Climate Action Plan

PwC NL

Version 2.0 – 10/09/2024

PwC the Netherlands – Climate Action Plan

This plan outlines immediate and future actions to cut emissions, targeting a 1.5°C scenario. The action plan focuses our business operations and part of our upstream emissions (both on climate mitigation and adaptation), enabling us to forecast our future emissions and take appropriate action

This Climate Action Plan covers our business operations and upstream emissions (as reported in scope 1,2 and 3):

- Our business operations, including our emissions profile, base year analysis and the SBTi commitment,
- Climate change mitigation actions,
- Climate change adaptation actions,
- The governance and resources allocated for their implementation.

This Climate Action plan excludes Sustainable Procurement and the Climate Change Services, which would be covered in separate action plans.

This plan is supported by our Environmental Policy, underlined by climate change being identified during the materiality analysis as one of the material topics for our business operations. Climate action and focus on net zero have been successfully embedded in PwC NL business strategy and financial planning. Annual progress and performance against the targets and actions set in this plan is published in our Annual report, which has reasonable assurance.

The action plan is approved by the Net Zero leader and thereafter the Chief Operations Officer (Board representative for Net Zero and CS). It reflects our present understanding and may evolve with new information. It remains a dynamic plan, subject to regular updates.

01

Our business operations – climate change

Our business operations emissions profile

PwC discloses its emissions data following the guidelines of the Greenhouse Gas (GHG) Protocol

Measuring and reporting

By GHG emissions we mean the greenhouse gases described in the Greenhouse Gas Protocol (GHG Protocol) expressed in CO2 equivalents. These include CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3. The GHG Protocol is the international standard for reporting greenhouse gases. In the report, the emissions are categorised into three scopes:

Scope 1: Direct emissions from owned/controlled operations

Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling

Scope 3: Upstream emissions

In 2021, PwC NL conducted a gap analysis and GHG inventory to identify key emission sources for reporting, setting annual tracking and reduction targets consistent with the 1.5°C scenario based on emission size, influence, and data quality.

The following were excluded:

- Serviced emissions (should be within the scope of a separate Climate Services Policy),
- Purchased goods and services not covered in scope 3 are part of our supplier engagement target (sustainable procurement),
- Datacentres (to be evaluated in FY25).

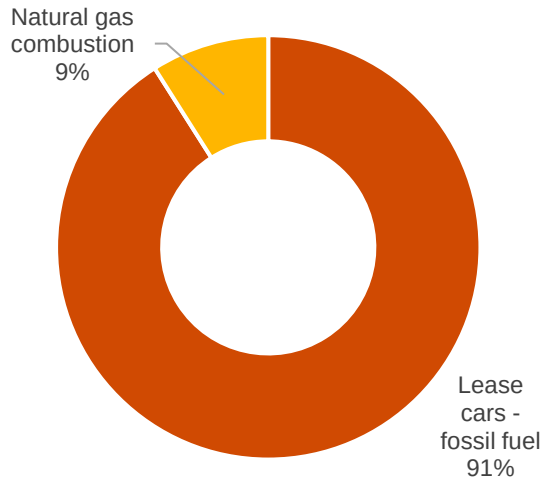
Scope 1 GHG emissions
Gross Scope 1 GHG emissions
Scope 1 GHG emissions from regulated ETS (%)
Scope 2 GHG emissions
Gross location-based Scope 2 GHG emissions
Gross market-based Scope 2 GHG emissions
Significant Scope 3 GHG emissions
Gross Scope 3 GHG emissions
Purchased goods and services
Capital goods
Waste generated in operations
Business travel
Air
Car
Public transport
Accommodation
Employee commuting
Total GHG emissions
Total GHG emissions (location-based)
Total GHG emissions (market-based)

Net zero and our base year emissions analysis

FY19 is our base year, about 25% of these emissions were in scope 1, 10% in scope 2 and 65% in scope 3

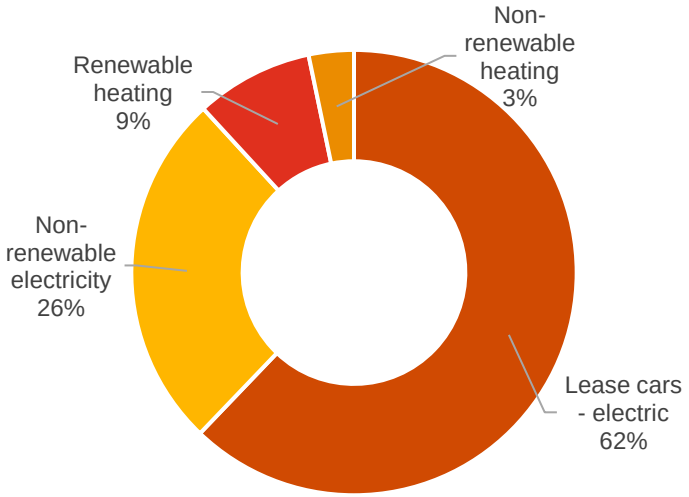
- A gap analysis has been performed in 2021 for our emission reporting scopes, considering emission size, PwC NL's influence, and data quality/availability. The categories listed below are material within our emissions profile. They are to be tracked annually and reduction targets in line with the 1.5°C scenario have been set.
- In line with the SBTi criteria, the targets and figures are evaluated and recalculated annually, if necessary. The GHG Protocol does not provide a threshold for significance. However, in the case of structural changes, a recalculation is always performed. When the inventory of scopes changes (either due to a change in methodology or new knowledge about emissions), the base year should also be recalculated using the new methodology or knowledge. The CS department is responsible for verifying the necessity of the recalculation, while the Finance department is responsible for carrying out the recalculation of both the target and the base year.

FY19 Scope 1 emissions



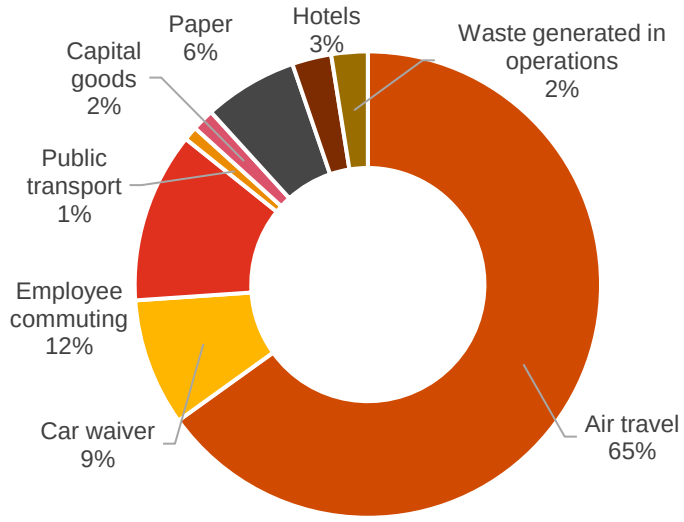
Scope 1 made up about 25% of PwC's total tCO2e emissions in FY19. This was mostly caused by fossil fuel lease cars. Since FY2023 we have transitioned to biogas.

FY 19 Scope 2 emissions



Scope 2 made up about 10% of PwC's total tCO2e emissions in FY19. The biggest part of these emissions were caused by electric lease cars.

FY19 Scope 3 emissions



Scope 3 made up about 65% of PwC's total tCO2e emissions in FY19. The majority of these emissions were caused by air travel.

Our near-term and intermediate SBTi targets

PwC NL will reduce its emissions in line with a 1.5°C scenario. In July 2021, our near-term 2030 emission reduction targets were independently validated by the Science Based Targets initiative (SBTi)

- 2030 emission reduction targets include a minimum of 50% absolute reduction in scope 1 and 2 emissions and a 50% absolute reduction in business travel emissions from a 2019 baseline by 2030.
- In addition, PwC NL has successfully transitioned to 100% renewable electricity, meeting its goal and target.
- PwC NL will collaborate with major suppliers to promote and assist them in reaching Net Zero. By 2025, the goal is for 50% of suppliers, by emissions, to establish science-based targets for their own emission reductions.
- PwC NL aims for 100% emission reduction by 2030 and has included additional Scope 3 emission sources (generated waste, employee commute, paper, and IT products).

Driving efficiency

Avoiding or reducing emissions associated with our energy use, consumption and travel is the starting point of our strategy.

Switching to renewables

Purchasing renewables is one of the key ways we reduce our impact.

Carbon offsetting

To mitigate the impact of our emissions, we're supporting a range of high-quality voluntary carbon offsetting and removal projects.

Interim targets to achieve our long-term vision

- FY22: maintain 25% reduction of pre-covid mobility, 30% less in 2024 and aim for 50% less in 2030 *(NL included in Global target)*
- FY22: 100% renewable electricity *(NL specific target)*
- FY25: zero waste *(NL specific target)*
- FY25: fossil-free car fleet *(NL specific target)*
- FY24: 40% emission reduction *(NL included in Global target)*
- FY25: 50% Science Based Targets coverage with suppliers *(NL included in Global target)*

We further report our progress against several KPIs

- Total GHG emissions intensity ratio per employee (tCO2e/FTE)
- Total GHG emissions intensity ratio per revenue* (tCO2e/m€)
- Energy efficiency (kWh/m2)

*By revenue we understand the territory revenue, this includes work that has been contracted out from other members of the PwC Network

02

Mitigation actions

Progress on key emissions reduction activities

The most important emission reduction initiatives that have been implemented or are planned. These have been consulted and agreed upon with the Net Zero Advice Group and several internal stakeholders such as Facilities Management, Human Capital and Procurement. Looking at progress so far, we are currently on trend to achieve our emission reduction targets – with no significant changes expected

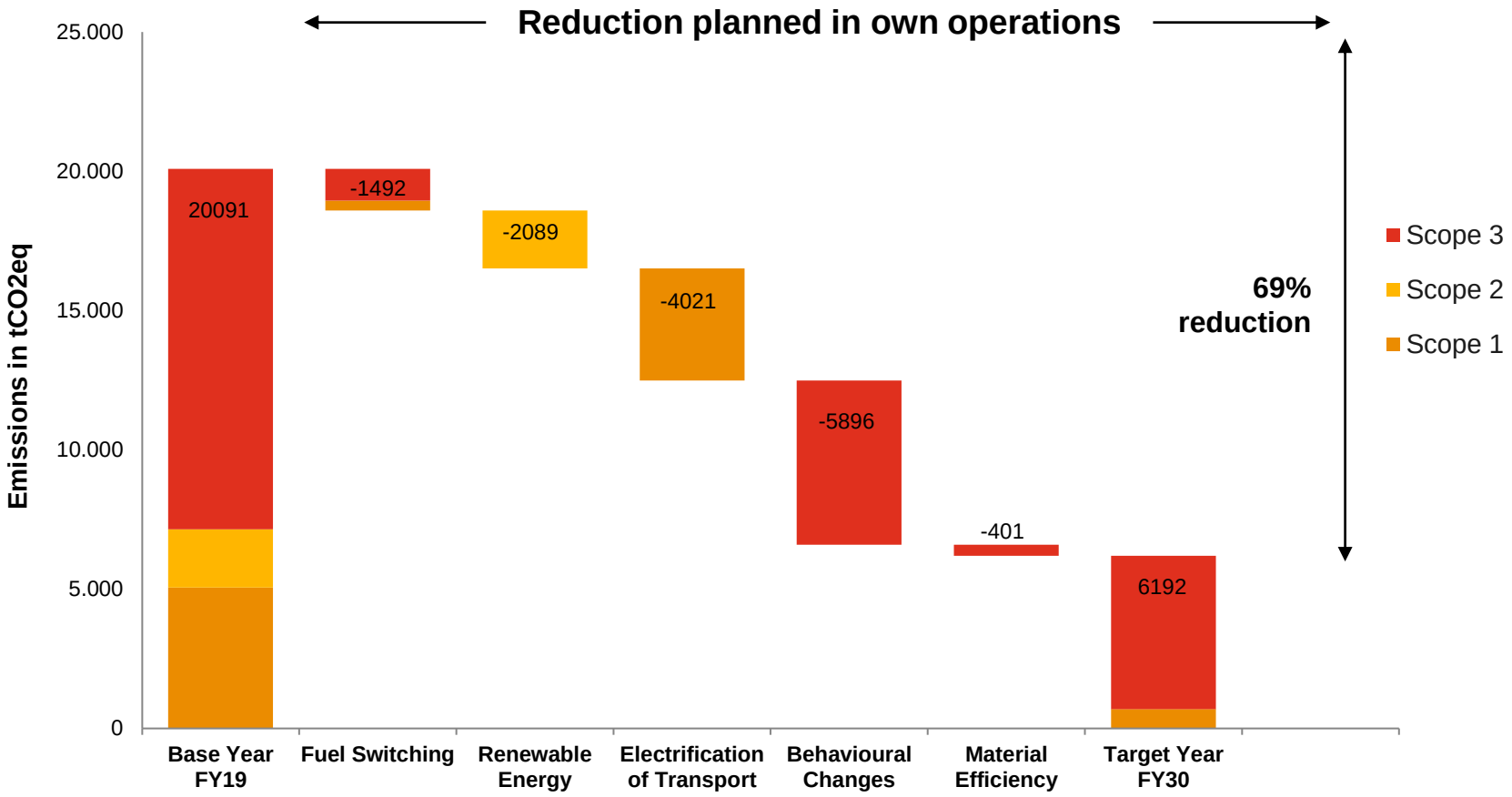
Decarbonisation Levers	Emission reduction activities	Achieved emission reduction to date 2023/2024 (tCO2e)
Behavioural Changes	The behavioural change decarbonisation lever encompasses initiatives such as hybrid working to decrease the need for commuting, the use of the EFI tool for personal emissions tracking and team planning, enhancement of video conferencing tools to replace travel for meetings, and waste reduction strategies that involve behavioural change, smarter procurement, and awareness campaigns to minimise waste and increase recycling.	± 10,535 (tCO2e) or 52% emission reduction compared to our baseline
Electrification of Transport	A key initiative for reducing emissions through transport electrification is the green car policy. This policy will phase out fossil fuel vehicles and replace the entire lease car fleet with electric vehicles (EVs) by fiscal year 2025, achieving a fully electric car fleet.	
Renewable Energy	To reduce emissions, green certificates are bought for EV kilometres driven, and 100% renewable electricity is sourced either directly or through certified renewable energy certificates for electricity usage at the office locations.	
Fuel Switching	The fuel switching decarbonisation strategy includes two key initiatives. First, for all office locations, biogas is purchased, second, we commit to using Sustainable Aviation Fuels (SAF) for all flights, ensuring that 100% of its air travel is powered by more sustainable fuel options.	
Material Efficiency	Reducing emissions by decreasing paper use, investing in IT infrastructure and promoting hybrid working arrangements.	

Forecasted growth and planned reductions

In the graph below the most important decarbonisation levers over scope 1, 2 and 3 are presented

To take into consideration:

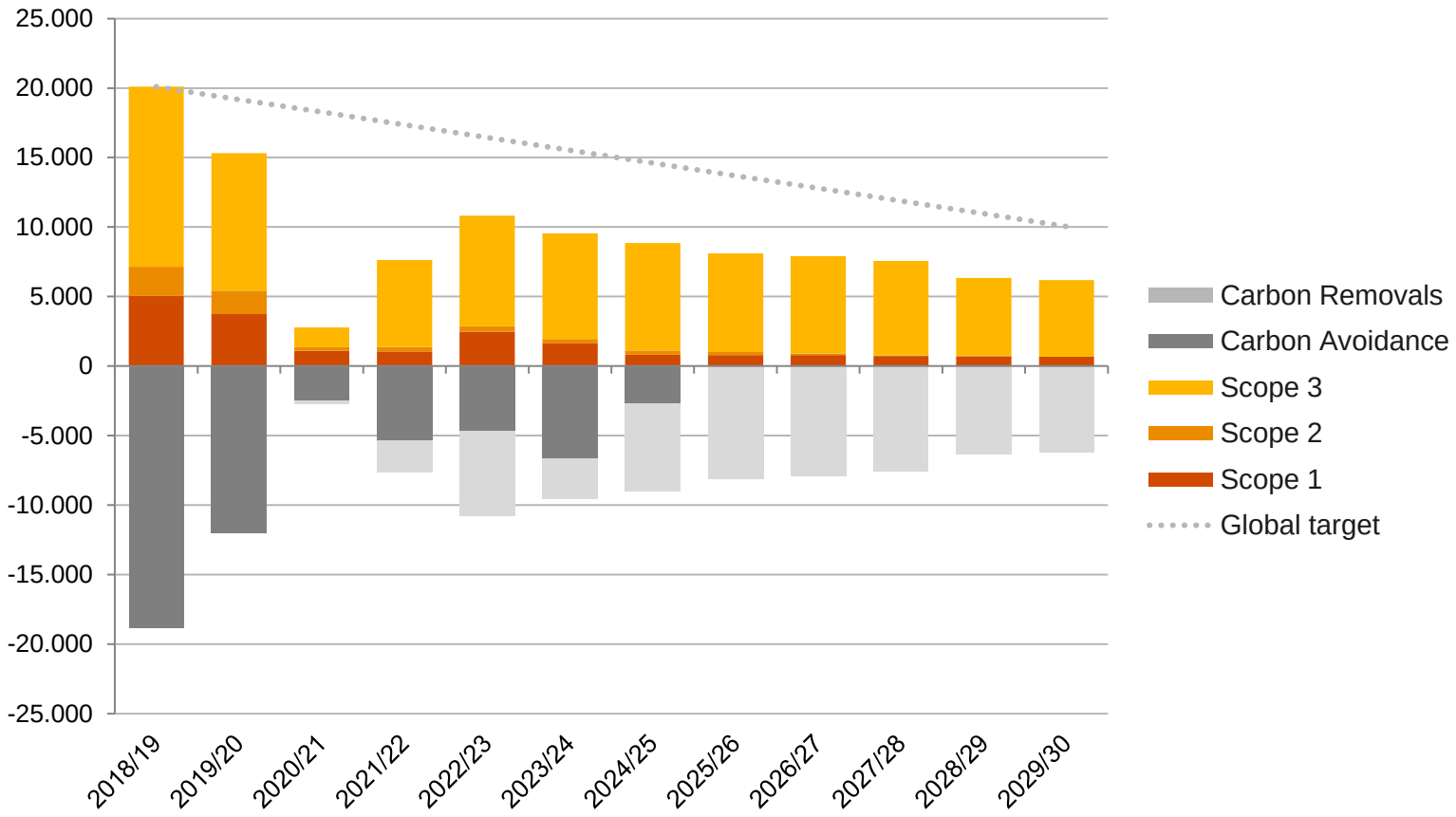
- Within this emission reduction path, we assumed we will successfully reduce overall motorised mobility emissions by 50%.
- Behavioural changes in scope 3 comprise of mobility reductions (both motorised and air travel) by incentivising hybrid working.



Offsetting our remaining emissions

PwC NL currently achieves 'climate neutrality' by offsetting emissions with high-quality carbon certificates and plans to transition to Carbon Removal credits to meet SBTi Net Zero targets, which do not permit regular avoidance credits. Our strategy prioritises substantial GHG emissions reduction, complemented by offsetting residual emissions

Expected required volume of carbon removals and carbon avoidance tCO2e FY21 - FY30



Key assumptions & Goals

- The allocation of removal and avoidance credits from FY23 to FY25 follows an estimated trajectory based on projected emissions from FY19 to FY30. The actual volume and distribution of carbon credits needed may vary due to changing circumstances and dependencies.
- PwC NL is shifting from offsetting to carbon removal to align with SBTi Net Zero requirements, aiming to use carbon removal exclusively from FY26. We prioritise local projects, ideally within the Netherlands or Europe. Certified carbon removal options are currently scarce, and with increasing demand, supply may fall short. To address this, we're investing in emerging projects that could potentially become certified, acknowledging the risk of project failure or lack of certification.

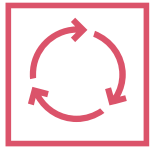
03

Adaptation actions

Climate-related risks and opportunities – current setting, scenarios and ambitions

Based on the findings identified in the PwC Network Environment report we considered the risks and opportunities related to climate change specific to PwC Netherlands

The major strategic implications for our business can be summarised by two main scenarios: **the Paris-aligned scenario** (1.5°C leading to transitional risks) and the **No mitigation scenario** (4°C leading to physical risks). Both scenarios are interconnected. If we stay closer to the 1.5°C scenario, physical risks such as the extreme weather conditions are less likely. If we head towards the 4°C scenario, physical risks such as drought, floods, wildfires will prevail and therefore the transition risks, such as the failure to embed climate-related matters in our services, will become less relevant.



Our level of control and ability to reduce risk changes as we move downstream towards our business portfolio and the broader market, where we'll need to work proactively with other stakeholders to make sure we're making progress for our business and tackling broader climate change. Some of the risks have already been addressed by the measures that we have in place and a few of the other risk areas are to be addressed in the upcoming years.

We **periodically review** the relevance of the scenarios we apply in our analysis and refine as needed. The ambition for the upcoming years is the full integration of climate risk within the overall risk management, including qualitative and quantitative analysis, as well as the scenario analysis for physical and transition risks specific to PwC Netherlands.

Source: https://www.pwc.com/gx/en/corporate-sustainability/pdf/2023-pwc-network-environment-report.pdf

Transitional and physical risks & opportunities – our response

The below table includes the transitional risks and opportunities related to climate change specific to PwC NL and the measures taken

	PwC Network risk and opportunities*	Type of risk	Our NL business reponse
Both scenarios	• The need to adapt our core services to embed consideration of climate-related matters	Transitional	• To be adressed in the Climate Change Services Action Plan.
	• The development and scaling of new and emerging climate services to support clients	Transitional	• To be adressed in the Climate Change Services Action Plan.
	• Continued ability to attract and retain talent	Transitional	• Campaigns to create awareness and share our ESG knowledge and experience. Opportunity for employees to contribute to sustainability-focused pro-bono projects.
	• Brand/reputational impact arising from our contribution to the climate agenda	Transitional	• PwC has committed to Net Zero and has validated Science Based Targets initiative (SBTi) targets in line with a 1.5 degree scenario. We practice what we preach and share our performance in our annual report. We communicate new and existing Net Zero measures publicly and contribute to the debate and development of innovative emission reduction strategies and technologies. • We build partnerships and coalitions (UN Global Compact, Anders Reizen, MVO Nederland, SkyNRG Board Now) to lead engagement and share best practice.
Paris-aligned scenario (well below 2°C)	• Disruption in sectors with high levels of transition risk with implications for our portfolio	Transitional	• To be adressed in the Climate Change Services Action Plan.
	• Disruption in geographies with high levels of transition risk with implications for our portfolio and for those regions	Transitional	• To be adressed in the Climate Change Services Action Plan.
No mitigation scenario (>4°C)	• The need to plan for the impact of potential acute and chronic climate events on our office network, people and operations (including our key suppliers)	Physical	• Our hybrid way of working makes our workspace less location bound. • We intend to annually assess our risk exposure to acute climate events in collaboration with PwC Global.**
	• The portfolio impact of potential acute and chronic climate events in higher risk geographies	Physical	• To be adressed in the Climate Change Services Action Plan.
	• Global or regional economic disruption arising from the impact on sectors with supply chains that are heavily concentrated in areas of high physical risk	Physical	• To be adressed in the Climate Change Services Action Plan.

* = Assessment based on Global Environment report: https://www.pwc.com/gx/en/corporate-sustainability/pdf/2023-pwc-network-environment-report.pdf
** = Most recent physical risk assessment was done for all PwC NL office locations and based on Jupiter ClimateScore™ Global, 2022. Jupiter is the leading provider of predictive data and analytics for climate risk. Their data identifies climate- related physical risks associated with specific geographical locations under 7 different climate hazards - Flood, Wildfire, Water stress, Heat, Precipitation, Wind and Hail.

04

Governance, resources and budgeting

Resources and budget in place to support the climate action plan

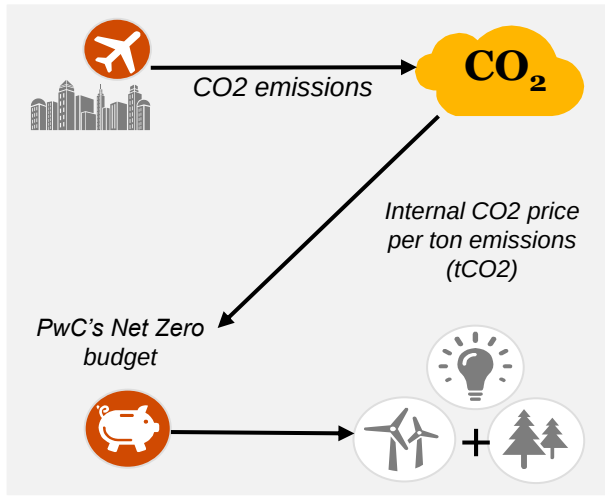
- Appropriate resourcing is important to ensure the climate action plan is implemented in timely manner.
- Net Zero is a collective goal at PwC. While the CS team leads the strategy development and performance tracking, execution and ownership reside with various Firm Services departments.
- The Net Zero strategy and execution is aligned with the annual Business Planning Cycle (BPC), budget allocation aligns with the decisions made during the BPC.
- COO/CFO represents Corporate Sustainability and Net Zero interests in the Board of Management.
- The environmental budget is created by applying an Internal Carbon Price of 100 euro/tCO2e. This budget is the minimum amount we want to spend, additional costs can be covered, if needed.
- Our Climate Action Plan is integrated into our strategy and finances, overseen by the Board of Management for accountability. It's fundamental to our 'The New Equation' strategy, emphasising sustainability and trust-building.
- Incorporating environmental factors like climate risk into our services is crucial. Our governance framework supports this by directing investments to improve our sustainability expertise.

- The Internal Carbon price budget is used for **reduction measures, compensation and innovation**, e.g. Environmental Footprint Insights, Sustainable Aviation Fuels and our Circular Renovation.
- Environmental budget spend is managed by Maarten Dansen / Wineke Ploos van Amstel (CS team). Together with Wouter de Greef (Finance) and the responsible Firm Services directors investment decisions are made. Not all budget is on the CS-team P&L, so effective environmental spend is a shared responsibility

Internally, this has brought us:

1. **A way to centrally carry the additional costs** of sustainability measures, and speed up approval processes
2. A **financial KPI to steer** on, also towards other IFS departments
3. A tool to help **create business cases on a project** basis

Applying our ICP



Budget calculation

The Net Zero budget is calculated based on a carbon price of €100 per tCO2e:

GHG emissions FY23	**10,812 tCO2e**
Carbon price per tCO2e:	**€ 100**
Budget FY24:	**€ 1,081,200**

Investment required for mitigation & adaptation action

Significant monetary amounts of Capex and Opex required to implement the mitigation and adaptation actions

Climate Change

Decarbonisation Levers	Expected reduction 2030 (tCO2e)	CapEx required to implement the actions	OpEx required to implement the actions
Behavioural Changes	5,896	0	0,5M
Fuel Switching	1,492	0	5,0M
Electrification of Transport	4,021	0	0
Renewable Energy	2,089	0	0,2M
Material Efficiency (embodied)	401	0	0

Climate Change Services **t.b.d**

More information on our sustainability efforts
https://www.pwc.nl/nl/onze-organisatie/corporate-sustainability