



Report of the Board of Management

Strategic context

Annual Report

2022/2023



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Finding the right balance

If anything has become clear over the past year it is that the world has become more unpredictable than ever. The challenges became more complex, as rising inflation and interest rates were added to the mix. The war in the Ukraine has shown no sign of relenting either. Together with several other developments leading to continued instability, unpredictable energy and raw material prices and a disrupted supply chain. We see increased environmental instability and disasters, such as high temperatures in Europe and several forest fires all over the world, the earthquake in Syria and Turkey and flooding at the border of Germany, Belgium and the Netherlands. Through it all a tight labour market remains a key concern for many organisations.



In this complex world, organisations are searching for the right balance between managing current challenges and investing in the future that have an effect both on the short and long term. This is also reflected in the latest annual CEO Survey that PwC conducts worldwide to discover the insights and expectations of executives. An important outcome this year was that CEOs realise they need to transform and invest in sustainability and digitisation to make their organisation future-proof.

Revisiting the megatrends

Five global shifts reshaping the world we live in

Almost a decade has passed since the PwC Network identified five ‘megatrends’ – deep and profound developments that are global in scope, have long-term effects, touch everyone on the planet and will shape our world for many years to come. It is now clear that these megatrends have transformed our world even faster than we predicted and made the challenges faced by our clients and society more complex. This is primarily due to the way the interaction between the trends has turbocharged both the speed and pervasiveness of change.

The megatrends are evolving and the way they manifest themselves today has shifted compared to ten years ago. We have now revisited these trends to understand how they have changed, the future they may create by 2030 and the questions they will ask of humanity.

The **megatrends** and their implications:



Climate change



Technological disruption



Demographic shifts



Fracturing world



Social instability



CEO Survey

CEOs recognise the need for transformation

CEOs throughout the world (45%) realise that their company will not be viable in ten years’ time unless they make changes. These were some of the key findings in PwC’s 26th [CEO Survey](#) (October 2022), our annual deep dive into the views of executives on the economy, their company and the environment in which they operate. We presented the results of the latest edition in January during the World Economic Forum in Davos. The survey covered 4,410 CEOs worldwide, 85 of them in the Netherlands.

It also showed a sharp fall in CEO optimism compared to the year before, when the COVID-19 pandemic was largely behind us and the invasion of Ukraine had yet to take place.

Labour market tightness high on the agenda

The tight labour market remains high on the executives’ agendas. They said that scarcity of employees is the main factor likely to impact their organisation’s profitability over the next ten years, more so than technological developments or the energy transition.

Preparing ‘green’ measures, not yet implementing

Climate change has dropped relatively on the agenda, but CEOs are still engaged. Short-term concerns revolve more around inflation, economic volatility and political instability. The survey results also reveal that while a large number of companies are already taking measures in areas such as CO₂ reduction and environmentally friendlier production methods, many are still in the preparation stage and have yet to be implemented.





Regaining trust

PwC helps Dutch tax authorities with betterment in handling after closure of FSV

The Dutch Tax and Customs Administration's Fraud Notification System (*Fraude Signalering Voorziening* or FSV) was closed in 2020 after failing to comply with European privacy legislation. Arjan Dikmans was given the challenging assignment of regaining the trust of the people registered in the FSV. Working on the programme together with PwC partner Selwyn Moons, Dikmans is clear about the importance of transparency.

Winning back trust

'The Dutch tax authority was given the assignment to explain to a very large number of people why they were registered in the FSV and what the effect could be,' is how Dikmans describes the run-up to the process. 'There was a list of 270,000 people,' adds Moons. 'The major task we had – and which the Dutch tax authorities worked on in parallel – was to look as honestly as possible at what happened to those people and the consequences of their registration. Based on that information, the Dutch tax authorities have been able to inform the people involved and start exploring how any damages can be met.'

Moons says that the overall intention was to win back trust. 'And, where possible, to accommodate people. Many different actions and activities were needed, including mapping out the effects of a registration.' Dikmans mentions an example of excessive oversight. 'According to our own rules you are allowed to audit someone for five years if their tax return is incorrect. If we followed this person for six years, therefore, they were under supervision for too long. We didn't comply with our own rules and that is what you call an effect.'

Transparent collaboration

According to Dikmans, the assignment to communicate transparently formed a solid foundation

for the collaboration between the Dutch tax authorities and PwC. 'PwC basically had two roles. Firstly, they were to perform the investigation into the effects on the citizens. They then had to help us translate the macro numbers from those reports down to an individual level. PwC grew from an external observer in the project into a partner. It felt to me like a very equal partnership and our goal was the same – to restore trust.'

Moons felt a similar degree of responsibility with this project. 'The subject is painful and has been continuously under scrutiny. It felt good to not only be watching from the sidelines during a process that took no less than three years. This might sound like a long time but it was exactly what was required to allow us to build on a story of trust where transparency and honesty were the norm.' 'There were also some tense moments,' adds Dikmans. 'Trust can only be regained if you are seen as trustworthy and that was my message to Selwyn too... It was vital that he was always open and transparent in his communication with us.'

Intensive communication

Once PwC had mapped out the possible effects it became clear that some 270,000 people were involved. 'Our job was then to identify who they were by contacting these people intensively,' continues

Dikmans, based on which they called in or submitted a GDPR request to the tax authorities.'

Another challenge according to Dikmans was the complicated wording by the Dutch tax authorities, especially bearing in mind that the Netherlands has around one and a half million functionally (lower) (il)literate people. 'While the idea that a language barrier might have led to registration in the FSV hasn't been proven, we suspect this played a role and that really concerned us.' As part of the project, therefore, Dikmans and his team put a lot of energy into the letters which were sent to the citizens. 'They are clarified with icons and visuals and written in layman's terms. I am convinced that a large number of people now understand the message.'

Trust gap

'When I look at the figures it is clear many of the people registered in the FSV were never aware of that fact,' Dikmans says as he looks back on the project. 'We still apologised to them all, which was very important from an integrity standpoint.'

The process of regaining trust and the communication with those involved made a big impression on Dikmans, and it is the people registered he remembers most. 'I feel honoured to have guided these people on this journey. Although not all problems are solved this way it was a privilege to work together with the PwC team and hundreds of colleagues daily on the programme in a spirit of openness and transparency. Whether I've helped close the trust gap with the general public is not up to me to say... That's for the citizens themselves.'



Trust can only be rebuilt if you yourself are seen as trustworthy.



At PwC we realise that finding the best solutions requires collaboration and the building of relationships with our clients and our stakeholders, and with each other. This is crucial if we are to provide high-quality services. Combining those relationships, knowledge and expertise with the right technology generates unprecedented opportunities. We arrive at better solutions when we look at how we can make things smarter from different backgrounds and angles. That is exactly what our people do and why we call them a community of solvers.

We cherish the power of our people, who are at the heart of PwC's global The New Equation strategy. This strategy makes our purpose concrete: helping clients build trust with their stakeholders and realise sustainable outcomes. It is achieved by leveraging on the passion and commitment of the different perspectives found within the community of solvers. The foundation for realising our strategic priorities consists of continuously striving and delivering high-

quality services and realising sustainable growth. In the *Strategy execution* chapter, progress on the strategic priorities and foundations is explained in five paragraphs (relevant to client and society, a community of solvers, human-led and tech-powered, trust as a foundation for quality, sustainable growth).

The three priorities of The New Equation

To bring our strategy further to life we have chosen three priorities:

Client focused

As a service provider we aim to be the first choice for our clients in helping them tackle the challenges that are important to them and their stakeholders. This requires a focus on our clients, their stakeholders, and an understanding of the broader context in which they operate. This focus also enables us to deliver high-quality services.

Community of solvers

We find valuable solutions when we look at what can be done smarter, better, and differently based on a wide range of backgrounds and perspectives. That is the power of our community of solvers. We encourage an inclusive and diverse collaborative culture, where people feel they can speak up, are valued and work with purpose. This helps our colleagues be authentic and use their expertise together. Such a culture also allows us to attract, develop and retain the best and most diverse talent.

Human-led, tech-powered

People and technology go hand in hand. We believe that combining human ingenuity with technology enables us to develop valuable solutions faster while at the same time building trust across the entire value chain. We make use of technology in our services, innovate our way of working and work together with (tech) alliance partners to make a difference for our clients.

Community of solvers media campaign

A new marketing campaign was launched in the Netherlands in spring 2023 to strengthen our brand position and share the 'community of solvers' concept externally. It emphasises the unique nature of our multi-competence organisation, which enables us to bring together the right combination of human talent and technology to solve complex challenges.

We were visible with advertisements in national newspapers, online at social media and bannering and could be heard during commercial breaks on the main radio stations. The campaign placed our colleagues centre stage, using examples from the PwC practice to show how our 'solvers' help clients and society move forward.

We saw a follow-up on the first campaign flight with loading content on Economic Resilience and Cloud & Digital.



Community of solvers:
de beste oplossing
bedenk je samen

Voor complexe vraagstukken zit de oplossing vaak in onverwachte hoek. Daarom bekijkt de community of solvers uitdagingen altijd van alle kanten. Met een groep experts vanuit verschillende invalshoeken. De bedrijfsuitdagingen van nu vragen daar gewoon om. En losgegeven, soms is die oplossing dan wel onorthodox. Maar wel altijd eenje die je vooruithelpt.

Lees er alles over op pwc.nl.

The New Equation.





What our stakeholders want

We engage continuously with our stakeholders: our colleagues, our clients and representatives of society at large, such as supervisory bodies, government, youth organisations, NGOs, professional and investor associations, politicians and academics. These dialogues help us understand what stakeholders expect from us and allow us to refine our strategy, our societal role and our work with clients.

Our stakeholders have given us three main messages over the past year:

Be a social organisation for everyone

Being a good reflection of society requires us to actively consider being a social organisation for everyone when attracting talent. In addition, PwC has many large organisations as clients, while the Netherlands is home to lots of small and medium-sized organisations too. Our stakeholders advise us to engage with these types of businesses more often and use PwC's knowledge and experience to help them improve their performance.



Have a positive impact on society and communicate it

PwC can fulfil its ambition to build trust by contributing to major social challenges. Our stakeholders tell us that it is through our services for clients that we can have the greatest impact on society and that we should communicate more about the positive impact we are having. In short, they say, be good and tell people about that.



Build for the future as a learning organisation

Our stakeholders encourage us to more frequently broaden our horizon beyond the short-term and become future-proof. They urge PwC to challenge the status quo, for instance by being constantly mindful of the pros and cons of the way PwC in the Netherlands is currently structured. A future-proof organisation sometimes requires a different mindset, courage and agility according to our stakeholders.



Value-creation process

Our value-creation process provides an overview of how we use trends and developments our clients and their stakeholders are facing, the expectations of our stakeholders and the analysis of material topics as inputs. Aiming to deliver sustained outcomes that make a difference, it is key that our strategy and reporting is focused on the sustainability topics that matter most. Our material topics represent our most significant impacts on the economy, environment and people, including human rights. They are regularly reviewed to ensure they reflect relevant developments within our organisation and across our value chain. While the potential impact on clients is not currently measured, this will be part of our work on compliance with the Corporate Sustainability Reporting Directive (CSRD).

In 2022/2023 we have updated our materiality assessment in accordance with the revised voluntary GRI standards and specifically 'GRI 3: Material Topics 2021'. We have also considered the, at that time, draft requirements from the European Sustainability Reporting Standards (ESRS) that apply under the CSRD.

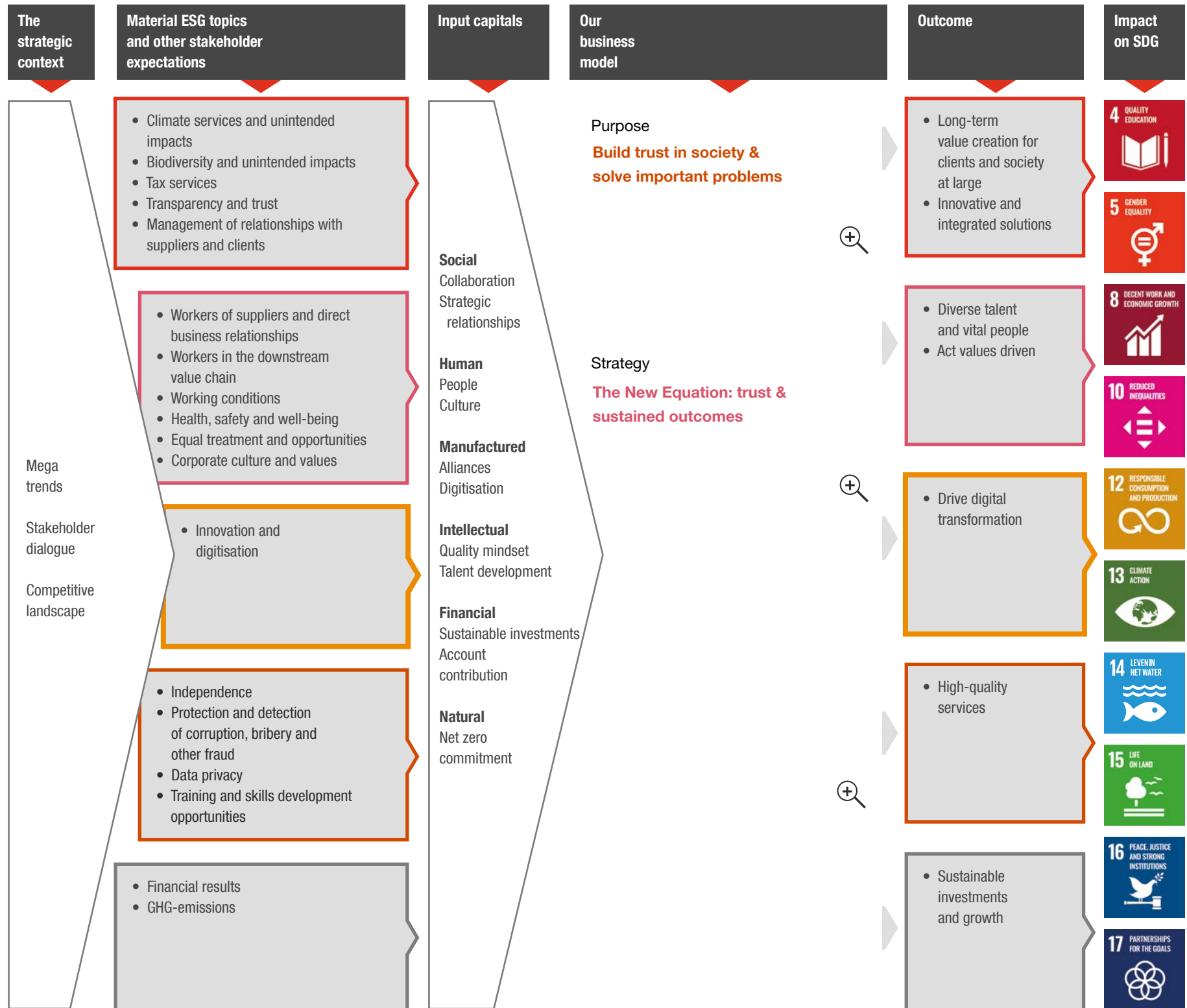
In our value-creation process we show how we link these to core capitals and translate them into our strategic priorities, with the ultimate goal of adding value to stakeholders. In the short-term, our efforts generate non-financial and financial output every year and we quantify progress via a set of KPIs related to these material themes.

Across our value chain, including how we work with suppliers and clients, PwC has an impact on the Sustainable Development Goals (SDGs) and creates value for stakeholders. We strive to generate long-term value by working with suppliers to have a positive impact on people and the environment. This includes embedding sustainability considerations in supplier selection and procurement processes and engaging in a continuous dialogue on how to have a positive impact together. The greatest impact in the short- and long-term comes from our service delivery to clients as we help them improve their organisations and solve the issues that matter.

Material topic	Main impact
ESRS and economic topics	Description of material impacts
Climate change	Impact on climate change of scope 1, 2 and 3 GHG emissions from operations Impact on climate change of dedicated climate services and unintended impacts from services
Biodiversity and ecosystems	Impact on biodiversity of dedicated climate services and unintended impacts from services
Own workforce	Impact on employees of working conditions provided Impact on employees' health, safety and wellbeing Impact on employees' right to equal treatment and opportunities Impact on employees of training and skills development opportunities
Workers in the value chain	Impact on rights of workers of suppliers and direct business relationships Impact on rights of workers in the downstream value chain of dedicated workforce services and unintended impacts from services
Business conduct	Impact on people and environment of corporate culture and values that promote responsible business Impact on people in the event of data privacy incidents Impact on society in the event of quality, including independence issues Impact on people and environment from management of relationships with suppliers and clients
Entity specific topics	Impact on society of sustainable tax services and unintended impacts from tax advice Impact on society of prevention and detection of corruption, bribery and other fraud by services Impact on people and environment of services that promote transparency and trust in society
Economic	Impact on the economy of innovation and digitisation of services



Value-creation process



We use SDG impact measurement to define and monitor our value creation, using the UN Sustainable Development Goals and targets. See page 34 for more detail.

To live our purpose we invest in partnerships and alliances

Collaborating is not just something we do with our colleagues, clients, stakeholders and amongst others technology alliance partners. We also invest in our partnerships, for instance with Boijmans van Beuningen and World Press Photo.



In addition we have *partnerships and alliances* with a number of organisations active in the area of social entrepreneurship, the environment or other sustainability topics (like *equality of opportunity*).

Next to that we have a community programme in which we strive to contribute to society by sharing our knowledge and skills – pro bono and in working hours – with impact-first organisations. Making our services available in this way has the greatest impact for these organisations. We also share our knowledge and skills with our partners and learn from them in return.

A total of 42,275 hours were spent on our partnerships and impact-first organisations in 2022/2023 (2021/2022: 35,725 hours), including on the themes of climate and equality of opportunity. See an overview of the 12,125 pro-bono hours and organisations we have supported below.



Community Programme 2022/2023 - At a glance



Partnerships and other initiatives

4,529 pro-bono hours
7 organisations

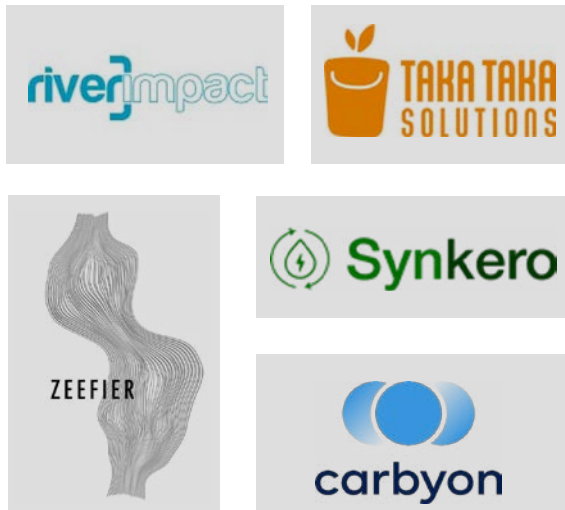
Partnerships

Support Turkey and Syria
Accelerator initiative
Brainshakes



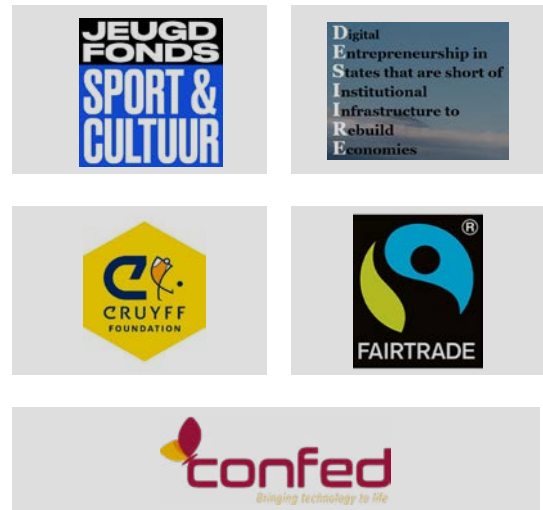
Climate Change

3,641 pro-bono hours
19 organisations



Equality of Opportunity

3,955 pro-bono hours
31 organisations



PwC photo contest 2023

PwC has been a proud partner of World Press Photo since 2019, an organisation which strives to unite the world with stories that matter. Our goals with this partnership include showing that PwC also operates at the heart of society, that we listen to what's going on, are aware of the problems in society and keep up with our constantly changing world. The response moving forward is to adapt services further to what society needs from us.

Our second photography contest this summer was organised in cooperation with World Press Photo. One of the reasons we repeated this contest is that the combination of being able to work with a photo camera (tech) and capturing one's story (human-led) provides new insights. And new insights are what propel us forward.

A photo with a story

The overall theme was 'Human solutions – community of solvers'. Colleagues could submit a 'photo with a story' matching one of these four themes:

- Inclusion & diversity
- ESG
- Human-led, tech-powered
- Well-being

The submitted images showcased the diversity of human experience, breathtaking vistas of nature, ingenious compositions and unexpected perspectives. Taken together the photos perfectly illustrate how PwC people view the world through multiple lenses, with a particular focus on solving the challenges of our times. The story behind each image was pivotal to the selection process, with one overall winner chosen.

Finalists Photo Contest 2023

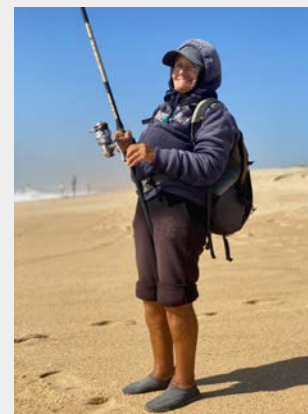


Maike Sips - ESG
Overall winner

Makes you wonder...
In this picture you can see the beautiful island of 'Pulau Tambarat', which is part of the Banyak archipelago near Sumatra, Indonesia. The ocean was so clear, the sky so blue and the beach so soft. But what is that palm tree doing in the ocean? The coastline of the island is full of dead palm trees. Due to the rising ocean level, the island shrinks every year and the palms die from the rising salt water. That makes you wonder...



IJsbrand van der Kloet - HL&TP



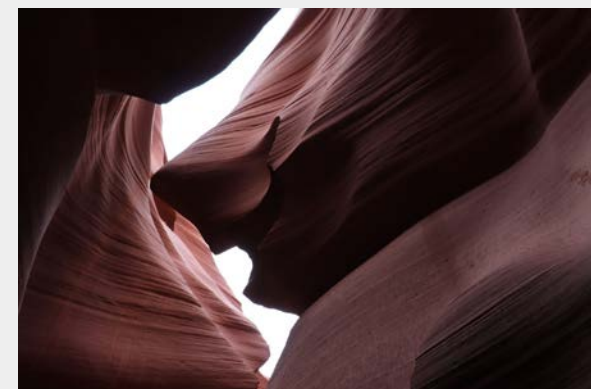
Denise Kors - I&D



Carla Potgieter - I&D



Bart van de Leur - ESG



Sophie Hammermann - Well-being

