

Anticipating problems, finding solutions

Global Annual Review 2014

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



Our global network

157
countries

PwC has a presence in every corner of the world.

758
locations

This year our global workforce reached its largest ever total of:

195,433



Our people

44,721

People joined PwC firms around the world



20,030
Graduates



20,507
Experienced professionals



4,184
Support staff



Our clients

PwC firms provided services to:

417

Fortune Global 500 companies

462

FT Global 500 companies

Note: All figures relate to the year ending 30 June 2014.

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

In this Global Annual Review, we look at issues that impact our stakeholders around the world, and we examine our performance, our key network policies and standards, and our work in the global community during FY 2014.

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 2014 runs from 1 July 2013 to 30 June 2014.

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

www.pwc.com/annualreview



Our revenues

6%

Global
US\$34bn

3%

Assurance
US\$15.1bn

10%

Advisory
US\$10bn

8%

Tax
US\$8.8bn



Corporate responsibility

13%
increase



53,000
PwC people involved
in community activities

6%
increase



600,000
hours of professional
services and skilled
volunteering

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Chairman's interview

Olga Grygier-Siddons recently sat down with Dennis Nally, Chairman of PricewaterhouseCoopers International Limited, in Warsaw, Poland to talk about the highlights of FY 2014 and the year ahead. You can read excerpts from Olga's interview with Dennis here or view video selections at www.pwc.com/annualreview.



Dennis M. Nally

Chairman, PricewaterhouseCoopers International Limited

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



Olga Grygier-Siddons

PwC Central and Eastern Europe senior partner

Olga Grygier-Siddons became senior partner of PwC Central and Eastern Europe on 1 July 2014. Prior to that, she served as senior partner of PwC Poland. She joined PwC in 1991 and became a partner in the Corporate Finance Energy team in London in 1998.

Olga: Before I start asking about how PwC performed in FY 2014, I'd like to hear how the year was for you personally.

Dennis: Well, just like everyone else in PwC, I've had a really busy year. I've visited many parts of the world, meeting with our clients, meeting with our people, meeting with regulators, hearing about developments first-hand. It's been fascinating.

It's also been a really positive year, with several key milestones: for example, we hired 45,000 people this year, a record high. We've also had a lot of business opportunities and launched some exciting new products and services in response to client needs. And, of course, we've made a number of key acquisitions. So I feel really good about what's been achieved professionally, but personally as well.

Olga: So how did we perform as PwC during FY 2014?

Dennis: As you know it's been a tough and very competitive market, but our overall results have been really good. Top-line revenue was up 6%, which I think says an awful lot about what we're doing across the whole network.

Equally important, looking across our lines of service, again there's a strong performance by all three, each exceeding FY 2013. Our Assurance practice was up 3%. Given what's happening with competition and pricing, that's a really great result. The Advisory business was up 10%, reflecting the demand across the whole network for both Consulting and Deals. And Tax was equally impressive, up 8% in a very challenging marketplace. So it's a strong performance we can all be proud of.

Olga: Are there any particular bright spots or stars that you'd like to give credit to?

Dennis: One of the key megatrends is the economic shift from the developed to the developing world – and we have some really strong performances in developing markets. Whether you look at China, India, Brazil or Mexico, they all put in great performances this past year. But our successes in developed markets are equally impressive. Take Spain – a very competitive marketplace where our firm grew in double digits. It's all about the strategy, and about what we're doing to serve clients and make a difference. When we do that, the results just follow.



“It’s really about staying focused on quality and doing the things that make the most sense for the longer term.”

Olga: So, a pretty impressive performance. How can we sustain and grow next year?

Dennis: The marketplace will remain incredibly challenging in FY 2015. So we need to stay focused on what we’re doing for our clients to help them deal with their issues. We must also continue to innovate, and make sure we’ve got the right products, services and skills to help our clients be really successful in a challenging marketplace. And, of course, we need to keep enhancing the quality of our work.

We’re looking at a number of new areas that we think can make a further difference. Areas like data analytics, digitisation of our services, cyber security, and in particular new assurance-type services. It’s about focusing on making sure our services stay relevant and responsive to what our clients are seeking.

Olga: Let’s move on to the economic and business environment. Here in Europe, we started 2014 with a lot of optimism, but now things don’t look so promising. What’s your view on the global economy?

Dennis: I definitely think it’s better today than a year ago, despite some ups and downs. In Europe, you’re right that things are slowing down a little, particularly in major economies like France and Germany. But there’s a bright spot in the UK, while in Poland we’re expecting growth of about 3%. The US may not be growing as fast as hoped, but nonetheless it’s making progress.

However, as you say, there are challenges out there. Brazil previously had outstanding GDP growth, but has now slowed down. There are obviously issues in the Middle East as well. So there are pluses and minuses – pointing overall to a period of slower economic growth. That’s going to be the reality for the next several years.

Olga: Alongside economic challenges, we’re facing a lot of regulatory pressure. Here in Europe we’ve seen the regulators being especially active. As a network, are we well prepared for regulatory change?

Dennis: I’ve been in the profession 40 years, and this is probably the most challenging regulatory environment I’ve seen. Coming out of the financial crisis, we see regulators – not just here in Europe, but around the world – focusing on the changes needed to prevent another crisis. So what’s happening is no surprise, and is certainly not unique to our profession.

How well prepared are we? I think we’re on top of it and addressing the issues as best we can, whether around mandatory firm rotation or restriction of services. We’re committed to making the right decisions in the best interests not only of PwC, but also of our clients and stakeholders. It’s really about staying focused on quality and doing the things that make the most sense for the longer term.



“As the challenges our clients face become ever more complex, we need people with diverse skills and diverse backgrounds to help solve them.”

Olga: Let’s turn to some of the things we’ve accomplished this year – particularly the acquisition of Booz & Company to create PwC Strategy&. How do you see us operating together?

Dennis: First off, I’m really proud of that acquisition – which was all about talent and responding to our clients’ needs. We could see our clients facing up to challenges stemming from the megatrends, and that they needed help not only in understanding the strategic implications of the megatrends, but also in addressing and dealing with the resulting issues. So that part of our business was being totally redefined, with clients wanting to go all the way from strategy to execution.

Given this shift, the acquisition of PwC Strategy& gives us tremendous capabilities that are a real differentiator. Our vision is around creating a ‘category of one’: no-one else is focused on this. And we’re off to a great start with some tremendous wins, where Strategy& and PwC together have responded to opportunities in ways neither of us could have done alone.

Olga: Consulting is getting a lot of attention and investment from PwC. Are we still paying enough attention to our core business of Assurance?

Dennis: Well, we often talk about Consulting or Advisory, and sure, it’s an important part of what we’re trying to do. But our core businesses of Assurance and Tax are still the largest of their type in the world. And I continue to see tremendous opportunities in both these businesses to keep developing our service offerings, stay responsive and relevant to the needs of our clients and stakeholders, and deliver outstanding growth.

Olga: Turning specifically to tax, there’s been a heated public debate about whether multinationals are paying sufficient tax. Is PwC playing enough of a role in this debate – and could we be doing more around global tax reform?

Dennis: First, we should never underestimate the value we deliver to clients by helping them comply with complex tax rules and regulations worldwide. However, when it comes to international tax reform, the fact is if you reform one country’s tax system, it might be a winner, or might be a loser. But whatever you do on one side, it’s going to impact someone else.

Do we have a point of view on how that could best be done? Absolutely. Is it a huge challenge for governments? Certainly. Are we engaged in the conversation? Most definitely. I’m fascinated to see how it’s all going to play out. But nobody should underestimate the challenges involved.

Olga: We’ve already discussed the changing world, and we see our clients investing to stay ahead. Given PwC’s structure and how we operate, do we invest enough?

Dennis: In terms of investment, I think there are two really important trends that we need to get in front of. The first is the economic rebalancing from the developed to developing world. Today, the developing markets represent 20% of PwC’s total revenues – and we see that rising significantly in the next five years. So we need to target the right investments and develop the talent we’ll need to respond to client opportunities in those markets.

The second trend is technology, which many believe will have a bigger impact than the Industrial Revolution. And, of course, it will affect how PwC makes investments and focuses its business for the future. We’re very much in front of – and actively adapting to – these two trends.

Olga: Staying with emerging markets, which ones – beyond the BRICs – do you think we should focus on going forward?

Dennis: There was a time when the BRICs all moved in a very similar way. Today, that's not the case: you have growth rates in China very different from those in India. Brazil has been slowing down. Then you have Russia. All very different. In terms of other developing economies with tremendous potential, there are parts of Africa and the Middle East, and places like Indonesia and Vietnam. And of course Central and Eastern Europe. We need to stay focused on all these areas.

Olga: Turning to the future of PwC, I think two things will shape our success: our powerful brand and our people. How can we continue to recruit and keep the best talent?

Dennis: You're spot on. Our major asset is our people. So continuing to attract, retain and develop the very best talent is vital. And we're fully focused on that, with our development activities and efforts to create an environment where people can be really successful. One thing I've learned over the years is that a one-size-fits-all career model doesn't work. So we need a lot of flexibility, particularly with the diversity we have today, so people can build their own careers.

Also, as the challenges our clients face become ever more complex, we need people with diverse skills and diverse backgrounds to help solve them. All those diverse individuals should feel they can really contribute as part of the team.

“PwC is all about making a real difference for our clients and our people, whatever the distractions.”

Olga: That brings me to our purpose – to build trust in society and solve important problems. We launched it earlier this year. How are we progressing with it?

Dennis: It was very important to get real clarity on what PwC stands for. And the purpose we've highlighted builds on the tremendous foundation of what PwC has been historically, while also differentiating us.

In terms of 'building trust', we typically think about trust in the capital markets. But we also have a vital role to play in building trust in society, which is much bigger and more expansive. Equally important is 'solving important problems', which extends into societal issues beyond our clients' immediate challenges. We need to claim a seat at the table, and offer our best thinking on big, critical issues like food safety and the environment, and the challenges around megatrends like urbanisation (see pages 6-10).

So I'm very excited about our purpose. It's a guiding light for how we invest and channel our resources. While it's early days, we're heading in the right direction. And the best is yet to come.

Olga: So, my final question. For FY 2015 and beyond, what would you like to see us accomplish?

Dennis: As I see it, PwC is all about making a real difference for our clients and our people, whatever the distractions. So, staying very focused on what we do really well, serving our clients, and developing our talented people is what I'd like to see us achieve in FY 2015. And if we do that, we'll be fine.

Olga: Thank you very much for your time, Dennis.

Dennis: Thank you, Olga. Great to be with you.

Do you have any questions for Dennis?

Email dennis.m.nally@us.pwc.com



@Dennis_Nally

Five global megatrends continue to advance

In the past year, we've seen the ongoing effects of the megatrends and the collisions between them continue to reshape and disrupt the global economic and commercial landscape. The five members of the PwC Network Leadership team revisit the trends they examined in our last Global Annual Review, and take a fresh look at their dynamics and impacts.



Norbert Winkeljohann
PwC Germany senior partner



Demographic and social change

Within the next minute the global population will rise by 145. By 2025, we'll have added another billion people to reach about 8 billion, with the over-65s the fastest-growing group. But there will be sharp regional variations: Africa's population is projected to double by 2050, while Europe's is expected to shrink.

While these demographic changes bring risks for businesses that fail to respond adequately, they also bring big opportunities for forward-looking organisations. We're finding that our clients are targeting two core sources of growth: the consumption power of growing population segments; and the innovative potential of a diverse workforce. For example, Nigeria's population should exceed America's by 2045. And with women in the G7 countries already controlling two thirds of the household budget, the wage gap with men narrowing, and an estimated 865 million women set to enter the economic mainstream in the coming decade, women's purchasing power will continue to rise.

Another opportunity is global mobility. The number of people being assigned by their employers to roles outside their home country has increased by 25% over the past decade – and we project a further 50% rise by 2020. Put simply, people are planning to move, so there's an opportunity for companies to make their employment offers more attractive.

Across all these opportunities, the common thread is the move to a more diverse world. And there's growing evidence that workplace diversity is linked to improved performance by businesses and economies. Innovative companies are already tapping into rising workforce diversity – and it's a resource that's set to become ever richer.

However, alongside the opportunities, demographic change also brings challenges. The absolute increase in global population is not in itself the biggest demographic challenge facing us all. Instead, it's the combination of rising life expectancy and – in some parts of the world – declining birth rates, a combination that will drive dependency ratios upwards. In 2050, the average age in Japan is set to be 53, against 21 in Nigeria.

Whichever side of this divide they sit, countries have to respond quickly. Europe, Asia and Latin America will need more women and elderly people in their workforces, together with higher immigration. Africa's younger population offers a demographic dividend – but only given the right policy responses. And the timeframe is tight. France took a century to double the share of over-60s in its workforce from 7% to 14%. China, India and Brazil face doing it within three decades.

In regions with ageing populations, such as Europe, a further challenge is soaring healthcare costs related to chronic diseases and caring for the elderly. According to the EU, 30% to 40% of healthcare expenses are already being spent on people aged 65 or above. As the share of this group in the overall population continues to rise, the costs of caring for them will also increase – putting social and healthcare systems under intensifying pressure.



1 billion
expected increase in the
world's population by 2025

Silas Yang
PwC China senior partner



Shift in global economic power

On current trends, the aggregate purchasing power of the 'E7' emerging economies – Brazil, China, India, Indonesia, Mexico, Russia and Turkey – will overtake that of the G7 by 2030. By 2015, Asia Pacific will have a larger middle class than Europe and North America combined. And the global emerging middle class will represent an annual market of some US\$6 trillion by 2021. Such trends and tipping-points mean the traditional way of classifying economies is becoming increasingly irrelevant.

This change is underlined by widening divergences within these groupings. Italy's economy has not grown in real terms since 2000, while Canada's has expanded by over 30%. China's economy has tripled in size while Mexico's has 'only' grown by a third.

These huge economic shifts between countries, and within groupings, are resulting in momentous changes in consumption patterns – which in turn are creating and amplifying key challenges for businesses worldwide. They have to chase a moving target, as consumers evolve differently in various markets faster than ever before. They have to address the needs of ever more diverse – and more demanding – customer segments. And they have to fight off increasingly intense and new competition. It's no wonder that more than half of the business leaders interviewed in our latest Global CEO Survey are concerned about changes in consumer spending and behaviours, and nearly half of all CEOs are worried about new market entrants.

The ongoing rebalancing of global economic power also brings major implications for investments in infrastructure. Worldwide, we estimate that annual spending on infrastructure will grow from US\$4 trillion in 2012 to more than US\$9 trillion by 2025 – with a total of close to US\$78 trillion expected to be spent globally between 2014 and 2025. The Asia Pacific market, driven by China's growth, will represent nearly 60% of global infrastructure spending by 2025. In contrast, Western Europe's share will shrink to less than 10% from twice as much just a few years ago.

Such global shifts are remarkable not only for their scale, but also for their sheer speed. As a result, there is no question that in a decade's time, the global economic landscape will be vastly different from that of today. To begin to understand what that landscape will be, we need a new view of the global economy. Here are four features that we think will become more prominent in the global economy:

- Emerging markets will challenge developed economies in the production of high-end consumer durables.
- Today's 'F7' frontier markets – Bangladesh, Colombia, Morocco, Nigeria, Peru, Philippines and Vietnam – will become tomorrow's growth markets.
- An expanding pool of highly skilled talent will fuel this emergence, with people from emerging markets increasingly leading global multinationals.
- Developed countries will benefit from 're-shoring' as wage differentials close.

To prepare for this new landscape and succeed in tomorrow's changed environment, today's business leaders need to identify which markets hold the greatest growth potential. Our Global CEO Survey shows CEOs are already making these calls.



China will replace the US as the world's largest economy by 2015¹

1 This is by Purchasing Power Parity (PPP) rates; by market exchange rates, we project China will replace the US by around 2030.



Ian Powell

PwC UK senior partner



Rapid urbanisation

The global rise of cities has been unprecedented. In 1800, 2% of the world's population lived in cities. Now it's 50%. Every week, some 1.5 million people join the urban population, through a combination of migration and childbirth.

Inevitably, this rapid expansion is putting cities' infrastructure, environment and social fabric under pressure. Over the next decade, New York, Beijing, Shanghai and London alone will need US\$8 trillion in infrastructure investments. The numbers living in urban slums have risen by a third since 1990. Cities occupy 0.5% of the world's surface, but consume 75% of its resources.

Rapid urbanisation brings major implications for businesses as they refocus their offerings, marketing and distribution towards an increasingly urban customer base with distinct needs and consumption habits. And they must be alert to new opportunities arising from lifestyles shaped by rising population density and readier access to resources.

For city leaders, the implications are also significant as they work to ensure that cities grow in a sustainable way. Leaders face tough choices trying to keep their cities liveable. Options being examined include floating cities – especially relevant for low-lying regions threatened by rising sea levels – and revitalising 'ghost' cities or failing economies through crowdfunding. A further approach is to build a new city around the latest technologies: the 'smart city'. From Masdar City in Abu Dhabi to Migaa near Nairobi, spending on smart cities will hit US\$1 trillion within two years.

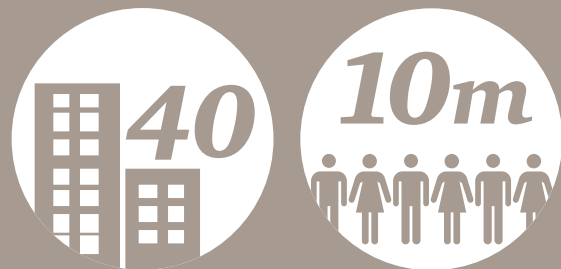
However, for these manufactured cities, the financial, environmental and social costs can outweigh the benefits from technology. So another approach has emerged: harnessing citizens' own 'smartness' by

deploying the technology directly to them in order to keep cities growing and liveable. Examples range from developing an energy self-sufficient street in Austin, Texas, to pioneering groups of small production units in Barcelona. PwC has been working on many projects including, in India, the Mumbai Smart & Safe City.

Rapid urbanisation brings challenges and wider opportunities. One key opportunity is that it can provide part of the solution to another of the megatrends – demographic shifts – as the challenge of the 'greying planet' grows. In the future, the majority of the world's ageing population will probably live in cities. And as people remain healthier for longer, their continuing contribution to social and economic value – for example, by working beyond traditional retirement ages, helped by advancing technology – may produce a 'longevity dividend' rather than a burden.

As all these initiatives and opportunities demonstrate, technology is changing the reason why cities exist. Their main attraction used to be jobs. Now people come seeking a better quality of life – at any age.

By 2025, there could be nearly 40 cities each with a population of over 10 million





Dennis Nally

Chairman of PricewaterhouseCoopers
International Limited



Climate change and resource scarcity

As the world becomes more populous, urbanised and prosperous, demand for energy, food and water will rise. But our planet's natural resources to satisfy this demand are finite.

Just how finite is becoming increasingly clear. At current rates of consumption, we may have just half a century's worth of oil and gas left. Yet to meet our development needs, we're highly dependent on fossil fuels which in turn drive carbon emissions. That's why we look set to miss the carbon target to keep temperature rises to 2°C by 2034.

The impact of our economic development model is amplified by the linkage between climate change and resource scarcity. Our resulting projection could lead to either of two extreme outcomes: a policy shock, with a global agreement that severely penalises carbon emissions; or a climate or resource shock, where a natural event causes massive environmental and economic damage.

Faced with these risks, many people are looking to governments for solutions. However, in practice, policy actions will remain unpredictable, inconsistent and reactive. So businesses must take the lead in mitigating environmental damage and tackling climate and resource challenges, while simultaneously striving to make their organisations more agile and resilient.

If businesses are to rise to these challenges, sustainability will be vital. Corporate responsibility has evolved from a 'luxury' to a business imperative. Ultimately, sustainability is the lens through which every business will be judged by its consumers, workforce, society and even investors. And as businesses move to embrace sustainability, they also need to be able to report on it in a credible and trustworthy way.

As a result, an increasingly important area of focus for businesses worldwide is understanding, measuring and reporting on the environmental and social impacts of the decisions and actions they take. This need is driving the development of innovative ways of measuring and reporting more transparently and holistically on companies' overall impacts. Over time, progress in this area will help businesses understand and explain their impacts more fully, make better-informed decisions, and rebuild public trust by providing wider and more credible insights.

Not surprisingly, PwC is supporting these efforts to enhance measurement and reporting, through our development of the Total Impact Measurement and Management (TIMM) framework (see page 39). Specifically designed for today's multifaceted world, TIMM helps business leaders and stakeholders understand how an organisation's activities contribute to the economy, public finances, the environment and society as a whole. And the wider insights it provides enable external stakeholders to decide for themselves how much trust they should place in a company's reported information – both financial and non-financial – and how sustainable its business model really is.



Bob Moritz

PwC US senior partner



Technological breakthroughs

In our latest Global CEO Survey, business leaders told us technology is one of the biggest disrupting forces in their organisations. One aspect is that the time it takes to go from breakthrough technology to mass-market application is collapsing. In the US, it took the telephone 76 years to reach half the population. The smartphone did it in under 10 years.

The price of new technologies is falling equally rapidly: since 2001, the cost of DNA sequencing per genome has plunged from US\$96m to less than US\$6,000. At the same time, digitisation via the internet has created extraordinary value, as exemplified by Google. And social media is steadily strengthening its position as a dominant force in the day-to-day lives of people across the globe, enabling many of the world's top brands to capitalise on it to deepen their relationships with customers.

Indeed, the impacts of digital disruption are now so pervasive that no business in any sector – from the smallest family business to the largest multinational – is immune from them. And the pace of technological advances hasn't slackened at all during the past year. Far from it. According to *MIT Technology Review*, in 2014 alone we've seen breakthroughs in technologies ranging from agricultural drones that enable higher crop yields, to 'neuromorphic' chips configured like human brains; from microscale 3D printing of an ever wider range of products, to agile robots that can walk or even run across uneven terrain; and from ultra-accurate, big data-enabled weather forecasts that will boost the contribution from renewable energy, to genome editing that will help tackle previously baffling brain disorders.

All of these advances either help to solve complex problems or open up new ways of using technology – or both. And in each field the progress to date is just the start.



So, what's next? Over the next decade, we think the transformative potential of digital for consumers will play out in three waves:

- **The First Digital Wave:** we'll see more and more companies adopt 'e-commerce' or add a web channel to their existing portfolio. In this wave, even fairly traditional organisations will make this move.
- **The Second Digital Wave:** digital will move beyond a channel to an 'economy of outcomes'. That means we'll see businesses teaming up with the consumer to find an outcome. A good example would be that a number of companies today are involved in helping us live healthier lifestyles.
- **The Third Digital Wave:** this will be driven by consumers taking back their digital identity and extracting value from it. You'll see consumers owning their digital brand and expecting organisations to know what they want and to really deal with them as individuals.

Across these successive waves, companies will find value by uniting four aspects of digital: Social, Mobile, Analytics and Cloud. For businesses, having a digital strategy will no longer be enough. Instead, they'll need a business strategy fit for the digital age.



Years taken for the telephone and smartphone to reach half of US households

Network report

Richard Collier-Keywood
PwC Network Vice Chairman



“We welcome the opportunity to demonstrate our commitment to doing the right thing, and for all of us to show the qualities of leadership needed to help create a sustainable future.”

We recognise the importance of communicating to all our stakeholders – our people, clients, regulators and wider communities. This network report is just one way we seek to achieve this.

We are proud of the geographic spread and strength of the PwC network, and we realise that this carries with it an obligation to record and explain the impact our actions make on the environment, communities and markets in which we live and do business.

In presenting this report, we welcome the opportunity to demonstrate our commitment to doing the right thing, and for all of us to show the qualities of leadership needed to help create a sustainable future.

In the following pages, we illustrate through facts, figures and stories the highlights of the past year, and the areas where we’ve had an impact.

We apply various lenses to our business to help you understand our revenues both geographically and by the different services we provide. We also aim to embed corporate responsibility in the heart of our operations and contribute to the growing debate on the role of business in society.

Additionally, the report covers our focus on clients and people and the distinctive experience that we strive to deliver consistently. We also show how we are moving to build a more inclusive culture through our approach to diversity and inclusion. Finally, we include more detailed sections on each of our three lines of service, and share our commitment to transparency.

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

Revenues



For the year ending 30 June 2014, PwC's gross revenues were US\$34 billion, up 6%. Revenue growth was strong across all of PwC's lines of business and geographic regions. Encouragingly, revenue growth increased on the previous year despite continuing challenging economic conditions in parts of the world and a clear commitment by PwC to pursue only high quality, profitable work.

PwC firms in the Americas continued to grow strongly with revenues from North America increasing 7% and South America a very impressive 13%. Revenues from the United States grew 6%, with strong growth across all business lines.

Our strategy over the past few years of increasing investment in Africa and the Middle East is also showing results, with revenue growth of 16% in FY 2014, up from 7% in the previous year. Africa and the Middle East will be increasingly important markets for PwC in the future; we will continue to invest in these markets and expect to significantly expand our operations there over the next five years.

Despite some continuing tough economic conditions across Europe, PwC's operations continued to grow solidly, with revenues from Central and Eastern Europe growing 3% and revenues from Western Europe increasing by 4%. This was a particularly good result in Western Europe, with growth rising from 2% in FY 2013. The ongoing economic uncertainty in the Eurozone is having a negative impact on economic growth and we expect that uncertainty to continue in FY 2015. However, our firms in the Eurozone are seeing increased demand for services and we are experiencing particularly impressive results from Italy and France, given the difficult economic conditions in those countries – both with revenues up 8% and 5% respectively.

PwC's largest firms around the world continued to grow well. The US grew 6%. In Europe, the UK and France each grew 5%, Germany 4% and Italy 8%. In Asia, revenues from China were up 11%, India 24% and Japan 10%.

Revenues from PwC's operations in Asia bounced back in FY 2014 with growth of 9%, up from just 2% in FY 2013. This was driven by solid results from right across the region, and in particular the benefits of increased investment in PwC's operations in China, India and Japan which posted revenue growth of 11%, 24% and 10% respectively.

As anticipated last year, PwC's revenues in Australasia and the Pacific Islands have returned to healthy growth with an increase of 4% in FY 2014,

boosted by focusing on the growing advisory services market in Australia. Economic conditions in Australia continue to be uncertain, but we believe we have the right strategy in place to secure future profitable growth.

The share of PwC's revenues from emerging markets is 20% and this is expected to grow substantially over the next five years.

Figure 1: Aggregated revenues of PwC firms by geographic region (US\$ millions)

	FY14 at FY14 ex. rates	FY13 at FY13 ex. rates	% change	% change at constant ex. rate
Asia	3,902	3,706	5.3%	9.2%
Australasia and Pacific Islands	1,552	1,642	-5.5%	3.9%
Central and Eastern Europe	821	809	1.5%	2.5%
Western Europe	12,777	11,829	8.0%	4.1%
Middle East and Africa	1,170	1,074	9.0%	15.9%
North America and the Caribbean	12,704	12,000	5.9%	6.5%
South and Central America	1,026	1,028	-0.2%	12.8%
Gross revenues	33,952	32,088	5.8%	6.1%

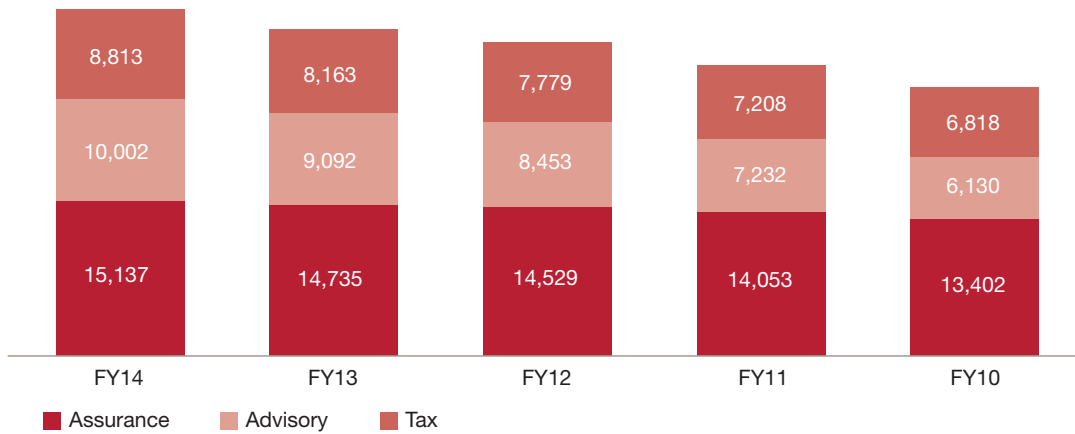
FY14 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY14 exchange rates. FY13 aggregated revenues are shown at average FY13 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Figure 2: Aggregated revenues of PwC firms by service line (US\$ millions)

	FY14 at FY14 ex. rates	FY13 at FY13 ex. rates	% change	% change at constant ex. rate
Assurance	15,137	14,761	2.5%	2.7%
Advisory	10,002	9,153	9.3%	10.0%
Tax	8,813	8,175	7.8%	8.0%
Gross revenues	33,952	32,088	5.8%	6.1%
Expenses and disbursements on client assignments	(2,025)	(1,863)	8.7%	9.0%
Net revenues	31,927	30,226	5.6%	6.0%

FY14 revenues are the aggregated revenues of all PwC firms and are expressed in US dollars at average FY14 exchange rates. FY13 aggregated revenues are shown at average FY13 exchange rates. Gross revenues are inclusive of expenses billed to clients. Fiscal year ends 30 June.

Figure 3: PwC's service line mix (2010-2014) at constant exchange rates (US\$ millions)



Assurance

In FY 2014, revenues from Assurance operations increased by 3% to US\$15.1 billion, a very impressive result given the highly competitive market for assurance services. PwC is the leading Assurance business in the world as a result of very significant long-term investment in our services. We continue to have a relentless focus on quality and to make substantial investments in new technology and people.

The demand for broader forms of assurance such as reporting on internal audit and risk controls continues to grow. This trend is set to continue as new technology allows the principle of assurance to be applied to wider areas such as social and environmental reporting.

Advisory

Revenues from PwC's Advisory operations continued to grow strongly in FY 2014, increasing by 10% to break through the US\$10 billion mark for the first time. Our rate of growth increased from last year, and in the last five years, PwC's Advisory business has nearly doubled in size.

As in previous years, the growth in PwC's Advisory revenues was mainly driven by organic growth and, in particular, a focus on complex, cross-border work involving a broad range of advisory services – from strategy through execution.

The acquisition of Booz & Company (now Strategy&) earlier in the year has greatly boosted our capability to deliver strategy-led work and we fully expect our revenues from this area to continue to grow strongly in the year ahead.

However, as the Strategy& deal was only completed three months before the end of our financial year, its full impact will not be seen until FY 2015. We also saw robust demand from clients for work in the areas of technology, deals implementation and transaction services.

Tax

PwC's Tax operations grew strongly in FY 2014, with revenues increasing by 8% to US\$8.8 billion. Growth in tax operations was driven by an increasing demand for tax compliance and tax advisory services around the world as governments continue to compete for tax revenues. This growth was supported by our strong brand position for tax services. We believe our brand position has been enhanced by our commitment to be transparent about the tax work that we undertake; we issued our first Tax Code of Conduct in 2005. PwC firms around the world have signed up to this Code of Conduct and apply it to their everyday work.

PwC's Tax business also contains revenues from our Human Resource Services operations and our network of legal practices around the world, which are focused on providing integrated legal advice and implementation services.

We continue to have a relentless focus on quality and to make substantial investments in new technology and people.

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



Providing the best possible service means having an in-depth understanding of the industries in which our clients operate. That is why PwC goes to market by industry, allowing us to pool our industry expertise and giving our clients easy access to the full range of our services.

As the chart above shows, in FY 2014 we served clients across the full spectrum of industry sectors, ranging from Banking & Capital Markets and Industrial Products, to Healthcare and Automotive.

Corporate responsibility

At PwC, we have a significant role to play in building trust in society and solving important problems.

Our goal is to embed this in all we do, but nowhere is it more important and significant than in our global corporate responsibility (CR) strategy, under which we are committed to:

- Doing the right thing – behaving responsibly on issues that are central to our business and to society; and
- Being a catalyst for change – using our skills, voice and relationships to influence and work with others to make a difference, generate change and create a lasting impact on the world around us.

Our CR strategy is tailored to our specific strengths and opportunities as a network of professional services firms. It's also designed to enable us to apply our skills in ways that deliver measurable outcomes and create both business and social value.

This strategy has now been embraced by all PwC firms. Over the next few pages, we'll demonstrate our progress.

PwC brings relief to typhoon-hit Philippines province



In November 2013, 'super-typhoon' Haiyan tore through the Philippines, leaving in its wake a trail of devastation and more than 6,000 dead. PwC firms across our network responded by donating over US\$1.4m to help fund a multifaceted approach by PwC Philippines, aiming to address both the immediate need for relief supplies and the rebuilding of this devastated region.

These efforts were not limited to fundraising – they provided tangible support to some of the hardest-hit areas, as demonstrated when a PwC team of volunteers travelled to the remote Busuanga Island to bring Christmas to some 600 children. The children received school bags and school supplies, clothing, slippers, hygiene kits, blankets and canned goods.

Recognising that immediate relief supplies were not enough, PwC Philippines has also dedicated a significant portion of the funds to the rebuilding of 20 homes and two schools in Eastern Samar province, benefiting over 1,500 students – contributions that will have a lasting impact on the region.

On the ground help in devastated towns like Busuanga, backed by our disaster relief experience in other countries, has also allowed PwC Philippines to sign a memorandum of agreement with the Presidential Assistant for Rehabilitation and Recovery to provide the government with advice on governance and transparency of disaster relief funds. Providing access to our people's skills is perhaps the most important contribution we can offer to make a lasting difference.

Generating societal benefits through responsible business

Aside from specific CR activities, we generate a range of benefits to society through the services we provide to clients and our responsible approach to business.

Many of our services help to underpin ethics, transparency and trust in a broader business context and contribute to economic development. Examples include our work in international development, human rights, disaster recovery, fraud prevention and management of international aid funds.

For example, PwC China launched its *Strengthening Donor Communications and Mentoring* project to help NGOs understand impactful reporting, good governance and robust internal controls. Sessions were run in Beijing and Hong Kong benefiting over 100 NGOs.

We're also using our distinctive skills and expertise to create new client services that help others build more transparent, responsible businesses. For example, while our market-leading Sustainability and Climate Change services have been established for many years, we continue to invest in research and innovation to support efforts to address the opportunities and risks raised by environmental and social challenges (see case study on page 39).

Through work like this, we're helping businesses around the world make corporate responsibility part of 'business as usual'. Another innovation is PwC Australia's Indigenous Consulting practice (see next page).

To behave responsibly, business needs responsible leaders. We've supplemented our existing talent management programmes by developing a CR e-learning module that is available to all our firms. *'Think Corporate Responsibility'* helps our people understand the social and environmental issues affecting businesses across all industries, whether they're responding to natural resource scarcity because of climate change, or facing intensifying public scrutiny over business ethics.

Kering breaks new ground with PwC's support



As businesses come to rely on increasingly global supply chains, their environmental footprint can become much more complex and significant than many realise. In response, smart organisations are taking action to identify and address their impacts across the world – and PwC is at the forefront of helping them do this.

One example is Kering, owner of luxury and sport & lifestyle global brands including Gucci, Alexander McQueen, Saint Laurent, Stella McCartney, PUMA and others. As a forward-thinking company, Kering realised that the first step towards addressing its environmental footprint was to adopt innovative ways to measure its impacts. So in 2010 PwC UK began working with Kering and its brand PUMA to help create the first ever Environmental Profit & Loss Account (E P&L).

This was a significant achievement in itself. But Kering, working with PwC firms in France, Germany and the UK, evolved the E P&L methodology and extended this ground-breaking approach across all its brands to support real change.

Already Kering's initial rollout of its Group-wide E P&L has covered 73% of the business. New learnings have been key to Kering's strategy, with the E P&L analysis disclosing that the bulk of the Group's impacts reside in its production and sourcing. This equals approximately 82% of the total impact.

“The E P&L from conception to implementation has been a multi-faceted and complex project to develop. PwC contributed their experience and specialised skills in performance management and economic impact analysis to work closely with our team and support our efforts over the last four years.”

Michael Beutler, Director of Sustainability Operations at Kering

“We like to think of PIC as a partnership between the world’s oldest living culture and one of the world’s largest professional services organisations.”

Strengthening communities, creating advantage

Australia has struggled to overcome generations of disadvantage in indigenous communities. Indigenous Australians are particularly excluded when it comes to sharing in the country’s economic wealth.

Recognising the need for change, PwC has joined with a group of indigenous consultants from across Australia to create PwC’s Indigenous Consulting, or PIC for short – a new member firm in the global PwC network, and one unlike any other.

Launched in November 2013 with a specially-recorded video message of support from Prime Minister Tony Abbott, PIC is majority owned by its indigenous co-owners, making it an unprecedented organisation to be part of PwC globally. Its focus is to bring cultural integrity to indigenous projects, policies and programmes across Australia, to benefit both indigenous Australians and wider society.

History shows that real and lasting change only happens when it’s created by indigenous people, not just for indigenous people. This is why PIC’s founding principles are majority indigenous ownership, management and delivery. And PIC’s collective understanding of cultural, commercial and community realities, combined with the breadth and depth of the PwC network, positions PIC to drive significant and lasting change.



Jason Eades
PwC’s Indigenous Consulting
chief executive and co-owner

With 18 staff across six locations, PIC has already won more than 45 client engagements, and was recently awarded ‘Telstra Up & Coming Supplier’ at the highly regarded Supply Nation Awards.

PIC’s chief executive and co-owner Jason Eades, who comes from the Gunnai nation in south-eastern Australia, says: “PIC is shifting debate and public policy away from one that for too long has focused on indigenous disadvantage to one that’s all about indigenous pride and indigenous advantage.”

For more information:
www.pwc.com.au/indigenous-consulting

“The goal of the R!SE Initiative is to revolutionise the way the world does business. Embedding disaster risk management in business processes is key to resilience, competitiveness and sustainability.”

Margareta Wahlström, Head of the UN Office for Disaster Risk Reduction

Working with the UN to reduce disaster risk

Natural disasters have a profound effect on economies and societies across the world, resulting in the loss of more than 1.3 million lives and more than US\$2 trillion in economic costs since 2000.



PwC’s **Scott Williams** (far left) speaks to a group about Tangible Earth, the world’s first interactive digital globe, which was on display at PwC US’s New York office.

Despite such warning signs, ‘business as usual’ investment is continuing in areas of known high hazard such as river basins and low-lying coastal regions. And the concentration of risk from natural disasters has moved beyond any single nation’s ability to manage it, with the Secretary General of the United Nations Ban Ki-moon commenting: “Economic losses from disasters are out of control, and can only be reduced in partnership with the private sector.”

PwC co-created the R!SE Initiative, together with the UN, and continues to lead the global expansion of the scope of R!SE. This ground-breaking global effort, launched in May 2014, brings all stakeholders together in a single alliance to take leadership on disaster risk resilience, with a focus on creating shared value by making investments risk-sensitive.

PwC’s role in R!SE includes developing and promoting improved disaster risk management capabilities, and formulating voluntary industry standards for disaster risk management. To meet these challenges, we’re drawing on expertise from over 15 firms across our global network in areas including enterprise risk management, actuarial modelling, climate risk, business continuity planning, business operations improvement and supply chain optimisation.

For more information: www.theriseinitiative.org



Helping entrepreneurs

A social enterprise can be defined as a business that competes to deliver goods and services, but that has a social or environmental purpose at the very heart of what it does, and reinvests its profits towards achieving that purpose. It follows that the social entrepreneurs who lead these businesses create social and economic value for their communities.

Many of our people use their knowledge to help social entrepreneurs maximise value by improving their business skills.

For example, PwC Netherlands organises quarterly master-classes for social entrepreneurs and conducts research into issues such as financing opportunities. In 2014 the firm also launched the PwC Social Impact Lab which provides advice and support to social enterprises. Ronald van Vliet, director of a social enterprise called 'Specialisterren', says: "I think it is very good that PwC deploys knowledge and expertise to support businesses such as ours. It services a need. For many people who start a social enterprise, there is plenty of idealism, but the business side is somewhat lacking. It is precisely in this area that PwC can have the most impact."

PwC Switzerland also launched a successful mentoring programme in 2014 with 100% of the mentors saying they would recommend the programme to their colleagues.

Meanwhile, in Spain, PwC has forged a partnership with Banco Bilbao Vizcaya Argentaria and ESADE Business School to run the Momentum Project, which works with social entrepreneurs to develop effective and scalable solutions to environmental and social challenges. Over the past three years, 30 entrepreneurs have participated in the programme, benefiting from training, advisory services and financing.

PwC UK has provided comprehensive support for the School for Social Entrepreneurs for several years, as well as running its own Social Entrepreneurs' Club, which now boasts more than 200 members. The firm also delivered master-classes for social entrepreneurs on Social Impact Measurement, personal presence and impact, and digital and social media.

Supporting education

Many PwC firms are involved in supporting education. For example, PwC US's highly successful 'Earn Your Future' programme addresses two critical shortfalls in the US education system: financial literacy among young people and financial training for educators. PwC Indonesia is stimulating young people's interest in becoming auditors by hosting mini-audit experiences with college students, giving them a real taste of what the job involves day to day.

PwC Japan's career education programmes are aimed at demonstrating the strong links between education and business, as new graduates face problems of irregular employment and leave their jobs early. And PwC Brazil has worked with the FazINOVA business school to develop free online courses aimed at young entrepreneurs; over 12,000 students have registered.

Finally, volunteers from PwC Egypt supported 70 students from 35 universities to build entrepreneurial skills in a competition to develop recycling and waste management solutions.

Doing the right thing in Cyprus

The Cypriot economy has experienced a recession in the last two years, as well as rising unemployment reaching 16% in late 2013. The result has been a breakdown in trust in investors' confidence.

PwC Cyprus acted quickly to ensure its 900 people's jobs were safe, while maintaining the firm's financial sustainability. In FY 2014, the firm continued to invest in the future by recruiting over 100 people, including 41 university graduates, despite the very difficult economic environment.

The firm also initiated various actions to support the broader economy:

- Running support workshops for more than 45 unemployed people.
- Supporting the Startup Weekend for young entrepreneurs – a non-profit event that brings together over 130 entrepreneurs of different backgrounds to pitch ideas and start companies in just 54 hours.
- Organising the Cypriot Businesses Survival Conference for over 400 local business leaders, which provided practical tools to support them in their recovery efforts.
- Engaging very actively in discussions with the government, business and professional bodies to explore how they might provide advice for promoting economic development, strategic planning and government reform.

Since the climax of the crisis in March 2013, the Cypriot economy has been performing better than expected.

Our performance

In order to coordinate our CR activities, it is essential that we are able to measure and report on the key performance indicators that are most relevant to our global CR strategy.

As an overall indication of one of our key stakeholders' views, our Global People Survey revealed that 77% of our people are satisfied with the actions PwC is taking to be socially responsible, and 69% of our people are satisfied that we are responding appropriately to address the impact of our business on the environment. These results continue to improve year on year, and are on par with or better than the external global 'best in class' norms.

Community engagement

The case studies presented in this chapter highlight just some of the community engagement activities taking place across the network. Over the past year, almost 53,000 PwC people around the world took part in community activities – up from 47,000 in FY 2013, an increase of approximately 13% (figure 5). PwC firms in Australia, Canada and the US saw particularly impressive growth in the numbers of PwC people involved in community activities.

The number of hours of skilled volunteering and free or heavily discounted professional services that we provided to community organisations also increased to over 600,000 for the first time – a 6% rise year on year. At the same time, we saw a continued reduction in general volunteering hours from 155,000 to 144,000. This shift towards donating our professional skills is a key component of our CR strategy and will allow us to support more sustainable solutions for our communities while also helping to develop our people.

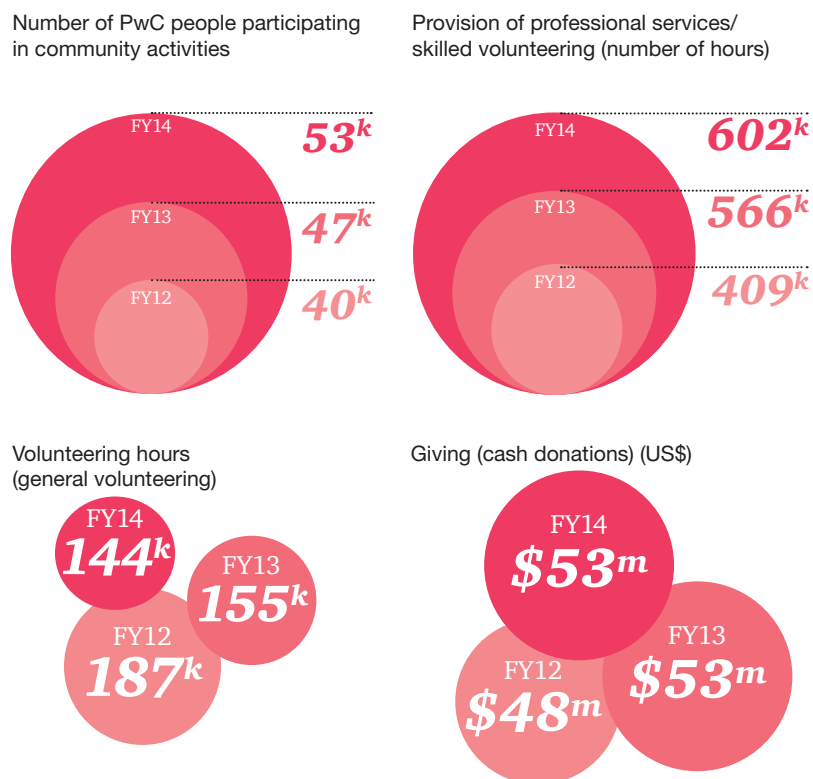
The 21 largest firms in the network also donated nearly US\$53 million of cash contributions in FY 2014 as part of an overall financial value of contributions totalling over US\$87 million (figure 6).

Environmental stewardship

At the network level, our focus is on measuring and managing our greenhouse gas (GHG) emissions. However, many PwC firms often adopt a broader approach to environmental management, focusing on areas such as energy efficiency, waste reduction and water consumption. This is illustrated by the fact that more than half of our largest 21 firms have developed local environmental policies, with the remainder due to have these approved in FY 2015.

Overall, our network's gross emissions have increased by 10% this year, with growth in emissions from purchased electricity and air travel. Three main factors account for this increase: a rise in emissions in firms across our network that are experiencing

Figure 5: Community engagement in numbers



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

Figure 6: Financial contributions (in US\$ thousands)

	FY14	FY13	FY12
Cash donations from PwC firms	52,838	53,087	48,000
In kind donations	1,144	957	1,748
Cash donations from PwC people and other third parties	33,030	21,930	16,748
Total	87,012	75,974	66,496

In kind donations: the value of all non-cash contributions other than professional services e.g. equipment, property, access to our facilities etc.

Cash donations from PwC people and other third parties: financial value (in US\$) of donations raised from other parties as a result of the PwC network's community activities or facilitated by the network (e.g. via payroll deductions).

strong growth; the inclusion of data from all 21 of our largest firms; and a significant improvement in reporting quality as our data has become more complete.

Many of the firms in the network have been measuring their GHG emissions for a number of years and by the end of 2013, PwC firms representing almost half of our network (by revenue) had achieved overall GHG reductions of between 28-42% against their respective baselines.

Figure 7: Greenhouse gas (GHG) emissions (tonnes)

	FY14	FY13
Scope 1 – Direct emissions	25,523	24,716
Scope 2 – Indirect emissions	180,291	174,986 ¹
Scope 3 – Air travel	401,478	351,474 ²
Total (gross)	607,292	551,176
Avoided emissions through carbon offsetting, the purchase of green energy and on site electricity generation	215,416	146,130 ³
Total (net)	391,876	405,046

Scope 1 – Direct emissions: emissions from sources that are owned or controlled by the PwC network
 Scope 2 – Indirect emissions: emissions from the generation of purchased electricity and heat consumed
 Scope 3 – Air travel: emissions from work-related air travel

¹ FY13 indirect emissions have been restated to account for a change in the way one of our key firms calculates its electricity consumption

² FY13 air travel emissions have been restated to account for the impact of radiative forcing

³ FY13 avoided emissions have been restated downwards following the identification of data errors

Currently, PwC firms representing over 80% of our network (by revenue) have carbon reduction approaches in place, including reduction targets, carbon offsetting and the purchase of green electricity. FY 2014 also showed a 47% increase in avoided emissions from carbon offsets and the purchase of green electricity, resulting in an annual reduction of 3% in our net emissions.

The encouraging improvement in the quality of our emissions data is a reflection of a growing level of understanding in CR teams across the network. However, we believe that there is potential to improve the accuracy and completeness of the reported data even further. This, together with setting a network GHG reduction target and extending the scope of GHG reporting, is a continuing priority.

Progress against our CR commitments

The table below outlines progress to date against our CR commitments for FY 2014-FY 2016. These commitments relate to the implementation of our network CR strategy for our 21 largest firms and enhancements to our CR reporting at the network level.

Commitments – our 21 largest firms will:	End date	Status	Coverage ¹
Harness the power of our network to scale responsible business behaviours			
Align to the global CR strategy	FY14		99%
Assess themselves against the leadership ladders and develop clear progression plans	FY14		100%
Set targets for improved performance in the questions relating to CR in the Global People Survey	FY14		83%
Build an even more inclusive culture that values difference²			
Conduct blind-spot awareness training with their leadership teams	FY14		n/a
Conduct a thorough demographic analysis to understand barriers and enablers to diverse leadership	FY14		100%
Undertake efforts to raise their people's awareness of the importance of diversity	FY14		100%
Put programmes in place to drive increased diversity of leadership and our people	FY16		n/a
Increase the positive social impact of our community activities			
Provide opportunities for their people to take part in skilled volunteering activities	FY14		96%
Pilot output and outcome-based performance measurement for their community activities	FY15		n/a
Manage our impact on the environment			
Implement a local environmental policy and environmental management approach	FY14		84%
Enhance the transparency and relevance of our CR reporting			
Enhance our reporting at the network level by including stakeholder engagement efforts	FY14		100%
Put in place internal reporting structures to improve reporting on their CR performance	FY14		86%
Introduce performance-based targets for the network as a whole	FY15		n/a
Gain assurance on FY 2016 priority network key performance indicators	FY17		n/a
In progress	Partially completed ³	Completed	

1 – % of our largest firms by revenue that have met the commitment.

2 – Please see the Diversity and Inclusion chapter for more information. Please note the timeline related to the blind-spot awareness training commitment has been extended in line with a recent review of our Diversity and Inclusion strategy.

3 – >50% have met the commitment.

n/a – progress on these commitments will not be assessed until a later date.

Please see www.pwc.com/corporate-responsibility/our-performance for further information about our progress, particularly the actions we are taking to address commitments which have not been fully met.

Clients

PwC's clients range from the world's leading multinational companies to new and growing enterprises, from large family businesses and governments to NGOs, and private individuals in nearly every country around the world.

We are very proud of the strength and depth of our client portfolio. For example, in the last year we have helped over 90% of the companies in the FT Global 500 list. And we advise and work with over 100,000 entrepreneurial and private businesses across the world.

Whoever our clients are, our role is clear: to help them find solutions to their important problems and to work with them, and our other stakeholders, to build trust in society.

The current global economic environment presents many challenges and opportunities. When we spoke with business leaders in our most recent Global CEO Survey they told us what was high on their list of priorities:

- harnessing the benefits of new technology and the wealth of data that technology can deliver
- developing a workforce fit for the future, and
- changing business models to meet the increasing demands of consumers.

We are passionate about helping private companies and individuals address the challenges that are specific to their business. Every two years we carry out our Global Family Business Survey. This year, we asked almost 2,400 family business decision makers across 42 countries about the key challenges they are facing. They told us that price pressure, intense competition and speed of change were top of their priority list. Innovation, embracing digital opportunities and succession planning were also high on the agenda.

Working with clients to maximise the benefits from each of these priorities, and to find the right solutions to any problems they present, is what PwC does best.



Robert Swaak

PwC Vice Chairman,
Clients and Markets

Figure 8: Clients of PwC firms as a percentage of the Fortune Global 500

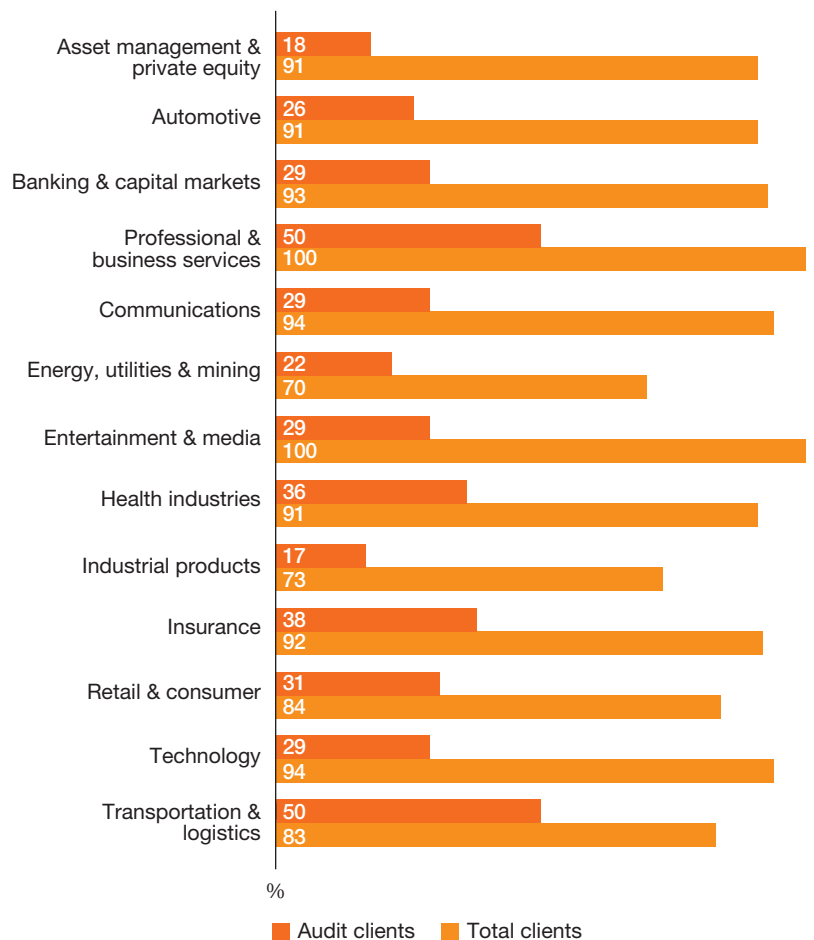
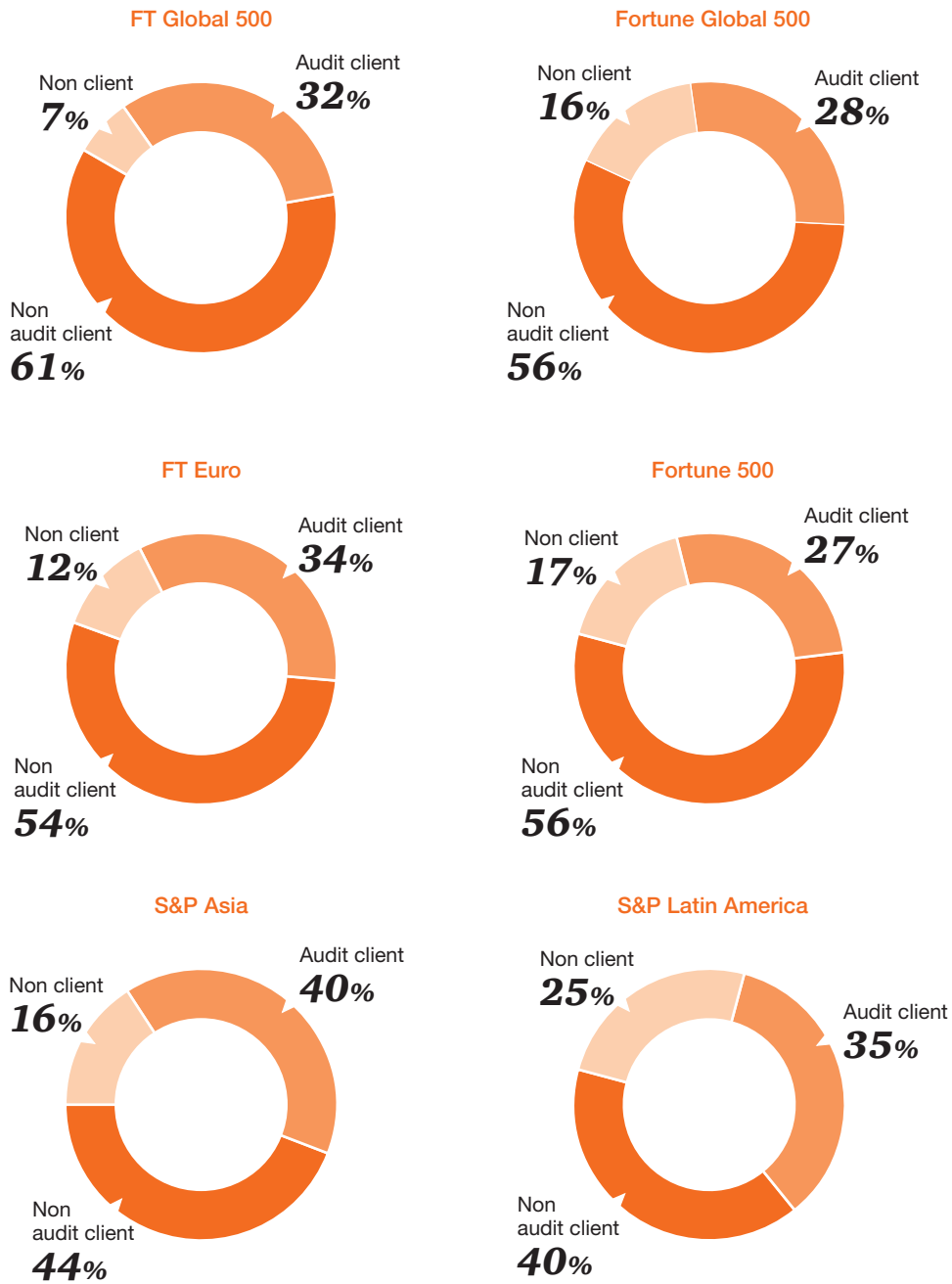


Figure 9: Global and regional client bases – company indices/lists¹



In FY 2014, more than two-thirds of our Tax and Advisory revenues came from clients that are not audited by PwC.

Less than one-third of fees from audit clients in FY 2014 were for non-audit services.

¹Audit clients include both sole and joint audits. Non-audit clients are those companies where PwC did not provide statutory audit services and where revenues exceeded US\$500,000 in FY14.

Our People: Proud to be at PwC

By Nora Wu

As PwC's new Global Human Capital Leader, I'm delighted to have the opportunity to lead our global people strategy. On the next few pages, we highlight just a few of the many examples that showcase our people.

As I reflect on our many accomplishments last year, there is so much to be proud of. Our global headcount is at an all-time high, with more than 195,000 partners and staff across all lines of service. As of 1 July 2014, 25% of new partners are female, which is the highest percentage we have ever seen.

We have made progress with our people agenda. Specifically, we experienced the highest Global People Survey response across the network and our employee engagement score held steady at 73%.

The 'PwC Professional' reaches out around the world

Our focus in FY 2015 continues to be on attracting, nurturing and developing our people. The *PwC Professional* – our new framework for defining and encouraging leadership at all levels – is playing a significant role in changing the way our people think, learn and develop together while at PwC.

The *PwC Professional* leadership framework describes who we need to be and the behaviours we need to adopt in order to meet the expectations of our clients, colleagues and communities in today's changing global marketplace. As PwC professionals, it is important for our people to influence others constructively within and beyond PwC, by demonstrating different forms of leadership at various stages of their careers.



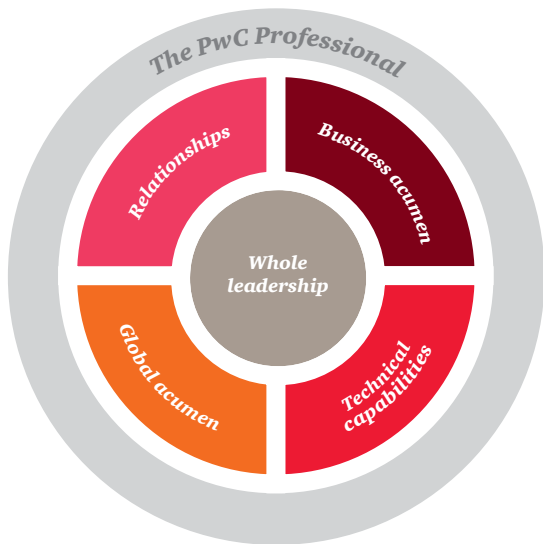
Nora Wu

PwC Vice Chairwoman,
Human Capital

"When I began my own professional career in the US in 1988 – the first woman from mainland China to be hired by a big accounting firm in San Francisco – I had a two-year-old daughter and spoke little English. In 1995, with China opening up, I moved back to China with my two children. I was later elected to PwC's global board and also ran the PwC Shanghai office, with 3,200 people including 140 partners.

Building my career has demanded some tough trade-offs – both personally and professionally. However, I'm very proud of what I have accomplished and my career journey. It shows other women they can overcome the challenges they may face in their jobs and societies."

The PwC Professional framework leadership at all levels



Within the *PwC Professional* framework, there are five attributes: *whole leadership* – the ability to lead to make a difference and deliver results; the ability to build genuine, trust-based *relationships*; *business acumen* and *technical capabilities*, which create value for clients and PwC; and *global acumen*, transcending boundaries of geography, politics, race and culture. The combination of these attributes aims to help our people bring their best self to work – and to inspire their colleagues and clients to do the same.

Enabling our people’s development

Our people are learning all the time. To support their ongoing development, we are continuing to make our learning services and mobile learning platforms accessible to our people, with content that is meaningful and relevant.

In the second half of FY 2014, PwC provided on-demand eLearning support services in 157 countries. Our global mobile learning continues to help our people develop and gain support for their performance, whenever and wherever they need it – at their convenience. Platforms such as IQ, which offers eLearning modules via smartphones and tablets, are making training even more accessible – in FY 2014 we saw an increase in adoption of IQ across the network. We also saw a 17% increase in total training hours amongst our people.

The Digital Learning Academy is another enabler of our global development strategy, providing ongoing development to our learning and development professionals specifically, through formal learning solutions, coaching and on-the-job support.

With digital transformation changing the business landscape globally, our focus continues to be on innovating our digital learning.

Proud to be at PwC

As we continue to demonstrate the behaviours of the *PwC Professional* globally, we are confident that we will continue to achieve results, including an increase in our people engagement, strong brand health and added value for our clients and communities.

Already we are seeing progress, with our latest Global People Survey showing that 81% of our people are proud to work at PwC. As part of our global mobility long-term programme, we currently have 2,420 people on overseas postings and 1,113 new starters in FY 2014, adding to the strength of our global acumen.

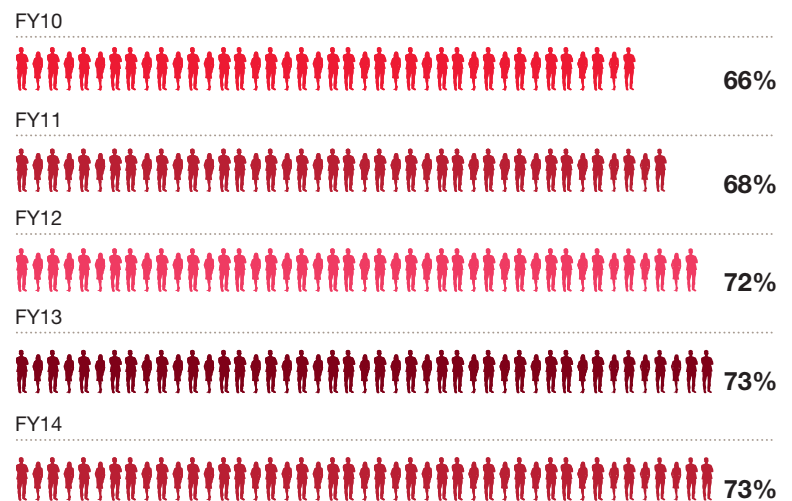
With the *PwC Professional* in place, we now have one consistent roadmap to develop future leaders across the world – while also delivering results in a responsible, authentic, resilient, inclusive and passionate manner. We look forward to an inspiring year ahead.

“At the heart of this is our belief that we have leaders at all levels who are inspiring colleagues, clients and communities to be the best they can be.”

Nora Wu,
PwC Vice Chairwoman,
Human Capital

Our people

Figure 10: Employee engagement¹ (FY 2010-FY 2014)



¹ People engagement relates to the overall employee happiness and involvement as well as the general culture, respectfulness, and diversity of the employee’s immediate workplace.

‘Aspire to Lead’: inspiring and energising our next generation of women leaders

Shirlene (Ying) Wang

PwC intern and international student at University of California at Berkeley



“To me, leading is first about putting your effort into being excellent in the things you need to master in order to achieve your goals. I also recognise that to be successful, you need a strong network... I’m someone who always wants to challenge and stretch myself, so I suppose that’s how I aspire to lead!”

This is how international student and PwC US intern Shirlene (Ying) Wang sums up her response to PwC’s ‘Aspire to Lead’ webcast, the first ever global forum to focus on women and leadership, for students around the world.

Held in April 2014, the forum offered university students, PwC people and clients the opportunity to talk about women and ‘whole leadership’ and share their personal experiences on how to navigate their career. Attendees also had the chance to hear directly from Sheryl Sandberg, Facebook Chief Operating Officer and author of the book ‘Lean In’, about the importance of having an inclusive mindset and the need to create a diverse workforce and culture.

With more than 6,000 listeners tuning in to the webcast, 48,000 visitors to pwc.com/aspire, and almost 2 million users reached on Twitter via #pwcaspire, the impact of creating real dialogue about what is most relevant for our people is clear.

Other participants were equally as enthused as Ying. Fellow PwC intern and international student Aishat Akinwale says: “I have high hopes of returning to Nigeria and eventually becoming the governor of the Central Bank of Nigeria. My aspiration to lead will be driven by the need to fill a gap in my home country. As a young girl from Nigeria, there is still the myth regarding a girl child and her ultimate position being in the kitchen. I believe both sexes are destined to aspire to greater heights, and I hope to be able to push for that as I develop myself.”

Alejandra Nieto, a student at Georgetown University and also an intern at PwC, adds: “My dream is to open a family firm and clinic with my sisters. We would love to start our own firm and clinic in which we support and counsel Mexican-American communities in all of these spheres – medical, legal and business. I’m hoping that through Sheryl Sandberg’s messages, my mentors’ help, and most importantly my spirituality, I can make a positive impact on my communities.”

Aishat Akinwale

PwC intern and international student at Michigan State University



Alejandra Nieto

PwC intern and student at Georgetown University



“We contributed in our own way to the idea and even seemingly small decisions eventually had a huge impact on our success.”

Kim To, Theodore Leslie and Megan Walker (pictured right)



Helping our UK interns build real-world business acumen by entering the ‘Dragons’ Den’

“The project was really exciting and a fantastic opportunity to pitch our idea to real decision makers at the BBC. It was hard work but the recognition we got from our colleagues, peers and the One team made it all worth it. We developed skills in teamwork, idea development and pitching. It was an invaluable opportunity that none of us will forget.”

That was the response from the team, made up of PwC UK Management Consulting and Assurance interns, pictured above on clinching first place in a new PwC development initiative. The team, made up of Kim To, Theodore Leslie and Megan Walker, had emerged victorious in a new competition based on ‘Dragons’ Den’, a popular BBC TV show where would-be entrepreneurs pitch their ideas to a panel of business experts.

This represents the second year of this competition, which has been created on the ‘One’ site for those on PwC UK’s six- to eight-week summer internship programme.

The One Project provides interns with an exclusive opportunity to come up with ideas to solve a challenge assigned to them by the BBC, and then to submit, share and develop their ideas using PwC’s ideas management platform, ‘One’.

The teams came together, as interns contributed various ideas to ‘One’ and harnessed the creativity of the crowd. The teams that came up with the best seven ideas were shortlisted and invited to present their concepts to a ‘Dragons’ Den’ panel of BBC executives and senior PwC personnel.

The Dragons then chose the winning pitch – a task that proved very tough, given the high-quality thinking, creative innovation, commercial awareness and strong teamwork demonstrated by all the teams. Every idea was a potential winner, showing clear evidence of the business acumen and skills that the interns had gained during the programme.

Developing global acumen through an international experience

A number of banks in India are currently working out how to comply with the US Foreign Account Tax Compliance Act (FATCA) regulations. Fortunately for them, Vivek Belgavi – a Financial Services partner in PwC India’s Mumbai office, specialising in technology consulting – is well qualified to help. “When I tell them I spent several months working with PwC’s Global FATCA Centre of Excellence in New York on solving challenges around data, they’re absolutely delighted,” he says.

This is just one example of how international mobility is enabling PwC’s people to develop global acumen and in turn helping us to solve complex problems for clients. For Vivek the benefits are clear, since his experience of global mobility goes well beyond his FATCA work.

Back in 2009, after six years with PwC India, Vivek was offered the opportunity to take part in PwC’s Genesis Park global leadership development programme. He jumped at the chance, and spent four months in Washington DC with a team of 11 PwC professionals from seven countries, working on a global strategic project that is sponsored by a member of our Network Executive Team.

“Genesis Park was a transformative experience, both personally and professionally,” recalls Vivek. “One of the biggest impacts was that it really scaled up my appreciation of PwC as a global network with a global strategy and capabilities.” So great was his appreciation that in 2011 he returned to the US on secondment, spending a year in New York working on Financial Services technology issues – including FATCA.

Vivek still has a taste for international mobility. “I’m certainly hungry for more,” he says. “It’s a fantastic way to break out of your comfort zone, take something new to clients in other countries, and bring something new back home. For me, international mobility is not just important – it’s essential.”



PwC Forensics: blending a range of technical skills

When PwC's clients in Central and Eastern Europe (CEE) find themselves facing crises related to corruption, cybercrime, fraud, litigation, insurance claims, or regulatory investigations, our Forensics team is on hand to help. "We take pride in working with our clients to counter economic crime," says Marcin Klimczak, Forensics Director from PwC Poland. "We can play many roles, such as acting as their expert witness, investigator or representative in mediation and arbitration."

Given this wide scope, the Forensics team needs professionals with a variety of skills – including accountants, financial analysts, technology experts, economists, engineers, fraud examiners and even former police officers. "One of the critical factors behind our success is the diversity of our team," explains Inna Fokina, Forensics Director from PwC Russia.

This diversity is demonstrated by the varied expertise of our three Forensics directors in CEE. They have all been working in Forensics for several years, but each brings unique competencies to the table from their past experience. "With my law enforcement background, I bring our clients investigative expertise in dealing with regulatory investigations and fraud issues," explains Marcin.

Michal Kohoutek, Director from PwC Czech Republic, comments: "I started my career in Assurance, and so my accounting background comes in handy when investigating financial fraud. I have also worked for several years on complex litigation matters." Inna adds: "I combine audit skills with experience in deals and due diligence. This background is especially useful in disputes related to the purchase or sale of a business."

While each of these professionals has much to offer individually, the real value comes from collaborating. "We work closely together as a CEE Forensics team, complementing each other and delivering complex expertise to our clients across the entire region," says Michal. "Close co-operation with other parts of the business is a must so that we can bring our clients the best that PwC has to offer."



Inna Fokina
Forensics Director
from PwC Russia



Marcin Klimczak
Forensics Director
from PwC Poland



Michal Kohoutek
Director from PwC
Czech Republic

Making a difference through education in Belize

The Central American country of Belize is beset by deep and enduring economic disparities, with over half of the population living below the poverty line.

Project Belize, a PwC US programme, sets out to help reduce this disparity, using student teaching, education training and pro-bono engagements to affect positive change and inspire the next generation of leaders to break the poverty cycle.



Kimberly Goldberg (left) and Cam-Van Nguyen from PwC US enjoy a break with the children during financial literacy workshops.

PwC US Manager Angelique Robateau – based in Florida, but born and raised in Belize City – is one of over 1,500 PwC professionals actively involved in Project Belize. Collectively, Angelique and her colleagues have educated over 7,000 students, teachers, administrators, parents and leaders about business and entrepreneurship since the programme started in 2008.

During the past year, Angelique has applied her professional skills to help 550 students participate in a competition to develop better financial solutions for local waste management. The students adopted the role of subject matter experts, articulating points of view and tangible solutions.

"Through our efforts, student learning has taken root," comments Angelique. "Project Belize is much more than a programme. It's an incubator for leadership, and a model for transformational employee engagement."

Committed to acting on the plans developed by the students, Judge Simeon Alvaraz of Belize City Council Waste Management said: "I was amazed and delighted to hear these young, brilliant students willing to be leaders to make a difference for a better environment."

Angelique Robateau
PwC US Manager



Figure 11: PwC firms' people

PwC people	FY14	FY13	FY12
Partners	10,002	9,597	9,359
Client service staff	153,051	143,111	139,723
Practice support staff	32,380	31,527	31,447
Total	195,433	184,235	180,529

Figure 12: Headcount by region

PwC people	FY14	FY13	Growth
Asia	43,370	38,863	12%
Australasia and Pacific Islands	6,967	6,760	3%
Central and Eastern Europe	7,746	7,490	3%
Western Europe	62,061	60,441	3%
Middle East and Africa	12,486	11,578	8%
North America and the Caribbean	49,375	46,608	6%
South and Central America	13,428	12,495	7%
Total	195,433	184,235	6%

Unlocking our potential

To be the number one professional services network, PwC needs the best talent. In FY 2014, our talent population grew 6% to more than 195,000 people. The largest percentage increase was in Asia, followed by the Middle East and Africa and South and Central America (figure 12).

Of the 44,700 people who joined PwC, around 20,500 were experienced professionals and 20,000 were graduates. This is the first time since 2011 that we've hired more professionals than graduates.

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

PwC's global presence remains strong with local service offerings in 758 locations across 157 countries.

Figure 13: PwC people by region

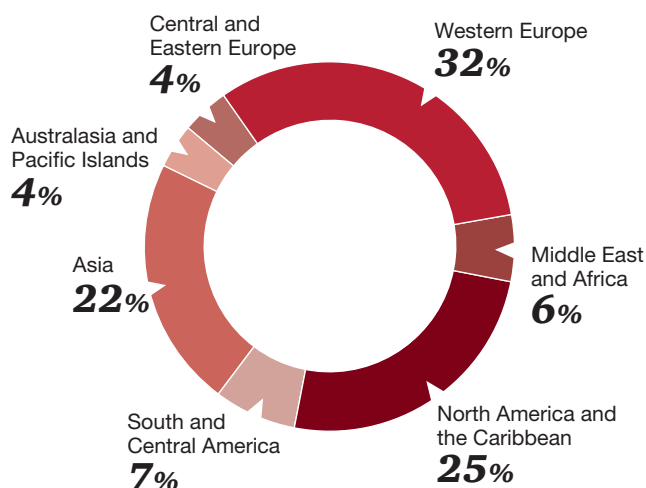
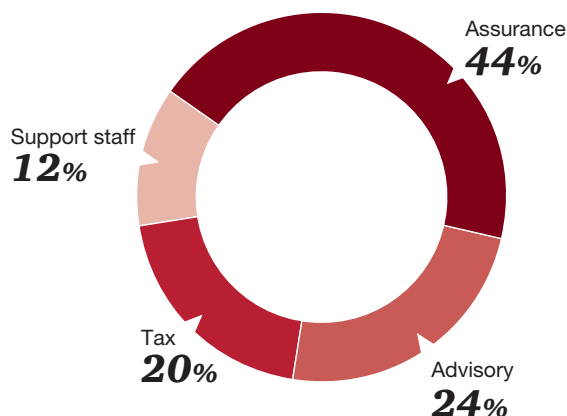


Figure 14: PwC people by line of service



In 2014, we were named the third most attractive employer in the world for business students by Universum.

Graduate recruits

Over 20,000 graduates joined PwC in FY 2014, which makes us among the largest recruiters of graduates in the world (figure 16). We are committed to attracting the best people to PwC and offering them first-class training and the best opportunity to develop their careers.

PwC is one of the most attractive organisations for graduates, as is demonstrated by student surveys around the world. We hold the top position in a number of key countries as the most attractive employer (figure 17).



Alaa Alaeddin from PwC United Arab Emirates

Figure 15: PwC's global footprint

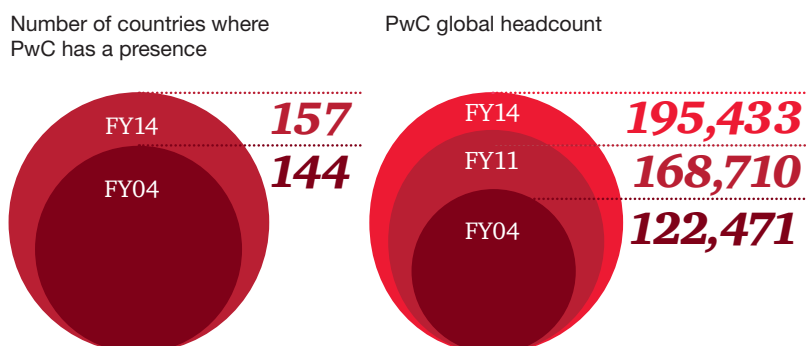


Figure 16: New joiners in FY 2014 and FY 2013

	FY14	FY13
Graduates	20,030	19,622
Experienced professionals	20,507	14,640
Support staff	4,184	3,190
Total	44,721	37,452

Figure 17: PwC ranking in student surveys

	Rank in Big Four		Rank among all employers	
	FY14	FY13	FY14	FY13
Asia	3	2	7	10
Brazil	1	2	45	22
China	1	1	11	9
Germany	1	2	11	13
Global	2	2	3	4
Nordic	2	2	2	2
Pan-European	1	2	4	4
Russia	1	1	15	9
Spain	2	3	17	15
Sweden	2	2	5	5
Switzerland	1	2	5	7
UK	1	1	1	1
US	3	3	7	8

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

Figure 18: Global People Survey results (% agreeing)

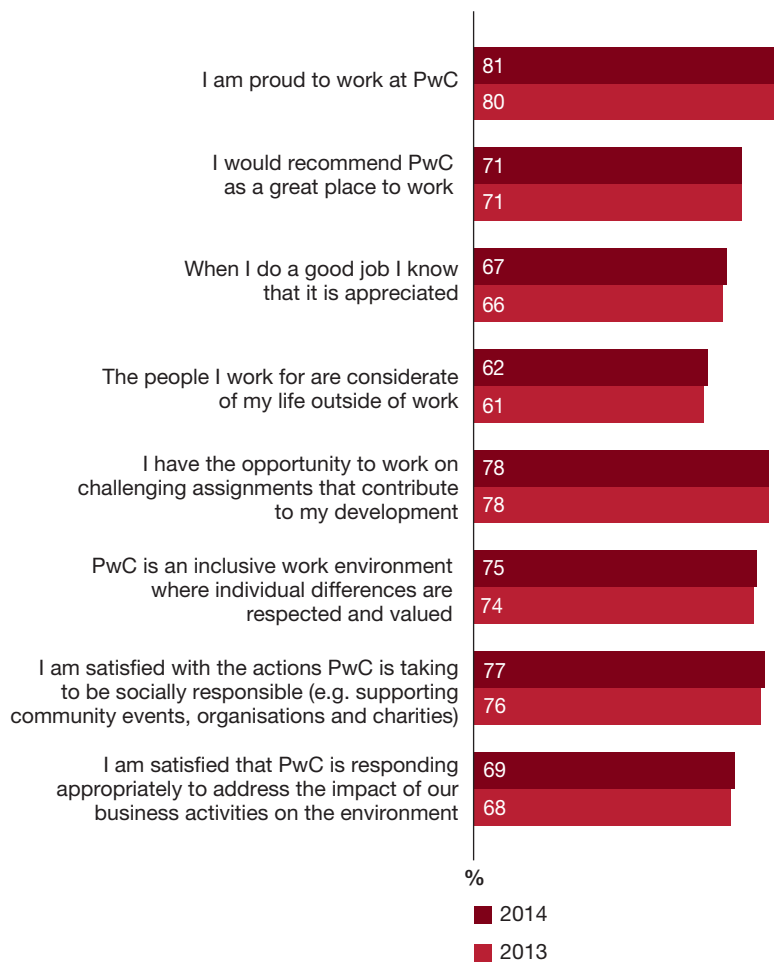


Figure 19: International mobility programme – number of new assignment starts

	FY14	FY13	FY12
Long-term assignments	1,113	1,086	1,213
Short-term assignments	1,306	1,074	1,282
Total	2,419	2,160	2,495

Global People Survey

This year, a record 76% of our people took part in our global survey – up from 73% last year. We conduct this survey every year to help us find out how our people feel about working at PwC and take the appropriate action.

The vast majority of the 145,417 people who completed the survey told us they are proud to work at PwC (81%) and would recommend PwC as a great place to work (71%).

78% said they have the opportunity to work on challenging assignments that contribute to their development.

We continue to see a positive response in the area of corporate responsibility. 75% of our people said that PwC is an inclusive work environment where individual differences are respected, and 77% that PwC is taking the appropriate action to be socially responsible.

The percentage who feel that the people they work for are considerate of their life outside work has increased by just one point to 62%. This is an area we will continue to work on in the year ahead.

International mobility

With offices in 157 countries and a strong international mobility programme, we are able to pull together teams of diverse skills and backgrounds to solve important problems for clients, while developing our people through these experiences.

At 30 June 2014, a total of 2,420 PwC people were on long-term international assignments, with increased participation from 112 countries.

For our overall programme, the total number of new international assignments was up 12% from last year (see figure 19), mostly driven by improved economic conditions and increased talent needs in a number of our larger firms.

We continue to enhance the strategic vision of our international mobility programme: to invest in immediate and future mobility experiences that inspire and enable our people to deliver quality services to our clients and each other – as a seamless network.

We expect to see a greater evolution of the different forms of international mobility opportunities for our people, whether assignees, commuters or travellers – creating flexibility in how we can meet the needs of our clients and enable the development of our PwC professionals across the world.

Diversity and inclusion

To solve important problems we need diverse talent. So at PwC we employ people with a vast array of backgrounds and experiences – meaning they think differently from one another and apply varying approaches to problem solving. And we're committed to helping every one of them build a rewarding career and achieve their full potential.



Lais Ferros, Alexandre Victorino and Naoe Yoshimoto from PwC Brazil

A council consisting of some of our most senior network leaders around the world drives diversity change management at PwC. FY 2014 saw the launch of an intensive data exercise across our network aimed at accelerating the pace of change and helping each of our firms to focus on their own set of priorities.

The first ever global long-leave policy was launched to further support our talent across our network in returning to their careers after an absence from work.

In FY 2014 we launched our inaugural Global Diversity Week. Running from 24 March 2014, it kicked off with a message from our Global Chairman Dennis Nally to every PwC professional across the globe.

The aims of the initiative were to help create wider and deeper awareness of diversity as a PwC priority, help our people understand the business case for diversity, and embrace differences as we foster the behavioural change that will create an even more inclusive PwC workplace. During the week, we rolled out our first diversity communications campaign, created with input directly from our own people.

Creating value through diversity

Be yourself. Be different.

More than 50,000 of our people from over 70 countries engaged in Global Diversity Week, which included the launch of leadership videos, self-assessment tools and a global e-learning, all hosted on the Global Open Minds Portal. On our internal social network, PwC people engaged directly in conversations with our most senior leaders on the topic of inclusion.

Diversity in numbers

PwC strives constantly to accelerate the pace of change and maximise the diverse talents of our whole workforce. The following examples illustrate the progress we are making:

- Diversity leaders appointed in all of our firms
- Globally, 18% of our partners are female in FY 2014, up from 13% in 2006. The China, Hong Kong, Singapore and Taiwan region led the way, with 32% female partners
- 141 (25%) of our internal partner admissions were female this year, an increase of 2% from last year
- Olga Grygier-Siddons appointed as Senior Partner of our Central and Eastern Europe region
- Nora Wu appointed to our Network Executive Team as Global Human Capital Leader
- 50% of global graduate hires this year were women
- 75% (up 8% since 2011) of our people believe PwC is an inclusive work environment
- During FY 2014, 37% of participants in our global leadership development programme – Genesis Park – were women
- Female leaders consistently cite a mobility experience as one of their top-three developmental milestones. Globally, 35% of our talent deployed on long-term international assignments were women.



Agnès Hussherr

Global Diversity and Inclusion Leader



Diversity: a positive driver of business growth and sustainability

Karen Loon's career has taught her a lot about workplace diversity. A third-generation Australian born Chinese, Karen spent four years with PwC Australia in Sydney before a one-week training course in the Netherlands opened her eyes to the global opportunities available to her. So she took a two-year secondment to PwC Singapore – and has stayed there 20 years, including a two-year secondment back to Sydney.

So what does diversity mean to Karen today? “Creating a diverse workforce in terms of ethnicity, culture and gender is clearly the right thing to do,” she says. “Having people with different perspectives and backgrounds makes for better-informed, more multi-faceted and more culturally-aware business decisions. But my experience has also confirmed there are hard-headed business reasons for diversity. In an era when cross-border opportunities are growing exponentially, especially with Asia, businesses need people who understand and are attuned with different cultures and ways of thinking. In my view, this is vital for businesses to grow and be sustainable.”



PwC Australia accelerates its diversity journey

Many PwC firms around the world are fast-tracking their efforts around diversity. One example is PwC Australia, which has appointed Marcus Laithwaite – a partner from the Sydney Financial Assurance team – to the newly-created role of Chief Diversity and Inclusion Officer. Marcus is passionate about supporting an inclusive culture in the Australian firm, and has seen the multitude of benefits – both internal and external – that are generated when PwC teams attract and retain diverse talent.

Marcus says his first actions in his new role will include reviewing how the Australian firm currently addresses diversity and appointing an external advisory body. He adds: “My core focus is on ensuring that diversity and inclusion form the backbone of the firm's broader business strategy and planning – and that this is led from the top.” Reinforcing the commitment at senior levels, Marcus's role as Chief Diversity and Inclusion Officer means he joins the PwC Australia's Executive Board.



Diversity is a business imperative for PwC

As Markets Leader and Diversity Leader for PwC's German firm, Petra Justenhoven knows how vital PwC's diverse workforce is to our clients – and therefore to our own ongoing success. “Diversity is a business imperative for us in Germany: it has become increasingly important to our clients, our business and our government,” she says. “Clients expect the world's number one professional services organisation to bring them diverse talents and people. To meet that expectation, we must embrace and promote inclusivity at all levels – and demonstrate our commitment through visible results.”

Petra's client-facing role with PwC has enabled her to experience at first hand the benefits of diversity. “I've seen the tremendous collaborative energy that's created when talented people from different industries and backgrounds come together, and are empowered to contribute their best ideas,” she comments. “To stay ahead of the competition, PwC must remain attractive to clients and to the next generation of talent. Diversity is vital in both respects.”



Diversity drives better results – and cross-cultural friendships

Genesis Park, PwC's global leadership development programme, provides our people with opportunities to work in hugely diverse teams on important strategic projects. Adriano Vargas, a director in PwC Brazil's Advisory group, is attending Genesis Park this year. And while Adriano already has extensive experience of working internationally, he feels Genesis Park has further reinforced the power and importance of diversity.

“I've always thought diversity is the key source of innovation – and Genesis Park has confirmed this,” says Adriano. “When we bring together different perspectives, we think outside our comfort zone and approach issues from different angles, which leads to a better result. At Genesis Park, this experience has come to life as I've been working with colleagues from four different countries on a project focused on the development of a cultural diversity strategy for PwC. At first it was quite challenging, but as we got to know each other and became friends, we began to see the value of the different ‘lenses’ we each brought to the table.”

Solving important problems: Rebuilding trust and confidence in business

By Richard Sexton



Richard Sexton

PwC Vice Chairman,
Global Assurance

Twelve months ago, organisations across the world were still adjusting to the sharp decline in public trust. Today, this seismic shift remains an active item on the agenda in boardrooms, and indeed at all levels throughout companies.

However, with trust in business having come under intense scrutiny from society, the media and industry itself, the past year has seen the development of a deeper understanding of the underlying issues around trust and their root causes. As a result, the definition of trust and its impact on the corporate world are being fundamentally reframed.

This redefinition is taking place against a background in which society as a whole is more mistrusting than ever before, and the perception of measures being taken to bring about change is sceptical at best. This widespread scepticism raises inherent challenges, and points to a shift in the way companies monitor and assess the impacts of their actions – both tangible and intangible – on a more cynical audience.

Reducing the trust deficit

So, following the initial decline in trust, what is driving this further shift? To a degree, trust in business is recovering from the low point reached during and immediately after the financial crisis. However, a significant ‘trust deficit’ persists due to the differing perspectives held by business and society on trust: while business has focused more on process and operations, society places more emphasis on behavioural measures.

The question remains as to what can be done to reduce this trust deficit and narrow the gap between business and society. In PwC’s view, business needs to refocus its efforts on the behavioural elements that create or destroy trust. But, critically, this change must consolidate the progress already made in processes, controls and reporting – not detract from it.

Business needs to address behaviours and delivery

This is not a straightforward task. While the degree and balance of trust in the system – between society, business and government – is still shifting, it’s clear that the loss of trust has been neither a straight-line decline, nor evenly spread.

Since the financial crisis, a blend of intensifying regulation and increased business investment has led initially to a rise, and now a levelling-off, of trust in businesses. Interestingly, the opposite is true for governments, with trust in state institutions having been in global decline since 2011, and now at historic lows.



According to the *2014 Edelman Trust Barometer*¹, this combination of trends has opened up the largest ever trust gap between business and government since the annual barometer launched in 2001. However, business cannot afford to be complacent. Low levels of trust in the system create issues for us all – and rebuilding that trust, as well as closing the deficit, is something to which we must all aspire.

To restore trust, business needs to address both behaviours and delivery. The case for investing in behavioural elements is harder to define and justify than the more tangible economic gains from investment in products, assets and efficiency. To justify investments in behavioural elements, the benefits need to be defined in terms of the dangers of not investing; the risks that become all too clear when a crisis strikes.

Subscribing to the broad trust agenda means doing more to engage with, and contribute to, society. This includes taking more of a leadership role. As trust in government continues to decline, business can step up to bridge this gap. These steps don't need to be self-serving. Perhaps surprisingly, a further finding of the *Edelman Trust Barometer* is that 84% of respondents believe businesses do good for society while also pursuing their own interests.

What do we need to do to earn back the trust that has been lost? I would point to a number of key actions.

Most important, both industry as a whole and individual businesses must engage at a more personal level with a greater breadth and depth of stakeholders. And they must do this on issues and risks that society deems relevant when it comes to exhibiting integrity and cultivating a credible voice in the market. These issues could involve taking responsibility for impacts along the entire supply chain, the transparency of decision-making metrics, or other areas that society regards as being linked with specific activities and outputs.

Businesses must also communicate their strategy with clarity, honesty and simplicity, and be explicit about the resulting impacts both on society and on their own bottom line. This requires recognition of the constraints and trade-offs to be navigated, and an acceptance that winners and losers will emerge. It also demands an acknowledgement that this is a journey towards trust, and measures and outcomes will not be perfect at any one point in time. What matters is communicating openly across all the criteria reflecting the business's contribution to wealth, both societal and financial.

It would be helpful for businesses to provide forward-looking perspectives that facilitate planning and provide transparency for the market. This doesn't mean predicting the future – but it does mean understanding and describing the business's likely impacts in their widest sense.

PwC's role in rebuilding trust and confidence

But we can't just set out our vision for addressing the trust deficit and rebuilding trust in business and then stand aside for others to make it happen. So what is PwC's own role in rebuilding trust? As part of the business community – and part of the collective system – we need to participate in the behaviours outlined above. We also have a duty to take action in areas where we can make the greatest or most relevant contribution.

One area where we can play a broad role is in rebuilding trust in the system, not only between society and business but also between society and government. Activities to achieve this range from leveraging our established role in the capital markets in providing assurance over financial and non-financial performance, to helping influence change in the system with a view to increasing overall trust and confidence. One example is the way we report our audit conclusions, which is changing to become more discursive and insightful, helping users better understand the information they are using to make critical business decisions.

Low levels of trust in the system create issues for us all.

¹ Source: <http://www.edelman.com/news/trust-in-government-plunges-to-historic-low/>

The Libor scandal: engaging with industry groups to rebuild trust



The background to the scandal over alleged manipulation of the London Interbank Offered Rate – or ‘Libor’ – benchmark has been well documented. However, the activity stemmed from a lack of integrity on the part of a handful of individuals working in financial services companies.

These actions led to a substantial loss of trust in the integrity of the published Libor rate and added further to distrust in the role of bankers and in the banking system as a whole. So regulators – including the Financial Conduct Authority in the UK, the Commodity Futures Trading Commission in the US, the European Banking Authority and the International Organization of Securities Commissions (IOSCO), as well as the benchmark administrators themselves – asked PwC to help rebuild that trust by providing assurance over the rates submitted to the Libor administrator.

In undertaking this role, the PwC team worked closely with the banks on the Libor panel to help them respond to regulatory demands and improve their processes and controls in this area. The team also engaged with broader industry forums, including the Institute of Chartered Accountants in England and Wales, in developing guidance to support the assurance opinions provided to our clients and the regulators over the Libor submissions.

“Our role in the project has meant that, with banks, regulators and industry bodies, we have been able to help rebuild trust in Libor and provide much-needed support and integrity to the benchmarking process,” says Carl Sizer, PwC UK Partner, Banking & Capital Markets.

“We have worked across a number of countries using a broad range of our skills in our response, involving PwC people from within the audit practice, performance assurance team, and those with forensics and consulting expertise,” he adds.

Since helping to provide assurance around Libor, the PwC UK firm has worked on a number of projects to assure other benchmarks, such as Euro Interbank Offered Rate (EURIBOR), and provided assurance opinions to the price reporting agencies and index providers over the control frameworks and environments that they have in place.

Better information informs choices

The need to rebuild trust also has wider implications. At one end of the spectrum, we play our part by validating metrics and numbers across a broad range of companies operating in all sectors and in all four corners of the world. Some of these organisations are involved in addressing significant societal issues, and we work alongside these organisations to provide assurance over the financial information used. Examples include the Programa Bolsa Floresta, a project in a part of the Amazon that aims to structure the economy around activities that do not contribute to deforestation.

We not only assess and verify the information used internally by management and employees, but also give our insights so that they can have full confidence in the data available to them when making decisions. This applies equally to material that is accessible externally, which is paramount to building trust among the complex landscape of stakeholders impacted by those decisions.

As businesses expand their footprint in society, leading to greater complexity of decisions and a more diverse range of risks, we work with them to give a broader perspective on the impact of their activities by providing wider-ranging, more relevant, reliable and timely information to inform their choices.

In terms of supporting companies in building confidence in some of the operational aspects of running the business, we provide assurance over systems and processes to protect against, for example, cyber risks.

Evandro Carreras
from PwC Brazil



Solving the real issues

Our role in building trust across industries has never been more crucial, or more long term. We recognise that repairing the damage will take many years. Today's unquenchable thirst for information on a real-time basis with ever more accessible data creates challenges, but – more importantly – it also opens up the opportunity to address the gaps and provide knowledge and insights to begin to reduce the trust deficit.

In the UK, we are working with the funds market, including fund administrators, trustees and trade bodies, to provide assurance over fund data using our intelligent data auditing software, 'Halo'. The financial markets are under scrutiny from society as a whole, and will remain so. By working together, we can strengthen belief in the industry and begin to underpin the stability of the markets in the eyes of the public.

This opportunity is exemplified by our work with the Libor panel in the UK. The public lost even more faith in the banking system with the much-publicised Libor scandal. Our help in shaping the processes and controls needed in the systems for the banking industry ensured the sector could respond to regulatory demands and provide assurance around other benchmarks, helping to re-establish the integrity of the published Libor rate.

But we, of course, work beyond any single sector or geography. China has named food safety as one of the country's top three priorities, with a clear need to repair the damage caused to public trust by recent scandals. Working with AsureQuality, we are assessing the operational processes in China's food industry against those in New Zealand, not only to identify gaps, but also to create plans for improvements (see page 38). When we support government and industry to work together, the benefits are unquestionable and make a real difference to solving the issues that matter to society.

Everyone needs to play a part

Whatever the scale of the need for building trust, or the size of the contribution made by participants in 'the system', all of us need to acknowledge that we have a part to play. This might be a business's need to address its behaviours or understand the views and requirements of its increasingly diverse range of stakeholders; or it might be advisers such as PwC understanding how to best support industries, governments and business in building trust.

But for all of us, this is a challenge that we must continue to address in every way we can. By working more collaboratively with less self-interest, and engaging directly with society, we can begin to restore trust across the whole system – for the good of all.

In essence, there is a void to be filled to address the behaviour changes society demands of us collectively going forward. PwC has a vital role to play in rebalancing trust between business, governments and the wider community. But the world is more connected than ever, and organisations of every type are being forced to be more transparent, accountable and responsible than ever before. These challenges may change shape or shift direction over time, but either way, they're here to stay.

The complexity of the financial and information systems that bear collective responsibility for rebuilding and sustaining public trust cannot be underestimated – and we are committed to leading the way where we can. But, more importantly, we are determined that we will always be part of the discussion, helping to inspire a movement of trust that creates lasting confidence in business and beyond.

Assuring food safety on Chinese dairy farms

Among the complex problems that PwC strives to solve, one of the most challenging is building public trust in business and society. In some cases, we have the opportunity to provide services to improve and build the trustworthiness of an entire industry. A great example of this is the work that our China and New Zealand firms have been leading through a Co-operation Framework Agreement with COFCO Group, one of China's largest food companies.

COFCO, a China state-owned enterprise, is the largest shareholder in the leading Chinese dairy company, Mengniu. In the past few years, the Chinese dairy industry has been hit by a number of scandals which have damaged public trust. Among the most high profile, was a scare over high levels of the industrial chemical melamine in dairy products, including powdered baby milk – an incident recently cited by Chinese Premier Li Keqiang who has named food safety as one of the country's top three priorities.

In 2013, a formalised initiative to enhance agricultural practices in China, based on the New Zealand agriculture model and international industry good practice, was established between China's Ministry of Agriculture and New Zealand's Ministry of Primary Industries.

Core to achieving this objective is developing standards for dairy operations and farming practices across China, in line with leading industry procedures internationally, as well as applying best practice to food safety systems within the business.

To support the review of current practices and development of industry best practice for the China dairy sector, COFCO and Mengniu turned to the support of PwC and AsureQuality (AQ), the New Zealand state-owned global experts in food quality and safety.

Under an agreement signed between COFCO, Mengniu, PwC New Zealand and AQ, and witnessed by the New Zealand Prime Minister and Chinese Premier, a combined PwC New Zealand, PwC China and AQ team has been reviewing the dairy operations on Chinese farms and comparing these with leading practices across the world and those applied in New Zealand.

This work continues in China and has extended to an understanding with COFCO to work on other food safety-related matters. This important relationship delivers benefits for all parties involved and provides a tangible demonstration of our combined ability to build trust in food quality practices within China.

A combined PwC New Zealand, PwC China and AsureQuality team has been reviewing the dairy operations on Chinese farms and comparing these with leading practices across the world and those applied in New Zealand.



Communicating the full impact of a new power transmission line



We all want to flick on a switch and have instant energy. So it's plain common sense that energy companies should develop and maintain the transmission infrastructure that helps get the electricity to our socket. But when transmission lines are constructed, how can we make sure that negative impacts are minimised and positive impacts are maximised, both for the environment and for society?

In the past, approaches to cost-benefit analysis have focused on measuring only a few limited impacts. So, in most cases, the impacts on the economy, environment and communities aren't fully measured and taken into consideration. Not having the full picture can lead to ineffective decision making and stakeholder communication based on little factual evidence.

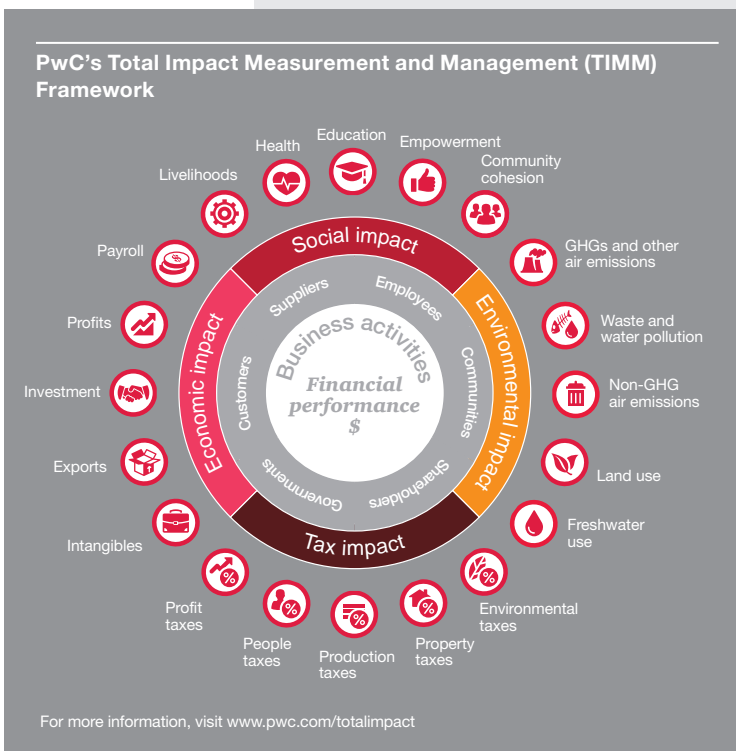
In 2013, and after years of development, a solution to this problem emerged with the launch of PwC's Total Impact Measurement & Management (TIMM) framework. Using this framework, PwC UK has been able to help the UK-based energy provider SSE to measure and value all the significant social, economic, environmental and fiscal impacts in the UK and internationally resulting from the construction of the transmission line between the towns of Beaulay and Denny in Scotland.

SSE and PwC UK are now valuing the wider construction impacts of the transmission project on areas such as visual amenity, cultural heritage, traffic, land use and waste, as well as considering the total tax contribution and the contribution to local and national employment and GDP. This is a groundbreaking project, as only a few of the impacts have been measured, monetised and compared in this context before.

A goal of the current project was for SSE to further develop its ability to communicate more effectively with stakeholders about how planning choices and consent conditions affect the impact of transmission line projects, including the trade-offs required during planning. Says PwC UK lead engagement partner Alan McGill: "SSE's leadership immediately saw the value in the TIMM wheel image, which conveys the trade-offs with objectivity and simplicity. It's a chart that requires little explanation and boils down thousands of pages of traditional impact statements into something instantly meaningful."

With PwC's help, SSE will be able to use TIMM to revolutionise the way social, economic and environmental impacts are considered when planning, appraising, implementing and monitoring projects. In the future, the TIMM analysis will provide SSE with an important tool that will help them consider all the impacts, from major infrastructure investment in their decision making to communication.

Gregor Alexander, SSE's Finance Director, says: "This type of analysis will add value to society, our customers and our business, by helping us to pinpoint ways to maximise positive contributions like employment and up-skilling, and manage negative impacts such as health and safety, and reductions in visual amenity. The TIMM-based approach could save our customers, the energy bill payers, money by helping to better inform the different stages of the planning process."



Mapping out the growth path for clients: Advisory creating a ‘category of one’

By Juan Pujadas



Juan Pujadas
PwC Vice Chairman,
Global Advisory

The revolution we have been seeing in the strategies and needs of organisations across the private and public sectors continues apace. With the global outlook remaining unsettled, businesses are increasingly looking to turn uncertainty into opportunity and resilience. As a result, the needs of the global advisory market are continuing to evolve, bringing major implications and opportunities.

Opportunities, uncertainties and risks

In the past year in particular, the dramatic shift in the global economic balance from developed to developing countries has created new growth opportunities for businesses. Add to this the resurgence in M&A and capital markets activity, and the result is a reshaping of the competitive environment as organisations refocus their growth strategies into emerging markets.

In parallel, rapid advances in technology and innovation are triggering changes to business models and providing greater opportunities to generate higher value, especially from analytics. Equally, these same drivers present risks of disruption and competitive displacement to businesses that fail to respond quickly and effectively.

Cyber security and the growing importance of data and analytics are great examples of the disruptive shifts under way. With cyber threats escalating relentlessly, no business anywhere in the world can afford to ignore them. And with the opportunities and challenges around data rising up board agendas globally, differentiation through data is ever more important – and achievable.

Meanwhile, as the reverberations from the financial crisis continue to play out, public policy makers and regulators are intensifying their oversight of markets, seeking to avoid a repeat of the turmoil. This expansion in regulation is taking place against a background of rising systemic risks, as global business becomes increasingly interconnected. And with talent remaining a key competitive differentiator, business leaders worldwide are concerned that a shortage of skills will limit growth.

Resilience is vital

The global forces at play – and the resulting uncertainty – are impacting all of our clients: mid-sized organisations are no longer shielded from global trends, because they now operate in the same complex international environment as multinationals. And, with market instability and uncertainty expected to continue, our clients know that any sustained advantage is elusive or challenging at best – making resilience, and the ability to seize opportunities, increasingly vital.

Helping Southern Company drive innovation



Southern Company is one of the largest utilities in the United States, with 4.4 million customers across four states. Like other power companies, Southern is facing a need to evolve its business model to keep pace with advances in technology and customer preferences. To help prepare for these changes, Southern's CEO decided to tap into the innovation potential of the business's 26,000 employees through a contest and obtain structured engagement and collaboration. This idea was a first both for Southern and the whole US utility industry.

Both Strategy& and PwC US had been working with Southern for some years, with Strategy& active at the C-Suite level and PwC US engaged on several of the company's most important capital investments. In two short weeks, Strategy& and PwC US helped to shape the design of the contest by applying leading innovation practices. As a result, Southern's initial concept of a one-way flow of ideas evolved into a crowd-sourced collaborative contest – the 'So-Prize' – with employees generating ideas, reshaping each other's, and crowd-voting on the best ones.

Our team then helped Southern put the plan into effect, with a focus on generating transformative ideas and stimulating

wide employee participation. This also involved assisting with the selection and implementation of the technology backbone for the So-Prize.

Since the competition kicked off, a PwC US and Strategy& team have continued to support Southern on a variety of activities, including screening almost 1,000 ideas submitted by employees to create a shortlist, and developing a framework for evaluating them. The next step is helping the client team prepare for the contest's final stages, which will result in the 'Top 20' ideas being down-selected to a 'Top 5' for team presentation to the CEO and selected senior team members.

“With Strategy& and PwC working hand-in-hand with the client to solve complex problems, this assignment is a great example of the ‘power of one’ – blending our senior-level relationships and successful track record with deep subject matter expertise.”

Tom Flaherty, Senior Vice President, Strategy&.

New drivers of competition

These shifts are changing the drivers of competition in the advisory industry.

First, the rising complexity generated by the megatrends (see pages 6-10) is impacting the full breadth of our clients' organisations. As a result, their demand for projects is becoming increasingly multi-disciplinary.

Second, with growth expected to be faster in emerging markets, businesses are looking to those firms with a global footprint to help them navigate new markets.

Third, the rising sophistication of procurement and increasing use of 'preferred supplier' lists has consolidated businesses' spending. The expectation of a consistent global experience and a desire for the efficiencies to be gained by using one supplier is rapidly becoming a global trend.

Strategy&



Todd Schweitzer and Seham Alhusaini from Strategy& in the PwC US office in New York.

In April, we completed the acquisition of Booz & Company and renamed it PwC Strategy&, bringing over 2,700 professionals into the global PwC network.

Organisations are navigating unprecedented change. More than half of senior executives who took part in our 17th Annual Global CEO Survey said they don't think they have a winning strategy. Two thirds admit that they don't have the capabilities to create value in the marketplace. And while over 70% of CEOs believe they need to transform their organisations, only 30% believe they have the ability to execute strategic change.

Clients now want both the right strategy and the ability to execute it. Together, PwC and Strategy& meet this need. We are helping businesses around the world build their capabilities on a global scale and delivering superior value to clients.

The combination of two great consulting teams, together with PwC's leading deals business and our other capabilities, establishes us as the leading 'strategy through execution' organisation in the market and leads the way in transforming the consulting marketplace. It is also proving a strong platform for us to continue to attract the best talent.

A new value proposition

In response to these shifts, the value proposition of our Advisory businesses has evolved towards a higher emphasis on global reach and end-to-end capabilities. This, in turn, is pushing the industry towards further consolidation, reflecting the widespread acceptance that those firms that can deliver strategy through execution – and at a global scale – can bring improved value to clients.

While scale itself is not the differentiator, it does matter. Why? Because it helps to provide the investment in relationships, diversification and investment capacity to do things that are differentiating – like building relationships, recruiting capabilities in anticipation of demand, and accepting performance risk. In other words, being able to bring together all the tools needed to solve complex problems.

The right strategy and ability to execute it

Societies themselves are also being challenged by the megatrends. We will continue to work on the implications of these trends and help our clients tackle their toughest problems. This process of defining our future relevance needs to be driven by a clear purpose: to build trust in society and solve important problems.

On these pages last year, I highlighted how we'd responded to shifts in the marketplace by delivering 'strategy through execution'. This is a multi-specialist model, under which we integrate deep competency and sector expertise across PwC's global network to address clients' needs across their full value chain.

“Consulting firms need to field an increasingly wide range of resources, from strategy through to technology.... This (acquisition) essentially propels PwC into the strategy space with Booz’s huge credibility.”

Fiona Czerniawska,
Source for Consulting

Working together to plan and execute EPM's unique growth journey

The establishment of Strategy& was completed as recently as April 2014. But there are already more and more projects around the world where joint PwC and Strategy& teams are collaborating to solve complex problems and deliver great results for clients.

A good example is our work for Empresas Publicas de Medellin (EPM). Owned by the municipality of Medellín in Colombia, EPM was originally created in the 1950s as a residential public utilities company for the inhabitants of Medellín. From that base it has grown to become a major South American multi-utility provider.

In the past five years alone, EPM has expanded its customer base from one million to six million households across six countries, taking its total annual revenues to US\$7 billion. But EPM thinks that's just the start. By 2022, the company plans to more than double its revenues to US\$16 billion – an achievement that would make it a top-50 company in Latin America, while retaining its uniquely important social role in supporting the regeneration of Medellín.

To help plan out and execute its very successful growth strategy, EPM has turned to Strategy& and PwC US. Since 2011, Booz & Company – now Strategy& – has been enabling and supporting EPM's transformation into a business 'fit for growth', through a sweeping enterprise-wide change programme. Now, with PwC on the team, the combined proposition is generating even greater value for EPM, with Strategy&'s strengths in strategic and operational improvement supplemented by PwC's large local presence and world-leading expertise in areas like shared services.

Today, Strategy& and PwC US are helping EPM embark on the next phase of its expansion. "Together, Strategy& and PwC have an unequalled offering from strategy to implementation – and this combination can help EPM achieve its ambitions," says Eduardo Alvarez, the head of Strategy&'s global operations practice and one of the leaders making an impact at EPM. "It's a fantastic journey, and we've been with EPM at every stage. Taking them to the next level is the most exciting step yet."



"We are very happy with our selection of Strategy& and PwC as our consulting partners. Their strategic, operational and change management capabilities have made us feel well accompanied in this challenging transformational journey."

Juan Esteban Calle Restrepo, EPM CEO

Put simply, today's clients want the right strategy and the ability to execute it. 'Strategy through execution' enables us to deliver on both fronts, by providing strategic advice based on an understanding of the risks and opportunities in implementation. 'Strategy through execution' is equally relevant to Deals, where our vision is to be recognised as the undisputed leading global transactions and crisis adviser. While our global Deals business is already market-leading, we still foresee major potential for further profitable growth.

This potential was increased even further by our purchase earlier this year of Strategy&. It's an exciting and transformational acquisition – disruptive in the market and equipping us to meet clients' needs and deliver the value they're looking for. The results to date confirm that adding Strategy& has made our already compelling client offering even stronger.



Roche builds in quality

A pioneer in healthcare for nearly 120 years, the global pharmaceuticals company Roche creates innovative medicines and diagnostic tests that help millions of patients globally. One of the first companies to bring targeted treatments to patients, Roche is the world's largest biotech business, with 14 biopharmaceuticals on the market and a workforce of 85,000 people across more than 150 countries. It's also the world's leading provider of cancer treatments.

In early 2012, Roche faced a business-critical challenge. As a pioneer and leader in its chosen fields, the company knew that an effective compliance and quality environment was vital for maintaining patient safety and data integrity, as well as to safeguard its reputation and licence to operate. So Roche decided it needed to build quality into all its clinical development and pharmacovigilance (drug safety) activities through a consistent and comprehensive quality management system (QMS).

To create such a system, Roche launched a project called QUDOS – 'Quality Management and Document Overhaul Strategy' – encompassing global processes and procedures; mechanisms for reviewing and managing quality; clear roles focused on quality across the organisation; and associated records of outputs and training. The initiative also aimed to establish a new mindset towards quality across the workforce. To help it design, plan and implement the programme, Roche turned to PwC.

A PwC team drawn from the Swiss, UK and US firms began work in October 2012, applying deep industry insight and expertise to assess Roche's existing QMS and documentation landscape, and help create a clear case for change.

This paved the way for the project's second phase throughout 2013, in which we helped design the new QMS together with the associated global processes, documentation and training for clinical trials. Phase three, due to finish at the end of 2014, added support from our Chinese firm, where we have implemented QMS and developed safety-related processes and procedures as part of the ongoing document overhaul.

Clive Bellingham, PwC Switzerland partner and regional Pharmaceuticals and Life Sciences Industry Leader, explains: "To achieve the required business transformation, we needed to assemble a team of PwC specialists from Switzerland, the UK, US and China so we could offer the global support that a programme of this scale requires. The team, led by PwC UK partner Kate Moss, had the right blend of pharmaceutical knowledge, including quality management and compliance, business transformation, systems technology, training, communications and change management."

Today, PwC's efforts mean Roche's business is underpinned by the embedded global compliance and quality environment it needs – and that its patients across the world deserve. The client has paid testament to PwC's role in making this happen. Peter Yribar, Global Head, Product Development Quality (PDQ) at Roche, comments: "The PwC team has worked in a partnership with my team, sharing their skills and knowledge and challenging us, so we help Roche make quality part of their thinking. We have tried something similar twice before without success so I've been delighted with the collaborative approach and sheer hard work to make this happen."

Put simply, today's clients want the right strategy and the ability to execute it.

Staying one step ahead

By bringing Strategy& on board, we've moved to meet – and get ahead of – the evolution of our marketplace. The unique blend of our combined Consulting, Deals and crisis capabilities, together with our proposition to deliver from 'strategy through execution', makes sure we continue to deliver and support our clients with their business issues, no matter where they are situated.

Enhancing people's everyday lives in Madhya Pradesh



Mr J Dixit of the Government of Madhya Pradesh (second from the right) discusses the project with PwC India team members (from left) Ambuj Tiwari, Amit Sharma and Aaron Cherian at a sub-station.

As recently as 2009, the electricity supply industry in the state of Madhya Pradesh in central India was facing a range of apparently insurmountable problems. With a shortfall of some 15% between power supply and demand, widespread rationing in rural areas resulted in less than 12 hours' supply per day. At the same time, overloaded equipment and underinvested systems meant technical and commercial losses of 37%, and the industry's ageing organisational structures were ill-equipped for change.

To improve the lives of people across Madhya Pradesh and enable businesses to thrive, these serious problems needed to be solved. Fast forward to 2014, and the progress made in just five years is truly remarkable.

Today, Madhya Pradesh enjoys 24 hours' supply across the state – including rural areas – and has provided access to electricity to 1.42 million new consumers. Private sector generation accounts for 32% of total capacity, and the state transmission utility has one of the best availability ratings and lowest loss levels in the whole of India. Meanwhile, in distribution, private suppliers have been selected for retail supply in three cities on a public-private partnership basis.

What's more, the electricity sector reforms are already beginning to boost the local economy and improve quality of life. For example, they contributed to the state's agriculture sector achieving nearly 25% revenue growth in 2013-14.

Acting as advisers to the power entities, and working closely with a wide array of public, private and international development sector stakeholders, PwC India has played a pivotal role in this dramatic transformation. Initially engaged by the UK Department for International Development –

which initiated the reform programme – PwC India is now working directly for the power companies. The government's aggressive electrification programme was funded by the Asian Development Bank. Among other actions, the state government's role has included undertaking structural and institutional reforms, hiring over 5,000 young engineers, and developing a detailed strategy for ensuring 24-hour power supply to all consumers.

The success of the reforms reflects a number of factors. One of the most important was the state government's clear vision and strong commitment to achieving this dramatic turnaround, backed up by the support of international development agencies in providing technical assistance and loans. Equally vital were the efforts of the power company staff and PwC India consultants in defining and implementing the necessary actions, including financial restructuring, loss reduction, organisational change, enhancements to procurement processes and manuals, regulatory and commercial responses, and programme management.

Mohammed Suleman, Principal Secretary Energy, Government of Madhya Pradesh, says: "Distribution is the backbone of the power sector, and improvement in the financial position of distribution companies in Madhya Pradesh is very remarkable. PwC India played a significant role as an adviser to the power sector – not only in distribution but more in the entire planning process."

Kameswara Rao, PwC India Industry Leader for Energy, Utilities and Mining, says: "Speed was of the essence, and we were able to leverage our strong industry knowledge, bring in our experience of reform life-cycle, and deploy dedicated onsite teams in three cities in the state to make this happen."

Rebuilding trust in tax systems globally: The road ahead

By Rick Stamm



Rick Stamm

PwC Vice Chairman,
Global Tax

Across the world, public interest in the tax affairs of international corporations has never been greater than it is today. And this unprecedented scrutiny is mirrored by an ongoing – and often heated – debate among the media, politicians and non-governmental organisations (NGOs).

At the same time, governments are seeking – quite rightly – to ensure their tax systems generate the revenues they expect. But equally they want to remain competitive internationally. In combination, these developments have fuelled a widespread perception that large corporations are not paying their ‘fair share’ of tax, in turn contributing to a loss of trust in tax systems themselves.

It would be useful to look at some elements of the current debate from a different perspective. All too often, we hear people call for ‘fairness’ or ‘morality’ in tax policies without defining what these terms actually mean. The discussion also tends to focus almost exclusively on corporation tax, which makes up only a small proportion of a company’s Total Tax Contribution (TTC) – a more complete and useful measure of taxes paid as it takes into consideration value added tax (VAT), goods and service tax (GST) and employment taxes.

However, a more fundamental problem is that the debate as currently framed confuses two components. The first is the tax system itself; are the rules by which people pay tax fit for today’s world? The second component is the way taxpayers behave within that system; for instance, how are taxpayers complying with the rules? Though both issues are related, they need separate responses.

Striking the right balance

There’s no question that taxation has become an increasingly important focus of attention in our clients’ boardrooms. As our 17th Global CEO Survey confirms, the need to manage the total costs of tax – both tax payments themselves and the cost of compliance – is seen as an increasing challenge: 70% of CEOs cite the impact of tax and its potential to affect growth as a concern, up from 62% in the previous year.

As tax advisers, our role is to help our clients navigate through the complexity of the applicable rules and make informed decisions with respect to the tax risks they face.



PwC Hong Kong tax professionals Simon Kam and Deborah Li

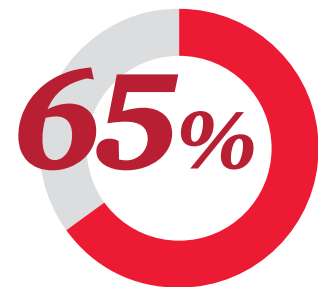
This shift reflects the fact that our clients are dealing with a growing range of issues and risks in the tax arena. Addressing these issues requires not only proficiency in the technical aspects of tax, but also a solid understanding of the business context – and the commercial and reputational impacts – of any decision they take. Clients know their tax affairs can affect their brand as well as their reputation, and are being closely watched by an expanding array of stakeholders – from shareholders, to NGOs, to the public and the media.

As tax advisers, our role is to help our clients navigate through the complexity of the applicable rules and make informed decisions with respect to the tax risks they face. And to do this while balancing their diverse responsibilities to multiple stakeholders both within and outside their organisations. Businesses need to think through how their tax profile would be perceived by all stakeholders if the glare of the media were to be turned on it. This test should not shape a client's tax policy – but if a company cannot articulate clearly why it's taking a particular approach, then it's a sign that the approach itself may be the wrong one.

Figure 20: PwC's 17th Annual Global CEO Survey



of CEOs are now worried that the tax burden is affecting their ability to grow



of CEOs feel that the international tax system is in need of reform

Supporting governments

Drawing on – and enhancing – the insights and experience we build up through our client work, a further vital aspect of our role in the tax arena is supporting governments in the developing world as they endeavour to create and manage tax regimes and operations that are fit for today's world. Particularly in emerging economies, this role includes advising on the development of tax policy and the efficient administration of tax systems.

In developed economies, our role with governments focuses more on helping to provide policymakers with insights on the potential impacts of decisions they may take. This activity takes many forms in different countries. In Australia, for example, the PwC Australia tax reform site has proven to be very popular. A related video – highlighting the country's ageing population, growing government debt and threat to the provision of benefits, and which calls for improvements to the tax system – has had more than 104,000 hits on YouTube. This all underlines the Australian firm's leading role in the public and government debate on reforming the country's tax system.

Another good example is in the UK, where our 'Paying for Tomorrow' initiative is contributing to the debate on how the UK tax system needs to change for the modern and future economy. This is about undertaking a fundamental review of the tax system and how it will sustain future government revenues. The initiative was launched in June 2014 with a 'Citizens' Jury', at which 22 representative members of the British public spent two days considering the shape and structure of the UK tax system, bringing to bear their own perspectives on tax 'morality' and 'fairness'.

The findings from the Jury – such as its call for the integration of income tax and national insurance, a radical shake-up of value added tax (VAT) and the setting up of a new independent advisory body to reduce the influence of political short-termism – have been reported across UK print, online and social media. This has given a voice to people who wouldn't normally be heard in a debate on public policy. Other aspects of the 'Paying for Tomorrow' initiative include a business forum and a student competition. For its part, PwC UK ultimately produced a paper bringing together its collective thinking on tax reform.

Demonstrating good corporate citizenship on taxation



In the wake of the global financial crisis and recent media criticism of some companies' tax policies, scrutiny of international corporations' tax contributions to governments has intensified to unprecedented levels. Yet, all too often, the public debate over tax focuses narrowly on corporation tax – which actually makes up a relatively small proportion of the total taxes paid by a large international business.

As one of the world's largest telecommunications companies – with a significant presence in 24 countries and over 313 million customers worldwide – Telefónica found it needed to explain to the different societies what was the real contribution/value provided to the economies where it operated. So in 2013 Telefónica decided that it should publish a detailed and transparent account of its total tax payments of every type in every country – thus providing all stakeholders with a clear view of its approach to taxation across the world.

To help it meet this daunting challenge, Telefónica engaged PwC. Applying our proven Total Tax Contribution (TTC) methodology, we worked with the client's Head of Tax – and other senior stakeholders in areas like social responsibility and communications – to pull together tax data from across the global group, including not just corporation tax but also other taxes such as sales, payroll and telecommunications levies. We then continued to work with the client teams to develop a clear storyline around the company's overall tax payments.

The result of the TTC study was broadly included in Telefónica's 2013 annual report. When the findings were announced with the company's annual results, Telefónica's CEO César Alierta showed that 24.6 out of every 100 euros of company turnover were dedicated to the payment of taxes; 8.4 to taxes borne by the company and 16.2 to taxes collected (VAT, payroll taxes etc), clearly underlining the company's commitment to paying taxes and generating jobs everywhere it does business.

"PwC's TTC analysis provided real value in helping us demonstrate that we're doing the right thing on taxation," commented Telefónica's Head of Tax, Ángel Martín. "It's also enabled us to support the move to greater tax transparency in Spain and worldwide – and we would encourage other companies to join us in enhancing their tax disclosures."

BIAC and Chinese tax policy makers engage on global tax issues



PwC China tax partner Matthew Mui organised and attended the sessions bringing together BIAC members and China tax officials in Beijing.

The Business and Industry Advisory Committee (BIAC) is an independent association of major businesses that advises the Organisation for Economic Co-operation and Development (OECD) on key issues around globalisation and the world economy.

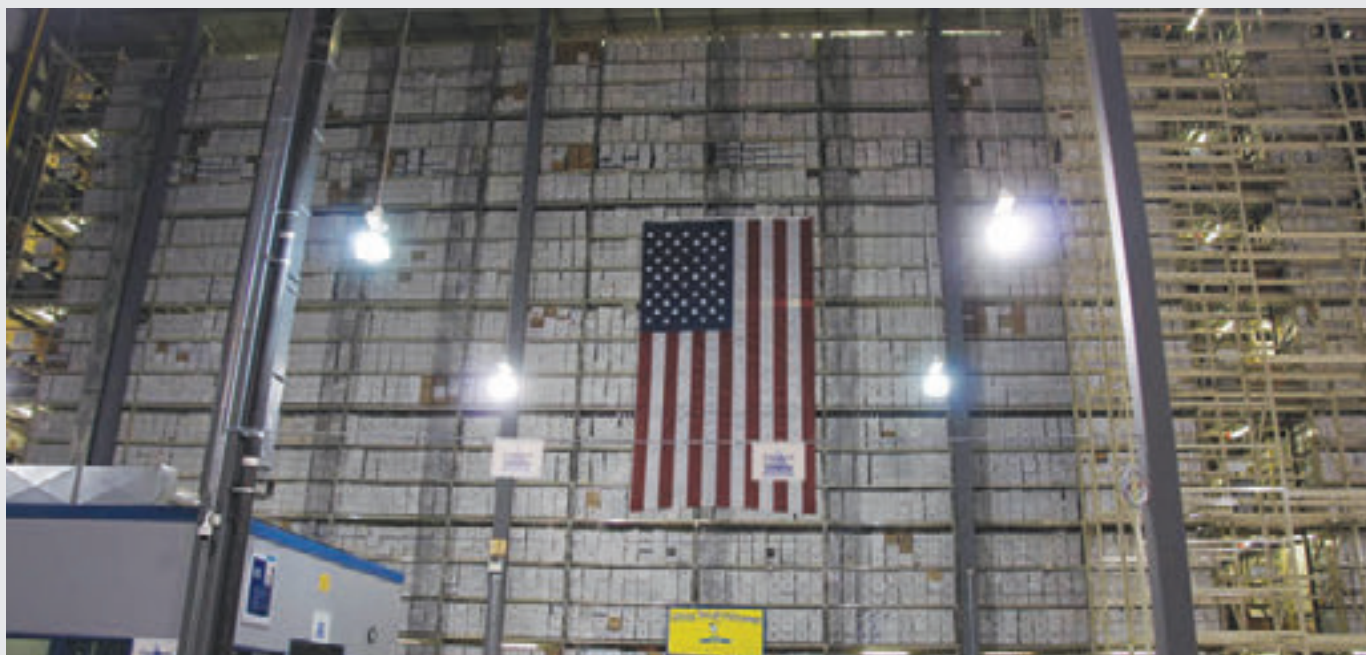
In the tax area, a key focus for BIAC is 'base erosion and profit shifting' (BEPS) – a term that refers to tax planning strategies that exploit gaps and mismatches in international tax rules to make profits 'disappear' for tax purposes, or to shift profits to locations where there is little or no real business activity but taxes are low.

Given BIAC's global remit and scope, it is keen to share its views and influence the taxation agenda in markets worldwide – including in China. In early 2014, BIAC decided it would like to send a delegation of its members on a formal visit to China's State Administration of Taxation (SAT) to discuss erosion and profit shifting issues with key Chinese Government policymakers. To help organise and manage this groundbreaking visit, BIAC turned to PwC China's tax team in Beijing.

PwC China sprang into action, and in February 2014 a delegation of 10 BIAC members spent half a day with China Tax officials in Beijing. PwC China tax partner Matthew Mui, who organised and attended the sessions, said the discussions were very interactive and highly productive – and that both sides welcomed the opportunity to listen and to share perspectives. "That PwC China was chosen to organise this event underlines our role as a trusted adviser to SAT," comments Matthew. "It also represents a recognition by BIAC of our standing in the Chinese market."

The event was rated a big success by the participants. Mr Will Morris, chairman of the BIAC Tax Committee, says: "The visit was hugely valuable to both parties, and we very much appreciate PwC China's efforts in setting it up." Mr Wang Wenqin, Deputy Director General of International Tax Department of the SAT, adds: "Direct communication with global business groups on international tax issues is very important to us – and with the visit from BIAC, PwC China was instrumental in helping us to achieve this type of dialogue."

Iron Mountain unlocks the value of its large real estate holdings



With more than 155,000 clients throughout North America, South America, Europe and Asia, Iron Mountain is a global leader in helping organisations of all kinds to store, protect and manage their information. Headquartered in the US, the company looks after some of the world's most valuable historical artefacts, cultural treasures, business documents and medical records. To protect and render this information, Iron Mountain employs more than 19,500 professionals and boasts an infrastructure that includes more than 1,000 facilities and 3,600 vehicles.

On 25 June 2014, the company announced it had received a 'favourable private letter ruling' from the Internal Revenue Service, the US government agency responsible for tax collection and tax law enforcement. Iron Mountain was converting to a Real Estate Investment Trust, or 'REIT' – a tax status that allows a business that owns and operates real estate to offer higher returns to its investors.

It was back in mid-2012 that the company decided it would seek to convert to a REIT. To choose its main adviser for the process, it held a competitive tender among multiple bidders. And it selected PwC US – a decision that reflected our successful work on previous projects for Iron Mountain over nearly a decade, and our proven track record of advising other companies on their conversion to REIT status.

Having won the mandate, we pulled together teams in more than 10 countries to handle the project's high complexity and wide geographical spread. By the nature of a REIT conversion, the core of the work focused on tax structuring and compliance. However, we also advised Iron Mountain on a broad range of related issues both in the US and internationally, including legal entities, IT systems, project management, and managing and embedding organisational and cultural change.

"The REIT structure fits well with our business and will enhance value for our stockholders through increased payouts," said Iron Mountain's CEO, William L. Meaney, announcing the conversion. "PwC has been a key adviser to our business, and their coordinated global teams and approach helped us achieve significant milestones throughout the REIT conversion process. I am grateful for both their expertise and efforts."

Working with multilateral organisations

The third major strand of our tax work globally is collaborating with multilateral organisations in their efforts to help build a new and better international tax system. An important development in this context is our involvement in the review by the Organisation for Economic Co-operation and Development (OECD) of ‘base erosion and profit shifting’ (BEPS) – a term referring to the reduction of a company’s tax liabilities through the interaction of different countries’ tax rules.

We’re closely monitoring the OECD on BEPS and other initiatives. We want to see changes that will rebuild public trust in the tax system while enabling global trade and business to thrive. While the BEPS review is ongoing, and the findings are only now beginning to emerge, our clients are already taking its potential impacts into account when making business decisions for the medium term.

We are helping clients prepare for these outcomes. In our view, the changes that business will face post-BEPS will come from three different places: first, international rules, such as tax treaties; second, changes to national tax laws; and third, behavioural change among tax authorities, such as greater information-sharing and a more robust approach to where value, risks and profit are actually located. We’re helping our clients plan ahead for all these types of change.

A further aspect of our work with multilaterals is enabling better communication with national tax authorities. This role is showcased in the accompanying case study about the meeting we facilitated between the OECD’s Business and Industry Advisory Committee and China’s State Administration of Taxation (see page 49).

Ultimately, our vision for tax globally is to have a system that builds public trust while encouraging – not hampering – global trade.

Keeping up the momentum for change

The efforts to build momentum for the reform of tax systems globally are gathering pace. If we’re to help sustain this progress, it’s vital that we’re seen as acting fairly, openly and consistently with all stakeholders, and are therefore trusted by all parties. An important enabler of this trust is the way we, as a global network of firms, hold ourselves consistently to account through our Global Tax Code of Conduct, originally implemented in 2005 and revised in 2013.

Ultimately, our vision for tax globally is to have a system that builds public trust while encouraging – not hampering – global trade. Turning this vision into reality will demand unwavering commitment from all participants, and difficult trade-offs in every country. But clear progress is being made – and we’re determined to play our part in helping tax systems globally complete the journey.



Reshma Gondal from PwC Netherlands

Committed to transparency

We are constantly seeking ways to provide greater clarity about who we are, what we do and how we do it. We recognise the impact our business has on our stakeholders, the capital markets and the communities in which we live and work. And it matters to us that we engender confidence in the entire PwC network by putting the principle of transparency into practice.

We 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.

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

Legal structure, ownership and network arrangements

Network arrangements and member firms

In most 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.



Javier Rubinstein

PwC Vice Chairman,
Global General Counsel

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

PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee in which PwC firms are members. 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 can use the PwC name and draw on the resources and methodologies of the PwC network. In return, member firms are required to comply with certain common policies and the standards of the PwC network.

Standards and internal quality control systems

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

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

These confirmations are reviewed by others who are independent from the PwC firm in question. Member firms are required to develop an action plan to address specific matters where they are not in compliance. The action plans are reviewed and their execution monitored.

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

The way we do business

PwC firms undertake their business activities within the framework of applicable professional standards, laws, regulations and internal policies. These are supplemented by a PwC Code of Ethics and Business Conduct for their partners and staff.

Sustainable culture

To promote continuing business success, PwC 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. The foundations of PwC's culture are objectivity, professional scepticism, cooperation between PwC firms and consultation.

Policies and processes

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

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

Quality reviews

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

In addition, the network monitors PwC firms' compliance. This includes monitoring not only whether each PwC firm conducts objective quality control reviews of all of its services, but also includes consideration of a member firm's processes to identify and respond to significant risks.



Abiel Tuwane and Runga Bhebhe from PwC South Africa

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

For Assurance work, there is a specific quality review programme 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 PCAOB Quality Control Standards.

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

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

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

Each PwC firm conducts objective quality control reviews of all of its services.

Safeguarding our independence

Policy and resourcing

Objectivity is the hallmark of our profession, at the heart of our culture and fundamental to everything we do. Independence underpins objectivity and has two elements: independence of mind and independence in appearance.

PwC firms reinforce both of these elements through a combination of setting the right tone from the top, independent consultation on judgemental issues, detailed policy requirements including prescribed processes to safeguard independence, training, and careful observance of independence requirements.

PwC's Global Independence Policy – based on the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants – contains minimum standards with which PwC firms have agreed to comply. The policy is supported by detailed guidance on the rules and principles to be applied in evaluating the provision of non-audit services to audit clients.

PwC firms impose supplementary independence restrictions and processes by reference to local regulatory and ethical requirements, when necessary. These may have cross-border effect.

Each PwC firm is required to have a partner responsible for independence matters, supported by adequate and trained resources.

Training

Each PwC firm is responsible for developing and implementing an appropriate independence training plan for its partners and practice staff, including the requirements around personal interests and relationships, services that may and may not be provided to audit clients, and business relationships. The network provides illustrative materials for use by PwC firms.

The Assurance, Tax and Advisory lines of service also provide training and other materials dealing with independence considerations related to the provision of non-assurance services.

Compliance processes

Our compliance processes rely on a combination of business activities, controls and monitoring systems.

Our network has detailed policies and processes to evaluate the potential impact of a proposed non-audit service on the reporting PwC firm's independence.

PwC firms are required to obtain authorisation from the group audit engagement partner regarding the provision of non-audit services to entities on the 'Independence List'. Authorisation is only given after careful analysis of whether the service could impair the reporting firm's independence by reference to policy requirements and external regulatory requirements, including an evaluation of threats to independence and available safeguards.

Partners and client-facing managers in all PwC firms are also required to record the details of their investment portfolios on a confidential database that provides real-time monitoring of the permissibility of investments held against an 'Independence List' of prohibited securities.

Joint business relationships are evaluated for compliance with any relevant regulatory requirements and for any threats to independence, and are required to be approved, recorded and regularly monitored for changes that may impact the independence assessment. Similarly, any independence implications raised by proposed acquisitions by PwC firms are evaluated and addressed to maintain compliance with any relevant regulatory requirements.

As well as these and other independence compliance-monitoring systems, PwC firms operate a number of confirmation and verification processes that provide information relevant to independence compliance, such as:

- annual compliance confirmations by partners and practice staff, and
- inspection and compliance-testing programmes at firm and engagement levels. Such inspections look at, among other things, compliance with the requirements relating to partner rotation and partner evaluation and compensation.

Each PwC firm is required to have a partner responsible for independence matters, supported by adequate and trained resources.



Jennifer Lovrics and James Temple from PwC Canada

PwC firms are required to have disciplinary policies and mechanisms that promote compliance with independence policies and processes, and to report and address any breaches of independence requirements which, even with the control processes outlined above, may occasionally occur.

This would include, where appropriate, discussion with the client's audit committee regarding an evaluation of the impact of the breach on the independence of the firm and the need for safeguards to maintain objectivity. Although most breaches are minor and attributable to an oversight, all breaches are taken seriously and investigated as appropriate.

Those charged with governance

PwC firms recognise the importance that those charged with governance – including audit committees – play in overseeing the auditor's independence, including overseeing the nature of other services that they provide and the fees payable. PwC audit teams work closely with those charged with governance on public company audits and have regular dialogue on matters that may be seen to influence independence, including the provision of other services.

Partner remuneration

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

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

Continuing education

With some 86,000 Assurance people across the firms in the PwC network, the task of providing continuing education throughout each professional's career is a major challenge. Mechanisms are in place at the network level to support PwC firms in achieving this goal.

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



PwC firms are committed to delivering quality audits around the world. To support them and 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 in various formats – including webcasts presented by specialists, computer-based e-learning using videos and avatars, and classroom courses. All of these programmes support PwC's focus on audit quality and provide practitioners with the opportunity to sharpen their professional judgement, scepticism, and technical and professional skills.

PwC firms provide additional formal training on professional skills and informal training in the way of guidance, tools, engagement team workshops and forums for staff to share their experiences in order to support them on the job. The informal training is supplemented with learning from others, whether by receiving and discussing feedback, or by observing and working with others.

All of these programmes support PwC's focus on audit quality and provide practitioners with the opportunity to sharpen their professional judgement, scepticism, and technical and professional skills.

Network leadership

PwCIL governance bodies

Network Leadership Team

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

The NLT is made up of the Chairman of the PwC network; the senior partners of the US, the UK and China member firms; and a fifth member appointed by the Board, currently the senior partner of PwC Germany. The Chairman of the PwC network and the fifth member may serve on the NLT for a maximum of two terms of four years each in their respective capacities. The terms of the other NLT members are limited by the arrangements in their respective firms. The NLT typically meets monthly and on further occasions as required.

Strategy Council

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

Network Executive Team

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

Global Board

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

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

Network Leadership Team

Dennis Nally	Chairman
Bob Moritz	United States
Ian Powell	United Kingdom
Norbert Winkeljohann	Germany
Silas Yang	China

Strategy Council Members

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

Network Executive Team

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

PwCIL Board (Global Board)

John Maxwell	Chairman
Håvard Abrahamsen	Norway
Noël Albertus	France
Tom Archer	United States
Clive Bellingham	Switzerland
Hein Boegman	Africa Central and Southern Africa
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
Gino Scapillati	Canada
Christoph Schreiber	Germany
Richard Sun	China
Matt Wyborn	Japan



The 2014 PwC Global Annual Review has been printed using Forest Stewardship Council (FSC) accredited paper stock.

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

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PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

The Design Group 21752 (09/14)

