

Public Report 2020/2021

A New Tomorrow



Preface



If there's one thing that marks the past year for me, it's that people make all the difference. The COVID-19 pandemic has made that clear. It's impressive to see what we've been capable of when it comes to taking care of each other and for our clients.

I'm proud of 'our' people for getting through this crisis together. PwC staff are enthusiastic professionals and highly committed. That attitude and that connection with colleagues and clients is an important part of our culture. And then – all of a sudden – everything came to a standstill. Fortunately, though, we've discovered that we don't always need to be physically together in order to achieve things together. This creates a sense of calm and a better work-life balance. That realisation also leads us more quickly to hybrid working, which we'll continue to shape together in the coming year and in which we'll emphatically restore social cohesion with one another.

Unfortunately, we have been touched on a personal level with the loss of five colleagues the past year. And we were deeply saddened by the tragic and untimely death of Carel van Eykelenburg, the Chairman of our Supervisory Board. He will be remembered as a driving force for strengthening our Firm, for his dedication and loyalty, but first and foremost as a warm and inspiring human being.

The COVID-19 pandemic has also accelerated sustainability and social engagement. Organisations can no longer avoid asking themselves whether everything they do contributes to a better world. That also applies to PwC. We feel that responsibility, and we accept it.

We continue our transformation into a sustainable organisation and stay relevant for our clients by helping them meet the expectations of their stakeholders, whether as auditors, tax consultants, or consultants. To be and to remain successful in that regard, you need to build trust and realise sustainable progress.

In the new world of tomorrow, it's important that we make genuine connections, not only with our clients and society in general, but also with one another. We do this by listening, by being open to different perspectives, by looking closely at what drives other people, and by daring to be vulnerable ourselves. Deploying a wide variety of people in unexpected combinations, by offering quality, our knowledge, creativity and our ingenuity to look at things from multiple perspectives, and by using technology, we are able to come up with new and sustainable solutions. That is how we will build trust and make sustainable progress. You can read more about our strategy 'The New Equation' – on page 14.

We need to state more clearly what we stand for, speak out more often, and practise what we preach. We don't only advise our clients about a Net Zero ambition – we have one ourselves. We make clear choices and enter into discussion about the dilemmas that we face. Our stakeholders say the same, and they expect us to demonstrate our contribution to a sustainable world. They expect us to make that sustainable world part of everything we do.

This Public Report tells you more about how we continue our transformation, with which we aim to contribute to a better world. A number of clients also tell you how PwC has supported them in their sustainable progress. If you'd like to know more about what we've done over the past year and what the results are, I refer you to our [*Annual Report*](#).

I hope you enjoy reading this Public Report.

Ad van Gils
Chair of the Board of Management
PwC Nederland



The impact of COVID-19

The world has changed rapidly the past year. The COVID-19 pandemic forced many of us to work from home and put us at a greater physical distance from one another. At the same time, though, it also connected us more. In many places, creative solutions emerged to ensure effective cooperation. And we came to realise, even more than before, that technology is only an enabler and that people, with the contact between them, are the most important thing.



The pandemic also clearly accelerated global developments such as digitalisation and the energy transition. It also showed us that it is even more important for organisations to focus on sustainability. That was emphasised once again by the report issued this summer by the Intergovernmental Panel on Climate Change (IPCC), a UN organisation that regularly assesses the risks of climate change.

It is undoubtedly so that human influence has contributed to global warming. Although the COVID-19 pandemic has led to a fall in carbon emissions globally, it is expected to bounce back once the virus is brought under control. At PwC, we believe the business community has a key role to play in changing the impact on climate change. And we're determined to play our part. That's why we're making a worldwide science-based commitment to reach Net Zero greenhouse gas emissions by 2030 (see page 24).

And there's more...

For several years now, we've been using our ADAPT framework (see box) to identify trends within society that public authorities, companies, and organisations need to take account of in their operations. Besides the climate crisis and the further impact of digitalisation, it also shows how the future of work is changing, for example through the discrepancy between skills people have and the skills they need for jobs in the digital world, the need for an inclusive culture, and the call for a different kind of leadership. And for many organisations, the end of COVID-19 state support and

the phasing out of the government measures, means they will need to ensure that their business model remains relevant in the post-COVID era.

To meet the challenges of our time and to satisfy the expectations of their stakeholders, organisations can no longer avoid asking themselves whether everything they do contributes to a better world. That also applies to PwC. We feel – and take on – the responsibility to help them meet those expectations. To be and remain successful, you need to build trust and realise sustainable progress. We will need to make clear not only *what*

we do, but increasingly on *how* we do things. By cooperating even more with one another and with our business partners, and by connecting more with the client, we can together discover better, integrated solutions.

Dialogue with our stakeholders

By entering into discussions with our other stakeholders, we gain a better understanding of the important social problems and the expectations stakeholders have of us in helping to solve these problems.

During discussions in the past year, they clearly indicated that we must engage with them far more, that we must involve them in our own transformation towards a purpose-led and values-driven organisation, and that we must make clearer how we fulfil our role within society. This compels us to constantly ask ourselves how we can maintain our right to exist in the longer term.

The most important messages our stakeholders have given us this year are:

- Help clients with their contribution to sustainable progress and what that contribution means specifically for their business;

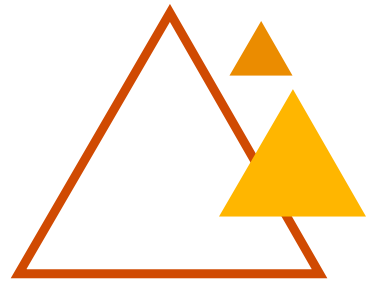
Impact of support measures expressed in our Special Management Barometer

The phasing out of COVID support measures may mean that many organisations will still find themselves in financial difficulties. The debts they accumulated during the crisis still have to be paid off. That may be at the expense of investment or building up buffers against new misfortunes. Our *Special Management Barometer* enables us to track these developments and inform our stakeholders about the expected impact.

The barometer is an initiative of PwC and Leiden University and is based on a survey among a panel of experts, made up of 'special management' bankers, insolvency lawyers, restructuring consultants, and investors. The purpose of the barometer is to show the state of the Dutch economy in a different manner.

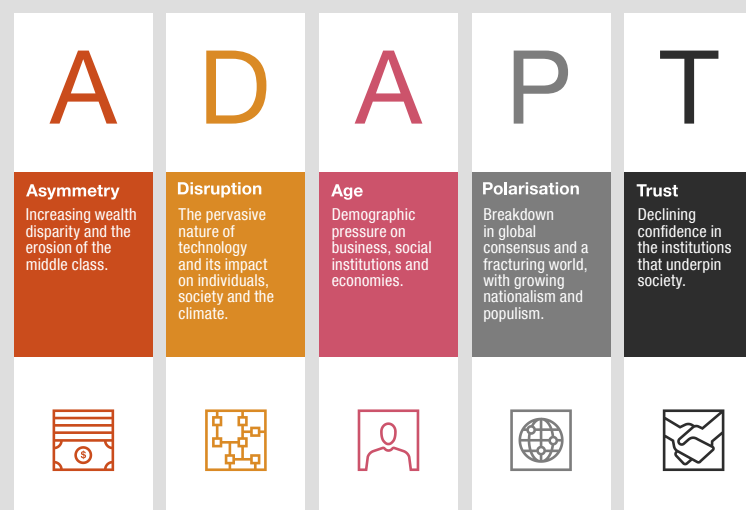
- Share knowledge with clients about trends and important developments, and play a connecting role between the public and private sectors;
- Participate more in public discussion.

We discuss these suggestions in our strategy sessions, to remain continually focused on the themes that are important for our stakeholders. More information about the dialogue with stakeholders is found in our [Annual Report](#).



ADAPT stands for Asymmetry, Disruption, Age, Polarisation, and Trust, which in turn represents the trends within society that public authorities, companies, and organisations need to take account of in their operations.

Broadly speaking, you could say that in the Netherlands ADAPT is shaped by the impact of climate change; the need to compete within a platform economy; the impact of populism; changes in the features, preferences, and capacities of the workforce; growing social unease about inequality; and reduced trust between citizens, institutions, and the business community.



Source: pwc.com/adapt. ©2020 PwC. All rights reserved.

NOW confronts us with dilemmas

At a press conference on Thursday 12 March 2020, the Dutch government announced measures to combat the spread of COVID-19. As a result, various organisations have seen a loss of income, partially or even completely. The government responded rapidly by putting measures in place to support employers, including assistance to cover their labour costs, in order to preserve jobs. The advance payment they received meant they could continue paying employees on permanent and flexible contracts during the period concerned.

Our role in a societal relevant issue

The first subsidy scheme – the Temporary Emergency Measure to Cover Wage Costs [*Noodmaatregel Overbrugging Werkgelegenheid*] ('NOW') – already took effect on 31 March 2020. The exceptional speed with which the NOW advance payment was made has meant that a lot of audits that normally take place prior to payment are now only taking place subsequently. The government has therefore appealed to organisations' 'moral compass'. The scheme is intended only for companies that are in serious trouble because of the crisis. To audit that subsidy applications are legitimate, auditors were instructed by the Ministry of Social Affairs and Employment to examine applications closely and to provide assurance regarding the subsidy justification provided. This has given auditors an important role, in line with their public duties.

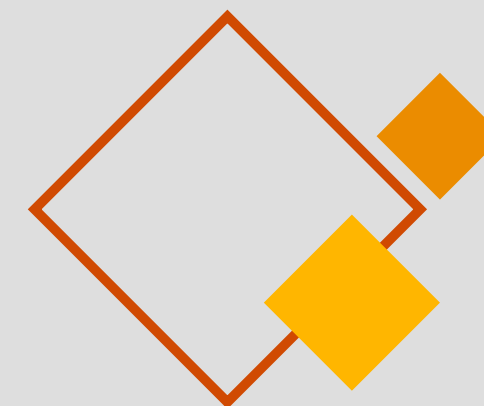
Of the companies that we audit, 139 have made use of the 'NOW1' scheme, for a total of € 170 million in advance support payments. These audits are basically carried out by the same team that audits an applicant's annual financial statements; they, after all, are the people who know the applicant best. That helps not only in carrying out the audit but also in talking to the organisation about the need for the NOW grant applied for, if that need is not entirely obvious.

The protocol for the NOW scheme requires the audit to be very substantial and detailed, and it often requires specific fraud risks to be covered.

The audit teams are supported by various specialist technical colleagues with guidelines, information, and training. We have also set up a multidisciplinary team of specialists, including legal and forensic experts, to advise and assist the audit teams where necessary.

In actual practice, however, we learned that auditing for the NOW scheme confronts us with various dilemmas. The audit protocol for the settlement calculations requires the audit to be very substantial and detailed, and it often also requires specific fraud risks to be covered, thus involving a large number of hours on our part. It is questionable whether the costs for the audits are proportionate to the benefits. This is all the more problematic given the circumstances applying to the organisations that we need to audit; after all, they are already facing significant financial difficulties.

We are trying to keep the audit as efficient as possible, for example by outsourcing standardised work to delivery centres. However the ambiguities that still exist in the scheme have also made auditing more difficult. We have drawn attention to these dilemmas on a number of occasions (see for example [this vlog](#)) and have made suggestions for improvements through the Royal Netherlands Institute of Chartered Accountants (NBA).



Working towards – and in – a better world after COVID-19

Now that vaccination programmes seem to have brought the COVID-19 pandemic under control and we are returning to ‘normal’, organisations are looking ahead, venturing to make plans, and we are asking ourselves what the post-COVID-19 world will look like. That world will not be entirely the same as before. Doing business, working, and living in an online environment have really taken off. Entire sectors and business models have been rendered obsolete or radically altered by the developments. There has been a change in people’s views on what makes businesses sustainably successful, and there is increased public support for strong government.

Companies are adapting to these trends and they are tending towards optimism. Our global [CEO-survey 2021](#) shows that CEOs are optimistic about economic recovery and the economic potential of their company. This is driven by the vaccination programmes, a new wind in American politics, clarity regarding Brexit, and low interest rates. The CEOs intend to invest more in their digital transformation and energy transition in the coming year. They do realise, however, that company culture and people’s creative skills are of great importance too.

Emphasis on well-being of our people

Finding the right balance

We too had to get accustomed to working partly or completely from home and to the sudden new work-life balance. Contact with clients suddenly had to take place via video calls, and the acquisition of new contracts no longer involved on-the-spot presentations. We are proud of what we have achieved in these difficult times, and that we have been able to maintain the high quality of our services.

As we move towards the new ‘normal’, the challenge is to find the right balance between working from home and working at the office or the client’s premises. The choice our people make as to their work location not only has an impact on our ecological footprint but can also affect people’s well-being and personal development, internal cooperation, the relationship with our clients and our networks, and the quality of our services. Where hybrid working is concerned, we will always need to take these aspects into consideration.



Our framework for our new way of working

This framework helps us to work together and devise a suitable approach for the hybrid way of working. It contains themes that must be taken into account, like how well-being is affected when working at home or at the office, the impact of travel on our Net Zero ambition, as well as client interests quality.

Increasing our relevance

Through our services, we will continue to work in this new world, to deliver on our brand promise and purpose. As consultants we help clients meet their challenges and as auditors by providing the reporting and accountability that follow from this. Dialogues with our stakeholders show that companies find themselves under increasingly close scrutiny. There is an increasing counterbalance to shareholder interest. The call to contribute to a better world resounds louder than ever. Companies are called to account for their corporate social responsibility or duty of care for the welfare of employees, protection

of nature and the environment, safety, good governance, measures to combat fake news, and tax payments that are perceived by the public as fair. In short, to respect people, the environment, and society as a whole.

All this applies to us too, of course. In everything we do, we focus on what it means for people, the environment, and society. We adhere to the UN's sustainable development goals (SDGs) and we regularly quantify the contribution we make to society (see box on the right).

Supporting our national vaccination programme

How does delayed delivery of a COVID-19 vaccine or changes in vaccine readiness impact the runtime of the vaccination programme and the speed in reaching group immunity? How do you determine the order of priority for different target groups, and convert a tactical plan into a feasible delivery plan to be carried out by the local health authorities and general practitioners?

From the moment we became involved in the Dutch vaccination programme, our primary role was to support the National Institute for Public Health and the Environment (RIVM) with these questions. The RIVM manages the vaccination programme with the COVID Logistics Coordination Centre (LCC) playing a central role in planning and distributing the vaccines and supplies such as syringes and needles.

Through our Supply Chain & Procurement expertise group, we collaborated with the LCC to shape the planning processes. The weekly processes – in which long-term plans (based on optimisation models developed by PwC) are simulated, form the basis for planning of the Vaccination Programme. As part of the programme, dozens of scenarios and alternative timetables are analysed and presented for decision-making. In close collaboration with the other departments at the LCC, we helped deliver operational excellence, allowing the plan to be executed with minimum disruption and at maximum speed.

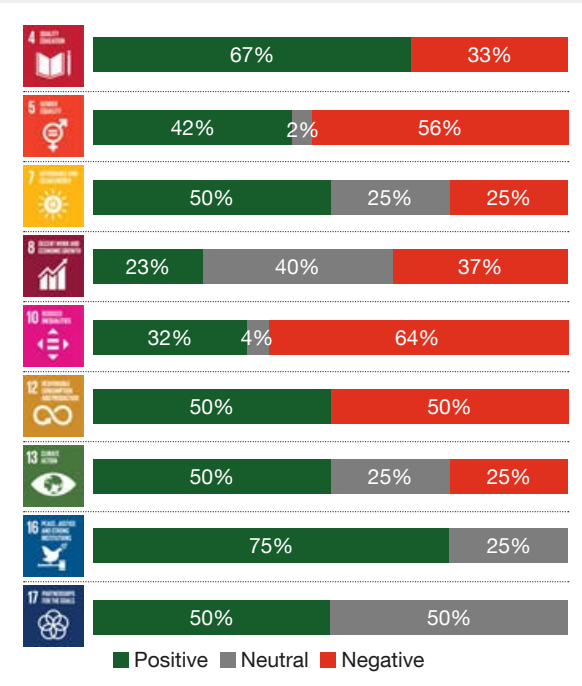
How we measure our impact

Last year we put together four SDGs that we believe can really make a difference. These are: SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 10 (reducing inequality), SDG 13 (climate action).

Since this year, we have been using our own developed framework to measure our social contribution. This [SDG Impact Measurement Framework](#) provides insight into how our impact develops over the years and supports our dialogues about our next steps.

The measurement over the past financial year indicates that our positive contribution to SDG 4 (quality education), SDG 8 (gender equality), SDG 16 (peace, justice and strong institutions) and SDG 17 (partnership for the goals) was greatest. Partly due to the Covid-19 pandemic, SDG 5, SDG 10 and SDG 13 are under pressure. The results indicate that gender equality (SDG 5), reduced inequality (SDG 10) and climate action (SDG 13) are focus areas. These stay areas of focus for us in the coming year as well.

Results of the 2020/2021 Impact Measurement



Our ambitions and targets

| SDG | Ambition for 2030 | Target 2024 | Target 2022 |
|-----|---|---|---|
| 5 | Achieve gender balance and equal opportunities | Yearly target of 30/40% intake and 30/25% promotion of female directors and partners respectively. | |
| 8 | Achieve sustainable growth within the boundaries of social and environmental systems | In 2024 we measure and report our contribution to the SDGs through our client work | Development framework to measure our contribution to the SDGs through our client work |
| 10 | Achieve an inclusive and diverse culture and equal opportunities irrespective of age, disability, cultural background, sexual orientation or other status | Yearly target of 12.5% intake and 12.5% promotion of non-western origin directors and partners. | |
| 13 | Achieve a positive environmental impact across our value chain | A science-based emissions reduction from our operations of 40% by 2024 with 2019 as a baseline year | Maintain a minimum of 25% reduction of pre-COVID mobility |

Recalibration of our strategic vision

In the past year, we have taken a number of steps in our transformation. We are moving from an individual performance-oriented culture to one in which there is greater appreciation for collective endeavours. We have taken a solid step in this direction to become the purpose-led and values-driven organisation that we want to be. But we are not there yet. In June, we launched the recalibration of the global strategy entitled 'The New Equation'.

The acceleration of global changes caused by COVID-19 has led to a recalibration of our strategic vision ('Vision 2030'). To meet the challenges of our time, be successful and meet the expectations of their stakeholders, companies and organisations need to build trust and deliver sustained outcomes.

We want to contribute to this by developing new and sustainable solutions. We develop solutions by deploying a wide variety of people in unexpected combinations, by offering quality, our knowledge, creativity and our ingenuity to look at things from multiple perspectives, and by using technology. This way, we build trust and create sustainable progress towards a new tomorrow. We call this 'The New Equation'.

*An image from PwC's new
global brand campaign*

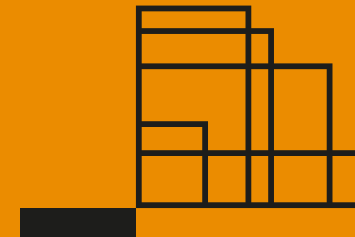
Trust + Sustained outcomes =

Trust is the foundation

The high quality of our work is the foundation of our contribution to public trust. We increase this by providing high-quality audits and advice – quality that is understood and perceived not only by our clients but also by their stakeholders within society. Quality gives you control; control ensures trust.

Our focus is on sustainable progress

The quality of our work also enables us to contribute to sustained outcomes for us all. Digital transformation is on the strategic agenda of almost all our clients, each of which is attempting to combine human and technological development to benefit to the maximum from their mutual impact. The aim is to achieve outcomes with respect for people, the environment, and society as a whole, thus contributing to the UN's sustainable development goals. This requires us to zoom out and adopt a more integrated approach to our clients' challenges.



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Connecting is the very essence of our transformation

Our people make the difference

Global trends and society's changing expectations are also accelerating our own transformation we initiated a few years ago. Back then, our focus was mainly on our internal culture and the action we need to take to become a purpose-led and values-driven organisation. More than we sometimes realise, our success is not only determined by 'what' we do, but also more over by 'how' we do it. By collaborating better with each other and with our business partners and by connecting more with our clients, we have a clearer vision on their (actual) problem and we can jointly achieve better, integrated solutions. Our people is what sets us apart in this process. It is them who make the difference, not only because of their knowledge and expertise but by making connections – between people, between people and organisations, and between organisations. That's why we keep taking an outside view on our strategic choices.



Practice what you preach

In order to be credible, we must do internally, what we announce externally. We will be credible about the energy transition only if we have renewable ambitions ourselves and achieve them (see page 24). We can work on risk issues only if we have our own compliance and risk management in order and meet society's expectations. We can have a say in employment matters only if we are diverse and inclusive ourselves and have a future-proof staffing policy in place.

We can only take that step forward and complete our own transformation if we connect even more – with ourselves, with one another, with our clients, our ecosystems, and society as a whole. We can do so by deep listening, being vulnerable and curious about other perspectives and what drives others. The same applies to how we collaborate internally. It is precisely through this collaboration between disciplines that we can distinguish ourselves with integrated solutions to the challenges of today and tomorrow. In the knowledge that our clients' issues increasingly involve such major societal challenges.



A new tomorrow; focus on value creation

Our commitment to address challenges in an integrated manner is also reflected in our services. Last year, we selected four societal themes that determine the strategic agenda of many clients and at the same time reflect an important societal issue, namely ESG, Future of Work, Risk & Regulation, and Future of Finance.

Those themes are relevant to our clients, to ourselves, and to society as a whole. They are themes where together we can make a difference by harnessing the power of our people by creating unique and unexpected combinations of expertise, experience and technology, which together provide new and unexpected solutions. But we also do so by listening carefully to what clients really need and to what society demands of us. This is how we build trust and ensure sustained outcomes.

Value creation

In the post-COVID era, the road to recovery for organisations primarily involves creating value. Strategic reorientation, digital transformation, and a greater focus on human potential are shifting the focus to long-term value creation. Mergers and acquisitions will be important means of accelerating value creation in the coming years, which is why we are adding a fifth theme in our new financial year: value creation. Gert-Jan van der Marel, responsible for the value creation theme at PwC, notes: 'The recent disruptive developments have drawn attention to insufficiently highlighted sources of value such as purpose and resilience'. If organisations devote attention to these in the right manner, they can create value, but if they neglect them they can destroy it. 'A more holistic way of thinking about value is of great importance', says Van der Marel, 'not only for organisations, but also for society in general.'

'The recent disruptive developments have drawn attention to insufficiently highlighted sources of value such as purpose and resilience.'

Gert-Jan van der Marel

Integrated reporting at Jumbo

How a supermarket chain interweaves sustainability with strategy

With almost seven hundred Jumbo supermarkets and over seventy La Place restaurants, around a hundred thousand employees, hundreds of suppliers and millions of clients, the Jumbo supermarket chain is situated right at the heart of society. That is also the only place that it can be situated with a view to achieving long-term success. The family business, headquartered in Veghel, is well aware of this.

In conversation with Jumbo

‘Our impact on the world around us is considerable’, says Claire Trügg, responsible for corporate communication and sustainability at Jumbo. ‘The family and the company are both committed to shouldering the responsibility that goes along with that.’

Until about three years ago, Jumbo organised efforts to improve its sustainability mainly on a project-by-project basis. But at a certain point the company realised that sustainability had to be rooted in its foundations if it was serious about having a positive social and environmental impact. ‘That makes a big difference’, says Marieke van Zoggel, CSR advisor at Jumbo. ‘You can only make a real impact and change for the better if sustainability is embedded in your way of working, in your structure, your culture, and your strategy.’

Strategy and reporting go hand in hand

It was Jumbo’s corporate communication and sustainability department that kicked off efforts to make sustainability part of the bigger picture. That was in late 2018. The department wanted the company to have a bigger impact and to communicate about that impact in a more transparent and structured manner. It started with the inclusion of the then separate sustainability report in the Annual Report, which prompted involvement of Finance & Accounting colleagues too, and the embracing of PwC’s integrated reporting framework.

Reporting is not the end of the process; it’s no more and no less than a reflection of what a company is doing internally’, explains Femke Helgers, Senior Manager Sustainability at PwC.

‘Strategy and reporting go hand in hand, in other words. Integrated reporting demonstrates that ESG (environmental, social, governance) issues are of added value for the entire organisation because they are reflected at every level of the organisation – in strategy, in processes, in risks and in results.’

Sustainability as an integral component of how Jumbo works

So what has Jumbo accomplished since taking the first step towards integrated ESG reporting almost three years ago? ‘The decision to utilise ‘integrated reporting’ to ensure that sustainability is now high on the agenda has been a brilliant move’, says Marieke van Zoggel. ‘A retail company like Jumbo needs to focus on results, be able to adapt quickly, and always have a clear idea of where it’s headed. The PwC framework is a great help because it unpacks complex matters and makes them easier to understand.’

‘We’ve found it very valuable to be able to explain what sustainability means to Jumbo, in the broadest sense of the word’, adds Claire Trügg. ‘Sustainability is no longer a separate topic but an integral part of our strategy and our way of working. It’s now a permanent feature in the annual plans of each department. In addition, we keep our colleagues and stakeholders continually updated on what a sustainability theme means for Jumbo, what we are already doing about it, what our aims and objectives are, and how we measure progress.

How we see ESG

Organisations are under increasing pressure from stakeholders to develop a sustainable business strategy and report on it in a transparent manner. ‘New legislation and regulations are driving the increasing focus on environmental, social, and governance (ESG),’ says Viviana Voorwald, responsible for ESG at PwC. ‘The increasing requirements of investment companies regarding sustainability also play a role, as does the demand from final consumers for sustainable products and the growing number of employees who deliberately choose an employer with a purpose aimed at sustainability.’

Organisations that wish to create value on ESG need to develop a specific, practical plan to include ESG factors in their strategy, transformation, and reporting. Voorwald: ‘That change still raises a lot of questions. We don’t yet know exactly how the technology will develop, the regulations are new, organisations have to adapt their processes and systems, and the costs and benefits of increasing sustainability aren’t yet clear. With our expertise in strategy, transformations, reporting, assurance and taxation, as well as our knowledge of sustainability issues, we will help our clients to meet these challenges and to report on them in a transparent manner.’

Read more about our reporting method on page 13.

Our path to Net Zero in 2030

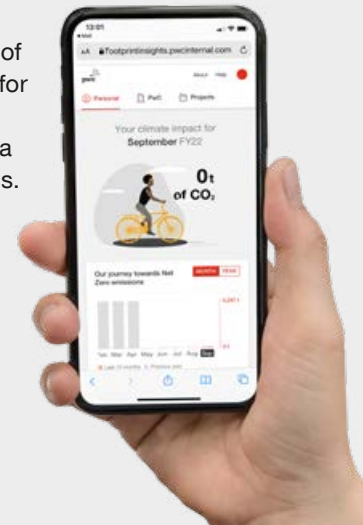
Our aim is to operate completely 'Net Zero' by 2030. Our circular ambition is in line with PwC's global strategy. It means reducing our absolute emissions (including our mobility footprint). We offset the remainder needed to achieve Net Zero by planting new forestry so as to remove CO₂ from the atmosphere (carbon removal), for example. We also work with our suppliers to help them tackle their impact on the climate.

Our ambition has consequences for our business operations, our people and our customers. This year we have reassessed our areas of impact, and the adjustments incorporated in our processes and systems.

With our new strategy focussing on sustainable progress, we are confident that together we can achieve our Net Zero ambition. Our carbon footprint is currently influenced primarily by our mobility, i.e. the journeys we make to meet and work together with our clients and stakeholders. The COVID-19 pandemic has taught us that it isn't always necessary to meet physically.

To enable our employees to make conscious mobility choices, we launched our '[Environmental Footprint Insights'-tool](#)' last spring. This gives our people a view of their individual CO₂ emissions when travelling for their work. By also clarifying the CO₂ emissions per client engagement, we enable our employees to enter into a dialogue with clients, to arrive at a new way of working together, taking account of the impact of mobility on our collective CO₂ emissions.

Since 2017, we have linked the cost of our CO₂ emissions with our budget for measures to achieve circularity. We multiply our total CO₂ emissions by a price of € 100 per tonne of emissions. For the past year, that meant a budget of € 2 million and an actual investment of € 2.3 million.



Sum of tCO₂e

| | | year | | |
|--|---|-----------|-----------|-----------|
| | | 2020/2021 | 2019/2020 | 2018/2019 |
| Scope 1 | Total GHG emissions scope 1 | 1,094 | 3,745 | 5,057 |
| | Natural gas combustion in buildings | 569 | 487 | 455 |
| | Lease cars - fossil fuel | 525 | 3,258 | 4,602 |
| Scope 2 | Total GHG emissions scope 2 | 273 | 1,678 | 2,093 |
| | Total purchased electricity (excl. renewable) | 0 | 248 | 544 |
| | Purchased non-renewable heat | 57 | 51 | 69 |
| | Purchased renewable heat | 186 | 165 | 179 |
| | Lease cars - electricity usage | 30 | 1,214 | 1,301 |
| Scope 3 | Total GHG emissions scope 3 | 1,411 | 9,864 | 12,904 |
| | Purchased goods and services | 102 | 797 | 1,190 |
| | Capital goods | 918 | 807 | 200 |
| | Waste generated in operations | 76 | 250 | 325 |
| | Business travel - air | 41 | 5,601 | 8,398 |
| | Business travel - car | 267 | 971 | 1,140 |
| | Business travel - public transport | 7 | 167 | 126 |
| | Employee commuting* | 0 | 1,271 | 1,525 |
| Total GHG emissions of PwC NL | | 2,778 | 15,287 | 20,054 |
| Additional reduction measures | | | | |
| Biokerosene purchases for air travel** | | -32 | 0 | 0 |

* Based on travel allowance by employees not entitled to lease car; all other commute kilometers are included in scope 1, 2 and 3

** Currently reported out of scope 1,2,3 of Greenhouse Gas Protocol



ProRail as an attractive employer

Our rapidly changing society requires ProRail to be more agile and decisive, and to have employees who can keep up with it in that regard. The rail infrastructure manager is currently in the midst of the necessary transformation. It wants to renew and become more diverse.

In conversation with ProRail

ProRail works hard on renewal and to become more diverse

Raymond van Hattem, ProRail's HR Director, has a clear view of what the organisation's staffing should look like. 'We have to move with the times when it comes to digitalisation and sustainability. The labour market requires us to be a modern and attractive employer that keeps up with changes within society. Our production growth means that we will need a lot of new employees in the coming years, with new and different competencies. So it's important to be attractive as an employer.'

We are looking for real 'ProRailers'

An important part of ProRail's new approach is the refurbishment of its imposing head office in Utrecht. The COVID-19 crisis and mandatory working from home have accelerated the process. Van Hattem: 'Our head office richly reflects the history of Dutch railways, but at the same time we want it to match what employees now need as the environment in which to work. It's now being fully equipped for hybrid working, complete with project rooms for working together, high-quality catering, and coffee bars. The way in which we transition to hybrid working – with principles rather than rules as the foundation – is an important basis that helps create the desired corporate culture.'

ProRail has mapped out which competencies the company wants to have in-house in the future and adapted its labour communication accordingly, says Van Hattem. 'We now hire people far more for the desired competencies and not so much because of their perfect knowledge or experience in a certain area. We think it's important that people come in as

'ProRailer' and not, for example, as project manager. We want them to still be working for us in five or ten years' time and to have developed further in that time.'

Digital leadership

A company of the future needs digital leadership. 'You have to give people the chance to adapt to a changing environment and help them adopt ongoing digitalisation', says Van Hattem. 'If your people don't keep developing, you'll never become an agile organisation. Despite all the technological changes, our people are the most important factor for those changes. They determine whether you remain relevant. That is why we work hard on diversity and inclusion. We want to create a working environment in which employees utilise their talents to the fullest. We often have to deal with complex problems that can be solved more effectively with a diverse team. Our people must therefore feel at home in the organisation and be able to be themselves. It's only then that you can improve as an organisation.'

Awareness of biases

Change begins with raising internal awareness. 'It's important that people become aware of their biases, which are usually unintentional,' says Van Hattem. 'They manifest themselves, for example, in unconsciously hiring people who resemble you. It's also to be found in job adverts. You have to be aware that you need to draft them differently if you want to attract the people you need. Don't always take the safe route, and give people a chance – otherwise nothing will ever change.'

ProRail highlights these themes extensively in its labour market campaigns. Van Hattem: 'We've made videos about the use of 5G and modular construction, and we've distributed them via social media, focusing far more on specific jobs. We've very deliberately communicated about a major shortage of train dispatchers, for example. That approach appears to be effective. We're getting a lot more responses and we're now on the lists of most attractive employers, unlike a few years ago.'

How we see the Future of Work

Major developments in society require retraining and new skills. 'Organisations want to position themselves optimally, to hold on to scarce talent', says Bastiaan Starink, who is responsible for the Future of Work theme at PwC. 'Organisations that are able to optimise the 'employee experience' get the best people. It's important for organisations to champion an inclusive company culture, in which there's a place for everyone. This calls for a different kind of leadership, with a better balance between 'hard' and 'soft' criteria.

'That challenge is also being faced by ProRail. We help by advising on recruitment strategy, onboarding, improving the total 'employee journey', diversity policy and the programme for reskilling and upskilling. Together we ensure – via programmes such as 'ProRail grows' (which aims at rejuvenation and increasing flexibility and diversity) and 'Working like a Pro' – that ProRail remains agile and decisive and effective.'



Greater focus on inclusive culture, personal leadership and human skills

Ensuring that different perspectives reinforce one another, requires an inclusive culture. We firmly believe in the strength of such a culture. In an inclusive culture there is a feeling of unity, room for diversity and connection between one another. By knowing yourself, deep listening, being vulnerable and curious about other perspectives and what drives others we can all live our values.

Increasing an inclusive mindset and behaviour enables empathising with one another. In this way, we are better able to bring different perspectives together and to collaborate more effectively. Combining how we work together (with each other, our clients and ecosystems) and sharing our knowledge and expertise will unlock our (human) potential.

Such a culture is the basis for developing diverse talent and attracting future talent. Our people are therefore constantly given the chance to develop their professional, digital, and human skills. We have a strategic human resources policy that emphasises diversity in terms of STEM, gender, cultural background, and distance from the labour market. We offer our colleagues flexibility by allowing them to work independently of time and place, and we also customise working conditions where necessary. This is how we want to distinguish ourselves as an attractive employer.

We have been made aware of the vulnerability of diversity by the Black Lives Matter movement. That's why we set up an internal chain letter, in which colleagues frankly shared personal stories (see the box on page 30). We also organised dialogue sessions about our inclusive culture on the impact of our biases and how we want to connect with each other. In September we will introduce a network-wide Inclusive Leadership Badge to enable and encourage all of us to learn about an inclusive mindset and behaviours and create inclusive leaders.

In the Netherlands, we have started a sponsorship programme for female and multicultural talent. Especially among our partners and directors, the percentage of women is lagging behind our ambition. Our aim is that in ten years' time at least 30% of our partners will be women, with the figure for directors being 35%. At present, 20% of our partners and directors are women.

Our aim is that in ten years' time at least 30% of our partners will be women.

Our transformation is about becoming aware that we all contribute by the manner in which we behave. That we live our values and goals. That we trust each other and value authenticity. Creating an inclusive culture in which people can thrive together and be themselves, combined with quality and expertise, leads to an organisation that inspires trust and ensures sustainable outcomes.

‘I now dare to speak openly how I feel as a black woman’

Pauline Mbundu talk about the internal exchange of letters in the light of the Black Lives Matter movement, about racism and discrimination, and about inclusion and diversity. How does she look back on a year in which these issues were prominently spotlighted in the media, in society, and within PwC?

Pauline: ‘For me, of course, it didn’t just start with the exchange of letters. BLM exists since 2013 and I have been interested in the movement since the start due to my cultural background. But writing my letter was something quite personal and impactful for me. I had to look back over the past twelve years, at both the pleasant and unpleasant things.’

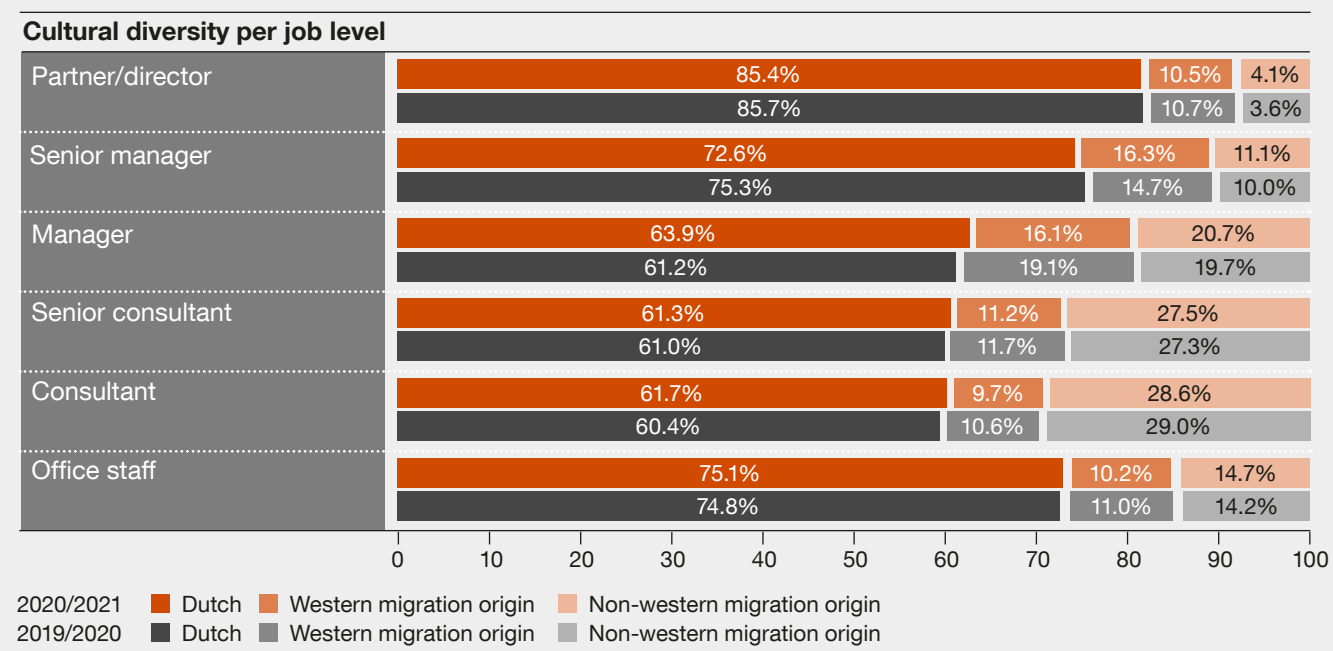
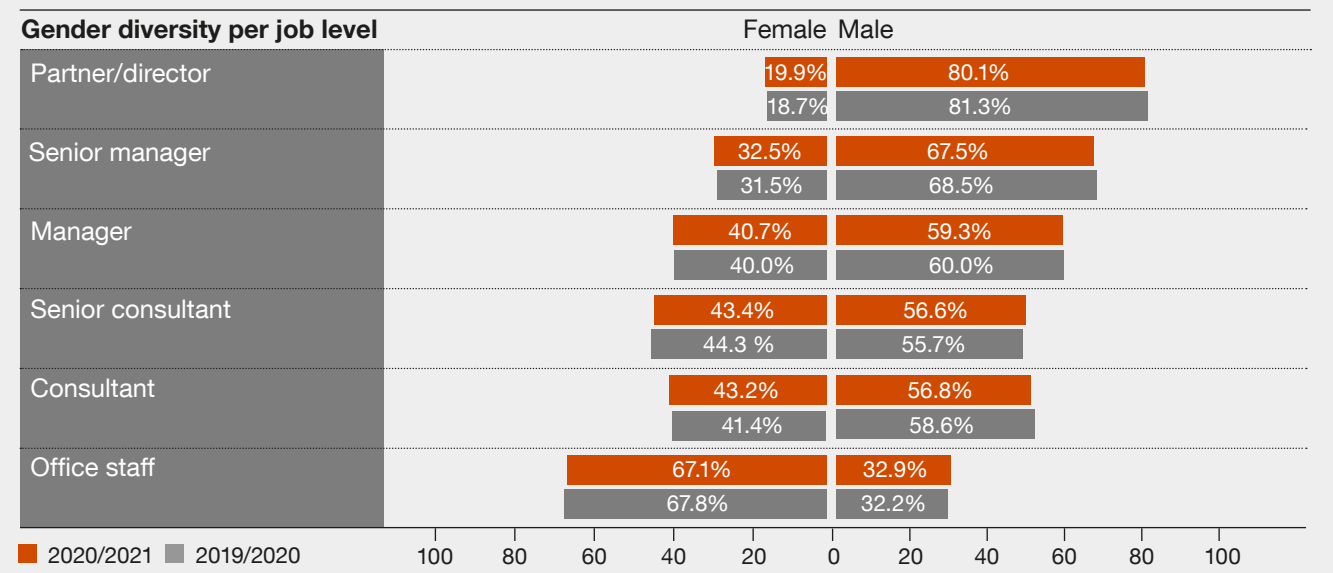


Pauline Mbundu (38)
Manager Consulting
Voorzitter Connected Cultures

‘Fortunately, the exchange of letters was a very valuable experience for me and also, I believe, for PwC as a whole. That exchange of letters in the course of the summer of 2020 gave an extra push to the issue and in my opinion has led to greater attention for it within PwC, and a more profound approach to it. I myself, received a lot of positive responses from colleagues with different backgrounds: male and female, white people and persons of colour – a reflection of the organisation. A lot of colleagues also wanted to talk to me about BLM, diversity and inclusion, to share their experience, or delve deeper into the matter.’

Pauline hopes that where inclusion and diversity are concerned we’ll progress towards belonging. That way, we can ensure that everyone feels safe and can be themselves at PwC. ‘Everybody ought to be judged on the basis of their talents and their achievements, regardless of what they look like or what their surname is. The approach that PwC has adopted does justice to that ambition.’

Pauline has worked at PwC’s Consulting division for twelve years now and is one of the letter writers around Black Lives Matter. Besides her work at PwC, she’s also the founder of the African Young Professional Network foundation and chair of the Bolingo Community foundation.





In conversation with Philips

Increasing digitisation and cyberattacks

Increasing digitisation brings major benefits such as greater efficiency and faster processes. But there's also a downside to our increasing dependence on technology. The number of cyberattacks increased considerably last year, with the care sector being hit especially hard. For Philips – which supplies medical equipment to hospitals around the world – this was yet another reason to emphasise and tighten up its security protocols and recommendations to clients.

Trust and transparency are at the heart of support

Executives at organisations worldwide see many opportunities in the digital transformation, accelerated by the COVID-19 pandemic, but at the same time they are extremely concerned about cybersecurity. Particularly for healthcare providers, the impact of a ransomware attack that paralyses IT systems can be severe; in extreme cases it can even cost lives. Philips is therefore committed to helping clients maximise the reliability and security of the equipment it supplies. Trust and transparency are the basic principles here.

Cybersecurity in the care sector

'Where cybersecurity is concerned, we see differences in maturity in the healthcare sector', says Gal Gnainsky, Chief Security Officer at Philips.

'That's understandable, because the priority and focus of healthcare professionals is on healing people; they have developed that approach over decades. Cybersecurity, on the other hand, deals with relatively new risks, and it requires extensive knowledge, a high level of investment in the protection of systems, and good awareness on the part of users.'

'To maximise cybersecurity', says Dirk de Wit, Head of Product Security at Philips, 'we believe in full transparency and clarity about the security status of our products and our responsibilities as a supplier. Our mission is to ensure that our clients can safely use all the products and services we provide.'

The Cybersafe program

According to De Wit, some of the responsibility also lies with the users of the equipment. 'Clients must have sufficient knowledge and be alert. We ensure our products are safe, but we are also dependent on the infrastructure (both IT and physical) and the protocols of a hospital.' To assist users of Philips products and services, the company launched the Cybersafe programme last year. The programme supports clients in keeping their devices and the associated operating systems up to date.

De Wit explains: 'Large medical devices have a working life of fifteen years or more. They usually run on Windows, and a version of Windows is generally supported for a maximum of ten years. If you aren't alert about that, then you'll have a problem. With Philips Cybersafe, institutions are able to put additional measures in place to permanently protect their systems against cyberattacks.'

So as to give the Cybersafe programme a certain 'weight', Philips turned to PwC. Gnainsky: 'We brainstormed with PwC about cybersecurity and ways to make IT systems and products more secure. We wanted to show clients that they can trust Cybersafe. That turned out to be a complicated process, and the question was to what extent we could ensure that trust. PwC helped us identify the various options, the required security measures, and how to provide our clients with the relevant insights. It's ultimately about delivering trust and transparency to clients and making our contribution to the security of the healthcare sector.'

How we see Risk and Regulation

'In an ever-changing and uncertain world, organisations are more likely to face unexpected challenges and risks', says Anthony Kruizinga, Risk & Regulation leader at PwC. 'To ensure a bright future for coming generations, we will be subject to increasing regulation, and a different approach to risk management will be needed. Organisations need to take this into account and prepare for it. We help our clients by making them more resilient, i.e. by developing a proactive approach they can respond faster and more effectively to changes and to new legislation and regulations, and thus meet the expectations of their stakeholders.'


Philips: cybersecurity means shared responsibility

A look back at the past year



Our people make the difference

We are proud of what we have achieved in these difficult times and that we have been able to maintain the high quality of our services. Our people were definitely the most important factor, experiencing the crisis under different and sometimes challenging personal circumstances.



We continue to transform

We are growing a culture that encourages and rewards behaviour in line with our values: address the societal context, have open dialogues and bring the human difference. This year, over 2,700 employees took part in the third Values Survey. The findings show that we have taken a solid step in the desired direction over the last few years to become the purpose-led and values-driven organisation that we want to be.



Commitment to become Net Zero worldwide

Our ambition is to become Net Zero by 2030, in line with SDG 13 ('climate action'). Worldwide, this ambition means at least a 50% absolute CO₂ reduction in 2030 compared to 2019.

Strong financial performance in pandemic

| In € | Revenue | ΔFY20 | Operating profit | ΔFY20 |
|--------------|-------------|--------------|------------------|---------------|
| Assurance | 342M | -8.2% | 61M | +60.3% |
| Tax & Legal | 308M | +13.6% | 84M | +12.1% |
| Advisory | 286M | -6.0% | 55M | +2.8% |
| Other | 0M | | 1M | |
| Total | 936M | -1.4% | 201M | +21.7% |

- The pandemic has led to additional work in several parts of our services, e.g. fiscal and legal advice, and has accelerated the need for our clients to reconfigure. Business portfolio reviews and deals therefore have even become more prominent on our clients' strategic agendas. Furthermore, we see increased demand for services in strategy and digital transformations. In Assurance, the *Tijdelijke Noodmaatregel Overbrugging voor Werkgelegenheid* audits only resulted in revenues of € 4.5M. Other parts of our business saw demand decline.
- In the pandemic we saw a significant decline in variable costs like travel (in particular in Assurance resulting in a large margin increase). This increased our FY21 operating profits as overall revenue decline in the crisis turned out to be limited.

Strategic vision refreshed

Trust

+

Sustained outcomes

=

 pwc

The recalibration of our global strategic vision for 2030 centres around our relevance for our clients and society by helping to build trust and deliver sustained outcomes. This reassessment also drives our investment agenda, in which knowledge and experience in the field of ESG, further digitisation, the transition to the cloud and security of information in cyber, stand out. We call this new global strategy The New Equation.







Certified on equal pay and opportunities

In 2020/2021 we are officially certified by the Equal Salary Foundation on equal pay and equal opportunities for men and women.

Strategic performance indicators

In the previous sections, we gave insight on our transformation, what we stand for, and how this is expressed in our services. In our *Annual Report* we account in full for our past financial year. Here is a brief overview of our financial and non-financial results and performance indicators.

| | | |
|---|--|--|
| Quality % Engagement Compliance Reviews per LoS compliant/meeting our standards | | |
|  | 2020/2021 | 2019/2020 |
| | No AFM reviews/no PCAOB reviews/other reviews 28 (all compliant) | No AFM reviews/no PCAOB reviews/other reviews 39 (all compliant) |
| | 97.0% compliant Assurance | 96.6% compliant Assurance |
| | 87.5% compliant CMAAS and RAS | 100.0% compliant CMAAS and RAS |
| | 96.6% meeting standards Tax & Legal | 99.3% meeting standards Tax & Legal |
| | 96.3% meeting standards Advisory | 100.0% meeting standards Advisory |
| Training hours per FTE | | |
|  | 2020/2021 | 2019/2020 |
| | 108 | 115 |
| Financial result Net revenue | | |
|  | 2020/2021 | 2019/2020 |
| | €936M | €950M |
| Operating profit | | |
|  | 2020/2021 | 2019/2020 |
| | €201M | €165M |

| | | |
|---|------------------|------------------|
| Sustainable Environmental impact (tCO2e) | | |
|  | 2020/2021 | 2019/2020 |
| | 2,778 | 15,287 |
| Reduction GHG emissions (% compared to 2018/2019) | | |
|  | 2020/2021 | 2019/2020 |
| | 86% | 24% |

* Digital Accelerators are our people, that work with teams and departments across all Lines of Service to accelerate the adoption and impact of new technology tools, enabling us to innovate as an organisation.

** Badges at PwC are visible, shareable certificates of the new knowledge and skills you gain as you grow and develop at PwC.

Financial results

| | 2020/2021 | 2019/2020 | 2018/2019 | 2017/2018 | 2016/2017 |
|--|-----------|-----------|-----------|-----------|-----------|
| Revenue | | | | | |
| Net revenue (€ millions) | 936.3 | 949,8 | 884,1 | 832,7 | 767,0 |
| Increase/decrease | -1.4% | +7,4% | +6,2% | +8,6% | +3,1% |
| Net revenue per FTE (€'000) | 178.7 | 178,7 | 175,2 | 176,8 | 167,0 |
| Increase/decrease | +0.0% | +2,0% | -0,9% | +5,9% | -0,4% |
| External revenue per Line of Service (€ millions) | | | | | |
| Assurance | 341.7 | 344.8 | 392,9 | 367,3 | 317,3 |
| Tax & Legal | 308.1 | 305.2 | 247,3 | 252,8 | 239,4 |
| Advisory | 286.4 | 299.4 | 242,9 | 212,6 | 210,3 |
| Other | 0.1 | 0.4 | 1,0 | 0,0 | 0,0 |
| Total | 936.3 | 949.8 | 884.1 | 832,7 | 767,0 |
| Operating profit (€ millions) | | | | | |
| Increase/decrease | +21.9% | +0,7% | +1,1% | +6,9% | +6,3% |
| Operating profit per Line of Service (€ millions) | | | | | |
| Assurance | 60.7 | 37,8 | 46,3 | 54,8 | 43,0 |
| Tax & Legal | 84.0 | 74,6 | 71,1 | 65,8 | 67,2 |
| Advisory | 54.9 | 53,4 | 50,9 | 44,7 | 43,3 |
| Average number of FTEs | | | | | |
| Partners | 5,241 | 5.315 | 5.045 | 4.713 | 4.594 |
| Professional staff | 281 | 282 | 278 | 271 | 279 |
| Support staff | 3,975 | 4.076 | 3.897 | 3.615 | 3.510 |
| | 985 | 957 | 870 | 827 | 805 |

PwC and World Press Photo, a partnership based on values

PwC has been a proud partner of World Press Photo (WPP) since 2019. World Press Photo aims to unite the world with stories that matter. With this partnership, among others, we want to show that we too are right at the heart of society. That we listen to what is going on, to adapt our services even better to what society demands of us.

This means specifically partnership and not sponsorship. David Verweij, our sponsoring manager explains: 'The difference is that in the cooperation with our partners, we

focus on PwC's social commitment and look at how we can play a meaningful role as a knowledge and expertise partner.' For example, we carry out a number of projects with WPP each year in the area of diversity, verification (the authenticity of photos), and cybersecurity. This year, to emphasise our partnership, we have decorated our Amsterdam office with the World Press Photo for 2021. You can read more about this in our [Annual Report](#) or on our [website](#).



2021 Photo Contest,
World Press Photo of the Year

The First Embrace

Rosa Luzia Lunardi (85) is embraced by nurse Adriana Silva da Costa Souza, at Viva Bem care home, São Paulo, Brazil.

Photographer

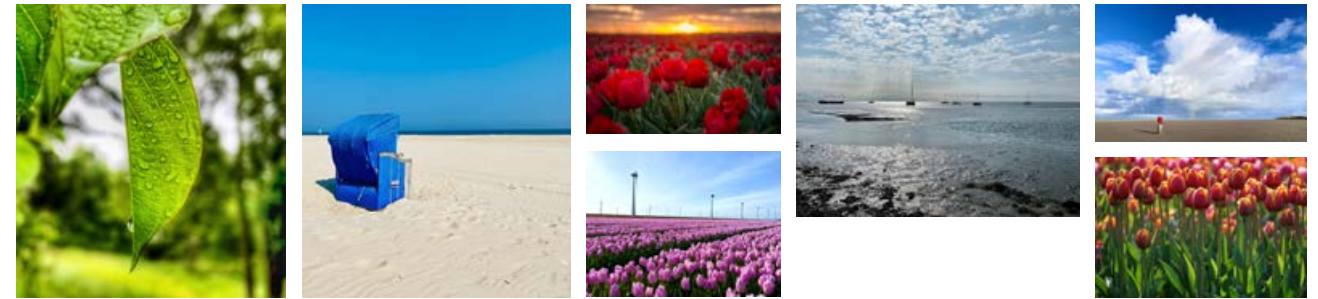
Mads Nissen (1979) is a photographer based in Copenhagen, Denmark.

Politiken/Panos Pictures

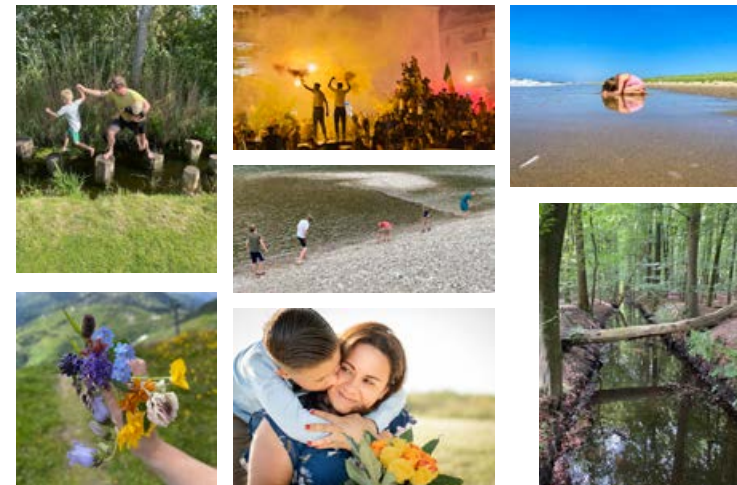
In order to make clear the importance and reasons for our partnerships to our own people, we also pay a lot of attention to them internally. Last summer, for example, we organised our own PwC photo competition in consultation with World Press Photo. As in our day-to-day work,

we asked those taking part to look at the predefined topics from different perspectives. That resulted in some fine pictures in the three chosen categories: beautiful Netherlands, connection, and the free category.

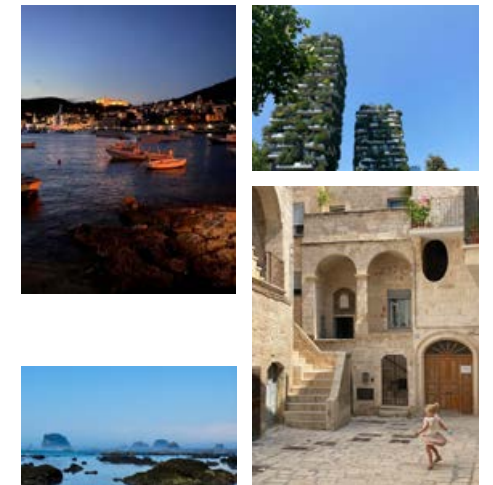
1. The beauty of The Netherlands



2. Connecting



3. Open category



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At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 155 countries with more than 284,000 people. At PwC in the Netherlands over 5,500 people work together. We're committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.nl.