

TCFD addendum

PwC Netherlands

June 2022



TCFD addendum - PwC Netherlands

This document has been developed as a PwC Netherlands specific addendum to the TCFD report that has been published for the PwC Network in October 2021.

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



Closer look at TCFD: Current setting, scenarios and ambitions



The **Task Force on Climate-Related Financial Disclosures** (TCFD) develops recommendations to help companies identify, assess and disclose climate-related risks and opportunities and their impacts on businesses. PwC supports the broader adoption of TCFD reporting, as it will accelerate transformation efforts by businesses, driving us more quickly towards the net zero future we collectively aim to achieve.



The major strategic implications for our business can be summarised by two main scenarios: the **Paris-aligned scenario** (well below 2 °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 2°C scenario, physical risks such as the extreme weather conditions are less likely. If we head more 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 2022/2023.



We **periodically review** the relevance of the scenarios we apply in our analysis and refine as needed. The ambition for the upcoming years is to fully report on the TCFD in accordance with the guidance and requirements in place, demonstrating 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.

PwC Netherlands response to the risks and opportunities posed by climate change

The below table includes the risks and opportunities related to climate change specific to PwC NL and the measures taken. This is updated on an annual basis.

Type	Risk and/or opportunity	Business impact	PwC NL response
Transitional	The need to adapt our core services to embed consideration of climate-related matters	This is both a risk – in terms of a potential failure to do so – and an opportunity to make sure our services are both relevant and impactful from a market point of view.	<ul style="list-style-type: none"> • Investment in the New Equation to deliver sustained outcomes. • Established an ESG Platform where our climate specialists are working to evolve our core propositions to include a climate lens. • Launched the ESG Upskilling programme to all our people to increase internal awareness and engage in a dialogue on the impact of climate change.
	Development and scaling of new and emerging climate services to support clients	In all climate scenarios, there is a market opportunity for PwC in new and emerging climate services.	<ul style="list-style-type: none"> • Developed the Environmental Footprint Insights (EFI) tool to better understand our climate impact and include this product as part of our climate offering to the clients. • Support clients in the transition to low carbon business models (incl. strategy, transformation, reporting and assurance) and meeting emerging regulatory requirements.
	Portfolio revenue exposure to particular high transition risk sectors	We will face disruptions which could lead to a rise in demand for our services to support clients as they transition, but could also face risks in for instance carbon intensive sectors.	<ul style="list-style-type: none"> • Within our Tax practice we have developed the Emissions Insights tool to gain insight in current and future EU ETS costs. • We intend to review sectors and geographies of economic significance that have heightened levels of risk and if needed minimize exposures which arise as a consequence.

PwC Netherlands response to the risks and opportunities posed by climate change

Type	Risk and/or opportunity	Business impact	PwC NL response
Transitional	Attracting and retaining talent	Our response to the global climate challenge can improve our reputation or could potentially damage it. This will impact our ability to attract and retain talent.	<ul style="list-style-type: none"> • Continuous campaigns to create awareness and share our ESG knowledge and experience (e.g. Green Figures, Green Deal Monitor, Net Zero). • We provide opportunities for people to work in an ESG role, contribute to our sustainability efforts, sustainable mobility options, etc. All aimed at fostering a culture that acknowledges sustainable leaders. • Opportunity for the new talent to work on and contribute to sustainability-focused pro-bono projects.
	Brand/reputational risk arising from failure to contribute in a meaningful way to the climate agenda	The climate agenda and contributions toward finding solutions will either serve to improve our brand and reputation, or potentially damage it.	<ul style="list-style-type: none"> • We practice what we preach and share our performance in our annual report, communicate new and existing Net Zero measures publicly and contribute to the debate and development of emissions reducing innovations. • PwC has committed to Net Zero and Science Based Targets initiative (SBTi) validated PwC's targets in line with a 1.5 degree scenario. • We build partnerships and coalitions (UN Global Compact, Anders Reizen, MVO Nederland, SkyNRG Board Now) to lead engagement and share best practice.
Physical	Impact of acute and chronic climate events on our office network	Potentially significant impacts over the long term in a 4°C scenario if some regions or major economic hubs are severely disrupted. Potential need to relocate offices.	<ul style="list-style-type: none"> • Our new hybrid way of working makes our workspace less location bound. • We intend to further assess our risk exposure to acute and climate events in 2022/2023.
	Impact of climate events (acute and chronic) in higher risk geographies	Country or regional economic disruption brought on by climate events could impact our business through our client base, and have broader economic implications.	<ul style="list-style-type: none"> • Working with our clients on a local and regional basis to support their strategic planning to respond and adapt to climate risks. • To work with multiple stakeholders, governments, clients and policy makers to plan to reduce these risks as much as possible, to build resilience and to minimize the negative impacts.