

Corporate sustainability

Annual performance update 2011

*Building our blueprint for
better business*



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Sustainability means rethinking how we create value for everyone – today and tomorrow. It means bringing sustainability into the advice we give our clients. And it means making sure we pioneer new ways of working. Ultimately, our approach to corporate sustainability means building a blueprint for better business.

Our new performance update offers a brief summary of our sustainability performance during the past financial year. It also includes our long-term sustainability commitments, our year-on-year sustainability scorecard and some indicators to show the rate at which we're progressing toward our goals. You can find out much more about our sustainability strategy, programmes and performance at www.pwc.co.uk/corporatesustainability.

Innovation

During the past year, we've enhanced our approach to sustainability by launching several innovative programmes designed to improve value through sustainability for our business.

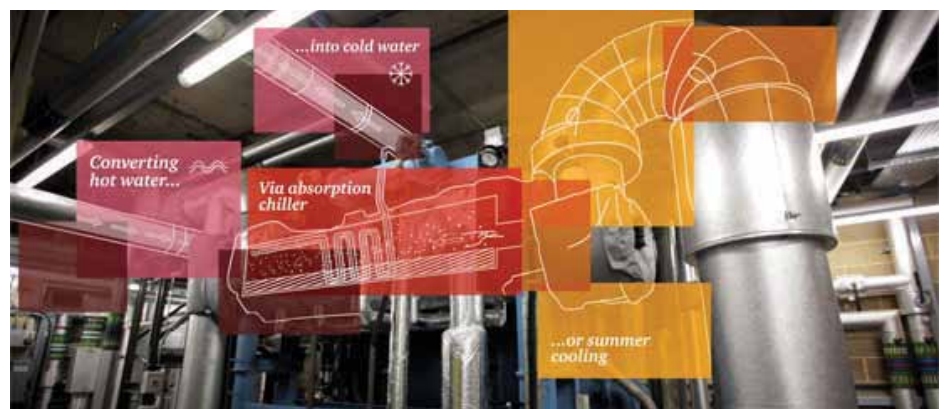
For example, our Sustainability Reporting Excellence Programme focuses on getting more from our sustainability reporting. We've used feedback from our people and our clients to improve our corporate sustainability website – offering more dynamic and visual content, including videos, interactive charts, a download

centre and an online feedback tool. We've made our sustainability reporting more transparent, including more comprehensive metrics and a clearer definition of our material issues.

Internally, we've introduced a half-yearly review with the Executive Board to make our sustainability performance more visible and accountable.

To make sure we're embedding sustainability within the service we give our clients, we've strengthened our sustainability awareness-building activities and successfully piloted a sustainability education programme.

We've also captured and published the lessons learned from when we've pioneered change within our business, allowing others to benefit from our experience. This includes how our new More London building has achieved BREEAM¹ 'outstanding' certification for sustainability – the first of its kind in London. (See our film at www.pwc.co.uk/corporatesustainability/7morelondon.)



1 Building Research Establishment Environmental Assessment Method.

The carbon challenge

Our corporate sustainability performance in the UK saw mixed results this year. We reduced our energy use and our waste, but our total carbon emissions increased. This is partly because we now measure rail and water emissions. However, our like-for-like carbon emissions have also risen by 4.2%, largely due to our client-related air travel, which increased as our business grew this year.

We're working hard to make changes where we can. We've launched our Sustainability Blueprint Programme to give practical advice on video conferencing and sustainable travel options such as electric vehicles and bicycles. A new staff sustainability survey revealed our people are keen to integrate sustainability into both their client work and their working lives – an aspiration reflected by the fact that more than 3,000 employees have already signed up to the programme in London alone. We'll monitor progress closely as we roll the programme out across our regions. For details on our sustainable behaviours programme, see www.pwc.co.uk/annualreport11/community_sustainability.html.



Meanwhile, our More London office has been designed to emit 58% less carbon than a typical structure of its size, thanks to pioneering innovations, such as the use of recycled cooking oil as fuel and active chilled beams for cooling. It also sends none of its waste to landfill.

As a result, we've continued to reduce our energy consumption and, besides client air travel, are on track to meet most of our sustainability targets for next year.



Helping our communities

Our people are passionately involved in their communities and our UK volunteering hours and community investment are both up on last year. The total number of hours volunteered by our partners and staff during the year rose to more than 50,000 hours from a little under 42,500 hours in 2010. Volunteering is an important part of engaging and developing our people. It offers different experiences as part of a person's overall career progression, improving our ability to attract and retain the best talent. While we're proud of this performance, we'll be challenging ourselves to do even more in the year to come.

We've also refocused our community efforts around issues important to the UK today. For example, we're exploring new ways of addressing both employability and social inclusion through social entrepreneurship. That's why we ran a series of high-level training and information events for senior social enterprise leaders, in partnership with Social Enterprise London. And it's why we extended our involvement in mentoring students at the School for Social Entrepreneurs (SSE) across new programmes and across the UK, subsequently allowing many more of our community partners and our people to benefit from our efforts.

Given how important our ability to add value is to us, we're keen to better understand the social and business value

of our investment in the community. This will help us create more effective programmes. So we've included Social Impact Measurement (SIM) in our major mentoring programmes using the specialist expertise of our client-facing, social return on investment (SROI) teams. We believe we'll amplify the positive impact for all our stakeholders by sharing best practice across our community and client-facing activities. In fact, we're already seeing the benefits.

As part of our shift to "next generation community affairs", we're turning the old Tooley Street fire station (located next to our new More London office) into a social enterprise business centre, where we're running a social enterprise bistro, wine bar, private dining and event facility. We'll invest the profit from this back into the community.

The facility will also accommodate the School for Social Entrepreneurs, Social Enterprise UK and our own Centre for Social Impact, allowing us to share best practice and the skills of our people with a wide number of social entrepreneurs, to help grow their businesses. Open this autumn, the facility will become a focal point for our community programmes across the UK, showing the power of partnering across the public, private and not-for-profit sectors.

For more information, see the Fire Station case study at www.pwc.co.uk/annualreport11/fire_station.html.

Our sustainability commitments

Environment	
By July 2012:	
Carbon emissions	
Total carbon emissions ⁽¹⁾	We will reduce our financial emissions intensity (tCO ₂ e / operating profit) by 27% from a 2007 baseline through a reduction in our scope 1, scope 2 and scope 3 emissions
Energy	We will reduce our carbon emissions per square metre (tCO ₂ e / m ²) arising from energy consumption by 30% from a 2007 baseline
Air travel – client facing	We will reduce carbon emissions per head (tCO ₂ e / head) arising from client facing air travel by 25% from a 2007 baseline
Air travel – non-client facing	We will reduce the carbon emissions per head (tCO ₂ e / head) arising from non-client facing air travel by 45% from a 2007 baseline
Energy	
Energy consumption	We will reduce our overall energy consumption per square metre (kWh / m ²) by 25% from a 2007 baseline
Waste	
Waste to landfill	100% of our own buildings will have moved to ‘zero waste to landfill’
Total waste	We will reduce our total waste per head (kg / head) produced by 20%
Environmental policy	
Environmental policy	We have an environmental policy and are committed to the principles within the policy with all of our partners, employees and suppliers
ISO 14001	
ISO 14001	We are committed to upholding the ISO14001 international standard for environmental management systems across all of our UK operations
Workplace and diversity	
People performance	We are committed to benchmarking our people performance through mechanisms such as The Sunday Times Best 25 Big Companies to Work for and The Times Top 100 Graduate Employers Survey
Community involvement	
Programme relevance	We will implement programmes which address continuing and emerging trends in the community involvement agenda
People skills	We will work towards a greater emphasis on using our people’s professional skills
Community collaboration	We will provide work experience and employment opportunities in collaboration with our local communities
Business integration	We will continue the integration of our community programmes with other elements of the firm’s corporate sustainability agenda, particularly environment and people development
Measurement	We will measure the programme’s effectiveness, particularly concentrating on establishing its outputs and impacts
Supply chain	
Responsible procurement policy	We have a responsible procurement policy and are committed to using this to work with our suppliers to improve their performance and our whole supply chain
Ethics and compliance	
Quality of work	The firm’s leadership is committed to quality work and has established a culture upholding the values of integrity, independence, professional ethics and professional competence
Audit	We are committed to verifying all sustainability related information in our annual report each year using both our Internal Audit Team (IAT) and our external auditors, Crowe Clark Whitehill

Sustainability commitments footnotes

- Updated in FY11 to include all measured Scope 3 carbon emissions

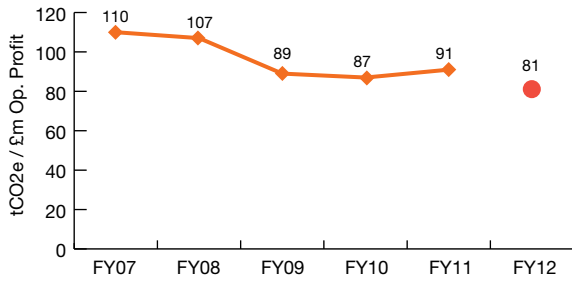
Sustainability scorecard footnotes

- Revenue after expenses and disbursements on client assignments
- In FY 09, the client experience metric criteria were amended and so prior years are not comparable
- We calculate all carbon data using the DEFRA emissions factors (October 2010.) The data doesn’t include the Middle East
- Air travel data includes DEFRA’s 9% circling uplift. Note, FY 07 carbon emissions have been restated to reflect improved data accuracy
- We’ve restated the FY 07 road carbon emissions figure to reflect improved data accuracy
- For the first time this year, we’ve added rail data for FY 10 and FY 11
- Also for the first time this year, we’ve added water data for FY 10 and FY 11
- All waste data has been restated this year to include carbon from waste production as well as disposal (as per DEFRA)
- FY 11 figure excludes Hays Galleria buildings, the Strand and the 2nd & 9th floors of Embankment Place as these were vacated with the move into our new More London building (April 2011)
- Measured according to the London Benchmarking Group (LBG) framework
- For the first time this year, we’ve included the number of unique volunteers, alongside volunteering instances, made possible through data collection process improvements
- Numbers as stated in our annual report. These figures represent headcount data, excluding contractors, for all staff working for PricewaterhouseCoopers LLP
- Numbers as recorded for management accounts. This represents Full Time Equivalent (FTE) data, including members, employees and contractors, for UK and Channel Island-based people only
- BME: Black and minority ethnic

Sustainability scorecard

	Units	FY 11	FY10	FY09	FY08	FY07	
Business							
Turnover							
Annual turnover	£ million	2,461	2,331	2,248	2,244	2,107	
Net revenue ⁽¹⁾	£ million	2,173	2,069	1,981	1,966	1,872	
Profit							
Operating profit	£ million	682	680	682	665	694	
Total tax							
Business taxes paid	£ million	142	136	139	139	120	
Business taxes collected	£ million	513	479	484	484	463	
Client experience							
Client advocacy ⁽²⁾	score of out 10	8.63	8.55	8.42	-	-	
Environment							
Carbon emissions ⁽³⁾							
Scope 1	Gas	tonnes CO2e	2,930	3,719	3,733	5,296	4,873
	Oil	tonnes CO2e	481	422	362	387	478
	Subtotal	tonnes CO2e	3,411	4,141	4,095	5,683	5,350
Scope 2	Renewable sources	tonnes CO2e	17,797	16,632	16,385	19,233	26,455
	Non-renewable sources	tonnes CO2e	5,075	6,061	6,608	5,910	2,962
	Subtotal	tonnes CO2e	22,872	22,692	22,992	25,142	29,416
Scope 3	Air – client facing ⁽⁴⁾	tonnes CO2e	20,506	16,785	14,452	18,494	14,039
	Air – non client facing ⁽⁴⁾	tonnes CO2e	4,641	3,848	7,714	9,307	13,866
	Road ⁽⁵⁾	tonnes CO2e	5,211	5,428	5,953	6,711	7,453
	Rail ⁽⁶⁾	tonnes CO2e	2,149	2,160	-	-	-
	Waste	tonnes CO2e	2,966	4,231	5,247	6,080	6,437
	Water ⁽⁷⁾	tonnes CO2e	56	55	-	-	-
	Subtotal	tonnes CO2e	35,528	32,506	33,366	40,591	41,795
Total emissions (Scope 1, 2 & 3)	tonnes CO2e	61,811	59,339	60,454	71,417	76,562	
Business travel							
Air	million km	137	109	114	142	141	
Road	million km	25	26	28	31	35	
Rail ⁽⁶⁾	million km	39	39	-	-	-	
Energy							
Electricity	million kWh	42	42	42	46	54	
Gas / Oil	million kWh	18	22	21	30	28	
Total	million kWh	60	64	63	76	82	
Resource consumption							
Paper consumption	tonnes	589	649	697	777	844	
Water consumption ⁽⁷⁾	m3 (k)	186	183	-	-	-	
Waste ⁽⁸⁾							
Landfill	tonnes	182	473	746	782	587	
Incineration to energy	tonnes	527	736	857	1,101	1,408	
Recycling	tonnes	2,163	1,971	1,815	1,867	2,059	
Total	tonnes	2,872	3,180	3,419	3,750	4,053	
Real estate							
Let area ⁽⁹⁾	m ² (k)	168	147	146	147	165	
Community involvement							
Financial contribution							
Community contribution (cash, time and in-kind) ⁽¹⁰⁾	£ million	10.3	8.1	7.9	6.8	5.9	
Employee involvement							
No. of volunteering instances during working hours	no. of people	5,932	4,865	4,600	3,700	2,900	
No. of unique volunteers during working hours ⁽¹¹⁾	no. of people	4,226	-	-	-	-	
No. of working hours contributed	hours	50,206	42,480	41,300	40,900	37,400	
Workplace & diversity							
Employees							
Average monthly no. of members ⁽¹²⁾	no. of people	843	845	879	853	822	
Average monthly no. of employees ⁽¹²⁾	no. of people	17,079	16,533	15,200	15,189	14,785	
Average monthly workforce FTEs ⁽¹³⁾	no. of people	16,028	15,327	15,296	16,923	16,963	
Retention							
Voluntary turnover	Percentage	14%	10%	11%	14%	-	
Diversity							
New hire diversity: gender – women	Percentage	41%	41%	41%	-	-	
New hire diversity: ethnicity – BME ⁽¹⁴⁾	Percentage	25%	22%	21%	-	-	
Partner admissions: no. of men	no. of people	69	48	45	59	61	
Partner admissions: no. of women	no. of people	12	9	8	21	10	
People experience							
People engagement score	score out of 5	3.96	3.97	4.05	4.02	3.97	

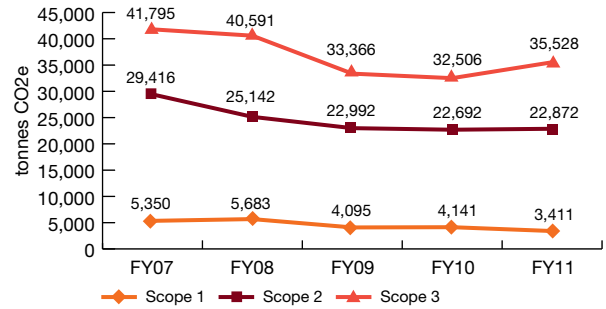
Financial emissions intensity



We measure our financial emissions intensity (tCO2e per £m operating profit) to reflect the fact that our carbon footprint is driven largely by economic cycles and business growth.

Since 2007, our environmental initiatives have helped us reduce our overall financial emissions intensity by nearly 18%, meaning we're making progress toward our 2012 target of 27%.

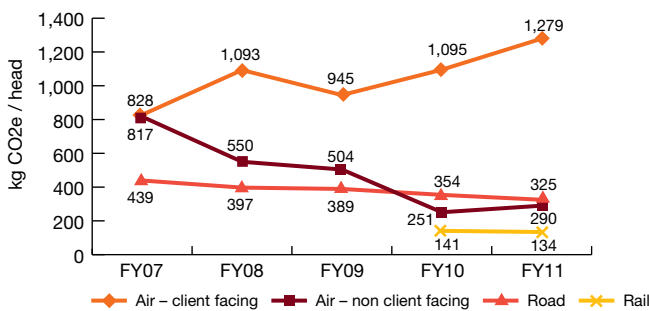
Carbon emissions: scope 1, 2 & 3



Four years into our programme, we've reduced our absolute CO2e by 19%, with reductions achieved across scope 1, 2 and 3.

In 2011, scope 3 emissions make up 57% of our total carbon emissions, most of which comes from travel. The second-largest contributor to emissions is from electricity use (37% of the total).

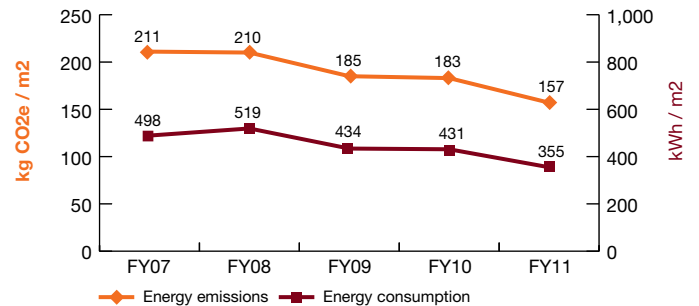
Carbon emissions per head: travel breakdown



Air travel remains our biggest cause of carbon emissions. We set ourselves a target to reduce carbon from our non-client air travel (CO2e per head) by 45% by 2012 (against a 2007 baseline). In the same period, we're aiming to cut air travel per head for client work by 25%.

To date, total combined absolute emissions from flights have reduced 10% in four years. In addition, our non-client air travel carbon per head has been reduced by nearly 65% - far outstripping our target. However, our client air travel carbon per head has increased as the economic recovery builds, emphasising the need for our focus on changing people's behaviour.

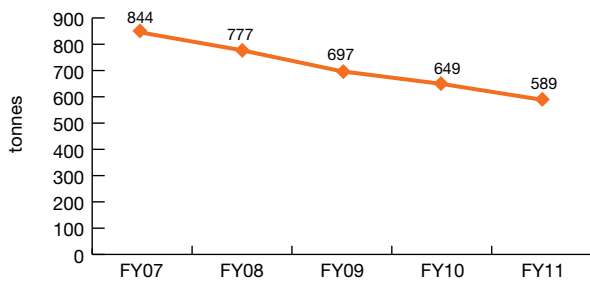
Energy per square metre: emissions and consumption



We originally set ourselves a target to cut our energy consumption per square metre (kWh / m2) of our operational offices by 25% by 2012 (against a 2007 baseline) and to cut the associated CO2e per m2 by 30%.

By the fourth year of our target period, we've reduced our overall energy consumption per square metre by nearly 29% and our CO2e per square metre by nearly 26% - meaning we've already exceeded one target and are on our way to meeting the other by next year.

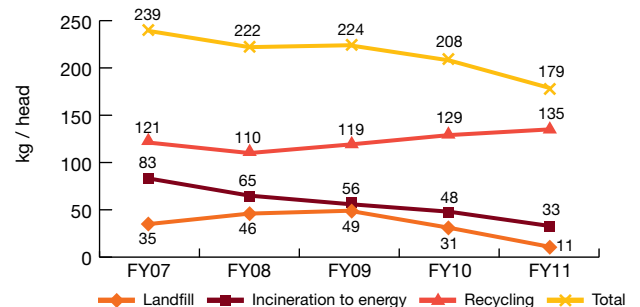
Paper consumption



We've worked to cut our paper use, including using more devices that can print and copy onto both sides of the paper, while also improving our people's awareness of the issue.

This has helped us cut our paper consumption by 30% since 2007. When we do use paper, we encourage our people to recycle as much as possible.

Waste breakdown per head

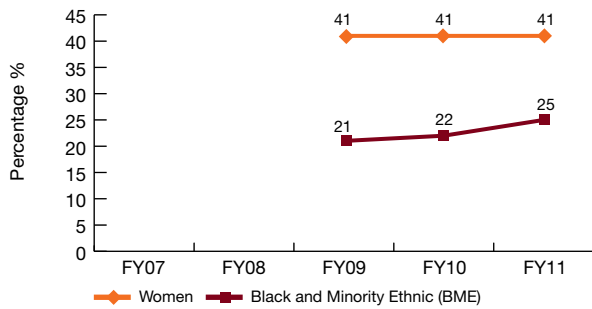


We're striving to reduce waste by 20% in total kilograms per head by 2012 and to also send zero waste to landfill by 2012 (against a 2007 baseline).

We've already achieved a 25% reduction in waste per head, exceeding our target. In 2008, the amount of absolute waste sent to landfill increased as our ability to measure improved, but overall we've reduced it by a total of 69% since 2007. Only 6% of absolute waste now goes to landfill, which means we're well on our way to meeting our five year target.

Workplace and diversity

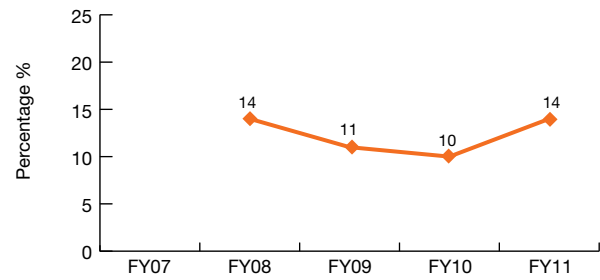
New hire diversity: Gender and BME



Over the past three years we've maintained our percentage of female new hires. We're focusing on new positive diversity actions, progressing more women to senior roles and leadership positions within the organisation, thereby creating more positive role models for new female recruits.

We've actively sought to make our culture one that respects diversity of all kinds, including policies on unbiased recruitment, performance evaluation and promotion. This has resulted in an increase in the percentage of new hires joining the firm from a Black and Minority Ethnic (BME) background – up from 22% last year to 25% this year.

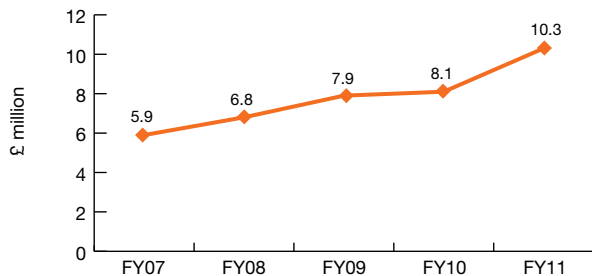
Voluntary employee turnover



This year has seen increased mobility between different companies as professional and financial services emerge from the effects of the recession, causing an increase in our employee turnover. We're responding by targeting support and development opportunities at our key talent and by increasing our recruitment activity.

Community

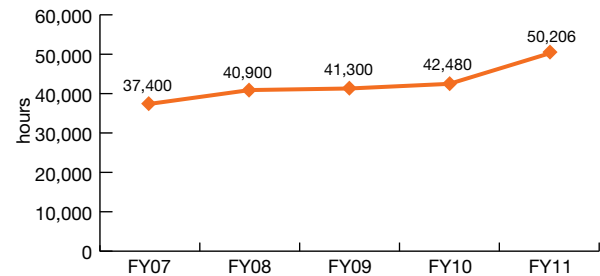
Community contribution



Since 2007 our contribution has risen each year. It now totals £10.3 million, representing an increase of 75% increase over that period – an indication of our commitment to our community partners.

However, our Community Investment Programme focuses on making the biggest impact we can for our community stakeholders and we don't measure its success simply in financial terms.

Volunteering: working hours



We encourage our people to share their skills, expertise and resources with communities local to our offices – and we've developed a number of initiatives to make it easy for them to become involved in supporting their communities during the working day.

Working hours contributed have increased each year since 2007. The total was 50,206 hours this year, a 34% increase during the four-year period.

The numerical data and factual statements published in this report have been independently verified by our Internal Audit Team (IAT).

To find out more about our performance and our wider corporate sustainability programme, to ask questions or to let us know what you think, please visit us at www.pwc.co.uk/corporatesustainability.

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