

Global Annual Review 2021

The New Equation - Building trust - delivering sustained outcomes

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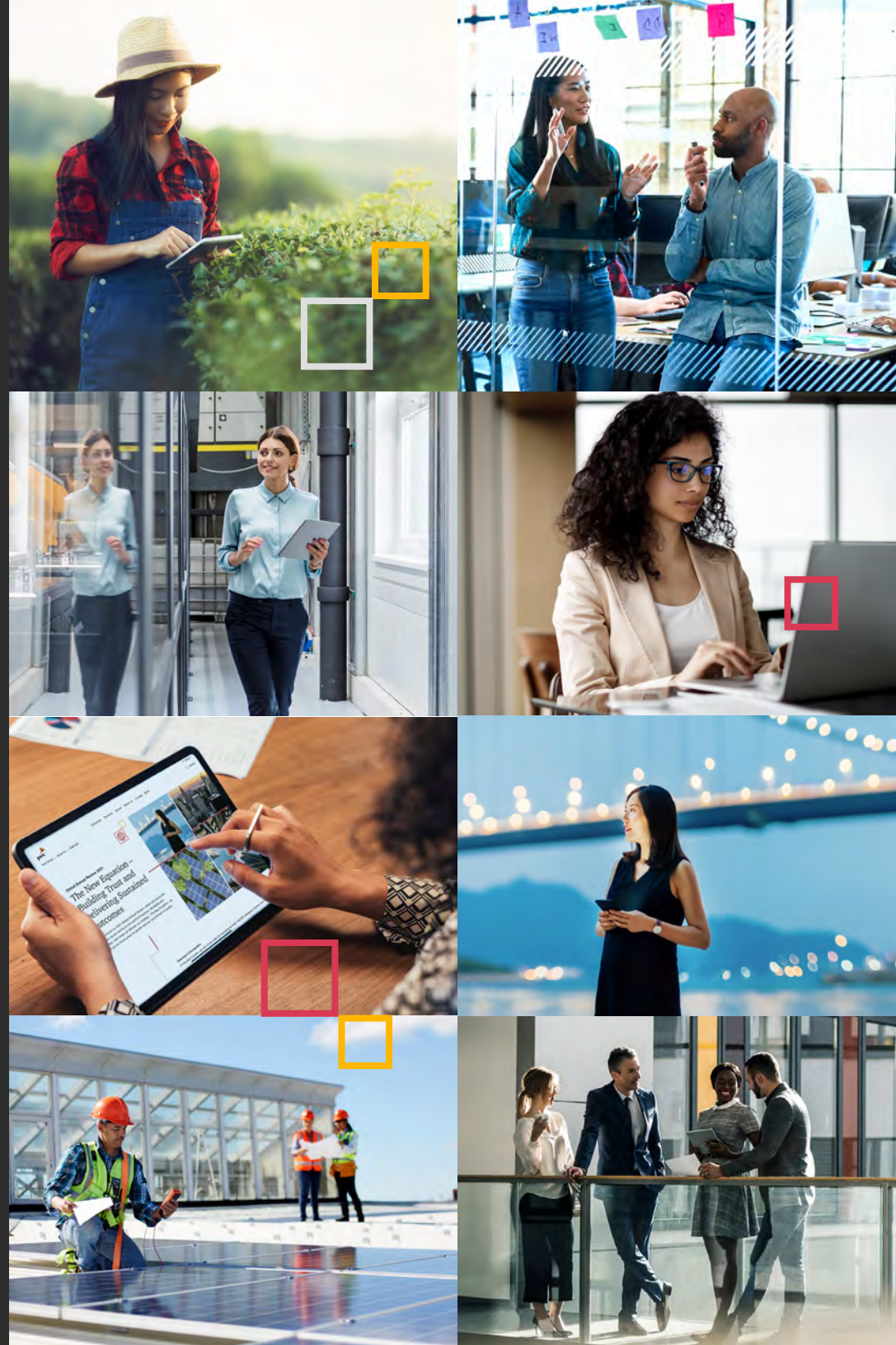
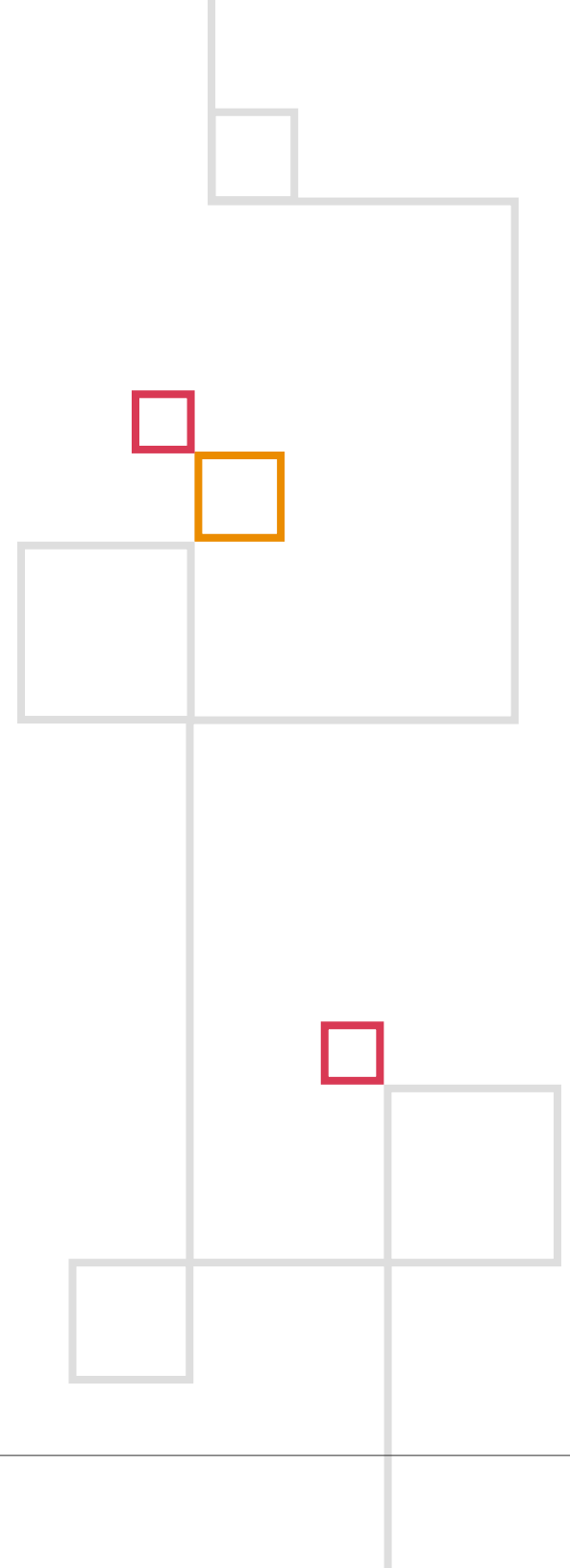
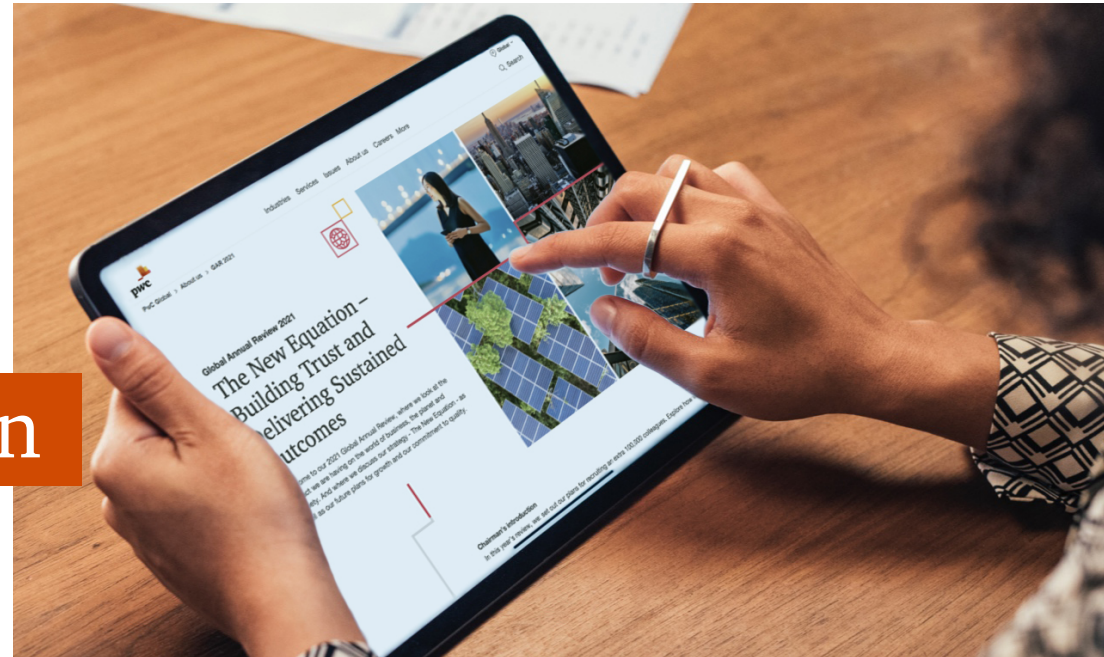


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Introduction



These past 18 months have been a testing time for everyone, particularly those who have lost relatives and friends or have struggled with the health impacts of COVID-19. Across PwC we have pulled together to support our people and the communities in which we live and work, to help each other get through these challenging times.

I want to thank all of my colleagues for their hard work and perseverance. And on behalf of everyone at PwC I would also like to thank the front-line workers who have been helping us in countless ways, as well as the scientists and healthcare workers who have developed and rolled out the vaccines that are saving lives and will enable

the world to open up again. Their ingenuity and imagination are an inspiration to us all.

While the disruption caused by the COVID-19 pandemic has brought many challenges, it has also taught me some very important lessons. Such as the need to protect your people as best you can. The need to connect and keep in touch. And the need to take time for yourself and balance your personal life with your work. As an organisation we have also learned lessons, and I believe that PwC will emerge from the pandemic stronger, more focused and better positioned than ever to deliver on our Purpose - to build trust in society and solve important problems - and our strategy - The New Equation.

In a year when economic conditions were tough, I'm proud that PwC led with our values, taking a "people first" approach - prioritising wellbeing and health while continuing to create jobs and opportunities for advancement. I'm also proud of the significant investments we have made in digitising the PwC network and upskilling our people over the past several years. These investments have not only empowered our people to continue to deliver quality service seamlessly while working remotely, but have also enabled us to recruit and onboard over 90,000 new employees across the network. Something that's still hard for me to grasp is the idea that so many PwC professionals are yet to set foot in a PwC office. But they soon will, as we open up more of our offices around the world. While remote working has its benefits, we are committed to giving people the opportunity to come together, build relationships and share ideas person-to-person in a PwC workplace.

The New Equation

Prior to the pandemic we were already immersed in a conversation with thousands of clients and other stakeholders about the global trends and challenges they faced - things like technological disruption, climate change, fractured geopolitics, social tension and the dissolution of trust in institutions - trends the pandemic only intensified and accelerated. We applied that "outside-in" perspective when laying out our new global strategy in June 2021. It centres on how PwC is uniquely positioned to address the two distinct

but interconnected needs we know every organisation faces: to build trust and to deliver sustained outcomes for all its stakeholders.

Our strategy, The New Equation, is about how PwC brings together unique combinations of people, powered by technology, galvanising ourselves as a community of solvers to address those dual challenges. The foundation of the strategy is our multidisciplinary model, which allows us to help clients build trust and deliver sustained outcomes by bringing together deep expertise across a broad range of capabilities. It is this combination of capabilities and the ability to look at things from different perspectives that is so essential to delivering high quality and real impacts for clients, stakeholders and society at large.

The New Equation is more than just words on paper. We've committed to more than US\$12bn of investments over the next five years and the creation of over 100,000 net new jobs. These investments include initiatives such as the establishment of Trust Institutes based in the US and China. An incremental US\$3bn investment in quality. And the addition of specialists in increasingly critical areas such as technology, digital, climate, strategic deals, leadership and change, strategy, and supply chain. We are focused on the actions we need to take to reposition our services and the skills we need to deliver for our stakeholders in the future. These initiatives translate into increased career opportunities for our people, growth for our operations and an enhanced ability to make a difference for our clients and stakeholders.



"Our strategy - The New Equation - centres on how PwC is uniquely positioned to address the two distinct but interconnected needs we know every organisation faces: to build trust and to deliver sustained outcomes for all its stakeholders."

Bob Moritz, PwC's Global Chairman



In addition to delivering for our stakeholders and taking care of our people we have worked together across our network to develop The New Equation - an impressive achievement given the challenge of engaging virtually with thousands of stakeholders and PwC leaders to test our ideas and ultimately launch across the world.

To help build trust, an organisation must be worthy of trust

In order to help organisations build trust, PwC needs to be a trusted organisation. At PwC we have a long-standing reputation for trust that is built on financial reporting and compliance, but we know that trust goes much further than that. The concept of trust - including what drives trust and how we can contribute

to the creation of trust - has broadened far beyond the assurance we provide to shareholders on financial statements, and now extends to looking at the needs of a wide group of stakeholders and the impact that organisations have not just financially but socially and on the planet. This fundamental shift means our ability to protect data, make progress on diversity and inclusion, and govern responsibly are all a part of how we build a trusted brand.

As a global network of firms, PwC has committed to transparency in a number of areas to build that trust. For example, we have worked closely with the International Business Council of the World Economic Forum in agreeing a universal set of environmental, social and governance metrics

which were published in September 2020. As well as actively promoting the use of these metrics with our clients and stakeholders, we are comparing our disclosures to these metrics in our global annual review this year, so everyone can see how far we have come and how much further we have to go on our journey towards greater transparency and accountability.

A further step forward is that we are providing more detail on how the PwC network is organised and the operation of the PwC Global Board. During FY21 I was delighted that [Lisa Sawicki](#) was chosen as the chair of our global governance board, and for the first time in our history we welcomed [two independent members](#) to that board. Having independent members on our

governance and oversight bodies is good practice and we are encouraging its adoption by our member firms.

Focusing on quality

In an environment where society's expectations are increasing almost by the day, it's more vital than ever that we maintain an unwavering commitment to quality right across our businesses. That's why we are constantly looking for ways both to enhance the quality of our work and also to meet and exceed the expectations of our stakeholders.

We were proud to be the first professional services network to publish its audit quality inspection results - and I am happy to say that for the fourth consecutive year our audit quality inspections show an improvement. While this is clearly satisfying, there is always more we can do and our new strategy includes US\$1bn of new investment specifically dedicated to the accelerated deployment of technology to drive audit quality. In the future, we believe that a step-change in audit quality will be achieved through a new partnership between people and technology. To help bring this about, we are investing heavily in advanced digital skills and AI-powered tools that are transforming the way our people and tech work together.

Financial performance

The economic conditions in FY21 remained challenging across the world for much of the year. Overall, PwC firms across our network had gross

revenues of US\$45 billion for the 12 months to the end of June – up by 2% on FY20. This was a solid result given the situation.

For the first nine months of FY21 growth remained relatively flat. But as we neared the end of the year demand started to pick up, and in the final quarter revenues rose by 18% compared to the same period in FY20. While some of this 18% growth is due to a very difficult last quarter in FY20, it also reflects other factors including an increase in client needs for services such as deals and restructuring, the resilience of our firms around the world, and our preparedness to move quickly with the right people in the right places when demand started to pick up. With the launch of our strategy The New Equation, which helps us support our clients in building trust and to deliver on the broad business issues they are facing, we project that our revenue growth will remain robust through FY22.

In addition to reporting in more detail on our revenues by region and lines of business, we are also reporting this year for the first time some information on net income and taxation. Given our legal structure there is no basis to consolidate member firm financial statements, but we are committed to improving transparency and to providing increasing amounts of information for our stakeholders. With this in mind, I encourage you to take a look at the financial report in this global annual review.

Continuing progress

Overall, I am proud of the progress we have made as a global network of firms and a 295,000-strong community





of solvers. Below are some key highlights from our global annual review and links to where you can find more information:

- [Global revenues up 2%](#)
- New global strategy launched - [The New Equation](#)
- 2.7 million people upskilled by our [New world. New skills.](#) programme
- [84% of global Fortune 500 companies served by PwC](#)
- [Plans established to achieve our commitment to be net zero by 2030.](#)
- Our climate emission reduction targets received [SBTi](#) validation
- [Over 90,000 new people join PwC](#)
- [Gender pay gap information published for the first time](#)
- [Audit quality improves for fourth consecutive year](#)

- Two external directors appointed to [PwC global governance board](#)

A big thank you to our PwC partners and professionals around the world - who, despite the challenges posed by the pandemic, live our values and deliver on our purpose and strategy every day. As a result of successfully executing on this strategy, I'm confident we will be well positioned to help reinvent the future in new and unexpected ways, while continuing to make a difference for our communities and our world.

I hope you enjoy reading our FY21 global annual review. If you have any comments or questions, please don't hesitate to get in touch. I'll be delighted to [hear from you](#).

Bob Moritz
PwC's Global Chairman

Financials



Providing information on revenues, net income, taxation and investments

Basis of preparation

As detailed in the Governance section of this review, each member firm of the PwC network is owned and controlled by its partners, and is independent of other firms in the PwC network. We therefore cannot present consolidated financial information as envisaged by generally accepted accounting standards. Accordingly, the information that is presented below is aggregated from each member firm.

Gross revenue is recorded as earned on client projects. This involves a degree of estimation, considering for example the stage of completion of individual projects. Gross revenues also include disbursements incurred exclusively on behalf of clients.

Expenses are recognised as incurred, with accruals made for unpaid amounts at the year end. These expenses include for example property, administrative and employment expenses. Expenses do not include any payments to partners.

Revenue less expenses is a non-GAAP measure which we call “net income”. This is not the net profit before tax which you may see reported by a corporation, because in some situations partnership agreements specify that certain expenses are for the account of the individual partners and not for the member firm. An example is unfunded payments to retired partners. Such amounts are not included in expenses and are therefore excluded from net income. However, we believe this non-GAAP measure is useful in assessing the performance of the network consistently over time.

Our performance

Revenue

For the 12 months ending 30 June 2021, PwC firms around the world had gross revenues of US\$45 billion (FY20 \$43 billion) – up 2.0% in local currency and 4.9% in US dollars. This was a solid result given the challenges faced by the global economy during the year.

As a result of the pandemic and the largely remote nature of the work undertaken during FY21, disbursements and expenses recharged to clients were down 34.0% on the prior year.

For the first nine months of FY21 revenues were flat. But as we neared the end of the year demand picked up, with revenues in the April to June period up by 18.1% compared to the same

period in FY20. While some of this growth is due to a very difficult April-June in FY20, it also reflects an increase in clients’ need for services in areas such as deals and restructuring. As economies around the world began to open up, we worked across the PwC network to bring together teams of diverse experts enabled by the right technologies to provide clients with innovative and imaginative solutions, and designed new products and services to meet and anticipate their changing needs.

Across our network, PwC is focused on delivering high quality services and products to our clients to help them build trust and deliver sustained outcomes, as they deal with the challenges and opportunities of a rapidly changing world. The regional growth numbers for the full year FY21 reflect the continuing effects of the COVID-19 pandemic and the consequent economic slowdowns. However, as the year progressed, growth returned across all major regions and countries.

US\$45 billion

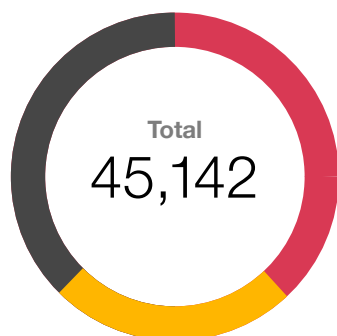
For the 12 months ending 30 June 2021, PwC firms around the world had gross revenues of US\$45 billion.



“Our financial performance in FY21 was solid, with growth in revenues across the world of 2%. This performance was driven by clients’ ongoing need for assurance services and increasing demand for deals and restructuring work. We invested \$2.6bn in our people and our operations throughout the year, and as a result believe all of our businesses are well positioned to take account of the economic resurgence in the year ahead - powered by our strategy, The New Equation.”

Dana McIlwain,
Chief Administrative Officer

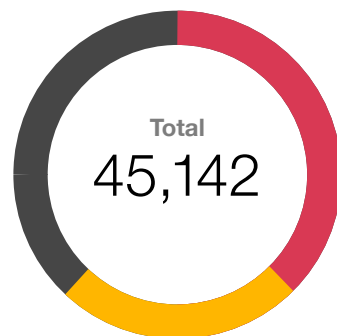
Aggregated revenues of PwC firms by geographic region (US\$ millions)



	FY21 at FY21 ex. rates	FY20 at FY20 ex. rates	% change	% change at constant ex. rates
Americas	18,309	18,285	0.1	0.1
Asia and Asia Pacific	8,862	8,104	9.4	6.2
Europe, Middle East and Africa	17,971	16,643	8.0	2.0
Gross Revenues	45,142	43,032	4.9	2.0

% change at constant exchange rates reflects local currency growth without the impact of US dollar exchange rates.

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



	FY21 at FY21 ex. rates	FY20 at FY20 ex. rates	% change	% change at constant ex. rates
Assurance	17,073	16,389	4.2	1.2
Advisory	17,029	16,092	5.8	3.1
Tax	11,040	10,551	4.6	1.7
Gross revenues	45,142	43,032	4.9	2.0
Expenses and disbursements on client assignments	(1,546)	(2,268)	-31.8	-34.0
Net revenues	43,596	40,764	6.9	4.0

% change at constant exchange rates reflects local currency growth without the impact of US dollar exchange rates.

FY21 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY21 exchange rates. FY20 aggregated revenues are shown at average FY20 exchange rates. Gross revenues are inclusive of expenses billed to clients. FY20 figures have been restated to reflect current business structures in operation in FY21. As a result of this restatement, around US\$1.4 billion of revenues previously reported in FY20 as part of Assurance and Tax are now reported under Advisory.



- Europe, Middle East and Africa (EMEA) revenues were up by 2.0%. In the UK, revenues rose by 2.0%, in the Middle East, they increased by 4.8%, and in Turkey revenues grew very strongly up by 30.0%. Across Africa our business was particularly impacted by the pandemic with revenues falling by 3.6% compared to the prior year
- Asia Pacific revenues grew by 6.2% a strong performance from South Korea, which posted a year-on-year revenue increase of 12.3%. After a challenging FY20 during which it saw revenues shrink by 1.2%, PwC Australia returned to growth in FY21 with revenues up by 2.4%
- Americas revenues were flat, reflecting the significant downturn in disbursements and expenses recharged to clients, which particularly impacted PwC US where revenues were static year on year, and some challenging economic conditions, especially across Central and South

America. Revenues were more buoyant at PwC Canada where they rose by 5.1%

Each of our lines of businesses - Assurance, Advisory, and Tax and Legal - grew and developed in FY21.

Assurance: Revenues from our assurance operations grew modestly by 1.2% to US\$17.1 billion (FY20: US\$16.4 billion). Audit remains the cornerstone of our brand and the key driver for growth in our Assurance business. Given the central role audit plays in maintaining trust in the capital markets and the increasing financial challenges our clients faced over the year, our audit business retained its strong market position. We continue to manage other market forces such as auditor rotation and increasing competition, and we project continued steady growth for our audit operations in the years ahead. We are also seeing increasing demand for our assurance services regarding non-financial information such as ESG disclosures and expect significant growth in these areas in the future.

Over the course of the year we saw a return to growth in risk services. In particular, organisations recognised the need for professional services to help manage risks exposed by COVID-19 and build on the increased momentum of digital transformation triggered by the pandemic. We also saw strong demand for our technology risk and transparency services, with organisations increasingly seeking external assurance over areas such as third-party relationships, sustainability-related disclosures and cybersecurity frameworks.

Advisory: Revenues grew by 3.1% to US\$17 billion (FY20: US\$16 billion). This growth was driven by functional and enterprise-wide transformation, where clients needed to access a broad set of capabilities from strategy-through-execution. Accelerated by COVID-19, we experienced particularly strong demand for technology-enabled business transformation (finance, front office, human resources, supply chain) and cloud-driven digital transformation as clients sought to build resilience



into their organisations. Increased deal activity beginning in the second quarter of the year drove additional opportunities focused on value creation and preservation, with clients seeking to maximise value from their transactions and any consequent restructuring. Despite the challenges posed by the pandemic and the inability to travel, our advisory businesses across the world were able to bring together a wide range of capabilities for clients in virtual ways, helping them create value and build sustained outcomes for their stakeholders.

Tax & Legal Services: In FY21 revenues from our tax, legal and people operations grew by 1.7% to US\$11 billion (FY20: US\$10.6 billion), against the backdrop of an increasingly complex and challenging environment, driven by various factors including the impact of the pandemic and local and global tax policy changes.

As governments and businesses continue to negotiate the challenges of the pandemic and the resulting significant increases in country deficits, we are seeing growing demand for the PwC Tax & Legal network to help clients navigate an increasingly complex tax landscape. Demand in FY21 was particularly high for Tax deals services and People & Organisation services, where we experienced an increasing need for transformation services as businesses reimagine their supply chains, operating models and workforce of the future. While we saw steady demand for Tax Reporting and Strategy services - principally around compliance and managed services, in light of the challenges

many businesses faced in meeting their reporting obligations remotely throughout the pandemic - the changing tax landscape has also boosted clients' need for integrated compliance services.

Investments

Investments are made by individual partnerships, or may be made by groups of partnerships collaborating together. These investments cover technology development, hiring of new partners and staff, the training of employees and acquisitions.

Unlike companies, partnerships generally can make investments only from current year income, or from bank borrowings secured on future income. Therefore most investments are charged to the income statement in the period in which they occurred as an expense. The treatment of acquisitions is dependent upon the individual partnership and acquisition, and varies from holding the asset in the balance sheet to charging the costs of the acquisition to the income statement over a period ranging from one to 10 years.

Despite the heightened economic challenges of the past year, PwC has continued to prioritise ongoing investments in the future of our people, new technologies, the quality of our work, and new products and services. Across the PwC network, we invested over US\$2.6bn during FY21 following on from investments of more than US\$3bn in FY20. This investment occurred despite a more cautious approach to overall spending and a smaller number of new partner admissions.

As part of our investment programme in FY21, PwC firms completed nine acquisitions (FY20: 3) and five strategic investments (FY20: 4) around the world - expanding our professional capabilities in key areas such as data analytics, tax technology and strategy consulting.

Net income

Early in FY21, the prevailing uncertainty saw member firms take aggressive action to manage their cost base in order to ensure we could continue to protect as many jobs as possible. As a result of many PwC offices being closed, a reduction in travel and lower entertaining costs, the overall cost base was significantly lower than in the prior year. This was the case even after higher staff costs were taken into account, reflecting one-off payments made by member firms in many territories to thank their staff for their contribution and to assist them with remote working arrangements.

As a consequence of revenue modestly growing and expenses reducing, net income increased 19.2% over FY20 (FY20: increased 0.3% over FY19).

Taxation

Income taxes

A characteristic of partnerships is that payment of the taxes on the income produced in the partnership is an obligation of the individual equity partners at the marginal rates relevant to their total incomes, which consist of their PwC distributions plus any

	FY21	FY20
Americas	19.3%	2.5%
Asia Pacific	15.3%	-1.5%
EMEA	21.1%	-1.9%
Total	19.2%	0.3%

% increase/decrease over prior year

other sources of income such as investment income. In most cases the partnership does not collect this information and it is therefore not possible to estimate with sufficient accuracy taxes paid on the earnings of each partnership. However, each member firm has strict requirements for its partners not to enter into aggressive tax planning. As a result of this specific characteristic of partnerships, whereby the payment of taxes falls to individual equity partners, partnerships in many jurisdictions do not have an obligation to pay corporate taxes.

Some of our partnerships have attempted to calculate the effective rate of tax that their partners are paying on the income that they earn and have disclosed this information in their own markets. An example is our [Australian firm](#), which has estimated the average rate

of tax paid by its partners on the firm's income to be 42% for FY21.

Other taxes

Each partnership pays a range of taxes including employment taxes. We estimate that the total of employment taxes paid by our largest 21 firms across the network is US\$1.6 billion.

Our member firms also pay a range of other taxes, such as property taxes, or unrecoverable sales taxes. It is our intention to provide more information on these amounts in future years.

Balance sheet

Each partnership has its own assets and liabilities on its balance sheet. These balance sheets are

supported by capital which is contributed by individual partners. Equity partners may be required to contribute extra capital based on changes in their responsibilities, or because a partnership requires additional capital to support anticipated organic and inorganic growth in the future.

Assets are predominantly related to working capital (debtors and cash), technology and the fixed assets associated with our offices.

Adequate banking facilities are maintained by each partnership both to manage working capital and provide protection against eventualities that may be reasonably expected to come about. In early FY21 many member firms negotiated additional banking facilities in light of the uncertainty associated with COVID-19. In most cases, the member firms did not require these facilities and net indebtedness is lower than at the end of FY20.

Payments from governments

With regard to our 21 largest firms, which are responsible for the generation of over 90% of our revenues, and with the exception of reliefs that are enacted with general applicability, no PwC firm was in receipt of any significant or material payments from governments in FY21.

With regard to specific payments or reliefs connected to the COVID-19 pandemic, again with the exception of blanket reliefs given to all businesses, none of our

largest 21 firms were in receipt of any material payment from governments. Only one of our largest 21 firms took part in a government scheme to furlough staff in FY21, and even then for only a very small number of staff.

In future years we will collect and report information on payments from governments from all PwC member firms.

Outlook

Economic growth is expected to rebound strongly in our largest markets in FY22, creating a positive environment for professional services.

Globally our economists expect growth to remain strong through 2021. We project that global real GDP will increase by around 6.1% by the year end in market exchange rates, in stark comparison with the economic turmoil of 2020, when global real GDP contracted by more than 3%. While we think economic growth will moderate in 2022, it will remain relatively strong, with our main scenario projections estimating real GDP growth of around 4.3% in 2022.

The pandemic has left organisations with an acute need to repair, rebuild and reshape their businesses for the future. Our strategy - The New Equation - which is focused on helping build trust and deliver sustained outcomes, and brings our capabilities together in a single community of 295,000 solvers, is designed to support clients as they do this.

Based on our experience up to the end of September 2021, we expect our revenue growth in FY22 to outstrip FY21 as demand for deals and restructuring services remains strong and companies look to build for the future. We are also seeing increasing demand for our risk-related services and our broader assurance work, as companies look to quantify and report on not just their financial performance but also their broader impacts on the planet and society.





Impact

Guided by our purpose we are working together to help address some of the world's most urgent challenges

PwC's purpose - to build trust in society and solve important problems - guides us when it comes to our impact on society and our planet. Making this impact as positive as possible is arguably more important than anything else, and as a community of solvers, we are determined to bring the best of our people, powered by technology, to help tackle society's biggest challenges and deliver sustained outcomes. We believe that economic and social progress need to be recoupled in order to create a more sustainable, equitable and just world. The foundation for this broad effort lies in our commitment to furthering progress towards the UN Sustainable Development Goals (SDGs), which are critical to addressing the design problems in our economy. After all, business does not prosper in societies that are not prospering.

To support these efforts and fulfil our purpose, PwC is taking proactive measures in the following ways:

- Advancing on our commitments to inclusivity and upskilling in our communities through our [New world. New skills.](#) programme;
- Reducing our network's environmental footprint while working with people and organisations to support their Environmental, Social and Governance (ESG), climate change, and Diversity, Equity & Inclusion (DE&I) transformation;
- Providing support for COVID-19 relief efforts; and
- Engaging with regulators and policymakers to advocate for much-needed reforms



“Understanding our impact on the world is key to addressing the pressing issues of today like climate change and building economies that work for all. We are committed to net zero greenhouse gas emissions by 2030 and pleased that our emission reduction targets were recently validated by the Science Based Targets initiative (SBTi). We are proud of the work we are doing to reach net zero and the progress made in the last 12 months in upskilling our communities around the world - but we know there is still a long way to go.”

Emma Cox, Global Climate Leader

How we have impact

We believe that everyone at PwC should be able to have a positive impact on society and the planet, both through the paid work we do for clients and beyond.

We deliver this support in three ways:

- **Volunteering.** Over 39,000 (FY20: 47,864) PwC professionals volunteered to support their local communities in FY21 – a collective contribution of over 754,000 hours (FY20: 816,805). This year we saw a reduction in the number of our people who were able to volunteer as well as the amount of time that they were able to commit. This was due to the ongoing impact of the pandemic and the many additional responsibilities, such as home schooling, that our people had to manage on a daily basis. Despite the challenges of the pandemic we are very proud that over 39,000 of our people volunteered this year, embracing the opportunity to use technology to support their communities and share their skills virtually
 - A great example is the work done by PwC China and PwC Singapore, who participated jointly in the Médecins Sans Frontières Missing Map Mapathon initiative to help solve the challenges faced by the fieldworkers in remote areas ‘missing’ from the digital map. This collaboration brought together volunteers to put unmapped houses and buildings on the digital map. Local and international NGOs can then use these maps
- and data to better coordinate and respond to emergencies. 20,938 buildings were mapped by volunteers from PwC
- **Pro-bono work.** Across the network, we engage in a broad range of pro- and low-bono projects that are conducted with the same combination of expertise and commitment that we put into our client work. This work spans support for small local charities through to national and global civil society organisations. In 2021 our people continued to contribute their professional skills to pro-bono support for charities and non-governmental organisations (NGOs) worldwide. Many of these organisations are on the front line providing support to communities that continue to be affected by the pandemic
 - **Collaborating and policy engagement.** We believe that collaborating with other organisations to advance global public policy and dialogue is crucial to achieving the degree of system change now needed to recouple economic and social progress. We have played an active role on a range of public policy issues, including supporting the development of non-financial reporting standards and working with UNICEF in support of Generation Unlimited on the skills agenda, as well as joining the Business Ambition for 1.5C and the UN’s Race to Zero campaigns to demonstrate our commitment to achieving a net zero economy

In October 2018, we set an ambitious global target for our community corporate responsibility programmes across our 21 largest firms: to invest in the future and growth of 15 million people, NGOs, and social and micro enterprises to help them maximise their potential by 2022. We are proud to report that we have surpassed this goal in 2021, one year ahead of schedule.

What we are focusing on: inclusivity & environmental sustainability

Operating in 156 countries, we consistently see two major societal challenges that impact every region and society: inclusivity and environmental sustainability. When we talk about inclusivity, we mean the need for people to have equal access to opportunities, resources and skills so that everyone can achieve their full potential. When it comes to environmental sustainability, we focus mainly on action to address climate change.

Additionally, we believe there are underlying systemic issues that need to be addressed. That is why we are actively supporting a dialogue aimed at reshaping how market economies function, and ensuring the rules and norms that govern corporate behaviour reflect the priorities of the 21st century and help build sustainable economies that work for everyone.



Coming together in the fight against COVID-19

As the COVID-19 pandemic continues, we understand and appreciate the financial burden that the crisis has imposed on communities, and we have remained fully committed to maintaining our financial investments as compared to 2020. Given the immediate needs of some communities, many of our territory programmes have pivoted completely to providing much-needed, on-the-ground support for direct COVID-19 relief.

The PwC network came together this year to support our colleagues and their families in India, as well as providing broader support to local relief organisations. Donations were made from across our network to provide oxygen concentrators, personal protective equipment (PPE) and urgently-needed medical supplies to front-line hospitals and other health facilities. Financial donations were directed to local and international NGOs to help them support the most vulnerable individuals and communities across the country. PwC India worked closely with state governments nationwide to combat COVID-19 in the following ways:

- In Madhya Pradesh, PwC India worked with the government as they set up a 'COVID-19 Combating Centre' in the city of Bhopal. PwC India assisted the authorities in streamlining

all their crisis management processes and repurposing their existing infrastructure and command centres, and converting them into a crisis management unit - impacting over 80 million people across 55 districts in the state. PwC India also worked to deliver citizen connect and collaboration platforms to assist in gauging sentiment among citizens, as the authorities closely monitored people's concerns

- In the city of Guntur in Andhra Pradesh, PwC India partnered with the Department of Horticulture (DoH) to assist 1,300 local farmers hit by the complete lockdown imposed as a result of COVID-19. PwC India worked with the DoH to develop and optimise operations, safe harvesting (while maintaining COVID-19 protocols), transportation and logistics management including last-mile delivery, helping farmers market their perishable produce directly to households amid the lockdown. The programme, which provided the farmers with 15% to 20% of incremental income during the lockdown period, proved to be a successful model for linking farmers to consumers and vice versa - creating a sustainable and replicable business model for the future



PwC's efforts to engage with key stakeholders to discuss how these issues affect us all include working with the [Global Solutions Initiative](#) (GSI) - a global forum for different stakeholders and a network of world-renowned think tanks to collaborate on policy responses to major global problems addressed by the G20, the G7 and other global governance forums. Our collaboration with GSI has grown out of the need to provide a more integrated, coherent response to pressing societal issues across different stakeholder groups, including business.

Part of our work with the GSI is in support of its [Global Solutions Summit](#). This event helps business leaders and policymakers collaborate on issues of global importance, with a focus on bringing about systemic change to ensure our economies deliver sustained outcomes for societies.

Inclusivity and skills

If we are to increase inclusivity and create an economy that benefits and serves the interests of society, we need to prepare people properly for the jobs they do today - and also the jobs they will do tomorrow. This is particularly true in the wake of COVID-19, which has upended the livelihood of millions of people around the world, exposed structural weaknesses in institutions and economics, widened existing disparities and hit the already disadvantaged particularly hard. Simply put, the technological change now underway is of such scope and speed that it requires an urgent global upskilling effort, and - if left unaddressed - poses serious societal and economic risks. That is why we are committed to action that improves inclusivity and enables more people to participate in and benefit from the economy, and from societal progress more broadly. Our biggest global programme in this area

is New world. New skills., through which we seek to enable more people to gain the digital skills they will need for success in the future.

New world. New skills: Upskilling communities

Our [New world. New skills.](#) initiative is aimed at addressing the mismatch between the skills people have today and those needed for the digital world. Of the 4.3 million people, NGOs and social and micro enterprises we reached last year through our community programmes, over 50% (2.7 million) were involved in New world. New skills. initiatives.

The jobs of the future will require skills that are harder to come by for many, especially in communities where opportunities are scarce. Research figures paint a stark picture. One-third of young people [surveyed by UNICEF](#) said they lacked opportunities to acquire skills for the future, and it's estimated that around



20% to 40% of the jobs currently held by 16-24 year olds are at risk of automation by the mid-2030s. Since the start of 2020, as the pandemic has caused essential activities and services - including education, training and many jobs - to move online, the challenges for young people around the world to get or stay connected have only increased. To help address the pressing global issue of youth upskilling, PwC in 2020 announced a three-year collaboration with UNICEF in support of Generation Unlimited. Our collective aim is to help upskill millions of young people around the world. We were proud to release a first report, Stepping Forward: Connecting today's youth to the digital future, which calls for a new type of collaboration involving many parts of society - governments, global institutions, communities and youth - and discusses the stepping stones needed to help young people to cross the digital divide.

Our collaborations address both global and local upskilling challenges. In South Africa and India we are working with teams on the ground to develop and expand current programmes. In South Africa we're collaborating to support young women in developing Science, Technology, Engineering, Arts and Mathematics (STEAM) skills, with a focus on young people who are unable to receive a university education. In India we're supporting Generation Unlimited - called YuWaah! in India - to help transform education, skilling and employment for India's 300 million-plus young people.

On World Youth Skills Day, Bob Moritz, PwC Global Chairman and Generation Unlimited's Nadi Albino held a virtual dialogue session with young people to hear directly how COVID-19 has impacted them, and discuss the skills

they'll need to reimagine their role and thrive in a post-COVID world.

Also, addressing the United Nations General Assembly, Bob Moritz discussed the role Generation Unlimited plays in upskilling young people and connecting them to opportunities for employment, entrepreneurship, social impact and prosperity.

PwC is also a member of the World Economic Forum Reskilling Revolution, an initiative that aims to provide one billion people with better education, skills and jobs by 2030.

Addressing social injustice

PwC remains deeply committed to helping to end systemic racism and injustice around the world. We have continued our efforts within our network while also working with other business leaders and marshalling support and resources externally.

PwC US is proud to have co-founded the CEO Action for Diversity and Inclusion, a CEO-led business community dedicated to supporting more inclusive workplaces. Since its launch, nearly 2,000 CEOs and Presidents have pledged to support a more inclusive workplace for employees, communities and society at large. Collectively, the organisations involved employ nearly 13 million people across the United States.

At the same time, through PwC US's Skills for Society programme, our PwC US employees have worked with more than 300 NGOs. Using the skills

and experience they bring to client work, our people are helping these non-profits digitally transform and address operational challenges, boosting their ability to tackle injustice in the US.

PwC US has also recently committed US\$125 million to help prepare 25,000 Black and Latinx college students for their business careers. The goal is to hire 10,000 students over the next five years to support the firm's efforts to attract a more diverse workforce and to connect students to other organisations and career opportunities. This commitment supports PwC's global strategy, The New Equation, which looks to create powerful new combinations through widely different perspectives.

PwC UK is working with 25 black-led charities and social enterprises to support their work across a range of activities from helping pregnant women seeking refuge in the UK to empowering school children from ethnic minority backgrounds. In addition, PwC UK has formed a partnership with the Refugee Council to help refugees in the UK get back into the job market by providing training on employability skills, including working on professional communication and interview practice and also seeking out opportunities for refugees to join PwC UK.



Building inclusivity and upskilling communities

Across our network, PwC member firms are having a positive impact, helping to build inclusivity and upskill their communities through various initiatives. Examples include:

- **PwC China: Tech Carnival for rural students**
 - Collaborating with Adream Foundation, an NGO, PwC China has been working to help close the skills and opportunity gap, developing curricula and programmes that provide quality education to students in rural and underserved communities throughout China. Recently they delivered a 'Tech Carnival' to students from rural schools across Jiangxi Province, China. The carnival brought to life the importance of digital skills and design thinking for nearly 20,000 students
- **PwC UK: Developing the skills of disadvantaged students, expanding their pathway to employability**
 - PwC UK's Social Mobility Community Programme focuses on supporting disadvantaged school students, undergraduates and other groups who could benefit from greater social mobility such as refugees and PwC UK Social Entrepreneur Club members. The programme brings together a community of PwC UK professionals, all of whom are passionate about delivering upskilling opportunities in their local regions

PwC Canada is a founding sponsor of [The Onyx Initiative](#), a non-profit designed to help Black college and university students join the corporate workforce.

Black students often contend with smaller professional networks and a lack of mentorship opportunities. As a result, talented candidates and future leaders are too often excluded from the recruitment talent pool. The Onyx Initiative will support Black students and recent graduates with coaching and online training on important job-hunting skills, including crafting a cover letter and preparing for a job interview. It will also connect students with prospective employers, including PwC Canada.

As an Onyx founding sponsor, PwC Canada is contributing substantial expertise and experience to further enhance and finalise the Onyx model. The commitment includes providing vital information, ongoing

resources, and working closely with educational partners to support student placement opportunities for Canada's Black students.

Environmental sustainability and net zero

Environmental sustainability is a core focus for PwC and we've been a proud signatory to the UN Global Compact (UNGC) since 2002. We remain deeply committed to operating responsibly in line with the UNGC's ten principles.

Achieving net zero

As outlined in PwC's global strategy, [The New Equation](#), PwC has committed to achieving net zero greenhouse gas (GHG) emissions by 2030. Our net zero commitment will require

us to transform our business model to decarbonise our value chain, increase transparency, and support the development of robust ESG reporting frameworks and standards. The PwC network will also engage with clients and suppliers to support them in tackling their climate impact.

PwC's net zero commitment involves four key areas:

- **Operations:** We will reduce our greenhouse gas emissions in line with what is required to limit warming to 1.5°C above the pre-industrial level, limiting the worst impacts of climate change. This includes a 50% reduction in scope 1 and 2 emissions and a 50% absolute reduction in business travel emissions from a 2019 base by 2030. In addition, we will accelerate our transition to 100% renewable electricity. And to mitigate our impacts today, we will continue to offset our emissions through high-quality carbon credits





- **Clients:** We will work with our clients to support their efforts to make a net zero future a reality for all. This will involve building on our existing client work in sustainability and net zero transformation
- **Suppliers:** We will engage with key suppliers, encouraging and supporting their efforts to achieve net zero. We commit that 50% of our global suppliers by emissions will have set their own science-based targets to reduce their own climate impact by 2025
- **Climate agenda:** We will continue our long-standing programme of research and collaboration with business, policymakers and NGOs to accelerate the transition to a net zero economy

Since announcing our net zero commitment in September 2020, we have been working with our member firms to develop the foundations needed for us to reach our 2030 commitment.

For example, we have:

- Put in place a global governance framework to support business ownership and accountability
- Appointed Net Zero Business Leaders in each of our firms to support progress towards our global commitment
- Established global workstreams in core areas to

support our implementation of net zero-related initiatives and provide a consistent framework for action. And provided a suite of guidance materials to help our PwC firms produce their own internal roadmaps and strategic net zero plans

- Carried out milestone and progress mapping, enabling us to check that we remain on track at both a global and local level
- Set the ambition to be fully aligned to a 1.5 degree scenario across our scope 1 and 2 emissions as well as our largest scope 3 emissions
- Committed to the Business Ambition for 1.5C and the UN's Race to Zero campaigns
- Conducted an analysis of our supply chain and set a target to work with suppliers that share our level of climate ambition
- Extended our commitment to sourcing 100% renewable electricity to all of our operations in all 156 countries by 2030
- Developed an enhanced reporting framework to include all PwC member firms and operations across our global network, as well as expand what we measure and report to account for our wider climate impact. From 2023, we will report annually and transparently on our progress towards our net zero targets

We continue to be active in the global climate conversation and have recently:

- Joined the [LEAF](#) (Lowering Emissions by Accelerating Forest finance) coalition, to support what is expected to become one of the largest ever public-private efforts to protect our tropical forests
- Become a champion for the WEF's [Clean Skies for Tomorrow](#) coalition to help advance and scale the production of sustainable low-carbon fuels
- Remained heavily involved in vital discussions about climate change issues, including sponsoring New York Climate Week in September 2021, and seconding two climate experts to the Climate Champions team as it prepares for COP26 in Glasgow in November 2021
- Supported an open letter advocating policy change through our membership of the [WEF Alliance of CEO Climate Leaders](#)
- Become a founding member of the Net Zero Financial Services Providers Alliance, signing up to the Glasgow Financial Alliance for Net Zero commitments in September 2021

Addressing our impact today

Our net zero commitment builds on our 2018 environmental commitment to drive energy efficiency within our offices, switch to 100% renewable electricity and offset air travel (scope 3) emissions from our 21 largest firms. We are making progress

across these areas. With the ongoing impact of the pandemic, we have seen our emissions reduce in line with government lockdown measures in various countries - and with our entire workforce continuing to work from home at various stages throughout the year, we have seen our scope 1 and 2 emissions decline by 13% and 27% respectively. Air travel (scope 3) is our largest source of carbon emissions, and, as expected, we saw a further reduction from last year - of 92% - due to the continuing restrictions on both domestic and international air travel. Our total GHG emissions have reduced by 80% from FY20 levels, with our GHG emissions in FY21 being 87,500 tonnes CO₂e compared to 432,372 tonnes CO₂e in FY20. In FY21, we bought 83% of our electricity from renewable sources, taking us closer to our goal of becoming 100% renewable by 2022 across our 21 largest territories (FY20: 71%).

We fully recognise the importance of actively reducing the climate impact of our operational footprint today. And to mitigate our impacts further as we work towards our net zero commitment in 2030, we are continuing to support a range of high-quality carbon reduction projects. These projects not only help us to reduce carbon emissions but also enable us to take responsibility for our impact. The initiatives we are supporting have collectively impacted more than 77 million people, protected or restored 510,000 hectares of land, and created over 134,000 new full-time jobs. Find out more about our [offset projects](#).

The biggest environmental impacts from operating our business come from the energy we use to power

our offices and from our air travel. We report annually on the areas of our environmental impact that are most material to PwC, namely scopes 1, 2 and 3 (air travel). As a professional services firm, our reliance on natural resources and capital is relatively small compared with many other industries. Therefore we do not report on our consumption of fresh water and land use.



Affirming our approach to emissions reduction targets

We have received validation for our climate targets from The Science Based Targets initiative (SBTi). We were proud to receive the SBTi's validation, which affirms our approach and timeline to achieve our emissions reduction targets in line with a 1.5 degree scenario. The Science Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).





PwC Tower - Milan



Taking steps to address climate change

PwC Australia has, over a number of years, redesigned all of its nine offices to reduce emissions associated with office energy consumption. Five offices have received an Australian Government National Australian Built Environment Rating System (NABERS) Rating of 5 Stars (“Excellent”) or higher. This includes our Sydney office which, as part of the Barangaroo precinct, is committed to being carbon neutral and water positive and to create zero waste emissions.

PwC Netherlands has implemented an internal price on carbon and is using the resulting budget to fund initiatives that help address the firm’s climate impact. In May 2021, the [Environmental Footprints Insights app](#) was released to help PwC Netherlands’ employees understand the impact of their mobility choices. The tool enables both management and employees to plan and carry out their projects more sustainably by tracking the carbon footprint associated with each project’s mobility. The funds generated from the internal carbon pricing have also been used to accelerate PwC Netherlands’ transition to an electric car fleet and support the development of a new production facility for [sustainable aviation fuels](#).

PwC UK’s new office in Belfast, its largest outside London, opened in July 2021 and was designed with sustainability and wellbeing at its heart. It is Northern Ireland’s first BREEAM Excellent building, utilising the previous building’s existing frame to reduce embodied carbon, as well as consuming no fossil fuels through the use of 100% renewable electricity to heat and cool floors independently on a floor-by-floor basis, thereby maximising efficiency and energy utilisation. The office incorporates meditation pods and offers employees daily exercise classes in Yoga and Body Combat, as well as physiotherapy and other wellbeing services.

PwC Italy’s new Milan office - PwC Tower - opened in 2021 and houses over 3,000 staff. It was designed by the Studio Libeskind architectural practice following state-of-the-art building and sustainability criteria. The PwC Tower is LEED certified, has 270-square-meters of solar panels and charging stations for electric vehicles, and uses FSC-certified wood throughout.



Enhancing corporate transparency through reporting reform

As part of our commitment to optimising our impacts on society and the planet and creating sustained outcomes, we believe there is an urgent need for systemic economic reform to reset incentives and align economic interests with societal interests. This conviction is at the heart of our active engagement in global debates about the future of corporate reporting, as we strive to build integrity and confidence in the capital markets. In our view, greater transparency and consistency in corporate reporting will empower all stakeholders - including shareholders, customers, employees, governments and civil society - to make better decisions.

The past year has seen significant progress on this agenda, with key events - among others - including IFRS Foundation proposals to create an

International Sustainability Standards Board to set IFRS sustainability standards, the creation of the Value Reporting Foundation, new guidelines from the SEC on climate disclosures, and the publication of the EU's Corporate Sustainability Reporting Directive.

We have continued to work with a wide range of stakeholders on the quest to develop a common set of non-financial reporting metrics. This has included being heavily involved in discussions around the efforts of five leading standard-setting organisations for corporate sustainability reporting - the CDP, CDSB, GRI, IIRC and SASB - to reach a common understanding.

Examples of our work on reporting include:

- Representation on the SASB, and network representation on the Financial Stability

Board's Task Force on Climate-Related Financial Disclosures

- Responding to the SEC's request for comment on climate change disclosures - providing perspectives in areas such as rulemaking, minimum disclosure requirements and industry specificity, geography of disclosures, global coordination, and assurance
- Helping to shape the application of the SEC's new principles-based human capital disclosures through publications and interactions with clients and stakeholders
- Responding to the IFRS Foundation's consultation paper on sustainability reporting
- Engaging constructively with the European Commission on its draft proposals to reform



“Reporting has to change, and change fast. It took decades of creative, inclusive discussion and experience to get to the clear and widely accepted standards we have today for financial reporting. We need to get to the same level of clarity, specificity and trust around non-financial metrics - but within a couple of years, not a couple of decades.”

Bob Moritz,
PwC's Global Chairman

sustainability reporting, corporate governance and investor transparency around ESG issues

- Providing technical expertise to the European Financial Reporting Advisory Group and the European Commission in their preparations for developing sustainability reporting standards, in line with international efforts

In addition, we have continued our collaboration with the World Economic Forum International Business Council (WEF IBC) to promote the universal set of ESG metrics that it published last year. Following the publication of these WEF IBC metrics in September 2020, over 90 organisations, including PwC, have publicly committed to reporting against these metrics. For the first time, PwC has included a [report](#) on its own progress against these metrics in this year's global annual review.

We also continue to engage with major global organisations including the G20, OECD, UN, EU. And we welcomed the supportive statements made by both the G7 and the G20 on the imperative to cooperate and collaborate on establishing common globally accepted non-financial reporting standards.

Stepping up in times of need

When catastrophic events, natural disasters and humanitarian crises occur, our foundations and firms around the world do whatever they can to help the people and communities affected. Here are some examples of the assistance we have provided in

response to disasters over the past 12 months:

Healthcare and diagnostic services at Cox's Bazar Refugee Camps, Bangladesh

Around 880,000 Rohingya refugees live in challenging conditions in Cox's Bazar, Bangladesh, the world's single largest refugee camp. The Rohingya rely heavily on humanitarian aid and face persistent risks - as seen in the devastating fire that broke out in March 2021, which damaged key health facilities and left many homeless. This situation was further exacerbated in July 2021 when thousands of people were made homeless by flooding after monsoon rains inundated refugee sites in southern Bangladesh.

Working with a local NGO, Health And Education For All (HAEFA), PwC supported efforts to establish healthcare centres in the Kutupalong and Balukhali camps. These healthcare centres, which were procured through Better Shelter, provide access to quality healthcare services, free of cost, to refugees and the host population. In response to the fire outbreak in March 2021, PwC is supporting the enhancement of these healthcare units to treat burn survivors. Between September 2020 and June 2021, over 137,700 visits to the unit took place.

Understanding the need for the expansion of health services, PwC is supporting the setting-up of a pathology lab by HAEFA which will provide services free of cost for patients at Balukhali camp and subsidised services to other health institutions in the camps. Water, sanitation and hygiene facilities for patients and frontline healthcare staff have also been supported by PwC.

COVID-19 response in Afghanistan and Tajikistan

PwC's Global Office for Humanitarian Affairs procured 100 temporary shelter units from the social enterprise Better Shelter to set up temporary extensions for 24 healthcare facilities in remote areas. These facilities are supported by a leading international development agency, the Aga Khan Foundation (United Kingdom), in regions including Afghanistan and Tajikistan. They are being-used for triaging, testing, treating, and raising COVID-19 awareness.

This initiative is continuing to help contain the virus by preventing the spread of the infection to other wards within the hospitals, and providing sanitised and isolated spaces for targeted treatment and waiting areas.

Humanitarian support and environmental restoration, Greece

In early August 2021, wildfires in Greece devastated many parts of the mainland and neighbouring island of Evia - a catastrophe described as a "natural disaster of unprecedented proportions".

The PwC Greece team immediately reached out to the Greek Government to offer its support. That offer was accepted - and today, the PwC Greece Advisory Leader, Kyriakos Andreou, is leading a large-scale pro-bono initiative for the Government. The project involves the PwC Greece team undertaking humanitarian support and environmental restoration as well as animal relief projects, with an army of PwC volunteers standing by ready to provide their skills and time to help with the rebuilding efforts when the time is right.

Financial support for earthquake relief in Haiti

On 14 August 2021, a 7.2 magnitude earthquake caused widespread damage and significant loss of life in south-western Haiti. The then-Prime Minister called a month-long state of emergency as international aid agencies mobilised to provide humanitarian support to those directly affected by the earthquake. PwC's Caribbean region engaged its staff, who wanted to support their local community. This resulted in a US\$50,000 donation being made to local relief agencies, raised through a combination of contributions from staff as well as a donation from PwC Caribbean firms.

Expansion of Kawergosk Primary Health Care Centre in Kurdistan Region of Iraq

Political instability, conflict, economic crises, and the COVID-19 pandemic have severely damaged Iraq's healthcare services delivery capability. While refugees and displaced persons in Iraq can access free primary healthcare services through camp-based primary health care centres and in public health facilities for those living with host communities, limited funding and the pandemic have resulted in increased pressure on health facilities. PwC, in collaboration with UNHCR, the UN Refugee Agency, is supporting the expansion of a primary health care centre in Kawergosk that is serving vulnerable displaced people, refugees and host populations.

The Kawergosk Primary Health Care Centre (PHCC) is a public health facility located in the town of Kawergosk, 35 kilometres from Erbil. The existing

facility serves more than 15,000 individuals from Kawergosk town and surrounding villages. PwC is supporting the expansion of the PHCC to ensure local people can continue to benefit from its services while frontline health workers can continue working in a safe, secure and sanitised environment. The expanded facility will be operational in early 2022.



Dispensing medicines at our medical camp in Balukhali Cox's Bazar.
© Better Shelter 2018



People

There is no doubt that this past year has been a challenging one for people everywhere. And that matters to us - because at PwC, our people are at the heart of everything we do. We currently have more than 295,000 professionals in 156 countries and, as part of our commitment to our new strategy, The New Equation, we plan to hire 100,000 net new professionals by 2026.

This makes it vital that our “people first” approach continues to guide our actions, as it has done over the past year. During it, we’ve remained focused on keeping our people safe, supporting their wellbeing, providing them with the flexibility they need to manage the often-competing demands of professional and personal lives, offering them opportunities to

develop new skills, and continuing to build a diverse and inclusive workforce.

To deliver The New Equation, we are focusing on three key areas:

- Enabling our workforce for today’s realities and tomorrow’s possibilities
- Creating a resilient foundation for times of change
- Developing inclusive leaders for a shifting world

These goals are deeply rooted in our shared purpose, values and behaviours, which guide everything we do.



“Our 295,000 colleagues around the world are our greatest asset and the foundation for our success. Through delivering our strategy, The New Equation, we are creating incredible opportunities for our people that will enable them to achieve their potential, build rewarding and sustainable careers and become inclusive leaders.”

Betty Ann Jarrett,
Global Human Capital leader

Enabling our workforce for today's realities and tomorrow's possibilities

At PwC, we are enabling our people to have – and deliver – a high-quality experience. To achieve this, we are actively building the right mix of team members, skills and approaches that fit today and flex for tomorrow.

The evolving world of work and how we are responding

The world of work is always evolving. But its evolution has accelerated rapidly in the past year, opening up opportunities for both PwC and our clients to learn lessons and encourage new ways of working.

While remote working clearly has many benefits, we also recognise the importance of coming together in person to build relationships and share ideas. That is why many of our member firms are moving towards a hybrid working model tailored to their local market conditions. Several of our firms, including the UK and Africa, have enhanced their flexible working policies to provide their partners and staff more choice over how, where and when they work. These policies are built on two-way flexibility and the trust that each individual will work in a way that suits them while also meeting the needs of their teams, the wider firm and our clients.

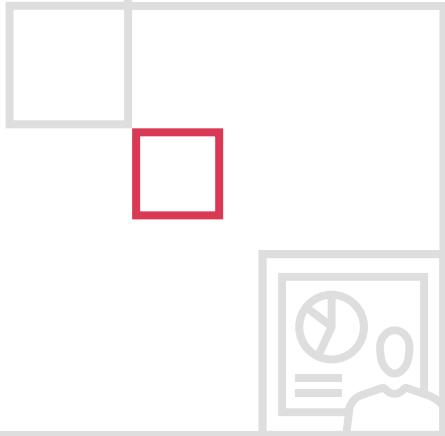
We also recognise that extended periods of remote working can lead to feelings of isolation. To combat this, our member firms have established mechanisms to ensure our people feel connected while working virtually. For example, PwC Malaysia runs an ongoing programme

of virtual team activities, ranging from cookie decorating contests to fitness challenges and virtual lunches.

Just as our ways of working have changed, so we are now coaching people in new ways too. During the times when quick chats over lunch or while walking between meetings were not possible, we needed to help our people approach coaching with a new mindset and make it more intentional than ever before. By increasing access to upskilling opportunities in different types of coaching, our staff and partners are encouraged to integrate coaching conversations into their everyday connections, in person or virtually.

Take the example of our assurance practice. After shifting to fully remote working, many team members were missing the collaboration and on-the-job learning that the physical audit room had historically provided. To create a flexible workplace that fosters an environment where mentoring and coaching happen in the course of daily work, our assurance teams created virtual audit rooms – digital ‘hangouts’ – where team members and clients could come and go at the click of a button.

Not only did the virtual audit room create a sense of belonging and foster connectivity, it also provided a safe space to ask questions and absorb some of the dialogue and informal coaching that happens organically when team members are in the same physical location. Our experience across the PwC network shows that virtual audit rooms encourage our people to be transparent, flexible and inclusive as they work together to deliver the highest quality for our clients.



Recruiting for today and tomorrow

To turn [The New Equation](#) into reality we have committed to create 100,000 net new jobs in the next five years, with a clear emphasis on hiring specialists in increasingly critical areas such as technology, digital, climate, strategic deals, leadership and change, strategy, brand building and supply chain. Despite the challenges of a year dominated by the pandemic, our recruiting efforts continued without pause in FY21, and we welcomed 90,273 new joiners (FY20: 81,552), including 24,800 interns.

Hires by region broken down by line of service and gender

Region	Global line of service	FY21 hires	Hire rate	Female	Male	Gender not declared
Americas	Advisory	5,493	32.8%	42.0%	57.7%	0.31%
	Assurance	9,374	35.9%	49.5%	50.4%	0.15%
	Internal firm services	3,184	26.4%	51.1%	48.8%	0.13%
	Tax	5,119	31.6%	51.7%	48.1%	0.20%
Asia Pacific	Advisory	12,263	42.4%	40.6%	59.3%	0.08%
	Assurance	17,676	43.4%	57.3%	42.7%	0.03%
	Internal firm services	2,464	28.0%	59.6%	40.4%	0.04%
	Tax	4,192	27.8%	57.3%	42.7%	0.02%
EMEA	Advisory	7,899	26.9%	38.2%	61.8%	0.03%
	Assurance	14,434	27.8%	47.6%	52.3%	0.01%
	Internal firm services	3,555	19.6%	52.7%	47.3%	0.00%
	Tax	4,620	20.3%	55.1%	44.9%	0.00%
Total		90,273	31.5%	49.2%	50.7%	0.07%



"The virtual audit room makes it easier to coach and to speak up while working remotely. Even more importantly, it is a tool that keeps me socially connected with my teams"

Pascal Wagemakers,
Senior Associate, Netherlands

Driven partly by the limitations on face-to-face meetings, our member firms are increasingly finding new and innovative ways to connect with potential candidates. The UK firm created [Virtual Park](#), a virtual reality space where potential candidates create an avatar to interact with PwC recruiters, partners and staff in a variety of settings – an auditorium, a conference room, an event hall and even a beach – to learn more about opportunities and firm offerings. Not only has this been a creative way of navigating pandemic restrictions but, more importantly, this medium enables us to expand our reach to universities at which we previously may not have had a physical presence.

Our recent hires are finding the experience of working at PwC to be a positive one. In both our annual Global People Survey and the Global New Joiner One-month Survey, staff who have been with us for less than one year gave the highest scores in 11 years. This reflects improvements we made to deliver onboarding in a virtual environment, which increased the quality, consistency and inclusivity of the experience, and put a particular focus on the pre-hire experience (from offer acceptance through to start date). Together, these improvements are helping new joiners to feel better prepared, know what to expect, and feel connected through using Look Inside - PwC's online community for pre-hires.

Staff mobility

PwC's long-established international mobility programme helps us meet the needs of our clients

– wherever they are in the world – while also providing our people with valuable professional development experiences. Unsurprisingly, the travel and border restrictions that many governments imposed in response to the pandemic inevitably led to a reduction in international mobility activity over the past year. The total number of new international moves in FY21 was 1,052 (FY20: 2,938). These moves took place across 95 countries (FY20: 114 countries) and with 42% of moves undertaken by women (FY20: 44%).

As we move into FY22, we anticipate being able to mobilise more staff at scale to move internationally. This, along with continuing to capitalise on our new ways of working virtually across borders, will enable us to bring together a broader community of solvers to help our clients build trust and achieve sustained outcomes.

1,052

The total number of new international moves in FY21 was 1,052 (FY20: 2,938).

Creating a resilient foundation for times of change

At PwC, we are building a strong and flexible foundation for our people and our network through the values, systems and healthy habits that enable our people to confidently navigate the evolution of our business and live up to our ambition of [The New Equation](#).

Maintaining a positive, healthy, and engaging workplace

In order to build a resilient foundation for the future, we are working to reinforce a positive workplace where our people feel empowered and supported in their careers. In FY21, we re-launched our annual Global People Survey after a temporary pause in FY20 in favour of more local, real-time feedback during the pandemic. The survey is a great indicator of how our people feel about working at PwC. It reveals insights that help our leaders understand where we're doing well and identify areas that need more work.

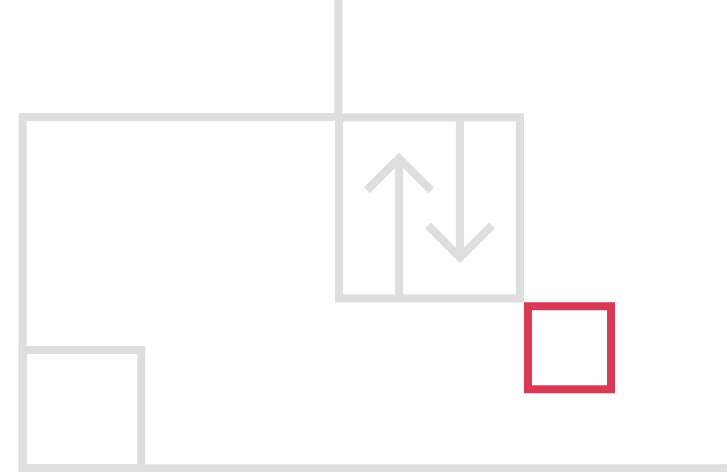
This year we adopted a new People Engagement Index that focuses on more personalised aspects of the engagement experience. The index serves as an overall litmus test for how our people are feeling about PwC, and the early results have been very positive, with 77% of our people having a favourable impression of PwC. Additionally, 84% of survey respondents are proud to work at PwC and 74% enjoy working at PwC and would recommend it as a great place to work.

Our leaders have been prioritising regular connectivity with employees – and this seems to be bearing fruit, with our leadership effectiveness scores increasing in a number of areas. For instance, 72% of respondents say the leaders they work with make a point of being transparent with information. Furthermore, 70% report having personally relevant discussions with their leaders around their development and 92% say that the feedback and coaching they receive allows them to make immediate improvements in their performance.

While we are proud of our Global People Survey results, we know we can always do better. For example, the results have also highlighted a clear need to remain focused on improving employee wellbeing, especially as the pandemic continues to impact our lives. While 72% of survey respondents say they are able to talk to their teams and leaders about the support they need, only 50% of these respondents currently feel they can both have a healthy lifestyle and also be successful at PwC. This is a mismatch we need to address.

Developing inclusive leaders for a shifting world

We have a long-standing commitment to inclusion and diversity (I&D) as a means of delivering on our purpose and strategy. We can only solve the world's most important problems if we have diverse teams and foster a culture of inclusion and transparency. Knowing this ambition needs to be driven from the highest levels, we appointed a



“As a new joiner, I felt a bit nervous, especially starting in a virtual world with people I had never met before. However, I felt confident because the training period led by the instructors was insightful. My first official engagement was the best I could have possibly asked for. The team was extremely kind and friendly and made it so easy to reach out to them if I needed help. Starting a new job is always nerve-racking, but PwC has shown me that it is really home away from home. I love it here.”

Anonymous feedback from New Joiner One-month Survey.



Caring for the wellbeing of our people

The health, wellbeing and safety of our people continues to be a top priority. We recognise that further progress in enabling a healthy lifestyle for our people requires sustained focus on achieving a systemic change in how we work. It also requires targeted actions and interventions when our people need them most.

During the past year, mental health has been a key focus for our network, with many firms offering a variety of programmes to meet the needs of their people. For instance, PwC Canada offers a Mental Health First Aid training programme that focuses on recognising the signs and symptoms of mental health issues, how to care for our own mental health and wellbeing, how to identify if someone needs help, and our role in supporting others. Since the programme's launch in 2020, over 1,400 staff and partners have attended at least one session, with some returning for more.

Formal programmes have also been implemented to help people regain control

of their calendars. The US firm has an initiative to help teams adopt healthier working patterns that includes a 25% meeting reduction target and no-video Fridays. Our Middle East firm launched a 'Block your o'clock' initiative that provides its people with ideas and mechanisms to take control of their calendars to help improve time management and productivity while reducing stress.

But the health and happiness of our people is not only about their mental health. In October 2020, PwC South Africa launched a gender-neutral domestic violence policy. It provides support to people at the firm experiencing or recovering from domestic and/or gender-based violence, which has been on the rise since lockdown measures were put in place. The policy offers emotional and legal counselling, additional leave (to file police reports, find new accommodation, attend court hearings, etc.), and an advance on salary should the victim have to move home.



"This is the second time I have attended a session and I think it's really helpful and very relevant. I'm pleased that PwC is taking mental health education seriously and working to foster an environment where partners and staff can have open discussions about mental health."

Rick Osuna,
Senior Vice President, Deals, PwC Canada

Global Inclusion and Diversity Council in 2020 made up of ten PwC leaders and chaired by our Global Chairman. In FY21, the Council focused on connecting with allocated territory senior partners to ensure that local I&D goals are aligned with those of the network. I&D metrics such as the proportion of promotions by gender and the percentage of female partner admissions were also drafted, and will be used in the future to ensure accountability.

Inclusion and diversity in a shifting world

Developing inclusive mindsets

As part of The New Equation, we need to actively develop the inclusive mindset and leadership skills

that are essential to building trust and delivering sustained outcomes for our clients, while also creating a culture of belonging for our people. One of the investments we are making to bring this to life is the launch of the Inclusive Mindset curriculum in September 2021. Sponsored by our I&D Council, this curriculum aims to help learners build understanding of the essential inclusion and diversity constructs that will help them to shift their mindset, and to explore both the key human skills essential to practising more inclusive behaviours and also the best ways to improve their leadership skills.

Listening to our people

When we surveyed our people, 73% told us that they felt they ‘belong’ at PwC, 74% said their leaders

are actively building a diverse and inclusive work environment, and 71% felt that Territory Leaders are taking appropriate actions to support the I&D agenda.

Supporting and advancing women

Gender equality remains a priority focus. We are particularly mindful of the disproportionate impact that the global pandemic has had on women, who are now also bearing a greater burden of childcare and housework alongside paid work.

We continue to focus on providing women with opportunities to develop, progress and reach their full potential. This includes ensuring higher female representation at senior grades, particularly director and partner levels. While many PwC firms across our network have their own territory-specific programmes in place, achieving balanced gender representation remains a challenge and we have not made the progress that we would like. This is despite the fact that we have equal representation of women across our entire global workforce and more women globally at entry-level grades.

Percentage of female leaders

	FY21	FY20	FY19	FY18	FY17
Global board	39%	39%	33%	33%	33%
Network leadership team	0%	0%	0%	0%	0%
Global leadership team	36%	40%	40%	47%	50%
Global relationship partners	17%	16%	14%	16%	14%
Strategy council	5%	0%	0%	0%	5%
Partners	22%	22%	21%	20%	19%
Internal partner admissions	29%	29%	30%	30%	27%

73%

When we surveyed our people, 73% told us that they felt they ‘belong’ at PwC.

While we have increased the number of female members on our global board from seven to eight with [Lisa Sawicki](#) recently selected as our global board chair, we still need to increase female representation further in our global leadership groups. We are working actively with our member firms on issues such as leadership pipelines in order to address this and are seeing incremental changes year-on-year at local senior leadership levels. But we know we need to do more to accelerate change in this area.

In 2021, we renewed our pledge to the UN's HeForShe movement, a forum that brings together policy, corporate and academic leaders committed to creating a more diverse, inclusive and gender-equal world. Bob Moritz, our Global Chairman, attended the [HeForShe Summit](#), joining other leaders of industry and policy along with celebrity guests, to share tangible actions that PwC and others can take to make the world a more equal place. As part of this, we released a refreshed version of our [Proven Solution](#), bringing together thoughts from all HeForShe champions on how to achieve gender equality in different settings. We also contributed our own data to the [HeForShe: Data Trends report](#), which shows the progress made by all champions in their overall representation of women.

And to mark [International Women's Day 2021](#), we asked female leaders from across our network to share their experiences and perspectives on how they overcame career challenges as part of the [Our Leaders #ChooseToChallenge](#) campaign.



Employee category by gender

While the number of women directors and partners at PwC has been increasing in recent years, progress has been too slow and there is clearly more that we need to do to improve the representation of women at the higher grades. Our firms have a variety of programmes in place - recruitment targets, resourcing, sponsorship programmes, retention and leadership accountability - to attract and retain

female talent and to significantly increase female representation at director and partner level. We have also set goals for the proportion of female partner admissions at a number of firms to ensure accountability and encourage bold action. Female representation - particularly at the partner level - continues to be lower in advisory than in other parts of PwC, partly due to the size of the available population in the marketplace. However, we are focused on specific programmes to address this.

Employee category by gender and line of service

Global line of service	Aggregated management level	Female %	Male %	Gender not declared %
Advisory	Interns/Trainees	46.6%	53.4%	0.00%
	Associates	43.9%	56.0%	0.09%
	Managers	33.9%	66.0%	0.08%
	Directors	23.9%	76.0%	0.06%
	Partners	15.5%	84.5%	0.00%
Advisory total		38.3%	61.6%	0.08%
Assurance	Interns/Trainees	48.9%	51.1%	0.07%
	Associates	54.0%	46.0%	0.02%
	Managers	48.1%	51.9%	0.05%
	Directors	38.6%	61.4%	0.04%
	Partners	24.2%	75.8%	0.00%
Assurance total		50.7%	49.2%	0.03%
Internal firm services	Interns/Trainees	52.7%	47.2%	0.05%
	Associates	64.1%	35.8%	0.02%
	Managers	59.4%	40.6%	0.05%
	Directors	51.5%	48.4%	0.04%
	Partners	25.0%	75.0%	0.00%
Internal firm services total		61.0%	38.9%	0.03%
Tax	Interns/Trainees	54.3%	45.6%	0.12%
	Associates	58.5%	41.4%	0.06%
	Managers	52.4%	47.6%	0.02%
	Directors	40.7%	59.3%	0.00%
	Partners	27.9%	72.1%	0.00%
Tax total		53.7%	46.2%	0.05%
Grand total		49.3%	50.6%	0.05%

Employee category by gender

Aggregated level	FY21			FY20			FY19		
	Female %	Male %	Gender not declared %	Female %	Male %	Gender not declared %	Female %	Male %	Gender not declared %
Interns/Trainees	49.9%	50.1%	0.06%	46.9%	53.0%	0.04%	48.7%	51.3%	0.07%
Associates	53.6%	46.3%	0.05%	53.3%	46.6%	0.04%	53.2%	46.7%	0.06%
Managers	46.5%	53.4%	0.05%	46.4%	53.5%	0.06%	46.1%	53.9%	0.06%
Directors	35.6%	64.4%	0.04%	34.6%	65.3%	0.04%	34.1%	65.8%	0.07%
Partners	22.4%	77.6%	0.00%	22.0%	78.0%	0.00%	21.0%	79.0%	0.00%

Focusing on all dimensions of inclusion and diversity

Our commitment to inclusion and diversity goes far beyond gender to cover all dimensions of diversity. With this in mind, PwC has taken action throughout FY21 to support people from a wide range of groups.

We have continued to focus on racial diversity. Territory Senior Partners from the [UK](#), the [US](#) and other firms across our network have made public commitments to take action against the racism and injustice that still exists in society today. This has led to various programmes, including forums of support and active sharing of real-life experiences by our leaders and people, as well as awareness training to help shift our people's behaviours and mindset to

create a more inclusive workplace for all. For example, PwC US announced [six additional commitments to accelerate its journey](#) towards building a more diverse and inclusive organisation. Among these commitments was a promise to [publicly release the US firm's diversity data and strategy](#), which it did in August 2020. This level of transparency supports the firm's intention to continue to share where it is on its I&D journey, in line with ESG reporting, and to build trust in society.

At a network level, PwC is a founding member of the [Partnership for Global LGBTI Equality](#), an official project of the World Economic Forum. This involves member organisations coming together to advance global progress in equality and social and economic

inclusion for LGBT+ people. In 2017, we launched a global LGBT+ network called [Shine](#), which brings together PwC members of this community and their allies. The network has now grown to include 23 territories, following the launch this year of Shine communities in Belgium, India, Spain, and the Manila Acceleration Centre. In 2021, PwC celebrated Pride virtually with people from across the Shine networks in Canada, EMEA, Mexico and the US. We also released the [Together with Pride](#) video, highlighting stories from our LGBT+ communities across our global network.

Turning to disability - in May 2021 the [Valuable 500](#) revealed the organisations that have signed up and committed to do more in support of disability

inclusion across industries. As part of this, Bob Moritz, our Global Chairman, has appointed Leandro Camilo, a partner in PwC Brazil and the local Inclusion and Diversity head, as Global Disability Leader to help drive accelerated change across our network. Beyond this, local support was pledged by other member firms, including Australia, Chile, France, Italy, the Netherlands and the UK.

We are committed to reimagining accessible employment and helping to build accessible and inclusive workplaces. One great example of this is the PwC Australia Ability@PwC employee network, where people from across the firm volunteer their time to help break down the stigma that people with disability can all too often face in the workplace, by delivering disability confidence training firm-wide. This helps to raise the visibility of people with disabilities, and celebrate role models across the firm. Another example is the Inclusion and Mentoring Programme for people with disabilities that our Brazil firm launched in 2021. The programme aims to eliminate barriers and implement tools to improve the experience and enhance the career of our people with disabilities through internal process improvements, soft and hard skills development, and one-to-one mentoring sessions with PwC Brazil partners.

While many of our people feel proud of our efforts to foster an inclusive and diverse culture, we must not be complacent. We will continue to challenge

ourselves to ensure our people represent the diversity of our clients and society, and foster inclusion so all our people can thrive.

Ensuring fairness in pay

At PwC, we believe in paying people equitably, irrespective of their race, gender or age. All of our member firms have processes and controls in place to comply with all applicable local wage laws. PwC member firms also regularly conduct comprehensive reviews of compensation data to understand differences among staff. Some member firms may choose to add additional types of pay equity reviews, such as compensation differences among partners, or an analysis along racial/ethnic lines. Several of our member firms make public disclosures detailing

their approach to pay equity, including Australia, the US, the Netherlands, and the UK. Our Switzerland and Netherlands firms have obtained the [EQUAL-SALARY certification](#) after having been audited by an independent third party.

This year, for the first time, we have published a global gender pay gap as measured using the World Economic Forum definition as the ratio of the average woman's pay to the average man's pay at each staff level. The calculation is based on the weighted average of gender pay gaps at each staff level in our 21 largest territories.

The gender pay gap at each level is largely driven by there being a greater proportion of men in the

Gender Pay Gap

Grouped Management Level	Ratio of basic salary: Female to Male %	Ratio of basic salary and bonus: Female to Male %
Associates	95.7%	95.4%
Managers	94.9%	94.0%
Directors	92.0%	91.4%



“Wherever we operate in the world, we are committed to the principles of equal pay for equal work. We know we have more to do to increase the representation of women in senior roles - and by sharing our global gender pay gap for the first time, we are making ourselves accountable to do better.”

Dale Meikle,
Leader, Global Inclusion and
Diversity Centre of Excellence

business units where compensation tends to be higher. We are working hard to address this gap. We are making more senior jobs open to flexible working, reviewing the processes we use to recruit experienced hires, and offering more mentoring and leadership development opportunities for women. For example, PwC Spain’s NextGen Women programme was launched this year with the aim of progressively correcting the under-representation of women among partners and staff who lead client engagements. This programme offers training designed to develop leadership skills, combined with mentoring and networking sessions.

Partner and leadership remuneration

An essential element of PwC’s ethos is a set of common principles for remuneration of partners in member firms, based on partner performance, behaviours, and quality of work.

Partners may be salaried or equity. Salaried partners do not generally provide capital to - or own equity in - the individual partnerships. Their income is paid as a contractual right, they bear no risk of ownership, and they do not participate in the distribution of profits.

Equity partners have contributed capital and own the partnerships. This capital is at risk in the event of unforeseen issues. Equity partners have no contractual rights to a salary, and therefore only receive any amounts once all other payments are made, in what are referred to as ‘distributions’. Therefore these amounts are not charged to the income statement,

as expenses, but rather are what remains after all other payments have been made. Partners can only participate in the surplus income in their individual partnership, with no sharing across PwC member firms. Generally, partnerships do not retain any surplus income, with all of this amount being distributed to partners.

These distributions, which are often made gross of tax, in substance reflect:

- Base compensation for the provision of partners’ services
- Performance-related pay, reflecting their personal contribution to the business, the quality of the work they carry out and the performance of the whole partnership
- Dividend on equity, representing a return on the capital invested in the firm by each partner

The relative proportions of these three components vary considerably in firms across the PwC network, reflecting the market in which each partnership operates. In most cases, the partnerships seek to pay partners a competitive distribution relevant to the local professional services market. Partners receive amounts which reflect their level of experience and the role which they play within their partnership, with each territory senior partner (‘TSP’) earning the highest amount. On average, the income of a TSP is 6.6 times the income of a new partner.



In FY21, our Global Chairman Bob Moritz earned 130 times the median basic salary and bonus of PwC employees across the network. Mr Moritz's remuneration is determined by our Global Board of PwC International Limited. It includes a performance component assessed by the Board based on the achievement of his and the Network Leadership Team's (NLT's) annual priorities, progress against the NLT's shared strategic goals, and input collected from relevant leaders. The overall median compensation of our employees is impacted by our pyramid-based operating model, with approximately two-thirds of our people being at senior associate level or below.

Developing our people

To deliver on The New Equation, we are dedicated to ensuring that our people have the right set of

skills that equip them for today and prepare them for tomorrow.

Our upskilling journey began in 2019 when we launched our 'Digitising the Network' programme with the mission to invest in and provide our people with new skills, innovative tools and capabilities. While our journey to become a truly digital business continues, we now have over 159,000 Digital Academy graduates (FY20: 100,000) who have upskilled themselves and we have redefined how we work to deliver the highest quality and best outcomes for our clients.

At the end of the year, these efforts had resulted in over 10,000 citizen-led innovations (FY20: 7,500) in our Digital Lab, PwC's first crowdsourced solution-sharing community for finding, building

and sharing digital assets. By storing innovative solutions in one central repository and harnessing cutting-edge tools and technologies in data, analytics and robotic process automation, our people are rethinking processes, enhancing quality and efficiency, and improving the way they work and collaborate. The rate at which our people have upskilled themselves has also allowed us to scale innovation and develop new client offerings, solving their problems in new ways. Every step of our digital journey has helped us progress to where we are today – transforming the way we work to benefit our clients and our people, and building the future of our firm.

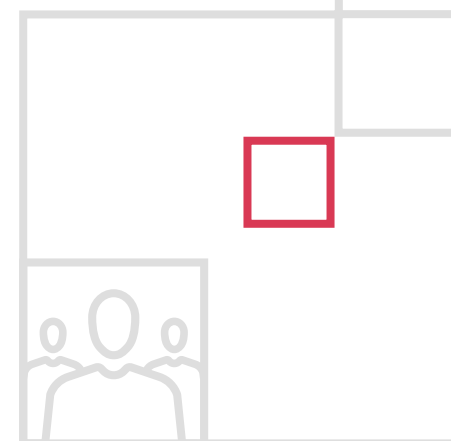
PwC's Badge Programme is a key part of this ongoing upskilling strategy. It promotes continuous learning by helping our people acquire the high-priority skills they need for today and the future. Badges provide visible, portable records of skills that can be shared internally and externally. The Badge Programme continues to expand across the network, with 48 member firms now collectively issuing over 139,000 badges to our people (FY20:103,000). And the Badge portfolio continues to grow, with the launch of the Inclusive Mindset badge and two new AI badges to help us deliver sustained outcomes for our clients by combining human ingenuity with technology innovations.

Average training hours per employee

Fiscal year	Average training hours per employee
Associates	56
Managers	58
Directors	52

Average training hours by gender

Average learning hours by gender	
Female	55
Male	56



The data on average training hours per employee highlights that the regulatory training for our assurance practice requires a greater commitment of training hours, particularly for associates when they are working towards formal qualifications. As people become more senior, formal training is often replaced with other learning opportunities that are not tracked in Vantage, such as executive coaching and real-time learning in the flow of work.

The data also highlights that overall training hours fell last year due to longer in-person sessions being replaced with multiple shorter, more focused pieces of learning. In total, our people launched an average of 1.46 million learning items each month during FY21 (FY20: 1.2 million).

Average training hours by line of service and role

Grade	Advisory	Assurance	Internal firm services	Tax
Interns/Trainees	27	95	25	37
Associates	43	100	22	51
Managers	33	63	20	36
Directors	26	51	15	30
Partners	22	51	21	26



In support of our strategy, we are harvesting the best practices and lessons learned from our digital upskilling initiative to apply to the next wave of emerging skills, such as recently launched Environmental, Social and Governance (ESG) Academy and the evolution of the Inclusive Leadership badge portfolio.

Against the backdrop of our upskilling ambitions and the impact the global pandemic had on face-to-face training, over the past year we have reimagined how our people can learn in new and dynamic ways. Virtual learning is no longer a standalone e-learning or virtual classroom experience. We are now using a wide range of technologies in concert to create a unique, immersive experience. Vantage – our online learning platform – is a key enabler of this, providing direct, personalised access to a wealth of learning content from PwC and beyond.

Last year we reported our average training hours per employee for the first time, based on the learning tracked in Vantage. This year we've expanded the measure to understand more about the balance of those training hours across gender, line of service and level. This data does not capture external courses and conferences nor untracked on-the-job learning.

Learning and education to drive quality

We are committed to high-quality services, a commitment that is underpinned by our approach to ongoing technical training that has quality at its core. PwC has a robust series of technical training that is delivered to our people each year based on the requirements of the member firms in each of our lines of service.

For example, our assurance practice offers a

training curriculum covering the PwC audit approach and tools, updates on auditing standards and their implications, together with audit risk and areas for improved quality. Supplemented by robust local training, this curriculum consistently prepares partners and staff for the delivery of high-quality assurance services. It uses a blend of delivery approaches to support our changing ways of working, together with real-time, on-the-job support. The content is constantly evolving so that it continues to be fit for purpose. In 2021, for instance, a core training programme focused on how teams can build a continuous improvement, quality culture with targeted learning on fraud and going concern risk assessment. Learners practised and shared best practices as they applied professional judgement and professional scepticism skills, while reflecting on how the right mindset, project management and remote working practices



“My biggest takeaway from the leadership development programme was that being a global leader helps you become a better local leader. Also I felt tremendously connected and saw the huge opportunity that the global network opens up for clients, for us and - most importantly - the opportunity to meet with international leaders of the firm and build pride in PwC’s purpose, commitment and thinking.”

Chaitali Mukherjee,
Partner, PwC India

can support them and their teams in delivering quality work.

Reimagined leadership

Leaders today are grappling with an ever increasing array of urgent challenges confronting the world. The New Equation is our response to helping our clients and other stakeholders build trust and address these challenges and the intertwined needs every organisation faces - the need to build trust and deliver sustained outcomes. Achieving both of these in today’s complex and fast-changing world requires a different form of leadership - one capable of reconciling dilemmas, identifying, creating and preserving value, and delivering multidisciplinary solutions that draw on diverse talent and are powered by technology. We have a variety of leadership programmes and development opportunities to grow these essential leadership capabilities.

In the past year, we have launched our ‘Reinventing the Future’ programme. This is a major development initiative designed to ensure that key client-facing partners are equipped to support our clients in repairing, rethinking and reconfiguring their businesses in light of the massive changes happening in the world and to build a more sustainable future. It consists of a five-week series of seminars and tutorials

that are continuously refreshed and reinforced with thought leadership. The content challenges partners to grapple with strategic topics and translate them into the context of their clients. Termed ‘futurists’, more than 1,200 partners from across the network have participated so far.

We also deliver programmes designed to accelerate the development of selected partners, to better equip them to help both PwC and our clients identify and focus on the opportunities presented by the current world challenges. For example, the Network Leadership Development Programme (NLDP) is a 22-month experience that provides 200 partners from over 40 member firms with the opportunity to engage in a series of immersive activities and challenges, working with other partners from around the network to expand their views of the world and increase their effectiveness in leading through complexity and uncertainty. To overcome physical travel constraints, we used virtual reality (VR) to bring remote participants together to solve problems collaboratively in real time. Through the power of VR, participants were able to visit and experience cities around the world before meeting virtually with successful entrepreneurs, innovators and leaders from those locations. As a culminating outcome of the experience, each partner then reflected on their ability to lead through the sustained impact of COVID-19. Through inspiring TED-like talks, they revealed how their leadership has evolved to be prepared for the moment.

Our People in numbers

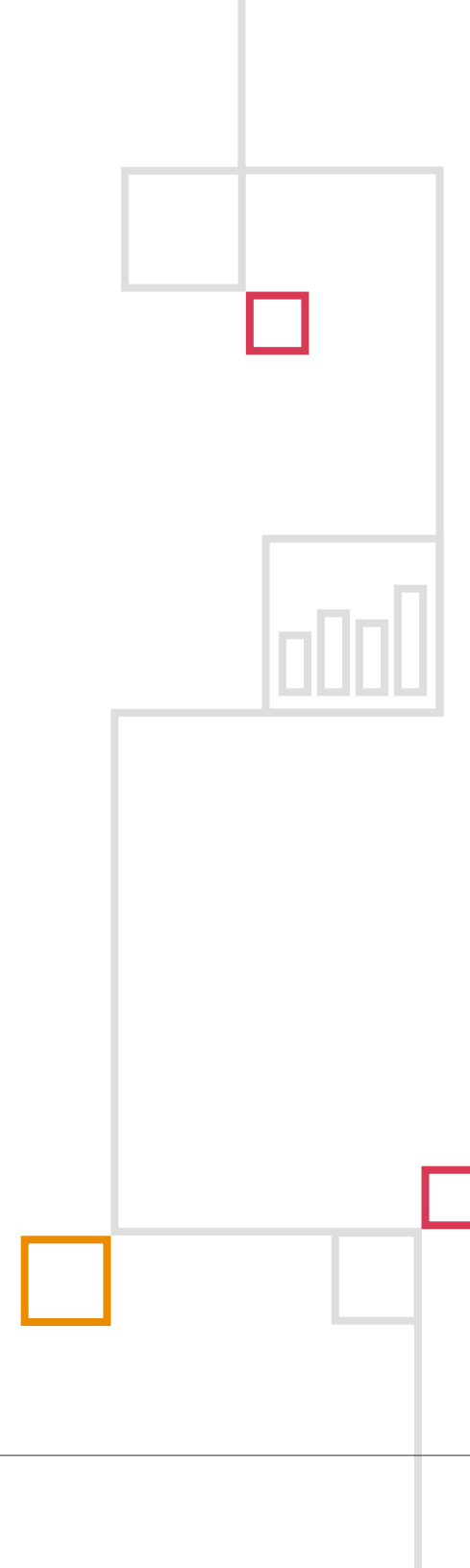
PwC people by region, line of service or role

	FY21	FY20	Growth
Americas	73,601	72,129	2.0%
Asia Pacific	98,876	90,699	9.0%
Europe, Middle East and Africa	122,894	121,430	1.2%
Total	295,371	284,258	3.9%

	FY21	FY20	FY19
Assurance	116,890	118,771	115,438
Advisory	81,369	71,466	68,194
Tax	55,286	55,229	55,261
Internal firm services	41,826	38,792	37,112
Total	295,371	284,258	276,005

Level	FY21	FY20	FY19
Interns and Trainees	14,718	7,891	12,964
Associates	180,114	179,408	170,733
Managers	69,195	66,033	62,395
Directors	19,447	19,295	18,297
Partners	11,897	11,631	11,634
Total	295,371	284,258	276,005

This is the first time we are reporting detailed data on turnover. In FY21, 90,273 people joined PwC and 53,503 people left. We remain in contact with many of our former colleagues via our strong and active alumni communities.



Employee total turnover

Region	Global line of service	Total departures	Turnover rate	Female	Male	Not declared
Americas	Advisory	3,654	24.4%	33.2%	66.7%	0.11%
	Assurance	6,364	27.3%	44.7%	55.3%	0.05%
	Internal Firm Services	1,371	11.8%	62.2%	37.6%	0.15%
	Tax	3,225	22.8%	50.8%	49.1%	0.09%
Asia Pacific	Advisory	5,784	21.8%	38.0%	61.9%	0.12%
	Assurance	9,521	26.3%	55.1%	44.9%	0.05%
	Internal Firm Services	1,226	15.2%	63.6%	36.4%	0%
	Tax	2,351	16.8%	54.4%	45.5%	0.04%
EMEA	Advisory	5,732	21.9%	36.8%	63.1%	0.04%
	Assurance	9,208	20.1%	46.4%	53.6%	0.02%
	Internal Firm Services	1,824	11.2%	56.6%	43.4%	0%
	Tax	3,243	17.0%	55.3%	44.7%	0%
Total		53,503	20.9%	47.2%	52.7%	0.06%



Basis of preparation

PwC's headcount includes partners, regular employees, interns, and fixed-term employees. Contingent workers are excluded. Employees on leave (parental, disability, sabbatical, etc.) are included in the PwC headcount. The PwC headcount as of June 30, 2021 is the population used for the PwC people by region, line of service and level; employee category by gender; and training hours.

PwC hires include partners, regular employees, interns, and fixed-term employees. Contingent workers are excluded.

Employee turnover includes the departures of regular employees only. All other worker types, including partners, interns, fixed-term and contingent workers are excluded.

The pay metrics (gender pay gaps and the ratio of the Global Chairman's compensation to the median FY21 employee pay) include regular employees and fixed-term employees of the 21 largest PwC territories. Partners, interns and contingent workers are excluded.



Clients

Helping clients build trust and deliver sustained outcomes in turbulent times

Our clients face a once-in-a-generation context of change

Organisations today must navigate and cope with pressures including climate change, technological disruption, geopolitical turmoil, social polarisation, fractured trust in institutions, rising environmental, social and governance (ESG) expectations, skills challenges and an ongoing pandemic.

As they face these challenges, we are proud that more than 200,000 organisations – including 84% of the Fortune Global 500 – choose to be our clients. We are dedicated to helping them thrive in a rapidly-changing world, both managing its challenges and seizing its opportunities.

Our community of solvers builds trust and delivers sustained outcomes

To successfully address the issues they face, our clients must overcome two interlinked challenges.

First, they must build trust with a broad range of stakeholders. This is vital for them to maintain and enhance their reputation and relationships, access the capital markets, attract the right talent, grow their customer base, manage legal and regulatory risks, and respond to evolving ESG expectations.

Second, our clients must deliver sustained outcomes while managing the huge transformations taking place in today's world. To do this, they need new business and operating models.

These challenges are unlike any we've experienced before. They require something more than the expected.

That's why we've developed The New Equation, which unites 295,000 PwC people in a community of solvers. The huge array of capabilities across our global community gives us enormous problem-solving power. We draw on our distinctive blend of human expertise and advanced technologies to create and deliver innovative ideas that step out of the ordinary.

Looking across our network, we combine the world's largest assurance practice, the world's leading tax and legal practice, the world's most distributed forensics capability (rivalled only by national intelligence organisations), and much more. Our team includes former fighter pilots, doctors, surveyors, programmers, technologists, data-scientists, architects, lawyers, accountants and bankers, to name just a few. Together, the members of this diverse community have the imagination to see things from different perspectives.

We believe this vastly diverse range of human expertise - powered and enabled by technology - can solve just about any problem for our clients. We bring our unique thinking



Fighting COVID-19 shows what's possible when our community of solvers unites

Delivering billions of COVID-19 vaccinations around the world – at speed – has been, and remains, a huge challenge. It's one that our global community of solvers took up. Armed with detailed knowledge of the health value chain and enabled by technology, we assisted in delivering sustained outcomes when they were needed most.

Working in a complex and fast-changing environment, our cross-functional experts supported the design and operation of critical clinical trials, enabled the scale-up of vaccine manufacturing, and developed and implemented distribution strategies. Together, these efforts helped to get vaccines distributed to people across the globe.

We achieved this by combining technical expertise with robust management and oversight capabilities and deep experience in crisis management and pandemic response. Together, these capabilities meant we were ideally placed to advise and assist governments, ministries of health and national health systems around areas including strategy, design, implementation and reporting of vaccine coordination units, enabling them to meet the end-to-end needs associated with COVID-19 vaccinations.

Our experienced teams analysed data on the results of the vaccine rollout, gathering real-world evidence to create go-forward commercial strategies addressing demand. And we continue to support governments and corporations in assessing their readiness and preparing for a future in which the world must live with the virus.



“Our clients come to PwC for innovative and imaginative solutions to help them meet the challenges they face and capitalise on the opportunities they have to build trust with - and deliver sustained outcomes for their - stakeholders.”

Kevin Burrowes,
Global Clients & Industries Leader



Protecting business during a global pandemic

When the pandemic reached a western European country in 2020, the government urgently needed to issue loans to support businesses nationwide. We helped the government get a tech system live within two weeks - enabling the nation to securely deliver the largest economic assistance programme in its history.

to every challenge, and develop solutions that lead the way. This helps us build trust and create sustained outcomes. It's what sets PwC apart.

In the rest of this section, we share some of the ways our community of solvers is helping clients build trust and achieve sustained outcomes in turbulent times.

Our commitment to build trust

We are committed to embedding trust-based principles into the core of today's and tomorrow's businesses – including by funding the new PwC Trust Leadership Institutes in the US and China.

PwC US has committed a landmark three-year US\$300 million investment in trust. The keystone of this effort is a first-of-its-kind C-suite educational experience called [The PwC Trust Leadership Institute](#).

The US firm created the institute to equip 10,000 business leaders with the skills to operate their companies in ways that earn trust, deliver sustainable outcomes and impact business and society. Through a multifaceted, immersive learning experience, leaders will deepen an understanding of the core elements of trust – and their interdependencies – within the evolving stakeholder landscape. Together with thought leaders and peers, they'll explore how expectations of trust have evolved in the context of value chain, cyber security, data and technology, policy, ethical decision-making and other lenses.

The institute to be built in China will bring an immersive learning experience to life through both physical and virtual connectivity focusing on sustainability, digital innovation, wellness and mobility. It will become the creative hub to educate, advise and fulfil the changing needs of businesses, leaders, academics, and the next generation of talent. It will act as a trusted platform between our clients, the business community and society to create impactful outcomes for the new era.

Across the world, we work continually with clients on their compliance with tax and legal regulations, applying a rigorous [Global Tax Code of Conduct](#). This enables clients to build trust with regulators and stakeholders by demonstrating clearly that they are meeting their complex and varied regulatory obligations.

We engage with clients to assess their tax and business strategies with reputation and trust in mind. And we encourage and assist them in creating greater transparency around their tax policies, including where and how much they pay. For example, we support numerous multinational clients in understanding their total tax contribution, enabling them to demonstrate their contribution to communities and governments.

Tax policy is evolving rapidly in response to a shifting and fractured geopolitical landscape. For example, there are calls for green taxes, a global minimum corporate tax rate, and pressure to restore

public balance sheets post-COVID. We are actively engaging with key players such as the Organisation for Economic Co-operation and Development (OECD), advocating for collaboration, consistency and clarity in the debate and decision-making. And we apply our expertise to support policy outcomes that build trust in the tax and legal systems. For example, we are collaborating with the World Economic Forum on a report on carbon pricing that will inform discussions at the United Nations Climate Change Conference (COP26) in November 2021.

High-quality audits are critical to building trust and supporting companies' continued success. That's why we are investing an additional US\$1 billion in technology to enhance audit quality. We are leaders in defining and building the future of audit, including applying AI to increase audit effectiveness and advocating for deeper audit insight into material risks. And we are calling for greater clarity and relevance in corporate reporting, and advocating for a culture of challenge. What's more, we are looking to the future, innovating to continue to deliver trusted audits in a fast-moving world. For example, we offer audit and assurance services to clients holding or transacting in cryptocurrency.

Non-financial reporting is increasingly expected of companies. This reporting can be important to maintain the trust and confidence of investors and capital markets, not least in industries like auto manufacturing which are facing dramatic transformation as the world strives to lower its carbon emissions.

For example audit and sustainability teams joined forces to help a global auto manufacturer deliver its first fully integrated report bringing together financial and non-financial data from its 160 entities in 50 countries. Feedback from investors and shareholders has been very positive. Investors appreciate the report's demonstration that the company is transforming its strategy and execution for a low carbon world - which is key to the firm's future viability.

Similarly, we helped a global insurance company deliver rigorous reporting of its ESG KPIs. Trusted ESG metrics are important to the company's attractiveness to current and potential employees, clients, and investors. In addition, rigorous metrics help the company to reliably chart its progress toward ESG objectives.

Working with clients to build trust amid turbulence

Today, companies are facing rapid - and simultaneous - increases in public expectations, compliance requirements and risks to their reputation and operations. We have supported well-known tech companies in meeting changing societal expectations, navigating risk in moments of crisis, and shaping and meeting changing regulations.

US\$1 billion

We are investing an additional US\$1 billion in technology to enhance audit quality.



Creating a seamless tax compliance service

Multinationals must manage a complex web of global tax regulations to maintain their reputation and public trust. We supported ZEISS, an international leader in optics technology, in managing its global tax compliance obligations effectively. More than 90% of ZEISS's revenue comes from outside its home country of Germany, so a transparent, secure and seamless cross-border tax compliance service is crucial to the company's success. We assisted ZEISS in creating a single web-based platform, offering a transparent, secure and seamless tax compliance service covering many of ZEISS's obligations globally, including corporate income tax returns, tax accounting, and statutory financial statements in all its business units worldwide.



Developing a winning strategy for 5G

We help clients realise the benefits while managing the challenges of new technologies. We are assisting a European government in growing its economy with a winning strategy to be an early adopter of 5G. Building and commercialising a 5G network is a complex undertaking. Cybersecurity must be stronger. Legacy networks must be managed. Public trust must be navigated. Taking these challenges into account, we delivered a detailed plan to roll out a robust, quality-assured, next-generation telecoms network by 2025. Thanks to this roadmap, the country's government and key telecom players now have a shared direction, in turn giving its citizens greater confidence. Our analysis shows a successful 5G rollout could deliver economic growth across all sectors of the economy.



Helping reduce greenhouse gas emissions

The public, regulators, and investors are increasingly demanding that companies reduce their carbon footprint. This can be especially tricky for retail companies, which often produce emissions across complex supply chains. Another issue is that insufficiently robust action can be dismissed as greenwashing. We helped a major UK retail chain address these challenges with an ambitious roadmap for reducing its operational greenhouse gas emissions by more than 70% across its own operations and supply chain, with a three-year payback on its investment. This planned reduction in emissions will help the retailer to align to its peers and the ambitious goals of the [Paris Agreement](#).

We help many clients respond with agility to shifting legal and societal expectations in order to build and maintain trust. For example, we worked with one of the largest global retailers to establish protocols and operating models to comply with new consumer privacy legislation.

Cyber assurance: building a secure digital society

We work with some of the world's best-known companies to protect their reputations and relationships from cyberattacks. The strongest [cybersecurity](#) is holistic, so we manage all of these aspects and more:

- understanding legal requirements
- risk and regulation
- training and culture change
- managed services for ongoing threat monitoring and management
- penetration testing simulating the latest techniques used by cyber threat actors

As a result, in the past year we've helped many clients build or repair trust by ensuring data security and business continuity.

[Robust cybersecurity](#) typically requires monitoring of millions of user actions and digital events. This task often presents a logistical challenge to threat-hunting teams, who must efficiently access and analyse a mass of data items distributed across many servers globally.

We've created a solution. Working with our partners, we've built Atlas, a global, resilient, high-throughput platform to collect and process varied forensic artefacts and enable analysts to hunt for threats at scale. Our bespoke Atlas capability supplies additional data from rich forensic artefacts to provide even greater insight.

Through our market-leading behavioural threat detection, we have identified threats ranging from the removal of customer data to the infiltration of web servers.

Helping clients transform for a changing future

This year, we established a global programme called 'Reinventing the Future', designed to help clients make sense of disruptive forces affecting their business and define how bold leaders can think about tomorrow. As part of the programme, more than 1,200 PwC partners and industry leaders have been trained intensively on how to support clients in navigating fast-moving challenges, such as the [digitisation of health services](#), [decarbonisation of energy supplies](#), and the [opportunities presented by AI](#). PwC leaders have also created a perspective series, [Take on Tomorrow](#), sharing bold insights on issues like digital disruption, climate change, and workforce & skills.

When sectors undergo rapid change, we work with clients to assist them in riding the wave of disruption and securing market-leading positions. For example, the means of mobility in the future will be autonomous, connected, and emissions-free. By applying our advanced tech skills in virtual product development and data-driven decision-making, we redesigned processes from strategy to operations to support a leading automaker to help create the transportation future.

As the world transitions towards an increasingly decarbonised economy, a major energy company - in the past a provider of petroleum products - has transformed to become a market leader for energy in a post-carbon era. We are working with the firm to embed net-zero considerations into its operating model, supply chain strategy, and growth markets. We assisted the company in laying the groundwork to drive decarbonisation across the energy industry, establishing a bold mission to help customers, supply chain partners and other stakeholders reduce their carbon footprints.



Working to tackle a cyberattack

When attacks come, we are ready. At 2am, the CEO of the SEUPB, which is currently responsible for half a billion euros of EU funding, received the text every leader dreads. Her organisation had been hacked by malicious cyberattackers. PwC moved quickly to help SEUPB staff identify threats, prioritise actions, communicate with stakeholders and restore safe operation. This included an entire server rebuild since nothing could be trusted. It took five weeks for the organisation to be fully operational again. But it came back stronger and is now currently preparing to implement a new €1.1bn EU funding programme called PEACE PLUS.



Bringing together the best technology thinking for our clients

The global business community is facing unprecedented challenges related to the COVID-19 pandemic. As a result, businesses are having to accelerate their digital business transformations like never before. One way that PwC helps deliver the right solutions for our clients - whether involving greater innovation, cloud or business transformation, operational efficiency or faster product and service speed to market - is by working, innovating and collaborating in [alliance](#) with some of the world's leading technology companies like SAP, Oracle, Salesforce, Microsoft, AWS, Guidewire and others.

With our strategy, industry and engineering experience we help our clients weave technology throughout their businesses to drive growth and accelerate outcomes. Technology can be complicated. We help to simplify the process and maximise impact along our clients transformation journeys. In combination with our alliance we are bringing results for our clients today, while innovating for tomorrow.



We help clients navigate an evolving ESG environment

We work with our clients to transform their businesses, empowering them to thrive in a world of heightened ESG expectations and opportunities.

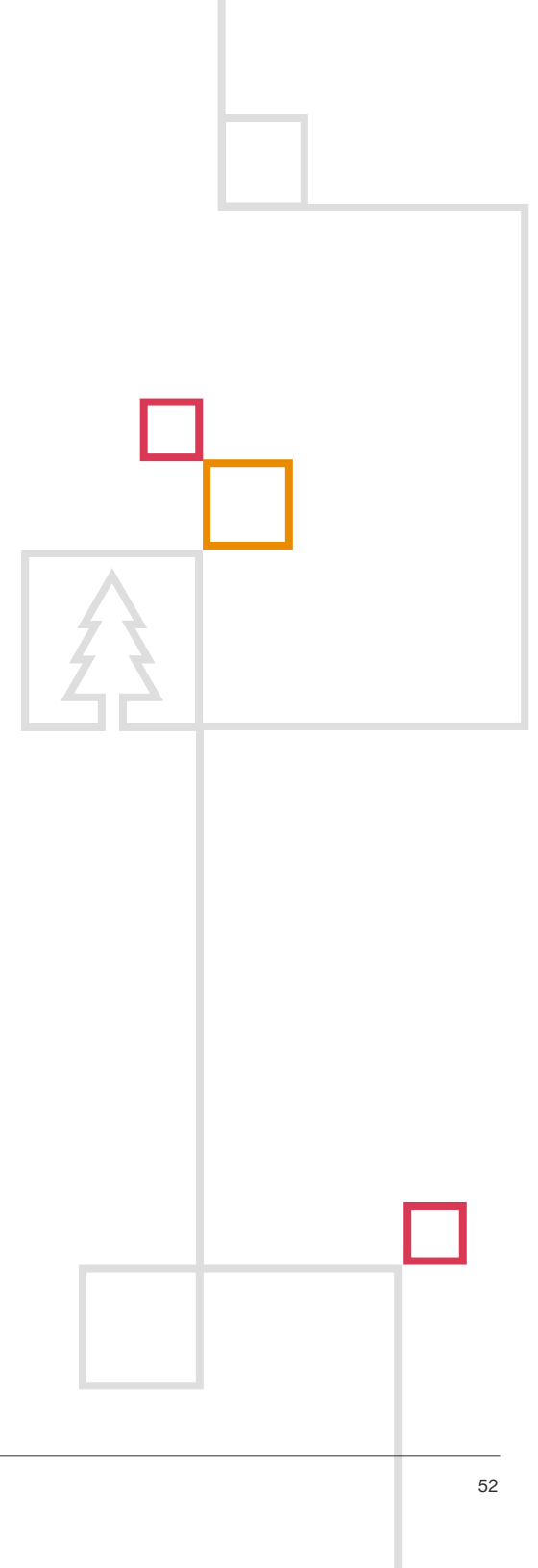
We are investing in **Centres of Excellence** to help clients reach their ESG goals. Supported by experts in carbon reduction, sustainable supply chain, and other domains, the Centres of Excellence will help clients to integrate ESG into their strategy, transform their businesses and reporting, and deliver trusted ESG performance. Internally, we have launched a **global ESG Academy** to actively upskill all of our worldwide staff on ESG strategy, transformation, and reporting.

We actively advocate for globally aligned [ESG reporting standards](#) to drive consistency and trust.

Our community of solvers has the broad range of skills required to meet complex ESG challenges. For example, when a client needed a way to meet its green energy targets, PwC Norway brought together a team that united our risk, consulting, tax and legal specialists with a Norwegian software developer. The team created a solution combining biofuel compliance and commercialisation with excise tax reporting in a single system.

We also bring clients the ability to use trusted ESG performance measurements. We supported one of the world's largest pharma companies in launching one of its sector's first ESG bonds. In order for the bond to be trusted by capital markets, we knew there needed to be rigorous measurement of whether the company consistently meets the promised ESG performance criteria. For example, how should a significant improvement in patient treatment access be defined and measured? We leveraged our experience with reporting standards, ESG metrics and the bond issuance process to provide insights and anticipate challenges early and throughout the process. In this way we helped the client to foresee potential challenges from third parties that could erode trust. Our work for this client and others is charting the way forward for ESG bonds and broader ESG reporting, shining a spotlight on consistency, trust and transparency.

We assist our clients in embedding ESG deep within their organisations through strategic reinvention and [business transformation](#). We've created a systematic approach to the [net-zero transition](#), and have scoped out practical steps clients can take, such as [building ESG into executive remuneration](#).



Supporting clients in building a future-fit workforce

Our clients need to manage deep changes in workforce management, ranging from digital disruption to evolving employee expectations. Our [Hopes & Fears 2021](#) report shares some of the ways we help clients anticipate and navigate key trends affecting workforces today.

Our upskilling report produced in collaboration with the World Economic Forum reveals that [half of employees worldwide will need reskilling by 2025](#). The report clearly shows the value of upskilling in building employee loyalty, increasing inclusiveness, and earning greater trust within society.

Innovating to solve important problems

Our Global Innovation Challenge recognises early-stage, technology-enabled PwC solutions that find new ways to solve important problems. In FY21, we saw record levels of interest from across PwC, receiving more than 470 entries involving almost 5,500 PwC people from 74 countries.



Making technology work better for people

We help design technology that can make the world work better for people - including 1.3 billion people with mobility or vision disabilities. [AXS Map](#) is a crowdsourcing platform powered by Google Maps, and backed by a web app. It enables users to rate the accessibility of locations like train stations,

grocery stores, restaurants and coffee shops. But many visitors quickly left the platform because it was difficult to use. Our digital team worked hand-in-hand with AXS Lab to apply human-centred design and make the platform easier to use, enabling it to expand rapidly and engage new audiences worldwide.



Reimagining a talent experience on a global scale

We worked with [Hyatt](#) to re-imagine the entire talent experience for 120,000 Hyatt colleagues on six continents, with the goal of improving internal processes on a global scale to support strategic workforce planning and help to create a culture where colleagues can be their best selves every day. Our community of solvers came together to support Hyatt, including PwC professionals with subject matter experience in every aspect of HR

programme design and management. We worked closely with Hyatt to design and implement a clear and compelling talent philosophy grounded in Hyatt's purpose and values. This is enabling the company's leaders to move the business forward through consistent, focused, yet flexible talent management, linked to systems, processes and procedures that support transparent and consistent standards across the organisation.



This year, entrants are - among many other innovations - using AI to reduce bias in decision-making, applying machine learning to satellite imagery in order to automate fraud detection, and using virtual reality to transform diversity training. Nearly 30% of the eligible entries are already at the pilot stage, 26% are being launched, and 21% are looking to scale up. [Find out more.](#)

We are continuously innovating to bring new products to market that help clients solve problems and deliver sustained outcomes. For

example, our space practice applies satellite data and AI to support sustainable farming. PwC's [Insights from Space](#) Smart Farming application sends AI-enabled analysis straight to farmers' mobiles, enabling many farmers to reduce their use of chemical fertilisers by applying them in a more targeted way. Similar satellite data-driven solutions are now being proposed in a range of other sectors such as defence, retail, energy, insurance, and more.

Another groundbreaking innovation is PwC's

[COVID-19 Simulator](#), which creates a 3D map of a space such as an office, and simulates how virus transmission could occur – and could best be prevented. The simulator works by modelling realistic human behaviour, for example taking account of the fact that people don't always follow social distancing rules. So the simulator can assist society in reopening safely while increasing public trust in safety measures.

In total, we brought more than 110 innovative new ventures and products to the market this year.

A breakdown of our clients

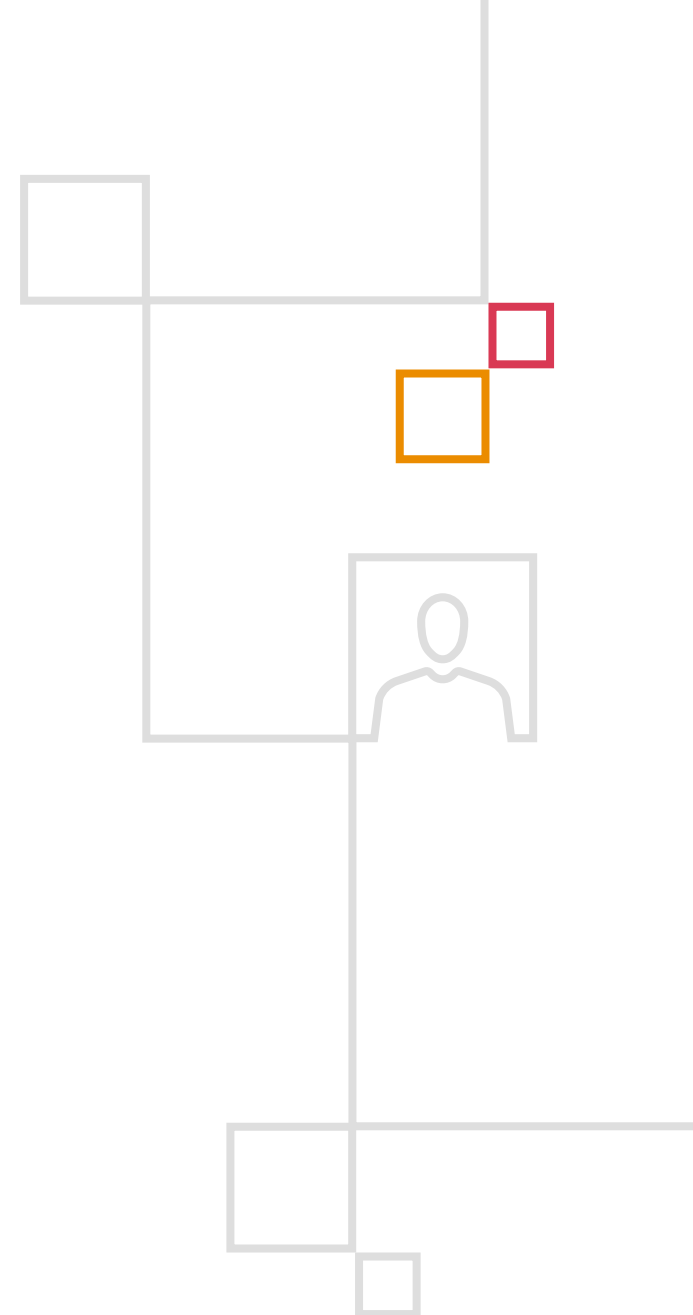
Indices	Total clients	Audit clients
Fortune Global 500	84%	27%
S&P Asia 50	84%	42%
S&P Latin America 40	62%	25%
S&P Europe 350	89%	30%

Note: Audit clients include both sole and joint audits. Non-audit clients are those companies where PwC did not provide statutory audit services and where revenues exceeded US\$500,000 in FY21.

Percentage of PwC clients in the Fortune Global 500 by industry

	Total clients	Audit clients
Consumer markets	82%	29%
Energy, utilities and resources	77%	16%
Financial services	89%	38%
Health industries	90%	29%
Industrial manufacturing and automotive	81%	20%
Private equity and sovereign investment funds	100%	0%
Technology, media and telecommunications	89%	29%

A breakdown of PwC's total revenues in the past year shows that 77% came from clients served by multiple PwC firms (FY20: 75%). The remainder came from clients served by one firm, including governments and their agencies.





Quality

Our approach to delivering quality services across all our businesses

Focusing on quality...

Delivering high-quality work is at the heart of everything we do at PwC - and is something that all our stakeholders rightly expect of us. But what do we mean by quality? Historically, it meant compliance and meeting the standards set before us. However, that's a given. In fact, quality for us is about much more than just complying with standards, policies and regulations: it's also about protecting our reputation and being recognised by stakeholders for delivering quality outcomes and keeping our commitments. Achieving that requires the right culture, tone at the top, systems of quality management and technology. All of these have been areas of focus during the last year, and are areas of further investment in the future.

In an environment where society's expectations are increasing almost by the day, and challenges are continuing to emerge unlike any we've encountered before, it's more vital than ever that we maintain an unwavering commitment to quality. That's why we are constantly looking for ways both to enhance the quality of our work and also to meet and exceed the expectations of our stakeholders. We don't always meet those expectations nor the high standards we set for ourselves. But when our work is not at its best, we strive to learn the lessons and improve in the future.

The New Equation, our landmark global strategy launched this year, builds on our ongoing commitment to quality and our determination to always improve what we do. This is why it includes the targeting of investments to further enhance quality across our businesses. Across a global network of 295,000 people, we are building a culture that emphasises

that quality is the responsibility of everyone at PwC. Such a culture begins with setting the tone at the top and creating an environment of quality and high performance. Over the past year, we have focused on fostering the right tone at the top at all our member firms around the world, striving to drive a quality mindset that extends beyond compliance.

...right across all our businesses

The foundation of the strategy is our multidisciplinary model. This allows us to help clients build trust with their stakeholders and deliver sustained outcomes, by bringing together deep expertise and the right technologies across a broad range of much-needed capabilities.

PwC's approach to building trust is designed to meet rising expectations of transparency, accountability and stakeholder engagement. It combines expertise in audit, tax and compliance activities with a drive to expand specialist capabilities in areas such as cyber security, data privacy, ESG and AI. It also recognises the importance of quality - and that reporting and compliance represent just one link in a chain that includes organisational culture, executive mindset, aligned standards, certified professionals, stringent controls, tailored technologies and appropriate governance.

Similar to building trust, delivering sustained outcomes requires us to work in an integrated way. Instead of taking a traditional technology-driven

approach to transformation, PwC focuses on the outcomes that our efforts are seeking to achieve. To deliver the agreed outcomes, we then mobilise our expertise in areas including – among many others – strategy, digital and cloud services, value creation, people and organisation, tax, sustainability reporting, deals, business recovery services, legal and compliance.

To support the delivery of our strategy, each member firm is required to have in place a Quality Management System (QMS), to complete an annual assessment of the performance of its QMS, and to communicate the results of this assessment to the network leadership. These results are then discussed in detail with the leadership of each PwC member firm. If they are not at the level expected, a remediation plan is agreed, with local leadership taking personal responsibility for its successful execution.

During FY21, the Network Leadership Team continued to make driving quality improvement a key priority, with specific actions being agreed and implemented such as making more consistent use of certain metrics in our Strategy Council member firms.

As such initiatives underline, the quality of our work across the full range of our services has remained a core focus for us – both in terms of how best to test, measure and enhance quality, and also around prioritising the levels of investment we need to make to achieve and maintain the expected levels of quality. Each member firm is expected to address key



“We are constantly looking for ways both to enhance the quality of our work and to meet and exceed the expectations of our stakeholders. We don’t always meet those expectations nor the high standards we set for ourselves. But when our work is not at its best, we strive to learn the lessons and improve in the future.”

Richard Oldfield,
Global Markets Leader



reputational risks fully through its QMS and Acceptance & Continuance systems and procedures.

There is also an expectation that a focus on quality - including both systems and procedures - is given specific endorsement by local leadership, including through setting the tone from the top, and is properly communicated and understood by our people.

At PwC, our **Tax & Legal Services** are underpinned by our PwC purpose and values and our application of the principles of our PwC Global Tax Code of Conduct, with adherence to these principles supported by our Tax Policy Panels. Under our Code of Conduct:

- Tax advice must be supported by a credible basis in tax law
- No tax advice relies for its effectiveness on any tax authority having less than the relevant facts
- Tax advice is given in the context of the specific facts and circumstances
- Tax advice involves discussion of the wider considerations involved, as appropriate in the circumstances, including economic, commercial and reputational risks and consequences arising from the way stakeholders might view a particular course of action
- PwC firms advise clients of appropriate options

available to them under the law, having regard to all of the principles contained in the Code

As of 30 June 2021, Tax Policy Panels had been established in 34 territories (FY20: 32), including in all of our 21 Strategy Council member firms. A Tax Policy Panel is composed of senior partners and subject matter experts who determine whether a potential tax project or advice position fits with our brand values and our commitments in the Global Tax Code of Conduct. During FY21 over 560 matters were considered and discussed by our Tax Policy Panels (FY20: over 340).

Our **Advisory** practice continues to enhance its performance to meet evolving client and market expectations on value and quality. Across the professional services landscape, we know that clients want more value, higher quality and a more technology-enabled experience, all at a more competitive cost. In that context, our Connected Execution way of working has served us productively and allowed us to meet the demands of the market as the pandemic rapidly shifted our clients' priorities during the past year.

From a quality perspective, Advisory takes a multifaceted approach. We address clients' evolving expectations by focusing on quality through four lenses: quality of earnings, quality of delivery, quality of client experience and quality of people. Advisory's Connected Execution approach - which includes a common operating model and shared set of priorities - and our implementation of and enhancements to the Advisory Quality Management Systems and Risk Processes

contribute to driving quality in these four areas. We regularly perform ‘in flight’ reviews of the most significant projects at our Strategy Council member firms so that we can make any necessary changes to ensure the quality of delivery and of the client experience.

A specific focus on audit quality

Delivering quality audits is core to our purpose, and all of our member firms across the world are committed to providing high quality in all our audit work. Our new strategy’s focus on building trust continues to position audit where it belongs - at the heart of what we do - supported by a deep commitment to quality. When our work falls below the standards that we expect and that are set by the regulators, we should rightly be criticised. We take any instance of a sub-standard audit very seriously and we work hard to analyse the root cause of the issue, learn the lessons and take the opportunity to enhance the quality of future audits. Our member firms also reflect the importance of quality in the evaluation, recognition and accountability of the relevant assurance partners and leadership teams.

We welcome the increased public focus on audit quality, and the dialogue about how auditors, preparers and investors can work collaboratively to increase the level of confidence in financial reporting. We have actively contributed to this debate with audit committees, boards and regulators worldwide, both directly as PwC, and also collaboratively as a

profession through organisations like the [Center for Audit Quality](#) in the United States. And we continue to publish our overall network internal inspection results for audit engagements. We are eager to keep engaging with others to share, listen and learn – while continuing to invest in enhancing the quality of every audit we undertake.

To help our member firms deliver consistently high-quality audits, PwC has established a quality management framework based on clear objectives around audit quality and provides support to help meet these objectives. Our member firms can only deliver quality audit services if they have access to the necessary capabilities both in terms of people and technology. That’s why our quality objectives focus on having the right capabilities – both at a member firm level and across our network – and on using these capabilities to meet our own standards and applicable professional requirements. These capabilities can only be developed and utilised within a quality culture, in which leadership sets the right tone and acts as role models for our values and behaviours, with the result that positive quality outcomes are demonstrated across the practice.

We also continue to provide guidance to support our engagement teams in addressing new and emerging risks with our clients and as part of our audits. Examples might include evaluating the impact of climate-related risks, and assessing whether these might give rise to a risk of material misstatement of the financial statements due to fraud or error.



“Quality is our number one priority. Over the next five years we will be investing an additional US\$1 billion in technology to further enhance the impact and effectiveness of our audits as a key part of our strategy - The New Equation.”

James Chalmers,
Global Assurance Leader, PwC



Our ongoing response to COVID-19

As it continues to evolve, the COVID-19 pandemic has had an unprecedented impact on our clients and our people, as well as on global and local economies and wider society. The pervasive nature of this impact requires us to conduct an ongoing assessment of how we respond to the changing risks the pandemic presents.

At PwC, in addition to continuing to safeguard the health, safety and wellbeing of our people, we have remained focused on working together as a network, with our clients and with other stakeholders to continue to deliver audit quality.

From the early stages of the pandemic, we put a team in place to monitor COVID-19 developments globally and to highlight areas of critical importance to support our execution of quality audits – including looking at how we can best equip PwC firms and engagement teams to identify emerging or changing risks and respond appropriately. We developed specific guidance on the impact of COVID-19 for our engagement teams around the world covering critical aspects of audit quality, including regulatory and standard-setting updates, audit reporting, methodology, accounting, and learning and education. This gave our teams the critical means to assess the unique circumstances at play and respond accordingly

Meeting challenges

As a result of the pandemic we faced a number of new challenges in our audits, not least because this past year has

seen most of our clients and engagement teams complete a full audit cycle on an almost entirely remote basis.

To support our audit teams in dealing with these challenges, we've issued guidance, for example with respect to performing inventory counts in a COVID-19 environment. We've also encouraged the use – where necessary – of specialists to support audit teams on specific areas such as impairment and going concern analysis.

A member firm's system of quality management provides the framework to identify, assess and respond to the risks arising from the pandemic. And as the pandemic continues to progress, we share experiences and examples from across our network to provide continuous and real-time learning to our people and help them respond to evolving risks and challenges. Our quality framework is built on the solid foundations of our purpose, values and quality culture, and this bedrock has been more important than ever over the past year-and-a-half.

Using technology

Our audit technology infrastructure and tools have been in place for a number of years, and enabled our people to continue to carry out their work despite the significant change in our physical working environment.

Today, the impact of COVID-19 continues to evolve. In response, we're continuing to monitor and address its ongoing effects on our people and clients, including the implications of the changing or easing of restrictions.



Integrated and aligned in the right way

Our audit quality objectives are founded on having the right people, supported by effective methodologies, processes, and technology, appropriately directed and supervised. These represent the capabilities that we believe are relevant to achieving and sustaining audit quality. To help our member firms apply these capabilities, we have a number of dedicated functions within the PwC network that develop practical tools, guidance and systems to support audit quality. We've integrated and aligned these elements to create a comprehensive and interconnected quality management framework, Quality Management for Service Excellence (QMSE), that each member firm implements and tailors to reflect its individual circumstances.

In December 2020, the International Auditing and Assurance Standards Board (IAASB) issued its new Quality Management Standards - International Standard on Quality Management (ISQM) 1, ISQM 2, and International Standard on Auditing 220 (Revised). ISQM 1, in applying a quality management approach, is a significant change from ISQC 1, the standard that it replaces. The QMSE framework that has been in place in PwC

member firms since 1 July 2019 is consistent with the approach and principles underlying the new ISQM 1 model. Both ISQM 1 and QMSE implement a quality management approach at both a firm and engagement level that shifts the focus to a more proactive management of the quality of engagements, supported by ongoing, real-time monitoring and timely and effective remediation of any deficiencies that are identified.

Systems of quality management in compliance with ISQM 1 are required to be designed and implemented by 15 December 2022, and the evaluation of the system of quality management is required to be performed within one year after that date. In terms of the updates needed to the QMSE framework to comply with ISQM 1, we do not expect a significant additional burden on member firms, as any necessary updates relate to areas that they were already likely to be addressing. Rather, these changes will reflect explicit requirements in ISQM 1 being made similarly explicit in the QMSE framework.

Delivering quality

Central to the QMSE framework is the recognition that quality management needs to be embedded in everything we do as individuals, teams, and firms. To support consistency and guide our member firms, the quality objectives are supported by designated activities that we believe are vital to achieving them, focused mainly on building a quality infrastructure





and organisation. Each member firm supplements these key activities to respond to risks that it has identified as relevant for its own operating environment and client base.

Integral to a firm's quality management process under the QMSE framework is the use of Assurance Quality Indicators (AQIs) to "aim to predict", Root Cause Analysis to "learn", Real-Time Assurance to "aim to prevent", and the Recognition and Accountability Framework to "reinforce" our quality culture, behaviours and outcomes. The effective design and operation of this quality management process is key to making sustainable improvements to quality. QMSE also emphasises the need to think more broadly about quality and risks to quality beyond compliance and to take a more holistic approach to monitoring, moving towards a greater reliance on real-time, ongoing monitoring, which represents a significant change from past approaches to monitoring and inspection.

Values, judgements, objectivity and professional scepticism

Performing high-quality audits requires more than just the right processes. The auditor's role is to reach a professional judgement based on reasonable assurance as to whether the financial statements prepared by the entity's management are free of material misstatements and present a fair picture of the entity's financial performance and position. To carry out this assessment effectively, our auditors need to use all the capabilities that have been built up in line with our quality objectives.

These include professional scepticism, objectivity, specialist skills and judgement – all supported by state-of-the-art technology. PwC's values guide our auditors in making their assessments, in applying ethical behaviour and building a strong culture.

This year some member firms have started – and other member firms have continued – programmes looking into how they can further enhance their quality culture. These initiatives consider what more we can do to foster the behaviours that underpin quality, and cover topics such as how auditors can challenge each other and clients more effectively, how to create an environment that enables that challenge, and how audit teams can use feedback to facilitate continuous learning.

To avoid the risk of independence issues, PwC firms apply global ethical and independence principles and guidelines that limit the non-assurance services they are able to provide to audit clients. These have the effect of prohibiting auditors from acting in a management capacity or as an advocate for an audit client, and from auditing the results of other services provided.

These guidelines are reinforced by regulatory restrictions on the services the firms can sell to audit clients. These restrictions vary by country – but may include a complete ban on selling some services, and caps on the revenue that can be generated from others as a proportion of audit fees. In addition to these restrictions, some member firms have further limited the services they provide to certain clients in response to local concerns.

Highly skilled people - innovative, independent, objective mindsets - powered by smart technologies

People at the heart of what we do: We aim to recruit, train, develop and retain the best and the brightest people who share PwC's strong sense of responsibility for delivering high-quality services. And to prepare staff and partners for the delivery of quality assurance services, we provide them with access to a comprehensive curriculum of formal learning and technical courses. During the past year, we have continued to focus on using this curriculum to give PwC's audit practitioners the opportunity to sharpen their professional judgement, scepticism, and technical and professional skills. The audit curriculum is available to PwC member firms in a modular format, allowing them to choose when they will deliver different portions of the curriculum and augment it with locally-developed training based on local needs, as well as being able to be delivered in a remote format, given the ongoing impacts of the COVID-19 pandemic. The materials have a variety of designs and formats which all follow consistent principles:

- Focus on practical application
- Simulate on-the-job experiences
- Make use of technology in the classroom/ virtual classroom where appropriate

Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of junior staff. In order to learn and further develop their skills, team members obtain feedback on their overall performance, including factors related to audit quality such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff.

Where appropriate and necessary, our audit teams are able to draw on expertise from parts of the network outside the assurance practice. Audit – especially in today's data-rich world – requires analysis and judgement on vast amounts of increasingly diverse information. This means that a deep understanding of technologies like data analytics, as well as capabilities around the valuation of physical assets and complex financial instruments, actuarial calculations, treasury operations, tax compliance, and many other areas, can all be vital. Being able to bring these skills to bear on audit work helps strengthen audit quality and the trustworthiness of information used by the consumers of financial statements.

Powered by technology: PwC's new strategy – [The New Equation](#) – further enhances our commitment to quality and our use of technology to help deliver it. It includes US\$1bn of new investment dedicated to the accelerated deployment of technology that further automates the implementation of quality frameworks

in audit, as well as building the delivery model for the audits of the future – which are expected to require more types of data, evaluate a broader range of information when assessing risks and integrate non-financial information more fully. This additional technology investment builds on our ongoing focus on quality, supported by rigorous methodology and training across all lines of service.





Internal reviews

The monitoring carried out by each member firm includes reviews of completed engagements. Called Engagement Compliance Reviews (ECRs), these are risk-focused monitoring procedures covering, on a periodic basis, individuals in each firm who are authorised to sign audit or non-audit assurance reports. Each review assesses whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. In addition, the PwC network undertakes periodic reviews of member firms' systems of quality management to assess whether the overall quality objective and underlying quality management objectives have been achieved.

In the future, we believe that a step-change in audit quality will be achieved through a partnership between people and technology. We continue to invest heavily in advanced digital skills and AI-powered tools that are transforming the way people and tech work together. AI and automation have the potential to enhance audit work with exceptional speed and accuracy, reducing human bias and error while augmenting human judgement. Our auditors will work with intelligent machines that will be able to spot patterns and trends in large data sets, and detect anomalies and exceptions for further testing.

We are building our Next Generation Audit (NGA) by focusing holistically on the technology, people and business model it will involve. The NGA programme will radically transform the way we work across our global network by creating a simplified and intuitive approach that harnesses the power of data, intelligent automation and the expertise of our teams. It will deliver quality improvements as well as significantly enhancing our people's experience of auditing both financial and non-financial data, and the value we deliver to our clients.

We will continue to invest in these tools and in developing the skills of our people to maximise and accelerate the benefits across the entire audit. And we are continuing to develop, implement and use new technologies to improve audit quality and provide better insights and user experiences. Examples include:

- Aura Platinum – our cloud-based enterprise resource planning system for the audit – is at the heart of how we build and execute the audit plan, driving quality and consistency. It lays the foundation for future digitisation and automation and now has 146,000 users across the PwC network
- Connect Suite – our suite of collaboration tools with over 700,000 users – helps us to collaborate and exchange information efficiently with our clients and group audit teams across the network
- PwC Extract – our data extraction tool – enables teams to gather and manage client data. It allows teams to connect to client systems, acquire data in a secure way and store data safely
- Halo for Journals – our data analytics tool – provides deeper insights to clients through built-in visualisations, and allows engagement teams to spend less time performing manual processes and more time understanding transactions. It enhances quality by helping to identify unusual items and potential risks. Halo is currently being used with 14,726 audit clients (FY20: 13,000)

These reviews are led by experienced independent Assurance partners, supported by independent teams of directors, senior managers and other specialists. Review teams receive training to support them in

Results of our network internal inspections for audit engagements

	2021	2020	2019	2018	2017
Total audit engagement reviews	1,618	1,661	1,768	1,890	1,870
Compliant %	83.3%	82.2%	76.5%	76.0%	72.8%
Compliant with Improvement Required %	13.2%	14.0%	18.4%	16.2%	18.4%
Total Compliant %	96.5%	96.2%	94.9%	92.2%	91.2%
Non-Compliant	56	63	91	147	164
Non-Compliant %	3.5%	3.8%	5.1%	7.8%	8.8%

fulfilling their responsibilities, and use a range of checklists and tools developed at the network level when conducting their review procedures.

Between 2017 and 2021, we reviewed a total of 8,807 audits by member firms worldwide. The results are set out in the table above. Forty-six per cent of those audits were of ‘public interest entities’ (PIEs) (essentially listed and other significant companies) – and of these PIE audits, 197 were classified as non-compliant over the five years.

In cases where an audit is deemed to be non-compliant, we consider what, if any, impact this may have on the financial statements of the entity. For the 2021 inspection cycle, of the 1,618 audits that we reviewed

through our internal inspection process, 56 (3.5%) were rated as non-compliant, and, of those, five (2020: four) have been assessed as requiring a restatement of the audited organisation’s financial statements and/or for the auditor’s report to be withdrawn or reissued.

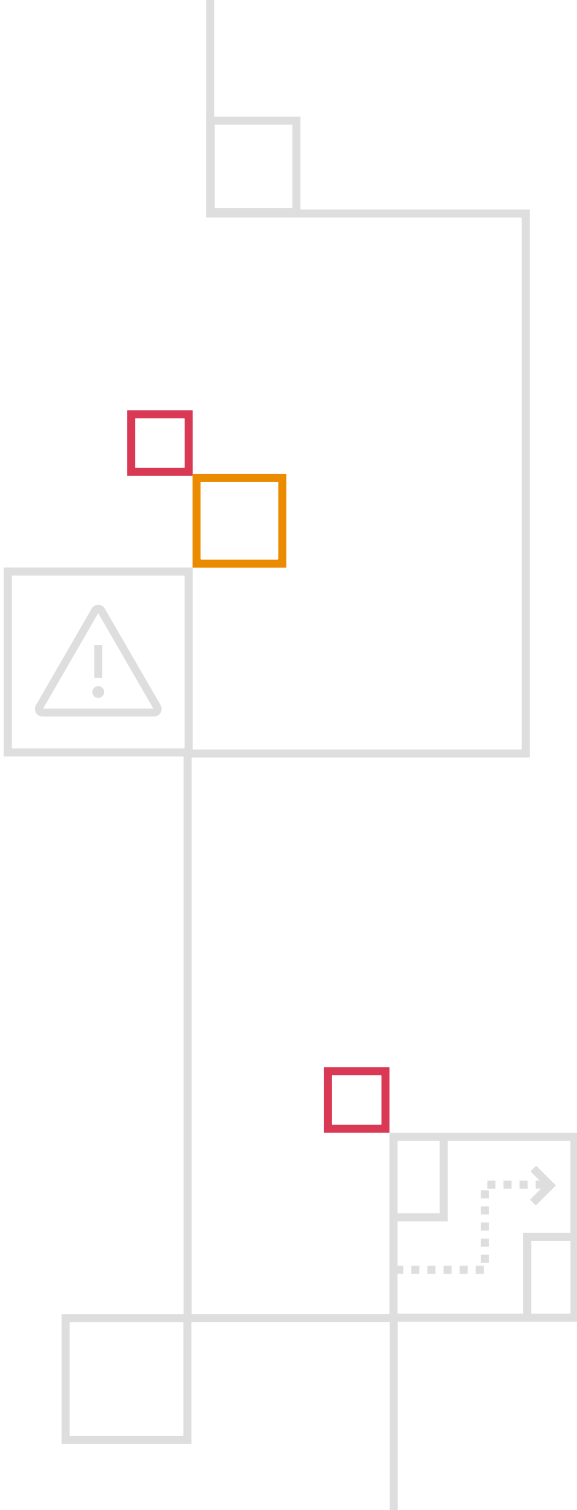
We know we can do better and that we need to reduce the level of non-compliant audits further. We are investing heavily in enhancing audit quality as described above – and we remain fully committed to a culture of continuous improvement.

Monitoring by audit regulators

In addition to our internal review programme, our member firms are subject to monitoring and

inspection by external regulators. Some 58 of these regulators are members of the International Forum of Independent Audit Regulators (IFIAR). In 2015, in an initiative aimed at improving audit quality, nine leading audit regulators represented on IFIAR’s Global Audit Quality Working Group, and the six biggest global audit networks, agreed on a target to decrease the proportion of audits of listed public interest entities identified with findings from regulator inspections on an aggregate basis over a four-year period up to 2019.

A new 25% reduction target was subsequently established with the Global Audit Quality Working Group for the period from 2019 to 2023 with an expanded group of 25 audit regulators. We continue to monitor our progress against this target for regulatory inspection results.



Risk

How we identify and manage key risks and engage with our stakeholders

Identifying, managing and planning for the mitigation of risk is an essential part of running any business. At PwC, we work with many organisations across the globe to help them deal with the growing risks they face in our increasingly complex world. We also invest significant time and resources in anticipating and managing the risks faced by PwC.

At PwC, the Board of PwCIL ([Global Board](#)) provides oversight, review and approval of our network enterprise risk management (ERM) approach and focus. The Risk Committee of the Board is responsible for monitoring key risks and responses, quality assurance, the network's overall risk management framework, and overseeing compliance

with both network standards and policies (and the compliance monitoring process), as well as legal and regulatory requirements.

[The Network Leadership Team](#) provides strategic direction (including in the area of ERM). The Chief Risk Officer (CRO) is responsible for network risk management, including ERM.

Members of the [Global Leadership Team](#) have ownership of some of the most significant risks and set the guidelines for the compliance and monitoring associated with them. Line of service leaders are responsible for the quality management systems within their own line of service.

The Network Risk Council provides strategic direction and advice for the network risk management strategy,



“In a rapidly-changing world, it is vital that we work together as a network to understand the risks faced by PwC and implement effective responses to mitigate them. A key part of that mitigation is how PwC communicates and engages with our key stakeholders across the world.”

Paddy Carney,
FY21 Chair of the Board of PwCIL
Risk Committee

including consideration of strategic risks and input to the network ERM programme. The Network Risk Council is composed of the Global Markets leader; CRO; Chief Administrative Officer; Global Chief Information Technology Officer; Global General Counsel; Chief Ethics & Compliance Officer; Global Clients and Industries leader; Purpose, Policy & Corporate Responsibility Leader; and the Global Security Leader.

The PwC network and member firms take a rigorous approach to ERM. The risks with the highest potential impact for the PwC network are identified on an annual basis. These key network risks (KNRs) and their related significant mitigation plans are reviewed by the Global Board and specifically its Risk Committee.

KNRs are identified as risks which have the potential to either:

- undermine the achievement of the network strategy and business objectives, or
- fundamentally damage the network and compromise its future

In assessing the significance of risks, consideration is given to the impact on:

- revenues across the network of firms
- client and service quality, and the network's ability to fulfil its obligations to regulators, clients and stakeholders

- the confidence of clients and other key stakeholders (including regulators and governments)
- legal and regulatory compliance across the network
- achievement of the network strategy, including its purpose
- the ability of member firms to recruit and retain key talent in significant parts of the business

The current KNRs are as follows.

Quality and compliance:

- **Client and service quality:** Failure in client acceptance or continuance, or failure to manage service delivery quality in existing and new services with cross-border and network implications
- **Compliance:** Failure to manage and comply with legal or professional requirements, including local policies and standards, leading to regulatory action and/or significant conflicts of interest
- **Independence:** Failure to comply with external independence requirements and/or manage the ongoing complexity and changes in independence regulations, while attempting to grow the business in new areas and meet changing expectations

- **Significant matters:** Failure to respond promptly and appropriately to a significant issue in a member firm that could have security-, technology- or client-related implications for the broader network
- **Regulations and/or public policy:** Risk of a regulatory change that would hamper our ability to operate in a sustainable way
- **Data strategy and management:** Failure to manage and maintain firm or third-party data in line with compliance and regulatory standards
- **Information and cyber security:** Failure to manage the security of firm or third-party information, causing legal, reputational and brand damage to the network

Network resilience:

- **Black swan events:** Failure to prepare for market events with network-wide implications which require an immediate response, such as a regulatory change or a macroeconomic disruption like a pandemic.
- **Green swan events:** Failure to prepare for environmental events with network-wide implications in terms of immediate/disaster response, reputational damage and potential macroeconomic impact

- **Resilience of member firms:** Failure of a significant member firm to withstand an economic, regulatory or political shock, or complete adequate contingency planning
- **Technology resilience and availability:** Failure to manage critical system availability, impacting the ability to service clients and manage the business
- **People:** Failure to attract, retain and train appropriate talent to ensure resources can be deployed rapidly in order to realise opportunities and make adequate plans for workforce-related changes such as automation; and failure to have the right skills in place to meet clients' changing needs. In the context of the COVID-19 pandemic, resilience with regard to people includes the need to respond to the health emergency, adopt different virtual and socially distanced business practices, and address the challenges of ensuring a successful 'return to office' strategy

Market risks:

- **Technology-enabled disruption:** Failure to prepare for and respond to disruption, including bringing new services and solutions to the market with speed and agility
- **Strategy execution:** Failure to ensure relevance and meet client expectations due to incomplete implementation of core elements of the network strategy





- **Investment:** Failure to ensure sufficient investment in future growth areas and reinvestment in existing services

Societal risks and trust:

- **Societal risks and trust:** Failure to anticipate and respond to market and societal expectations or engage in the broader societal agenda
- **Purpose, values and behaviours:** Failure to adopt and live our values.
- **Climate:** Failure to review and consider the impact of climate change on the network and prepare for its implications

Network mutuality and speed of response:

- **Network mutuality/alignment:** Failure of member firms to act collaboratively, due to conflicting regional and national priorities in the external environment
- **Strategy execution:** Failure of member firms to execute multiple priorities simultaneously

As with most other businesses, the most significant risks facing the network are relatively constant over time. They reflect risks that are inherent to the nature of the business, and include the response to changes in strategy and the external environment. Accordingly, the risks we face around ensuring the quality of our services, meeting our legal obligations, and adhering

to the professional regulations and standards under which we operate (including those related to auditor independence) remain as important as ever. Similarly, the security and resilience of our systems and technology infrastructure, and the resilience of the individual member firms that provide our global reach and capability, are key to their ability to recruit and retain the right staff both to service our existing businesses and clients, and also to explore future opportunities for expansion and development.

The COVID-19 pandemic has underlined the importance of managing certain risks. In particular, it highlighted risks related to the resilience of our technology infrastructure, which underpinned all of our professional services as our 295,000 people switched to working remotely. In addition, it underscored the importance of mitigating risks that could affect our people, both in terms of keeping them safe through the health emergency and ensuring their mental wellbeing as we moved to continued remote working.

The challenges inherent in the [ADAPT framework](#) (increasing wealth disparity, technology disruption, demographic pressures, polarisation and a decrease in trust) not only underpin the reasoning behind The New Equation strategy, but are also radically changing the business context in which we operate.

We are acutely aware of the impact that we have on the world around us and the need to work with our stakeholders to manage those impacts more effectively. As an example, the network now clearly recognises that the world is facing a series of

potentially existential threats around climate change. As a major international organisation and employer, we need to play our part in addressing these threats. Accordingly, this year marks the first time we have formally recognised this risk within the network's ERM structures and processes.

PwC's network ERM standard requires each member firm to develop an ERM programme with roles and responsibilities for identification, prioritisation and mitigation of enterprise-level risks. This programme identifies the most significant risks that could impact the member firm, using the KNRs as a major input. For every risk identified, each member firm is required to assess the probability of the risk occurring, its potential impact, and whether the risk is operational, forward-looking or emerging, and then develop an appropriate response.

Material issues impacting stakeholders

The issues that are of concern to our key external stakeholders are assessed and taken into account as part of the process to identify KNRs.

These can be summarised as follows:

- The quality of work performed for clients and delivery of sustained outcomes
- Our compliance with international and local laws, regulations and professional standards

and rules. This includes the compliance by member firms of the network with audit independence rules and regulations

- Our ability to meet the evolving requirements of regulatory and public policy
- The compliance by member firms with applicable data management standards
- The ability of member firms to safeguard and manage data appropriately
- The quality of our information and cyber security processes and procedures
- The alignment of the behaviours of member firms and our partners or staff with our values and societal expectations
- The resilience of member firms to withstand economic, regulatory and political shocks
- The resilience of critical network and member firm technology systems
- Our ability to attract, retain, train and deploy the right people to ensure quality delivery and innovation
- The maintenance of the PwC brand and the confidence it gives to investors and clients in our work and deliverables



PwC's key internal and external stakeholders:





Engaging with our stakeholders

PwC engages with stakeholders at both network and individual member firm levels. Details of how PwC communicates with certain stakeholders at the member firm level can be found in individual firms' [transparency reports](#).

Some examples of how PwC engages at a network level are described below. These examples are by no means exhaustive - they're only an indication of the multiple ways that PwC actively engages with its stakeholders on key issues throughout the course of the year.

Our People: PwC engages with its people across the world on a continuous basis, both locally and network-wide.

Clients: We work with over 200,000 organisations across the world ranging from individuals to the world's largest corporations.

Standard setters: PwC actively participates in

the process of commenting on both financial and non-financial reporting consultations.

Regulators: We work closely with our [regulators](#) across the world, particularly on efforts to enhance audit quality.

Think tanks: Being involved in key discussions on issues such as climate change and social inequality is a top priority for PwC and a key part of our work to fulfil our purpose.

Investors: As the world's largest network of audit firms we play a key role in the functioning of the capital markets. Understanding the views and needs of investors is very important to us.

Alumni: There are many thousands of PwC alumni across the world and they remain an important part of the PwC community.





PwC's approach to knowing our clients

We demonstrate our integrity by knowing the identity of our clients and others with whom we do business, and adhering to applicable standards on anti-money laundering. Where we suspect criminal behaviour, we take appropriate action.

The PwC standard on ethics and compliance sets out how PwC member firms should mitigate the risk that they inadvertently become involved in actual or potential money-laundering activities. As most legislation on anti-money laundering is based on the [Financial Action Task Force \(FATF\)](#) recommendations as a baseline, the PwC standard is consistent with these recommendations and the risk-based approach guidance for accountants.

The standard requires each PwC member firm to establish systems, policies and procedures to mitigate the risk of being, directly or indirectly, involved in money laundering or terrorist financing. The specific standard requirements for each PwC member firm are described in the following section.

The standard also sets out the core requirements and prohibitions for every partner and member of staff. It is made very clear that engaging in money-laundering practices is illegal and unacceptable behaviour, and partners and staff have obligations to assist in the prevention of money laundering. Specifically, partners and staff in member firms must:

- establish their client's identity (including the identification of ultimate beneficial owners where required)
- not provide any service, or enter into any business relationship, that could constitute them or a firm being involved in direct or indirect money-laundering activities

Our policy and guidance provides practical and detailed explanations that explain concepts such as when to do the checks and what to look for. Each member firm is required to establish a reporting procedure in place for any partner or staff member to report any knowledge or suspicion of money laundering.

Our clients work with us because they trust PwC and expect quality service. For this reason, we continually seek to enhance our standards to combat financial crime. As a network, we are in the process of implementing new Network Know Your Client (KYC) policies, procedures and technology to help assess the risks related to our new and existing clients and the services we provide to them, while also driving a consistent approach to KYC across the PwC network. This new approach to KYC will help us monitor risk profile changes to the client during engagements. It will also provide transparency and comprehensive information about our clients on a global basis to support us in making informed decisions that protect our brand and reputation.

PwC's approach to anti-corruption

Corruption is at the centre of some of the world's most pressing problems. PwC is opposed to corruption in any form and recognises the importance of making smart choices when it comes to its business relationships. We think carefully about our actions to avoid engaging in or facilitating bribery, corruption, money laundering, and/or terrorist financing activities.

The PwC standard on ethics and compliance specifically sets out how member firms are expected to identify and mitigate the risk of bribery and corruption in their activities. It is consistent with the principles of the UK Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act of 1977. The standard requires each member firm to establish systems, policies and procedures for the prevention of bribery and corruption. It sets out specific requirements for each member firm, including:

- appointing an experienced individual who, with appropriate leadership oversight, is responsible for implementation of the requirements of this standard
- annually preparing a risk assessment to evaluate (a) the level and type of risks the firm faces and (b) the policies and procedures the firm uses to comply with this standard and/or to respond to local risks
- training all personnel (including new joiners) annually on the PwC network and local policies and guidance

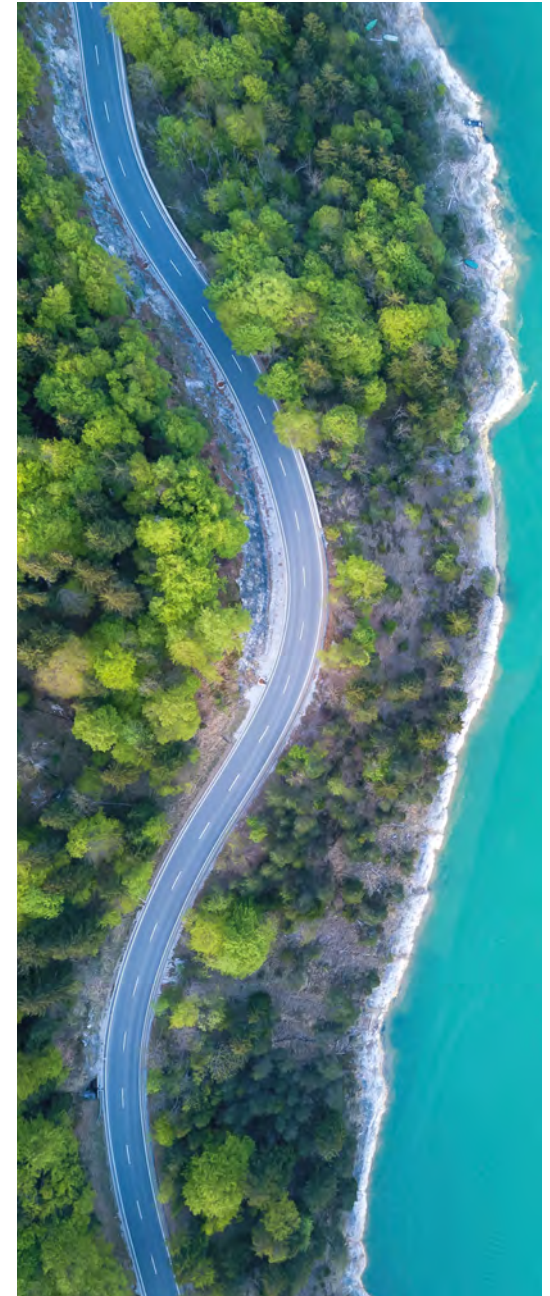
- taking steps to identify and resolve any departures from or violations of PwC network and local policies
- annually undertaking monitoring to assess compliance with this standard as well as PwC network and local policies and guidance, and resolving any deficiencies, where identified

The standard also sets out requirements for every partner and staff member. It is clear that engaging in corrupt practices is not acceptable behaviour. Specifically, partners and staff in member firms **must not**:

- engage in bribery or any other corrupt practices, including the giving/receiving of preferential treatment that may be perceived as a bribe
- solicit, accept, offer, promise or pay a bribe or improper payment, either directly or through a third party. This includes so-called 'facilitating payments' or 'facilitation payments'

Our policy and guidance provide practical and detailed explanations to clarify difficult concepts, such as what may constitute a bribe or corrupt behaviour and what is considered a 'gift' or other preferential treatment. Each member firm is required to establish a reporting procedure for any partner or staff member to disclose if they have unwittingly been involved in any activity that may have contravened this standard.

Each year, all partners and staff at PwC member firms are required to sign a personal anti-corruption compliance confirmation.





In FY21, among our 21 largest firms, one employee was dismissed from a firm for violating that firm’s internal anti-corruption policy. The incident involved a PwC employee demanding cash payments from an individual who worked as a contractor.

Managing independence

Ethics, independence and objectivity

Ethics

At PwC, we adhere to the fundamental principles of ethics set out in of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (“the IESBA Code”), which are:

- **Integrity** – to be straightforward and honest in all professional and business relationships
- **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements
- **Professional competence and due care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques; and to act diligently and in accordance with applicable technical and professional standards
- **Confidentiality** – to respect the confidentiality of information acquired as a result of

professional and business relationships. This includes not to disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, and not to use the information for the personal advantage of the professional accountant or third parties

- **Professional behaviour** – to comply with relevant laws and regulations and avoid any action that discredits the profession

All member firms must also comply with [our network standards](#), which cover a variety of areas related to ethics and compliance, including ethics and business conduct, independence, anti-money laundering, anti-

trust and fair competition, anti-corruption, information protection, firms' and partners' taxes, sanctions laws, internal audit, and insider trading. We take compliance with these ethical requirements seriously and strive to embrace the spirit and not just the letter of those requirements. Ethical conduct is the expected behaviour of all of our partners and staff, and they undertake annual mandatory training and submit annual individual compliance confirmations as part of our system to support appropriate understanding of the ethical requirements under which we operate. Partners and staff uphold and comply with the standards developed by the PwC network, and the leadership of each firm monitors compliance with these obligations.

Each member firm is required to uphold the PwC values and PwC purpose. In addition, each PwC member firm has adopted the PwC network standards, including the PwC Global Code of Conduct ("the Code") and related policies that clearly describe the behaviours expected of our partners and staff members. These behaviours will enable us to build public trust. Because of the wide variety of situations that our professionals may face, our standards provide guidance under a broad range of circumstances, but all with a common goal: to do the right thing.

Upon hiring or admittance, all staff and partners are provided with the Code. They are expected to live by the values expressed in the Code in the course of their careers at PwC. They have a responsibility to report and express concerns, and to do so fairly, honestly, and professionally when dealing with a difficult

situation or when they see any instances of behaviour inconsistent with the Code.

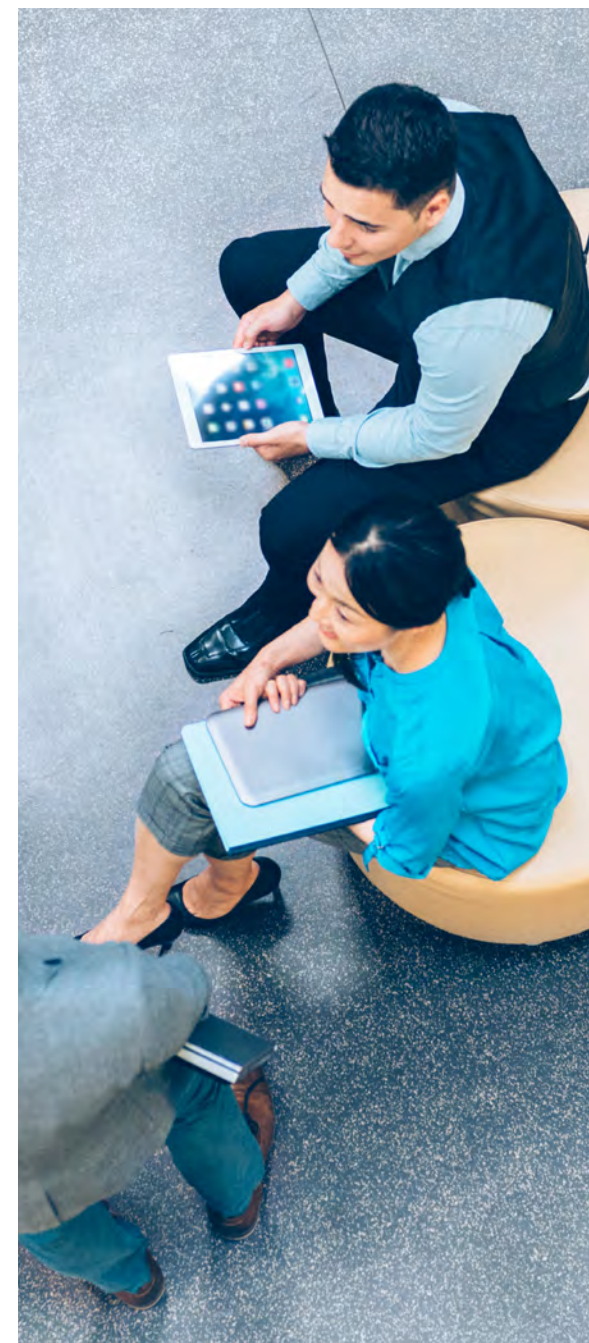
We have just completed the network-wide implementation and rollout of the new PwC Ethics Helpline and case management system. Each member firm has a confidential and secure tier of the helpline where concerns may be reported and will be investigated. The Ethics Helpline is available to all PwC partners and staff as well as third parties.

In order to deal with any concerns regarding the movement of people between PwC and government, PwC has put in place a set of principles that our network expects to be followed by all firms when hiring a former government official or when someone from PwC takes a senior post in government.

Objectivity and independence

As auditors of financial statements and providers of other types of professional services, PwC member firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

The PwC Global Independence Policy is based on the International Independence Standards included in the Code, supplemented by the independence requirements of the United States Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) of the United





States, and the [EU Audit Regulation of 16 April 2014](#). It contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

Each member firm has a designated partner (known as the 'Partner Responsible for Independence' or 'PRI') with appropriate seniority and standing. This partner is responsible for implementation of the PwC Global Independence Policy, including managing the related independence processes and providing support to the business. The partner is supported by a team of independence specialists.

Independence policies and practices

The PwC Global Independence Policy covers the following areas among others:

- personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements such as bank accounts and loans by partners, staff, the firm and its pension schemes
- non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (SOPS), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities
- business relationships, including policies and guidance on joint business relationships (such

as joint ventures and joint marketing) and on the purchasing of goods and services acquired in the normal course of business

- acceptance of new audit and assurance clients, and the subsequent acceptance of non-assurance services for those clients

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners.

These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise, such as updates to laws and regulations, changes to the Code, or changes in response to operational matters.

Each firm supplements the PwC Global Independence Policy as required by local regulations in cases where these requirements are more restrictive than the global policy.

Independence-related systems and tools

As a member of the PwC network, each PwC member firm has access to a number of systems and tools which support member firms and their personnel in executing and complying with our independence policies and procedures.

These include:

- The Central Entity Service ('CES'), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC-restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the member firm and those of other PwC member firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and Authorisation for Services
- 'Independence Checkpoint', which facilitates the pre-clearance of publicly traded securities by all partners and managerial practice staff before acquisition and is used to record their subsequent purchases and disposals. Where a PwC member firm wins a new audit client, this system automatically informs those holding securities in that client of the requirement to sell the security where required
- Automated Investment Recording ('AIR'), which is a global PwC solution that simplifies portfolio maintenance for PwC partners and staff in Independence Checkpoint by automating the recording of security transactions using direct daily feeds from participating brokers
- Authorisation for Services ('AFS'), which is a global system that facilitates communication between a

non-audit services engagement leader and the audit engagement leader regarding a proposed non-audit service, documents the analysis of any potential independence threats created by the service and proposed safeguards (where deemed necessary), and acts as a record of the audit partner's conclusion on the permissibility of the service

- The Global Breaches Reporting System, which is designed to be used to report any breaches of external auditor independence regulations (e.g. those set by regulation or professional requirements) where the breach has cross-border implications (e.g. where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code
- The Global Joint Business Relationship system, which provides a standardised process and system for the assessment, approval and ongoing monitoring of joint business relationships

Each member firm also has a number of specific systems, which could include, for example, a rotation tracking system that monitors compliance with audit rotation policies for engagement leaders and other key audit partners involved in an audit.

Independence training and confirmations

Consultation by engagement teams on independence issues is embedded in the PwC culture. Teams are





encouraged to consult with independence specialists whenever a matter is complex, or in the case of any doubt about what to do.

PwC's processes are supported by comprehensive training of partners and staff. Each member firm provides all partners and staff with annual or ongoing training in independence matters. This training is typically based around milestones related to a change in position or role, changes in policy or external regulation, and, as relevant, provision of services. Partners and staff receive computer-based training on independence policy and related topics. Additionally, training is delivered to members of the practice on an as-needed basis by independence specialists and risk and quality teams.

All partners and practice staff are required to complete an annual compliance confirmation. This involves confirming their compliance with relevant aspects of the member firm's independence policy, including their own personal independence. In addition, all partners confirm that all non-audit services and business relationships for which they are responsible comply with policy and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by periodic and ad-hoc engagement-level confirmations for certain clients.

Independence monitoring and disciplinary policy

Each member firm is responsible for monitoring the effectiveness of its quality control system in managing compliance with independence

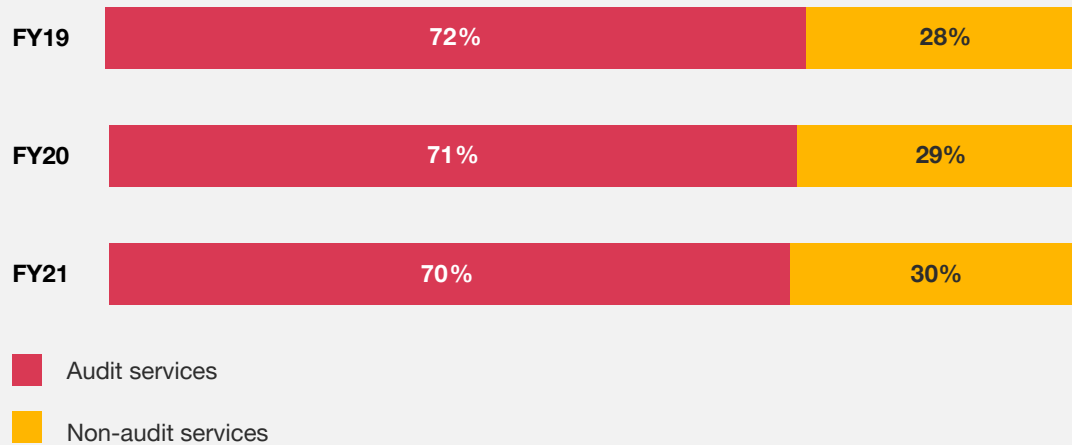
requirements. In addition to the confirmations described above, as part of this monitoring member firms perform:

- compliance testing of independence controls and processes
- personal independence compliance testing of a random selection of, at a minimum, partners, as a means of monitoring compliance with independence policies
- an annual assessment of the member firm's adherence with the PwC network's standard on independence

The results of monitoring and testing are reported to the firm's management on a regular basis.

Each member firm has disciplinary policies and mechanisms in place that promote compliance with independence policies and processes, and require any breaches of independence requirements to be reported and addressed. This includes a discussion with the client's audit committee regarding the nature of a breach, an evaluation of the impact of the breach on the independence of the member firm and the engagement team, and the need for actions or safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate. The member firm also follows any supplemental local requirements relating to the reporting of breaches. The investigations of any identified breaches of independence policies also serve to identify the need for disciplinary measures,

Revenues from audit clients in major indices



improvements in systems and processes, and for additional guidance and training.

Review

PwC reviews each firm's compliance with professional standards and policies, including those relating to independence, through inspection activities directed at a risk-based sample of member firms. Any departure from independence requirements in the PwC independence policies and/or external regulations is evaluated.

Controls over non-audit services

Before providing non-audit services to entities that are subject to independence restrictions, all member firms are required to obtain authorisation from the group

audit engagement partner responsible for services to that entity (or a related entity). A new Authorisation for Service (AFS) system launched in FY20 has increased the effectiveness and efficiency of the scope of services review and approval process.

In FY21, as part of our ongoing improvement efforts, the AFS system was replatformed to further enhance our independence control processes and integrate them more closely with our other risk processes. To support these improvements and promote understanding of the independence requirements that apply, PwC has developed a comprehensive set of policy and supplementary guidance documents that address the provision of non-audit services to audit

clients and their related entities. These documents are based on the International Independence Standards established by the IESBA, as well as the rules and standards issued by other regulatory authorities. Member firms supplement this with local standards.

When our member firms are providing non-audit services to audit clients, they are required to provide only those non-audit services that are permissible under the applicable rules. In some instances, these non-audit services are required by law or regulations to be performed by the auditor. However, while we have the right controls in place regarding the provision of non-audit services to audit clients, we are also conscious of the threats to independence in appearance that can be created by the provision of non-audit services to our audit clients. So we assess this threat as part of our acceptance processes.

Our Network Risk Management Policy also requires that engagement teams who perform certain non-audit services engagements for SEC-restricted entities obtain approval from an independence specialist. These reviews are performed by independence specialists who make up a global Centre of Excellence (CoE).

In FY21, 72% of revenues from our audit clients in major global indices were for audit services. Twenty eight per cent were for non-audit services (FY20: 29%).



Governance

How we are organised, the standards we expect and the codes of conduct we live by

Introduction from the Governance Chair of PwCIL, Lisa Sawicki

I was honoured to be elected as the chair of the PwC network's global governance board in June 2021, having served as a global board member for the previous four years. I very much look forward to chairing the global board and working with my fellow board members, including our two independent board members [Troy Paredes](#) and [Jan Sijbrand](#).

During my first term as a global board member, we made some significant strides towards being more open and transparent about how the PwC network is organised, and about the standards and behaviours that we expect of our leadership team, member firms and of all our people across our network. We also focused very closely on the quality of the services we provide to our stakeholders across all our businesses and right around the world. You can read more on these topics in this global annual review.

As a global board we work closely with PwC's global leadership teams. This work includes reviewing their performance against our agreed strategy and objectives; setting, updating and overseeing the implementation of the standards by which every member firm in the PwC network has agreed to abide; and liaising with the governance bodies of individual firms in the PwC network to share expertise and best practice.

In FY21 the board's key areas of focus were the development of the new PwC network strategy - The New Equation - as well as our ongoing response to the COVID-19 pandemic, the quality of the services we provide and the impact of major initiatives such as our [New world. New skills.](#) programme.

As part of our continuous improvement efforts, in FY21 the global board commissioned a governance effectiveness review of itself. The board is currently reviewing and implementing the key recommendations. In the year ahead, the board is maintaining a tight focus on the quality of PwC's services and reviewing the execution and impact of The New Equation across the PwC network.

We are encouraging all our member firms to have external board members on their governance bodies. Please take a look at the progress we have made in this area - along with many others - in this global annual review.

Lisa Sawicki, Governance Chair of PwCIL



“Consistent high standards across everything we do are fundamental to the success of PwC. Our global governance board plays a key role in overseeing the rigorous standards that every PwC member firm agrees to comply with and the monitoring of compliance.”

Lisa Sawicki,
Governance Chair of PwCIL

Legal structure, leadership and governance

Network structure and member firms

In many parts of the world, the right to practise audit and accountancy is granted only to firms that are majority-owned by locally qualified professionals. PwC is a global network of separate firms, operating locally in 156 (FY20: 155) countries around the world. As of 30 June 2021, the PwC network has 637 active and client-facing entities. The partners in each firm elect a Territory Senior Partner to lead that firm for a fixed term. The length of this term, and the maximum number of terms for which any Territory Senior Partner can be elected, are set by each member firm.

PricewaterhouseCoopers International Limited

PwC firms are members of PricewaterhouseCoopers International Limited (PwCIL), a UK private company limited by guarantee that facilitates coordination between member firms. PwCIL does not practise accountancy or provide services to clients. It works to develop and implement policies and initiatives to create a common and coordinated approach for member firms in key areas such as strategy, brand, risk, and quality.

Member firms have the right to use the PwC name and to request the resources and methodologies of the PwC network. In return, member firms agree to abide by common policies and standards. Each member firm agrees to pay its allocated share of network costs.

As members of the PwC network, PwC firms share knowledge, skills and resources. This membership facilitates member firms to work together to provide quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including being knowledgeable about local laws, regulations, standards and practices.

Network Leadership Team

The Network Leadership Team (NLT) sets the overall strategy for the PwC network and the standards to which member firms agree to adhere. In FY21 PwC’s latest strategy - The New Equation - was launched and its roll-out began across the PwC network. The NLT is made up of the Global Chairman of the PwC network - currently Bob Moritz; the Territory Senior Partners of the member firms in China - Raymund Chao, the UK - Kevin Ellis, and the US - Tim Ryan; and a fifth member appointed by the Global Board, currently the Chairman of PwC Europe - Harald Kayser. The Global Chairman of the PwC network and the fifth member may serve for a maximum of two terms of no more than four years each in their respective capacities. The terms of the other NLT members are limited by the arrangements in their respective firms. The NLT met 32 times in FY21 (FY20: 32). In FY21 all NLT meetings were held virtually.

Strategy Council

The Strategy Council, which is made up of the Territory Senior Partners of the 21 largest member firms and regions, agrees on the strategic direction of the network and facilitates alignment for the

execution of strategy. The Strategy Council is expected to meet at least quarterly. In FY21 the Strategy Council met 11 times (FY20: 11). All meetings in FY21 were held virtually.

Global Leadership Team

The Global Leadership Team (GLT) is appointed by, and reports to, the NLT. Its members are responsible for leading teams drawn from PwC member firms to coordinate and lead PwC’s activities across all areas of the business. The GLT met 10 times in FY21 (FY20: 9). In FY21 all GLT meetings were held virtually.

Global Board

The board of PwCIL is comprised of 20 members who are responsible for the governance of PwCIL and the PwC network, oversight of the NLT, and approval of network standards. With the exception of two external, independent directors, the other 18 elected members are full-time partners of PwC member firms from around the world who are not members of the senior leadership teams of those firms. Of the current 18 elected Board members, eight are women.

Board members are elected every four years by partners exercising their votes through their member firms. The current board, with members from 13 countries, took up office in June 2021. Board members may serve a maximum of two terms of four years each. Six of the board members are in their second term. Seven board members currently serve as chair of their member firm’s governance body,

providing strong alignment on matters of strategy, quality and execution among member firms.

You can view a short biography of each board member [here](#) including details of any other boards or bodies that they may serve on.

Having a broad range of backgrounds and experiences is an essential ingredient in the board discussions. In addition to their technical expertise across a range of disciplines, our board members

also have experience and competencies across the spectrum of Environmental, Social and Governance (ESG) issues, including diversity and inclusion, social mobility, renewable energy and corporate governance.

The board currently has four standing committees: the Governance Committee, Markets Committee, Risk Committee and Operations Committee. The board may establish other committees from time to time.

Below is a summary of each Committee’s focus areas.

Committee	Committee focus areas
Governance	<ul style="list-style-type: none"> ■ Network governance and leadership matters, including succession planning
Markets	<ul style="list-style-type: none"> ■ Relationships (including clients, joint business relationships) and markets ■ Portfolio of services (including delivery models) ■ Brand positioning ■ Corporate Responsibility and Public Interest
Operations	<ul style="list-style-type: none"> ■ Finance and operations including network investments and performance ■ People, including up-skilling, culture and values ■ Technology strategy, enablement and execution, including data protection
Risk	<ul style="list-style-type: none"> ■ Enterprise-wide risk management and legal matters ■ Quality, network standards, ethics & compliance and policies ■ Firm admissions

Note: During FY21, the Board met 13 times (FY20: 12). Collectively, the board’s standing committees met 31 times (FY20: 36). Each meeting in FY21 was virtual.



Governance boards in member firms

All member firms are required to have a separate local governance body to oversee the performance of the firm's leadership and to provide direction and guidance. While these governance boards have traditionally been made up of partners from that firm, as with the global board, external people are increasingly joining these boards or alternatively member firms are setting up additional advisory bodies made up of external members. We regard this as good practice and are encouraging its wider adoption across the member firms in the PwC network. For example, the majority of the 21 Strategy Council firms either have, or are taking steps to have, some form of external oversight, either in the form of external governance board members or advisory bodies:

- PwC US currently has two external members on its [board](#)
- PwC UK has five independent non-executive directors on its [Public Interest Body](#)
- PwC Canada has four external directors on its board
- PwC Switzerland has a Public Interest Committee consisting of five external members
- PwC Australia has a three-member external audit quality advisory board

- PwC Netherlands has a wholly external oversight board as required by Dutch legislation
- PwC Italy has an independent director on its audit firm board

Transparency

Many PwC member firms publish annual transparency reports disclosing information relating to their legal structure and ownership, governance structure, internal quality management systems, quality assurance, education and independence practices, audit revenue, and partner remuneration. These reports, many of which are set out in accordance with the requirements of the relevant local laws and regulations, such as article 13 of the EU regulation No. 537/2014, are designed to give stakeholders insights into key aspects of PwC member firms, and to aid understanding of how PwC member firms are organised and deal with key issues such as quality management. To read the transparency reports for PwC member firms [click here](#).

Network standards and policies

PwC member firms agree to abide by certain standards including:

Strategy and alignment: Each member firm shall implement a strategy which is aligned with the PwC network's strategy and implement the strategic initiatives set out by PwC's NLT.

Investment: Each member firm shall annually invest a percentage of its net revenues to fund investments, at levels to be agreed annually with PwC's NLT. Investments are used to fund, among other things, enhancements in quality, risk management, technology developments and acquisitions.

Technology: Each member firm shall implement the network technology strategy, including specific policies on information security and data protection.

Quality: Each member firm shall establish business processes that promote and facilitate the delivery of quality services and comply with all applicable PwC network and professional standards and requirements. These include having processes in place to enable firms to provide quality services in a manner that meets relevant stakeholder expectations, and member firms only accepting clients and undertaking engagements that are consistent with PwC's network risk management policies.

Brand: Each member firm shall consistently reflect the attributes of the PwC brand, including brand positioning, brand personality and visual identity, in all external and internal activities and messages.

Governance: Each member firm shall have an oversight function, independent from management, which practises continuing good governance.

Enterprise Risk Management: Each member firm shall establish an enterprise risk management programme and integrate this within its business operations. It will also perform an enterprise-wide risk assessment which identifies and prioritises the components of enterprise-level risk, and develop specific action plans to mitigate each identified risk.

People: Each member firm shall put in place an appropriate strategy, policies, processes and systems to attract, retain and develop a diverse group of people of the quality needed to deliver services and operate its business.

Ethics & Compliance: Each member firm shall embed a strong culture of ethics and business conduct in its people and in the way they conduct their business, including training for all new joiners in ethics and compliance and annual training and assessment for all employees.

Independence: Each member firm shall establish systems, policies and procedures designed to ensure that the firm and its people comply with independence laws and regulations, including PwC's minimum requirements and policies.

In addition to the common standards and policies of the PwC network, PwC member firms also have access to common methodologies, technologies and supporting materials for many services.





These methodologies, technologies and materials help member firms, partners and staff perform their work more consistently, and promote quality while supporting their compliance with the way PwC does business and in line with our strategy - The New Equation.

Monitoring compliance with network standards and policies

By PwC member firms: Each member firm must monitor its controls and the effectiveness of its quality management systems in a manner appropriate to the level of risk in its environment, assessing in particular whether the policies and procedures that constitute its system of quality management are designed appropriately and operating effectively to provide reasonable assurance that its work is being performed in compliance with laws, regulations and professional standards. This includes performing annual risk assessments and action plans, reviews of its systems and procedures, transaction testing where appropriate, and reviews at the individual engagement level across each line of service.

At the network level: Each year, using a common technology platform, PwC member firms assess their compliance against the network standards. This platform facilitates the review and assessment of controls, the establishment of testing requirements, and the collection and evaluation of evidence relevant to the member firm's assessment:

- Each year, every member firm completes an annual self-assessment of its compliance with network standards and related policies and procedures and confirms whether it is in compliance with the standards. The member firm supports its self-assessment with appropriate evidence in required areas
- As part of the self-assessment, a senior partner of each member firm signs a confirmation as to whether the member firm was in compliance, in all material respects, with each network standard. The senior partner also commits to address any remedial actions identified as a result of the self-assessment. To address specific matters where process improvements are needed, member firms, with the assistance of the network, prepare, review and execute action plans
- Each self-assessment is independently evaluated by a core team of specialists and feedback is provided to the member firm, where appropriate. Where a member firm is unable to confirm compliance, in all material respects, with the standards, it must implement a remediation plan which is monitored with the assistance of the network

All member firm partners and staff complete individual annual compliance confirmations indicating their understanding of, and compliance with, those policies which are applicable to them.

Network Review Programme: In addition to the above, we would in a normal year conduct a Network Review Programme (NRP) that coordinates and facilitates network-wide reviews that are sponsored/ requested by global leadership. However, these reviews involve on-site physical meetings, which have not been possible as a result of the COVID-19 pandemic. Once it is safe to travel again the NRP will resume. In the absence of the NRP on-site reviews, there has been an increased focus on the assessment and analysis of each firm’s reporting against the network standards.

The way we do business and Codes of Conduct

PwC member firms undertake their business activities within the framework of applicable professional standards, laws, regulations and internal policies. They also nurture a culture that supports and encourages PwC people to behave appropriately, with integrity and ethically, especially when they have to make tough decisions. PwC people have ready access to a wide array of support networks within their respective firms – both formal and informal – and technical specialists to help them reach appropriate solutions.

The PwC Code of Conduct (the ‘Code’) is applicable to all partners and staff in the PwC network. It does not provide detailed guidance on every situation where PwC partners and staff might need to answer the question, “what is the right thing to do?” Instead,

a principles-based guidance, it is designed to help PwC people think about difficult questions, promote consultation, and encourage them to speak up where concerns arise.

The Code also sets out a common set of expectations, a key element of which is abiding by applicable laws and regulations. If any local law or regulation is more restrictive than the Code, local law or regulation governs.

Each member firm agrees to comply with network standards and policies which complement the principles embodied in the Code. Certain sections of the Code are reinforced by PwC’s ethics and compliance standards, network risk management policies and local supplemental policies, which seek to address local legislation, regulation and risks. We expect the same standard of behaviour from those organisations who work with member firms. Third parties are required to regularly confirm their compliance with the PwC Third Party Code of Conduct or its equivalent.

In the area of taxation, it is a general principle that taxpayers have the right to manage their tax affairs provided they act within the law. Equally they should also be able to access independent advice on their tax position. However, the dynamic and complex nature of tax laws - both at a national and international level - is such that it is not always clear where lines should be drawn. To help our clients and our people make informed decisions on tax, taking





into account the relevant considerations, the member firms of the PwC network act according to the [Global Tax Code of Conduct](#).

Complaints and allegations

The PwC Code of Conduct and the behaviours we seek to reinforce are brought to life in numerous ways for our people, including formal training, leadership programmes emphasising a ‘Speak up Culture’ and ‘Respect at Work’, and in our day-to-day work and handling of complaints and investigations.

Speak up. Speaking up is crucial to our culture at PwC – it is a living example of our values. Speaking up when something doesn’t seem right demonstrates integrity and that we have the courage to do the right thing. It also helps to prevent mistakes and misconduct, while showing that we care about each other and our business. And it assists us in living up to our commitment to delivering quality outcomes. Everyone within the PwC network – no matter what their level or role – is encouraged and empowered to speak up when dealing with a situation that doesn’t seem right. Each has a responsibility to report and express their concerns.

We have just completed the network-wide implementation and roll-out of the PwC Ethics Helpline and case management system. Every member firm has a confidential and secure tier of the helpline where concerns may be reported and will be investigated. [The Ethics Helpline](#) is

available to all PwC partners and staff and third parties.

Listen up. Listening and collaboration mean we consult with our colleagues so that concerns are heard and addressed in an open and professional manner. We consult with our supervisors, coaches, ethics teams and human capital representatives. They are responsible for addressing and escalating as necessary the issues brought to their attention.

Follow up. For any allegation, complaint, or concern, we investigate and address the situation in an appropriate way. If a concern is reported, it is handled with appropriate confidentiality and discussed with others only as needed. Disciplinary action is taken as appropriate and in accordance with established accountability frameworks in each member firm.

Non Retaliation. PwC is committed to protecting our people against retaliation when complaints are filed in good faith. Retaliation is serious misconduct that will not be tolerated, and any PwC professional - whether a member firm partner or staff member - who takes retaliatory action will be held accountable.

Conflicts of interest

Given the broad nature of our operations and the many clients that we serve, PwC frequently faces

the risks of potential conflicts of interest. We take any potential conflict seriously and if a conflict is identified, the network is committed to facilitating member firms' efforts to take timely steps to address it. Member firms maintain internal controls and processes to identify potential conflicts and comply with relevant regulations. Network programmes reinforce the need to act in accordance with the PwC Code of Conduct and frameworks for ethical decision-making at both a member firm and network level. The network and member firms understand that there is a greater risk of conflict, or a perception of such issues by our stakeholders in some key areas (including working with government) and there are separate principles to deal with these areas.

Working with government

The PwC network has a set of principles it expects to be followed by all firms when hiring a former government official or when someone from PwC takes a senior post in government. When we refer to government in this context, the term covers not only organisations regarded as strictly governmental, but also organisations that regulate or have public oversight of the professional services that we provide.

Principles

When we recruit staff from governments and related agencies or when our people leave PwC to join those organisations, our principles are:

- When government officials join PwC, we uphold any professional restrictions the government or the law imposes on them. Where there are no rules, we put appropriate restrictions in place
- When government officials join PwC, they do not represent us in front of those government bodies they previously represented for a period of at least one year, or for a longer period if prescribed by the government
- When a senior PwC person joins a body that has regulatory oversight of PwC and our practitioners, we advise the body of any ongoing financial interest they have in PwC (e.g. pension arrangements), and ask that the individuals are not involved in making decisions about PwC for at least one year and until that financial interest concludes
- So we can uphold the practice outlined in the point above, we take steps to request retired partners to advise us before accepting an appointment with any government body or regulatory agency

There will be differences in how these principles apply to local circumstances for our member firms, as local laws

or regulations could override the principles or provide additional requirements with which a member firm must comply. However, we expect member firms to have a common minimum approach in line with these principles.



WEF IBC Metrics

In January 2021, PwC became one of the first organisations to publicly endorse the [World Economic Forum's \(WEF\) Stakeholder Capitalism Metrics](#). We actively encourage our stakeholders and business partners to consider adopting the metrics for their own reporting. As part of our commitment to promoting transparent and comparable reporting, we are including an overview of our disclosures based on the Stakeholder Capitalism Metrics. We do not consider some of the metrics as material for us as a professional services network and in these cases we provide explanations for these omissions. We have made some real progress in reporting against these metrics this year, but we are committed to going further and to reporting more detail on more metrics in the years to come.



Principles of Governance

Our purpose is to build trust in society and solve important problems.



Our code of conduct sets out a common framework around how we expect our people to behave and to do the right thing.

We also have specific codes of conduct for our work on tax, the third parties we work with and principles for those who join PwC from government and vice versa.



Our values:

Act with integrity, make a difference, care, work together, reimagine the possible.



Each year over 295,000 PwC partners and staff complete ethics and compliance training.



Ethics helpline:

We offer a safe place for our people and third parties to report a concern or ask a question.

Our **global governance board**, which has appointed two independent members **met 13 times in FY21** while its **standing committees on governance, operations and risk met 31 times** in total.

Planet

100%

Our 21 largest firms will be using **100% renewable electricity by June 2022.**

In FY21 83% of electricity came from renewable sources.



Total greenhouse gas emissions:

87,500 tonnes

reduced by 80% over FY20.



Received validation in July 2021 for our emission reduction targets from the Science Based Targets initiative (SBTi).

Committed to

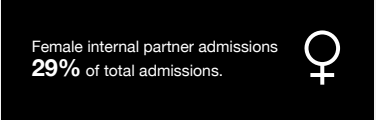
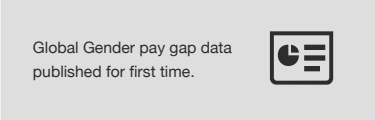
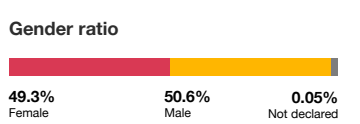
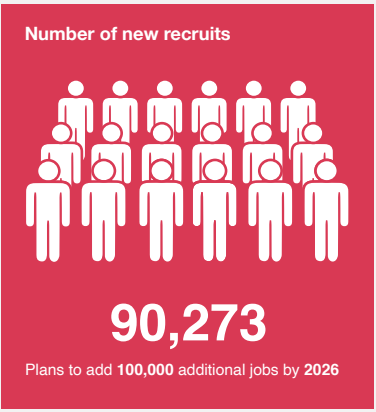
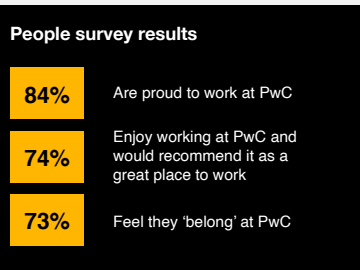
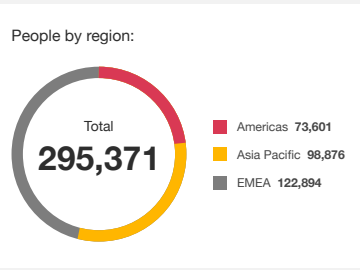
net zero by 2030

Member of the World Business Council for Sustainable Development.

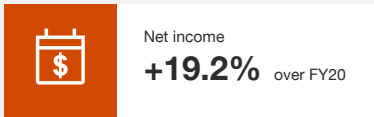
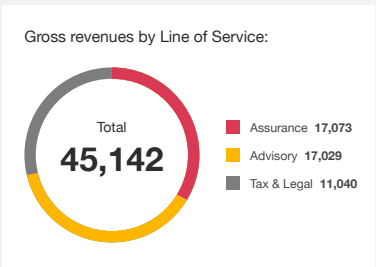
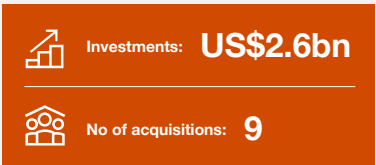
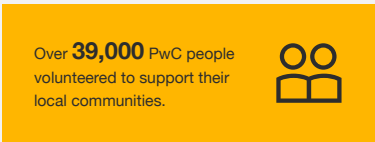
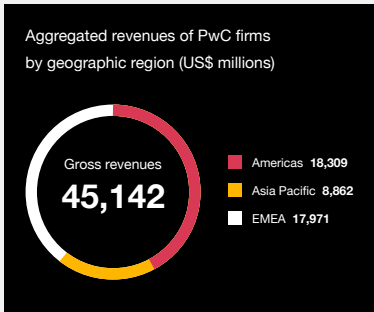


Joined the LEAF (Lowering Emissions by Accelerating Forest finance) Coalition, to support what is expected to become one of the largest ever public-private efforts to protect our tropical forests.

People



Prosperity



1. Principles of Governance



Topic	Metric	Description	More information	Adoption status	Additional details
Governing Purpose	Setting Purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Link	Full	
Quality of Governing body	Governance Body composition Composition	of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Link	Full	
Ethical Behaviour	Protected Ethics Advice and Reporting Mechanisms	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organisational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organisational integrity	Link	Full	
	Anit-Corruption	1. Total percentage of governance body members, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, broken down by region. 2a). Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; 2b). Total number and nature of incidents of corruption confirmed during the current year, related to this year. 3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	Link	Partial. Planned to be full adopted by FY22.	
Stakeholder Engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Link	Full	
Risk and Opportunity Oversight	Intergrating Risk and Opportunity into Business Process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Link	Full	

2. Planet



Topic	Metric	Description	More information	Adoption status	Additional details
Climate Change	Greenhouse Gas	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Link	Full	
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Link	Full	
Nature Loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in/or adjacent to protected areas and/or key biodiversity areas (KBA).		In progress	We recognise and value the importance of nature and biodiversity highlighted in our Nature Risk Rising report produced in collaboration with the World Economic Forum. We are also proud to be part of the newly launched Task Force on Nature Related Financial Disclosures. Given the type of our services, however, our direct use of land is limited. We operate from offices in 156 countries and nearly all are located in towns and cities. A certain number of our offices have specific biodiversity plans and we will continue to share their learnings more broadly across our network. We will also review where we may have offices adjacent to protected areas and/or areas of key biodiversity and will share findings and insights in future reports.
Fresh Water Availability	Water consumption and withdrawal in water stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.		In progress	Given the office based nature of our operations, our water consumption is limited and has been lower than usual in the last 12 months because a large number of our people have spent the majority of their time working from home. A number of our territories have set water consumption targets and track their progress and have reviewed the levels of water stress for the areas in which they operate. We will continue to share these findings and learnings more broadly across the network and will share any material insights in future reports.

3. Prosperity



Topic	Metric	Description	More information	Adoption status	Additional details
Community and Social Vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Link	Full	It is a characteristic of partnerships that payment of the taxes on the income produced in the partnership is an obligation of the individual equity partners. Given this and the separate legal structure of PwC network member firms, we do not collect information at a global level on taxes paid on income by each individual firm. Our member firms also pay a range of other taxes, such as property taxes, or unrecoverable sales taxes. It is our intention to provide more information on these amounts in future years.
Wealth Creation and Employment	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	1. Link	Partial	For this metric we are exploring how to provide additional data in future reports
	Economic Contribution	Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	Link	Partial	Given the separate legal structure of PwC network member firms, we do not produce consolidated financial accounts for PwC globally, however we do provide some information related to revenues, net income, employment taxes paid, and so on.
	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.		Not material	Since PwC is a network of privately-owned separate legal entities, this metric is not relevant to us.
	Total R&D expenses (\$)	Total costs related to research and development.	Link	Full	

4. People



Topic	Metric	Description	More information	Adoption status	Additional details
Skills for the Future	Training provided (#, \$)	<p>1. Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>2. Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p>	1. Link	Partial	For this metric we are exploring how to provide additional data in future reports
Dignity and Equality	Pay quality (\$)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Link	Partial	For this metric we are exploring how to provide additional data in future reports
	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Link	Partial	For this metric we are exploring how to provide additional data in future reports
	Risk for incidents of child, forces of compulsory labour (#, %)	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.		Not material	We do not use child, forced or compulsory labour in any of our own operations. Our suppliers have to abide by our Global Third Party Code of Conduct, or its equivalent, which is explicit in our opposition to and intolerance of any form of child labour, human trafficking and modern slavery.
	Wage level (%)	<p>1. Ratios of standard entry level wage by gender compared to local minimum wage.</p> <p>2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO</p>	2. Link	Partial	We do not have data on standard-entry wage level by gender compared to the local minimum wage. However, our member firms are required to comply with all local laws, and we have confirmed with all our member firms that they do have processes and controls in place to comply with all applicable local wage laws.
Health and Wellbeing	Health and Safety (#)	<p>1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.</p> <p>2. An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p>	2. Link	Partial	The safety and well being of our people is a top priority. The people section of our global annual review includes some details on how we provide our people with access to healthcare services, and in particular how we address issues of mental health. Fortunately the nature of the work undertaken by PwC means that work place injuries are extremely rare.

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Note to readers: In this Global Annual Review, the terms PricewaterhouseCoopers, PwC, our, we and us are used to refer to the network of member firms of PricewaterhouseCoopers International Limited or, as the context requires, to one or more PwC member firms.

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