



Global Annual Review 2022

# A Year of Solving Together

[pwc.com/annualreview](https://pwc.com/annualreview)



# Contents

<b>3</b>	<b>Chairman's letter</b>	<b>113</b>	<b>Financial performance</b>
<b>9</b>	<b>PwC at a glance</b>	<b>122</b>	<b>Impact</b>
<b>13</b>	<b>Our community of solvers</b>	<b>135</b>	<b>Quality</b>
<b>32</b>	<b>Solving together: Trust</b>	<b>147</b>	<b>Risk</b>
<b>53</b>	<b>Solving together: People</b>	<b>164</b>	<b>Governance</b>
<b>68</b>	<b>Solving together: Transformation</b>		
<b>92</b>	<b>Solving together: ESG</b>		



# Chairman's letter

Welcome to our 2022 Global Annual Review, 'A Year of Solving Together.' This is the story of how PwC's global network of nearly 328,000 people – our [community of solvers](#) – managed the challenges and opportunities of the last 12 months and helped our clients and stakeholders navigate a successful path forward.

This year, the war in Ukraine, the continuing COVID-19 pandemic, rising inflation, an energy crisis, supply chain disruption and the pressing need to address climate change have combined to produce the most difficult set of global circumstances in my career. Managing such tough global challenges is possible only when we come together: when people with diverse skills combine forces to solve complex problems, and when business steps up to take responsibility for its [impact](#) on the society of which it is an inseparable part.

I'm so proud of the work that our talented community of solvers has delivered around the world this year to support our clients and to make positive contributions to the society we all share. I would like to thank each and every one of them for their hard work, enthusiasm and perseverance. Our people, and the wide range of skills and experiences they bring to work every day, are the engine of our success.



## Our strategy in action – The New Equation

Launched in June 2021, our global strategy – [The New Equation](#) – is being implemented by PwC firms around the world. This strategy responds to what clients and other stakeholders across the globe tell us they need most: help building trust and achieving sustained outcomes. In this year's Global Annual Review, we share some of the ways our people have applied that strategy to help solve important problems facing business and society. Specifically, we'll share how our community of solvers is helping to address these four problems:

- How can we [build trust](#) in business and society?
- How can companies [build a productive workforce](#) and organisation?
- How can companies [transform for enduring success](#)?
- How can business and society [do the right thing on ESG](#)?

We've achieved significant progress on the commitments we made when we launched The New Equation in June 2021:

- In the last year, we created over 32,000 net new jobs, taking our workforce to nearly 328,000 people across our network.
- We're well on the way to our target of creating 100,000 net new jobs over five years.
- We invested US\$3.1 billion across our network in the last 12 months, including US\$507 million invested in training and upskilling our people to solve the challenges of tomorrow.
- We are investing US\$1 billion in a multi-year programme to deliver a new audit ecosystem for our next-generation audit.
- Our Trust Leadership Institute in the US is up and running and, to date, over 1000 senior executives have benefitted from its programmes.





93,000+

PwC people have undertaken ESG training through our Global ESG Academy.

- We're refocusing our service offering to build the broad skillsets needed to solve today's evolving challenges. As part of this, we've made multiple acquisitions and strategic investments to expand our professional capabilities in key areas such as cloud, emerging technologies and ESG (Environmental, Social, and Governance issues).
- We're building our people's capabilities to address the challenges of the 21st century. For example, over 93,000 PwC people have undertaken ESG training through our Global ESG Academy.
- We sold our global mobility business, allowing further investment in areas of strategic priority.

These actions strengthen the capabilities of our community of solvers, enhance the quality of our service, and equip us to help our clients build trust and deliver sustained outcomes.

Key to building a strong community of solvers is making PwC a great place to work. We're delighted to be recognised in surveys as one of the most attractive employers, particularly for graduates. But we never stop trying to improve the quality of our employees' experiences with us. We've developed new ways to support, care for and upskill our people as the world of work recalibrates to a new normal following the pandemic. In the last financial year, for example, we supported our people with more flexible or hybrid working options, better access to training, more competitive remuneration, and a continued push to enhance inclusion and diversity.

## We seek to have a positive impact on society

We believe [business has a responsibility](#) to be a force for good in society, accountable not just to shareholders but to all stakeholders: staff, customers, communities, policymakers, regulators and society at large. This is necessary for companies to maintain a social licence to operate, but more importantly it's crucial to maintaining the healthy societies on which we all depend.

In this year's Global Annual Review, we share some of the ways we're helping clients achieve positive outcomes for society by, for example, reducing their carbon emissions, increasing their diversity and succeeding as businesses so they can create shared prosperity for their staff, investors, and communities. We discuss some of the ways we're helping business and society work together to produce positive social outcomes, from our advocacy for rigorous sustainability reporting standards to our work on how the tax system can serve the public interest.

We strive to be accountable for our own performance as a network. This year, for the first time, we're seeking to report on all of the World Economic Forum's Stakeholder Capitalism Metrics – both core and expanded – that are relevant to our business. We fully or partially comply with 35 of 42 relevant metrics, and we are seeking to improve on this in the future. In addition, we're reporting on our global climate performance using the rigorous framework of the Task Force on Climate-related Financial Disclosures (TCFD). Though only a handful of countries where we operate require TCFD reports, we believe organisations should deliver robust climate disclosures – regardless of where they do business. So that's what we do.

We are rightly accountable for the decisions we take in difficult situations such as Russia's invasion of Ukraine. I am moved by the selflessness and care shown by thousands of PwC people who welcomed refugees into their homes, collectively donated millions of dollars to help Ukraine, and even helped to evacuate hundreds of children from active war zones. As a network, we determined that if sanctions are applied to Russian individuals or entities anywhere in the world, we would apply those sanctions everywhere we operate. In March, we announced that we would no longer have a firm in Russia and we ceased operations there by early July. We believe this is the right thing to do.

Throughout this Global Annual Review, we share some of our efforts to have a positive [impact on society](#), for example:

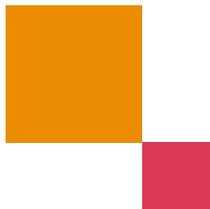
- We're on track to reach all our net-zero commitments by 2030.
- This year, PwC volunteers across our network gave 789,000 hours of their time to good causes.
- We collaborated with UNICEF in support of Generation Unlimited to help young people across the world gain the skills they need to realise their potential (see our [People](#) chapter).
- We help to build public trust in society and its institutions, for example through our support for robust audit standards that are key to faith in capital markets (see our [Trust](#) chapter).
- We engage in a wide range of strategic alliances and global fora on ESG issues, helping to shape strategic discussions, advocate for change and accelerate the global policy agenda (see our [ESG](#) chapter).
- We help businesses to succeed which in turn supports employment, contributes to the tax base and enhances communities' quality of life (see our [Transformation](#) chapter).



## Delivering quality

Delivering [quality](#) work is core to everything we do. Quality is at the heart of [The New Equation](#). It is the bedrock of building trust and delivering sustained outcomes. We consistently work together to deliver quality, independence, excellence and integrity for all of our clients – from delivering quality work that helps our clients build trust to applying a deep and broad understanding of our clients' businesses and the environment in which they operate to drive sustained outcomes.

We know there's always more we can do, and we strive to learn lessons from our past and improve for the future. Quality has been a primary focus of our investments in the last 12 months and will continue to be in the years ahead. We're always exploring potential improvements, ranging from reinforcing our culture of independence to onboarding new technologies to deliver the audit of tomorrow. We have invested significant time and resources to maintain and continually enhance quality, and we've seen continued positive impact on our inspection results.



Our diverse community of solvers is key to our quality. All of our people – including our auditors – can call on a vast network of experts in tax, technology, law, deals, policy, risk, infrastructure, transformation, and much more - not to mention our experts in dozens of sectors. Delivering quality audits and solving complex business problems require a multitude of skills and perspectives, and that's just what our global network offers. Our strength comes from our breadth and depth. That's why we're fully committed to operating a multidisciplinary model at PwC.

## Record financial performance

The impact of The New Equation is apparent in our [financial performance](#). For the first time, PwC firms across the world earned gross annual revenues of more than US\$50 billion, up 13% from our last financial year – our highest growth rate since 2005. During a difficult time for the global economy, we achieved growth in all our major firms across the world and in all lines of business.

This growth is testament to the attractiveness of our focus on building trust and delivering sustained outcomes, and to our clients' continuing preference for the diverse skillsets provided by our communities of solvers. It is also the product of the investments we've continued to make over the last few years in training and recruiting the best talent and in enhancing our services.

## In conclusion: read on

Despite the world's challenges, we look to the future with hope because we've seen firsthand what's possible when a community of solvers comes together. We hope you enjoy reading about some of what our people have achieved this year on the big issues that affect us all.

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**

Global Chairman of PwC

# PwC at a glance

## A global network of solvers

While we draw upon our 160-year history, our commitment to the future is clear. At PwC, we bring together the collective skills of nearly 328,000 people across our expansive network of firms in [152 countries](#) to solve for tomorrow. We strive to deliver high quality, innovative work that helps our clients build trust and deliver sustained outcomes. We work with the world's leading organisations on their most challenging strategic problems, helping them to build enduring success in a changing world.

## Our people



Four global lines of service: **Assurance, Advisory, Tax and Legal Services, Internal Firm Services**

\*14.6% normalised headcount growth excluding the impact of the Russian firm separation and the sale of our global mobility business.

## Offices



## Revenues

US\$50.3  
billion revenues\*

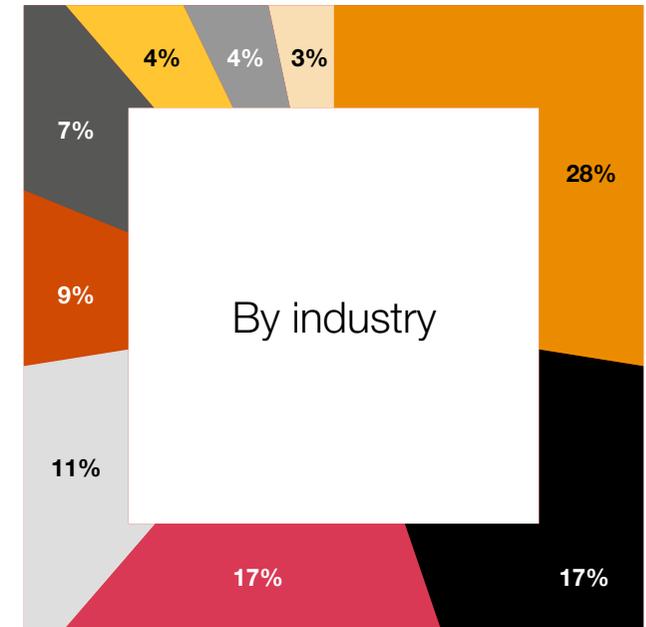
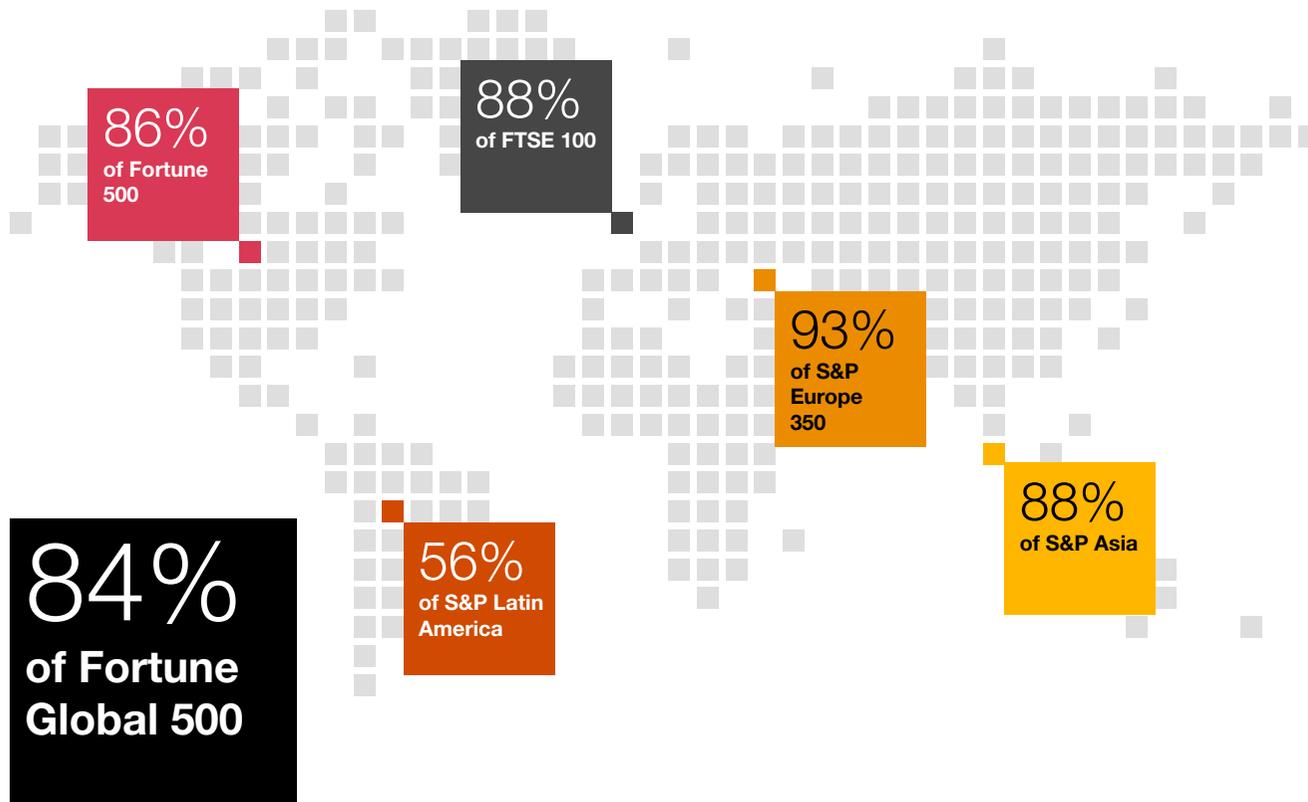
\*fiscal year ended 30 June 2022.

## Selected highlights from our most recent financial year

- Our global revenue surpassed **US\$50 billion** for the first time
- We achieved **revenue growth in all our major firms** across the world and in all lines of business
- 32,576 net new jobs created
- Our **climate targets were validated** by [SBTi](#)
- We launched the **25<sup>th</sup> Annual Global CEO Survey**
- We were named a **Global Leader in Sustainability and ESG Business Services**
- **86%** of our people are proud to work at PwC and 79% recommend PwC as a great place to work
- We sold our global workforce mobility tax and immigration services business, yielding **US\$2.2 billion** which can help to support strategic investments in building our capabilities
- We made **17 acquisitions** to bolster our capabilities, particularly in technology
- In June, we celebrated the first anniversary of the launch of our new global strategy, **The New Equation**

## Our clients

191,000+ total clients across our global network



- Financial services
- Industrial manufacturing and automotive
- Consumer markets
- Not classified
- Technology, media and telecommunications
- Government & public services
- Energy, utility and resources
- Health industries
- Private equity and sovereign investment funds

The client count is based on Ultimate Holding Companies (UHC). 'Not classified' relates to any clients where Industry designation has not been recorded. Any UHC's where revenues were solely generated from Russia or Belarus has been excluded.

## Living our purpose

Our purpose is to build trust in society and solve important problems. In an increasingly complex world, we help intricate systems - such as our legal, tax and economic systems - function, adapt and evolve so they can deliver sustained outcomes for communities and society.

## Our values

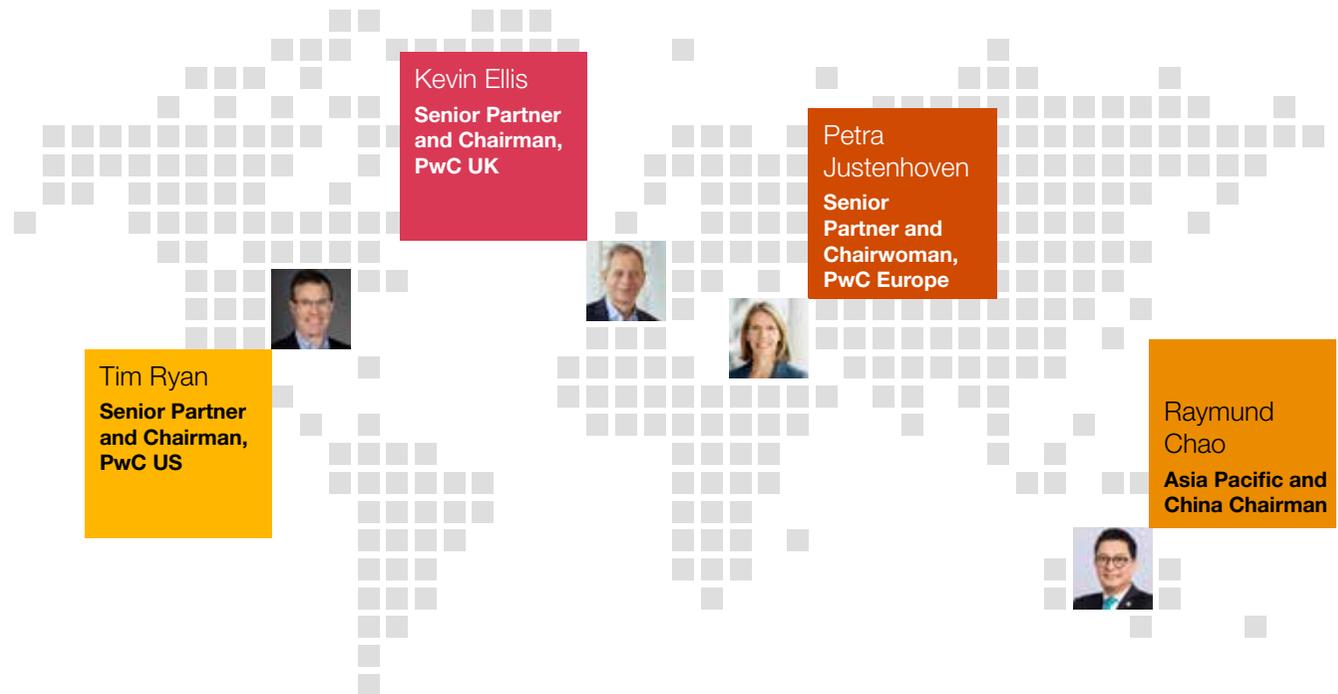
We are purpose-led and values-driven. Our purpose is why we exist. Our values define how we behave. When working with our clients and our colleagues to build trust in society and solve important problems, we:

 Reimagine the possible	 Work together	 Act with integrity
 Care	 Make a difference	

## Meet our leaders



**Bob Moritz**  
Global Chairman of PwC



Kevin Ellis  
Senior Partner and Chairman,  
PwC UK

Petra Justenhoven  
Senior Partner and Chairwoman,  
PwC Europe

Tim Ryan  
Senior Partner and Chairman,  
PwC US

Raymund Chao  
Asia Pacific and China Chairman

# Our community of solvers



At PwC, we're a diverse, global community of solvers who lead with the heart and live by our values. We're a global network of nearly 328,000 professionals in 152 countries who together have an incredible array of skills and perspectives.

Diverse skills are needed to solve the complex challenges facing business and society, and that's exactly what we offer. We unite experts in tax, law, finance, strategy, assurance, policy, infrastructure, data analytics, technology, and many other areas – enabling us to address the toughest challenges in unexpected ways. What's more, we combine human expertise with cutting-edge technology to solve problems in ways that are human-led and tech-enabled.

In this chapter, we invite you to meet our vibrant community of solvers. We'll show how we're striving to grow, inspire, and enable a global community equipped to tackle the challenges of the 21st century, including how we're:

- Helping our people learn cutting-edge skills to be dynamic problem-solvers
- Fostering inclusion and diversity
- Supporting our people's wellbeing

## Meet our community of solvers



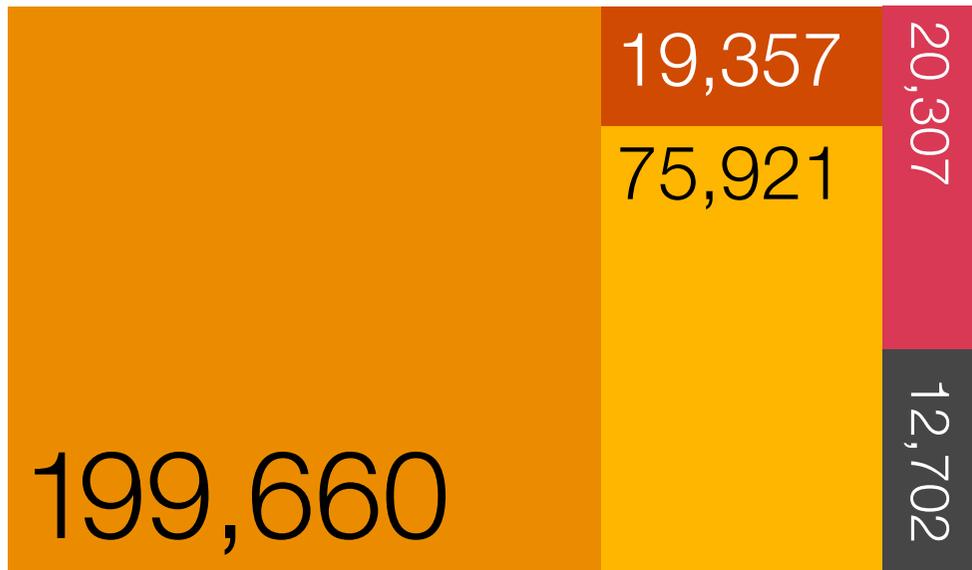
Total 327,947 PwC people



11% growth this year

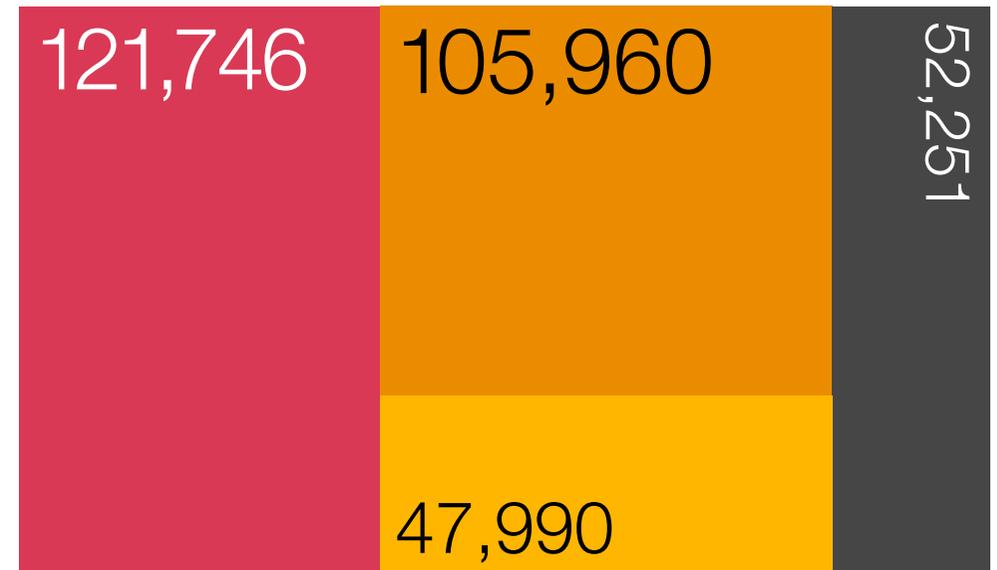


### PwC people by role

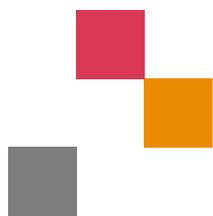


Associates Interns and trainees Managers Directors Partners

### PwC people by line of service



Assurance Advisory Internal firm services Tax and legal services



## Our diverse community of solvers

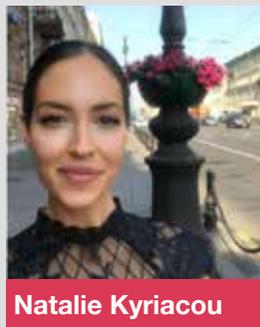


**Kazuho Fujine**

### **PwC Japan**

Cross-disciplinary scientist with PhD

Now helps PwC clients develop new solutions through quantum technology



**Natalie Kyriacou**

### **PwC Australia**

Activist for conservation and environmental and social issues

Now helps PwC clients develop more sustainable business practices



**Sonny Ngatai**

### **PwC New Zealand**

Advocate for New Zealand indigenous people

Now helps PwC clients develop inclusive and trust-building solutions



**Crystal Kabajwara**

### **PwC Africa**

Tax professional committed to the development of women and girls

Now an award-winning leader at PwC known for making a difference



**Sana Charania**

### **PwC South Africa**

HIV and cardiovascular clinical researcher and PhD

Now a PwC management consultant helping future-proof healthcare systems



**Markus Ekström**

### **PwC Sweden**

Former intelligence officer

Now helps PwC clients build trust as a security consultant



**Sylvia Shiah**

### **PwC Canada**

Data scientist

Now helps PwC clients automate solutions and uncover valuable data

## PwC: A great place to work

Despite the challenges of the 'Great Resignation' and the competition for talent, our net headcount across the network has grown to nearly 328,000 people - an increase of 11% (our normalised headcount growth was 14.6% excluding the impact of the Russian firm separation and the sale of our global mobility business). Because of the opportunities presented by [The New Equation](#), we've hired more people this year than ever before. We welcomed more than 148,000 new hires over the last year including interns (up from 90,273 last year). We're delighted that we continue to be a top choice for both experienced hires and new graduates.

We believe that our success in attracting great people has been helped by our strategy, The New Equation. [Our recent survey of workers worldwide](#) showed how much people care about having meaningful work that makes a difference. We're delighted that so many talented people want to join PwC and help our clients build trust and deliver sustained outcomes. Our people help to make progress on the world's important challenges, from supporting the successful functioning of economies to helping business and society do the right thing on ESG.

We're proud of how our people feel about working at PwC. For example, 79% would recommend PwC as a great place to work.

We're dedicated to continuing to expand our community of solvers. Last year we announced our intent to create 100,000 net new jobs in the next five years. We're proud that we're making good progress towards this goal. We're focusing on building talent in areas critical to our clients' sustained success such as climate and sustainability, value creation, cloud, data and analytics and cybersecurity.

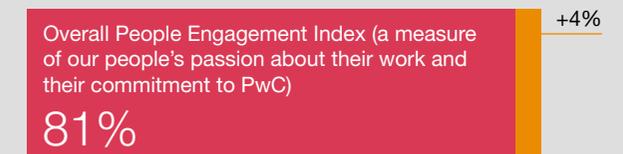
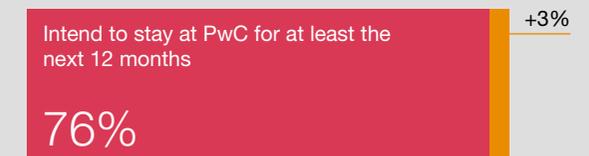
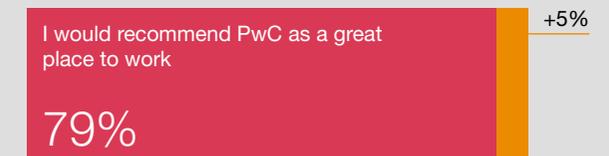
## We build our people's skills

Key to creating a diverse community of solvers is upskilling our people so they can find new and unexpected ways to solve problems.

Our [New world. New skills. programme](#) is a US\$3 billion investment, launched in 2019 and continuing today, that helps to upskill PwC people worldwide. In addition, the programme helps millions of people across the world build the skills they need to succeed.

### Highlights from the 2022 PwC Global People Survey

■ PwC people who agree ■ Increase since last year



“We’re not saying everybody needs to be a data scientist. But we are saying that in order to survive in the future of work, you really need to understand the implications that technology has, and be able to work with technology.”



**Carol Stubbings**

*Global Tax and Legal Services  
Leader, PwC UK*



Many of our network firms are creating innovative programmes to help their people build skills. For example, PwC Australia held its inaugural [PwC Academy Signature Experience Programme](#) in May 2022. It's a five-week immersive learning experience that aims to equip the firm's senior associates and managers with the insights, perspectives and unique skills they'll require to become the next generation of leaders. Over 2,700 PwC people attended.

Our annual average number of hours of training per employee has risen sharply this year as a result of hybrid learning, an increase in face-to-face training, and our commitment to upskilling as part of [The New Equation](#). This increase holds true for PwC people across lines of service and management levels.

Fiscal year	Average training hours per employee (global)
FY22	69.7
FY21	56.3
FY20	57.9
FY19	52.3

\*Note: The average training hours per employee includes only formally tracked learnings and, therefore, the actual training hours will be higher.

In addition, our people are given time away from their daily roles to learn or teach. Beyond formal training, they also learn on the job, from coaching and through various other development activities.

## Our people learn skills for the 21st century

This year, 39% of our people participated in learning courses on new topics outside their area of expertise. This reflects our people's intellectual curiosity and the accessibility of learning opportunities at PwC that help our employees develop knowledge and skills beyond their primary roles. We offer a wealth of resources to help our people – whatever their grade or level of experience – develop personalised learning plans to equip them with the skills they need for today and tomorrow. Our learning programmes cover a wide range of topics including technical training, human-centred design, inclusive leadership, AI and ESG.



**“The Signature Experience Programme is something we want to give back to our people, and it’s about more than just skills. The programme is about creating communities, friendships, lifelong relationships and deep learning.”**

**Tom Seymour**  
CEO, PwC Australia



## ESG upskilling curriculum statistics

93,000

People engaged

132

Member firms participating

437,000

Modules completed

ESG – in particular climate change – is a defining issue of the 21st century. ESG skills are increasingly like digital skills in that everyone needs a baseline understanding. We’re rapidly upskilling our network in this area, increasing our people’s baseline level of capability while expanding our pool of ESG specialists. We have established a global ESG Academy that offers a variety of training modules including a lecture series co-created with the NYU Stern Business school and a climate-focused activity developed in partnership with the Kite Climate School.

In addition, we’re developing ESG Centres of Excellence across our network to support our people to build ESG skills and deliver high-quality ESG work. See the [ESG chapter](#) to learn more.

## We support flexibility and wellbeing

We champion flexible work options to help our people work and live at their best.

### PwC firms support work flexibility: examples

US	Australia	France	UK	Japan
				
<p>PwC US was the <a href="#">first professional services firm</a> in the US to offer all client service employees the option to work virtually and live anywhere in the country.</p>	<p>PwC Australia’s Together Anywhere initiative provides employees with the opportunity to work overseas for up to eight weeks and spend time with family and friends in other parts of the world.</p>	<p>PwC France implemented a Flexwork policy to foster hybrid working and enable people to relocate within the country.</p>	<p>PwC UK extended summer working hours from June to August, letting employees work condensed contractual hours so they can enjoy Friday afternoons off work.</p>	<p>PwC Japan provides ‘flexible life design leave’ of up to two years for special purposes, such as family care or studying abroad, in addition to offering hybrid working to all employees.</p>

Our member firms also provide enhanced wellbeing and mental health support. For example:

- Our US and UK firms offer free subscriptions to wellbeing and meditation apps.
- PwC Korea offers SimCare, a mental health programme that provides employees with counselling, meditation and yoga. PwC Korea also runs a 'Refresh-Off' programme which helps people maintain a good work-life balance by accumulating additional time off for excess overtime.
- Employees at PwC India can access the People Wellness app which puts all benefits in one place and provides easy access to support as needed.

Although employees may feel they can express their wellbeing needs, we recognise that more needs to be done to help people achieve a healthy work-life balance. To make further progress, we must continue focusing on reimagining and evolving how we work. We must also adopt targeted actions and interventions when our people need them most.

## We strive to enhance inclusion and diversity

The diversity of skills and perspectives in our community of solvers is key to our effectiveness. Our vision is to be recognised as a leading organisation for inclusion and belonging as well as a top employee destination for diverse talent. Below, we share some ways we're seeking to enhance [inclusion and diversity](#) (I&D) at PwC. (To explore the many ways we're helping clients foster inclusivity in their organisations, please see the [People](#) chapter.)

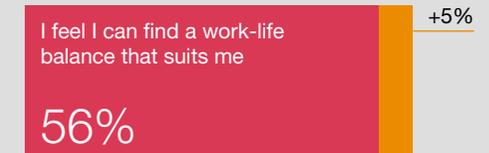
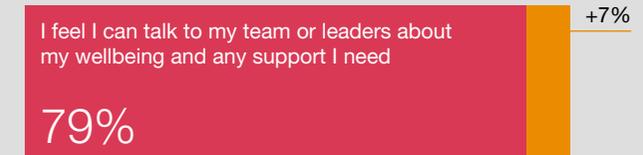
### Increasing accountability for inclusion and diversity

We're creating enhanced accountability for I&D across our network as we build a stronger culture of inclusion:

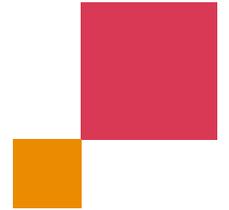
- This year, our [global I&D](#) leaders endorsed our reframed network I&D strategy – Inclusion First – which embeds I&D into PwC's culture.

### Highlights from the 2022 PwC Global People Survey

■ PwC people who agree ■ Increase since last year



- The global I&D leaders agreed on seven leadership key performance indicators (KPIs) as a framework to measure progress against this strategy.
- The inclusion KPI assesses the extent to which each territory has achieved a culture of belonging through inclusive ways of working, decision-making and policy implementation.
- Most of our [Strategy Council](#) member firms have set aspirational targets against the KPIs.
- All member firms are expected to formally share their I&D strategies, plans and actions as part of PwC's annual network standards review.



## Supporting and advancing women

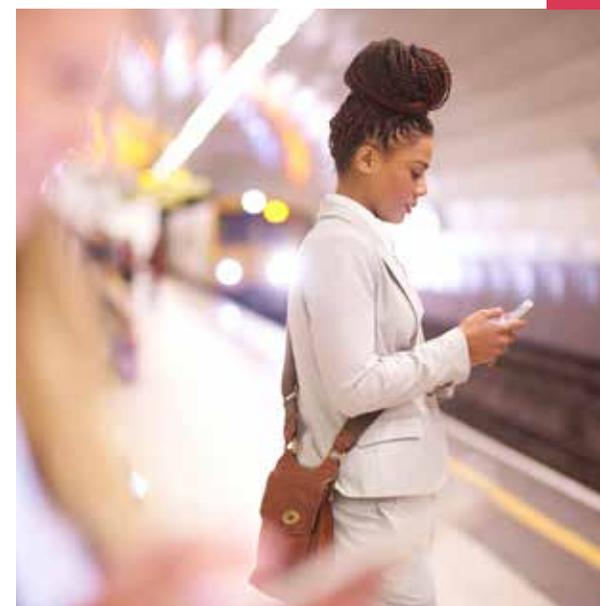
Gender equality remains a priority at PwC. While we are proud that our Global Board is chaired by [Lisa Sawicki](#), our aspiration is to achieve gender parity across all management levels and in all areas of our business.

### Percentage of female leaders

	FY22	FY21	FY20	FY19	FY18
<b>Global Board</b>	45%	39%	39%	33%	33%
<b>Network Leadership Team</b>	0%	0%	0%	0%	0%
<b>Global Leadership Team</b>	29%	36%	40%	40%	47%
<b>Global Client Partners</b>	16%	17%	16%	14%	16%
<b>Strategy Council</b>	10%	5%	0%	0%	0%
<b>Partners</b>	23%	22%	22%	21%	20%
<b>Internal Partner Admissions</b>	31%	29%	29%	30%	30%

We're on a journey to address these challenges by working towards proportionate promotions and hiring more experienced women which will help to create a strong pipeline of women for partner admissions and key leadership roles. To attract and retain more women recruits, and to increase representation of women at higher levels, we've implemented global and local recruitment aspirational targets, sponsorship programmes, retention programmes and increased leadership accountability. Some member firms have set aspirational goals for the proportion of female partner admissions to build accountability and encourage bolder action.

On International Women's Day, we [celebrated female climate leaders](#) from across the PwC network to champion them as role models and share their perspectives on the importance of a sustainable and gender-equal future.



This year we also saw increased representation of women at the highest levels within the PwC network. For example, on 1 July 2022, the following appointments were made:



### **Petra Justenhoven**

Petra became the first Chairwoman of the Management Board for PwC Germany and PwC Europe, as well as the first female member of the Network Leadership Team. Petra initiated the women@pwc mentorship programme and has received the ‘Mestemacher Female Manager of the Year’ award that honours extraordinary female leaders who serve as role models for other female professionals.



### **Anastacia Tshesane**

Anastacia was appointed as Governance Board Chair for PwC Africa. In a history-making moment for the Africa firm, Anastacia is the first female to be elected to this position by her peers and fellow partners.



### **Tracey Kennair**

Tracey was elected as the Australia firm’s Chair of the Board of Partners. As the first female appointed to this position, she plans to use her role as chair to promote pay equity and improve diversity results through a focus on metrics and associated accountability.



### **Agnes Koops-Aukes**

Agnes was appointed Chairwoman of the Executive Board and Territory Senior Partner at PwC Netherlands, joining a majority-female Board.

For our staff as a whole, we have achieved at least 50% female representation in three of our four lines of service.

#### **Employee category by gender**

Line of service	Women (%)	Men (%)
Advisory	38.8%	61.1%
Assurance	51.2%	48.7%
Internal Firm Services	59.8%	40.2%
Tax and Legal Services	52.8%	47.1%
<b>Total</b>	<b>48.7%</b>	<b>51.2%</b>

**Note:** Percentages do not include employees who have not declared their gender as either male or female.





Representation of women, particularly at the director and partner levels, remains lower in advisory, partly due to intense competition for this talent and a relatively low number of senior women leaders in this field. To improve the representation of women in advisory, some member firms are introducing initiatives to support a diverse range of candidates. For example, some firms require that all interviews include at least one woman candidate. Many member firms are also working with recruitment agencies that specialise in finding women and/or minorities to fill more senior advisory roles.

To explore the full gender breakdown of PwC people by line of service and management level, please see our [WEF Stakeholder Capitalism Metrics Report](#).

## An inclusive employer of choice

We continue to focus on being an inclusive employer by developing policies and benefits to attract and retain female and diverse talent at all levels.

### Examples of PwC firm policies and programmes to help attract and retain diverse talent

Ireland	US	Australia	Middle East	South Africa
				
<p>PwC Ireland launched policies to support people with fertility, pregnancy loss, menopause and domestic abuse. They also established a Families and Carers Group and extended paid parents leave from 5 to 7 weeks for all new parents (this is in addition to full maternity pay for women). Find out more <a href="#">here</a>.</p>	<p>PwC US expanded parental leave for all parents from 8 to 12 weeks. Find out more <a href="#">here</a>.</p>	<p>PwC Australia launched a First Nations Cultural Leave policy for Aboriginal and Torres Strait Islander employees, providing two days' paid leave and up to an additional five days' unpaid leave, to help employees connect with their communities and maintain, develop and practise their culture.</p>	<p>PwC Middle East introduced a NextGen leadership shadowing programme which fosters cross-generational reverse-mentoring and includes a targeted women's mentorship programme in Saudi Arabia.</p>	<p>PwC South Africa strengthened anti-harassment policy centred on zero tolerance across the board with an explicit focus on LGBTQ+, race and gender.</p>

## Disability inclusion

Over the past year, we developed our first network-wide Global Disability Inclusion Strategy. The strategy aims to promote disability inclusion both within PwC and beyond. The strategy builds alignment and consistency in our approach to disability inclusion across the network.



**“The Global Disability Inclusion Strategy helps us in PwC Europe to focus on talent with all abilities and create a psychologically safe workplace so people can speak up about their personal needs. If disability is not on your agenda, neither is diversity.”**

**Birthe Stegmann**

*I&D Leader, PwC Germany and  
PwC Europe*



“PwC is a leading corporate actor in the growth in efforts globally to embed disability inclusion and accessibility across the business value chain. Their Global Disability Inclusion Strategy is a best-in-class framework and they provide one of the strongest examples of embedding global to local corporate culture within the Valuable 500.”



**Crosby Cromwell**

Chief Partnerships Officer at  
the Valuable 500

We're a proud member of The [Valuable 500](#), a global business collective of 500 companies promoting disability inclusion. We've joined the group's public commitment to advancing inclusion. As part of our efforts, we appointed Leandro Camilo (PwC Brazil Partner and I&D Leader) as our Global Disability Leader in October 2021.

A number of member firms across our network have pledged to drive change on disability inclusion. For example, PwC Japan's well-established 'Athlete Programme', now in its third evolution, enables national and international athletes with disabilities to follow two career paths: one focusing on sporting activities and one at PwC.

## LGBTQ+

Shine is PwC's LGBTQ+ community and ally inclusion network. Shine advocates, promotes and encourages wellbeing, inclusion and diversity for LGBTQ+ people, both at our firms and in the wider business world. It helps nurture local and global connections, encouraging everyone at PwC to be their authentic selves at work. Shine is now active in 29 member firms with four additional communities set up in FY22, including PwC Poland.

This year, PwC Netherlands reviewed and transformed its [benefits](#) offering to make sure it's as inclusive as possible. PwC Netherlands extended parenthood leave to all types of families, expanded special birth leave for anyone bringing a newborn child into their family, and introduced 24 weeks of paid leave for people going through gender transition.

## Racial, ethnic and cultural inclusion

In line with our efforts to increase transparency across all areas of the PwC network, we're reporting on representation of people from ethnic minority backgrounds in our workforce for the first time. In 2022, we're providing data on ethnicity breakdown for those member firms of our 21 [Strategy Council](#) territories that collect ethnicity data and are not barred by local laws from gathering and sharing this information. Given these restrictions, we're able to report ethnicity data for approximately half of our Strategy Council workforce.

## Ethnicity breakdown of PwC people in our 21 largest territories

Line of service	People from majority ethnic backgrounds (%)	People from minority ethnic backgrounds (%)
Advisory	63.9%	36.1%
Assurance	60.5%	39.5%
Internal Firm Services	66.5%	33.5%
Tax and Legal Services	63.8%	36.2%
<b>Total</b>	<b>63.3%</b>	<b>36.7%</b>

We continue to focus on racial diversity and many firms have made public commitments to act against racism and injustice. PwC has taken action throughout this financial year to support people from a wide range of minority groups. For the full ethnicity breakdown by management level for each line of service, please see our [WEF Stakeholder Capitalism Metrics Report](#).

## Example actions by PwC firms to support minorities

### Canada

PwC Canada introduced support for up to ten selected indigenous, black, and/or disabled students including a C\$5,000 scholarship and an offer of employment at PwC after they've obtained their degree.

### UK

PwC UK is building awareness of racial inequality through a virtual reality or 3D desktop experience, with accompanying debrief discussion, called 'In My Shoes'. It helps participants empathise by providing a first-person perspective.

### Brazil

PwC Brazil launched a career acceleration programme focused on black professionals called Black as Manager (BaM). It offers training and equal opportunities to help black people advance faster and in line with majority groups.

### Australia, India, Japan, Malaysia, New Zealand, Philippines, Singapore and Vietnam

PwC solvers from our Asia Pacific firms participate in quarterly cross-culture network workshops to build stronger cross-border relationships and develop their cultural IQ and inclusive leadership skills.



“Being part of an organisation that accepts people for who they are fills me with courage. I feel that I’m surrounded by people, by allies, which in turn gives me confidence.”

### Cezary Zelaznicki

*Managing Partner for Legal Services and CEE I&D Leader, PwC Poland*

“[The training] was an eye-opening and humbling experience. As part of the exercise, I paired up with a colleague who is very different from me. I learned a great deal about different types of micro-aggressions and micro-inclusions, and dug deeper into what it really means to come from privilege.”



**Nicolas Marcoux**

*Senior Partner, PwC Canada*

## Social inclusion

At PwC, we believe that where you start out in life should not determine where you can go. That's why we support programmes to enable people from lower socio-economic backgrounds to achieve their potential.

For example, PwC UK has a well-established [social mobility community programme](#) that helps students from lower socio-economic backgrounds, refugees and care leavers gain the skills to achieve positive employment outcomes in their career of choice, whether at PwC or elsewhere. In FY22 this programme reached over 10,000 people.

Since 2021, PwC Brazil has run [Access Your Potential](#), a programme aimed at upskilling socially vulnerable young people aged 16-26 from across the country. Twice a year, 200 PwC employees mentor 200 young people over an eight-week period to help prepare the next generation to build rewarding and successful careers.

## Developing inclusive leaders

We view inclusive leadership as a fundamental human skill. It means showing empathy, appreciation and respect for every individual's unique lived experience while fostering an environment of psychological safety in which everyone feels empowered to speak up. Inclusive leaders bring out the best in diverse teams to deliver impact and value.

In September 2021, we launched our Inclusive Mindset curriculum across the network to help our people practise inclusive behaviours and leadership skills. Many of our member firms have made this curriculum a core part of their firm-wide training. PwC Philippines included the programme as part of their 100-year anniversary celebrations, and PwC Portugal has made the programme compulsory for all employees.

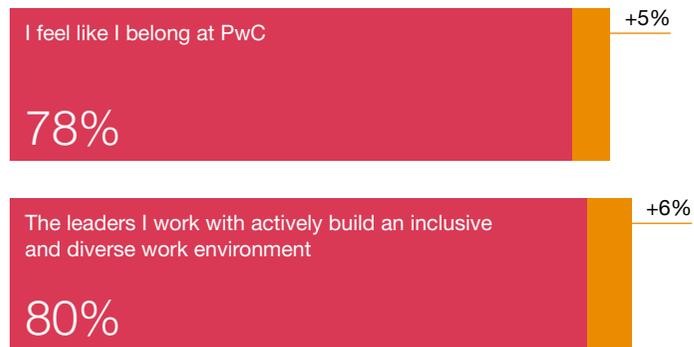
In addition to our Inclusive Mindset curriculum, we offer a variety of learning content related to I&D. This financial year, 226,042 people across the PwC network completed one or more of these courses (up from 210,201 last year).

## Our people's views on diversity

While improvements can still be made to reflect diversity at all levels, we're proud that this year strong majorities of our people feel they belong at PwC and believe our leaders are working to foster an inclusive environment.

### Highlights from the 2022 PwC Global People Survey

■ PwC people who agree ■ Increase since last year



## Inclusive Mindset learning at PwC

**19,934**

Number of engaged learners

**83,651**

Number of hours engaged in learning

**93**

Countries

**91%**

Participants who agree this programme enhanced their ability to practise more inclusive behaviours in their day-to-day interactions

## Our external community of solvers

Our community of solvers extends well beyond the walls of PwC. We work collaboratively with a variety of organisations to combine our diverse perspectives and experiences to address key challenges facing our clients and the world at large. Throughout this Global Annual Review, we share many of the ways we are joining forces with partners to create sustained outcomes. Learn more about our commercial alliances [here](#).

### Examples of organisations we work with on key issues

WORLD ECONOMIC FORUM	WBCSD	ASIA-PACIFIC ECONOMIC COOPERATION
GLOBAL SOLUTIONS INITIATIVE	GENERATION UNLIMITED (Gen U)	UNICEF

### Examples of commercial alliance partners

salesforce	ORACLE	SAP
workday.	GUIDEWIRE	Google
Microsoft	aws	Adobe

## Our community in action: read on

In the following chapters, we'll show how our community of solvers is driving progress on some of the toughest issues facing business and society from business transformation to climate change.

### Data methodology

The PwC 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 headcount. The headcount data from 30 June 2022 is the basis for the breakdowns of PwC people by region, line of service and management level; employee category by gender; and training hours.

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

The employee turnover data includes the departures of regular employees only. It excludes all other worker types, including partners, interns, fixed-term employees and contingent workers.

Ethnicity data includes a subset of our largest territories that track ethnicity data and are permitted by local regulations to share it. The subset includes approximately 50% of the PwC workforce in our largest 21 territories. Participating territories have mapped the majority/minority ethnicity composition of their workforces.

# Solving together: Trust

How can we build trust in  
business and society?

## **Janaina Nunes, Brazil**

*Former nurse, now PwC Manager delivering  
hospital tech for care patients can trust*

Janaina has a degree in nursing and over 10 years of experience in the healthcare sector, specialising in managing clinics, hospitals and healthcare technology.



## Trust matters

Trust is the hallmark of high-performing companies, the glue that binds cohesive societies, and a driver of shared prosperity.

Let's start with companies. Our 2022 [Annual Global CEO Survey](#) of 4,400 CEOs from 89 countries found that the single most important predictor of a company's past and future financial performance is trust.

It's not just companies that rely on trust. Trust is key to the social cohesion, prosperity, and quality of life of communities and countries. As The Economist observed, 'Trust keeps society running. Even the most trivial interactions rely on small acts of trust.'<sup>2</sup> Low-trust nations are less likely to make long-term investments, have strong government institutions, and participate in cross-border trade – all key sources of innovation, economic development, and ultimately a better quality of life for citizens.<sup>3</sup>

In this chapter, we discuss some of the challenges in building trust in business and society, and we share some of the ways that our community of solvers is helping to build trust in our clients' organisations and in society as a whole.

## Today, trust is harder to earn

According to the 2022 [Edelman Trust Barometer](#), 'distrust is now society's default emotion.' Concerningly, the lowest socioeconomic quartile of the population has very little trust in any of society's institutions. This year, we've analysed some of the causes of eroding trust from [polarisation to accelerating technological change](#).

## Trust is key to business success

### Growth

Companies in the top quartile on trust achieved 20% higher market capitalisation growth on average.

### Resilience

During the pandemic, high-trust companies lost less value and rebounded in value faster than low-trust companies.

### Confidence

71% of CEOs of high-trust companies are very or extremely confident in their companies.<sup>1</sup>

1 Growth: Harvard Business School, The Power of Trust. Resilience: PwC report Trust in Adversity. Confidence: PwC 2022 Global CEO Survey.

2 Economist, 'Believing is seeing,' Aug 2016.

3 Trade, Trust, and Transaction Costs.

“Today companies face escalating activism from citizens, investors, and policymakers on concerns like climate change, inequality, and social issues. There’s a higher bar for companies. Stakeholders expect transparency and a fair exchange of value.”



**Kai Lakhdar**  
Partner, PwC Canada

## Companies must build trust in new ways

For companies, trust has never been more important. It’s the link that connects the organisation, its people, its customers, its stakeholders and the world. Trust can’t be bought. It must be earned through every interaction, every experience, every relationship and every outcome delivered.

But in order to build trust today, companies must meet the expectations of a broader set of stakeholders on a wider range of issues such as cybersecurity, diversity, data security, tax payments, and environmental performance. Companies are examined on an ever-growing list of questions about whether they are forces for good in society.

The result is that companies need to build trust at a time when it is both more fragile and more complicated to earn.

## We build trust in business and society

Our strategy, [The New Equation](#), is all about helping companies build the trust they need to succeed. Companies must have the trust and support of customers, staff, investors, communities, policymakers, and other stakeholders to maintain their social licence to operate and their ability to thrive. When companies consistently deliver the outcomes their stakeholders value, trust is built. In this way, trust and sustained outcomes enable each other in a virtuous cycle.

Throughout this chapter, we’ll demonstrate two key ways that we help to build trust in business and society:

- 1. We help companies build trust in their delivery of value for a range of stakeholders.** We help companies achieve the results their stakeholders want, from investors seeking strong financial performance to citizens demanding action on sustainability. Just as importantly, we help companies demonstrate these results. We deliver robust, trustworthy evaluations of clients’ performance in both financial and nonfinancial areas, backed by the credibility of our brand. Through our work, our clients’ delivery of value for multiple stakeholders is both achieved – and believed.

2. **We support the systems on which trust in society depends.** We support the operation of society's systems (such as the tax, legal, and public reporting systems) that promote fairness, transparency, and the rule of law. We help to improve the operation of these systems for the good of society through, for example, advising on how to create effective policy and rigorous standards. From audit reform to carbon pricing, we advocate for a policy environment that supports positive societal outcomes while encouraging and enabling business to help achieve those outcomes.

In the rest of this chapter, we'll share how we are:

- Helping companies deliver value to multiple stakeholders ('value achieved')
- Helping companies demonstrate that value ('value believed')
- Building trust in society
- Building trust in PwC

## We help companies deliver value to multiple stakeholders

### We measure trust across stakeholders

Trust may be hard to build, but it can be measured. In 2022, we applied our proprietary trust framework to map eight quantifiable trust drivers for companies, ranging from financial performance to ESG to transparent reporting.

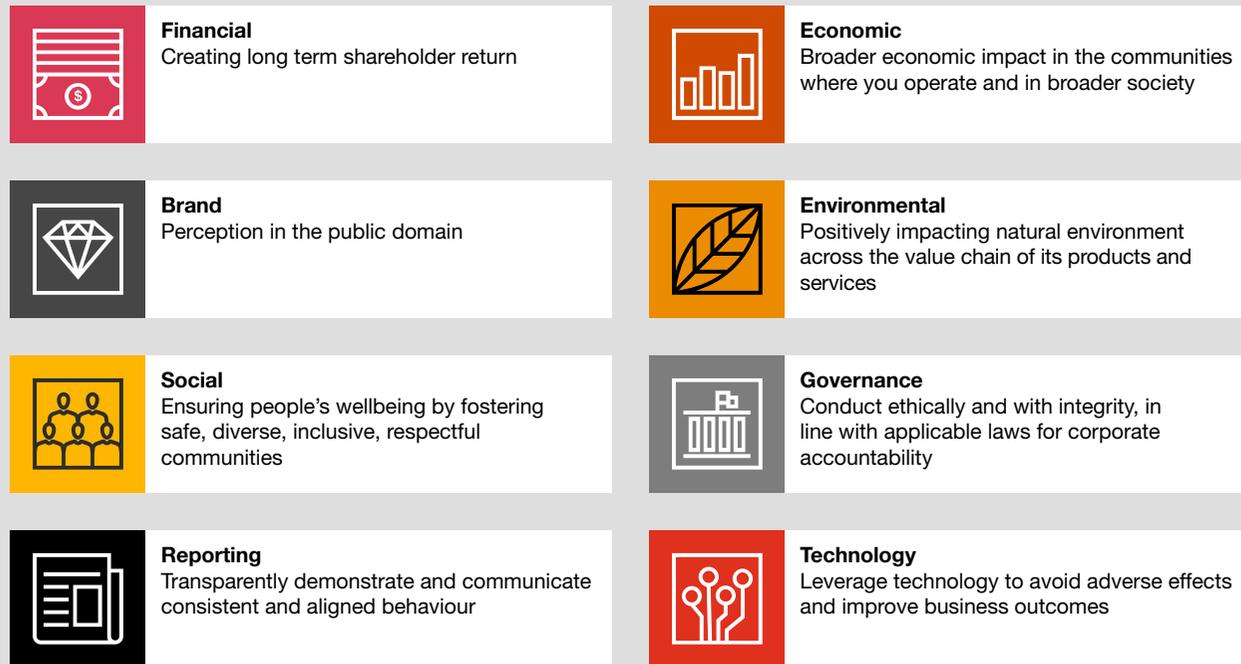


**“Trust is one of a business’s most important assets and it’s critical to an organisation’s survival in a fiercely competitive and quickly changing environment. Trust truly is the new currency of business.”**

**Tim Ryan**

*Senior Partner and Chairman, PwC US*

## Eight Trust Drivers



This framework encompasses a broad range of stakeholders from policymakers to the public. It enables our clients to map their stakeholders, measure trust levels, identify problem areas, and track progress.



“Cyber attacks are an existential threat that can affect a country’s national security, economic wellbeing, and healthcare. The barriers to entry are now so low as evidenced by ransomware-as-a-service and numerous nation states leveraging this tool. Policy and regulation lag far behind the pace of the threat, creating a market inefficiency exploited by the criminals daily.”



**Sean Joyce**

*Global Cybersecurity Leader,  
PwC US*

## We help companies deliver what stakeholders value

As we’ve seen, companies must meet stakeholder expectations on a range of issues from financial performance to ESG, inclusion & diversity, and cybersecurity. This year, we’ve dedicated a chapter of our Global Annual Review to our work to help companies do the right thing on [ESG](#). Our [People](#) chapter shares how we’re helping companies look after their staff’s wellbeing and continue to build diverse teams. Our chapter on [Transformation](#) shows how we’re helping companies transform their value-creation models to deliver strong returns to investors.

Below, we take a close look at how we’re helping companies manage one of the biggest trust-destroying risks to business: cybersecurity breaches.

## We’re helping companies build trust on cybersecurity

Our [25th Annual Global CEO Survey](#) identifies cybersecurity risk as the top threat to businesses. From ransomware to data breaches, cyber attacks can destroy trust in a company’s ability to operate reliably and protect sensitive data. Our research shows that the past year was the worst yet for cyber attacks. Ransomware groups continued to practice ‘indiscriminate inhumanity, attacking infrastructure, hospitals, and charities, proving no-one is off-limits,’ says Kris McConkey, PwC Global Threat Intelligence Leader, PwC UK.

We track the rapidly changing techniques employed by cybercriminals to help our clients [prepare, respond and defend](#) against even the most sophisticated cyber threats. We recently launched the Global Cyber Academy to continuously upskill 6,000+ practitioners across the network in this fast-moving and complex field. We’re proud to help clients detect and prevent thousands of cyber attacks every year, helping to build trust in their organisations and in society as a whole.

## CASE STUDY



Monthly high risk  
cyber threats  
reduced from  
12,000 to 30

A major retailer had suffered two high-profile breaches of customer data and was struggling to get attacks under control. In close partnership with the retailer's teams, PwC UK deployed their proprietary technology to create a 24/7 operation for proactive incident monitoring and threat hunting.

This proactive system meant the client could do more than investigate attacks after they've happened. They could detect and stop impending attacks before they occur, effectively reducing monthly high risk threats from 12,000 to 30. PwC's system helps to ensure that customer data remains safe while significantly reducing the likelihood of another high-profile breach. The retailer is now in a strong position to begin rebuilding trust with the public.



Our 2022 Global Digital Trust Insights Survey shows that companies with strong cybersecurity are:

10x

more likely to have fully implemented a formal process for data trust practices

11x

more likely to have high levels of understanding of cyber and privacy risks from third parties

12x

more likely to say their CEOs give them the support they need

Our [Global Digital Trust Insights Survey](#) uncovered vast differences between companies with the best cybersecurity outcomes and the also-rans. For example, companies with the best outcomes were 11 times more likely to understand risks at third-party suppliers. Building on these insights, we're offering clients practical advice on enhancing security. For example, we're helping leaders uncover the cyber blindspots in their supply chains.

We identify the critical actions business leaders must take to pass the [Cybersecurity Leadership Test](#). This includes C-suite endorsement of cybersecurity as a core business imperative. Our [research](#) shows that CEOs need to up their game. Most CEOs believe they are 'engaged' and 'strategic' on cybersecurity, while non-CEOs believe CEOs are more reactive than proactive, acting only when a breach occurs.

In addition, we're proud to help combat other forms of illicit activity online. For example, see our 'crypto chase' work below.

## CASE STUDY



### Innovative “crypto chase” uncovers global syndicate operations

A Southern African forensic team was appointed to conduct a cryptocurrency investigation following allegations that funds were being moved out of the country borders without the required approvals.

The human-led, tech-powered approach united staff across offices in the forensics team at PwC firms in Africa along with a team from PwC UK. They used a tracing tool developed by PwC that can track the flow of cryptocurrency on the blockchain. The team ‘crypto chased’ the funds to digital wallets abroad, uncovering syndicate operations. By doing so, the regulator was able to forfeit blocked funds of the entities and/or individuals to the State.

Using this innovative approach, the engagement was delivered by a PwC community of solvers working together remotely across thousands of miles to get the job done.

## Our US Trust Leadership Institute convenes executives to embrace opportunities to earn trust

Trust is the currency of business. But the path to earn and maintain it can be complex. Through our US firm's [Trust Leadership Institute](#), we're bringing together a community of top minds to navigate the complexities of our evolving business landscape and chart a course to earn trust in business and society.

As part of the US firm's \$300 million Tomorrow Takes Trust commitment to embed trust-based principles in business, the Trust Leadership Institute offers a variety of immersive, interactive experiences designed to support leaders at every stage of their journey to build trust. To date, more than 1000 industry executives have joined us to explore the paths to building trust with multiple stakeholders. Topics explored include data, privacy and technology, embodying personal trust, navigating a multi-stakeholder environment, shaping ESG strategy and much more.

US\$300m

PwC US has committed \$300 million to embedding trust-based principles in business





## We help companies demonstrate the value they deliver

### We're redefining assurance to build 'trust in what matters'

As we've seen, today companies are judged on far more than financial outcomes. A company's performance in areas like ESG, cybersecurity, and more can affect its reputation, staff retention, access to capital, and ultimately enterprise value.

That's why we're evolving our assurance offering to provide confidence not just in companies' financial statements but in their impact on people and the planet as well.

We call this 'trust in what matters.' This includes issues that are important to a company and its wider stakeholders, not just its shareholders. We apply rigorous standards to analyse companies' performance on issues such as climate and diversity. This helps companies demonstrate their progress, enabling these firms to build trust, enhance their corporate reputations, and grow enterprise value.

We encourage our clients to understand what matters to their stakeholders, and we deliver assured information about the company's performance on these measures. We believe that if it needs to be trusted, it needs to be assured. High-quality assurance heightens accountability and trust while giving companies a robust basis for tracking and improving their performance.

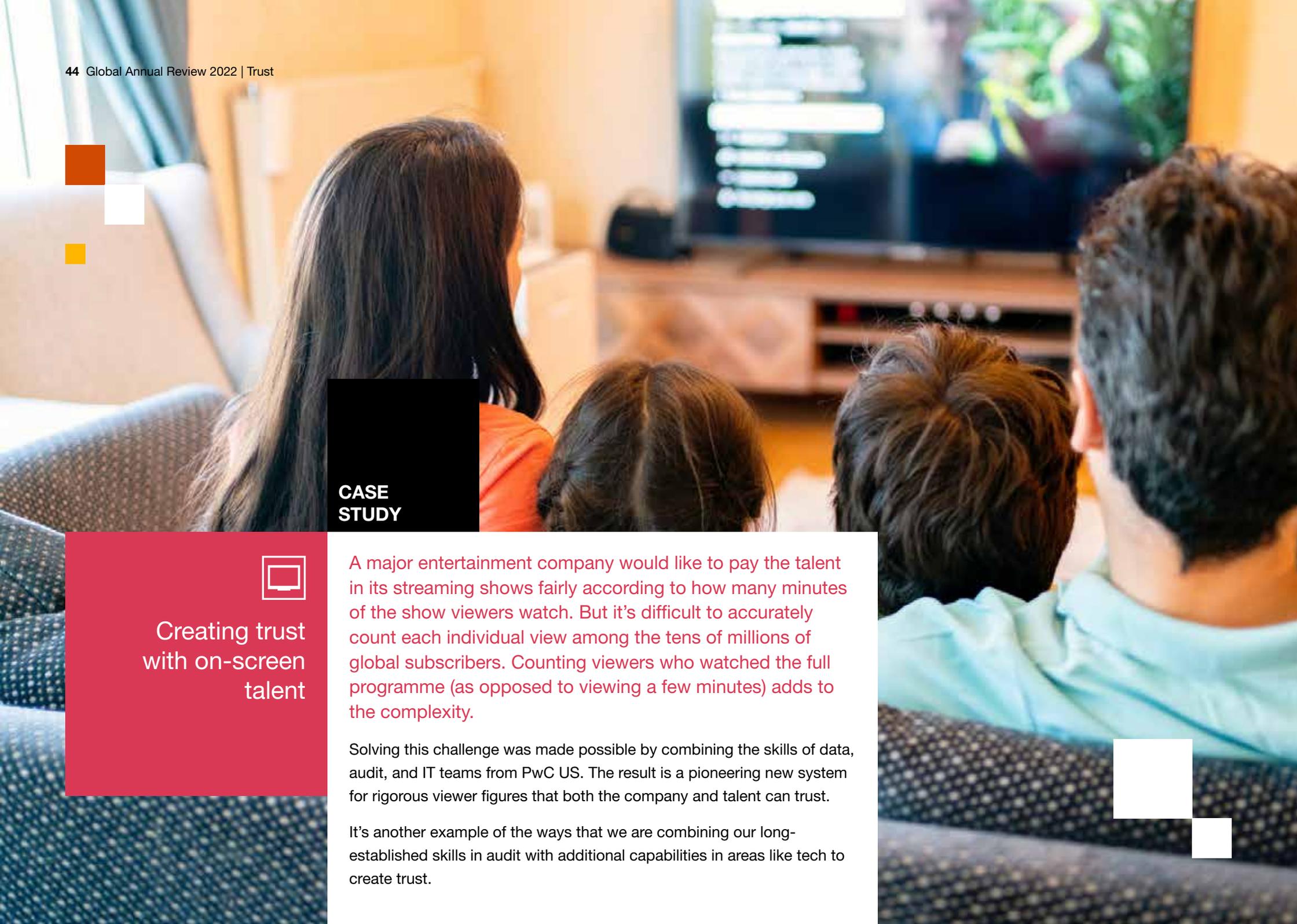
**CASE  
STUDY**



**Building trust  
in progress to  
net zero**

HSBC has an ambition to become a net-zero institution, but it can be challenging to estimate the impact of climate on its business and customers.

PwC UK delivered assurance on the public statements made by HSBC about its progress against its sustainable financing and investment targets, as well as the financed emissions of its customers in targeted sectors.



**CASE  
STUDY**



**Creating trust  
with on-screen  
talent**

A major entertainment company would like to pay the talent in its streaming shows fairly according to how many minutes of the show viewers watch. But it's difficult to accurately count each individual view among the tens of millions of global subscribers. Counting viewers who watched the full programme (as opposed to viewing a few minutes) adds to the complexity.

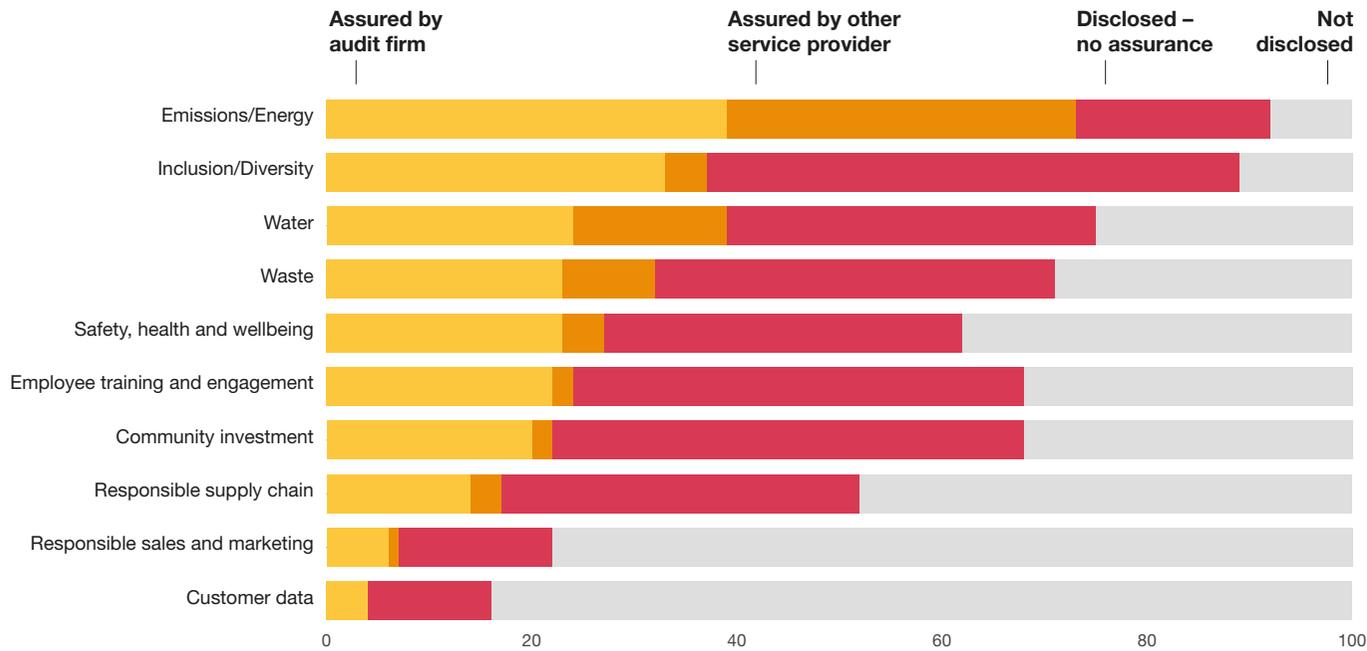
Solving this challenge was made possible by combining the skills of data, audit, and IT teams from PwC US. The result is a pioneering new system for rigorous viewer figures that both the company and talent can trust.

It's another example of the ways that we are combining our long-established skills in audit with additional capabilities in areas like tech to create trust.

Investors seek trusted information. In our [Global investor survey](#), nearly 80% said they trust reported ESG information more when it's been assured. And 70% said that companies should be required to obtain assurance on all material ESG information, not simply on a subset that the company chooses.

Despite this demand for assured information, many companies report nonfinancial information without assurance. This creates a sizeable trust gap.

**The Trust Gap: Many companies' nonfinancial disclosures are not assured**



Source: PwC's Global Assurance's trust gap analysis of 2021 annual and sustainability reports of 185 companies



## We build trust in society

### The trust imperative for business

This year, our Global Chairman Bob Moritz set out the [trust imperative for business](#). In the face of dramatic disruptions (from a pandemic to war to climate change) that can fray trust in society, business has an opportunity – and responsibility – to lead. Business should be part of the long-term solution to society’s greatest challenges. This means defining and adhering to a long-term vision for the company as a force for good in society that delivers value to all stakeholders.

Expectations are growing for business to lead on societal issues. The [2022 Edelman Trust Barometer](#) concludes that ‘societal leadership is now a core function of business.’ Across every issue, by a vast margin, people are demanding stronger leadership from business. ‘CEOs are expected to shape conversation and policy on jobs and the economy (76%), wage inequity (73%), technology and automation (74%), climate change (68%)’ and more. Ultimately, business leaders should be guided by a straightforward principle – do the right thing by all of your stakeholders - while not underestimating the challenges and trade-offs involved.

Along with many multinational organisations, we made the decision to cease our operations in Russia following the invasion of Ukraine. We moved rapidly to act on this decision. Today PwC no longer operates in Russia or Belarus. We believe this was the right thing to do.

We have also scaled back our operations in Myanmar following the February 2021 coup. We focus now only on the needs of international clients operating in the country. We continue to support all of our Myanmar colleagues and have helped some with redeployment and relocation where appropriate.

**CEOs are expected to shape conversation and policy on:**

76%

Jobs and the economy

73%

Wage inequity

74%

Technology and automation

68%

Climate change



**“Companies that embrace a role as a valuable, purpose-driven contributor to society – and whose leaders make bold, long-term decisions consistent with that role – will earn trust.”**

**Bob Moritz**

*Global Chairman of PwC*

## CASE STUDY



### Building trust by protecting staff in a difficult situation

Trust is built with employees when their interests are put front and centre in challenging situations like administration.

In 2022, PwC UK acted as the joint administrators to complete a sale of McColl's Retail Group to Alliance Property Holdings Limited, part of the Morrisons Group. PwC brokered a deal that not only successfully transferred all 16,000 staff from 1,100 shops across the UK to the Morrisons Group but also saw the group agreeing to rescue the two pension schemes which had more than 2,000 members.

“Governments have an important role to play in... setting the responsibilities of business in accordance with the public interest, shaping an operating environment that enables companies to pursue economic success within their social and environmental responsibilities and supporting sustained outcomes which are in the best interests of communities and the planet.”



**Colm Kelly**  
Global Leader,  
Corporate Sustainability,  
PwC Ireland



## We advocate for a policy environment that encourages and enables business to deliver positive outcomes for society

Below we share some of the ways that we support the development of policies, standards, and regulatory structures that align business and societal interests – ultimately increasing public trust in both business and society.

## We are helping to develop rigorous, globally aligned ESG reporting standards

Robust ESG reporting standards help to create transparency and accountability while rewarding organisations that perform well. Ultimately, these standards can help to create trust in businesses that can demonstrate good performance, as well as trust in society’s ability to do the right thing on the issues that matter.

That’s why we [advocate](#) across global platforms including Davos for robust, globally aligned reporting standards, and we do all we can to support their development. For example, we’ve worked with the World Economic Forum to drive the global alignment of reporting standards, culminating in the establishment of the International Sustainability Standards Board (ISSB). We’re working with the ISSB and other standard setters from the European Financial Reporting Advisory Group (EFRAG) to the US Securities and Exchange Commission (SEC) to support the development of robust reporting requirements.

## Four ways we support the development of policies that help to deliver business outcomes in the public interest

1

**We support audit reform.** We strongly support efforts to enhance audit quality. For example, we [publicly suggested to the European Union](#) that the EU mandate increased transparency over audit quality performance.

2

**We advocate for delivering audits in ways that align with net zero.** Glasgow Financial Alliance for Net Zero (GFANZ) is a global coalition of 500+ leading financial institutions (with assets worth over US\$130 trillion) committed to accelerating the decarbonisation of the economy. We are a founding member of a GFANZ-linked alliance of financial services providers committed to delivering audits in a way that aligns with net-zero goals.

3

**Alongside other accounting firms, we offer our perspective on matters in the public interest.** For example, we meet with the international Financial Stability Board (FSB) to share our views on the biggest systemic risks so the Board is better equipped to help avert them.

4

**We actively support the work of the International Ethics Standards Board for Accountants (IESBA) to make sure accountancy firms work in the public interest and deserve public trust.** For example, we're actively participating in the IESBA's efforts to develop an ethical framework for tax planning services. We support IESBA's focus on the development of robust ethical standards relating to sustainability reporting, including working closely with sustainability standards organisations like the ISSB.



**“Companies need to go beyond glossy claims that they do good in the world. Companies need to be specific with a clear purpose, measurable goals, and robust reporting on performance.”**

**Nadja Picard**

*Global Reporting Leader, PwC Germany*

“We help build trust in our systems by ensuring tax is an enabler of societal good.”



**Carol Stubbings**

Global Tax and Legal Services  
Leader, PwC UK

## Our tax and legal work helps to build trust in society

High-trust societies are marked by a widespread belief that the rules are followed. Our Tax and Legal Services practice exists to help our clients follow the rules. In this way, we play an integral role in helping tax and legal systems function, following our rigorous [Tax Code of Conduct](#).

What’s more, we help clients demonstrate compliance with the rules of the tax code. For example, our Tax Transparency Tool gives a full picture of a company’s tax contributions to society and the economy, supporting fair and open conversations about companies’ true tax contributions. This has helped some of our clients build trust with the public when perceptions of their tax contributions were out of step with reality.

We encourage our clients to think of their tax disclosures as more than a simple report of numbers. Tax reporting is also an indication of a company’s values. We help clients develop a tax strategy – and a public narrative around it – that demonstrates the company’s values and [builds trust](#) with stakeholders.

Our role in supporting trusted tax and legal systems goes far beyond compliance with existing rules. We suggest ways to hone the tax rules so that the outcomes of their application are in line with the intentions of policymakers. In addition, we encourage development of the tax and legal systems in line with the public interest, offering our expertise to help identify ways these systems can deliver better outcomes for society.

For example, we support carbon taxes as a lever to reduce emissions. Our Global Chairman, Bob Moritz, joined with other CEOs in calling on the G7 to institute a meaningful carbon price.<sup>4</sup> We partnered with the World Economic Forum to explore the potential for a [global carbon price](#) (concluding that such a price could pay for itself while reducing emissions by 12%).

## We propose ways to build trust in public institutions and key sectors

- We recommend practical ways to [modernise justice systems](#) and improve the quality of justice they deliver so all citizens feel fairly served
- We propose ways to [rebuild public trust in police forces](#) in Canada
- We recognise that addressing the insurance trust gap is key to [rebuilding faith in financial services](#)
- PwC UK’s [Responsible Technology](#) framework maps key steps to ensure new tech is a force for good

<sup>4</sup> Flipping the Switch, open letter via the Sustainable Markets Initiative



## CASE STUDY



### Turning on the taps of trust in Southern Africa

In the arid Limpopo region of Southern Africa, hundreds of thousands of people lack easy access to water. Expanding water infrastructure to serve sparsely populated Limpopo was a huge undertaking.

PwC South Africa joined together across lines of service to create one team with the necessary skills from strategy development and stakeholder alignment to infrastructure and funding support. As a result of this collaboration, 380,000 people will gain access to fresh drinking water. We're proud that this is one of the first projects in South Africa in which the government and private sector are collaborating to make life better for communities, building public trust in government and business and their abilities to deliver crucial services.

“In order to help our clients build trust, we have to be trusted ourselves.”



**Coenraad Richardson**  
Global Chief Risk Officer,  
PwC UK

## We strive to build trust in PwC

Trust in PwC helps us build trust in our clients. To explore our stringent efforts to build trust in our network by delivering quality output, maintaining our objectivity and independence, and protecting the reputation of our brand, please see the chapters on [Quality](#), [Risk](#), and [Governance](#).

As our PwC Global Chief Ethics and Compliance Officer, Laurie Endsley, said, ‘Our good name and reputation are cornerstones of our business. Our success as a network depends on being trusted. At PwC, speaking up about doing the right thing is not just okay – it’s expected.’

To learn more about how we’re striving to do the right thing on issues from climate to inclusion & diversity, please see the chapters on [ESG](#) and [People](#).

Trust is built by being transparent and accountable. This year, for the first time, we’re seeking to [report](#) on all of the World Economic Forum’s Stakeholder Capitalism Metrics – both core and expanded – that are relevant to our business. We fully or partially comply with 35 of 42 metrics that are relevant to our business. In addition, we’re disclosing our climate performance in our [2022 Climate Disclosure Report](#).





# Solving together: People

How can companies  
build a productive  
workforce and  
organisation?



**Shimpei Oikawa, PwC Japan**

*Leading member of Japan's wheelchair basketball team. Now a disability inclusion leader at PwC*

Shimpei Oikawa has a long career as a wheelchair basketball player and coach.

## To achieve sustained success, companies need to recruit, retain, and support productive teams.

In this chapter, we'll share some of what we've learned this year about how companies can build productive workforces and organisations.

Today, the challenge of building successful teams may seem tougher than ever. For starters, the pandemic has led many workers to re-evaluate what's important to them. As a result, one person in five is looking to move jobs in the next 12 months, according to [PwC's latest global workforce research](#). This 'Great Resignation' – combined with surging demand for people with specialised skills in areas like cybersecurity and ESG – is making it more challenging for companies to hire people with the right capabilities.

The pandemic has brought another major shift. For many workers, hybrid working is now the new normal. Hybrid working presents a host of new issues for business leaders including how to build trust, foster productivity, and manage effectively when teams may rarely see each other face-to-face.

In addition, employee expectations are growing for meaningful work, inclusion and diversity, and pay that keeps up with the rapidly rising cost of living.

These shifts add up to a challenging environment for companies that need to build the right workforce for sustained success. At PwC, we're taking innovative approaches to help our clients solve these complex issues.

In this chapter, we'll share some of our work in the past year that offers insights into:

- How to win the competition for talent
- How to best manage hybrid working
- How to use technology to build productive teams

We'll share some of our work for clients as well as a few of our own internal initiatives within PwC. (See [Our Community of Solvers](#) for even more insight into how we are building and enabling our own global workforce of talented people.)

# 20%

One person in five is looking to move jobs in the next 12 months.

# 63%

Well over half of all employees expect their employer to offer a mix of in-person and remote work in the next 12 months.

# 75%

of employees said they want to work for an organisation that makes a positive contribution to society.

Source: PwC's 2022 [Global Workforce Hopes and Fears Survey](#).

“With active support from Deals leadership, we are blazing a trail among global businesses in building and supporting an ecosystem of women recruits, mentors, and role models in the traditionally male-dominated deals sector.”



**Helen Sullivan**

Edge Programme Director,  
PwC UK

## Winning the competition for talent from recruitment to retention

We're helping clients strengthen their recruitment and retain their current staff amid the 'Great Resignation' and an intensifying competition for talent by, for example:

- re-engineering talent acquisition policies and processes
- rethinking retention strategies
- planning how to rehire former employees (which many companies are now doing)

Below we share a few things we've learned this year about how to win the competition for talent.

### Five lessons we've learnt about recruiting and retaining great people

Competition for talented graduates is tough. [Edge](#) is the graduate programme of our Deals practice in EMEA and Asia Pacific. Edge is specifically designed to build a workforce that's inspired, productive and loyal. Below we share five lessons we've learnt from Edge about how to attract talented people and help them have a great experience so they stay.

- 1. Different is good.** Instead of recruiting only finance graduates (as is common), we actively draw graduates from fields such as architecture, law and chemistry. This creates a wider recruiting pool while bringing a diversity of skills to PwC's community of solvers. Clients and fellow staff appreciate the diversity of viewpoints and creative problem-solving that result.
- 2. Help people find their fit. We don't pigeonhole people.** Our new joiners on the Edge programme have several years to explore different parts of the business, settling on a speciality when they've found their fit.
- 3. Personal relationships build loyalty and effectiveness.** We invest in face-to-face international events to build relationships among new joiners, and we help them grow their networks. We make sure new joiners connect with PwC role models to build mentor/mentee relationships early on.

4. **Offer valued on-the-job certifications.** Thousands of people start their careers at PwC. We help them build skills they can take forward. Dealmakers-in-training who join the Edge programme are sponsored through professional qualifications, and those who complete the programme are awarded the PwC Advanced Certificate in Deals.
5. **Proactive career support can make a difference.** We've increased the percentage of female new joiners into our Deals practice via Edge by 42% in the past five years. When women choose to join PwC, we actively support their career progression by making sure they have early leadership opportunities as well as female role models and mentors.

## Employees want meaning, competence, flexibility

What motivates today's employees to give their best? And which factors influence people's decisions to join an employer - and whether to stay?

Our [Global Workforce Hopes and Fears Survey 2022](#) - one of the largest workforce surveys ever undertaken - suggests some answers. The findings, presented by our Global Chairman Bob Moritz at the World Economic Forum's Annual Meeting in Davos in May 2022, provide many valuable insights both for PwC and our clients. For instance, the research revealed what matters most to employees when they are considering a change in work environment. Pay is the top driver. But meaning is the next most important factor (with flexibility about when/where to work and a desire to feel productive/competent also among the top factors).

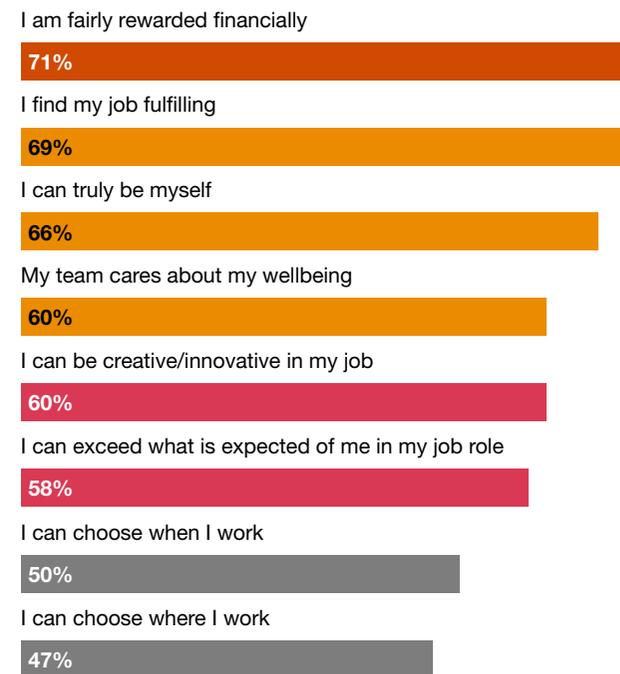
Our findings underline the need for business leaders to clearly articulate the company's purpose and help staff find meaning and fulfillment in their work. In addition, bosses can better attract people by offering work flexibility and helping employees to feel productive and competent.

## There's an upside to supporting employees in discussing challenging issues at work

Our [Global Workforce Hopes and Fears Survey 2022](#) highlights another way to create a working environment that encourages loyalty. Many people assume that employee conversations about societal topics like climate, immigration, race, and gender equity are a potential source of discord - and a headache for HR. But they should think again.

### Most important factors when considering a change in work environment

■ Compensation 
 ■ Meaning 
 ■ Confidence/competence 
 ■ Autonomy



Source: PwC's 2022 Global Workforce Hopes and Fears Survey of 52,195 workers across 44 countries and territories



Our Hopes and Fears Survey found that the majority of employees are already discussing these topics at work. What's more, they're benefitting from the experience. So although most organisations aren't supporting employees in having these conversations, they'd be better off helping people talk through thorny issues.

For example, PwC US holds 'Candid Conversations' to give staff a place to discuss challenging issues. Topics have included events in Afghanistan, Ukraine, race, LGBTQ+, and religion.

## Help staff 'leave while staying'

We're helping clients win the competition for talent by keeping (or rehiring) the talent they already have. Some companies are developing 'leaving while staying' programmes, helping people move jobs within the business rather than go elsewhere. At PwC US, the 'Always a PwC'er' programme recognises and supports people's desire to try roles at different companies, welcoming them back to PwC if they re-join.



**“Leaders need to engage with the desire of people to work for organisations that live up to their purpose and values, and offer a positive workforce culture.”**

**Peter Brown**

*Joint Global Leader, People & Organisation,  
PwC UK*



“Diverse workforces will inevitably bring differences of opinion about major societal issues into their workplaces. Leaders need to ensure these discussions can benefit teams rather than dividing them. The role of employers isn’t to tell workers what to think, but to give them a voice, choice and safe environment to share feelings, listen and learn about how these issues are impacting their colleagues.”



**Bhushan Sethi**  
Joint Global Leader,  
People & Organisation,  
PwC US





## CASE STUDY



The Dutch Ministry of Defence is responding to the war for talent

We're seeing companies have to strive harder to meet the talent pool's changing expectations of jobs. PwC Netherlands' work with the Dutch Ministry of Defence shows one way these expectations can be met.

The Dutch Ministry of Defence needs to recruit a new generation of soldiers with the technological skills for modern warfare amid intense competition for tech-savvy talent. We helped the organisation gain a holistic view of what's needed to become the employer of choice by addressing three tough questions:

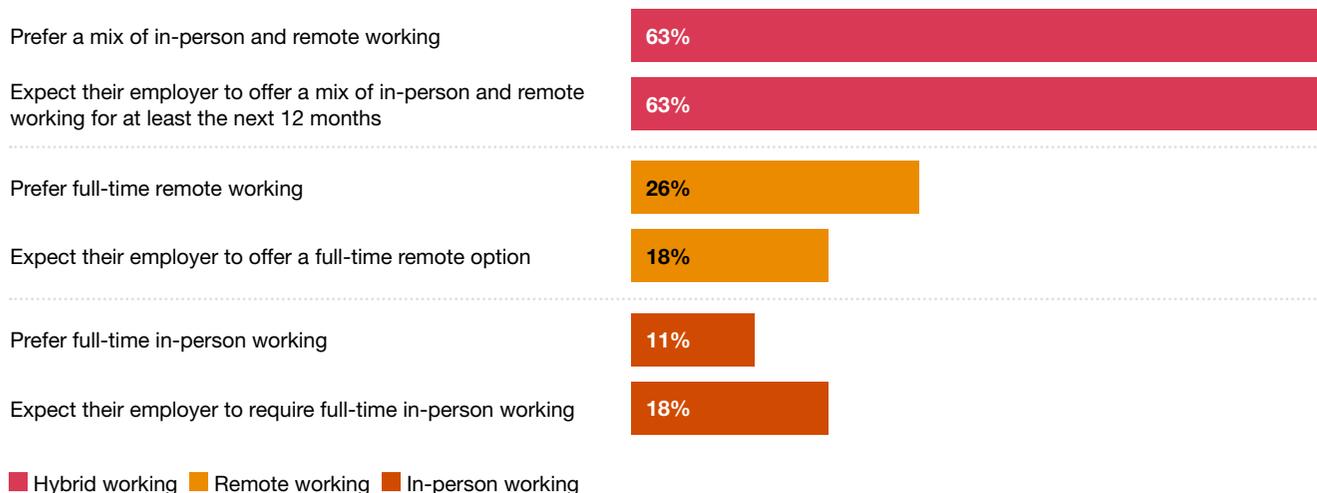
- 1. Workforce strategy:** Which people with which skills do you need in order to be successful?
- 2. Value proposition:** What do these people want and need for them to work for you – what's your value proposition?
- 3. HR transformation:** How does your HR function need to be structured to deliver against this?

We're now helping the Ministry modernise its employee value proposition to appeal to a new generation. For example, it's changing the organisational culture to be less hierarchical and more answerable to employee's preferences. And it's creating flexible, tailored career paths.

## Making hybrid working a success

In many professions, hybrid working is the new normal. Companies must adapt to this shift. Our [Hopes and Fears survey](#) showed that only 11% of respondents who are able to work remotely prefer full-time in-person working.

### Clear preference for hybrid working

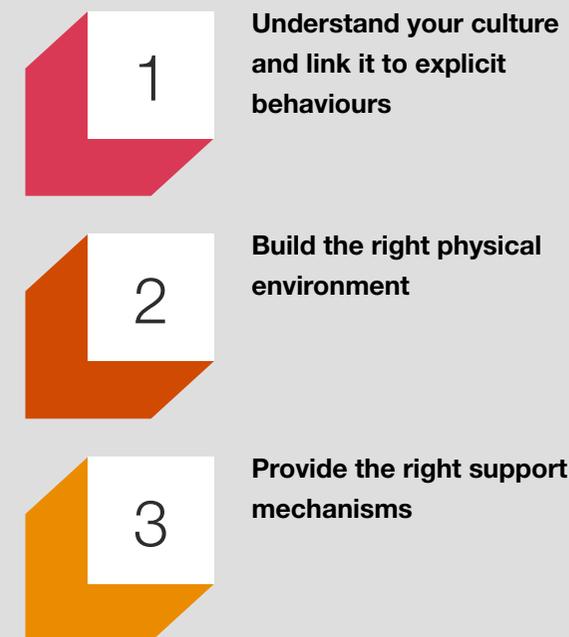


Companies that do not offer hybrid working to employees who desire it may encounter issues with retaining those employees. For example, our [Pulse Survey](#) of the US workforce shows that wages are employees' number one reason for leaving, but flexibility is a close second.

We're helping companies manage the transition to hybrid working – for instance, by building strategies for being an inclusive leader in a hybrid environment. We're helping clients get their workforce strategies right by identifying the '[nonnegotiables](#)' that employees expect in the world of hybrid work. These range from one-to-one mentoring to responsible behaviour on social and environmental issues.

We know how difficult it can be to maintain a cohesive culture when a large part of the workforce regularly works from home. We've pinpointed three ways companies that offer hybrid working can maintain a [strong company culture](#).

### Three steps to success in hybrid working:



Source: '[Three ways to prevent hybrid work from breaking your company culture](#).' strategy+business, June 2022.

“There has been a fundamental shift in the relationship between employees and employers. We can’t sustainably compete on compensation and benefits alone. We must take bold action to provide a personalised career experience that engages our people to stay longer and inspires top talent to join us.”



**Yolanda Seals-Coffield**  
Chief People Officer, PwC US

Across PwC’s global network of firms, we’re taking a range of approaches to give employees greater flexibility. It’s a key part of how we build a happier, healthier, more engaged workforce that delivers high-quality service and sustained outcomes for our clients. Here are some examples:



**PwC Brazil:**  
Reconfiguring office space to shift from desks to collaboration spaces



**PwC Australia (and many countries):** Allowing overseas remote working for a set number of weeks a year



**PwC Canada:**  
An app helps people find where their colleagues are sitting since people no longer have fixed desks



**PwC Germany:**  
With the Trust in People initiative, teams are encouraged to decide cooperatively how, when and where they work together



**PwC US:**  
The first professional services firm in the US to offer all client service employees the option to work virtually and live anywhere in the country

## Using technology to build productive teams

Technology offers many possibilities for empowering people to be more effective in their jobs. As we’ve seen, workers value competence and achievement. Below, we share some of the ways that we’re helping clients use technology to empower their people to work more effectively. In this way, technology can help companies be more productive while also helping people find more fulfillment in their roles. Below, we share five case studies that illustrate a range of ways that we’re helping clients deploy technology to enable greater productivity.

**CASE  
STUDY**



Helping nurses work  
better and smarter  
– and inspiring more  
people to stay in the  
profession

Nurses are at the heart of patient care. But attracting people to the healthcare profession – and then getting them to stay within it – are long-standing issues now exacerbated by COVID-19.

When a private healthcare group in South Africa asked PwC South Africa for help recruiting and retaining more nurses, we set out to help nurses work better and smarter, thereby making the job more fulfilling and appealing.

Africa collaborated on an app solution built by our innovation ecosystem. Now, nurses spend less time on administration and more time with patients. This helps improve care standards and health outcomes, benefitting patients and their loved ones. The app also makes nurses' work more rewarding, enhancing the profession's ability to retain existing staff and attract newcomers.

## CASE STUDY



### Transforming call centre productivity for a leading Australian telco

PwC Australia helped leading Australian telecommunication company Telstra boost the productivity of its call centre teams during the challenging move to remote working.

Alongside our partner Microsoft, we connected disparate data sources into a single source of truth, embedded digital tools and built frontline leader capability through a blend of training and coaching.

As a result of our work, Telstra's call centres now achieve better productivity, employee engagement and customer experience with customer calls resolved 45% faster, a 10% increase in staff engagement and fewer call transfers. The key ingredient that delivered these outcomes? The combination of smart technology and human skill in deploying it. As with so many of our clients, Telstra's success is truly human-led and tech-enabled. To learn more about Telstra's story, read the full [case study](#).



## CASE STUDY



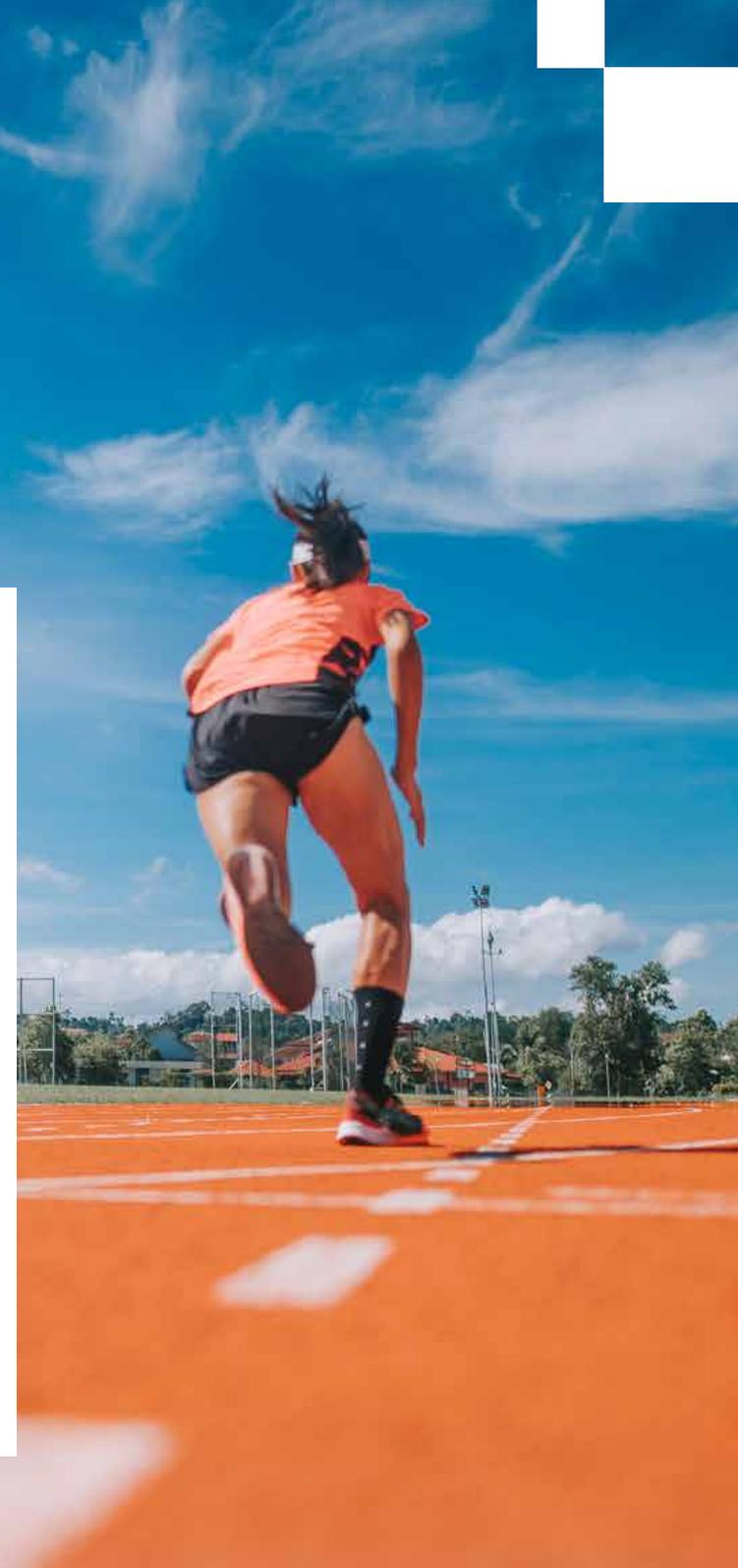
UK Athletics is using data to help its athletes go for gold

Accurate and timely data is as vital to performance in athletics as it is in business. And in elite sport, small changes can provide a big competitive advantage.

PwC UK helped UK Athletics harness the power of data to increase its athletes' chances of success. They brought together a multi-skilled team of solvers from across the PwC network to build a cloud analytics platform and perform data cleansing, modelling, and analysis. Their work enabled UK Athletics to integrate, benchmark and analyse crucial athlete performance data including nutrition, strength and conditioning, biomechanics, sleep patterns, and injury history. Now, UK Athletics is gaining powerful new insights to help team members enhance their performance and win more medals. To read the full story, check out the [case study](#).

**Alex Cooke, Data Intelligence Partner, PwC UK, commented:**

*"This has been a hugely exciting project with [PwC and UK Athletics] eager to push boundaries and develop new ways to help athletes win more medals. While the work we're doing here is unique, it's ultimately about using data to optimise your performance and achieve your goals which is important in any industry."*





## CASE STUDY



Using VR to deliver more effective upskilling and build trust

PwC's Global Learning & Development teams are exploring new ways to use virtual reality (VR) to help clients train their teams.

We're applying VR to:

- upskill staff by enabling them to practise tackling complex real-life challenges in a safe space (for example, we've helped a retailer enable its staff to practise dealing with robberies)
- enhance productivity through immersive experiences that help people learn faster
- build trust by bringing people together while reducing the need for travel, supporting sustainability and employee flexibility.

VR can help teams' confidence as they practise high-stakes situations with no risk, leading to significant improvements in team dynamics, collaboration and productivity. The result is sustained positive outcomes for team members and the business as a whole.





**CASE  
STUDY**



**Boosting the  
productivity of HR  
teams with  
a chatbot**

New starters in companies are often bombarded with a wealth of HR-related information, resulting in support staff being asked the same questions repeatedly.

This takes up time for both HR teams and staff, in turn reducing productivity. To tackle this challenge, PwC Canada developed an HR chatbot for our clients that answers the most common questions automatically via instant messaging. The chatbot delivers better experiences for new starters and HR teams and has reduced HR overheads by 15%.





## In conclusion: no-regrets moves

### We pinpointed moves key to a successful workforce strategy

Throughout this chapter, we've surveyed many of the challenges employers face from how to win the competition for talent to how to help employees find meaning in their work. This year, our [Future of Work and Skills Survey](#) pinpointed a range of no-regrets moves that employers can make to build a workforce strategy that navigates some of these issues. The [no-regrets moves](#) include:

- Anticipate and plan for the future
- Build trust in the organisation and its leadership
- Optimise workforce productivity and performance
- Enable the skills of the future
- Prepare for and deploy technology with humans in mind
- Build the ability to rapidly access and deploy talent

Business leaders may find these moves useful as they seek to create a [workforce strategy](#) that helps to build a team ready to deliver sustained success for the business.

# Solving together: Transformation

How can companies  
transform for enduring  
success?

## **Jo Salter, UK**

*Britain's first female fighter pilot. Now helps  
PwC clients transform at speed*

As Britain's first female fighter pilot, Jo is also  
a technologist and a member of the UK's Staff  
Diversity Council.



**“Businesses that succeed will be resilient – able to manage disruption, transform in response, and emerge stronger.”**



**Matt Mani**  
*Partner, Strategy &  
PwC Netherlands*

To seek transformation is to be nimble, resilient, and reinvention-ready. In a world full of uncertainty and unique challenges, it's more important than ever for businesses to embrace transformation and become the best version of themselves. At PwC, we're helping our clients boldly transform to position themselves to achieve sustained outcomes and long-term success in the midst of tumultuous times.

## The challenge: a changing world where transformation is key

Businesses have always had to evolve and adapt to stay competitive. But today a range of disruptive forces are accelerating the pressure to transform: an ongoing pandemic: rapid technological change: geopolitical tensions: rampant inflation: new cybersecurity threats: climate change: increasing attention to ESG issues and global supply chain disruptions, to name a few.



## Client catalysts for business transformation

<b>Technology innovation</b>  <p>83% of CEOs are changing their investment focus over the next three years to digital transformation.</p>	<b>Increasing ESG requirements</b>  <p>Half of global consumers say a company's ESG actions often or always influence their trust in the company or likelihood to recommend it.</p>	<b>Changing customer expectations</b>  <p>Over a quarter of global consumers are cutting back their spending as a result of rising prices.</p>
---	---	--

Sources: PwC Annual Global CEO Survey 2021, PwC 2022 Global Consumer Pulse Survey, PwC 2022 Global Consumer Pulse Survey

<b>Global connectedness</b>  <p>More than 50% of CEOs in the US and China are continuing their efforts to adjust their supply chain and sourcing strategies.</p>	<b>External disruption</b>  <p>71% of CEOs are very or extremely concerned about geopolitical conflict and its impact on revenue.</p>	<b>Regulatory uncertainty</b>  <p>~40% of CEOs are extremely concerned about over-regulation and policy uncertainty.</p>
---	--	---

Sources: PwC Manufacturing COO Pulse Survey, PwC Annual Global CEO Survey 2022, PwC Global CEO Survey 2021

Together, these pressures mean businesses need to transform on a number of fronts such as their value-creation strategy, operating models, technology integration, workforce strategy, and ESG strategy. Transformation in these areas presents opportunities to gain fresh competitive advantage through building a business model that is fit for the future.



**“Today’s business leaders are becoming quasi-experts at crisis management. Disruption has become the normal operating environment. We must be able to respond and recover quickly – and that starts with being aware of critical business systems.”**

**Sean Joyce**

*Global Cybersecurity and Privacy Leader,  
PwC US*



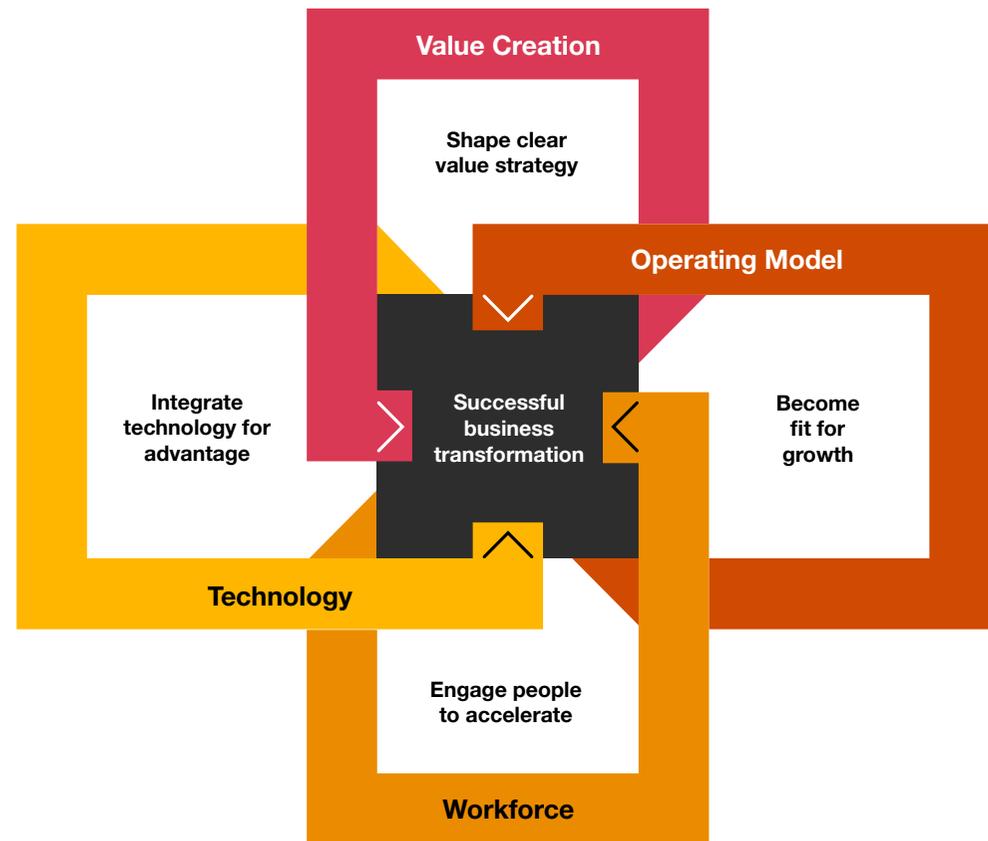
“We don’t see these pressures easing anytime soon. Agile businesses that can manage through multiple disruptions while keeping their focus on the demands of their customers are in the best position to succeed in this tumultuous environment.”



**Sabine Durand-Hayes**  
Global Consumer Markets Leader,  
PwC France

## Four cornerstones of transformation success

We’ve found that successful transformation requires a coherent strategy and disciplined execution in four essential areas: a company’s value-creation strategy, operating model, people models & capabilities, and technology capabilities. All four areas are key to transformations that enable companies to achieve sustained outcomes and long-term success.



In this chapter, we’ll share some of the ways we are helping clients transform their core value-creation strategy, operating models and technology.

To see how we are helping clients transform their workforce strategy, please see our [People](#) chapter. Workforce strategy is an integral part of a broader business transformation. In brief, we assist our clients with a proactive upskilling and talent development strategy to address workforce shortages in critical skills while also rightsizing the workforce to adjust the mix of skills. We support our clients with a range of workforce challenges: recruiting, retaining, and motivating loyal staff; helping people achieve their potential; boosting productivity; and navigating the challenges of the modern workplace from hybrid working to employees' desire for meaningful work. Together, these areas of action help clients build a workforce ready to help the business meet its transformation goals and achieve sustained success.

To see how we are helping clients transform their businesses to achieve ESG alignment, please see our [ESG](#) chapter.

## We help clients transform their value-creation strategy

We help our clients redefine the unique capabilities and market propositions that make them successful enterprises. Below we highlight three of the ways we are doing this: supporting new customer propositions, creating new forms of value, and developing the right portfolio through acquisitions and divestitures, joint ventures and alliances.

### We're helping clients deliver new customer propositions

Customer expectations are ever-changing. To achieve sustained success, companies must adapt. For example, today many consumers prefer flexible access to products-as-a-service, including goods like cars that consumers have traditionally owned. Volvo Cars is a leader in this space, adapting its customer proposition to offer a flexible car subscription service. We are supporting Volvo to transform this service to provide an outstanding experience aligned to today's consumer expectations.



## CASE STUDY



### Redefining Customer Care

Volvo Cars is redefining how the brand engages with customers to create personal, sustainable and safe experiences at every interaction.

Part of that initiative sits in the direct-to-consumer programme, that offers customers new and alternative mobility ownership options such as car subscription. The problem? The global Volvo Cars teams needed to scale services and enable technology across markets quickly and consistently. Volvo brought in PwC UK to support them on their journey, including:

- rapidly co-create a shared vision and roadmap for Volvo Care and create team alignment
- nurture 'one global team' mindset
- make end-users central to digital product and service design
- reduce scaling risk by reinforcing the technology platform and data that underpin the programme.

Working together, Volvo and PwC defined new ways of working for the global digital communities and set up a clear 'north star' supported by a detailed roadmap, positioning Volvo Cars to be a leader in service innovation. The company is expanding its capabilities in AI, digital machine learning, chatbots, analytics, intelligent conversation profiling, and more to further enhance its offering. Volvo Cars is continuously evolving its Care product and proposition live across 27 markets, enabling Volvo Care agents to build stronger, lasting direct relationships with customers.

## We identify value creation opportunities and use technology to leverage them

Technology, applied in the right way, can transform a company's ability to achieve sustained outcomes. For example, we helped pharma company PTC Therapeutics move from paper-based to digital processes, transforming its ability to fight disease (see case study on next page).

## We identified a key to making the right acquisition

Key to value creation is having the right portfolio. Our research shows that while merger and acquisition (M&A) activity has increased in this new world of rapid disruption, 53% of corporate acquisitions underperformed their industry peers. This year, we identified a central factor in successful mergers and acquisitions: complementary capabilities between buyer and target that create a new value proposition that is bigger than the sum of its parts.

In addition, we uncovered five steps leaders can take to [make the right deal](#) that creates new value for the company:

- 1 Determine the capabilities you have and the ones you need
- 2 Conduct ongoing portfolio optimisation reviews
- 3 Become a prepared, always-ready acquirer
- 4 Build distinctive M&A integration insight and capability
- 5 Be decisive and act now



**“We’re seeing an acceleration of strategic decisions to enhance portfolio optimisation as dealmakers divest to free up capital to focus on acquiring capabilities and transforming core business areas through M&A.”**

**Malcolm Lloyd**  
*Global Deals Leader, PwC Spain*



## CASE STUDY



Modernising processes to fuel the fight against rare diseases

PTC Therapeutics develops treatments for rare diseases. The company's work relies on the rapid exchange of information with medical researchers and patients.

The manual process PTC used to manage these critical activities slowed its progress in making medical breakthroughs. PwC US helped to bring all these elements under one digital system, developing a lasting solution which has reduced response times and streamlined work. Time that employees had spent reading emails, hunting down responses and creating paper trails is now used to work on high-value programmes that help the company achieve its ultimate mission: developing life-changing drugs. Please see the [case study](#) to learn more.

## We help clients transform their operating models

We support our clients to establish the operating models they need to achieve their strategy, growth, and value objectives - and ultimately deliver sustained outcomes. This kind of transformation is as important as ever because, facing inflation and economic uncertainty, many companies are changing their operating models to focus on building differentiating capabilities that fuel growth while also optimising cost and spend. Read on to see how we transformed the operating models of a national healthcare system and a multi-billion dollar company to enable both organisations to achieve sustained success.

### CASE STUDY



We designed the complete operating model for a multi-billion dollar company

When Unilever, one of the world's biggest consumer product firms, decided to separate its multi-billion dollar global tea business (now called ekaterra), the newly independent division needed its own operating model - fast.

In a matter of months, an end-to-end operating model was designed in close collaboration with Unilever, covering every part of the business: supply chain, sales, marketing, HR, finance, controls, and more. As a result of our insight and collaborative relationship with Unilever, we were able to successfully stand up the new company's processes, data, and systems across all functions and more than 80 countries.

Achieving such a colossal outcome in a short space of time was possible only with the support of PwC experts in deals, risk, tax, HR, consulting, Strategy& and more, led by PwC UK working together in a true global community of solvers including members from a number of countries - all in close collaboration with Unilever.



**CASE  
STUDY**



When better  
operations save  
lives: transforming  
a national  
healthcare system

Great healthcare is built on the daily efforts of caring doctors and nurses. It is also built on high-quality capabilities and performance reporting.

Our Middle East and UK firms helped transform healthcare for millions in the Kingdom of Saudi Arabia as a trusted partner for the Ministry of Health's Adaa Health Programme, renowned as the world's largest healthcare transformation programme.

Our combined team supported over 50 hospitals and 250 primary health centres to enable performance to be tracked centrally. We enabled world-class care through over 600 workforce-led improvement initiatives and built capabilities for more than 2,500 change leaders and champions. Our team supported the nation's healthcare system throughout the onset of the COVID-19 pandemic, guiding the restart and recovery of services as well as enhancing the wellbeing of frontline staff.

## We're helping clients reinvent complex processes to achieve better outcomes

Sometimes what makes the difference between good and great organisations is the quality of execution. We help clients transform complex operations for improved outcomes. Here is one example of how we delivered end-to-end transformation of a complex process key to quality of life in one of India's largest cities.



### Transforming city services to create the 'Cleanest State Capital' in India

#### CASE STUDY

The Indian city of Gandhinagar had a problem with waste management. Waste was not collected efficiently, affecting the cleanliness of the streets and hurting citizens' health.

PwC India applied multiple approaches to create sustained change such as creating true accountability with the agencies collecting the waste and tracking the effectiveness of pick-up. The programme also sought to change consumer behaviour, for example by organising campaigns to help the public understand that separating their waste properly means cleaner streets.

The result? Waste management processes have been transformed, and Gandhinagar secured India's award for 'Cleanest State Capital.'



## We help clients transform through technology

Technology can enable better data, smarter decisions, improved processes, and heightened efficiencies. We help our clients get the best from technology to deliver on their value-creation strategy and achieve sustained success. Read on to see two examples of how we helped clients modernise and digitise to achieve sustained outcomes.

### CASE STUDY



## Keeping flights safe in a third of the world's skies

PwC Australia delivered a tech transformation to improve efficiency and safety for a leading air traffic management agency that keeps flights safe in a third of the world's skies.

Responsible for the safety of some of the most modern aircraft, the client was dependent on older, siloed, and manual systems. We helped them to centralise and integrate key systems (HR, finance, safety, technology, strategy, and operations) on a modern ERP platform, delivering streamlined management, a single source of record and, ultimately, enhanced safety. Here are just two examples of the difference this is making on the ground:

- Many HR functions were run on siloed spreadsheets. Now staff onboarding, training, scheduling and more are integrated on one 'single view' system.
- Management of critical safety equipment like fire trucks was siloed. Performing a basic task like counting the number of trucks required asking a dozen people for information. Now critical equipment is managed on a single dashboard.

As a result of this project, the client is saving millions from efficiency gains, enabling them to invest in enhanced safety training and technology.

## CASE STUDY



Reimagining the service supply chain at one of the world's largest technology companies

Imagine the service supply chain challenges facing one of the world's largest technology companies. The company sells millions of units per year across multiple product types and platforms with a global installed base.

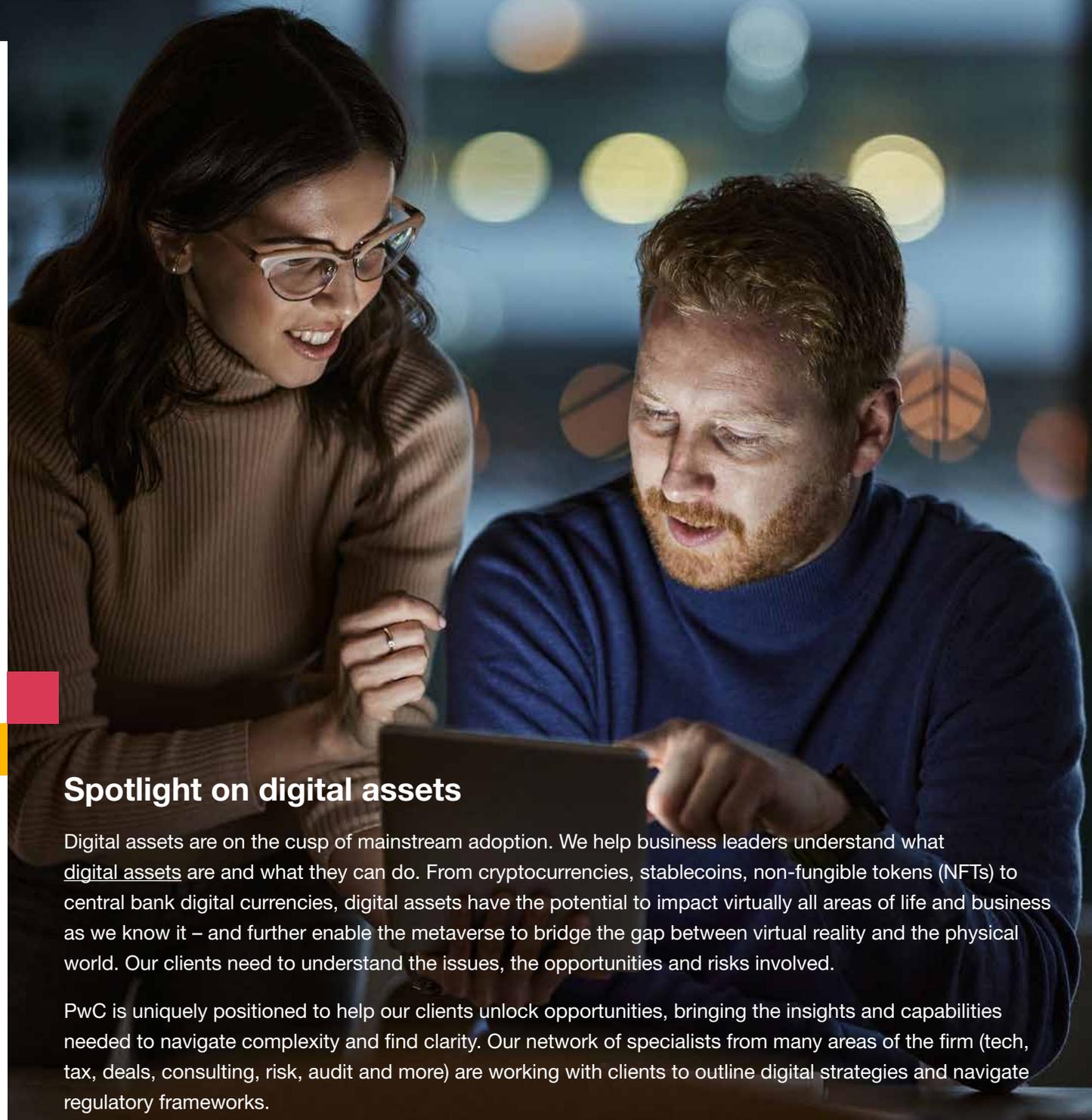
At the same time, the company is expanding its service offering, creating new operational requirements and increased service expectations. In short, the traditional 'break-fix' service supply chain would no longer be fit for purpose. The mismatch of capabilities and market needs was negatively impacting customer satisfaction and cost.

PwC US worked with the company to identify root-cause issues, define the required capabilities and create a supply chain strategy that placed service at the core of revenue enablement and customer satisfaction. We worked with the client to design and deploy a single global control tower that will provide a complete view of all inventory at any given moment (the implementation is underway). This central view is making planning easier, smarter, and more efficient, complemented by a master data governance operating model designed to ensure the company can extract maximum value from its investments in technology and process improvement.

The improved efficiency, visibility and governance is creating an integrated, optimised, and future-ready service supply chain organisation that is more agile and able to deliver on rapidly changing customer expectations in a cost-effective manner. The service supply chain has shifted from a back-office function to the frontlines of revenue growth!

## We help companies seize the opportunities of cutting-edge tech

From the [metaverse](#) to [AI](#), technology keeps expanding our concept of the possible and creating opportunities for those who can leverage its power. We are helping our clients achieve sustained success by making the most of technology's potential.



### Spotlight on digital assets

Digital assets are on the cusp of mainstream adoption. We help business leaders understand what [digital assets](#) are and what they can do. From cryptocurrencies, stablecoins, non-fungible tokens (NFTs) to central bank digital currencies, digital assets have the potential to impact virtually all areas of life and business as we know it – and further enable the metaverse to bridge the gap between virtual reality and the physical world. Our clients need to understand the issues, the opportunities and risks involved.

PwC is uniquely positioned to help our clients unlock opportunities, bringing the insights and capabilities needed to navigate complexity and find clarity. Our network of specialists from many areas of the firm (tech, tax, deals, consulting, risk, audit and more) are working with clients to outline digital strategies and navigate regulatory frameworks.

## CASE STUDY



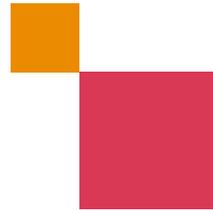
### Transforming global shipping through blockchain

Ninety percent of the world's traded goods travel by ship. However, coordinating millions of shipments around the world is a mammoth task. As a result, global shipping is often beset by congestion and container shortages.

A global data platform powered by blockchain could help by, for example, enabling supply chain participants from around the world to collaborate more efficiently. First, however, antitrust and regulatory hurdles would have to be cleared in each of the many jurisdictions involved.

Our community of solvers from PwC legal, consulting, and technology teams across Hong Kong, Chile, Poland, South Korea, Ukraine and Australia came together to advise on a tech platform structure and help to navigate regulation, supporting the creation of the groundbreaking Global Shipping Business Network.

The network is [transforming global shipping](#) and world trade, in some instances, reducing cargo processing times from days to hours. This project highlights the importance of having integrated legal, consulting and technology capabilities to help address business challenges in a globalised economy.



## However, digital transformation is not enough in isolation

In their new book [Beyond Digital](#), PwC's Paul Leinwand and Matt Mani explain that, while critical, digitisation alone does not lead to value-creating transformation or competitive advantage. To achieve success, companies must focus on capabilities and outcomes too. The future belongs to organisations that answer two fundamental questions, 'What unique value do we contribute in today's world?' and 'What capabilities allow us to create that value better than anyone else?'

That's why we help clients create holistic change across their value-creation and operating models as well as their technology strategy and other parts of the business as part of a total transformation.

## We help clients achieve total transformation

Ultimately, transforming aspects of a client's business such as technology, operations, and value-creation model often goes hand-in-hand as part of a total transformation. Read on for two examples of how we have helped clients deliver a deep transformation to achieve competitive advantage and sustained success.



**“Without a fundamental business transformation, digitisation on its own is a road towards irrelevance.”**

### **Paul Leinwand**

*Principal, Strategy&, PwC US*

### **Matt Mani**

*Partner, Strategy&, PwC Netherlands*



## CASE STUDY



From the  
'Flintstones' to  
'Star Trek'

PwC Germany managed the digital transformation of a global retail group from an offline company into a truly integrated online multi-channel company through a complete renewal of its legacy IT and process landscape.

Nearly a decade ago, when we began working with this client, many companies in the group ran their processes on the 'Flintstones model' – lots of hands and feet working hard underneath to make slow, manual, localised progress. Today, we've worked alongside the client to modernise, centralise, and automate IT and processes. Here are just a few examples:

- **Inventory optimisation.** Store managers used to order inventory based on experience. Now, smart analytics can propose what inventory should be bought based on analysis of customer flow and purchases, even taking into account weather forecasts and local events like festivals.
- **Better customer acquisition and retention.** We've delivered the data and digital infrastructure to support consistent global marketing campaigns and a better in-store experience for customers including faster checkout.
- **Warehouse centralisation and automation.** Before, each region operated as a separate cell with its own warehouses and stock management. Today, we have redesigned the whole supply chain with centrally optimised stock flows and consolidated warehouses that can support cutting-edge robotics.

Today, we are working with the client to pilot the store of the future – for example, outlets that are 100% self-service.

Results: The retailer has nearly doubled its revenue during the period we have been working together. The client is on track to be €1.5 billion better off every year through a combination of operational savings and increased revenue due to the transformation we've achieved together.

## CASE STUDY



Saving US\$1 billion through business transformation

PwC teams from technology, consulting, and tax came together across multiple firms to create a true community of solvers in action, working together to support the client's complete transformation of its operations, technology, and value proposition to maximise efficiency and sustainability. Two examples of our work:

- **Use data for better decisions.** We helped the client turn its vast amounts of global data into decision-making fuel by connecting global data in a central dashboard, identifying leading (instead of lagging) indicators for proactive decision-making.
- **Improve the value chain as a whole.** From initial order to final payment, the client's value chain involves hundreds of individual processes and data points. Instead of trying to solve problems at a single point, we look holistically at value-chain optimisation, addressing interdependencies so we deliver more valuable and enduring solutions.

Collectively, our work with the client has achieved US\$1 billion in savings and countless improvements in operational efficiency and data-driven decision-making. Ultimately, this is improving the company's proposition to the market and its ability to create value.



## Brave leadership is key for bold transformation

### Change is tough. Transformation requires bold leadership.

At PwC, we work with 84% of the Fortune Global 500 on a huge range of business challenges. The breadth of our work gives us a perspective on what it takes to be a transformative leader making the right moves to position an organisation for sustained success. We seek to share ideas and best practice in this area across the global business community.

For example, this year, we've brought our best thinking about transformative leadership into [The Leadership Agenda](#) hub. Here, senior business leaders can find thought-provoking insights about how to grapple with their toughest challenges and transform their companies for continued success.

In addition, we bring business leaders together to share ideas and best practices. These perspectives help us grow, sometimes in ways we don't expect. That's what we discovered when we brought together business leaders from 40 countries in 'Leaders Solving for Tomorrow', the flagship programme of our [Centre for Transformative Leadership](#). We took leaders out of the confines of their own organisations and sectors so they could take a broad view of what's required to address shared challenges and transform to be future-ready.

#### Rave reviews from participants of our Leaders Solving for Tomorrow programme

“Best leadership programme I've experienced”

“I feel equipped with the tools needed to be a transformational leader”

“The content should be compulsory for all leaders to watch”



## Alliances for transformation

We unite communities of solvers in cross-company alliances to deliver breakthrough outcomes for clients

We bring the best of PwC together with our external [alliance](#) partners to create transformational outcomes for clients. By partnering, collaborating, and innovating with these global alliances, we have the right tools for tomorrow's transformation. We've developed strong global alliances with a number of firms including SAP, Oracle, Salesforce, Microsoft, Amazon Web Services, Google, Guidewire, Workday and Adobe. And as another example of our community of solvers, we also have alliances with many more technology companies at a regional or country level.

For example, PwC Germany partnered with Microsoft to help global manufacturer ZF Friedrichshafen AG reduce costs in their factories while improving quality, efficiency, and output. Alongside the client, we built a scalable digital manufacturing platform to drive digitisation at 192 production sites and support the client's transformation journey. The platform is expected to produce annual cost savings of several hundred million dollars. The lessons learned at ZF Friedrichshafen AG can be used to accelerate any large-scale smart factory transformations. The project was made possible by our operation, process, and technical expertise paired with Microsoft's engineering and tech expertise – a true community of solvers. Read on for three more examples of our work with our alliance partners to create transformational outcomes for clients.



**CASE  
STUDY**



**Oracle alliance  
- Digital  
transformation**

During the COVID-19 pandemic, Chipotle Mexican Grill had to go digital to serve their customers which required new delivery partners and a large input of data from multiple sources.

Chipotle needed a more modern technology footprint and the ability to scale. PwC US collaborated with Chipotle on their digital transformation, working with our global alliance partner Oracle's Cloud Technology. The team was able to implement the cloud based programme in just seven months, enabling Chipotle to share information with many entities along their supply chain, increase digital sales and better plan for their future growth. PwC brought our Oracle expertise, knowledge of the industry, as well as our security and controls and tax teams together to create a complete cross competency team to deliver the programme for Chipotle.



## CASE STUDY



### Microsoft Azure alliance - Cloud for Legal

This year, PwC US introduced Cloud for Legal, a first of its kind set of solutions powered by Microsoft Azure, that enables law departments to work more effectively, efficiently and strategically - increasing the pace of innovation while unlocking the potential of data.

Proprietary PwC technologies include, for example, a legal data lake, intelligent automation, legal natural language processing (NLP), and other AI-powered legal solutions, all of which are built on the Microsoft Cloud, to help clients draw even more value from their existing technology investments and law department's operations.

CASE STUDY



SAP Alliance -  
Digital and process  
transformation

PwC Singapore and global alliance partner SAP Concur collaborated with medical technology company Terumo to help in [Terumo's digital transformation](#).

Terumo was looking to digitise and integrate their travel and expense policies, processes and systems across all Terumo Asia Pacific companies in the ASEAN Region. The issue was that Terumo was using a manual process for its travel and expenses which led to an increased risk related to fraud and policy compliance. PwC Singapore worked closely with Terumo to implement SAP Concur to align travel and expense policies, processes and systems. As a result of the collaboration, Terumo was successful in rolling out SAP Concur within a short six-month timeline. Now, the process is simple for Terumo employees to navigate, easy to maintain, and provides visibility to leadership on spending, costs and potential fraud.

Here are a few examples of our award-winning work with our alliances this year:

- Received [Microsoft Partner of the Year](#) award.
- Salesforce's 2022 [Best Business Transformation Award](#) goes to PwC.
- [SAP Pinnacle Awards 2022 Winner](#) in the Business Process Intelligence category.
- Positioned as Leader in the [2022 Gartner® Magic Quadrant™](#) for Oracle Cloud Applications Services worldwide.
- Received “Best use of Oracle Cloud in Finance Award” for our work with [Eaton](#).
- Positioned as Leader in the [Gartner® Magic Quadrant™ for SAP S/4HANA Application Services](#), Worldwide.
- Named a Leader in the [IDC MarketScape: Worldwide SAP Implementation Services 2022](#).

## In conclusion

In a world of accelerated disruption, businesses in all industries need to transform to be resilient, agile, and future-ready. At PwC, we're helping clients achieve bold transformation across all parts of their business to navigate new pressures, ranging from ESG to shifting customer expectations. The results we achieve are helping our clients to realise competitive advantage, build trust and drive sustained outcomes.





## Solving together: ESG

How can business and society do the right thing on ESG and deliver on their promises?



**Thijs IJsbrandij, PwC Netherlands**  
*Trained biologist and earth scientist.  
Now helps PwC clients report on biodiversity*

With a background in biology and earth science, Thijs understands the increasingly detailed and complex nature of ESG requirements.

## No time to wait

Awareness is growing that we all need to care for our environment and the people who live in it. On issues from diversity to sustainability, we must make sure that the solutions of today don't become the problems of tomorrow – and the mistakes of society's past aren't a part of the future.

There's no time to wait. Climate change isn't coming; it's here. Public anger is growing at social injustices and barriers to economic inclusion. Recent events from war to the energy crisis have put a spotlight on the need for a more just society. Urgency is building to act – now.

Though the path to solving these challenges isn't always clear, one thing is certain: the only way we will overcome these obstacles is with [business, government and the public working hand-in-hand](#). Expectations are growing for [business to be part of the solution](#) to society's challenges. This is why organisations' environmental, social, and governance (ESG) practices are [more important than ever](#). In fact, a majority of the public expects CEOs to inform and shape conversations and policy debates.<sup>1</sup> And our [global research](#) found most people believe business leaders should be accountable for ESG performance.

In this chapter, we'll share some of the ways PwC is helping both our clients and society do the right thing on ESG, meeting changing expectations and delivering on their promises. To learn more about our work on inclusion & diversity and upskilling/social mobility, please see the [People](#) chapter. For more information on how we're driving positive change across a range of issues from humanitarian crises to healthcare, please see the [Impact](#) chapter.

1 2022 Edelman Trust Barometer

# 82%

of senior leaders have ESG targets in their pay

# 86%

of investors believe that a focus on ESG helps to drive long-term value

Source: PwC [Paying for good for all](#)



“Net zero transformation is the single biggest challenge businesses face. It requires setting a strategy, defining targets, and achieving deep transformation to re-imagine the business for a low carbon future. That’s exactly what PwC delivers.”



**Will Jackson-Moore**  
Global ESG Leader, PwC UK

## We help companies implement their ESG strategy

Let’s start with how we help companies do the right thing on ESG.

Reaching net zero carbon emissions is a paramount ESG challenge for companies as regulators, investors, staff, customers, and the public at large demand action. We are leaders in helping our clients get to grips with the profound transformation that net zero requires – and achieve it at speed.

We advise our clients that climate and ESG more broadly can’t be tacked on as an extra project. ESG needs to sit at the heart of the business strategy. Capital markets increasingly expect companies to demonstrate their [ESG strategy](#), including [at IPO](#).

ESG must be embedded deep within a company’s structure. This year, we’ve offered advice on how ESG concerns can be built into [enterprise architecture](#) and [executives’ pay](#). In addition, we advocate appointing an empowered [Chief Sustainability Officer](#) to help supercharge the sustainability transformation and help companies reduce their carbon footprint. Weaving ESG into the fabric of the company builds a strong foundation for deep ESG transformation. Read on for examples of our work this year helping clients transform to reach their ESG and climate objectives.

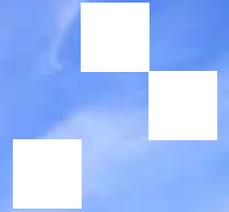


“It’s imperative that companies considering going public in the next few years have their ESG house in order. Investors want to invest in businesses that recognise, and are responding to, the risks and opportunities ESG practices present, most significantly around climate change.”

**Nadja Picard**

*Global Reporting Leader, PwC Germany*





**CASE  
STUDY**



**Baker Hughes  
ESG transformation**

We helped a leading energy technology giant undertake holistic ESG transformation in support of its mission statement to be a market leader in net zero

Baker Hughes committed to achieve net zero Scope 1 and 2 greenhouse gas emissions by 2050 and a 50% reduction in emissions by 2030. Baker Hughes is working with PwC US to accelerate that journey. We helped the business develop an integrated and comprehensive ESG and net zero strategy that has enabled Baker Hughes to ‘see around corners’, identify growth opportunities, and anticipate and mitigate risks. We supported the client to operationalise the strategy and transform at speed and scale through building investor-grade ESG reporting, creating a sustainability operating system, and launching an ‘All In, Carbon Out’ decarbonisation programme. This has enabled Baker Hughes to achieve rapid GHG emission reductions and define best practices for doing so. To learn more about our work with Baker Hughes, read the [case study](#).

**Allyson Anderson Book, Vice President of Energy Transition, Baker Hughes, commented:**

*“The size and scope of our transition hasn’t been seen before in our industry. We’re operationalising our net-zero commitments, reducing emissions from our value chain and advancing low-carbon technologies.”*



## CASE STUDY



### 100% recycling roadmap

#### We created a roadmap for a global beverage brand to recycle 100% of its plastic waste in India

The global brand generates over 100,000 metric tonnes of plastic waste in India each year. The company felt that it should do more to address this issue as a responsible and sustainable business – starting by recycling 100% of its plastic waste.

PwC India helped the company plan to reach this ambitious target; a complex undertaking that goes beyond the firm itself. To recycle 100% of plastics, the company needed to track both how much plastic its various bottlers across the country were generating, and how much plastic the country's recycling infrastructure could handle. We developed a roadmap which addresses the inadequacies in the infrastructure while continuing to support innovative solutions for plastic problems.

PwC India brought together experts in manufacturing, recycling, regulation and technology to build a dashboard that makes the company's plastic production and recycling across India transparent and trackable. For example, the brand's leadership will get a view of the bottlers who are falling behind on their plastic waste targets so they can take corrective action. Consumers will be able to see the impact of plastic waste management, building trust in the brand.

## CASE STUDY



### Natural capital on the balance sheet

We're helping to build a financially prosperous, climate-resilient and decarbonised Australian agricultural sector

The key to protecting our environment is recognising its value. PwC Australia is helping to bring natural capital (elements of the natural environment which provide valuable resources) onto the balance sheet. This helps reflect the importance of nature as a factor in production, enabling farmers to build true climate resilience in a profitable way. In making a clear business case for the value of nature, PwC Australia aims to incentivise producers to invest in their natural capital in a way that helps sequester carbon in the soil, enhance biodiversity and regenerate landscapes. Our work shows how enhancing natural capital can make good business sense for farmers while supporting the local economy and environment. To learn more about our work with the Australian agricultural sector, read our [case study and report](#).



**CASE  
STUDY**



We support  
major retailers  
in their ESG  
transformations

PwC Germany supported a large global retailer to develop its ESG strategy, transform the business to meet ESG goals, and document its progress through reporting.

The ESG transformation included building a global network of suppliers that deliver on ESG criteria while keeping prices competitive, adapting the packaging strategy, acquiring a fleet of electric trucks, and even forming plans to buy a recycling company.

PwC Canada helped a large retailer build distribution centres that meet sustainability goals by using solar panels, rainwater harvesting and an electrified trucking fleet.

We also helped promote reuse and cut waste in the supply chain by applying our expertise in the circular economy.



CASE  
STUDY



Spotlight on  
Africa

We deliver assurance that ESG objectives are met

Improving ESG performance requires setting clearly defined objectives and rigorously monitoring progress towards them. Our work in Africa this year provides examples of how we've achieved this:

- **We support World Bank projects to meet ESG goals.** PwC Nigeria provides independent assurance for sustainable finance projects funded by the World Bank to make sure they fulfil specified ESG criteria such as open governance, transparency and gender inclusion. This helps sustainable finance projects to do maximum good.
- **Our experts across Africa have assessed the impact of a programme designed to build the next generation of entrepreneurs.** The Tony Elumelu Foundation supports entrepreneurs across Africa with seed capital, training and support. We harnessed the power of the PwC network across Africa to assess the programme's ESG impact and contribution to the United Nations Sustainable Development Goals in each country including jobs created, tax paid, and number of women employed. A combined effort across PwC's community of solvers was vital to running this project over such a huge territory.

## We help clients manage the impact of climate change

We've shared examples of how we're helping clients reduce their impact on the climate. However, we're also helping our clients tackle the other half of the equation: the climate's impact on them.

According to our annual Global CEO Survey, just 40% of CEOs have factored climate change into their strategic risk management. We're helping our clients address this shortcoming by helping them recognise the real risks that climate change poses to their businesses. On Earth Day, our Global Chairman, Bob Moritz, published *The True Test of Climate Resilience* to help business leaders ask the right questions to identify their own risks. Led by our Global Climate Leader Emma Cox, we're helping clients to see clearly their climate risks. In fact, we believe every company should take the time to map its climate risks.

Take PwC as an example. We're a professional services network, so it might seem like our business is unlikely to experience significant impacts from climate change. However, climate change may affect a number of our locations around the globe. This year, we have applied detailed climate data to assess physical risks to our member firm offices, and disclosed it as part of our compliance with the recommendations of the Task Force on Climate-related Financial Disclosures. We hope more organisations follow our example to educate stakeholders on the risks and responses required to adapt to climate change. You can explore some of that climate data via the [interactive map](#). The map shows how selected climate hazards are expected to evolve up to 2050 under a 'no mitigation' >4°C scenario for each PwC office location of more than 1,000 employees (as of June 2022).



It is important to emphasise that climate hazard data does not necessarily reflect the level of risk; it reflects only the severity level of a hazard for a particular location. The data can then inform an assessment of the actual risk to the business, as well as potential responses. We are using this analysis to inform our risk assessments and business decisions. We recommend that other companies do the same.

**“A company could reduce its emissions to zero and still be blindsided by other risks: crushed by supply chain disruptions due to climate change, hit by regulation or carbon pricing that render business models unsustainable, left behind by customers demanding new levels of climate performance, or simply displaced by competitors who moved faster to build the new low-carbon economy.”**

### **The True Test of Climate Resilience**

*PwC publication*



## We help companies achieve climate sustainability

To be a truly sustainable business, companies need to address both:

- Their impact on the climate (decarbonisation)
- The climate's impact on them (climate risk)

From benchmarking and baselining to decarbonisation strategy, roadmaps, implementation and reporting, our solutions - coupled with diverse teams of experts - provide our clients with access to the latest thinking and approaches to support their decarbonisation and climate risk journeys.

### ■ We help clients manage their impact on the climate through net zero transformation

- We help clients [accelerate their path to net zero](#), map their carbon footprints (Scope 1, Scope 2 and Scope 3) and create practical strategies to decarbonise including clear roadmaps and metrics.
- We help clients apply nine key [building blocks for net zero business transformation](#).

### ■ We help clients manage climate risk and build resilience

- We support clients to apply the methodology in the [Task Force on Climate-related Financial Disclosures framework](#) (TCFD) to analyse their climate risks and opportunities. Make no mistake - governments and regulators are increasingly focused on requiring standardised disclosures based on TCFD - a rigorous framework that requires transparency on climate-linked governance, strategy, risks, and metrics.
- We use proven methods to help our clients [model their risks](#) and plan to mitigate them.
- For managing risk across a portfolio, our [Climate Excellence](#) approach helps investors and companies identify, quantify and manage climate risk across a portfolio of assets.



In addition, we help companies access sustainable capital - be it private equity or other green financing options – and navigate a fast-evolving environment of green taxation.

To see how we're addressing our own impact on the climate while mitigating our climate risk, see our 2022 [Climate Disclosures Report](#).

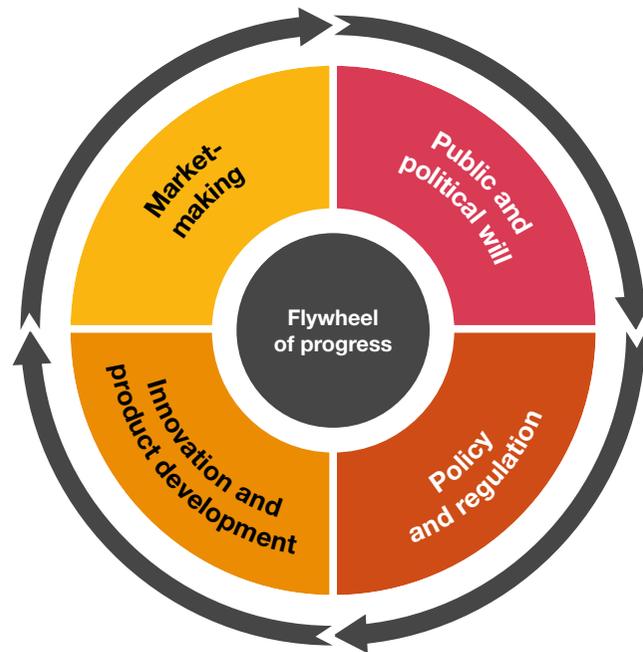
## We're upskilling our audit teams in assessing climate risk in company financial statements

It's our responsibility as auditors to obtain reasonable assurance that financial statements as a whole are free from material misstatement. To do this, we need to identify and assess risks of material misstatement – which can include risks related to climate.

That's why we're accelerating our efforts to upskill our auditors to consider a company's climate-related risks and assess whether these risks could give rise to material misstatement in financial disclosures. This is part of our wider effort to upskill people across the PwC network to build consideration of climate risk into their work.

## We're helping to drive structural change across society

We're helping to power the [deep, systemic change](#) required to make the world truly sustainable. Systemic change requires the public and private sectors to work in tandem to fuel the flywheel of progress. The goal is to create a virtuous circle, where efforts in one area enable progress in others and help speed the flywheel.



No single lever of change is enough on its own. For example, ESG investing can encourage positive outcomes, but it has limits. Our [Global Investor Survey](#) revealed that while investors can exert pressure on companies to hold them accountable for how well they manage ESG issues, they're generally not willing to sacrifice investment returns for good ESG performance.

[Much more progress is needed](#) if the world is to become truly sustainable. Let's look at our efforts this year to foster progress on each part of the flywheel.





## Market-making

Market-making drives progress by creating functioning markets where businesses can exercise their creative power to deliver a green transition at speed and scale. This means ensuring myriad elements such as financing, demand and infrastructure are in place. This year, we've helped to deliver critical infrastructure for the net zero transition.

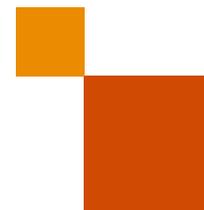


### Building infrastructure to export Australian sunshine

#### CASE STUDY

We're helping to solve crucial infrastructure challenges to make net zero possible

The world can generate significant renewable energy, but not always in the locations where the power is needed. To reduce reliance on fossil fuels, we have to find ways to transmit renewable energy from where it is abundant to where it can be used. A PwC Australia community of solvers including tax and legal specialists, economists, infrastructure experts and more, is helping to deliver the Australia-Asia PowerLink which will export Australian solar power to Singapore. The project could reduce Singapore's emissions by 6 million tonnes per year, closing the entire gap between Singapore's current emissions levels and its 2030 targets. Learn more [here](#).



## Innovation and product development

To avoid the worst effects of climate change, we need to make green options feasible, affordable and appealing. This will require innovation on a heroic scale in areas ranging from green hydrogen to carbon capture.

### We've analysed where climate tech investment is currently going – and where it's needed most

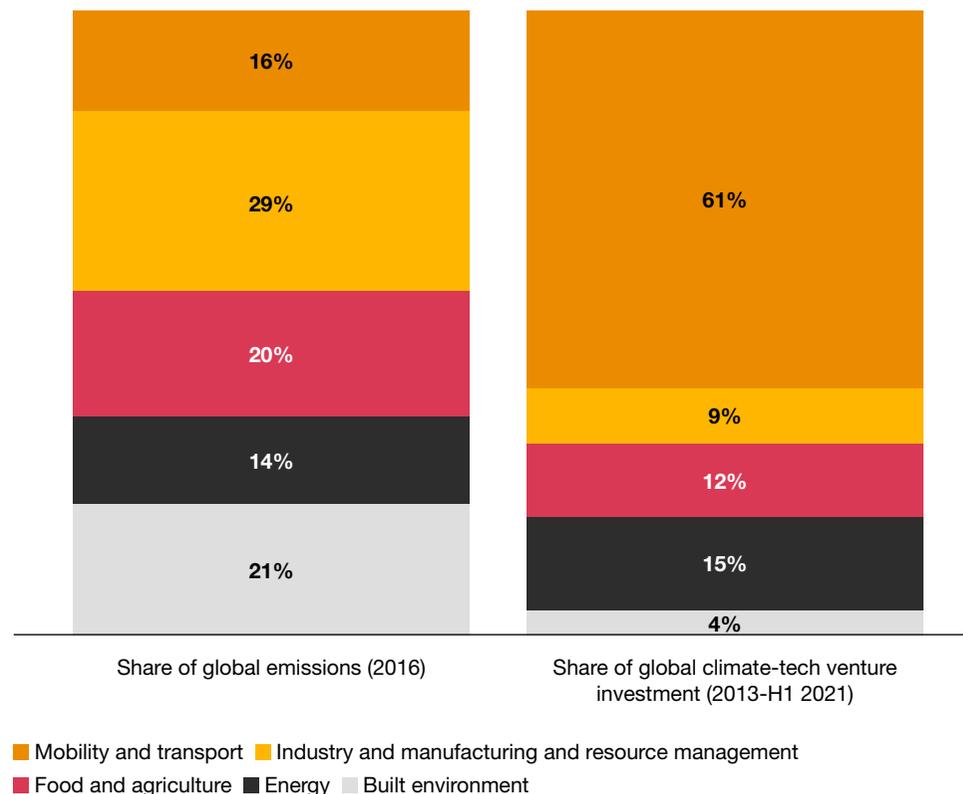
Our [climate tech report](#) found some good news: In 2021, global climate tech investment has skyrocketed to more than US\$87 billion. However, the investment isn't always going to the areas where it's most needed. For example, mobility and transport are responsible for only 16% of carbon emissions but received 61% of investment. On the other hand, the built environment (houses, cities, etc.) generates 21% of emissions but receives only 4% of investment. Our work highlights how investment could potentially be rebalanced to provide better outcomes for both investors and the planet.

To discover which sectors could be the climate tech winners of the future, watch [this video](#) featuring our Global Climate Leader, Emma Cox.

### We're encouraging the use of sustainable aviation fuels

Sustainable aviation fuel (SAF) from renewable sources is recognised as one of the most viable ways to decarbonise aviation. However, it's expensive. If demand for it goes up, this could encourage increased investment in supply which could eventually bring prices down. But while prices are high, demand stays low.

### Emissions vs green investment





Therefore, widespread adoption suffers from a ‘chicken-and-egg’ trap. In partnership with the World Economic Forum, PwC Netherlands developed accounting and reporting [guidelines](#) for the Sustainable Aviation Fuel certificate (SAFc), a market-based mechanism which makes it easier for businesses to support the SAF growth while taking ownership of their goals to reduce emissions.

In addition, we’re directly helping to increase demand for SAF. PwC Netherlands is the first of our firms to move to [100% SAF](#). PwC Netherlands will buy SAF for every mile flown by employees from 2022 onwards. PwC China is one of Cathay Pacific’s first customers to support the airline in increasing its use of SAF. PwC US has signed SAF purchase agreements with four major US airlines. Finally, PwC has joined the First Movers Coalition, an alliance designed to leverage the collective purchasing power of companies globally to send a demand signal to scale up emerging technologies - like SAF - that are essential to the net zero transition.

## An ESG reporting tool from PwC China wins PwC’s Global Innovation Challenge

PwC China won our annual Global Innovation Challenge (a PwC competition to recognise the best innovations across our global network) with an ESG reporting tool that combines data collection and management on one platform. It streamlines the processing and conversion of ESG data with analytics and visualisation capabilities to monitor ESG performance.

## We’re innovating to drive behaviour change

Our community of solvers from PwC Netherlands, PwC France and PwC Canada developed an app called [Environmental Footprint Insights](#) that helps companies and people easily see, track and reduce their carbon footprint in real time. It helps people make informed decisions to shrink their emissions. This project was also one of the Global Innovation Challenge winners in 2021.

## Looking ahead, we’re collaborating with the World Economic Forum to drive action on climate change adaptation

While we strive to prevent the worst of global warming, we must also adapt to climate change. That’s why we’re collaborating with the World Economic Forum to develop a business agenda on climate change

adaptation. We are supporting the Forum in convening a global community of public- and private-sector stakeholders to articulate and endorse concrete steps that businesses can take on climate change adaptation. As a network, we're working towards publishing a white paper for COP27 that will build the business case for climate change adaptation and present a framework for business action with a call to action by leading corporates.



## Policy and regulation

We need government policies, standards, and regulations to incentivise actions aligned with net zero and to provide the clear market signals business requires to act and invest with confidence.

### We advocate for a robust policy environment that can accelerate the sustainable transition at pace and scale – including a meaningful carbon price

Our Global Chairman, Bob Moritz, joined the heads of other major organisations in signing a letter to the G7 called '[Flipping the Switch](#)'. The letter urges world leaders to take action to protect the planet – including by introducing a meaningful carbon price. To help advance policy development on carbon pricing, we worked with the World Economic Forum to investigate the feasibility of a [global carbon price floor](#). We found that this initiative could pay for itself while driving a 12% reduction in carbon emissions. We're partnering with the World Economic Forum to continue exploring the vital topic of carbon markets. Our findings will inform debate at global events such as The World Economic Forum's Annual Meeting in Davos.



**“High-quality reporting ... can empower investors to allocate capital to businesses that are working to create sustainable value. And it can empower other stakeholders to decide whether to buy from, sell to or work for a company. In this way, reporting can drive the business transformation needed to address these vital issues facing the world today.”**

#### **Gilly Lord**

*Global Leader, Public Policy and Regulation,  
PwC UK*

#### **Nadja Picard**

*Global Reporting Leader, PwC Germany*

“Transparent, comparable and trustworthy sustainability reporting is becoming an increasingly vital source of information for assessing business performance. Solely focusing on financial results is no longer enough.”



**Nadja Picard**

*Global Reporting Leader,  
PwC Germany*

## In 2022, we continued our years of advocacy for globally aligned sustainability reporting standards

Our leaders vigorously support the development of baseline global [sustainability reporting](#) standards. Reporting standards encourage and enable the right capital allocation and investor decisions to promote sustainable behaviour. Reporting, backed by independent assurance, creates transparency and accountability which in turn help to create change.

Our Global Chairman, Bob Moritz, and our Global Reporting Leader, Nadja Picard, joined the chairs of two leading sustainability standard setters (the International Sustainability Standards Board and the Global Reporting Initiative) at Davos this year to discuss how the widespread adoption of high-quality, globally aligned standards can drive the change the world needs – and how to make these standards a reality.

## We are supporting the development of frameworks that help to protect nature

Our research shows that more than half of the world’s GDP is moderately or highly dependent on nature. We’re helping to design the systems and frameworks that will deliver the trusted information needed to underpin a nature-positive transition – that is, building a society and economy that support the health of the natural world on which we all depend.

PwC Canada partner Dan O’Brien is a member of the Taskforce on Nature-related Financial Disclosures (TNFD). TNFD is developing a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. Its ultimate aim is to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive ones.

## Public and political will

To maintain public and political will for the journey to sustainability, we must deliver a [just transition](#), managing the social and human impact of emissions reductions with compassion for all people and nations. This includes managing the effects on people's livelihoods as jobs in some high-emission sectors decline. To inform debate on a just transition, PwC UK's [Green Jobs Barometer](#) tracks where green jobs are being created and other jobs lost as part of the UK's green transition. Our work indicates where support and investment are needed to help achieve a fair transition that's good for both the planet and people.

In addition, we're part of multiple alliances and partnerships that seek to fuel our collective will to take assertive action on climate change. For more information, please see the Alliances section below.

## We're building ESG alliances

We've seen the importance of all parts of society coming together to create positive change. This year, we convened business leaders and participated in strategic alliances to advance progress on ESG issues. See our [2022 Climate Disclosures Report](#) for more information on how we're working with others to advocate for change and accelerate the global policy agenda.

## We're engaged in a wide range of strategic alliances and global fora, shaping strategic discussions while sharing our ESG and climate expertise

Here's just one example of our alliance partnerships this year. We're proud to have joined the Lowering Emissions by Accelerating Forest finance (LEAF) Coalition, expected to become one of the largest ever public-private efforts to protect tropical forests by mobilising at least US\$1 billion in financing for protection initiatives.

In addition, we work with [technology and business partners](#) such as Oracle, Microsoft, SAP, Google and many others. By combining our capabilities, we can achieve even greater progress on ESG challenges.

We participate in a range of strategic alliances and global fora to support progress on ESG and climate issues. Here are some examples.

[WEF](#) ■ [WBCSD](#) ■ [GFANZ](#) ■ [NZFSPA](#) ■ [Race to Zero](#) ■ [UN Climate Champions](#) ■ [Taskforce for Climate-related Financial Disclosures](#) ■ [Taskforce for Nature-related Financial Disclosures](#) ■ [Sustainable Markets Initiative](#) ■ [LEAF](#) ■ [Natural Climate Solutions Investment Accelerator](#) ■ [The Carbon Call](#) ■ [First Movers Coalition](#) ■ [Business Ambition for 1.5C](#) ■ [Clean Skies for Tomorrow](#) ■ [Count Us In](#) ■ [Global Solutions Summit](#) ■ [COP26](#) ■ [WEF Annual Meeting](#) ■ [Davos](#) ■ [B20/T20](#) ■ [APEC](#) ■ [Asian Corporate Coalition for Climate Change Resilience \(A4CR\)](#)



## We're honing ESG skills across our global community of solvers

We've made ESG training available to our whole network while expanding our internal pool of ESG experts

We believe that ESG skills are increasingly like digital skills. Everyone needs to have a certain baseline level of competency. We're proud that over 93,000 PwC people have undertaken ESG training through our global ESG Academy, supplemented by additional local learning in many territories. In addition, we're building global ESG Centres of Excellence to help our people learn and support them in their work. For example, we've established a water specialist group in India, a hydrogen-focused group in Germany, as well as nature and biodiversity expertise across the world.

## We're striving to improve our own ESG performance

We're on track to reach all of our commitments to achieve net zero emissions by 2030.

ON TRACK



50%

absolute reduction in Scope 1 & 2 greenhouse gas emissions by FY30 vs FY19 levels

ON TRACK



50%

reduction in Scope 3 emissions from business travel by FY30 vs FY19 levels

ON TRACK



50%

of our purchased goods and services suppliers (by emissions) across our network to set science based emission reduction targets by FY25

ON TRACK



100%

renewable electricity used in all our territories by FY30 (already at 90%)

We've already reduced our Scope 1 and 2 emissions by 66% and our total emissions by 37%. Every one of our member firms across all 152 countries where we operate have been asked to produce local net zero action plans. This will help us achieve our network-wide, science-based commitment to reach net zero by 2030. Territory senior partners are evaluated on delivery of the net zero plans, ensuring accountability at the highest level. Implementation plans are now in place that cover 99% of our network's baseline emissions. From our next financial year, 100% of our member firms have plans to offset 100% of energy and mobility emissions (Scope 1, 2 and Scope 3 business travel).

Our ESG efforts don't stop at climate. To see more ways that we are striving to make a positive impact across issues related to Governance, People, Planet, and Prosperity, please see our [WEF Stakeholder Capitalism Metric Report](#). For a survey of our humanitarian and pro-bono work, please see our [Impact](#) chapter.

## In conclusion

If we are to make progress on climate change and all ESG challenges, every part of society must work together. We're striving to help our clients do the right things on ESG while also helping society as a whole achieve the deep structural change needed to make real progress.



**“Tackling climate change is humanity’s biggest challenge since World War II.”**

**Bob Moritz**

*Global Chairman of PwC*

# Financial performance

## Our performance

### Revenue

For the 12 months ending 30 June 2022, PwC firms around the world recorded gross revenues of US\$50.3 billion. This is an increase of 13.4% in local currency and 11.4% in US dollars above our FY21 revenues of US\$45 billion. This strong growth reflects the impact of our global strategy, The New Equation. It empowers our nearly 328,000 professionals – our community of solvers – helping to enable clients to build trust and deliver sustained outcomes.

While there was a continued trend of remote and hybrid working as well as a continued lower level of travel during FY22, expenses recharged to clients were up 31.3% year-on-year as more in-person business activity resumed.

Revenue growth was strong across the entire year, following on from the excellent performance seen in the last quarter of FY21 as the business impact of the COVID-19 pandemic began to diminish. In the Americas, growth improved steadily each quarter. Meanwhile in Europe, the Middle East and Africa (EMEA) and Asia Pacific, following strong growth in the first three quarters, fourth quarter growth was somewhat lower.

US\$50.3  
billion  
revenue

Up 13.4% from last year

Across our network, PwC professionals are helping to meet clients' biggest challenges, coming together as a community of solvers and delivering high-quality services and solutions to help build trust and deliver sustained outcomes. The growth numbers for FY22 reflect the increase in activity as the COVID-19 pandemic abated and as our firms managed through challenges from geopolitical conflicts, including our decision to cease operations in Russia.

- Europe, Middle East and Africa (EMEA) revenues were up by 10%. In the UK and Middle East combined revenues rose by 12% while in Germany they increased by 14%. Across Africa, revenues were up 5%, with mixed performance across territories due to local economic and currency issues.
- Revenues in Central and Eastern Europe (CEE) grew by 10%. Russia, which is no longer part of the PwC network as of 4 July 2022, accounted for 22% of CEE revenues.
- Asia Pacific revenues were up 14%, with strong performance from South Korea which posted a year-on-year revenue increase of 23%, India posted growth of 21%, China recorded growth of 13%, and Australia reported growth of 17%.
- Our revenues in the Americas showed strong growth of 16% after a flat performance in FY21. The US grew by 17%. Revenue growth across South and Central America was strongest in Brazil which reported an increase of 21%.

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

	FY22 at FY22 exchange rates	FY21 at FY21 exchange rates	% change	% change at constant exchange rates
Americas	21,336	18,309	16.5	16.3
Asia Pacific	9,862	8,862	11.3	14.0
EMEA	19,096	17,971	6.3	10.0
Gross revenues	50,294	45,142	11.4	13.4



**“Our financial performance in FY22 was very strong, with growth in revenues across the world of 13%. This performance was driven by our more than 327,000 people delivering on our strategy, The New Equation, and meeting clients’ expanding needs for PwC trusted, high-quality services.”**

**Dana McIlwain**

Chief Administrative Officer and Operations  
Leader for the PwC network



The percentage changes at constant exchange rates reflect local currency growth without the impact of US dollar exchange rates.

Each of our lines of business – Assurance, Advisory, and Tax and Legal Services – grew in FY22.

## Assurance

Revenues from our Assurance business grew by 7.6% to US\$18 billion (FY21: US\$17.1 billion). Audit remains the cornerstone of our brand and the key driver for growth in our Assurance business. In an increasingly volatile world, the market continues to value the independent, objective view on reported financial information that assurance provides, and the trust it builds in capital markets. The audit business has continued to grow over the last year as we manage complex market dynamics such as auditor rotation, regulation and intensifying competition. We see increasing demand for assurance over a range of nonfinancial information in areas such as [ESG](#) disclosure as companies seek to expand the ways they build trust. We expect this trend to continue in the future.

Over the past year, we also achieved substantial growth in our risk services. The pandemic, geopolitical conflicts, and rising inflation have caused uncertainty on a large scale. We've helped organisations to navigate this uncertainty, bringing confidence and delivering better business outcomes in areas such as regulatory responses and remediation. We also saw strong demand for our risk modelling and actuarial offerings as organisations increasingly seek assurance in new areas.

## Advisory

Our Advisory revenues rose by 23.5% to US\$20.7 billion (FY21: US\$17 billion). This growth was driven by strong demand for technology-enabled business transformation (both enterprise-wide and within specific business functions e.g. finance, the front office and human resources) including many clients migrating to cloud environments. Demand for supply chain transformation was high given widespread disruptions. Continued strong deal activity opened up additional opportunities to create and preserve value, with many clients seeking to 'transact to transform'.



The New Equation strategy helped us bring the breadth of our capabilities across our Advisory business to better serve our clients, helping them create value and build sustained outcomes for their stakeholders. For example, if we're helping a client on a supply chain transformation, our community of solvers can also assess the sustainability of the supply chain factoring in geopolitical and trade factors as well as ecological and social concerns.

## Tax and Legal Services

Revenues from our Tax, Legal and People operations grew by 6.8% to US\$11.6 billion (FY21: US\$11 billion). Due to the changing tax landscape, businesses continue to face challenges in meeting their reporting obligations, which is driving demand for integrated compliance services and managed services. The current year's results included only 10 months of our Global Mobility & Immigration business which operated in 40 territories. Its sale on 29 April, 2022, reduced year-on-year revenue growth from 8.7%. We expect accelerated growth in the future as the transaction has already enabled increased investment and prioritisation of capabilities to be built in our TLS business and the wider network.

Businesses continue to navigate an increasingly challenging and complex environment, such as added regulatory complexity, pressure to meet compliance requirements, supply chain issues and cost pressures. We have responded to growing demand for the capabilities and expertise of our PwC Tax and Legal network.

In FY22, demand was particularly high in Tax deals services due to increased activity in a strong deals market. Due to the changing tax landscape, businesses also continue to face challenges in meeting their reporting obligations, which continues to drive demand for integrated compliance services and managed services. As businesses continued to transform to address workforce pressures resulting from the 'Great Resignation', we experienced high demand for our People and Organisation services.

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

	FY22 at FY22 exchange rates	FY21 at FY21 exchange rates	% change	% change at constant exchange rates
<b>Assurance</b>	18,009	17,073	5.5	7.6
<b>Advisory</b>	20,708	17,029	21.6	23.5
<b>Tax and Legal Services</b>	11,577	11,040	4.9	6.8
<b>Gross revenues</b>	50,294	45,142	11.4	13.4
<b>Expenses and disbursements on client assignments</b>	(1,980)	(1,546)	28.1	31.3
<b>Net revenues</b>	48,314	43,596	10.8	12.8

The percentage changes at constant exchange rates reflect local currency growth without the impact of US dollar exchange rates.

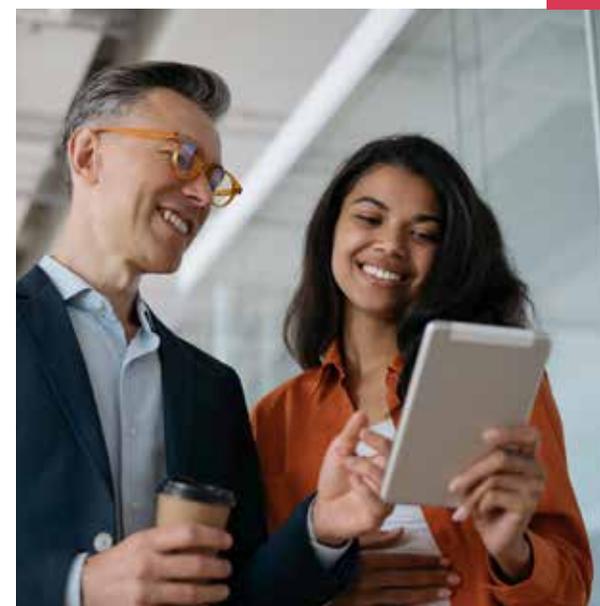
FY22 revenues are the aggregated revenues of all PwC firms. They are expressed in US dollars at average FY22 exchange rates. FY21 aggregated revenues are shown at average FY21 exchange rates. Gross revenues are inclusive of expenses billed to clients. FY21 figures have been restated to reflect current business structures in operation in FY22. Interterritory revenues are not included in the aggregated figures.

## Investments

Across the PwC network, we invested US\$3.1 billion during FY22, following investments of more than US\$2.6 billion in FY21.

In addition to investments in new experienced hires around the world, PwC firms completed 17 acquisitions (FY21: nine) and seven strategic investments (FY21: five) around the world in FY22, expanding our professional capabilities in key areas.

Investments are made by individual partnerships, or 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 their current year's income or from bank borrowings secured against 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. It 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 ten years.

## Net income

As the global economy started to recover from the pandemic, PwC's revenues rebounded strongly, reflecting the impact of The New Equation strategy. During FY21, office closures, lower travel and reduced entertaining expenses had kept the overall cost base down. With the economy reopening and greater pressure on recruitment increasing salaries, the cost base grew again during FY22. Overall net income rose by 8.8%, representing a strong result.

### Percentage change in net income

	FY22	FY21
Americas	9.1%	19.3%
Asia Pacific	7.2%	15.3%
EMEA	9.2%	21.1%
TOTAL	8.8%	19.2%



## Taxation

### Income taxes

In partnerships, individual equity partners are obliged to pay taxes on the income produced in the partnership at the marginal rates relevant to their total incomes. Total incomes consist of their PwC distributions plus any other sources of income such as investments. In most cases, the partnership doesn't collect this information and it's therefore not possible to accurately estimate taxes paid on the earnings of each partnership. However, each member firm has strict requirements prohibiting its partners from entering into aggressive tax planning. As a result of this specific characteristic of partnerships whereby individual equity partners are responsible for tax payments, partnerships in many jurisdictions are not obliged 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 they earn and have disclosed this information in their own markets.

### Other taxes

Each partnership pays a range of taxes including employment taxes. We estimate that the total employment taxes paid by our largest 21 firms across the network is US\$1.7 billion (FY21: US\$1.6 billion).

In the normal course of business, our firms also collect and remit various taxes to the local authorities. For our largest territories, these included US\$3.0 billion of sales tax and US\$4.3 billion of employment taxes deducted from salaries.

Our member firms pay other taxes such as property taxes (US\$48.8 million) and unrecoverable sales taxes (US\$54.9 million). In FY22, our firms paid various other taxes totalling US\$227.7 million.

### Payments from governments

Our 21 largest firms generate more than 90% of our revenues. With the exception of reliefs that are enacted with general applicability, none of these firms received any significant or material support payments from governments in FY22.



## Balance sheet

Each partnership has its own assets and liabilities on the balance sheet. These balance sheets are supported by capital contributed by individual partners. Equity partners may be required to contribute extra capital if their responsibilities change or if 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 to provide protection against eventualities that may be reasonably expected to occur.

## Outlook

Our economists expect 2022 to be a challenging year for the global economy, following the strong economic recovery in 2021. We project that global real GDP will increase by around 3% for the full year 2022 in market exchange rates, down from 6% growth in 2021, though there remains considerable uncertainty. We expect that growth will continue to slow in 2023 with our main scenario projections estimating real GDP growth of just over 2% in 2023.

Today, organisations and society face deeply complex challenges. Across the PwC network, we bring together unexpected combinations of skills, experience and technology to solve these challenges and meet our clients' needs.

We anticipate our revenue growth will continue to be robust in FY23 as clients look to the future and adapt their organisations to meet the demands of a changing world.



## Data methodology

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 (GAAS). Accordingly, the information that is presented in this chapter is aggregated from each member firm.

The gross revenue figures show the recorded revenues earned on client projects. This involves a degree of estimation, considering for example that individual projects are at varying stages of completion. Gross revenues also include disbursements incurred exclusively on behalf of clients.

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

Revenue less expenses is a measure not included in Generally Accepted Accounting Principles (GAAP). We call it 'net income'. This isn't the same as 'net profit before tax', which corporations sometimes report, because in some situations partnership agreements specify that certain expenses should be paid by the individual partners and not 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.

# Impact

We believe that companies should be part of the solution to society's challenges. In this chapter, we share some of the ways that we have sought to have a positive impact on society this year through, for example, our humanitarian and volunteering work. In other chapters, we have shared how our core business has positive impacts on society by, for example:

- Helping companies to succeed which in turn provides employment, contributes to the tax base, and supports communities' quality of life (see [Transformation](#) chapter)
- Supporting companies and society to do the right thing on ESG (see [ESG](#) chapter)
- Building trust in society and its institutions including the capital markets (see [Trust](#) chapter)
- Helping people reach their potential (see [People](#) chapter)

We invite you to read further to explore more of the ways that PwC is striving to be a force for good in the communities where we live and work.

**“Business has a responsibility to be a force for good in society. This is necessary for companies to maintain a social licence to operate, but more importantly it’s crucial to maintain the healthy societies on which we all depend.”**

**Bob Moritz**

*Global Chairman of PwC*

“I am proud of the way our global network — and particularly colleagues in Central and Eastern Europe — rallied to help. It was more than money and logistics. Our people opened their homes to colleagues and others who had become refugees.”



**Bob Moritz**  
Global Chairman of PwC

## We sought to do the right thing in a difficult situation: Ukraine

Along with many multinational organisations, we made the decision to cease our operations in Russia following the invasion of Ukraine. We moved rapidly to act on this decision. Today PwC no longer operates in Russia. We believe this was the right thing to do.

But perhaps even more important than our response as a network was our response as human beings on the ground in affected areas. More than 700 PwC colleagues from Poland, Czechia, Slovakia, Hungary, Romania and beyond have offered shelter to those displaced. PwC employees and member firms across the globe have donated approximately US\$5.3 million in financial aid to causes which support Ukraine. PwC Poland launched a free legal support hotline for all Ukrainian refugees.

Here are just a few of the stories of PwC people who volunteered to assist.

### Helping to evacuate children

**Kostiantyn (Kostya) Sinelnichenko**  
*Advisory Manager, PwC Ukraine*

**Vlada Voloshyna**  
*Assurance Associate, PwC Ukraine*

Vlada and Kostya are actively supporting the Aerial Recovery Group to relocate orphans from the east and south of Ukraine where active warfare is taking place. So far, the Aerial Recovery Group, with support of PwC, has helped save the lives of more than 1,000 children.



## Delivering much-needed supplies

### Andriy Tkachov

*Market Entry & Exit, Employment & Immigration practice Senior Associate, PwC Ukraine*

Andriy and his partner volunteered to deliver humanitarian and other supplies to affected areas including food and medicines.



## Supporting medical care

### Liusia Pakhuchaya

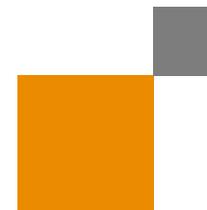
*Assurance Partner, PwC Ukraine*

Liusia worked with her husband and friends to support the Main Military Clinical Hospital in Kyiv by donating money, giving blood, refurbishing the hospital wards, supporting patients, and purchasing much-needed medical supplies.



## Our humanitarian work

When catastrophic events, natural disasters and humanitarian crises occur, our foundations and member firms around the world do what they can to help the people and communities affected. Across the world, more than 290 million people were in need of humanitarian assistance and protection in 2022 - the largest number of people in need to date.<sup>1</sup> Following are just a few examples of the assistance we have provided over the past 12 months to bring critical healthcare to people in need.



<sup>1</sup> ReliefWeb, Global Humanitarian Overview 2022



**CASE  
STUDY**



Providing  
healthcare services  
for Syrian refugees  
and displaced  
people in Iraq

PwC's Global Office for Humanitarian Affairs and PwC Middle East in collaboration with UNHCR, the UN Refugee Agency, established a Primary Health Care Centre in the town of Kawergosk, located in the Kurdistan Region of Iraq (KR-I), which hosts the vast majority of Syrian refugees in Iraq.

This facility will provide health care to over 23,000 people from the Syrian refugee and Iraqi displaced and local communities.



**CASE STUDY**



Supporting the world's largest refugee camp in Bangladesh

Following a wave of violence in 2017, more than 840,000 Rohingya (an ethnic minority of Myanmar) fled across the border to find refuge in Bangladesh.

PwC's Global Office for Humanitarian Affairs collaborated with a nonprofit organization Health and Education for All (HAEFA) that operates two health clinics in the refugee camps to provide free health services to the Rohingya and local host communities, serving 188,000 patient visits to date.

CASE STUDY



### Helping people affected by floods in North America

PwC US Charitable Foundation donated US\$150k to help people affected by flooding in Kentucky, USA in the summer of 2022.

CASE STUDY



### Healthcare support for displaced citizens and returnees in Afghanistan

Afghanistan faces one of the biggest humanitarian crises in the world with more than half of its population in need of humanitarian assistance.

PwC's Global Office for Humanitarian Affairs procured shelters for healthcare and humanitarian services which have served over 137,000 patient visits.

CASE STUDY



### Supplying medicines to a children's hospital in Sri Lanka

Sri Lanka has experienced a severe economic crisis this year, leading to shortages in many critical supplies.

PwC India and the network is deploying a supply of urgently needed medicines to the Colombo children's hospital.



**CASE  
STUDY**



Supporting  
communities  
affected by the  
pandemic

Amidst multiple lockdowns, PwC India Foundation sought to help mitigate the effects of the COVID-19 pandemic with particular focus on vulnerable and marginalised communities.

For example, the Foundation distributed PPE kits to health facilities, set up oxygen generating plants, installed handwashing facilities, and provided livelihood support to vulnerable communities. When the world was locked down and the healthcare system was short on medical staff and resources, the Foundation supported the Doctor on Wheels initiative which delivered healthcare services to some of the most vulnerable communities in rural and urban locations in north India.

## Our volunteering and pro-bono work

In addition to our humanitarian work, we are proud that thousands of our people give their time and skills every year to support the communities where they live and work through volunteering and pro-bono and discounted work, assisting organisations from small local charities to national and global NGOs. Since 2018, we are proud that our work has benefitted over 21.6 million people, NGOs, and social enterprises.

Below are just a few examples of how PwC people are helping others.

**Strengthening nonprofits:** Through PwC US's skills-based volunteering programme [Skills for Society](#) and our fee-waived consulting, we bring the same people, capabilities and technology we provide to clients to help nonprofits solve problems and advance their goals. Enabling our community of solvers to support nonprofit missions and beneficiaries, at the intersection of their personal passions and professional skills, is core to how we act on our purpose and earn trust.

**Social enterprise for youth:** YoMobi is a [collaboration](#) between PwC South Africa, UNICEF South Africa and local social enterprise Capacitate. Launched in June 2022, the platform provides South African youth organisations with their own tech toolkit to enhance their programmes that address the youth employment challenge. The aim is for more than 10,000 young people to access the app. With interest from both the government and private sector, YoMobi is set to support thousands of young people across South Africa.

**Digital upskilling:** PwC Australia is working with Infoxchange, a social enterprise that delivers products and services to over 25,000 government and community services in Australia. Members of PwC Australia's Cyber and Digital Trust team volunteered to develop a suite of tools and resources for Infoxchange's Digital Transformation Hub. The Hub supports not-for-profit organisations with digital upskilling, information security, and cyber risk transformation. [Read more.](#)

To explore more of our volunteering work to help communities across the world, please see our [Corporate Sustainability website](#).

4,078,006  
beneficiaries  
reached

34,254  
PwC  
volunteers

21,698,266  
beneficiaries  
reached since  
2018

US\$222.5m  
Total community  
investment\*

\*Includes cash and in-kind donations,  
volunteer hours, pro-bono or discounted  
work and management costs

789,600  
total volunteer  
hours

“Millions of jobs have been lost through the pandemic, while accelerating automation and digitisation mean many are unlikely to return. We need new investments in the jobs of tomorrow, the skills people need for these new roles, and education systems that prepare young people for the new economy and society. There is no time to waste.”



**Saadia Zahidi**  
Managing Director,  
World Economic Forum



We're helping people have the opportunity to succeed

## Collaborating with the World Economic Forum to drive the Reskilling Revolution

We're a founding partner of the World Economic Forum's [Reskilling Revolution](#) which aims to provide a billion people with better education, skills and jobs by 2030. We collaborate with the Forum and business leaders to help address the urgent need for large-scale upskilling and reskilling. We contribute insights and expertise to a range of Forum initiatives. For example, PwC Global Chairman Bob Moritz joined a panel at this year's Annual Meeting in Davos on the global skilling challenge and the need for lifelong learning as labour markets are transformed by the pandemic, technology, and the green transition. In addition, we help to develop [policy briefs](#) for the G20 advising how to create widespread opportunity for the global workforce.

In addition, our US\$3 billion [New world New skills](#) programme aims to enable more people across the world to gain digital and other skills to support their future success.

## Supporting people around the world to achieve their potential

Across the global PwC network, our member firms are undertaking an array of initiatives to help many groups of people build skills and realise their potential. Here are just a few examples from the past year.



**PwC China** worked with not-for-profit [Yiyou Centre](#) on a Digital Camp programme to enhance the employability skills and build digital capacity of college and university students across China.



**PwC Australia** collaborated with PwC's Indigenous Consulting and alliance partner Salesforce to develop the [Australian Indigenous Mentoring Experience \(AIME\)](#)'s IMAGI-NATION University which helps youth in marginalised communities apply for university and achieve their educational aspirations.



**PwC US** is helping to address the opportunity and employment gap by extending one of our signature community programmes, [Access Your Potential](#), to support a more equitable future for 25,000 Black and Latinx college students as they prepare for and begin in-demand careers.



**PwC South Africa's** [Faranani Rural Women Training Initiative](#) has continued to work alongside the Business Skills for South Africa Foundation to empower rural women to generate their own incomes. Nearly 4,000 women have graduated from the programme, and many of them are now running their own businesses.



**PwC UK** launched its [New World. New Skills. Autumn and Spring School Series](#) to help students identify their goals, build skills for employability and demystify the world of work.



**PwC Brazil's** [Access Your Potential](#) programme helps young people aged 16-26 build the digital and other skills they need to support their pathway to employment.

In addition, our global network is collaborating with UNICEF in support of [Generation Unlimited](#) to help 1.8 billion young people transition from school to work by 2030. In December 2021 we jointly published [Reaching YES: Addressing the youth employment and skilling challenge](#) which identified gaps that impede youth from gaining the skills they need – and offered ideas for what to do about it. See our Community website to learn more about our work across the world to help others in our communities participate in and benefit from the economy and society.



“Through our collaboration with UNICEF in support of Generation Unlimited, our support for clients worldwide and our commitment to upskilling our own people, PwC hopes to play a role in addressing the skills challenge. Improving the global skills system is a vital step toward making sure this new generation have the opportunities they deserve.”

**Bob Moritz**

*Global Chairman of PwC*

**Carol Stubbings**

*Global Tax and Legal Services Leader, PwC UK*

“We’re thrilled that more than 300 individuals from signatory organisations are engaging in CEO Action’s new cross-coalition mentoring initiative, the first effort in the marketplace to match rising leaders to C-Suite executives.”



**Shannon Schuyler**  
Chief Purpose & Inclusion  
Officer, PwC US and  
CEO Action Co-Lead

## We support efforts to increase diversity in business

PwC US Senior Partner and Chair Tim Ryan co-founded [CEO Action for Diversity & Inclusion](#) in 2017. Since then, it’s grown into the largest CEO-driven business commitment to advance inclusion and diversity in the workplace, with signatories including more than [2,300 CEOs and Presidents](#) of US companies, universities and nonprofits. This year, CEO Action launched a new initiative to [enhance diversity in the C-suite](#) by building mentoring relationships between diverse C-suite executives and potential future C-suite leaders.

2022 marks the first full year of [CEO Action for Racial Equity](#), now one of the largest business-led initiatives focused on advancing racial equity through public policy at the U.S. federal, state and local levels. PwC US, together with 100+ organisations from across industries and regions, are advocating policies that will help bridge widening racial disparities – from supporting legislation to help close the digital divide to making the business case for public investment in early childhood education. PwC is proud to be part of this important work.

## We support transparency about our impact on society

### Stakeholder Capitalism Metrics

We advocate for [rigorous standards](#) for companies’ disclosures about their impacts on society. Such robust disclosures create transparency and accountability, helping to drive positive change.

To that end, we became one of the first organisations to publicly endorse the World Economic Forum’s (WEF) Stakeholder Capitalism Metrics in 2021. The WEF Metrics help companies measure and demonstrate their contributions towards positive outcomes such as shared prosperity and a more sustainable relationship with our planet. We have committed to reporting against these metrics.

Last year, we reported against the 21 core WEF metrics on a comply or explain basis. This year, we have significantly expanded our reporting:

- **We are now reporting on all Metrics.** For the first time, we are seeking to report on all Stakeholder Capitalism Metrics, both 21 Core and 34 Extended metrics.
- **New disclosures on Core Metrics:** This year, we are making additional disclosures on the Core Metrics. Additional disclosures include:
  - Ethical behaviour
  - Land use/ecological sensitivity and water consumption
  - Pay equality by ethnicity for our 21 largest territories that track this data
  - Ethnicity breakdown of employees by line of service and seniority level for our 21 largest territories that track this data and are legally permitted to share it
  - Average training and development spend per full-time employee for our 21 largest territories
  - Hires and turnover by ethnicity for our 21 largest territories that track this data
  - Unrecoverable sales tax and property tax paid for our 21 largest territories.
- **New disclosures on the Expanded Metrics:** For the first time, we are seeking to report on the 34 Expanded Metrics.

Please see our full [WEF Stakeholder Capitalism Metrics report](#).

## We support global debate and policy development in the public interest

We believe that collaborating with other organisations to advance global dialogue and policy development is crucial to achieving broad-based progress on issues from social inclusivity to climate change. Here are some of our actions on this front this year:

- We participate in the [Global Solutions Summit](#) which brings together academics, policy makers, civil society and business in dialogue on important social issues from climate change to digital governance, informing the Global Solution Summit's research-based policy recommendations to the G20, the G7, and beyond.



- We advocate for a policy environment - from carbon pricing to robust sustainability reporting standards – that supports positive social outcomes (see our [Trust](#) chapter).
- We engage in a wide range of strategic alliances and global fora on ESG issues, helping to shape strategic discussions, advocate for change, and accelerate the global policy agenda (see our [ESG](#) chapter).

## In conclusion: A force for good in society

Throughout this Annual Review, we've shared many ways we are striving to be part of the solution to society's challenges. In the words of our Global Chairman Bob Moritz, we look to the future with hope because we have seen firsthand what is possible when a community of solvers comes together.



# Quality

## Quality is PwC's foundation

PwC's strategy, The New Equation, reflects our dedication to helping organisations build trust and deliver sustained outcomes. We understand that our services are valuable to stakeholders precisely because of our focus on quality. Delivering high-quality work is at the heart of what we do at PwC; it is what our stakeholders rightly expect of us.

Quality at PwC is about much more than complying with standards, policies and regulations; it's about being recognised by stakeholders for delivering quality outcomes and keeping the commitments we've made. For more information on our work to deliver trusted assurance, please see the [Trust](#) chapter. For more information about the standards and policies that support our quality agenda, please see the [Governance](#) chapter.

Quality outcomes require the right culture, tone from the top, and a comprehensive system of quality management. And when we don't meet our quality standards, we learn from it, hold ourselves accountable, and work to get better. We constantly look for ways to enhance the quality of our work while meeting and seeking to exceed the expectations of our stakeholders. Across our global network, we're fostering a culture which emphasises that integrity and quality are everyone's responsibility.



“Quality is at the heart of what we do. We continually strive for improvement and the enhancement of the quality of our services. Key to quality is having the right people with the right skills. Having colleagues in PwC with a wide range of talent and experiences, whether it be audit, accounting, tax, actuarial, technology or other skills is key to delivering high-quality work. This is why PwC is completely committed to remaining a multidisciplinary network.”



**Richard Oldfield**  
Global Markets Leader,  
PwC UK

## Quality is fundamental to our business and all our operations across disciplines

Our strategy is enabled through our multidisciplinary model. Our integrated way of working is outcomes-focused, combining our deep expertise in audit, tax, compliance and a broad array of consulting areas. This includes specialty expertise in areas such as cybersecurity, cloud, legal, deals, digital transformation, and environmental, social and governance issues (ESG) just to name a few.

PwC’s approach recognises the importance of quality – and that reporting and compliance represent just one link in a chain which includes:



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 monitor and manage quality. We expect local leadership to endorse our focus on quality through setting the right tone from the top and communicating expectations to our people.

## Tax and legal services

### Delivering quality solutions is what we do

PwC's community of solvers in Tax and Legal Services provides a holistic view for clients by addressing complex issues using our people's deep technical expertise. Our tax and legal professionals provide quality services while being empowered to think differently, reimagine solutions, and bring different capabilities together to deliver for our stakeholders.

Quality has always played an important role for the Tax and Legal Services business. To be true to our promise to deliver high-quality outcomes, we link quality to each of our Global Tax and Legal Services strategic priorities so that it provides a foundation for all our strategic efforts.

Our approach to quality is grounded in our [purpose and values](#) as well as the application of our [Global Tax Code of Conduct](#) which requires that:

- 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 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, considering all of the principles contained in the Global Tax Code of Conduct.



**“PwC’s unwavering commitment to quality underpins every action, plan and deliverable we provide within our Tax, Legal and People practice. I’m proud to work alongside professionals from every part of the world who are committed to delivering sustained outcomes for our clients.”**

**Carol Stubbings**

*Global Tax and Legal Services Leader,  
PwC UK*

“At PwC, we bring multidisciplinary teams to address our clients’ increasingly complex challenges. Not only does this lead to more value and better-quality outcomes for clients, but it’s also a more rewarding experience for our people. We learn from each other and bring the best of our network to every opportunity.”



**Mohamed Kande**  
*Global Advisory Leader,*  
*PwC US*

As part of our efforts to enhance quality, Tax Policy Panels in our member firms, composed of senior partners and subject matter experts, aim to make sure our tax work adheres to our [Global Tax Code of Conduct](#). The panels are more than just technical reviews; they contribute to more holistic, high-quality advice that takes in the broader business and societal context.

As of 30 June 2022, Tax Policy Panels have been established in 42 territories (FY21: 35), including in all of our 21 largest territories.

## Advisory services

### People helping clients build sustained outcomes

Our PwC people in Advisory rigorously strive to uncover new sources of value for clients. Through our deep expertise, extensive experience, and strategic thinking, we help clients solve important problems and deliver sustained outcomes. Our global community of solvers, backed by our rigorous focus on quality, allows us to address market complexity and business challenges with a world-class portfolio of capabilities that deliver the measurable results our clients demand.

PwC’s Advisory professionals address stakeholder expectations by following a comprehensive approach to enhance quality through three lenses:

- **The quality of our people.** We continuously upskill and invest in our people - including developing our people’s capabilities to deploy the latest tools, technology and methodologies - so we can provide more value for our clients.
- **The quality of delivery.** We proactively identify, manage and mitigate risks associated with complex transformations. In addition, we use leading methodologies and automation to enable consistency, repeatability and quality to deliver excellence for our clients.

- **The quality of client experience.** Our people provide differentiated client experiences by harnessing data, technology, industry expertise and technical know-how.

To reinforce and enable our commitment to quality, PwC firms implement programmes designed to understand, monitor and promote quality across our projects. This includes ongoing reviews of our most significant projects to continuously evaluate and facilitate quality, and to make sure we are delivering value to our clients.

## Assurance services

### Building trust in what matters

PwC's Assurance practice continues to enhance its performance to meet evolving expectations of quality and value. Assured information helps to build trust in capital markets and in companies' performance on key issues like sustainability. But to build trust effectively, assurance must be high quality. That's why we will continue on our path of continuous improvement in the quality of our audits, grounded in independence, ethics and professional standards. Along that path, we are also reimagining our role in building trust in what matters most to our clients and their stakeholders.

### Audit quality in focus

Delivering quality audits is absolutely core to our purpose. We take any instance of a sub-standard audit seriously and we work hard to analyse the root cause of the issue, learn lessons and take the opportunity to enhance the quality of future audits. Our member firms reflect the importance of quality in the evaluation, recognition and accountability of the relevant partners and leadership teams. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff.

We welcome the increased public focus on audit quality, and the dialogue about how auditors, preparers, investors and other stakeholders can work collaboratively to increase the level of confidence in financial and



**“Tone from the top and a commitment to the highest-quality standards – underpinned by independence, ethics and professional standards – are critical to providing quality services. These remain fundamental to our mission and we hold them in the highest regard. This is a bedrock for building ‘trust in what matters’ for companies, their investors and stakeholders.”**

**James Chalmers**

*Global Assurance Leader, PwC UK*





nonfinancial reporting. We've actively contributed to this debate with audit committees, boards, regulators and standard-setters worldwide, both directly as PwC, and also collaboratively as a profession through organisations like the Center for Audit Quality in the US. PwC continues to publish our overall network internal inspection results for audit engagements. We're eager to continue 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, we use a quality management framework based on clear objectives around audit quality and we provide support to help firms meet these objectives. Our member firms deliver high-quality audit services through access to the necessary capabilities in terms of both 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 are best developed and used within a culture of quality in which leaders set the right tone and are role models for our [values](#), starting by acting with integrity. We continue to enhance our guidance and update our tools to support our engagement teams in addressing new and emerging risks and requirements as part of our audits. For example, we issued implementation materials that supported application of the new risk assessment standard ISA 315 (Revised), Identifying and Assessing the Risk of Material Misstatement.

## Unwavering commitment to quality in challenging times

This past year has seen incredible challenges directly affecting stakeholders in unexpected ways: for example, continued impacts of the COVID-19 pandemic, war in Ukraine, geo-political conflict, increased droughts, wildfires and flooding, supply chain uncertainty, and inflation. One constant is that our people continue to take pride in delivering high-quality audits, working across many different cultures and nationalities with the right technology, skills and processes in the face of significant crises.

In just one example, in the time leading up to, and after, Russia's invasion of Ukraine, PwC leaned heavily on its commitment to quality and depth of experience to help our engagement teams continue delivering quality service. And, in the face of adversity, our teams have not lost focus on delivering quality while focusing on the safety and support of our people. We acted quickly to develop guidance on how the conflict in Ukraine would impact our clients. We provided guidance for our engagement teams managing audits to consider, covering key aspects of audit quality including accounting, methodology and reporting. This helped our engagement

teams assess the crisis – including the macroeconomic impacts of sanctions – and respond accordingly. As the conflict continues, we share experiences and examples from across our global network to provide ongoing real-time learning for our people.

## Framework that enables quality

Our audit quality is built on having the right culture and the right people, supported by effective methodologies, processes, and technology. We have a number of dedicated functions within the PwC network that develop practical tools, guidance and systems to support audit quality. PwC’s assurance quality management framework – Quality Management for Service Excellence (QMSE) – directs each member firm to consider specific risks to quality and respond appropriately in line with its individual circumstances.

The International Auditing and Assurance Standards Board (IAASB) has introduced new Quality Management Standards – International Standard on Quality Management (ISQM) 1– that will come into effect on 15 December 2022. We designed our QMSE framework in anticipation of ISQM 1. We strongly support an objectives-based approach that focuses more on proactively managing the quality of engagements, supported by ongoing, real-time monitoring and timely and effective remediation of any identified deficiencies. QMSE was adopted by PwC member firms in 2019. As such, we do not expect our member firms to incur a significant additional burden when they need to start complying with ISQM 1.

Central to PwC’s QMSE framework is the recognition that quality management needs to be embedded in everything we do. This means we must commit to learning and continuous improvement throughout the quality management process. To support consistency and guide our member firms, we organise activities focused on building a quality infrastructure and organisation. We believe these activities are vital to meeting the quality objectives. Each member firm performs these key activities by developing responses to relevant risks, as well as making sure it delivers quality across its operating environment and client base.

The effective design and operation of this quality management process is key to making sustainable improvements to quality. QMSE emphasises the need to think holistically about quality and moves towards a greater reliance on real-time, ongoing monitoring. This represents a significant change from past approaches to monitoring and inspection.

**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
- 

The Recognition and Accountability Framework which helps to reinforce our quality culture, behaviours and outcomes



## Values, judgements, objectivity and professional scepticism

Performing high-quality audits requires more than just the right tools and processes. The auditor's role is to reach a professional judgement based on reasonable assurance about whether the financial statements prepared by the entity's management are, as a whole, free of material misstatement and present a fair picture of the entity's financial performance and position. To carry out this assessment effectively, PwC auditors apply professional scepticism, objectivity, specialist skills and judgement. [PwC's values](#) guide our auditors in making their assessments, behaving ethically and building a strong culture in order to deliver trust.

We continue to learn from past experiences while fostering the behaviours that form quality. We explore how auditors can professionally 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. PwC firms apply global ethical and independence principles and guidelines that limit the non-assurance services they can provide to audit clients. In effect, these prohibit auditors from acting in a management capacity or as an advocate for an audit client and/or auditing the results of other services provided. These guidelines are reinforced by regulatory restrictions on which 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 circumstances.

## Our community of solvers is key to quality

Top-quality talent is at the heart of our business. We aim to recruit, train, develop and retain the best and the brightest people who share our strong sense of responsibility for delivering high-quality services. We truly believe our people help us differentiate on quality and are our most important asset. And to prepare staff and partners for the delivery of quality assurance services, partners and employees have access to a comprehensive curriculum of formal and informal learning and technical courses. During the past year, we've continued using this curriculum to give PwC's audit practitioners the opportunity to sharpen their professional judgement, scepticism, and technical and professional skills. PwC's audit curriculum is available to our member firms in a modular format, allowing them to choose when they will deliver different portions of the curriculum to their people. Furthermore, our firms can develop additional training that augments the curriculum

to meet local needs. We also develop and support our people through coaching, on-the-job training, and development learned through real and diverse experiences.

The materials cover a variety of learning objectives that follow consistent principles:

- Focus on practical application
- Simulate on-the-job experiences
- Make use of technology in the physical or virtual classroom
- Provide access to expertise through our multidisciplinary model

Where appropriate and necessary, our audit teams are able to draw on expertise from parts of the network outside the Assurance practice using our multidisciplinary model approach. For instance, audit – especially in today’s data-rich world – requires analysis and judgement of vast amounts of increasingly diverse information. This means that it is vital to have 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. Being able to bring these skills to bear on audit work helps strengthen audit quality and builds trust in the information contained in financial statements.

## Investing \$1 billion to enhance audit quality

As part of The New Equation, we are investing US\$1 billion in a multi-year effort to deliver a new audit ecosystem for our next-generation audit. By exploring and investing in new technologies and revisiting underlying audit processes, we will further standardise, simplify, centralise, and automate our audit work. Our investment accelerates innovation and enables us to respond to changing stakeholders’ needs providing a transformed audit experience focusing on continuous quality enhancement. In addition, our investment will help to reduce the burden on teams by streamlining data acquisition, standardising processes, and focusing our work on areas of higher risk.





Our programmes, tools and technologies are built on a human-centred design, focusing on stakeholders' needs while reimagining ways for our people to work. We are exploring new ways of securely ingesting and using data to identify risks, detect anomalies, and surface insights, with built-in checks that enhance audit quality. Intuitive, guided experiences and workflows help our people complete the right tasks at the right time, adapting and scaling in response to the needs and complexities of each engagement, and providing a more seamless, transparent experience for our clients.

We are also building on our experience with our tools including, for example:

- Aura, our internal cloud-based enterprise resource planning system for audits, used by 146,000 people across the PwC network.
- Connect Suite, our suite of collaboration tools with more than 700,000 users which already helps us to collaborate and exchange information efficiently and securely with our clients and audit teams across the network.
- PwC Confirmations, our global, secure, web-based confirmation platform that facilitates streamlined and efficient processing of audit confirmations. This includes preparing, sending, monitoring and receiving electronic and paper responses for our auditors and third-party confirmers.
- PwC Extract, our data extraction tool which enables teams to gather and manage client data. It allows teams to connect to client systems, acquire data in a secure way and store it safely.
- Halo for Journals, our data analytics tool which provides deeper insights into clients' businesses through built-in visualisations. It empowers engagement teams to spend less time performing manual processes and more time understanding transactions. Halo for Journals enhances quality by helping to identify unusual items and potential risks. We're currently using Halo with nearly 18,000 audit clients (FY21: more than 14,000).

### Results of our network internal inspections for audit engagements

	2022	2021	2020	2019	2018
<b>Total audit engagement reviews</b>	1,615	1,618	1,661	1,768	1,890
<b>Compliant (%)</b>	84.8%	83.3%	82.2%	76.5%	76.0%
<b>Compliant with Improvement Required (%)</b>	11.6%	13.2%	14.0%	18.4%	16.2%
<b>Total Compliant (%)</b>	96.4%	96.5%	96.2%	94.9%	92.2%
<b>Non-Compliant</b>	58	56	63	91	147
<b>Non-Compliant (%)</b>	3.6%	3.5%	3.8%	5.1%	7.8%

## Our internal inspections

Our Engagement Compliance Reviews (ECRs) are carried out by PwC member firms and include reviews of completed engagements. These periodic reviews are designed to determine whether an engagement was performed in compliance with PwC Audit guidance, applicable professional standards and other applicable engagement-related policies and procedures. ECRs are led by experienced independent Assurance partners supported by independent teams of directors, senior managers and specialists. Review teams are resourced to reflect the specialist knowledge or experience needed to objectively assess the selected engagements and are independent from those who are either subject to the review or are potentially affected by the results. Many member firms seek support from outside the member firm to maintain objectivity of the review team, but this does not create or imply transfer of responsibility for the ECR outside of the member firm. Review teams receive training to support them in fulfilling their responsibilities. They use a range of checklists and tools developed at the network level when conducting their reviews. Additionally, the PwC network undertakes periodic reviews to evaluate certain elements of member firms' systems of quality management. We also look at the member firm leadership's own assessment of the effectiveness of their system of quality management and their determination of whether the overall quality objective has been achieved.

Between 2018 and 2022, we reviewed a total of 8,552 audits conducted by our member firms worldwide. The results are set out in the table above. Some 46% of those audits were of 'public interest entities' (PIEs) (essentially listed and other significant companies). Of these PIE audits, 145 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 entity's financial statements.

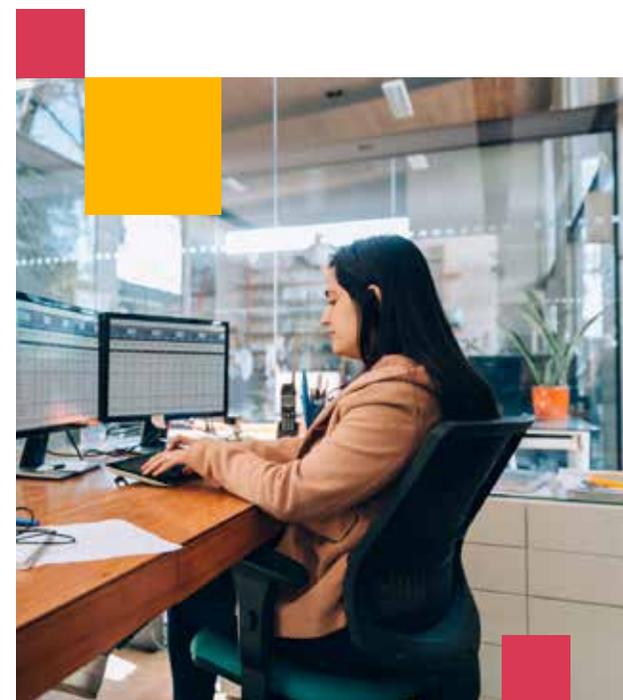
For the 2022 inspection cycle, of the 1,615 audit reviews completed to date through our internal inspection process, 58 (3.6%) were rated as non-compliant. Of those, two have been assessed as requiring a restatement of the audited organisation's financial statements and/or for the auditor's report to be withdrawn or reissued. We continue to invest 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 inspections 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 an industry-wide effort to improve audit quality, the six biggest global auditors and regulators on IFIAR's Global Audit Quality Working Group agreed on a target to decrease the proportion of audits of listed PIEs identified with findings from inspections by 25 regulators on an aggregated basis by 25% over a four-year period from 2019 to 2023. In the 2021 IFIAR survey of inspection findings published in March 2022, IFIAR reported the mid-point result of 29%, an improvement on the 2019 baseline rate of 32%. Our standalone results were in line with the reported average. IFIAR will next publish their conclusion on whether the collective target has been met after the end of this four-year period and our results will be incorporated in the collective results. We continue to monitor our progress and work hard to achieve this target.

In conclusion, quality is the bedrock of our success, our clients' trust in us, and our ability to help our clients build trust and achieve sustained outcomes. For a closer look at how each of our territories is enhancing quality in audit and other services, please see each territory's [Transparency Report](#).



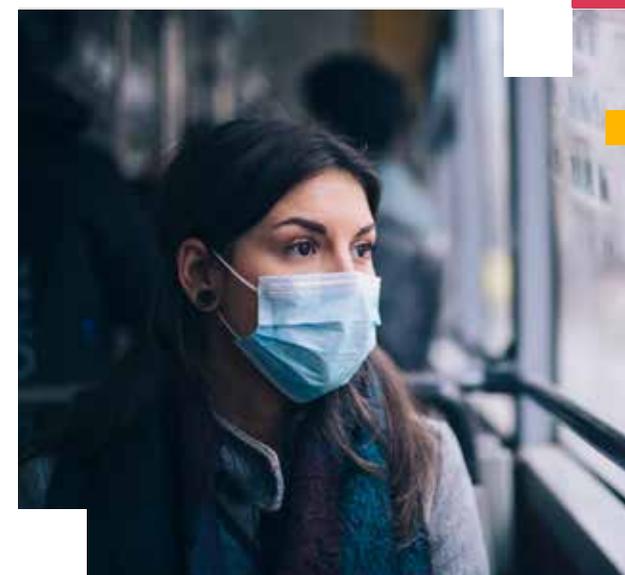
# Risk

## Introduction

In my first year as Global Chief Risk Officer there were some significant challenges to deal with, from inherent business risks to escalating cyber risks to the continuing effects of the COVID-19 pandemic and the war in Ukraine. As we contemplated these challenges, I was struck by the relevance and importance of PwC's strategy, [The New Equation](#). Specifically, I recognised how our commitment to building trust and helping deliver sustained outcomes drives how we respond to the challenges we face.

The PwC network faces both familiar and new risks in the business environment: fractures in the global economy, political instability, and the pressing need to address climate change and its impacts. I'm proud of the PwC network's response and our level of transparency in disclosing the risks we face and how we manage them. The tenets of our work – striving to deliver quality, legal and regulatory compliance, and our commitment to independence and objectivity – continue to be the foundation for how we recognise and respond to risks.

The Russian invasion of Ukraine is a humanitarian tragedy and a threat to global stability. It presents risks at several levels to our business from securing the safety of our colleagues to impacts on capital markets. The PwC network's decision to exit Russia wasn't made lightly, but we believe it was the right thing to do. I'm also



“The PwC response to the war in Ukraine, notably our robust stance on sanctions, was possible because of our continued commitments to network communication, stakeholder engagement, and effective risk recognition and response.”



**Coenraad Richardson**  
Global Chief Risk Officer,  
PwC UK

proud of our stance on sanctions on specific entities or individuals who are connected to or have assisted Russia’s invasion of Ukraine. Sanctions that are passed anywhere in the world are applied everywhere in the world. Implementing this complex sanctions regime required communication and cooperation on a large scale, but the network infrastructure and PwC professionals were resilient in meeting the challenge.

I encourage you to read this chapter of our Global Annual Review to learn about the progress made across our network and how we remain committed to delivering on our strategy and purpose.

**Coenraad Richardson, Global Chief Risk Officer, PwC UK**

## 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 (please see PwC’s [2022 Global Risk Survey](#) for additional information). We also invest significant time and resources in anticipating and managing risks to our own business.

At PwC, the [Global Board](#) of PricewaterhouseCoopers International Limited (PwCIL) provides oversight, review and approval of our network’s enterprise risk management (ERM) approach and focus. The Risk Committee of the Board is responsible for monitoring key risks and responses, setting expectations for quality assurance, setting the network’s overall risk management framework, and overseeing compliance with network standards and policies (and the compliance monitoring process), as well as considering 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 work through and consider 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 monitoring and setting quality management systems within their own lines of service.

The PwC network and its 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.

KNRs are 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:

- Client and service quality, and the network's ability to fulfill its obligations to regulators, clients and stakeholders
- The confidence of clients and other key stakeholders (including regulators and governments) in PwC
- 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
- Revenues across the network of firms.



## The current Key Network Risks are as follows:

<b>Societal risks and trust</b>	<b>Climate</b>	<b>Significant matters</b>
<p>Failure to anticipate, understand and respond to market and societal expectations and concerns, or to engage in the broader societal agenda, will erode trust in our profession and in our business and put the relevance and value of our brand at risk.</p>	<p>Failure to review and consider the impact of climate change on the network and to prepare for its implications, including (i) the impact of physical risks and related disruption; (ii) the impact of transitional risks on certain clients, sectors, economies and on our services; and (iii) failure to meet network commitments related to climate.</p>	<p>Failure to respond appropriately with requisite expertise and speed to adverse matters, causing an actual or potential negative impact on member firm(s) and/or our network. The adverse impact could be financial, security-related, technological, and/or reputational.</p>
<b>Purpose, values and behaviours</b>	<b>People</b>	<b>Strategy execution</b>
<p>Failure to embed our purpose in our strategy, and to ensure values and behaviours that support our purpose and our strategy are embedded consistently in our business model and in our decision-making will both prevent the achievement of our strategy and expose the network and our brand to reputational risk.</p>	<p>Failure to attract, retain and develop diverse talent so that resources can be deployed rapidly in order to realise opportunities, meet clients' changing needs, make adequate plans for workforce-related changes such as automation, and train the talent to develop future leaders and deliver on The New Equation.</p>	<p>Failure to ensure relevance and meet client expectations due to incomplete implementation of core elements of our network strategy, including where member firms are unable to execute multiple priorities simultaneously.</p>
<b>Regulations and/or public policy</b>	<b>Technology enabled disruption</b>	<b>Network mutuality/alignment</b>
<p>Failure to constructively engage wider stakeholder groups on our commitment to our purpose increases the risk of disruptive regulatory change. Such change could hamper our ability to deliver on our purpose and to operate in a sustainable way.</p>	<p>Failure to prepare for and respond to disruption, including bringing new services and solutions to the market with speed and agility.</p>	<p>Failure of member firms to act collaboratively, or in a cohesive and aligned manner, given pressures caused by the inherent structure of the network, and conflicting regional and national priorities in the external environment.</p>
<b>Independence</b>	<b>Technology resilience and availability</b>	<b>Investment</b>
<p>Failure to comply with 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.</p>	<p>Failure to manage critical system availability, impacting the ability to service clients and manage the business.</p>	<p>Failure to ensure sufficient investment in future growth areas and reinvestment in existing services.</p>
<b>Ethics &amp; compliance</b>	<b>Information and cybersecurity</b>	<b>Resilience of member firms</b>
<p>Failure to manage and comply with legal, ethical or professional requirements, including local policies and standards (including, where relevant, internal policies and standards) leading to regulatory action, litigation and/or significant conflicts of interest.</p>	<p>Failure to manage the security of firm or other client/customer information, causing legal, reputational or brand damage to the network.</p>	<p>Failure of a significant member firm to withstand an economic, regulatory, operational or political shock, or complete adequate contingency planning.</p>
<b>Data strategy and management</b>	<b>Client and service quality</b>	<b>Black and green swan events</b>
<p>Failure to manage and maintain data in compliance with regulatory, legal and client requirements and in a manner that maintains the highest quality in order to drive value for PwC and its clients.</p>	<p>A significant failure in client acceptance or continuance, or management or service delivery quality in existing and new services with cross-border and network implications.</p>	<p>Failure to prepare for events with network-wide implications in terms of immediate/disaster response, reputational damage or potential macroeconomic impact such as regulatory change, environmental events or macroeconomic disruption created by events such as a pandemic.</p>



As with most businesses, the most significant risks facing our network are relatively constant over time. They reflect risks that are inherent to the nature of our business and the external environment. The risks we face around ensuring the quality of our services, meeting our applicable 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. The same goes for the security and resilience of our systems and technology infrastructure; the strength of the individual member firms that provide our global reach and capability; and our ability to recruit, retain and develop the staff both to service our existing clients and develop opportunities for growing the business.

The challenges we recognised in the [ADAPT framework](#) (increasing wealth disparity, technology disruption, demographic pressures, polarisation and a decrease in trust) continue to grow. They are increasingly changing the business context in which we operate and raising the impact and relevance of many of our KNRs.

We remain acutely aware of our [impact](#) on the world around us and the need to work with our stakeholders to manage those impacts more effectively. As a network, we recognise the existential threat posed by climate change, so we've added [climate](#) to our list of KNRs.

## 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 of identifying KNRs.

These can be summarised as follows:

- The quality of work performed for clients and delivery of sustained outcomes.
- Our compliance with applicable laws, regulations, professional standards, rules, and internal policies. This includes our member firms' compliance with audit and assurance independence rules and regulations.
- Our ability to meet the evolving requirements of regulatory and public policy.

- Our member firms' compliance with applicable data management standards.
- Our member firms' ability to safeguard and manage data appropriately.
- The quality of our information and cybersecurity processes and procedures.
- The actions of our people and member firms aligning with our values and societal expectations.
- The resilience of member firms to withstand economic, regulatory and political shocks.
- The resilience of critical technology systems across our network and member firms.
- Our ability to attract, retain, train and deploy the right people to ensure high-quality delivery and innovation.
- The maintenance of the PwC brand and the confidence it gives to investors and clients in our work and deliverables.

## 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 are an indication of the many ways that we actively engage with our stakeholders on key issues throughout the course of the year.

- **Our People:** We engage with our people across the world, both locally and network-wide.
- **Clients:** We work with more than 200,000 organisations across the globe, ranging from individuals to the world's largest corporations.
- **Standard setters:** We actively participate in the process of commenting on both financial and nonfinancial reporting consultations.
- **Regulators:** We work closely with our regulators across the world, particularly on efforts to enhance audit quality and support the effective operation of tax systems around the world.





- Think tanks: Participating in discussions on key 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 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 key internal and external stakeholders

- Internal stakeholders
- External stakeholders



PwC participates in public policy development in a variety of ways which are intended to complement the [PwC Purpose](#) to build trust and solve important problems. These include active participation in, for example:

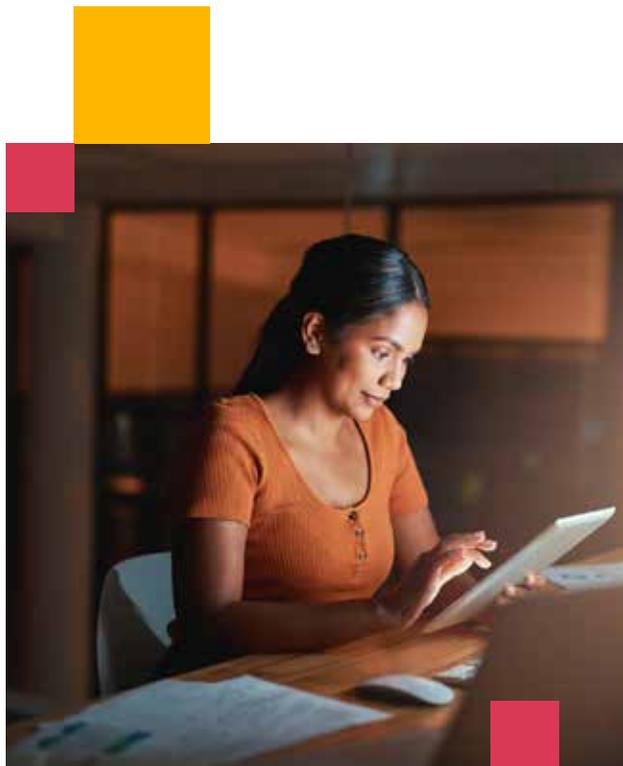
- Standard-setter bodies such as the Global Public Policy Committee (GPPC), the International Ethics Standards Board for Accountants (IESBA), and the International Auditing and Assurance Standards Board (IAASB)
- Regulatory and other standard setter consultations and comments on exposure drafts and draft regulations and standards
- Multilateral organisations such as the Organisation for Economic Co-operation and Development (OECD)
- Forums for bringing stakeholders together to make progress on issues of importance to society such as the World Economic Forum (WEF)
- Development of a wide variety of thought leadership

As shared throughout this Global Annual Review, PwC supports policy development and thought leadership regarding important topical issues including climate, tax, financial reporting, accounting and auditing, broader business issues, the future of work, sustainability reporting and assurance, independence, inclusion and diversity, and use of emerging technologies.

All member firms are expected to follow global policies regarding conduct and compliance with regard to any public policy development or lobbying. By way of example, 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 in order to avoid any potential for conflicts of interest. This covers not only organisations regarded as strictly governmental but also organisations that regulate or have public oversight of the professional services that we provide. The principles are intended to minimise potential conflicts and avoid the perception that confidences gained from one role could be used in another or for the advantage of a PwC firm. Having a set of principles for use across the PwC network helps us take a consistent approach.

In addition, member firms must follow any additional local laws or regulatory requirements with regard to participation in public policy development.





## PwC's approach to client acceptance

We're implementing a new global, cloud-based technology to manage client and engagement acceptance and continuance across our network. This will help us make better decisions about who we choose to work for and the services we agree to provide. It will also help us to manage the risks associated with potential conflicts and, as a result, to continue to foster trust with our stakeholders.

The PwC ethics and compliance standards and policies set out how our 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, the PwC standard is consistent with these recommendations and the risk-based approach guidance for accountants. In addition to the PwC standards, member firms are required to comply with local laws and professional regulations.

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

The standards also set out the core requirements and prohibitions for all PwC partners and staff. They make 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, PwC partners and staff 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 directly or indirectly involved in money-laundering activities.

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

## Ethics and independence

### Ethics codes and practices

At PwC, we adhere to the fundamental principles of ethics set out in the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), a standard-setting Board of the International Federation of Accountants. These 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 concerns seriously, so we strive to embrace the spirit and not just the letter of these requirements. We expect all of our partners and staff to behave





ethically. We require them to undertake annual mandatory training and submit annual confirmations of their individual compliance as part of our system to support appropriate understanding of the ethical requirements under which we operate. Our partners and staff are expected to uphold and comply with our ethics standards.

Each member firm is required to uphold the [PwC values and PwC purpose](#). In addition, each member firm must adhere to 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 enable us to build trust. Given the wide variety of situations that our professionals may face, our standards provide guidance for a broad range of circumstances - but all with a common goal: to do the right thing.

All partners and staff are provided with the Code when they join PwC. They are expected to live by the values expressed in the Code over 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.

Each member firm has a confidential tier of the [PwC Ethics Helpline](#) and supporting case management system whereby any PwC partner, staff member or third party can report concerns.

## 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.

The PwC ethics and compliance standards and policies specifically set out how member firms are expected to identify and mitigate the risk of bribery and corruption in their activities. They're consistent with the principles of the UK Bribery Act of 2010 and the US Foreign Corrupt Practices Act of 1977. The standards require each member firm to establish systems, policies and procedures to prevent bribery and corruption. They set out specific requirements for each member firm, including:

- Appointing an experienced individual who, with appropriate leadership oversight, is responsible for implementing the standards' requirements.
- 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 policies and guidance that apply locally and across our network.
- Taking steps to identify and resolve any departures from or violations of policies in place locally or across our network.
- Annually undertaking monitoring to assess compliance with these standards as well as policies and guidance that apply locally or across our network, and resolving any deficiencies, where identified.

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

During FY22 one individual reached a plea bargain agreement concerning a corruption allegation related to a previous year. The individual is no longer associated with PwC. There were no other identified incidents of corruption in FY22 in our 21 largest territories related to either the current or previous years. In FY21, among our 21 largest firms, one employee was dismissed for violating their firm's internal anti-corruption policy.

Our 21 largest firms had total monetary losses aggregating less than \$10 million (equivalent to .0002% of our global revenue) as a result of final publicly reported regulatory or court adjudications associated with malpractice or violations of other related industry laws or regulations, fraud, insider trading, anti-trust, anti-competitive behaviour, or market manipulation. The figures provided do not include matters subject to ongoing legal or regulatory proceedings or appeals.

## 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. Independence underpins these requirements in our work with assurance clients. Compliance with these principles is essential to serving the capital markets and our clients.

The PwC Global Independence Policy is based on the IESBA Code, supplemented by the independence requirements of the US Securities and Exchange Commission (SEC), the US Public Company Accounting Oversight Board (PCAOB), 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.

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 implementing 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.

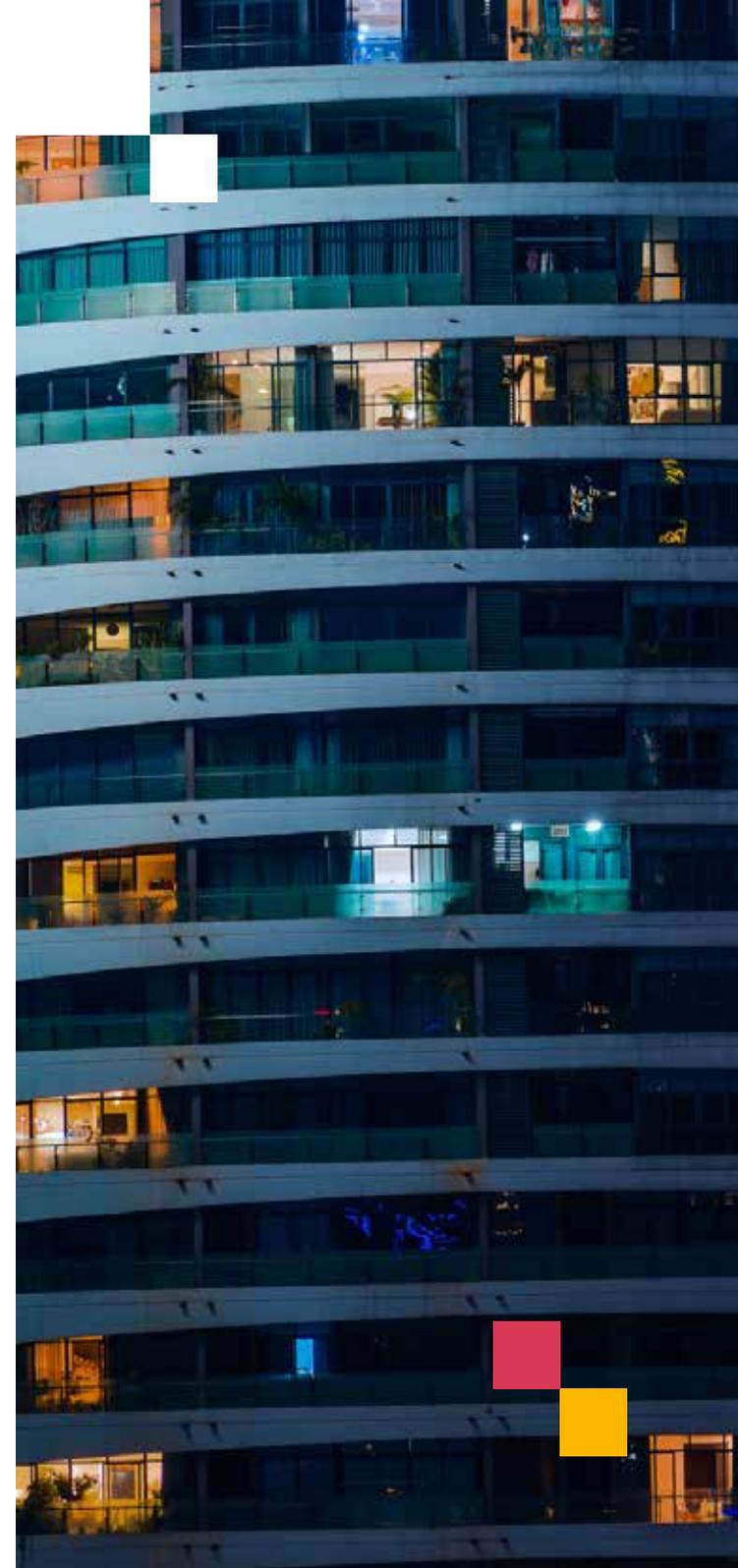
## Independence policies and practices

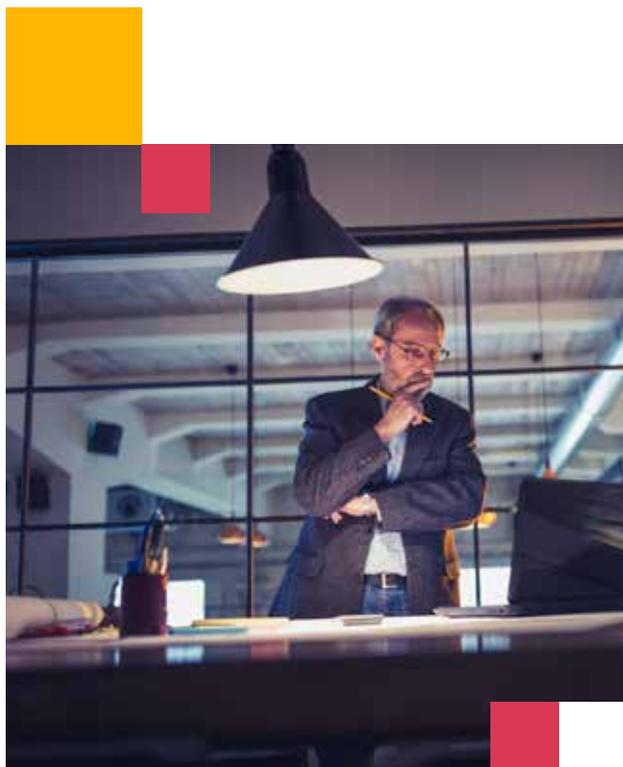
The PwC Global Independence Policy covers the following areas among others:

- 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 policy's application regarding the provision 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 provision of non-assurance services for those clients.

In addition, we have 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 us 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 IESBA 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 partners and staff 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. The 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 the 'Independence Checkpoint' and Authorisation for Services.
- The 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. When a PwC member firm wins a new audit client, or a security otherwise becomes restricted (for example as the result of a corporate transaction), this system automatically informs any PwC partner or staff member holding securities in that client if they need to sell the security.
- Automated Investment Recording (AIR), a solution available to PwC member firms that simplifies portfolio maintenance for PwC partners and staff in the Independence Checkpoint by automatically recording security transactions using regular direct feeds from participating brokers.
- Authorisation for Services (AFS), a global system that facilitates communication regarding a proposed non-audit service between a non-audit services engagement leader and the audit engagement leader, 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 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.

We regularly update the systems and tools supporting compliance with our independence policies and procedures and, in the past year, have invested more than US\$28 million to strengthen our independence-related systems and tools.

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 with independence specialists by engagement teams on independence issues is central to the PwC culture. Teams are encouraged to consult with independence specialists whenever a matter is complex or if there is any doubt about what to do.

PwC's processes are supported by comprehensive training of all 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 on an as-needed basis by independence specialists and risk and quality teams.

All partners and staff are required to complete an annual confirmation of 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 firm's adherence to our network's standard on independence.

The results of monitoring and testing are reported to the member 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 breach's impact on the independence of the member firm and the engagement team, and the need for actions or safeguards to maintain objectivity. Although most breaches do not adversely impact our objectivity and impartiality and may be 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, improvements in systems and processes, and for additional guidance and training.



## Revenue from audit clients in major indices in FY22



## Compliance review

Each member firm designs a system of quality management to ensure compliance with our network standards as well as local professional standards and regulations, including independence regulations. In accordance with the network standards, a member firm also performs monitoring to assess their compliance. PwCIL further reviews each member 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. Each firm evaluates any departures from independence requirements in the PwC independence policies and/or external regulations to understand the root cause and impact of such exceptions, and undertakes any further remediation as appropriate.

## 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).

To 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 requirements of the IESBA Code, 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 allowed 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 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 providing 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 supply certain non-audit services for SEC-restricted entities obtain input from an independence specialist in our global Centre of Excellence (CoE).

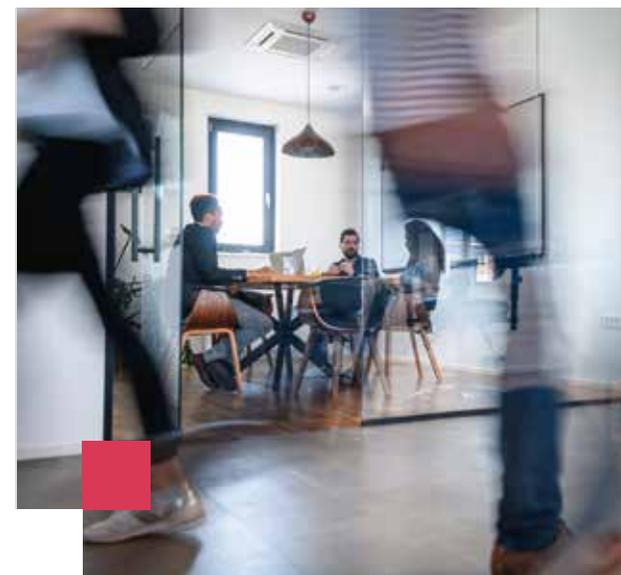
# Governance

## Introduction

My first year as Chair of the [PricewaterhouseCoopers International Limited](#) (PwCIL) Global Governance Board was a testing but fulfilling experience. The Global Board continued to focus on themes inherent to good governance – accountability, independence and transparency – during a year of unique challenges and formidable risks in the business environment. I'm grateful to my fellow board members for their efforts. Their work is vital to our success.

The implementation of our strategy, [The New Equation](#), has been timely. The challenges of the last year, including the lasting impacts of the COVID-19 pandemic and the Russian invasion of Ukraine, underscored the growing need for consistency in how our member firms operate across the world. Bringing together technologies, methodologies, and materials for our member firms not only promotes consistency but also emphasises our commitment to quality. In the year ahead, The New Equation will continue to be a foundation upon which our network builds and grows.

As various studies reveal, trust in certain institutions is eroding, and more people are looking to business for effective leadership (see our [Trust](#) chapter). We continue to meet this expectation by embedding trust in every



aspect of our work. Transparency is a key component of trust, and I'm proud of our progress in measuring our business against the World Economic Forum's Stakeholder Capitalism Metrics. These metrics can help bring greater comparability and consistency to the reporting of environmental, social, and governance (ESG) disclosures.

An important part of the Global Board's work is cooperation with PwC's global leadership teams to review performance, oversee implementation of standards, and liaise with governance bodies at our member firms. The sharing of expertise and best practices is a key element in holding ourselves accountable and reflects our commitment to continuous improvement. We're also working to increase independent oversight, reflected in the inclusion of independent members of boards at the member firm and network levels.

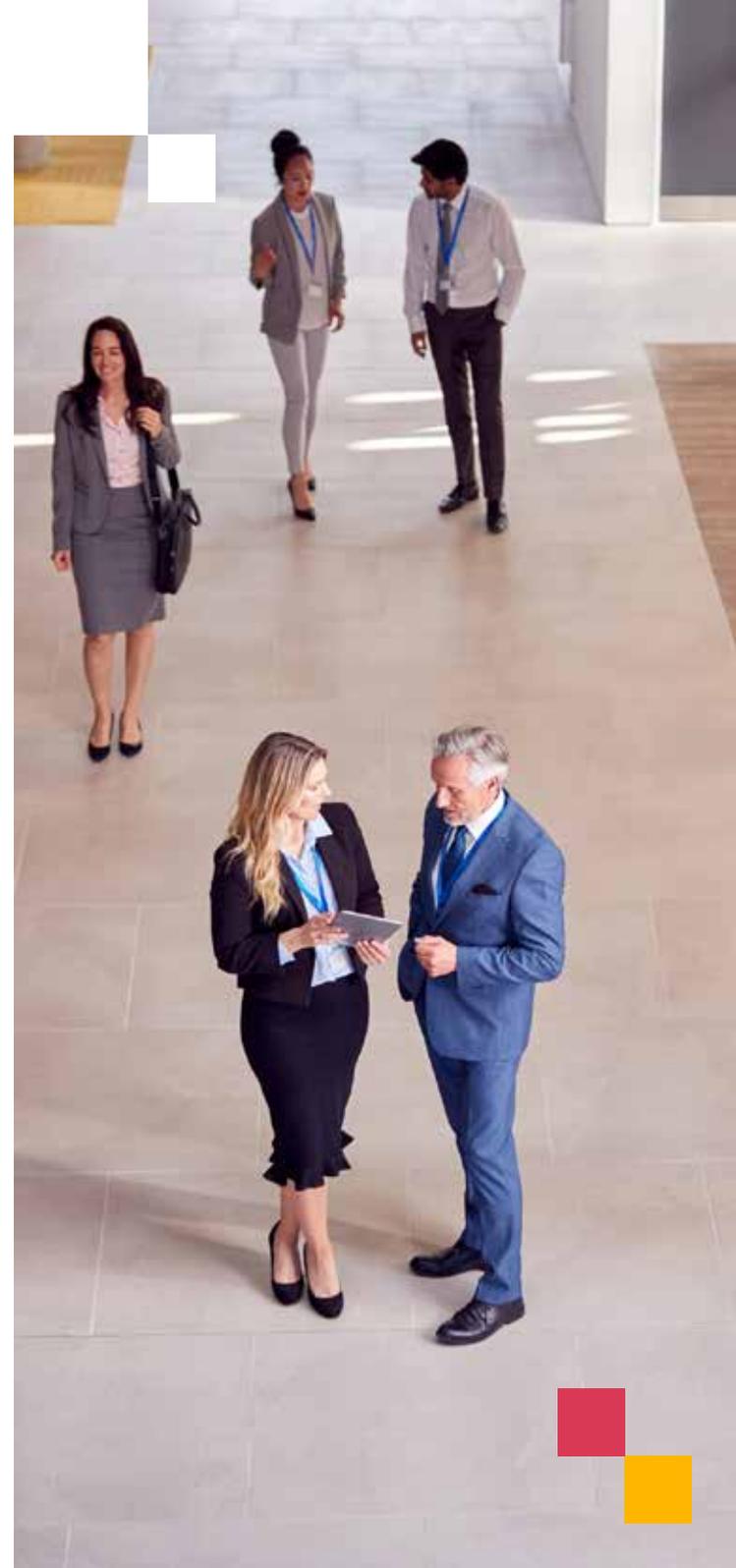
I invite you to explore these topics further by reading this section of our Global Annual Review. You can also read the rest of the report to better acquaint yourself with the many topics whose outcomes will shape our business. While the Global Annual Review looks at the past year, our focus remains on the future, its challenges and opportunities, and how we can best deliver our purpose for our stakeholders.

**Lisa Sawicki, Chair, Global Governance Board, 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 152 countries around the world. As of 1 July 2022, our network has 626 [active and client-facing entities](#). The partners in each firm select a Territory Senior Partner (TSP) to lead that firm for a fixed term. The length of this term, and the maximum number of terms for which any TSP can be elected, are set by each member firm.





## PricewaterhouseCoopers International Limited

PwC firms are members of 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 the resources and methodologies of the PwC network are made available to them. In return, member firms agree to abide by common policies and standards. Each member firm agrees to pay its allocated share of network costs.

Our member firms share knowledge, skills and resources. Their membership of our network helps them work together to provide high-quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including knowledge of local laws, regulations, standards and practices.

## Network Leadership Team

Our [Network Leadership Team](#) (NLT) sets the overall strategy for the PwC network and the standards to which member firms agree to adhere. The NLT is made up of:

- [Bob Moritz](#), the Global Chairman of the PwC network
- [Raymund Chao](#), the TSP of our member firms in China
- [Kevin Ellis](#), the TSP of our member firms in the UK
- [Tim Ryan](#), the TSP of our member firms in the US
- A fifth member appointed by the Global Board, [Petra Justenhoven](#), the Chair of PwC Europe and the TSP of our member firms in Germany.

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 19 times in FY22 (FY21: 32). In FY22, all but two NLT meetings were held virtually.

## Strategy Council

Our [Strategy Council](#) comprises the TSPs of our 21 largest member firms. It agrees on the network's strategic direction and facilitates alignment for the execution of that strategy. The Strategy Council is expected to meet at least quarterly. In FY22, the Strategy Council met eight times (FY21: 11). With one exception, all meetings in FY22 were held virtually.

## Global Leadership Team

Our [Global Leadership Team](#) (GLT) is appointed by, and reports to, the NLT. Its members are responsible for leading teams drawn from our member firms to coordinate and lead PwC's activities across all areas of the business. The GLT met 10 times in FY22 (FY21: 10). In FY22, all GLT meetings were held virtually.

## Global Board

As of 1 July, 2022, PwCIL's [Global Board](#) has 19 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 an external independent director, the other 18 elected members are full-time partners of PwC member firms from around the world who don't belong to the senior leadership teams of those firms. Of the current 18 elected Board members, eight are women. During FY22, the Board met 12 times (FY21: 13). All but two of those meetings were held virtually. Collectively, the Board's standing committees met 25 times (FY21: 31). All of the committee meetings in FY22 were virtual.

Board members are elected every four years by partners exercising their votes through their member firms. The current Board, which has members from 12 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. Eight board members currently serve as chair of their member firm's governance body; this helps foster strong alignment among member firms on matters of strategy, quality and execution. You can view a short biography of each Board member [here](#), including details of any other boards or bodies that they serve on.



Having a broad range of backgrounds and experiences is an essential ingredient in the Board’s 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 inclusion and diversity, social mobility, renewable energy and corporate governance.

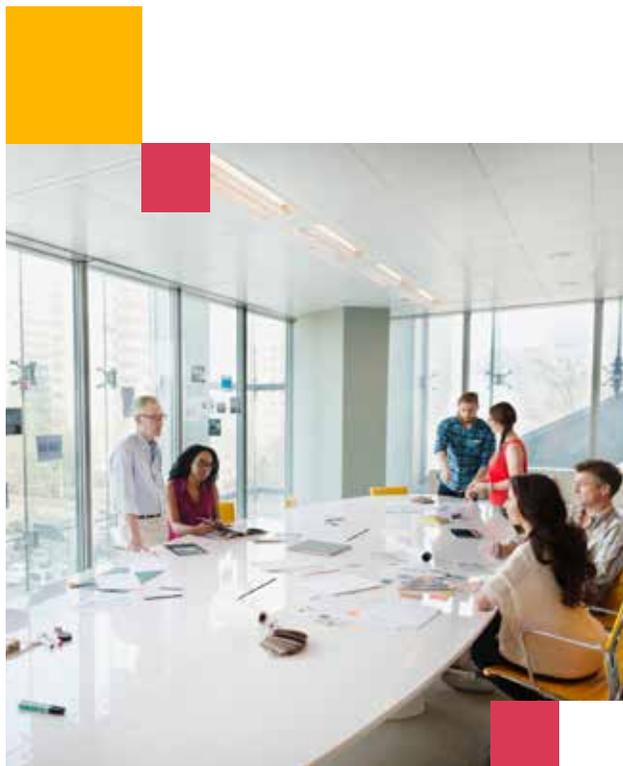
The Board currently has four standing committees focused on governance, markets, risk and operations. It may establish other committees from time to time. Below is a summary of each committee’s focus areas.

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

## Governance boards in member firms

Each member firm is required to have a separate local governance body to oversee the performance of the firm’s leadership and to provide direction and guidance. Traditionally, these governance boards were made up of partners from that firm. However, as with the Global Board, external people are increasingly joining these boards or alternatively member firms are setting up additional advisory bodies comprising external members. We regard this as good practice and we’re encouraging wider adoption of this approach across our member firms. For example, the majority of the 21 largest territory firms either have, or are taking steps to establish, some form of external oversight, either in the form of external governance board members or advisory bodies:





- PwC US has two external members on its board.
- PwC UK has four independent non-executive directors in its public interest body and an audit non-executive director in its audit oversight body.
- PwC Canada has three external directors on its board.
- PwC Switzerland has a public interest committee consisting of five external members.
- PwC Australia has an external audit quality advisory board comprising three members.
- PwC Netherlands has a wholly external oversight board as required by Dutch legislation.
- PwC Italy has an independent director on its audit firm board.
- PwC India has two external nominated members on its board and a separate advisory committee consisting of four external members advising the TSP from an external perspective.

## 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 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. Many of them are set out in accordance with local legal and regulatory requirements, such as article 13 of EU regulation No. 537/2014. To read our member firms' transparency reports, [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 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 enhancements in quality, risk management, technology developments and acquisitions, among other things.

**Technology:** Each member firm shall implement the network's 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 high-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 high-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.

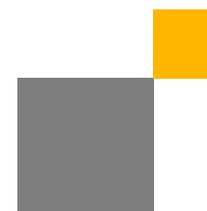
**Governance:** Each member firm shall have an oversight function, independent from management, which practices good governance.

**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 and compliance: Each member firm shall implement the systems, policies and procedures necessary to comply with our ethics and compliance standards, as detailed below:

- **Ethics and business conduct:** Each member firm shall embed a strong culture of ethics and business conduct in its people and in the way they conduct their business.
- **Anti-money laundering:** Each member firm shall implement systems, policies, and procedures to mitigate the risk of being directly or indirectly involved in money laundering, terrorist financing or financial crime more broadly.
- **Anti-trust and fair competition:** Each member firm shall compete in the marketplace in accordance with the principles of fair and vigorous competition. Each firm shall not disclose any competitively sensitive or confidential business information to any competitor or enter into any agreement with a competitor that might limit competition.
- **Anti-corruption:** Each member firm shall establish systems, policies and procedures for the prevention of bribery and corruption, in compliance with all applicable laws and regulations.
- **Information protection:** Each member firm shall have appropriate technologies, systems, policies and procedures in place to protect the confidentiality, integrity, and availability of information in its possession (in line with local information protection measures).
- **Taxes paid by member firms and their partners:** Each member firm shall, and shall require its partners to, organise and conduct their tax affairs in a manner consistent with PwC's [Global Tax Code of Conduct](#) and that lives up to PwC's reputation and expectations.
- **Sanctions laws:** Each member firm shall implement policies and procedures to prevent being involved with clients or activities that may violate applicable sanctions, laws and regulations.
- **Internal audit:** Each member firm shall have an appropriate level of internal audit coverage over key audit risks including, but not limited to, operational, information technology and compliance risks.
- **Insider trading:** Each member firm shall establish systems, policies and procedures for the prevention of insider trading, in compliance with all applicable laws, regulations, and PwC Network Risk Management Policies (NRMP).



- **Independence:** Each member firm shall establish systems, policies and procedures 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 PwC network's common standards and policies, 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

**Monitoring compliance 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. In particular, each firm must assess whether the policies and procedures that constitute its system of quality management support the delivery of services in compliance with applicable laws, regulations and professional standards. This includes completing 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.

**Monitoring compliance at the network level:** Each year, PwC member firms assess their compliance against the network standards using a common technology platform. 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, the firm's TSP signs a confirmation stating whether the member firm was in compliance, in all material respects, with each network standard. The TSP also commits to addressing any remedial actions identified during 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 network's assistance.

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

In addition to the above, we would conduct a Network Review Programme (NRP) that coordinates and facilitates network-wide reviews that are sponsored and/or requested by network leadership. In FY22, these reviews were paused due to COVID-19, because they involve on-site physical meetings. Instead, there was an increased focus on assessment and analysis of each firm's reporting against the network standards.

## Our code of conduct and the way we do business

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

The [PwC Global Code of Conduct](#) (the 'Code') is applicable to all partners and staff in our network. The Code provides principles-based guidance, helping our people think about difficult questions, promoting consultation, and encouraging our people to speak up if they have concerns. The Code 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. In the area of taxation, there's 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 isn't 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, our member firms act according to our [Global Tax Code of Conduct](#).

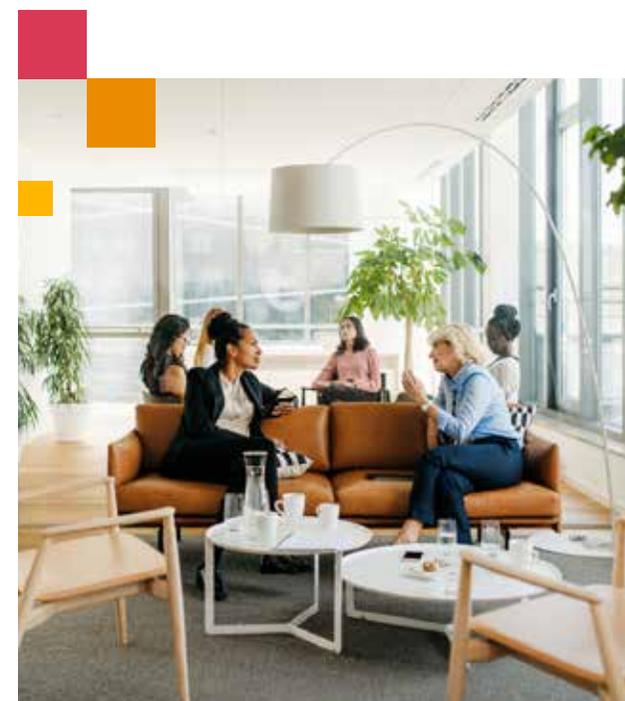
We also expect professional standards of conduct from the external organisations with which we work. External parties who work with our member firms must regularly confirm their compliance with the [PwC Third Party Code of Conduct](#) or its equivalent.

## Complaints and allegations

The Code and the behaviours we seek to reinforce are brought to life in numerous ways for our people, including formal training, leadership programmes emphasising a culture of speaking up and showing 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's 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 their level or role – is encouraged and empowered to speak up when dealing with a situation that doesn't seem right. All PwC partners and staff have a responsibility to report and express their concerns.

Each member firm has a confidential and secure tier of the [PwC Ethics Helpline](#) and supporting case management system, whereby any PwC partner, staff member or third party can report concerns that our member firms then investigate.



**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 if necessary escalating the issues brought to their attention.

**Follow up.** For any allegation, complaint, or concern, we investigate and address the situation in an appropriate and timely way. If a concern is reported, it's 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 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 risk of potential conflicts of interest. We take any potential conflict of interest seriously. If a conflict is identified, we're 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 applicable laws and regulations. Our programmes reinforce the need to act in accordance with the Code and frameworks for ethical decision-making at both a member firm and network level. The network and member firms understand that there's a greater risk of conflict of interests, or a perception of such issues by our stakeholders, in some key areas (including working with government). There are separate principles to deal with these areas.





## Working with government officials

Our network has a set of principles that it expects all member firms to follow 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.

## Our principles

When we recruit staff from governments and related agencies or when our people leave PwC to join those organisations, our [principles](#) are as follows:

- 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 don't 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). In addition, we ask that the individuals are not involved in making decisions about PwC for at least one year and until that financial interest concludes.
- To enable us to uphold the practice outlined in the point above, we ask 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.



[pwc.com/annualreview](https://www.pwc.com/annualreview)

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 152 countries with nearly 328,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](https://www.pwc.com). PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](https://www.pwc.com/structure) for further details.

© 2022 PwC. All rights reserved.