

Our corporate responsibility journey in Australia 2008

Steps & Strides*

Our corporate responsibility journey



*connectedthinking

PRICEWATERHOUSECOOPERS 

Corporate responsibility at PwC



Steps and Strides reflects PwC Australia's corporate responsibility journey. Some are small steps, like our efforts to reduce carbon emissions over the past twelve months, and others are bigger strides, like the increased involvement of our people in Foundation capacity building and mentoring programs.

So what does corporate responsibility actually mean? Companies apply it to everything from offering staff additional leave to becoming carbon neutral or providing community organisations with reduced fees for services. The scope of corporate responsibility and how it is gauged is still evolving, but it generally encompasses the way organisations integrate social, environmental and economic concerns into their strategy.

We continue to build corporate responsibility into everything we do. When making decisions at PwC, we consider our wider impacts along four quadrants – Community, Environment, People and Marketplace – enabling us to better develop a comprehensive strategy that embeds corporate responsibility into all our planning and processes.

While the Foundation is a core element of our new corporate responsibility strategy and how we contribute sustainably to the communities in which we live and work, we are involved in many initiatives that support our contribution across the other areas. In the following pages we discuss the steps and strides taken to address these wider impacts. We also take this opportunity to celebrate some of the specific achievements of the Foundation over the past twelve months.

This is our journey.

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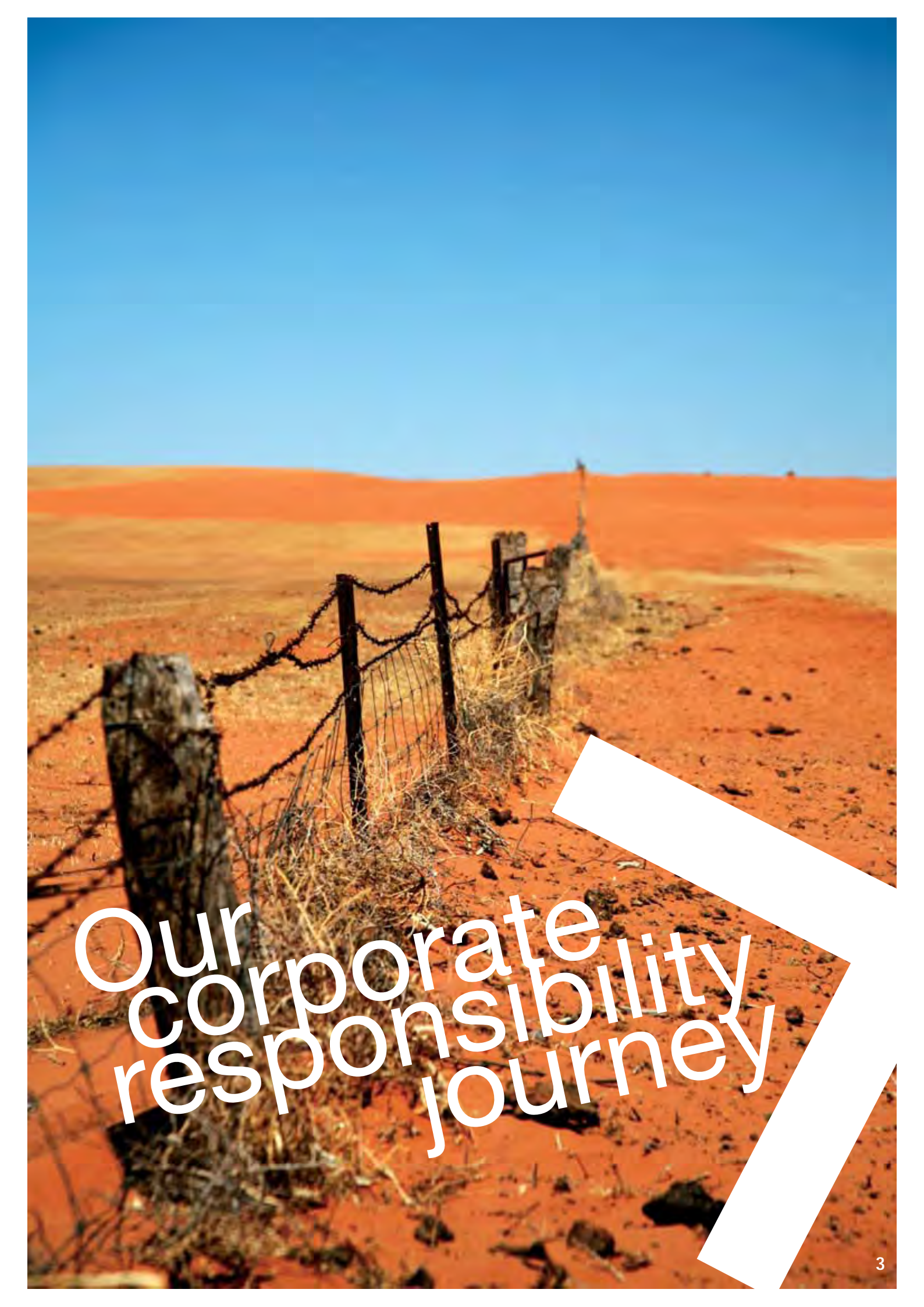
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Our corporate responsibility journey

Foundation

A reflection on our journey



A message from Tony Harrington, former CEO and Global Communities Chair.

In my eight years as CEO, I have had the pleasure of working with a great team here at PwC. Together, we have achieved much. Perhaps one of our greatest achievements, and certainly amongst those of which I am most proud, has been the establishment of the PwC Foundation.

The growth of the PwC Foundation over the last few years, and the passion and energy that our people have shown towards our community contribution continues to inspire me. This engagement of our people, combined with a genuine desire to support social change, has meant that our Foundation is a leader in its field, and that social responsibility and community engagement are core to the firm's culture. From relatively humble beginnings, the Foundation is now providing us with opportunities to have a real and positive impact on the communities in which we live and work.

I would like to make special mention here of a group of people who are at the very heart of the Foundation's success – our Foundation Champions; some 200 PwC people across the country who have made it their mission to engage their colleagues in Foundation initiatives. To our champions, I say a big thank you. Without your enthusiasm, commitment and sheer hard work, the Foundation would not be what it is today.

A growing strategic focus.

In the six years since its inception, the Foundation has continued to increase its scope beyond donations and volunteering. In partnership with our not-for-profit partners, we have begun a range of significant initiatives – from launching the Transparency Awards, designed to recognise the quality and transparency of reporting in the

not-for-profit sector, to providing our business expertise to the sector in a more focused manner through strategic capacity building. We are currently working with the Australian Charities Fund, of which I am Chair, to develop a survey exploring the current state of play and key success factors relating to workplace giving programs in Australian companies.

Supporting responsible leaders.

In partnership with our not-for-profit partners, we have focused on developing opportunities for our people to participate in mentoring programs, providing them with the opportunity to positively impact individuals or enterprises, while at the same time developing their own skills as responsible leaders. In FY08 over 100 of our people spent 3,000 hours mentoring in the community.

One of the projects of which I am particularly proud is Elevate, which we co-developed with Mission Australia four years ago. It is a program for young people who show leadership potential. They are matched with high-performing PwC coaches to develop their leadership, employability and enterprise skills. Since establishing Elevate in 2005, 75 coaches and 75 young people have graduated. Other corporates are now joining us to widen our impact. In FY09 the program will have coaches not only from PwC but also from Vodafone, Optus, NAB Capital, Australia Post and AXA.

The bigger picture.

Just over three years ago we established Global Communities to bring a central, collaborative focus to the community contributions of PwC people around the world. I'm proud the Australian Foundation has just won the 2008 Global Communities 'Best in Class' Award, reflecting the fact that our work in Australia is respected throughout PwC globally. As Chair of Global Communities, I have enjoyed working with our people in other territories to unleash PwC's full potential in this area and learn about the impact we are having on local communities around the world.

As you know, corporate responsibility is an area of focus for PwC. We have started an important journey towards embedding corporate responsibility into our firm based on what we continue to learn from our community engagement through the Foundation. We have established a Corporate Responsibility Advisory Council with senior representatives from all aspects of the business to assist in driving our approach for the future across community, environment, marketplace and people.

The Foundation and corporate responsibility lie at the core of what PwC stands for. It is therefore appropriate that I pass leadership of these great initiatives to the Australian firm's new CEO, Mark Johnson. I know Mark shares my passion to guide the Foundation's constructive impact in our community, and further build corporate responsibility into our firm's culture. I wish him every success as he undertakes this. Meanwhile, in my new role as Global Managing Partner Strategy and Network Transformation, I intend to push ahead with promoting our global corporate responsibility journey. I know I will receive full support from the Australian firm as I do so.

In the end it is not what we think of our efforts which counts, but what the organisations we have supported think of us. In this context I am proud to share with you some recent quotes from our charity partners:

"PwC is the shining light of philanthropy in corporate Australia..."

Peter Cox, CEO, Leukaemia Foundation

"The PwC Foundation is one of the top three foundations in Australia..."
Toby Hall, CEO, Mission Australia

We were also recently delighted to be awarded the 'Excellence in Community Practice Award' at the inaugural ANZ BRW Private Business Awards.

The Foundation's first six years have been a fantastic journey... I am confident it's future will be just as exciting.



Corporate responsibility A conversation

Corporate Responsibility and Foundation Partner, Rick Millen, interviews new Australian CEO, Mark Johnson, and Global CEO, Sam DiPiazza.

Sam: When we talk about corporate responsibility today, both in PwC and in businesses around the world, there is a much different focus than there was five or ten years ago. Today there is an understanding that business has certain responsibilities to its community and to its people. I think PwC has been ahead of that curve and now we are gaining significant traction across our entire network; understanding that our role as an institution is to undertake our professional work with integrity and responsiveness – not only to the needs of the capital markets but also to the needs of our people and the communities that we live in.

Mark: Yes, as they say, “it’s no good being a successful business in a failed world”. I think sustainability is about the contribution we make to our community and to the environment. Increasingly, we realise that sustainability is also about creating the right environment for our people and also making sure that we’re remaining relevant in the marketplace. It’s those key themes that are fundamental to being a sustainable business in a sustainable world.

Mark: Corporate responsibility isn’t about having a program off to the side – it’s about building it into our business; into the way we think and live every day, every week, every year.

Sam: Our people expect us to do business in a responsible way and to use our resources to make our communities better. In the end that’s why I like the term corporate responsibility. This is not just about social responsibility – it is much larger than that. This is about our responsibility as an institution to build sustainable communities.

Rick: Being at the forefront of corporate responsibility is something that does come at some cost. Will we still make that investment at a time when financial circumstances are tightening around the world?

Sam: Corporate responsibility is about your culture, and you don’t walk away from your culture or your values when business becomes difficult. In fact I think it is during such challenging times that you demonstrate your true culture and values. We operate within a dynamic economic environment and we have to respond to that, but we’re also building a business for the next 100 to 150 years. A cyclical downturn in the market should not influence the way we approach these issues.

Mark: This is not something we can turn on and turn off, it’s a sustained effort to define our DNA – to have a DNA that responds more broadly to the challenges the community and the world faces. It’s about success in business as well, but it’s absolutely at the heart of our culture. Corporate responsibility isn’t about having a program off to the side – it’s about building it into our business; into the way we think and live every day, every week, every year.

Sam: That’s one of the things I’ve been involved in at the World Business Council on Sustainable Development. We are focused on the role of business in society and how your business model can produce economic return in a way that creates sustainable growth and a better community. The businesses that do that are going to be the businesses that thrive over the long term.

Rick: Mark, where does corporate responsibility sit in your list of priorities?

Mark: It’s right up there at the top. I’d like to look back in four years and say we’ve continued to make a real difference in our community, as we have done with our very successful Foundation over the last few years. If there’s one thing that’s blown me away in my first couple of months in my new role, it’s the footprint that our community engagement and corporate responsibility agenda have, not only with our people, but also with our clients. It’s amazing.

I’d also like us to be a leader in the business community’s response to the environment. I’d like to make sure we keep developing a workplace that helps our people flourish. I also think we can continue to use our position as a business leader to keep responding to needs in the community. A classic example is how we’re trying to shape the tax system in Australia. Obviously it aligns with our strategy but it also goes to the heart of the prosperity of the country and the economy, something to which we want to make a real contribution. Another example is my recent invitation to Kirribilli House to discuss the issue of homelessness with the Prime Minister and other corporate leaders. This invitation was in recognition of our community footprint and is a great sign that the work we’re doing is appreciated.

We deeply believe this is a strategic imperative. If we’re going to meet our needs as a successful business, we must execute an innovative, market-leading strategy that’s distinctive, innovative and agile.

Rick: I have no doubt that in Australia, in three or four year's time, we will have a better, more sustainable, more profitable business if we're at the forefront of this agenda now. Sam, would you echo those views on a global basis?

Sam: Absolutely. PricewaterhouseCoopers has built a brand that stands for integrity, responsibility and excellent service. We are a company full of incredibly bright people who can solve complex problems. Everything Mark would like to see at the end of his first four years is at the core of our brand. It is the centre of what defines the organisation. Building better communities provides more economic opportunity and growth, and that growth then translates to opportunity for our people. It also defines who we are. We have a business imperative to embed these issues in our daily activities. Our people want to be associated with a brand that stands for integrity and responsibility.

And Australia has helped set the pace for all of us. You help define where PwC should be. When you do what you do, you are influencing PwC people far beyond the Australian firm.

Mark: I think our journey is a journey many organisations are on, but I believe we are at the leading edge in many ways. And it's not just our people who think this is important. Increasingly, we're seeing clients choose their advisors and auditors based on who they are and what they believe in as much as for the technical skills they offer.

Sam: Yes, no question. Another factor here is we're not a chemical company, we're not an energy company; we are a business about people, so we've got to be focused on how we build communities that are better for people, education and health.

Rick: How important do you think it is to engage our people with what we're doing over the next 12 months?

Mark: We need to develop our response to these issues in conjunction with our people because so much of what we want to achieve in corporate responsibility is going to be executed by them. We've surveyed our people around the direction our Foundation should take in the next three years to make sure they're engaged in the effort. I believe this is a very important part of what they do for the firm every day.

Rick: Sam, is this an area where we should be aspiring to real market leadership so that the corporate world is looking to us as an example of best practice?

Sam: We've already achieved a great deal. We're viewed around the world as leaders – not only in our professional services but in our commitment to corporate responsibility. We are the first professional services firm to have its global CEO nominated as Chairman of the World Business Council for Sustainable Development. But are we doing all we should do? No. We have to keep working at it.

Mark: One of the challenges is how do we best have an impact – is it about a few innovative projects done exceptionally well or is it about trying to achieve a large number of things? Our focus on 21 charity partners and the recent success of the Power of 10 campaign (see page 20) are great examples of prioritising and focusing our energy. So I think we're going to have to make choices as we move forward, just as we do with all the other strategic decisions we make every day. The course we set and the way we execute it will be critical to our success.

Rick: What are your views around the transparency we should offer, both internally to our people and externally to the market, as we go on this journey?

Mark: It's very important that we're transparent on the journey. We're not going to be perfect today, but the mere fact that we're transparent spurs us on to new and better things. Transparency is at the heart of who we are. What we do each day in terms of advising clients, particularly in our Assurance practice, is founded around transparency. I'm passionately of the view that transparency is absolutely vital.

Sam: You're right Mark, for an institution like PricewaterhouseCoopers that lives and breathes transparency every day, it's an obligation. We have to recognise that it is not just talking; it's about doing – in all four dimensions of the environment, our communities, our people and our markets. A lot of companies have tried to be transparent over the years. Some have done it very well, but many have not. Most have done it from a marketing perspective; few have done it with deep substance – I think the obligation of PwC is to be clear about our performance and also about our aspiration and continue to move towards that aspiration.

Rick: Let's turn to the firm's involvement at a global level with the World Economic Forum and the World Business Council for Sustainable Development. Are there any particular insights that have come out of our involvement with those bodies?


Sam: PwC's involvement with the World Business Council for Sustainable Development has helped encourage that organisation to work with businesses to focus on broader issues apart from the environment, such as health and education. At The World Economic Forum, PwC has positioned itself as an institution focused on creating solutions to significant issues facing our world. I think that helps define who we are.

Rick: Are there any broader trends around corporate responsibility that you see impacting our business in particular?

Sam: As companies try to understand the need to be transparent, they turn to institutions like PwC. They want to know how they can get better at explaining their own activities. There are huge business opportunities for PwC, but we have to live our values first, or people won't come to us for advice. For example, PwC understands very well the issues around climate change, carbon emissions and the proposed introduction of emissions trading, but we have to have a point of view and we have to act on it. We need to be out front.

Mark: I think the biggest trend over the last few years has been the demand from our Gen X and Gen Y people for us to understand the need for a broader concept of reward and involvement with the community. Also, there's a trend for organisations to select their business partners based increasingly on those partners' focus on corporate responsibility.

Sam: Something we discuss a lot at the World Business Council is how the roles of government, business and civil society are set. By helping government find better solutions, business gets a better answer. And governments have said they can't solve their problems without working with business and NGOs. NGOs know they have to partner with business to achieve their goals. We're all interrelated; we all inhabit the same world; so it is imperative that we all work together to create solutions.

A landscape photograph of a savanna. In the foreground, a wide, reddish-brown dirt road with tire tracks leads into the distance. The middle ground is filled with dry, yellowish grass and several scattered trees with green foliage. In the background, a herd of dark-colored animals, possibly wildebeest or zebra, is grazing. The sky is a clear, bright blue with scattered white clouds. The overall scene is bathed in warm, golden light, suggesting late afternoon or early morning.

“It’s very important that we’re transparent on the journey. We’re not going to be perfect today, but the mere fact that we’re transparent spurs us on to new and better things...”

Mark Johnson, CEO

Community

Core of
What we

People

An aerial photograph of a rural landscape. The top half shows green agricultural fields with visible furrows. A road runs horizontally across the middle. Below the road is a large, dark brown plowed field. A circular inset on the left side shows a dense green forest.

Environment

f brand
stand for

Marketplace

97%

of our people say PwC is socially responsible

(2008 Australian Pulse Survey)

All our activities, both as a business and as individuals, impact the communities in which we live and work. It is our responsibility to ensure that this impact is positive and sustainable. On the ground, our strategic approach involves providing opportunities for our people to engage with the community and supporting our charity partners and the not-for-profit sector in achieving their goals by providing expertise, resources and funds. On a broader level, PwC is working on sector-wide initiatives to support social change, including measuring and communicating the benefits of corporate responsibility to both business and the community.

Why is this important?

The world around us is changing rapidly. We face many social challenges, including these: in a prosperous country such as Australia, one in ten of us still live below the poverty line and over 20,000 young people are homeless at any given time. We have a choice: either we stand by and let such things happen, or we take responsibility and get involved.

We cannot effect change alone, but we can help define and shape the future, particularly through our partnerships with the not-for-profit sector. Over the past six years, our Foundation has evolved to better tackle these challenges and our focus on social responsibility has taken on new dimensions. No longer satisfied with one-off philanthropic gestures, our people are investing

increasing amounts of their time, money, energy and skills in long-term community projects. This allows them to better understand the issues we face and to develop as responsible leaders.

What does this mean for PwC?

It means focusing our energies where it counts. In FY08 we had 21 charity partners across the areas of youth, health, poverty, environment and children. These relationships are not just about providing financial support, but also expertise, resources and advice to help our charity partners build capacity. We also focus on collaborating on innovative initiatives to impact the sector more broadly. An example is partnering with Social Ventures Australia in Brisbane to mentor social entrepreneurs who are developing new models of employment for those currently excluded from the workplace due to mental health or disability. We also focus on using our skills and expertise to assist the sector more broadly as through the launch of the PwC Transparency Awards (see page 15).

Where are we heading?

The PwC Foundation will continue to focus on how we can have a positive and sustainable impact on the communities in which we live and work. This will include further expanding our mentoring and co-coaching programs, the level of capacity building undertaken and initiatives to support the not-for-profit sector such as the Transparency Awards and other thought leadership opportunities.

We will also remain focused on how we best engage our people with our Foundation pillars of giving, volunteering, capacity building and corporate community leadership, so that they can develop as responsible leaders, understand challenges faced in our community and make a tangible difference.

Our people's participation in volunteering

Then
FY03 – 24%

Now
FY08 – 51%

Assurance helps to secure a sustainable future for our community. At PwC, we help secure a sustainable future by giving confidence & insight to our clients and the community

(FY09 - FY13 Assurance Business Strategy)

In the current market, businesses will only achieve sustainability and maintain relevance by treating clients and suppliers fairly and collaborating with government and not-for-profits for the good of the communities in which they operate.

It is imperative that business leaders set the gold standard in areas such as working with regulators to balance the needs of business with that of the public interest, adhering to appropriate standards of behaviour in areas where laws or standards are absent or inadequate and understanding the supply chain and any risks involved. It is also essential that businesses provide services to meet community needs.

Why is this important?

As a firm committed to responsible business practices, it is our duty to be a leader in the industries we serve, the wider marketplace and our own communities.

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

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

What does this mean for PwC?

As professional advisors we help our clients solve complex business problems. PwC aims to enhance our clients' ability to build value, manage risk and improve performance. We also play a significant role in the operation of the world's capital markets and take pride that our services add value by helping to improve transparency, trust and consistency in business processes.

But probably our most direct opportunity to influence the marketplace is through our sustainability practice.

Over the past decade, sustainability has moved from the fringes of the business world to near the top of the agenda for boards and shareholders. The concept of sustainability has also gained traction among employees, regulators and customers. Everyone is interested, which places our sustainability practice in a very influential position.

PwC is committed to engaging with all our stakeholders. One example is seeking feedback from our clients through ECLIPSE, our client satisfaction program. Since the introduction of ECLIPSE, our "overall satisfaction" rating has increased from 3.93 to 4.28 out of five, demonstrating our ongoing commitment to improving our service delivery.

Where are we heading?

The world is ever-changing, as is PwC's role in it. We will continue to seek out new ways in which to respond to the challenges facing us, our clients, the marketplace and the community. We will keep growing our sustainability and climate change services to assist our clients in tackling the manifold issues of climate change. We will keep publishing thought leadership reports, such as Carbon Countdown, Carbon Value and Carbon Conscious, and we will continue to help shape the debate on key issues such as tax reform. (Our Chief Operating Officer, Neil Wilson, has been appointed Chairman of the Federal Government's Tax Design Review Panel). Responsible procurement practices will also remain high on our agenda.

The challenges ahead are great, but our commitment to be part of the solution is greater.

Client satisfaction surveys conducted as part of ECLIPSE

Then
FY01 – 125

Now
FY08 – 1,250

85%

of Australian staff say they are satisfied PwC is responding appropriately to address the impact of our business on the environment

(2008 PwC Global People Survey)

"Australians are facing risks of damaging climate change. The risk can be substantially reduced by strong and early action by all major economies. Without that action, it is probable that Australians, over the 21st century and beyond, will experience disruption in their prosperity and enjoyment of life, and to longstanding patterns in their lives." Professor Ross Garnaut, June 2008

Why is this important?

The issue of climate change is now a major feature in our lives, increasingly supported by the weight of scientific evidence. Sir Nicholas Stern's groundbreaking 2006 report on the economics of climate change showed that, aside from its wide-scale ecological impacts, this phenomenon could shrink the global economy by 20 per cent. Professor Garnaut's June 2008 report expressed similar concerns.

Business, government and individuals are all responsible for the preservation of our environment. For business this means integrating an environmental strategy into its core operations. PwC recognises that, as a responsible leader with global influence, we are in a unique position to make a positive impact.

In response to our people's deep interest in environmental issues, we have introduced a customised personal carbon footprint calculator to enable staff to understand – and set goals to minimise and offset – their own carbon footprint.

What does this mean for PwC?

On 1 July 2008, PwC in Australia began operating on a carbon neutral basis. But being carbon neutral is of little note unless combined with a program to reduce emissions. We continue to review and adjust our operations (such as employing energy efficient equipment and procedures), investing in renewable energy and offsetting our residual emissions by purchasing accredited offsets. Before December, PwC will produce independently assured greenhouse gas accounts for the 2008 financial year. These accounts will include a detailed carbon footprint and clear explanations of the methodology used and our agreed targets for further reductions in emissions.

We are also assisting our clients to negotiate this new world by providing carbon-related accounting, legal, tax and advisory services.

Where are we heading?

While we have made good progress in tackling our environmental footprint, PwC is aware that the issue is ongoing and complex. We will continue to refine our response as we face, head-on, the challenges climate change presents to our business, our clients and our people. This will include measuring, reporting on and reducing the environmental impact of our operations; responding to our climate change impacts by reducing greenhouse gas emissions from energy use, transport and everyday processes; and developing innovative services and service delivery processes to assist other organisations to minimise their environmental impact.

Average sheets of paper used per person per month

Then
2007 – 969 per person

Now
2008 – 672 per person

91%

of Australian staff say they are proud to work at PwC

(2008 PwC Global People Survey)

Our approach to corporate responsibility ensures that PwC is committed to enhancing the development and wellbeing of our people. At PwC, our focus is the whole person, not just their technical expertise. We provide a diverse range of opportunities to work with top tier clients and industry leaders in an environment which motivates and rewards people to succeed in all areas of their lives and reach their professional and personal potential.

Why is this important?

At PwC, we understand that our long-term success depends on how well we nurture and develop our people through every life stage – from the new graduate entering the world of work for the first time, to working parents balancing career and family, to those looking to extend their skills and experience overseas, to our ground breaking Pinnacle program for senior partners and their spouses. PwC believes in providing a deeply rewarding work environment by focusing on opportunities for personal development, fostering diversity and choice and by looking after the health and wellbeing of all our people.

Creating an environment in which our people can realise their full potential ensures that the best and brightest will not only join us but many will stay with us throughout their careers. It also means we can focus our collective expertise to deliver the highest quality for clients and business partners.

What does this mean for PwC?

PwC has several key programs in place to assist us in developing and maintaining a healthy, dynamic workplace. One such program is the award-winning eEquilibrium, which helps us create an environment in which all our people can

achieve a balance between work and life. Specifically, the program aims to support personal choices, create flexible work solutions, encourage family engagement and build leadership role models.

We are continuing to invest in the development of women for leadership, increasing the number of high-calibre female partners and improving succession planning and talent management. This year we ran Women's Leadership forums and established Women's Mentoring Circles across our Australian network. While we still have work to do in this area, our efforts are having an impact – our percentage of female partners has increased by 45 per cent since 2004.

We are committed to selecting, developing and inspiring responsible leaders, people who understand the importance of contributing professionally, socially and ethically to the world in which they live. We consider it is our responsibility to equip and develop our people to be the business leaders of tomorrow. Leading business positions held by both our people and our alumni network demonstrate the impact PwC's investment in our people has across the broader business community in Australia.

Where are we heading?

We have made significant steps towards creating the best possible workplace for our people, but we are committed to striving towards excellence. Through our programs and practices, we will continue to offer our people variety in their careers and provide opportunities for development, flexibility, and emphasis on wellbeing.

One wellbeing initiative is the pilot of beyondblue workplace depression workshops. They are in response to the results from a recent beyondblue survey of over 7,500 Australians working in professional service firms which indicated high levels of depressive symptoms. These workshops are aimed at raising awareness of depression and providing practical advice for managing and supporting colleagues experiencing depression.

Staff with part-time work arrangements	Then 2003 – 242 (incl. 10 partners)	Now 2008 – 432 (incl. 30 partners)
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Strides within the community

We are proud of the evolution of our Foundation over the past six years. No longer satisfied with one-off philanthropic gestures, our people are supporting our 21 charity partners in achieving their goals by providing expertise, resources and funds. On a broader level, we are working on innovative, sector-wide initiatives to support social change. The following pages outline some of our key programs supporting this focus.

Offering a different perspective

Sometimes a different perspective can change lives. As a responsible leader, PwC is tapping into our most precious resource – our people – to effect social change through mentoring and coaching. On the way, we are helping them, and the people they work with, to gain a new perspective on the world and their place in it.

There is currently no greater challenge than learning to be a truly socially responsible future leader. As part of our talent management strategy, the Foundation is supporting the development of a Social Coaching Continuum to help our people develop a greater understanding of our nation's social challenges and their own emotional and social awareness. As well as being the right thing to do, there is a strong business imperative: the skills they develop are translated back into the workplace, resulting in a more empathetic, highly motivated workforce.

Reaching their GOALS.

For those new to mentoring, PwC offers a place on the Australian Community and Business Network's Growing Opportunities and Learning Skills (GOALS) program. There they work with Year 9 students, helping them to consider wider vocational and educational options and set goals for their future. Currently, over 50 of our people are mentoring students – building their own social awareness and contributing to the life of a young person.

Elevating future leaders.

Our high performing managers and senior managers are offered the opportunity to further extend their leadership and communication skills by participating in Elevate, a 12 month leadership program co-designed by Mission Australia and PwC. Elevate takes young people from diverse backgrounds and matches them with a coach who helps them develop their leadership, employability and enterprise

skills. It is our vision that Elevate will become a national program, but we cannot do this alone – it requires collaboration across the corporate sector. Vodafone, Australia Post, AXA, NAB Capital and Optus have recently taken up the challenge and are helping us achieve our goal.

Mentoring for a stronger community.

As our people progress to director, they have the opportunity to participate in Social Ventures Australia's Community Mentoring program, which helps social enterprises – businesses that employ disadvantaged Australians – with their planning and financial management to maximise the impact and efficiency of their business. A great example is Food Connect.

Food Connect delivers farm fresh foods to its customers' doors and is the brainchild of Robert Pekin, a dairy farmer forced off his property ten years ago by drought and falling milk prices.

After receiving the support of the Brisbane Social Enterprise hub, Robert has developed a successful business that is growing 12 per cent a month and employs 24 staff, 40 per cent of whom previously were long-term unemployed, had mental illnesses or were disabled. PwC mentor Gabi Donovan is working with Robert to develop his skills in human resources management.

Our global leadership development.

Each year, one of our experienced practice partners has the opportunity to participate in the Ulysses program – a global

leadership development program for future senior leaders of PwC. In 2007, following a week-long intensive leadership course, Debbie Last, a Sydney Advisory Partner, travelled to India with partners from Mexico and The Netherlands to work with Indian charity Gram Vikas – a rural development organisation working with poor and marginalised communities in the state of Orissa. The team focused specifically on a water and sanitation program. Debbie found the experience life-changing; offering the opportunity "not only to give back to a community in a sustainable way but also to grow as a leader and as a mum."

Partners in Learning.

As our partners become senior leaders within the firm, they have the opportunity to participate in Partners in Learning, which links senior business leaders and high school principals so they can share experiences, solve problems and explore leadership challenges together.

Our previous CEO, Tony Harrington, was the first PwC participant; mentoring Angela Lyris, Principal of Granville Boys School in southwestern Sydney. As stated by Angela, "Tony is a true leader, and his encouragement, commitment and compassion was exactly what our school community needed. He greatly motivated us and allowed us to live our dreams." Engagement has quickly grown with many PwC Office Managing Partners participating across the country.

Celebrating and awarding transparency

Amidst much excitement and anticipation, the Juvenile Diabetes Research Foundation was announced the winner of the inaugural PwC Transparency Awards for the not-for-profit sector in April this year.

Our worthy runner-up was the Australian Community Support Organisation. Both organisations were recognised for their commitment to quality reporting to stakeholders with respect to both financial and non-financial information.

The PwC Foundation, in collaboration with the Institute of Chartered Accountants (the Institute), introduced the Awards in 2007 to help encourage measurable accepted benchmarks and consistency in reporting across the sector. Currently, the quality of reporting in the not-for-profit sector in Australia is highly variable. Some organisations produce good quality, transparent reporting; however, the

general standard needs improvement in order to meet the information needs and expectations of all stakeholders.

At the Awards Presentation Evening, guest speaker, Senator Ursula Stephens (Parliamentary Secretary for the Voluntary Sector and Social Inclusion) spoke of the new relationship to be developed between the Rudd Government and the not-for-profit sector, discussing where transparency and improved governance can help to achieve shared goals.

Senator Stephens congratulated PwC and the Institute on the initiative, "The awards forced all of us to adopt fresh perspectives on the work of the not-for-profit sector. In particular, they compelled not-for-profit organisations to make new observations about their work, reflecting not just the contribution they make to the community but also how that contribution is perceived by the broader community."

The Awards are modelled on similar events undertaken by several of PwC's European offices and are open to not-for-profits

who hold Deductible Gift Recipient status, are endorsed by the ATO for charity tax concessions, are externally audited and receive annual revenue greater than \$10 million.

Each of the 36 submissions received were assessed against a number of criteria based on PwC's Reporting Framework, the Institute's recent research into reporting by the not-for-profit sector and the Global Reporting Initiative's guidelines. The initial review was completed by Assurance staff, with the Institute's reporting expert and PwC Director of Corporate Reporting, Elizabeth Prescott, performing a quality review.

A four member judging panel considered the shortlist, including Assurance Partner John Gordon and the PwC Foundation's Rick Millen. An independent jury, which included Senator Stephens, Rupert Myer (Chairman of The Myer Family Co) and Michael Traill (CEO, Social Ventures Australia), made the final decision.

Power to our people: a workplace giving story

We are proud that PwC's giving program is regarded as one of the strongest in Australia, with 79% of staff contributing to at least one initiative in the last year. We have continued to hone our approach, ensuring our Foundation is relevant to our people and aligned with their values and beliefs. And, through payroll deductions and matching donations dollar-for-dollar, we have made supporting and donating to our charity partners simple and effective.

The statistics of shaving.

In Australia, eight people are diagnosed with Leukaemia every day. At PwC, we have worked to support the real people who lie behind those statistics by raising money for the Leukaemia Foundation. In 2008, for the fifth year in a row, PwC was the top corporate sponsor of the Leukaemia Foundation's World's Greatest Shave event, with staff and partners now having donated a total of \$1.6 million (including firm matching) over five years.

Our people: geared towards giving.

When Myanmar was devastated by the cyclone in May, 1,200 of our people

dug deeply, contributing \$100,000 to the Foundation (a figure matched by the firm), which channeled the funds to our charity partner the Australian Red Cross. In June, disaster struck once more; this time China was reeling from the impact of a massive earthquake. Yet again, 800 of our people were ready to help, donating \$62,000 to the Foundation's appeal, to which the firm added \$50,000. Such a strong response from our people in quick succession highlights their engagement and understanding of the impact we can have together.

Engaging on a global level.

1 July marked the tenth anniversary of PricewaterhouseCoopers as it is known today. We did away with balloons and cake, instead teaming up with the United Nations Refugee Agency to raise funds to build schools, train teachers and buy educational supplies for 20,000 Darfur refugee children. This was the first global giving initiative for the firm, and 1,100 PwC Australia people contributed \$350,000 (after firm matching) to the US\$4 million raised by PwC in 102 countries.

Leading the debate on workplace giving.

Unfortunately when it comes to workplace giving, corporate Australia has a fair way to go. In order to have a broader impact on workplace giving in Australia, we have established a partnership and research project with the Australian Charities Fund, Charities Aid Fund, United Way and the Centre for Social Impact, to stimulate debate and encourage stronger corporate uptake of workplace giving. We will publicly launch the results of this research in 2009.

\$13.8m

distributed since FY03

79%

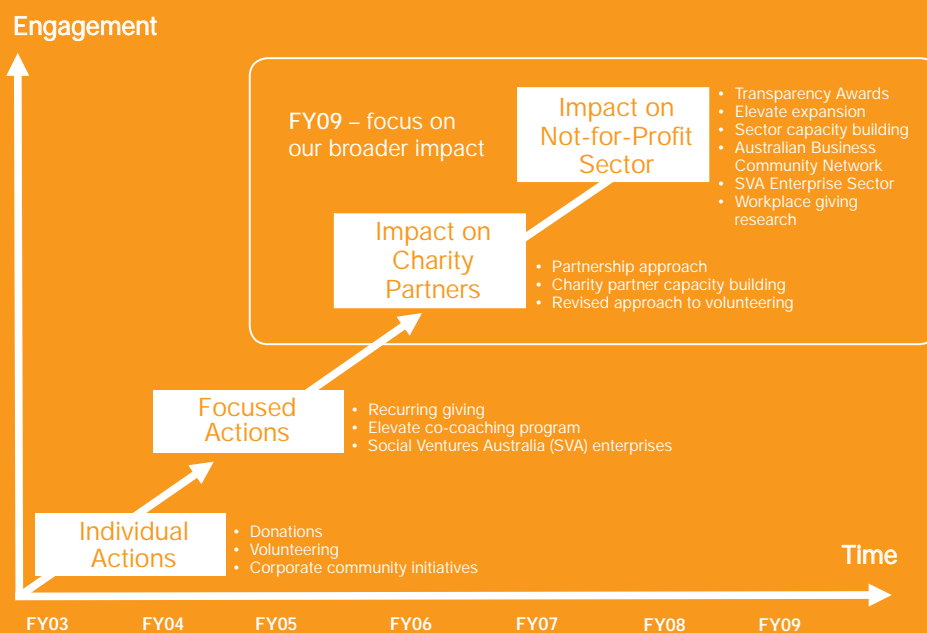
of our people have taken part in at least one giving initiative in FY08

Partnering to create social change

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

PwC Foundation – Our strategy to imprint on social change

Focus of Foundation: FY03 to FY09



Initially, the Foundation focused on individual actions undertaken to support charity initiatives, such as independent volunteering and giving. Building on this success, our actions then became more focused – building deeper relationships with our charity partners by supporting them in a variety of ways.

More recently, our focus has turned to our broader impact – how we can support social change for our charity partners and the not-for-profit sector as a whole. This signifies a new phase in the way we approach our engagement with the community, and is reflected in the growth of capacity building work and new initiatives such as the PwC Transparency Awards and workplace giving research.

beyondblue: Partnering for change

Our partnership with beyondblue: the national depression initiative continues to grow stronger each year – as does our understanding of how best to support the charity in its essential work.

This year, we supported the Movember initiative for the first time, with over 420 of our people raising \$320,000 (after firm matching) for beyondblue research. We also provided major capacity building support, helping beyondblue with business planning on potential expansion. CEO of beyondblue, Leonie Young, credits PwC with enabling the organisation to make informed decisions around the future of its National Workplace Program.

Perhaps the most significant event this year, though, was our ECLIPSE feedback interview with beyondblue, in which they were very honest about what we can do to really make a difference. The organisation recognised our significant giving, volunteering and capacity building support, but the area where beyondblue really challenged us is in our own backyard – encouraging us to raise awareness of workplace depression, both at PwC and with our clients.

PwC has taken this feedback on board. We are about to train all Human Capital relationship managers nationally on how to recognise depression and support colleagues. Later this year, we will run a pilot program in a Melbourne Business Unit while planning for a broader rollout. A worthy but longer-term goal is to take the message on tackling depression to our clients to help create a flow-on effect in Australian companies.

Oasis: Offering hope to young people

Run by The Salvation Army, Oasis offers specialist services to help homeless, disconnected young people to get back on their feet. Our partnership with Oasis spans five years, and we continue to find new ways to support them.

What are we doing?

Our tax clinics help young people navigate the world of tax returns. Our PeopleGiving program supports Oasis' Freeway program – an adventure-based learning initiative for homeless teens. Two young people from Oasis who showed leadership potential have now graduated from our most recent Elevate co-coaching program. And our people came in droves to hear Captain Moulds speak about youth homelessness and the Oasis documentary at firm-wide briefings. Many of our people have since indicated their desire to support the work of Oasis, including through increased PeopleGiving pledges.

Taking our skills to young people.

Jo Needham and Maya Zelazo, from our graduate recruitment team, were so inspired they now support the Coordinator of Oasis' Get Skilled for Work program, John Harris, by running interview, CV and employment skill workshops for young people as they prepare to apply for work. Jo and Maya are now exploring how we can develop a national version of the program, and how PwC can support employment opportunities for the young people.



“Working with at-risk youth in helping to develop their employability skills has really inspired me to see their potential. While they have had different experiences to me, they have so much to offer.”

Maya Zelazo,
Graduate Recruitment



Photograph Ian Darling, from the documentary THE OASIS © Shark Island Productions 2008

Growing and sharing our skills

One of our Foundation’s strategic goals is to create sustainable social change through strengthening the business skills and expertise of our charity partners. We believe this is often the best way that we can add value, and are finding there is very strong and growing demand for this support, which we call Capacity Building.

In FY08, due to this demand, we agreed to increase the Foundation subsidy available for capacity building from \$800,000 to \$1.5 million. Where possible, we encourage our charity partners to financially contribute to each assignment to reflect a more strategic, equitable arrangement. This approach has been well received by both our charity partners and our business units and enables us to support up to \$5 million of work at highly discounted rates for our 21 charity partners.

In the past year, 306 of our people spent almost 8,000 hours on 37 capacity building

engagements with our charity partners in areas as diverse as risk and governance, market entry, tax advice, assurance and strategic planning. Jennifer Gibb, National Director Marketing, Fundraising and Communications for the Australian Red Cross, says our capacity building work with the organisation is “the most valuable part of the relationship. The work is of huge value to the Red Cross, and PwC is our largest provider of capacity building services.”

Our work with the Red Cross is a great example of how capacity building can assist our charity partners. PwC has helped them to strengthen the charity’s retail operations, reviewed remuneration and reward of staff and created national consistency and efficiencies around fundraising processes. Of the remuneration review, Australian Red Cross CEO Robert Tickner says, “we chose PwC for the review because it was the best provider, the most suited to our needs. The financial support from the PwC Foundation allowed us to make this review as thorough as possible.”

Sharpening our focus on volunteering.

Our volunteering program, PwC in the Community, provides our people with the opportunity to spend one work day each

year involved in hands-on, team-based volunteering. It allows us to engage actively in our communities and learn more about the causes we support.

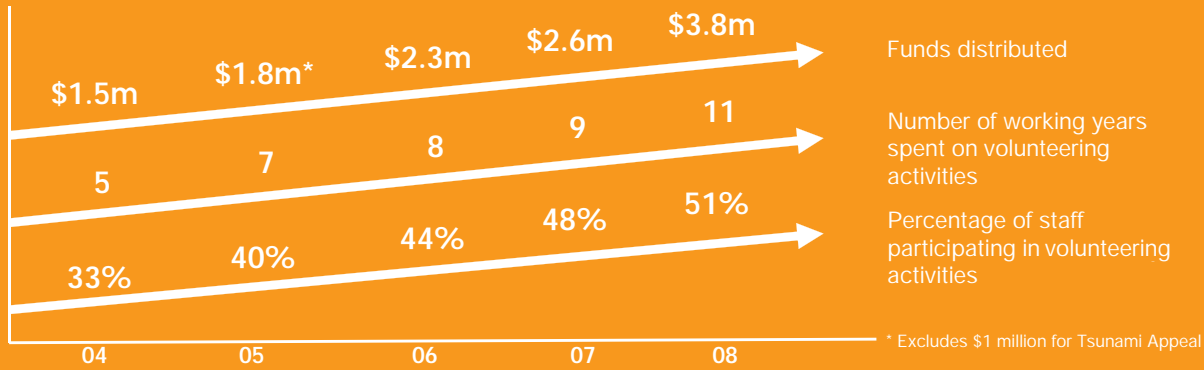
Until now, these activities have been focused on unskilled volunteering. When we first started our volunteering program there was a strong need for this type of support. However, demand is starting to reduce due to increased volunteering programs at other major organisations and a shift in focus towards harnessing corporate expertise.

Recently, we asked our charity partners and our people about this potential new focus, and confirmed it was time to explore how we could better support skilled volunteering. Certainly unskilled volunteering will remain an important part of our program, but this will be complemented with opportunities for our people to utilise their expertise.

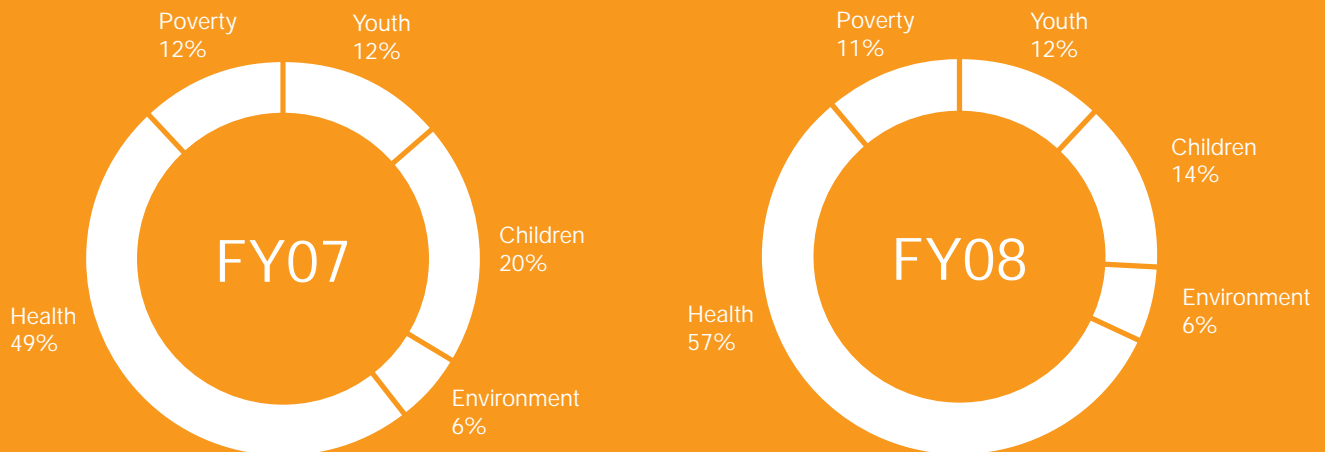
Skilled volunteering activities are already growing in number, and include workshops to help youth at risk transition into the workforce, an online mentoring program for year 9 students, developing a marketing plan for a conservation program and tax advice for disadvantaged individuals.

Foundation facts and figures

Foundation achievements FY03 to FY08



Funds distributed by cause area FY07 and FY08*



*Note: includes major fundraisers for both Leukaemia Foundation and beyondblue

We are proud to partner with the following organisations



Enabling the not-for-profit sector to have an impact

The numbers below highlight some of the ways we have recently supported our community, across volunteering, giving, mentoring and capacity building

5 cause areas

21 charity Partners

200 foundation champions

6300 staff across eight sites

\$3.8m
donated by our people in FY08

36
submissions in inaugural Transparency Awards FY08

38
working years volunteering in the community since 2003

79%
of our people have taken part in at least one giving initiative in FY08

100
of our people spent a total of 3,000 hours mentoring in the community in FY08

51%
participation in volunteering activities in FY08

75
young people and 75 coaches have graduated from Elevate since it commenced

\$8.1m
value of capacity building in FY08

Saluting our Foundation champions

The Champion Network is the heartbeat of our Foundation. Without the passion and dedication of our 200 champions, the work of the Foundation would not be possible. Our people proudly choose to be champions in order to make a difference, and to learn new skills. Five per cent of work time can be dedicated to their champion role, which they spend promoting and engaging their local teams in the Foundation's activities, and coordinating volunteering and fundraising events. In the past five years, our champions have helped to boost the level of staff engagement in volunteering from 24 per cent to 51 per cent. We encourage our champions to build their roles into their business plans; the role aids their development in areas such as leadership, teamwork, communication and networking.

Given it is such a vital role, it is crucial that our champions get the recognition they deserve. That is why we have created the Theresa Harte Champion of the Year Award. This prestigious award, named in honour of an outstanding champion who sadly lost her battle with cancer, recognises those champions who have excelled in living the values of the PwC Foundation – demonstrating excellence, teamwork and leadership.

Our 2006/2007 winner, Anita Burer, was chosen for going above and beyond in her efforts to engage her team, work with her fellow champions and support the PwC Foundation team; demonstrating initiative and creativity in all that she does.

Anita was provided with the opportunity to attend a five-day Camp Quality camp in Queensland. Anita had a life-changing experience, and she has continued to volunteer with Camp Quality on her own time since. Anita says, "involvement in the Foundation is one of the great things about working for PwC. I truly believe that the smallest contribution each of us makes as an individual adds up to an enormous difference in the world. I want to do my bit, and I also want to inspire my team to do the same."



Global thoughts, local actions – Global Communities

With more than 146,000 people spread across 150 countries, PwC is presented with an amazing opportunity to create a worldwide momentum for change. When we work together our combined local actions can have an enormous impact.

Two years ago, Global Communities was created to provide a vehicle for this change. Global Communities brings together a network of PwC people around the world who share the experiences and successes of their local community programs, providing a constant stream of fresh ideas and support to each other. To drive forward this global connection, the Global Communities office was established in Sydney, with Tony Harrington as chairman of its board.

The members of this network now regularly connect and collaborate on local and global projects, and their joint efforts have produced some staggering results. In FY08, PwC globally:

- Volunteered some 116 person years of time
- Gave US \$51 million to community organisations and causes
- Contributed some 140 person years either free or at highly discounted rates to capacity building or corporate community leadership projects with the not-for-profit sector.

The Global Communities Recognition Awards were established to celebrate and reward these efforts, and showcase our diverse community programs – from New Zealand to the US, Chile to China. There are three award categories – Best in Class, Development and Innovation.

In 2008, the Australian Foundation celebrated winning the Best in Class award, which recognises the level of people engagement we have achieved, our strategic focus on impacting social change and how we have embedded the Foundation into the Australian firm's culture.

One of the aims of Global Communities is to share best practice and, when initiatives developed in one country are adopted in another, we know we are meeting our goals. For example, the Transparency Awards were first established in the Netherlands and are now underway (or soon to be underway) in six other countries, including Australia (see page 15).

The Australian Foundation is not just embracing ideas from other PwC territories – we also have plenty to offer the global network. We are regularly asked to provide guidance to emerging PwC Foundations and community affairs programs in other territories. For example, the Canadian Foundation has modelled its champion network on Australia, the Polish Foundation has taken direction from the Australian Capacity Building Program and Malaysia has modelled its Volunteer Management Database on ours.

In 2006, when Global Communities was established, the idea of collective action was not high on the agenda. Two years on, our network works together to provide mutual support and inspiration,

including developing greater global consistency in some critical areas. The opportunity to really demonstrate the power of this network came when the firm was considering how to celebrate the 10th anniversary of PwC as global 'family'. What better way than to come together to give hope for the future to a community in dire need? Through our global Power of 10 initiative, we worked with the UNHCR to develop a project that will provide educational facilities and opportunities to 20,000 refugee children who have fled the conflict in Darfur – with the long term aim of building a thriving and sustainable community. In only two weeks, PwC raised US \$4 million through the generosity of our people and member firms, with over 6,000 people across 102 countries contributing.

Much like our Australian Foundation, Global Communities continues to grow, evolve and change. Global Communities will continue to drive community engagement, building momentum across our network and looking to further promote global initiatives. What next for Global Communities? We are now working with the network to develop and shape PwC's global corporate responsibility agenda, working with territories and regions to meet our aspiration to be leaders in corporate responsibility in the marketplace. On the global stage we are only at the start of this journey, but we are striding ahead with confidence and commitment.

Australian community today...

80

years is the average lifespan of an Australian. Indigenous Australians can expect to live to 62 years

26

tonnes is the annual greenhouse gas emissions per Australian. Four times the global average of 6.5 tonnes per person



1 in 5

people will suffer from depression at some point in their lifetime

20%

of households in Australia account for 61 per cent of total household net worth. The poorest 20 per cent account for 1 per cent of total household net worth

How can we ensure tomorrow will look different?

Part of the PwC Global Communities network

pwc.com/au/corporateresponsibility
pwc.com/au/foundation
pwc.com/globalcommunities

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