

Taskforce on climate-related financial disclosures report

PwC US 2023



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Introduction

PwC's purpose is to build trust in society and solve important problems. As such, we feel an obligation and responsibility to address the root causes of climate change, as well as to lead by example. This is why, as part of PwC's global network, we've committed to net zero emissions by 2030 with respect to our own operations, validated by the Science Based Targets initiative.

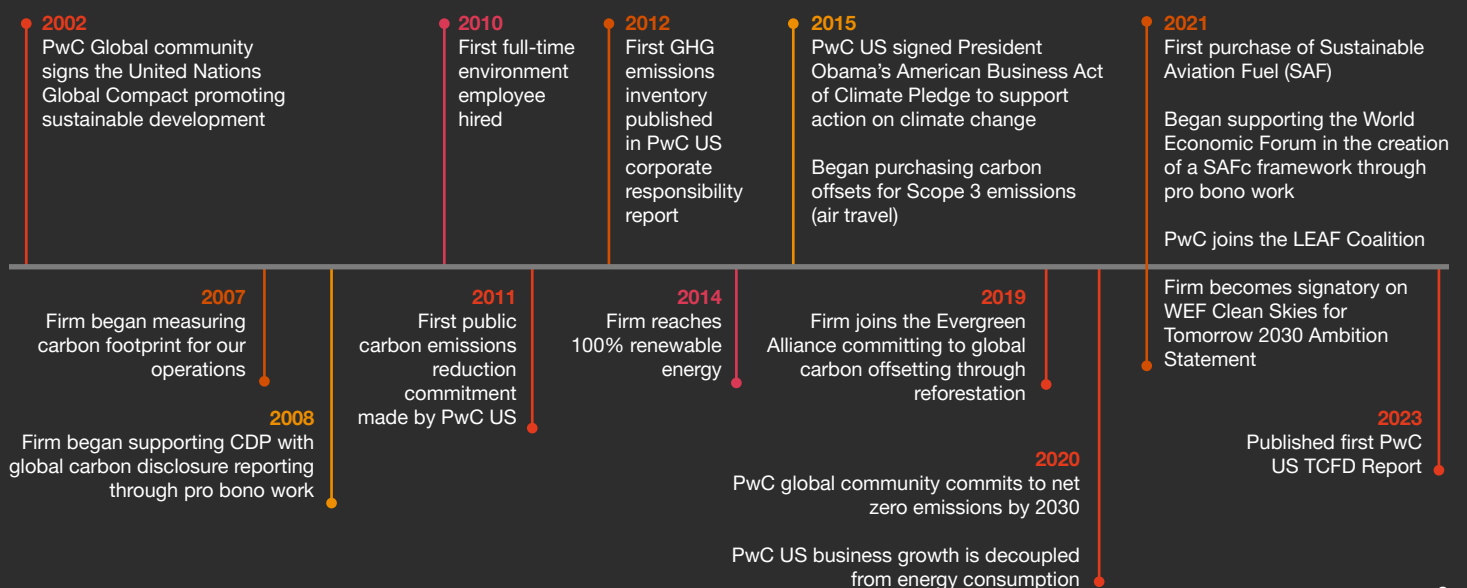
We recognize that climate change demands action now from all segments of society. It's a global issue with ramifications that go beyond implications to our business. Climate change impacts our planet's ecosystems, the resiliency of our economies, the stability of our political systems, our personal security, our health and our prosperity. Importantly, climate change is also an equity issue. While no group is immune to climate change, we know that underserved populations will often be the first and most deeply affected by its devastating impacts.

We're committed to bringing together our community of solvers, along with a diverse set of stakeholders, to drive this necessary change. This includes our active work with regulators and helping corporations to prepare for the SEC's coming greenhouse gas (GHG) reporting mandates and other sustainability efforts.

Our [FY22 Purpose and Inclusion Report](#) highlights how we are addressing climate footprint as a core part of our ESG strategy at PwC. We also have the opportunity and responsibility to understand and disclose how climate change affects our business. We are committed to building trust through transparency. This report, while the first disclosure of its kind for PwC US, builds upon PwC's global leadership on climate change disclosure, having previously published two global reports aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In this report, we focus on the risks climate poses to our US and Mexico firms, as well as our Acceleration Centers, so that we can continue to strategically plan and respond to the uncertain impacts of climate change. These impacts can also have far-reaching implications for society, as the management of our climate-related risks and opportunities aids our efforts to advance climate strategies within our clients' operations.

We've made significant progress, but we still must address specific risks and opportunities to continue to build trust among our stakeholders, secure the future of our business and achieve our 2030 net zero commitment.

PwC's climate action timeline



About this report

Overview of the Taskforce on climate-related financial disclosures (TCFD)

The TCFD was established in 2015 by the international [Financial Stability Board](#) (FSB) in response to a request from the G20 Finance Ministers and Central Bank Governors. Given the uncertainty climate change presents to the global economy, the FSB created the TCFD to improve disclosure of climate-related risks to businesses around the world. Support for the TCFD has grown to over 3,000 organizations from 92 countries with a combined market capitalization of \$27.2 trillion. In the US, the TCFD recommendations serve as the foundation of the SEC's climate disclosure proposal. The TCFD recommendations' alignment with global environmental, social and governance (ESG) standards is growing. In 2021, the [International Financial Reporting Standards](#) (IFRS) announced the formation of the [International Sustainability Standards Board](#) (ISSB), which will use the TCFD recommendations as a basis for its work.

The TCFD has set forth voluntary recommendations that inform corporate disclosures about climate-related risks and opportunities. These disclosures can provide greater transparency for stakeholders including customers, regulators and investors into the types of climate-related risks and opportunities companies face, and how they manage them. While traditional climate-related reporting focuses on a business' impact on the environment, the TCFD provides a lens on how climate change impacts each business. The analysis required to meet the TCFD recommendations can drive increased levels of awareness and knowledge throughout a business of climate-related risks, informing process and strategy. The TCFD also aims to provide external stakeholders with more consistent reporting across companies for analysis, decision-making and regulatory alignment.

PwC supports the broader adoption of TCFD reporting. The multiple positive outcomes it should deliver will help accelerate transformation efforts by businesses, driving us more quickly towards the net zero future we collectively aim to achieve. We have been a member of the TCFD since 2016, ahead of the first launch of its

recommendations in 2017. Our firm's support of the TCFD includes providing data and analytic services, serving as a member of the Metrics and Targets working group, supporting the [World Business Council for Sustainable Development](#) (WBCSD) Preparers Forum and providing ongoing support to the Energy System Reference Scenarios project to improve the consistency and comparability of climate scenarios. We believe that increased transparency in disclosing a company's climate risk will help to incentivize positive behaviors and enable stakeholders to make informed decisions.

The four pillars of TCFD disclosure



Governance: Disclose an organization's protocols around climate-related risks and opportunities.

Strategy: Disclose the actual and potential impacts of material climate-related risks and opportunities on an organization's business, strategy and financial planning.

Risk Management: Disclose how an organization identifies, assesses and manages climate-related risks.

Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant material climate-related risks and opportunities.

Report scope and methodology

Scope

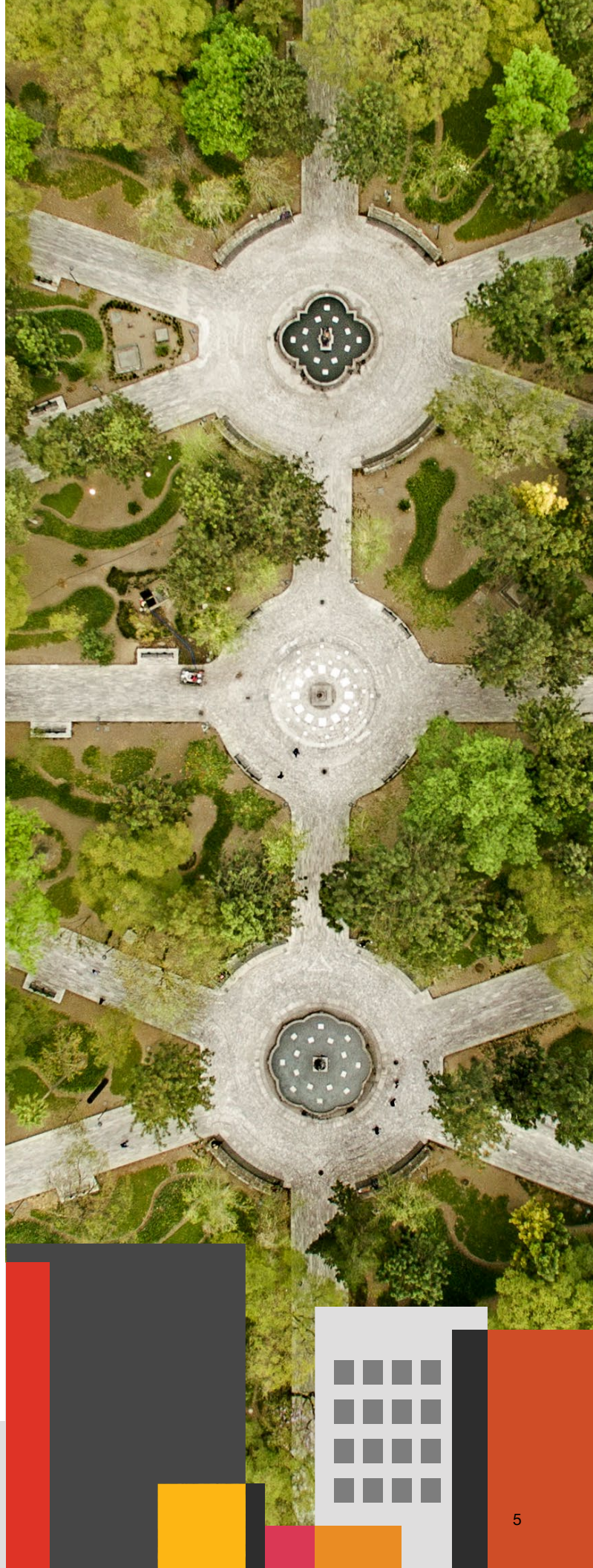
Unless specifically noted otherwise, all references to PwC in this report relate specifically to PwC US, PwC Mexico and PwC US owned or jointly owned Acceleration Centers (ACs), which include operations in Argentina, India, China, Malaysia, Mexico and the United States. In the US, PwC's footprint includes over 65,000 staff working across 79 offices. Six years ago, we combined our PwC US and PwC Mexico firms to better serve our clients, deliver quality, provide new experiences for our people and be ready for the future. PwC Mexico is made up of more than 2,500 additional people across five office locations.

ACs are global talent hubs of diverse, highly skilled professionals who work seamlessly with our US engagement teams and business segments on complex client engagements and internal projects. By bringing together a tech-enabled community of solvers across diverse geographies, cultures and backgrounds, we can deliver services with agility, capability and a unique global perspective. And with substantial depth and breadth of skills and competencies, our AC team members play an important role in helping our clients build trust and deliver sustained outcomes. Our US-owned or jointly owned international ACs grew 67% over the last year, to more than 11,000 employees across Bangalore, Mumbai, Shanghai and Mexico City.

Time horizons

While as a firm we have already made strides toward our climate commitment, there's still a complex and challenging journey ahead. Climate change creates emerging risks and opportunities for our business. Unless otherwise stated, our analysis provides a forward-looking approach to assess the potential risks and opportunities that may be caused by a changing climate under various climate scenarios.

The TCFD Framework's categorization of transition risks and physical risks was adopted to assess how various climate risks may impact PwC. These risks and opportunities have then been further grouped by a categorization of topics most material to the firm. We have defined three time horizons for our analysis and used them to categorize risks and opportunities: short term (0-5 years), medium term (6-10 years) and long term (11+ years).



Stakeholder priority assessment

In conjunction with this TCFD analysis, and to help inform our approach, we conducted a stakeholder priority assessment to identify the ESG key areas for success within the business and for our clients: building trust, solving important problems and promoting a culture of belonging. The combination of these priority topics support our purpose and inclusion strategy and our ability to deliver sustained outcomes for our clients and society.

In identifying the firm's priority focus areas, we began with an evaluation of the key topics impacting the market and our peers. Once an initial perspective of topics was consolidated from that research, we consulted with members of the executive leadership team across PwC US, PwC Mexico and our US-

owned or jointly owned Acceleration Centers through in-depth interviews to review and enhance this initial perspective. Additional information on this process can be found in our [Stakeholder Priority Assessment and GRI Index](#).

These focus areas are dynamic. As major shifts continue to shape our world, we will consistently monitor and periodically refresh our assessment of the firm's key ESG priorities. An accurate understanding of the firm's priorities will help support our future-forward approach of uniting our community of solvers to better serve our client's sustainable solutions. As the focus on the impact a business has on the people and world around it continues to intensify, continued stakeholder engagement will help establish additional priorities.

Stakeholder priority assessment focus areas

Solve important problems

In an increasingly complex world, we strive to deliver quality work and exceptional service to our clients through a human-led, tech-powered approach.

- Deliver quality services to help clients navigate the evolving regulatory landscape
- Strengthen human-led services with tech-powered solutions to adapt our business model to shifting market dynamics
- Work with our clients to identify, prepare for and respond to risk of climate change

Promote a culture of belonging

Our people are the heart of our organization. We invest in our workforce, clients and communities, and we embrace the importance of demonstrating leadership in diversity, equity and inclusion.

- Challenge the status quo and demonstrate leadership in diversity, equality and inclusion programs and initiatives
- Invest in our people and retain talent by providing support and opportunities for them to thrive
- Engage with our communities, speak up to hold each other accountable, and respect human rights

Build trust

We lead with integrity, transparency and purpose. Having a positive impact on the capital markets and society through our work is a responsibility and opportunity that we welcome.

- Demonstrate responsible industry leadership through ethical and transparent business practices
- Deliver industry-leading data security for our people and clients and diligently protect client privacy
- Help our clients as they seek to create long-term business and societal value by building trust and delivering sustained outcomes

Governance at PwC

Governance of climate strategy

Global climate governance

The PwC global network includes offices in 155 countries and more than 327,000 people. [The Network Leadership Team](#) (NLT) sets the overall strategy for the PwC network and the standards to which member firms agree to adhere. The NLT is composed of five leaders from key PwC regions, provides strategic direction and any global initiatives, including our net zero commitment. Tim Ryan, the US firm's Chair and Senior Partner, represents PwC US on the NLT. The Global Leadership Team (GLT) is appointed by, and reports to, the NLT. Its members are responsible for leading teams drawn from PwC member firms to coordinate and lead PwC's activities across all areas of the business, including our lines of service, and network functional teams. Management and oversight of our climate agenda, including our net zero program and how we are transitioning our business to be sustainable in a low carbon economy is provided by the NLT. It confirms there is business ownership and accountability.

Our Global Net Zero Leadership Team was replaced in April 2022 by a newly formed Global Corporate Sustainability Leadership Team (GCSLT) as the primary management body relating to our corporate sustainability agenda. It is led by our Global Corporate Sustainability Leader to review our corporate sustainability objectives, progress and impact. The GCSLT monitors progress toward our net zero commitment, including our science-based targets, as well as our broader business transition to adapt to the risks and opportunities that climate change will likely bring for our business.

In addition, a Climate Steering Committee was established this year. The committee is responsible for alignment in our climate policy positioning across the network as well as connecting that positioning between our market services and our own corporate sustainability agenda. The committee is chaired by the Global Corporate Sustainability Leader and reports periodically to our Global Markets Leader, who is a member of the GLT. Our Global Corporate Sustainability Leader has reported once to the NLT, once to the

GLT, three times to the Strategy Board and six times to the Global Markets Leadership Team in the last 12 months, on our targets and approach to decarbonize our business, and how we're responding to climate change risks and opportunities for our business. In addition, the Global Corporate Sustainability Leader meets with the Global Markets Leader at least monthly and on an ad hoc basis. The Territory Senior Partner (TSP) of each member firm has appointed a Net Zero Business Leader who is responsible for defining and implementing net zero plans in their territories as well as providing updates to the Global Corporate Sustainability Team.

US climate governance

We are a purpose-led and values-driven organization, and that mindset fuels our commitment to building trust in society and solving important problems. As such, the [US Board](#) and Tim Ryan, our Chair and TSP, prioritize climate along with other environmental sustainability; diversity, equity and inclusion (DEI); and social equity commitments. The Board and its committees have the ultimate oversight of our approach to considering climate related risks and opportunities throughout the organization. Our [US Leadership Team](#) (USLT) assists the firm's Senior Partner in managing the firm and discharging the Senior Partner's responsibilities. Together, they establish and determine the effectiveness of the firm's system of internal control.

Our [Purpose and Inclusion function](#) is leading the firm's climate efforts. This team oversees all aspects of internal ESG strategy including environmental sustainability, DEI, employee engagement and community investment. PwC's Chief Purpose and Inclusion Officer, Shannon Schuyler, leads the Purpose and Inclusion function and serves as the firm's Net Zero Business Leader. Our Chief Purpose and Inclusion Officer also leads the firm's annual environmental measurement, reporting and audit process, which concentrates on our GHG footprint for scopes 1-3. She also oversees our environmental targets and approach to decarbonize our business. This initiative and its progress is reported to the USLT and the Board.

Chaired by our Chief Purpose and Inclusion Officer, the Net Zero Committee includes representatives from key functions of the firm including Purpose and Inclusion, Trust, Consulting, Business Services, Finance, Procurement, Public Policy, Real Estate and the Tech Impact Office. The Net Zero Committee met virtually five times in FY22 to discuss the implementation of various aspects of the firm's net zero commitment, including measurement and disclosure, emissions reduction opportunities, renewable energy purchasing and carbon offsetting strategy.

Governance of the risk management function

Management of climate-related risks and opportunities is a shared responsibility that is carried out by the Purpose and Inclusion function together with management teams across the organization. The Risk & Quality (R&Q) Committee provides oversight and monitors the appropriate policies, processes and procedures for managing and reducing risks of the firm. The Board provides strategic direction, governance and oversight when establishing the US Enterprise Risk Management (ERM) program that aims to identify and prioritize the components of enterprise-level risk, and facilitate the development of specific action plans to mitigate each identified top risk. In addition, senior management from Trust Solutions and Consulting Solutions are collaborating to address climate change risks and opportunities that most directly impact their functions.

Monitoring public climate policy

The Public Policy team monitors climate policy updates through the lens of our firm's risks and opportunities as well as those of our clients. This includes what policy makers are thinking and what regulators are

implementing as it relates to climate. This team analyzes media and publications and has frequent conversations with government officials and regulators. Specific personnel within the team are focused on monitoring topics that relate to climate, which are then shared with the firm through weekly internal newsletters.

Climate data oversight

Concern for the environment isn't new for us — nor is transparency about our actions and results. We set our first carbon reduction goal in 2007. In 2011, we began reporting our progress annually. We're applying the lessons from more than a decade of measuring our GHG footprint to transparently disclose progress and drive further changes to business as usual. As such, we're continually working with stakeholders inside and outside of our business to refine how we collect that data. For additional information on our FY22 reporting, please reference the [Metrics and targets section of this report](#). Today, all of our GHG emissions data are externally reviewed in accordance with the attestation standards established by the American Institute of Certified Public Accountants (AICPA), and PwC internally performs a professional review involved in testing processes and controls to support the quality of this data. The Chief Data Officer and the data team are building capabilities to support the centralization and improvement of our internal ESG data, including GHG emissions.

PwC Mexico and the ACs are working towards the same net zero commitment and are aligned with the same measurement, reporting and GHG mitigation initiatives as PwC US. The US firm is responsible for tracking the progress for the US, Mexico and ACs. Leaders from Mexico, the ACs, and the US have frequent meetings discussing the coordination, monitoring and implementation of key initiatives and alignment on strategy and procedures.



Strategy

How we are collaborating to address climate change

Climate change is a societal problem that requires a collective effort among industry, government and nonprofit stakeholders. Helping our clients understand and navigate the challenges climate change poses for them and their stakeholders is central to how we can help in the global transition to a low-carbon world. We have a long history of helping organizations build trust in their operations through reliable data and accurate reporting processes. That experience is especially meaningful today as scrutiny of environmental, societal and governance credentials intensifies.

That's why we've taken a stance on the SEC's proposed new rules for climate change disclosure. We support the SEC proposal as a significant step toward transparency—and accountability—around companies' environmental action and climate risks. We have, however, offered recommendations to make the final rules more operational and to improve the decision-usefulness of the information for investors. Among our recommendations are the application of a "management lens" to focus the scope of disclosures, the narrowing of the range of scope 3 greenhouse gas emissions disclosures, and sufficient time to ensure registrants can produce investor-grade information.

As a firm we are not subject to the proposal; however, we intend to voluntarily incorporate reporting consistent with the SEC rule when it is final. We will also continue to work with clients on their own voluntary disclosures, including providing the benefits of assurance by an independent, objective auditor.

Globally, the PwC Network is supportive of two major international proposals for climate disclosures, one from the International Sustainability Standards Board (ISSB) and the other from the European Union's Corporate Sustainability Reporting Directive (CSRD). For both these proposed sets of rules, as well as for the SEC proposal, our position is the same: We support these recommendations as important steps toward greater transparency on environmental impact and ESG data.

Leveraging our core competencies, we're also working pro bono with the International Financial Reporting Standards Foundation, to create a formal definition

of a financial reporting vocabulary (XBRL taxonomy). The goal is to make ESG disclosures simpler for businesses and make data aggregation and analytics more effective for investors. PwC US also funded a recently completed project between PwC Netherlands and the World Economic Forum to develop [emissions accounting and reporting guidelines](#) for sustainable aviation fuel (SAF), a critical step in developing a standardized framework that will allow SAF to be used as a tool to reduce emissions across the aviation and travel value chains.

We're proud to lend our voice in support of these measures.

We also recognize that we have an unprecedented opportunity to ignite our community of solvers to implement climate solutions for our clients. We actively support our clients in understanding and navigating the uncertainties and challenges related to climate change. We work with our clients to support their efforts to foster a net zero future for all by building on existing client work in environmental sustainability and net zero transformation. Some of the services offered to our clients to help transition to a net zero future and become more resilient include climate risk modeling, climate change strategy, reporting solutions and preparation for new regulations and climate disclosure rules. We help clients implement ESG aspects into everyday operations, including multidisciplinary services, to support large scale, sustainability-driven business transformations. With our help, clients can get started on their ESG strategy, understand and leverage the various ESG standards and frameworks such as Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD), develop investment-grade ESG metrics that can be trusted by shareholders and tech-enable the ESG reporting journey to make the data useful to their businesses.

Our firm's strategy includes a plan to grow and scale our technology and capabilities related to climate in order to help our clients in their efforts to decarbonize and transition toward net zero. This will require an investment to develop our services and secure the talent needed to meet this urgent challenge. The result can lead to transformational change, not only for our clients, but for the world.







How we are reducing our emissions footprint: PwC's 2030 net zero commitment

Driven by our purpose, we feel a deep obligation and responsibility to address root causes of climate and reduce the footprint of our own operations. This work is fundamental to the future of thriving societies and requires a broad coalition. We're in a unique position to bring together our community of solvers with diverse stakeholders—across the spectrum of industries and demographics—to drive change.

No group is immune to the effects of climate change, and these efforts offer the opportunity to build trust across businesses, organizations, governments

and communities. Because climate change disproportionately impacts underserved groups, we view our climate actions through the lens of equitable opportunity, further solidifying the need for progress. To address our own impacts, as part of the PwC global network, we have committed to achieve net zero GHG emissions in 2030. We'll achieve this goal by implementing a six-pronged framework that's collaborative with our client, supplier and community stakeholders, and rooted in science and tangible targets.

Our six net zero focus areas

	Measuring and disclosing impact	Using FY19 levels as a base year, PwC will regularly and transparently report on progress against its commitments, enhancing its greenhouse gas (GHG) emissions reporting to align with our network wide net zero targets.
	Reducing direct emissions	Reduce absolute scope 1 and 2 emissions by 50% from a FY19 baseline by 2030.
	Continuing to use 100% renewable electricity	Ensure that our operations in the US, Mexico and our Acceleration Centers continue to source 100% renewable electricity.
	Managing business travel impact	Reduce absolute business travel emissions—in partnership with the airline industry and other business leaders—by 50% from an FY19 baseline by 2030.
	Engaging suppliers	Commit that 50% of our purchased goods and services suppliers (by emissions) have set science-based targets to reduce their own climate impact by 2025.
	Offsetting emissions	Continue to offset our emissions through high-quality carbon credits, transitioning our carbon offset portfolio to 100% carbon removals by 2030.

Scope 1, 2 and 3 emissions definitions

We discuss our firm metrics and targets subsequently in this report, with specific reference to how our firm measures GHG emissions. Having said that, an understanding of the definitions of key terms on how the industry categorizes scope 1, scope 2 and scope 3 emissions is essential for understanding our net zero commitment.

Scope 1

Direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).

Scope 2

Indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.

Scope 3

Emissions from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. Scope 3 emissions include all sources not within an organization's scope 1 and 2 boundary. The scope 3 emissions for one organization can be the scope 1 and 2 emissions of another organization. Scope 3 emissions, also referred to as value chain emissions, often represent the majority of an organization's total GHG emissions.

TCFD assessment process

Summary

While we've already made strides toward our climate commitment, there's still a complex and challenging journey ahead. Climate change creates emerging risks and opportunities for our business. Unless otherwise stated, our analysis provides a forward looking approach to assess the potential risks and opportunities that may be caused by a changing climate, under various climate scenarios.

The TCFD Framework's categorization of transition risks and physical risks was adopted to assess how various climate risks may impact PwC. These risks and opportunities have then been further grouped by a categorization of topics most material to the firm.

Qualitative risk assessment

To understand our firm's approach to the four key pillars of TCFD we conducted a qualitative risk assessment involving detailed interviews with our leadership team within PwC US, PwC Mexico and our ACs. The interviews aimed to obtain the leadership team's input on relevant climate risks and opportunities, activities to date and plans for the future. Responses were aggregated and integrated into a climate risk assessment and gap assessment. The assessment provides an overall view of our current climate-related processes and climate risk exposure.

Physical risk

The physical impacts of climate change, usually from more extreme and frequent weather events.

Transition risk

The impacts that result from the transition to a lower carbon economy (impacts could be caused by policy changes, shifts in supply chain, and consumer demand for products or changing public perception of products or companies).



Scenario analysis

As climate change continues to affect the world we live in, the efforts humanity takes to mitigate emissions can alter the amount of global warming expected in the future. These outcomes can also alter some of the risks our firm will face, as higher warming increases risk of physical damage whereas lower warming results in greater transition risk. To understand PwC's exposure to the physical impacts of climate change and risks related to the transition to a low carbon economy, we conducted scenario analyses including a physical risk assessment and a transition risk assessment. Scenario analysis is a well-established method for developing strategic plans that are more flexible or thorough to a range of plausible future states. This helps us identify where climate risks are most likely to impact PwC and ultimately inform strategies to protect our physical assets and our people as well as the resilience of our business model. We assessed the potential risks and opportunities regarding key geographic locations and the potential impact to our business model, clients and the broader economy under various climate scenarios that have been established by the [Intergovernmental Panel on Climate Change](#) (IPCC) and International Energy Agency (IEA), which are commonly used to measure climate risk exposure. The scenario analysis is inclusive of PwC US, PwC Mexico and our US owned or jointly owned ACs.

Physical risk assessment

Physical risk refers to the physical impacts of climate change such as from extreme weather events and the increased frequency of such events or overall shifts in climatic behavior, such as temperature and precipitation patterns.

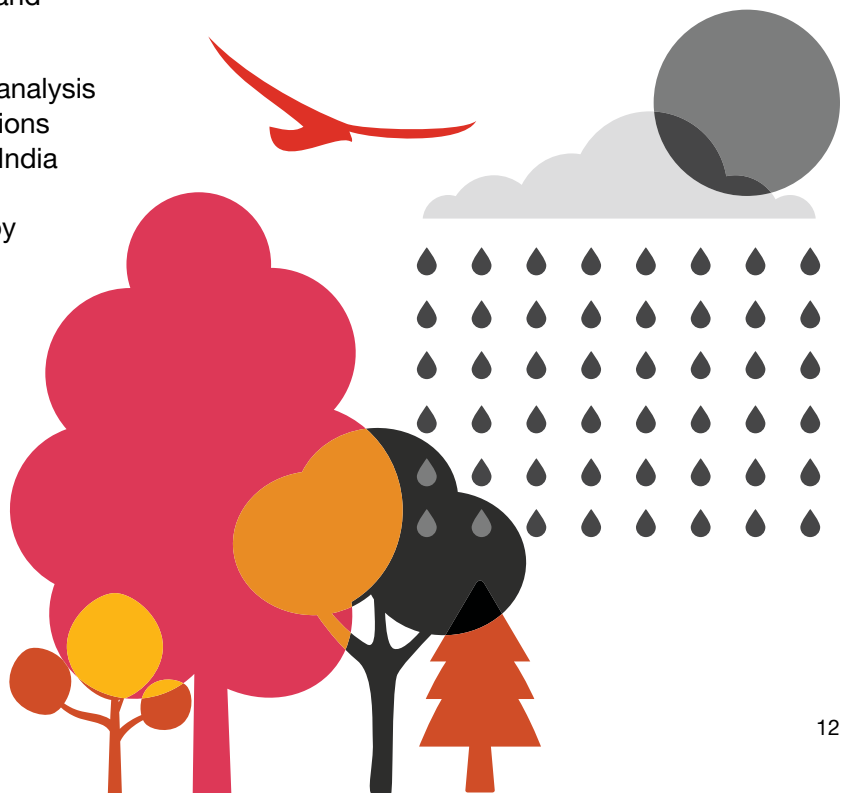
We conducted a physical climate risk exposure analysis on office, data center and employee home locations in the US, Mexico and ACs in Argentina, China, India and Malaysia. We leveraged Geospatial Climate Intelligence, a proprietary PwC tool developed by

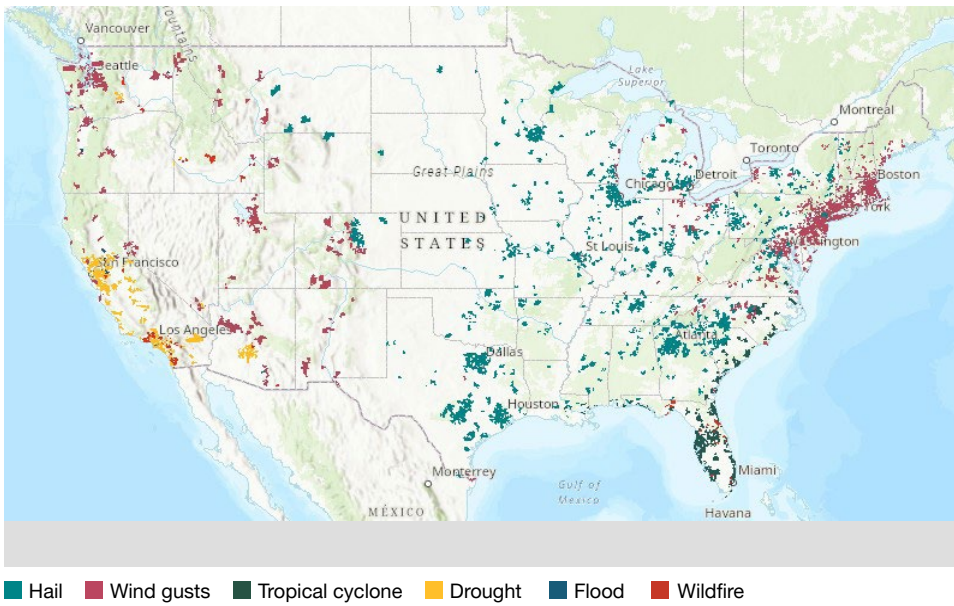
in-house climate scientists, to model various weather perils in order to determine how climate shifts can affect our business.

Our analysis uses two of the IPCC's Shared Socioeconomic Pathways (SSP) climate scenarios: SSP 1-2.6 and SSP 5-8.5. These two scenarios are widely accepted in physical risk modeling to represent outcomes in both a "low" and "high" warming scenario. SSP1-2.6 represents the "low" warming scenario, characterized by the broad adoption of carbon transition policies that provide substantial net negative global GHG emissions, similar to the well-below 2°C warming scenario in the Paris Agreement. Alternatively, SSP5-8.5 represents the "high" warming scenario, characterized by minimal efforts made to reduce global GHG emissions.

The physical perils modeled include hurricane, tornado, hail, windstorm, drought, flood, wildfire and storm surge. The modeling resulted in an assigned risk score ranging from 0 (very low risk) to 100 (extreme risk). This allows us to analyze PwC people and assets exposure to climate impacts. A summary of the results from the physical risk assessment is below, and more details may be found in the appendix.

Based on this analysis, climate change is not projected to significantly increase our offices' exposure to physical risks. At present, 38 offices face a risk level of high or greater from at least one physical climate hazard. Under a High Emissions scenario this drops to 34 by 2050 due to reduced exposure to high wind gust risk.



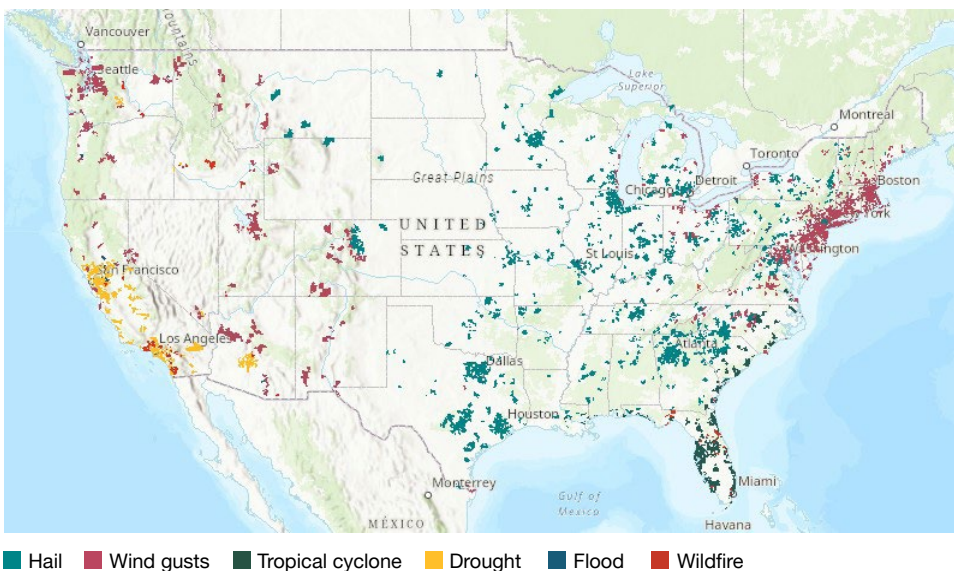


Present risk to our offices in the US

As most offices are leased, direct damage to an asset may not significantly impact the firm. Still, widespread damage to infrastructure could affect our employees' ability to access the office or work from home. Hail, wind, tornado, and flood all present extreme risk at least one of our offices in the US. The sizes of the icons represent the likelihood and severity of the primary physical hazard; or, the peril with the max hazard score for the location.

Housing, proximity to an office, and salary all factor into our employees' capacity to continue work following natural disasters, ultimately impacting PwC's ability to provide services to our clients. With the introduction of strategies such as The New Equation and My+, more employees have the option to work remotely. In the event of a natural disaster, offices can be a safe haven for employees, providing access to a temperature-controlled environment or electricity. Without a nearby

office, employee home locations become increasingly important to the firm's resilience. Our employees may work from home, client locations, or elsewhere. For the purposes of this analysis, climate risk to employee home locations is blended and displayed by zip code level and was otherwise anonymized, noting that we do not indicate climate risk to individual places of residence or client locations.



This map highlights the highest present day hazard to our US employees by zip code. Overall risk exposure to different perils vary by geographic region.

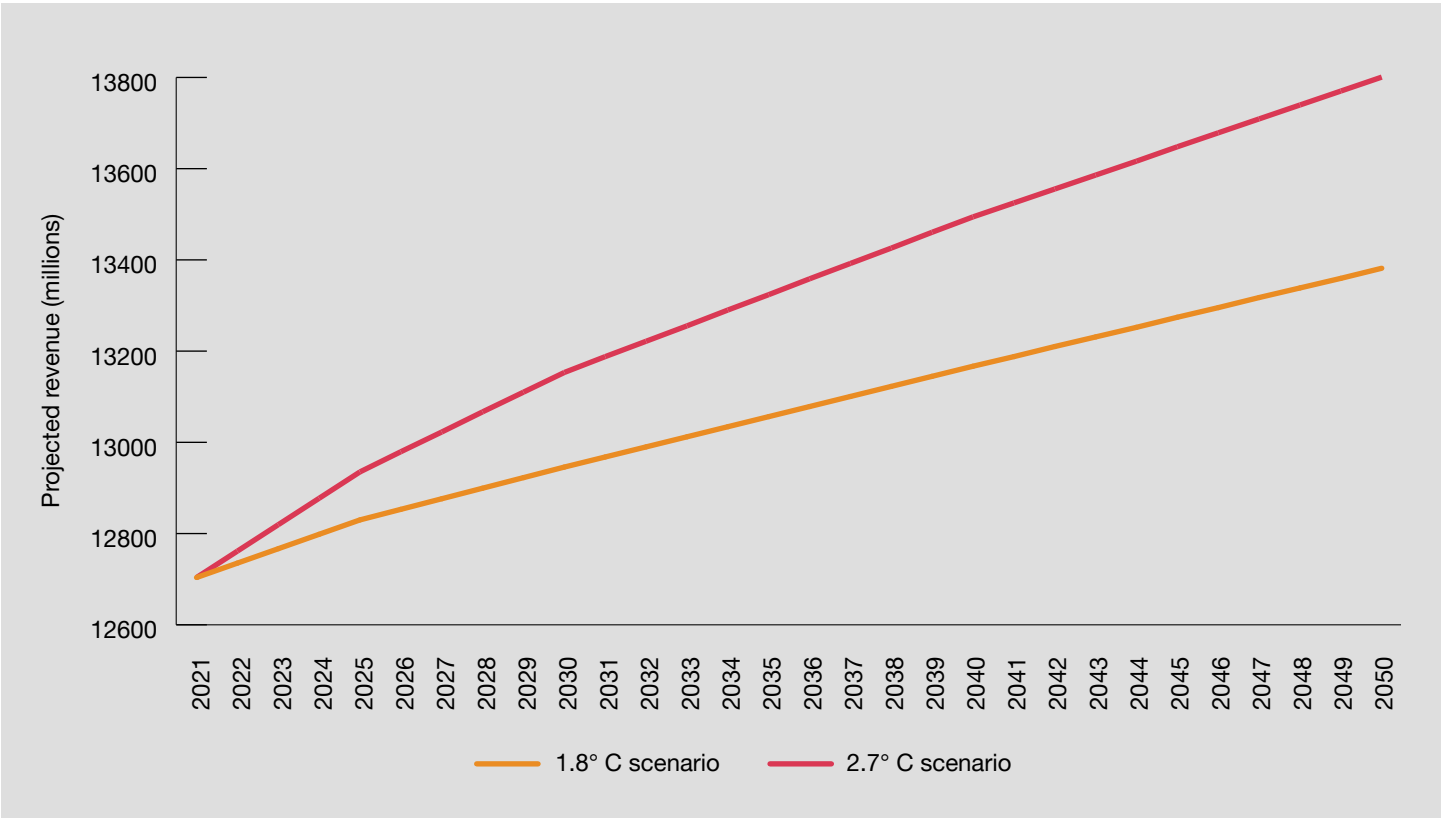
Transition risk assessment

Transition risk refers to the shift to a lower carbon economy and is driven by policy changes, disruptive technologies, shifts in supply chain and consumer demand for products or changing public perception of products or companies.

The goal of our transition risk assessment was to determine the potential impact to our business model, clients and the broader economy under various climate scenarios. The IEA Stated Policies Scenario (STEPS) represents a “high” warming scenario corresponding to an approximately 2.7°C temperature increase, and the Sustainable Development Scenario (SDS) represents a “low” warming scenario corresponding to a 1.8°C temperature increase. We used PwC’s proprietary

Climate Excellence tool to model the impact to our clients’ annual earnings, which was estimated to be proportional to our firm’s revenue from that client.

Our analysis was performed at the client level and aggregated by sector, industry and line of service. The results help us identify our most at-risk clients so we can help them, while simultaneously providing a view on how our own business might transform in the future. This enables us to assess directional potential impact to asset values, adequately manage risks and set up a long-term sustainability strategy and compliant reporting. The summary results from the transition risk assessment are below, and more details may be found in the appendix.



This analysis uses a static balance sheet and does not consider any PwC revenue growth projections. The impact is based on client earnings under varying climate scenarios. The top 80% of clients by FY21 revenue were included in this analysis as well as significant client relationships.

An overview of our findings

The major strategic implications for our business can be summarized by reference to the scenarios described as follows.

Transition implications Emphasis: Low warming scenario	Physical and transition implications Emphasis: Both scenarios	Physical implications Emphasis: High warming scenario
<p>The “low” warming scenario is characterized by a greater level of transition impacts driven by the carbon transition policies put in place and disruption as the economy transitions to a low carbon world.</p> <ul style="list-style-type: none"> • Pressure on sectors with high levels of transition risk, such as Energy and Utility, Transportation, and Manufacturing, can impact the financial results of our portfolio. • The greater need for continued assessment of the impact of climate change on policy and legal risk, given greater amounts of regulation in this scenario, technology risk, market risk and reputational risk, and to plan for how various climate risk drivers associated with the transition to a low carbon economy will impact our business. 	<p>Some risks and opportunities will arise regardless of the climate scenario.</p> <ul style="list-style-type: none"> • The need to live up to market claims around trust with a focus on climate, aligning our marketing and actions around climate. • The need to adapt our core services to embed consideration of climate related matters. For example, if a client engages us on a physical footprint strategy, climate risk should be considered as part of the decision-making process. • The development and scaling of new and emerging climate services to support clients, such as climate risk modeling of physical assets. • Continued ability to attract and retain talent with the skills and experience to help our clients, whether they’re looking to transition to lower emissions in a low warming scenario or to cope with increasing physical risk in a high warming scenario. 	<p>The “high” warming scenario is characterized by a greater level of physical impact given the escalating weather related events that are the corollary of unsuccessful efforts to reduce global GHG emissions.</p> <ul style="list-style-type: none"> • The need to plan for the impact of potential acute and chronic climate events on our physical assets and our people. • The portfolio impact of potential acute and chronic climate events in geographies with high climate risk exposure.

We have identified the risks and opportunities our firm faces through interviews with PwC’s senior leadership as well as scenario analyses of transition and physical risks, and additionally performed an accompanying assessment of these risks. We have defined three time horizons for our analysis and used them to categorize risks and opportunities: short term (0-5 years), medium term (6-10 years), long term (11+ years). The table below summarizes what we currently believe to be the most significant climate-related risks and opportunities relevant to our business. A more detailed assessment following the TCFD Framework’s categorization of transition and physical risks can be found in the appendix.

Most significant firm risks and opportunities

Type of risk	Category	Potential risks/ opportunities	Time horizon	Business impact	Business response
Reputational	Legal	Incorporation of climate in services. Increased investor and consumer focus regarding the effects of climate change may lead to new regulations that could lead to additional service offerings, new technology and/or additional staffing opportunities.	Short term	As the markets and regulators increasingly emphasize the impact of climate change, we will likely have to adapt our service offerings, including audit services, to remain at the forefront of innovative new technology and retain and attract a staff of sustainability specialists.	PwC has identified a potential opportunity to simplify and improve the measurement and management of climate change for our clients through our services. We intend to work closely with clients on adapting to new regulations and mitigating climate risks while managing our own exposure to climate-related risks.
	Brand	We may be seen as not living up to market claims around trust. The focus on climate could impact our brand reputation if we fail to meet market expectations.	Medium term	As the market evolves and the demand for climate-focused services increases, we may be exposed to losing market share to peers if we fail to meet market expectations, and our own claims around climate. We may also face scrutiny from environmental activists and staff that could target the firm for similar reasons.	We are focused on maintaining trust with our clients through leading by example, aligned with The New Equation. Due to the importance PwC places on trust and transparency, we have committed to net zero emissions and to transparently disclose our own climate risks. We will continue to meet our clients where they are and guide them along their climate journey.
		Potential failure to align our actions to our stated commitments around climate. Customer purchasing policies may shift to favor competitors based on more expansive or less expansive commitments.	Medium term	Our environmental sustainability performance has not been raised as a customer concern to date. However, if environmental sustainability and climate risk were to become a greater concern for customers, we could be evaluated against peers. Conversely, certain clients or prospects could view any climate commitment unfavorably.	Our 2030 net zero commitment is part of the firm's broader Purpose and Inclusion strategy. We will continue to evolve this commitment in line with accepted leading practice. As part of this, we have a potential opportunity to market our services as a low-carbon offering, helping our clients lower scope 3 emissions while promoting our commitment to the environment.

Type of risk	Category	Potential risks/ opportunities	Time horizon	Business impact	Business response
Strategic	Talent Aligning with our people's purpose and supporting our people in navigating the challenges related to climate change.	Attract and retain top talent Failure to make meaningful progress with respect to client and market emissions reductions may impact the ability to attract and retain talent. Current or prospective talent may also view any climate commitment unfavorably.	Short term	We could be exposed to risks related to staffing, recruiting, turnover and retention which may affect diversity and access to the right specialization if PwC is not perceived to be aligned with employee and prospective employee values.	We continue to publicly promote our values, such as with our reimagined people experience, My+, our net zero commitment and investment in ESG. As we grow our climate-related service offerings and public awareness of climate change increases, we will continue to innovate high-quality service offerings and maintain and attract a staff of environmental specialists. We will simultaneously continue to act with integrity and both expect and deliver the highest quality outcomes.
		Reduced workforce productivity Potential rising incidents of physical risk impacts (from severe weather events) on health and work productivity of our workforce.	Medium term	Because of the distributed nature of our offices, we do not expect our operation to face significant climate impacts. Employee home locations, however, may be more vulnerable to severe weather events.	With the introduction of strategies such as The New Equation and My+, more employees have the option to work remotely, making employees' homes increasingly important to the firm's resilience. In the event of a natural disaster, offices can be a safe haven for employees, providing access to a temperature-controlled environment, running water or electricity.
		Employee location Chronic weather changes may cause additional workforce migration and/or affordability issues.	Long term	Our employees may move farther from their office if the office location is in a high climate-risk area, due to potential increased risk of physical harm and lack of affordable housing and commensurate insurance.	Our real estate strategy considers the impact to employees. To the extent our employees migrate due to climate or affordability issues, their location and commuting distance would be considered in deciding where to place offices.
	Client Supporting our clients in understanding and navigating the challenges related to climate change.	Business mix A potentially missed opportunity to respond to emerging climate/ESG markets.	Short term	We could be slow to respond to new markets/subsectors, such as renewables, climate tech, public private partnerships, or regenerative agriculture. Our competitors may react quicker and gain market share in consulting services.	We have invested heavily in growing our ESG and Risk Modeling Services practices. These teams have made significant strides in hiring leading talent and reaching the forefront of climate consulting services. Our quick response provides an opportunity to capitalize on these new markets as they emerge and to gain recognition with our clients for being the go-to provider for high-quality climate services.
		Regulatory disruption Significant changes in regulation may drive increased needs from clients.	Short term	Regulatory disruption can lead to more client demand for professional services firms, particularly within the accounting profession. Our allocation of client service resources reflects this supply and demand market dynamic.	Our business does well with uncertainty, as we are well positioned to help our clients navigate emerging issues. Thus, it's important that we have the knowledge and talent readily available to rapidly respond to new regulations. We've invested heavily in attracting leading talent and building our climate offerings so that we're well equipped to handle a surge in demand, whether regulatory or market driven.

Type of risk	Category	Potential risks/ opportunities	Time horizon	Business impact	Business response
Strategic (continued)	Client (continued)	Revenue execution Clients may be impacted by physical and transition risk, with some proving more prepared and resilient than others, affecting consulting services spend.	Medium term	To the extent that client earnings are impacted as a result of climate change, there may be a reduction in client willingness and ability to requisition consulting services. This could result in loss of consulting revenue for PwC.	The experience that we have within the firm, our client focus, technology and ability to mobilize around what is happening in the regulatory space, makes us well positioned to help clients to not only report on climate issues but also build their resiliency. While some consulting services may be reduced due to client decreases in earnings, we have an opportunity to promote our ESG services and help our clients overcome the negative impacts from climate change or increased regulations. We continue to invest in our ESG people, technology, and service offerings so that we are well positioned to help our clients.
		Increasing client expectations Clients may seek complex and bespoke service offerings that our competitors may offer and may otherwise expect us to lead by example.	Medium term	As businesses look to grow their own understanding of climate risk and comply with any relevant regulation, there may be an increased need for sophisticated services. In addition, clients are already requesting increased transparency on the impact of delivering our services, such as individual project carbon footprinting.	We've already begun to invest in new services, such as the development of Geospatial Climate Intelligence which is our in-house physical risk climate model, in anticipation of evolving client needs. We've also enhanced the measurement and reporting of our GHG emissions to be able to track the carbon footprint of each client relationship.
Operational	Third-party vendor reliability Failure of third-parties to meet obligations may impact our ability to do business.	Third-party vendor misrepresentations Vendor misrepresentations about action on climate could impact our ability to report our total climate impact and meet the supplier engagement component of our net zero commitment.	Short term	As we include the impact of purchased goods and services in our scope 3 emissions, inaccuracies or misrepresentations by our suppliers could impact our ability to report on our firm's emissions accurately.	We currently calculate supplier emissions through category spend and publicly available emissions factors, thus there's a low risk of misrepresentation in the short term. In the near future, we plan to engage directly with our suppliers to understand the steps they are taking on climate and encourage them to set science-based GHG targets. This will include methods to confirm the accuracy of information provided.
	Acute physical risk Physical locations may be affected by increasingly severe weather conditions.	Increased frequency and severity of extreme weather events Floods, wind storms, cyclones, wildfires, storm surges, hail, drought, etc.	Medium term	Our office buildings and data centers may be impacted, resulting in a loss of work productivity.	Climate change is not projected to significantly increase our offices' exposure to physical risks. As most offices are leased, the direct damage to an asset may not significantly impact the firm. However, widespread damage to infrastructure could impact employees' ability to travel to the office, reducing productivity. Increased remote work options for our employees are good for resilience and can help reduce our office footprint.

Type of risk	Category	Potential risks/ opportunities	Time horizon	Business impact	Business response
Operational (continued)	Chronic physical risk Chronic changes in weather patterns could increase operational costs of certain physical locations.	Changes in precipitation patterns and extreme variability in weather patterns Increased levels of precipitation in countries or regions in which PwC operates.	Long term	Chronic changes in weather patterns could increase our costs to operate office locations, including increased electricity or other costs due to rising chronic heat, decreasing precipitation, and rising sea levels.	<p>We recognize that a responsible business environment and climate efforts are critical investments for a resilient business. We are considering how physical climate risks may influence our people strategy. Physical risks such as extreme weather events could impact our business, the locations of our offices, our employees home locations and our clients. Business continuity strategies are essential to prepare and mitigate the impact of physical risks. We are working on aligning and diversifying AC locations to establish backups and mitigate risk.</p> <p>For the AC locations in India, extreme weather events pose a continuity risk. We are continuously working on enhancing the resiliency plans that are already in place. At our AC locations, site-level initiatives have been implemented to promote work options that could lower the environmental impact and ultimately improve the work environment for our people. Initiatives range from office design to car-pooling and in-office reductions of paper, electricity and water. Reimbursement policies have been implemented alongside high speed internet and equipment to enable remote working options.</p>
Credit and liquidity	Market shifts The potential uncertainty that climate change presents to the market and global economy.	Sudden market shocks Market shifts may limit client spend and payment on consulting services.	Short term	Our clients, when impacted by sudden market shocks, may slow buying which can hinder our ability to collect cash in a timely manner. This could affect our credit and liquidity position.	We have a very diverse client base, so industry-specific market shocks are less likely to cause significant disruption to our business. The audit portion of our business is also more resilient to changes in buying behavior given the regulatory nature of our services.

Risk management

US obligations under network standards

PwC network member firms agree to abide by certain standards - our network standards - which cover a number of areas including Enterprise Risk Management (ERM). The network ERM standard requires each member firm to establish an ERM programme and integrate this within its business operations. The ERM programme must also have roles and responsibilities for identification, prioritization and mitigation of enterprise-level risks. The ERM programme identifies the most significant risks that could impact the member firm, using the Key Network Risks (KNRs) as an input (which include climate). For every risk identified, each member firm is required to assess the probability of the risk occurring, its potential impact and whether the risk is operational or, forward looking or emerging and then develop an appropriate response.

Materiality is determined by individual member firms for the purpose of their risk assessment. KNRs are identified as risks which have the potential to either: undermine the achievement of the network strategy and business objectives, or fundamentally damage the network and compromise its future. The current Key Network Risks include the following climate-related matters:

- Black and green swan events: Failure to prepare for environmental events with network-wide implications in terms of immediate/disaster response, reputational damage and potential macroeconomic impact such as regulatory change, environmental events or macroeconomic disruption created by events such as a pandemic.*
- Climate: Failure to review and consider the impact of climate change on the network and to prepare for its implications, including (i) the impact of physical risks and related disruption; (ii) the impact of transitional risks on certain clients, sectors, economies and on our services; and (iii) failure to meet network commitments related to climate.*

US climate risk management

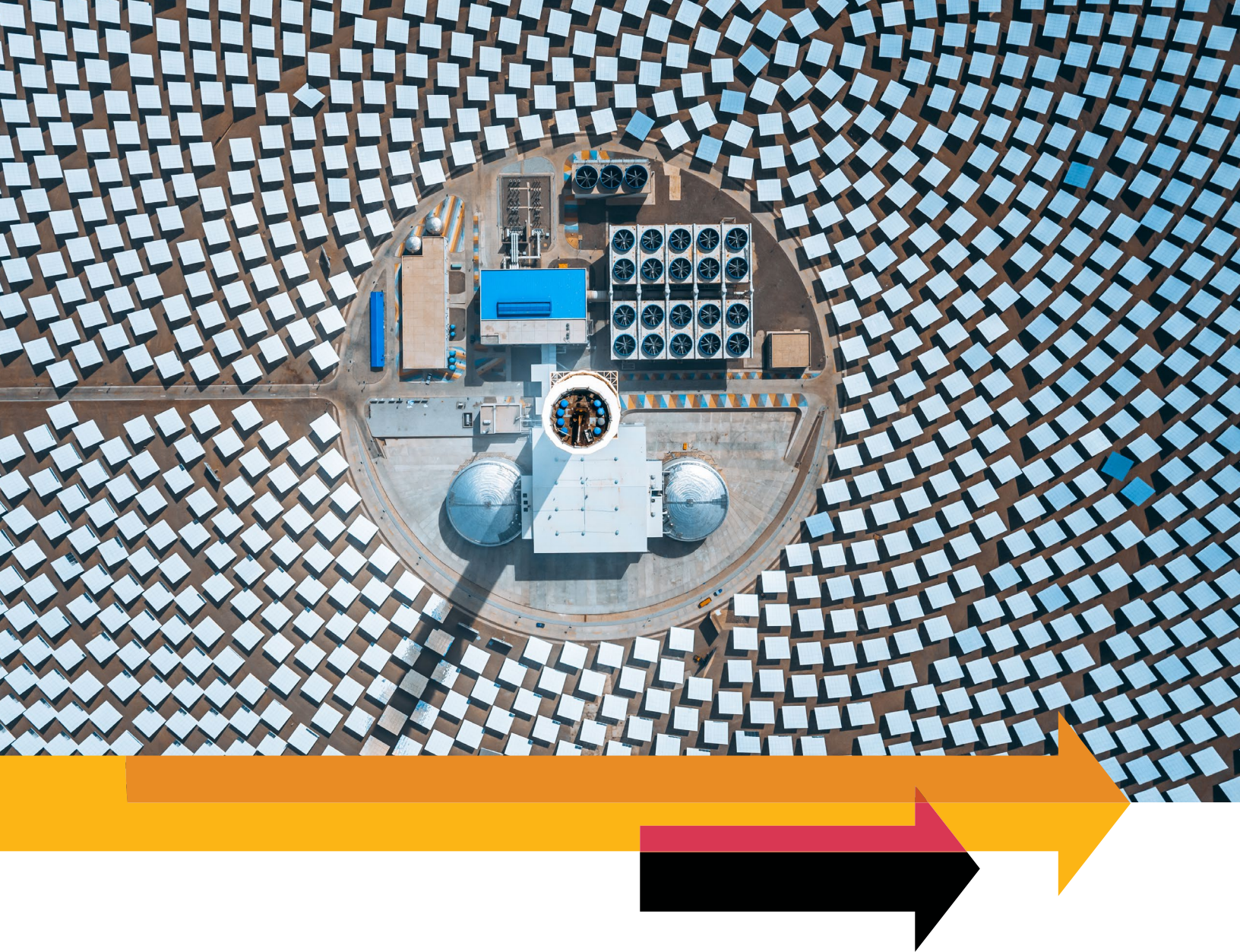
Our ERM program has been developed in line with PwC's global network standard and integrates climate-related risks into our broader risk management strategy. The goal of the ERM framework is to prioritize risk and develop specific action plans to mitigate and manage a broad range of enterprise-level risks.

Responsibilities for ERM efforts are shared across all business units to make sure that risk assessment processes are embedded within business operations. The USLT, One Firm Risk Organization (OFRO), Chief Risk Officer (CRO), Territory Senior Partner, and the R&Q Committee work together to identify, monitor, and respond to enterprise risks. The results are reviewed by the R&Q committee and Territory Senior Partner on an annual basis. The framework is updated annually to identify and prioritize relevant risks that could impact the firm's ability to achieve its strategic initiatives and changes as new risks emerge. To conduct the assessment, the OFRO leadership team performs an initial evaluation and review of enterprise risks to develop a risk universe and preliminary risk rating. This initial assessment includes consideration of the prior year's risks as well as emerging risks.

The CRO and OFRO leadership then facilitate interviews with the USLT to gather their input and perspectives on the firm's top risks. Based on the feedback provided during the interview sessions with the USLT, OFRO leadership rates the top risks based on their inherent and residual probability and impact, and maps them to the firm's strategic objectives and to the KNRs. For FY23, climate-related risks were discussed during the interviews with the USLT and climate-related considerations were recognized as a component of the Macroeconomic/Capital Market Shifts risk.

Any specific climate-related risks are identified by the risk owner in the business unit for which that risk relates. As included in this report, our Risk Modeling Services team has also conducted a risk assessment to identify and highlight areas of potential risk across our firm, including transitional and physical risks. The

*Climate-specific aspects of each of these risks are disaggregated in the risk listings contained within this report.



results of this risk assessment may be found in the table of findings included in the Strategy section of this report. The risk assessment prioritizes risks based on likelihood, impact and time horizon, and it's used to inform our business sustainability strategy and efforts to mitigate each identified risk. The typical ERM risk is a relatively shorter time horizon; but, given the nature of climate risk, we consider risks of 10 years or more.

Risk mitigation efforts corresponding to each top risk are also identified. OFRO coordinates with the US firm leaders to assign USLT Risk Owners who have the overall accountability and authority to manage a risk. USLT Risk Owners are also responsible for providing risk mitigation plans describing the processes, programs, controls and/or monitoring activities that have been or will be implemented to address the risks. Solutions for risk range from purchasing insurance

through formalized response processes, such as those put in place to confirm our people's security or technology backup. The top risks are reviewed by the US Chair and Senior Partner, Tim Ryan, and shared with the R&Q Committee.

The inclusion of climate as one of the Network's key risks effectively embeds the consideration of climate-related risks into the ERM processes and facilitates a review to identify, assess and manage enterprise related risks. Details on how our self assessment is integrated into the broader global ERM framework can be found in the [PwC Global Climate-related disclosures report](#).

Metrics and targets

As noted above in the Strategy section, in 2020 PwC US joined PwC network firms in a commitment to achieve net zero greenhouse gas (GHG) emissions by 2030. This includes a target to reduce our scope 1 and 2 emissions by 50% and our scope 3 emissions by 50% compared to an FY19 baseline by 2030 in alignment to our validated global science based target. This target is in line with a future climate change scenario of 1.5 degrees above pre industrial levels, which scientific research indicates is needed to prevent the worst impacts of climate change. PwC Global targets have been independently validated by the Science Based Targets initiative (SBTi), affirming our approach and timeline to achieve net zero emissions by 2030. To guide us, we use a six-prong framework coupled with measurable, actionable objectives.

1. Measure and disclose impact

We're applying the lessons from more than a decade of measuring our GHG footprint to transparently disclose progress and drive further changes to business as usual. As such, we're continually working with stakeholders inside and outside of our business to refine how we collect that data. In FY22, we extended our reporting to include new business travel emissions (such as hotels, rental cars, reimbursed mileage, trains and taxis) and our offshore Acceleration Centers. This required us to implement new processes and controls to increase accuracy, data quality and auditability. For example, we worked with our travel procurement team to access and cleanse data on these additional modes of travel. We built on efforts started in FY21 to centralize our process for collecting electricity data for our offices. We've also integrated the firm's finance and travel data to more effectively measure our travel emissions associated with individual clients.

In FY23, we'll be looking at ways to share GHG data and individual actions that can be taken by our people. This information will be coupled with technology enablement, such as a travel tool to help employees choose less carbon-intensive travel. We believe that transparency in impact enables environmentally conscious decision making while still delivering quality client and firm outcomes.

2. Reduce direct (office) emissions

By embracing hybrid and virtual work, we're reducing GHG emissions at our offices from our pre-pandemic baseline. In response to our new way of working, we've consolidated some of our offices and now use our space more effectively as collaborative hubs for our people to connect with their colleagues and clients. We realize, though, that hybrid and virtual work arrangements do not absolve us from the responsibility to capture data that supports our energy goal setting and decision making. We're developing a methodology to estimate our employees' work from home energy consumption and will identify ways to mitigate this impact. We're also making our offices more energy efficient and sustainable. Just over 80% of our office space is in LEED-certified (Leadership in Energy and Environmental Design) buildings.

As of FY22, just over 80% of our offices are in LEED-certified (Leadership in Energy and Environmental Design) buildings and 76% of our office spaces are LEED-certified interiors, and we continue to look for opportunities to increase this. Shifting from data centers to the cloud further helps to reduce direct emissions, and we will be working on reducing the impact this shift to the cloud has on our scope 3 emissions. Our offices are symbols of our purpose, brand and culture, and while we're making our offices more energy efficient, we're also striving to make our operations more sustainable. In addition to prioritizing the use of LEED-certified buildings and interiors, we're addressing our office waste. Ninety-four percent of our office space has recycling facilities and twenty-eight percent provides compost bins. We're also removing deskside bins and steering our people to use consolidated waste hubs to increase recycling and reduce landfill waste.

3. Source renewable energy

We've been using 100% renewable electricity in our US offices since FY13, when we started purchasing Renewable Energy Certificates (RECs) to cover our electricity consumption. RECs represent electricity that was produced and delivered to the power grid by a renewable resource, such as wind or solar power, allowing us to mitigate the climate impact of our electricity consumption. Our operations in Mexico have sourced 100% renewable electricity through RECs since FY18, and FY22 was the first year that we extended this coverage to our overseas Acceleration Centers. RECs enable us to certify that the energy we use comes from renewable sources, but they don't create additional benefits for the environment or society. As a result, we're actively pursuing other options for sourcing renewable energy that can have a greater impact, such as virtual power purchase agreements (VPPA). VPPAs result in additionality, meaning that they add new renewable energy facilities to the grid and can result in better environmental and social outcomes for communities.

4. Manage business travel impact

We know that travel will always be an important part of our business, allowing us to deliver on our client engagements and to provide our employees with opportunities for development. And while the effects of the pandemic limited our ability to be in-person and temporarily reduced our business travel to near zero, it also showed us the benefits of a virtual or hybrid work environment and what activities could be conducted without face-to-face engagement.

But as pandemic restrictions loosened, our travel rebounded significantly. By June 2022 we had exceeded 50% of monthly pre-pandemic levels of travel. To meet our net zero goal by 2030, as well as assist others in meeting their own net zero goals, we'll need to cut our travel emissions in half versus our FY19 baseline. We're actively working to accomplish this goal by:

- Working with the aviation and travel industries to support the transition to sustainable travel. To this end, we've committed funds to Sustainable Aviation Fuels (SAF), with four SAF purchase agreements with major US airlines. We're also supporting essential thought leadership on integrating SAF in GHG accounting standards.



- Encouraging a virtual-first mindset towards our work and digital delivery of engagements, where possible.
- Creating a new air travel dashboard to analyze and report on firm and client-level emissions.
- Launching an air travel decision support tool to help our people make lower impact travel decisions.
- Integrating emissions into our travel booking tools.

5. Engaging suppliers

In parallel with efforts to spend more with diverse suppliers, we remain focused on helping our supplier network operate in a sustainable way. Just as we're engaging stakeholders throughout our supply chain to help them meet the needs of working with a large organization like PwC, we're also working with them to reduce their emissions. This work is critical, as our large supplier network spans the globe and has wide-reaching impacts that far exceed the impact of our own operations.

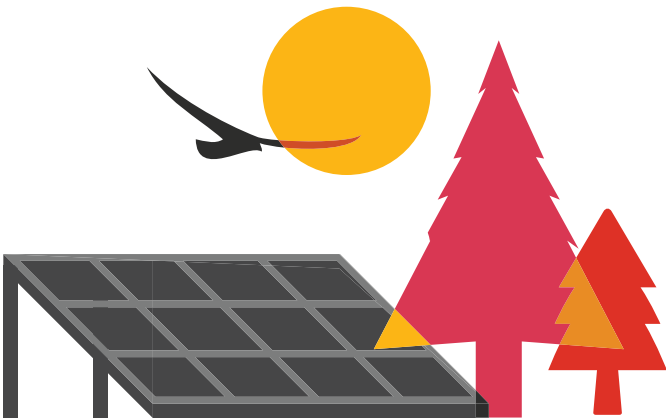
We're now implementing a process to engage our largest suppliers to set science-based GHG targets. Our goal is to have at least 50% of the PwC global network's suppliers (by share of emissions) set science-based GHG targets by 2025. At the end of FY22, 9% of our suppliers in the US (by share of emissions), were identified as having validated, science-based targets. An additional 11% were identified as having committed to validated, science-based targets within two years.

6. Offsetting emissions

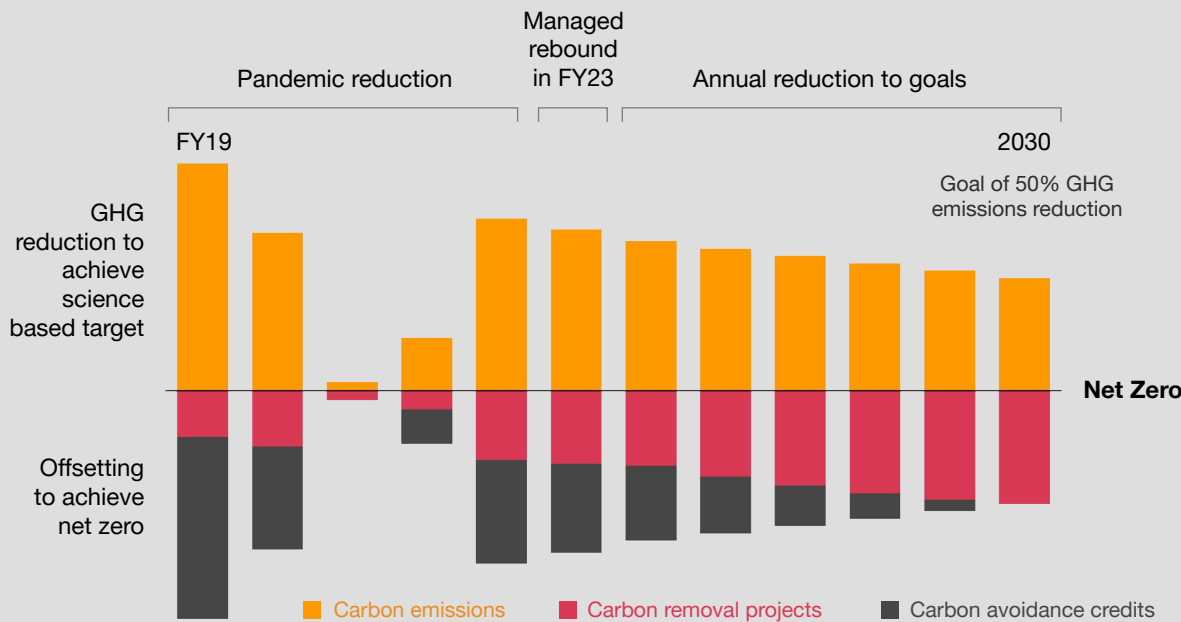
When we’re not able to further reduce our carbon emissions (exclusive of employee homes, client locations, and other locations where we may generate revenue), carbon credits and removals are an important way of mitigating our impact. Since 2015, we’ve been purchasing carbon credits, offsetting our emissions by funding projects that reduce and remove GHGs from the atmosphere. While carbon offsetting is a credible and important step, we believe we must first remove GHG emissions to have an impact. We plan to shift our carbon credit purchases to 100% carbon removal projects by FY30 through natural climate solutions such as forestry projects and technology-based solutions that remove carbon dioxide from the atmosphere. We’ve already started this transition.

This graphic illustrates how we plan to reach our target by reducing our emissions and transitioning from carbon offsetting to removal projects.

In the meantime, we work closely with a third-party provider to purchase carbon credits annually from projects that have been vetted to meet our stringent quality criteria and are in line with the latest standards. As demand for credits increases, we’re also considering forward purchasing and have joined the Lowering Emissions by Accelerating Forest finance (LEAF) coalition, which will provide some of our (non-removal) carbon credit needs for FY24-FY28.



Offsetting to achieve net zero: Carbon offsets and removal projects to achieve net zero



Note: This graphic is for illustration purposes only and is not intended to show exact amounts of carbon offsets and removals.

Calculations

PwC annually calculates and reports key performance indicators, such as GHG emissions, energy consumption, renewable energy, and carbon offsets. These metrics are reported up to PwC Global and included in the [PwC Global Annual Review](#). Environmental metrics are also reported annually in our [US Purpose and Inclusion Report](#).



Our GHG footprint

	FY19 (baseline)	FY20	FY21	FY22
Scope 1 - Fuels	5,083	4,999	4,677	4,729
Scope 2 - Electricity/heat	42,106	37,976	32,232	30,212
Scope 3 - Business travel	388,745	268,117	8,718	87,463
GHG emissions (gross)	435,934	311,092	45,627	122,404
RECs	(41,342)	(31,787)	(26,010)	(29,420)
Offsets	(310,067)	(221,136)	(10,939)	(92,984)
GHG emissions (net)	84,525	58,169	8,678	0

– Scope 2 emissions for purchased electricity are considered 0 as we purchase renewable energy certificates to match our estimated electricity consumption.

– For a more comprehensive picture of our business travel, we expanded our scope 3 reporting in FY22 to all business-related travel, including air travel by class, hotel stays, vehicle rentals, expensed fuel, taxi and train travel (prior years have been restated to include these).

Our GHG footprint calculation is currently based on operational control within the US, Mexico and Acceleration Centers in Argentina, China and India. Emissions are accounted for in accordance with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol *Corporate Accounting and Reporting Standard, Scope 2 Guidance, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and Scope 3 Technical Guidance for Calculating Scope 3 Emissions*. Other standards met include the US Environmental Protection Agency (EPA) standards and the US Energy Information Administration's (EIA's) Commercial Buildings Energy Consumption Survey (CBECS). These standards include assumptions about the composition of GHGs in various kinds of emissions. While the vast majority of our GHG emissions are CO₂, our emissions include other GHGs, for example, CH₄ and N₂O from car exhaust fumes. We report in carbon dioxide equivalent (CO₂e), which accounts for these other GHGs. Our GHG intensity ratio calculation includes scopes 1, 2 and 3. Definitions for each scope may be found in the

appendix. For additional details on how we calculate emissions and for our process, please refer to our [PwC US carbon methodology](#).

For PwC, scope 1 and 2 GHG emissions represent emissions related to delivering work in PwC offices and workspaces caused by consumption of energy and other related resources. Our scope 1 GHG emissions are very limited, and are primarily related to the use of diesel fuel for backup generators and the consumption of natural gas and fuel oil in our workspaces. Our scope 2 emissions are the result of the use of purchased electricity and heat in our workspaces. We lease most of our real estate and are working to determine the effective mix of submetering solutions and lease provisions we can employ to generate data more useful to our efforts. Shifting from data centers to the cloud further helps to reduce our direct emissions. The firm's scope 3 reporting includes business travel emissions including air travel, hotels, taxis, trains, rental cars and reimbursed mileage.

Looking ahead

Our purpose, to build trust in society and solve important problems, drives us to understand risks and opportunities that impact our business, people and stakeholders. Each year, we push ourselves to measure more data and publicly disclose more, not because we have to, but because we know we operate in uncertain and complex times.

The effects of climate change are increasingly being seen throughout our value chain, and taking actionable steps is critical to how we build trust among our stakeholders and secure the future of our firm and our planet. This report, the first disclosure of its kind for PwC US, is one more step we are taking for the future of our business.

But it doesn't end there, going forward will we continue to:

- **Produce transparent disclosures:** We will continue our legacy of transparent disclosures and help our clients to do the same. We view this TCFD report as the next step in our firm's evolution in strategy and stakeholder engagement around climate change. It is the basis for ongoing analysis that will inform our business, people, risk and ESG strategies, supporting our firm's resilience and long term sustainability.
- **Achieve net zero:** We are using a six-prong framework coupled with measurable, actionable objectives to achieve our 2030 net zero commitment. This work will be difficult, requiring thoughtful change management and communication throughout our organization and our value chain.
- **Drive clients' climate strategies:** As trusted advisors, our community of solvers has an unprecedented opportunity to support our clients in their climate journeys. A core aspect of our work will be helping clients navigate the net zero transition in ways that are equitable both within the US and globally. We do not take this responsibility lightly due to our DEI commitments as outlined in our [Purpose and Inclusion Report](#).

- **Collaborate with stakeholders:** We will only see real impact when we use our collective resources to address climate change, working with companies, regulators and communities. We're committed to actively engaging with third parties to see that all ESG reporting and efforts contribute to meaningful climate action.

For additional information on PwC's ESG initiatives and climate strategy, please see the following resources:

Global disclosures and resources

- [PwC Global Annual Review](#)
- [PwC Network Climate-related Disclosures Report](#)

US disclosures and resources

- [PwC US Purpose and Inclusion Report](#)
- [PwC US Purpose and Inclusion website](#)
- [PwC US Audit Quality Report](#)
- [PwC US Transparency Report](#)
- [PwC US ESG research website](#)



Appendix

Detailed TCFD categorization of risk and opportunity analysis

Note: This table recategorizes risks into the TCFD risk taxonomy, while the preceding table reflects the PwC risk taxonomy.

Type of impact	TCFD category	TCFD risk/opportunity	Time horizon	Low Warming Scenario Impact	High Warming Scenario Impact	Business impact	Business response
Transition	Policy and legal Evolving US policy has the potential to either constrain or promote climate mitigation and adaptation strategies. Potential risks could stem from climate litigation.	Increased pricing of GHG emissions The implementation of additional carbon taxes in countries or regions in which we operate.	Short	Low	Low	There is currently no material carbon pricing system in the US. Our Acceleration Center in China would be subject to national emissions trading protocols. The adoption of a carbon tax has the potential to increase expenses for PwC.	PwC has committed to offsetting its residual emissions every year and to transitioning to 100% carbon removal credits by 2030. The rapidly increasing prices of offsets may have a significant impact on PwC's environmental budget but can be considered immaterial to the overall business.
		Enhanced emissions-reporting obligations Frequently enhanced emissions reporting requirements can be difficult to adhere to or can require costly changes to processes.	Short	Low	Low	Transition risks related to enhanced emissions reporting obligations refers to the frequently enhanced emissions reporting requirements that can be difficult to adhere to or would require costly changes to processes. PwC is not an SEC registrant and is not subject to enforced emissions reporting requirements. However, if PwC decides to report on these topics, there is an overhead and complexity involved including the need for PwC to maintain a staff of environmental leaders and specialists.	PwC continuously works on and evaluates our value proposition as a vendor to help clients on their scope 3 efforts. We aim for our employees to have the same knowledge around climate risks as they have with other business risks. We realize that we need to be prepared to help our clients as our footprint is part of their scope 3 emissions.
		Mandates on and regulation of existing products and services Significant penalties imposed for climate matters related to the maintenance and operation of facilities.	Short	Low	Low	PwC does not expect to face significant exposure for climate matters related to operation of facilities.	We lease office space, which helps avoid many risks related to the maintenance and operation of the facilities. Furthermore, many of the properties that are leased prioritize sustainable practices and green building certifications such as LEED.
		Public perception Increased awareness and public perception around the effects of climate change may lead to regulatory changes that could require changes in service offerings and new technology, or require additional staffing.	Short	High	Medium	As the markets and regulators increasingly emphasize the impact of climate change, we will likely have to adapt our service offerings, including audit services, to remain at the forefront of innovative new technology, and maintain and attract a staff of sustainability specialists.	PwC has identified a potential opportunity to simplify and improve the measurement and management of climate change for our clients through our services. We intend to work closely with clients on adapting to new regulations and mitigating climate risks while managing our own exposure to climate-related risks.

Type of impact	TCFD category	TCFD risk/opportunity	Time horizon	Low Warming Scenario Impact	High Warming Scenario Impact	Business impact	Business response
Transition	Technology Technological improvements that support the transition to a low-carbon economy can have a significant impact on an organization. To the extent that new technology displaces old systems and disrupts parts of the existing economic system, winners and losers will emerge from this “creative disruption” process.	Substitution of existing products and services with lower emissions options and unsuccessful investment in new technologies Failed technological advancement related to lower emission operational processes or products.	Medium	Medium	Medium	Transition risk emerges from substitution of existing products and services to lower emissions options. To the extent that sustainability services, and the technology associated with them, have not yet been fully developed by PwC or a competitor has developed and is offering a more effective product, this could result in a scenario where initial attempts to meet more stringent customer requirements are unsuccessful. This could result in loss of revenue, unexpected costs in order to deliver on contract obligations or reputational risk of failing to meet customer expectations.	Clients are increasingly looking to understand climate-related risks and opportunities and looking for assistance on how to address climate change. We have seen an increase in demand related to services around ESG and helping clients build their strategy with consideration to climate change. We are well positioned to help clients to not only report on climate issues but to make their business more resilient. The experience that we have within the firm, our client focus, technology and ability to mobilize around what is going on in the regulatory space makes us well positioned for this challenge.
		Costs to transition to lower emissions technology Costs to implement lower emissions or renewable energy technologies could put a strain on firm margins.	Long	Low	Low	Per our Net Zero Roadmap, we have identified a variety of emissions reduction initiatives to help the firm achieve net zero emissions by 2030. However, these initiatives have a financial cost associated with purchasing RECs and carbon offsets, supporting sustainable aviation fuels and leasing LEED-certified offices.	While climate initiatives may increase costs, the need to address climate change and its impacts also offers us opportunities to make our business, employees and clients more resilient to the impacts of climate change. We have the experience along with technology and data management capabilities to identify what our clients should be thinking of. The increased emphasis on climate disclosure and increased efforts from companies to mitigate greenhouse gas emissions can lead to an increase in assurance and consulting services which could result in revenue growth from services.

Type of impact	TCFD category	TCFD risk/opportunity	Time horizon	Low Warming Scenario Impact	High Warming Scenario Impact	Business impact	Business response
Transition	Market The ways in which markets could be affected by climate change are varied and complex. One of the major ways is through shifts in supply and demand for certain commodities, products and services as climate-related risks and opportunities are increasingly taken into account.	Changing customer behavior and shifts in consumer preferences Customer purchasing policies shift to favor competitors with more thorough sustainability services and/or less exposure to climate risk.	Short	Medium	Low	As businesses look to grow their own understanding of climate risk and comply with any relevant regulation, there may be an increased need for sophisticated services. Clients are already requesting increased transparency on the impact of delivering our services, such as individual project carbon footprinting.	We've already begun to invest in new services, including the development of in-house physical risk climate models, in anticipation of evolving client needs. We've also enhanced the measurement and reporting of our GHG emissions to be able to track the carbon footprint of each client relationship.
		Uncertainty in market signals Frequently changing environmental regulation and market attitudes as a result of climate change can make it difficult for PwC to confirm compliance across jurisdictions and impact strategic decisions. Uncertainty in the market can also create a more difficult landscape for PwC to make strategic decisions.	Medium	Low	Low	Uncertainty in the market can create a more difficult landscape for PwC to make informed strategic decisions and increase the risk of a suboptimal business decision being made. Noncompliance with evolving environmental law (that likely will continue to change more frequently) can result in third-party claims and adverse financial impact to business.	Climate is changing the approach to consulting engagements because it presents a business risk to our clients. We're actively monitoring laws and regulations. We have external advisors that notify us if there are any changes in a specific jurisdiction. The Public Policy team monitors publications and has frequent conversations with outside lobbying consultants to stay compliant with frequently changing environmental laws. Our business is well suited to meet the market opportunity whether that is regulatory driven or driven by commitments to help our clients to stay compliant. For audit engagements, climate risks are currently a part of our audit risk assessment, which includes specific procedures for our teams to assess climate risks.
		Increased cost of raw materials Changes in input prices, including energy, as a result of climate change can impact upstream and downstream operations.	Medium	Low	Low	As a professional and commercial services firm, our reliance on natural resources and capital is relatively small compared to other industries. Fluctuations in energy prices upstream would increase the firm's expenses and energy shortages pose a risk to the resilience of operations. Landlords may invest in energy efficiency initiatives to offset these changes, which could result in higher rents or operational charges.	We are focused on reducing our emissions and associated energy consumption further, mitigating the effects of rising prices. Additionally, we already manage fluctuations in goods and services aside from climate, so any impacts from climate directly would fall under this. In the supply chain, we see a risk associated with immaturity of suppliers and we realize the need to lead the way for our suppliers that are on their own transition journey. We will continue to align our supply chain to make sure that the vendors and suppliers that we work with align with our goals and values.

Type of impact	TCFD category	TCFD risk/opportunity	Time horizon	Low Warming Scenario Impact	High Warming Scenario Impact	Business impact	Business response
Transition	Reputation Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a low-carbon economy.	Stigmatization of sector Occurrence of a major event or public relations disaster related to the professional and commercial services industry could shift public opinion on the industry as a whole.	Long	Medium	Medium	Allegations against PwC or any of our peers in regards to providing climate-related auditing services could bring reputational risk to the firm. Additionally, stranded assets caused by environmental factors, such as climate change, regulator impacts and public opinion/response to it, may lead to direct and indirect impacts on stakeholder strategies and liabilities.	As we grow our climate-related service offerings and public awareness of climate change increases, we will continue to innovate high-quality service offerings and maintain and attract a staff of environmental specialists.
		Increased stakeholder concern or negative feedback Shift in stakeholder attitudes toward competitors with a lower perceived impact on climate change.	Medium	Medium	Low	<p>As the market evolves and the demand for climate focused services increases, we may be exposed to the risk of losing market share to peers if we fail to align with market expectations around climate, or are perceived not to be living up to market claims around trust and focus on climate.</p> <p>We could also be exposed to risks related to staffing, recruiting, turnover and retention which could affect diversity and access to the right specialization if PwC is not perceived to be aligned with employee and prospective employee values. We may also face scrutiny from environmental activists that could target the firm for similar reasons.</p>	We are focused on maintaining trust with our clients as part of The New Equation in leading by example. Due to the importance PwC places on trust and transparency, we have committed to net zero emissions and to transparently disclose our own climate risks. We will continue to meet our clients where they are and guide them along their climate journey.

Type of impact	TCFD category	TCFD risk/opportunity	Time horizon	Low Warming Scenario Impact	High Warming Scenario Impact	Business impact	Business response
Physical	Acute Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes and floods.	Increased frequency and severity of extreme weather events Floods, wind storms, cyclones, wildfires, storm surges, hail, drought, etc.	Medium	Medium	Medium	Climate change could have an impact on our business including office locations, data centers, employee homes, employee health and demand for services. The likelihood of increased severity of extreme weather events and the associated impact to our business are moderate in either emissions scenario given the geographic diversity of our offices which protects firm productivity as a whole.	Climate change is not projected to significantly increase our offices' exposure to physical risks. As most offices are leased, the direct damage to an asset may not significantly impact the firm. However, widespread damage to infrastructure could impact employees' ability to access the office. Increasing remote work options for our employees can be good for resilience if such an event occurs. With the introduction of strategies such as The New Equation and My+, more employees have the option to work remotely, making employees' homes increasingly important to the firm's resilience. In the event of a natural disaster, offices can be a safe haven for employees, providing access to a temperature-controlled environment, running water or electricity.
		Insurance coverage Policies may be significantly reduced or become a larger financial burden as a result of the increased risk around catastrophic climate events.	Medium	Low	Low	As the frequency and severity of extreme weather events increases, property and casualty insurers that provide key protection to commercial entities in the event of physical damage to sites, assets and personnel will likely look to remain profitable by modifying their insurance offerings. Carriers may restrict underwriting guidelines thereby limiting the coverage available to us, either through reduced limits, higher deductibles or refusal to provide coverage in certain geographic regions deemed most susceptible.	We lease office space and properties that prioritize sustainable practices and green building certifications such as LEED. The quality and resilience of our leased buildings mitigates our exposure to reduced insurance coverage.

Type of impact	TCFD category	TCFD risk/opportunity	Time horizon	Low Warming Scenario Impact	High Warming Scenario Impact	Business impact	Business response
Physical	Chronic Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.	Changes in variability of extreme weather patterns Increased variability of weather in countries or regions in which we operate.	Long	Low	Low	Chronic changes in weather patterns could increase our costs to operate office locations, including increased electricity or other costs due to rising chronic heat, decreasing precipitation, and rising sea levels.	We recognize that a responsible business environment and climate efforts are critical investments for a resilient business. We are considering how physical climate risks will impact our people strategy. Physical risks such as extreme weather events could impact our business, the locations of our offices, our employees home locations and our clients. Business continuity strategies are essential to prepare and mitigate the impact of physical risks. We are working on aligning and diversifying AC locations to establish backups and mitigate risk. For the AC locations in India, extreme weather events pose a continuity risk. We're continuously working on enhancing the resiliency plans that are already in place. At PwC's AC locations, site-level initiatives have been implemented to promote work options that could lower the environmental impact and ultimately improve the work environment for our people. Initiatives range from office design to car-pooling and in-office reductions of paper, electricity and water. Reimbursement policies have been implemented alongside high speed internet and equipment to enable remote working options.
		Decreased levels of precipitation Resulting in droughts or water shortages in countries or regions in which we operate.	Long	Low	Low	We do not consume significant amounts of water. Having said that, changes in precipitation resulting in droughts or water shortages could impact productivity. Our business is also not strongly tied with any especially water intensive sectors.	
		Rising mean temperatures Impacts to our operations and supply chain.	Long	Low	Low	Although it's unlikely that we will be directly impacted, rising temperatures may lead to an increase in energy costs and the power grid may be strained under higher temperatures leading to blackouts and impacting our employee's ability to work. However, rising mean temperatures reaching a level that would result in significant loss of work is unlikely.	
		Sea level rise Impacts to our operations and supply chain.	Long	Low	Low	Although it's unlikely that we will be directly affected, damage to local infrastructure and employee well-being could impact our ability to provide services to our clients.	

Detailed physical risk scenario analysis results

We have conducted a physical climate risk exposure analysis on office, data center and employee home locations in the US, Mexico and overseas US owned or jointly owned Acceleration Centers. In this map, white dots represent employee home zip codes while offices are indicated by the red location pins.

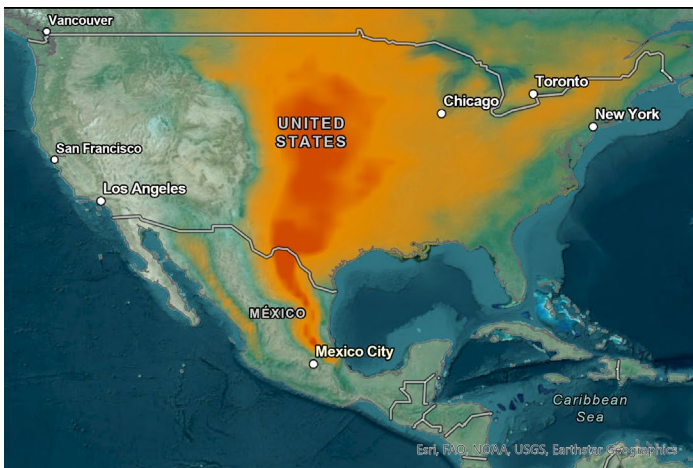


Our asset and employee footprint

We use 40 years of historical weather data to determine present day risk scores for each office and home zip code location, examining seven extreme weather perils (hail, wind gusts, tropical cyclones, drought, flood, tornado and wildfire) and assign a score ranging from 0 (very low) to 100 (extreme). As shown, our people and offices are geographically dispersed, which exposes our firm to a variety of physical risk hazards.

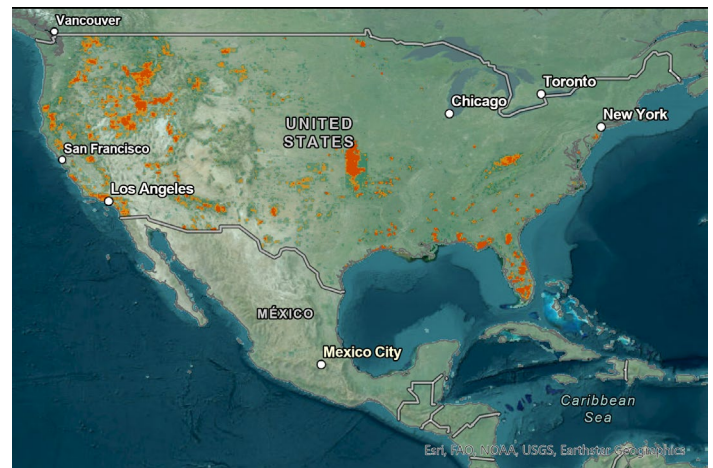
Office hazard exposure

Climate change is not projected to significantly increase our offices' exposure to physical risks. At present, 38 offices face a risk level of high or greater from at least one physical climate hazard. Under a High Emissions scenario this drops to 34 by 2050 due to reduced exposure to high wind gust risk.



Hail hazard (2020)

Hail poses the highest risk to our offices in the US. Seven offices face extreme levels of hail risk at present and eight face very high levels of risk. The Oklahoma City office is exposed to both extreme tornado and hail risk. The impacts of hail include property damage and may lead to power outages and transportation disruptions resulting in business disruption and increased costs.

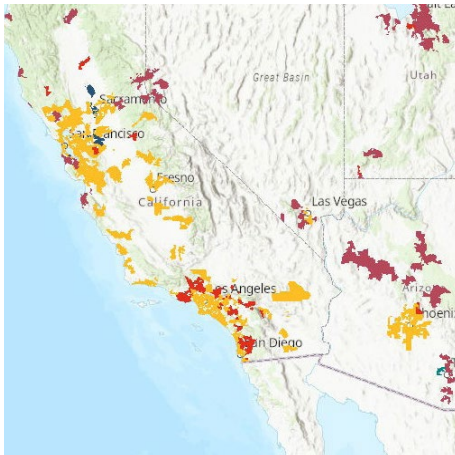


Wildfire hazard (2020)

Wildfire risk is low or very low at all offices. This represents direct physical risk to the building. Wildfires can cause damage and loss of property and disrupt transportation, communications and power services resulting in business disruption and increased costs.

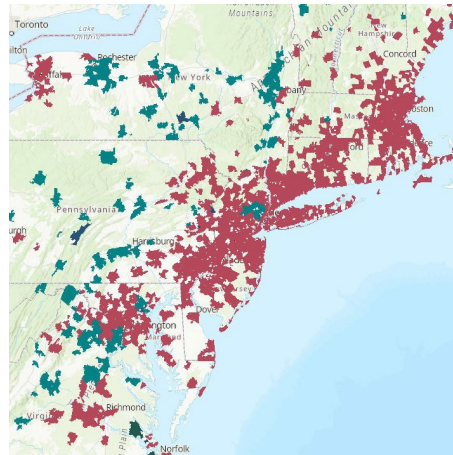
Primary hazards to employee home zip codes

Housing, proximity to an office and salary all factor into our employees' capacity to continue work following natural disasters, ultimately impacting PwC's ability to provide services to our clients. With the introduction of strategies such as The New Equation and My+, more employees have the option to work remotely. In the event of a natural disaster, offices can be a safe haven for employees, providing access to a temperature-controlled environment or electricity. Without a nearby office, employee home zip code locations become increasingly important to the firm's resilience. Employee home zip code location data was anonymized in our analysis.



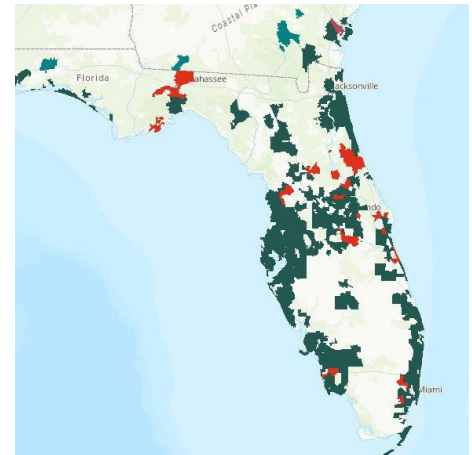
West Coast

Drought and wildfire pose a higher risk on the West Coast, where climate change is already causing warmer and drier conditions, leading to increased risk of wildfire. Drought can be damaging to the foundations of buildings and cause long-term public health problems, including shortages of drinking water, poor quality drinking water, and impacts on air quality, sanitation and hygiene, food and diseases. Wildfires can cause damage and loss of property as well as disruptions to transportation, communications, power services and water supply. Wildfires also affect air quality and the health of our people.



Northeast

Wind gust risk and hail are the most prevalent risks in the Northeast. Hail and wind gusts pose a threat to our people and offices and may lead to power outages, transportation disruptions, damage to buildings and personal injuries resulting in business disruption from an inability to work.



Florida

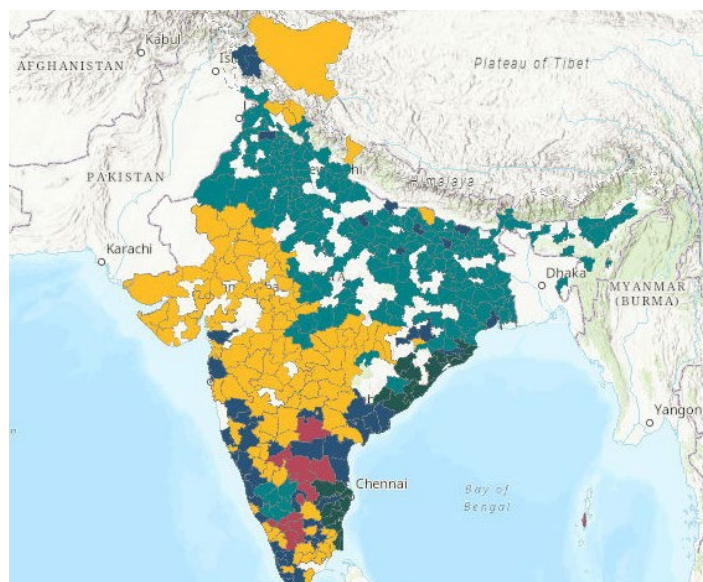
Tropical cyclones (hurricanes) and wildfires are the two most common risks in Florida. Climate change is projected to increase the severity of tropical cyclones over the Atlantic Ocean. Tropical cyclones pose a risk to our people and may cause heavy flooding, power outages, damage to property and communication systems. Cyclones may force employees to evacuate, resulting in business disruption from an inability to work.

Peril definitions

Flood	Flood is an overflow of water on a normally dry area
Wind Gust and Windstorm	Extreme wind events associated with events like thunderstorms, etc.
Hail	Hail is solid precipitation associated with cumulonimbus clouds
Tropical Cyclone	A tropical cyclone is a large rotating storm with winds more than 118 kph
Drought	Drought is a moisture deficiency that results in adverse impacts
Wildfire	Wildfire is an unplanned fire that burns in a natural area
Tornado	A tornado is a violently rotating column of air from storm to ground
Storm Surge	Storm surge is abnormal rise of water generated by tropical cyclones

Primary hazards to Acceleration Centers in India

The same analysis was conducted for office and employee home administrative district locations in Mexico and at overseas Acceleration Centers in Asia and South America. In India, PwC US has Acceleration Centers in Mumbai (office lease expired 2021), Hyderabad, Kolkata and Bangalore.



■ Hail ■ Wind gusts ■ Tropical cyclone ■ Drought ■ Flood ■ Wildfire

Highest risk to PwC AC employees by area

This map shows the highest risk to PwC employees in India by Postal Index Number (PIN Code). Risk scores were also calculated for each office in India, which are indicated on the map by black and white location pins.

India is one of the countries most vulnerable to the impacts of climate change. Its population is at risk from both sea-level rise and water scarcity.

For PwC employees, the highest risk is from drought in Central and Western India, while along the East Coast tropical cyclones are the highest risk.

Internationally, employee home administrative district location data is not consistently collected, limiting the scope of the analysis for some AC locations.

Detailed transition risk scenario analysis results

The potential impact of the transition to a low carbon economy on the firm was modeled using PwC's Climate Excellence tool. Climate Excellence projects estimated change to our client's annual earnings, which was assumed to be proportional to the impact to PwC revenue.

This analysis uses a static balance sheet and does not consider any PwC revenue growth projections. The impact is based on client earnings under varying climate scenarios. The top 80% of clients by FY21 revenue were included in this analysis as well as the FY21 Focus 500 and Trust 400 clients.

Using this static balance sheet approach, the impact of climate change on Trust and Focus clients and PwC's current client portfolio is comparable. Under both scenarios the projected revenue growth is similar for

Focus and Trust clients. Our client base and services are well-diversified and total revenue is expected to grow under both climate change scenarios¹ based on the current client portfolio, though we note that our portfolio composition may change in the future. Projected revenue grows more under a 2.7°C scenario because there is less pressure on industries, such as Utilities, to reduce emissions. While projected revenue growth is important, other long-term carbon emissions reduction goals as well as firm resilience to increased physical climate risks under a high emissions scenario are important. Additionally, the analysis does not consider how the impact of climate change on our environment and society may ultimately impact our revenue. Conversely, there is additional opportunity to help our clients manage new regulations and adapt their businesses in a low emissions scenario, which may provide additional revenue not captured above.

1. The climate change scenarios refer to a 1.8°C (low emissions scenario in line with the Paris Climate Agreement) and 2.7°C (high emissions scenario which reflects current global stated emissions reductions policies).

Our transition risk sector-level impacts

PwC’s Climate Excellence tool models global drivers of the low-carbon transition, which includes the cost of raw materials, availability and prices of energy, and carbon emissions pricing, with the impacts of these drivers broken down by sector. The following impacts consider the changes in revenue based on a low versus

high emissions scenario by 2050. We apply a 50% dampening assumption to projected changes in audit revenue to reflect more resiliency to market conditions. We anticipate that revenue generated from audit services will not be impacted by climate change.

