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Shaping our future

Global Annual Review 2015

Working with our clients and communities to build trust in society and solve important problems.

pwc

Our global network

Our people

53,049

People joined PwC firms around the world

24,601
Graduates

23,312
Experienced professionals

5,136
Support staff

Our revenues

10% Global
US$35.4bn

18% Advisory
US$11.2bn

6% Assurance
US$15.2bn

7% Tax
US$8.9bn

PwC has a presence in almost every corner of the world.

157
countries

756
locations

Our clients

PwC firms provided services to:

418
Fortune Global 500 companies

443
FT Global 500 companies

Corporate responsibility

9%

58,000
PwC people involved in community activities

4%

537,000
hours of professional services and skilled volunteering

208,109
people

This year our global workforce reached a new record level.

Contents

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 208,000 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.

In this Global Annual Review, we look at issues that impact our stakeholders around the world, and we examine our performance, our key network policies and standards, and our work in the global community during FY 2015.

Note to readers:
In this Global Annual Review, the terms *PricewaterhouseCoopers*, *PwC*, *our* and *we* are used to refer to the network of member firms of PricewaterhouseCoopers International Limited or, as the context requires, to one or more PwC member firms. For more information, see www.pwc.com/structure. FY 2015 runs from 1 July 2014 to 30 June 2015.

Revenue and other global figures are aggregates of results of individual PwC member firms.

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Chairman's interview

Petra Justenhoven recently sat down in Frankfurt with Dennis Nally, Chairman of PricewaterhouseCoopers International Limited, to get his views on a range of issues and events related to the past year. You can read excerpts from Petra's interview with Dennis here or view video selections at www.pwc.com/annualreview.

Petra: Dennis, as people look through the 2015 Global Annual Review, despite some challenges, it seems like it was a very successful year for PwC.

Dennis: Overall, it was a very strong performance for PwC. The environment that we are dealing with today is challenging – whether it's the global economy, the geopolitical issues, or the stiff competition. PwC performed really well with revenue growth of 10% putting us over the US$35 billion mark for the first time. We've got great momentum going into FY16, with much to build on. There's a lot to be proud of across the PwC network.

Petra: You mention solid growth overall – do specific areas stand out?

Dennis: As we look at the results for the last 12 months, all of our lines of service showed really positive growth – led by Advisory which is up 18%, Tax up 7% and our Assurance business – notwithstanding some really difficult competitive market pressures – up 6%.

And when I look across the globe there are a lot of positives. I start with the US, the largest firm in our network, revenues up by an impressive 10%; our UK firm, a robust performance, up 9%; South America a strong result in a very challenging region – up 8%.

Growth in the Eurozone is challenging, as you well know, but I look at practices such as Italy up 11%, Germany 8% and France 6%, doing well in a very difficult marketplace.

China is going through a lot of adjustments to its economy but our firm, the largest of all professional services firms in China, grew 8%. And India, the fastest growing firm in the PwC network, up 17%.

And so, as I say, it gives us much to build upon as we head into FY16.

Petra: Coming back to Europe, you know that here the regulators are focused on audit, and even more on tax advice. What kind of impact does that have on PwC?

Dennis: Well, the regulatory environment continues to be very challenging, not just for us but for our clients. One of our biggest challenges is that the regulatory environment is not always aligned in all parts of the world. Also, the movement to mandatory firm rotation here in Europe is going to generate significant change for everyone – not only for the profession, but also for our clients as they implement the new rules.

Having the highest quality audits is the key to success and the foundation of our brand.

Dennis M. Nally

Chairman, PricewaterhouseCoopers International Limited

Dennis was elected chairman of the PwC network on 1 July 2009; he began a second term as chairman on 1 July 2013. He joined PwC's Network Leadership Team in 2008. From 2002-2009, he was senior partner of PwC US. He joined PwC in 1974 and became a partner in the US firm in 1985.

Petra Justenhoven

PwC Germany Assurance Leader

Petra is PwC Germany's Assurance leader, a position she assumed in 2015. She has been a member of the Executive Board of PwC Germany since 2013 when she took over responsibility for managing the firm's top-tier clients and industries as Markets leader. Based in Munich, Petra joined PwC Germany in 1992.

Having the highest quality audits is the key to success and the foundation of our brand. Whilst we support reforms that will enhance audit quality, we don't believe that mandatory firm rotation is going to achieve this. But the rules are the rules, and we will work with our clients to deal with these changes, whilst ensuring our quality remains of the highest standard.

As for tax reform, I think everyone agrees that in many cases tax regulations were written many years ago for a different type of global economy. So we need tax rules that are really fit for purpose.

With PwC having the largest tax practice in the world, we feel that it is a part of our responsibility to engage in that debate and to share our points of view and perspectives. And, of course, we'll do so. But it is a challenge.

Petra: Eighteen months ago, PwC made history with our largest acquisition, Booz & Company, now known as Strategy&. How has that progressed?

Dennis: Without question it's an incredibly strong move for PwC. The marketplace is continually telling us that the need to move from just providing advice to really dealing with solutions is an absolute must. The capabilities that Strategy& has brought into PwC allow us to do that.

But this is not just about advisory. The whole notion of going from strategy to concrete solutions is applicable to our assurance business and our tax practice. So we are very excited about Strategy&. We are well on our way to making this transaction a real success for PwC across the world.

Petra: In addition to acquisitions, PwC continues to develop joint business ventures and alliances – the most recent being with Google. Can you talk about that?

Dennis: Yes it's a great point Petra, because I would say whether it's Google or some of our other alliances with Oracle or Microsoft, we need to think about new ways of doing business. The idea that as a professional services network we would house all of those capabilities within PwC is a model that's really outdated.

We are working with Google in a number of areas, like cyber security, to co-create solutions for our clients. We bring in the content, they bring in the technology. So you can expect more of those types of arrangements in the future.

Petra: You just mentioned technology driving client services. What does technology mean for us?

Dennis: The whole issue of technology is clearly one of the most significant megatrends that we've seen. It's transforming everything – whether it's the digitalisation of business or the use of big data.

We have an important role to play in terms of how we help our clients, and obviously the alliances that we talked about will help facilitate that. But if this is disrupting our clients' businesses, it's going to disrupt PwC's business as well. So we now think about the use of technology in a very different way, to provide better, more efficient services across the whole PwC network. Our aspiration is to become much more of a technology-enabled organisation.

Petra: You've talked about the focus on technology, but we are a people business. Let's step into the shoes of our future colleagues. So what would you say to persuade potential employees to join PwC?

Dennis: The world is such a dynamic place today – there are so many tremendous opportunities out there to help clients – it's an exciting time to be part of a professional services network, and particularly PwC – so come join us!

I think PwC is unique because of our special focus on talent – not only attracting the best and brightest but how we help develop their careers, and give them the right kinds of experiences. I like to say we help them build their résumé, we help them build their balance sheets. What we want to do is help individuals set goals that meet their needs, their timetable and their aspirations. We want them to be part of a culture that allows everyone to succeed.

Petra: Has anything changed in terms of the kinds of people or skills we are looking for?

Dennis: Well, obviously the world is changing pretty rapidly, and so our talent needs to keep up with that. I talk about the necessity of every one of our people continually reinventing themselves and having a focus on progressing their own careers. We have talked a lot about technology, and having the ability to continually adapt to new technologies will be, I think, a real skill for the future.

But the world is so complex today, we need people who know how to work with teams, people who know how to collaborate, and who know how to listen. The whole issue of diversity and being able to work with different people with different backgrounds and cultures is a critical skill set. We help our people develop these skills and capabilities – that's why I think it's so exciting to be a part of PwC today.

Petra: You've mentioned diversity and I know PwC is involved in many programmes promoting diversity. Just this year we saw PwC joining a UN initiative called HeForShe *(see page 34)*. Could you talk about what we are doing in this area?

Dennis: I'm absolutely convinced that when we bring people together from different backgrounds – whether it's gender or diverse types of capabilities – there is no question that the quality of our thought process is significantly enhanced. And so creating an environment where all of our people feel that they can make a contribution and that we value that contribution is critical for us.

We think HeForShe is a unique way to approach the diversity agenda – getting men across the PwC network to think about the issue of gender diversity in a different way. Sometimes I get a little frustrated that we are not making as much progress as we want to on the gender diversity issue, but PwC has a real focus on it – starting from the very top.

Petra: Many organisations are deliberating over their purpose. How would you define the Purpose of PwC?

Dennis: Given the world that we are operating in today, I believe every institution needs to have a clearly defined and articulated purpose. For PwC, it's about building trust in society and solving important problems. It starts with a fundamental premise that as an organisation that is over 160 years old and that's providing substantial comfort to the capital markets, we believe we have an important role to help build trust in our society.

Secondly, there are some pretty challenging and difficult issues out there and resolving those problems is a real focal point for PwC. A good example is our work in Norway to help develop a new clinical pathway for patients with acute stroke *(see page 43)*.

I see Purpose as our guiding light, who we are and what we are trying to get accomplished.

I'm absolutely convinced that when we bring people together from different backgrounds there is no question that the quality of our thought process is significantly enhanced.

Petra: What do you think PwC will look like in 10 years, in 2025?

Dennis: Well, 2025 may be a little bit of a stretch – the world is moving so quickly. But we all know this global economy is so interconnected today, and to me that presents a lot of exciting opportunities. So at PwC we need to continue to evolve to deal with those issues and challenges. That includes becoming much more of a technology-enabled organisation, and continuing to anticipate the solutions our clients will need in this ever-evolving business environment. That translates into a lot of opportunities for all of our people, and to me that's really the exciting part of the journey to 2025.

Petra: One last question before we close. You will step down as the Global Chairman next year. Is there any final thought you would like to share?

Dennis: Well, first off I have a lot to do here over the next eight months or so, and I'm very much focused on what we are trying to achieve within the PwC network. But as I mentioned at the outset, we have a fabulous foundation to build upon, and I'm really excited about the momentum that we have in terms of what we are doing for clients and other stakeholders, and where we are trying to take the PwC network.

And I would sum up by saying it's just a tremendous time to be in professional services and, more importantly, to be a part of PwC – it's a chance to make a contribution that is value added and to really make a difference as you shape your career.

Petra: That's a great message. Dennis, many thanks for your time and for sharing these insights with us.

Dennis: Thanks, great to be with you Petra.

Do you have any questions for Dennis?

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Colliding megatrends

Raymund Chao

PwC China senior partner

Bob Moritz

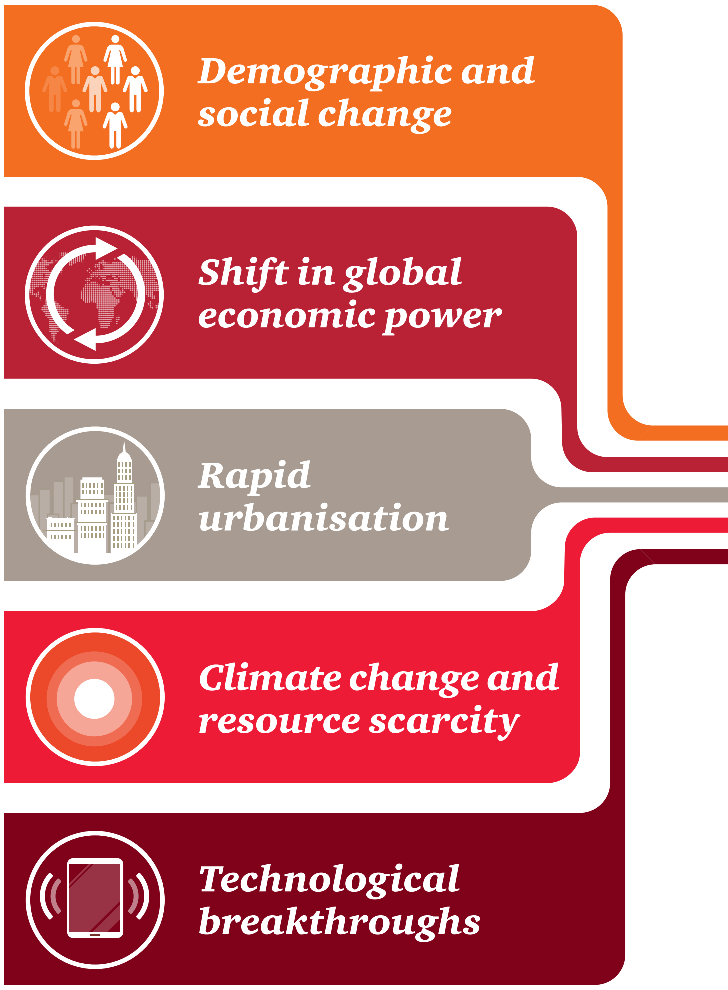
PwC US senior partner

Ian Powell

PwC UK senior partner

Norbert Winkeljohann

PwC Germany senior partner



Last year, we asked the members of the PwC Network Leadership Team (NLT) to take a look at five megatrends that are shaping and disrupting the global economic landscape and society. The megatrends provide a powerful lens for examining the broad changes taking place across the globe that are having an impact on all of us.

We believe it's the interaction – or collision – of those trends that is now the most powerful manifestation yet of the significant changes that we see around us in the world today.

The consequent disruptive changes are having – and will increasingly have – a major impact on businesses.

We are encouraging our clients to map likely collisions and the possible impact of these on their business.

Here we have asked members of the NLT to highlight four megatrend collisions that they believe have major consequences for businesses around the world.

Collision 1

The sharing economy

Norbert Winkeljohann

The sharing economy is the result of the collision between technological breakthroughs and resource scarcity as well as rapid urbanisation and demographic shifts. These colliding megatrends are shaping new business models that emphasise access to products and services over their outright ownership. The success of businesses such as Kickstarter, Uber and Airbnb is just the start. PwC research suggests that five sectors of the sharing economy – peer-to-peer accommodation, car sharing, peer-to-peer finance, music, TV and video streaming, and online staffing – could generate revenues of US$335 billion by 2025.

Technology sits at the heart of the sharing economy. Smartphones have reached near ubiquity, providing every consumer with immediate access to a huge range of services, from renting a bicycle to financing a business idea. Resource scarcity is the other key driver of the sharing economy, with a growing number of people believing outright ownership of tangible goods to be undesirable.

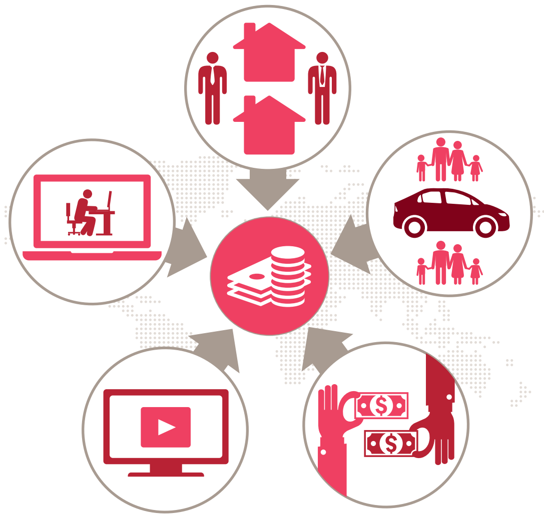
Business-to-business platforms are already offering organisations access to new revenue streams. For example, at any one time half the desks in an office may be empty. Factories operate at 20% below capacity. Retailers generally spend half their time closed. The sharing economy can help unlock that dormant value. Take the automobile industry. On average, a car is in use for just one hour per day. Consumers and manufacturers are responding. Car sharing fleets are growing rapidly – even in Germany, a traditional stronghold of the global car industry and of vehicle ownership. Car manufacturers increasingly position themselves as providing mobility services in addition to selling cars. Over a million Germans have registered to use these services.

BMW's Drive Now, Daimler's Car2Go, Volkswagen's Quicar – most manufacturers are engaging in a car sharing scheme. At the same time, ride sharing is becoming more popular. Opel, for example, powers a peer-to-peer platform which allows private car owners to sell their car's spare capacity, independent of its brand.

The financial services industry comes into play here too, as these sharing schemes require high frequency, small payments as well as easy access to short-term insurance coverage. At the same time, banks need to watch out for competition from peer-to-peer credit services used by those who still want to own things.

But other megatrends are playing a key role too. Rapid urbanisation is creating the critical mass that many sharing services require to operate as viable businesses. Social change means people are increasingly comfortable with – and trusting of – the 'wisdom of the crowd' in reviewing and approving the sharing economy services.

In our view, all CEOs and business decision makers need to think carefully about the disruptive challenges and opportunities that the sharing economy poses for their business models. There are few, if any, sectors that will remain untouched.



By 2025, just five sectors of the sharing economy – peer-to-peer accommodation, car sharing, peer-to-peer finance, music, TV and video streaming, and online staffing – could generate revenues of

US$335bn

Collision 2

Connected living

Bob Moritz

From where and when we work, to how we interact with each other, to the ways we look after our health, there are few areas of our lives that are untouched by rapid technological change. The collision between technological change and social and demographic shifts is generating considerable disruption in many industries and sectors.

As more and more people connect via digital platforms, trust is a key component of the success of new marketplaces and new business models in areas as diverse as education, entertainment, the home, health, transport and work.

Many consumers are taking advantage of new solutions that enable them to bypass traditional channels to access the goods and services they want. Massive Open Online Courses (MOOCs) reach millions around the world, offering unprecedented access to high quality educational resources unbounded by the physical limits that restrict traditional educational institutions. And as my colleague Norbert Winkeljohann has already outlined, we also see the rapid growth of platforms that allow consumers to take advantage of the sharing economy.

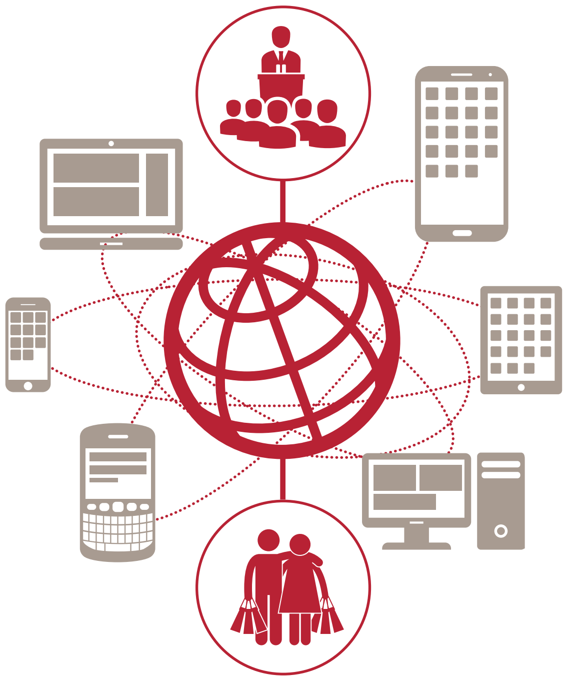
While technology is creating new solutions that potentially address many different areas of our lives, the question is how quickly these will be embraced by consumers. As technological breakthroughs drive down costs and smarter, more intuitive platforms and applications increase convenience, we could be at a tipping point for rapid adoption of connected living across key areas of our day-to-day lives.

The business leaders I meet recognise the opportunities that digital platforms present for engaging their customers, enabling their employees, enhancing their brand, protecting against competitive threats, and transforming their businesses. Eighty-five percent of CEOs see more interaction with consumers as a result of being connected, according to our recent CEO Pulse survey on connectivity.

They also recognise that trust will be a key component of any successful digitally enabled service. PwC's research found that 69% of consumers will not trust sharing economy companies until they are recommended by someone they do trust. In fact, peer-to-peer review systems are becoming the new arbiters of quality. And having a trusted brand is not only essential to building market share, but to attracting talented employees who can innovate and deliver new services.

For companies of all kinds, the right talent combined with technology mastery is going to be an imperative for success. Businesses need to determine whether they can build these new capabilities, or if buying them through targeted acquisitions of disruptive new entrants is a more productive strategy. The leaders of these businesses are well aware of the need for action. The question they should continually ask themselves is whether they are moving quickly enough.

85% of CEOs see more interaction with consumers as a result of being connected, according to our recent CEO Pulse poll.



Collision 3

Supercompetitive cities

Ian Powell

2008 marked a clear shift in human geography when for the first time in history, the majority of the world's population were city-dwellers. It's estimated that around the world 180,000 people join their ranks every day. In many ways, cities are where all five megatrends most obviously collide. Rapid urbanisation is placing significant pressure on natural resources, creating tension between the rich and the poor and generating challenges of overcrowding, congestion and pollution. On the other hand, cities are engines of economic growth, cultural creativity, technological breakthroughs, political innovation and environmental sustainability.

As cities develop, their role and importance is changing too. For many cities in the developed world, the original economic rationale for their development has weakened. From the manufacturing powerhouses of the 19th century to the service centres of the 20th, cities attracted people almost solely because of the employment prospects. Today, as technology dismantles some of the economic case for having a large workforce in a central location, cities have a new appeal. People today actively want to live in cities rather than being economically compelled to do so. Access to amenities, a higher quality of life, and social, cultural and leisure opportunities all exert a powerful pull.

The implications for business are complex and potentially far-reaching. The skills demanded in an increasingly digital world are scarce resources that tend to cluster in urban areas. Gaining access to the pools of talent businesses need may require some to move into, or even back into, the cities that they left decades ago. The result is seen in downtown areas that were deserted during the latter part of the 20th century being reborn as dynamic and thriving urban centres.

Becoming a hub of innovation and economic growth is now a highly competitive proposition for cities. It requires strategies that will enable them to differentiate the attractions they offer on a global rather than simply national stage. The most vibrant cities are building new universities, developing cultural institutions, investing in new infrastructure, finding ways to manage environmental performance and engaging their inhabitants with new platforms for urban development.

It's not only cities in mature economies that are entering the global competition. Fast-growing cities in China and the Middle East in particular have been encouraging the investment, education and innovation they believe can elevate them to world-class status. As cities successfully address the challenges they face, they improve the quality of life they offer, develop strong social networks and become hubs of prosperity that amplify their attractions to global talent. Businesses need to make sure they track those developments closely – wherever they are in the world.

It's estimated that around the world

180,000

people move to cities every day

Collision 4

Food integrity and transparency

Raymund Chao

High profile contamination, adulteration and fraud incidents in the US, Europe and Asia have eroded public trust in the food industry, raising consumer awareness of food quality and ensuing safety risks. There is growing demand for higher quality food and transparency of food ingredients, origins and production processes, especially among the world's growing urban middle class. At the same time, online marketplaces are also changing consumers' purchasing patterns. Digital technologies and social media are opening up new possibilities for customer communication and interaction.

These changes bring both challenges and opportunities for the food industry. Organic food is currently a US$72 billion global market. One of the drivers behind its growth is the consumer trust the word 'organic' inspires. Labelling and controls about what can be sold as organic usually persuade consumers to pay a little more for the confidence they feel in the food's journey from farm to fork. Leading retailers are capitalising on both the latest trends and new communication channels in opening up new opportunities by building trust through transparency. The use of codes and mobile apps is becoming prevalent in the traceability, transparency and distribution process.

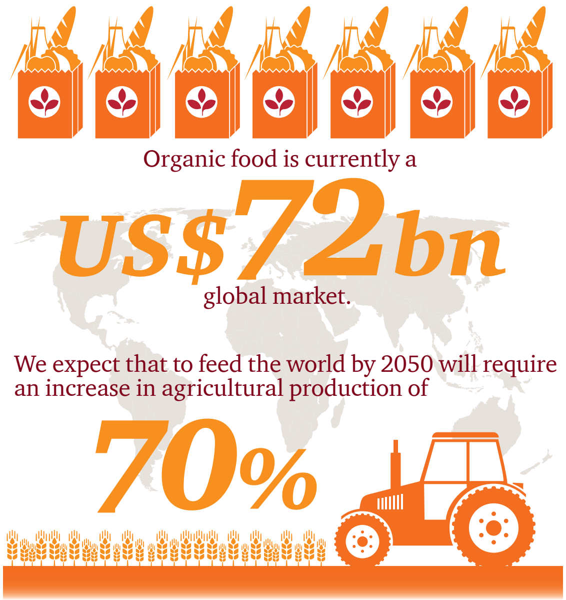
The industry faces new food safety challenges due to the growing scale and evolving techniques of production and processing. Government regulations are becoming more stringent. Through social media, a single contamination incident can make national headlines within hours. The reputational and financial consequences can be devastating where consumers' trust has been lost.

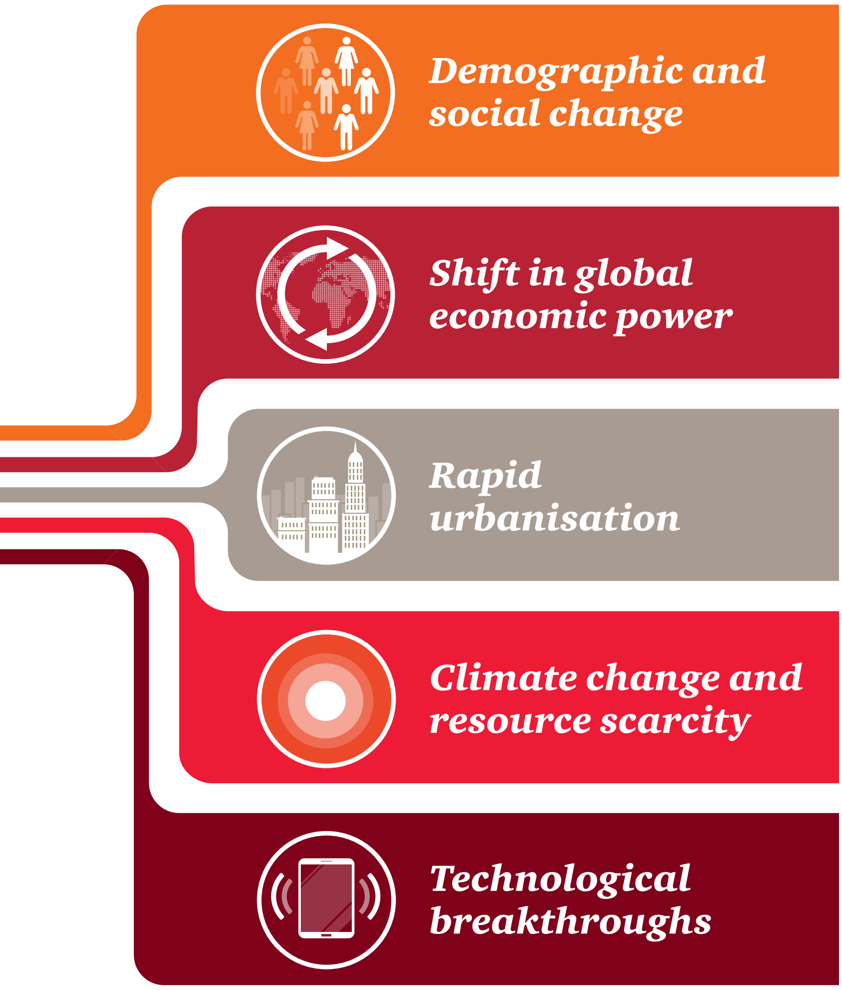
Increasingly complex supply chains bring greater risks of fraud and adulteration. Examples include horsemeat being passed off as beef mince in Europe, and the melamine incidents that led to several deaths and destroyed Chinese consumers' trust in their domestic dairy industry. Today, even the most basic food can involve suppliers around the world. While most companies can trace one step down the chain with reasonable certainty, they would struggle to go further and verify that their second- and third-tier suppliers use best practices and adhere to international food safety and quality standards.

The collision of megatrends – particularly climate change, resource scarcity, rapid urbanisation and demographic shifts – is creating food security challenges as well. We expect that a 70% increase in agricultural production will be needed to feed the world by 2050.

What's needed to help improve trust is the adoption of both emerging technologies and innovative solutions for food safety and security. The industry must take bold steps in transforming from current practices, to a broader approach with quality management supported by food safety and trust culture at its core. In addition, viable and cost-effective traceability and transparency practices are key to enable a bridging of the trust gap with consumers.

State-of-the art information exchange through big data analysis, intelligent supply chain mapping and tracing technologies are transforming the control and oversight companies can have over entire food supply chains. Companies must stay on top of these trends and issues or risk being left behind as their competitors innovate and manage the collisions.





Data and analytics at PwC

Data everywhere. That's one of the by-products of more of us engaging with technology in more ways, more of the time; and an inevitable consequence of the megatrends collisions discussed on these pages. This explosion in data has left organisations around the world asking how they can access, trust and analyse data to understand what's happening, and predict what might or should happen – with their customers, employees, business partners and other stakeholders.

Our people have been working with and analysing data for 150 years. The pervasiveness of technology today gives us a heightened ability to analyse and present the growing volumes of data to help clients solve important problems. We are looking to embed data and analytics across all of our services.

By unlocking the power of data and analytics, our advice is reinforced by robust analysis of relevant data sets; our deals specialists can do deeper diligence and spot businesses for acquisition or divestiture; and our tax advisers better discern risks, and verify that remedial actions are compliant. This year we launched our ground-breaking data auditing methodology, *Halo*, leveraging leading-edge technologies. This allows us to provide deeper insights by visualising data in new ways.

Every day we help our clients realise value from data and analytics. For example, we help a global airline understand when things might break to predict maintenance events on airplanes. At a European bank, we're helping monitor salesforce conduct for compliance with EU regulations. And at a global technology company, we revolutionised their spin-off process to create two Fortune 50 tech giants.

Network report

By Richard Collier-Keywood, PwC Network Vice Chairman

I believe that the strength of the PwC network, combined with the depth and breadth of our services, gives us an unparalleled position in the professional services marketplace. This, of course, places an obligation on us to understand and explain our impact on the environment and the societies in which we operate.

We welcome the opportunity in this report to illustrate our commitment to doing the right thing, and demonstrate the leadership qualities we believe are vital in helping to create a sustainable future.

We summarise our revenues on the next couple of pages, followed by highlights of our commitment to ensuring that corporate responsibility is at the heart of everything we do.

We then focus on our two most important stakeholders – our clients and our people – in our drive to deliver consistent quality and valuable experience. We also show how we are striving to build an even more inclusive culture through our approach to diversity and inclusion.

We feature each of our three lines of service and seek to highlight some of the key issues that our clients are facing. And finally, we share our commitment to transparency and the ways in which we provide greater clarity about who we are, what we do and how we do it.

I encourage you to take a look at what we are doing, and give us your feedback by contacting us at www.pwc.com/annualreview/contact.

We focus on our two most important stakeholders – our clients and our people – in our drive to deliver consistent quality and valuable experience.

Revenues

For the financial year ending 30 June 2015, PwC's gross revenues were US$35.4 billion, up 10% at constant exchange rates. Revenue growth increased markedly from the previous year, and despite some tough economic conditions around the world we enjoyed strong growth in all our major markets and lines of service. This growth is testament to the hard work of all of our people, our reputation for quality and our commitment to outstanding client service.

In North America and the Caribbean, PwC continued to grow very strongly with revenue growth of 12%. Our largest firm, PwC US, enjoyed a strong year with revenues up 10% to US$12.2 billion and impressive growth in all lines of service. Revenues from South and Central America remained buoyant, up 8% – although this growth is down from the previous year, impacted by the tough ongoing economic conditions in Brazil.

Growth also increased impressively across Europe with revenues up 8% in Western Europe and 6% in Central and Eastern Europe. Despite continuing challenging economic conditions in many Eurozone countries, PwC continued to grow, with revenues up 11% in Italy, 8% in Germany and 6% in France. The UK firm, PwC's second largest, posted a strong performance with revenues up 9% to US$4.1 billion, with particularly good growth from its Assurance and Advisory services.

Revenue growth in Asia was also strong in FY15, up by 9% to US$4.1 billion. PwC's continued focus on service development and expansion in Asia paid dividends, with PwC firms in China and Hong Kong growing by 8% and India by 17%. While the economic situation in China looks more challenging in the year ahead, we continue to be optimistic and believe we are well placed to enjoy growth.

As we said last year, we have put in place the right strategy to secure profitable growth in Australia. This was clearly demonstrated in FY15 with revenue growth here of 10%. Growth was also good across the Australasia and the Pacific Islands region with revenues increasing by 11%.

PwC enjoyed double digit growth in the Middle East and Africa with revenues up 16%. Growth was particularly strong in the Middle East. The region continues to benefit from significant investment from PwC UK.

PwC enjoyed double digit growth in the Middle East and Africa with revenues up 16%.

Fig 1: **Aggregated revenues of PwC firms by geographic region (US$ millions)**

	FY15 at FY15 ex. rates	FY14 at FY14 ex. rates	% change	% change at constant ex. rate
Asia	4,109	3,902	5.3%	8.5%
Australasia and Pacific Islands	1,583	1,552	2.0%	10.9%
Central and Eastern Europe	716	821	-12.9%	5.7%
Western Europe	12,651	12,777	-1.0%	8.2%
Middle East and Africa	1,304	1,170	11.4%	16.3%
North America and the Caribbean	14,035	12,704	10.5%	11.6%
South and Central America	958	1,026	-6.6%	7.7%
Gross revenues	***35,356***	***33,952***	***4.1%***	***9.9%***

FY15 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY15 exchange rates. FY14 aggregated revenues are shown at average FY14 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Fig 2: **Aggregated revenues of PwC firms by service line (US$ millions)**

	FY15 at FY15 ex. rates	FY14 at FY14 ex. rates	% change	% change at constant ex. rate
Assurance	15,177	15,137	0.3%	6.2%
Advisory	11,235	10,002	12.3%	18.0%
Tax	8,944	8,813	1.5%	7.1%
Gross revenues	***35,356***	***33,952***	***4.1%***	***9.9%***
Expenses and disbursements on client assignments	(2,351)	(2,025)	16.1%	21.8%
Net revenues	***33,005***	***31,927***	***3.4%***	***9.2%***

FY15 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY15 exchange rates. FY14 aggregated revenues are shown at average FY14 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Assurance

Revenues from PwC's Assurance operations grew strongly, up 6% to US$15.2 billion. This was in the face of a very competitive market and the changes taking place in the European audit market due to the introduction of mandatory audit firm rotation.

PwC's Assurance operations are our most significant business and the bedrock of our operations and reputation across the world. This reputation has been built up over many years by a clear focus on high quality services and the recruitment of high quality and independently-minded people required to deliver these services. In FY15, PwC invested significantly in further enhancing the quality of our Assurance services and training our people to the highest professional standards.

In addition to a volatile market for audit around the world, there is increasing demand for broader assurance services and in particular assurance over business risks. Our investment in technology continues to broaden the market for assurance services into new areas such as IT and data assurance and security. These new areas are experiencing very strong growth in mature markets, opening up new market segments for PwC. The improved use of data and technology is increasing the effectiveness of our existing services.

Advisory

PwC's Advisory operations posted very strong growth in FY15 increasing by 18% to US$11.2 billion. Advisory now accounts for over 30% of PwC's revenues, and we anticipate that it will continue to grow strongly into the future as more and more PwC firms around the world further develop their capacity to provide Advisory services to clients.

The growth in Advisory is driven by an increased demand by clients for a broad range of services, with particularly strong growth in deals-related work and cyber security services.

We anticipate continued strong growth for new technology-based services such as cyber security in the year ahead, particularly as FY16 will see the benefits of the alliance that we entered into with Google.

The acquisition of Strategy& (formerly Booz & Company) in April 2014 has helped cement PwC's position as the leading organisation which can provide advice from strategy through execution. PwC now has more than 3,000 strategy consulting professionals under the brand Strategy&.

Tax

PwC's Tax operations grew strongly in FY 2015, with revenues increasing by 7% to US $8.9 billion. Tax operations benefited from increased mergers and acquisitions-related work due to the robust deals environment and strong demand for transfer pricing work globally.

With an increasing focus on tax issues around the world, companies rely on advisers to help them meet their tax obligations and operate efficiently in today's complex global tax environment. PwC has the largest tax network in the world based on the quality of our work and our commitment to following a global Tax Code of Conduct. The code has guided the operation of our Tax business since it was first published ten years ago.

The Tax business also includes revenues from Human Resource Services, which is now part of our People & Organisation network. People & Organisation brings together industry, business, strategy, talent, HR, analytics and technology expertise with more than 10,000 people in 138 countries. As labour markets become more mobile and more fluid, we envisage continued strong growth from this service in the years ahead.

Fig 3: PwC's service line mix (2011-2015) at constant exchange rates (US$ millions)

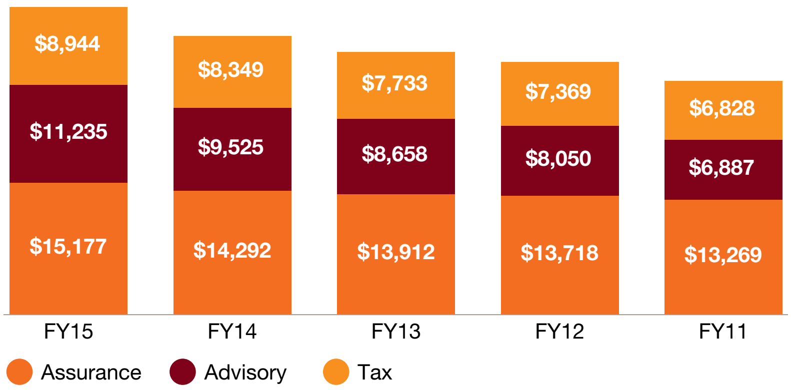
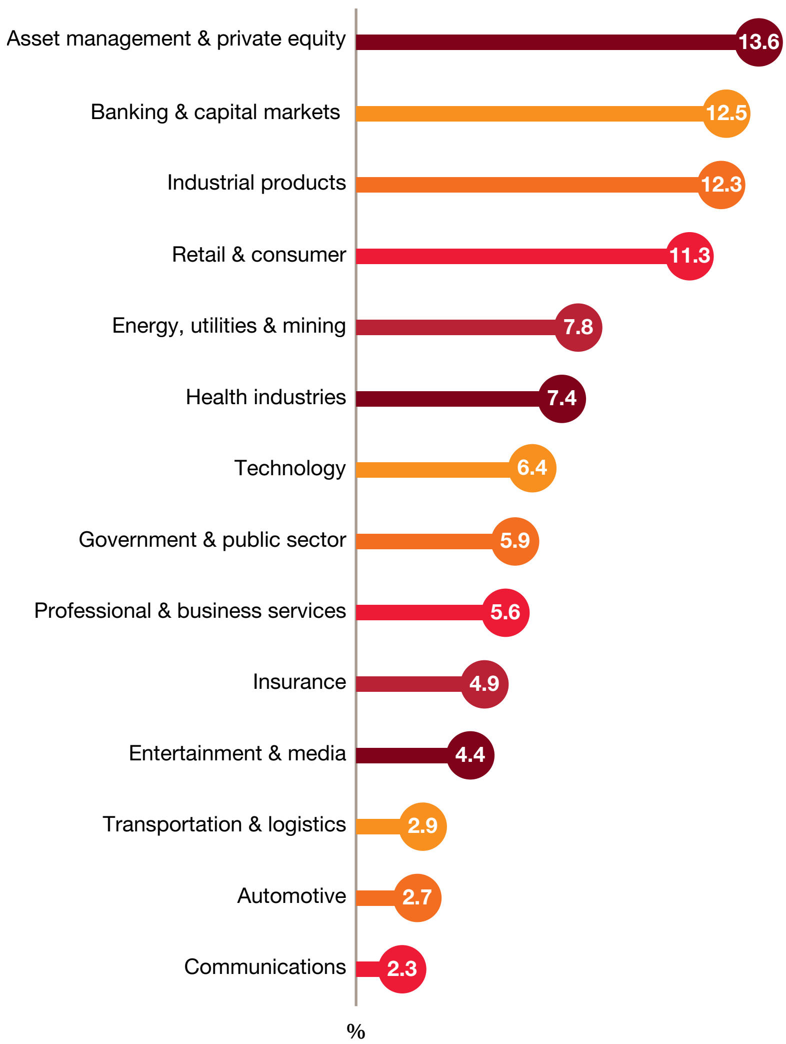


Fig 4: Aggregated revenues by industry sector (percentage of revenue)



Revenues

Corporate responsibility

One of the ways that we build trust in society and solve important problems

What does CR mean for PwC?

Our network is set apart by our global reach, deep skills and ability to bring together various stakeholders. These qualities mean we're ideally positioned to help the organisations we work with transform themselves to anticipate global trends – not least social and environmental changes – while also doing the same ourselves.

We have set out in this section a summary of our achievements across the different categories of:

- Responsible business
- Community engagement
- Environmental stewardship

Harness the power of our network to scale responsible business

Our largest 21 firms will:	**FY14 status**	**FY15 status**
Align to the global CR strategy	Partially met	Fully met
Assess themselves against the leadership ladders and develop clear progression plans	Fully met	Fully met
Set targets for improved performance in the questions relating to CR in the Global People Survey	Partially met	Fully met

Partially met   Fully met

Responsible business

Many of society's greatest challenges today impact the way businesses operate. We support our clients as they address these challenges, bringing to bear our innovation and skills, and operating in a way that focuses on ethics, integrity and trust.

Addressing societal issues through innovation
Our people continue to explore and develop new ways to transform how businesses operate, by bringing forward new ideas that can help address social and environmental issues.

- **New services that enhance trust and transparency between government, business and society.** PwC UK has worked with The Crown Estate to pilot the 'Inspiring Trust Through Insight' concept, to provide insight into the maturity of its performance indicators *(see page 41)*.
- **Contributing to the reporting standards that underpin financial systems and industries.** A group of PwC firms led by PwC Netherlands published an implementation guide for Integrated Reporting. This helps businesses put in place more holistic business management systems based on the foundations of materiality, value creation and impact evaluation.
- **Improving food safety.** PwC recently launched its Global Food Supply and Integrity Services, building on the work undertaken with PwC New Zealand, PwC China, AsureQuality and the Chinese Government last year to enhance the food safety and quality standards in China *(see page 10)*.

FY15 highlights

80%
of our people satisfied with our efforts to be socially responsible

30%
increase in skilled volunteering and professional services since FY12

100%
of our 21 largest firms have piloted or implemented impact measurement of their community programmes

Providing shelter in Nepal
10,000 shelters were erected by the Chaudhary Foundation from Nepal with pro bono support from PwC India

- **Supporting companies in incorporating sustainability into their strategic plans and transforming their operations and value chains.** For example, PwC Cyprus and PwC UK have been working with TUI Group and the Travel Foundation charity on a ground-breaking study of the Total Impacts of TUI's tourism operations in Cyprus. See www.pwc.co.uk/timmtourism.
- **Supporting the establishment of an innovative initiative by the UK's Department for International Development – the Girls Education Challenge** *(see page 18)*.

In addition to our core services, PwC regularly responds to humanitarian crises by providing our people's time, skills and financial contributions. This year our people have responded generously, with over US$560,000 in donations and pro bono services towards the immediate needs of those affected by the Ebola crisis and the devastating earthquakes in Nepal.

We have also committed nearly US$1 million in pro bono services to aid recovery efforts and rebuild stronger societies in Nepal and the regions affected by Ebola.

We will continue to challenge our core business to embrace the principles of responsible business in what we do every day.

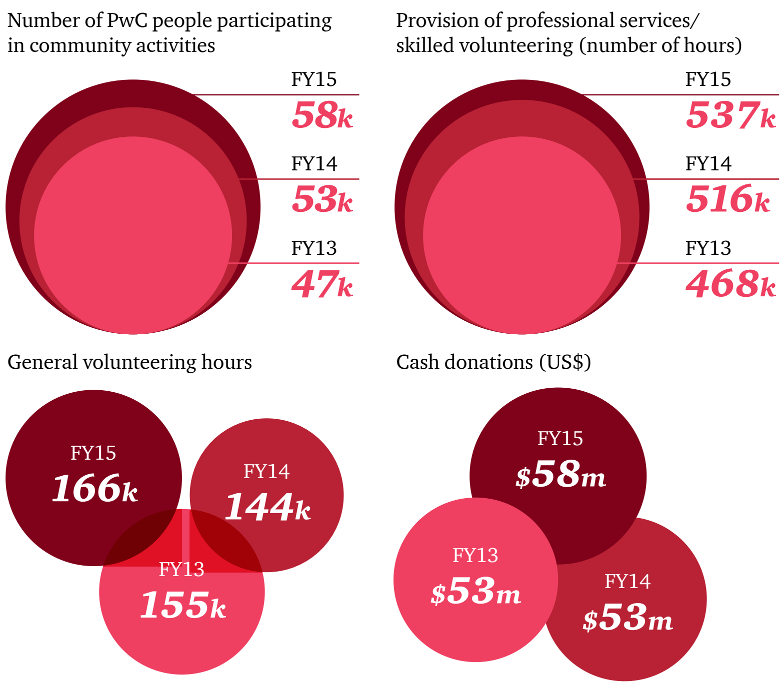
Community engagement

We create value by helping organisations such as NGOs, our communities and our own staff to maximise their potential. We use our time, skills and experience to make a lasting difference. And we encourage our firms to support social enterprises, enhance youth education and build capacity within the NGO sector.

The value of our community investment is US$145 million, including pro bono and discounted engagements, volunteering and financial contributions. Our people also donated over US$42 million through their firms' payroll-giving facilities.

We strive to create value for business, society and communities, by operating in a way that focuses on ethics, integrity and trust.

Fig 5: **Community engagement in numbers**



These figures relate only to the 21 largest firms in the PwC network.

FY14 and FY13 data for the provision of professional services and skilled volunteering has been restated following improvements in measurement methodologies to provide more accurate data.

Case study

Improving the lives of up to a million marginalised girls

A teacher explains plant germination to students in a Kenyan primary school supported by the GEC Discovery Project.

The Girls' Education Challenge (GEC), a programme funded by the UK's Department for International Development (DFID) and led by PwC, is the world's largest dedicated fund – at £300m – promoting girls' education, and funds 37 projects in 18 countries. The GEC will help up to a million of the world's poorest girls improve their lives through education.

The GEC achieves these goals by drawing on over 80 PwC staff and contractors spread across 14 different countries, with PwC people from Kenya, Ghana, India and Mozambique holding regional leadership positions. Sharing lessons learned and evidence is an important objective of the GEC. The approach used to monitor and evaluate the results it achieves is unsurpassed in its rigour, following over 70,000 girls and households across 18 countries, and measuring their learning.

This evidence will facilitate future research and allow lessons and insights to be leveraged by all – thus further improving the lives of marginalised girls. For more information please visit www.gov.uk/girls-education-challenge.

In line with our CR strategy, the number of hours of skilled volunteering and free or heavily discounted professional services that we provided to community organisations continued to increase, representing a 30% rise since the strategy was introduced in FY12.

All of this has contributed to 80% of our people reporting that they are satisfied with the actions PwC is taking to be socially responsible, up by 3% from last year and 10% above the external 'best in class' norm. Here we provide a few highlights of how our people are making a difference.

Investing in society wisely

This year we have made it our mission to focus on measuring and increasing the impacts of our programmes rather than just increasing the money or time we contribute. This will improve our ability to invest wisely in order to have the greatest impact on society.

This focus is typified by the fact that all of our 21 largest firms have either piloted or implemented impact measurement of their community activities in FY15.

For example, PwC Netherlands has collaborated with Nyenrode Business University to measure the outcomes of their work with social enterprises, and how this work affects society, our people and the broader social enterprise sector. Many positive impacts were identified. Of the enterprises surveyed, 48% were able to increase their number of beneficiaries and 25% reduced costs.

In China and Hong Kong, the PwC firms have begun to measure the impacts of mentoring activities both on the beneficiaries and our people to determine how they benefit from the relationship.

We're in the process of developing key performance indicators and tools that will enable us to report on the impact of our community investment across our network.

Supporting enterprise

Many countries have witnessed a growing awareness of small business and social enterprises as key contributors to society and the economy. It makes sense for us to use our skills, experience and relationships to support these enterprises.

Several PwC firms have developed creative ways to use their skills to support social entrepreneurs. PwC Poland has launched The Social Innovators Club and in Egypt, PwC and the Takatof Foundation founded the Sustainovation Hub. Both of these programmes aim to create entrepreneurial leaders and develop innovative solutions to society's challenges.

PwC Portugal has put in place a €1 million start-up programme providing pro bono consultancy services to entrepreneurs. The services include mentoring, technical assistance and business plan advice.

Elsewhere in our network, PwC Philippines partnered with the Benita and Catalino Yap Foundation to launch the Developmental Social Enterprise Awards in August 2014 and provided the winners with pro bono consulting services as part of the award. In 2014, PwC Taiwan hosted a social enterprise forum on social impact investing, which included over 200 representatives from the public, private and NGO sectors.

PwC Mexico has also begun to support social enterprises with a US$65,000 pro bono pilot project to understand the benefits of such enterprises to both society and PwC.

Youth education

Access to youth education has long been known to be an effective means of tackling problems such as social exclusion. This is one reason why PwC firms invest in the enhancement of youth education through community volunteering, thought leadership and client engagements.

The most significant example of this is the Earn Your Future (EYF) programme, launched by PwC US in 2012. In 2015, PwC expanded its commitment by an additional US$30 million. EYF focuses on helping students develop financial skills and providing educators with the resources and training they need. Since 2008, PwC has sent more than 1,500 of our people to Belize City to lead financial literacy and entrepreneurship camps at 40 local schools. See www.pwc.com/projectbelize.

PwC India has partnered with Save the Children to produce a report *Forgotten Voices: the world of urban children in India*, focusing on the needs of children in India's cities. The report examines not only the implications for education but also other key issues such as urban governance, health, nutrition, water and sanitation and child protection. It suggests practical solutions and aims to initiate a vigorous discussion among policymakers, urban planners, government bodies, NGOs and corporates. See www.pwc.in/urbanchildreport.

Brigade apprentices collecting their qualifications

Case study

Demonstrating social return on investment

Organisations are gradually recognising that the capacity to measure their financial, social and environmental impacts increases their ability to make more effective decisions. Examples of this are PwC firms in Germany and the UK, each of which has helped a social enterprise to demonstrate the value it creates by reporting its social return on investment (SROI).

The Dialogue Museum in Frankfurt and the Brigade restaurant in London both support socially disadvantaged individuals through job creation, the provision of training programmes and awareness raising of societal issues. The Dialogue Museum specifically focuses on the issue of blindness and Brigade on the issue of homelessness.

Both reports found that these social enterprises create a significant SROI – for every euro invested in the Dialogue Museum, the gross value added back to society was 3.39 euros and for every £1 that was invested in Brigade from 2011-2014, £1.57 in social value was generated.

The social value for both enterprises is generated through a mixture of economic benefits, welfare benefits and savings to the public purse. The UK report found that the social value generated as a direct result of Brigade's activities was estimated at £3.6 million, although as it only assessed one element of Brigade's overall programme, the overall value added is likely to be even greater. Learn more: www.pwc.co.uk/brigade and www.pwc.de/sroi-analysis.

$190m
PwC US commitment to the Earn Your Future programme

750
scholarships awarded by Project Belize

7,000
students and educators reached by Project Belize

Increase the positive social impact of our community activities

Our largest 21 firms will:	FY14 status	FY15 status
Provide opportunities for their people to take part in skilled volunteering activities	Partially met	Fully met
Pilot output and outcome-based performance measurement for their community activities	NA	Fully met

Partially met Fully met NA

Photo credit: CJ Clarke/Save the Children

PwC Australia has published *A Smart Move – future proofing Australia's workforce by growing skills in science, technology, engineering and maths (STEM)*. The report predicts digital disruption will affect nearly half of current jobs and identifies STEM as a critical education issue to prepare young people, business and the economy for the future. See www.pwc.com.au/STEM.

Capacity building in the NGO sector

In today's society, it's not just many businesses that are losing trust: the *2015 Edelman Trust Barometer* shows that trust in community organisations has also declined.

To help address this issue, PwC firms in China, Hong Kong, Malaysia and Singapore have provided training sessions on best practices in governance and transparency for leaders from around 350 NGOs. Eighty-five percent of the NGO leaders in the China and Hong Kong sessions reported that they can use what they have learned to improve their organisations. Over 50 of these NGOs also took part in a more detailed mentoring programme with PwC specialists.

PwC Korea has produced an e-learning on NGO transparency which is open to participants of the firm's NGO transparency awards.

Environmental stewardship

One of the ways we create value is by understanding and reducing our impact on the environment. We also exert a positive influence through our client work and thought leadership. Seventy-one percent of our people are satisfied with what PwC is doing to be environmentally responsible, a 2% increase on FY14.

At the network level, our focus is on measuring and managing our greenhouse gas (GHG) emissions. However, many PwC firms adopt a broader approach to environmental management, extending the focus to areas such as energy efficiency, waste reduction and water consumption.

While we have made good progress on our environmental commitments during the past year, a handful of our largest firms have yet to develop local environment policies. We are helping them to manage and reduce their impacts on the environment.

Case study

Helping countries navigate the road to the Global Climate Negotiations in Paris

The UK Department for International Development-funded Climate & Development Knowledge Network (CDKN) is delivered by a PwC UK-led global alliance. As part of CDKN, PwC's UK sustainability and climate change experts are supporting negotiators from least developed countries to represent their interests in international climate negotiations.

We are helping to strengthen the voices of the poorest and most climate-vulnerable countries in advance of the crucial UN Climate Change Conference in Paris in late 2015. Through promoting an ambitious and fair climate agreement we are making it more possible for the world to move towards a low carbon and more climate-resilient future. See www.cdkn.org/indc.

Many PwC firms also engage in volunteering activities to improve the environment and promote awareness of environmental issues. For example, in FY15 over 1,000 people from PwC Canada participated in environmental events, many of which included a number of clients.

Manage our impact on the environment

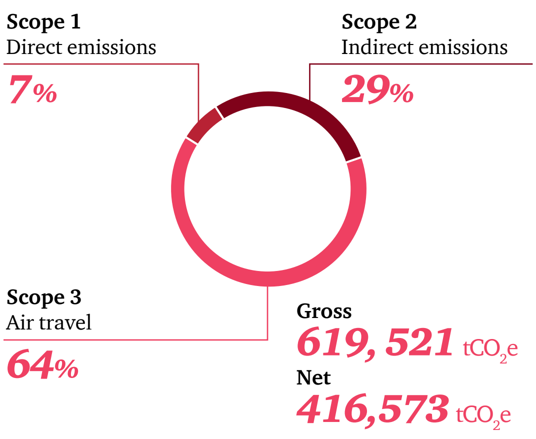
Our largest 21 firms will:	FY14 status	FY15 status
Implement a local environment policy and environmental management approach		

Partially met

Our CR strategy

In FY13 we set out a series of CR commitments to help us drive the implementation of our CR strategy. Progress against these commitments can be tracked on our CR website: www.pwc.com/corporate-responsibility/our-cr-commitments.

Fig 6: **FY15 GHG emissions (CO_2e)**



Closing remarks

CR is a business imperative that is key to the continued success of PwC. We reflect this importance by setting ourselves clear and explicit CR commitments. And while we haven't succeeded in achieving all our goals in FY15, we're energised and encouraged by the progress we've made and our goals for the future.

Our Global CR strategy

part of it:

PwC is part of the solution to responsible business challenges.

→

We aim to:

Do the right thing

and

Be a catalyst for change

→

We focus on:

Responsible business

Diversity and inclusion

Community engagement

Environmental stewardship

→

We manage CR using:

Our leadership ladders

For further information about our approach to CR, please visit our website: www.pwc.com/corporate-responsibility/strategy

For information on our approach to diversity and inclusion see pages 32-35.

Clients

By Robert Swaak, PwC Vice Chairman, Clients and Markets

We're proud of the strength and depth of our client portfolio. Our clients range from the world's leading multinational companies to new and growing enterprises, from large family businesses and governments to NGOs and private individuals. And they're located in nearly every country in the world.

But whoever and wherever they are, we spend time getting to really understand our clients, listening to them closely. We differentiate ourselves by focusing on the value they're looking for and having a strong, global network with deep roots and local knowledge, delivered to wherever it's needed.

In the last year, we have helped 443 of the companies in the FT Global 500 list and 418 of those in the Fortune Global 500 list. We also advise and work with more than 100,000 entrepreneurial and private businesses around the world.

In every case, our purpose is twofold: to help our clients find solutions to their important problems and to work with them, and our other stakeholders, to build trust in society.

Fig 7: **Clients of PwC firms as a percentage of the Fortune Global 500**

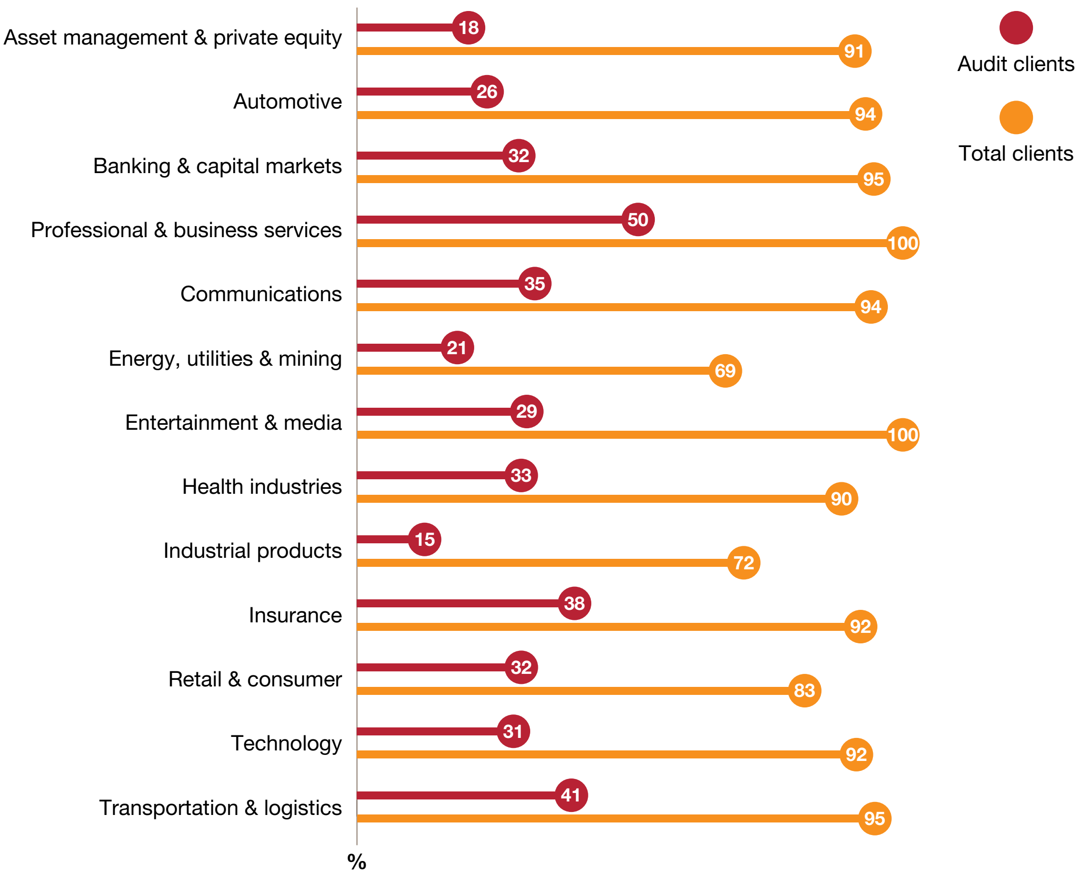
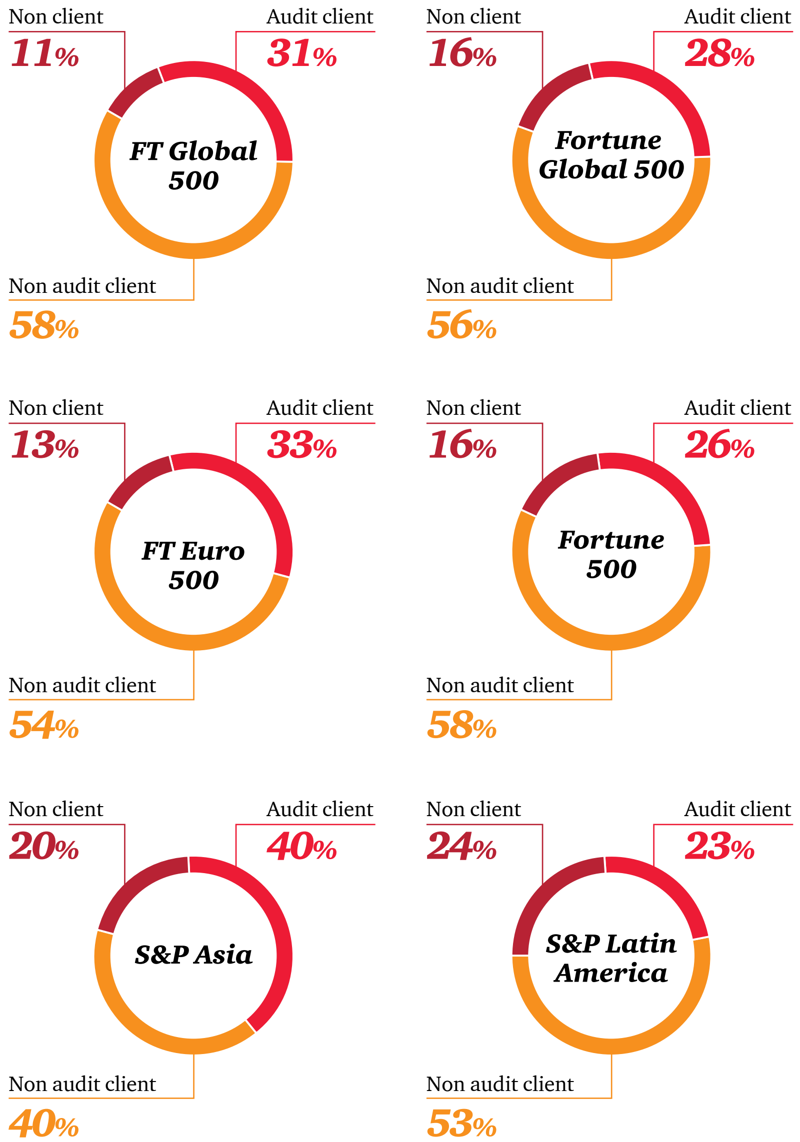


Fig 8: Global and regional client bases – company indices/lists[1]



1 – Audit clients include both sole and joint audits.

Non-audit clients are those companies where PwC did not provide statutory audit services and where revenues exceeded US$500,000 in FY15.

Our clients face many challenges and opportunities. When we spoke with business leaders in our most recent Global CEO Survey they told us that, though they were less optimistic about short-term global growth, their confidence in their ability to achieve revenue growth in their own companies remained stable.

CEOs said they were:

- using joint ventures, alliances and informal collaborations to gain a competitive edge
- aware of the increasing need to put technology at the heart of their business, and
- looking to recruit people with a broader range of skills.

We remain committed to working with clients to meet their priorities and find the right solutions to the problems they face. You can read some great examples in the client case studies on pages 36-55.

In the last year, we have helped 443 of the companies in the FT Global 500 list and 418 of those in the Fortune Global 500 list.

Building leaders of the future

By Nora Wu, PwC Vice Chairwoman and Global Human Capital Leader

I'm consistently inspired by our people across our global network. There is so much to be proud of.

Our global headcount is at a record high, with over 208,000 people based in 157 countries. On 1 July 2015, we appointed 604 new partners, 26% of whom are female. We also welcomed 300 new partners with the integration of Strategy&.

We achieved our highest people engagement score to date (see figure 9). And 82% of our people say they're proud to work at PwC. We were also recognised by millennials as a top organisation to work for.

We've achieved a lot and we know we can improve further. We've chosen a few stories to highlight some of our people globally.

A top career choice for millennials

We are proud that 240,000 business students around the world rated us as the second most attractive employer and first among professional services in the Universum 'World's Most Attractive Employer' ranking for 2015. Compiled from Universum's national student surveys in the world's 12 largest economies, the annual ranking enables students to share information about employers they perceive as being ideal, and what they are looking for in their future careers.

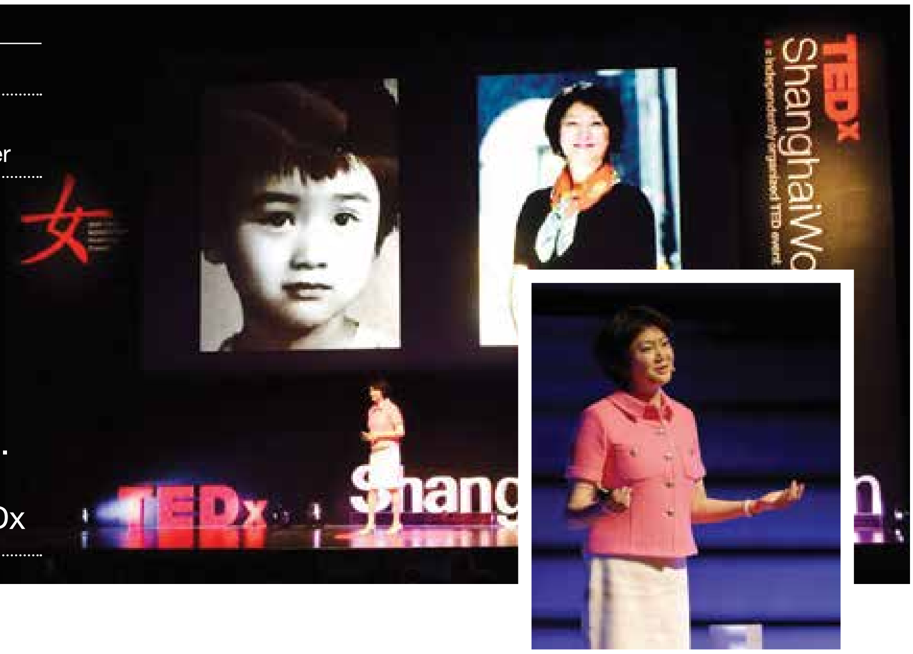
MOST ATTRACTIVE EMPLOYERS
WORLD
universum
2015

The world's most attractive professional services employer for business students

Nora Wu

PwC Vice Chairwoman and Global Human Capital Leader

"Invest in yourself, define personal success, never settle for less." Nora Wu shared her story at the TEDx Shanghai Women event in June. Watch the video: http://pwc.to/NoraTEDx



We have put a great emphasis on creating unique career opportunities and a work environment that offers significant personal and professional growth. It's very rewarding to see that these efforts, and the culture we're building, are attractive to students around the world.

People engagement reaches highest level on record

Globally, our people's engagement scores have risen overall (see figure 9). The response rate to our Global People Survey (GPS) increased to 77%, while our overall People Engagement Index (PEI) came in at a record 76%, a three-point improvement from last year.

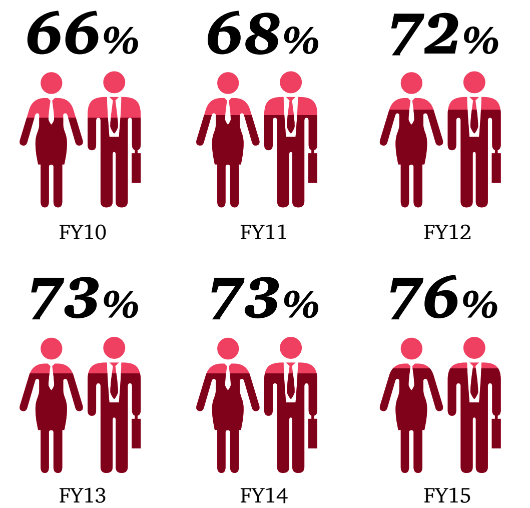
Of the past 10 annual survey cycles, 2015 marks the year in which we've achieved both the highest response rate and also the highest PEI score to date.

The vast majority of the 157,333 people who completed the survey told us they are proud to work at PwC (82%) and would recommend PwC as a great place to work (74%). Seventy-nine percent said they have the opportunity to work on challenging assignments that contribute to their development and 80% are satisfied with the actions PwC is taking to be socially responsible.

How we're engaging and empowering our millennials

In recent years, we've conducted research such as our NextGen study and Female Millennials in Financial Services study to understand and respond to changes in the workforce. Millennials are driven by social needs around flexibility, appreciation and team collaboration.

Fig 9: **Employee engagement[1] (FY 2010-FY 2015)**



1 – People engagement refers to the level of motivation, commitment and involvement employees demonstrate as a result of key elements in their work environment such as level of leadership, respect, professional development and inclusion.

Bringing a world of technical experience

Hands-on operational insight is all part of the service for Berlin-based Pawel Fafara's clients. After seven years in shared services and outsourcing with IBM and HP, first in Poland and then Europe-wide, he brings an outside perspective to engagements: *"As a senior consultant in Advisory, I'm currently supporting a worldwide accounting transformation project for one of our clients,"* he explains. *"It's hugely helpful to have in-depth technical experience."*

For Pawel, one of PwC's attractions was the 360-degree perspective it provides: *"For clients, I try to squeeze all my experience together – combining a long-term operational outlook with a short-term project-based mindset."*

He adds real value by mixing his cross-cultural business experience with communications and relationship-building skills: *"It's essential to be able to understand other people's point of view."*

Armed with this knowledge, we're working hard to engage and empower our millennials, re-defining our workplace culture while continuing to meet the needs of other generations. Take flexibility, for example. PwC US has introduced 'flex days' where people can choose to work their minimum standard hours in four days instead of five. We're seeing higher engagement among our people as a result.

In Australia, after a successful pilot programme, PwC has extended flexible working to all of its 6,000 employees, trusting them to work the way they need to, while still delivering great client service.

We remain focused on our female millennials, as retaining talented women throughout their life stages has traditionally been harder than with men. So we're responding to female millennials' desire for workplace diversity, work-life balance, global mobility and a feedback culture – again achieving higher engagement and retention in return.

Another example is PwC Brazil's FlexMenu programme, which allows people to choose where and when they work. This has positively impacted people engagement scores. The programme has proved very popular with millennials – 89% of people who signed up are millennials, 60% of whom are female.

Talent update: how we're finding and developing the right people

In light of the accelerating changes in the market, we are transforming the way we attract, develop and retain the right talent for our business – now and for the future. This means enhancing our people's experience when joining our network firms: for example, we've launched a new pre-hire community site, Look Inside, which enables new joiners to learn more about PwC before their first day, and which has already been adopted by PwC firms in 25 countries with more on the horizon.

Bringing business acumen and a global view – from Beijing to New Jersey

In a career that's taken her from Beijing to New Jersey, Xiaoxiao Xu, a senior associate in the PwC US Assurance practice, has seized every opportunity to transfer her technical skills and business acumen across borders: *"I was born and raised in China, and obtained my finance degree there. Then in 2009 I entered the one-year masters in accounting programme at the College of William & Mary in Virginia. During my graduate studies, I interviewed with PwC in New York through the China Sourcing Initiative (CSI)."*

CSI hired Xiaoxiao to PwC's Beijing office in 2010. Three years later, she was ready to move to the US via the firm's Global Mobility programme, where she found that her international experience was helpful in many ways: *"My experience with Chinese pharma companies, which operate in a very different regulatory environment, has been extremely valuable. It's helped with business development for clients I've been advising on opportunities in mainland China."*

For Xiaoxiao, living and working in the US has been a great learning experience and she relishes the international opportunities for growth and development the firm provides: *"It's like having the world on my doorstep every day."*

Helping to fight poverty and oppression through female education

Per Sundbye is passionate about gender equality and the power of knowledge. *"Education, particularly for girls and women, is one of the most important and effective ways to fight poverty and oppression,"* he says.

Born in Norway, Per is a financial services partner from PwC Slovenia and is responsible for leading the Forensic Services team across South Eastern Europe. Per is actively putting his views into effect and showing leadership to make a real difference. He's worked on projects in over 40 countries and is guided by values and ethics including a commitment to promoting gender diversity and contributing to local communities. That's why he's involved with an initiative that provides education to women in Kenya.

*"It's called the **I See Maasai Development Initiative**,"* explains Per. *"It's a community organisation whose mission is to transform the Maasai community economically, socially and culturally into a self-reliant and sustainable society. It does this by promoting gender equality and improving women's rights and socioeconomic status through education."*

Global acumen to cross all kinds of borders

Seizing opportunities has been a hallmark of the life and career of Robert Smallwood – an international tax director with PwC US.

A Liberian national born in Spain, Robert grew up in various countries, before earning his bachelors and masters degrees in the US. And his career since joining PwC in 2000 has been no less diverse. Robert has worked in Middle Market Tax, State and Local Tax Services, and as a member of the African Tax Group in New York, a part of the International Tax Desk programme, where he focused primarily on West African countries – the first employee of the US firm to play such a role. He has presented at various forums around the world on African tax and business topics.

Now Robert is bringing his rich experience and global acumen to bear in Liberia, as the head of the Tax and Legal practice of PwC Liberia's newly-established office. He has wasted no time in meeting more challenges. He says: *"I'm collaborating with the University of Liberia to create a unique PwC internship programme aimed at strengthening the country's much-needed skills."*

Building trusted relationships

Yasmine Elhamouly, a senior manager in the enterprise resilience team in PwC's Abu Dhabi office, works closely with her clients' senior management to help them prepare for unexpected events and, if they do arise, recover quickly from them. The mother of one says building trusted relationships is essential to success: *"To build trust I have to be myself, I have to be competent, I have to be a subject matter expert and I have to make sure that I'm up to date on the standards and regulations."*

"But, just as important," she says, *"is to always tell the client if I don't know the answer, but that I will seek to get the answer for them."* That means relying on trusted colleagues across the PwC network which, for Yasmine, is one of the key strengths that PwC offers: *"My clients know we have the resources to deliver and that they can depend on us."*

Yasmine works with a huge diversity of clients across the region, from small start-ups to the region's largest businesses – a mix that she particularly values. One of the key indicators of the trust she has developed is the frequency with which members of her team are asked to join clients as secondees. *"It shows that our clients think of us as not simply a consultant providing advice and moving on, but as an integral part of their team, understanding what they want to achieve long term and helping them to get there."*

Fig 10: **PwC people**

PwC people	FY15	FY14	FY13
Partners	10,611	10,002	9,597
Client service staff	163,513	153,051	143,111
Practice support staff	33,985	32,380	31,527
Total	***208,109***	***195,433***	***184,235***

Fig 11: **Headcount by region**

PwC people	FY15	FY14	Growth
Asia	47,090	43,370	9%
Australasia and Pacific Islands	7,339	6,967	5%
Central and Eastern Europe	8,432	7,746	9%
Western Europe	65,870	62,061	6%
Middle East and Africa	12,861	12,486	3%
North America and the Caribbean	53,656	49,375	9%
South and Central America	12,861	13,428	-4%
Total	***208,109***	***195,433***	***6%***

Fig 12: **PwC people by region**

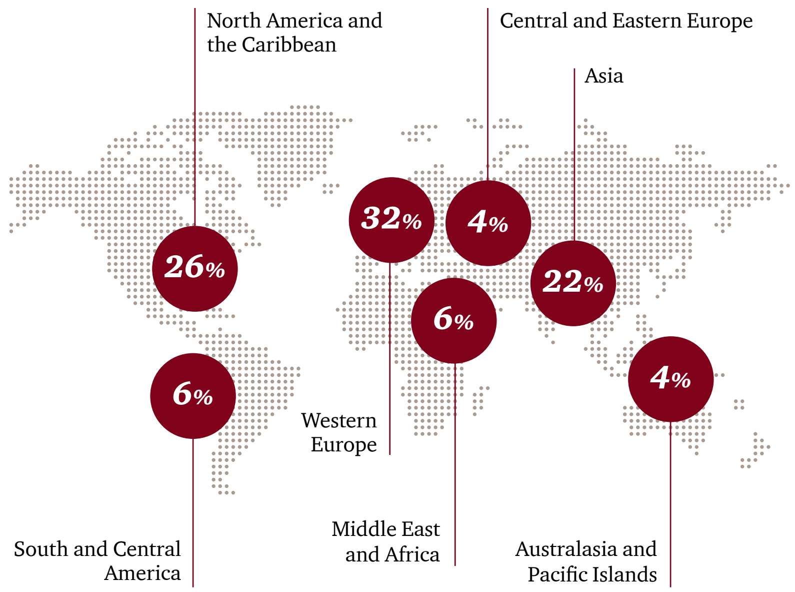
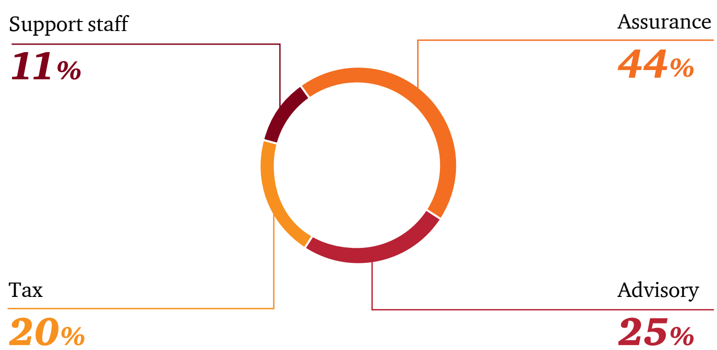


Fig 13: **PwC people by line of service**



We're also supporting our most dynamic and high-growth markets as they develop and implement their talent strategies. Although we operate in many different countries, there is one common theme: attracting, developing and retaining the right talent amid ongoing rapid growth and development.

A great example of our efforts to develop talent is Aspire to Lead 2015, our second annual forum for students on the topic of female leadership. Registrants from almost 100 countries joined an inspiring panel discussion hosted by PwC's Global Talent Leader Mike Fenlon, featuring Google UK leader Eileen Naughton and *The Confidence Code* authors Katty Kay and Claire Shipman. To date, nearly 13,000 people worldwide have viewed the event. Going forward, Aspire to Lead will remain a vital part of our efforts to promote diversity and inclusion across our network.

Unlocking our potential

To be the number one professional services network, PwC needs the best talent. In FY2015, our global headcount grew 6% to more than 208,000 people.

Of the 53,049 people who joined PwC across the globe, 23,312 were experienced professionals and 24,601 were graduates.

We welcomed a record number of people to PwC, which is a testament to our reputation for offering exceptional opportunities for development and advancement.

PwC's global presence remains strong with offices in 756 locations across 157 countries.

Graduate recruits

PwC is among the largest recruiters of graduates in the world. We are committed to attracting the best people to PwC and offering them first-class training and the best opportunity to develop their careers.

Student surveys around the world confirm that PwC is one of the most attractive organisations for graduates. We hold the top position in a number of key countries as the most attractive employer (figure 15).

International mobility

With our global reach and strong international mobility programmes, we continue to build teams with diverse skills and backgrounds in order to solve important problems for clients, while developing our people through international experiences.

At 30 June 2015, 2,543 PwC people were on long-term international assignments, with participation from 115 countries around the network. The total number of new international assignments was up 12% from last year (see figure 14), mostly driven by continued strong economic conditions and increased talent needs in some of our larger firms.

Our strategic vision is to invest in mobility experiences that inspire and enable our people to deliver quality services to our clients and each other – as a global network. Our international mobility programme continues to evolve to support this vision, incorporating different types of mobility opportunities for our people and creating greater flexibility in how we meet the needs of our clients.

Fig 14: **New joiners in FY 2015 and FY 2014**

	FY15	FY14
Graduates	24,601	20,030
Experienced professionals	23,312	20,507
Support staff	5,136	4,184
Total	***53,049***	***44,721***

Fig 15: **PwC ranking in student surveys**

	Rank in Big Four		Rank among all employers	
	FY15	FY14	FY15	FY14
Asia	1	3	2	7
Brazil	1	1	40	45
China	1	1	4	11
Germany	1	1	10	11
Global	1	2	2	3
Nordic	2	2	3	2
Pan-European	2	1	6	4
Russia	3	1	17	15
Spain	2	2	25	17
Sweden	2	2	8	5
Switzerland	1	1	6	5
UK	1	1	1	1
US	3	3	9	7

Sources: Asia (Universum Graduate Survey), Brazil (Universum Graduate Survey), China (Universum Graduate Survey), Germany (Trendence Survey), Global (Universum Graduate Survey), Nordic (Universum Graduate Survey), Pan-European (Trendence Survey), Russia (Universum Graduate Survey), Spain (Universum Graduate Survey), Sweden (Universum Graduate Survey), Switzerland (Universum Graduate Survey), United Kingdom (Times Top 100 Graduate Employers Survey), United States (Universum Graduate Survey).

Fig 16: **International mobility programme – number of new assignment starts**

	FY15	FY14	FY13
Long-term assignments	1,248	1,113	1,086
Short-term assignments	1,474	1,306	1,074
Total	***2,722***	***2,419***	***2,160***

Bringing the 'PwC Professional' to life

The PwC Professional is our leadership development framework that defines what it means to be a professional at PwC. It helps us develop our people into authentic and inclusive leaders who inspire others and can lead clients, institutions and each other through times of change.

Building leaders who build the future

Our talent strategy is designed to help our people continuously develop their leadership skills, grow their careers, and deliver consistently extraordinary results for clients.

With these goals in mind, PwC US has created the Leadership Development Experience (LDE), an integrated and personalised approach to growth and development. It emphasises real-time development through frequent, informal feedback against the dimensions of The PwC Professional – our global career progression framework – to maximise strengths, quickly close gaps and drive continuous learning.

We've started to see results. In our latest Global People Survey conducted in April 2015, our US Engagement Index score was 84%, its highest ever. And in the same survey, 80% of our people said that since the LDE launched in September 2014, they have had a meaningful conversation about their development.

Spotting development opportunities

This year, the PwC Professional was brought to life by rolling out an interactive video-based simulation called The PwC Professional: Spotting Development Opportunities. An immersive, 'choose-your-own-adventure' experience with game-like features and immediate feedback, the simulation – which won 'Gold' in the 2015 Learning & Performance Institute Awards for Innovation in Learning – lets partners and staff see what happens if they seize the learning opportunities that are all around them every day.

The simulation is structured around six characters – five PwC team members and a client – and takes place over 48 hours during a critical juncture for the client. Gameplay begins when a learner enters one of the five character 'worlds'.

Helping millennials 'own' their careers

Some of our top Senior Associates globally have created a 'grassroots' initiative called the 'International Associates Network' (IAN). Corey Jarecki and Kara Dickstein recognised an emerging need for a network that connected Associates around the world – 'a network for Associates by Associates.'

Today, the idea which began as a 60-person 'pen-pal' network between New York and London has grown into a global network and vibrant online community of more than 1,300 PwC Advisory participants across 11 PwC firms connecting to build their business and global acumen.

According to Kara, her transfer from London to New York wouldn't have happened without her IAN connections. More widely, IAN is helping a growing number of PwC millennials maintain a global perspective, 'own' their careers, and identify additional opportunities to provide significant value to PwC and our clients.

Diversity and inclusion

Advancing from awareness to action

By Agnès Hussherr, PwC Global Diversity and Inclusion Leader

I'm completely – and boldly – confident of one fact about PwC: to solve important problems we need diverse talent. That's why we employ people from a vast array of backgrounds and with an equally wide range of experiences. This means they each think differently from one another, and apply varying approaches to problem solving. And we're committed to helping every one of our people build a rewarding career and achieve their full potential.

I've had an inspiring journey since taking the lead on diversity for PwC globally in July 2013. And as we continue our efforts to drive enhanced awareness and translate it into concrete and comprehensive action across our network, I'm delighted to report that we're making good progress. This year we achieved our highest inclusion score to date, with our people saying they believe PwC is an inclusive work environment where individual differences are valued and respected (78%). And globally, 18% of our partners are female, up from 13% in 2006.

However, there is more we want to do. That's why we continue to work towards making PwC an even more inclusive workplace, for all of our people. We've chosen a few stories and profiled some of our people to share more insights with you into our global diversity journey.

Case study

GLEE gains momentum

In July 2015, PwC Germany's thriving LGBT (lesbian, gay, bisexual and transgender) network – set up last year under the leadership of Assurance partner Vaughan Price – held its second annual meeting in the firm's Frankfurt office.

In the evening, a post-meeting social event was joined by around 50 representatives from the LGBT networks of clients and other organisations.

Germany's LGBT network goes under the name of 'GLEE@PwC', standing for 'gays, lesbians and everyone else'. Similar networks exist in Australia, Canada, Netherlands, Switzerland, the UK, the US and Vietnam.

Vaughan – who's originally from the UK, but settled in Munich with his partner after moving there from PwC London 24 years ago – explains: *"We want the network to be genuinely inclusive, with not only gays but also straight people interested in diversity."*

Vaughan says there were two reasons why he believes the creation of the network was needed. One was that he knew we must be focused on providing a supportive environment where all partners and staff members feel like they can be their full, authentic selves at work. The other was that: *"clients absolutely expect and demand teams that are diverse – including in sexual orientation."*

Case study

Global Diversity Week: interactions with global impact

From 15 to 19 June 2015, PwC took a further significant step in its diversity journey as PwC firms all over the world celebrated our second Global Diversity Week. This wide-scale annual series of events is about creating wider awareness of diversity as a PwC priority, demonstrating the commitment of our leadership to diversity, and energising our people to embrace inclusion and difference, while committing to personal actions to help make PwC even more inclusive.

Centred on the theme 'From awareness to action', Global Diversity Week 2015 hit the ground running with a communication from PwC's Global Chairman, Dennis Nally, delivered to all 200,000 PwC people worldwide. The week also featured a webcast with Dennis and Global Diversity and Inclusion Leader Agnès Hussherr that was watched by PwC professionals from over 70 countries.

We also hosted webcasts with some of our most prominent female leaders, and provided a range of innovative tools to help our people commit to inclusive action. These tools included self-assessment tests, an open mind elearn, a 'mythbusters' quiz and a personal annual inclusion planner.

Diversity in numbers

PwC continues to strive constantly to maximise the diverse talents of our whole workforce and accelerate the pace of change. Here are some examples from the past year to illustrate the progress we are making:

- Globally, 18% of our partners are female in FY 2015, up from 13% in 2006. The China, Hong Kong, Singapore and Taiwan region is one of the leaders in gender diversity, with 32% female partners
- 157 (26%) of our internal partner admissions were female this year, an increase of 1% from last year
- 20% of our Network Executive Team is female, up from zero in 2013
- Sigal Zarmi was appointed to our Network Executive Team as Global Chief Information Officer
- 50% of our global graduate hires this year were women
- 78% of our people (up by 13 percentage points since 2011) believe PwC is an inclusive environment in which to work
- During FY 2015, 35% of participants in our global leadership development programme – Genesis Park – were women
- Female leaders consistently cite a mobility experience as one of their top-three developmental milestones. Globally, 36% of our talent deployed on long-term international assignments were women
- The chairs of all of our member firms, members of our Network Executive Team and our Global Board have all formally pledged their support to HeForShe (see case study on next page), in addition to a further 13,000+ pledges from PwC professionals across the globe
- PwC US was ranked third in the DiversityInc Top 50 Companies this year
- This year, PwC formed a Global Sexual Orientation Partner board of seven gay, lesbian and straight partners. The aim of the board is to inform and influence our inclusion strategy.

Case study

Teaming up with the UN to support HeForShe

Created by UN Women, the United Nations body for gender equality and female empowerment, HeForShe is a worldwide initiative that aims to mobilise one billion men and boys in support of gender equality. This year PwC committed to support HeForShe, with PwC's Global Chairman, Dennis Nally, announcing at the World Economic Forum in Davos that he was becoming a founding HeForShe IMPACT 10x10x10 champion. This makes PwC one of the first 10 businesses worldwide to commit to bold, game-changing actions to achieve gender equality within and beyond their institutions.

PwC's actions to support HeForShe include: developing and launching a male-focused gender curriculum with global reach; launching a Global Inclusion Index to further increase women in leadership roles, and raising the global profile of HeForShe with PwC people, clients, and communities. During Global Diversity Week, Dennis hosted a Twitter chat with the Executive Director of UN Women, Phumzile Mlambo-Ngcuka, to discuss the collaboration. PwC is now lending its full global footprint to HeForShe, encouraging employees to commit online to taking specific actions as well as reaching out to clients and communities to do the same at www.heforshe.pwc.com.

Supporting HeForShe

All PwC senior partners at a Global Leadership Meeting in Tokyo in June 2015 made the HeForShe pledge.

From left to right: Fernando Alves (PwC Brazil senior partner), Luke Sayers (PwC Australia senior partner) and Bill McFarland (PwC Canada senior partner).

Case study

Leading PwC's research into female millennials

Aoife Flood

Author of The female millennial: A new era of talent

"It was really fascinating to use my own perspective as a female millennial to shape the story," says Aoife Flood, a PwC senior manager in Dublin, Ireland. *"I knew that as a 34-year-old woman with 14 years' work experience, my experiences would be very different from a 22-year-old woman just starting out in her career. So the report goes beyond a monolithic view, and looks at the insights and ambitions of the female millennial at different stages of their careers."*

The report that Aoife is discussing is ***The female millennial: A new era of talent***, a PwC research project that she led. The study surveyed 10,105 millennials from over 70 countries, including 8,756 females.

The findings included that today's female millennials are more highly educated, career-ambitious and are entering the workforce in larger numbers than previous generations.

With regards to workplace expectations, female millennials desire and expect international experience, work-life flexibility, a strong feedback culture and a highly-inclusive working environment.

Also, when it comes to earning power and patterns, female millennials are trailblazers: 66% of those in a dual career couple earn equal to or more than their partner or spouse. These insights will inform PwC's diversity and inclusion efforts going forward – and have already been shared widely with clients and the external market.

Case study

Enabling the genders to team up for equality

PwC's commitment to HeForShe underlines our shared belief that the more men and women play an active role in each other's success, the more all our people can realise their full potential. A great example of these dynamics in action is provided by Xing Zhou and David Wu, two PwC leaders in China. David comments: *"I come from a village where women are treated as inferior: I recognise this blind spot, and want to change it. In PwC China, 70% of staff are female, and it's very important that we unlock their potential."*

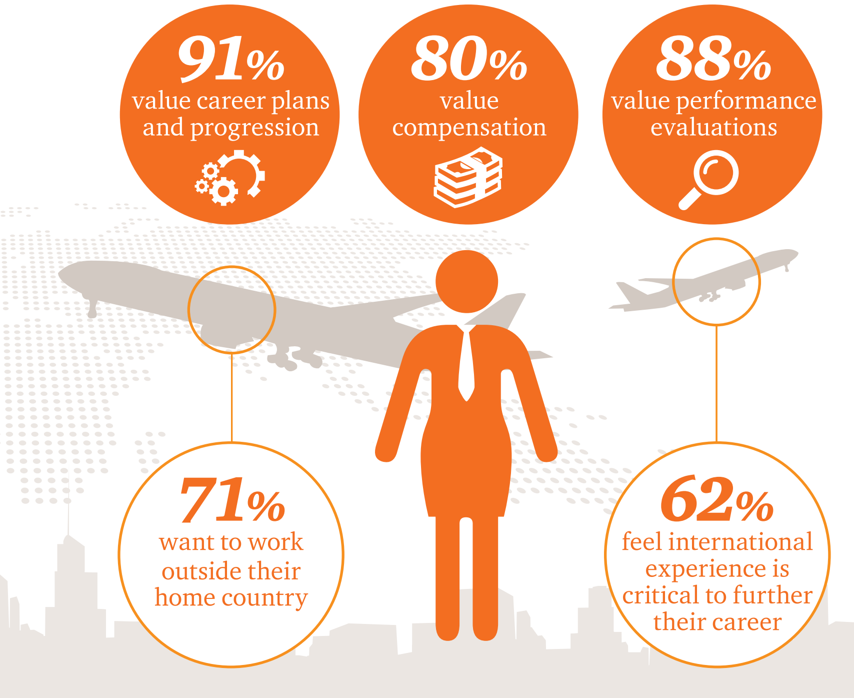
Xing points out that this means the majority of talent in PwC China are women. *"The world is getting more and more diverse,"* she says. *"And also in China and Hong Kong, we see many female entrepreneurs. What David and I have is strong trust in each other. So we can work very closely together."*

David sums up his commitment to gender equality by quoting an ancient Chinese proverb: *"Women will hold up half the sky."* That's a view of the world that HeForShe encourages.


David Wu

Xing Zhou

The female millennial welcomes and expects regular feedback on her job performance. Despite this generation being highly tech-savvy, when it comes to critical career conversations they value face-to-face conversations.



Forty-nine percent of female millennial career starters feel they can rise to the very top levels with their current employer, making them more career-confident than the generations before them.

Building trust as businesses transform

Data-driven insight is part of the solution

By Richard Sexton, PwC Vice Chairman, Global Assurance

Last year, I described how organisations were still adjusting to a sharp decline in public trust, and how we were delivering against our network purpose – 'To build trust in society and solve important problems' – by helping to rebuild trust in the financial system.

This year, while rebuilding trust remains a priority for many organisations, a new challenge is emerging.

As companies innovate to grow in new and increasingly competitive markets, they're finding that trust is being further eroded. Consumers doubt the motivation behind the introduction of new business models, products and services, and are struggling to keep up with the sheer pace of change.

In light of this shift in the trust landscape, companies can no longer rely on the trust they've built up on the basis of their historic performance in their established markets. Instead, they need to re-establish trust continually with stakeholders as they transform and enter new markets. So in this year's report, I explore how organisations can successfully innovate and grow by having a better understanding of the drivers of trust, and by providing stakeholders with deeper and more transparent insights into their business.

Innovation has an impact on trust

Not everything in the business environment has changed. As was the case 12 months ago, trust in organisations of all kinds – both private and public – remains under intense scrutiny from society, the media, politicians and regulators. Partly as a result, the picture this year is no better – and is arguably worse.

Businesses are fully aware of this challenge. In PwC's 2015 18th Annual Global CEO Survey, more than half of all respondents worldwide cited lack of trust as a barrier to their future growth prospects – up from 37% just two years ago. However, identifying the trust deficit is one thing: overcoming it is quite another.

For businesses, being innovative is implicit for growth. Today's organisations have no choice but to transform themselves.

A combination of traditional and social media makes us all acutely aware of failings in trust when companies fall short of their stakeholders' expectations. Through our interactions with companies, we often see that maintaining trust with stakeholders is a thorny challenge when change is being introduced. This is supported by the Edelman Trust Barometer 2015, which finds that over half of consumers worldwide regard business growth or greed/money as the real motivation for innovation – rather than a desire to make the world a better place or improve lives.

Businesses and society need to balance the commercial benefits with the impacts on people's well-being and the environment.

The challenge of addressing this perception is heightened by the fact that innovation comes in many different forms. In the information technology arena, many organisations are harnessing the power of data processing, cloud, artificial intelligence and mobile to disrupt existing business models. But in doing this they also introduce challenges, in particular privacy and security of information.

Another example is in the mineral extraction industries where techniques such as fracking are extending into new environments, where society is demanding more information before bestowing trust. And in the food industry, genetically modified food has yet to gain universal public acceptance.

Businesses must manage change

In all these cases, businesses and society need to balance commercial benefits with the impacts on people's well-being and the environment. Food safety and security, for example, affect us all. But this doesn't deter consumers from seeking new tastes at better prices – and expecting the food supply chain to manage the resulting risks for them.

The need to restore trust in innovation brings major implications. For businesses, being innovative is implicit for growth. Today's organisations have no choice but to transform themselves – creating new business models, using new technologies, seeking new markets, launching new products, and more. However, it's equally clear that more effort is required to build confidence – or trust – among all of a business's diverse stakeholders as it transforms.

'Big data' can build trust

The good news is that part of the solution to this trust challenge may be found within innovation itself. Innovation – especially digital innovation – brings with it a plethora of information and data. This headlong expansion has seen an explosion in business and social 'big data' – both structured and unstructured – and in data analysis, storage, mobility and cloud computing.

Like any other innovation, this change brings opportunities and risks. As well as having access to more data, all stakeholders – including management, investors and regulators – are also demanding data that's more reliable, insightful and timely. And customers want their data to be protected and only used in ways they approve.

In our view, the opportunities created by 'big data' outweigh the risks by some margin. Why? Because data can be used to understand and build trust across an organisation's ecosystem, by enabling better-informed decision making within the business itself and providing better information and insight to stakeholders.

Case study

Trust Insight: understanding the value and drivers of organisational trust

It is clear that organisations need to rebuild trust with many different stakeholders. However, are organisations really clear about the true value of building and sustaining trust? About how trust works and how it is created? And about the key attributes of a trustworthy organisation?

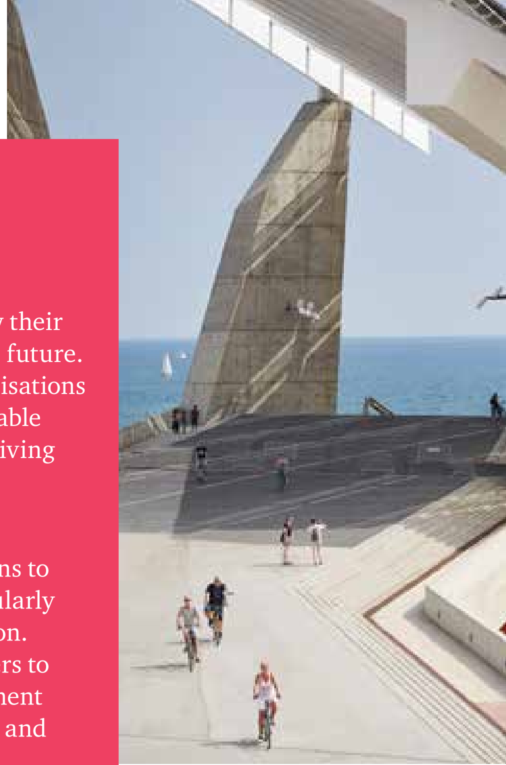
PwC is able to work with organisations in answering some of these questions. Through its ground-breaking research over the last four years, PwC has defined three types of trust in an organisation:

- Competence – does it do what it says it will do and do it well?
- Experience – does it do it consistently over time?
- Values – does it share common beliefs with its stakeholders?

For each type, PwC has identified specific drivers of trust that apply across organisations and most types of stakeholders. Analysing these trust drivers from publicly-available digital data, PwC can use this approach to measure an organisation's trust levels with its various stakeholder groups. This in turn enables them to better understand how their stakeholders are likely to behave in the future. Importantly, recognising that all organisations operate in an ecosystem, they are also able to understand who influences whom, giving them better insight into where to focus their efforts.

This understanding allows organisations to make more informed decisions, particularly during periods of change and innovation. For example, it could be used by retailers to understand and then increase engagement and loyalty with customers, employees and the supply chain.

The Trust Insight work is also being used to support the Building Public Trust Awards in Malaysia. PwC Malaysia is applying the Trust Insight methodology to create a 'public perception profile' for Malaysian PLCs, from the viewpoint of investors and customers. This profile is combined with an assessment of corporate reporting, using PwC's benchmarking tool, to create the shortlist from which a specially-convened panel will choose the winners.



With these opportunities in mind, we see three ways in which organisations could build trust and achieve their growth and transformation goals:

- Understand the complex expectations of stakeholders, the level of trust in the organisation's ecosystem, and what can be done to increase trust
- Provide greater insight to stakeholders based on their expectations, using the information and data they need to understand the business's current performance, its risks and future direction
- Be more transparent in how the organisation manages growth and innovation, and the impact it has on stakeholders.

Building trust where it matters

Clearly, these steps raise some questions. How can businesses understand the many facets of public interest and how trusted they are by different stakeholders? And once they have that understanding, what can they do to build trust where it really matters?

The answers lie within the fact that each organisation has an ecosystem, and each player within that ecosystem generates and consumes significant amounts of structured and unstructured data. As our case study above shows, we can use data and our intellectual property to understand four things: i) who the key stakeholders are in the organisation's ecosystem; ii) their levels of trust in the organisation; iii) what drives trust and business performance; and iv) what the organisation can do to manage its levels of trust.

The resulting insights are enabling businesses to target their investments in trust with greater certainty and accuracy. And understanding stakeholders' expectations provides the basis for the organisation to provide the information on its business and market that stakeholders need to make their decisions.

Giving deeper insight

All of this takes us back to the question that I posed at the start: how can businesses grow and innovate, while simultaneously maintaining and building trust with existing and new stakeholders?

As organisations wrestle with the opportunities presented through the data explosion – data analytics, broader sources of data, mobile connectivity and so on – we're now able to provide them with greater confidence in the information they use and report. By applying our own capabilities in assurance, we can use a company's data in combination with external data to gain a better understanding of the risks it faces and where we need to focus our work. Our data assurance techniques enable us to test more data, more frequently.

All of this means we can provide management, boards and stakeholders with deeper insight than ever before into their operations, risks and performance – thus enabling them to be more transparent and so increase confidence.

Case study

Helping Avios analyse huge data sets to boost transparency and growth

Avios – part of International Airlines Group (IAG), one of the world's largest airline groups – is a leading global innovator in air travel loyalty rewards. Its story began in 1988 with Airmiles, and Avios was created in 2011 as the shared global reward currency used by IAG reward programmes, signalling a new era of more exciting, more flexible rewards.

Today Avios has over 6.5 million active members in over 220 countries collecting Avios with their Travel Rewards Programme, British Airways Executive Club and Iberia Plus. To improve its transparency, growth and ability to integrate acquisitions, Avios decided to combine the frequent flyer programmes of each of its airlines. This required a restructuring of the shareholdings in the existing programmes.

Avios was seeking help with the integration of the programmes' respective finances as they went through the creation of a single entity with one currency. As part of this process, the management team wanted to understand the key value drivers of each of the schemes, and to test the assumptions they used in establishing profitability and unused points. Avios also wanted to understand the impact of the new currency on the overall business.

PwC US's actuarial loyalty specialists worked closely alongside the Avios marketing and finance teams to provide management with a clearer view of the overall profitability of the programme. This insight was used by management to make better informed business decisions about the programme terms and conditions, which were critical to their future business plans.

PwC UK partner Alistair Kett says: *"We tackled this complex and wide-ranging project in four phases, through a multi-disciplinary team drawn from across PwC and with a wide range of skills."*

John Kryczka, PwC US Managing Director, adds: *"A key success factor was PwC's capability to analyse large data sets, supported by our specialist benchmarking and loyalty industry team in the US."*

Avios's business has benefited in several ways. It now has greater transparency of value, with the revenue and costs of the frequent flyer programmes combined, and improved tracking of transactions to support commercial decisions. It also has a sustainable and unified platform on which to integrate the frequent flyer programmes of any future acquisitions.

Gavin Halliday, Managing Director at Avios, says: *"PwC ensured that integrating the finance functions of our different programmes was a seamless process, providing expert advice which has allowed us to better understand the commercial impact of our new currency and create a sustainable model we can use going forward."*

We're also building trust by providing greater insight through our auditor reporting. This means over the next few years that, consistent with applicable regulations, our audit reports in most markets will become more informative and discursive, focusing on improving insight, transparency and readability. Again, insight is key. For example, a requirement in some countries, 'key audit matters', sheds light on those matters that, through the eyes of the auditor, were of the most significance in the audit of the financial statements, why they were significant, and how the audit addressed them. We have previously discussed such matters only with management and audit committees – now it will be there for all users of the information to see. We are experimenting and working with stakeholders to shape the reports to deliver quality and value and to ensure that they are relevant and insightful.

Our data assurance techniques enable us to test more data, more frequently.

Innovation, trust and growth

The various requirements I've highlighted from different stakeholders are linked by one common thread: that the data explosion provides the basis for – and also drives demand for – greater transparency. This is an area where I believe PwC's Assurance practice is uniquely positioned and equipped to help.

As assurance professionals, we have a significant role to play in encouraging, enabling and delivering transparency. This is particularly important as organisations seek to build trust by providing deeper insight into their strategy and operations, and the impacts their businesses have on those in their ecosystem. By being transparent in how they develop, report and use innovation, companies can sustain and accelerate their journey towards their growth ambitions – and rebuild the important linkage between innovation, trust and growth.

As I've already identified, maintaining trust while innovating is critical to successful innovation. And this is no different when an organisation is experimenting with how it measures, manages and communicates performance.

Performance indicators vary in terms of the maturity of how data is measured, used internally, managed through systems, and reported using frameworks. Some information might be subject to assurance in the traditional sense, while other data may be too immature to warrant or be capable of being assured. These considerations should not prevent organisations from innovating and – more importantly – being transparent about their progress and direction.

So we're working with organisations to enable them to be more transparent with their internal and external stakeholders, and also to help them gain ever greater confidence in types of information that are at the leading edge of performance measurement.

The PwC Insight Report profiled in the case study on the following page provides users with an 'at-a-glance' understanding and detailed insight into the maturity of individual performance indicators and overall reporting across important dimensions. This insight allows the reader to understand how 'hard' or 'soft' the information is – and to decide for themselves how much trust they should put in the information.

In the past year, organisations have been facing the challenge of reconnecting innovation and growth with trust. We have been helping them to rise to it, but we have also been considering how we can innovate in our own business to support organisations to connect across the trust agenda. We are relishing the challenge and look forward to helping you build trust with society and your stakeholders as you innovate and grow.

Case study

How companies are measuring, managing and reporting performance: The PwC Insight Report for The Crown Estate

The Crown Estate is an independent commercial business in the UK, created by an Act of Parliament, which returns all its profits to the public finances. Its portfolio is one of the most diverse in the world, including London's Regent Street, prime regional retail, rural land, the entire UK seabed and around 50% of the foreshore. The organisation is value-driven, and committed to ensuring that the assets it manages are sustainably worked, developed and enjoyed to deliver the best value back to the UK over the long term.

To help it achieve this purpose, The Crown Estate has created its 2022 vision, which is to be a progressive commercial business creating significant value beyond financial return, and to make a positive impact through its 'Total Contribution' to the UK.

Total Contribution is an innovative approach that The Crown Estate has developed to manage and communicate its performance beyond the financial. To do this it has defined six resources and relationships that it draws on in its operations, the impact of which is measured by a number of indicators. Some of the indicators are established while others are at an earlier stage of development.

The PwC Insight Report provides an assessment of the maturity of a number of the indicators across six dimensions – for example the integrity of data, the certainty in measurement and the use of reporting frameworks. This approach supports The Crown Estate in using broader sets of data in the development of its Total Contribution approach, by providing insight to its management team and external stakeholders on how 'hard' or 'soft' the information is.

In publishing the PwC Insight Report, The Crown Estate is able to be transparent on the progress and direction of the development of the approach. It also builds trust with internal and external stakeholders by allowing them to make up their own minds about how much they depend on the information.

Alan McGill, the PwC Assurance partner who led the project, says the work for The Crown Estate is part of a growing trend. *"More and more companies are looking to use some of the expanding amount of data available to them, to manage and report their performance more widely and consider the impact of growth and innovation on a broader set of stakeholders,"* he says. *"Our Insight Reports help them achieve this and be more transparent about their progress and direction, through insight into what lies behind the numbers."*

For more information on PwC's Insight Report for The Crown Estate's Total Contribution, visit ***www.pwc.com/inspiringtrust or www.thecrownestate.co.uk/insight-report.***

Assurance

Helping clients realise their full potential

Enabling growth in a disrupted world

By Juan Pujadas, PwC Vice Chairman, Global Advisory

The size and diversity of our client base across the world – public and private sector, large and small – mean the organisations we advise represent a vibrant cross-section of business and government.

And in the past year, the ongoing rapid shifts in the economic, business and regulatory environment, coupled with advancements in technology, have continued to change what our clients are saying, thinking and demanding from us.

In every country and marketplace, irresistible forces are combining and colliding to generate constant disruption – creating new opportunities and risks virtually every day in every industry. Our clients are experiencing these effects and so are we.

Witness just three examples: the ongoing shift in the global economic balance towards developing countries – and companies' resulting switch to emerging markets in search of growth; the innovative business models being enabled and powered by breakthroughs in technology; and the headlong rise of the sharing economy in industries from transport through to hospitality.

I could list many more. But the overall effect is to make it imperative that companies are fully prepared for profound changes – and equipped to take swift and proactive action to seize the opportunities these changes create. This requires business leaders to have a firm grasp not only of the likely impacts of changes now on the horizon, but also of their own organisations' capacity and readiness to respond.

It's imperative that companies are prepared for profound changes – and equipped to take swift and proactive action to seize the opportunities.

Case study

Implementing a new clinical pathway in Norway for patients with acute stroke

In Norway, around 15,000 people a year suffer from a stroke. Strokes are one of the major causes of death and disability, and are a huge challenge for those affected and their relatives, as well as for medical services and society as a whole. Every minute that passes before a patient with an acute or 'ischemic' stroke receives treatment results in a poorer outcome and more damage.

An analysis showed that Haraldsplass Deaconess Hospital, located in the city of Bergen in Norway, was taking 70 minutes on average to deliver medical treatment to patients suffering from ischemic strokes – far exceeding the target of 30 minutes set by the Western Norway Regional Health Authority. So, to provide the best possible clinical pathway for these patients, the hospital set up a project to identify actions to reduce the 'door-to-needle'-time. It asked PwC Norway to manage the project, supported by an interdisciplinary team assembled from units involved in diagnosis and treatment.

The PwC team began by mapping out the existing pathway, enabling it to identify bottlenecks and possible mitigating actions. Using this analysis, the team then developed and proposed a new clinical pathway to enable faster diagnosis, more efficient patient treatment and better outcomes. This pathway was approved by the client, who gave the go-ahead for it to be implemented. With the new pathway now in place, the average medical delivery time is down dramatically to an average of 16 minutes. The hospital also has an increased focus on pathway performance, with regular simulations, training and usage of key performance indicators to support continuous improvement.

The client is delighted with the results. Christer Lie, Chief Attending Physician, Division of Internal Medicine at Haraldsplass Deaconess Hospital, comments: *"The new clinical pathway is leading to a significant reduction in the risk of damage by the disease."*

Åse Nordstrønen, Head of Department, Division of Internal Medicine at Haraldsplass Deaconess Hospital, adds: *"Now we have a pathway for patients with acute stroke which we are proud of, and which gives rapid diagnosis and treatment time well within the target set by the Western Region Health Trust."*

Morten J Areklett, a partner in PwC Norway's Bergen office, says: *"This project is a great example of what you can achieve when joining a good team from the client with a good team from PwC."*

Supporting clients at every stage

In such an environment, our clients need help in defining and implementing winning strategies for disruptive markets. If they succeed, they'll in turn disrupt those markets themselves. And as we advise our clients on creating and executing their disruptive strategies, they're telling us that our combination with Strategy& is now enabling us to deliver even more fully on our strategy through execution value proposition.

What does this mean for clients? Well, for example, they're increasingly asking us to provide teams with a wider range of skills and disciplines, capable of providing advice and support at every stage of a project or deal. And we're also stepping up our investments in permissible joint business relationships with clients – an approach that helps us to look beyond the traditional options, and take a more holistic view of their important problems and how we can help to solve them.

In turn, having a wider perspective on our clients' challenges increases our opportunities to help them realise the benefits of advancing technology. We're increasingly meeting our clients' needs – and exceeding their expectations – by deploying the latest technologies in areas like data analytics and forensics, boosting still further the value we can create for them.

The right proposition at the right time

As our solutions for clients continue to evolve and advance, the underlying reason why our clients find strategy through execution so compelling is that, in today's markets, they need consistency all the way from creating strategy to following it through in their operations, structures and business models. The same applies in deals, where they want us to get involved earlier and stay around to advise on their growth agendas. The result is precisely the type of end-to-end consistency that strategy through execution was created to provide.

As the global balance of economic power continues to shift, no business – large or small – can afford to ignore the opportunities in emerging markets.

The close fit between our proposition and our clients' needs is underlined by our 18th Annual Global CEO Survey. It found that more than half of senior executives worldwide don't think they have a winning strategy and only 30% believe that they have the ability to execute strategic change. All of this adds up to clients wanting coherent, integrated support and advice all the way from formulating their strategy to turning it into reality.

Companies must embrace diversity

What's more, our clients don't just need new propositions: they also want those propositions to be delivered in different places. As the global balance of economic power continues to shift, no business – large or small – can afford to ignore the opportunities in emerging markets.

Our client engagements in the past year have fully reflected this imperative. In addition to the case studies you can read on these pages, among others, we have also helped a Japanese material handling equipment company find a partner in Brazil, developed the business plan for a new e-payment offering in the UAE, and assessed the market opportunity in post-Gaddafi Libya for an international bank headquartered in Europe.

To capitalise on such opportunities in new markets – especially through deals – companies need to embrace diversity. Our work on client deals shows consistently that a rich mix of culture and gender on a deal team can make all the difference to its success. And we need to mirror that diversity – not just because it's the right thing to do, but because it delivers better results for clients.

Case study

Building a foundation for innovation in Latin America with Grupo GIA

Grupo GIA – widely known as GIA – is a leading Mexican business providing vital services to the construction, property development and infrastructure industries in Latin America. Founded in 1996 by a group of professionals with backgrounds in engineering, architecture and property, GIA's principal focus for a number of years was on private sector development. More recently, it has also been an active participant in public-private-partnerships (PPPs), key vehicles for driving forward the development of Mexico's national infrastructure through large-scale projects in highways, ports, airports, environment, urban mass transportation, water and tourism.

As a group, GIA has undertaken more than 600 projects. Five of these are PPPs with two completed (a hospital and a prison) and three still underway (two hospitals and a major road scheme). GIA has received the Socially Responsible Company award from the Mexican Center for Philanthropy for five years in a row.

PwC Mexico's relationship with GIA Infrastructure, one of the Group's fastest growing businesses, goes back four years. It's a relationship built on mutual cooperation. By establishing and exploiting synergies between PwC's advisory practice and GIA's business, the two organisations have successfully pooled their know-how in areas ranging from consulting and financial advice to healthcare, design and construction to create a powerful strategic partnership.

As GIA Infrastructure Director Jorge Fernando Moguel says, this has enabled them to offer a unique and differentiated product strategy within the social infrastructure sector: *"We'd already jointly developed a 'project office' approach, which had been successfully applied during the planning and implementation stages of various projects. Building on that experience, we fine-tuned the 'project office' structure for use in the tendering stage of macro-projects. The intention was to generate a pool of continuously updated know-how that could be rapidly consolidated into competitive, highly-targeted proposals, factoring in detailed risk assessments and accurate scenario planning."*

Through a programme of workshops, PwC Mexico and GIA identified the comprehensive range of disciplines that would be needed to develop a winning proposal (spanning design, construction, equipment, pre-operation and operation phases), drawing on the resources and skills of each organisation. This has delivered a number of wins, including a recent project in the healthcare sector where the two firms combined their expertise in medical/functional areas with architectural, construction, administrative, technological and financial capabilities.

Looking ahead, PwC Mexico partners José Alarcón and Francisco Ibañez expect this model to be replicated to powerful effect in other projects across Mexico and more widely in Latin America: *"It's a relationship that generates real mutual benefit that enhances the strengths of both our businesses and creates a far broader range of opportunities than either of us would encounter on our own."* GIA's Luis Marquez Piñuela agrees: *"We look forward to working together on new projects. As strategic partners, we're setting new limits for what we can achieve and our capacity to generate and innovate as a team is unstoppable."*

Case study

Helping Allianz France by delivering a major IT and organisational change programme

The Allianz Group is one of the world's leading integrated financial services providers, with around 142,000 employees serving 85 million customers in more than 70 countries. Allianz's French operation provides a comprehensive range of insurance and financial services tailored to the needs of individuals, professionals, businesses, and communities both within France and across the world.

Three years ago, Allianz France identified the need for a major transformation of its investment management systems and processes to deliver the three main business benefits of:

- Improving compliance, by covering part of Solvency II requirements and reaching the Allianz Group standards for financial reporting
- Optimising processes across the business, enabling the company to operate more efficiently and redefine its relationships with third parties, and
- Rationalising its IT architecture, by implementing a new SAP business solution, while also streamlining its overall information technology landscape to generate significant savings in IT running and maintenance costs.

Having carried out the initial planning and scoping for the transformation, Allianz France knew that it would need a trusted, world-class partner to advise it on this strategic initiative and help it deliver this business-critical IT and organisational change programme. Having reviewed the marketplace, it chose the PwC France Advisory practice to play that role.

The PwC team supported a six-month feasibility study to prepare the way for a two-year implementation effort. To carry out the project – which impacted some 90 systems and interfaces, and about 100 end-users – Allianz France mobilised around 60 client staff at group and local level and 30 PwC consultants throughout design and implementation.

The new set-up went live, delivering prompt and tangible benefits to the business. *"We helped Allianz France reshape its investment middle-office and accounting functions resulting in increased operational efficiency, closer alignment with group standards and reduced complexity in processes and the IT landscape,"* says Ericson Opou, director in PwC's Paris office, who coordinated the efforts of PwC teams in this project.

According to Ronald Sloukgi, PwC France lead relationship partner for Allianz France: *"This project was a great opportunity to build a strong relationship with Allianz at local and group levels, based on common trust resulting from two years of intense and efficient collaboration."*

"I particularly appreciated how our people worked with the PwC team to achieve best practices in our investment management and closing processes," concludes Fanny Pallincourt, head of Accounting & Corporate Finance departments at Allianz France.

Case study

Advising one of China's biggest conglomerates on a Myanmar bid

CITIC Group Corporation is one of the biggest conglomerates in China, with leading businesses in a range of sectors. Over the past 35 years, CITIC has been a pioneer in China's process of economic reform. Its businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure, both in China and overseas.

In September 2014, the government of Myanmar launched a bidding process to develop three projects in Kyauk Phyu Special Economic Zone (KP SEZ), one of three such zones created in the country. Located in Rakhine State on the west coast of Myanmar, KP SEZ occupies a strategic central position between China, India and the Association of Southeast Asian Nations. The three projects were a deep-sea port, industrial park, and integrated residential area. CITIC chose a PwC Advisory team led by PwC Singapore to advise it on the bids. The team included specialists from PwC firms in Australia, China and Myanmar.

PwC's role was to provide financial and commercial services in support of bid preparation. An integrated PwC team undertook key tasks including advising CITIC on the strategy and business plan, conducting a macroeconomic study of KP SEZ's opportunities and positioning, building financial models to assess all three potential projects, and providing financial analysis to support decisions on the bids.

A key service provided by the PwC team was also the management of the master plans, including detailed reviews from an urbanisation efficiency perspective, as well as driving the creation of a viable business case for the integrated SEZ development.

"Our team also provided tax and accounting advice on the bid structuring, and supported the client in the bid submission and presentation," said PwC Singapore partner Mark Rathbone. In November 2014, CITIC submitted bids for the deep-sea port and industrial park projects.

CITIC executives said PwC's advice and support were vital to the successful delivery of the bids. *"Through proactive and creative thinking, the PwC team made a considerable contribution – not only to the bidding proposals, but also to other work such as making the demonstration video and creating the bid presentation,"* said Mr Yuan Shaobin, Vice Chairman of CITIC Construction.

Working with clients to maximise Deals success

With intense time pressure, ever-increasing complexity and growing competition for the best deals, the stakes are high when it comes to M&A, divestitures, restructuring and other transactions. Recognising this, working with our clients to help them through the deal process and maximise the value from their transactions is a global priority for PwC.

Global reach, local knowledge and trusted relationships are invaluable when looking overseas for growth opportunities. Challenges include identifying acquisition targets in developing markets, assessing local joint venture or alliance partners, selling non-core assets and integrating a newly acquired business.

From deal strategy through value capture, it's essential to shape the right deal, whether it's a game-changing transformation or something more modest. *"With dedicated presence in all major markets, we are working alongside our clients to achieve their strategic vision across the entire deal spectrum – developing the right strategy before the deal, identifying issues, points of negotiation and value, and implementing change to deliver synergies and improvements after the deal,"* says John Dwyer, PwC Global Deals Leader.

Helping clients grow

I've set out my view of today's disruptive environment. But what of the future? Given that further unpredictable change looks inevitable, what do businesses need to do to make themselves future-proof?

To put it another way… as clients focus on their business today, what differentiators can they use to ensure they keep outpacing the competition tomorrow? In our view, the answer lies in playing to their own strengths, by formulating and executing a strategy driven by their capabilities.

At root, value is created through what a company does – its capabilities – rather than what it has or sells. A capability is a combination of several factors – processes; tools and systems; knowledge, skills and behaviours; and organisation – that enables a company to deliver specific outcomes.

Companies have hundreds of capabilities. But just a handful of these – typically three to six – both support how the company creates value and delivers a unique advantage. These are the business's 'differentiated capabilities.' And when it brings these together to form a system where they all reinforce one another, the effect is electrifying.

Why? First, this type of capability system is more valuable because its whole is bigger than the sum of its parts. Second, a competitor will find the unique system almost impossible to replicate, either in terms of the capabilities themselves or the links between them.

As change accelerates and the world becomes ever more interconnected, it's increasingly important that our clients consider potential pitfalls before they happen.

Building blocks for success

By identifying and combining their differentiated capabilities, companies can create the building blocks that connect and reinforce both strategy and execution. And, as I've already indicated, our strategy through execution proposition ensures consistency at every stage of the journey, through advice that's always aligned and integrated.

Another growing focus for our clients is risk management solutions. As change accelerates and the world becomes ever more interconnected, it's increasingly important that our clients consider potential pitfalls before they happen – because their effects are often unforeseen. Examples include the impacts of the Ebola crisis, or of economic issues in crisis-hit countries where suppliers or distributers may be located. To manage and mitigate risks like these, companies must stay alert – and have ready-made contingency plans in place.

The message is clear: in risk management – as in so many other areas – it's increasingly difficult to separate a business's strategy from how it puts that strategy into effect. With Strategy& on board, and our strategy through execution proposition gaining momentum and winning clients, our Advisory business's ability to deliver value for clients has never been greater.

Case study

Fuelling Deutsche Bahn's journey to a single global organisation

Founded in 1994 and wholly owned by the German government, Deutsche Bahn AG is one of the world's leading passenger and logistics companies. Operating in 130 countries and employing more than 300,000 people, DB AG provides mobility and logistics services for customers worldwide, as well as controlling and operating the related rail, land, ocean and air freight transport networks. Headquartered in Berlin, the company carries 2.25 billion train passengers, 2.09 billion bus passengers and 330 million tons of freight a year.

Historically, DB AG's growth path has been via acquisitions in different markets worldwide. This legacy resulted in a decentralised structure, with different parts of the group operating as almost autonomous businesses. About three years ago, DB AG's board identified a need to integrate its business units and functions globally to reduce costs, boost efficiency and increase quality. It chose accounting as the first function to move to a global model – and selected PwC Germany to help it implement the change.

When the Global Accounting Organisation project was launched in April 2014, it followed one year of detailed design and refinement. *"The project originated from some questions about how to optimise DB AG's accounting in Germany,"* recalls Rainer Kroker, PwC's Global Relationship Partner for DB AG. *"Then during the discussions the scope enlarged to Europe – and finally it made sense to create a global organisation."*

The project kicked off with a team of 30 PwC Germany consultants specialising in the four key areas of organisational development, process development, IT development and change management. Global ramp-up has now seen the PwC team expand to 70, a third of them from PwC network firms outside Germany, with project completion scheduled for mid-2017. *"This is one of the biggest advisory projects PwC Germany has undertaken,"* explains Uwe Bloching, the PwC Advisory lead on the project. *"And it's DB AG's first global integration effort – meaning we're creating the model for the rest of the organisation, and implementing from scratch all the elements to support a global business: governance, shared service centres, IT and so on."*

As the accounting integration continues to roll out around the world, DB AG is already seeing major benefits. DB AG's Group CFO, Richard Lutz, comments: *"The integration programme has definitely come at a very good time for our business. The benefits are starting to flow in terms of lower costs, higher efficiency and quality, and better coordination between our business units. And the platform PwC has laid down will enable us to realise even greater benefits in the future."*

From left to right:
Dr. Rüdiger Grube, CEO Deutsche Bahn; Michael Müller, Governing Mayor of Berlin, Senate Chancellery; Senator Cornelia Yzer, Senate Department for Economics, Technology and Research; Dr. Richard Lutz, CFO Deutsche Bahn AG; and Horst Hitziger, Head of SSC Berlin, Deutsche Bahn AG.

Harnessing technology to transform tax systems

Does technology lead to greater efficiency, compliance and trust?

By Rick Stamm, PwC Vice Chairman, Global Tax

Tax has never been higher up the agenda of governments, businesses, citizens and other stakeholders ranging from non-governmental organisations to the media.

This unprecedented scrutiny, along with sweeping changes in tax policy and the increasing use of technology, is transforming the tax environment. In my view, these factors will shape the tax systems and functions of the future.

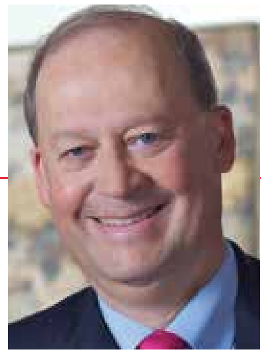
Tax has always played a vital role in society, generating the funds for investment by governments in public services and infrastructure. However, in recent years we've seen the profile and significance of tax rise dramatically across society as a whole, driven by several interrelated trends.

For governments, the recent global economic downturn has seen public finances come under heavy pressure in many parts of the world. This fiscal squeeze has led tax authorities to focus on increasing tax compliance. Meanwhile, companies continue to manage their tax costs to be as efficient as possible while grappling with tax laws not designed for today's business activities.

Reputational risk analysis

Wider factors have also come into play. The debate over whether companies pay their 'fair share' has seen multinational corporations criticised publicly for implementing tax structures allowable under current tax law.

Given this trend, businesses must be ready to engage and respond to questions around tax in a clear and understandable way, and to a much wider base of stakeholders than before. In fact, I believe reputational risk analysis should now be carried out by companies as part of any tax planning.



Broad-based tax policy changes

The increased scrutiny of multinationals' international tax policies has led the Organisation for Economic Cooperation and Development (OECD) to tackle the issue of tax base erosion and profit shifting (BEPS). The OECD's Action Plan on BEPS began in 2013 with the aim of addressing perceived flaws in international tax rules, and is scheduled for completion by the end of 2015. There are some critical aspects of the BEPS project that I believe organisations must consider in their business and tax planning.

Tax

Case study

Helping Despegar.com sustain its leading position in the Latin American travel market

For more than a decade, Despegar.com has been one of Latin America's leading international travel agencies. Operating in more than 20 countries, the company has built its success on a sophisticated IT platform, enabling it to act as an intermediary selling flight tickets, hotels stays, cruises, car rentals and tourism packages from and to any part of the world.

While growing its business by providing an ever more comprehensive solution for travellers, Despegar.com has faced several challenges. These have included the need to forge strong relationships with hotel chains and international airlines to offer products for all segments.

A further challenge for Despegar.com has been managing tax compliance across the various tax regimes in the region as well as exchange control regulations. In order to continue its growth and operate efficiently, Despegar.com needed to attribute income to different subsidiaries while growing the intellectual property and IT at the core of the business.

Two years ago, Despegar.com was seeking a trusted adviser to help it manage its tax affairs – and it turned to PwC Argentina. Since then, a combined team drawn from PwC firms in Latin America, plus PwC Spain and PwC US, has been working closely with the client.

"From a transfer pricing perspective, our role has included designing a business model to allocate operating income in a sustainable way to the various jurisdictions where Despegar.com operates," says PwC Argentina partner José María Segura. The PwC network team has also reviewed the overall indirect taxation paid by the company across the region, as well conducting specific in-depth reviews of its potential tax exposures in certain countries.

The PwC network team has been able to consolidate its position as a global trusted adviser to Despegar.com, and contributed to helping the company sustain its leadership position in the Latin American travel market.

One of these aspects is BEPS' robust transparency agenda, which will bring about unprecedented changes to tax compliance requirements – in turn triggering behavioural changes among both taxpayers and tax authorities. Another is BEPS' focus on economic substance and the number of employees within each jurisdiction. This raises several uncertainties and risks: if the standards for economic and people substance vary between states, then multinationals could again find themselves without clarity.

The digital transformation underway in business is further compounding the complexity and risk, as governments struggle to adapt their tax laws to this changing landscape. While the OECD is working to identify appropriate tax rules for digital business, this is the most difficult issue within BEPS – and seems unlikely to be fully resolved through the BEPS process.

Growing role of digital

Overall, BEPS brings far-reaching implications for taxing authorities, multinationals and professional tax advisers – and will also increase compliance requirements and complexity. In parallel, the global tax environment is feeling the impact of another disruptive force: the growing role of digital technologies across the entire tax landscape.

This shift towards digital is manifesting itself in tax regimes globally. Perhaps the most obvious impact is that technology is allowing taxing authorities not just to collect routine tax data through e-filing, but also to use it to gain a deeper understanding of taxpayers' behaviour and potentially to shape a fairer and more responsive tax regime.

Technology is also beginning to change the types of taxes being levied. In the past few years several new taxes have been introduced that rely entirely on technology for both compliance and enforcement, and which would simply not have been feasible without digital capabilities.

An example is the US Foreign Account Tax Compliance Act which targets tax non-compliance by US taxpayers who hold foreign financial accounts. Fifteen years ago a tax measure like it could simply not have been attempted.

In the EU, technology lay behind the changes introduced at the start of 2015 to the EU's enforcement of value added tax (VAT) on the sale of digital products and services such as e-books, online courses or downloads.

Previously, companies selling digital offerings from a non-EU jurisdiction did not need to levy VAT. Internet technology enabled the EU tax authorities to level the playing field, by using each consumer's IP address to identify their country – enabling the location at which VAT arises to be switched from seller to buyer.

Case study

Helping the Dutch government channel funding to low-income countries while meeting strict tax criteria

Entrepreneurs and small and medium-sized businesses (SMEs) doing business in developing countries are often hampered by a reluctance on the part of banks to provide them with the finance they need. According to the Dutch government, this can result in missed opportunities for sustainable economic development growth in the countries concerned – affecting all sections of the population – and also for the Dutch economy.

To help address this issue, the Dutch Good Growth Fund (DGGF) was launched in 2014, to offer SMEs in low- and middle-income countries a source of finance for relevant local investments. With a scope covering 68 countries, the DGGF favours female and young entrepreneurs, and entrepreneurs in fragile states, and funds activities that create new local jobs, increase local production capacity or contribute to the transfer of knowledge to developing countries. The hope is that by investing in intermediary funds ('IFs') and SMEs in Asia, Africa, Latin America and Eastern Europe, DGGF will help to boost economic growth and prosperity in the target countries.

Before the launch of DGGF, the Dutch Ministry of Foreign Affairs needed to appoint a firm to manage the €175 million revolving fund-of-funds for SMEs in low-income countries. A necessity was that the manager would be able to work within strict criteria for DGGF investments, including tax compliance and anti-tax-avoidance criteria for both IFs and SMEs. These provisions represent a breakthrough for good tax governance, as they include corporate responsibility (CR) tax criteria for investments.

Having assessed our cross line of service proposal, the Ministry awarded PwC Netherlands a ten-year contract to manage DGGF. The fund management engagement is led by Advisory partner Anton Koonstra: *"The engagement combines the best efforts of our Advisory, Assurance (sustainability), and Tax practice."*

Eelco van der Enden and Clark Noordhuis, as PwC Netherlands Tax partners, lead the tax team of the DGGF. The PwC tax team began by working in close cooperation with the Ministry to design a tax review process for every IF in which the DGGF invests. The assessment resulted in PwC providing recommendations and assistance on developing an IF tax function able to manage tax effectively, help prevent tax avoidance and ensure tax compliance. The PwC tax team also monitors and reports on adherence to the tax criteria – and in cases where remedial action is needed, IFs and SMEs can ask the PwC tax team for assistance.

Eelco van der Enden comments: *"In this long-term assignment, PwC's Tax Reporting & Strategy and Financial Services teams are closely working together to bring to bear a valuable mix of tax capabilities. This includes a combination of tax management, tax compliance, tax technical and financial services expertise."*

"Ensuring fair taxation and combating tax avoidance and evasion is a priority in our development cooperation policy. It is important that large firms like PwC embrace this objective. In this context, we welcome the constructive dialogue with PwC, which is a solid contracting partner for our Dutch Good Growth Fund," states Jeroen Roodenburg, Director Sustainable Economic Development at the Ministry of Foreign Affairs of the Netherlands.

Getting compliance right

These changes bring clear implications on the taxpayer side, where businesses must ensure their own tax processes and systems keep pace, particularly as BEPS moves to implementation. A priority for many companies is creating more sophisticated tax compliance capabilities to mitigate the risk of financial penalties or reputational damage from non-compliance.

Given the imperative to get compliance right, larger corporations' overall spending on tax management is estimated to break down as 80% on compliance and 20% on planning. As tax regimes become increasingly enabled by – and dependent on – technology, the need to keep updating compliance systems means these proportions are unlikely to change.

And with BEPS set to usher in increased transparency and compliance, I believe the tax function of the future will be shaped by the need for a solid technology strategy to help companies comply with the rules and uncover future opportunities.

Technology's role in building trust

As tax authorities and policymakers continue to adapt to a world of digital innovation and fiscal challenges, we're also seeing several moves worldwide – including BEPS – that aim to rebuild public trust in the tax system while enabling global trade and business to thrive.

In my view, tax authorities' drive to realise the benefits of technology can help to achieve these same trust-building goals, by making the levying and enforcement of tax faster, more transparent and more accountable. The power and insight enabled by digital can also support greater transparency, compliance and trust across the tax environment.

Transforming tax systems

So, as taxpaying organisations look to invest in their tax functions to meet new challenges and seize the opportunities afforded by technology, what actions do they need to take? I recommend five steps.

- First, secure **board involvement in setting risk tolerances** in tax affairs. The BEPS recommendations will require a higher degree of discussion and analysis around tax than ever before
- Second, **understand the tax risks in the organisation arising from its business operations**. The tax function must provide assurances to authorities and other stakeholders regarding the adequacy of the controls and process framework for managing tax risks. A thorough understanding is needed of where those key risks lie within the business. This includes strong tax governance and an agreed tax strategy aligned with business objectives, which reflects the expectations of customers, clients, staff and other stakeholders

As tax systems are transformed for today's business environment, tax functions and tax authorities must follow suit.

- Third, **devise a technology plan**. This should be a three-to-five-year blueprint addressing areas including compliance, document and process management, analytics and data integration. Companies can reap particular benefits from leveraging Enterprise Resource Planning (ERP) and other financial and business applications using a tax-centric information approach. Many tax functions still use manual processes and spreadsheets that slow the pace of work and limit access to data. Using technology to centralise and share data and documents allows tax teams to improve efficiency and quality while reducing risk
- Fourth, **create automated, transparent processes** and extend collaboration beyond tax. A tech-savvy approach facilitates sharing of tax documents, and frees up tax professionals for strategic tax analysis, planning and risk management – generating business-wide benefits
- Finally, **dive deeper into the data**. Data is the new currency of business, and converting tax data into strategic information opens up new dimensions for forecasting, modelling and decision-making. For example, companies can model the effect of changes to tax laws or run scenarios for transfer pricing that integrate finance, supply chain and tax.

Overall, the message is clear. Tax and technology are increasingly linked – a trend that's creating growing opportunities both for tax authorities and taxpayers. As tax systems are transformed for today's business environment, tax functions and tax authorities must follow suit.

To find out more about what the future holds for taxing authorities and taxpayers, go to:

www.pwc.com/taxfunctionofthefuture

Case study

Working with Wrights Group to create value across six countries

With its headquarters in Northern Ireland, Wrights Group Ltd is a leading European designer, developer and manufacturer of advanced public transport vehicles. Over nearly 70 years, the company has gained an international reputation for innovating and building vehicles that excel in style, quality and reliability.

PwC UK has been working with the business since 2009, initially assisting the group to secure research and development (R&D) tax credits in relation to its investment in developing new bus technologies. Since then, Wrights Group has successfully expanded into international markets, with group annual sales increasing from £130m in 2009 to around £250m today.

As Wrights Group has grown, so too has the range of services provided, from both PwC UK's Belfast office and the global PwC network. In addition to ongoing R&D tax credits work, our tax team has advised the group on UK Patent Box requirements, implementing global operating models and international structuring to support the group's expansion into Hong Kong, Singapore, China, India and Malaysia.

International growth and development have also broadened the range of services and support that PwC provides to the group. Complementing its corporate tax advice, PwC has assisted and advised Wrights Group in relation to expenses policies, international assignees and overseas employer compliance obligations and VAT and Customs duties.

A collaborative professional relationship characterises how PwC and Wrights Group work together. PwC has provided support to the group's finance function in Ballymena, Northern Ireland and recently was appointed auditor of group overseas subsidiaries in Singapore and Hong Kong.

What began as a tax relationship between PwC and Wrights Group has become a partnership that spans lines of service and international borders, focusing our strengths and insights on helping the company and its management team exploit innovation and broaden markets, delivering profits and sustainable employment.

Combining the strength and insights of our tax and other lines of service with our global network has helped build wider and deeper collaboration between PwC and Wrights Group and collectively, these factors have all been essential to the success of our relationship with the company and its management team.

Says Janette Jones, PwC's tax business unit leader in Northern Ireland: *"That strength is evidenced by the fact that in FY15, over 70 PwC professionals in six countries were working to support the Wrights Group account."*

Mark Johnston, Wrights Group Chief Financial Officer said: *"Our relationship with PwC has grown in value and trust, and has helped contribute to increased innovation, market growth and revenues."*

Committed to transparency

Who we are, what we do and how we do it

By Javier Rubinstein, PwC Vice Chairman, Global General Counsel

We acknowledge the impact our business has on our stakeholders, the capital markets and the communities in which we live and work. It is also important to us and all our stakeholders that we build confidence in the PwC network by emphasising the principle of transparency.

We believe we are unique amongst the world's leading professional services organisations because of the talent of our people, the breadth of the PwC network and the strict standards with which PwC firms must comply.

These standards include service quality, governance arrangements, independence, risk management, people and culture, brand and communications. PwC firms agree to adhere to the standards and compliance is monitored.

Legal structure, ownership and network arrangements

Network arrangements 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 countries around the world.

PwC firms are members of PricewaterhouseCoopers International Limited and have the right to use the PricewaterhouseCoopers name.

As members of the PwC network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to 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 being knowledgeable about local laws, regulations, standards and practices.

PricewaterhouseCoopers International Limited

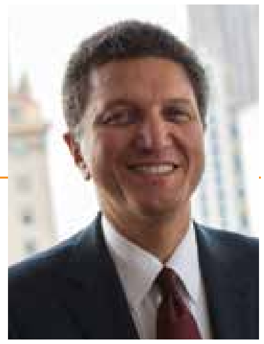
PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practise accountancy or provide services to clients. PwCIL works to develop and implement policies and initiatives to create a common and coordinated approach for PwC firms in key areas such as strategy, brand, and risk and quality.

PwC firms use the PwC name and draw on the resources and methodologies of the PwC network. In return, member firms are required to comply with common policies and the standards of the PwC network.

Standards and internal quality control systems

Every PwC member firm is responsible for its own risk and quality performance and, where necessary, for driving improvements. Each PwC member firm is also exclusively responsible for the delivery of services to its clients.

To support transparency and consistency, each PwC member firm's Territory Senior Partner signs an annual confirmation of compliance with certain standards. These cover a range of areas, including independence, ethics and business conduct, Assurance, Advisory and Tax risk management, governance, anti-corruption, anti-money laundering, antitrust, IT security, data protection and privacy.



These confirmations are independently reviewed. Member firms are required to develop an action plan to address specific matters where they are not in compliance. The action plans are reviewed and their execution monitored.

There are some common principles and processes to guide PwC member firms in applying the network standards. Major elements include:

The way we do business
PwC member firms undertake their business activities within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a PwC Code of Ethics and Business Conduct applicable to all of their partners and staff.

Sustainable culture
To promote continuing business success, PwC member firms nurture a culture that supports and encourages PwC people to behave appropriately and ethically, especially when they have to make tough decisions.

PwC people have ready access to a wide array of support networks within their respective firms –both formal and informal – and technical specialists to help them reach appropriate solutions.

PwC people have ready access to a wide array of support networks within their respective firms.

Policies and processes
Each PwC member firm has its own policies, based on the common standards and policies of the PwC network. PwC member firms also have access to common methodologies, technologies and supporting materials for many services.

These methodologies, technologies and content are designed to help a member firm's partners and staff perform their work more consistently, and support their compliance with the way PwC does business.

Quality reviews
Each PwC member firm is responsible for monitoring the effectiveness of its own quality control systems. This includes performing a self-assessment of its systems and procedures and carrying out, or arranging to have carried out on its behalf, an independent review.

In addition, the network monitors PwC member firms' compliance with network quality expectations and risk and quality standards and policies. This includes monitoring not only whether each PwC firm conducts an objective quality control review programme, but also considers a member firm's processes to identify and respond to significant risks.

In accordance with applicable regulatory requirements, each member firm may also be reviewed periodically, in some cases annually, by national and international regulators and/or professional bodies.

For Assurance work, the quality review programme is based on relevant professional standards relating to quality controls including International Standard on Quality Control 1: 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements' ('ISQC1') and where applicable, the Public Company Accounting Oversight Board (PCAOB) Quality Control Standards.

The overriding objective of the assurance quality review programme is to assess for each relevant PwC member firm that:

- quality management systems are appropriately designed, are operating effectively and comply with applicable network standards and policies
- engagements selected for review were performed in compliance with applicable professional standards and PwC Audit requirements, and
- significant risks are identified and managed appropriately.

A member firm's assurance quality review programme is monitored, as is the status and effectiveness of any quality improvement plans a PwC firm puts in place.

Managing independence

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

PwC has implemented policies and processes based on the ISQC1, issued by the International Accounting and Auditing Standards Board, the Code of Ethics for professional accountants issued by the International Ethics Standards Board for Accountants (IESBA), and, where applicable, the rules and standards issued by the US Securities and Exchange Commission (SEC) and the PCAOB. These policies and processes are designed to help PwC comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Where local standards go beyond the international requirements, compliance with those standards is also required.

Each PwC firm has a designated partner with appropriate seniority and standing, typically supported by other specialists, who is responsible for managing the independence process and providing support to the business. Compliance processes rely on a combination of business activities and monitoring systems.

PwC firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour.

Independence requirements

PwC maintains a system identifying entities which are subject to independence requirements for PwC firms and their partners and practice staff. This drives many of our controls and processes and assists in determining the independence status of entities before a PwC firm enters into a new non-audit engagement or business relationship.

Firm and personal relationships

Independence policies apply to the interests and relationships of each PwC firm and to partners, as well as to practice staff involved in providing services to an assurance client or its related entities. The independence requirements are set out in the PwC Independence policy. Key controls include:

- Monitoring of investments
- Annual independence compliance confirmation – every partner and practice staff member is required to complete an annual confirmation of their compliance with all aspects of the independence policy, including personal independence
- Personal Independence Compliance testing – all PwC firms undertake Personal Independence Compliance Testing as a means of monitoring compliance with personal independence policies
- Approval of joint business relationships – before a PwC firm enters into a new joint business relationship, it must evaluate for compliance with the PwC Independence policy and applicable external independence requirements. All PwC firms are required to implement a policy regarding the periodic review of such joint business or financial relationships to ensure their ongoing permissibility.

Controls over non-audit services

All PwC firms are required to use a network system to obtain authorisation from the group audit engagement partner regarding the provision of non-audit services to entities that are subject to independence restrictions, as included on the PwC Independence List, or to a related entity thereof.

To assist this process and promote understanding of the independence requirements that apply, PwC has developed a comprehensive set of policy and guidance documents which provide implementation guidance on the application of the policy to the provision of non-audit services to audit clients. These statements are based on the provisions in the 'IESBA Code of Ethics', which forms the basis for the PwC Independence Policy, but also address the requirements of the US SEC and PCAOB.

Consultation and training

Consultation by engagement teams on independence issues is embedded in the PwC culture. Teams are encouraged to consult with independence experts when a matter is complex, where the facts and circumstances of a situation suggest more than a single conclusion may exist, or in the case of doubt.

Our processes are supported by training of partners and staff. All PwC firms are required to develop and implement a training plan to provide partners and practice staff with annual or ongoing training relating to independence appropriate to their position and role.

Quality management systems

Each PwC firm is responsible for monitoring the effectiveness of its quality control systems. This includes performing independent reviews both at the management level of the member firm's systems and procedures, and sample reviews at the individual engagement level, including in respect of non-audit services.

Each PwC firm is responsible for monitoring the effectiveness of its quality control systems.

These reviews include a focus on independence and application of required policy and processes.

PwC monitors each member firm's compliance with professional standards and policies, including those relating to independence, through visits to PwC firms. The monitoring program is based on professional standards relating to quality control, including ISQC1, PCAOB Quality Control Standards and other applicable professional standards.

Breaches

Any breach of independence requirements in the PwC Independence Policy and/or external regulations is evaluated. PwC firms follow the relevant procedural steps set out in the IESBA Code of Ethics which involves discussion with those charged with governance of the client regarding the nature of the breach, the impact on objectivity and whether steps can be taken to address the consequences of the breach. PwC firms also follow supplemental local requirements relating to the reporting of breaches.

Acquisitions

PwC has established protocols and processes that are followed for any acquisition a PwC firm makes.

Partner remuneration

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

The underlying premise of the partner income philosophy is to encourage, recognise and reward partners, both as individuals and as members of teams. Reward is based on their contribution to their respective firms and, where relevant, to the wider network. Quality is the most important measure in assessing a partner's contribution.

Continuing education

With some 91,500 Assurance people across the firms in the PwC network, the task of providing continuing education throughout each professional's career is a major undertaking. Mechanisms are in place at the network level to support PwC firms in achieving this goal.

The PwC approach to Assurance learning and education (L&E) is to provide access to a formal curriculum of technical courses, while also providing support for PwC firms' L&E leadership and fostering personal accountability for continuing education.

PwC firms are committed to delivering quality audits around the world. To maximise consistency in the network, the formal curriculum provides access to courses covering: the PwC audit approach and tools, updates on auditing standards and their implications, and areas of audit risk and engagement quality.

PwC firms are committed to delivering quality audits around the world.

This formal learning is delivered using blended learning, which includes remote access and classroom learning. This learning supports PwC's focus on audit quality and provides practitioners with the opportunity to sharpen their professional judgement, scepticism, technical and professional skills.

PwC firms provide informal training in the way of guidance, tools, templates, videos, workshops and forums for staff to share their experiences in order to support them on the job. This informal training is supplemented with learning from others, whether by receiving and discussing feedback, or by shadowing, observing and/or working with others.

Network Leadership Team

Dennis Nally	Chairman
Raymund Chao	China
Bob Moritz	United States
Ian Powell	United Kingdom
Norbert Winkeljohann	Germany

Strategy Council Members

Dennis Nally	Chairman
Kyung-Tae Ahn	Korea
Fernando Alves	Brazil
Hani Ashkar	Middle East
Ezio Bassi	Italy
Hein Boegman	Africa Central and Southern Africa
Raymund Chao	China
Bernard Gainnier	France
Olga Grygier-Siddons	Central and Eastern Europe
Urs Honegger	Switzerland
Deepak Kapoor	India
Bill McFarland	Canada
Carlos Mendez	Mexico
Bob Moritz	United States
Peter Nyllinge	Sweden
Ian Powell	United Kingdom
Gonzalo Sánchez	Spain
Luke Sayers	Australia
Hiroyuki Suzuki	Japan
Peter van Mierlo	Netherlands
Norbert Winkeljohann	Germany
Yeoh Oon Jin	Singapore

Network Executive Team

Richard Collier-Keywood	Vice Chairman
Mike Burwell	Transformation
Colm Kelly	Operations
Juan Pujadas	Advisory
Javier Rubinstein	General Counsel
Richard Sexton	Assurance
Rick Stamm	Tax
Robert Swaak	Clients and Markets
Nora Wu	Human Capital
Sigal Zarmi	Information Technology

PwCIL Board (Global Board)

John Maxwell	Chairman
Håvard Abrahamsen	Norway
Noël Albertus	France
Tom Archer	United States
Clive Bellingham	Switzerland
Brian Cullinan	United States
Ruud Dekkers	Netherlands
John Farina	United States
Simon Friend	United Kingdom
Patricia Gonzalez	Mexico
Michael Happell	Australia
Paul Kepple	United States
Gerry Lagerberg	United Kingdom
Shirley Machaba	Africa Central and Southern Africa
Gino Scapillati	Canada
Christoph Schreiber	Germany
Richard Sun	China
Matt Wyborn	Japan

Network Leadership Team

The Network Leadership Team (NLT) sets the overall strategy for the PwC network and the standards to which PwC firms agree to adhere.

The NLT is made up of the Chairman of the PwC network; the senior partners of the US, the UK and China member firms; and a fifth member appointed by the Board, currently the senior partner of PwC Germany. The Chairman of the PwC network and the fifth member may serve on the NLT for a maximum of two terms of 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 typically meets monthly and on further occasions as required.

Strategy Council

The Strategy Council, which is made up of senior partners of the largest PwC firms and regions, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy. The Strategy Council meets on average four times a year.

Network Executive Team

The Network Executive Team is appointed by, and reports to, the Network Leadership Team. Its members are responsible for leading teams drawn from network firms to coordinate our activities across all areas of our business.

Global Board

The Board, which consists of 18 elected members, is responsible for the governance of PwCIL, oversight of the Network Leadership Team and approval of network standards. The Board does not have an external role. Board members are elected every four years by partners exercising their votes through their member firms. The current board, with members from 13 countries, took up office in April 2013.

Board members may serve a maximum of two terms of four years each. The Board meets four times a year and on further occasions as required.

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 157 countries with more than 208,000 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.

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