

Lasting impact

Corporate sustainability annual performance update 2012

In 2012, we reached the end of one five-year cycle for our sustainability performance – and began another. It has been an important year.

External recognition

Excellence in sustainability services

For the second year in succession our global Sustainability and Climate Change practice was named consultancy of the year at the 2012 BusinessGreen Leaders Awards, recognising our commitment to sustainability through the services we offer to our clients.



Excellence in workplace & diversity

For the last seven years, we have been ranked amongst the leaders in The Sunday Times 25 Best Big Companies to Work For.



Excellence in sustainability

We retained our 'Platinum Plus' rating in Business in the Community's leading Corporate Responsibility benchmarking index, recognising our continued commitment to sustainability as a strategic issue.



In 2010 we were one of only two pilot organisations to be awarded the Diversity Works for London gold standard, valid for three years, for our pioneering approach to diversity in the workplace, supply chain and marketplace.



Excellence in environmental performance

In 2011, we achieved the Carbon Trust Standard certificate for the second time, for measuring, managing and reducing our carbon emissions.



In 2012, we were once again listed as one of the UK's top 100 employers in Stonewall's Workplace Equality Index 2012, recognising us as an inclusive workplace for lesbian, gay and bisexual employees.



Our offices at More London have achieved the BREEAM Outstanding rating for sustainable building design – the first building in the capital with such high green standards.

We strive to be a progressive employer, and for the sixth year we've been one of the top 50 organisations where women want to work.



Excellence in community engagement

In 2011, we renewed and retained our Business in the Community CommunityMark status for a further three years. This is the UK's only national standard for community engagement.



We take part in awards and schemes as a way of benchmarking our performance, and gaining valuable feedback from established external bodies, so that we can continue to challenge ourselves. External recognition (above) also helps our stakeholders to gauge how we're doing against our ambitions. We also use recognised standards to help us review and continually improve processes for important aspects of our business. We're currently certified to the standards listed below.

External standards¹

Environmental management



ISO 14001
EMS532263

Business continuity



BS 25999
BCM5545975

Information security



ISO 27001
IS569854

Quality management



ISO 9001
FS579606

Occupational health & safety



OHSAS 18001
OHS565375

Electronic information



BS 10008
EIMS581339

Energy management



ISO 50001
ENMS563396

¹ For more on the individual standards that we use to drive internal process discipline see www.pwc.co.uk/corporate-sustainability/standards.jhtml

Our sustainability 2012 in review



Ian Powell
Chairman and Senior Partner

Welcome to our Sustainability report for 2012

Sustainability is central to PwC UK's vision of doing the right thing for our clients, our people, and the communities in which we work.

This means it's a broad agenda, covering aspects of our business that range from our ethics and the quality of our work, to how we find and nurture talent, as well as our community engagement and our responsibility to the environment. We strive to use our skills, voice and relationships to create change and have a positive impact on the world around us.

Over the past twelve months, in tough market conditions, we've made good

progress against our business strategy. I'm also delighted to report that we've seen significant progress in our sustainability performance.

This report summarises what we've achieved over the last five years. It complements our Annual Report and Transparency Report and offers a different lens through which to view our business performance and our impact on the environment.

Ian Powell
Chairman and Senior Partner



Bridget Jackson
Head of Corporate Sustainability

An agenda of innovation

Sustainability has far-reaching implications for business in general and for us, presenting both new opportunities and risks. So this year we've continued to innovate in all areas of our social and environmental agenda.

Supporting social change

Following the launch of the Fire Station social enterprise hub in London last year, we've invested in new programmes that can really make a difference to the communities near our offices – launching a Social Entrepreneurs Club, and a Centre for Social Impact. In parallel, we've made progress in understanding how to value social impacts. You can read more on pages 4-5.

Reducing our environmental impacts

This year we assessed our environmental performance against our five-year targets and are pleased to report some excellent results. We've achieved 'zero waste to landfill', and reduced by a third the carbon emissions associated with energy use in our buildings. We've also significantly reduced our non-client-facing flights.

But we still have more to do.

We missed our target for reducing carbon emissions from client-facing air travel: these journeys are an important part of being able to serve our clients, and have increased with our growing and globalising business. Limiting our flights will be a continuing priority for us moving forward.

Please read more about our environmental performance on pages 6-7.

Offsetting our carbon

We've offset the carbon emissions we reported at the end of each financial year since 2007. This year, we're again purchasing credits – for the emissions associated with all our travel, waste and water.

External assurance

We continue to verify our sustainability data with our Internal Audit Team. But recognising the growing importance of independent scrutiny, and to give extra confidence in our figures, this year we've had our environmental and community data for both 2007 and 2012 assured by our external auditor. Their statement is on page 11.

2012 to 2017 – new targets and metrics

As we look forward to the next five years, we've renewed our environmental commitments – challenging ourselves to 'decouple' our business from its negative environmental impacts by continuing to reduce resources, waste and carbon even as our business grows. And, recognising that expectations of business for sustainability reporting are continually rising, we've refreshed our scorecard to better measure and manage our sustainability. Please read more on pages 12-13.

Or, you can see full details about our sustainability strategy, policies, progress and case studies at our website www.pwc.co.uk/corporatesustainability.

Bridget Jackson
Head of Corporate Sustainability

Community engagement

Creating social and business value

We have a broad and long-standing programme of engagement with the local areas around our offices, and 'doing the right thing for our communities' is a key part of our strategy and culture.

We're helping to address the challenge of unemployment in disadvantaged groups supporting schools, social entrepreneurs and other charitable organisations. We're giving something back, sharing our resources and skills for capacity-building and impact measurement – so we can maximise our contribution.

But volunteering is also central to the career experience we offer our people, building new skills as well as a greater appreciation of new forms of value, such as social and environmental value. These, in turn, enhance the quality of their professional work, and contribute to higher levels of engagement.

We set ourselves commitments as part of the BITC CommunityMark, a leading national standard that publicly recognises excellence in community investment and which we have held since 2008.

These commitments help us focus on ensuring the relevance of our community contribution, and on maximising its value to all the stakeholders involved.

In this financial year, over 4,900 of our people took part in volunteering activities in work time, dedicating over 54,000 hours to community involvement. For more on our total contribution, please see page 12.



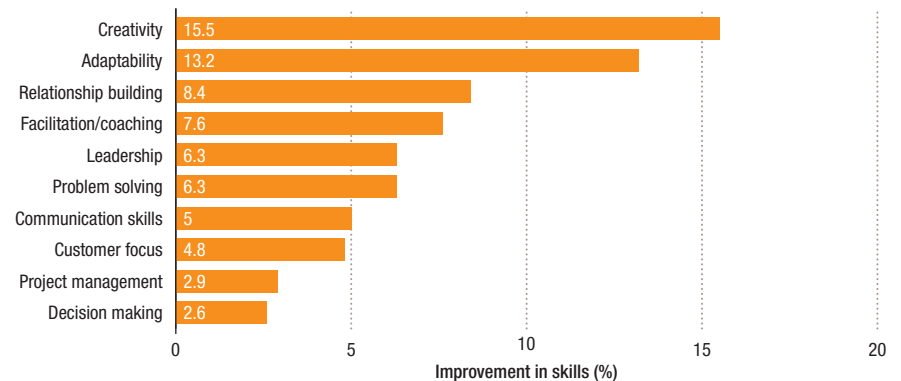
Supporting environmental entrepreneurs

We've supported Royal College of Art graduates, such as Alkesh Parmar who creates products from everyday things that are often discarded after use.

Business Value of Volunteering

Surveys conducted in 2012 amongst staff and partners who undertook individual volunteering highlight the percentage improvement in skills relevant to their professional jobs: notably, volunteering contributed to important soft skills.

Skills improved through volunteering



Source: Pilot survey conducted among volunteers taking part in individual volunteering activities, between April and June 2012 only. n=59

circa
£50m
total

More investment in our communities

We've increased the value of our contribution each year, reaching almost £50m in total from 2007-2012

+85%
since 2007

Commitments

✓ **Programme relevance**

We'll implement programmes which address continuing and emerging trends in community involvement.

✓ **People skills**

We'll work towards a greater emphasis on using our people's professional skills when volunteering.

✓ **Community collaboration**

We'll provide work experience and employment opportunities in collaboration with our local communities.

✓ **Business integration**

We'll continue the integration of our community programmes with other elements of the firm's corporate sustainability agenda, particularly environment and people development.

✓ **Measurement**

We'll measure the programme's effectiveness, particularly concentrating on establishing outputs and impacts.

Progress

We focus our activities on issues which are pressing in Britain today: education of young people, to help improve their life chances; employability of disadvantaged groups, to help tackle the 'lost generation'; and entrepreneurship, to help foster a vibrant economy and community.

Highlights this year include our Brigade¹ social enterprise, which is a cook school as well as a bar and bistro in the Fire Station, supporting Beyond Food Foundation's United Kitchen Apprenticeship programme. Through this programme 25 homeless people have received training and mentoring with the aim of securing their first full time job as commis chefs in the hospitality sector at the end of their apprenticeships.²

We also launched the PwC Social Entrepreneurs Club, offering, in its first year, mentoring and training to more than 80 social entrepreneurs.

We're increasingly focusing on volunteering that's more closely aligned with our people's skills so that the communities in which we work benefit directly from our talent.

The Social Impact Measurement training we offer social entrepreneurs, for example, draws on our technical skills in finance and economics, to help entrepreneurs better understand how to measure and articulate the value of their social change ambitions. You can read about their experiences in a 'Lessons Learned' report in the download section of our corporate sustainability website³.

We've introduced a new metric to show the percentage of volunteering hours using the professional skills of our people, which over the year has increased to 67%.

As a large business, we are keen to be an inclusive employer and encourage those in our local communities with the right potential to see us as a possible employer, whatever their background. This enhances the diversity of our people, increases integration of our business into the local community, and directly tackles unemployment.

We encourage children in inner city schools to visit our offices as a way of familiarising them with the business environment, as well as offering work placements or internships. In 2012 we're offering more than 65 apprenticeships to people with high potential as part of our commitment to the government's Higher Apprenticeship scheme. And we've supported 34 schools in our communities through the Teach First programme.

We also run extensive activities to help people in our communities to apply for jobs. In 2012, more than 675 of our people have contributed to CV preparation and interview training.

Our individual volunteering activities tend to focus on social change. But many of our team volunteering events take place outdoors and provide a platform for increasing environmental understanding among our staff or communities. For example, during 2012 we ran activities with the Wildfowl & Wetlands Trust (WWT) and The Conservation Volunteers Urban Ecology, focusing on biodiversity and ecosystem services, whilst our Sustainable Schools programme centred on the issues of carbon emissions and climate change.

We've also mapped our volunteering activities to PwC's core competencies, to help staff identify how volunteering can be part of their overall development, and encouraged them to consider corporate sustainability as they set their annual objectives.

We're developing more advanced ways of measuring the social and business value of our efforts so we can better direct our investment toward activities which will have a real impact. Notably, we've developed surveys to learn more about why our people volunteer and the how they benefit from taking part (see opposite page).

We've also made strides in how we measure the social impacts of our community engagement. For example, we evaluated our in-kind support of Beyond Sport, an organisation that supports charities, projects and social enterprises that use sport to address social issues in communities around the world, and we're now doing the same for other community investment projects.

¹ Brigade is a triple sector partnership spanning the following private, public and voluntary sector organisations: PwC; De Vere Venues; the Homes and Communities Agency; Big Issue Invest; and the Beyond Food Foundation.

² You can find out more about Brigade's first year at www.pwc.co.uk/annualreport

³ www.pwc.co.uk/corporatesustainability

Environment

Our five year performance

Carbon emissions

2007-2012 target

We will reduce our financial emissions intensity (CO₂e/UK revenue¹) by 27% through a reduction in our Scope 1, 2 and 3 emissions

✓ **Outcome:** Target exceeded

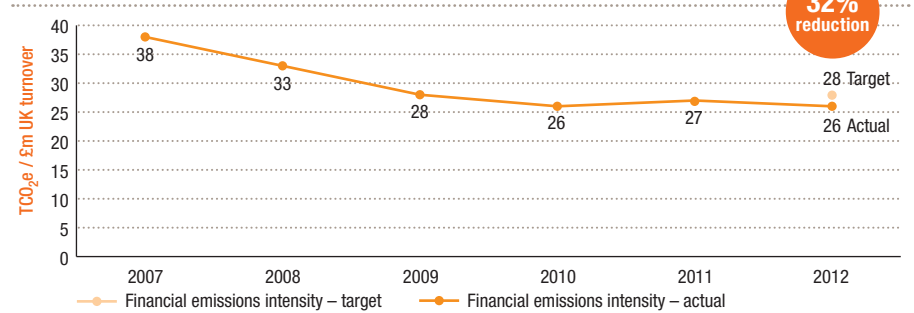
Results

Since our baseline of 2007, we've reduced our overall carbon emissions intensity by 32%, exceeding our target reduction of 27%. This has been achieved in a context of steady business growth, and represents an overall reduction in absolute emissions of more than 21% (16,641 tonnes).

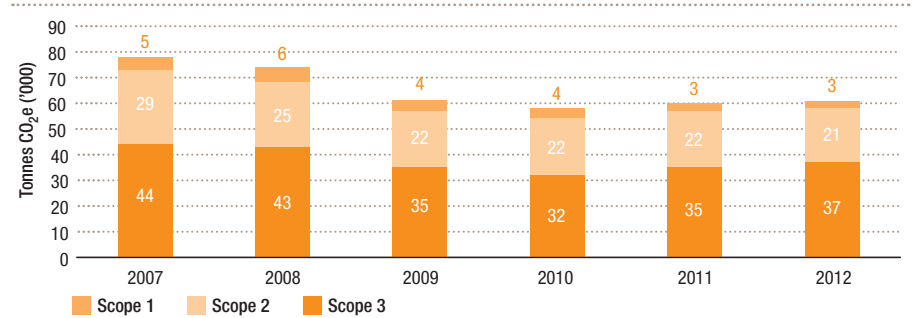
As we describe in the rest of this section, we've achieved most of this through considerably reducing our energy consumption and flights taken for internal business reasons (i.e. non-client related).

¹ Target restated using UK revenue (previously Operating Profit)

Financial emissions intensity



Carbon emissions scope 1, 2 & 3



Energy

2007-2012 target

We will reduce our carbon emissions per square metre arising from energy consumption by 30% from a 2007 baseline

✓ **Outcome:** Target exceeded

We will reduce our overall energy consumption per square metre by 25% from a 2007 baseline

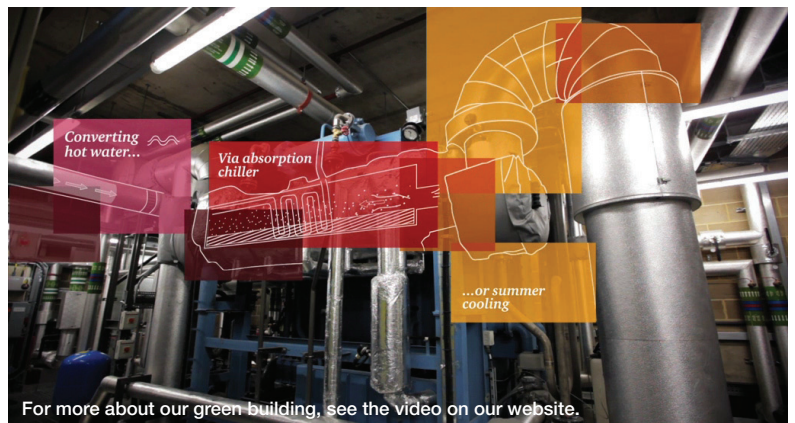
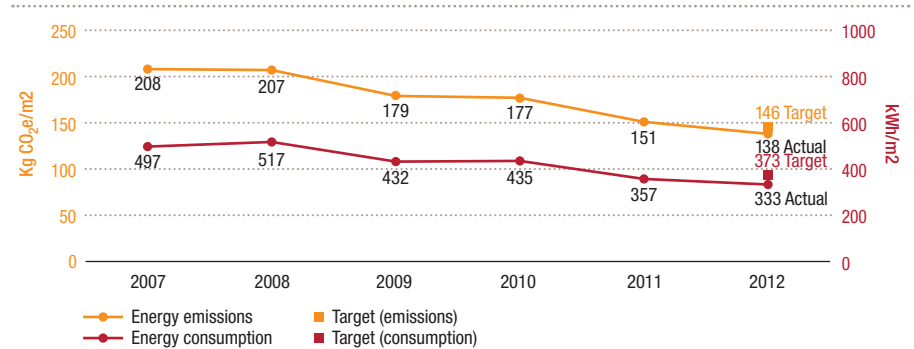
✓ **Outcome:** Target exceeded

Results

Over the last five years we've significantly reduced the amount of energy used to light, heat and power our offices. We aimed to reduce our energy used per square metre by 25% and achieved 33%. Our associated carbon emissions per square metre have dropped by 34%, also exceeding our target of 30%.

This has largely been achieved through a combination of good energy management practices and a significant investment in energy efficiency in our 7 More London office. This includes a 'tri-generator' that runs on biodiesel produced from waste vegetable oil, active chilled beams for cooling, regenerative braking in the lifts and low energy lighting. We also achieved the ISO 50001 standard for energy management in 2012 and we're now applying many of the lessons learned to the refurbishment of our other large London office at Embankment Place¹.

Energy per square metre: emissions and consumption



¹ You can read more in a 'Lessons Learned' report in the download section of our corporate sustainability website www.pwc.co.uk/corporatesustainability

Business travel

2007-2012 target

We will reduce carbon emissions per head from client air travel by 25%

✗ **Outcome:** Target missed

We will reduce the carbon emissions per head from non-client facing air travel by 45%

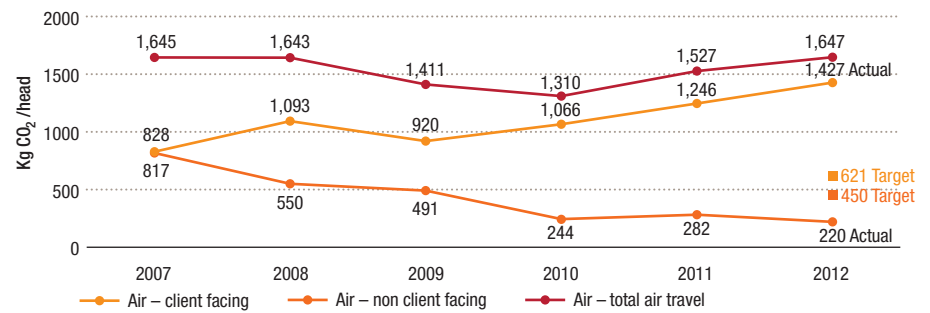
✓ **Outcome:** Target exceeded

Results

Air travel is a key part of our business, and we set ourselves targets to reduce the carbon emissions associated with flights against a 2007 baseline.

We've had considerable success in reducing emissions from non-client-related air travel, which is down 73% per head, exceeding our target reduction of 45%. This has, in part, been achieved by introducing a tighter approvals process. But we've missed our target in relation to travel required to deliver client work: associated carbon emissions have grown by 62% in absolute terms (and by 72% per head) as our business has grown and become more global. This target will continue to be a priority for us and we have already, for example, launched an extensive internal campaign to promote web-conferencing as an alternative to travel and want to collaborate with clients to find further solutions.

Carbon emissions per head: air travel breakdown



Example of our internal campaign to promote web conferencing as an alternative to travel.

Waste and resources

2007-2012 target

100% of our own buildings will have moved to 'zero waste to landfill'

✓ **Outcome:** Target met

We will reduce total waste produced per head by 20%

✓ **Outcome:** Target exceeded

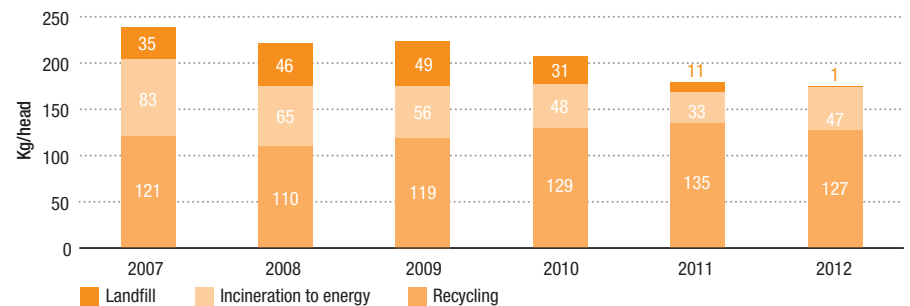
Results

Since 2007 we've reduced the total amount of waste that we generate by 27% per head, exceeding our target of 20%. The total amount of waste that we generate has dropped by 31%. Paper is our largest waste stream, and reducing its consumption by 39% has made a big difference to the overall total.

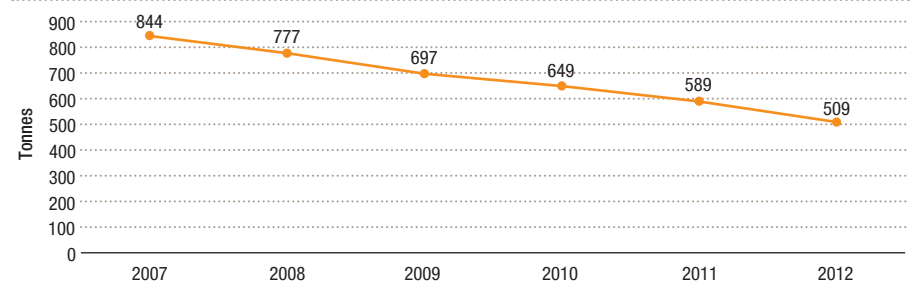
We also achieved our target of moving to zero waste to landfill by the end of June 2012, with the total for the whole year being less than 1% of our total waste. The office waste we generate is now either recycled or disposed of through incineration facilities which generate energy as a by-product².

We've increased our recycling rate from 51% to 72%, largely as a result of removing desk-side bins and introducing central recycling points on each floor. The amount of waste we're sending to incineration has almost halved, and as a proportion of our total waste has fallen from 35% to 27%.

Waste breakdown per head



Paper consumption



² You can read more in a 'Lessons Learned' report in the download section of our corporate sustainability website www.pwc.co.uk/corporatesustainability

An updated scorecard

A broader view of our sustainability agenda

This year we've rebalanced our scorecard to give a more comprehensive view of the issues and opportunities sustainability presents us, and better explain how it links to our business success.

In the past, our corporate sustainability reporting focused on our community contribution and our environmental footprint. Last year we developed our materiality matrix (below), analysing all the non-financial sustainability issues which influence our reputation and the competitiveness of our business. We used inputs gathered from dialogue with stakeholders including clients, regulators and our people as the basis for Executive Board discussions on our sustainability priorities. The resulting matrix, which aligns with our key business and operational risks, has helped us set the direction for our future sustainability programmes and identify gaps in our reporting which we're addressing this year.

Quality & ethics

As the UK's largest audit firm, we have a significant public interest responsibility and our continuing success depends on our ability to build and sustain trust. We report on our approach extensively in our Annual Report and Transparency Report¹. Last year, for example, we created a new Executive Board role for Reputation and Policy to lead discussions with key external

stakeholders and a Public Interest Body (PIB) to strengthen the governance of our firm. For many years we've had a Code of Conduct which articulates our values and encourages a culture that fosters professional behaviour and integrity.

To reflect the importance we give to these considerations, our corporate sustainability update this year also reports metrics on quality, ethics, independence and information security across our business, including information on process controls we have in place for our audit and non-audit assurance services.

Workplace & diversity

We report on issues relating to our people, as they are central to the success of our business. This year, we've included new metrics for learning and development and employee wellbeing, as well as a more comprehensive set of measures for talent attraction, retention and diversity.

Community

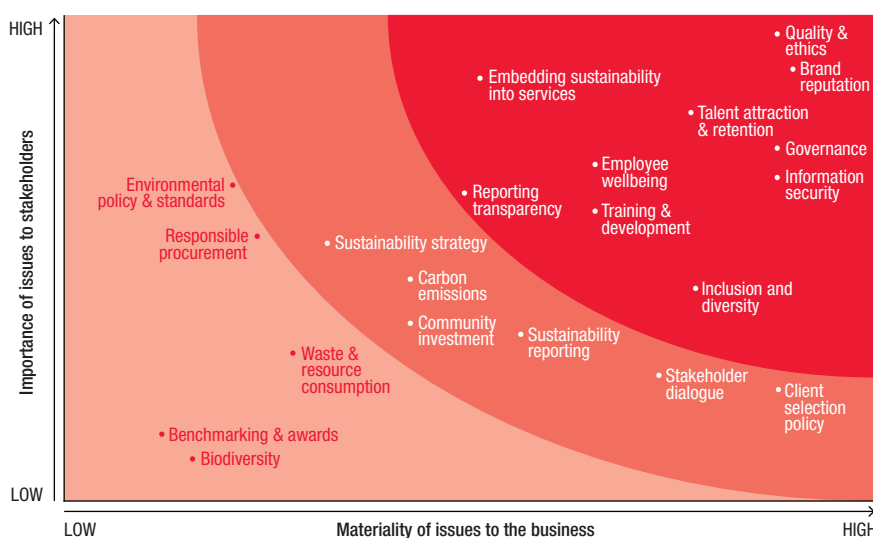
We believe we have a responsibility to make a contribution to the communities near our offices. This is also beneficial to our employees, especially when we use our core skills to collaborate. So we're developing new and better ways of measuring the business and social value of our programmes. New metrics include the proportion of our community activity which makes use of our professional skills, because we believe we can maximise our contribution this way.

We're also reporting on the proportion of people who participate in our payroll giving scheme, Give As You Earn, which we've made available for many years. Donations our people made to charities in this way are not captured in the total financial community contribution figures that we report so the metric highlights another way the firm assists the voluntary sector.

Environment

As a professional services business, our direct environmental impacts are relatively limited. However, we depend on basic natural resources to run our operations and are committed to 'doing the right thing' for future generations, so we strive for continuous improvement in our environmental impact reporting.

Sustainability prioritisation matrix



¹ Available at www.pwc.co.uk/annualreport or www.pwc.co.uk/corporatesustainability

Quality & ethics

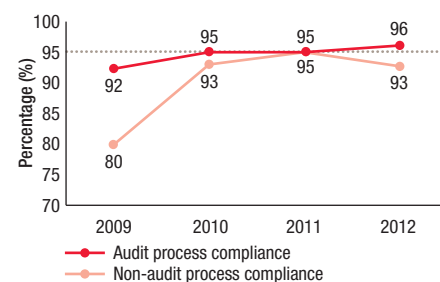
Explaining the new metrics

Quality and ethics underpin our public interest responsibilities in helping to build trust in capital markets. This year we're adding new metrics to our scorecard to provide additional information on our performance in this area.¹

Client advocacy: This metric has been in place for many years and is gathered as part of annual discussions between our clients and senior partners who are independent. It measures whether our clients would recommend us to other businesses. We aim to increase this score each year and take action where improvements could be made.

Assurance: Audit and non-audit process compliance. We have quarterly Key Performance Indicators (KPIs) in place which assist with improving quality across both our audit and non-audit engagements and are focused on behavioural change. We set ourselves a stretch target of 95% at the beginning of each year, changing the elements it comprises on a continuous improvement basis. This enables us to focus on areas which require more attention each year.

Assurance: Process compliance



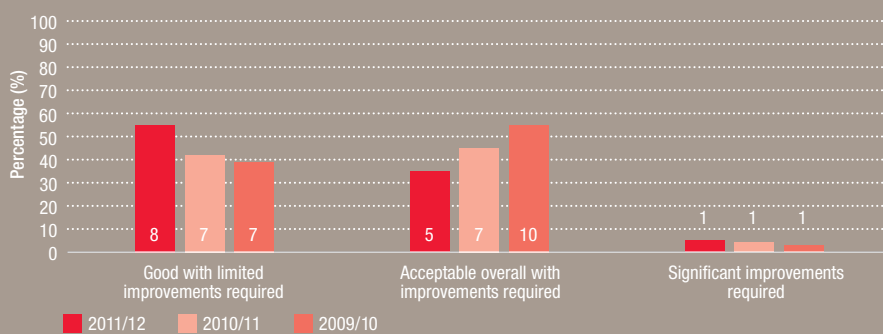
Dismissals for misconduct: The vast majority of our people behave appropriately but, in a firm of over 17,000 people², on very rare occasions some fall short of our high standards and may be dismissed for their actions. We've included a metric in the scorecard for dismissals for misconduct as an indication of our commitment to uphold the highest standards in professional conduct.

Ethical behaviour: We survey all staff and partners confidentially each year on a number of issues in our "youmatter" people survey, including their perception of how ingrained ethical behaviour is in the business. We aim to increase our score each year.

Breaches of independence: We have policies and procedures designed to ensure that we comply with the independence regulations which apply to our business. Amongst other controls, all partners and staff are required to confirm their compliance annually. However, breaches occasionally occur and the scorecard includes the percentage of breaches that we reported to the Audit Inspection Unit.

Information security: Reflecting the importance we place on client confidentiality, our information security management system was certified as compliant with the requirements of the ISO/IEC 27001:2005 standard in June 2011. We're now reporting the number of non-conformities from this standard identified by our external assessors as an indication of our attention to this matter and our commitment to continuous improvement.

Quality: Audit Inspection Unit results



The Audit Inspection Unit (AIU), now renamed the Audit Quality Review Team, carries out an annual review of a sample of audits undertaken by the firm. As an independent regulator, the AIU adopts a rigorous approach to its review of our audit work and associated policies and procedures. Given this level of scrutiny, there are inevitably instances where the AIU identifies specific aspects of individual audits that could be improved, or changes that could be made to our policies and procedures.

The table shows continuing improvement in our overall file review results year-on-year. We're committed to continuously

addressing the issues that the AIU identifies and agree with them a detailed action plan to respond to their findings.

The AIU concluded that 'The firm places considerable emphasis on its overall system of quality control and has appropriate policies and procedures in place for its size and the nature of its client base in most areas that are subject to our review. Nevertheless, we identified certain areas where improvements are required to those procedures, as set out in this report'³

¹ These may change over time.

² This number refers to individuals working for the firm rather than the FTE's shown in the scorecard

³ A full copy of the Public Report on the 2011/12 inspection of PricewaterhouseCoopers LLP, can be found on the FRC website at <http://www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review/Audit-firm-specific-reports/Audit-firm-specific-reports-2012.aspx>

Workplace & diversity

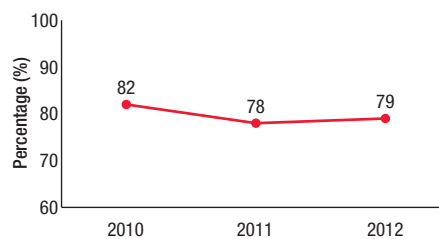
Our firm's long-term success depends on our ability to attract, develop and retain highly talented people. We measure our performance in these areas to help us understand how we're doing and what to focus on. Our 2012 scorecard shows that, as we continue to invest in our people, our performance has improved against many of our indicators.

And this year, we've introduced new metrics to provide a more comprehensive view of issues relating to our people.

Explaining the new metrics

Graduate retention (3 years): We're one of the biggest private sector graduate recruiters in the UK and invest heavily in training those we recruit. After three years' employment, they'll obtain their professional qualifications and will start to reappraise their career aspirations. It's a priority for us to retain this important source of future talent. The indicator we're introducing this year is one way of measuring our ability to do so, and shows that we saw an uptick in our retention this year after a fall in 2011.

Graduate retention rate (3 years)

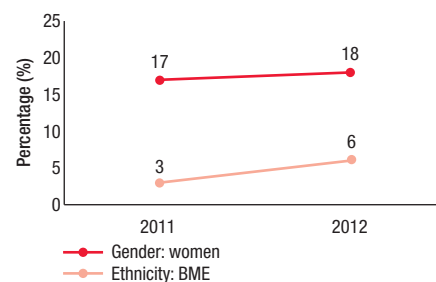


Youmatter survey: "The people I work for are considerate of my life outside of work": We recognise that the wellbeing of our people is important to our business success, yet our work sometimes entails extensive business travel and long working hours, both of which can be stressful. Many teams have introduced wellbeing programmes and flexibility in the working day so that our people can balance their professional and personal lives in a way that suits them. For the last five years we've monitored our people's perception of the pressures on them through our youmatter people survey, and this year we are introducing the metric to our scorecard. It shows an increase this year, following a decline since 2009.

Senior management diversity (gender and ethnicity): We want to create a firm that reflects the diverse world in which we operate and brings the best of that variety to our clients. Delivering this will help us to attract the best people, differentiate us from our competitors, and ensure that we're diverse and creative in our thinking and our behaviour: we've introduced metrics to represent the proportion of women and black and ethnic minorities (BME) in the top hundred or so senior leadership roles in the business.

In the year under review, senior management diversity for both women and ethnic minorities has increased, reflecting our positive diversity actions in relation to succession planning and promotion. We recognise that we've still got a long way to go, but our actions are already helping to create more female and ethnic minority role models in our organisation.

Senior management diversity: gender and ethnicity



Spend on learning and development: Maximising the skills and experiences of our people helps us ensure we continue to deliver the best possible service for our clients. This year we've introduced our spending on learning and development to our sustainability scorecard. It represents the cost of developing and running formal learning, including the people costs associated with its development, internal and external programme fees and relevant overheads.

Formal training is only part of what's needed to develop our people. For example, the metric doesn't show the extensive informal on-the-job learning and mentoring which takes place. But it does reflect our year-on-year investment in renewing and reinforcing the fundamental capabilities needed to run the business. In the past year, our spend increased from £1,390 to £1,445 per FTE.

Commitment

We're committed to benchmarking our people performance through mechanisms such as our youmatter survey and, externally, the Sunday Times Best Big Companies To Work For.

Assurance statement

Independent Assurance Report to the members of PricewaterhouseCoopers LLP on Selected Sustainability Data

We have been engaged by PricewaterhouseCoopers LLP (hereafter 'PwC') to provide independent limited assurance on Selected Sustainability Data.

The Selected Sustainability Data included within the scope of our report is that which appears on the "Non-financial information" pages of the Annual Report for the financial year ended 30 June 2012 and that marked with [†] in PwC UK's sustainability scorecard as set out in the Corporate Sustainability Annual Performance Update and on PwC UK's corporate sustainability website (www.pwc.co.uk/corporatesustainability).

It includes:

- all 2007 baseline community and environmental data
- all 2012 community and environmental performance data
- data relating to let area and full time equivalent employees for 2007 and 2012 used in PwC's performance related ratios
- UK and Channel Islands (i.e. excluding Middle East).

The scope of our work does not extend to any other information.

This report has been prepared to assist PwC in reporting its corporate sustainability performance. We permit our conclusion and/or this report to be disclosed in the 2012 Annual Report and Corporate Sustainability Reporting to enable the members to show they have addressed their governance responsibilities by obtaining a sustainability assurance report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than PwC and PwC's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of members and independent assurance provider

The members are responsible for establishing objective assessment and Reporting Criteria¹ for preparing the Selected Sustainability Data, as well as the Corporate Sustainability Reporting and for the information and statements contained within it. They are responsible for establishing and maintaining appropriate systems of internal control from which the Selected Sustainability Data is derived, based on the Reporting Criteria.

Our responsibility, based on our procedures, is to express an independent conclusion on the Selected Sustainability Data as to whether anything has come to our attention which causes us to conclude that the Selected Sustainability Data is materially misstated.

Scope of our work

We conducted our review in accordance with International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements other than Audits and Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board ('ISAE 3000').

Our procedures consisted primarily of:

- Making enquires of relevant members of management at PwC.
- Evaluating the design of the systems of internal control for capturing and reporting the source data.
- Performing sample tests on a selection of the data prepared by PwC.
- Analytically reviewing the data included within the scope of our report.
- Assessing the disclosure and presentation of the Selected Sustainability Data.

In addition we read all the information relating to sustainability in the 2012 Annual Report and the 2012 Corporate Sustainability Annual Performance Update to assess whether there are any material inconsistencies with the data we have reviewed. If we become aware of any apparent material misstatements or inconsistency we consider the implications for this report.

Assurance gives the user confidence about the subject matter assessed against the reporting criteria. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. It does not include detailing testing of source data nor the operating effectiveness of processes and internal controls. In addition, there is not yet generally established practice for evaluating and measuring sustainability data so it is important to read the assurance report in the context of the Reporting Criteria¹.

Conclusion

On the basis of our procedures nothing has come to our attention that causes us to conclude that the Selected Sustainability Data in the 2012 Annual Report and 2012 Corporate Sustainability Reporting has not been prepared in all material respects with the Reporting Criteria.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Chartered Accountants, London
20 September 2012

Verified report

In addition to the external assurance of our 2007 and 2012 community and environmental data, our internal audit function have verified the full content of this report including narrative and all data in the scorecard.

¹ For PwC's Reporting Criteria see www.pwc.co.uk/corporatesustainability/assurance

Sustainability scorecard¹

	Units	2012	2011	2010	2009	2008	2007
Financial							
Turnover							
UK revenue ²	£ million	2,411	2,281	2,193	2,203	2,220	2,079
UK tax contribution							
Taxes paid/payable	£ million	404	387	-	-	-	-
	£ million	266	265	-	-	-	-
<i>Includes partner tax and NIC payable on current year distributable profits</i>							
Taxes collected	£ million	571	513	479	484	484	463
Quality & ethics							
Quality							
Client advocacy ³	score of out 10	8.64	8.63	8.55	8.42	-	-
Assurance: Audit process compliance KPI ⁴	percentage	96%	95%	95%	92%	-	-
Assurance: Non-audit process compliance KPI ⁴	percentage	93%	95%	93%	80%	-	-
Ethics							
youmatter survey: "The people I work with actively promote and demonstrate ethical behaviour consistent with the firm's Code of Conduct" ⁵	score out of 5	4.13	4.11	4.11	4.06	4.03	-
Dismissals for misconduct ⁶	number	16	14	-	-	-	-
Independence							
Breaches of external auditor independence regulations ⁷	percentage	0.03%	0.01%	-	-	-	-
Information security							
ISO 27001: major non-conformities ⁸	number	0	0	-	-	-	-
ISO 27001: minor non-conformities ⁸	number	3	10	-	-	-	-
Workplace & diversity							
Talent attraction and retention							
Graduate retention rate (3 years)	percentage	79%	78%	82%	-	-	-
People engagement score ⁵	score out of 5	4.03	3.96	3.97	4.05	4.02	3.97
Voluntary turnover	percentage	12%	14%	10%	11%	14%	-
Inclusion and diversity							
New hire diversity: gender – women	percentage	41%	41%	41%	41%	-	-
New hire diversity: ethnicity – BME ⁹	percentage	23%	25%	22%	21%	-	-
Partner admissions: women	percentage	18%	15%	16%	15%	26%	14%
Senior management diversity: gender – women ¹⁰	percentage	18%	17%	-	-	-	-
Senior management diversity: ethnicity – BME ^{9,10}	percentage	6%	3%	-	-	-	-
Employee wellbeing							
youmatter survey: "The people I work for are considerate of my life outside of work" ⁵	score out of 5	3.60	3.55	3.58	3.68	3.67	-
Learning and development							
Spend on learning and development ¹¹	£ per FTE	1,445	1,390	916	-	-	-
Community involvement†							
Financial contribution							
Community contribution (cash, time and in-kind) ¹²	£ million	10.9	10.3	8.1	7.9	6.8	5.9
Employee involvement							
Volunteering during working hours	no. of occasions	6,500	5,932	4,865	4,600	3,700	2,900
Volunteering during working hours	no. of people	4,933	4,226	-	-	-	-
Time spent volunteering	working hours	54,267	50,206	42,480	41,300	40,900	37,400
Skills-based volunteering ¹³	percentage of hours	67%	58%	-	-	-	-
Payroll giving participation ¹⁴	percentage of staff	3.3%	3.6%	-	-	-	-

1 As at financial year end (30 June). All data excludes Middle East

2 Excludes Channel Islands

3 Measures how likely clients are to recommend PwC

4 Key performance indicators. See Transparency Report for more details

5 Captured through youmatter survey of staff and partners every six months. Data is taken from the April survey

6 Data covers all UK staff and members. Excludes dismissals for failed exams and missed performance standards

7 Breaches of independence reported to the AIU

8 A major nonconformity is a situation that raises significant doubt about the ability of the firm's information security management system to achieve its intended outputs. A minor nonconformity is a single identified lapse which would not in itself raise significant doubt as to the capability of the firm's information security management system

9 Black and minority ethnic (as declared)

10 Senior management refers to leadership roles in the business

11 Includes cost of developing and running formal learning, people costs associated with its development, internal and external programme fees and relevant overheads

12 Measured according to the London Benchmarking Group (LBG) principles. In-kind includes pro bono and discounted work, calculated using an estimated cost rate in line with our internal transfer rate

13 Relates to volunteering hours which use an individual's professional skills but not as a service for which the firm has a formal engagement in place, i.e. not including pro bono or discounted work

	Units	2012	2011	2010	2009	2008	2007
Environment†							
Carbon emissions¹⁵							
Scope 1	Gas	tonnes CO ₂ e	3,053	2,904	3,686	3,700	4,873
	Oil	tonnes CO ₂ e	90	487	427	366	478
	Biodiesel ¹⁶	tonnes CO ₂ e	11	-	-	-	-
	Scope 1 subtotal	tonnes CO₂e	3,154	3,391	4,113	4,066	5,351
Scope 2	Renewable sources ¹⁷	tonnes CO ₂ e	16,676	17,124	16,004	15,766	26,104
	Non-renewable sources	tonnes CO ₂ e	4,618	4,883	5,832	6,358	2,923
	Scope 2 subtotal	tonnes CO₂e	21,294	22,007	21,836	22,124	29,027
Scope 3	Air – client facing ¹⁸	tonnes CO ₂ e	22,691	19,965	16,331	14,066	14,039
	Air – non client facing ¹⁸	tonnes CO ₂ e	3,494	4,516	3,742	7,513	13,866
	Road ¹⁹	tonnes CO ₂ e	5,419	5,140	5,353	5,871	7,453
	Rail ²⁰	tonnes CO ₂ e	2,440	2,148	2,159	2,560	2,820
	Waste ²¹	tonnes CO ₂ e	3,304	3,379	4,254	4,953	5,883
	Water ²²	tonnes CO ₂ e	59	63	62	55	57
	Scope 3 subtotal	tonnes CO₂e	37,407	35,211	31,901	35,018	43,010
TOTAL EMISSIONS (Scope 1, 2 & 3)		tonnes CO₂e	61,855	60,609	57,850	61,208	78,496
Business travel							
Air	million km	147	137	109	114	142	141
Road ¹⁹	million km	26	25	26	28	31	35
Rail ²⁰	million km	44	39	39	46	52	50
Energy							
Electricity	million kWh	41	42	42	42	46	54
Gas/Oil/Biodiesel	million kWh	18	18	22	21	30	28
TOTAL	million kWh	59	60	64	63	76	82
Resource consumption							
Paper consumption	tonnes	509	589	649	697	777	844
Water consumption ²²	m3 (k)	173	186	183	183	183	206
Waste							
Landfill ²¹	tonnes	23	182	473	746	782	587
Incineration to energy	tonnes	747	527	736	857	1,101	1,408
Recycling	tonnes	2,020	2,163	1,971	1,815	1,867	2,059
TOTAL	tonnes	2,790	2,872	3,180	3,418	3,750	4,054
Progress against targets (2007-12)†							
	Units	Actual reduction	Target reduction	2012	2007		
Carbon emissions							
Total (Scope 1,2,3) ²⁵	tCO ₂ e/£m UK revenue	-32%	-27%	26	38		
Energy ²⁴	kg CO ₂ e/m2	-34%	-30%	138	208		
Air travel – client facing ²³	kg CO ₂ e/head	72%	-25%	1,427	828		
Air travel – non-client facing ²³	kg CO ₂ e/head	-73%	-45%	220	817		
Consumption							
Energy ²⁴	kWh/m2	-33%	-25%	333	497		
Total waste ²³	kg/head	-27%	-20%	175	239		
Waste to landfill ²¹	tonnes	-96%	-100%	23	587		
Basis for environmental ratios†							
		2012	2011	2010	2009	2008	2007
Employees							
Average monthly workforce FTEs ²³	no. of people	15,903	16,028	15,327	15,296	16,923	16,963
Real estate							
Let area ²⁴	m ² (k)	177	168	147	146	147	165

14 Measured as a percentage of average relevant UK headcount excluding partners and contractors

15 All carbon data is calculated using DEFRA emissions factors (August 2011). Data for some prior years has been restated to reflect improved measurement and changes to guidelines since originally reported

16 Refined waste vegetable oil collected from local restaurants used in the trigenerator at our More London office

17 Grid electricity supplied under a Climate Change Levy exempt tariff

18 Air travel data includes DEFRA's 9% circling uplift

19 Based on mileage data for company cars, private cars and electric pool vehicles. Excludes hire car, taxi and bus data

20 FY09 and prior years includes estimates, based on spend for those years

21 Zero waste to landfill achieved by end of June 2012. Figures are for the full year

22 FY09 and prior years includes estimates, based on let area for those years

23 Denominator – based on numbers as recorded for management accounts. This represents Full Time Equivalent (FTE) data, including partners, employees and contractors, for UK and Channel Island-based people only

24 Denominator – based on average let area for the year, including apportionments for offices opened and closed throughout the year

25 Target restated using UK revenue (previously Operating Profit)

†All 2007 and 2012 data in these sections has been externally assured to the ISAE3000 standard, as per the Assurance Statement on page 11.

The next five years

A catalyst for change

Our sustainability strategy

Over the past year PwC has refreshed its global corporate sustainability strategy, to reflect the fundamental importance of sustainability for our business. The UK strategy is consistent with this and builds on our existing materiality matrix.

The sustainability strategy framework (below) highlights our commitment not only to doing the right thing for our business, but also our role as a catalyst for wider change. It reinforces our four key focus areas:

- Upholding a responsible business – educating our people on the sustainability issues our clients face and creating value in the areas of ethics, trust and impact measurement.

- Embracing diversity and inclusion and promoting a healthy work-life balance for our people.
- Helping our communities realise increased value, through using our skills and expertise to make a lasting impact.
- Delivering positive environmental stewardship.

For more on the global strategy see www.pwc.com/gx/en/corporate-responsibility

The next stage of our journey

We're continuing to formulate and strengthen the programmes required to deliver our strategy, particularly with regard to our wider value chain impacts, 'downstream' with customers and 'upstream' with suppliers.

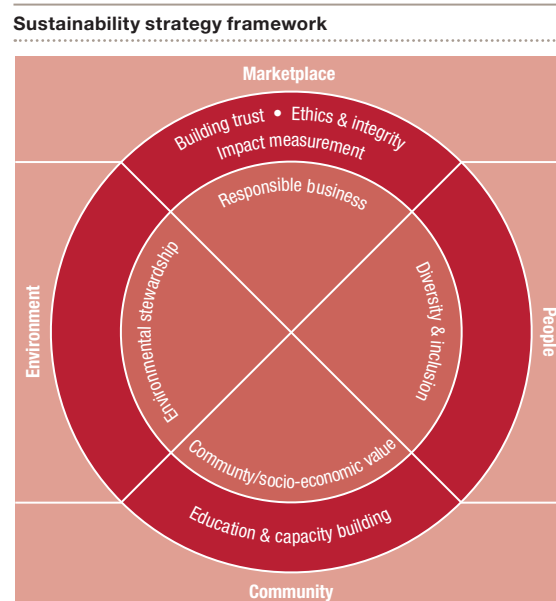
We've run our Building Public Trust Awards for ten years, to promote transparency and innovation in corporate reporting and we continue to invest in new research and methodologies to help clients become more sustainable. One example is our series of papers and debates on the importance of trust and the pivotal role it plays in business.

Our Consulting practice is building on our Total Tax framework by developing new ways of accounting for the economic, social and environmental value of companies who want to measure their Total Impact. We're collaborating with clients to pioneer new approaches to measuring sustainability e.g. the 'environmental profit and loss' developed with PUMA last year, and ongoing socio-economic impact measurement for clients such as Coca-Cola and British Land.

Of course, we're measuring our own socio-economic contribution as a firm, too: over and above our role in underpinning confidence in the capital markets, we make a considerable contribution to the UK's economic prosperity through the people we employ and train, and through the taxes we pay.

Meanwhile, we're reinforcing our strategic approach to our supply base. It's in partnership with our primary suppliers that we've achieved our sustainability targets to date – reduced energy in our buildings, zero waste to landfill, and our commitment to the living wage for all staff working on our sites.

In the coming years, we'll extend this approach to our top suppliers – representing more than 60% of our annual spend – to minimise environmental impacts and ensure that our fair business principles are comprehensively applied.



Our new environmental targets

Our original targets were stretching, because we wanted to challenge ourselves to find solutions that could help tackle the global sustainability issues of resource constraints, and climate change. In five years we've learnt a lot, which we share in some 'Lessons Learned' publications in the download section of our corporate sustainability website¹.

Today, our commitment to environmental stewardship is even stronger as a result of a simple but compelling business case: our clients increasingly expect it; our efforts engage our people; and it's helped us reduce costs as well. We've set new environmental targets, to keep us focused on minimising our operational impacts.

Decoupling our economic and environmental effects

In short, we're aiming to reduce the environmental effects of our business, even as we grow it.

By 2017, we want to reduce all our material and waste impacts by 50%, and our total absolute carbon emissions by 25% (see table).

As a key part of this we'll be holding our business travel flat, and we plan to collaborate with our clients for a 1 in 10 reduction in expected flights, establishing an Eco-Delivery engagement model which encourages web-conferencing instead of avoidable travel.

We know this will be beneficial to all our stakeholders: cutting costs for our clients and ourselves, reducing stress for our staff and partners, and obviating the carbon emissions associated with avoidable travel.

Part of our blueprint for better business

We live in unprecedented and challenging times, which require us to reappraise the way we work. Collaborating with all our stakeholders on the journey will be crucial. We invite your views. If you have any feedback on our report, please contact:

Bridget.H.Jackson@uk.pwc.com

New environmental targets

Impact Area	Units	Definition	2017 target versus 2007 baseline
Energy	kWh (millions)	Oil, gas and electricity consumption	50% reduction
Waste	Tonnes	Waste generation	50% reduction
Paper	Tonnes	Paper consumption	50% reduction
Water	Cubic metres	Water consumption	50% reduction
Travel carbon	Tonnes CO ₂ e	Carbon emissions from business travel	Hold flat
Total carbon	Tonnes CO ₂ e	Total carbon emissions	25% reduction
Recycling	We've set ourselves an aspirational goal to find ways to ensure that all our waste can be recycled, eliminating incineration by 2017. We believe this'll help us innovate, and it builds on our success in creating closed loops for our waste cooking oil and archive files.		



¹ www.pwc.co.uk/corporatesustainability

This report is part of a suite of complementary reports including our Annual Report and Transparency Report. You can access these and read about the role of each on our website.



www.pwc.co.uk/corporatesustainability

For more on our social enterprise hub, Club and the Centre for Social Impact visit www.firestation.pwc.co.uk/csi

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