in the world, I am constantly reminded that our greatest asset is our people. Their quality, their diversity, their values and cultural sensitivity. In the words of one of our younger professionals: ‘We should welcome the challenges and never stop learning’. If we as the leaders of this global network can create opportunities for our people to achieve their greatest potential in gaining value for themselves, our clients and our communities, then I believe we will have succeeded in large part.”

Silas Yang

PwC China senior partner and member of the Network Leadership Team

You never stop learning

Amy Baker is a living example of what can be achieved by a bright, ambitious and enthusiastic young person eager to grasp an unexpected opportunity and run with it.

As a 17-year-old schoolgirl in Wollongong just south of Sydney, Amy found herself at a city careers fair, unsure what accountancy was all about, what it had to offer her, and why she should even be interested. Six years later, having packed more experiences into that time than many people twice her age, Amy is a senior consultant in Assurance at PwC Australia. In between, she has graduated from high school, undertaken a PwC traineeship, completed her degree in Business (majoring in Accounting), spent a three-month secondment in PwC Japan's Tokyo office, used her Japanese language skills to great effect to help bring quality service to her clients, bought her first house and won promotion.

"I hadn't thought about accounting before I attended that careers fair," recalls Amy, now 23 and based in the PwC Sydney office. "But the moment I walked into the room as a 17-year-old I thought the training would be a great experience and give me a taste of what the corporate world is like." Of the many different entry routes open to her, Amy chose to enter PwC's Australia firm



Amy Baker

Senior consultant in Assurance,
PwC Australia

through a traineeship. After six months of full-time study at university, she joined PwC Australia as an undergraduate consultant. "I got great support from the Australian firm and there were many others doing the same at other firms, so I built up a good network," says Amy.

Among her many abilities, Amy's Japanese language skills marked her out and gave her the opportunity to travel to Tokyo to work on a special assignment for a major global IT client. "It's still early in my career. But you discover very quickly that there are many opportunities to gain different experiences – you just have to be ready to welcome the challenge. And you never stop learning." Amy has certainly learned a lot in six years. What the next six will bring is anybody's guess.



Matthew Ward

Director of marketing, communications and business development, PwC Africa Central network

Growth – personal and professional

Matthew Ward knows all about living and working abroad. Born and raised in Kenya, he began his career in London before a stint in Singapore. In 2005 he moved on to Sydney, where he was approached by PwC Australia to lead the firm’s institutional sector communications. In that role, Matthew worked on several exciting and ground-breaking projects, including helping to set up the Australian firm’s climate change practice.

In 2008, when Matthew heard that PwC Africa Central was looking for someone to build up and lead the marketing and communications team, based out of Kenya, he felt it would be the perfect move for him. “We’re seeing tremendous growth in new product and service development in Africa – among our clients and within our firms,” he says. “This makes it an exciting place to be, professionally.” Returning to Kenya for work has also benefited Matthew personally. “I lived in Kenya as a child but I’d never worked here, so now my understanding of Africa is deeper and more nuanced.”

Today, 36-year-old Matthew is director of marketing, communications and business development for the PwC Africa Central network, which covers nine countries – Angola, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Tanzania, Uganda and Zambia. Over the past three years, Matthew has broadened his role and been given increasing responsibility, bringing him opportunities to achieve many of his career goals. He explains: “The challenges and opportunities that we face here might be different to Australia, but the strategic focus is the same. I like that PwC combines corporate continuity with cultural diversity.”

Matthew stresses that international assignments aren’t just for single people. For people with families who are attracted to the thought of living abroad, Matthew has this piece of advice: do it – but do it as a family. “Exploring and discovering the richness of life in another country wouldn’t be half as rewarding if you did it alone. I think you sometimes need to say to yourself, ‘let’s just do it.’”

To help him settle back into life in Kenya, Matthew, his wife Charlotte and their two little boys received wide-ranging support from the PwC Kenya firm. “The Kenya firm has been around for 65 years and has a very strong network,” says Matthew. “This opens doors for you, even in your daily life. We have had enormous help sorting out permits, visas and passports, and getting access to the best possible healthcare.”

Matthew says one of the best things about international assignments is the opportunity for personal growth, which benefits both individuals and organisations. “Your experience changes every day. Some days it’s smooth sailing, some days it’s turbulent. Most days it’s a little of both, and gradually you adjust to a different pace, a different culture. Over time, it makes you more sensitive to other ways of doing things, and better at your job.”

Starting with the conclusion makes your message much more powerful

Early on in her career with PwC US, Catherine Bromilow was given a piece of advice. It was that working in a challenging environment like PwC is great – and although there are highs and lows on the road to leadership, sticking with it through the tough times will be well worth it.

It's a mantra that has stayed with Catherine ever since, to good effect. Today she is a partner in the US firm's Center for Board Governance, helping the board directors and audit committees of major companies and institutions understand and deal with evolving regulations and expectations. "I help directors to be effective, and to understand the implications of what's happening and the best ways to deal with these changes," she explains. To date she has worked with boards and directors from the Bahamas, Barbados, Bermuda, Brazil, Canada, Israel, Mexico, the US and Venezuela.

Based in New Jersey, Catherine has also made her mark in the wider business world. In 2011, for the fifth year running, she was named by *NACD Directorship* magazine as one of the 100 most influential people in corporate governance in the United States.

Catherine Bromilow

Partner, PwC US Center for Board Governance



Catherine's route to leadership was every bit as varied as her current role. Born and raised in Canada, she always knew she wanted to be an accountant, because "I wanted to be independent and I liked how much sense there was in accounting." After completing a masters in accounting at the University of Waterloo in Canada and becoming a Chartered Accountant, she took a job in internal audit at one of Canada's major banks.

In 1995, Catherine joined what was then Price Waterhouse Canada, helping companies to implement control self-assessment processes. Her leadership potential was quickly noticed, and a few years later she was offered an exciting, life-changing opportunity in the US. She explains: "When I joined the US firm, I was asked to lead a nine-month project to research and write a book about board governance."

What started as a short-term project turned into a rich and rewarding career. After writing *Board Effectiveness – What Works Best* and the second edition of *Audit Committee Effectiveness – What Works Best*, both published in 2000 and both now being updated in 2011, she quickly became an acknowledged expert in matters relating to board-level governance. When the Sarbanes-Oxley act was signed into law in 2002, she helped board directors and audit committees understand the implications of the changes. Nine years on, as boards play an increasingly important role and the governance landscape continues to evolve, Catherine's expertise and knowledge are as sought after as ever.

Having benefited from good advice early in her own career, she often passes on the following piece of advice to women she works with: be professional in all your interactions and think about your communications style. "Women tend to describe the process before getting to the conclusion," she explains. "We think it makes us sound more credible, but that's not true. I have found that starting with the conclusion makes your message much more powerful."



We know people not only like to be heard – they want to know we’re listening and prepared to change.

Staying adaptable

Attracting and retaining talented people may require an organisation to rethink to meet the needs and expectations of its workforce. This means management asking itself: “To attract the people we need, what kind of business must we be, and what kind of jobs must we offer?”

Over the years, PwC has constantly adapted to keep recruiting the right people, by improving rewards, benefits, career paths, job responsibilities and development opportunities. When we’re not improving them, we’re constantly thinking about them. Here’s what we’re thinking about right now:

- People not only like to be heard – they want to know we’re listening and prepared to change
- People want us to build relationships with them
- People want to feel that they’re a part of the decisions that affect them
- Balance between work and personal life is an imperative at all levels
- People want regular, specific feedback to understand their own opportunities for growth
- Mobility is a strategic function at the heart of talent management
- Messages get lost when airwaves are flooded: so communications must be streamlined
- Learning and development programmes are also about bringing people together and building the PwC culture.

Values and culture

With our self-motivated and self-directed workforce, the compass that steers people in the right direction is culture. Culture is about values and ideas that pervade and inform day-to-day decision-making and behaviour, and that translate into superior products and services. At PwC, we help our people feel connected to our mission and empowered to assist in achieving it. This effort is the ‘PwC Experience’, which has four simple principles:

- We invest in relationships
- We share and collaborate
- We put ourselves in each other’s shoes
- We focus on value.

Externally, the PwC Experience helps us to deliver value and excellent service. Internally, it promotes bonds of trust, encourages personal improvement, provides a ‘safe space’ where people can ask for and receive help, and makes people accountable for their performance.

Working closely with colleagues from around the world was a great experience

About 150 high-potential senior managers and directors from PwC firms around the world took part in Genesis Park in 2011. The aim: to develop the skills and strengths needed to meet the challenges of leadership.

Held in Singapore, Warsaw and Boston, Genesis Park is PwC's global leadership development programme aimed at turning today's top performers into tomorrow's global business leaders. Participants experience a complex, demanding curriculum and work in multicultural teams to tackle issues affecting PwC and to explore compelling business-related topics.

One of the 2011 participants was 34-year-old Yongbeom Seo from Samil PwC in Korea, who attended the 10-week session in Singapore, accompanied by his wife and young daughter (pictured below). He worked on two strategic projects: a scenario planning project on how changes in technology and employment patterns will impact PwC in 10 years' time; and a project focused on better capturing and communicating the value of the audit.

Yongbeom worked in multicultural teams with colleagues from the Brazil, German, Indian, UK and US firms, which he felt was a great experience. "We had never met before, and didn't know much about each other's cultures and thinking styles. It was an excellent learning process for everyone involved. Especially, I learned that building mutual trust among the team was the key success factor to figuring out how to make the most of our skills and capabilities to come up with the best result."

Yongbeom joined Samil PwC in the Assurance practice in 2000 and between 2005 and 2008 was seconded to the UK firm, where he gained an MBA degree from the London Business School. In July 2011 – right after he finished Genesis Park – Yongbeom was promoted to director.

One of the things Yongbeom found most inspiring about his Genesis Park experience was meeting many PwC leaders from the global network, who came to Genesis Park to share their leadership experiences. "Seeing and interacting with them gave me further confidence in the PwC network. I could really see that PwC is a great professional network, run by inspiring leaders."

Yongbeom's long-term goal is to become a Global Relationship Partner (GRP) for a large multinational client. He says: "I met a GRP at Genesis Park and I was really inspired by what he said about the importance of delivering a consistent story of PwC to our clients, but from different perspectives. He made me realise that I need to develop an action plan to achieve my career goals. That's what I am doing now."

Before his Genesis Park experience, Yongbeom had only limited understanding of strategic issues that impact PwC in his daily management role. "That's changed," he says. "Genesis Park has made me realise that by being creative and thinking strategically, I can do a better job for my clients and make a real difference to the future of PwC."



Yongbeom Seo

Director, Samil PwC – Korea

Creating shared value



In today's world, successful companies are distinguished from lesser ones by their capacity to deliver more value to more people in more ways. PwC views Corporate Responsibility (CR) as central to business.

CR is a method for creating and delivering additional value to our clients, our people and the communities in which we operate.

Businesses have a responsibility to the communities in which they operate, to the environment whose resources they use, and to the wide range of stakeholders they serve.

These concerns touch every aspect of business – manufacturing, procurement, marketing, new product development, human resources, to name but a few.

Raising CR standards

The PwC firm in Malaysia plays an active and important role in promoting CR best practices within the country's private sector. Since 2008, it has supported the Starbiz-ICRM awards, which judge companies on how well they demonstrate their understanding of CR and integrate responsible practices within their business functions. The award programme particularly acknowledges companies that have structured their CR policies around clearly defined targets, accurate measurement of progress and regular public reporting of their efforts.

Says Executive Chairman of PwC Malaysia Johan Raslan: "The Starbiz-ICRM awards are helping to raise CR standards across the country by allowing companies to compare their CR practices with others and learn from best practices. This is particularly important given the growing calls for sustainability accounting. A good CR strategy helps companies engage and satisfy stakeholders who are increasingly knowledgeable about these issues."

According to Johan, CR contributes to a company's bottom line. A shareholder value assessment was carried out in 2010 to measure the impact of sustainability practices. The findings showed that CR can contribute an additional 1.4 – 3.3% of internal rate of return to the company. "It's clear that CR can play a role in contributing to a company's bottom line. So there's no reason not to engage in CR activities – provided that they are sustainable and measurable," says Johan.

Meanwhile, in Korea, Samil PwC is the only firm in the country that organises awards to recognise non-profit organisations that do a great job in their corporate reporting. Launched in 2009, the annual Samil Transparency Awards are aimed at increasing transparency in the non-profit sector and improving the communication between non-profit organisations and their stakeholders.

Kyung-Tae Ahn, Chairman of Samil PwC, says: "We believe this has a direct impact on the performance of non-profit organisations. The more transparent they are, the more likely it is they will get outside support. In 2009, the award winners were Kids & Future Foundation and the Korea Foundation for Women. Since then, they have almost doubled the amount of donations they receive."

“In the business world, the winners are those who deliver more value to more people in more ways. And today’s – as well as tomorrow’s – winners are those who fully integrate corporate responsibility into their business strategy and operations, treating it as a serious channel for creating and delivering value that had probably not been recognised or valued. It’s not easy. Applying CR principles can require major changes to business models, supply chains and even an organisation’s mission and strategy. We’re working with clients to push the boundaries of CR, and ultimately to help them provide a tangible return on investment.”



Norbert Winkeljohann

PwC Germany senior partner and member of the Network Leadership Team

Many clients see CR as no different from any other business issue they face and are seeking to embed this thinking into their operations until it becomes business as usual.

PwC has put a strong CR component at its core. This means integrating the principles of CR into the many aspects of the business – whether it be in leading the debate, advising clients, contributing to communities, or minimising its own environmental impact.

The active involvement of our people is critical for our CR activities to be sustainable. Over 28,000 PwC partners and staff participated in community activities during FY 2011, contributing their time, skills and resources. In so doing, they gain new skills, achieve personal fulfilment and develop new relationships.

Pioneering change

A company may embrace the concept of CR, but executing CR to good effect is an entirely different matter. Operating along CR principles may require retooling business models, supply chains, and in all probability an organisation’s mission and strategy. All such CR-inspired changes need to be executed with precision so that, in due course, they provide tangible returns to the enterprise. And as important, these

changes must also be well documented and competently reported in order to build public confidence in a company’s good intentions.

PwC is uniquely positioned to assist organisations in these sorts of efforts. Our Assurance, Advisory and Tax professionals regularly help companies around the world address the strategic, compliance, operational, reputational, financial and reporting implications of CR. Just as importantly, we work with governments, clients and non-governmental organisations (NGOs) to extend both the theoretical and practical aspects of CR.

For example, during FY 2011, PwC’s UK and German firms worked with the sport lifestyle company PUMA to develop the world’s first environmental profit and loss account (E P&L). The account’s framework places a value on the natural resources PUMA uses; and quantifies the environmental impacts caused by greenhouse gas emissions and water consumption along PUMA’s supply chain. These costs now serve as a metric for the company in efforts to mitigate its environmental footprint.

As PUMA’s CEO, Jochen Zeitz, explains: “I believe that the current business model that originated in the industrial revolution must evolve into a business paradigm that works with nature and

not against it. As businesses, we must account for the cost to nature of doing our business and with this E P&L we have taken the first step towards assessing a realistic economic value of PUMA's impact on the environment. Because we can only manage what we measure." PwC UK partner Alan McGill adds: "This initiative gives PUMA a unique and challenging insight into its supply chain. Fundamentally, the E P&L analysis is about risk management for both the environment and the business – because you can't separate the two."

During the past year, we also played a key role in a groundbreaking study sponsored by the United Nations that was aimed at calculating the economic

value of the world's ecosystems. *The Economics of Ecosystems and Biodiversity (TEEB)* study examines how biological diversity benefits the global economy and argues that companies around the world need to integrate the economics of biodiversity and ecosystem services into their decision-making. In the study, PwC found that risks related to declining biodiversity and loss of ecosystem services are impacting businesses in all sectors. According to Malcolm Preston, Global Sustainability Leader at PwC: "These risks include reduced productivity, scarcity or increased cost of resources, disruption of operations, reputation and financing risks, litigation and changing consumer and purchaser requirements."



Investing in education

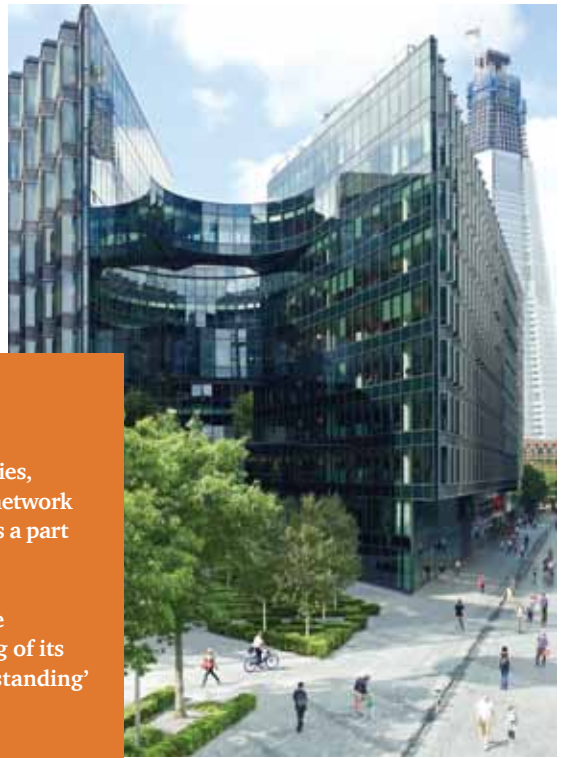
When PwC South Africa decided to help a school in need, it initially planned to donate a computer lab. But when the PwC South Africa team visited Mafori Mphahlele Comprehensive School in Soweto for the first time, it became apparent that the school needed much more.

Lynn Rossouw, a member of the South African firm's CR team, explains: "The school was lacking in basics such as tables and chairs – and although the teachers were working hard to do their best, the environment was not conducive to successful education."

As well as donating a computer lab, the PwC South African firm donated scientific calculators to the school and provided training on how to use the calculators to both the teachers and the students as part of the Maths for the Future project. It also organised career guidance for students, provided furniture for classrooms and staff rooms, arranged for part of the school to be renovated, and invited students to visit PwC South Africa to learn about the profession.

Says Xolani Mayisela, principal at Mafori Mphahlele Comprehensive School: "Since the start of our relationship with PwC, there has been a phenomenal change in the whole school environment and learners' attitude towards their school work. We have seen a great improvement in results, with the pass rate up from 58% in 2009 to 80% in 2010."

7 More London



Using our in-house skills

Applying the principles of doing the right thing for clients, people and communities, the skills and expertise of the Infrastructure and Procurement teams across the network often prove invaluable. Sustainability is a strategic issue for many firms and plays a part in managing operations.

The greenest building in London: The PwC UK firm's new sustainable office building in London is designed to emit 58% less carbon than a typical building of its size. It was confirmed as the greenest in London when it was certified as 'outstanding' by the Building Research Establishment Environmental Assessment Method (BREEAM), the European measure for sustainability of buildings.

Opened in April 2011, 7 More London accommodates 5,500 people. PwC UK used the move as an opportunity to further engage its people in a large-scale programme to raise awareness of sustainability concepts and encourage sustainable behaviours.

Innovative building in Frankfurt: Opened at the end of 2010, the Tower 185 accommodates up to 5,000 people. Energy consumption is 21% below strict German EnEV 2009 (energy saving regulation) and the building is accredited by LEED (Leadership in Energy and Environmental Design) 'Gold Standard'.

Elsewhere in the PwC network:

- Our China firm has pursued a high environmental standard in many of its new offices since 2008. By 2012, 50% of the locations in China will be in LEED Gold and Silver certified offices or buildings.
- PwC US's Atlanta data centre is LEED Gold certified and features a number of innovations including a roof that reduces heat absorption by 30%.



Tower 185, Frankfurt

Environmental protection is clearly fundamental to the CR equation and the TEEB research helps businesses, NGOs and national governments to embed consideration of the value of natural resources into their decision-making to support the preservation of natural capital.

Work on environmental protection issues recently took an international team of PwC professionals to Borneo, an island in the South China Sea with large tropical rainforests inhabited by rare and endangered species. In the centre of the island lies the so-called 'Heart of Borneo' – a 22 million hectare region consisting of pristine and highly biodiverse tropical forests.

The three Bornean Governments of Indonesia, Malaysia and Brunei have committed to conserving the island's natural resources and biodiversity, while simultaneously promoting green growth – identifying and valuing natural capital in order to transform economic activity so that growth today can be sustained in future for the benefit of society. To accomplish these twin goals PwC was asked by WWF, the world's leading conservation organisation, to apply the TEEB research and a business perspective in an assessment of the green growth potential for the Heart of Borneo. Our work produced recommendations for a transition to green economic growth and stressed the need to better engage businesses and local communities.



Sharing our skills

CR is an approach to business that aims to build customer and employee engagement, improve environmental performance, create positive social impacts, enable operational efficiency, reduce costs and foster innovation. But sometimes, CR is about putting a company's expertise to work to help rebuild shattered lives.

The magnitude 7 earthquake that struck Haiti in 2010 killed more than 300,000 people, injured an equivalent number, and left one million people homeless. As donations from around the world poured into Haiti, PwC's US firm immediately pledged to contribute

its specialised business skills to help manage the massive relief and recovery effort. Throughout FY 2011, a dedicated team from the US firm worked with international donors and multinational institutions to establish the Interim Haiti Recovery Commission (IHRC), comprising members of the international community and local Haitian officials. The IHRC's purpose is to direct and coordinate over US\$5 billion of international aid with a focus on monitoring so that resources are applied as effectively as possible and in a transparent and accountable way.

On a mission for job seekers

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

MA was determined to replicate best practices across all its sites. So in June 2010, it turned to PwC Australia for help, benefiting from the Australian firm's programme giving charities access to PwC services at 30% of the normal rate.

The result? A boost in the number of 'five star' government-rated sites. MA is now placing more job seekers at a faster rate, improving retention rates and better equipping job seekers with important skills. Says MA CEO Toby Hall: "This means more lives are transformed on a daily basis."

“Understanding the impact of your actions is key to doing a better job. Last year we calculated our carbon footprint for 83% of our operations and used this information to set carbon reduction strategies covering virtually all of these operations. It is a strategic priority for the year ahead to improve our reporting globally to better inform strategies across the world.”

Moira Elms, PwC Global Corporate Responsibility Leader

After providing *pro-bono* services for more than a year, PwC US was re-engaged by IHRC to establish and manage the commission’s Performance and Anti-corruption Office (PAO). As a first step, the PwC team carried out extensive research to compile a first-of-its-kind report to the IHRC’s board that outlined the purpose, status and financial circumstances of every redevelopment project underway in Haiti.

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

Productive relationships

At PwC, the emphasis on building relationships runs through all our external and internal activities – including our CR efforts.

One example of this is PwC’s involvement with the United Nations Human Rights Commissioner for Refugees (UNHCR). In the desert nation of Chad, the UNHCR and PwC have jointly built seven new primary schools and improved 25 others – bringing hope to over 16,000 refugee children displaced by fighting in Darfur. PwC established an exceptionally close and effective relationship with the UNHCR – one which the Office of the UN High Commissioner for Refugees regards as a model for all its private sector partnerships.

PwC professionals have applied skills in business and project management to create an approach that the UNHCR is adopting for other camps in Chad. This approach is viewed as best practice for many other similar projects around the world. It covers key policies, standards and actions such as establishing a database of teacher skills and student abilities; monitoring school attendance; implementing quality training workshops for teachers; improving school facilities and services; organising activities and vocational and skills training for young people finishing primary school; and seeking active



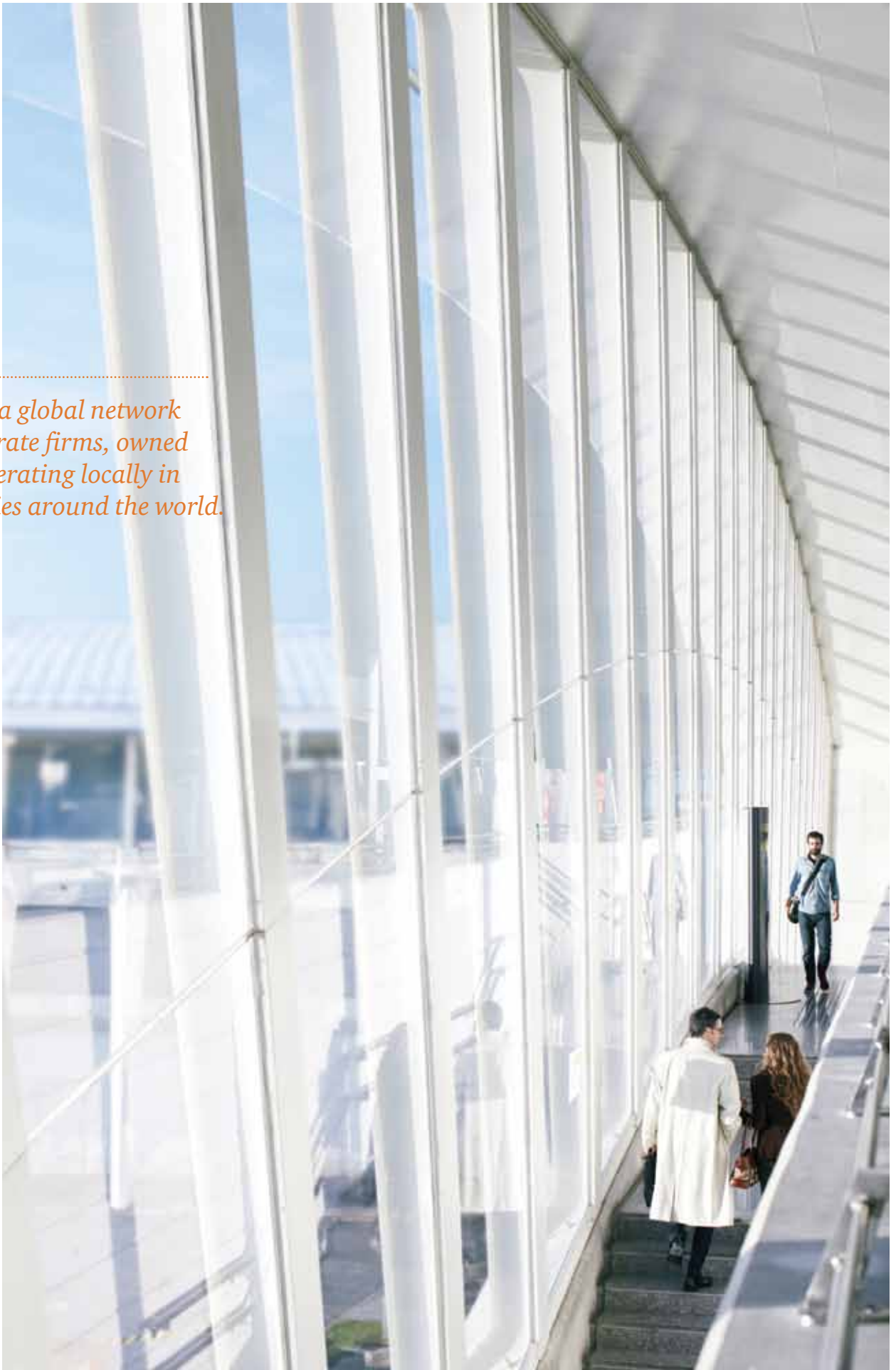
community involvement. The UNHCR's ambition to mainstream this project in all refugee camps is reflected in its revised education strategy for Chad.

The impact of the project has been dramatic. Access to education, school retention rates and the quality of teaching and learning have all improved and there are now more choices for youth after primary school. For example, the proportion of students and teachers attending school has more than doubled from 27% in 2010 to 67% in 2011. Girls now make up a much larger proportion of total students at 49%. Better infrastructure and additional classrooms have resulted in class sizes reducing from 80 to 50, improving the quality of learning and teacher-student interaction. And teachers and school

managers are better equipped to do their job, with 365 teachers and 165 directors undergoing training in 2010.

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

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



Committed to sharing information

At PwC, we are committed to putting the principle of transparency into practice. To turn this commitment into reality and provide greater clarity to stakeholders, we constantly review the ways in which we work, describe ourselves and communicate both internally and externally.

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

PwC firms agree to follow network standards and be subject to periodic reviews. PwC firms' compliance with the standards of the network is monitored regularly.

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

Legal structure, ownership and network arrangements **Network arrangements and member firms**

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

The network provides the foundation for member firms to share knowledge, skills and resources, enabling PwC firms to work together to provide consistently high-quality services on a global scale to international and local clients while still operating as local businesses.

PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee in which PwC firms are members. PwCIL doesn't practise accountancy, provide services to clients or do business with third parties. Instead, its purpose is to act as a co-ordinating entity for PwC firms in the PwC network. PwCIL works to develop and implement policies and initiatives that create a common and co-ordinated approach for PwC firms, where it's appropriate. PwCIL focuses on key areas like strategy, brand, and risk and quality.

PwCIL governance bodies **Global Board**

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

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

Network Leadership Team

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

Strategy Council

The Strategy Council, which is made up of the leaders of the largest PwC firms, agrees changes in the strategic direction of the network and facilitates alignment in the execution of strategy.

Network Executive Team

The Network Executive Team reports to the Network Leadership Team and coordinates key service line and functional areas such as Risk and Quality, Human Capital, Operations, and Brand and Communications across the PwC network.

Standards and internal quality control systems

Membership in the PwC network depends on a firm's implementation of common standards. Every PwC firm is responsible for its own risk and quality performance and, where necessary, for driving improvements. To support transparency and consistency, each member firm's Territory Senior Partner signs an annual confirmation of compliance with certain standards. As stated above, these cover a range of areas, including independence, ethics and business conduct, Assurance, Advisory and Tax risk management, governance, anti-bribery and data protection and privacy.

There are some common processes to help PwC firms apply the standards. Major elements include:

- The way we do business
- Sustainable culture
- Quality policies and processes
- Quality reviews.

The way we do business

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

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

Sustainable culture

To promote continuing business success, PwC firms nurture a culture that supports and encourages PwC people to behave appropriately and ethically, especially when they have to make tough decisions. PwC people have ready access to a wide array of support networks within their respective firms – both formal and informal – and technical specialists to help them reach appropriate solutions. There is also a culture of objectivity, professional scepticism and cooperation between firms, and consultation supports this culture.

Quality policies and processes

Each PwC firm has policies that are based on PwC network standards. PwC firms also have access to common methodologies and supporting materials for many services. These methodologies and materials are designed to help firms' partners and staff to perform their work more consistently, and to support their compliance with the way we do business. Each client engagement leader is responsible for assigning partners and staff to a particular engagement and building the appropriate combination of professional competence and experience.



“If I had to select just one aspect of the way in which we work at PwC to bring value both to our own people and our clients, then it would be the strength of our network. I believe it’s our network that differentiates us; that provides a strong platform to share knowledge, skills and resources; and that enables us to deliver high-quality services on a global scale to all our clients – while still operating as local businesses. I truly believe it’s a network to be proud of.”

Dennis Nally

Chairman, PricewaterhouseCoopers International Limited

Quality reviews

Each PwC firm is responsible for monitoring the effectiveness of its own quality control systems. This includes performing a self-assessment of its systems and procedures and carrying out – or arranging to have carried out on its behalf – independent reviews at the individual engagement level. In addition, PwCIL monitors firms’ compliance with network and professional standards. This includes monitoring whether each PwC firm conducts objective quality control reviews and engagement reviews consistent with regulation and established processes. PwCIL also monitors whether a firm has appropriately identified significant risks and is responding appropriately to those risks.

For Assurance work, the relevant standard on which the quality reviews are based is International Standard on Quality Control 1: ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements’ (‘ISQC1’).

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

- quality management systems are effective and comply with network standards
- engagements selected for review were performed in accordance with professional standards and PwC Audit requirements
- significant risks are identified and managed appropriately.

Independence practices Policy

Auditors must be objective in all aspects of their work. Independence is a cornerstone of this objectivity and has two elements: independence of mind and independence in appearance. PwC firms reinforce both of these elements through a combination of setting the right tone from the top, independent consultation on judgemental issues, regular training and careful observance of independence requirements.

Our training solutions are designed to develop professional judgement, scepticism, and technical and professional excellence to achieve quality in everything we do.

PwC's Global Independence Policy – based on the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants – contains minimum standards with which PwC firms have agreed to comply, including processes for maintaining independence from their clients, when necessary. PwC firms impose supplementary independence restrictions and processes by reference to local regulatory and ethical requirements. Details of any such requirements with cross-border effects are communicated throughout the network.

Training

Training modules on the PwC Global Independence Policy and related topics have been delivered by all PwC firms. They supplement these training materials with additional content tailored to reflect their local requirements. The Assurance, Tax and Advisory lines of service also provide training and other materials dealing with independence considerations related to the provision of non-assurance services and business relationships. New joiners are trained in the PwC Global Independence Policy, irrespective of which part of the practice they join.

Compliance

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

PwC firms are required to obtain authorisation from the lead audit engagement partner regarding the provision of non-audit and – in certain situations – audit services to entities on the 'Independence List'. Authorisation is only given after careful analysis of whether the service could impair the reporting firm's independence.

Partners and client-facing managers in all PwC firms are also required to record the details of their investment portfolios on a confidential database that provides real-time monitoring of investments held against an 'Independence List' of prohibited securities. Joint business relationships are required to be approved, recorded and regularly monitored.

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

- annual compliance confirmations, and
- inspection and compliance-testing programmes.

Violations

PwC firms are required to have disciplinary policies and mechanisms in place to promote compliance with independence policies and processes, and to report and address any violations of the PwC network's independence requirements.

Partner remuneration

An essential element of PwC's ethos is a set of common principles for remuneration of partners in PwC firms, based on partner performance and quality of work. These principles suggest that all PwC firms' partner remuneration systems should reward partners on the basis of three core elements: first, the role they are asked to play in the partnership; second, how well they carry out their responsibilities; and third, how well their individual firm performs as a whole. The underlying premise of the partner income philosophy is to encourage, recognise and reward partners, both as individuals and as members of teams, based on their contribution to their respective firms. The primary measure of contribution for partners in the audit practice is quality.

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

Continuing education

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

PwC firms are committed to delivering quality audits around the world. To help them do this, a consistent curriculum gives their Assurance practitioners, as well as specialists in Advisory and Tax who provide audit support, access to courses covering the PwC audit approach and tools, updates on audit and accounting standards and their implications, and areas of audit risk and engagement quality. Courses are developed using best-practice learning techniques designed to meet the needs of practitioners.

Our training solutions are designed to develop professional judgement, scepticism, and technical and professional excellence to achieve quality in everything we do. There are focused programmes for people with special roles or who serve clients with unique characteristics. These individuals include Quality Review Partners; people leading multi-location audits or engagements with shared service centres; and those serving clients around the globe who are listed on US stock exchanges. Our focus in the past year has been on continuing to enhance and develop our curricula in response to needs we have identified among our practitioners.

However, as well as focusing on 'what' our people learn, it is just as critical to consider 'how' they do it. A large part of PwC's learning approach comes from on-the-job experiences. Another important area comes from learning from others, whether by receiving and discussing feedback, or by observing and working with others, with role models, or with coaches and mentors. The remainder comes from formal learning. Our formal learning solutions vary in method from e-learning to classroom courses that give practitioners the opportunity to sharpen their professional judgement by sharing insights and experiences with their instructors and peers.

With some 169,000 people across PwC's firms, the task of providing continuous education throughout each professional's career is a major challenge. Mechanisms have been put in place at all levels – individual, firm and network – to help achieve this goal. PwC firms' L&E leaders are responsible for reporting their training plans for the year and, at year-end, their actual delivery of training to the target audience for each programme.





Facts and figures

Revenues

PwC firms across the world performed well in FY 2011. Overall, gross revenues for the 12-month period ending on 30 June 2011 were up by 10% on FY 2010 at US\$29.2 billion, the strongest rate of growth that the network has achieved since the onset of the economic crisis in 2008. At constant exchange rates the pace of growth was slightly slower but still healthy, with revenues up by 8% year-on-year.

This strong revenue performance in FY 2011 reflects a combination of the PwC network's commitment to investing in its people and its businesses throughout the economic downturn, and a global strategy focused on providing quality, flexibility and value. This strategy has clearly been supported by PwC's clients in the past year.

PwC's Assurance operations remain the core of our network. In FY 2011 our Assurance operations grew their revenues by 7% to US\$14.1 billion, a robust performance particularly in light of the increasingly competitive market for audit and accounting services around the world. The resulting downward pressure on prices masks even stronger underlying growth. While competitive pricing is important, we continue to believe that our Assurance operations are – and must continue to be – defined not by their price, but by the quality of the service provided to clients and other stakeholders. We continued to invest very heavily in service quality throughout FY 2011, and will accelerate this investment in FY 2012.

Our Advisory operations continued to grow strongly during the year, with an impressive 20% increase in revenues to US\$7.5 billion. Advisory growth was driven by the beginnings of recovery in mergers and acquisitions activity in a number of key markets, and the continued high demand for consulting services. A series of strategic acquisitions have also significantly strengthened PwC's Advisory capabilities in key sectors.

Figure 1: Aggregated revenues of PwC firms by service line (US\$ millions)

	FY11 at FY11 ex. rates	FY10 at FY10 ex. rates	% change	% change at constant ex. rate
Assurance	14,140	13,273	6.5%	4.9%
Advisory	7,458	6,206	20.2%	18.0%
Tax	7,625	7,090	7.5%	5.7%
Gross revenues	29,223	26,569	10.0%	8.2%
Expenses and disbursements on client assignments	(1,755)	(1,359)		
Net revenues	27,468	25,210	9.0%	7.2%

FY11 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY11 exchange rates. FY10 aggregated revenues are shown at average FY10 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

We anticipate continued growth in our Advisory business in the year ahead as organisations look for ways to deal with continued volatility and tight liquidity in the capital markets through transformational change, consolidation or financial and organisational restructuring.

Tax revenues also returned to solid growth in FY 2011, rising by 8% to US\$7.6 billion. The positive upturn was seen across the world, as growing demand for Tax and Human Resource consulting services was bolstered by a strong performance in the emerging markets, an expanding Indirect Tax business and increased demand for tax accounting and compliance work.

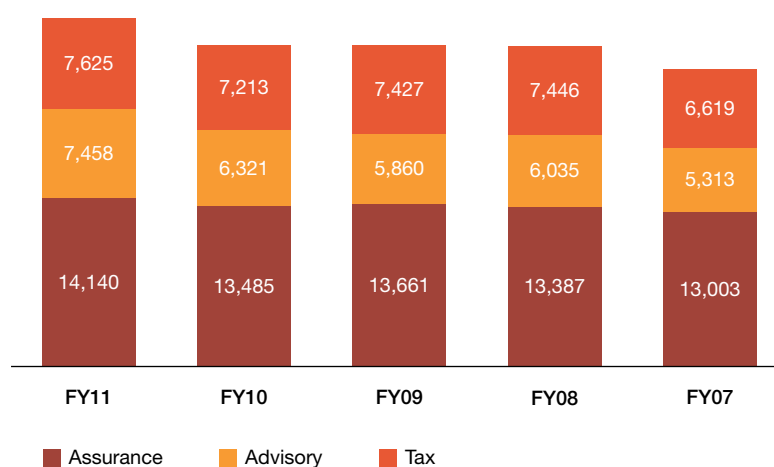
Statutory audit services comprise 40% of PwC's revenues. All other revenues comprise non-audit services, of which two thirds are provided to non-audit clients.

Figure 2: Aggregated revenues of PwC firms by geographic region (US\$ millions)

	FY11 at FY11 ex. rates	FY10 at FY10 ex. rates	% change	% change at constant ex. rate
Asia	3,427	3,018	13.5%	8.5%
Australasia and Pacific Islands	1,677	1,210	38.4%	23.5%
Central and Eastern Europe	778	726	7.3%	6.6%
Western Europe	11,518	11,062	4.1%	3.7%
Middle East and Africa	987	823	19.9%	15.4%
North America and the Caribbean	9,881	8,952	10.4%	9.4%
South and Central America	955	778	22.8%	22.1%
Gross revenues	29,223	26,569	10.0%	8.2%

FY11 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY11 exchange rates. FY10 aggregated revenues are shown at average FY10 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Figure 3: PwC's service line mix (2007-2011) at constant exchange rates (US\$ millions)



Looking around the world, PwC enjoyed revenue increases in all major regions during the year, with Asia rising by 14%, the Middle East and Africa by 20%, and Australasia by 38%.

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

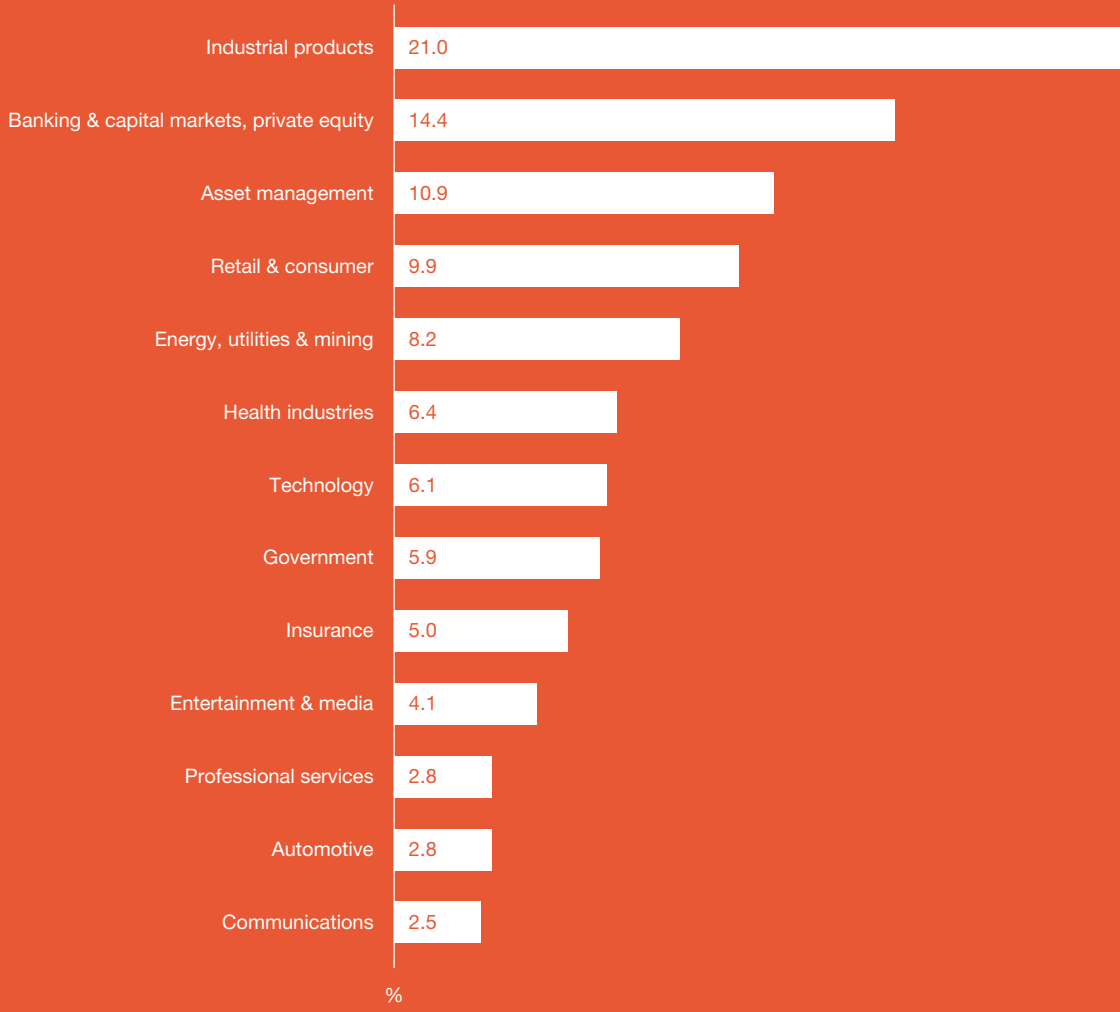


Figure 5: Global and regional client bases



Audit clients include both sole and joint audit appointments. Other clients disclosed as companies where PwC revenues exceed 500,000 US\$ in FY11

Looking around the world, PwC enjoyed revenue increases in all major regions during the year, with Asia rising by 14%, the Middle East and Africa by 20%, and Australasia by 38%. We also enjoyed significant returns to growth in the Americas, with revenues in North America rising by 10% and the rate of growth in South and Central America doubling to 23%.

Unsurprisingly, given the subdued economic conditions and continuing uncertainty around the Eurozone, growth was more modest in Western Europe (4%), and Central and Eastern Europe (7%). However, these increases still represent an impressive performance in challenging circumstances.

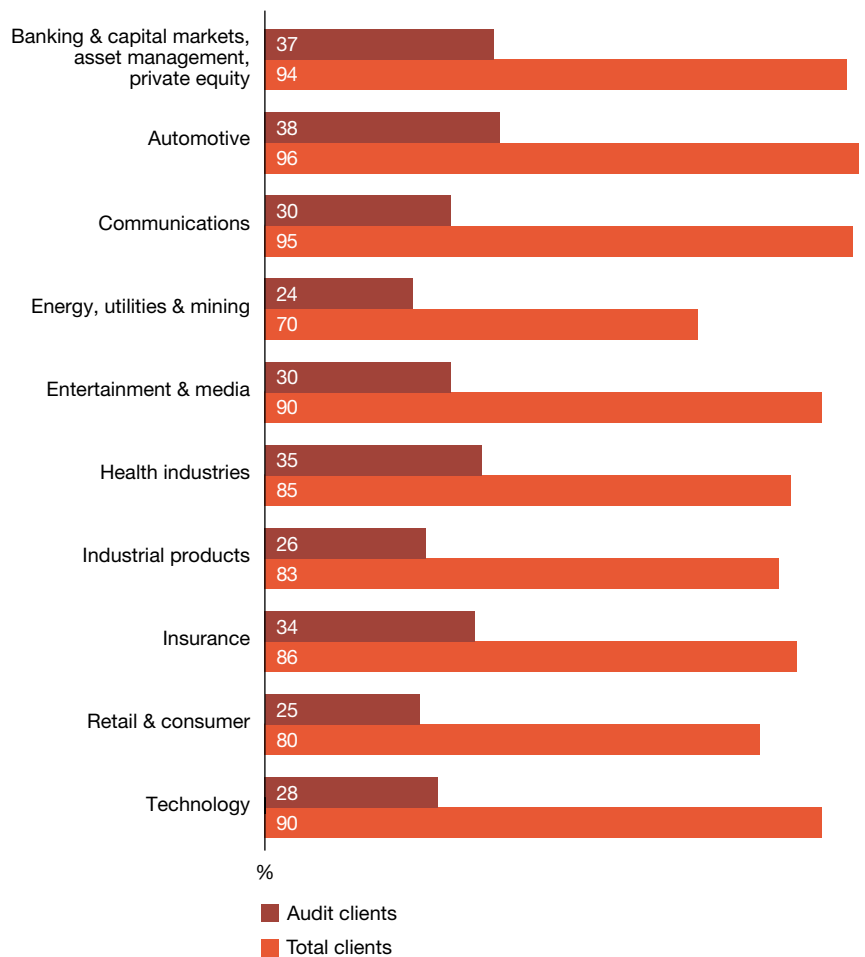
At a country level there were especially strong performances from a number of emerging markets, in particular South Africa, Brazil and China. More developed markets such as Australia and the US also enjoyed robust growth.

Clients

PwC's clients range from some of the world's largest and most international organisations to local entrepreneurs. We work closely with all our clients to provide them with tailored services that meet their specific needs, irrespective of their size, location and sector.

In FY 2011, PwC provided services to 419 of the Fortune Global 500 companies and 443 companies in the FT Global 500.

Figure 6: PwC firm clients as a percentage of the Fortune Global 500



People

PwC's global workforce grew by 4% in FY 2011 to close to 169,000. Our employee numbers increased right across the world, reflecting our continued investment in attracting the best people and offering them stimulating and rewarding careers once they join. PwC is also truly global, offering opportunities to work in 771 locations across 158 countries.

Over the past few years we've continued to re-examine how we reward and develop our people. As a result, we've introduced flexible ways of working that suit both our people and our clients. It is this flexible approach to work and career development that lies behind PwC's growing attractiveness as an employer.

Figure 7: PwC firms' people, June 2011

PwC people	FY11	FY10	FY09
Partners	8,697	8,625	8,552
Client service staff	129,720	122,967	123,548
Practice support staff	30,293	30,126	31,445
Total	168,710	161,718	163,545

Figure 8: Headcount by region

PwC people	FY11	FY10	Growth
Asia	34,591	33,199	4%
Australasia and Pacific Islands	6,111	5,876	4%
Central and Eastern Europe	7,507	6,837	10%
Western Europe	58,940	57,702	2%
Middle East and Africa	10,436	10,033	4%
North America and the Caribbean	39,951	37,643	6%
South and Central America	11,174	10,428	7%
Total	168,710	161,718	4%

PwC people 2011

168,710

Figure 9: PwC people by line of service

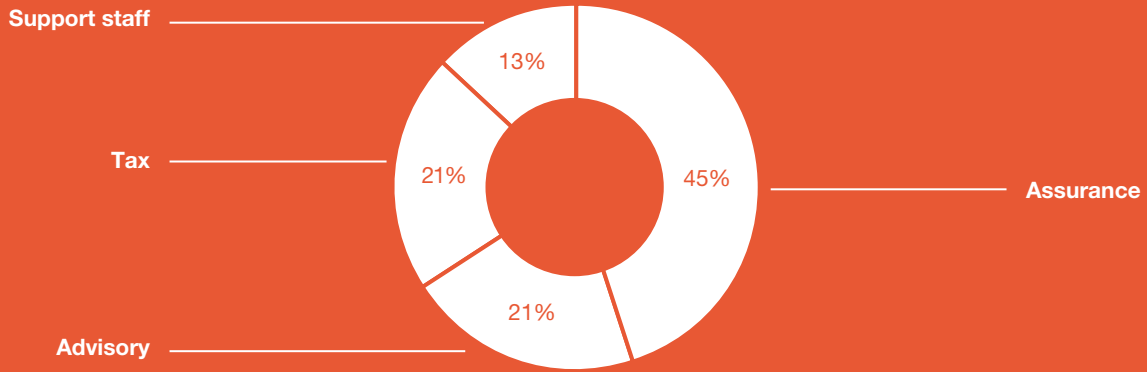
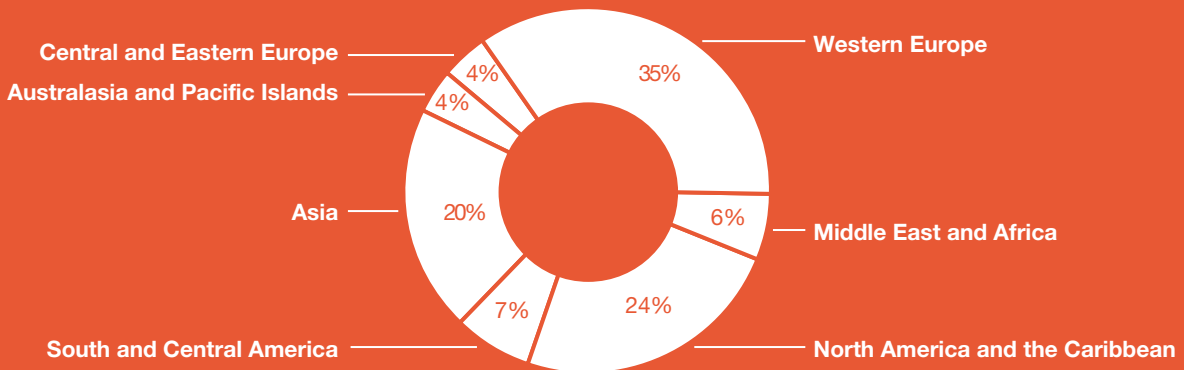


Figure 10: PwC people by region



Student surveys

Attracting the right talent to join PwC is key to the continued success of our businesses. In FY 2011 more than 17,600 graduates chose to begin their careers with PwC, making us one of the largest graduate recruiters in the world. PwC's status as an employer

of choice among new graduates across the world is also borne out by the findings of recent student surveys, which show that we continue to be regarded as the top choice in our profession among the student population in many of our major markets.

Figure 11: PwC ranking in student surveys

	Rank in Big Four		Rank among all employers	
	FY11	FY10	FY11	FY10
China	1	1	14	12
Czech Republic	1	1	8	8
Germany	1	1	10	8
Poland	1	1	1	1
Russia	1	*	19	*
Spain	1	2	24	15
Sweden	2	2	7	6
Switzerland	1	1	7	9
UK	1	1	1	1
US	2	2	5	3
Pan-European	1	1	2	1

*Universum surveyed in Russia for the first time during FY11

Sources: China (Universum Graduate Survey), Czech Republic (Trendence Survey), Germany (Trendence Survey), Poland (AIESEC Survey), Russia (Universum Graduate Survey), Spain (Universum Graduate Survey), Sweden (Universum Graduate Survey), Switzerland (Universum Graduate Survey), United Kingdom (The Times Student Survey of top Graduate Employers), United States (Universum Graduate Survey), Pan-European (Trendence Survey)

In FY 2011, more than

17,600

graduates chose to begin their careers with PwC



Global People Survey

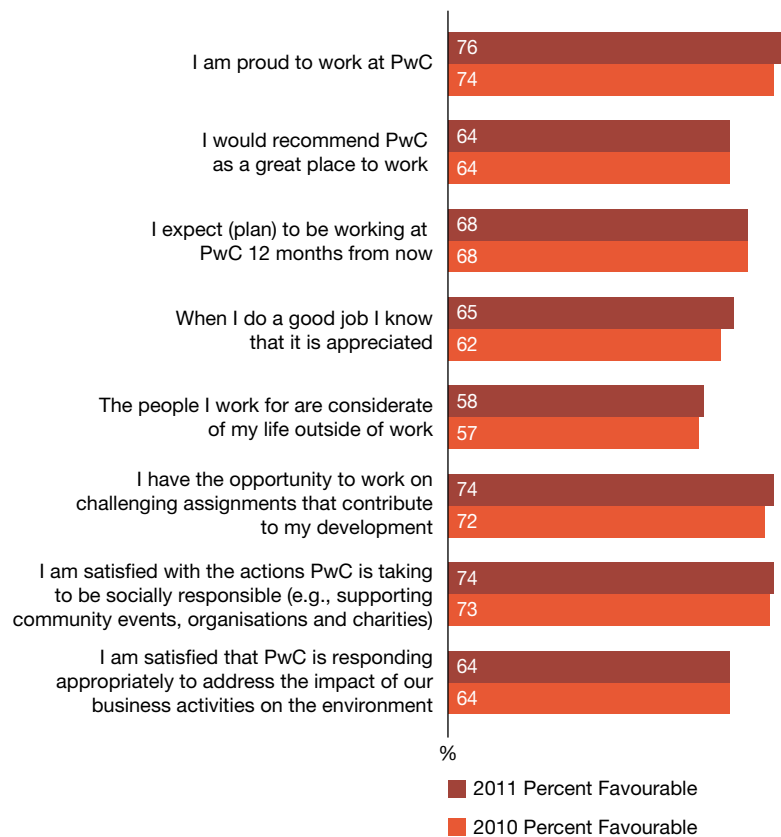
It is vital that we understand what our people think about PwC, listen to how they feel about working here, and take the appropriate action.

In FY 2011, more than 125,000 PwC people took part in our global people survey. The majority told us they would recommend PwC as a great place to work, expect still to be with PwC in 12 months' time, and continue to be challenged and developed. And 65% of our people say that when they do a good job, they know it is appreciated – up from 62% last year.

Over the past few years we've made particular efforts to encourage volunteering and engagement with local communities. These actions are beginning to bear fruit, with 74% of our people saying they're satisfied with the actions PwC is taking in the area of corporate social responsibility.

But we know there is always more that can be done – and continuing to improve our people's work-life balance remains a priority for us in the year ahead.

Figure 12: Global People Survey results (% agreeing)



74% of our people say they're satisfied with the actions PwC is taking in the area of corporate social responsibility.

Number of new assignments

1,442
FY10

2,483
FY11



International mobility

As globalisation continues to accelerate, having the right people in the right place at the right time is becoming ever more important, both for us and our clients. 2,267 PwC people were on long-term international assignments at 30 June 2011, an increase of 21%, with participation from 91 countries around the world. For our overall programme, the total number of new long-term and short-term international assignments that started in the year increased by 72%.

Our people and our clients find this proven ability to move expertise around the world an invaluable asset. Our decision to continue to invest in and grow our international mobility programme has given us a clear competitive advantage, both in terms of the opportunities we can offer to our people and our ability to meet the needs of our clients anywhere in the world.

Diversity at PwC

Every day, thousands of PwC professionals from different cultures and backgrounds – and with profoundly different styles of thinking – work together to help solve our clients' complex business problems. This diversity is what makes our advice so rich. But it also brings challenges.

Working with people who think differently isn't always easy. It requires a strong emotional intelligence: the ability to put aside one's long-held assumptions, be open-minded, and show understanding and empathy for someone else's point of view.

Across the world, we're continuing to invest in learning programmes and actions that help our people develop this emotional intelligence, particularly at the leadership level. These efforts are led by our Global Diversity & Inclusion Council.

Figure 13: International mobility programme – number of new assignment starts

	FY11	FY10*	FY09*
Long-term assignments	1,294	747	850
Short-term assignments	1,189	695	787
Total	2,483	1,442	1,637

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

A key focus in our efforts to foster diversity is helping female employees to have the opportunity to build rewarding careers and reach leadership positions. PwC firms worldwide continue to invest in programmes that focus on our female talent, including mentoring schemes, role modelling and networking groups, and coaching and awareness training programmes. Details can be found at www.pwc.com/women.

Although we have made good progress on diversity, we know we have much more to do. So diversity will remain a priority for us in the years to come.

PwC Peru partner Sergio Koremblit is someone who knows about diversity. Born in Argentina, Sergio started his career with what was then Price Waterhouse Bolivia in 1996. He became a partner in 1999, responsible for the areas of finance, transaction support and talent development. In 2005 he was appointed senior partner of the Bolivia firm, and a year later he joined PwC Peru as head of its Advisory practice. Under his leadership, the Peru firm more than doubled the size of its Advisory business. Today, Sergio leads PwC Peru's Deals & Government Services practice.

From a poor background, Sergio has always been driven by a constant fight to overcome obstacles and never settle for anything less than the best. His diverse experiences have influenced the way he interacts with his clients and colleagues. "Because I've always had to fight for what I wanted, I never take anything for granted," says Sergio. "I think that's why I really appreciate the time and



effort a person puts in when a job is being done. I can also see the limitations – I know what is real and what is unreachable. This has helped me deal with my clients. I always try to bring them back to reality if the goals for their company are unrealistic. And I have learned the importance of flexibility. It's amazing how just being open to change can open so many windows."

Sergio's life is as varied as his background. On top of his role at PwC, he is mentor to five younger PwC colleagues, teaches at the University of the Pacific in Lima, and has recently written a book about his diverse life experiences. When he isn't working, mentoring, teaching or writing, he spends time with his wife and three daughters.

PwC's Sergio Koremblit
is someone who fights to
overcome obstacles

In FY 2011, we developed a clear point of view on the characteristics of a high-performing team and why these teams achieve better results.

Development programmes

We are committed to giving people opportunities to learn and grow. We do this not only to make their careers at PwC as rewarding as we can, but also to enable them to offer high-quality client service. Here are some examples of our employee development programmes around the world.

Focusing on IFRS

As more and more countries around the world adopt and move to International Financial Reporting Standards (IFRS), we've continued to develop a global IFRS curriculum. Recent improvements include the creation of new materials to help PwC people identify and address any gaps in their knowledge about IFRS. We've also established a number of new programmes in response to the needs of our practitioners, and these programmes are currently being rolled out across the world.

Advisory learning opportunities

As our Advisory practice grows, so does the need for collaboration, consistency and cost effectiveness across our global network.

- For our Consulting practice, we have developed and released a single syllabus that defines the core consulting skills required for all our people. The syllabus is supported by a core curriculum that uses a blend of delivery approaches including e-learning, virtual classroom, distance learning and face-to-face training.

- To help our Deals practitioners boost their industry knowledge, we created new global Industry Academies, which are currently being rolled out. Events are already planned for senior managers working in the Financial Services and Energy, Utilities & Infrastructure sectors, giving them the opportunity to network and develop their sector expertise. Academies across other key sectors will be developed in FY 2012 and beyond.
- PwC's Advisory Universities (AU) are our flagship learning events. Each AU brings together hundreds of Advisory professionals from across regions and continents to undertake technical learning activities and to network with each other. In FY 2011, over 9,000 Advisory professionals from different parts of the world took part in an AU.

What makes a high-performing team?

Our teams are changing: they are more virtual, more global, more cross-generational. That's why we've taken a new look at them. In FY 2011, we developed a clear point of view on the characteristics of a high-performing team and why these teams achieve better results. PwC firms around the network are now working directly with teams to implement this learning, including firms in Canada, Central and Eastern Europe, China, Singapore, the UK and the US. We are also integrating common messages and toolkits into recruitment, coaching, development planning and programmes around the world.

GRP of the Future

In 2011, we launched the Global Relationship Partner of the Future programme, a career planning programme focused on the development of partners who are deemed potential GRPs on our top accounts, including some partners who are already GRPs. The programme develops partners through customised career planning and coaching. A new social learning and networking site is also due to be launched in 2012, where GRPs and their coaches can access and share information and best practice and take part in discussions.

Corporate Responsibility in numbers

As a global organisation with a presence in all corners of the world, we believe that we have a responsibility to help create a sustainable future and make our world a better place. Over the past year, PwC firms have continued to invest time and resources to create lasting value for local communities around the world. This commitment is reflected in the statistics about our corporate responsibility activities, including the level of donations we made to charitable organisations – US\$64 million; the number of hours of free or heavily discounted professional services that we provided to community organisations – 286,000; and the number of hours our people spent volunteering in the community – 210,000. All of these figures were higher than in FY 2010.

Figure 14: CR in numbers

Giving (US\$)

FY11	64 million
FY10	46 million

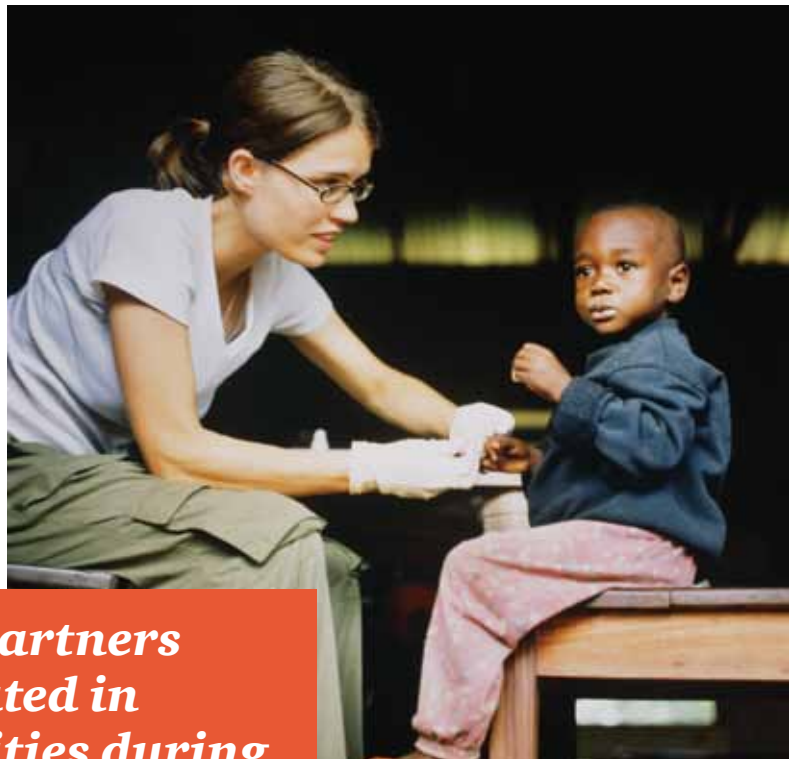
Provision of professional services/corporate community leadership (number of hours)

FY11	286,000
FY10	249,000

Volunteering hours

FY11	210,000
FY10	174,000

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



Over 28,000 PwC partners and staff participated in volunteering activities during FY 2011.

Network leadership

Global Board

Brad Oltmanns, Chairman	United States
Noël Albertus	France
Susan Allen	Canada
Mark Boyer	United States
Marco Castro	Brazil
Peter Clemedtson	Sweden
Mary Ann Cloyd	United States
Gerry Lagerberg	United Kingdom
Murray Legg	United Kingdom
Tim Lui	China
John Maxwell	United States
Bruce Morgan	Australia
Mike Morrow	United States
Didier Mouget	Luxembourg
Christoph Schreiber	Germany
Rich Sharko	Russia
Peter Tieleman	Netherlands
Matt Wyborn	Japan

Strategy Council

Dennis M. Nally	Chairman
Kyung-Tae Ahn	Korea
Fernando Alves	Brazil
Gautam Banerjee	Singapore
Ezio Bassi	Italy
Koji Hatsukawa	Japan
Warwick Hunt	Middle East
Mark Johnson	Australia
Suresh Kana	Southern Africa
Deepak Kapoor	India
Mike Kubena	Central and Eastern Europe
Carlos Mas	Spain
Bill McFarland	Canada
Bob Moritz	United States
Markus Neuhaus	Switzerland
Ian Powell	United Kingdom
Javier Soni	Mexico
Henrik Steinbrecher	Sweden
Robert Swaak	Netherlands
Serge Villepelet	France
Norbert Winkeljohann	Germany
Silas Yang	China

Network Leadership Team

Dennis M. Nally	Chairman
Bob Moritz	United States
Ian Powell	United Kingdom
Norbert Winkeljohann	Germany
Silas Yang	China

Network Executive Team

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Paul Boorman	Operations
Pierre Coll	Risk and Quality
Richard Collier-Keywood	Tax
Ian Dilks	Public Policy and Regulatory Affairs
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Javier Rubinstein	General Counsel

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Designed by studioec4 20710 (09/11)



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