

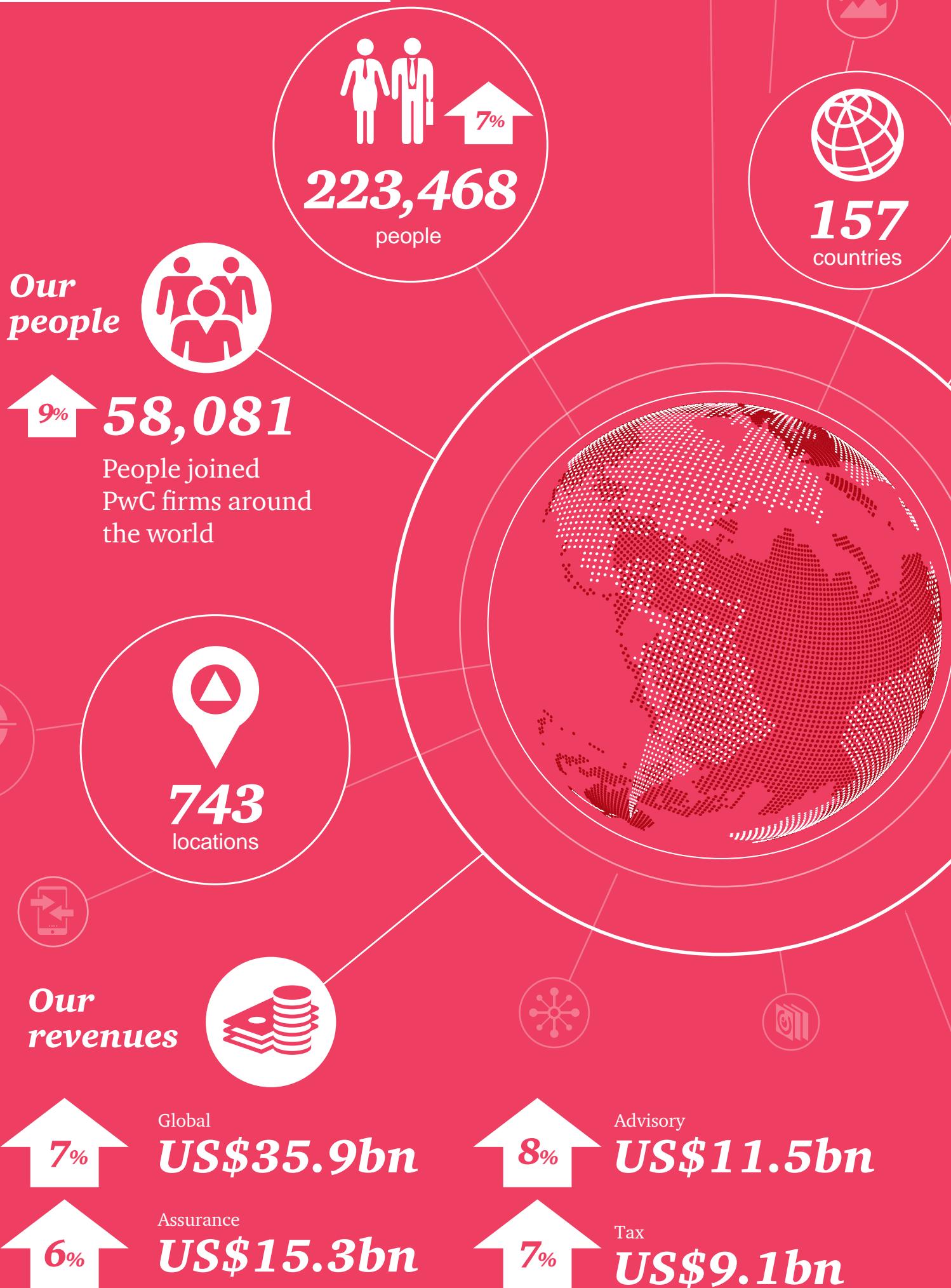
Making a difference

Global Annual Review 2016

Working together to build trust in society and solve important problems.



Our global network





Our clients

PwC firms provided services to:



Fortune Global 500 companies



Corporate responsibility



61,702

PwC people involved in community activities



820,127

hours of general, professional services and skilled volunteering

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This document contains a selection of the full Global Annual Review content.

For more, visit 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 223,000 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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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 2016 runs from 1 July 2015 to 30 June 2016.

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

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Chairman's interview

Maxine Borja and Hassan Toure recently sat down in New York with Bob Moritz, Chairman of PricewaterhouseCoopers International Limited, to get his views on a range of issues and events. You can read excerpts from the interview here or view video selections at www.pwc.com/annualreview.



► **Maxine Borja:** Hi Bob. Thanks for joining us. Before we get into some questions about PwC's year, we're curious to know about your path to the role of Chairman.

► **Bob:** Sure. I actually started in New York in audit and spent time in the banking capital markets group. I went to Japan on an overseas tour in the early nineties, serving our US, European and Asian multinational organisations. Back in the US, I worked on a number of major accounts, mostly in audit but also on the consulting side before we had a formal consulting business. Eventually I headed the financial services practice, then ran the audit business before becoming the US senior partner. On July 1, I took on the Chairman role.

► **Hassan Toure:** Bob...now three months into the job, how is it going?

► **Bob:** Two things I've found particularly instructive. First, the megatrends we've been anticipating – such as technological breakthroughs and rapid urbanisation – are here and are causing real challenges for our stakeholders, PwC included. That also means great opportunities in terms of the value we can bring not only to clients but to the people of PwC.

The second thing is the combination of how business, society, government and the communities are all intersecting. Again, perfectly appropriate for PwC as we think about what we're trying to do in terms of enabling trust and helping to solve important problems.

"The megatrends we've been anticipating – such as technological breakthroughs and rapid urbanisation – are here and are causing real challenges for our stakeholders, PwC included."

► **Maxine Borja:** Turning to 2016, is there anything particular you'd like to highlight?

► **Bob:** Well, last year was a great success for PwC. We grew at 7% while making significant investments in new technologies, people programmes and new services.

Assurance grew at 6% with great opportunities to deliver services beyond the traditional financial statement audit. Advisory grew at 8% as we continue to see 'our strategy to execution' offering valued by clients. In the tax space, we grew at over 7% because we clearly have the right skills and the best resources around the world.



Bob Moritz

Chairman,
PwC International Limited

Bob took on the role of Network Chairman on 1 July 2016. From 2009, Bob led PwC US as its chairman and senior partner. During his tenure, the US firm focused on increasing quality service and enhancing its brand and reputation by developing and retaining key talent and expanding its capabilities across all areas of the business.

So on the whole I feel really good about our top-line growth and the extension of the brand of PwC.

► **Maxine Borja:** *There's a lot of uncertainty when it comes to the global economy, what does that mean for PwC?*

► **Bob:** Our CEO survey tells us that CEOs, management teams and boards all struggle with both the amount of uncertainty and the pace of change. But at PwC we have the advice to help them make better, quicker decisions. We have Assurance and Tax capabilities that allow them to deal with the compliance requirements or to build trust in their financial statements. Areas where we can fill the gaps for clients are great opportunities for our people and for the PwC brand.

► **Hassan Toure:** *That's great to hear. But another challenge, considering our growth and size, how do we continue to emphasize quality across such a large network?*

► **Bob:** Yes, the issue of quality and consistency of that quality cuts across both the technical and the service aspects of what we do.

PwC invests in our people to help ensure we've got the right values, the right behaviours and the right expectations in place regardless of where you sit. That's one of the reasons we've created the PwC Professional, where we think about global acumen, business acumen, technical acumen, relationship skills and whole leadership.

We're also investing in tools, techniques and methodologies to ensure a consistent approach in terms of both technical quality and service quality. We're only as good as our brand and our brand is defined by each and every one of our 223,000 people around the world.

► **Maxine Borja:** *Bob, in talking about brand...why do you think being a purpose-driven organisation is so important today?*

► **Bob:** Purpose defines who you are and why you exist. It's a guidepost to the decisions we make. So when we talked about our own building blocks, it was clear that building trust in society and solving important problems were at the root of what we've been doing for more than 150 years.

Today trust is a much needed commodity. Trust between businesses, between governments, communities, taxpayers, stakeholders and the like. And when you think about the future, society needs business, government and communities to work together to solve these big important problems.



Maxine Borja

Client strategy manager,
PwC US

Maxine is a marketing and sales manager with PwC US. She focuses on driving growth of priority retail and consumer client accounts. Originally from the Philippines, Maxine worked in the PwC Singapore office for four years before joining PwC US in July 2015.



Hassan Toure

Associate, Banking & Capital Markets, PwC US

Hassan, originally from the Ivory Coast, is an associate with PwC US. With the firm since January 2015, he serves clients in the banking & capital markets industry.



“We need to bring people and technology together to be relevant and arrive at the most efficient and effective solutions.”

- ▶ **Bob:** But I'd be curious to hear your views on purpose.
- ▶ **Maxine Borja:** *I think purpose enables us to deliver the PwC Experience. Not only with clients and our teams but personally as well. Purpose is why we come to work in the morning.*
- ▶ **Bob:** How about you Hassan?
- ▶ **Hassan Toure:** *Purpose is useful because as an associate in a large network, it can be challenging to understand the bigger picture. But I agree – I also see purpose as an important personal development tool.*
- ▶ **Maxine Borja:** *Bob, you talked about the people here at PwC. How are we making sure we continue to attract the right kind of talent?*
- ▶ **Bob:** A great question. At the end of the day we've got one big asset and that's all of our people with the knowledge inside their heads. In this competitive marketplace, PwC has to attract talented, motivated people.

It's vital that the experiences you have every day at PwC create learning opportunities regardless of how long you stay. We also invest in you as an individual to enable you to do your job well – whether it's working with clients, team members or other stakeholders. And last but not least, we want to give you the flexibility to manage work and life as best as you possibly can. The goal is a unique experience that inspires you to be an advocate for what PwC is all about.

- ▶ **Hassan Toure:** *Speaking of talent, you've been a big champion of diversity and inclusion. Do you approach that differently in a more global role?*

- ▶ **Bob:** I don't think it changes because of the larger role but I think it creates a higher obligation to make sure that around the world we are valuing differences and pushing for more inclusiveness, particularly as we think about the challenges today from a societal perspective.

When we think about valuing differences from people around the world and getting that input, that's a competitive advantage for us. Solutions are so much better when we bring robust thinking to life. So our job is to make sure those differences are thoughtfully brought into the conversation and leveraged to the maximum amount possible.

► **Maxine Borja:** *Bob, shifting gears a bit, earlier you mentioned the megatrends and technology. How well is PwC leveraging technology?*

► **Bob:** Technology is a megatrend critical to business and obviously to PwC, as we think about major investments that tie to our strategy. We need to bring people and technology together to be relevant and arrive at the most efficient and effective solutions.

First, in terms of how we leverage technology and data to bring the best possible advice to our clients. Second, we have to continue to leverage technology to digitise our services. The old business model is changing. We see this in consumer companies as they leverage cloud computing, social media, analytics, and so on. Third, we also need to bring technology into our infrastructure to make it easier for our people to serve the external marketplace and manage that work/life flexibility.

This requires a very different approach. When it comes to the best technology, do we buy it, do we rent it or do we end up partnering with others because no one organisation has the necessary magnitude of investment capability?

► **Hassan Toure:** *That sounds like a lot of change. Do you think PwC will look much different in the future, say, ten years from now?*

► **Bob:** Different in ten years? Absolutely. Even over the next four years you'll see a PwC that is in new and different services. You'll see a PwC that'll be much more digitally enhanced. An organisation that's moving with more speed, enabled by that technology and empowered by our own decision-making processes to bring the best solutions to clients around the world. And that's important as you look at today's economy when organisations are much more globally connected.

And I also think the expectations of society are going to be hugely different. As we're already experiencing, society is placing a much higher degree of obligation on business.



► **Maxine Borja:** *Bob, last question and one that is particularly important to me. What advice would you give to those of us just beginning our careers?*

► **Bob:** First – be intellectually curious. Turn every opportunity into a chance to enhance your skill sets, experiences and competencies. Create a resume that is more adaptable because the world we work in today will be different tomorrow.

Second, think about not only your day job but the bigger role you can play. The balancing act between what you do at work as well as your obligation to give back to society to the extent you're fortunate enough to do so.

Last but certainly not least is the concept of quality in your work. Yes – we all work very hard. But it's not about the quantity of hours of work that gets done, it's about the quality of work that actually comes through. And making sure that quality of work is noted by your relevant stakeholders.

I think these three things are fundamental at PwC, or wherever you look to create the opportunities that hopefully lead to a long and prosperous career.

► **Maxine Borja:** *Thank you, Bob. That's a lot to think about but all very helpful.*

► **Hassan Toure:** *Thank you for taking the time to speak with us.*

► **Bob:** It was a pleasure. Thank you Maxine and Hassan.

Do you have any questions for Bob?

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Introduction

Agnès Huss'herr

Global Human Capital Leader



With over 223,000 people in 157 countries, PwC is one of the world's largest professional services networks. But our size is only a part of who we are. The real story is about our people and how we work tirelessly to enhance their experience and development, both personal and professional. To get this right, it's critical we listen to them to make sure our initiatives and actions are meaningful and relevant.

On the following pages we've gathered examples from around the world of the actions we're taking and how these are impacting our people. Some are relatively recent, high-profile initiatives such as PwC Netherlands taking a sponsored boat at EuroPride this year. Others are longer-standing but lesser-known, such as our people's participation in the Olympic and Paralympic Games. In every case, I feel proud of how these stories showcase the inspiring talent we have across our network.

A number of goals underpin all our actions:

- providing flexibility for our people,
- having a truly diverse and inclusive network,
- promoting a culture of continuous development for our people, and
- being agile enough to constantly change how we work.



For a multi-generational workforce like ours, **flexibility is vital**. We understand that everyone has a life outside work, and that people's aspirations and expectations are changing over time. That's why so many PwC firms run programmes to help our people develop, grow and be happy both at and away from work.



A great example is the 'All Roles Flex' initiative rolled out by PwC Australia in 2015, enabling all of its 6,000 people to have a say in where and when they work.

We have an unwavering **commitment to diversity**. I'm delighted by the gender balance of our new global leadership team, which has the highest ratio of female leaders in our history. And we're seeing similar progress in more and more countries across our global network, for example in PwC Singapore (see page 23).

We're dedicated to **developing our people**. A huge step forward this year was starting the roll-out of our Global Leadership Development Experience, an integrated approach that will help all our people develop and have opportunities to progress. It promotes real-time development, fosters a culture of continuous learning, and will enable everyone to map out and follow their own personal career path.

"Our people's development and wellbeing are at the heart of everything we do."

In fact, we're developing our people by **changing how we work** and creating custom-made technology solutions to do this. For example, PwC Professional Snapshot, which will enable our people to use their mobile devices to assess their own progress and identify development actions in real-time. In addition, this year we piloted Talent Exchange, a digital marketplace connecting independent professionals with project roles at PwC.

The message is clear. We're determined to be the best professional services network to work for – with the most diverse and inclusive workforce. That's why our people's development and wellbeing are at the heart of everything we do.

Talented people, rewarding careers

To be the leading professional services network and provide our clients with the quality advice they deserve, PwC needs the best talent. In FY2016, our global headcount grew 7% to more than 223,000 people.

We welcomed a record 58,081 people to PwC, which is a testament to our reputation for offering exceptional opportunities for development and advancement.

Of these new joiners, 26,780 were graduates and 26,430 were experienced professionals.

PwC admitted 665 new partners across the world in FY2016.

PwC's global presence remains strong with offices in 743 locations across 157 countries.

Fig 1: PwC people

| PwC people | FY16 | FY15 | FY14 |
|------------------------|----------------|----------------|----------------|
| Partners | 10,830 | 10,611 | 10,002 |
| Client service staff | 177,182 | 163,513 | 153,051 |
| Practice support staff | 35,456 | 33,985 | 32,380 |
| Total | 223,468 | 208,109 | 195,433 |

Fig 2: Headcount by region

| PwC people | FY16 | FY15 | Growth |
|---------------------------------|----------------|----------------|-----------|
| Asia | 53,010 | 47,090 | 13% |
| Australasia and Pacific Islands | 7,639 | 7,339 | 4% |
| Central and Eastern Europe | 9,273 | 8,432 | 10% |
| Western Europe | 69,627 | 65,870 | 6% |
| Middle East and Africa | 13,036 | 12,861 | 1% |
| North America and the Caribbean | 57,773 | 53,508 | 8% |
| South and Central America | 13,110 | 13,009 | 1% |
| Total | 223,468 | 208,109 | 7% |

Fig 3: PwC people by region

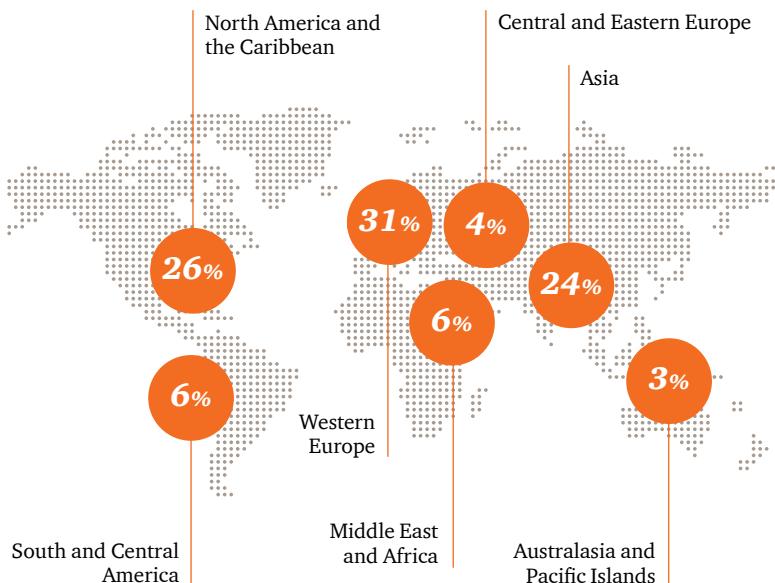


Fig 4: PwC people by line of service

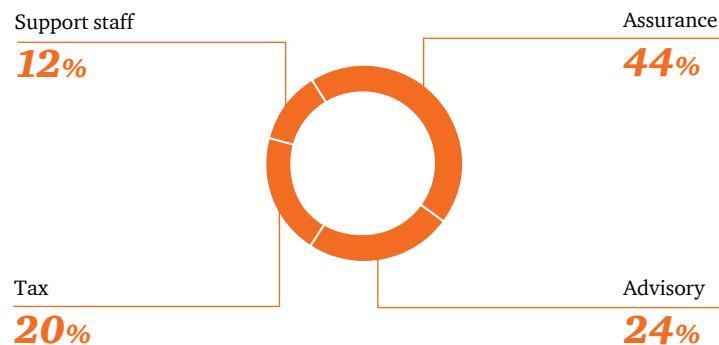


Fig 5: New joiners in FY16 and FY15

| | FY16 | FY15 |
|---------------------------|---------------|---------------|
| Graduates | 26,780 | 24,601 |
| Experienced professionals | 26,430 | 23,312 |
| Support staff | 4,871 | 5,136 |
| Total | 58,081 | 53,049 |

Fig 6: PwC ranking in student surveys

| | Rank in Big Four | | Rank among all employers | |
|--------------|------------------|------|--------------------------|------|
| | FY16 | FY15 | FY16 | FY15 |
| Brazil | 1 | 1 | 37 | 40 |
| China | 2 | 1 | 3 | 4 |
| Germany | 1 | 1 | 9 | 10 |
| Global | 2 | 1 | 5 | 2 |
| Nordic | 2 | 2 | 2 | 3 |
| Pan-European | 1 | 2 | 5 | 6 |
| Russia | 1 | 3 | 19 | 17 |
| Spain | 2 | 2 | 23 | 25 |
| Sweden | 1 | 2 | 6 | 8 |
| Switzerland | 1 | 1 | 6 | 6 |
| UK | 1 | 1 | 1 | 1 |
| US | 3 | 3 | 11 | 9 |

Sources: 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).

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. In FY16, we took on 26,780 graduates worldwide, and just over half of these were female.

Student surveys around the world confirm that PwC is one of the most attractive organisations for graduates.

Fig 7: Mobility figures



International mobility

Our international mobility programme allows us to pull together diverse, cross-border teams to meet client needs and develop our people.

At 30 June 2016, 2,588 PwC people were on long-term international assignments, up 2% on last year, with participation from 113 countries.

We're seeing increased levels of cross-border mobility, with an expansion from traditional forms of mobility such as long-term and

short-term assignments to different forms of mobility. These include one-way international transfers and cross-border commuters.

PwC firms with the largest numbers of long-term assignees in FY16 include the US, the UK and Australia.

Thirty six percent of PwC's long-term assignees are women.

People engagement reaches record level

Globally, our people's engagement scores have continued to rise (see figure 8). The response rate to our Global People Survey (GPS) was 77%, while our overall People Engagement Index (PEI) came in at a record 77%.

The vast majority of the more than 168,000 people who completed the survey told us they are proud to work at PwC (83%) and would recommend PwC as a great place to work (76%). Seventy-nine percent said they have the opportunity to work on challenging assignments and 80% are satisfied with the actions PwC is taking to be socially responsible.

Fig 8: People engagement¹ (FY11-FY16)



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.

Developing our people to achieve their potential

“Developing our people in a way that works for them is a key part of our global people strategy,” says Agnès Hussherr, Global Human Capital Leader. “We want to inspire our people to be the best they can be, both inside and outside of PwC.”

To achieve this, we asked our people what this would look like for them. They asked for real-time development conversations, on-the-job learning and team-based development to help them take control of their own career progression at every point of the year. So we created the Global Leadership Development Experience, and we've started to introduce this across the network.

The Global Leadership Development Experience is an integrated approach that will help us learn, develop and progress throughout the year. It's made up of a combination of tools, relationships and events that will support everyone to achieve their potential. It promotes regular and honest conversations providing clear insights on how our contribution is valued. And ultimately, it helps us understand what areas we need to develop to raise our potential and progress our career with PwC. Most importantly, it will take a real change in behaviour by all our people to make the approach ‘front-of-mind’ every day.

At the heart of everything is our leadership development framework, the PwC Professional. This focuses on five dimensions that have already been adopted across the network: Whole leadership, Technical capabilities, Business acumen, Global acumen and Relationships. Our new approach is all about the successful application of these dimensions, anywhere and anytime.



They asked for real-time development conversations, on the job learning and team-based development.

An innovative component of the Global Leadership Development Experience is a custom technology application which will empower everyone to take control of their own development. The PwC Professional Snapshot will enable us to chart our contribution and impact on individual projects throughout the year – by simply asking for a Snapshot. Quick, easy and real-time, Snapshots will both identify development actions and highlight examples of exceptional contribution and impact, against the five PwC Professional dimensions.

Supporting our people as they pursue their sporting dreams



Geoffrey Butler and his sister Lara

“I love the feeling of competing and the team atmosphere in Rio was amazing. Being there was a dream come true! PwC was incredibly supportive. When I was working there in previous summers, I could organise my work around my training sessions.”

Geoffrey Butler, PwC Cayman Islands scholarship recipient and student at the University of Edinburgh

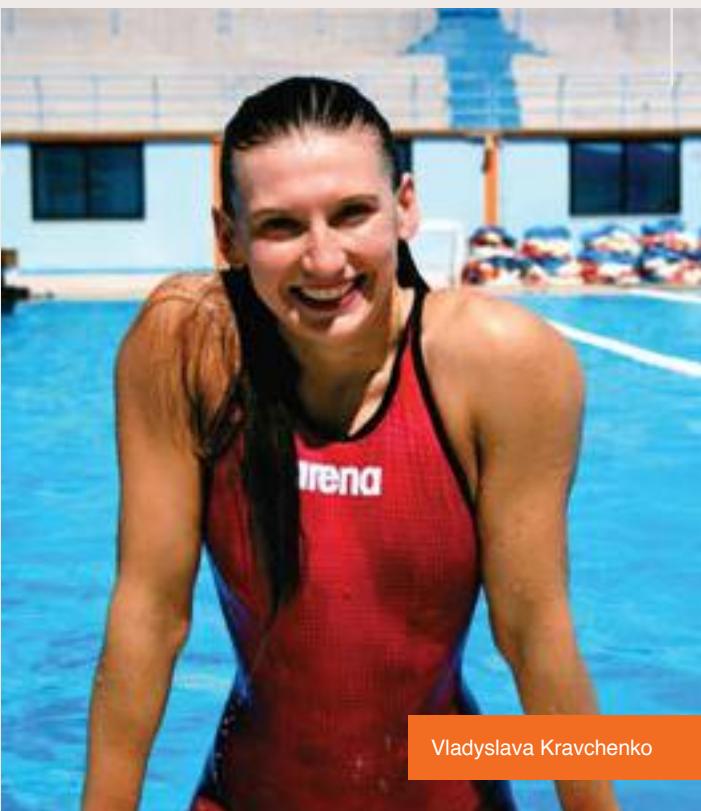
It may be surprising to learn that PwC has a long history with the Olympic Games that goes right back to 1896.

That’s when Edwin ‘Teddy’ Flack, an Australian working for PwC in London, decided to travel to Athens to enter the first modern Olympics. Edwin spent six days travelling to Athens and not only managed to enter the Games but came first in both the 800 and 1,500 metre races.

Over the years, we have actively supported many of our colleagues in pursuing their Olympic and Paralympic dreams and managing the demands of a career.

In the Beijing 2008 Olympic Games, five PwC colleagues competed, with two playing on opposite sides in the Men's Olympic Hockey final. In 2012, we had competitors in Olympic hockey, sailing and the marathon. That same year, another colleague – Shimpei Oikawa – was the assistant coach of the Paralympic wheelchair basketball team for Japan.

The PwC Games tradition continued in Rio in 2016 with one of our scholarship recipients, Geoffrey Butler, who will join us full time in 2018. He competed in the Olympic 400 metre freestyle swimming. Vladyslava Kravchenko from PwC Malta raced in three Paralympic swimming events. Our Japanese colleague Shimpei Oikawa competed in his second Games – this time as the head coach for Japan's wheelchair basketball team.



“When I was 16, I got leg cancer. The cancer spread to my lungs and I was hospitalised for five years. I almost died. Eventually, my right leg had to be amputated. For me, training for and competing in the Paralympics are ways of keeping me alive. PwC has been very supportive, especially since I became the head coach in 2013.”

Shimpei Oikawa, senior associate with PwC Japan



“I feel very fortunate to be part of an organisation that helps its people realise their potential and fulfil their dreams. I have received continuous support throughout these years, both moral and financial.”

Vladyslava Kravchenko, senior associate, Tax and Legal Services, PwC Malta

Giving a Green Light to Talk about mental wellbeing



Philippe Guijarro

PwC UK is one of very few firms to have appointed a dedicated Mental Health Leader.

One of the ways PwC UK cares for its people is through 'wellbeing champions' who have volunteered to support the wellbeing agenda in their local office.

Daisy Abbott, senior associate with the People and Organisation practice in London, suggested the idea of 'Green Light to Talk': "I know the stigma surrounding mental health issues that hinders us from talking openly is exacerbated in the workplace. I am proud to be part of an organisation that stood behind this campaign and encourages open and honest conversations about mental health at work."

More than 12,500 people across the UK firm wore a green ribbon to symbolise their willingness to talk about mental health. That was the start of a hugely productive conversation that continues to develop.

Philippe Guijarro, a Financial Services partner in the Edinburgh office, was one of the first to share his story. "I'd joined PwC in 2003 and risen through the ranks to become a partner in 2008. The future looked great. But by 2012 I was feeling anxious and low. Things came to a head when, in an internal meeting, I had a sudden urge to leave the room.

"The one thing that made the biggest difference was another person noticed. That person told me about their own experience and suggested some things I might explore to help. I saw a professional coach within PwC and by 2013, I was in a much better place."

He was also one of the first to become a senior advocate for mental health. He adds: "I genuinely believe that the work we are doing will have significant future benefits for our people and our business."

The firm now has a monthly 'Green Light Spotlight' where people share their experiences. One example is Tracey Lenthall, human capital operations lead in our London office: "Sharing my story empowers me in a number of ways; my own shame gets lifted and I am more myself – but the main empowerment is seeing others change. If I can help one person to feel brave enough to go and get support or speak up, then I will have made a difference."

PwC UK is one of very few firms to have appointed a dedicated Mental Health Leader, Beth Taylor. She explains its importance: "Our ambition is to make talking about mental health as natural as talking about a broken leg; but this won't happen overnight. The energy surrounding our Green Light to Talk campaign is genuinely inspiring and change is happening, one conversation at a time."



Building a flexible, future-ready workplace

The combined impacts of technology, globalisation and generational shifts are transforming the world of work for our people. How, where and why people want to work have dramatically changed in recent years.

To create an inclusive culture that enables everyone to realise their true potential, PwC Australia is pioneering new ways of working that give its people more choices. Recognising that it's not where people are that matters, but what they do, the firm rolled out the 'All Roles Flex' initiative.

'All Roles Flex' means that PwC Australia is open to talking with all of its people about how they can work flexibly in their roles. It means more than working part-time, working from home or working reduced hours – although for some roles there is scope for this kind of flexibility. Fundamentally, it's about focusing on whether the job gets done, rather than how or where it gets done. Working flexibly with success means an arrangement that suits the individual, their role, and the needs of their team, clients and the firm; it is also adaptable.



Emma Grogan

"I've used flexible time in different ways at different points in my career."

Emma Grogan, partner in the firm's People and Organisation practice, sums up what this new initiative means for her: "I've used flexible time in different ways at different points in my career. So before I had children, I actually worked four days a week and used that fifth day to write my film review blog. Then post-kids, my film reviews have got a little bit less attention and now I'm spending that time looking after my children, which is great."



Davin Kumar

Elsewhere in PwC Australia, Talent Acquisition Team Leader Davin Kumar is also enjoying the benefits of 'All Roles Flex': "I work flexibly by starting as early as 7.30am and leaving just before 4pm to pick up my daughter from day-care. As and when I need to, I work from home as well."

These are just two examples of what greater flexibility means to our people across PwC Australia – and how they're using this freedom to enrich their lives.

Taking a lead in digital training



We're always looking for new ways to provide our people with relevant development opportunities. Distance and self-led learning is becoming increasingly popular, enabling people to boost their skills and educate themselves in a way that works for them.

Big data has emerged as a defining force in the future of work. This creates real challenges and opportunities for businesses, societies and PwC's own stakeholders. For us, helping people better understand and more effectively use data to recognise opportunities is a priority. PwC US recently joined forces with Coursera, a leader in delivering education through massive open online courses (MOOCs).

"Our collaboration with Coursera is about more than creating courses; it's about helping people become more confident as they face the future."

Agnès Hussherr,
PwC Global Human Capital Leader

This joint business relationship leverages the capabilities of both organisations, in creating a co-branded series of courses on data analytics. Each course is designed and developed by PwC US and made available to all via Coursera's online platform. The courses combine formal learning and practical application to help participants build core skills and develop a deeper understanding of data analytics.

While Coursera offers certification credentials for a small fee, this fee is waived for all PwC people taking the courses we have created. This collaboration is proving to be a relevant and flexible development opportunity for our people around the world and an innovative recruitment tool.

Diversity and inclusion

Creating impact, achieving results

I'm 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 contrasting approaches to solving problems. And we're committed to capitalising on this diversity to help every one of our people build a rewarding career and achieve their full potential.

For over a decade we have been undertaking a comprehensive inclusion journey focused on:

- Building leadership commitment and accountability for diversity and inclusion.
- Creating awareness of the business case for diversity, and educating all our people across the globe on how to be more inclusive, through initiatives such as our annual Global Diversity Week.

Progress doesn't happen overnight – but we're starting to see the fruits of our labour. I'm delighted to report that on 1 July this year, our Network Chairman Bob Moritz appointed a Global Leadership Team consisting of 10 men and eight women. At 44% female, that's a 24% increase in female representation on our leadership team compared with a year ago.

The senior partners of our Australia, UK and US firms have appointed new leadership teams, with 38% female leaders in Australia, 43% in the UK, 35% female leaders in the US.

This year, 77% of our people rated PwC as an inclusive work environment where individual differences are valued and respected. And globally, 18% of our partners are female, up from 13% in 2006, with 27% of our partner admissions this year being female.

In 2016, PwC was ranked #3 in DiversityInc's Top 12 Companies for Global Diversity.



However, a journey is what we're on, and there's always more to do. This year, together with our Network Chairman Bob Moritz, I was very pleased to be executive sponsor of our publication *The PwC diversity journey: Creating impact, achieving results*. This shares, for the first time externally, the detailed story of our global diversity journey, progress and lessons learned.

I'm also excited to continue to put fresh energy behind our global diversity strategy, as we 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 provide you with more insights into our global journey.



Agnès Hussherr
Global Human Capital
Leader

Taking pride in diversity



Celebrating diversity ...

The Amsterdam Gay Pride is one of the highlights of the year for Robert Loesberg and Erik Poolman from PwC Netherlands. This year, EuroPride took place in the Netherlands and PwC had its own sponsored boat during the pinnacle of the event, the Canal Parade.

Erik Poolman, a senior marketing advisor, says: "It was amazing to see around 80 PwC professionals, both straight and LGBT, from our Austrian, Belgian, Dutch, Irish, Turkish and UK firms and our cultural and disabled network demonstrating their commitment to inclusion by sailing the boat."

This year's theme was 'join' and during the Parade, the PwCers invited the 580,000 people along the Canal to celebrate the freedom to be yourself at work together. They asked the spectators to kiss, hug or wave and the spectators could see themselves on big screens via a 'kisscam'.

Assurance director Robert Loesberg adds: "The essence of diversity is that everyone has their own qualities. We strive for an inclusive culture that is fair, open and safe for everyone, because only when you can be yourself, can you build real and valuable relationships."

... and promoting wider cultural awareness

In countries worldwide, demographic and social change is constantly increasing the diversity of PwC's existing and potential talent. A good example is in the Netherlands, where the number of people from non-Western countries graduating from Dutch universities has risen rapidly in recent years.

This shift in available talent led PwC Netherlands to introduce its Cultural Awareness Change Programme. This aims to create a talent attraction strategy and culturally inclusive working environment that means the Dutch firm won't miss out on or lose valuable talent.

The starting-point was recognising that the changes in the talent mix created new cultural challenges, and that we needed to help our people appreciate their own relative lack of awareness of non-Western cultures.

The awareness training has had a particularly powerful impact, generating very positive feedback from both leaders and non-Western talent, indicating that our people have gained a true understanding of "why we tend to misunderstand each other".

"We have also learned that apparently small factors can have a big effect on awareness. Examples include the food we serve in our staff restaurant, making prayer rooms available on office premises, and honouring all holy days rather than just Dutch national holidays," says Jolanda Lamse-Minderhoud, PwC Netherlands Diversity and Inclusion Leader.



Robert Loesberg, Karst Beckers and Erik Poolman



Jolanda Lamse-Minderhoud

"I wholeheartedly support this programme as it enables our people to truly put themselves in each other's shoes. Leading to a better understanding of cultural differences and the impact this has on work."

Jolanda Lamse-Minderhoud
PwC Netherlands,
Diversity and
Inclusion Leader

Taking a stand on LGBT inclusion



In recent years, societies across the world have seen a growing culture of respect and inclusion for lesbian, gay, bisexual and transgender (LGBT) people – a positive development evidenced in some cases by enhanced legal rights. We support this trend, both because we believe in equality for all, but also because research shows that the inclusion of LGBT people closely correlates with economic development.



Janet Visbeen
Member of Global
LGBT Partner Board

However, there are still parts of the world in which PwC and our clients do business where antagonism and codified discrimination towards LGBT people persists.

While we respect the laws of countries in which we operate, we certainly do not tolerate discrimination on any grounds – including LGBT status. In fact, we believe in going further to actively value the differences of our people and clients. With this in mind, PwC's intention is to increase the engagement and participation of LGBT people in the global workforce. So we will continue to foster a culture where everyone feels included and where differences are valued as evidenced by our policies and the culture we create.

PwC has established a Global LGBT Partner Board comprising gay partners and LGBT allies. The partners on this Board inform our global diversity policy, engage with stakeholders to support the LGBT business case, and act as role models for LGBT staff and allies.

In addition, PwC engages with our clients and markets through our membership of the Open for Business coalition, and our corporate sponsorship of Out Leadership – both of which are non-profit organisations seeking to enhance the participation of LGBT people in the global workforce.

When groups and individuals are excluded from the workforce, business performance and productivity suffer. As part of PwC's broader diversity agenda to increase the participation of all different kinds of talented people in the workforce, we commit to keep advocating for LGBT engagement at work around the world.

Welcoming new partners in Singapore



Lie Ay Wen



Denise Lim

Of eight new partners in PwC Singapore in 2016, six are female, meaning that of today's 131 partners in the firm, 29% are women.

And the new partners also come from five different cultures and nationalities – Australia, India, Myanmar, the Netherlands and Singapore.

Here, two of the new female partners – Lie Ay Wen and Denise Lim – talk of their journey.

"My family is originally Indonesian Chinese, and I moved to Singapore from the Netherlands in 2011," says Lie Ay Wen. "I was so enjoying the opportunity of building the Financial Services 'delivering deal value' practice in Southeast Asia, that I decided to stay. I have constantly been challenged to develop myself, gaining different perspectives and learning new things.

"Global mobility is certainly one of the best opportunities PwC has to offer."

*Lie Ay Wen,
PwC Singapore partner*

"The underlying principle for me has been to help clients achieve their goals and propel them to success."

*Denise Lim,
PwC Singapore partner*

"Global mobility is certainly one of the best opportunities PwC has to offer, allowing you to explore and connect with different cultures, people and ways of working – it's a great way to develop and stretch yourself."

And the positive value of mobility has played a large part in the life of Denise Lim. "Having spent the last 12 years of my PwC career working in three countries – Australia, Japan and Singapore – and in varying areas of Assurance, I have gained experiences spanning different cultures, languages and skill sets."

Denise moved back to Singapore more than two years ago, and now helps clients in detecting, preventing and combatting financial crime and managing increasing regulatory requirements. "Throughout my career, the underlying principle for me has been to help clients achieve their goals and propel them to success, whilst staying true to my personal values of integrity and trust."

Let's talk about race – a conversation for change



Tim Ryan and Elena Richards

In planning this day of dialogue, we knew there were risks to opening up a discussion about such sensitive issues. But we trusted our partners and our people to lead.

Events in Baton Rouge, Minneapolis and Dallas threw into stark relief the sadness and confusion surrounding the subject of race in the US. PwC's US leadership team recognised how deeply the situation was affecting the firm's people nationwide, and took action to help.

Meeting the morning after the Dallas shootings, Tim Ryan and the US Leadership team decided to send out a firm-wide email, checking in on all 46,000 partners and staff. Feedback from that communication pointed to a clear message: many PwC employees were deeply concerned and unsure whether and how to discuss with their colleagues their feelings about the issue of race.

A swift response was essential. In just under a week, the leadership team organised a firm-wide conversation, hosted by Tim Ryan, PwC US Chairman and Senior Partner and Elena Richards, PwC US Minority Initiatives and Talent Management Leader.

Tim explains: "In planning this day of dialogue, we knew there were risks to opening up a discussion about such sensitive issues. But we trusted our partners and our people to lead. The conversations were constructive and eye-opening and made me tremendously proud of our people."

The sessions were packed. In cities across the country, thousands of PwC people showed up to join in. Tim Ryan gives a taste of what happened: "In Atlanta, there were tears when a former policewoman shared her experiences, and when a black colleague shared her hopes and fears for her bi-racial nine-year-old son. In Los Angeles, our people asked us to invite representatives from the Los Angeles Police Department to the office. In Washington DC, our START interns (accounting students from US colleges) spoke up about their experiences launching careers in corporate America in 2016."

Tim adds: "Our people spend a good part of their lives at PwC and we want them to be able to bring their best selves to work. Having this dialogue is not a one-off event, it's a key step toward building our ability, as a firm, to address the difficult issues that seem to be the new normal."

Supporting the UN's drive for gender equality

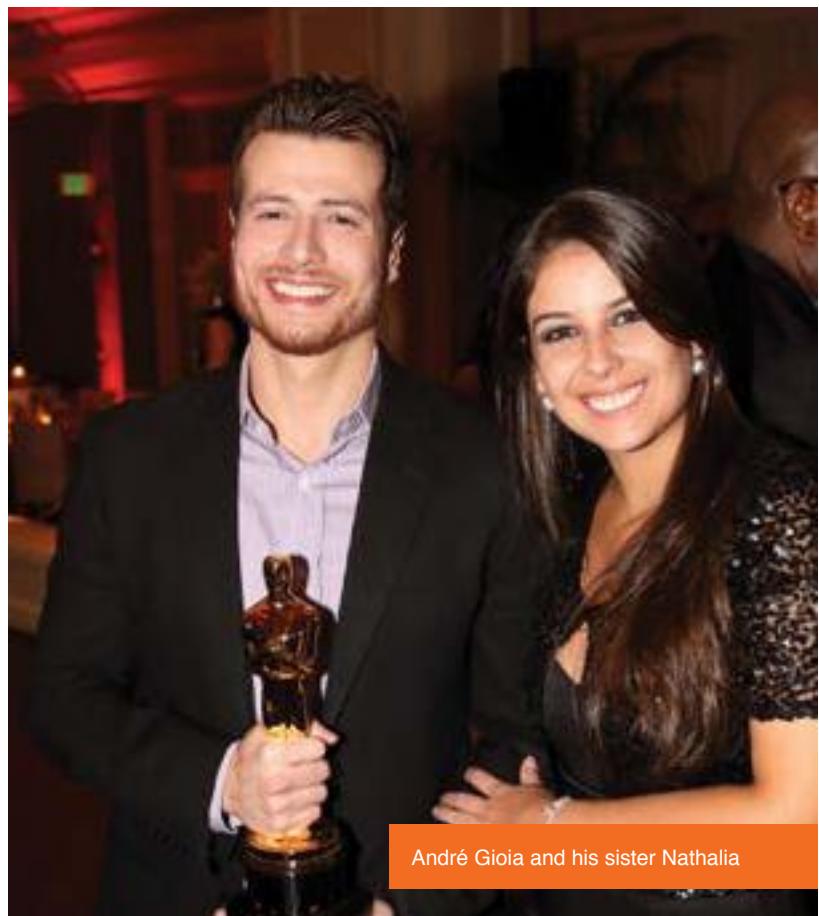
20 September 2014: UN Women Global Goodwill Ambassador Emma Watson launches the HeForShe movement at the United Nations Headquarters in New York, challenging all men with the words: "Gender equality is your issue too."

In the two years since then, the progress achieved by HeForShe has been impressive – helped by strong support from PwC firms and people all over the world. At a global level, 2015 saw PwC become one of the first 10 businesses worldwide to commit to actions to achieve gender equality within and beyond their institutions. And, like his predecessor, the new PwC Network Chairman Bob Moritz is a HeForShe IMPACT champion.

One of HeForShe's aims is to mobilise one billion men and boys in support of gender equality, and PwC is doing its utmost to help bring this about. PwC's initiatives have included launching a global gender curriculum and a Global Inclusion Index to increase female leadership representation. And from 14 December 2015 to 23 January 2016, PwC held its first global HeForShe Challenge, during which PwC people ramped up support for HeForShe by getting their colleagues to take the HeForShe pledge.

The six-week challenge yielded more than 20,000 new pledges, including 10,000 from PwC men worldwide. At the time of writing the total is up to more than 53,000 – over 24,400 of which are from men.

At the end of the challenge, the five PwC people with the biggest numbers of pledges flew to Los Angeles with their guests for a tour of Hollywood. The winner of the challenge – and the top prize of two Oscars® tickets – was André Gioia from PwC Brazil, accompanied by his sister Nathalia. The runners-up were from India, Mexico, Panama and the US.



André Gioia and his sister Nathalia

“Taking part in the HeForShe Challenge meant a lot to me both professionally and personally – because my mother, my sister and my manager have all gone through difficulties in life. I was thinking about them when I was trying to get pledges.”

André Gioia, Tax senior consultant, PwC Brazil

Introduction

Colm Kelly

Global Leadership Team



What do you really do? That's not always an easy question to answer.

PwC has played a key role supporting business, the economy and therefore our broad communities and societies. Whether it is the capital markets, tax systems or the broader economy, PwC helps them function and develop.

What guides this work, and all our work, is one common purpose – to build trust in society and solve important problems.

It is our purpose that has made us successful in the past and will guide our success in the future.

In a world that has gone from connected to inter-connected to globally interdependent, success depends on working together more closely than ever.

Our purpose allows to make a real difference.

Having a purpose – to build trust in society and solve important problems – is both a powerful message and a considerable challenge.



It helps to inspire the behaviour of a large number of people across our global network.

Even more importantly, it responds to the question: what does PwC really do?

For our people, demonstrating purpose is personal. Here are just some of the many things our people have told us:

“It's about building trust in our clients.”

“Help my client understand the impact beyond the bottom line.”



“Create inspiring client ideas by working with colleagues from different backgrounds and experiences.”

“Work towards something that is good not just for me, but for society as well.”

On the following pages, you can read examples of what we do and how our people around the world are bringing our purpose to life.

Read about how we are using drones in Poland to monitor the reconstruction of a bridge for Polish State Railways. How we've used breakthroughs in biometrics to develop a solution which the European Union is using to help keep Europe's borders secure.

And how, in Australia, we've developed an online digital accountant that allows micro businesses such as freelancers to more easily manage their taxes.

Contributing to society and being a responsible business are essential to our purpose.

Read how PwC is helping The Global Fund to fight AIDS, tuberculosis and malaria in 86 countries (see page 30).

And how we're building and supporting social enterprises. In Italy, for example, we've partnered with others to open a restaurant within a jail, where inmates can work, learn new skills and get prepared for life beyond prison walls (see page 40).

I encourage you to explore our Global Annual Review – and let us know what you think.

“What binds us together is one common purpose – to build trust in society and solve important problems.”

Innovating with drones



The airborne drone revolution is helping companies solve long-standing problems and open up new possibilities in industries ranging from agriculture to film making. Such is the impact of drone technology that a PwC report on its commercial applications has valued the emerging global market for business services using drones at over US\$127 billion.

As well as scoping out the potential of these technologies, PwC Poland is helping to realise that potential. The firm has established a global centre of excellence in Poland dedicated to using drones and data analytics to help clients solve their business challenges.

Drone Powered Solutions is the first PwC team of its kind anywhere in the world. The decision to locate it in Poland reflects the fact that in 2013 Poland became the first country to introduce a complete legal framework regulating the commercial use of drones.

The PwC team helped the client use drones and data analytics to monitor the reconstruction of the bridge.

A great example of PwC's use of drone technology to help solve clients' problems is our work for Polish State Railways (PKP PLK). When PKP PLK wanted to find a better way of monitoring its investment in a railway bridge reconstruction in Pilica, on the main national high-speed railway track between Warsaw and Katowice, it turned to PwC's Drone Powered Solutions team for help.

The PwC team helped the client use drones and data analytics to monitor the reconstruction of the bridge, by providing visual information on construction progress that could be tracked on a smartphone.

Adam Wiśniewski, the PwC Advisory project director, and Michał Mazur, the PwC Advisory partner, comment: "This project was an important step forward in the global development of capital project monitoring. To help make things as easy as possible for the client, we developed an app that allowed a user to view on tablets or smartphones a model that reflected actual progress of the construction against project plans."

New ways to keep the EU's borders secure

Given the ongoing refugee crisis and terrorist threats, it's clear that keeping borders secure while allowing for the safe, quick and easy movement of goods and people is a major challenge facing the world.

And the problem needs to be tackled while coping with rapid rises in traveller numbers. By 2032, it's estimated that the number of travellers across the globe – tourists, business people, short-term contract workers, researchers, students and more – will double to 6.7 billion.

Today, many border controls are conducted manually, and their reliability and consistency vary widely.

PwC's 'Smart Borders and Beyond' solution addresses these shortcomings, enabling fast, easy and secure identification and authentication of people, carriers and goods. It does this by bringing together the latest technology breakthroughs in areas including biometrics, data analytics, and customer experience.

In 2015, PwC Luxembourg, in collaboration with the PwC network, supported the European Agency for operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA) to test out these capabilities in a ground-breaking EU Smart Borders pilot. The project – covering 12 EU member states and 18 crossing-points into the EU's Schengen passport-free area – trialled a new Entry/Exit System and Registered Traveller Programme (RTP). With both systems, the PwC team tested out automated verification and identification methods based on biometric data such as fingerprints, facial image and iris recognition.



The results of the pilot underlined the value of using data insights and intelligence to make border processes faster, more effective, more secure and more pleasant for the traveller.

Krum Garkov, Executive Director of eu-LISA (European Commission) commented: "The strategic direction for managing borders in the near future will require powerful information systems that are flexible, intelligent and capable of accommodating changes in demand or shifting political priorities. Cooperation and collaboration between the public and private sectors will be one of the key success factors in achieving these objectives in the most efficient way possible."

Following the successful pilot, full implementation of EU Smart Borders is currently planned by 2020. The PwC team is now conducting a similar pilot for Eurotunnel, and a feasibility study for the European Commission's Directorate for Migration and Home Affairs on the future EU Electronic System for Travel Authorisation (ETIAS).

PwC's solution enables fast, easy and secure identification and authentication of people, carriers and goods.

Helping to fight AIDS, tuberculosis and malaria



Since the Global Fund to fight AIDS, tuberculosis and malaria was founded in 2002, it has financed the distribution of 659 million insecticide-treated nets, the detection and treatment of 15.1 million new TB cases, and treatment for 9.2 million people currently receiving antiretroviral therapy. Globally, more than 54% of all people on HIV treatment are supported through programmes it funds. The number of deaths caused annually by the three diseases it targets has fallen by more than a third in the countries where it invests.

Those statistics demonstrate the massive contribution made by the Global Fund towards the worldwide fight against disease – and underline why PwC feels proud to have worked with it since its launch. Today, over 50 PwC firms and more than 500 PwC professionals help the Global Fund in some 86 countries and regions globally.

The Global Fund, one of the largest global health funders, is based in Geneva, Switzerland and has no other country presence. A country-level multi-stakeholder partnership, the Country Coordinating Mechanism, develops

PwC plays a key role in the Global Fund's innovative approach to development financing.

the grant proposals managed by governments and civil society and oversees progress during implementation. Local Fund Agents (LFA) on the ground, such as PwC, oversee project implementation, assess the capacity of grant recipients, verify compliance with grant agreements, provide intelligence and monitor and report on grant performance.

As the Global Fund's largest supplier and LFA in over 60% of the countries where it invests, PwC plays a key role in the Global Fund's innovative approach to development financing. This is based on an inclusive business model that creates incentives and leverages financial resources and knowledge from non-traditional development donors, including the private sector.

Today, the Global Fund mobilises and invests nearly US\$4 billion a year, with the goal of ridding the world of HIV/AIDS, TB and malaria. By harnessing advances in science and applying innovative solutions, the Global Fund is on track to save 22 million lives by the end of 2016. Gill Sivyer, the PwC Switzerland partner who leads the work with the Global Fund, comments: "The Global Fund's vision is to achieve a world free of HIV, TB and malaria. We are proud to be part of this endeavour."

Helping Bupa reshape and refocus its business

Around three years ago, Bupa UK – synonymous with private healthcare for over half a century – decided to embark on a radical and ambitious transformation to become the most customer-centric healthcare organisation anywhere by 2020. The plan also included using new technologies and operational changes to reduce the company's cost-base. This was a massive undertaking, and for help it turned to PwC UK.

Our team started work with two objectives: first, 'fix the basics' to build a more robust and scalable foundation for growth; and second, 'reposition the business' to focus more on customer needs and outcomes, thus driving that growth. These goals demanded a true enterprise-wide transformation – with the PwC team advising on everything from strategy, finance, change, tax, property management and reporting to regulatory, HR, IT, sales, propositions, customer service and care provision.

Our work restructured Bupa's entire UK business by establishing a single proposition team to develop products focused purely on customer needs, supported by a single customer experience team dedicated to putting a great customer experience at the forefront of everything Bupa does. And the results have been spectacular. As well as embedding its purpose of helping people enjoy 'longer, healthier, happier lives' at the heart of its business, Bupa has seen a £30m reduction in costs and annual revenue growth of 15% in a flat market.



"PwC worked hard to get to know me and my executive team, and to understand our business and our customers."

Richard Bowden,
Managing Director of
Bupa UK

Richard Bowden, Managing Director of Bupa UK, comments: "PwC worked hard to get to know me and my executive team, and to understand our business and our customers. They helped us move towards our vision of being able to organise ourselves in a wholly different way, centred on our customers, and moving from a product focus to one where we think 'customer' right through the organisation. It's been tough, yes, making changes to our structure and how we organise ourselves – but what we've witnessed so far has proven it's worth it."

Working with refugees in Germany to find jobs

Germany has experienced a dramatic rise in the number of refugees entering the country in the past two years. Over a million refugees – the majority originating from Afghanistan, Iraq and Syria – have now been registered in Germany's 'EASY' system for counting and placing people before they make asylum claims.

Such a huge influx of people is putting Germany's existing refugee systems under pressure. To provide assistance, PwC has developed a free eight-week training course that refugees can attend when they arrive in the country. This is a critical period for them. Refugees are not allowed to work during their first three months in Germany. By signing up for this language and vocational training course, they can acquire valuable preparation for a job in Germany in advance of making applications to enter the labour market.

Co-funded by PwC and GASAG (Berlin's leading natural gas provider), the course is project-managed by PwC and supported by participating employers and the chambers of commerce.

Known as the 'Jobführerschein' initiative, it provides an immediate entry-level labour market qualification, introducing students to the basic principles of employment in Germany, delivering specialist language tuition, and assisting with job applications, self-employment and further qualification enquiries.

As a guide for potential employers, each student's qualification is assessed and classified in a final exam. The leaving certificate that students receive on completing the course contains helpful information for future employers. A pilot for the Jobführerschein initiative was successfully launched in Berlin in May 2016 and the first Jobführerschein



Jobführerschein participants during a German lesson (above) and in the painter's shop in the Chamber of Crafts' training centre (below).



PwC has developed a free eight-week training course that refugees can attend when they arrive in the country.

certificates have already been issued. The course is open to women and men between 18 and 45 years of age from Afghanistan, Eritrea, Iraq, Iran, Libya and Syria.

A large proportion of refugees will remain in Germany over the long term. For them to integrate successfully, it's important that they should enter the labour market as soon as possible. This course provides a launchpad from which they can maximise their job opportunities once the three-month exclusion period ends. It should also provide a boost to the economy by helping to address staff shortages in many German businesses, particularly in sectors such as manufacturing, healthcare, and nursing.

Helping entrepreneurs in Greece to create growing businesses

With recent tough economic times and high unemployment rates, there is a great need in Greece to support sustainable economic growth. This year PwC Greece launched an initiative to help the country's start-ups and social enterprises, offering them support and guidance through its skills, experience and mentoring. These organisations have the potential to become growing businesses – and contributors both to the Greek economy and its society as a whole.

As part of these efforts to encourage entrepreneurs, PwC Greece supports the start-up incubator Orange Grove – whose mission is to help young entrepreneurs set up sustainable businesses, in turn supporting the country's recovery and long-term growth. Our Greek firm's contributions to the Orange Grove have included providing *pro bono* services, delivering seminars on business issues to the incubator's start-ups, and undertaking one-to-one coaching with three start-ups.

These coaching activities make PwC one of the first firms in Greece to collaborate with social start-ups in an initiative for the common good. One of them is Vitabroad, which is establishing itself in the health tourism sector with the help of PwC Greece's coaching. Another – Bloode – is the first online platform to promote and systematise the process of donating blood in Greece.

PwC Greece plans to expand its support to social entrepreneurship still further. In FY 2017, the firm will work with social start-ups that most closely match PwC's purpose of building trust in society and solving important problems.



These activities make PwC one of the first firms in Greece to work with social start-ups for the common good.

Helping to protect workers' rights in the Middle East

The welfare of construction workers in countries across the Middle East is a frequent focus of attention in the media, both within the region and worldwide. This means that responsible employers in the Middle East face the challenge of demonstrating that they're complying with high standards in how they treat their workers, if they're to gain a deserved reputation as businesses that do the right thing.

One organisation that – with the support of PwC – has been tackling this problem head-on is the Tourism Development and Investment Company (TDIC) of Abu Dhabi in the United Arab Emirates (UAE). TDIC is a major investor and developer of tourism, cultural and residential destinations in Abu Dhabi, with a portfolio of developments that includes the Abu Dhabi franchises of the world-famous Louvre and Guggenheim museums.

Back in 2009, TDIC became the first major developer in the Middle East to roll out an Employment Practices Policy (EPP) to safeguard the welfare of workers who are employed by the contractors (and their sub-contractors) on high-profile construction projects on Saadiyat Island. In each of the past four years, a joint team of PwC specialists drawn from the Middle East and UK firms has conducted an independent monitoring review for TDIC of its major contractors and subcontractors.

The PwC team conducts confidential interviews with workers, performs documentation testing on ethical recruitment areas, visits the company's sites, and compiles a detailed report – including action points – which is published externally by TDIC. In 2015 the review covered six contractors and eight subcontractors, engaged on seven TDIC projects employing a monthly average of some 5,555 workers.



Responsible employers in the Middle East face the challenge of demonstrating that they're complying with high standards in how they treat their workers.

Key outcomes of the EPP initiatives that the PwC team is involved with include:

- The freedom for workers to speak out without fear of reprimand
- Increased level of welfare facilities at workers' accommodation and work sites
- Greater awareness by workers of their basic rights
- A ripple effect across organisations, countries and regions of higher levels of worker welfare standards
- Greater understanding by employers of their workers' concerns and addressing them to ensure a happier, motivated workforce
- Enrichment of migrant workers' communities through such activities as sports competitions, welfare forums and educational initiatives.

Says PwC UAE partner Adnan Zaidi: "As well as providing external stakeholders with transparent and credible insights into the welfare of workers on TDIC's sites, our monitoring work has also brought many benefits within TDIC. These include contributing directly to improvements in TDIC's contractor management and workers' conditions, together with protection of their rights in areas such as health and safety training, accommodation and healthcare."

Helping small businesses stay tax compliant

For the growing numbers of people across the world who work in the fast-emerging sharing economy, staying on top of their personal tax affairs can be a major headache. At the same time, companies that run sharing economy platforms such as ride-sharing want to be sure that those who provide a service through their platform comply with local tax regulations.

PwC Australia identified these challenges and has created a solution – essentially a digital accountant – through an online product called Airtax. The online product provides micro businesses, such as ride-share drivers, freelancers, graphic designers and software developers with a quick, easy-to-use and low-cost way to manage their income tax obligations.

The firm has also teamed up with National Australia Bank (NAB) to launch a NAB Visa Debit Card which streamlines the process and experience even more. Linked directly to Airtax, the card automatically shares transactions and uses machine learning to categorise expenses.

PwC Australia Tax director Sam Moore says the concept of Airtax was born following meetings with a series of sharing economy providers in mid-2015. He took the problem and proposed solution to the firm's Innovation Division for further development. With previous experience creating digital solutions for other manual processes, the Innovation team was well placed to facilitate the project. Within three months, Airtax was live and available to users.

Take-up has been impressive, with customers in the thousands and growing at 40% month-on-month. With additional improvements to the product, such as the launch of an Android and iOS app, there's great potential to extend the concept to more client segments and other markets worldwide.



From left to right:
Taiwo Oyedele,
PwC Nigeria's Head of Tax
and Regulatory Services;
Folarin Ogunsanwo,
former Chairman of the
Lagos State Inland
Revenue Service; and Ebi
Atawodi, General
Manager of Uber West
Africa.

*“We commend
Uber and
PwC for this
initiative and
their positive
attitude
towards tax
compliance.”*

Folarin Ogunsanwo,
former Executive
Chairman of the Lagos
State Internal Revenue

When Uber – the popular ride hailing app – reached Nigeria and caused disruption in the local cab industry, it was met with some resistance from the authorities who did not fully appreciate its business model.

PwC engaged with various authorities on behalf of Uber to articulate the benefits of the Uber app in bringing the informal transport sector into the tax net – thereby increasing government revenue. This led to the development of clear guidelines that demystify the process of tax filing for Uber drivers – The Uber Driver-Partner Tax Briefing Notes. This document is given to all Uber drivers to help them easily understand what they have to do to comply with their tax obligations.

Folarin Ogunsanwo, former Executive Chairman of the Lagos State Internal Revenue, said: “We commend Uber and PwC for this initiative and their positive attitude towards tax compliance especially bringing the informal sector into the tax net which is a major area of focus for us in Lagos State.”

Helping Turkey reform its tax system



The informal or 'grey' economy – defined as economic activity that's neither taxed nor monitored by government – is a continuing challenge for countries across the world, resulting in lost tax revenues and obscuring what's really happening in the economy. In light of these negative impacts, the Turkish government is committed to reducing the proportion of its economy that falls within the informal category. A joint PwC team from the UK and Turkey is now helping it to do just that.

The two-year project for the Turkish Revenue Authority was officially launched in April 2016, with the aim of helping the Turkish government reform its tax system to scale down the informal economy. PwC won the mandate in 2015 following a competitive tender. During the bidding process, PwC was set apart from the competition by its substantial experience with the Paying Taxes methodology – a unique annual study carried out jointly with the World Bank – and deep knowledge of tax systems globally.

Helping the Turkish government reform its tax system to scale down the informal economy.

The project consists of two main components. The first – led by PwC UK, and mostly taking place in 2016 – consists of analysis and benchmarking studies on tax compliance both in Turkey and internationally. As well as drawing on the Paying Taxes methodology, this component also involves collaborating with world-leading academics in the fields of tax compliance and the informal economy.

The second component – led by PwC Turkey, and set to run from late 2016 through to early 2018 – focuses on capacity-building and training for the Turkish Revenue Authority. This will coincide with high-profile public awareness raising campaigns on the benefits and practicalities of tax compliance.

The desired outcome will be to give the Turkish Revenue Authority the tools and training to implement an internationally-aligned and competitive tax compliance strategy for the informal economy. It will be a strategy that's sensitive to the unique characteristics of the Turkish economy and society, and reflects the priorities and objectives of Turkish policymakers.

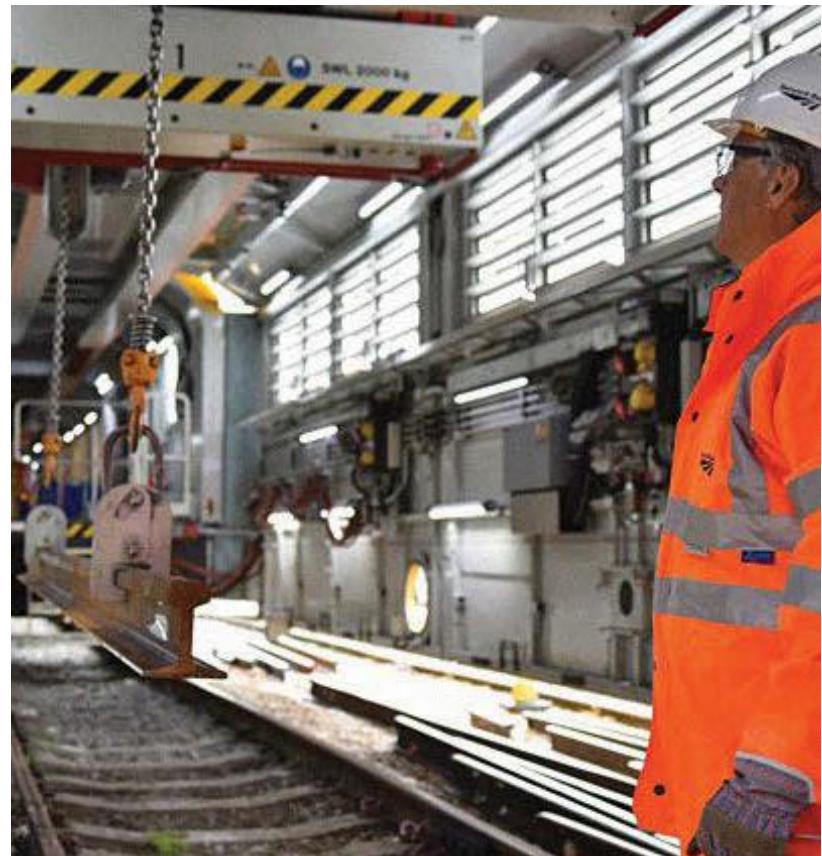
Developing a world-class Internal Audit function

Network Rail is responsible for operating, maintaining and enhancing the UK's railway network. The organisation is now undertaking the single largest upgrade and expansion of the UK network since Victorian times. Naturally enough, the scale and scope of these activities mean Network Rail's finances and performance are coming under intense public scrutiny.

Until March 2015, the PwC UK firm was Network Rail's external auditor. Then, following reclassification of Network Rail from a private company to a public body (an arm's length body of the UK government), the National Audit Office became its external auditors. However, given our experience and knowledge of Network Rail and the transport industry, we felt that we could still make a valuable contribution to Network Rail. With that in mind, we bid successfully for the role of Internal Audit (IA) co-source providers.

We work closely with Rajiv Patel, Network Rail's Director of Risk & Assurance, to understand how we can best support his work to continually develop Network Rail Internal Audit into a world-class IA function.

To enable Network Rail to address the complex demands it faces, we have provided additional capacity and capability. To do that, we are able to draw on specialists from across PwC in areas including: capital projects, commercial assurance, programme/project assurance, human resources, business resilience and IT risk assurance.



Rajiv Patel, says: "Because PwC understands our aims, our history and where we're heading, they offer a valuable perspective. They are supportive, while always maintaining an independent perspective that is essential in challenging us to improve and evolve."

We've delivered our work using a variety of methods, including seconding staff into the Network Rail in-house team of internal auditors, leading joint reviews and delivering outsourced assurance work. Above all, our aim is to ensure that Network Rail gets a high quality and cost-effective solution.

"Because PwC understands our aims, our history and where we're heading, they offer a valuable perspective."

Rajiv Patel,
Director of Risk & Assurance, Network Rail

Pursuing the Sustainable Development Goals

In September 2015, 193 United Nations member states came together to ratify the Sustainable Development Goals (SDGs), targeted at addressing 17 major world issues by 2030. Having adopted the goals, governments are looking to society – and especially business – to help achieve them.

PwC supported the launch of the SDGs by working with the United Nations Global Compact, the World Business Council for Sustainable Development and the Global Reporting Initiative to understand how ready businesses were to support the SDGs.

The research found that 71% of businesses were planning how they would engage with the SDGs – but only 13% of businesses had identified the tools they needed to assess their impact against the SDGs.

With 90% of citizens believing it is important that businesses sign up to and deliver on the SDGs, expectations are high. PwC believes that organisations need to understand their impacts – both positive and negative – and how they help or hinder in achieving the aims of the goals.

In response, we developed the Global Goals Business Navigator – a diagnostic tool that provides a quick, replicable and low-cost way to map business activities against the SDGs. Mapping data from around 400 data points for each of the 195 countries and regions, the tool helps companies to identify the goals of most relevance given their countries and sectors of operation and consider both the risks and opportunities related to their businesses.

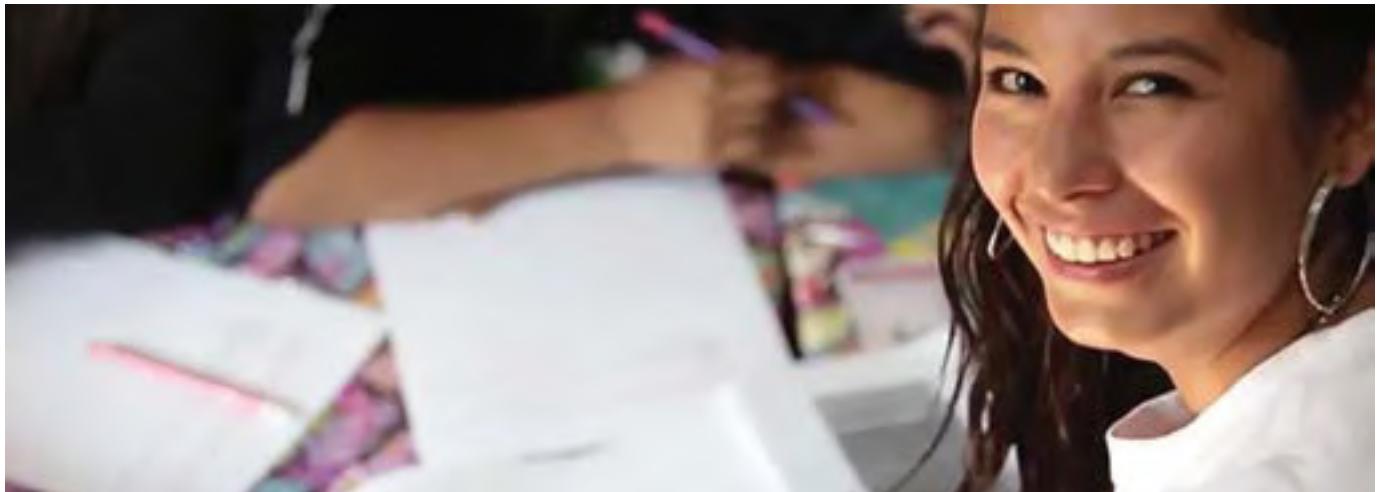


We're finding that businesses are showing a real energy and enthusiasm to engage in the agenda, a willingness to look at things from a different perspective and an open-mindedness to work in collaboration with other companies, in pursuit of making a difference towards achieving the SDGs.

Malcolm Preston, PwC Global Sustainability & Climate Change Leader, says: "The SDGs put a spotlight on some of the world's biggest issues and our ability to shape our impact on them, good or bad. To my mind, this represents a catalyst for innovation and new market opportunities for the savvy CEO to embrace and drive growth."

PwC believes that organisations need to understand their impacts.

Investing in education



At PwC, we believe that education is one of the best investments we can make today to address some of the biggest challenges of tomorrow. That's why we've made it one of the pillars of 'maximising potential', our global framework for community investment.

Across the globe, PwC firms are identifying and targeting the societal problems that education can help to address.

In the US, our Earn Your Future (EYF) initiative is continuing to grow. Launched in 2012 as a five-year \$160 million commitment, EYF began with a vision: leveraging our best assets – our people's talent and time, as well as our financial resources – to develop the financial skills of young people. In April 2015, the US firm extended the initiative by US\$30 million. Over the past four years, PwC US partners and staff have given over 960,000 service hours and reached over 3.5 million students and educators.

The EYF programme has also been extended into Mexico, where 90 of our volunteers invested 483 hours in the first six months. Already, 78% of the students say they have applied their new financial knowledge in their daily lives.

Across the globe, PwC firms are identifying and targeting the societal problems that education can help to address.

Financial literacy is also the focus of FLiP – a programme launched in August 2015 by our New Zealand firm – in which PwC staff travel to schools and deliver lessons alongside the class teacher. Since it was launched, they have spent over 1,500 hours of time helping 25 schools.

Elsewhere, in late 2015, PwC Australia launched the 21st Century Minds Accelerator Program, aimed at unearthing and scaling up some of Australia's best science, technology, engineering and mathematics (STEM) education initiatives to build a pipeline of future innovators and problem-solvers. Initiatives being supported range from commercial businesses such as Makers Empire – which offers learning based on 3D printing – to not-for-profits like Robogals, which inspires and empowers girls to consider STEM studies and careers.

And in both Hong Kong and Malaysia, PwC is part of a number of collective impact initiatives – bringing together corporates, foundations and government agencies in local areas to work together on improving early childhood and school education and care for underprivileged families.

Helping to create an innovative social enterprise

The issue of re-offending by former prison inmates is a significant challenge facing society in Italy. It's a problem that PwC Italy is helping to tackle through an innovative initiative – an 'in-jail' restaurant that operates as a social enterprise to help inmates prepare for life beyond prison walls.

Building whole leadership skills, including social leadership, is a key focus of PwC Italy's senior manager development programme 'Compagni di Viaggio', that encourages our people to explore society's most pressing challenges. One of the senior managers on the programme in 2014, Daniele Magnoni, was tasked with coming up with a business plan for the restaurant.

Following this, and with support from other parts of the firm, PwC Italy partnered with ABC catering and II Casa di Reclusione di Milano – Bollate to open InGalera, a restaurant located within the Bollate jail-house in Milan. InGalera opened for business in October 2015, with an event attended by senior government officials and covered in the *New York Times* and other publications.

Staffed by nine employees including seven prison inmates, the restaurant provides the prisoners with permanent jobs, monthly salaries, training, qualifications and practical experience of a working restaurant, with the aim of helping them find long-term employment in the hospitality industry.

The venture also looks to reduce re-offending rates by integrating ex-offenders back into society, while also raising awareness of the social issues associated with the rehabilitation of ex-offenders.



The venture proved an immediate success. Through using our skills, leveraging our relationships to identify strong partnerships and making a small financial investment alongside contributions from two partner foundations, InGalera served 5,040 dinners and 2,970 lunches in its first five months, producing higher than expected profits and cashflows. At the time of writing, with a TripAdvisor rating of 4.5/5 based on 145 reviews, InGalera ranks 102 out of 6,156 restaurants in Milan.

Francesco Ferrara, PwC Italy's Corporate Responsibility leader, comments: "It's wonderful to see our idea coming to life and making a real difference."

The restaurant provides the prisoners with permanent jobs, salaries, training, qualifications and practical experience.

From farm to fridge

Trust is important in any industry – but for food companies it's vital. So, in its work for food industry clients worldwide, PwC's Food Supply and Integrity Services (FSIS) team makes a vital contribution by helping our clients build trust in their products.

Nowhere is this role more important than in China. As a major global food producer with a large, dynamic food market and culture, China presents PwC with huge opportunities to help clients deliver food successfully 'from farm to fridge'. To achieve this, companies must navigate a challenging market characterised by complex supply chains, a fragmented agricultural sector, and customers keenly aware of food safety issues.

Producing 500,000 tons of milk annually and ranked 4th in national yogurt sales, Junlebao is an emerging leader in this vibrant marketplace. Back in 2008, when the company was building its main production facility, a scandal broke out over melamine contamination in milk. In its wake, Junlebao's chairman set out an aspiration to move beyond a 'profit first' model.

It's a goal he has maintained ever since. Despite the cost challenges it faced as an emerging food company, Junlebao invested heavily in quality up-front by importing expensive processing equipment for an automated production line. However, the company's customer relationships also rely on a complex network of 4,000 distributors, who vary dramatically in size, type and adherence to product safety standards.

This supply chain represented a major challenge to Junlebao's efforts to build deeper trust among consumers. To help address it, the company asked PwC China's FSIS team to build new management systems that would maximise efficiency and safeguard consumer trust.



Today, Junlebao is reaping the benefits of PwC's efforts through greater trust – and faster growth.

The team quickly applied its operational, financial and industry expertise to optimise and standardise Junlebao's distributor relationships, while also developing innovative approaches to encourage appropriate downstream handling of its products.

With PwC's help, Junlebao implemented new practices that encouraged proper storage and refrigeration, including offering distributors payments-in-kind, compensation for electricity bills, and food safety training. Today, Junlebao is reaping the benefits of PwC's efforts through greater trust – and faster growth.

Supporting the Paris Agreement and the circular economy



To draw attention to the issue of climate change, PwC UK installed a giant, glowing 'bubble' in its More London office garden, sized to match that of a tonne of CO2

In December 2015, 195 governments met in Paris at the United Nations 21st Conference of Parties (COP21), and committed to actions aimed at limiting global warming to well below 2 degrees Celsius. The deal now presents governments, business and society with opportunities, risks and challenges as they try to achieve its objectives.

PwC actively supported the objectives of the climate summit. In the lead up to COP21, our then Network Chairman – Dennis Nally – was one of a global group of business leaders from 79 companies who signed the World Economic Forum's open letter to government leaders urging concrete action to address climate change.

Since then, we've continued to stress our support for the Paris Agreement – while simultaneously working hard both to reduce our own climate impacts, and also to help our clients do the same. A prime example of our

PwC actively supported the objectives of the climate summit.

efforts with clients is our work on climate finance, which involves helping global banks identify and manage the risks of climate change at a business, portfolio and asset level.

From an internal perspective, we've reduced our per employee emissions by 8% over the last two years. And, more broadly, we're contributing further to efforts to improve resource efficiency by supporting the growth of the 'circular economy'. This is a model which is an alternative to a traditional linear economy (make, use, dispose) and aims to keep products, components and materials at their highest utility and value for as long as possible.

PwC UK has established itself as a leader in this area with its 'Going Circular' programme – achieving goals of zero waste to landfill in 2012, diverting IT, furniture, food and textile waste to reuse, and moving towards circular procurement and solutions. You can find out more on our [Going Circular](#) website where we share our experience in a series of videos and a 'lessons learned' document.

Supporting Saudi Arabia's industrial development



Saudi Arabian Industrial Investments Company (SAIIC) is a joint venture between the Saudi Arabian Public Investment Fund, Saudi Aramco (the Saudi National Oil Company), and SABIC (the leading petrochemicals company). The company's aspirations are to drive economic development in Saudi Arabia by investing in ventures in strategic industrial sectors for the country, and helping to foster the wider development of manufacturing ecosystems.

In line with the Saudi Vision 2030, SAIIC will stimulate economic diversification, localisation of industries, creation of high-quality jobs, enablement of small and medium-sized enterprises, and the attraction of foreign investment into the country.

After the creation of SAIIC, its shareholders and CEO were looking for help in quickly getting the investments and operations of the company up and running. A joint team from Strategy&, PwC Deals and PwC Consulting combined their 'strategy to execution' capabilities to support SAIIC in a 'Build, Operate and Transfer' mode for two-and-a-half years. The three elements of the project are to:

“Strategy& and PwC have provided us with the support and advice that we need to start fulfilling our mandate in a sustainable way and in the shortest possible time.”

**Rasheed Al-Shubaili,
SAIIC CEO**

- Build SAIIC's investment strategy, deal pipeline, operating model, and processes
- Operate the company's business development and investment execution activities, and corporate support services, and
- Transfer know-how and capabilities to the full-time SAIIC staff who would be recruited over the duration of the programme.

The Strategy& and PwC team has already started achieving tangible results. A solid pipeline of deals is now in place, and a memorandum of understanding has been signed with the US multinational General Electric to develop advanced manufacturing facilities in power and water, oil and gas, aviation, digital and other sectors, with a total estimated value of US\$3 billion.

SAIIC's CEO, Rasheed Al-Shubaili, says: “Strategy& and PwC have provided us with the support and advice that we need to start fulfilling our mandate in a sustainable way and in the shortest possible time. We now have a robust platform in place to help drive future growth and success – both for SAIIC and Saudi Arabia.”

Helping Qingdao Haier be a global leader in home appliances



PwC teams working on the Haier/GEA deal with the Executive Vice President and CFO of Haier Group (standing centre)

Large cross-border acquisitions are among the most complicated and challenging to navigate to a successful conclusion. Their complexity is often compounded by intense time-pressure to get the deal done.

All these factors applied in the case of Qingdao Haier's US\$5.4bn acquisition of GE's global appliance business in 2016 – the biggest transaction ever conducted in the white goods industry.

Haier – a Fortune 500 company – is China's largest home appliances and white goods manufacturer, and owner of Qingdao Haier, a Shanghai Stock Exchange-listed business. US-based GE Appliances is the leading home appliance manufacturer in North America.

Since 2008, teams from PwC China have worked with Haier on various engagements, building a relationship of trust with the client. As a result, Haier turned to PwC China for help in the run-up to the merger. PwC Corporate Finance acted as Qingdao Haier's financial advisor and project manager, while PwC's Transaction Services, Tax, HR, IT and Valuation teams acted as due diligence advisors.

The entire bidding process took only 38 days from project kick-off to the signing of the Sale and Purchase Agreement.

This was a highly complex engagement conducted against a very tight timeframe – factors that resulted in more than 100 external advisors being involved. Working with Haier's internal team, PwC coordinated a project team of more than 150 people from 10 countries including Canada, India, Korea, Mexico, Saudi Arabia and the US to complete a wide range of tasks at a high pace. As a result, the entire bidding process took only 38 days from project kick-off to the signing of the Sale and Purchase Agreement (SPA).

PwC assisted Haier in submitting the non-binding offer, conducting comprehensive due diligence and site visits, attending management presentations, arranging deal financing and negotiating the SPA.

Some of the most challenging issues concerned the deal's tax aspects. Our team advised on a tax-efficient acquisition structure and debt financing approach, while also advising the client on how to structure their debt to gain further potential tax savings in the future. Qingdao Haier's tax director fully appreciated the efforts of our Tax team, and was very supportive in selecting PwC as post-deal integration advisor after the SPA signing.

Myanmar: Asia's next rising star

Today, Myanmar is one of the world's foremost 'frontier markets'. Rich in natural resources, the country has a predominantly young population of more than 50 million people and economic growth running at over 7% a year.

Following five years of sweeping economic and political reforms, Myanmar is attracting rising levels of foreign investment, often into joint-ventures between international and local business. These investments are expected to help Myanmar become Asia's next rising star and a major economy on the world stage.

PwC is playing a key role in enabling Myanmar to realise this potential, setting up the Myanmar office in November 2012 in anticipation of the needs and opportunities that economic liberalisation would unleash. Today PwC Myanmar is a thriving operation with more than 50 local Myanmar professionals, 10 overseas secondees mainly from Singapore, and strong support from across PwC's global network.

When a country has spent decades outside the global business mainstream, opening up its domestic companies to foreign investors inevitably raises challenges. PwC partner Jovi Seet comments: "Myanmar companies need to transform and restructure themselves to become stronger and more efficient, and to understand the standards required by international companies. And the international companies need to be confident that their local joint venture partners are robust and transparent."

PwC Myanmar is uniquely positioned and equipped to help on both fronts. A great example is its work since 2014 for the Japanese mobile carrier KDDI and trading house Sumitomo Corp, helping them invest in and then operate a joint venture with Myanma Posts and Telecommunications (MPT). Having assisted the clients in completing the investment successfully, PwC is now continuing to provide a wide range of services.



PwC is playing a pivotal role in enabling Myanmar to realise this potential.

The business and social benefits have been dramatic. Since 2014, MPT has trebled its subscriber base from around 6 million to over 20 million. And during the same period, telecoms liberalisation has seen the cost of a SIM card in Myanmar plummet from US\$200-300 sold in a secondary market to around US\$1.50, opening up affordable mobile services to millions of new consumers.

Introduction

Richard Oldfield

Global Markets and Services Leader



In a world of unprecedented scrutiny, the public expects more from business today than ever before.

This means going beyond generating profit to helping resolve complicated issues, ranging from climate change to income inequality.

At PwC our people relish a challenge.

In addition to our work with clients, we believe our work on cutting-edge thought leadership, building trust, evolving technologies, pioneering people programmes, and innovative business strategies – also delivers great value to society at large.

Call it disruption, call it uncertainty, or just call it change. PwC has a long tradition of thriving amidst upheavals. That's why we've existed for 162 years. We pride ourselves on our ability to adapt – to anticipate the evolving needs of our clients and the expectations of our people.





In our Global Annual Review we share some of the thinking our people have brought to issues ranging from corporate responsibility to technology and from tax to audit.

Take a look and let us know what you think.

“Call it disruption, call it uncertainty, or just call it change. PwC has a long tradition of thriving amidst upheavals..”

A look to the future

We asked members of the PwC Network Leadership Team to select four potential business game-changers and give us their insights into how they will impact our future.

The four they chose are technology, the workplace, growth markets and the sharing economy.

Technology – Tim Ryan

Emerging technologies – which are the ones to watch?

Robotics, artificial intelligence, drones, the internet of things... these are just a few emerging technologies that have already changed our world, and continue to shift the ways we engage with each other

Business leaders are keenly aware of these constant technological advances. In our last CEO survey, CEOs picked tech as the number one trend that will transform their businesses over the next five years.

But the real surprise is the breadth of new technologies leaders need to keep track of. So we did the work for our clients. We've analysed more than 150 technologies and picked eight that really stand out.

From 3D printing to software algorithms that can do what human intelligence can, and from vehicles that can move without an onboard human pilot to computer-generated simulations that viewers can interact with in realistic ways.

These technologies are at varying degrees of maturity; some have been around for years but are finally hitting their stride, while others are maturing rapidly.

Forward-thinking leaders will turn these technologies into a strategic advantage. But to do this, they need to track, evaluate and develop an action plan for emerging technologies – and make this a key part of their



overall business strategy. Focusing on these technologies isn't just a 'nice-to-have', but a 'must' if companies are to survive in the future business landscape and stay ahead of the competition. Technology is no longer just one element of business; rather, it underpins the way we interact, make decisions, and move forward.

We're working with clients to help them make the most of these opportunities. And we're making sure we stay ahead of the curve too by using technology in everything we do.



Tim Ryan
PwC US senior partner

Workplace – Kevin Ellis

Humans or robots – who will do what in the future?

Companies today are spending billions on robotics and intelligent automation. From basic machines such as self-service check-outs and airport check-ins, to complex industrial robots such as robot butlers being trialled in hotels.

But how will robots impact our future? Although they'll have a big impact, I don't think they'll take over our lives. They will increasingly take on a more cognitive role, incorporating an element of decision-making which was once only possible by humans.



Kevin Ellis
PwC UK senior partner

I think technology will create different kinds of work – handing off the traditionally low-paid, low-skilled jobs to the bots, while freeing workers to pursue alternative, more rewarding career paths.

There might be less demand for factory workers but more demand for machine maintenance or programmers.

Some tasks – those that rely on intuition or leaps of faith, for example – will always be more suited to people. These include developing a business strategy and sales and customer services activities.

Others – those that are improved by speed, precision or big data – are best suited to machines or automation. Precise manufacturing processes and repetitive tasks are good examples.

I see a future where people and machines will increasingly coexist and work together in partnership.

Growth markets/China – Raymund Chao

What's the future for the world's growth markets?

Despite some economic uncertainty, it would be unwise to write off all the BRICs. India continues to prosper and China is settling into a 'new normal' of slower – but still very strong – growth.

Many growth markets are in their 'adolescent' phase of economic maturity – but in years to come, they will mature into more stable and structured economies.

Even if their growth rates do not return to pre-crisis levels, their contribution to the world economy will remain substantial.

But clearly the geography of growth for emerging markets in the world is shifting, with economies like Indonesia, the Philippines and Vietnam seeing more and more foreign direct investment.

Major demand drivers remain strong in many emerging markets, particularly in Asia. To make the most of these opportunities, business will need to be bold and adaptable.

First, they need to identify the institutional voids in each emerging market they operate in. For example, the lack of infrastructure, local supplies or coordinated distribution channels.



Raymund Chao
PwC China senior partner



Norbert Winkeljohann
PwC Germany senior partner

Second, they need to understand the consumer and enterprise segments in each market. These are constantly evolving as disposable incomes rise and people's lifestyles change.

And third, they need to develop or amend their business models appropriately.

And they need to do this with speed.

Sharing economy – Norbert Winkeljohann

What will the sharing economy look like in 2025?

The rise of the sharing economy is influencing consumer behaviour and changing the face of business.

On-demand ridesharing apps like Uber are changing the way we get around our cities. Peer-to-peer accommodation sites like Airbnb are encouraging a new generation to travel more often and to different places.

Our research shows that activity across Europe has grown over the past two years. In 2015 alone, five key sectors of the sharing economy generated revenues of nearly €4 billion and facilitated €28 billion of transactions within Europe.

But what of the future? By 2025, we estimate that just five sectors will generate Europe-wide revenues worth over €80 billion and facilitate nearly €570 billion of transactions. And it's not just in Europe where this is happening: in another global study, we found that five sharing economy sectors could generate revenues of US\$335 billion by 2025, up from US\$15 billion in 2013.

Over the coming decade, the sharing economy has the potential to drive economic growth in Europe while it goes through a 'new normal' of lower growth. We project sharing economy revenues will grow at roughly 35% per year, around ten times faster than the wider economy as a whole.

Many of our clients are responding through acquisitions, strategic investments and developing plans to differentiate their own product to react to the disruption. But there's plenty more room for innovation to grasp the many opportunities.

The exciting future of assurance takes shape

Information is the lifeblood of decision-making – and across the world, digital connectivity is putting more information in the hands of more people than ever before, impacting every facet of personal and business life. And as cognitive science and robotics increasingly replace human knowledge, there's a growing need to help people feel they can trust the technologies that make decisions for them.

For organisations, this information explosion has taken transparency to a new level, requiring them to find new ways of communicating their performance and building trust among their stakeholders. For many years, companies concentrated on providing their shareholders with robust financial information. That's no longer enough.

Today, organisations must engage with a broader set of stakeholders, each focused on specific – often non-financial – information. Also, companies themselves rely on diverse systems and information for decision-making. All stakeholders want to feel confident that the information they're interested in is up-to-date, relevant and reliable: only then will they bestow their trust. As people's information expectations are changing, assurance must change too.

The regulated financial statement audit has, by design, always focused on historical financial information. While its scope has changed over time, especially with the integration of new technologies, we cannot expect it to satisfy all the new needs and bridge the 'expectation gap' between the assurance stakeholders now seek and what they receive. So assurance must become much broader and more adaptable.

To make this happen, 'auditors' can take the same expertise and judgement they use for regulated audits, and apply it to other sets of data and different processes and controls. This expanded view of assurance still includes the financial statement audit – but extends the same rigour to areas like people development, environmental impacts, community involvement, tax contributions and more.

Why is this broader scope needed? Because some stakeholders are looking for different and additional information in order to gain an overall picture of a business and assess an organisation's performance and sustainability.

As a purpose-led and values-driven organisation, we believe we're well-placed to seize these opportunities. To do this, we must answer fundamental questions about what kinds of assurance different stakeholders are seeking, for what information, and how quickly. About how technologies like artificial intelligence can help increase quality and drive efficiency. And about how the assurance we provide over audited financial statements can be delivered on broader information.

We're already starting to answer these questions. And we're finding that the quickest and surest way to generate confidence in new kinds of information and processes is to innovate alongside the regulated audit. While standards may ultimately emerge in this area, we're currently at a stage where agility and flexibility are vital in meeting stakeholders' changing demands. This means providing greater transparency, wider perspectives and deeper insight by supplementing our traditional audit skills with newer capabilities in technology and data, combined with wider business acumen.

This is the journey we're on, and we're making progress towards an exciting future for assurance. In a world of almost limitless information and fragile trust, there's some way to go before the expectation gap is bridged. But our destination of wider assurance is in sight – and we're navigating the way.



Richard Sexton
Global Assurance
Leader

While investors still value the regulated audit, it provides only part of the overall picture of a business.

Creating a strategy that works

Our experience in advising clients across the world confirms two things: every business faces major strategic challenges – and the route to higher value is not easy.

Business leaders fully recognise these realities. In an ongoing global survey of senior executives by PwC's strategy consulting business, Strategy&, more than half of the 4,400 respondents said they didn't think their business had a winning strategy. Other research shows that nearly all senior executives admit they've missed out on major market opportunities.

Rather than being triggered by external events, we believe these problems are a direct result of how most companies are managed. The underlying issue is a yawning gap between strategy and execution – a dangerous disconnect between where the company aims to go and what it can actually achieve.

To investigate this gap and identify how to bridge it, Strategy& published a book called *Strategy That Works*. In it, they profile real-life examples of how a handful of highly successful global companies have fused strategy and execution to reach the summit of their industries.

Crucially, these companies are set apart by their ability to make the right calls about how to deliver value. And in doing this, the choices they make often run counter to the received wisdom in their industry.

What kind of companies are we talking about? Take IKEA, which makes and sells stylish, functional, inexpensive furniture that helps people at any income level improve their lives. Or Natura Cosméticos, a Brazilian provider of high quality, natural personal-care products, which celebrates health and quality of life at every age. Or – to pick a few more examples – Apple, Haier, Industria de Diseño Textil (Inditex, known for its Zara brand), Lego, Qualcomm, and Starbucks.

All of these companies have closed the strategy through execution gap. And while they're rarely thought of as a group, they have all built differentiating capabilities that provide a clear strategic advantage in an increasingly complex global marketplace.



Miles Everson
Global Advisory
Leader

A handful of highly successful global companies have fused strategy and execution to reach the summit of their industries.

So, how can others do the same? Based on independent research into 14 successful global companies, the authors of *Strategy That Works* identify five acts of unconventional leadership that these businesses all share – and that contribute to their success. These are:

- **Commit to an identity:** rather than chasing growth wherever it arises, these companies grow by being consistently clear-sighted about what they do best.
- **Translate the strategic into the everyday:** instead of copying others, they focus on building and connecting the capabilities that contribute most directly to their strategic goals.
- **Put your culture to work:** rather than seeing their culture as a barrier to change, they celebrate and capitalise on their own cultural strengths.
- **Cut costs to grow stronger:** instead of cutting across the board, they target their cost reductions on what doesn't matter – in order to invest in what does.
- **Shape the future:** they reimagine and extend their own capabilities, realigning their market position on their own terms instead of responding to others.

These five acts are highly interconnected – to the extent that companies have to adopt them all if they are to bridge the strategy through execution gap. Armed with such insights, our Advisory teams are helping more and more of our clients worldwide do just that.

Running a good business in a dynamic world

Navigating the business environment, globally and locally, has never been more complex. There is more focus than ever on the role and impact of business, and the greater need to be able to understand, plan for and then implement business strategies which reflect this dynamic environment.

Businesses must now carefully manage not only traditional technical complexity – tax, legal, operational, people-related and other – but also the broader political and indeed economic and social consequences of their business strategies.

This broader impact of business is becoming increasingly relevant for senior executives as a key strategic question. Not for many decades have the assumptions which underpin key elements of the global economic system been so challenged. A growing number of business leaders are wrestling with the challenge not only of how to run successful businesses, but to do so in a manner which is sustainable from an economic and a social perspective.

Governments too are adjusting and evolving, and their changing approaches will in turn have significant implications for taxpayers. Governments are working together via the BEPs project to drive the most significant change in the global tax systems in generations. But many are also evolving their local tax systems to respond not only to economic demands but also to the evolving nature of economic activity.

Increasing numbers of countries are broadening their tax systems, with many actively focused on the introduction or evolution of indirect tax systems. Technology will also play an ever more influential role in the manner in which tax authorities engage with taxpayers.



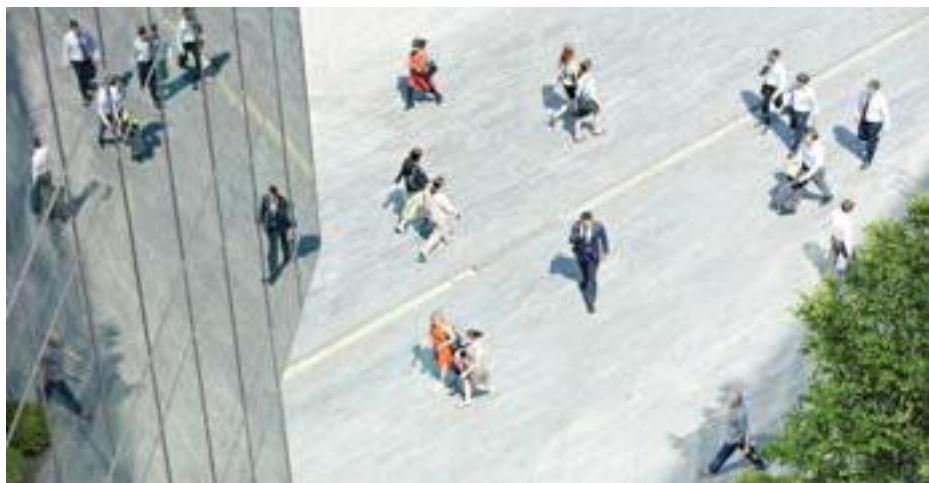
Colm Kelly
Global Tax Leader

To all of this, add the increased emphasis on transparency – a trend which is likely to increase rather than decrease, again facilitated by technology. Finding the right balance between secrecy on the one hand, and privacy and confidentiality on the other, is already a hot topic in many places, and will be the subject of much debate to come.

These are big changes, inevitably with more to come. But an environment of such dynamic change also presents significant opportunities to those who are willing to evolve to respond. Successful businesses will find new opportunities to meet the developing needs of their customers, to work with governments and policy makers to support sustainable goals and outcomes, and in doing so will deliver sustainable financial returns to their stakeholders.

Our responsibility is to support our clients with the skills, experience and capabilities needed to deliver on these objectives.

It is also to continue to contribute to the wider debates about how business and broader society can evolve sustainably and successfully. This is how we set out to deliver on our purpose – to build trust in society and to solve important problems.



The changing role of business in society

The world is changing – faster than ever before. This year's World Economic Forum in Davos highlighted the arrival of the Fourth Industrial Revolution, as the fusion of technologies like artificial intelligence (AI) and nanotechnology blurs the lines between real and artificial. Digital technologies are not only accelerating the pace of change, but also enabling people worldwide to become more connected, better informed, and – as a result – increasingly empowered and emboldened.

In these fast-changing times, it's natural, and important, to ask "change to what end"? The Sustainable Development Goals provide an answer, by defining globally-agreed outcomes we can all strive towards based on ending poverty, protecting the planet and ensuring prosperity for all. To make these outcomes a reality, we must work to shape a future that reflects our common objectives and values.

What does all this mean for businesses?

This year, our Global CEO Survey looked at *Redefining Business Success in Changing Times* – and underlined the increasing expectations on business to address wider stakeholder needs. CEOs told us they expect customers to put a rising premium on how companies conduct themselves in global society, with 44% saying this will be a priority for customers in five years' time.

Given such shifts, we believe the challenge ahead is to define business propositions that drive growth and create greater value for society – while also sustaining the natural systems on which we all depend. This isn't a new challenge, but a new world: in our survey, 76% of CEOs said business success is now about more than just financial profit.



Richard Oldfield
Global Markets and Services Leader

Put simply, we're at a tipping point, as technology shifts underpin deeper-seated change in society. Where environmental and geo-political challenges combined with greater information access broadens business focus beyond profit to societal value. To keep pace, organisations must navigate by their own purpose and values, while empowering their people to find new ways of creating value for society.

We're starting to see this happen. Nearly a quarter of CEOs said their company has changed its sense of purpose in the past three years to reflect broader societal impacts. This shift is accompanied by moves away from traditional financial measures towards new broader metrics, and ultimately decision making that reflects these broader value drivers.

We too are on this journey, powered by our purpose – to build trust in society and solve important problems.

This isn't a new challenge but a new world; in our survey 76% of CEOs said business success is now about more than just financial profit.

We use corporate responsibility as a societal lens, helping us to understand stakeholder expectations and societal trends, manage our activities in light of these, invest in positive societal change that delivers on our purpose and measure a broader set of business metrics.

We're making great progress, as demonstrated by the stories in this report. But the real transformation is just beginning. Read more about our corporate responsibility approach, ambitions and performance.

The biggest disruptor of all – technology



We're witnessing an era of disruption. Major trends like demographic change, resource scarcity and climate change, urbanisation and a global shift in economic power are having a significant impact on everything from talent management and production models to regulation.

But of all the megatrends, accelerating technological change has been, and will continue to be, the most disruptive force. Here are three examples.

- Technology is playing a role in the shift of power from traditional to new industries. Unexpected new entrants are building momentum and capturing consumers' imagination. Uber and Airbnb illustrate this trend.



Robert Swaak
Global Clients and
Industries

- Technology is changing the nature of relationships between industries and creating a new range of challenges. For example, technology is now interconnected with retail, healthcare and banking. One of the most difficult challenges is building trust in areas like data privacy, people monitoring and artificial intelligence. These new relationships are impacting a wide range of industries, from retail to healthcare to banking.

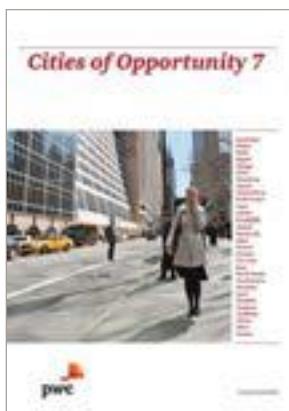
- Technology is distributing more power to people. The power to create (and destroy) value, and the power to share in the value they've created. Creating breakthroughs that can hold the answer to many of today's important problems, such as genetically engineered immune cells that are saving the lives of cancer patients, and precise gene editing in plants to create traits such as disease resistance and drought tolerance.

There is a proliferation of innovative technologies. In order to remain relevant and to succeed, an emerging technology strategy needs to be a part of every company's corporate strategy.

As mentioned elsewhere in this Review, we've evaluated more than 150 technologies around the world to help our clients to identify the ones most significant to them and their industry.

Find out more by visiting our website or watching PwC US senior partner Tim Ryan talk about the 'Essential Eight' technologies which we think will be most influential on businesses worldwide in the very near future.

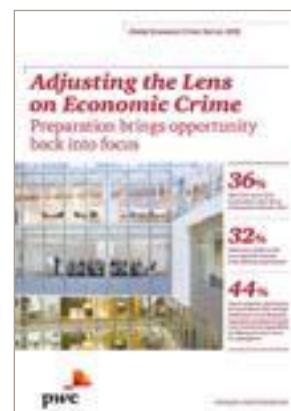
Thought leadership – shaping the debate



Cities of Opportunity 7. At a time when cities drive the world's growth, understanding them requires a wide range of credible, transparent data. This study provides a balanced benchmarking of the social and economic health of 30 of the world's leading cities of business, finance and culture. The study provides an objective perspective on the cities best prepared for business, and where challenges lie. Explore: www.pwc.com/cities



Global Entertainment and Media Outlook 2016-2020. In its 17th year, this is a comprehensive online source of global analysis for consumer and advertising spend. With like-for-like, five-year historical and five-year forecast data and commentary across 13 industry segments in 54 countries, the Outlook makes it easy to compare and contrast consumer and advertising spend across segments and countries. Explore: www.pwc.com/outlook



Global Economic Crime Survey. Whether it's fraud, IP infringement, corruption, cybercrime, or accounting fraud, economic crime continues to be a major concern for organisations of all sizes, across all regions and in virtually every sector. This survey of over 6,000 participants in 115 countries looks at the major types of economic crime and their threat to business. Explore: www.pwc.com/crimesurvey



Paying Taxes. Published jointly by PwC and the World Bank Group, this unique study investigates and compares tax regimes across 189 economies, ranking them according to the relative ease of paying taxes. In its 10th year, the study's databank provides a unique insight into how governments around the world choose to tax companies operating in their jurisdictions and the mechanisms by which those taxes are levied. Explore: www.pwc.com/payingtaxes



Industry 4.0. Building the digital enterprise: Drawing on the views of over 2,000 executives from nine major industrial sectors and 26 countries, this study outlines how companies are enhancing their product portfolio with digital functionalities and introducing innovative, data-based services. It provides a blueprint for success to help companies position themselves as leading digital enterprises. Explore: www.pwc.com/industry40



Annual Global CEO Survey. In its 19th year, this survey of over 1,400 CEOs from 83 countries looks at their views of the economy and prospects for revenue growth, and sheds light on the key opportunities and challenges facing businesses today. Launched at the World Economic Forum in Davos, it has become a bellwether for the meeting. Explore: www.pwc.com/ceosurvey

Introduction

Carol Sawdye

Chief Operating Officer

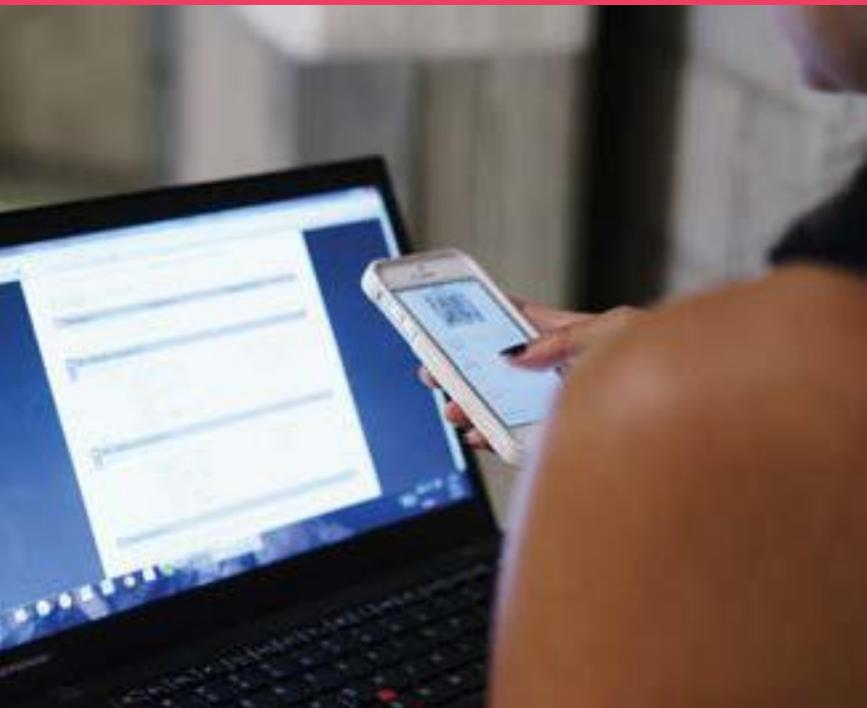


We live in a world of data. Increasingly we are using data to drive the key decisions we take at work and in our personal lives and using technology to collect and use data in better and more useful ways.

In this section of our global annual review we have gathered together some key data about how we are performing in the marketplace, the impact that we are having on the societies that we work in and the environment that we live in, and the extent and reach of the work that we do with our clients all around the world.

Please take some time to explore the data which I hope you will find interesting and let us know what you think.

Not everything can be measured in numbers of course. As well as the data throughout our review we feature stories detailing the difference we are making by working with our clients, our people and our communities around the world.





“Not everything can be measured in numbers of course. As well as the data throughout our review we feature stories detailing the difference”

Our revenues

For the financial year ending 30 June 2016, PwC's gross revenues were US\$35.9 billion, up 7% at constant exchange rates, a healthy increase given some the challenging economic conditions around the world. We saw revenues grow across all of our lines of business and in all of our major markets which is a testament to PwC's investment in innovation, technology and quality. Most of all, this growth is due to the hard work of our 223,000 people around the world and their dedication to delivering a culture of excellent client service.

In North America and the Caribbean, revenues grew by 8%. Revenues across South and Central America grew by 9% with sales from PwC remaining buoyant.

Growth was steady in Western Europe, up by 6% with some very strong performances from Germany, Italy and Switzerland. In the UK, our second largest market in the world, we had another strong performance, driven by good results right across the business.

Central and Eastern Europe posted robust revenue growth of 10%.

Revenues from Australasia and the Pacific grew by 5% across the region.

As predicted, more of our revenue growth is now coming from developing markets and this was particularly true in Asia where revenues grew by 10%, with strong performances in India and China.

Across the Middle East and Africa region, revenue growth was 7%.

Fig 9: Aggregated revenues of PwC firms by geographic region (US\$ millions)

| | FY16 at FY16 ex. rates | FY15 at FY15 ex. rates | % change | % change at constant ex. rate |
|------------------------------------|---------------------------|---------------------------|-------------|-------------------------------------|
| Asia | 4,391 | 4,109 | 6.8% | 10.3% |
| Australasia and Pacific Islands | 1,452 | 1,584 | -8.3% | 5.3% |
| Central and Eastern Europe | 678 | 715 | -5.2% | 10.0% |
| Western Europe | 12,339 | 12,651 | -2.5% | 5.9% |
| Middle East and Africa | 1,294 | 1,304 | -0.8% | 7.0% |
| North America and the Caribbean | 14,916 | 14,035 | 6.3% | 7.5% |
| South and Central America | 826 | 958 | -13.8% | 9.4% |
| Gross revenues | 35,896 | 35,356 | 1.5% | 7.3% |

FY16 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY16 exchange rates. FY15 aggregated revenues are shown at average FY15 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Fig 10: Aggregated revenues of PwC firms by service line (US\$ millions)

| | FY16 at FY16 ex. rates | FY15 at FY15 ex. rates | % change | % change at constant ex. rate |
|--|---------------------------|---------------------------|-------------|-------------------------------------|
| Assurance | 15,280 | 15,177 | 0.7% | 6.4% |
| Advisory | 11,531 | 11,235 | 2.6% | 8.3% |
| Tax | 9,085 | 8,944 | 1.6% | 7.4% |
| Gross revenues | 35,896 | 35,356 | 1.5% | 7.3% |
| Expenses and disbursements on client assignments | (2,257) | (2,351) | -4.0% | 0.1% |
| Net revenues | 33,639 | 33,005 | 1.9% | 7.8% |

FY16 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY16 exchange rates. FY15 aggregated revenues are shown at average FY15 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Fig 11: PwC's service line mix (2012-2016) at constant exchange rates (US\$ millions)

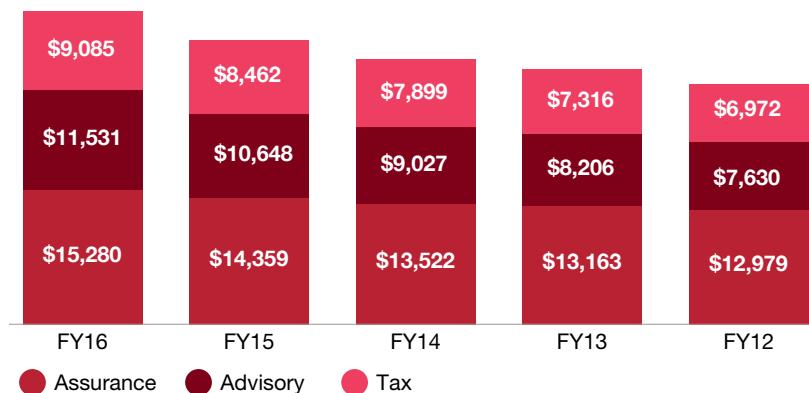
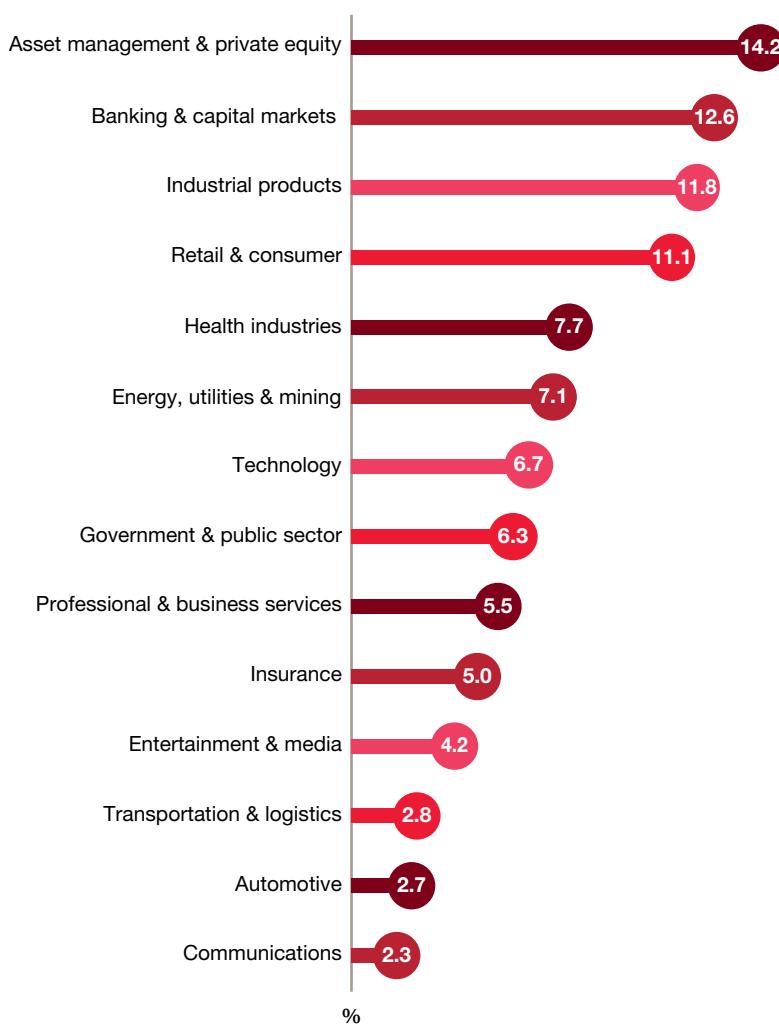


Fig 12: Aggregated revenues by industry sector (percentage of revenue)



Assurance

Our Assurance operations continued to grow strongly, increasing by 6% to US\$15.3 billion. Demand for our core audit and assurance services remained high despite fierce competition across the world and the continuing impact of mandatory audit firm rotation across Europe.

The strength of our brand, the quality of our people and the innovation we are bringing to our services make PwC the choice of many of the leading organisations across the world for audit and assurance services.

Technology continues to reconfigure the market for audit and assurance services driving demand for broader assurance services such IT, risk and data assurance – all areas where we continue to invest and innovate to provide the latest most insightful and cost-effective solutions to our clients.

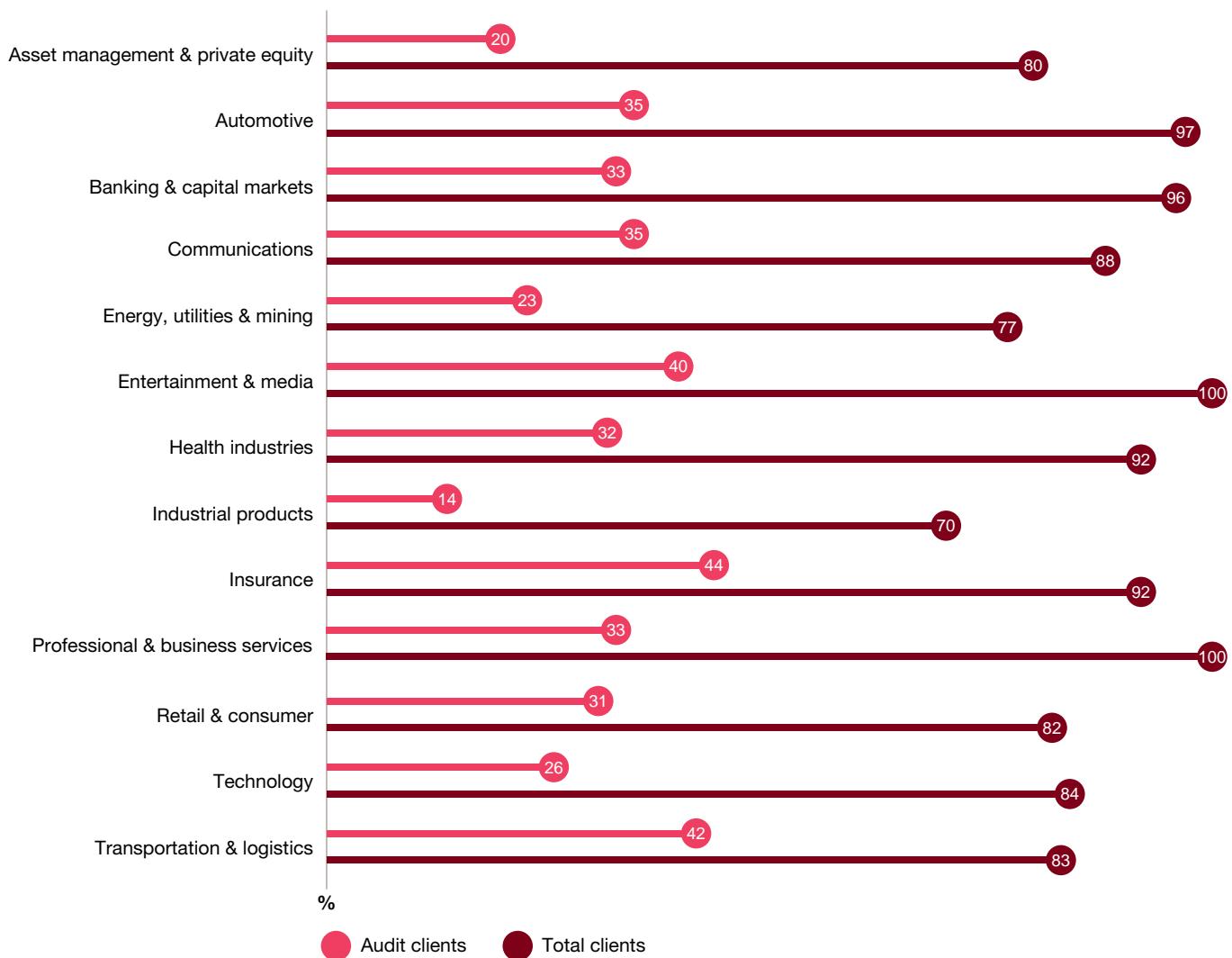
We also enjoyed strong growth in the sale of our capital markets accounting services, driven by a steady flow of deals and corporate restructurings across the world; growth that we anticipate will continue in the years ahead.

Advisory

PwC's Advisory operations continued to deliver strong growth in FY16 increasing by 8% to US\$11.5 billion. Advisory, which accounts for nearly one third of PwC's revenues, will continue to grow strongly into the future as more and more PwC firms around the world further develop their capacity and capabilities.

The growth in Advisory is driven by an increased demand from clients for our strategy through execution services, with excellent growth across a broad range of consulting, forensics and deals-related work. Good growth in cyber security, digital and data & analytics services benefited from our significant recent investments.

Fig 13: Clients of PwC firms as a percentage of the Fortune Global 500



1 – Audit clients include both sole and joint audits.

Non-audit clients are those companies from whom PwC did not provide statutory audit services and where revenues exceeded US\$500,000 in FY16.

More generally, the technology, retail & consumer, government, insurance and communications sectors experienced double-digit growth. We will continue to invest heavily in new technology-based client services in the year ahead.

Tax

The strong market for deals also positively impacted on our Tax operations globally, with revenues increasing by 7% to US\$9.1 billion. In addition to the boost from deals-related tax, work we saw continuing demand for compliance, corporate consulting and transfer pricing work globally.

Our Tax operations also include revenues from PwC Legal, our legal services business, that now employs 2,000 lawyers serving clients in many parts of the world. Our legal business enjoyed strong growth in FY16 particularly in Asia where our legal operations have been rapidly expanding.

Revenues from our People and Organisation network also continue to grow strongly as people move more frequently across borders and continents in search of work, and companies require advice on visa and work permit requirements. We continue to invest heavily in this business and now have over 12,000 people in this area serving clients in nearly every corner of the world.

Clients

Our clients range from some of 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 our clients are, and wherever they are located, they can expect the same high levels of service. We focus on the value they're looking to create and deliver our strong global network with deep roots and local knowledge.

In the past year, we have helped 422 (84%) of the companies in the Fortune Global 500 list, and 410 (82%) of those in the US Fortune 500 list. We also advise and work with more than 100,000 entrepreneurial and private businesses around the world.

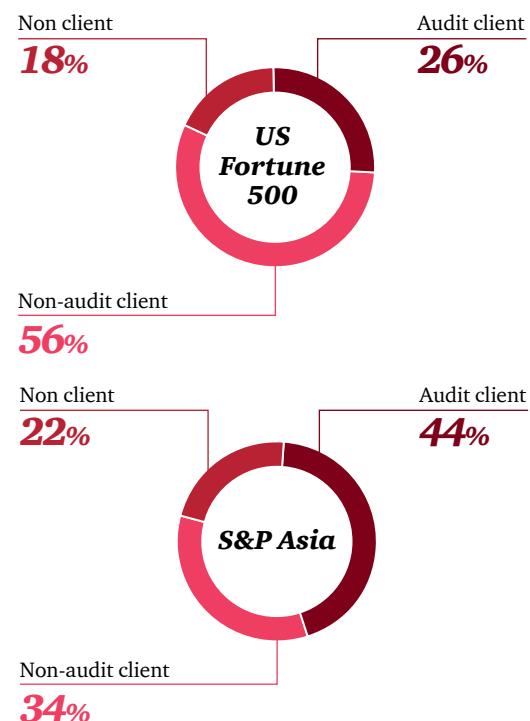
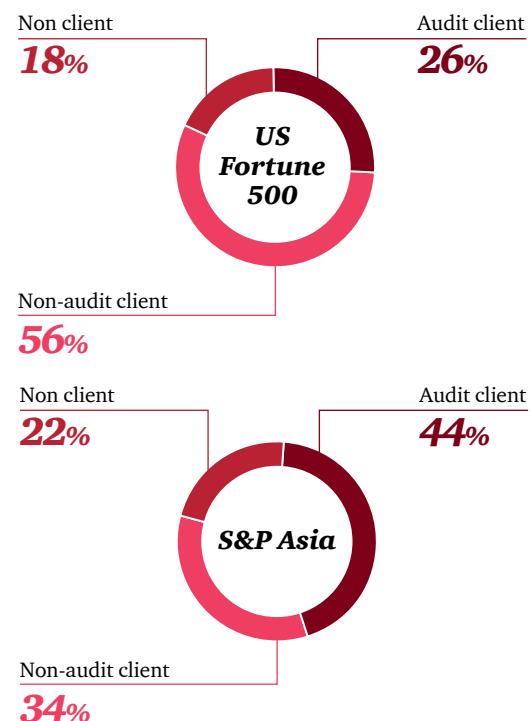
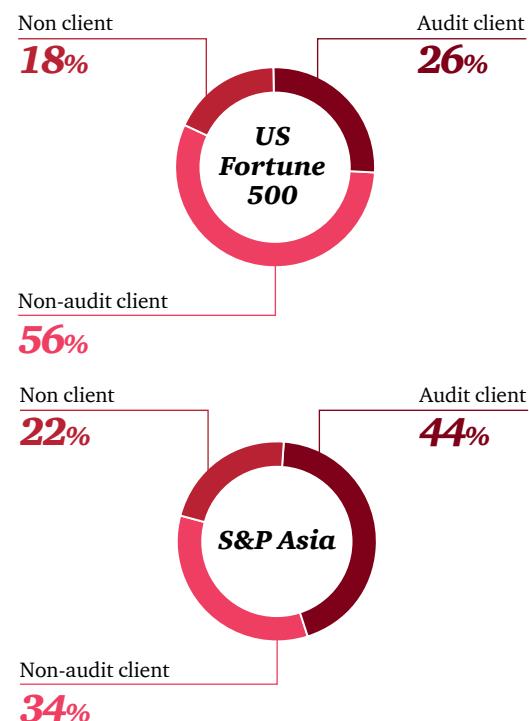
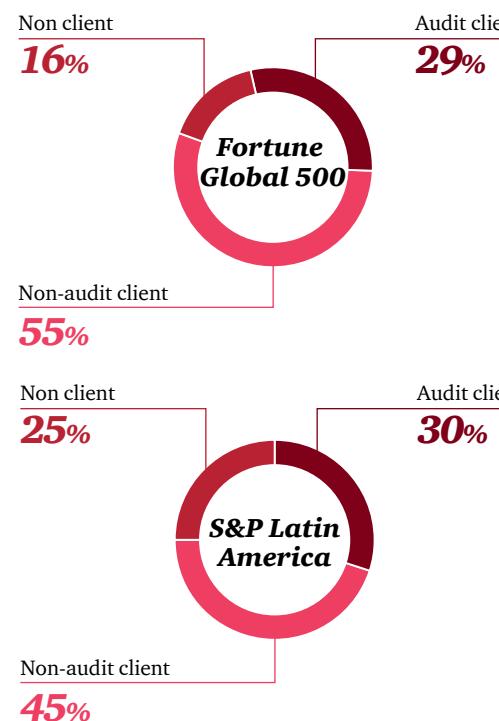
In every case, our purpose is twofold: to help our clients find solutions to their important problems and to work with them, and our other stakeholders, to build trust in society.

The challenges and opportunities facing our clients are certainly increasing. When we spoke with business leaders in our most recent Global CEO Survey, only just over a quarter believed global growth would improve in the coming 12 months, just over a third were very confident of their own company growth, and two thirds saw more threats facing their businesses today than three years ago.

The power of technology as an engine for change was also apparent, with 90% of CEOs saying they are changing how they use technology to assess and deliver on customer and other stakeholder expectations.

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 in this Review.

Fig 14: Global and regional client bases – company indices/lists¹



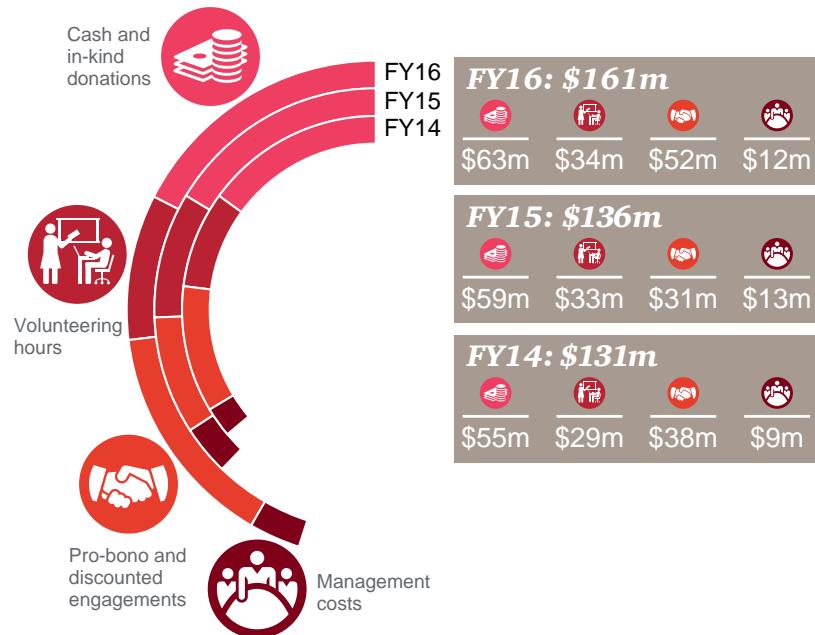
Whoever our clients are, and wherever they are located, they can expect the same high levels of service.

1 – Audit clients include both sole and joint audits.

Non-audit clients are those companies from whom PwC did not provide statutory audit services and where revenues exceeded US\$500,000 in FY16.

How we're doing

Fig 15: Community investment in numbers



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

Fig 16: Volunteering hours

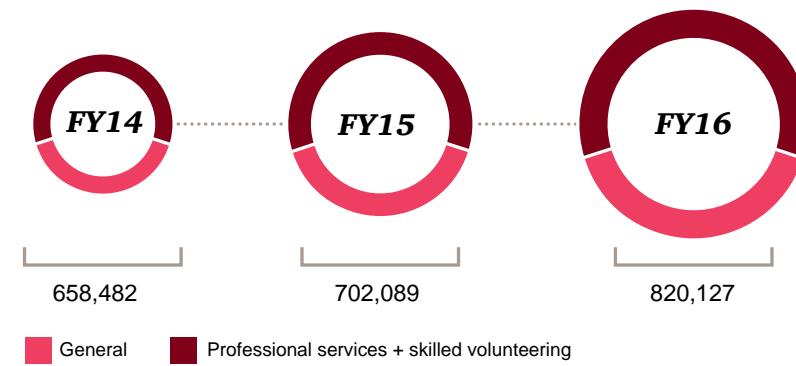


Fig 16: Number of PwC people participating in community activities



Corporate responsibility

Through corporate responsibility, we seek to go beyond 'doing the right thing' to being a catalyst for positive change in society.

During FY14-16, we have been guided by a series of commitments covering such areas as responsible business behaviours and increased social impact of our community activities. We have now completed the vast majority of these, with the remainder on track to be met by the end of FY17.

As the stakeholders closest to our activities, we ask our people each year how we are doing in our Global People Survey. In FY16, 80% of our people told us they are satisfied with the actions PwC is taking to be socially responsible, while 72% of our people indicated they were satisfied with the action PwC is taking to be environmentally responsible.

On a more detailed level, our progress in each of our focus areas is covered below, with progress in Diversity and Inclusion covered here.

Responsible business

Our focus on responsible business is about realising opportunities for positive impact through our value chain – including our work with clients and suppliers. We recognise that the most significant societal contribution we make is through the work we do every day. That's why we work hard to understand the broader landscape we operate within, including stakeholder expectations. Based on this understanding, we make commitments on how we manage our business and actively participate in forums to shape the future of our industry.

In FY16, more than 15,000 of our people completed our 'Think CR' training, designed to raise awareness of major environmental and social issues and encourage consideration of these in our work with our clients.

In addition, our sustainability and climate change network continues to help clients increase their understanding and management of environmental and social risks and opportunities. This year we also produced a number of resources to help businesses navigate the Sustainable Development Goals, and we strongly pressed for change at COP21 through signing an open letter urging action on climate change, alongside CEOs representing 79 companies across 150 countries.

Community investment

Our community investment activity is guided by our Maximising Potential framework, where our aim is to create positive change in three main focus areas: youth education, supporting social enterprise and building the capacity of not-for-profits. In FY16 we saw our community investment increase to an all-time high (Fig 15) as a result of our focus on skilled volunteering and capacity building.

This year we set out to improve our social impact measurement – moving from inputs to outcomes. Our first round of measurement found that 83% of our community partners surveyed through our global impact measurement survey felt PwC had helped them increase their capacity, with a significant number identifying the greatest benefit had been ‘strengthening their strategy’.

Environmental management

In FY16 we achieved our target for each of our 21 Strategy Council firms to have in place environmental policies aligned to our Network Environmental Statement.

Our efforts are focused on reducing energy usage from our offices and air travel – which are by far the greatest source of our emissions. We have achieved a reduction in emissions per employee of 8% on FY14 levels. However, gross and net emissions have increased and we will continue to actively manage our emissions, partly through making greater use of technology.

Summary

While we have seen continuous improvement across the network in key areas of focus, we believe that being a responsible business means continually seeking to better understand and manage societal impact and listening to our stakeholders. In FY17, we will continue to focus our efforts in the areas outlined above, while setting new ambitions for the future that respond to the changing world around us – including taking into account the contribution we can make to significant global agreements such as the Sustainable Development Goals (see page 38) and the Paris Climate Agreement (see page 42).

To find out more about our approach to corporate responsibility, visit our website.

Fig 17: Total GHG emissions by scope

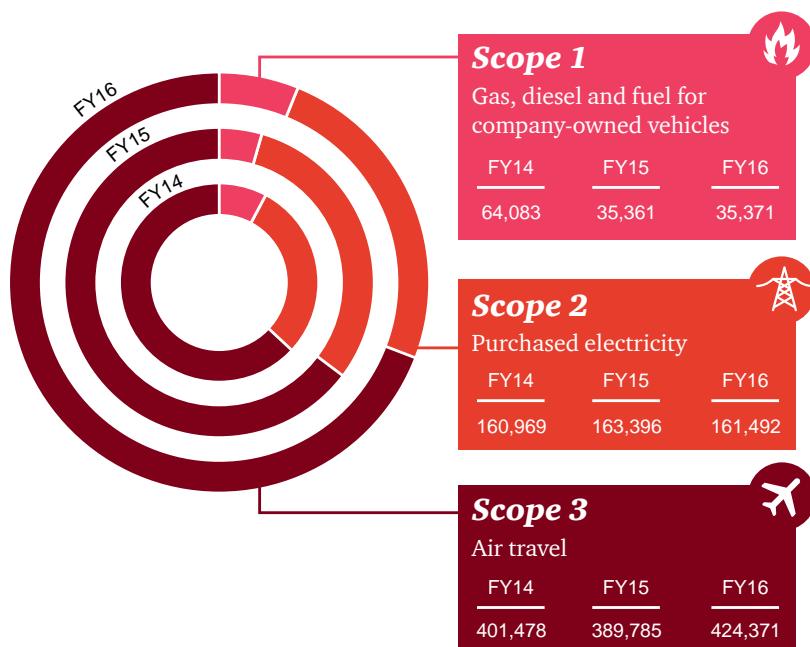
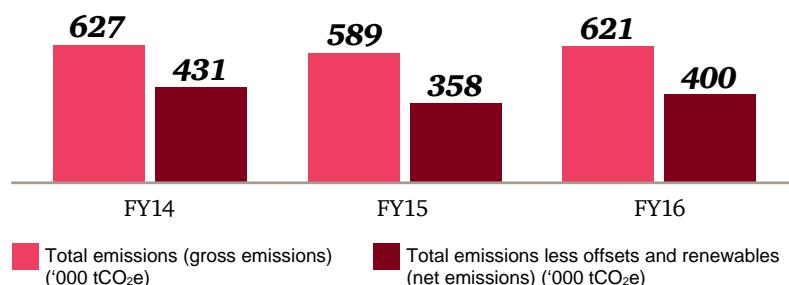


Fig 18: Total gross and net GHG emissions per employee



Total gross emissions (tCO₂e) per employee



These figures relate only to the 21 leading firms in the PwC network. FY14 and FY15 data has been restated following the implementation of a new business information tool which has improved the accuracy of our data.

Introduction

Mary Waldron

Chief Risk Officer



We are constantly looking at ways to provide greater clarity about who we are, what we do and how we do it. We see this commitment to transparency as a responsibility and an outgrowth of the impact our business can have on our stakeholders, the capital markets and the communities in which we live and work.

Putting transparency into practice

It really matters to us that we engender confidence in the entire PwC network by putting this principle of transparency into practice.

I believe that the key factors that differentiate PwC among the world's leading professional services organisations are the talent of our people, the breadth of the PwC network and the standards with which PwC firms comply.

PwC firms agree to follow standards, and their compliance with them is monitored regularly. These standards cover important areas such as service quality, governance arrangements, independence, risk management, people and culture, ethics and compliance, and brand and communications.





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.

“PwC firms agree to follow standards, and their compliance with them is monitored regularly.”

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.

Committed to transparency

Standards and internal quality management systems

Every PwC member firm is responsible for its own risk and quality performance and for driving continuous improvement. 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 our standards. These confirmations cover a range of areas, including independence, ethics and business conduct, enterprise risk management, governance, anti-corruption, anti-money laundering, anti-trust, and annual compliance confirmations and information protection.

Confirmations are reviewed and member firms are required to develop an action plan to address specific matters where they are not in compliance. The action plans are also reviewed and their execution monitored.

There are some common principles and processes to guide PwC member firms in applying our 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 Conduct applicable to all of their partners and staff.

PwC member firms nurture a culture that supports and encourages PwC people to behave appropriately and ethically.

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.

Policies and processes

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

These methodologies, technologies and materials are designed to help member firms, 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 management systems. This includes performing an evaluation 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 management 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 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 US Public Company Accounting Oversight Board (PCAOB) Quality Control Standards.

The quality review programme is based on relevant professional standards relating to quality controls including International Standard on Quality Control 1.

The overriding objective of the assurance quality review programme comprised of monitoring at both the network and territory levels, is to assess for each relevant PwC member firm whether:

- quality management systems are appropriately designed, are operating effectively and comply with applicable standards and policies
- engagements selected for review are 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 that 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 other regulatory authorities, such as the US Securities and Exchange Commission (SEC), the PCAOB and the European Commission. 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 other local standards go beyond the international requirements, compliance with those standards is also required.

PwC maintains a system identifying entities which are subject to independence requirements for PwC firms and their partners and practice staff.

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, among other things, a combination of business activities and monitoring systems.

Managing 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 requirements 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 acquired and held
- 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 policies, including personal independence
- Personal Independence Compliance testing – all PwC firms conduct personal independence compliance testing, on a random sample basis, 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 it for compliance with the PwC independence policies. All PwC firms are required to periodically review such joint business or financial relationships to ensure their ongoing permissibility.
- A rotation tracking system which monitors compliance with audit rotation policies for engagement leaders and other key audit partners.



Controls over non-audit services

Before providing non-audit services to entities that are subject to independence restrictions, all PwC firms are required to use a network system to obtain authorisation from the audit engagement partner currently servicing that entity (or a related entity).

To assist this process and promote understanding of the independence requirements that apply, PwC has developed a comprehensive set of policy and instructional documents which provide guidance on applying the policy to the provision of non-audit services to audit clients. These documents are based on the provisions of the 'IESBA Code of Ethics', as well as the rules and standards issued by other regulatory authorities. PwC firms supplement this for local standards.

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 both reviews at the management level of the PwC firm's systems and procedures, and sample reviews at the individual engagement level, including in respect of non-audit services.

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

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

Any departure from independence requirements in the PwC independence policies 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 mitigate any potential effects. PwC firms also follow applicable local requirements relating to the reporting of independence matters. Disciplinary measures may follow.

Acquisitions

PwC has established protocols and processes that are followed for any proposed acquisition by a PwC firm to ensure that any independence issues are identified and addressed.

PwC has developed a comprehensive set of policy and instructional documents which provide guidance on applying the policy to the provision of non-audit services to audit clients.

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 one of the most important measures in assessing a partner's contribution.

Continuing education

With some 98,200 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 to consider local or broader training needs and to foster 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.

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.



This formal learning is delivered using blended learning, which includes remote access and classroom learning.

PwC firms may then provide additional training – formal and/or informal – to address specific local needs in the way of videos, workshops and forums for staff to share their experiences. This training is then supplemented with learning from others, whether by receiving and discussing feedback, or by shadowing, observing and/or working with others in order to support them on the job.

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 leading 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.

Global Leadership Team

The Global Leadership Team is appointed by, and reports to, the Network Leadership Team and the Chairman of the PwC network. 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. During FY16, the Board met nine times either in person or by conference call.



Whether it's a dilemma, a concern or a difficult question they're struggling with, we encourage all our people to pick up the phone, send an email or set up a meeting.

Encouraging our people to speak up

When our people are faced with a situation that doesn't seem right – wherever they are in the world – they have a common resource they can turn to: our Global Code of Conduct.

Whether it's a dilemma, a concern or a difficult question they're struggling with, we encourage all our people to pick up the phone, send an email or set up a meeting – in short, to speak up and seek advice from others.

Addressing and resolving ethical dilemmas can be complex – and our Code of Conduct cannot address all questions or situations. Instead, it is based on a set of principles and provides a framework to help our people build confidence and skills in analysing ethical dilemmas so they can make the right decisions.

Our Code also describes a common set of expectations for our conduct. Anyone who violates our Code or policies and procedures will be held accountable, with all PwC people responsible for addressing issues that are brought to their attention.

Network Leadership Team

| | |
|----------------------------|----------------|
| Bob Moritz | Chairman |
| Raymund Chao | China |
| Kevin Ellis | United Kingdom |
| Tim Ryan | United States |
| Norbert Winkeljohann | Germany |

Strategy Council Members

| | |
|----------------------------|------------------------------------|
| Bob Moritz | 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 |
| Kevin Ellis | United Kingdom |
| Bernard Gainnier | France |
| Olga Grygier-Siddons | Central and Eastern Europe |
| Urs Honegger | Switzerland |
| Mauricio Hurtado | Mexico |
| Deepak Kapoor | India |
| Koichiro Kimura | Japan |
| Bill McFarland | Canada |
| Peter Nyllinge | Sweden |
| Yeoh Oon Jin | Singapore |
| Tim Ryan | United States |
| Gonzalo Sánchez | Spain |
| Luke Sayers | Australia |
| Peter van Mierlo | Netherlands |
| Norbert Winkeljohann | Germany |

Global Leadership Team

| | |
|-------------------------|---|
| Miles Everson | Advisory |
| Julie Fitzgerald | Priority Services & Critical Markets |
| Stefan Frühauf | Project and Change Leadership |
| Vicki Huff Eckert | New Ventures |
| Agnès Hussherr | Human Capital |
| Stephanie Hyde | Middle Market |
| Chris Kelkar | Alignment |
| Colm Kelly | Tax & Legal |
| Dana Mcilwain | Chief Administrative Officer and Operations |
| Richard Oldfield | Markets and Services |
| Carol Sawdye | Chief Operating Officer |
| Richard Sexton | Assurance |
| Blair Sheppard | Strategy and Leadership Development |
| Robert Swaak | Clients & Industries |
| Mary Waldron | Chief Risk Officer |
| Diana Weiss | General Counsel |
| Sigal Zarmi | Chief Information Officer |

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 |

