

Together towards sustainable growth

PwC Finland – corporate responsibility review 2014

*part
of it:*



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This corporate responsibility review presents a summary of the measures and results of PwC Finland, i.e. PricewaterhouseCoopers Oy, over the 2014 financial period (1 July 2013 – 30 June 2014). Read more about our responsibilities in more detail on our website (www.pwc.fi/yritysvastuu). Our financial statements (www.pwc.fi/vuosiraportit) offer information about our financial performance.

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Review of the CEO

The Finnish economy is immobile: the public sector is becoming indebted, unemployment is increasing and consumers are being cautious. This had an inevitable impact on our success during the financial period.

Financial situation and challenges in growth

A society does not grow naturally, and neither do we. However, there were several business and financing arrangements in the private sector during the year, and we have had a surprising number of related assignments.

Our turnover grew slowly by 1.2 per cent to EUR 104.1 million (EUR 102.8 million in 2013). Our total financial results were near-

ly at the same level as the year before, and we did not reach the improvement we were looking for.

The market's situation was reflected in the development of our service areas. Our Consulting and Deals unit increased its turnover by 15 per cent and fulfilled its growth objective. The turnover of our tax consulting services increased by 3 per cent, which is slightly below the target level. The turnover of auditing and other assurance services decreased by 2.5 per cent, falling behind the objective.

We measured our success during the period, not only through financial indicators, but also through personnel satisfaction, customer feedback and the strength of our brand. These results are discussed later in this review.

Corporate responsibility at the heart of our operations

PwC Finland celebrated its 60th anniversary in May. In this context, we reviewed our his-

Kim Karhu



tory from a number of viewpoints. We have wonderful, honourable roots, with responsibility having always been at the heart of our operations. This is summarised in two of our basic tasks: to build trust in society and to solve significant problems.

Our vision and strategy include many elements related to responsibility. We want to be a partner in sustainable growth for our

business partners, that is, to help them build their businesses on a sustainable foundation so that the foundation is solid financially and that ideas behind the operations are sustained. We work consistently, keeping up a high level of quality – in close cooperation with our customers.

Corporate responsibility was high on our management's agenda during the financial

period. Malcolm Preston, the Global Sustainability Leader of the PwC network, held a training event for our partners, increasing our awareness of corporate responsibility. Our objective is to integrate the point of view of corporate responsibility in all of our services. In this respect, it is important that everyone is involved in this development.

Objectives and activities related to corporate responsibility are discussed later in this review.

In the front line of strategy consulting

In spring, the PwC network acquired the management consulting company Booz & Company. Through the acquisition, the operations of Booz & Company were given a new name: Strategy&. The name stands for the company's strong expertise in strategy and the benefits it produces for us, our customers and our stakeholders.

Our cooperation has started profitably, and our customers have been excited about new partnership possibilities. Strategy& added its 100 years of experience in practical and business-based strategy consulting to our service range. Now, we are able to respond to our customer demand through a full "from strategy to implementation" service range in Finland and globally.

Regulation changes the market

The talk of regulation within the accounting business begun more than two years ago in the EU concluded this spring. The most significant changes in the new regulatory system include the mandatory office rotation of listed companies (i.e., PIE companies) and restrictions on services offered to auditing customers. The restrictions on service provision will take effect in summer 2016 but, for some services, such as office rotation, the transition period is significantly longer.

The objective of the EU regulation is to improve the quality of accounting services and increase competition within the industry. We are in favour of all actions that improve quality and healthy competition but, according to our understanding, neither objective will be reached through these regulatory changes. Unfortunately, the development of regulation in the EU also differs from other continents, such as North America and Asia.

The regulation includes several national applications, and different countries are preparing their national legislation during the transition period.

It is too early to say how the new regulation will eventually be interpreted, or how and how quickly the market will react. How-

ever, the regulation has an impact on our operations and those of our competitors.

We are currently holding discussions with our customers in order to understand their expectations, and planning how to operate in the new regulatory climate. It is obvious that we need to adapt fast, communicate openly and be agile in our business.

Financial period 2015

The market situation does not look promising. There are a number of threats, such as the Ukrainian crisis and Russian financial sanctions. These are directed at our customer field and, in the long-term, at us. However, there are also some positives: the attitudes of leaders are showing signs of hope, transactions are carried out and investments are right around the corner. These should be put into action to create more jobs in Finland.

Our objective for the 2015 financial period is to continue our steady growth and improve our profitability. We are looking for the most growth in management consulting, corporate arrangements and tax counselling. With regard to corporate responsibility, our aim is to further develop supervisory work and outline our practices again in the area of social participation. Moreover, our objective

is to attach responsibility more effectively to our tendering operations and agreement terms.

We have defined four strategic development areas, Must-Win Battles, where it is critical that we succeed. Over the next few years, we will invest heavily in customer-oriented operations, a targeted and interactive corporate culture, changes in our business model, and opportunities presented by business regulation. Read more about our strategy on our website.

We are making good progress towards a partnership in sustainable growth. I wish to thank all of our clients and business partners for being engaged in profitable cooperation and for putting their trust in us. I also wish to thank all PwC employees for your high-quality work and all of our business partners for such a constructive cooperation!



Kim Karhu
CEO

Review of the corporate responsibility director

The development of corporate responsibility largely deals with the creation of processes and structures that have an impact far into the future. The objective is to build a company which is able to quickly detect any surrounding change pressures, and to flexibly react to them when necessary. We have built this type of readiness in PwC during the reporting period.

Corporate responsibility begins to be a familiar theme for every PwC employee. We have continued to revise the theme, and our partners have educated themselves of the industry's most recent trends. We raised corporate responsibility themes at our various

internal events throughout the year, allowing everyone to strengthen their expertise.

Corporate responsibility reveals risks and opportunities

Corporate responsibility has become a theme discussed within the management team in more and more of our client companies after its connections to long-term business success have become evident.

We believe that our clients gain various benefits from situations where, in addition to corporate responsibility experts, our other employees are able to discuss corporate responsibility, which affects their operations. In order to maintain this readiness, development work carried out over a single year is not enough; it is a constant challenge on everyone's minds. The development of corporate responsibility largely deals with the management of a transition process – it serves to secure our readiness to advise our



Sirpa Juutinen

clients regarding changing challenges related to corporate responsibility.

At best, corporate responsibility acts as a catalyst for change. It equips the management with sharper and more far-reaching eyeglasses, in which case many otherwise hidden risks and business possibilities become visible. As a result, business operations can be planned on a sustainable foundation. In accordance with our strategy, we want to be a partner in sustainable growth for our clients.

Increasing trust

During the reporting period, we faced more and more client expectations related to corporate responsibility. They were indicated in invitations to tender or as part of agreement terms. Furthermore, we responded to several questions related to our corporate responsibility sent to us by our clients. At times, we receive positive feedback from our clients on our corporate responsibility feedback forum on our website. This encourages us to improve our hold on corporate responsibility and rewards us for our long-term investment in the area.

Acting as a catalyst for change and responding to the expectations of our clients and personnel are important sources of

motivation for us in developing our corporate responsibility. It is as important for us to act prudently in our operations, following ethical principles. In this way, we can have a positive impact on general confidence levels prevailing in society which, in turn, has a positive impact on business operations and capital markets.

Corporate responsibility supports the readiness to change and the building of a general atmosphere of trust. We are not talking about little things. We need determined and targeted development work. We at PwC have taken a long leap forward during this reporting period. We have worked in several groups, involving dozens of people from different organisational levels and units. The top management has shown true leadership, challenging us to embark on an ambitious journey towards even better results. I wish to give my sincere thanks to everyone who has taken part in this work. We have made good progress, but there is still much work ahead. Luckily, we know where we need to go.

We will continue working in all areas of corporate responsibility in order to have the theme rooted deep in our corporate culture. At the same time, we will continue our efforts in order to reach our ambitious goals

because we believe that this will have a positive impact on our service range, producing benefits for us and our clients.



Sirpa Juutinen

Partner

Corporate Responsibility

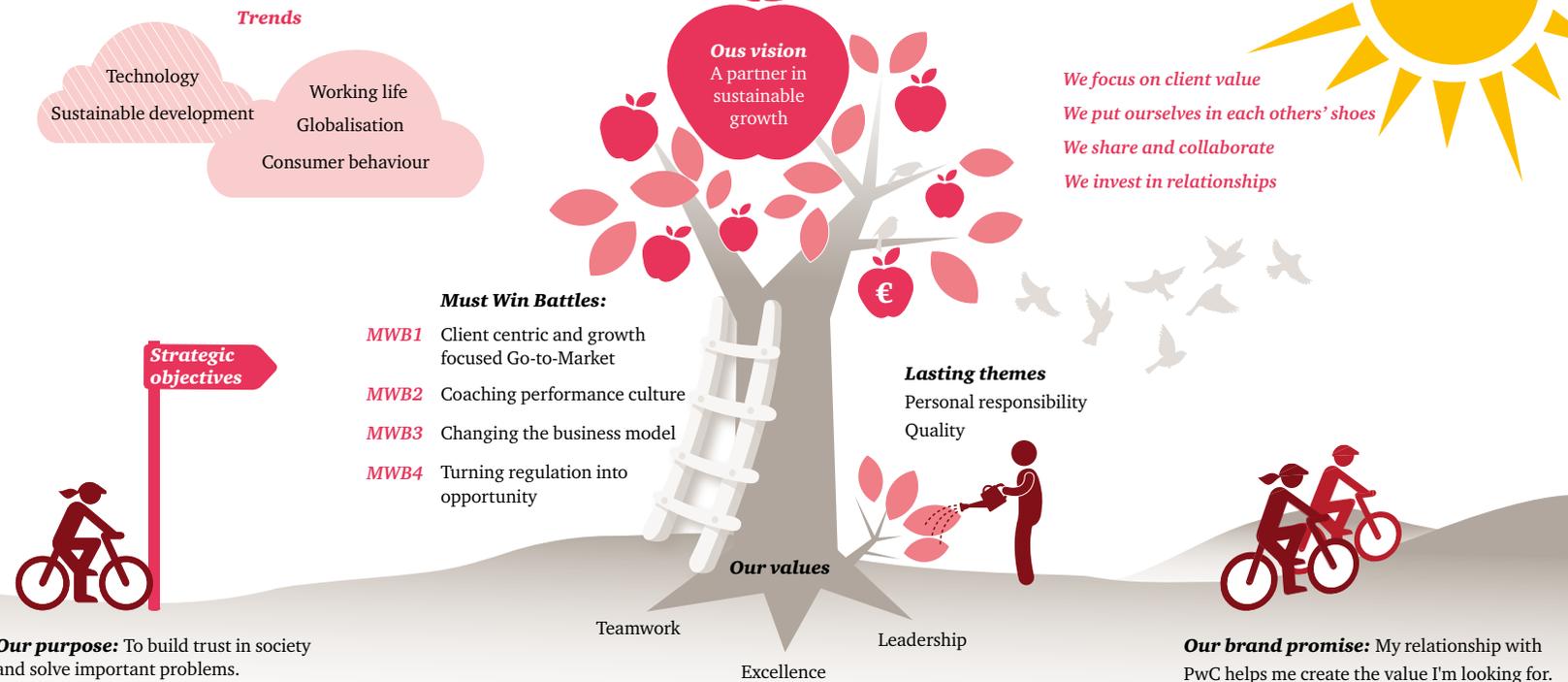
Responsibility and its management at PwC

For us, responsibility means that we are all part of the development process which leads towards a sustainable future – both in our operations and in our services that support the business and corporate responsibility of our customers.

Our business strategy is entitled 3K which in Finnish means: "Kestävän Kasvun Kumppani", and translates to: "A partner in sustainable growth" in English. This means that we will help our clients in building sustainable growth. Sustainability also means that our business operations and those of our clients have been built correctly on a sustainable basis. Furthermore, sustainability means that we operate responsibly as an employer with a focus on our environmental impact. Our 3K strategy and values are summarised in the figure below.

3K PwC Finland's strategy and values

We want to be a partner in sustainable growth for our clients: help them build their business operations on sustainable basis. We help our clients to improve their efficiency, promote growth and ensure reliable reporting.



The framework of our corporate responsibility

The framework of our corporate responsibility is based, not only on our business strategy, but also on significant themes and the corporate responsibility strategy of the global PwC network. Its essence is summarised in our “part of it” theme – the will to be part of sustainable development. The strategy is divided into two themes: “Do the right thing” which refers to the responsibility of our operations, and “Be a catalyst for change” which refers to our role as a driving force in building solutions for sustainable development at both a global and local level, and for more responsible business operations.

First of all, doing the right thing prompts us to focus on what is essential in the fulfilment of corporate responsibility. Secondly, it means that ethical principles and responsibility comprise parts of our business culture when working with our clients and, for example, in our HR policy.

Through our service range, we can act as a catalyst for change towards our clients by supporting them in sustainable growth. On a more general level, we can speed up the change through Thought Leadership by up-

dating our expertise and providing different stakeholders with new information.

Management and organisation of corporate responsibility

We lead corporate responsibility as part of our other business operations. The development of corporate responsibility is covered by the CR director who reports to the CEO. The CR director also acts as a Diversity Partner.

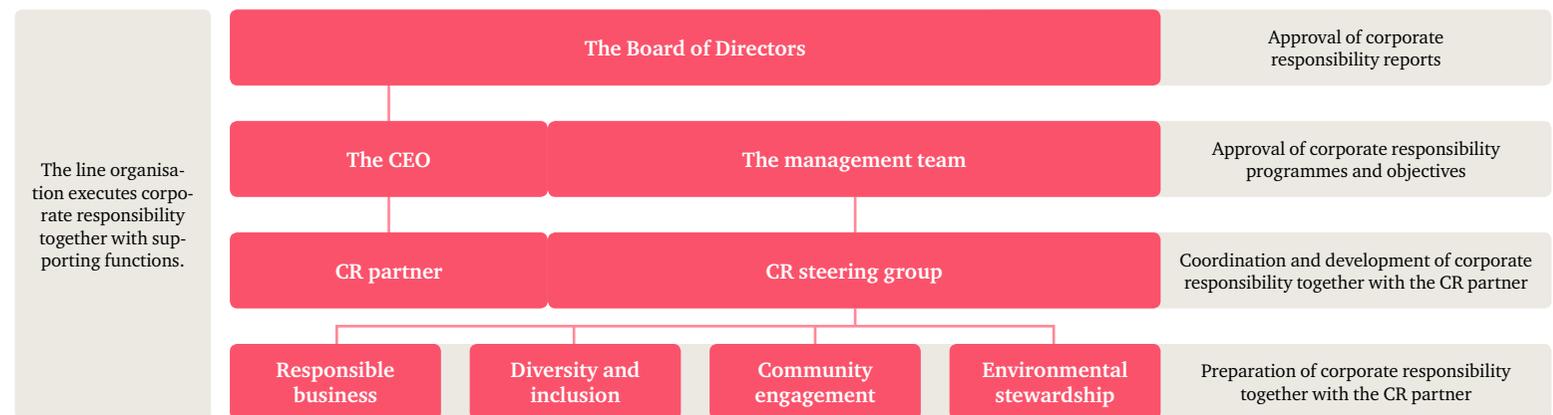
The task of the steering group for corpo-

rate responsibility is to monitor and coordinate the development of corporate responsibility. It compiles a summary of the results of its work as information for the management team and, if required, for decision-making purposes, at least twice a year. In addition to the CR director, steering group members include the chairman of the Board of Directors, representatives of our business areas, and our company’s Brand & Communications Leader and Human Capital Leader. The CEO

also takes part in most steering group meetings. During the 2014 reporting period, the steering group convened five times.

Under the steering group for corporate responsibility, there are four groups chaired by members of the steering group. Other group members represent different organisational units and levels

Corporate responsibility organisation at PwC Finland



Our management of corporate responsibility is developing

In the 2013 reporting period, we built a solid foundation for corporate responsibility by identifying the expectations of our clients and personnel towards the corporate responsibility of PwC. As a result, the management team defined key corporate responsibility themes in consideration of our operations, and their general target levels. This was carried out as part of the PwC business strategy (A partner in sustainable growth) where significant themes were connected to our strategic goals.

During the 2014 reporting period, we improved and expanded our corporate responsibility, and the CR steering group and its underlying groups started their operations.

In terms of our corporate responsibility, we focus on four areas through which we can have influence:

- Responsible Business
- Diversity & Inclusion
- Community Engagement
- Environmental Stewardship

Within these four focus areas, we identified any associated risks and opportunities, prepared a plan on any improvements required, and took action to develop the areas. We will work as much as possible in our existing processes and, if necessary, will set up a project to raise specific themes to a desired level. In May, the management team approved the development plan.

Read more about our activities in the 2014 reporting period in the following sections of the review.



PwC management defining key corporate responsibility themes.

Development areas and objectives of responsibility

The four focus areas of the PwC corporate responsibility have been selected on the basis of an extensive responsibility risk survey. The development areas are:

1. Corporate responsibility viewpoints to be included more closely in tendering and agreement negotiation processes;
2. Corporate responsibility viewpoints to be included in procurement processes;
3. Updating training to be provided for managers regarding responsibility themes;
4. The operating model for pro bono, charity and voluntary work to be updated;
5. The communications readiness of the management to be developed from corporate responsibility viewpoints; and
6. The Green Office work to be developed and expanded.

We have taken the development areas defined as a result of the risk survey into account in the corporate responsibility programme and the action plan for the 2015 financial period. Some of the objectives have been defined until the end of the strategy

Objectives set for corporate responsibility until the end of the 2016 strategy period

Responsible business

1. Strengthening corporate responsibility as a competitive factor
2. Strengthening the corporate responsibility perspective in risk management processes

Community engagement

1. Updating the operating model for pro bono, charity and voluntary work
2. Revising indicators and prioritising areas to be measured with regard to social participation

Diversity and inclusion

1. Increasing the corporate responsibility awareness of the personnel
2. Including corporate responsibility in training of managerial staff
3. Increasing awareness of diversity in working life

Environmental stewardship

1. Reducing CO2 emissions: business trips -5%, remote conferencing +5%
2. Reducing power consumption by 7%
3. Reducing paper consumption by 3%

period, i.e., until the year 2016. We have set up objectives separately for each of the four focus areas.

The CR steering group coordinates development activities. If required, a temporary development project will be established, but

each line supervisor is responsible for reaching the objectives. The corporate responsibility director reports to the CEO on the progress of this development work.

Responsible business

We take corporate responsibility and expectations of our clients related to it into consideration in developing our services, taking part in bidding processes and preparing agreement terms. Responsibility also comprises an important theme in events and cooperation projects organised with our business partners.

Responsibility as part of all services

Including corporate responsibility in all of our services is a key objective set for corporate responsibility. This work was launched effectively during the period. We will integrate the responsibility viewpoint in our Supply Chain services by providing

our experts with training in responsibility in subcontracting. Our experts shared their knowledge to our customers at the Responsibility in subcontracting event. In addition, we took active part in the discussion of the responsibility of corporate taxation, and are now offering tax footprint services to our customers. Our ten- person Sustainability & Climate Change team supports our customers in various corporate responsibility areas, and we take responsibility into account when developing new services.

The satisfaction of our clients

We actively listen to our clients and continuously collect customer feedback. During the 2014 financial period, we requested feedback from 2,622 clients. The response rate in our electronic surveys was 42%. We focused on the quality of feedback. Our aim was to send more requests regarding all assignments.

The total satisfaction of our clients fell

slightly from the year before, being **8.2** on a scale from 0 to 10 (8.4 in 2013). We did not reach our strategic objective of 8.5.

We are also measuring our clients' Net Promoter Score (NPS*). If the figure is positive, the situation is good. If the figure is higher than 50%, then the situation is excellent. This year, our clients' NPS was 35.2% (50.7% in 2013). The 2013 and 2014 figures are not comparable due to the drastically changed sampling. Despite the minor decrease in the results we consider the results to be good ones and in the future we aim to maintain the current level.

On the basis of customer feedback, we produce added value for our clients. Accord-



ing to our clients, PwC experts are active communicators and listeners. What we need to develop is how we share business information and best practices to our clients for utilisation.

We include customer satisfaction in the objectives set for each account manager. In performance evaluations, we examined process management and activity levels instead of individual numbers.

We placed particular emphasis on reacting to critical feedback according to a predefined process.

Our performance in terms of brand development

We measure the strength of our brand and the images our clients have of PwC through a separate annual survey. According to the most recent results, PwC has a strong brand:

*) The Net Promoter Score is based on a method where clients are asked a question which predicts the probability of their buying a service again and recommending the company to others. Clients give their response on a scale from 0 to 10. NPS is calculated so that the percentage of critics (0–6) is deducted from the percentage of recommendations (9–10).



In spring 2014, the theme of the PwCwomen event organised around International Women's Day was Footprint, Feelings and Future.

we are widely known and are usually among the top two when clients are considering the purchase of services from Big4 companies. However, this development has stopped, and we need to improve our interaction and customer relationship management.

Corporate responsibility and transparency as themes at our events

One of the key forms of cooperation with our stakeholders covers various events. During the financial period, we organised a total of 135 events for our clients and business partners. Some of the events were organised together with our business partners.

The largest customer events were the annual Capital Markets seminar intended for the top management and professional board members, the PwCwomen aimed at female decision-makers, and the 60th anniversary of PwC.

The Merkur Lectures in Business seminar was organised together with Ekonomföreningen Merkur rf and Handelshögskolan vid Åbo Akademi for the 11th time. As a new event, we introduced Board Forum seminars for board members. During the financial period, we organised four seminars focused on international board work, each of which

were attended by 30–40 board members.

Our corporate responsibility team organised several separate events within different areas of corporate responsibility, such as a publication event of the Corporate Responsibility Barometer for board members and managing directors, a “Winds of change” evening event for our customers, a breakfast event for capital investors, and an event related to integrated reporting. In addition, the team acted as a partner at the Ratkaisun paikka (Decision Time) seminar organised by Finnish Business & Society.

Encouragement for transparent reporting

We improved the transparency of the third sector through our Avoin Raportti (Open Report) competition. The competition encourages large companies to report in a transparent and high-quality fashion. Its prize is EUR 15,000 which is divided between winners of each series (large & small).

“PwC has organised the Avoin Raportti competition for nearly ten years in Finland. During this time, third-sector reporting has become much more open. In addition, many major associations that have previously provided very little information about their operations and finances have taken part in



Matti Honkala, the chairman of the jury of the Avoin Raportti 2013 (Open Report 2013) competition, Tuula Putkinen and Maija Salmiovirta from the John Nurminen Foundation, winner of the foundation series, and Merja Lindh from PwC.

the competition with wonderfully extensive reports. The jury and committee strongly believe that the competition has played an important role in promoting open stakeholder reporting,” says PwC partner **Samuli Perälä** who is a member of the competition committee.

This year, the best third-sector reporters were the John Nurminen Foundation and the Diabetes Research Foundation.

Publications for the benefit of our customers

This year, we published a number of reports and surveys that our client companies can utilise. Our annual Corporate Responsibility Barometer increased awareness of the state of corporate responsibility management in Finland. In our global publications, we discussed what Y-generation women appreciate in working life and provided employers with tips to support the career development of women. In the Women in Work index, published since 2000, we investigated the position of women in working life in different countries. The annual managing director survey issued by Strategy& focused on the circulation of female managing directors and their success in the world's largest companies over the past ten years.

Read more about our publications on our website at www.pwc.fi/julkaisut

Entrepreneurship at heart

Supporting entrepreneurship is important to us. During the financial period, we worked with the Finnish Family Firms Association and continued our long-term cooperation with Slush, which is one of the largest growth company and investor events in Europe. We also extended our operations with

the AppCampus of Aalto University.

We launched a new project where we, together with the Federation of Finnish Technology Industries, support the Kasvuryhmä (Growth Group) activities set up by Finnish growth companies and private persons. The aim of the group is to improve the possibilities of growth for middle-sized companies in Finland. "The objective of the group is to help its member companies understand how important it is to boldly look for growth considering the success of business operations. It aims to promote the growth of mid-size Finnish companies through very concrete actions. In addition, Kasvuryhmä promotes a positive growth company culture in the Finnish business scene," says PwC's **Lauri Lehtovuori** who is involved in the group's activities.

Since 2008, PwC has coordinated the Nuoret Innovatiiviset Kasvuyritykset (Young Innovative Growth Companies) funding programme of Tekes. It is the most significant public form of financing for small growth companies in Finland. During the financial period, PwC coached the most potent and capable Finnish companies that are looking for funding and fast international growth. PwC has already coached some 300 growth companies in developing business plans and



PwC took part in Slush in November 2013.

preparing investor presentations. In addition, PwC organises evaluation panels where private investors assess companies looking for funding. The best companies were provided with funding of EUR 1 million.

As of summer 2014, funding has been given to 220 companies. Of these, 60 companies received the full EUR 1 million (including Supercell, Mendor, DealDash, SkySQL Corporation and Beneq). During the 2014 financial period, more and more fast-growth compa-

nies emerged from outside the ICT business. For example, PwC coached several companies from the fashion, design and wellbeing industries. To evaluate companies, PwC invites more and more international investors. In 2014, there were 13 international investors.

Looking for Finland's most valuable entrepreneur

In the 2013 financial period, we supported the first part of the Taivas+ Helvetti (Heav-

en+Hell) project by buying 1,000 books, in response to which the publisher delivered another 1,000 books to Finland's youth. We wanted to support the underlying idea of entrepreneurship and the prevention of unemployment among young people.

During the 2014 financial period, we wanted to take stronger part in the Taivas+Helvetti project which is also looking for PwC's Most Valuable Entrepreneur. In spring 2014, we searched for the most valuable entrepreneur in Finland, together with the Taivas+Helvetti team – an entrepreneur who has sustainable operations, takes care of its employees and bears responsibility for the environment. The best stories will be published in the sequel of the Taivas+Helvetti book in September 2014. The winner of the PwC's Most Valuable Entrepreneur competition will be published at the Nordic Business Forum to be organised at the Conference Centre Finland on 9–10 October 2014. Read more about the project at www.taivasjahelvetti.fi

Valuable cooperation with stakeholders

Considering corporate responsibility, our most significant cooperation network is Finnish Business & Society (FiBS), of which

we are a member. We also extended our membership in the jury of the Responsibility Reporting Competition, in addition to which a partner of PwC chaired the competition's organiser group, representing the Finnish Institute of Authorised Public Accountants.

We have worked with the Suomen Veroasiantuntijat association ever since its establishment.

“Being part of the association is an important channel to take part in taxation-related discussion in all of its forms. A significant theme is participation in legislative preparation by issuing statements where we wish to raise such practical ideas that we observe among our clients,” says **Petri Seppälä**, director of our tax consulting services.

The association actively takes part in the development of tax legislation, taxation procedures and the legal protection of taxation. The association issues statements on the above matters to the Ministry of Finance, the Tax Administration and Parliament, and prepares initiatives to develop taxation. In addition, it organises discussion and negotiation events with various stakeholders. “By being a member of the association, we take part in socially valuable work, while ensuring that we are at the top of the develop-

ment,” Seppälä says.

During the financial period, we took part in the development of ownership and board work by working with Boardman and the Directors' Institute of Finland.

The Boardman competence network develops expertise in active ownership and board work in Finland, and builds and shares new information to support cooperation and decision-making processes between shareholders, boards and management.

The Directors' Institute of Finland is a non-profit organisation which develops good board practices and discusses good corporate governance and other significant questions related to board work by preparing statements and commentary.

We worked with Boardman and the Directors' Institute of Finland by offering expert resources and organising events.

We are also engaged in cooperation with the Finnish Foundation of Share Promotion to help companies become listed and, therefore, support the development of the capital market. Other significant partners during the period included chambers of commerce, the Finnish Institute of Authorised Public Accountants, the Finnish Family Firms Association and the Finnish Venture Capital Association.

Students as partners

We regularly work in close cooperation with educational institutes. During the 2014 financial period, we acted as partner for the Aalto University School of Business and the Hanken School of Economics. In addition, we worked actively with different subject associations at different universities in Finland, and started to work more closely with universities of applied sciences. PwC has signed six cooperation agreements with business-minded subject associations. We also worked with faculties of law and universities of technology without signing any separate agreements.

Statements and discussion in social media

We encourage PwC personnel to actively take part in discussions on social media. Social media offer us an opportunity to be engaged in open, up-to-date and important discussion and interaction with our stakeholders. PwC Finland opened a profile on Twitter and SlideShare during the 2014 financial period, and has existing LinkedIn, Facebook and YouTube accounts.

Diversity and inclusion

Openness and coaching leadership were the key themes of our supervisory work in the 2014 financial period.

Inspiration in managerial work

During the financial period, 99 managers took part in the Inspiring Coach training which emphasises the importance of raising successes, being open and giving feedback in supervisory work. Team leader **Enel Sintonen** was one of the trainees. “For me, the biggest question is how to lead different people. To yield the best results, we need different people and ideas, and combinations of them. This produces new insight, new competence and new working methods. At times, what is needed is a heated discussion.

The task of the supervisor is to allow all ideas to come out,” Enel says.

“What is best about managerial coaching is that it allows us focus only on developing our managerial skills, with the help of a professional,” Enel summarises. She considered the coaching theme to be important: “People have a never-ending urge to resolve new problems in order to have the feeling of success. Too often, we undermine our successes and emphasise our failures. I am striving to turn this upside-down. I am also actively thinking about what is the factor that makes other people have the feeling of success and, as a supervisor, try to emphasise the specific factor.”

During the financial period, we also supported managerial work by launching new HR and training management systems that boosted the management and utilisation of personal information. The purpose is also to improve the visibility of our training range through the system.



Enel Sintonen

” PwC Finland employed 100 trainees during the 2014 financial period.

We will continue our investments in managerial work in the 2015 financial period. We will continue the Inspiring Coach programme and organise training events for managers to strengthen their everyday managerial skills.

During the financial period, we worked closely with representatives of occupational healthcare and a pension company to better support the coping and wellbeing of our employees. We will mobilise this information at our future training events.

Good interaction comes from being together

Personal interaction is essential in considering profitable communications. We organised several networking events with our personnel, such as after-work PwC clubs and golf

competitions in summer. The largest event was the company's summer festival. On Father's Day, we held a family day at the Winter Circus of Dance Theatre Hurjaruuth where we invited all PwC employees with their families. Christmas parties were celebrated in Helsinki and various regional offices.

In addition, each of our business areas and regional offices has separate refreshment committees that organise other events for their personnel.

Besides various meetings and events, we interact with our personnel in the form of discussions, surveys, discussion forums and our internal social media channel. In our communications, we emphasise our responsible way of doing business. The orientation of new PwC employees includes an exhaustive factsheet of how to work responsibly.

Equality under scrutiny

During the financial period, we studied the fulfilment of equality at PwC. We also conducted a similar study in the 2012 financial period. Now, we wanted to see how everything had developed and understand what we should do next. At this stage, we focused on equality between men and women, even though diversity consists of much more.

We delved deeper than before into the data, and entered into open and challenging discussions. Even though all of our processes are aimed at equal treatment and supporting diversity, the study revealed factors that may distort the situation. We have taken hidden attitudes that may easily remain unnoticed under scrutiny. We want to ensure that equality is fulfilled in performance evaluations, our recruitment process and project teams. We published the equality report, including its conclusions and future proposals, to our personnel at our summer festival and on the intranet.

Atmosphere survey: openness increasing, leadership to be developed

In May, we conducted an atmosphere survey among our personnel. This year, the response rate was 71%, improving from the

previous year's 63%. The general index increased to 65% from 62% the year before. We are developing in the correct direction, but our targets were higher.

We have developed in terms of openness, the possibility to have an influence and communication related to the rewarding of our team members. We still need to improve our feedback processes and the clarity of our leadership. The equal distribution of tasks and reward schemes continue to raise much discussion. All in all, we are very proud of our organisation. We will analyse the results thoroughly in order to find the most important development areas and select the correct follow-up action.

The People team is a discussion channel between management and personnel, consisting of representatives of PwC employees and the company. Through its activities, the team covers the tasks of the labour protection organisation and the cooperation negotiation committee as required by the Act on Cooperation within Undertakings. The objective of the team is to increase the personnel's abilities to have an impact and interaction between the management and employees. "Due to the seasonal character of the industry, one of the most important tasks



Hannu Holopainen

” In the 2014 financial period, PwC employees spent an average of 6.5 days in training.

of the People team has been and will be the promotion of wellbeing at work by monitoring how workloads are balanced between employees and how employees cope at work, and supporting this in every way possible,” team member **Hannu Holopainen** says.

A global network presents an international dimension

During the financial period, we were engaged in Nordic cooperation with other PwC states, for example, in terms of talent projects. However, main emphasis in our international cooperation was placed on work performed with the PwC network and the cluster level. Related themes included competence development, and the develop-

ment and clarification of career models and evaluations.

Increasing personnel mobility between PwC countries is a global strategic goal. Mobility ensures that our customers have access to our best experts, regardless of location. For our personnel, international assignments and transfers present the opportunity to expand their professional networks, develop as experts and obtain valuable work experience from abroad.

During the financial period, 21 of our employees were working in other countries, whereas we employed 11 international experts.

Community engagement

Charity and pro bono work comprise part of PwC Finland's social impact. The "PwC does good" charity programme allows our personnel to do good powerful deeds as part of the working community. The programme acts as an umbrella for all of our charity and pro bono work.

Charity and pro bono

During the 2014 financial period, we supported the Uusi lastensairaala 2017 (New Children's Hospital 2017) project pro bono through our expertise.

At Christmas, we traditionally remembered those in need. For several years, we have donated a Christmas grant to a body

selected by our personnel by voting from among nominees to our Avoin Raportti competition directed at associations and foundations. This year, the grant was donated to HelsinkiMissio.

"Through business donations, we have developed voluntary work among old and young people. Loneliness is still present among us. The number of people who need help has increased drastically. We trained more than 200 new volunteers in 2013 and, currently, there are more than 600 of us active Finnish- and Swedish-speaking volunteers," says **Kristiina Backberg**, head of communications at HelsinkiMissio.

In Helsinki, PwC employees donated 127 presents to the Joulupuu (Christmas Tree) collection of the JCI Central Park. The Christmas presents are given to children who live in children's homes or foster homes, or are within the scope of children's protection.

In spring and summer 2014, four employ-



The harvesting festival of sheltered home Cecilia could not be organised without volunteers.



ees of PwC Finland took part in the Danish Team Rynkeby charity cycling event which collects funds for local cancer organisations. In Finland, we made donations to Sylva ry, an association of children with cancer. Once again, PwC Finland was one of the project's sponsors.

“This was my second race to Paris, and I was the captain of the Finnish team. It has been a true pleasure to see how the number of participants and project supporters has increased year after year. Charity is essential for parties that receive donations. The one-year project culminated at the donation gala at the end of September where our team donated all of the collected funds to Sylva. I can sincerely recommend the project to everyone, regardless of their level of physical condition,” says **Heikki Lähteenmäki** from PwC.

Heikki Lähteenmäki was one of the four PwC employees who raced on bicycles to Paris for children with cancer. “Les Invalides” rises in the background.

Launched in autumn 2011, the volunteer work of our employees has continued this financial period led by the most active employees. During the current financial period, we will discuss, within the CR steering group, how our company supports volunteer work in the future.

During this period, our objective is to specify our charity-related guidelines.

Tax footprint increases transparency

We want to lead the way in terms of transparency and explain to our employees, clients and other stakeholders what financial consequences our operations have on society.

In our industry, the significance of transparency is emphasised. By opening our tax footprint, we can build a foundation for trust towards our business and its key principles. Trust towards us, our business and its principles is a precondition for us to develop our operations sustainably.

Our way of reporting the financial impact of our operations on society interests our personnel, clients and future employees, as well as our other stakeholders.

By producing transparent reports on the financial impact of our operations we are not merely presenting which taxes and tax-related fees result from our operations, but are also explaining how the added financial value produced by our company is used. “Mere information about taxes does not sufficiently describe the value our operations produce for society in the form of various charges and fees,” says **Petri Seppälä**, director of tax consulting services.

We also advise our clients on how to report taxes and tax-related fees when it comes to regulatory reporting, or when clients want to report such fees more extensively and in greater detail than required.

Tax footprint of PwC Finland

All of our business operations are carried out within PricewaterhouseCoopers Oy, a company wholly and directly owned by shareholders living in Finland. Our company is not

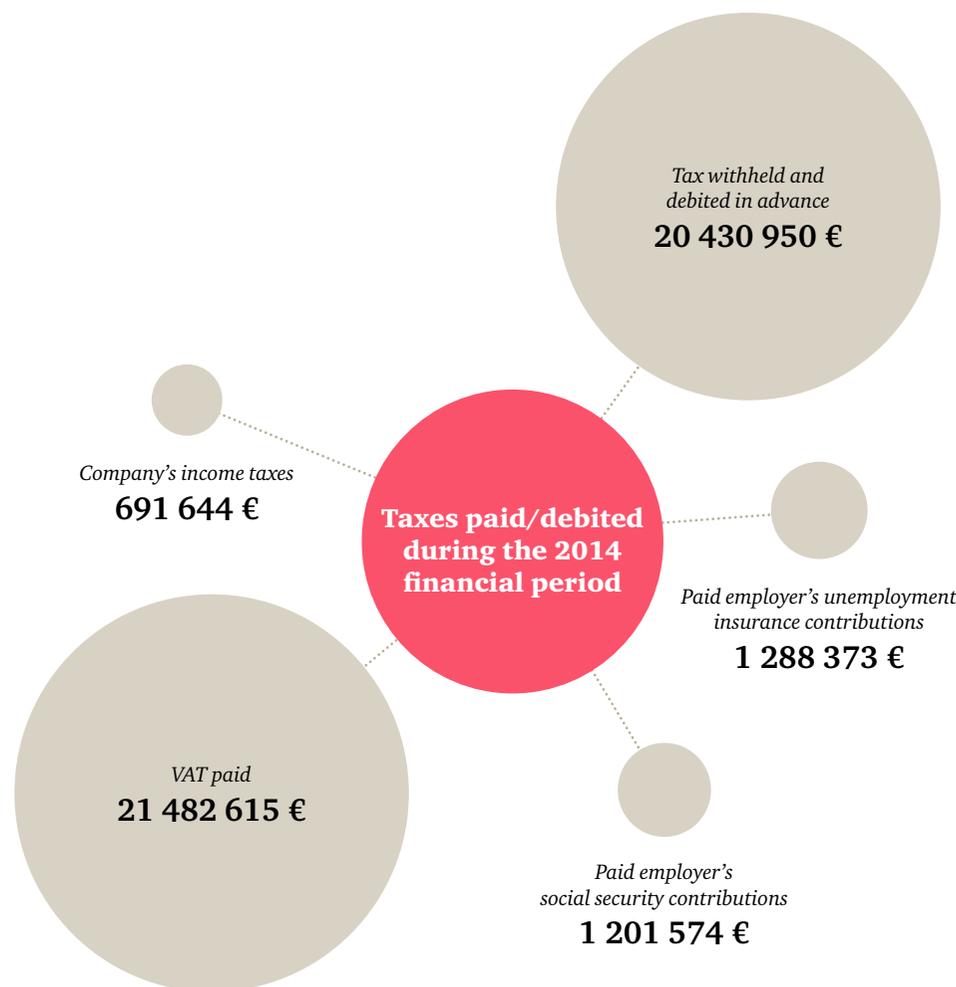


Petri Seppälä

funded from abroad, and we do not have any interest-bearing liabilities.

Variable portions of salaries paid by the company to shareholders and employees are determined according to the company's financial results. Our company's shareholders are rewarded in the form of salaries, divided into a fixed monthly salary and a variable portion, as well as dividends. Naturally, shareholders gain financial benefits through an increase in the value of the company's shares. The company's shareholders do not receive any salary or other benefits from the PwC network.

The company's annually accumulated added value is used, to a significant extent, to reward the personnel and shareholders, while a relatively small portion of the added value is divided as dividends or used to increase equity. The added financial value produced by the company for society, i.e., the company's tax footprint, consists significantly of withholding tax collected and paid by the company. The amount of withholding tax is presented in the figure below. The company's annual result after salaries and fees is small in relation to the company's turnover. As a result, the company does not pay any significant income tax.



Environmental stewardship

We are committed to reducing the environmental impact caused by our operations. Our Green Office certificate was renewed during the financial period.

Our environmental policy

In addition to individual management, we can reduce our environmental impact through our clients. With the help of our corporate responsibility experts, we can support our clients in recognising, controlling and developing environmental impact, and in verifying environmental information. By sharing good practices among our employees and business partners, we can increase awareness of the significance of environmental issues.



“Within the scope of Green Office activities, we organised personnel events, such as the “Can the world be changed through dietary habits?” lecture and took part in Earth Hour where we switched off all office lights for the weekend,” says Johanna Niemelä from the Green Office team.

Green Office certificate extended

Since 2010, our Helsinki office has held the Green Office certificate. The Green Office is a continuous development project, through which we are committed to changing our operations towards a more eco-friendly direction. The Green Office team consisting of representatives of various PwC business areas coordinates the project. During the 2014 financial period, the team convened eight times.

On 19 November 2013, an annual Green Office review was conducted at our Helsinki office where a WWF auditor evaluated our environmental programme and changes were carried out. WWF performs an audit at Green Office-certified offices once every three years. The right to use the certificate will be extended if environmental issues are under proper management and true improvements have been made after the previous audit. On the basis of the audit, our

Green Office certificate was renewed, and will be used for the next three years, after which we will be re-audited.

Environmental impact of our operations

We have identified significant environmental impact caused by our operations, arising mainly from our offices and work-related trips. We have also calculated our carbon footprint within these areas.

On the basis of our carbon footprint, the majority of our emissions, i.e., some 53% (55% the year before), are generated by air travel and some 21% come from cars (20%). On the basis of the calculation, some 75% of our emissions are caused by work-related trips.

We were able to reduce our environmental impact in several areas. Air travel reduced by 18% measured by mileage and 12% measured by carbon dioxide emissions from the year before. Our paper consumption was

reduced by 7% from 2013. In four years, we have been able to reduce paper consumption by 36% in total. Correspondingly, power consumption was reduced by 1% from the year before.

In new furniture investments, our aim is to have as long a service life as possible. When making changes at the office, we utilised the existing furniture.

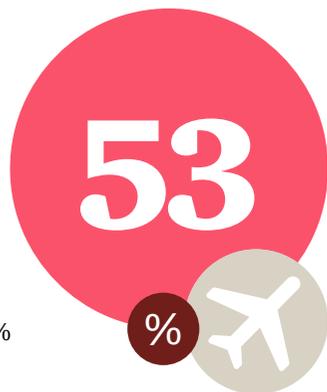
During the financial period, we continued to improve the efficiency of our use of space at our Helsinki office. Through these changes, we can have an impact on our rent and maintenance costs, as well as the need for energy in lighting.

The property in which our Helsinki office is located was granted the LEED (Leadership in Energy and Environmental

Design) certificate in spring 2014.

For the current financial period, we have set the management and reduction of environmental impact caused by travelling, for example, by increasing video conferences as our environmental goals. We will also investigate the possibility to adopt ecopower. In addition, our objective is to introduce the WWF consumption meter developed for office use to our personnel. It allows every employee to measure the eco-friendliness of their actions.

Another objective is to reduce our emissions from work-related travel by 5%, power consumption by 7% and paper consumption by 3%, and to increase the number of videoconferencing devices by 5%. The aim is to reach the aforementioned objectives by 2016. We monitor the fulfilment of our objectives annually.

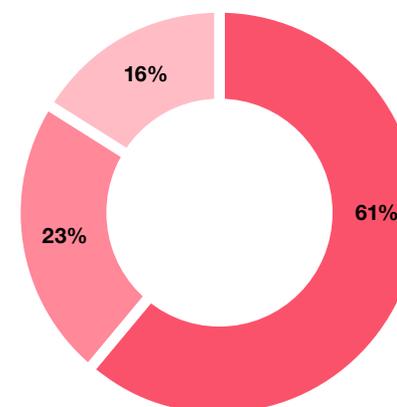


Our key figures

Business operations		FY 2014	FY 2013	FY 2012
Turnover	EUR million	104,1	102,8	97,6
- Auditing and other assurance services	EUR million	63,7	65,3	61,9
- Tax consulting	EUR million	23,7	23,0	22,3
- Consulting and deals	EUR million	16,7	14,5	13,4
Personnel expenses	EUR million	70,0	67,6	63,3
Acquired services and other operating costs	EUR million	29,2	30,1	30,5
Profit for the period	EUR million	2,9	3,0	2,1
Operating profit	EUR million	3,7	4,0	2,8
Taxes	EUR million	0,7	1,0	0,7
Overall customer satisfaction	(0–10)	8,2	8,6	8,3
Net Promoter Score (NPS)	%	43,3	46,2	45,0
Social impact				
Non-profit subsidies and sponsorships	EUR thousand	461	464	554

Environment		FY 2014	FY 2013	FY 2012
Carbon dioxide emissions ¹⁾				
Scope 1: direct emissions	tn CO ₂ e	0	0	0
Scope 2: power consumption ²⁾	tn CO ₂ e	202	205	201
Scope 3: air travel	tn CO ₂ e	440	502	480
Scope 3: use of cars	tn CO ₂ e	175	186	187
Scope 3: paper consumption ²⁾	tn CO ₂ e	11	11	12
Total emissions	tn CO ₂ e	827	904	880
Total emissions per person (average)	kg CO ₂ e	1,03	1,17	1,18
Business trips				
Air mileage	km	3 945 667	4 808 554	4 820 838
Driving mileage	km	1 045 773	1 113 253	1 117 551
Energy				
Power consumption ²⁾	kWh	977 770	989 430	971 616
Use of materials				
Paper consumption ²⁾	reams	4 655	5 005	5 840
Relative paper consumption/person	reams/person	8,3	8,4	10,3

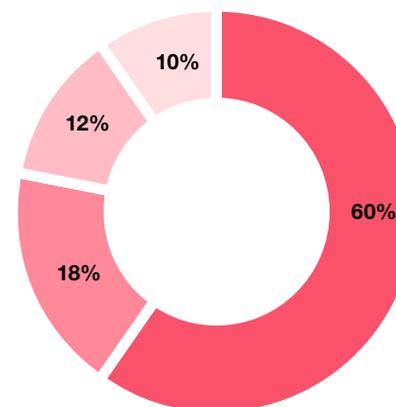
1) We report our greenhouse gas emissions according to international GHG Protocol reporting principles.
2) Power and paper consumption covers the Helsinki office.



Turnover breakdown

- Auditing and other assurance services
- Tax consultancy
- Consulting and Deals

Personnel		FY 2014	FY 2013	FY 2012
Average number of personnel during the financial period	Persons	806	775	747
Average number of personnel at the end of the financial period	Persons	790	782	751
- Auditing and other assurance services	Persons	473	468	438
- Tax consulting	Persons	145	152	145
- Consulting and deals	Persons	97	90	94
- Administration and supporting functions	Persons	75	72	74
Voluntary personnel turnover	%	15,5	11,8	15,3
Recruited employees (regular) during the financial period	Persons	107	99	100
Number of trainees during the financial period	Persons	102	85	66
Average number of part-time employees during the financial period	Persons	75	88	80
Average number of employees on family-related leaves during the financial period ¹⁾	Persons	40	52	52
Employees returned from family-related leaves during the financial period ¹⁾	Persons	57	27	29
Average service period	Years	8,9	7,5	7,6
Personnel diversity and equality				
Share of women of all employees	%	55	55	55
Board of directors	persons (F/M)	1/6	2/7	1/6
Management team	persons (F/M)	3/7	0/7	0/7
Average staff age	quantity	37,1	37,5	37,7
Personnel satisfaction and wellbeing				
Response rate to the Global People Survey	%	71	63	63
People Engagement Index (PEI)	%	65	62	64
Sick leave rate	%	1,9	2,1	2,3
Occupational accidents	quantity	3	11	11
Development of personnel expertise				
Total number of training days	days	4 611	4 235	4 541
Training days/person (FTE ²⁾)	days	6,5	6,6	7,2
Training costs/person (FTE ²⁾)	EUR/person	1 725	1 685	2 207
Training offered by PwC experts	days	677	494	510
Number of new KHT/HTM/JHTT/CIA auditors	Persons	24	12	21
Personnel rewarding				
Salaries ³⁾	EUR million	60,2	57,5	53,9
Bonuses and other variable portions ³⁾	EUR million	9,8	10,1	9,4
Dividends paid	EUR million	2,3	1,4	1,4



Personnel breakdown

- Auditing and other assurance services
- Tax consultancy
- Consulting and deals
- Administration and supporting functions

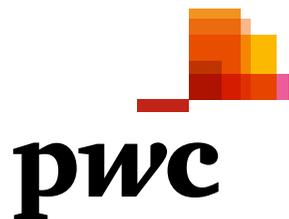
1) Figures for the 2014 financial period include maternity and nursing leave. Previous figures only included maternity leave.

2) FTE = Full Time Employees.

3) Including social security and other expenses.

Appendix: Stakeholder relationships of PwC Finland

Stakeholder	Forms of interaction	Example of stakeholder cooperation during the financial year	Plans to develop cooperation
Customers	Customer meetings, customer events, customer feedback, brand survey, PwC publications and studies	Annual customer satisfaction survey, assignment-specific feedback and extensive interviews with the management of key customer companies.	We will develop interaction with our customers to better serve their specific needs. We want to share the latest business information and best practices to better our customers for utilisation.
Personnel	Atmosphere survey: Global People Survey, People team, review of the CEO, personnel magazine, intranet, discussion forum, internal social media channel, personnel and group events	Personnel survey concerning the PwC employer image Global People Survey – detailed information about the opinions of the personnel	Our aim is to increase interaction, open discussion and the transparency of decision-making processes between the personnel, supervisors and the management.
Educational institutions	Cooperation agreements with educational institutes, lectures, recruitment events and exhibitions at educational institutions, visits to PwC, trainee programme	We organised CV clinics for Hanken and Aalto University students, providing students with job seeking tips. We invited students onto the jury of the Responsibility Reporting Competition.	We seek to find new and different forms of cooperation with educational institutes. Our aim is to develop our employer image and standardise communications related to the PwC employer image.
Cooperation partners	Events, training events, publications and books, surveys	We are an active member of the Finnish Business and Society and the jury of the Responsibility Reporting Competition.	Our aim is to connect our partnership activities more directly to our business goals and, therefore, enter into closer cooperation with selected partners.



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