



Charting our futures: The Creating a Decade Project

Aiming to build trust in a future society





Introduction

Ever-changing business models for an ever-changing world

Technological advancements. Climate change. Dramatic changes to our way of life accelerated by the COVID-19 pandemic. These and other emerging areas have made it increasingly crucial to take on problems in new ways. The factors that contribute to each of these issues are also changing at an unprecedentedly rapid pace, with the resulting impacts becoming ever more significant.

In today's highly uncertain society, we can no longer forecast the future by simply assuming an extension

of the present, and traditional business models that may have previously driven success are increasingly unlikely to be appropriate or competitive. Under such circumstances, we believe that organisations capable of simulating multiple potential future scenarios and adapting with agility to emerging changes will be able to contribute to a wide range of stakeholders, including environment and society, maximise enterprise value and build sustainable business models.

PwC's Purpose

PwC's Purpose is to build trust in society and solve important problems. This Purpose, however, is not a goal that we aim to deliver to society at a certain point in time, but a pledge to become a firm that builds sustained trust in a constantly changing society and environment and continues to solve major problems. In this highly uncertain world, to be the firm that society needs, we need to keep an eye on the future and constantly transform to cater to the needs of the times.

PricewaterhouseCoopers Aarata LLC (PwC Aarata) is a relatively young organisation established in 2006 under the slogan of 'breathing fresh air into audit firms'. In addition to pursuing high-quality work on a global level in collaboration with the PwC global network, we aim to foster a corporate culture in which our management and staff work together to

help our clients solve important social problems in a timely and appropriate manner. Changes in our society and economy have given rise to a wide range of business challenges for our clients, and high expectations from a wide range of stakeholders. To respond promptly and appropriately to these challenges, PwC Aarata, since its establishment, has provided not only the accounting audits which are the core business of an audit firm, but also broader assurance services, including services in relatively new areas such as digital transformation (DX) and environment, social and governance (ESG). Going forward, we plan to continue our initiatives with a focus on developing professionals capable of providing high-quality solutions to the increasingly wide range of business challenges faced by corporate management.



Launching the Creating a Decade Project: Why a team of junior employees set out to imagine our society ten years in the future

This paper introduces the Creating a Decade Project, in which six junior employees from different divisions, in their third to fifth year at PwC Aarata, took on the management function of assessing the external environment and engaging in the firm's strategic planning. By involving members of younger generations, who tend to be highly sensitive to today's changing times and values, in our strategic planning, as opposed to only experienced members of management, I believe that we can encourage our younger people to develop their own perspectives on the future of our society, and foster a highly autonomous organisational culture that enables each of our people to bring a management perspective to their day-to-day work.

The employees who participated in this project imagined a variety of potential futures for our society

ten years from now, and analysed what we need to do in order to become a firm that builds trust in society and solves important problems. Within each future scenario, they explored how we can build trust and solve the challenges facing our clients and a wide range of stakeholders together. And the insights we gained from this project will be reflected in our new medium-term management plan.

We will continue to work closely with the PwC global network spanning 156 countries (as of June 30, 2022) to capture global trends, and continue to engage in dialogue with our stakeholders to understand society's expectations and build trust in society.

Masataka Kubota
Deputy CEO, PwC Aarata LLC

Contents

Introduction	2	The future we aim to realise	14
Imagining our society ten years from now	4	What can we do in the future world?	14
Science fiction come to life	6	PwC Aarata's core competences and future business strategy	16
A unified front against environmental crises	8	Contact us	18
A new cold war era	10		
A dystopian society	12		



Imagining our society ten years from now

Overview of the project

the project introduced in this report was launched in June 2021 as a team of six, all in our third to fifth year with PwC Aarata. As the first step, we held discussions with management to identify highly uncertain elements of the external environment, as well as social problems that need to be solved. Next, we analysed significant uncertainties in future scenarios, came up with four possible scenarios based on the four perspectives of politics and economics, climate change, technology and trust,

and identified significant issues to be considered for each scenario.

Based on these scenarios, we discussed what we could do, both individually and as an organisation, and what roles we should play.

We hope that the future scenarios we have identified will help drive discussions on where our society is headed and what role we should play in that society.

Imagining a future outside the box

For scenario planning, which imagines an unforeseen future, the key steps in predicting the future are to look back at past events and understand their nature, structure and recurring patterns in events that have occurred to date.

Our first step was to look at the past and present world and analyse which uncertainties would be significant for our future scenarios.

What is scenario planning?

Scenario planning is one approach used by companies to develop their medium- to long-term management strategies.

To reflect the impact of the future external environment in a company's strategic plan, the typical approach is to categorise influential factors as certain and uncertain factors, create multiple scenarios based on the uncertain factors, and consider a business model that can adapt to all possible scenarios.

First, the company assesses the external environment in terms of both the macro environment (for example, through a PEST

analysis) and the competitive environment (for example, by analysing the market and the competition analysis). Then, they consider effective business models based on the results of such assessments. While this assessment of the external environment is performed by using fixed hypotheses, scenario planning, as previously mentioned, is performed by applying multiple hypotheses related to the external environment and considering all of the resulting scenarios.

Compared to typical external environment assessments, scenario planning enables companies to consider their business models from deeper and multilateral perspectives and gives them multilateral insights into the path to realising their purpose.



Our past and present world

Thanks to long-term economic developments and technological advancements, the global standard of living has improved significantly over time. Global population growth has also generated strong demand, supporting the growth of national economies. In recent years, China has achieved significant economic development, solidifying its presence as the world's second largest economy. However, in contrast to China whose presence has been expanding in the world, the US's position as a global leader since the end of the Cold War has become somewhat unstable. Across the globe, significant technological advancements have replaced manual operations with machines and automated programs, and remarkable progress

has been made in high-speed communications and AI technology, as well as the expansion of virtual spaces.

While countries are working on establishing new laws and regulations to adapt to drastic technological advancements, in some areas, traditional regulations have been relaxed to promote innovation. However, even as our standard of living improves, the average global temperature continues to rise, raising a concern about the sustainability of the global environment. Countries across the world are seeking to work in harmony to take action against the worsening situation around global warming.

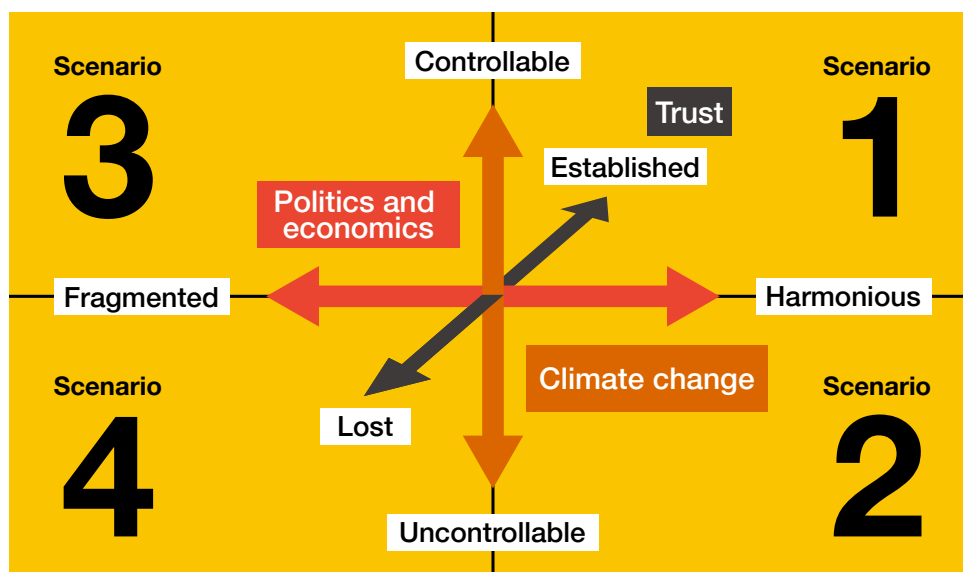
Significant uncertainties in future scenarios

In scenario planning, it is important to define key issues—areas that are highly uncertain and difficult to predict.

In this project, we defined the following four key issues based on the results of repeated discussions both with management and subject-matter experts, and among the project members.

In the area of politics and economics, we focused on political and economic trends and changes in relationships around the world. For climate change, which has attracted a great deal of public interest in recent years, we imagined scenarios where the actions of organisations and people could have an impact on climate change. For the area of technology, we assumed that the future impacts of politics and economics and climate change would also change the direction and speed of technological advancements.

And for the area of trust, we considered, in each scenario, how organisations and individuals would be interconnected, and what role information and products would play.



* We considered technology alongside the other elements when developing each scenario.



Science fiction come to life

Curbing global warming

Countries around the world have committed to achieving the goals of the Paris Agreement, and developed countries have significantly reduced their greenhouse gas emissions. While global population growth has exacerbated the scarcity of water and grains, causing prices to rise, the pace of global warming has been curbed and the supply and demand of water and grains has stabilised.

Countries around the world continue their initiatives to significantly reduce their greenhouse gas emissions, and the number of countries strengthening their initiatives is increasing year by year, resulting in only a moderate increase in the average global temperature. Actions such as the establishment of laws and regulations and the introduction of environmental taxes to save the planet are being taken across the globe.

In order to leave a more sustainable global environment for future generations, technological advancements continue with the aim of achieving continuous reductions in greenhouse gas emissions and a stable food supply. In the late 2020s, deep learning technologies began to be applied to weather forecasting. The evolution of satellites has enabled the real-time, in-depth observation of the Earth, enabling more accurate forecasting of natural disasters. In the near future, it is believed that the use of quantum computers will enable more accurate prediction of environmental changes, as well.

Global cooperation and technological advancements

The US and China have overcome the current tension between them, and are shifting to form a cooperative relationship, working together to solve common global-level problems such as climate change and regional political instability. A new disarmament treaty has also been signed and successfully ratified by superpowers including China, improving relations with the US. And as the result of this cooperative relationship, the governments of both the US and China have entered a period of stability.

The world's GDP shows continuous growth. China has developed into the world's largest economy, followed by other countries in Asia whose economies have grown thanks to population growth, enabling them to catch up with Japan.

As the world remains politically and economically stable, people also feel safe and secure. Repetitive and dangerous work is now performed by robots, enabling people to enjoy greater physical and mental safety in their daily lives.

The main problems in this future world are growing and aging populations. But technology is providing

clues to solve such problems as well. For example, many depopulating areas are taking a 'smart city' approach to attract younger residents and support the lives of the elderly. More accurate GPS technology has arisen thanks to the evolution of satellite-based positioning systems, leading to the wider use of safe autonomous cars, and automated drone deliveries have also become common. These initiatives are implemented by local governments in cooperation with local companies and industries, as part of local city development that leverages the strengths of the individual region, building new regional relationships and trust.

In Japan, which was one of the first countries in the world to face the problem of an aging population, advancement is being made particularly in the development of medical technologies. Wearable devices are no longer simply wearable, but are more often implanted in a person's body. As more detailed biological data becomes available, it becomes easier to care for the elderly and to treat illnesses at an earlier stage. And the biological data that is accumulated can be used not only for medical research but also for individual identification or reviewing insurance premiums.



Like a science fiction novel come true

Because changes in the world economy, global environment and other external factors are happening gradually, people are focussed on improving their current lifestyles by living and working in a way that allows them to be themselves. Advancements in smart appliances are driving the development and expansion of smart cities, and technological developments are likely to continue to make our lives more comfortable and convenient.

Such convenient lifestyles are founded on trust in technologies and information management. Smart appliances and autonomous cars can be customised through linkage with personal information. These convenient devices could, however, become a threat human life if hackers or other cybercriminals were to take control of them. The personal information and biological data that is collected for the purpose of customisation therefore needs to be appropriately managed to prevent the information from being used to facilitate human

rights violations and discrimination. To maintain the standard of reliability of such information management, regulations have been established and are constantly updated to keep them up to date.

The best example of how technology has broadened people's choice is in the area of interpersonal relationships. Improvements in communication technologies and the diversification of means of transportation have enabled people to connect with one another in more flexible ways. This has weakened the boundaries of traditional frameworks such as countries, regions, companies and schools which had previously been taken for granted as parts of a person's identity. People are now able to choose multiple communities in which to connect with others, and each individual is now able to create a world in which they can live comfortably.





A unified front against environmental crises

The global environment as a common problem

International cooperative efforts to decrease greenhouse gas emissions have managed to contain the average global temperature increase to a certain extent. Nevertheless, the average global temperature and air pollution levels have exceeded certain limits, and the impact of the resulting environmental changes has been broad. Such environmental changes have led to greater scarcity of water, food and resources, causing prices to fluctuate. The global population continues to grow, and in the developing and emerging countries whose populations are on the rise are facing severe problems with unstable supplies of resources. A chain reaction of environmental degradation has also caused secondary effects, such as increasing disparity, economic slowdown and restrictions on human mobility.

As the severity of such environmental problems increases, the US and China have put aside the tension between them and begun to cooperate. This trend toward cooperation has spread across

the world, and various countries work together in harmony to address the agenda of the global environment.

On the technological front, significant advancements have been made in the development of technologies that can be used to solve environmental problems, such as those that enable weather forecasting or modification or that can be used to analyse ocean and air currents. In the late 2020s, deep learning is put into practical use; for example, by applying it to weather forecasting. As a result, a shift is underway from using traditional numerical prediction models to forecast environmental changes is to using AI-based prediction models. In the near future, experts believe the use of quantum computers will also enable prompt responses to problems based on more accurate prediction.

Accelerated environmental changes and society's rush to respond

Around 2020, the relationship between the US and China has shifted from one of mutual tension to collaboration to address both common global problems, such as climate change, and regional political instability. The success of major international initiatives, such as the achievement of the goals of the Paris Agreement, has led to greater cooperation among developed countries than ever before. However, environmental changes continue to occur at a rapid pace, urgently necessitating new measures and new international goals.

While developed countries are strengthening their mutual cooperation, developing countries and some emerging countries for whom poverty is an issue remain reluctant to address environmental problems. In those countries, climate change and natural disasters have a serious impact on infrastructure, water, food and resources, which

further worsens the poverty issue. Under these circumstances, developed countries have further strengthened their inter-national cooperation, with a focus on providing support to developing and emerging countries.

In response to these problems, technological development is advancing in various sectors. In the manufacturing and infrastructure sectors, data-driven control systems facilitate optimisation at the facility-wide or equipment-specific level, gradually reducing the amount of energy consumed by the operation of production lines. In the agricultural and fishery sectors, rapid progress is being made with initiatives like precision agriculture and sustainable. In such ways, the use of technology is expanding to help ensure a sustainable supply of food while also mitigating the impact of climate change.

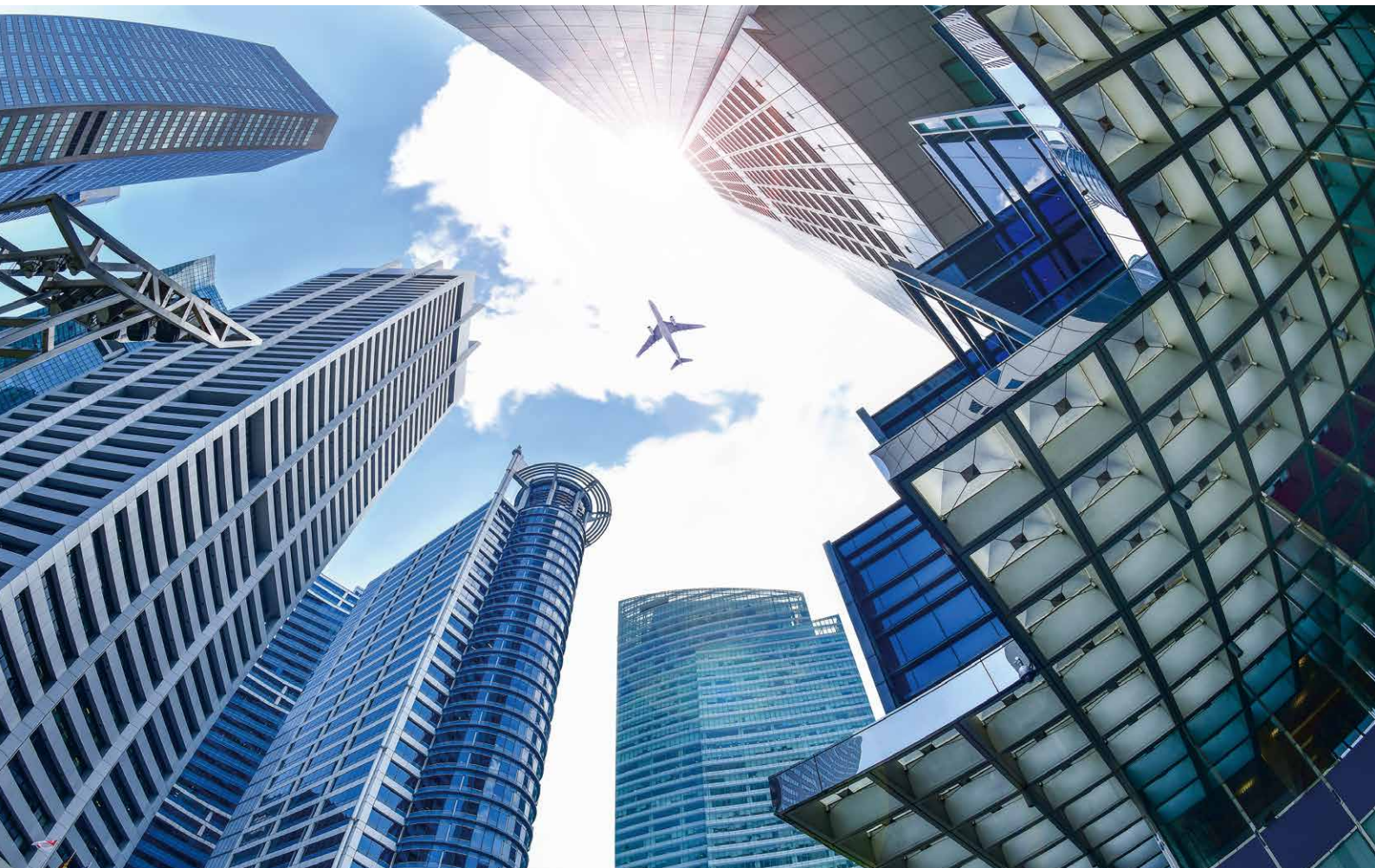


Shifting away from an unsustainable society

In this scenario, the frequent occurrence of natural disasters, accelerating spread of epidemics, food crises and other threats posed by environmental instability are seriously endangering the survival of the human race. The use of new technologies is attracting attention as a solution to these problems, and the pace at which new services are provided is accelerating year by year. At the same time, human labour is gradually being replaced by technology, causing job losses which have become a major problem worldwide. The heightening of these common threats to humanity has prompted the world to take cooperative initiatives. Sustainability is considered one of the crucial elements of the values that guide people's behaviour, while unsustainability is regarded as a major risk. One prime example of this is the shift from shareholder capitalism to stakeholder capitalism.

These values are also crucial when it comes to the use of technology. It will be important to establish a scheme to build trust to ensure that people can use feel safe and secure when using services, and that job losses do not lead to greater disparity.

Looking at this scenario from micro perspectives, the world may also see the rise of strong eco-minded 'green leaders'. This kind of strong leadership will facilitate the distribution of resources from developed countries to developing countries and those that have suffered damage, at both the national and individual level, and the values formed to guide new behavioural standards will lead to a greater number of people committed to supporting one another, steadily increasing the happiness of individuals even while our natural environmental remains in a precarious situation.





A new cold war era

International fragmentation and rapid technological advancements

China's GDP has surpassed that of the US, and the US and China remain the dominant powers in the world at least until 2031. The rise of China has heightened US-China tension, and fragmentation has intensified under these two superpowers.

The US continues to maintain and strengthen its security commitments with countries that have similar perceptions and values regarding potential threats, while China is also building its presence, particularly in the fast-growing Asian region. This will cause a new 'Cold War-like' tension, where both superpowers regard the other as a strategic competitor. While a direct, large-scale conflict between the US and China is unlikely, the risk of local military conflicts continues to exist.

As the world becomes more fragmented, the two superpowers deepen ties with their respective allies, building their respective economic blocs in addition to their cooperative military arrangements. Although China has become the world's largest economy, the world has not rearranged itself into a new unipolar order. Instead, two major economic blocs have developed in which countries are actively engaged in transactions with their allies.

Amidst this growing tension between superpowers, both countries' military-industrial complexes have also grown based on technology. One after

another, civil technologies, such as AI and drones, have come to be used for military, and are being increasingly integrated with military technologies. To gain a competitive edge, countries must outclass their rivals technologically and best them in information warfare. Countries will therefore become more competitive in the areas of space exploration and 6G development, which will drive rapid advancements in satellite and communication technologies.

Within each economic bloc, each group of allies will develop standards and networks, and actively share, resulting in significant technological advancements in the internal networks of each group of allies. At the same time, hacking will intensify on the part of both economic blocs, with the intent to destroy the networks and steal the information belonging to the other. This will prompt additional technological development in the field of cybersecurity. While many venture companies will be formed alongside various technological advancements, corporate restructuring through M&A is also expected to continue, significantly transforming the market economy.

In the world of this scenario, competition in technological development will drive the rapid advancement of technology, leading to economic growth.





Moderate changes in the global environment

Within a few years, the spread of COVID-19 has been mostly suppressed across the world. The effects of advanced technologies have partially contributed to avoiding a significant increase in the global temperature, and the environmental situation remains largely the same. However, even this moderate temperature increase, in combination with population growth, has caused the scarcity of resources, grains and water to continue to worsen, giving rise to increased competition for resources

and food across the globe and making it necessary for countries to take action. This includes active efforts by countries to raise their own food self-sufficiency rates by using technology to expand the agricultural and livestock farming of products for which they had previously depended on imports, both domestically and among their allies.

Limited trust

Global leaders no longer exist, and the common values and trust toward capitalism and democracy that formerly transcended alliances have been lost. However, common values and trust have been strengthened among allied countries that share a common understanding of security and the economy. Between non-allied countries, relationships have become sceptical and hesitant due to ideological and other differences.

In terms of corporate activities, numerous misstatements are being brought to light in publicly disclosed information related to immature markets that new technologies and frameworks. Some stakeholders are moving to build an information assurance framework that goes beyond the institutional accounting framework. But in a world that lacks trust, there is a tendency for each player to prioritise their own interests, making it difficult

to coordinate the interests of multiple stakeholder, and therefore impeding the establishment of such a framework.

This lack of trust has affected our personal lives as well. The number of people who disseminate biased and incorrect information via social media and other tools has increased, and new technologies are used to fuel protests and conflict. At the individual level, people do not have the means to judge the authenticity of information they receive, and find it difficult to identify the truth from among a flood of information.

Individuals are also increasingly falling victim to cyberattacks, which lead to an increase in the occurrence of personal information leaks and system failures, thereby contributing to the further decline of trust.





A dystopian society

A fragmented world order

Friction between the US and China has intensified in various fields.

Amidst intensifying conflicts between these two superpowers, the United Nations and other international organisations have become unable to formulate unified policies. And in the late 2020s, international cooperative initiatives in the fields of peacekeeping and disarmament have also fallen back.

This has led to various types of fragmentation in many countries and regions, creating more segmented economic blocs. Such fragmentation has increased military tensions worldwide and, at times, has triggered actual conflicts.

As for COVID-19, the issue of vaccine inequity between developed and developing countries remains unresolved, while new variants and resulting restrictions on movement continue to develop and spread throughout the world. Such restrictions on movement have also reduced our opportunities for interaction with others, dividing us emotionally as well as politically.

As international society further fragments, technology continues to develop. Fragmentation

limits the exchange of technologies and talent, but at the same time, competition accelerates the development of advanced technologies, as each country is driven by the pressure not to fall behind their rivals.

In this scenario, however, technological development also leads to the frequent occurrence of cyberattacks and hacking. An increasing use of IoT in all fields may increase the frequency at which not only organisations but also individuals experience physical damage to their property and information as a result. While companies and governments are taking more sophisticated defensive measures against such cybercrimes, they are unable to find solutions to fundamentally eliminate such crimes, as hackers have also become more organised and improved their techniques.

The use of technology has improved convenience, but has also made people and organisation more vulnerable to third-party attacks. This has caused the adverse reaction of driving some people to shun technology, while others embrace it to achieve a competitive advantage, thereby leading to another form of fragmentation.

Further environmental decline

Amidst the fragmentation of the international society, several major greenhouse gas emitters withdrew from the Paris Agreement in the mid-2020s, and the international environmental framework has lost all influence. Following this movement, many countries have effectively abandoned their own greenhouse gas reduction targets.

As countries devote themselves to competitive development and continue to emit greenhouse gases, the world's average temperature has risen significantly in ten years' time. Such a significant

increase in temperature has raised sea levels, narrowed coastal living areas, and continued to increase and intensify disasters, such as heavy rains, floods and typhoons, year after year. With the rise in temperature, communicable diseases unique to tropical regions have spread over a wider area, and some countries and regions have witnessed new types of disease. In the absence of international cooperative efforts to prevent epidemics, the risk of one of these communicable diseases developing into a worldwide pandemic continues to increase.



A world of vanishing trust

With the threats of frequent natural disasters and military conflicts, many people are living with anxiety about the near future. Fragmentation is rampant at the country, regional and individual level, forcing people to make decisions on how to survive. And more people are valuing survival even at the expense of others, rather than cooperation with others to solve larger problems. The shift to a dystopian society has been accelerated by disorderly competition in fragmented economic blocs and in an environment in which large-scale trust in social systems has been lost.

In such a society, people will increasingly seek trust in physical security and preservation of their property in order to protect their lifestyles. This includes national security and public order, as well as the security of having food, water and a place to live. At the same time, people will demand an even greater level of trust when it comes to ever-advancing technology, and interest in the safety and reliability of food, disaster prevention systems, national and regional security and cybersecurity will increase at an accelerating pace.





The future we aim to realise

What can we do in the future world?

We have discussed four possible scenarios that may plausibly occur over the next ten years by combining the key issues of climate change, politics and economics, technology and trust in complex ways. Since the beginning of the 21st century, our world has seen previously unimaginable crises, such as the 9/11 terrorist attacks, the 2008 financial crisis, the Great East Japan Earthquake and the global COVID-19 pandemic. We must acknowledge that in this world of great uncertainty, any of these scenarios is plausible.

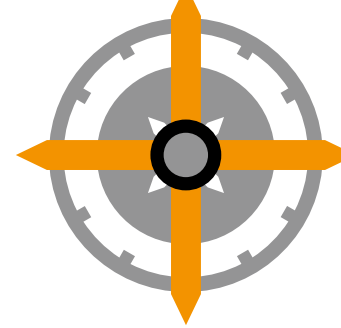
At PwC, our Purpose is to build trust in society and solve important problems. Since our establishment, PwC Aarata has been working to provide support for the creation and building of trust in audit engagements and broader assurance services, and to create a foundation of trust. Whichever scenario—a world fostering global cooperation, a dystopian world, or a world suffering from environmental degradation—comes true, it is important to remember that PwC’s values are

universal and shared across our global network. Although each of these four scenarios calls for a different type of trust, our Purpose itself remains the same.

We believe that each of us needs to understand the values inherent to this Purpose and put them into practice in a constantly changing society by delivering services with flexibility and the ability to overcome unforeseen circumstances.

We must also consider whether we ourselves can adequately adapt to the business environment in each of the four scenarios we have discussed.

On the next page, we have recapped all the scenarios and explored in depth what type of “trust” is called for in respective scenarios and what we should focus on in order to build that “trust.” Based on this analysis, we, as junior generations, have proposed actions for the future.



	Overview	Trust-related needs	PwC's focus
Science fiction comes to life	<ul style="list-style-type: none"> • Technology advancing; climate change under control • Initiatives to realise stable economic development and eliminate disparity, leading to improvements in well-being and quality of life • Creation of networks that go beyond conventional frameworks such as countries, regions, companies and schools 	<ul style="list-style-type: none"> • Trust in information through the establishment of globally uniform regimes (including trust related to not only financial activities but also corporate and economic activities and their impact on the environment, society and other elements) • The fundamental trust in society and the economy that is necessary for each individual to realise a way of life that suits them 	<ul style="list-style-type: none"> • Enabling real-time audits and more by using more advanced audit procedures to address risks by leveraging technological advancements • Addressing social disparity through the proof of concept of basic income • Ensuring trust in information for individuals in addition to companies • Support for companies in evaluating their purpose-oriented and/or wellbeing-oriented business management, and support for establishing programs that enable flexible working styles
A united front against environmental crises	<ul style="list-style-type: none"> • Rising resource prices and increasing natural disasters as the result of climate change • A need to provide support to developing countries, emerging countries and those that have suffered damage • The rise of eco-minded 'green leaders' and technological advancements related to the global environment 	<ul style="list-style-type: none"> • Trust in technologies that can combat climate change and extreme weather (e.g. climate change simulations and disaster prediction technologies) • Trust in measures that will help build resilience in countries and regions that have suffered damage 	<ul style="list-style-type: none"> • Assurance services related to climate change data, including carbon credits, emissions allowances and environmental taxes • Disaster and recovery support simulations • Recovery support for communities that have suffered damage, including companies and governments • Creating standards and systems in new fields, including space exploration
A new cold war era	<ul style="list-style-type: none"> • Formation of and conflict between economic blocs led by superpowers • Absence of global leaders and heightening of tension • Technological advancements related to military and communications against the backdrop of tension among superpowers 	<ul style="list-style-type: none"> • Trust in uniform regimes and frameworks and disclosed information within each economic bloc • Actions to address external cyber risks originating from the rival economic bloc 	<ul style="list-style-type: none"> • Support for establishing regimes and frameworks, including treaties and standards, within each economic bloc, and audit and assurance services for disclosed information • Support for establishing a cybersecurity structure within each economic bloc
A dystopian society	<ul style="list-style-type: none"> • A fragmented international society and heightened impact of climate change • Loss of trust and the awakening of survival instincts • Fragmented communities and an increased need for cybersecurity 	<ul style="list-style-type: none"> • Trust in national governments and in the communities to which people belong, which help to ensure the financial and physical security of individuals • Security for technologies that could cause damage or harm to people 	<ul style="list-style-type: none"> • Support for distributing resources among countries through the PwC global network, including refugee support • Support for establishing cyber security structures within and between communities • Providing cybersecurity services to individuals

PwC Aarata's core competences and future business strategy

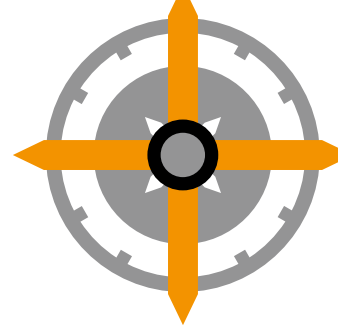
In order to build trust and continue solving important problems in society in each of the potential scenarios we imagined, we need people within our organisation who can share a common awareness of the problems we need to address, and who can bring our common values to life. In this project, in addition to scenario planning, we performed a business model analysis to gain a better understanding of the economic assets our firm already has. Based on this analysis, we consider that our unique core competences are: (i) people with diverse backgrounds and capabilities; and (ii) an open and flat corporate culture that encourages our people to speak up and try new things. We believe that these competences are essential for us to achieve sustainable management in a highly uncertain future. As we develop our business going forward, our firm will need to further strengthen these competences in a way that enables us to adapt to the times.

Developing talent with diverse backgrounds and capabilities

In the area of human capital development, in preparation for the diversification of trust that will be called for in the future and the accompanying diversification of business models, it is important for PwC Aarata to attract talent that is highly capable of adapting to changes. In developing a human capital model, we need to define a business portfolio at the firm-wide level to prevent the decentralisation of our business and determine how to distribute our people based on that portfolio. In terms of our business portfolio, we expect to achieve sustainable growth while maintaining the scale and quality of our accounting audit practice, and to expand the scope of assurance services provided as part of our broader assurance practice.

In this way, we aim to expand our assurance services in Japan and enable people to live safely and securely in a society more anchored to trust. Our employees will therefore strive to keep developing themselves as trusted professionals through enhanced training programs, from acquiring and updating knowledge to building multifaceted soft skills. We will also need to develop global leaders. By digitising and increasing operational efficiency, we aim to build a workplace that facilitates investments in developing the capabilities of each employee and helping them to realise their career aspirations.





An open and flat corporate culture that encourages our people to speak up and try new things

To maintain and enhance a culture that encourages our people to try new things, it is essential that we solidify the trust-based relationships among employees and the trust between the firm and its employees. The ideas and discussions that arise from interactions based on such trust are one of the strengths our firm uses to overcome difficult situations, and will play a critical role in delivering our Purpose. We therefore need to strengthen the trust-based relationships that are built through both formal and informal communications, as well as our ability to evaluate the ideas generated from these relationships. For example, we can promote a hybrid work style built upon a combination of virtual and physical offices, including shared spaces like

cafes where employees can gather casually to share their ideas.

From the perspective of forming an organisation that encourages its employees to try new things, it may also be meaningful in today's highly uncertain world to establish an audit firm that goes beyond the borders of PwC Aarata to implement full-scale digitisation and standardisation and to serve as a highly agile organisation that can act at a pace that large firms cannot keep up with. This kind of initiative may help us promptly adapt to new technologies and respond to changes in the social landscape.





In conclusion

As we face the future

Recap of the project and takeaways on facing the future

Under our Purpose, ‘to build trust in society and solve important problems’, PwC aims to become the most trustworthy professional service network in the world. In order to deliver our Purpose even in a highly uncertain future, we need to become an organisation capable of catering to the needs of our clients and society, depending on the type of trust that is called for in a given scenario. During our scenario planning and the formulation of the strategic recommendations we discussed the previous sections, we have considered how we can realise this vision.

PwC has also announced our new global strategy, The New Equation.

With The New Equation, we aim to help our clients and stakeholders build trust and deliver sustained outcomes through our global network by combining our talented people and innovative technologies.

By taking passion and humanity, and putting them together with the latest technology, we help clients and stakeholders deliver faster, smarter and better outcomes and build trust across the value chain. This trust is essentially the same as the type of trust that is called for in each of the scenarios we developed.

As we participated in this project as junior employees, we were aware of our responsibility to establish and implement a management strategy in line with The New Equation. In the last section of this report, we would like to communicate our own takeaways from the project in terms of how each of us should contribute to society and build trust, and where we see ourselves in ten years.



Sho Otaki

Associate,
Assurance - Technology, Media and Telecom
PwC Aarata LLC



Having engaged in many discussions through this project, I realised that the areas where our society will demand greater trust are greatly dependant on what kind of society we will become in the future. Nevertheless, all of our project members agree that even if society, and the type of trust called for by society, changes significantly, PwC's Purpose to build trust in society and solve important problems remains steadfast, and to deliver its Purpose, PwC should continue as a unique organisation made up of people with diverse backgrounds and a culture that encourages those people to speak up. In order to achieve this as an organisation, I feel that each of us working for PwC need to cling tight to our values and demonstrate our individuality. This project also helped me aspire to become a distinctive and strong-willed professional.

But what exactly is a distinctive and strong-willed professional? While there are many correct answers, what it means to me is to become a professional with a high level of knowledge in a particular industry, who is relied upon by others internally and externally, both in audit and non-audit engagements.

I have not yet determined in which industry I want to build my expertise, but I would like to find and focus on a field that best aligns with the knowledge and experience that I have already acquired and will acquire going forward, as well as with my interests.

To this end, I will first gain experience through audits of a variety of companies in various industries. By looking at various industries through the lens of our audits, I hope to find a field that I want to focus on.

Once I have gained sufficient audit experience, I will also proactively engage in non-audit engagements relating to industries that are relevant to my chosen field of focus.

I envisage myself, in ten years' time, applying the professional knowledge I've accumulated through such engagements to activities aimed at acquiring new engagements, as well as to public relations activities, such as lecturing and writing papers both internally and externally.

Misa Nakayashiki

Senior Associate,
Assurance – Consumer and Industrial Products and Services
PwC Aarata LLC



The first question we were posed in this project was: ‘What is your ideal firm?’ In order to find the answer, we repeatedly discussed multiple scenarios and considered what type of trust is called for, how our values vary and what is the definition of happiness in each of the scenarios we imagined. And for the first time, we became aware of the importance of PwC’s Purpose, which remains steadfast in any scenario.

When I thought about my future in direct relation with the future of PwC, which has a clear Purpose, I realised something that we often take for granted, but that is extremely important: that we ourselves are also a part of society. Building trust in our organisation and among our colleagues and solving our own problems is just as important as building trust with stakeholders and clients and solving their important problems, and requires the same amount of energy. If one person’s problems increase while others’ problems are solved, our society as a whole remains the same, and the overall level of happiness will not improve at all.

To build trust and solve problems among our colleagues, we must realise our own well-being, and that energy will, in turn, drive delivery of higher quality and more robust client services. Realising frameworks and an organizational culture that

enable each of us to work with peace of mind, without worrying that our growth may be impeded—that has become my new dream. And to thoroughly instil such frameworks and culture into our firm, I myself must also become a trusted and influential businessperson.

To achieve this, I think I need to step out of my comfort zone, proactively engage in various activities to gain experience and place great importance on a ‘never give up’ mindset. Also, I intend to enhance my people skills by learning best practices in different environments, whether internally or externally, at home or abroad, sometimes introducing new values or sharing my values with the people I meet as part of those opportunities, and also embracing their values in return.

So, what is my ideal firm?

My answer is a firm where people have a high level of happiness. So long as we embrace ourselves and others, are resilient and flexible, and can feel happiness and get a sense of accomplishment or fulfilment in working for this firm, I believe that we, with the ability of adapting, can deliver our Purpose no matter which scenario comes true.

Minori Mori

Senior Associate,
Assurance - Asset & Wealth Management
PwC Aarata LLC



Through this project, I learned about the current state of the world and imagined various future scenarios. Then, based on those scenarios, I thought about the kind of professional I wanted to become. As I am usually busy with my work at hand, it was refreshing for me to discuss key topics from a broader perspective, and it made me want to take more time and create an environment and relationships that make it possible for me to talk about these topics with various people. And I was able to reaffirm how much I enjoy engaging in discussion with others.

However, as we discussed the scenarios, I had to face the fact that we are facing a great deal of problems that require action, and that not all of the potential future scenarios are positive. We cannot simply wait and expect a positive future to appear. We need to create that future by taking action, step by step. As we move forward in this way, I believe that trust will be the foundation of everything.

As one participant in the building of our future society, I would like to become a professional who is honest with both myself and others.

Being honest does not mean always telling others what they want to hear. It means listening to what others say, frankly communicating what needs to be said even if it is not what the other person wants to hear, and continuing the discussion until both parties are satisfied.

By continuing to handle my daily work with honesty and integrity, I want to build trust-based relationships with my team and our clients, and be the kind of professional that people can trust with matters other than my daily work. I want people to be able to consult with me on a variety of issues, and to be able to both solve some of their problems by myself, and at other times to introduce them to other professionals who can solve their problem. Either way, I want to be the starting point of a cycle of trust, where new trust-based relationships are formed by helping others solve their problems, and where such relationships also lead to solutions to other problems.

In order to become this kind of professional, I must have confidence in my field. Since I engage primarily in audit engagements, I would like to keep accumulating knowledge and experience related to accounting audits, and to continually update my idea of what the 'best solution' is. I also need the ability to identify the needs of others and the world. I hope to nurture this ability little by little by staying aware of the world around me to collect relevant information and by taking care in my communications. Finally, it will be very important for me to continue updating my values. In many cases, things were regarded as common practice ten years ago are now considered unthinkable and vice versa. However, rather than pretending that the past never happened, I would like to become the kind of person who can flexibly adapt to changes and grow over time.

Ayaka Kawahara

Senior Associate,
Assurance - Insurance
PwC Aarata LLC



By participating in this project, I learned about the scenario planning approach for the first time. This project began with brainstorming about what kind of PwC we wanted to work for in the future, and was a refreshing experience for me because it differed from audit engagements in various ways. This project encouraged us to think outside the box, for example, and allowed us to decide the scope of our discussions by ourselves. I also enjoyed engaging in discussion with colleagues of the same generation from different divisions; I think this was a good opportunity to think seriously about the future.

As we considered what kind of scenarios we wanted to construct, I realised that the three key issues of politics and economics, climate change and trust could shift significantly, either for better or for worse, and realised how uncertain the future is. Moreover, as I read various research results and articles, it saddened me to learn that Japan is not likely to be able to resolve the issues of a declining birth rate and an aging population, and is more likely than many other countries to head for a moderate decline. Nevertheless, the role of accountants to ensure trust remains important in all four scenarios. Particularly if the world heads toward one of the scenarios where trust is lost, the need for us to ensure trust in various information beyond the existing regime of statutory audits, such as financial statement audits and internal control audits, will increase.

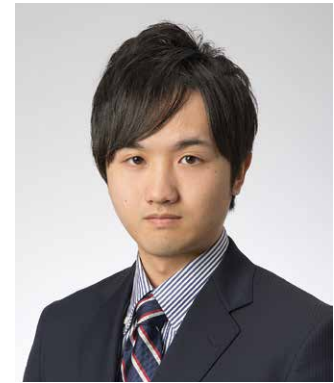
This project has inspired me to become a professional who can identify issues faced by society and clients on my own initiative and is capable of providing additional value. What I can start doing now is to strike a balance between investment in the present and investment in the future, accumulating experience by diligently completing my tasks at hand and thoughtfully engaging with my clients while also making time to study to expand the kind of work I will be able to take on in the future. (In my case, this means studying English and the International Financial Reporting Standards). In this way, I believe that I can enhance my strengths as an accountant capable of adapting to a rapidly changing society.

I also feel that building trust in the workplace is extremely important in a remote work environment, where it can be difficult to feel a connection with colleagues. Just as I am always helped by the people around me, I want to proactively initiate communication with others, and thereby contribute to creating a workplace where people can work without stress.

I joined PwC because I was particularly attracted to our open and diversity-minded organisational culture that would enable me to bring passion to my work. I am working to become a person who can work proactively to improve my team, so that this organisational culture can develop more over the next ten years.

Kento Tokuda

Senior Associate,
System Process Assurance
PwC Aarata LLC



This opportunity to discuss and analyse the future through scenario planning made me realise that the world is filled with much more uncertainty than I had expected. But that is why it is important to think about the future. I want to keep exploring what value we can provide to society.

As a professional in the field of technology, I think we need to explore more deeply the ways in which society can maintain and further drive the speed and security with which it develops and utilises technology, which we expect to continue to evolve. Going forward, I want to further deepen my understanding of the ecosystems that drive the development and use of technology and contribute to building the trust that is needed to further advance those ecosystems.

There are many things I learned through this project, including these kinds of discoveries about what I want to do and should do in the future. But such discoveries were only possible because I was able to engage in multifaceted discussions with team members with whom I was working for the first time. I believe that there are limits to what anyone can do on their own in highly uncertain world. Therefore, I will continue to pursue opportunities to meet new people and try new things.

By 'meeting new people', I don't mean only making someone's acquaintance, but also to seeking to understand that person's thoughts and background and analysing how they are different from your own. It is also important to share information about your, and to listen to what the other person is saying with an open mind, in order to gain valuable information from the experiences and ideas we gain in this way. Trying new things, then, is an opportunity to turn that information into output. This includes taking on many challenges, from small things that arise as part of our daily work to taking on completely different fields in which we have no previous experience, but the common concept behind all of these efforts is to put an the ideas we have formed based on those inputs into practice. I believe that repeating this cycle of input and output will be extremely important in taking on problems involving a high degree of uncertainty.

This project really drove home the severity of uncertainty, but also helped me to see great potential in the future of society, PwC and myself. By valuing the people I have met thus far and the people I will meet going forward, I hope to continue to try new things with a flexible outlook.

Takuma Yoshikawa

Senior Associate,
Assurance -Nagoya
PwC Aarata LLC



Through this project, I became keenly aware of the diverse nature of uncertainties that could occur in the future, as well as the severity of their impact on society and people. At the same time, I thought that it was important not to passively react to these uncertainties but to proactively think about what I could do, to connect with the people around me and with society as a whole through a chain of trust and to work together with others to solve problems.

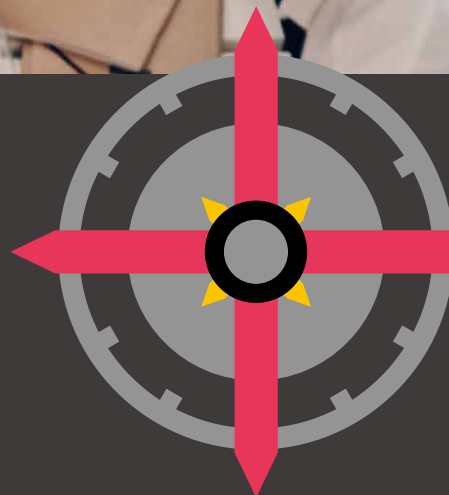
To accomplish this, I first need to become trustworthy myself so that people will want to respond when I reach out, and I also need to be able to put aside my pride and rely on others when necessary. So I first need to accumulate sufficient experience to make myself worthy of such trust and also to learn how to rely on others without being a burden.

To do this, I plan not only acquire a broad range of values and knowledge through overseas secondment and transfer to other divisions, but also to take any opportunity I can to take on challenges that are beyond the scope of my usual work. I want to make an active effort to learn and gain knowledge of IT and other advanced technologies,

even if they are not directly related to accounting audits; take ownership of efforts to address social problems such as environmental issues, the declining birth rate and the aging of society; be steadfast in my own thoughts; and start taking action by doing what I can do right now.

To learn how to rely on people, I plan to observe how my supervisors and colleagues ask others to perform tasks or consult on certain issues, thereby making continued efforts to always consider things from different angles and to maintain a strong, up-to-date understanding of the circumstances of others and the overall flow of work.

While continuing to value the relationships I have already built, I will actively work to build new networks with people and thereby expand and deepen my connections with others. I will deepen my relationships with the people around me and strive to become someone whom people, whether inside or outside the firm and regardless of their title or grade, can rely on when they are having trouble and also someone who can rely on others when I am in trouble.



Contact us

PwC Japan Group

<https://www.pwc.com/jp/en/contact.html>



Masataka Kubota

Deputy CEO,
PwC Aarata LLC

Kazuhisa Nakagama

Senior Manager,
PwC Aarata LLC

www.pwc.com/jp/en

The PwC Japan Group is a collective name for the member firms of the PwC global network in Japan and their affiliates. Each firm within the PwC Japan Group conducts its business as a separate, independent business entity.

In response to our clients' increasingly complex and diverse corporate management issues, the PwC Japan Group has put in place a system that consolidates our knowledge in the fields of auditing and assurance, consulting, deal advisory, tax and legal services, and encourages organic collaboration among our professionals in each field. As a professional services network with approximately 10,200 certified public accountants, tax accountants, lawyers and other professional staff, we strive to provide services that more accurately address our clients' needs.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 152 countries with nearly 328,000 people who are committed to delivering quality in assurance, advisory and tax services.

Published: May 2022 Control No: I202206-05

©2022 PwC. All rights reserved.

PwC refers to the PwC network member firms and/or their specified subsidiaries in Japan, and may sometimes refer to the PwC network. Each of such firms and subsidiaries is a separate legal entity. Please see www.pwc.com/structure for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.