The bigger the challenge, the bigger the opportunity
2016 Global Impact Report
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Deloitte Global Chief Executive Officer and Chairman of the Board letter

A little more than a year ago, we planted a stake in the ground by stating our aspiration to become the undisputed global leader in professional services; not necessarily the biggest, but the best.

We articulated our Purpose—to make an impact that matters. We fine-tuned our strategy to focus on five priorities—client, business, geographic, talent, and network leadership. We took bold steps to enhance our brand. And we began transforming our organization to create greater value for clients, emphasizing global consistency.

The broad changes we pursued in FY2016 challenged our talented professionals, and they responded. Deloitte achieved aggregate global revenues of US$36.8 billion during the year, representing 9.5 percent growth in local currency terms. Each of our five core businesses—Audit, Consulting, Financial Advisory, Risk Advisory, and Tax & Legal—grew during the fiscal year.

While we are confident that our transformative actions contributed to this success, we’re still early in our journey. The primary drivers of our growth continue to be the high-quality professional services our people provide and the value they deliver for clients and our other stakeholders across all geographies. It also helps that we excel in areas of high client demand. For example, Risk Advisory grew 22.5 percent, reflecting the market’s need for cyber and regulatory services. And Consulting grew at 10.8 percent, fueled by organizations’ integrating large-scale digital transformations, systems implementations, human resources, and strategy projects.

**Headwinds to tailwinds**

We believe the bigger the challenge, the bigger the opportunity. That’s how we approach our business, and it’s why we are called upon to help many of the world’s most highly regarded organizations succeed in an ever-changing global business environment.

Organizations around the world face common challenges. The confluence of technology, changing social norms, and the democratization of information and technology is highly disruptive. Economic volatility and uncertainty is creating financial risk in certain corners of the globe. Geopolitical changes continue to reshape the global marketplace. The regulatory landscape continues to evolve. Globally minded, seamless action is more important than ever.

We are determined to help clients turn these headwinds into tailwinds. For example, to help clients manage operations in far-flung, disparate environments, Deloitte combines global capabilities with deep knowledge of local markets. We are investing in new approaches—from how we develop global services to how we deploy resources—to help ensure we deliver consistent, high-quality service everywhere clients do business. We also continue to make investments across our five businesses, enhancing our industry-leading capabilities in statutory audit and wider assurance activities, cyber, M&A, analytics, crowdsourcing, artificial intelligence, cloud computing, digital, the internet of things (IoT), and more.
Think big

Whether serving as a steward of the proper functioning of global financial markets in the role of auditor, or solving client or societal challenges, we ask our professionals to think big about the impact they make through their work at Deloitte. We believe that a sense of purpose, amplified by our culture of lifelong learning, is key to attracting talent and developing strong leaders. Our Deloitte University locations around the world exemplify our commitment to learning.

Deloitte’s dedication to making positive change in the world is reflected not only in our client work, but also in local projects that help address societal issues. Our people collectively spent more than 1.3 million hours on pro bono projects and volunteering this year. And the Deloitte network donated more than US$75 million to not-for-profit organizations. In all, these contributions are estimated to exceed more than US$225 million. We also remain committed to sustainability and support of the U.N. Global Compact.

The stories that follow are examples of how we live our Purpose day-in and day-out. As we said at the outset, we aim to be the best in all that we do—serving clients with distinction as they pursue their ambitions, maximizing the potential of our people, and making a difference in our communities.

It is a privilege to lead, and an honor to collaborate with our exceptional colleagues around the world as we work together to make an impact that matters.

Sincerely,

Punit Renjen, Deloitte Global Chief Executive Officer
David Cruickshank, Chairman of the Deloitte Global Board of Directors
FY2016 Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$36.8B (+9.5%)</td>
<td>$35.2 (+8%)</td>
<td>$34.2 (+7%)</td>
</tr>
</tbody>
</table>

**BY BUSINESS**

- **AUDIT** $9.4B
- **CONSULTING** $13.1B
- **FINANCIAL ADVISORY** $3.3B
- **RISK ADVISORY** $4.1B
- **TAX & LEGAL** $6.9B

**BY INDUSTRY**

- **CONSUMER & INDUSTRIAL PRODUCTS** $11.3B
- **FINANCIAL SERVICES** $10.3B
- **ENERGY & RESOURCES** $2.8B
- **LIFE SCIENCES & HEALTH CARE** $3.5B
- **PUBLIC SECTOR** $4.8B
- **TECHNOLOGY, MEDIA, & TELECOMMUNICATIONS** $4.1B

**BY REGION**

- **AMERICAS** $19.3B
- **ASIA PACIFIC** $5.2B
- **EMEA** $12.3B

Note: Revenue figures are in US$ billion. Global figures are aggregated across the Deloitte network. Because of rounding, numbers may not tally with the total.
**FY2016 Headcount**

<table>
<thead>
<tr>
<th>Year</th>
<th>Headcount (Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>244,400 (+8%)</td>
</tr>
<tr>
<td>FY2015</td>
<td>225,400 (+7%)</td>
</tr>
<tr>
<td>FY2014</td>
<td>210,400 (+4%)</td>
</tr>
</tbody>
</table>

**BY GENDER**

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>135,577</td>
<td>108,868</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMERICAS</td>
<td>107,942</td>
<td>86,574</td>
</tr>
<tr>
<td>EMEA</td>
<td>49,929</td>
<td>44,559</td>
</tr>
</tbody>
</table>

**BY REGION**

Note: Global figures are aggregated across the Deloitte network. Because of rounding, numbers may not tally with the total.
## FY2016 New hires

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>71,800</td>
<td>62,000</td>
<td>54,000</td>
</tr>
<tr>
<td>%</td>
<td>29%*</td>
<td>28%*</td>
<td>26%*</td>
</tr>
</tbody>
</table>

### ATTRACTING TOP TALENT

- **Total New hires**: 71,800
- **Applications annually**: 2.1M
- **Internships**: 19,000
- **Applications on average for each open position**: 53

Note: Global figures are aggregated across the Deloitte network. *New hires as a percentage of total headcount.
**FY2016 Societal impact**

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL DONATIONS</strong></td>
<td>$75M</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL VOLUNTEER AND PRO BONO WORK</strong></td>
<td>$141M</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PROGRAM MANAGEMENT COSTS</strong></td>
<td>$12M</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PRO BONO DONATIONS</strong></td>
<td>$64M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>430,000 hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SKILLS-BASED VOLUNTEERING</strong></td>
<td>$39M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>482,000 hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TRADITIONAL VOLUNTEERING</strong></td>
<td>$38M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>402,000 hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DELOITTE DONATIONS</strong></td>
<td>$48M</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DELOITTE PEOPLE DONATIONS</strong></td>
<td>$27M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: All figures are in US$. All figures are aggregated across the Deloitte network. Deloitte observes reporting standards from the Committee Encouraging Corporate Philanthropy and the London Benchmarking Group. The monetary value of community activities was estimated according to the type of service performed. The value of volunteer work was based on local staff costs. Pro bono work, defined as work that Deloitte has delivered to not-for-profit organizations free-of-charge or at a significantly reduced rate, has been valued at fair market rates representative of the local client service rates for comparable services.

* Includes Deloitte member firm foundation costs for managing societal impact programs.
** Includes monetary and in-kind donations from DTTL, member firms, and foundations.
*** Includes Deloitte professionals’ donations to supported organizations.
Insurance was driven by data analytics long before such a thing even had a name. The industry’s very existence depends on actuaries’ abilities to make smart decisions based on data.

Today, though, ever-increasing amounts of information and the technologies that both gather and analyze it—sensing devices, fitness trackers, and artificial intelligence—make it possible for insurers to have deeper insights into its consumers’ lifestyles, companies’ risks, and other information that can be used to predict losses, price products, and educate consumers.

That’s why one of the world’s largest providers of insurance solutions asked Deloitte to help it extrapolate unique insights from across the 170 countries where it serves its customers.

“We pulled together a team of professionals from across our network in Switzerland, the UK, the US, and India to help them build an enterprisewide data analytics function,” explains Peter Vanderslice, a principal with Deloitte US. “Today, they’re accessing new data, developing insights faster, and ultimately are able to improve their client relationship capabilities.”

Deloitte also demonstrated the capabilities of its US and UK Deloitte Greenhouse™ analytics labs. “The clients were encouraged by these experiences,” Vanderslice says. “They’ve started to adopt the innovation and visualization of the Deloitte Greenhouse labs within their own organization.”

Because data analysis depends on quality as much as quantity, the engagement team has been working with the insurer to help improve data quality measurement and accountability everywhere information is collected so that data used for decision making has consistently high quality.

The multiyear effort is still in its early stages, but the client’s biggest business units are pulling analytics-driven insights. “Analytics is starting to help our client by providing opportunities to improve pricing, cross-sell products effectively, as well as achieve cost control through claims and underwriting management,” explains Omer Sohail, principal, Deloitte US. “Just as importantly, drawing from this ‘big data lake’ supports their ability to help protect their clients and the things their clients value most.”

“Today, they’re accessing new data, developing insights faster, and ultimately are able to improve their client relationship capabilities.”

Peter Vanderslice
Partner, Deloitte US
Protecting patients’ information
Deloitte’s prescription: integrate cybersecurity from top to bottom

If you think having your credit card hacked is scary, Bari Faudree wants you to know that your digital health care record contains much more sensitive data. Cyber criminals already know it; on the black market, health records sell for an average of 50 times more than credit card information.

That’s why health care organizations are attacked literally every day by people trying to access the wealth of personally identifiable information that’s out there. The most dangerous threats may be outsiders masked as employees. “That’s definitely a trend we’re seeing,” says Faudree, Cyber Risk Advisory Managing Director for Deloitte in the US. “It’s causing a shift in thinking among health care companies because internal intrusions can go unnoticed for months and sometimes years.”

Foiling thieves isn’t health care company leaders’ only challenge. They also have to prove to regulatory bodies that they have the cyber standards, controls, and vigilance necessary to prevent cyber risks and detect threats quicker.

During the past few years, Deloitte US helped the client design and implement new processes; conduct ongoing wargaming exercises; enhance its crisis management program; install an identity management solution for enterprise systems access; develop cyber playbooks to help it address cybersecurity incidents; train various stakeholder groups; and adopt an analytical approach to managing cyber risk that uses a dashboard to monitor its cyber risk posture.

“You know you’re making an impact when you don’t see the client’s name on the evening news,” Faudree says. “But, there are so many other positive outcomes of a comprehensive cyber approach that aligns with clients’ strategic objectives. They can manage risk better, be more vigilant about compliance, and ultimately improve their ability to achieve their business goals.”

Deloitte US and the client continue to work together to combat emerging threats. They currently are developing a ransomware playbook and wargaming exercise. “Infesting systems with malicious software that blocks access, then demanding money to remove the malware, is one of the hottest trends among cyber criminals,” Faudree explains. “The fact that our client is ready to deal with that speaks to the higher maturity level of their program.”

Learn more about Deloitte’s Secure.Vigilant. Resilient.™ approach to cyber risk.
Untangling a worldwide web

eBay and PayPal were deeply integrated; separating them required a global effort

It was a match made in e-heaven. In 2002, more than 70 percent of sellers on eBay, the e-commerce giant, accepted PayPal, the e-payment system of choice. So, for eBay, the US$1.5 billion acquisition of PayPal made perfect sense. Not only could the online retailer collect a commission on every item sold, but it also could earn a fee from each PayPal transaction.

Over time, however, new competitors emerged and new opportunities presented themselves, leading eBay management to realize that divesting PayPal would allow both companies to capitalize on their respective growth opportunities in the rapidly changing global commerce and payments landscape. So, in September 2014, eBay’s board of directors approved a plan to separate eBay and PayPal into independent, publicly traded companies.

Untangling the well-known global brands wouldn’t be as easy as joining them had been 12 years earlier. Both had grown substantially and many of their processes, contracts, and technologies had become deeply intertwined. If that wasn’t enough of a challenge, management wanted the split to be completed by the second half of 2015, an abbreviated window by industry standards. Requiring the skillset and resources needed for one of the largest, most complex divestitures ever, eBay turned to Deloitte in the US.

“Deloitte US has a strong relationship with eBay established over 14 years of working together on several engagements, which provided the confidence that we had the ability and global reach to deliver this project,” says Deloitte US Lead Client Service Partner for eBay, Steve Fineberg. “We brought together a team from multiple member firms across Deloitte’s Consulting, Advisory, and Audit businesses, and within nine months, successfully helped create two Fortune 350 companies.”

During the engagement, more than 200 Deloitte professionals helped the client:

• Separate more than 10,000 contracts.
• Build a new cloud infrastructure to host 7,000 virtual servers and a new enterprise data warehouse, one of the largest in the world.
• Prepare more than 14,000 servers to support the split of more than 900 applications.
• Migrate more than 18,000 employee user profiles and 27,000 email accounts to the new PayPal environment.
• Relocate 4,500-plus employees from 47 offices.
• Launch a new corporate network for PayPal by integrating 13 hubs and 83 office locations.
• Secure all regulatory approvals required for legal separation.

From a market perspective, the past year has been a record breaker in the merger, acquisition, and divestiture arena. Cross-border deals are a major feature of this M&A wave, with new corridors emerging between Asia and Europe. In Deloitte US’s 2016 M&A trends survey of 2,300 executives, 87 percent expect deal activity to continue at the same pace or increase, and more than half of corporate respondents plan to pursue divestitures.

“This particular engagement was successful because of our ability to deliver the project as a coordinated network that collaborated to create innovative solutions that met the clients’ needs.”

Zachary Aron, Partner, Deloitte US
Reducing risks in health care
Globally consistent IT quality helps manufacturer deliver on its promise

Consider the dangerous consequences if a health care company shipped a nearly expired pallet of medicine to a pharmacy, or sent unsterilized surgical instruments to a hospital. That’s why manufacturers of medical devices, pharmaceutical products, and consumer packaged goods are intensely focused on getting quality products into the right hands at the right time. To accomplish this goal, they rely upon numerous complex information technology (IT) applications.

Accordingly, the US Food and Drug Administration (FDA) and other global regulatory agencies have strict Computerized System Validation (CSV) protocols in place to help ensure patient safety, product efficiency, and data integrity. Reducing manufacturing and distribution risk is a priority, which makes the quality of global IT systems critical.

For more than five years, Deloitte in the US has been helping one global health care company comply with FDA and other global regulatory IT systems requirements, and attain the highest levels of efficiency and effectiveness. This has been accomplished, in large part, through an integrated CSV center of excellence (CoE) developed with Deloitte globally and with continuing operational support from Deloitte.

The approach has been so successful that the client asked Deloitte to expand its US CSV CoE model to multiple countries in Asia, Europe, and South America. “Before they decided to centralize several of their IT functions, the client’s CSV services were handled by different companies in different countries with various levels of quality,” explains Deloitte US’s Tom Hodson, the manufacturer’s Global Lead Client Service Partner. “Now, all services are led by Deloitte US with services provided by several Deloitte member firms in Asia, Europe, and South America, and all of the related operational support is being done by a dedicated Deloitte US service center in India. With identical delivery models in place, they have consistently high-quality IT services where they want them.”

This consistency and structure has benefits beyond safety. As happened in the US, the client anticipates reducing CSV costs by 40 percent in countries adopting the new process, saving millions of dollars. The newly centralized IT function also is able to provide better service across the client’s entire organization. “With global standards in place, their people can develop software faster with greater quality assurance. Their IT leaders also can predict and plan more effectively than before,” Hodson says. “Our work is helping their IT function be a better partner to the client’s entire business.”

“Our work is helping their IT function be a better partner to the client’s entire business.”
Tom Hodson, Partner, Deloitte US
Advancements in technology are quickly changing the audit from a time-consuming, manually intensive verification duty into a welcomed exercise, yielding broader and deeper insights that can inform decision making. “Deloitte’s audit fuels advancement by demonstrating how things are and then asking how they can be made better,” says Panos Kakoullis, Deloitte Global Audit Leader. “Deloitte aspires to make every aspect of the audit more valuable.”

Improved connectivity and communication, along with exponential technologies—including artificial intelligence (AI), robotics, crowdsourcing, blockchain, and the internet of things—are advancing the audit and increasing transparency. “More than ever,” Kakoullis explains, “Deloitte is able to provide the assurance and insights that can inform clients’ actions.”

Deloitte’s commitment to innovating and evolving the audit was acknowledged in October 2015 when the US firm captured International Accounting Bulletin’s prestigious “Audit Innovation of the Year” award, recognizing its impact on audit quality and client service. A month later, Deloitte in the UK won “best in class” for being the “most informative and clear to investors” at the Investment Association’s audit reporting awards.

What makes an audit a Deloitte audit? “Deloitte is making a concerted and continuous investment in developing breakthrough technologies, using fresh and disruptive approaches, to reshape the audit,” Kakoullis says. “You can see the results today: automation that reimagines routine tasks, analytics that yield a deeper and more insightful view into the data, and AI that enhances human discovery and problem-solving.”

Three tools, among others, particularly illustrate capabilities in the Deloitte network:

- **Illumia** applies analytical techniques to large datasets to uncover trends, patterns, anomalies, and unusual items. This helps auditors effectively consider entire populations of data to identify hidden risks and focus on items of audit interest.

- **Argus** uses cognitive technologies to quickly process, highlight, and extract information from unstructured data contained in a wide range of documents including contracts, agreements, invoices, and meeting minutes. It scans and analyzes entire populations of documents to identify items of interest, trends, and anomalies, pinpointing key differences across like documents instantaneously while providing analytics in real time.

- **Icount** lets auditors use their smartphones to perform inventory counts and scan results while on-site for verification, consolidation, and analysis online.

To date, Deloitte has invested more than US$650 million in audit technologies of the future, including Magnia, Deloitte’s advanced global audit delivery platform. Deloitte also has teamed up with technology and business specialists from the startup community to develop an intuitive, AI-based platform called Auvenir that’s designed to accelerate and automate the audit process and deepen intelligence for higher quality.

“Ventures like this allow Deloitte to experiment with new business models and technologies without the constraint of traditional organizational models and barriers,” explains Chris Thatcher, Deloitte Global Audit Innovation Leader. “Deloitte’s approach to innovation extends far beyond cutting-edge approaches or technology, though. It’s about our professionals, our thinking, and a culture that emphasizes the purpose of the audit—to equip clients with the informed perspectives they need to aspire with assurance.”
A rising tide lifts all boats
Advancing the audit profession by raising the bar on audit quality

It's difficult to overstate the importance of audit’s role in contributing to a properly functioning capital market and strong, sound economy. But, during the past year especially, “we’ve seen a rapid call to action around the profession, prompting auditors, regulators, and company management to take a deeper look at their roles in building a trusted financial system and transforming to meet the needs of an evolving world,” explains Roger Dassen, Deloitte Global Vice Chairman of Risk, Regulatory, and Public Policy.

Investors today expect auditors to not just deliver high-quality and transparent audits of companies’ financial data, but also help identify strategic risks, including risks in their business models, or risks that could potentially inhibit sustainable business.

“Delivering high-quality audits to companies around the world is Deloitte’s top priority, and our network continues to make significant investments to do so,” says Panos Kakoullis, Deloitte Global Audit Leader. “At the same time, Deloitte is taking an active role in working with regulators and participating in the dialogue around audit market reform and how best to evolve to meet investor needs.”

Included among the organizations with which Deloitte’s leaders engage is the International Forum of Independent Audit Regulators (IFIAR), which has provided a platform for dialogue and information sharing for the past decade. “IFIAR understands the role of the audit is not static,” Dassen says. “It challenges the profession to not only continue enhancing audit quality, but also look ahead to find ways to remain insightful and relevant to investors, audit committees, and other stakeholders.

In 2016, IFIAR and the six largest audit networks entered into a new initiative to reduce the number of inspected audit engagements with one or more inspection findings by at least 25 percent within four years. Deloitte shares the goal of driving continuous improvements in audit quality and has invested in its global audit quality monitoring infrastructure, creating the agility to improve audit quality both across the network and in alignment with the objectives of regulators around the world.

IFIAR’s exploration around the overall role of the profession was articulated most recently in IFIAR’s paper, “Current Trends in the Audit Industry.” It outlined IFIAR’s views of the current environment and trends facing the audit profession in six critical areas: firm revenue and growth; competition in the audit market; governance within the global network structure; partnership model and the threat of litigation; impact of emerging technologies on the audit; and quality and extent of resources in the labor market.

“IFIAR’s expectation to reduce the number of audit engagements with inspection findings, while also exploring the trends facing the profession, reinforces the view that the audit profession is in the midst of an evolution,” Dassen says. “Yet, the heart of the role—quality, transparency, and observing the highest of standards—will always remain.”

Adds Kakoullis: “Today’s increasingly complex business environment requires that the audit be more dynamic and insightful. Deloitte is committed to doing that for clients and for society as a whole, while continuing to deliver quality audits of financial statements investors require.”

Roger Dassen, Deloitte Global Risk, Regulatory, and Public Policy Leader
Mention “blockchain” to the average person and you’re likely to get a quizzical look, similar to the reaction the word “internet” prompted a quarter century ago. There is growing buzz, though, about how blockchain might transform not only financial services companies, but also many other industry sectors—much like the internet already has.

“Blockchain is the most advanced tool for addressing the security, authenticity, privacy, and accessibility of transactions, and its relevance is growing exponentially,” says Joe Guastella, Financial Services Industry Consulting Leader, Deloitte Global. “Every chief technology officer we meet with is either asking serious questions about it or already developing a blockchain strategy for his or her company. It’s proving to be a major disruptive force.”

So, what is blockchain? It’s basically a database for recording transactions—one that is copied to all of the computers in a participating network. The database retains the complete history of all entries, making its data verifiable and independently auditable. As the number of participants grows, it becomes harder for hackers to overcome the verification activities of the participants. So, the network becomes increasingly secure.

Deloitte currently is pursuing blockchain-related solutions in the areas of banking, digital identity, cross-border payments, loyalty and rewards, investment management, and insurance. We are teaming with blockchain startups BlockCypher, Bloq, ConsenSys Enterprise, Loyyal, and Stellar to build working prototypes. More than 20 already have been developed and a handful are actively generating income.

Additionally, Deloitte Ireland’s new Financial Services Blockchain Lab is advancing proofs-of-concept into functioning prototypes that are being built with specific clients in mind.

And Deloitte Canada’s startup, Rubix by Deloitte, has released a tool to select clients called Rubix Core. It will help clients build their own blockchain prototypes, customized for their unique industry and business needs.

“Along with its advanced security, blockchain could save users money and time, which makes the technology very attractive to all types of businesses,” Guastella says. “We want to give them the guidance, know-how, and products they need to make blockchain a reality for them.”

“We anticipate that blockchain adoption will occur rapidly as a multitude of applications emerge in different sectors,” adds Vimi Grewal-Carr, Managing Partner for Innovation for Deloitte in the UK. “The stage is set to innovate with apps and tools that can exploit blockchain’s potential. That’s where the near-term activity will be.”
Free trade? There’s an app for that
Creative tool part of movement to make businesses “digital at their cores”

In a few short years, consumers have become remarkably adept at shopping and banking using their desktops, tablets, and mobile devices. They play games, stream media, interact with friends, and participate in myriad other digital-driven activities.

Researching tariffs probably is not one of those activities. But, there’s an app for that too, and business professionals around the Pacific Rim and beyond are using it to navigate complicated trade policy and regulatory environments.

Created by the consulting and tax functions of Deloitte in Japan and their counterparts in other Deloitte firms across 10 countries, Trade Compass™ is a web-based platform that allows clients to get one-stop access to relevant tariff rates and rules of origin. By using the tariff information as a key input, users are better able to choose trade partners in countries offering the most favorable trade arrangements and they can often realize considerable cost savings. It represents a new twist on how businesses are using digital tools to support their broader company goals.

There are nearly 400 free-trade agreements (FTAs) in effect globally, creating a confusing web of options. “Until now, there’s been no user-friendly tool that permits clients to easily compare applicable FTAs and judge which supply chain is the best, at least in terms of tariffs,” explains Deloitte Japan’s Regulatory Strategy Manager Masahiko Myose, who led the development of Trade Compass.

Using Trade Compass, one producer of epoxy resin saved nearly US$217,000 by choosing a trade partner in a country with a favorable FTA. Its tariff rate on the US$8.3 million in goods it imported was reduced from 5 percent to 2.4 percent. The savings added almost 3 percent to the annual income of the business unit acquiring the goods.

The Trade Compass tool was recently adopted by the Japanese government as a centerpiece of its Trans Pacific Partnership-related information program. “By including all FTAs applicable to 19 major Asia Pacific countries and the European Union,” Masahiko says, “Trade Compass is easing the burden on management and driving better-informed decisions.”

“Businesses have prioritized improving the customer experience via digital, and those efforts will drive significant revenue growth in coming years,” says Mike Brinker, Deloitte Digital Leader, Deloitte Global. “While front-end strategies are important, though, companies need to be digital at their cores. In the next three to five years, cognitive, social, and other emerging digital technologies will be woven into all aspects of businesses and their strategies. Trade Compass is a great example of how digital tools can help business leaders make better decisions that improve their bottom lines.”

“In the next three to five years, cognitive, social, and other emerging digital technologies will be woven into all aspects of businesses and their strategies.”

Mike Brinker, Deloitte Digital Leader, Deloitte Global
Taking on corruption
Project aims to remove obstacles to economic and social development

Corruption is a significant challenge in many industries and the construction business is no exception. Globally—from the contract-bidding process through all phases of building—bribery, collusion, and cost inflation are estimated to pad final costs anywhere from 10 percent to 30 percent.

This is a concern in several countries, including India, where certain processes can be complex and hundreds of billions of dollars are funding massive infrastructure projects. That’s why Deloitte worked with the World Economic Forum and Indian authorities to help address corruption risks in India through a pilot project on the state level.

“Building Foundations for Transparency” is a collaborative project between the Forum’s Partnering Against Corruption Initiative (PACI) and the Infrastructure and Urban Development (IU) industries aimed at helping governments tackle corruption in public processes, including procurement, permitting, and licensing. Its goal is to promote fairness by reducing irregularities in the infrastructure, engineering, construction, and real estate industries.

The project seeks to establish ongoing dialogue between business and local public officials in India on potential ways to enhance transparency in permits and licenses, land acquisition, and procurement. A Forum report, created in collaboration with Deloitte, serves as the blueprint for the effort. It focuses on practical outcomes and provides guidance on how to implement solutions locally and replicate them in other regions.

The report contains an online diagnostic tool, built by Deloitte, that’s designed to drive greater transparency within the IU industries. “The tool Deloitte developed for the pilot project in the Indian state of Maharashtra provides a visual aggregation of data related to corruption, identifies key risk areas, and assesses where we can make strides through process improvement,” says Samuel Rohr, a Financial Advisory consultant for Deloitte in Switzerland who was seconded to PACI. “This technology provides information that is enabling more openness and honesty throughout the process.” The smartphone-accessible microsite can be used as a template for other Forum projects needing digital tools, platforms, and microsites.

Launched in 2004, PACI has created a highly visible anti-corruption platform, working across industries and with the support of organizations and governments around the world. Deloitte Global Chairman David Cruickshank is co-chair of the PACI Vanguard steering board, and James Cottrell, a Deloitte US partner, has been intensely involved with PACI the past four years.

“PACI’s impact on corruption is obvious in places like Nigeria,” Cottrell explains. “At the global Anti-Corruption Summit held in London this past May, the Deloitte/PACI-supported Clean Business Practice Initiative (CBPI) was lauded by Nigeria’s new President, Muhammadu Buhari. He has made fighting corruption a top priority of his administration.”

Cottrell believes corruption is one of the greatest obstacles to economic and social development. “For Deloitte clients, this is a critical issue,” he says. “That’s why we’re passionate about fostering trust and transparency, because it results in more accessible markets, lower risks for investors, and a more level playing field for doing business—all of which benefit society.”
Investing in our people

50,000
Deloitte professionals experienced Deloitte University

2,000
Partners, principals, and directors led Deloitte University programs

3.1M+
e-learning courses completed

Note: Global figures are aggregated across the Deloitte network.
Run-of-the-mill corporate videos typically don’t feature inflating wombs, prosthetic limb removal, and a man peeling off his face. They also don’t rack up more than 50,000 views on YouTube, endorsements from leading diversity organizations, and requests from clients to use the film to help drive cultural change within their organizations.

Then again, “Ask yourself…” is no run-of-the-mill video. “We created the film to support the launch of Deloitte UK’s respect and inclusion action plan. It was so powerful though, that we wanted to share it with the world,” says Emma Codd, managing partner for Talent, Deloitte UK. “It challenges viewers with a number of scenarios, including gender bias, sexual orientation, disability, and race.”

Half a world away, Juliet Bourke, a Human Capital partner with Deloitte Australia, authored a book called, “Which two heads are better than one? How diverse teams create breakthrough ideas and make smarter decisions.” In contrast to the UK’s use of emotion to connect to viewers, Bourke connects through compelling academic and practical research on the ways that more diverse teams, particularly those led by inclusive leaders, generate high performance.

The common link between the two projects is the acknowledgement that inclusive environments value open participation from individuals with different ideas, diverse perspectives, and unique factors that contribute to their personalities and behaviors. This viewpoint and the impact of millennials is the focus of a recent white paper published by Deloitte in the US, “The radical transformation of diversity and inclusion: The millennial influence.”

The Deloitte University Leadership Center for Inclusion was launched to engage and inspire Deloitte people, clients, and others to redefine inclusion in the 21st-century workplace. Similar efforts are underway in China, where Deloitte’s Generation Young Council acts as an inclusion sounding board and helps shape corporate culture; and in Canada, where Deloitte provides training on unconscious bias, inclusion workshops, and people networks that seek millennial input.

While diverse thinking is a priority, representation remains important—especially in terms of gender—because it allows new voices to be heard. Across the Deloitte network during the past year, 45 percent of all new hires were women, “but we lose too many women as they represent only 35 percent at manager level and 21 percent of partners, principals, and directors,” explains Deloitte Global Chairman David Cruickshank. “We know we have more to do, and Deloitte leaders have taken this challenge to heart. Some of our most influential male leaders volunteered to vacate their Deloitte Global Board seats to make room for talented women from their own leadership teams to serve.

“That’s symbolic of how Deloitte leaders recognize that diversity and inclusion are critical to our business performance and must be reflected in our decision making and governance processes,” Cruickshank continues. “We want Deloitte to be a place people can be themselves and recognize that their unique attributes make our entire organization stronger.”

**Personalities propel performance**

Inclusiveness yields smarter decisions, “makes our organization stronger”
Developing world-class talent
A unique opportunity allows Australian Director to make a meaningful impact

Deloitte Global’s annual Millennial Survey reveals that most young professionals want to be part of organizations that place purpose above profit and offer ample opportunities to develop as leaders.

In other words, they’d love to have Lyanne Harrison’s job.

Harrison, a Financial Advisory director at Deloitte Australia, spent the past year “on loan” to Adara Partners, an advisory firm that provides financial services know-how to companies, governments, and families. It was founded in 2015 for the sole purpose of funding Adara Development, a not-for-profit that, for the last 18 years, has worked hand in hand with communities, women, and children living in poverty in developing countries.

“Adara is recognized as one of the first, truly purpose-led organizations,” Harrison explains. “One hundred percent of their advisory profits go toward paying Adara Development’s administrative costs and funding impactful societal projects that produce measurable, meaningful change in the world.”

Deloitte in Australia is one of Adara’s largest allies, and Harrison’s pro bono assignment represents the Australia firm’s commitment to the organization. She applied her skills and 10-plus years of Deloitte experience to provide strategic advice, and mergers and acquisitions support to Adara’s clients. “My first assignment generated enough in fees to pay the not-for-profit’s operating costs for six months,” she explains. “Revenue from a recent capital-raising engagement can fund one of Adara Development’s community projects for an entire year.”

Kiwoko Hospital in rural Uganda is one recipient of those funds. With Adara Development’s support, the facility is able to provide maternal, infant, and child health care, support to people living with HIV, community health outreach programs, and general treatment. “This hospital serves a region with 800,000 people who otherwise might not have access to health care,” Harrison says. “The support it receives from Adara Development is a great example of how people in the business community can use their core skills and abilities to make a meaningful impact on thousands in poverty.”

The 12-month assignment also had a profound effect on Harrison. “Learning on the job from so many accomplished professionals who also loaned their skills to Adara Partners was an incredible experience,” she says. “It’s immensely satisfying knowing that our work not only benefited Adara’s clients, but also that the fees we generated were used to help those in need.”

“Deloitte supports and encourages nontraditional assignments like these because they help develop leadership capabilities,” says Margot Thom, Deloitte Global Talent Leader. “They give Deloitte professionals new and interesting ways to serve the business community while making a positive impact in society and learning new skills. That brings out the best in people, and that’s noticed when you’re competing to attract top talent.”

“A baby is weighed at Kiwoko Hospital, a beneficiary of safe motherhood clinics funded by Adara Partners.
Society

While Deloitte’s business has expanded dramatically the past 170 years, our Purpose remains the same—to make an enduring, sustainable impact that matters for society, each and every day across our network. Whether we’re helping businesses operate responsibly, promoting trusted financial systems in global markets, delivering advisory services to clients or pro bono work to nonprofits, contributing to global conversations on key social, environmental, and public policy issues, creating innovative solutions, or investing in the development of our people, Deloitte seeks to drive society forward and effect meaningful, positive change around the world.

HUMANITARIAN ACTION

50+ humanitarian organizations supported with almost half focused on the refugee crisis

IMPACT DAY

70,000 Deloitte professionals volunteering during IMPACT Day

EDUCATION AND SKILLS

DELOITTE DEDICATED

421,000 hours of our professionals’ time through volunteering and delivering pro bono services

$70M support in donations, our professionals’ time, and program management

INDIVIDUALS REACHED BETWEEN FY2012–FY2016

1.6M

Note: Global figures are aggregated across the Deloitte network.
New homes, new hope
Deloitte uses its skills, relationships to connect refugees with opportunities

The world is facing an unparalleled displacement crisis triggered by dire situations in Syria, Afghanistan, Iraq, Somalia, Sudan and other countries. Refugees have been fleeing their homelands in huge numbers as a result of conflict, human rights violations, or violence. In 2015 alone, more than a million refugees arrived in Europe in search of a better life.

Professionals from throughout the Deloitte network are supporting refugee-integration efforts in multiple ways, including helping individuals and families find housing, employment, education, and counseling.

Deloitte in Germany is driving multiple initiatives across a country faced with the largest influx of refugees in Europe. For example, the German firm has adjusted its hiring policies to provide the refugee community with employment and mentorship opportunities. As a social mentor for a new colleague from Syria, Dalia Chirila says her main role is to “offer support with his integration not only into the firm, but also into the German community so that he can create a bright future for himself, and set an example to other refugees.”

Deloitte in Denmark is working closely with the board of the Danish Agency for International Recruitment and Integration (SIRI) to help refugees suffering from post-traumatic stress disorder (PTSD). Deloitte Denmark professionals have developed both a methodology and tool that improve early detection, identification, and screening for PTSD. As a result, SIRI is better equipped to target its refugee-support efforts.

Nearly 30,000 Syrian refugees have resettled across the Atlantic in Canada. Deloitte in Canada has teamed with WoodGreen Community Services and other organizations to create a web portal that connects Syrian refugees with goods and services, in particular, housing.

Deloitte Middle East’s Syrian refugee program aims to help improve the lives of as many refugees as possible in Lebanon, Jordan, and Syria. The firm’s initiatives focus on educating and empowering women and young people through its Digital Youth Program, employability skills workshops, and pro bono support to nonprofits in the region.

Deloitte Global is a member of the Tent Alliance, a platform that connects companies so they can work together and with the public sector to help end the refugee crisis. The Alliance was launched at the World Economic Forum’s 2016 annual meeting in Davos, Switzerland. The Deloitte network is also committed to supporting the global call to help alleviate suffering around the world made at the World Humanitarian Summit held in Istanbul, Turkey, in May 2016.

“Our network has a long history of advancing humanitarian efforts by investing in and delivering solutions in new and innovative ways,” says Amy Fuller, Senior Managing Director, Deloitte Global Brand. “The tremendous scale of the refugee crisis has moved us to use our core business skills and know-how in ways that truly demonstrate our creativity, our capabilities, and our compassion.”

Amy Fuller, Senior Managing Director, Deloitte Global Brand
Taking technology to the people
The Digitruck rolls into South Africa loaded with laptops...and hope

A ground-breaking, solar-powered mobile trailer called “the Digitruck” is helping bridge the digital divide in South Africa’s Western Cape province, where access to computers, the internet, and trained facilitators is profoundly needed.

A joint initiative among Brothers for All (BfA), Close the Gap, and Deloitte, the Digitruck functions as a mobile information technology lab equipped with 20 fully configured laptops and supporting peripheral devices. Its arrival brings optimism and the opportunity for a better life to communities where unemployment among young people tops 80 percent.

“The Digitruck provides the space to do in-house software development work, increasing the technical experience of the students, which will improve their chances of securing jobs,” explains Sihle Tshabalala, national coordinator for BfA, a nonprofit organization that teaches computer coding and soft skills to ex-offenders and at-risk youth. “We also can offer training in job-readiness skills such as presenting, project management, and workplace English.” By adding the Digitruck, BfA instructors should be able to train approximately 60 more students per year and place them in internships or full-time jobs.

The Digitruck is the brainchild of Deloitte in Belgium and Close the Gap. Deloitte in South Africa enlisted in the effort, offering its understanding of Western Cape communities and their challenges to help implement the project. Deloitte volunteers will spend the next year working with BfA to provide soft-skills workshops, job shadowing, product development, guest speakers, and presentations showcasing modern technology and BfA’s work. Deloitte also is covering the cost of moving Digitruck from town to town, as well as all required insurance.

“BfA has demonstrated that when you give people access to computers and technical instruction, they can develop a strong base of core skills quickly,” says Olivier Vanden Eynde, Risk Advisory Director, Deloitte Belgium. “This creative and scalable solution to digital literacy is helping at-risk young people earn opportunities for meaningful, well-paid employment. That’s a hope many of them did not have before the Digitruck.”

The Digitruck is a 12-meter-long, solar-powered mobile trailer that can accommodate up to 18 students at a time.

“This creative and scalable solution to digital literacy is helping at-risk young people earn opportunities for meaningful, well-paid employment.”
Olivier Vanden Eynde, Risk Advisory Director, Deloitte Belgium
Leadership and governance

As a global network comprising Deloitte Global, Deloitte member firms, and each of their related entities and affiliates in more than 150 countries and territories, Deloitte has governance and management structures in place at both the global and member firm levels.

The Deloitte Global Executive
The Deloitte Global Executive, composed in FY2016 of 26 senior leaders from Deloitte Global and certain member firms across the global network, is responsible for embedding Deloitte’s Purpose and developing its aspiration and strategic priorities. The Executive, which meets approximately six times during the year, sets policies and champions initiatives that help the network make an impact that matters for member firm clients, Deloitte professionals, communities, and other stakeholders.

Deloitte Global Chief Executive Officer Punit Renjen, who began his four-year term on 1 June 2015, leads and manages this governing body. Renjen appoints the members of the Executive, subject to approval by the Governance Committee of the Deloitte Global Board of Directors.

The Deloitte Global Operating Committee
The Operating Committee, composed of leaders from Deloitte Global and certain member firms aligned to the businesses, regions, and other key areas, provides a vital link between strategy and execution that helps enable the network to perform effectively and efficiently.

The Operating Committee is headed by Deloitte Global Chief Operating Officer Frank Friedman. Its members include, from Deloitte Global, five global business operating leaders, three regional leaders, the chief information officer, the chief financial officer, and leaders from Client & Industries, Talent, Strategy & Brand, and Risk. It also includes a four-person council of executive member firm COO representatives.

The Deloitte Global Board of Directors
The Board of Directors is Deloitte Global’s highest governing body. The Board addresses the network’s most important governance issues, including global strategies, major transactions, and the election of the CEO. During FY2016, the Board’s 32 members represented 18 member firms across more than 100 countries and territories. Among its committees is a standing Governance Committee, which exercises periodic oversight in respect of the management of Deloitte Global.

David Cruickshank is the Chairman of the Board. He began his four-year term of office on 1 June 2015.

Board members are appointed by individual member firms that are themselves selected based on size, the number of significant clients they serve, and other factors. The Board also includes three regional seats, ensuring smaller member firms are represented.

Board composition is multicultural with a proportionate representation of member firms. Gender is considered by member firms as they appoint individuals to these positions. There are currently five women board members.

Member firm leadership
To foster effective and responsive management within member firms, Deloitte Global has adopted standards describing specific leadership and governance structures to be implemented by member firms, including:

- A formal management structure, including an elected chief executive officer or managing partner who is responsible for managing the member firm and working with the member firm’s leaders to align its functional and client strategies with Deloitte Global; and
- A governing body, such as a board of directors, to facilitate sound governance of the individual practice.
Network structure

The Deloitte network is made up of firms that are members of Deloitte Touche Tohmatsu Limited (Deloitte Global), a UK private company limited by guarantee. This structure allows Deloitte to be a leader at all levels—locally, nationally, and globally.

Individual member firms have access to the skills and knowledge of other member firms, the ability to consult within the Deloitte network, and the benefit of the network's market recognition and reputation. Deloitte Global itself does not provide services to clients.

**Member firm structure**

Deloitte member firm partners are generally the sole owners of their respective member firms. The member firms are primarily organized on an individual country or regional basis, and each operates within the legal and regulatory framework of its particular jurisdiction(s). They are separate and independent firms that are owned and managed locally. These firms have come together to practice under a common brand and shared methodologies, client service standards, and other professional standards and guidelines.

The member firm structure supports compliance with rules of local ownership and management governing the relevant professional services in member firms' respective jurisdictions. It also reflects the fact that the member firms are not subsidiaries or branch offices of a global parent. Rather, they are separate and distinct legal entities that have voluntarily joined the network to coordinate their approach to client service.

This structure confers significant strengths, including a deep understanding of local markets and a sense of responsibility among member firms' professionals, who have direct stakes in the integrity and growth of their local practices.

Deloitte continues to reinforce this differentiating structure and achieve economies of scale with new centers of excellence, global delivery centers, and other network approaches that are designed to deliver a consistent level of excellence around the world. The network also is adopting new models for sharing leading practices, technologies, and back-office investments.

**Global cooperation**

As members of the Deloitte network, member firms benefit from shared activities, investments, and resources that enhance their individual abilities to provide core services to key local and global clients. They also are able to leverage Deloitte's brand, eminence, and intellectual property.

Deloitte member firms support and adhere to the purposes and policies of Deloitte Global by:

- Conducting themselves in a manner that sustains the reputation of the Deloitte network;
- Aligning national plans, strategies, and operations with those of Deloitte Global, as appropriate, in consultation with Deloitte Global's executive management;
- Adhering to Deloitte Global's requirements regarding professional standards, shared values, methodologies, governance, and systems of quality control and risk; and
- Advising Deloitte Global of proposed joint ventures, joint practices, mergers, and other cooperation arrangements and combinations of any type with other member firms.
Locations

Deloitte service clients in more than 150 countries and territories. Green markers on the map indicate office locations. Please visit www.deloitte.com/GlobalOfficeDirectory for the most up-to-date information on specific office addresses or service inquiries in locations not listed here.
Deloitte core services

Deloitte’s 244,000-plus professionals are dedicated to finding innovative solutions that contribute to a stronger economy and healthier society. Enabled by a global network of strong businesses and valued services—built on decades of insight and experience—they solve tough problems, build trust, and help clients achieve transformative results.

The above list of services is a representative sampling of Deloitte’s cross-business capabilities. Deloitte offers many services, not all of which are available from every Deloitte member firm and not all of which are permissible for audit clients under various professional and regulatory standards.
Information security, privacy, and confidentiality

Deloitte works in an industry where maintaining client and public trust is vital. Our ability to safeguard confidential information directly impacts markets, clients, our people, and our brand. In addition, global organizations like those we serve are increasingly subject to confidentiality, privacy, cyber, and industry laws that affect how they use and protect information.

In an environment of continuously rising expectations, the Deloitte network remains committed to proactively enhancing its information security, privacy, and confidentiality strategies.

**Information Security**

The Deloitte Global Information Security team continues to work with member firms to implement an aggressive information security strategy focused on protecting member firm clients, Deloitte people, and the Deloitte brand worldwide. The strategy guides Deloitte in:

- Creating a cohesive, worldwide program with common, consistent security services;
- Extending security tools worldwide for advanced protection of highly distributed data;
- Reducing confidential data loss through practitioner actions; and
- Eliciting strong member firm participation through standardized global security governance and delivery.

**Privacy**

Deloitte continually aligns its privacy programs with leading practices in accountability for data-protection compliance. The Deloitte Global Privacy team also works closely with the Deloitte Global public policy and regulatory teams to monitor new privacy developments impacting Deloitte and its member firm clients.

And because many member firm clients are multinational organizations, the Deloitte privacy program needs to support the cross-border movement and transfer of personal information in compliance with applicable laws.

Deloitte continually reviews available mechanisms to better facilitate and safeguard data transfers, including Binding Corporate Rules (BCRs), BCRs for Processors, Privacy Shield, Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules, and privacy seals.

**Confidentiality**

Deloitte is dedicated to continually improving how we safeguard client confidential information and internal information about our people and operations. The Deloitte Global Confidentiality team works with member firms to shape a globally consistent approach to protecting information. The Deloitte Global team and Deloitte member firm confidentiality leaders use a variety of strategies—for example, maturity assessments, cutting-edge technology, communications, and training—to consciously shape a global culture in which every Deloitte professional feels a sense of ownership in protecting confidential information.

A collaborative approach

Along with work in their specialized areas, Deloitte Information Security, Privacy, and Confidentiality teams also collaborate on solutions to common, and often interdependent, needs across the Deloitte network. This may include information security technology to drive long-term adoption of a client confidentiality program, integrated training for member firm professionals, or joint assessments of shared technology, process, and administrative controls.
Deloitte ethics teams continue to proactively build an ethical culture, stressing quality and consistency across the network.

To guide these efforts, during FY2016, Deloitte developed our “Global Principles of Business Conduct” (Global Code), which clearly articulates the standards to which we must hold ourselves, wherever in the world we live and work. Introduced in July 2016, the Global Code defines the expectations that our stakeholders can have of all people across the Deloitte network:

• We commit to serving clients with distinction.
• We commit to inspiring our talented professionals to deliver outstanding value.
• We commit to contributing to society as a role model for positive change.

The Deloitte Global Ethics team and member firm ethics officers work closely with senior Deloitte leaders to build and enhance the organization’s ethics program, which is composed of the following elements:

• The Global Principles of Business Conduct;
• A global ethics policy that sets out the requirements for member firms’ own ethics programs;
• A global anti-corruption policy that addresses matters such as bribery, facilitation payments, political and charitable contributions, and gifts and entertainment;
• Ethics training programs, including online courses, classroom programs, and facilitator-led interactive case discussions (ethics training is required for all new hires upon joining Deloitte and for all Deloitte professionals every two years);
• Channels for reporting ethics issues and concerns that emphasize confidentiality and nonretaliation policies;
• Support activities, including communications, workshops, and webinars to facilitate leading practices among member firms;
• Provision of an employee survey, a self-assessment questionnaire, and other tools (such as focus group guidance) to allow member firms to measure their program’s effectiveness; and
• A practice review program to measure compliance with global ethics policies and encourage collaborative discussions and continuous improvement in ethics programs over time. In FY2016, 11 Deloitte member firms were reviewed.

Deloitte also plays a role in various multilateral efforts to promote ethical conduct in the business world. These include:

• World Economic Forum’s Partnering Against Corruption Initiative (PACI).
  - David Cruickshank, Deloitte Global Chairman, is the co-chair of the PACI Vanguard anti-corruption CEO leadership program;
  - James Cottrell, partner, Deloitte US, is a senior adviser to the PACI Vanguard, a community of 20 global CEOs committed to zero tolerance against corruption; and
  - Cottrell and Penelope Lepeudry, partner, Deloitte Switzerland, served as project engagement leaders on Forum-led global anti-corruption initiatives in transportation, infrastructure, and related communities.
• **U.N. Global Compact.** Cottrell and Mohammed Ahmed, Deloitte Global Anti-Corruption Officer, co-chair a subcommittee on whistle-blower programs as part of an anti-corruption compliance program.

• **Business 20 (B20) Business Summit.** Cottrell is a member of the B20 working group on anti-corruption.

• **Business and Industry Advisory Committee (BIAC) to the Organization for Economic Corporation and Development.** Gerrie Lenting, partner, Deloitte Netherlands, is vice chair of the BIAC task force on anti-bribery and corruption.

• **University of Notre Dame Deloitte Center for Ethical Leadership.** Glenn Stastny, Chief Ethics and Compliance Officer, Deloitte US, sits on the advisory board.

• **The Conference Board.** Deloitte Global Deputy Chief Ethics Officer Jennifer Guethoff is a member of The Conference Board's Global Business Conduct Council.
Risk management

The overall risk landscape, both internally and externally, continues to be very volatile, uncertain, and complex with increasing demands from clients and higher scrutiny from regulators and legislators. Deloitte continues to relentlessly focus on quality and risk management (QRM) to actively monitor, strengthen, and improve its risk procedures.

There are external and internal risks that, if they materialized, could impact our ability to achieve our strategies—including the protection of our reputation and brand, and member firms’ delivery of consistent, high-quality services. That’s why Deloitte has implemented an enterprise risk framework (Framework) designed to identify, manage, monitor, and respond to risks. The Framework also includes processes to monitor the environment for developments and changes that could impact the network’s risk profile (the aggregation of our risk exposure at a point in time), and identify (and respond to) new and/or emerging trends that could impact our resiliency to those risks.

Deloitte continuously assesses the adequacy of its QRM processes to proactively address matters that may arise from the internal and external environment, and promotes a culture where professionals can learn from each other’s experiences.

Promoting trust, confidence, and value

During FY2016, Deloitte took a number of actions to sustain our network’s commitment to QRM, and enhance our ability to be “risk intelligent” and “risk resilient.” They included:

- Developing and rolling out the global QRM strategy and prioritized key actions to support its successful execution;
- Refreshing our Framework to include a new risk profile and identifying the top-10 priority business risks to Deloitte;
- Developing a robust set of globally consistent, world-class standards for confidentiality and information technology security; and
- Strengthening disciplinary policy and improving personal independence monitoring and reporting through revised independence policies.

Globally consistent and scalable policies and processes

The DTTL Policies Manual (DPM) is the central repository for policies applicable to the Deloitte network. It provides the basis for member firms to establish and implement consistent and rigorous QRM processes, and sets forth policies for which member firm compliance is mandatory. Among the many DPM policies, there is a Framework policy whereby member firms are required to develop, implement, and document a Framework that is integrated into key member firm decision-making processes.

The DPM also includes a specific policy requirement for each member firm to appoint a senior and experienced “reputation and risk leader” (RRL) who is responsible for leading his or her member firm’s QRM program and structure, with full support from senior risk leaders in each of the member firm’s businesses. The RRLs are part of the member firms’ executive leadership.

Practice reviews

Practice reviews serve as an inspection and monitoring mechanism and are a critical component of the Deloitte network’s system of quality control and risk management. Each member firm is responsible for conducting its own practice reviews under the guidance and oversight of Deloitte Global. Held at least once every three years, these reviews assess whether member firms comply, at a minimum, with DPM policies; if DPM policies are operating effectively in practice; and the quality of work performed and services delivered by member firms.
Deloitte actively participates in policy discussions on some of today’s most important socioeconomic challenges, seeking outcomes that benefit society, government, and business. Through a coordinated, public policy approach, we’ve been able to successfully build relationships with people who matter on issues that matter, giving us high-profile platforms on which to share our voice.

Deloitte representatives engage with respected, effective external organizations and influencers on the proper functioning of capital markets, ethical business practices, societal advancement, workforce development, and other areas of shared concern. In doing so, we advance policy outcomes that help serve the public interest and shape the environment in which all businesses, including ours, operate.

The perspectives gained by working with clients, community programs, and other groups—including investors, regulators, professional bodies, think tanks, and more—inform Deloitte’s global efforts to create an inclusive, consistent, and forward-looking public policy agenda and foster dialogue.

Deloitte’s public policy efforts focus on three primary platforms that are important to our member firms’ clients:

- A **trusted financial system** that is resilient, transparent, and serves the public interest;
- **Inclusive growth and innovation** that appreciates economic, social, and environmental issues that matter most; and
- The **future of the workforce**, including the impact of technology on jobs, skills and learning, and the labor market.

Within these themes, several specific areas of focus drive our activities. Some of these issues are: audit quality, corporate governance, anti-corruption, cyber/data security, trade, social progress, sustainability, diversity and inclusion, education and skills, the gig economy, and purpose-led leadership.

Our professionals help advance these issues by working with key external organizations that include:

- Group of 20 (G20) and its outreach group, the Business 20 (B20);
- Organization for Economic Cooperation and Development (OECD);
- United Nations (UN);
- World Trade Organization (WTO);
- Asia-Pacific Economic Cooperation Forum (APEC);
- German Marshall Fund (GMF); and
- Social Progress Imperative (SPI).

The Deloitte Global Public Policy group is supported by member firm public policy programs that are active across the network, as well as the Public Policy Executive Council (PPEC), an informal advisory group composed of member firm public policy leaders and key business unit leaders. This approach allows us to coordinate Deloitte’s policy positions across our various businesses and geographies, and helps ensure our public policy voice is relevant, consistent, and aligned around the world.
Independence

Independence and quality are essential to our objectivity, our integrity, our impartiality, our obligation to serve the investing public, and Deloitte member firms’ ability to retain and attract clients. Standards for independence are shaped by legislation, regulations, professional requirements, and public expectations. Maintaining independence in fact and appearance, therefore, is a matter of compliance with rules and regulations.

Protecting the public interest
The Deloitte Global Board of Directors has adopted robust independence policies and processes to help the Deloitte network and its people safeguard their objectivity. Deloitte Global requires all of its member firms to follow its independence policies and procedures, which address professional and regulatory requirements related to the provision of services, business relationships, employment relationships and financial interests.

Deloitte Global’s independence policies and procedures are designed to help member firms to comply with independence standards and regulatory requirements to achieve excellence in professional performance. These policies and procedures are based, for the most part, on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the rules of the US Securities and Exchange Commission. When the national requirements that apply are more restrictive than the requirements in the Deloitte Global policies, member firms must follow those requirements, as well.

Maintaining internal compliance
Deloitte member firms frequently serve the same clients in multiple jurisdictions. Each member firm considering whether to accept a new client or new engagement at an existing client must consider the independence needs of other member firms. For existing audit clients, a member firm must evaluate the independence implications of other member firms’ relationships with that client, including the provision of non-audit services.

Each member firm has a partner responsible for the independence quality controls in the member firm, including monitoring compliance with those controls. On an annual basis, all member firms report to Deloitte Global that they have conducted procedures for determining that their firm and professionals are in compliance with Deloitte Global’s independence policies.

Leading through change
Deloitte member firms face a dynamic regulatory environment in which national rulemaking often has broad-reaching global implications. Deloitte Global provides member firms with resources, information and guidance on independence issues, as well as enabling technologies to help member firms comply with rapidly changing requirements. These Deloitte Global resources continually engage with external professional bodies and regulators, as well as member firm leaders, to advance the development of independence requirements.
Global security

The Deloitte Global Security Office (GSO) works with member firms to help keep Deloitte people safe, particularly during times of emergency or when they are called upon by clients to work in higher-risk areas.

A primary GSO focus during FY2016 was increasing member firms' resiliency, so regional training sessions were held to formulate effective business-continuity programs. The GSO's regional security managers continued efforts to enhance member firm security and crisis response capabilities through on-site visits, meetings with country leaders, and local security councils made up of member firm security officers in each region. The GSO also has global working groups composed of member firm security leaders who improve the consistency of member firm background screening and physical security measures.

Keeping Deloitte people safe

The GSO team tracks world events on a daily basis for potential impacts on Deloitte's people and member firms. Whenever a crisis occurs, the GSO, in conjunction with the Deloitte Global Crisis Management Team, responds swiftly to help member firms account for the safety of their people, provide necessary relief, and resume normal business operations as soon as possible.

Threats come in many sizes and forms, including geopolitical instability, crime, and natural disasters. During FY2016, the GSO team responded to a wide range of crisis events, including significant terrorist attacks in Western Europe and the United States, earthquakes in Asia, and other natural disasters.

Health emergencies also can affect Deloitte people while traveling or assigned overseas, so Deloitte Global maintains 24-hour resources, delivered by a leading emergency medical and security provider, to respond in such situations. In FY2016, the GSO team responded to more than 150 medical-assistance cases, several of which involved serious medical conditions or accidents necessitating emergency air evacuations.

Risk awareness for travelers

On an average day, Deloitte member firms may have nearly 25,000 people traveling to serve clients. The GSO provided guidance and security planning support in FY2016 to nearly 1,000 member firm engagement teams considering work in potentially troublesome areas of the world. As part of Deloitte Global's travel security protocols, member firms are encouraged to incorporate security into their travel programs and consult with the GSO before undertaking travel to high-risk locations.

When member firm engagement teams need to travel to high-risk locations, assistance provided to engagement teams can range from designing comprehensive security plans, including location-specific security briefings, hotel and transportation recommendations, on-the-ground project logistics, and direct security support, as needed. In doing so, a network of specialized security providers based in many high-risk locations is available to assist.

The GSO continues to work with member firms to raise the awareness of Deloitte people to ensure they are aware of particular risks before they travel. In FY2016, the GSO rolled out the International SOS (ISOS) mobile app to Deloitte professionals worldwide. The app puts security threat information, country health information, and emergency contact numbers at people's fingertips on their mobile phones.

Deloitte professionals also have access to a comprehensive travel security website containing the latest security bulletins, assessments, country risk ratings and other resources for travelers.
Additional reporting elements including information on our reporting process, the Global Reporting (GRI) Index, and our United Nations Global Compact Communication on Progress (UNGC COP) will be published in December.
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