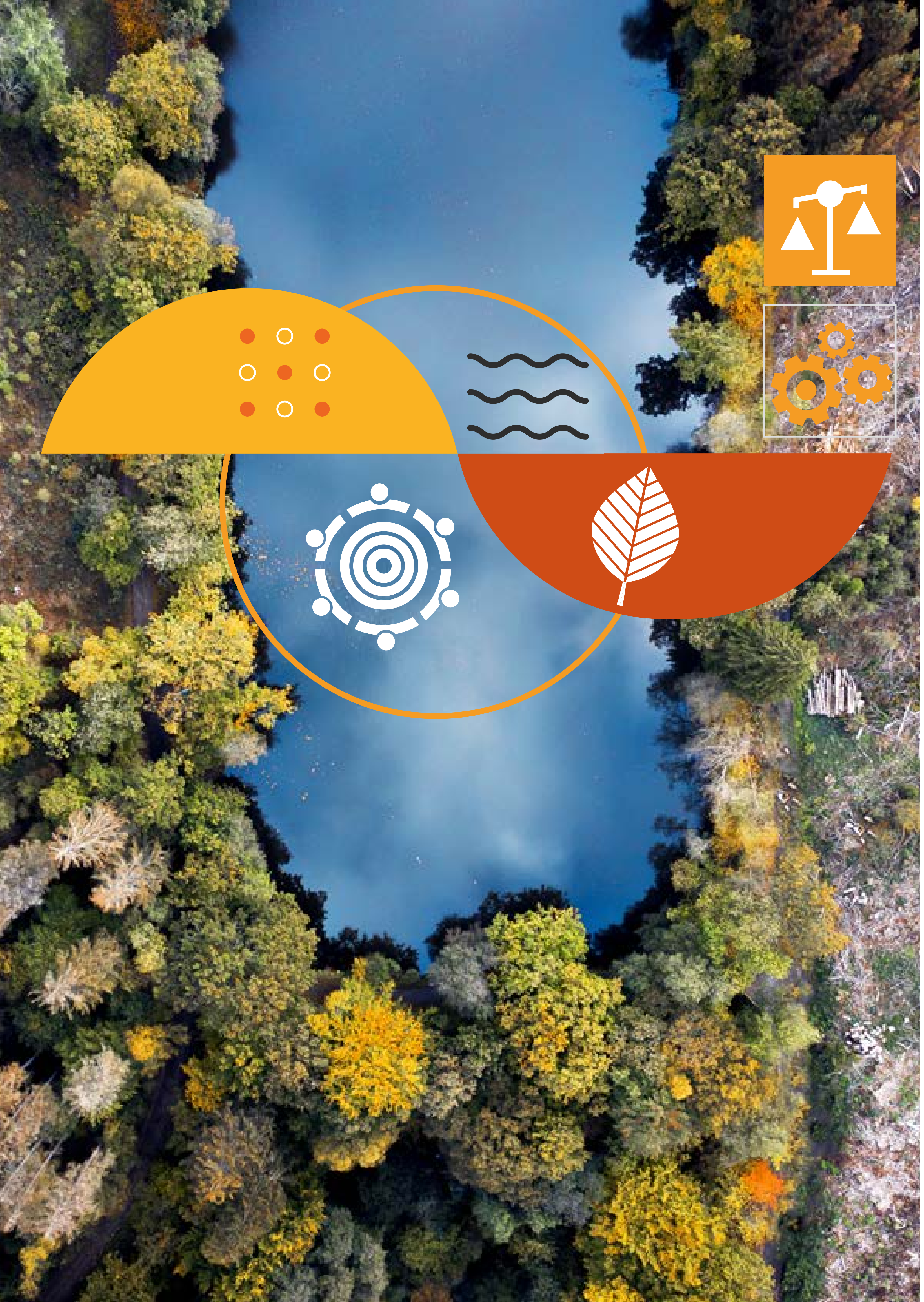
2023 Annual Review

Transforming towards the future



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Message from François Mousel

Welcome!

It is a privilege for me to write the first introduction to our Annual Review as newly elected Managing Partner of PwC Luxembourg as from 1 July, 2023. I am proud to say that we managed a very smooth transition from the previous to the new leadership and minimised any loss of momentum from a leadership change. Also, as you can read in this Annual Review we managed to strengthen our Governance in ensuring a robust diversity in our leadership bodies.

I would first like to start with a very short retrospective on the year we just concluded on 30 June, 2023.

FY23 has been a very busy, but also a very successful year for PwC Luxembourg. This is despite a context, which has been characterised by the return of a long-forgotten phenomenon: inflation – with a resulting very sharp tightening of monetary policy across much of the developed world.

We reached a record turnover of €635m which is an increase of 17% from FY22. This growth has been fuelled by all our businesses and all our industries, something we are particularly proud of. However, it should be noted that a significant portion of that turnover increase is linked to price adjustments we needed to take in order to absorb significant cost increases, both on the side of the remuneration of our People and on the side of our other overheads (rent, IT costs, etc.). Especially regarding our People, we have made a significant investment in the last year in terms of alignment of our salary grids and our bonus pools in order to also help them cope with the high inflation environment and in order to be competitive on the market.

For us at PwC Luxembourg, financial success is an outcome, and not a means in itself.

We believe that the following have contributed to that outcome:

- The market priorities we choose, and to which extent they are aligned to our purpose and the needs of our clients; on those priorities, I would specifically like to highlight Managed Services, Sustainability Services and Technological Alliances,
- The impact we make on our Clients and Communities,
- The level of investment we make in order to transform our delivery models, develop new services and embrace relevant technology,
- How we care for our People over and above of a competitive compensation (in terms of flexibility, well-being as well as learning and development), and
- Our walking-the-talk in how we manage our ecological footprint and contribute to the overall decarbonisation effort.

This Annual Review is fully aligned with those success factors and is structured according to the four WEF-IBC Pillars: Governance, Planet, People and Prosperity. In FY23, for the first time, we directly report on the core metrics of those pillars in a manner true to our values by saying things as they are and factually reporting both on the progress we made but also on the areas where we still need to improve.

As one of the largest employers in the country and through our daily contact with thousands of clients, we are also a barometer of the economy and of business. In that context, we think it is our duty to highlight the most pressing concerns and challenges that we can see.

These are the “Top 3” I would like to highlight:

- Competitiveness of Luxembourg and – specifically – the Financial Centre,
- Attractivity of talent, and
- Social cohesion, and especially the disconnect between the social composition of our legislative bodies and the private sector.

In this context, I was happy to see that in the National Elections of 8 October, the voters gave their confidence to political parties and politicians who understand the importance of growth and competitiveness for a small open economy like Luxembourg. We remain fully neutral from a political point of view, but we have always seen our role in bringing the relevant data and international client input towards the Government to take informed decisions around the growth trajectory and focus areas of our country. Specifically with regard to the importance of the Financial Centre and the decarbonisation and green transition challenge, we are convinced that Luxembourg must play a leading role in Europe and worldwide!

When looking at the first three months of our new fiscal year, we can see mounting uncertainty, mainly due to the monetary environment, which has tightened extremely sharply in a very short time period – and this is now starting to have an impact on the real economy. While still on a growth track, we can observe a “waiting mode” in more and more businesses. We hope that a signal of “peak” interest rates and medium term stability will enable businesses to come out of that “waiting mode” and to take an investment outlook more on a medium term basis.

On a long-term basis, we remain optimistic. There are a lot of challenges to tackle by the Government and by business and we are convinced that we can have a true impact either by providing trust or sustainable outcomes to our clients. Therefore, we continue to invest heavily in our business and we do not let us be distracted by short term market volatilities.

I would like to thank our clients for the continued trust they put in our services and in our Firm. And I would like to specifically thank all of the partners and all of our People for a job extremely well done and for all the efforts provided. *Villmools merci!*

I hope you find this Annual Review useful and impactful. I value any feedback to be received because it is only through constructive critique that we can adapt and improve.

Warm regards

François Mousel, Managing Partner

Financials and full-year results

A year of transformation – for tomorrow

Our financial year, which spanned from 1 July 2022 to 30 June 2023, was one characterised by inflation and its impact, leading to uncertainty. Geopolitical tensions, vulnerable supply chains and rising energy prices are three contributing factors. More recently, the annual inflation rate in the Euro Area was revised lower to 5.2% in August 2023 from an initial estimate of 5.3%, marking the lowest reading since January 2022, but it is still a slow and sustained trend that affects consumer confidence and therefore businesses.

This means our clients have had to navigate through this inflationary context that continued over the year, amid rising cost pressures and a drop in pricing power. And all this during a time of critical transformation for businesses – regulatory demands, artificial intelligence (AI), the Cloud, product diversification, climate risk, sustainability and diversity – to name a few of the key trends.

Yet, despite these adverse impacts, we are pleased to report a +16.8% increase in our net revenue (based on turnover), taking us to year ended 30 June, 2023.

634.7
TURNOVER
(IN MILLION EUROS)

563.4
NET REVENUE
(IN MILLION EUROS)

↗16.8 %
GROWTH

As a professional services firm in Luxembourg, we believe this was an exceptional year despite the disruption. We were – and continue to be – able to adjust our services to respond to our clients' needs. We also continue to invest for tomorrow's needs, for example, on our Environmental, Social, and Governance (ESG) services offer.

According to our 24th Annual Global CEO Survey – Luxembourg Findings – "Embracing Tomorrow with Optimism", Luxembourg CEOs seem optimistic regarding their operations in the Grand Duchy in the medium term (five years). However, the search for talent, rising costs and the need to diversify products/services are seen as key challenges.

This is why it is even more important for us to listen closely to our clients to get their real-time insights. We are convinced this is how we will best drive actions and bring the right value to them. Asking them about their experience with us is an important part of our culture. This is reflected in our latest results, showing that what our clients appreciate most is our ability to create trustful and long-term relationships, which enable our teams to have the right impact while delivering high-quality service.

Indeed, providing our clients quality services and solutions in both financial and non-financial areas, with trust, is what is behind the growth in all our lines of services in FY23, with an exceptional increase in Assurance.

Higher growth is with Alternatives, where we observe huge interest from both private markets players and traditional funds players. We have also been able to contribute to the transformation journey of other industries, such as Banking or Industries and Services, and adapt to the often-complex regulatory agenda driven (amongst other factors) by climate change and the digital era.

Our clients have started their transformation journeys. We want to help them with their navigation to tomorrow by being the most impactful, dynamic and trusted partnership for our clients and all our stakeholders, in Luxembourg and beyond its borders.

2023 in figures

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(IN MILLION EUROS)

563.4
NET REVENUE
(IN MILLION EUROS)

↗16.8%
GROWTH

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GROWTH

Advisory

Percentage of turnover
20.6%
+12.2%

Our Advisory practice experienced great success this year, achieving a growth rate of 12.2%, bringing the total turnover to €130.7m, representing 20.6% of the Firm's total revenue for the year and therefore playing a pivotal role in driving the overall expansion of PwC Luxembourg.

This performance reflects the attractiveness of our services, their alignment with clients' requirements during uncertain times, and our ongoing efforts to attract and nurture top talent.

The regulatory agenda, the important market growth in Alternatives, as well as the importance to adapt and transform business via technologies have been the key drivers of growth this year.

Our services offering regrouped around clients' current key challenges and focus mainly on Operational Excellence, Risk and Regulation, Sustainability, Alternatives, Workforce of the Future, Digital transformation and strategy.

In the coming year, we plan to continue broadening our Advisory business proposing innovative services in Sustainability and Managed Services, fostering our Alliances as transformation enablers, accompanying in the reinvention of business thanks to the Cloud and the AI and supporting the finance functions in their daily challenges with the ambition to solve clients' most critical business issues.

Assurance

Percentage of turnover
52.6%
+22.6%

Percentage of turnover
37.3%
Statutory audit

Percentage of turnover
15.3%
Other Assurance services

FY23 has been an outstanding year for PwC Luxembourg Assurance practice with a growth of 22.6% overall, bringing the total turnover to €333.9m, representing 52.6% of the Firm's total revenue for the year.

In line with previous years, the growth drivers in terms of industries remain mainly the Alternatives industry, although all industries have generally experienced a strong positive contribution to their topline, evidencing the resilience of our regulated industries (mainly Banking and Insurance, still heavily challenged by the impact of mandatory firm's rotation rules but with dynamic underlying markets).

This growth is strong both in the Audit practice (+26%) as well as the Other Assurance Services (+14.5%), the latter including our Broader Assurance Services (BAS) which encompasses a wide range of complementary assurance-related services such as risks (incl. cyber, IT, data) , actuarial, valuation & controls etc. particularly relevant to deliver proactive assurance to our clients, and prepare their business and organisational readiness to face complex challenges.

The positioning and continued support to the development of our Assurance Services has proven especially relevant and valuable with several large assignments in the field of ESG and sustainability reporting, notably with the Sustainable Finance Disclosure Regulation (SFDR) kicking in as from 2023. The expectations from stakeholders require all market players to ensure they report timely, accurately and with proper assurance level. These investments in our capabilities, from a resource as well as tools and technology perspective in these fields will represent a key asset and differentiator to our clients when it comes to the upcoming Corporate Sustainability Reporting Directive (CSRD), which will hit in successive waves as from 2024. The Digital Operational Resilience Act (DORA) will represent another focus point going forward from a broader assurance standpoint.

The backbone of our Assurance practice's development remains our continued investment in our People (+283 FTE increase between 30 June, 2022 and 2023), a considerable challenge in a highly competitive marketplace for skilled resources able to understand and adapt to the challenges of our clients in an holistic manner. This investment in our workforce remains closely linked to our deepening investments in Assurance Technology with new, transformative tools. This benefits not only our People's experience in the delivery of our services but also our clients' through high-quality, tailored and business-centric audits, yielding sustainable outcomes and solutions.

Tax

Percentage of turnover
26.8%
+10.2%

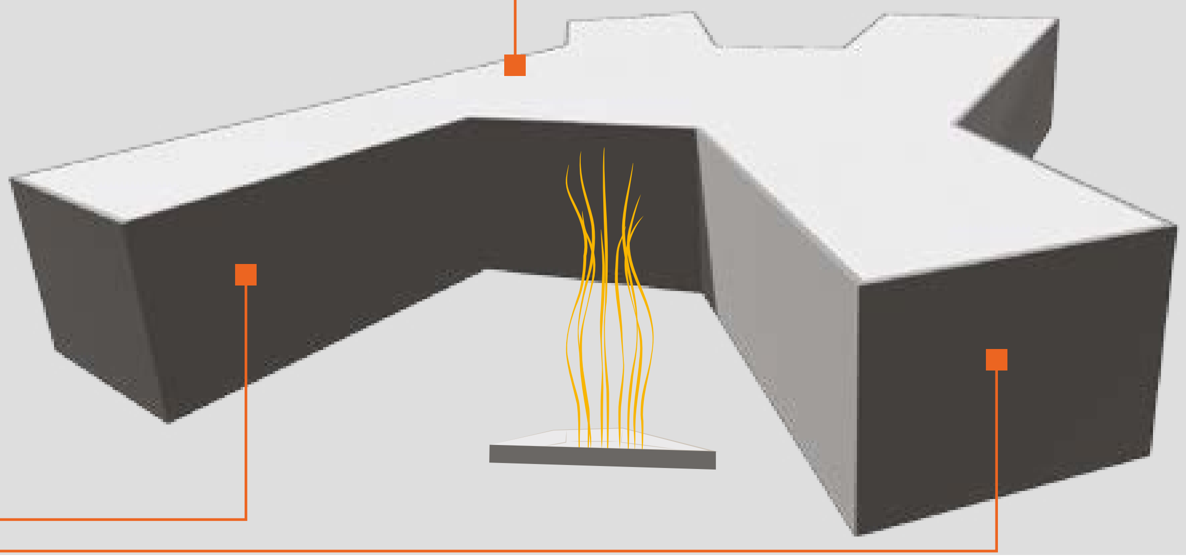
In FY23, turnover from our Tax Services grew by 10.2%. To note that in April 2022, our Global Mobility Tax and Immigration Services business was sold to a private equity firm upon PwC's Global strategy. Adjusting our Tax results for the disposal of this activity, Tax growth would be at 12.6% (vs 10.2% as reported).

While the Tax Services practice continues to be recognised as a leading provider for consulting services in Luxembourg (all industries), the growth has been particularly supported by the demand for our Managed Services (which includes but not only tax compliance, accounting and corporate secretarial services).

The ever-more complex tax rules (such as the upcoming Pillar 2 rules) and reporting landscape, the human resources shortage, and the need for tech-enabled solutions are some of the examples that resulted in this increasing demand from our clients to get support.

Investment in Managed Services and more specifically for the Alternatives investment industry for example, combined with new technologies, enabled us to support our clients with a one-stop shop solution covering a wide range of services for all levels of the structure and at each step of the life cycle: flexibility, efficiency and time saving!

Recruiting new talent, transforming our operating model and upgrading our clients' experience with technology and digital solutions are high on our agenda for the year to come, as we believe that these will continue to be enablers to meet our clients' expectations and deliver best service experience in FY24 and following.



Governance

No firm can be sustainable and successful in the long term without strong principles of governance, values and internal controls. In this section, we report on the four most important dimensions to us as PwC Luxembourg:

- Governing Purpose,
- Stakeholder Engagement,
- Quality of Governing Bodies, and
- Ethical Behavior.

"Trust is built through authentic, transparent and credible actions that are aligned with our corporate purpose. Governance is the foundation of how we build that trust and continued long-term value with all our stakeholders."

François Mousel, Managing Partner, PwC Luxembourg

1. Governing Purpose

Our Purpose and Values are the foundation of our success. We are committed to building trust with all of our stakeholders and delivering quality in the marketplace, which translates into sustained outcomes. This is critical in the current environment where competition, societal expectations and the risk of disruption are more present and demanding than ever before. As a hugely diverse business, our purpose and values bind together everything we do. It sums up our role beyond serving our business purpose and how we contribute to society more broadly.

"Our ambition as PwC Luxembourg locally is to be the most impactful, trusted and dynamic professional services partnership and – in our core markets – beyond the borders of Luxembourg. We strive to be a leader, a standard setter and a role model in what we do and how we organise ourselves. We consider strong financial results as an outcome and not a purpose in itself."

François Mousel, Managing Partner, PwC Luxembourg

It is not enough for us to just state what our purpose is. We have to make sure not only that our People are aware of it, but also of how it governs our actions and consequently our outcomes and our impact. We measure this by asking our internal stakeholders – our People; through our Global People Survey, year on year on the level of achievement – an extract of which is below.

Awareness of our Purpose*

Firm Level 22	Firm Level 23	Target
68%	69% ▲	>75%

** Calculation based on the Global People Survey results of 12 questions on our PwC Purpose and Values.*

Based on those numbers, we note that more than two thirds of our People are aware of our Purpose and Values; however, we still fall slightly short of our target of 75% and the increase in FY23 was only 1%. As a consequence, we will reinforce the messages around our Purpose and Values in the various Firm communication channels in FY24.

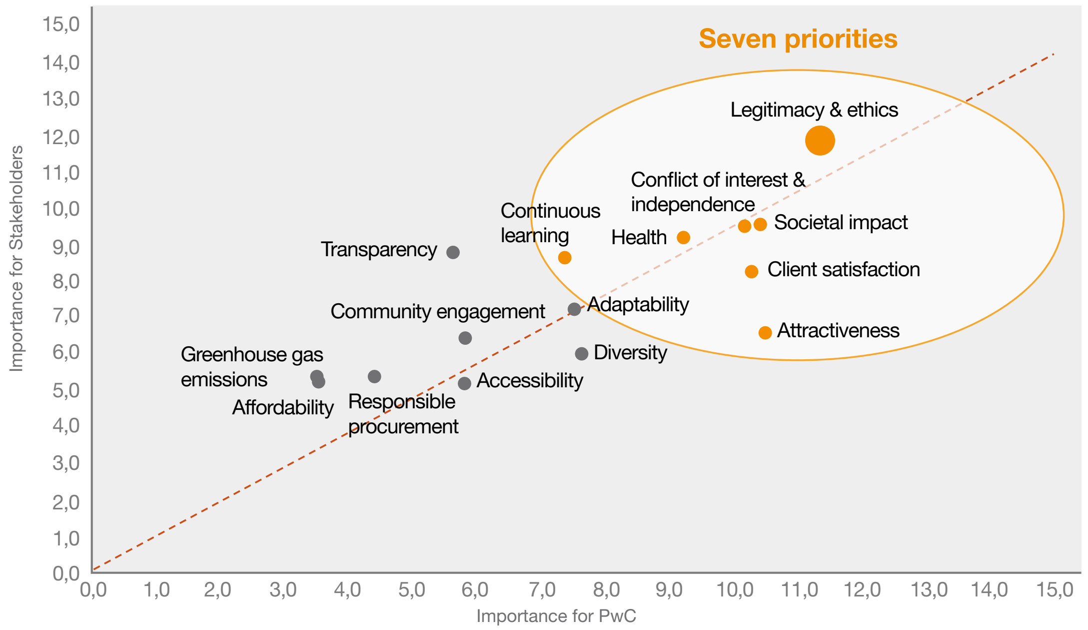
2. Stakeholder Engagement

To understand what should matter to us as a Firm in order to sustain our long-term success, we need to understand what is important to our most significant stakeholders.

At PwC Luxembourg, we engage in extensive consultations with all our stakeholders, through surveys and interviews with our clients, our people, our alumni, our network, the investor community, as well as other important stakeholders, like our suppliers or public decision makers or authorities.

In 2016, together with our stakeholders, we identified 15 sustainability topics that are crucial for our Firm to address: seven priority challenges and eight additional challenges.

Materiality Matrix



Results of PwC LU 2016 Materiality Matrix Assessment

Since then, our Firm is committed to aligning those sustainability topics with our business model through the application of the WEF IBC.

Our intention is to renew our PwC Luxembourg materiality matrix together with our stakeholders in the FY24 calendar year following the Corporate Sustainability Reporting Directive (CSRD) guidance. This involves a dual materiality approach, where we engage our critical stakeholders, including our clients to determine what services hold material significance for them.

PwC Luxembourg's sustainability transformation journey since 2016 is summarised in our Sustainability Journey, (Appendix 1).

Material topics of PwC Luxembourg

Our FY23 ambitions with regard to the material topics can be summarised in the following table. Please note that in FY23, these ambitions were still mainly qualitative while – for FY24, they will become mainly quantitative (please refer to Sustainability Journey, Appendix 1).

Principles of **Governance**

How PwC set the firm's purpose, is governed responsibly and with an ethical behavior, engages with its people internally and externally in a transparent manner and manages risks and opportunities.

Stakeholder Engagement
Communicate and seek internal and external people engagement. Embed sustainability into everything we do. Monitor our Sustain journey by reporting transparently on KPIs and related targets.

Quality of Governing Bodies
Leverage on our governance to proper integrate our Sustainability Framework.

Ethical Behavior
Support our Governing Purpose through PwC Code of Conduct spreading our values and ethical behaviors.

Planet

How PwC apply the worldwide Net Zero strategy. PwC commitment requires us to decarbonise our operations, including our emissions associated with business travel and support to our clients and suppliers.

Net Zero
Halve our gross Greenhouse Gas emissions from the operation of our buildings and other assets.

Halve our business travel related emissions through new ways of working and client engagement, even as we grow our business.

Engage and support our supply chain partners to join in our decarbonisation efforts.

Completely offset emissions that we cannot eliminate, shifting 100% to carbon removal offsets.

People

How PwC show its people are crucial by creating a healthy, safe, diverse and inclusive workplace. Growth in knowledge, prosperity and well-being is central to our ongoing success.

Diversity and Inclusion
Increase of gender diversity for each management level to achieve a 40-60 (both ways) gender balance in every business unit on a long term view.

Pay Equality
Reach equality in the gender pay gap, including partners.

Health and Safety
Boost wellbeing and mental health of our employees while preventing burnout to improve their engagement in the firm.

Training Provided
Include trainings on sustainability core behaviours: Values, Diversity & Inclusion, ESG, mental health and wellbeing.

Prosperity

How PwC demonstrate the willingness to develop its business while having a positive social and environmental impact, resonating with the New Equation and through investments in innovation.

Number and Rate of Employment
Build a meaningful journey for our people to be able to grow and to reduce the turnover.

Economic Contribution
Create long-term value through our core business. Support community via active contribution.

Financial Investment Contribution
Invest with the objective of having a positive and sustainable impact resonating with our strategy and PwC New Equation.

R&D Expenses
Sustainable innovation is at the heart of our business to deliver long-term value to our people and clients.

People Firm engagement index*

Firm Level 22	Firm Level 23	Target
75%	79% ▲	>81% (FY24) >85% (long term)

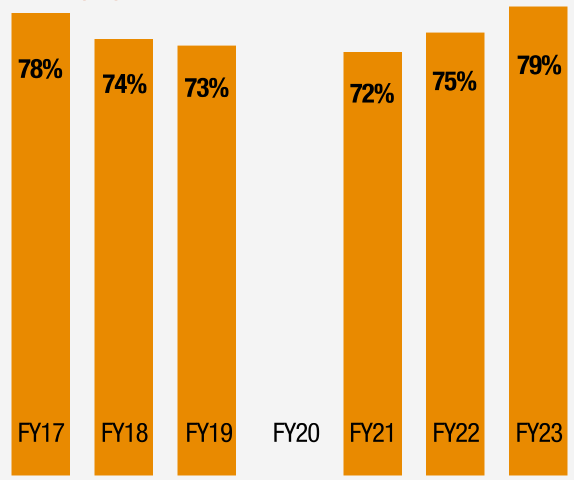
** Consolidated figure based on the following questions:*

- *I enjoy working at PwC*
- *My personal values align with the values demonstrated at PwC*
- *I would recommend PwC as a great place to work*
- *I am proud to work at PwC*
- *I feel like I belong at PwC.*

As a professional services partnership, it's our People who make the direct impact on our clients, it's our People who execute on our strategy and it's our People who drive our values. Consequently, the People Engagement Index (PEI) is one of the most critical parameters that we watch at leadership level.

This year, the trend is positive and above our target. As leadership, we were very proud of that result, specifically in a year with very strong growth and resource constraints. In line with our Network guidelines, our aim is to improve the PEI each year by 2% until we reach a percentage above 85%. Our People strategy, deployed under the leadership of Roxane Haas, has that as an objective, with a particular focus on proximity management.

People Engagement Index



No data for FY20 as no GPS has been performed due to Covid19 pandemic.

WEF IBC KPIs transparently available*

	Firm Level 22	Firm Level 23	Target
WEF IBC Core Metrics	69%	80% ▲	100% unless clear absence of relevance
WEF IBC Expanded Metrics	N/A	83%	N/A

** Availability of the WEF IBC KPIs, including related GRIs, in our Annual report.*

Expanded core metrics disclosed when relevant, with no commitment to reach 100%.

We cover 80% of the WEF IBC KPIs this year and also include the Expanded Metrics that are relevant to us. For the WEF IBC Core Metrics that we did not cover, we are currently investigating to which extent and under what format they are relevant for our business.

Why we included transparency on WEF IBC KPIs availability

Following the 21 core WEF IBC metrics fosters transparency, consistency and comparability and catalyses a systemic solution that integrates financial and ESG reporting for our stakeholders.

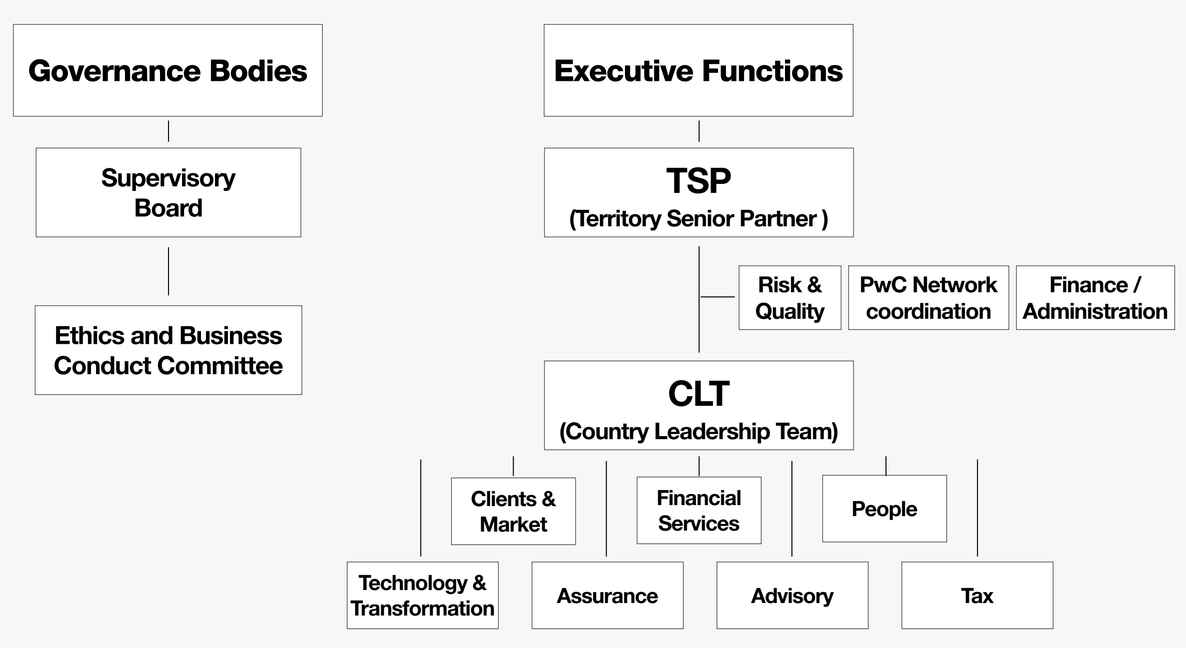
What we cover under this Annual Review

As in our 2022 Annual Review, our 2023 review is aligned with the reporting disclosures and metrics proposed by the WEF and the IBC, "Towards Common Metrics and Consistent Reporting of Sustainable Value Creation". The layout of our report mirrors that of the four pillars suggested by the WEF IBC, Principles of Governance, People, Prosperity and Planet, and we have matched our corporate sustainability reporting with the metrics and disclosures proposed.

3. Quality of Governing Bodies

Our Firm is ultimately managed by the Country Leadership Team (CLT). Each member of the CLT is a "gérant" of PwC Société Coopérative and, as such, has specific rights to engage our Firm. Our Territory Senior Partner (TSP) is elected every four years by the partnership in accordance with a pre-defined election process proposed by our Supervisory Board and adopted by the partnership. Similarly, each CLT member is proposed by the TSP and then confirmed individually by a majority vote of the partnership.

Our governance structure as from 1 July, 2023 can be summarised in the following organisation chart.



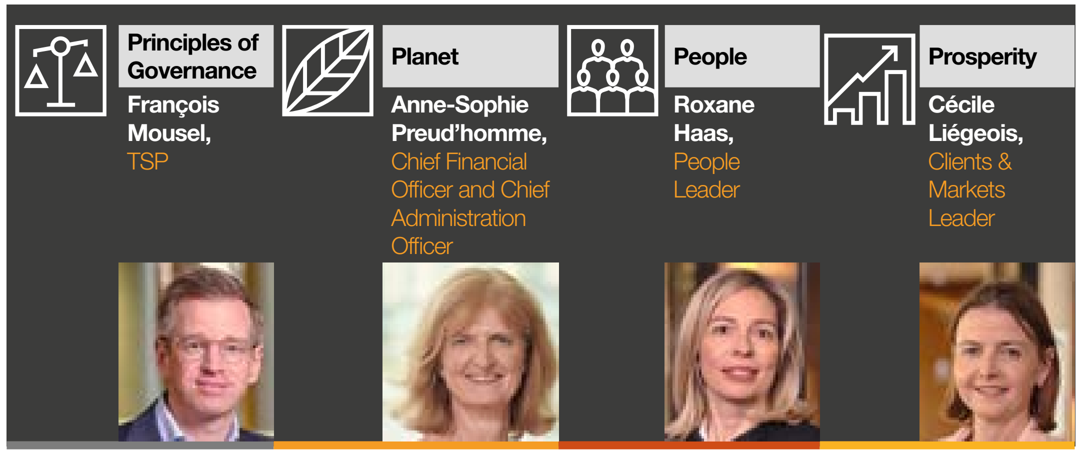
Additionally, our Firm has an Internal Audit function reporting directly to the CLT.

Further information on the composition and responsibilities of each of these bodies is provided in our Transparency Report - section 6.

FY23 Sustainability governance and our operating model – key actions:

After the election of our new TSP and CLT, a new governance and operating model was put in place in April 2023. The current Country Leadership Team is now fully in charge of the sustainability strategy in order to "Walk the Talk" and demonstrate the appropriate "Tone-at-the-Top":

- Our **Chief Sustainability Officer (CSO) is Francois Mousel, Territory Managing Partner.** The Deputy leading the Operations is **Christophe Pittie**.
- There are also **Four pillar leaders**, from top management following the WEF IBC:



A **Corporate Sustainability Office** has been structured to put into action the Firm's Sustainability Strategy. This should be a catalyst to drive and monitor the operations and the cultural change through PwC Luxembourg needed to be successful in our own sustainability transformational journey.

To execute our sustainability action plan, each leadership function wrote a *Charter* embedding Sustainability principles. This means that non-financial key performance indicators (KPIs) are now considered in the definition of the priorities of each of these functions.

Measuring our progress:

Measuring our progress helps to keep us on track. This requires monitoring what we do against milestones and targets. Specifically:

- Our Corporate Sustainability Office is in charge of the monitoring and reporting on our non-financial KPIs supporting the 12 Ambitions they are engaged on, with a report provided to the CLT at a regular basis, and
- Our Committees take the ownership on the KPIs and related targets through our Accountability Framework.

FY24 will be dedicated to reinforce the monitoring process on Sustainability KPIs and the quality of the underlying data used to measure our progress and ensure our engagement towards our ambitions.

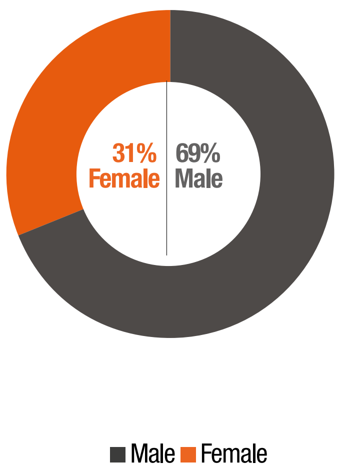
Bodies composition per Gender*

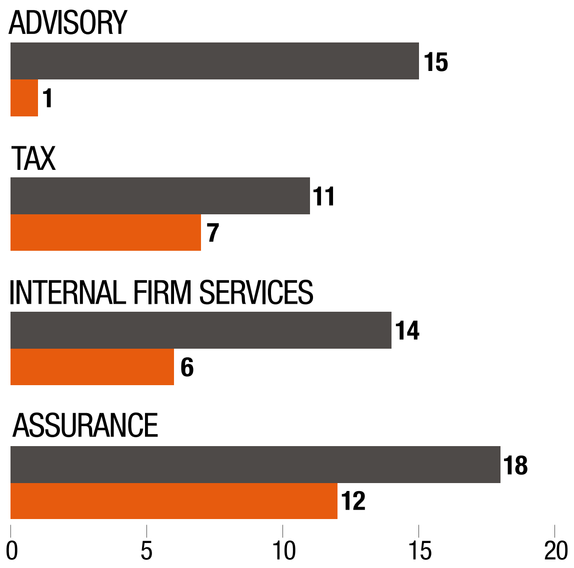
Firm Level 23	Target
Female **31%** Male **69%**	**40%-60%** (both ways in FY27)

** Based on the average composition of all the leadership teams supporting our key functions (cf. Quality of governing bodies).*

Target 40/60% in both ways for FY27 after next TSP election.

Gender composition





We are currently not at our objective of a 40%/60% corridor with an insufficient percentage of female members to our main leadership teams. As the leadership team members are mainly partners, we are logically close to (in fact slightly better than) the overall gender repartition of the partners, which is 72% male and 28% female.

We have set our target for FY27, since we normally review fundamentally our leadership teams after each TSP election, i.e. every four years.

One of our main structural challenges is an insufficient pipeline in female talent. The current **People Pillar** strategy aims to improve our figures in a long-term perspective. This will be a consequence of our overall gender diversity ambition.

It is important to note that gender is one parameter considered during the nomination process. The other ones are disclosed in the "**Diversity in Bodies composition**" section.

Diversity in Bodies composition*

**Calculated on a pool of a total of 84 committee members in 18 committees in FY23.*

It is undisputed that diverse leadership teams lead to better decision making by incorporating a broader range of views, experiences and backgrounds.

Having our leadership teams' compositions more aligned with our diversity (all criteria considered) is a necessity to more broadly represent our population and make decisions based on the entire richness of viewpoints and cultures.

The "diversity" criteria we monitor for the moment are:

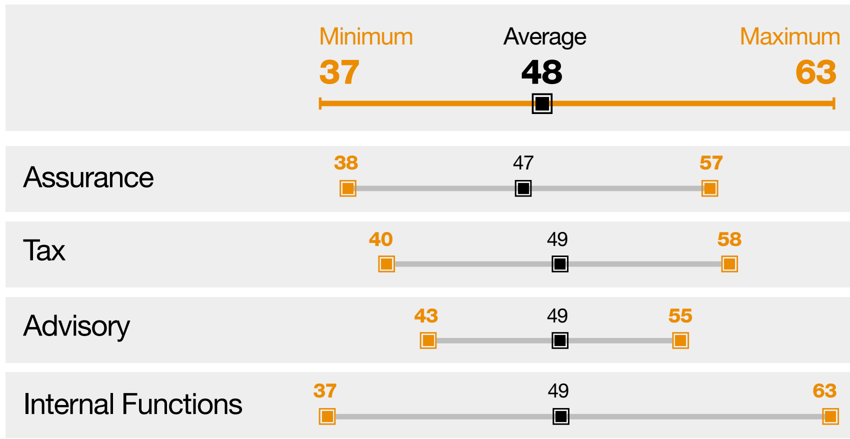
Gender – **Age** – **Seniority in the Firm** – **Industry and Lines of Service (LoS)** – **Nationality**

We acknowledge that there might be additional dimensions to the "diversity" notion, but we wanted to start with this first set of pragmatic dimensions, which we believe are the most impactful.

Age

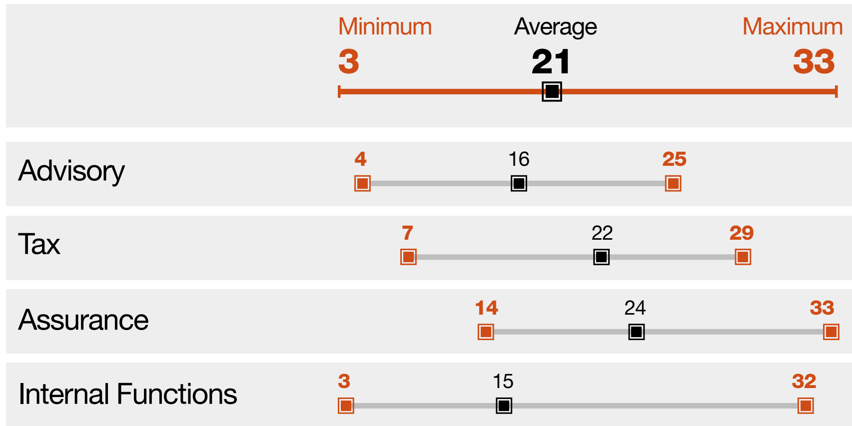
We note that currently, the average age of our leadership team members is 48 years. Based on the fact that our partners currently need to exit the partnership at the latest at 60 years, our ambition is to reduce that average by 2 years to 46 years.

One measure is to strengthen and accelerate the career development of our directors to be ready for partnership earlier as well as expose our young partners to opportunities in leadership teams sooner based on a closer and more proactive management of their early partner career.



Seniority in the firm (years)

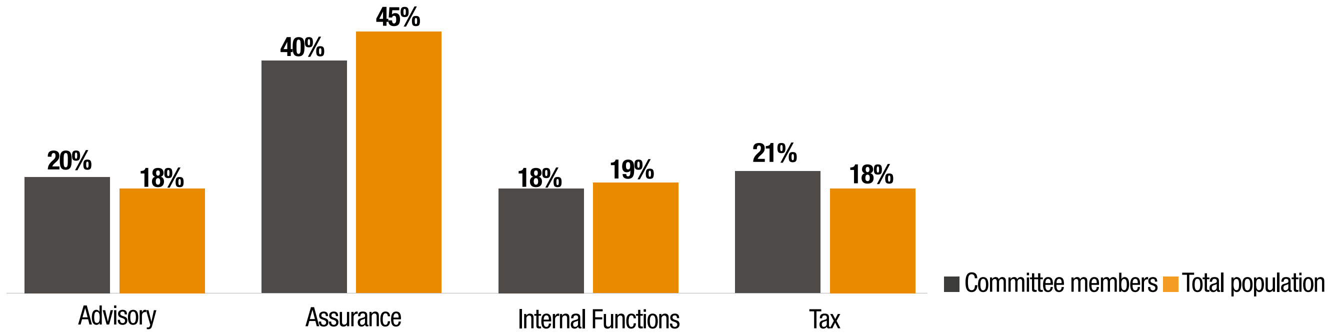
We can note a different result depending on the LoS considered. The smaller seniority for the Advisory LoS is explained by a larger number of direct entries among the Advisory partnership, i.e. partners joining is from outside. We want to keep overall a high seniority level for the members of our leadership teams as a high seniority is reflective of the strong "PwC culture" that we want to foster.



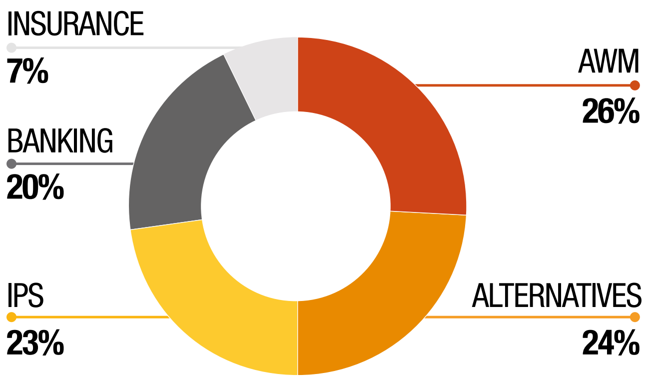
Lines of Services and Industries representation*

**Calculated on a pool of more than 3000 employees and 84 committee members in FY23.*

LoS representation



Industry representation



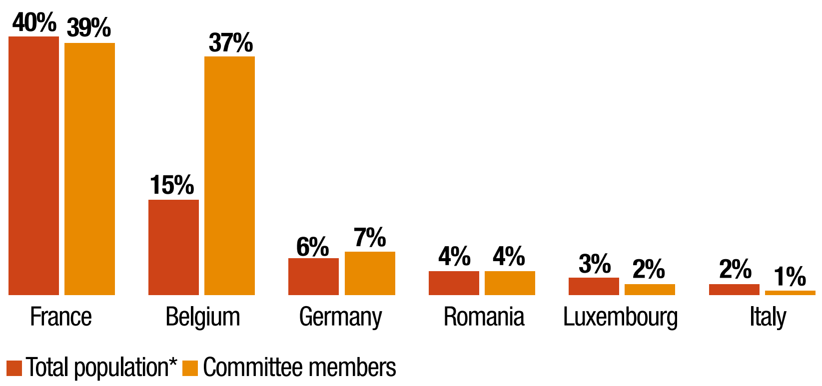
The overall ambition is to have a leadership team composition broadly aligned with our total population weights. In practice, we note a slight under-representation of the Assurance, compared to Advisory and Tax. Industry representation is aligned with our ambition to be representative of our Firm population.

Nationality

The results of the nationality make-up of various committees show a representation of the Firm's population demographic.

The higher representation of Belgian nationals in our governing bodies is due to the fact that typically it takes about 10-15 years to access a leadership committee position and the historical overweight of Belgian nationals in the earlier years of our Firm. Since then, our staff population has greatly diversified, as have the nationalities of the candidates considered for leadership positions. This overweight should therefore be resolved over time.

Nationality representation



**Total population represents more than 3000 people.*

4. Ethical Behaviour

Trust is built based on a culture of transparency, respect and Speak Up culture. That's why we encourage an ethical culture inside our Firm that empowers our people to "do the right thing" without fear of reproach. Our Governing Purpose is supported by the strong foundation of our PwC Code of Conduct, our Values, and the continuous fostering of an ethical environment.

As a professional services firm much of our success depends on our ability to build and sustain trust, inside our Firm and outside. This is consistent with our main purpose to build trust in society and solve important problems.

The motto of our ethical culture can be summarised as:

Speak up. Listen up. Follow up.

Our values define who we are and how we behave. They set the expectations we have for the way we interact with each other, our clients, and in the communities in which we operate. These values, and the behaviours that they require from us, are relevant to all of us. Having a Speak Up culture encourages and empowers everyone to demonstrate each of our five values, and to call out when something is not aligned to our values, to help build an inclusive workplace.

Our internal Ethics and Business Conduct Committee (EBCC) is composed of an independent chair, the Ethics and Business Conduct Leader and a college of Partners as well as an Ethics Officer. The committee oversees our values and ethical behaviour and is devoted to creating an open culture where everyone feels respected, included and valued while being able to bring their whole self to work.

Our Ethics and Compliance policies and practices ensure that we embed ethical behaviour into our human resources, the way we conduct our business, and the way we engage with our clients and our suppliers.

Beyond the Ethics Helpline, a whistleblowing platform, they also provide our workforce with other supporting channels such as a team of confidential counselors, the Ethics Counselors. The members of the EBCC and the confidential counselors are selected with diverse backgrounds and considering their proximity to our People.

Our Code of Conduct is based on the PwC Purpose and a core set of shared values. The Code sets out a common framework around how we are expected to behave, do business and to do the right thing. The Code is a living document to respond with agility to the ever changing environment in which we operate. The very last version has just been released.

We require the same high standard of ethical behaviour from third parties and their personnel that we require from our own people. Our Third Parties are also requested to apply our Third Party PwC Code of Conduct.

Upholding these detailed policies and procedures is the foundation of ethical behaviours. Measuring our progress also helps to keep us on track.

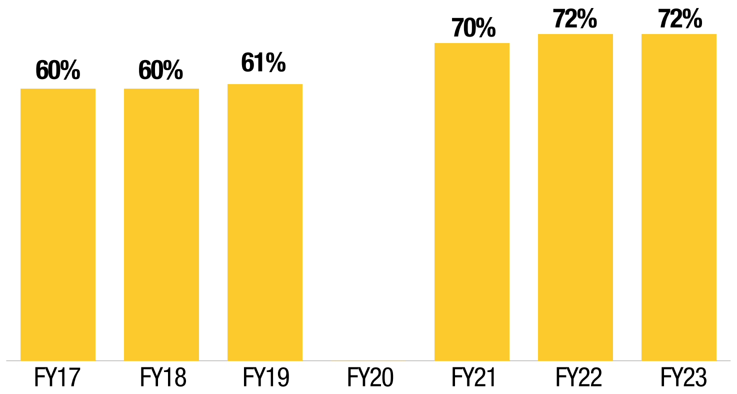
The following data offer some key insights into how we are doing, and how we are perceived to be doing regarding our ethical behaviour.

Ethical behaviour index*

Firm Level 22	Firm Level 23	Target
72%	72% Trend stable ↔	>75%

Average of three questions related to ethics on the GPS (Global People Survey), calculated on a basis of 2,609 answers in FY23.

Ethical behaviour index



No data for FY20 as no GPS has been performed due to Covid19 pandemic.

The Ethical Behaviour Index aims to help our Firm understand how Ethics is perceived Firm-wide, tracking trends and then making a comparison with trends in our global network.

The KPI is calculated based on the average answers to three questions on Ethics matters which are annually asked in the Global People Survey:

- At PwC, I can speak openly, including voicing my opinions or raising any concerns, even when my views may be different from others. **(FY23 - 67%)**
- At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences. **(FY23 - 65%)**
- The people I work with demonstrate conduct consistent with PwC's Global Code of Conduct. **(FY23 - 83%)**

After a relevant increase between FY19 and FY21, our Ethical Behaviour Index stabilised around 72% over the last two years, demonstrating the positive impact of our efforts in this area.

In order to reach our targets, our action plan is built around two pillars:

1. **Governance and strategy, and**
2. **Awareness and preventive actions.**

Ethics is about all of us, collectively and individually. Governance and strategy implies a close collaboration within the PwC leaders and with the Human Capital team. Our Territory Senior Partner is personally involved via our sustainability initiatives supervising directly the Ethics dimension.

Our awareness and preventive actions are also reviewed on a regular basis, among other things to take into account developments in the Luxembourg market. In our programme we have considered in particular the inclusion of moral harassment in the labour code and the legislation on whistleblowers.

After several months of virtual communication due to the COVID pandemic, we are also returning to in-person forums and a strong presence on the ground thanks to our Ethics Counselors.

Ethical culture perception*

Firm Level 22	Firm Level 23	Target
66%	67% ▲	>70%

** Calculated on a basis of 2,609 answers to the GPS (Global People Survey) in FY23.*

The ethical culture perception KPI aims to help PwC understand if the Speak Up culture is in place. To the question: *"At PwC, I can speak openly, including voicing my opinions or raising any concerns, even when my views may be different from others."*, we obtained 67% of positive answers, which is in the path to reach our target. By improving our Ethical Behavior index following its action plan described above, we will also increase our Ethical culture perception.

Want to know more?

People section:

PwC Luxembourg Annual Review 2022

Ethical training*

Firm Level 22	Firm Level 23	Target
100%	100% ↔	100%

** Mandatory training, offered every year to our entire population. Our new joiners are requested to do this during the onboarding process, including Short Terms and Trainees.*

Ethical training modules are mandatory to all our PwC partners and employees on an annual basis. The content of our training is reviewed in an ad-hoc manner to consider trends, our new needs and take into account what our people tell us. This training helps us to foster ethical behavior, the PwC values and the Code of Conduct. It helps all of us to build trust in how we do business, with each other and in our communities.

5. Anti-Corruption

As auditors of financial statements and providers of other types of professional services, PwC member firms and their partners and staff are expected to comply with the fundamental principles of objectivity, integrity and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental to serving the capital markets and our clients.

More insight on our anti-corruption practices in our Transparency report.

Anti-corruption training*

Firm Level 22	Firm Level 23	Target
100%	100% ↔	100%

** Done through the compliance mandatory training, requested every year to all our population. Our new joiners are requested to do it during the onboarding process, including Short Terms and Trainees.*

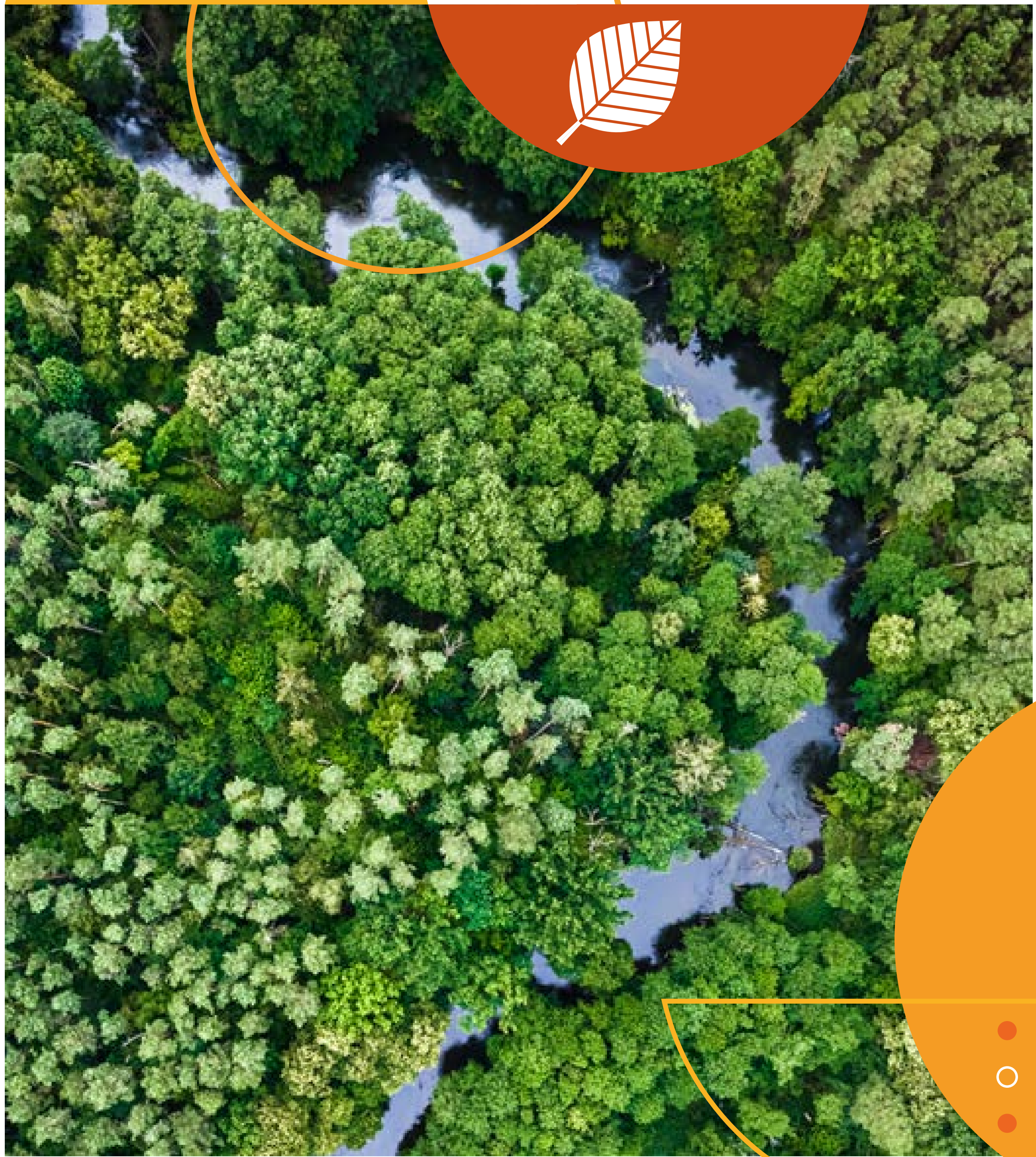
Our Firm has established guidance, procedures and controls to minimise the corruption risk. PwC employees receive regular communication reminding them the rules and the appropriate behaviour to be displayed in any circumstance. A mandatory training is organised at the time of on-boarding, as well as once a year, to ensure an active learning. This mandatory training is part of our Annual Ethics & Compliance Curriculum and participates to our quality management process (QMP). It helps our employees to understand what corruption means and what forms it can take. It explains the risk indicators, what to screen for or how to determine the risk. It contains a specific focus on the work for the public sector and high risk countries. This training is crucial to convey the tone at the top of zero tolerance for corruption and to make each and every employee a protecting barrier against corruption.

6. Risk and opportunity oversight

Our Quality Management for Service Excellence (QMSE) framework requires the Firm to conduct annually a review of the effectiveness of the Firm's internal processes. This covers all material processes such as financial, operational, compliance, and risk management.

In FY23, we reviewed the principal risks facing the Firm, including those that would threaten the Firm's business model, future performance, solvency or liquidity, and included consideration of the sustainability of the audit practice.

The key risks faced by our business and the management response are summarised in the FY23 Risk Register (Appendix 4).



Planet

The long term preservation of the planet is a common responsibility between Government, private businesses and citizens. At PwC, we consider the following dimensions to be areas of focus:

- Net Zero,
- Land use and ecological sensitivity,
- Water consumption, and
- TCFD.

"It is evident that, compared to other economic sectors, our ecological footprint as a professional services firm remains limited on a comparative basis. Yet, it's our responsibility to still do our part of the common effort and lead by example."

Anne-Sophie Preud'homme, Chief Financial Officer and Chief Administration Officer of PwC Luxembourg

1. Net Zero

Since we began measuring emissions in 2007, we have significantly reduced our total carbon footprint. A new baseline was set by the PwC Network in FY19, and our ambition to halve our Carbon Footprint until FY30, is measured against that. Our Scope 1 & 2 emissions have already decreased by 24%. This means that the vast majority of our remaining emissions are from Scope 3 sources, the most significant of which relate to business travel related to client work and client related events.

Our Scope 3 emissions increased between FY21 and FY22 as a result of the increase in travel following the pandemic. However, our Scope 3 emissions for FY22 remain well below the 2019 total. We will continue to work to reduce our emissions as part of our aim to halve our operational footprint by 2030 compared to the 2019 baseline.

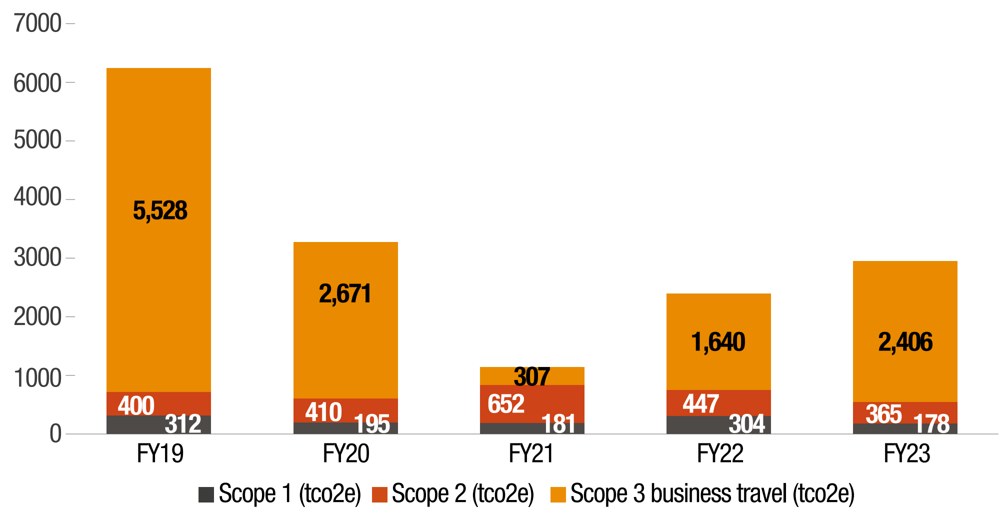
Total Emission: Scope 1, 2 and 3 (Business Travel)

Scope 1, 2 and 3 (Business Travel)
2,949 (tco2e)

In FY20, PwC reached a significant milestone by making a worldwide commitment to achieve net zero greenhouse gas (GHG) emissions with near-term science-based targets for FY30. In July 2021, our near-term emissions reduction targets were independently validated by the Science Based Targets initiative (SBTi). Our targets are in line with a 1.5-degree scenario to prevent the worst impacts of climate change, as set out in the Paris Agreement.

KPIs	FY19	FY22	FY23	Target
Scope 1, 2 and scope 3 Business Travel emissions (tco2e)	6,240	2,391	2,949 ▲	-50% by FY30 vs FY19

Scope 1, 2 and scope 3 Business travel emissions



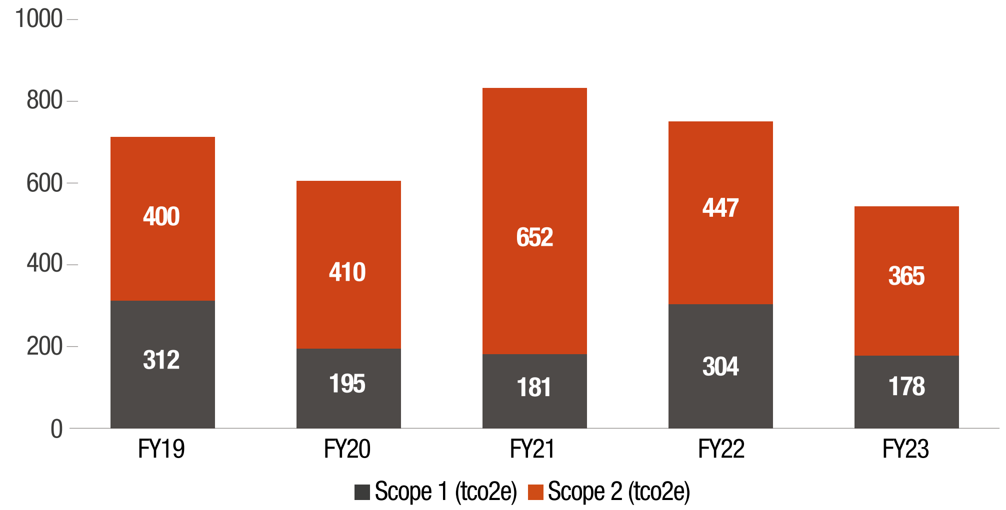
As a result of disruption due to COVID-19, we have seen a substantial reduction in CO2 emissions between FY19 and FY20. The pandemic has accelerated the shift to remote working and demonstrated the feasibility of new delivery models of our services, as part of a longer-term transformation. Since FY19 which is our baseline, we have succeeded in decreasing our emissions by 53%. This is a good start, but we need to keep that CO2 consumption level up to FY30, while we expect a significant increase in our activity until then. This is quite a challenge. We are committed to applying a travel policy which balances the need for travel in a small, very open and international economy and the aim to contribute to the overall decarbonisation effort.

Scope 1 & 2 emissions*

Indicators	FY19	FY22	FY23	Target
Scope 1 emissions (tco2e)	312	304	178 ▼	-50% by FY30 vs FY19
Scope 2 emissions (tco2e)	400	447	365 ▼	

See our Appendix 2.

Scope 1 & 2 emissions



Scope 1

The emissions have decreased by 43% as compared to 2019. Our focus has been on reducing emissions from our company car fleet as well as transitioning to rental cars that are exclusively hybrid or electric. We have also encouraged people to use alternative means of transportation with lower CO2 emissions, such as public transportation and sustainable mobility solutions.

In order to reduce further, we continue to work on the decarbonisation of our car fleet. Since January 2023, newly leased cars can only be plug-in hybrid or full electric. To accompany this transition, we are also installing additional new charging stations on our premises to facilitate the transition to electric cars.

Scope2

Our current main office, Crystal Park, is an energy-efficient building, which achieved a rating “Excellent” from the Building Research Establishment Environmental Assessment Method (BREEAM). For this building, we have been purchasing 100% renewable electricity generated in Croatia from hydropower from the Luxembourg Energy Office. As a result of this effort, the emissions for our scope 2 decreased by 9% since FY19.

In order to reduce further, we have decided to move to an even more energy efficient building in a few years. This new building will be fully taxonomy-compliant and carbon-neutral (in construction and operations). It will use 100% renewable electricity and will be WELL Platinum certified and BREEAM Outstanding Environmentally certified. In our new building, we will further reduce our electricity consumption by about 30%, thanks to photovoltaic panels and more energy efficient equipment.

During this year, we have pursued other targeted actions that resulted in operational emission reduction:

- Decreased heating temperature in winter and cooling temperature during summer,
- Reduction of ventilation period by one hour,
- Reduction of the number of lights on by one third in our parking lots,
- Collaboration with our catering provider to reduce their electrical consumption (they consume about 15% of the electricity consumed in the building) and influencing their habits and processes (e.g. not to turn every equipment on automatically in the morning),
- Reduction of our fleet of photocopiers by 2 thirds, with smarter management of the power consumption.

Business Travel Emissions (scope 3)*

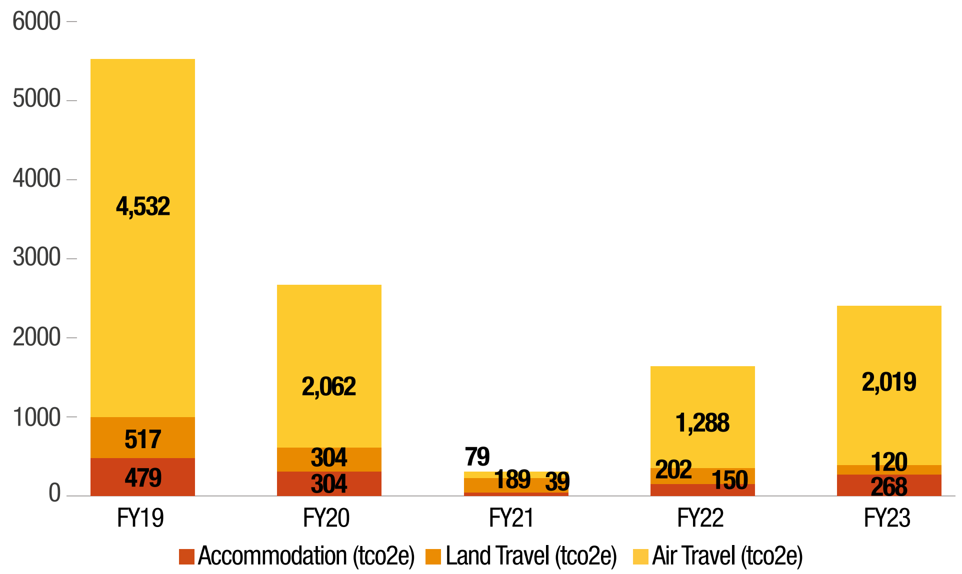
Business travel is an essential part of how we operate and service our clients. It is also our largest source of (controlled) emissions. Our objective is to reduce by 50% our business travel emissions by FY30 compared to our FY19 emissions, which are our baseline.

Indicators	FY19	FY22	FY23	Target
Scope 3 emissions (tco2e)	5,528	1,640	2,406 ▲	-50% by FY30 vs FY19

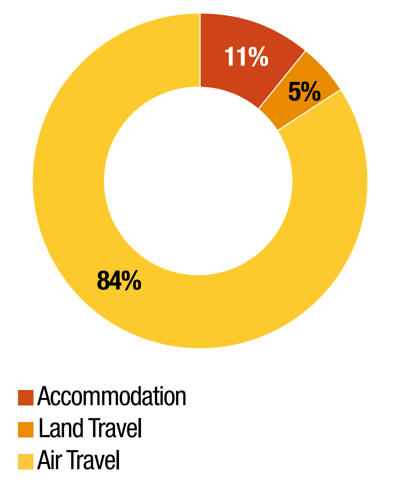
See our Appendix 2.

Indicators	FY19	FY22	FY23
Accommodation (tco2e)	479	150	268
Land Travel (tco2e)	517	202	120
Air Travel (tco2e)	4,532	1,288	2,019
Total	5,528	1,640	2,406 ▲

Business Travel Emissions



Business Travel Emissions FY23



The COVID-19 pandemic led to a significant reduction in travel emissions over the last three financial years and showed the potential of delivering our services in a more virtual mode. As travel restrictions eased and we resumed our international travels, our emissions inevitably increased. Despite this increase in FY23, we have managed to reduce our emissions by 56% compared to FY19.

In order to proactively manage the Scope 3 emissions target, we have implemented targeted measures at curbing our emissions resulting from business travel and to proactively decouple travel from the growth of our business, maintaining the momentum created by our changing habits during the COVID period. Our target is to limit our carbon emissions to half of our FY19 emissions while our business continues to grow. To achieve this goal we will:

Travel smarter:

If/when travel is necessary, we will optimise the transportation mode, incl. Air travel class, and

Travel less:

We will engage with our clients from the outset of an assignment regarding the trip planification to reduce the number of journeys, identify the key moments of a mission lifecycle to decide between remote or face-to-face meetings, use local or regional resources, review the international training and events planning, encourage hybrid types of meetings for larger groups with some physically present and others via videoconference.

We will also take advantage of 'passive gains' from airlines as they also decarbonise (e.g. selecting and booking flights using SAF - Sustainable Aviation Fuel) and offset the remaining emissions that we cannot otherwise eliminate.

Although our Scope 3 emissions reduction target is currently limited to our focus on business travel emissions, going forward, we are planning on widening this to take into account our emissions from staff commuting and procurement of IT.

Commuting:

In addition to our actions to reduce our business travel emissions, we are implementing measures to reduce emissions from employee commuting, such as the development of our network of satellite offices located near the borders. We will continue to expand them as we are growing very quickly and are aiming to double the number of seats available in the next couple of years, as well as find innovative solutions to enable this expansion in a sustainable way.

We continue to develop our mobility strategy to take account of the significant increase in traffic forecast in the National Mobility Plan 2035. To achieve this, we are focusing on car-pooling and car-sharing, on the development of soft mobility and, above all, public transport, with the arrival of the tram at the Cloche d'Or in 2024.

All these changes will only be possible by increasing the awareness of our People to the opportunity they have to be part of the movement which has started. This will materialise in active information campaigns and education programs. As a company, we aim at being an enabler to climate change beyond the activities of our Firm and encouraging people to further contribute as world citizens.

Supplier emissions (scope 3)*

We started calculating the proportion of CO2 emissions of our suppliers with credible GHG emissions targets, with the aim to reach 50% coverage by FY25, following PwC Network commitment.

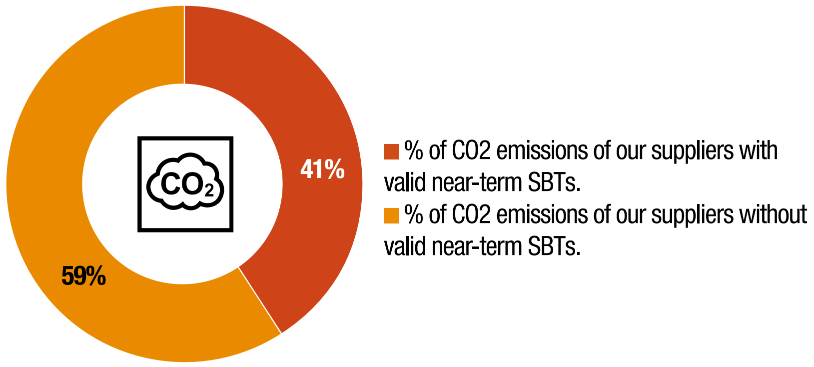
By encouraging our suppliers to decarbonise their operations and products, we will create a "ripple effect" in the market. This is where we can have a significant impact in accelerating the global transition to the net zero economy.

Indicator	FY22	FY23	Target
% of suppliers with GHG reduction targets (by emissions)	N/A New measure	41%	-50% by FY25

** See our Appendix 2.*

FY23 Scope 3 supply chain emissions
22,406 (tco2e)

% of CO2 emissions of our suppliers with valid near-term SBTs



How will we achieve our ambitions?

This year, our procurement team has been mainly working on gathering data in order to start monitoring this KPI. In FY23, we calculated that 41% of CO2 emissions of our suppliers with valid near-term Science-Based Targets, meaning we are one step away from reaching our target.

To reach our target, we are organising information sessions for some of our key suppliers which have not yet set science-based targets (SBTi) in order to raise their awareness on our engagement and on their possible contribution for the success of our engagement. We have added this SBTi certification objective as a criteria in our future requests for proposals.

We are also committing to purchase more local products and services to reduce the impact of delivery on our carbon footprint. We will prioritise the selection of products with higher environmental performance to encourage our suppliers to improve their sustainability performance and reduce their emissions.

Moreover, we will do our very best to keep our SBTi suppliers and replace our non-SBTi suppliers by SBTi ones, and further update our Charter of Responsible Procurement in line with our net zero commitment.

Renewable electricity*

Indicator	FY22	FY23	Target
% of electricity sourced from renewables	98%	98% ↔	100% by FY30

** See our Appendix 2.*

Of our eight offices, 98% of our purchased electricity comes from renewable sources. Our main office, Crystal Park, has been 100% powered by renewable electricity since 2011.

Emissions offset*

Indicator	FY22	FY23	Target
Carbon credits (tCO2e)	2,370	4,173	Transition to 100% carbon removals by FY30

** See our Appendix 2.*

We recognise the importance of actively reducing the climate impact of our own operational footprint now. That is why, to mitigate our impact today, we will continue to support high-quality independently verified carbon reduction and removal projects.

Since 2022, we have been purchasing these credits through a centralised carbon credit procurement service provided by the PwC Network. We offsetted:

- **2,370 tonnes CO2 in FY22** with Natural Capital Partners, and
- **4,173 tonnes CO2 in FY23** with EcoAct (the increase compared to FY22 is explained by the post covid period).

This is to certify that

PwC Luxembourg

has offset

4,173 tCO_2e related to:

734 tCO_2e from Cardamom REDD+, Cambodia, Verified Carbon Standard.

1,184 tCO_2e from Rimba Raya REDD+, Indonesia, Verified Carbon Standard.

386 tCO_2e from Solar India - Solararise, India, Verified Carbon Standard.

307 tCO_2e from Unitor REDD+, Brazil, Verified Carbon Standard.

373 tCO_2e from UpEnergy Cookstoves, Uganda, Gold Standard.

1,189 tCO_2e from Yunnan Kunming IFM, China, Verified Carbon Standard.

REF: FY23 - PwC Luxembourg

Registry controlled by Ecocert Environment, An independent / third-party / external body

EcoAct, Nature and Technology Based Solutions

Date: 2023-04-26

www.eco-act.com

This year, we offset more than our direct carbon emissions as we have been able to limit our emissions beyond our initial forecasts.

However, we want to emphasise that we are more focussed on reducing emissions than in offsetting.

Our future ambition includes collaborating with local and regional carbon-offsetting projects as well as transitioning our carbon offset portfolio to 100% carbon removals by FY30.

As from FY24 onwards, we have committed to offset 100% of our direct emissions through our participation in the LEAF coalition (Lowering Emissions through Accelerating Forest finance).

2. Land use and ecological sensitivity*

Indicator	FY23
Number of sites adjacent to protected areas	3

** See our Appendix 2.*

This year, for the first time, we are releasing data on our land use and ecological impact, fully aligning with the recommendations of the WEF IBC. As an office-based business our land use is minimal.

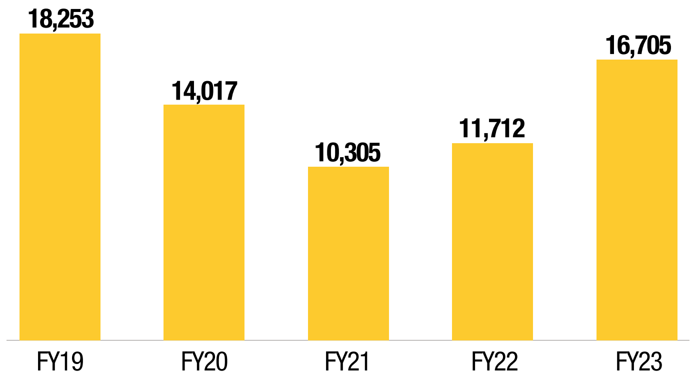
Among our eight current offices and our future main campus, three offices (Wemperhardt, Dudelange and Biwer Wecker) are adjacent to protected areas and/or Key Biodiversity Area respecting national rules.

3. Water consumption*

Indicator	FY22	FY23
Megalitres of water consumed (m3)	11,712	16,705 ▲

** See our Appendix 2.*

Water consumption (m3)



Given the office-based nature of our operations, we do not have a large direct water footprint.

Although our water consumption increased by 20% since FY19 (18,253m3), 0% of it is sourced from regions with high baseline water stress. In fact, in Crystal Park (our main building), 60% of the water comes from Luxembourg's own springs in Muhlenbach, Septfontaines, Pulvermühl, Grunewald, Kopstal and Birelergrund, while the remaining 40% is sourced from surface water from the Upper-Sûre Lake.

What happened in the course of last year?

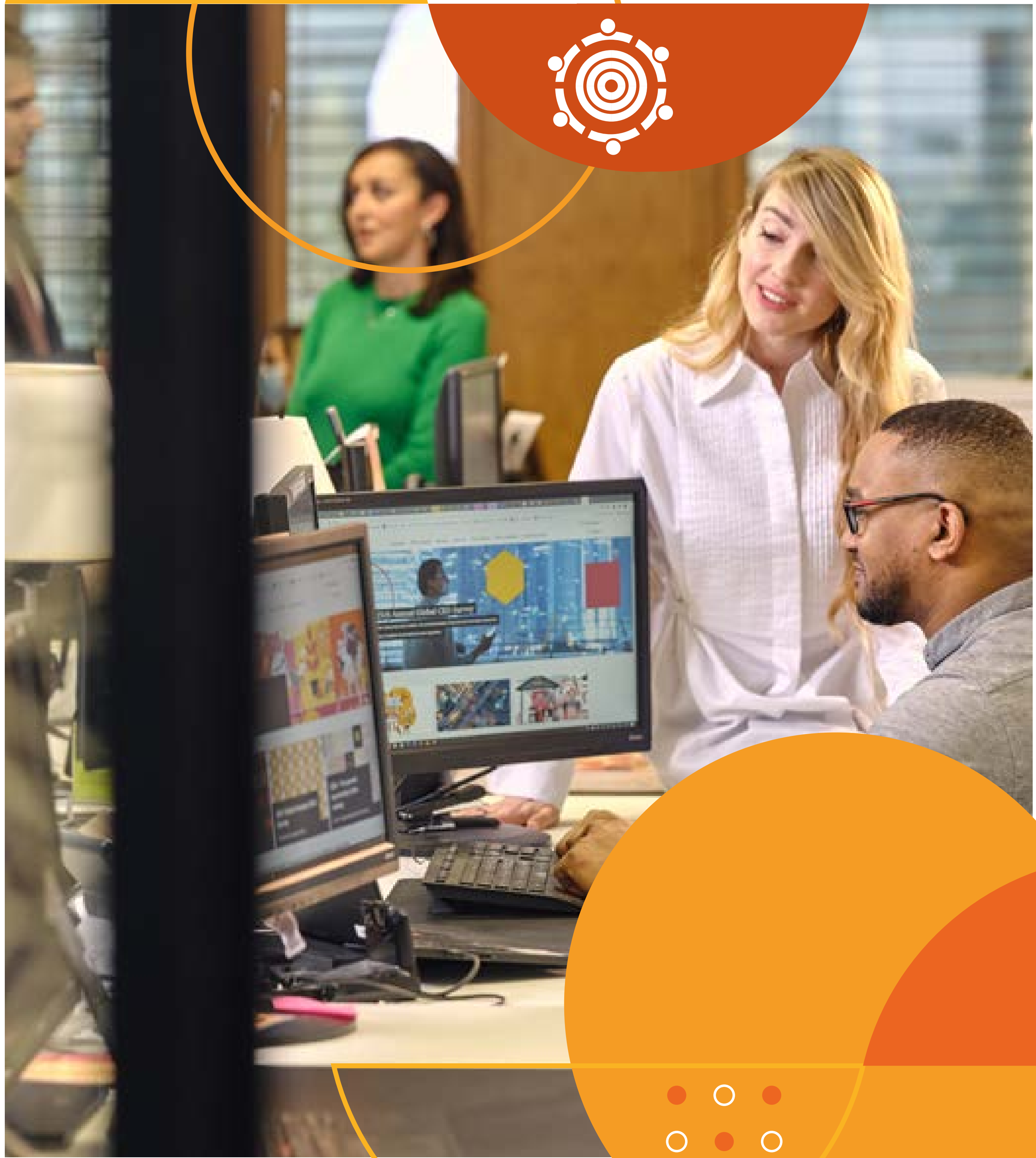
We worked with our main supplier in the building who reduced their water consumption. We stopped the automatic watering of the park property. Despite those efforts, the massive return to the office of our employees has resulted in the increase of our water consumption.

4. TCFD Report

As one of the members of the Task Force, the PwC Network played an active role in the development of the TCFD framework and recommendations, and we are a signatory to the TCFD recommendations at a global level.

The framework helps business leaders to spot, assess and deal with the risks and opportunities from climate change with the aim of accelerating the overall transition to the Net Zero future. Since 2021, PwC Luxembourg has incorporated some of the main TCFD principles into the 12 Priority Ambitions.

Furthermore, PwC Luxembourg made a commitment to adopt the Corporate Sustainability Reporting Directive (CSRD) which integrates the principal principles of TCFD for its FY25 reporting. By taking this step one year in advance of the requirement applying to large private companies in the EU, we are demonstrating a steadfast commitment to sustainability within our firm.



People

At PwC Luxembourg, our common vision is to be the most impactful, dynamic and trusted partnership for our clients and all our stakeholders, in Luxembourg and beyond its borders. The key to realising this vision is people.

That's why we are constantly improving our HR strategy with the aim to be a leading organisation for inclusion and belonging for our People, our clients and external stakeholders, as well as a leading employee destination for diverse talent. Our actions focus on improving our People's wellbeing, providing relevant training to employees to enable prosperous outcomes, strengthening our diversity and inclusion efforts and maintaining pay equality.

"Our ambitions cannot be realised without our People, meaning we must strive to offer those who already work for us, and those we wish to attract in an increasingly difficult talent market, an environment where they can grow and develop, where they feel safe to be themselves, where they have a healthy work life balance, and where they strongly feel their purpose."

Roxane Haas, People Leader, PwC Luxembourg

Monitoring our progress helps keep us on track. Therefore, our diversity data plays an important role in helping to shape the steps we take to achieve our ambitions.

1. Inclusion & Diversity

At PwC Luxembourg, we believe that empowering and promoting gender, age, disability and ethnic/cultural diversity are important and are closely correlated to both financial and non-financial performance. A diverse workforce allows for a rich career path and broadens perspectives at Firm level if and when employees feel included and respected. This is why we monitor how our Firm could be even more diverse than we are today, starting with gender, but also – increasingly – how we can monitor our diversity within a much wider definition.

We've set targets for ourselves in relation to gender and publicly report on our progress against them – as displayed below.

You can find further information on our Diversity and Inclusion actions and progress on our dedicated page.
You can also find our pay gap data in the Pay Equality section of this hub.

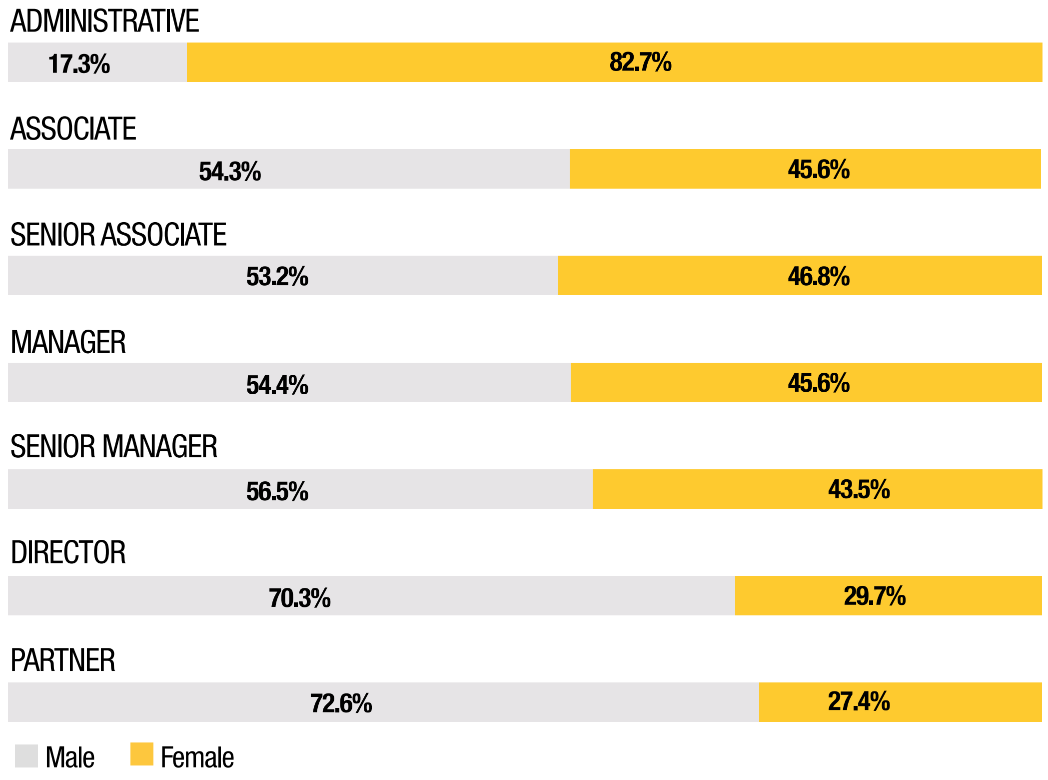
Proportion of employees per gender*

Gender	FY22	FY23	Target
Female	45.8%	44.6% ↔	40%-60% in both ways
Male	54.2%	55.4% ↔	
Not Declared*	<0.1%	<0.1%	

Figures as of 30 June 2023

** We point out the very small number of the "Not declared" which relates to people who do not recognise themselves in the current proposed gender categories or who do not wish to declare their gender.*
Only people from PricewaterhouseCoopers Société coopérative, PricewaterhouseCoopers Academy Société à responsabilité limitée and PwC Tax Information Reporting Société à responsabilité limitée.
Interns, Contingent Workers and Short Term Assignments have been excluded from the calculation.

FY23 employees per gender by grade



Our ambition is to improve our gender diversity at each grade and lines of services to **achieve a 40% - 60% gender balance no matter whether this is 40% women and 60% men or the opposite.**

At Firm-level, our gender ratios are broadly comparable to last year with **44.6% women and 55.4% men.**

Higher grades see a clear gap with 30% women at Director level and 27% at Partner level. From Associate to Senior Manager grade, the ratios reflect the Firm's target (40%-60%). This represents in absolute numbers 80% of our People. Our Administrative roles are still attracting many more females. We observe a slightly negative trend at Associate level as women represented 45.6% in FY23 vs 50.1% last year, it shows the challenges to attract female graduates.

We are looking at gender diversity – and diversity more broadly – in all aspects of the employee lifecycle like recruitment, promotion and retention, but also in the composition of our governance bodies. To act on ensuring that the trend in our gender diversity is improving, we have launched and continued a number of actions such as:

Proportional promotions:

We monitor, through a gender lens, our promotions to ensure a balanced pool of employees evolving to the top. In FY23, we promoted 609 employees, of which 46% women. This is an improvement over last year (42% women in FY22). We plan in FY24 to increase our management and Team Leaders' awareness on this topic by improving our monitoring tools.

We are happy to outline that we are closing the promotional gender gaps of Manager (21.6% Women, 22.6% Men, promotion rate) and Senior Manager (16.3% Women, 17.9% Men, promotion rate).

Recruitment:

Recruitment in general is a crucial challenge in Luxembourg today, but we ensure our gender diversity lens is also embedded in our recruitment strategy. We provide more details in the Prosperity section about "New hires by gender".

Nurture the pipeline of talents:

This entails numerous initiatives within the Firm that we aim to coordinate even better this year:

- **Women & Men,** which is a think tank on gender social norms, proposes actions to enhance our attractiveness and retention for female talents as well as raising gender awareness among our workforce. In FY23, we focused on launching awareness campaigns at the occasion of the International Women's day as well as the International Men's day. One thing we are specifically proud of is our newly created network of Women in Tech. This latter group is looking at enhancing the gender balance in the technology field by working on women's retention and development of career opportunities.
- **Back & Happy,** which has the intention to retain our female workforce by facilitating their return and reintegration from maternity or parental leave. This initiative is being revamped and evolves from a mentoring mothers' programme to a young parents' programme while boosting awareness amongst Management and Team Leaders. The opening of a dedicated breastfeeding room in a nice & cozy environment is another achievement of the initiative.
- **Shine**, our local network in Luxembourg, through which we thrive to strengthen our presence in the LGBT+ community, increase awareness among our People, and offer information, support, and networking opportunities. In addition, we are paving the way in our EMEA PwC network with the Shine movement.

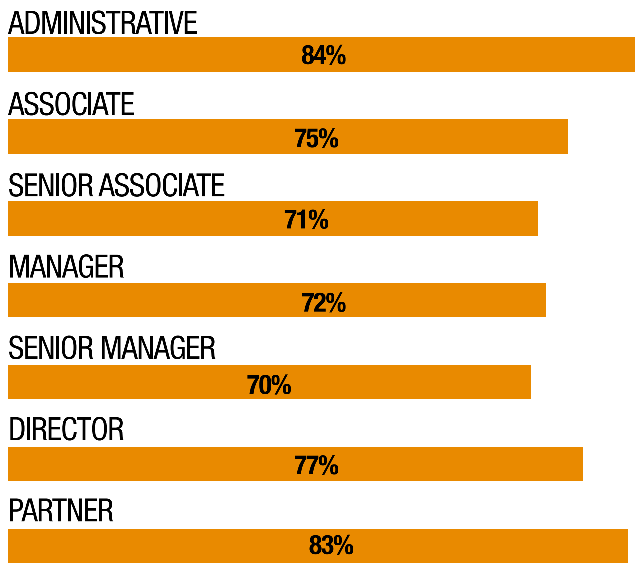
Inclusion & Diversity Index from the Global People Survey (GPS)*

Firm Level 22	Firm Level 23	Target FY25
72%	74% ▲	80%

** Derived from the GPS results on these following statements in FY23:*

1. *The people I work with make the effort to get to know me and what I uniquely bring to PwC.*
2. *The leaders I work with actively build a diverse and inclusive work environment.*
3. *I am satisfied with the actions Territory Leadership has taken to build a diverse and inclusive work environment.*
4. *I feel like I belong at PwC.*

FY23 Inclusion & Diversity Index by grade



Our Inclusion & Diversity Index reflects how satisfied our People are with our efforts to build a diverse and inclusive work environment. It has improved over the last years at Firm-level to 74% in FY23.

We added in our Learning & Development curriculum a training named Inclusive Mindset Badge to raise awareness.

As from FY24, Inclusion & Diversity are part of the topics included in our onboarding programmes for new joiners and newly promoted employees, as well as part of our awareness programme for Team Leaders. We aim to expand further the way we envision diversity. Topics on our diversity agenda will include from FY24, **disability** – which we are working on with our Global network – as well as **age/generational gap** and **ethnicity/cultural** diversity for the years to come.

Please have a look at our Diversity and Inclusion website.

2. Pay Equality

We believe that providing equal remuneration for the same jobs, irrespective of gender or ethnicity/cultural diversity is crucial to attract talent and drive long-term competitiveness. We aim to offer rich professional opportunities for all of our People depending on their skills, motivation and aspirations. This is why we are monitoring our remuneration in terms of gender equity, a commitment we began several years ago.

Gender pay gap of employees (excluding partners)*

Firm Level 22	Firm Level 23	Target
< -1%	< -1% ↔	< -1%

** Based on gross salary data.*

As in previous years, we use Logib, the Minister of Equality between Men and Women's standard analysis tool, enabling employers to conduct their own equal-pay analysis. Our last external reporting from Logib dated September 2022 and led to a conclusion on a gender pay gap below -1%.

Our figures show a similar gender pay gap compared to last year: i.e. a gender pay gap below 1% in favor of men. To put these results in perspective, the November 2022 edition of Eurostat report shows that in 2020, women's gross hourly earnings were on average -13% below those of men in the EU. The smallest gender pay gap was measured in Luxembourg (-0.7%), which is comparable to our own ratio.

Beyond the gender pay gap, we are looking at how women and men have equal chances to access management roles and promotions through our proportional promotion approach explained in our "Proportion of employees per gender" KPI.

3. Health and Safety

We are primarily reliant on our People to deliver our services to clients. This is why we aim to provide our employees the opportunity to enhance their wellbeing and their mental health, for their own prosperity and towards a sustainable future for our Firm. At PwC Luxembourg, we believe that working proactively in the areas of health and wellbeing will help identify and mitigate potential risks.

Flexibility & Wellbeing Index from the GPS*

Firm Level 22	Firm Level 23	Target
52%**	54% ▲	60%

** Our latest Flexibility & Wellbeing Index results from answers to these following questions:*

1. *I am able to find a balance between work and my personal life that works for me.*
2. *The people I work for make wellbeing a priority for our team(s).*
3. *It is possible to have a healthy lifestyle (physically, mentally, emotionally) and be successful at PwC.*

*** FY22 Index has been restated to the FY23 methodology.*

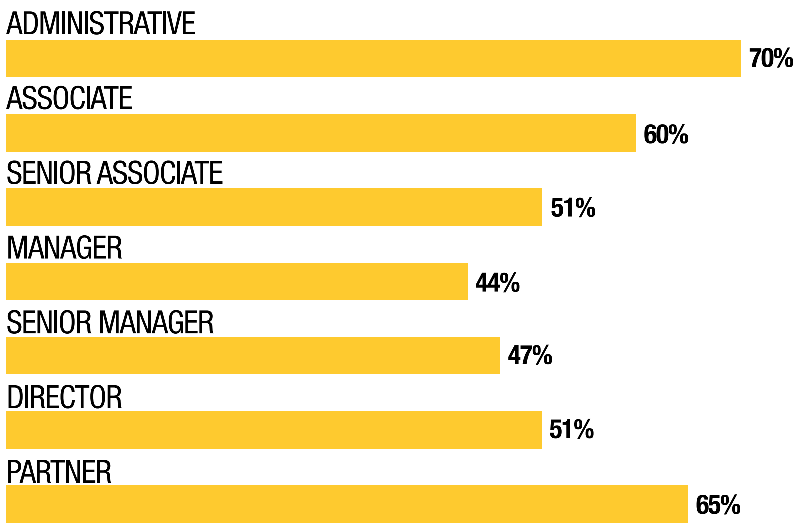
Our Flexibility & Wellbeing Index demonstrates the level of how satisfied our People are with finding a balance between work and personal life that works for them and working with people who make wellbeing a priority. Answers to the questions of our Wellbeing and Flexibility Index are the following:

Question	FY21	FY22	FY23
1. I am able to find a balance between work and my personal life that works for me	49%	52%	53%
2. The people I work for make wellbeing a priority for our team(s)	45%	55%	58%
3. It is possible to have a healthy lifestyle (physically, mentally, emotionally) and be successful at PwC	44%	48%	50%

The trend is positive. Although we are happy to see improvements in this area, we cannot be satisfied with these results. We will continue to spend the necessary time to listen to our People on that topic and take the appropriate actions.

Looking at the results across the grades, the Flexibility & Wellbeing Index is 51% or below from Senior Associate level to Director with a low-end of 44% at Manager level. We are aware of our employees' difficulties and challenges at these grades. This could be partially attributed to the formidable business growth and the lag in time needed to recruit the adequate resources we needed leading to a very intense workload.

FY23 Flexibility & Wellbeing Index, management level



Our strategy is structured around 4 areas:

Proximity management of our People:

- **Empowered Team leaders:**
  Team Leaders play a crucial role in leading our People and building a healthy and diverse working environment. Our HR teams are devoted to supporting and guiding them through their journey to ensure that they become 'proximity' managers of excellence. Team Leaders now have only six to eight people under their supervision, which really helps them to create proximity and allow for more regular interactions. We empowered more than 600 Team leaders this year compared to about 400 in the year before. Going forward, for FY24, we will specifically work on how to enhance criterias to select our Team Leaders as well as providing them the means to play their role at their best. We are determined to create a community of Team Leaders and equip them with the necessary skills for their role (Talent Management Framework, soft skills and continuous training and presentation).
- **Talent Management Framework:**
  For FY24 we will revise our Talent Management Framework, which we have deployed this year highlighting the importance of the feedback culture we would like to diffuse as well as how crucial the preparation of a career plan is, not only from a promotion perspective but also from a personal development point of view.
- **Career Advice Center:**
  The objective is to coach employees to find a different career path through mobility or to improve their performance to carry on their career.

Flexibility and working conditions:

- **Flexible working patterns:**
  New ways to build more flexibility into the way we work, in our career paths, in our formal flexible work arrangements, and in the career opportunities we offer to our People. We are also curious to see how the definition of flexibility will evolve in the near future with the new generations as this is a topic that seems crucial for us and our capacity to attract and retain. To name a few of our actions:
  - ***Daily flexibility:*** possibility for Staff to adapt their daily working time, to allow employees to perform their work during the day adapting to their personal obligations/needs.
  - ***Bi-monthly flexibility:*** possibility for Partners, Directors and Managers to adapt their bi-monthly working time to allow them to perform their work during two weeks while adapting to their personal needs.
  - ***Extra Holidays*** buying through potential bonus or gross salary.
  - ***Working abroad*** during summer and winter breaks (under certain conditions).
- **Hybrid work:**
  Ability to do Remote Working with the employees presence being required, in one of our PwC premises, for only a full working day at least once a week.
- **Satellite offices:**
  Ability to work at Luxembourg borders. Our Firm has paved the way when it comes to the setup of satellite offices in Luxembourg.
- **Working conditions:**
  Improve the design of our offices to provide the best working conditions to our employees. Those improvements serve at the same time as proof of concept while we are designing our new headquarter in Cloche d'Or, PwC Campus.

Health and Safety:

- **Support people at high risk:**
  Although we are preventing burnouts (reported to ASTF, see page 46), we provide external professional support to those who indicate being "close to burnout" by providing psychological support and adapting the workload.
- **Moral harassment treatment and whistle blowing:**
  Focus in FY24 by integrating the new legal framework and definitions on moral harassment and whistle blowing, including training sessions and a firm wide campaign and continue building an Ethical Speak Up culture.
- **Mental health:**
  It seems important to us to ensure we are able to identify people with mental and physical difficulties caused by stress, anxiety and significant workload. We are looking at several indicators in that field, including the absenteeism rate for illness-related absences, which provides a view over how much our People are absent due to sickness while comparing with the local sector benchmark.
- **Right to disconnect:**
  We have been looking at how we can help our People to disconnect when it makes sense. We started this year our awareness campaign and established focus groups to determine our policy and practice for FY24.

Boost our People’s wellbeing:

- **Wellbeing awareness:**
  Raising awareness on wellbeing amongst management (Team Leaders) but also through HC Generalists who have received Certifications on Mental Health.
- **Be Well Work Well programme:**
  Proposing a wide range of solutions, tools and opportunities to improve our People's wellbeing at their own pace. Over the last year, we have been proposing sport sessions, special offers with personal trainers, kine@work, as well as a well used nap room.
- **Boosting wellbeing through coaching:**
  To ensure a supportive working environment, we offer training sessions to actively support Staff in overcoming all types of challenges such as finding a better work-life balance and managing stress.
- **Petit Bambou:**
  Meditation and wellness app, for which we support half of the annual subscription.

For FY24, the way we are working on improving People's wellbeing is actually a combination of elements we offer to our employees going from increasing the volume of satellite offices to flexible working patterns and the right to disconnect.

Burnout

Despite our efforts on Flexibility & Wellbeing, burnout still occurs. The Luxembourgish Association pour la Santé au Travail du Secteur Financier (ASTF) is our official source to report our number of cases. It is possible there are cases not recorded by the ASTF, as the employee may prefer a purely private path or be qualified differently. Additionally, as we report in Fiscal Years, running from July till June, the ASTF reports on full Calendar years. Considering this, we have potentially more cases than what is reported.

In FY22, ASTF identified 20 cases of burnout.

In FY23, ASTF identified 24 cases of burnout.

We are, and have been, working on multiple fronts, to reverse this negative trend, which sadly demonstrates a meaningful increase. We will relentlessly continue our work-life initiatives to enhance our healthy working environment, physically and mentally and our intense recruitment efforts in this tight labour market, which is a significant challenge.

Absenteeism rate for illness-related absences*

As part of our Health & Safety related ambition, it is important to ensure we are able to identify people with mental and physical difficulties caused by stress, anxiety and significant workload. We are looking at several indicators in that field, including the absenteeism rate for illness-related absences, which provides a view over how much our People are absent due to sickness while comparing with the local sector benchmark.

Firm Level 22	Firm Level 23
2.9%	2.1% ▼

** Only people from PricewaterhouseCoopers Société coopérative, PricewaterhouseCoopers Academy Société à responsabilité limitée and PwC Tax Information Reporting Société à responsabilité limitée"*

Interns, Contingent Workers and Short Term Assignments have been excluded from the calculation.

The calculation follows the proposed methodology of the Liser Report, where the total sickness days are divided with the total workable days (including weekends and public holidays) .

	Assurance	Advisory	Tax	Internal Functions
FY23	2.0%	1.8%	2.5%	2.5%
FY22	2.4%	2.5%	3.3%	2.6%

As per the latest available report of the Observatoire de l’absentéisme, the indicators for our Firm are generally below the sector average. We note that overall 2022 statistics were exceptionally high largely due to COVID.

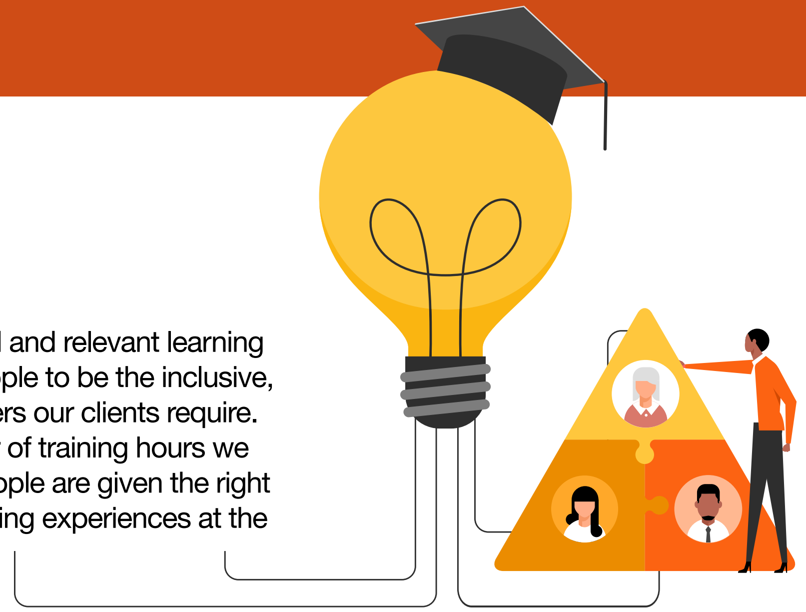
FY23 figures are below FY22. Although this is a good sign, it does not mean that we cannot explore ways to help people manage their work and private life.

This encourages us in carrying on our efforts on wellbeing and mental health as well.

4. Training Provided

Our aim is to hire and develop the best and most diverse teams, creating a culture where the best people want to stay and build their careers.

We believe that investing in, and upskilling, our People will enhance their satisfaction, as well as our Firm's performance. As the skills our People need to support our clients and ensure sustainable solutions continue to shift, so does our training. We offer a wealth of continuously updated and relevant learning opportunities, enabling our People to be the inclusive, quality-driven, and expert leaders our clients require. Beyond monitoring the number of training hours we provide, we ensure that our People are given the right technical and behavioural learning experiences at the right time.



Average number of hours of training per employee*

Firm Level 22	Firm Level 23	Target
53.4 hours**	54.3 hours ↔	N/A

** Excludes trainees, contingent workers, short term assignments, based on training completion date.*

*** We report on the average number of training hours per headcount (employees excluding trainees, contingent workers, and short term assignments). As we have changed the way we calculate this indicator, the figure we reported in our annual review last year, 58H, was slightly above the one we report this year. This is because this year, we set our indicator based on the training completion date, as opposed to the starting date.*

Learning & Development is paramount to our Firm and to build a sustainable future for PwC Luxembourg, as well as a meaningful and enriching journey for our People.

We have always offered a rich training opportunity in not just technical skills but soft skills as well. In FY23, we went even further and developed a catalogue of 50 soft skills training modules with a clear focus on leadership & team management skills, such as coaching and communication. Other topics covered by our Learning & Development offering include business development, technical training, digital upskilling, wellbeing/mental health, and values and Inclusion & Diversity, specifically through our Inclusive Mindset training.

Within our Talent Programme, our Soft Skills training catalog was created as a development framework that should help all our employees have a long-term view on their professional growth and career development.

Assurance is logically the primary LoS (Line of Service) using Learning & Development due to mandatory training and external certifications.

Our People's satisfaction toward our Learning & Development improved from 59% in FY22 to 66% this year. In addition, our Global People Survey (GPS) results point out that 74% of our People consider that the leaders they work for support them in making time to participate in learning and development opportunities aligned with their career interests and development needs.

Going forward, in FY24:

- We are introducing mandatory training on ESG basics to promote awareness on sustainability and on I&D.
- Upskilling people to promote internal mobility and broaden their career path is also a focus of our L&D practice.
- Introduce new learning technologies based on AI.
- Revamp our digital upskilling programme.
- Develop external certifications to upskill our People on the Core skills of the future (ESG, Valuation experts).

5. Wage Level

The economic wellbeing of our People is directly linked to the fair compensation and benefits they receive. This is why we report on how the entry salary in our Firm is compared to the local minimum salary.

Salary Level Ratios of standard entry level salary by gender compared to local minimum salary*

Gender	Firm Level 22	Firm Level 23
Female	1.09	1.20 ▲
Male	1.11	1.23 ▲

** **Standard entry level salary:** Full time reference salary for our new hires who have joined at junior level (excluding experienced new hires) during the financial year.*

***Target population:** Associate 1 for business LOS.*

***Administrative & Associates in Internal Functions & Secretary** where age at hire date is between 18y and 25y.*

***Ratio of entry level salary to local minimum:** for each hire in the above defined target population we have calculated:*
FT reference salary / Luxembourg Qualified Minimum Social Salary applicable at hire date.

The average entry level salary we offer at PwC Luxembourg is above the local minimum salary. The salary level ratios increased significantly this year. We made this decision to the benefit of our People to help them gain access to the real estate market, whether this is for rent or to acquire their home. In addition, we also have significantly raised our employees salaries in selected client-facing positions.

Aside from this rebalancing, we have also made an extra investment to significantly increase the salaries in the groups where reinforcing our compensation position on the market was the most needed.

6. Risk for incidents of child labour

PwC asks all of our suppliers to sign our Charter of Responsible Purchases. By signing this Charter, our suppliers have agreed to respect the Universal Declaration of Human Rights (UDHR) and follow social, ethical and environmental requirements.

The key risks faced by our business and the management response are summarised in the FY23 Risk Register, Appendix 4).

Prosperity

We have set a goal for ourselves to become the most impactful, dynamic and trusted professional services partnership in Luxembourg and beyond its borders. And we recognise that true prosperity has to be sustainable, underpinned by a diverse services and work environment that puts our People at the heart of everything we do.

To ensure we will be successful in this, we will:

- Build a meaningful journey for our clients and people;
- Bring direct monetary and non-monetary value to our stakeholders and the community around us;
- Generate market leading growth by innovating and extending our service scope;
- Invest to support the Firm's ambition to help organisations build trust and deliver sustained outcomes. For this we will work on the digitisation and ESG transformation of our services as well as the transformation of our delivery models using sourcing and AI;
- Engage with our local stakeholders and our network constantly; and
- Support our communities through indirect economic impacts.

“Prosperity is at the heart of how we are able to align value creation for our stakeholders and for us. This is about our ability to maintain and grow our business while having a positive social and environmental impact.”

Cécile Liégeois, Clients & Markets Leader, PwC Luxembourg

1. Number and Rate of Employment

Employment and wealth generation are intrinsically linked. Our People are at the heart of our 12 priority ambitions on sustainability. This is why we aim to attract, develop, reward and retain the best talent from a diverse range of backgrounds by building a meaningful journey for them and creating a culture where our people want to stay and build a career.

With more than 3,200 people as of 30 June, 2023, we had 400 more employees than last year on the same date. This 14% increase in our headcount illustrates our attractiveness and capacity to provide career opportunities. In addition, our low employee turnover can be seen as an indication of employee satisfaction, although we believe that a minimum turnover of 10% is a healthy rate for ensuring we remain innovative and diverse.

Rate of employee voluntary turnover*

Firm Level 22	Firm Level 23	Target
18.0%	12.3% ▼	10%-15% range

* ***Voluntary turnover*** *= Number of voluntary terminations /Average headcount.*

Voluntary terminations *= resignations and end of probation period initiated by the employee.*

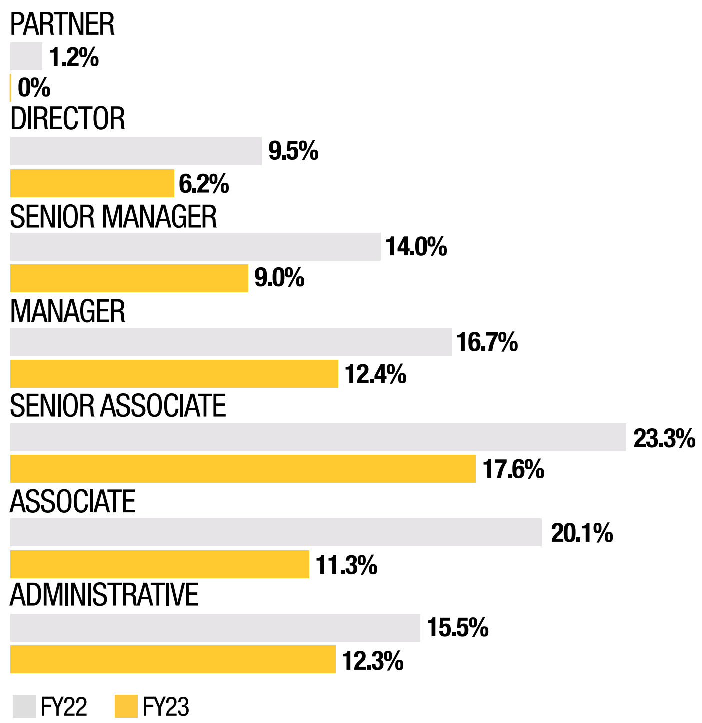
Average headcount *= Sum Headcount each month divided by number of month as from beginning of a Financial Year.*

In FY22, we had reported on both our total and voluntary turnover. Our total turnover in FY22 and in FY23 includes a significant number of Short-Term Assignments i.e. secondees from other PwC offices, who were accounted for in our employees statistics. This significantly distorts our total employee turnover figures leading to a gap with our voluntary turnover indicator which does not give the correct picture. This is why, this year, we report on our voluntary turnover only.

We are happy to observe that our voluntary turnover decreased from a peak at 18.0% in FY22 to 12.3% this year, which is even below FY21 level (14.5%).

	Assurance	Advisory	Tax	Internal Functions	Secretaries
FY23	15.3%	14.0%	10.5%	6.0%	9.3%
FY22	22.9%	19.4%	16%	10.60%	8.5%

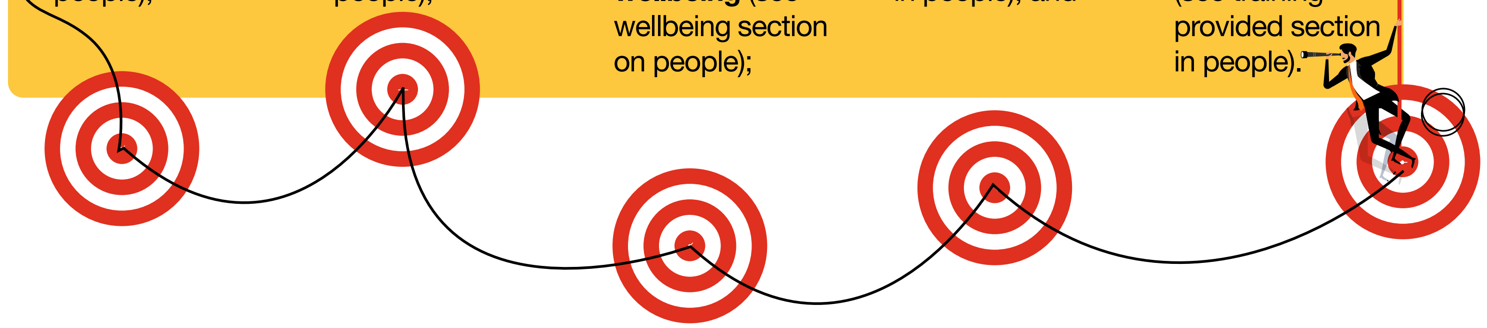
FY22-FY23 Voluntary turnover, per grade



We see a clear improvement at all grades with a strong shift at Associate level with 11.3% turnover in FY23 compared to above 20% last year. This shows that our retention tools are on the right track.

To achieve these positive results, we developed and deployed a strategy where:

1. We promote **flexibility,** as a retention tool (see Health and Safety section in people);
2. We revised our **compensation model** (see Wage Level section in people);
3. We propose multiple initiatives to enhance our People's **wellbeing** (see wellbeing section on people);
4. We leverage on **Inclusion & Diversity** (see Inclusion & Diversity section in people); and
5. We offer very rich and diverse **Learning & Development opportunities** (see training provided section in people).



Having a remuneration level consistent with market practice is of course important for our recruitment candidates and employees, but work-life balance, wellbeing, flexibility and Learning & Development are increasingly high on people's requirements and this is confirmed by the exit interviews we do when people leave. A person with purpose who feels safe and valued and who has room to develop and learn is significantly more likely to stay with us. For FY24, we will continue to invest in those dimensions to recruit and retain talents. We provide more information about these topics in the People section.

New hires by gender*

FY22	FY23
Women: 304 **Men: 395** **Not Declared: 1**	**Women: 352** **Men: 540** **Not Declared: 1**
Total: 700	**Total: 893**

At PwC Luxembourg, we believe that job creation provides a basic indication of our capacity to attract diverse talents. This is why we are looking at how many new recruits we have during the year through a gender lens.

Gender	FY22	FY23	Target
Female	43.4%	39.4% ▼	40%-60% in both ways
Male	56.4%	60.5% ▲	
Not Declared*	0.1%	0.1%	

** Only people from PricewaterhouseCoopers Société coopérative, PricewaterhouseCoopers Academy Société à responsabilité limitée and PwC Tax Information Reporting Société à responsabilité limitée.*

Interns, Contingent Workers and Short Term Assignments have been excluded from the calculation.

For the calculation, the starting date of the new hires has been taken into consideration.

Overall, we have hired 28% more people than last year partly to replace leavers, as we experienced a high employee turnover in FY22, but also to improve our workforce capacity. This was specifically the case for Assurance and Tax for which we recruited respectively 35% and 60% more than in FY22. We focused this year on attracting more Associates and more Managers compared to last year.

We have recruited 15.8% more women than last year. However, the proportion of men among the new hires is significantly above women. We act where we can have an impact to make things evolve in a more gender-diverse workforce such as being present earlier in students' lives. We bring gender-diverse PwC representatives to universities and schools to explain what we do in our day-to-day jobs and how we manage our work-life balance. But, on a short- to medium term- basis, the female talent shortage in schools and universities make it difficult to reverse the trend for gender diversity in our hiring process.

On top of this, attracting talents in Luxembourg remains challenging, partly due to the combination of mobility issues and a tight and expensive real estate market.

For FY24, we will continue to nurture our pipeline of talents with a strengthened investment in several initiatives such as *Women & Men, Shine and Back & Happy* which are further detailed in the People section. We will also continue to ensure that the gender diversity lens is fully embedded in our recruitment strategy.

2. Economic contribution

At PwC Luxembourg, we believe that economic contribution provides an indication of how a company is able to create prosperity for stakeholders, including our People, our Clients and our Communities at large.

We report on our Firm turnover and net revenues as these indicators provide a valuable snapshot of the direct monetary value added to the markets in which we operate through the delivery of our services.

Business Review

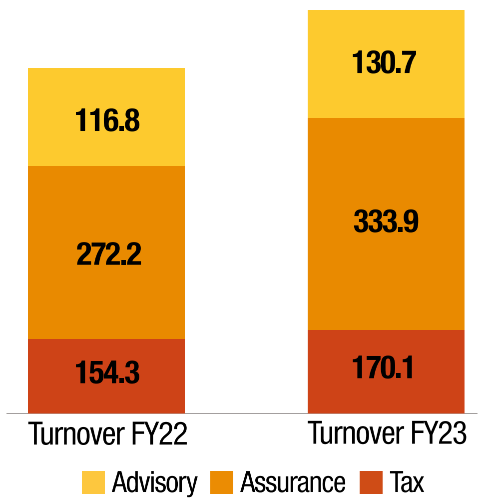
We are pleased to report a **+16.8%** increase in our net revenue (based on turnover), taking us to year ended 30 June, 2022.

TURNOVER
634.7
(IN MILLION EUROS)

NET REVENUE
563.4
(IN MILLION EUROS)

GROWTH
+16.8 %

Turnover FY22 VS FY23 (m€)



As a professional services firm in Luxembourg, we believe this was an exceptional year despite the disruption. We were – and continue to be – able to adjust our services to respond to our clients' needs. We also continue to invest for tomorrow's needs, for example, on our Environmental, Social, and Governance (ESG) services offer.

Further information on our financials can be found in our comprehensive Business Review including Revenue by LoS (Line of Service).

Community investment*

Cash donations

FY22	FY23	Target FY24
€143k	€236k	€500k

** Cash donations reflect the gross monetary amounts paid by the Firm in support of a community organisation or Project.*

We define community investment as all activities, alongside financial contributions, pro bono services and volunteering that we are pursuing with the sole purpose of delivering social, environmental and economic benefits to our local communities.

As one of the main employers in the country, we want to create long-term value through our core business while having a positive social, environmental and economic impact. We are convinced that we have a role to play in this field and we are also happy to see that our highly skilled workforce is eager to contribute their time and talents to causes that matter to them.

We want to support communities via active contribution, like providing financial support to projects, delivering pro bono services as well as giving time to help non-profit organisations. In FY23, we have regrouped our actions (financial support and volunteering) into **five topics** that summarise in what we have been mostly active and supported to in the past years:

1 **INTEGRATION -** access to education
2 **CULTURE -** participation to culture
3 **HEALTH -** including wellbeing
4 **CLIMATE -** carbon emission reduction
5 **HUMANITARIAN AID -** emergency relief

In FY23 we have focused our help and efforts to contribute to the utmost urgent and serious causes. We have listened to our People's concerns and therefore we have been very much active to support populations affected by the earthquakes in Turkey and Syria. Our community of employees coming from these countries were largely involved in helping affected communities and organising local support.

Our target we would like to set ourselves for next year would be to financially support projects and causes within these key topics for an amount of €500k, which would mean more than doubling the amount we have given in FY23.

In FY24, we will continue our efforts by leveraging on our enhanced governance on Community Engagement and our reinforced workforce in our Corporate Sustainability Office and beyond. We are analysing how to further increase our impact by increasing the envelope dedicated to community investment as well as further focusing our efforts.

We will promote volunteering by giving dedicated time to our People: employees can now take the opportunity to dedicate 40 hours to Community Engagement per year for volunteering during work hours, primarily on our supported initiatives but also on self-sourced initiatives in line with our priority topics.

We are developing additional partnerships with non-profit organisations requiring support for their activities, being educational, social or environmental and will be proposing more volunteering initiatives to our People.

Please check our dedicated section on our community engagement, that we update regularly with our initiatives (See Appendix 3).

Business community engagement

Outside community engagement, we believe that we have an important role to play locally to support the vitality of the business communities in which we operate. We are committed to many professional and industry associations to which we actively contribute by sharing expertise, primarily from our management teams, through working groups but also as members of the board of these organisations. Looking forward, we want to carry on growing our engagement towards our local business communities by contributing time to industry and professional organisations.

Starting FY24, we are monitoring our contributions more closely to enhance our efforts where we think it has a positive impact for our local business community.

3. Financial investment contribution

In line with our global ambition to help organisations build trust and deliver sustained outcomes, as well as our own mission to be the most impactful, dynamic and trusted professional services partnership in Luxembourg and beyond – we have to be absolutely relevant, and that takes investment.

This is how we are **transforming** towards the future:

- By, investing in our existing services transformation as well as in the development/ innovation of new services;
- Investing in sustainability, for our clients and for ourselves;
- Investing in R&D allocated to projects related to ESG topics, Managed Services, and our Alternatives and AWM industries, with a focus on forging Alliances, primarily in the Tech sector.

Investments as a % of turnover*

FY22	FY23	Target FY24	Long-term Target
4.6%** €25m	4.7%** €29.6m ▲	4.2%*** €29.2m	>4%***

** % = Investment / Turnover*

Figures include expenses and internal people time dedicated to investment projects.

*** Past years figures are realised investments.*

**** Following years are the budget investment projects.*

R&D is a dedicated budget for FY23 (See page 59).

PwC is a professional services firm with a long-standing and profound focus on core competencies in audit and assurance, tax advisory and compliance, business advisory and managed services. We invest in a unique set of methodologies, business know-how, quality standards and tools to support our clients in the achievement of sustained outcomes and trusted business models.

Our investment strategy:

The local business environment and markets of our clients are constantly subject to change and transformation. We as a Firm fully endorse such change and have since many years conducted a multi-layer innovation and transformation strategy. This strategy is based on the innovation and technology provided by the PwC Network and global member firms as well as based on local innovation and transformation initiatives.

We invest significantly in our existing services transformation as well as in the development/innovation of new services. These investments are not only focusing on technology and data management, but also on business process improvements, organisational changes, upskilling of our people and client specific solutions.

We have continued our transformation journey by further enhancing our current digital solutions and building new ones. **Our strategy is structured around five priorities:**

- **Lines of Services Transformation** to constantly adapt ourselves to our client needs,
- **Managed services** as a focus to support our clients operations**,**
- **Delivery models** new approaches to more agile work models,
- **Sustainability services** and Corporate Sustainability to be confident for our long-term future as well as to support our clients sustainability agenda,
- **IT & Data transformation** to enhance our capabilities, support transformation and allow for an efficient ICT and data management.

We are also excited to work with our Network in the development (representing a $1.3b investment globally) of a new audit ecosystem for our next generation audit.

In FY24, our target is to keep the same investment pace, close to 4% of our Turnover, and focus on sustainability services and managed services to answer client needs in these two very active areas.

Our long term investment target is to stay above 4% of our Turnover.

Dedicated investments in Sustainability*

FY22	FY23	Target FY24	Long term Target
12% €3m	16% €4.8m ▲	18% €5.4m	20%

** % = investment in sustainability / total investment.*

FOR OUR CLIENTS, a significant investment was made in the current year to develop our Sustainable Finance Disclosure Regulation (SFDR) Assurance Digital Solution that will underpin our ESG assurance engagements for SFDR Level 2 Disclosures. Our ESG assurance approach combines the latest technology with a robust methodology delivered by professionals with in-depth expertise in ESG and sustainable finance. Our advisory teams have also invested in new approaches and methodologies to answer efficiently our clients' concerns on ESG.

FOR OURSELVES, the Sustain@PwC programme was a heavy investment to reinforce our strategy towards sustainability, resulting of a strong Accountability Framework on Sustainability endorsed by our Country Leadership Team, and a better coordination through our Corporate Sustainability Office (see Quality of governing bodies). Our efforts on Net Zero are also a relevant and efficient investment for our decarbonized future.

We will continue to invest in Sustainability for the following years and keep 20% of our total investment for this purpose.

4. R&D Expenses*

FY22	FY23	Target FY24
N/A**	€1.64m	€2.4m

** Figures include expenses and internal people time dedicated to R&D team and projects.*

Past years figures are realised investments as the following years are the dedicated budget to R&D team and projects.

*** In FY22, R&D activities were considered as part of the total investment budget presented above, and not as a dedicated bucket.*

Our research and development (R&D) operates with a team of experts dedicated to identifying market trends and generating new and innovative ideas for our Firm. We foster innovation through regular events and initiatives, encouraging our staff to propose new solutions for our clients. With the support of our team of experts, these solutions are incubated, and the collaboration between this team and our internal and business services transforms these solutions into tangible services and products to meet our clients' needs.

Aligned with our investment and transformation strategy, the FY23 expenses for our R&D are allocated to support projects related to ESG topics, Managed Services, and our Alternatives and AWM industries. A significant focus is placed on forging Alliances with both local and international players, primarily in the Tech sector.

Looking ahead to FY24, our initiatives will revolve around four key investment areas: Managed Services, Sustainability Services, Delivery Models, and support to Lines of Services Transformation. We plan to enhance collaboration between our R&D team and our Technology and Transformation team, strengthening our commitment to innovation and excellence.

Appendices

APPENDIX 1

PwC Luxembourg's sustainability transformation journey

2016-2020	• Corporate Responsibility in place with Annual Review published based on Sustainable Development Goals (SDGs). • PwC Materiality Matrix defined.
2020-2021	• PwC commits to 13 of the WEF IBC Ambitions https://www.weforum.org/stakeholdercapitalism and starts reporting on those 13 Ambitions in the Annual Review (FY21 and FY22). • Commitment of PwC to reach Net Zero GHG Emissions by 2030. • Sustain Board created, under direct leadership of the CEO and Territory Senior Partner, John Parkhouse.
2021-2022	• PwC starts reporting on our 12 WEF IBC Ambitions in our Annual Review (one ambition was removed from the previous year).
2022	• FY30 goal of transitioning to 100% renewable energy (wind & hydroelectricity) achieved. • Setting up of sustainability project to coordinate the sustainability transformation of the Firm through action plans under the accountability of the Sustain Board. • Launch of multiple internal initiatives to boost environmental, social, and governance (ESG) innovation within PwC Luxembourg, generating 40+ ideas, implementation of our Human Capital strategy, with the focus on a healthy environment, competitive compensation, a differentiated career path and talent management. • PwC supports charities with financial and material donations that help with humanitarian aid in Ukraine, Turkey & Syria.
2023	• Sustainability is truly embedded as part of the core strategy of our new Country Leadership Team (CLT) and the 4 WEF IBC Pillar are allocated directly at CLT level, specifically the People Pillar is put under the responsibility of our new People leader, Roxane Haas. • The TSP, François Mousel, becomes the CSO of the Firm. • For the first time, concrete non-financial KPI are decided by the CLT for all of the 4 WEF IBC Pillars, communicated publicly in the FY23 Annual Review and a tangible action plan sustains each KPI. • Creation of our Corporate Sustainability Office: this is a dedicated team in place to support the Firm's Sustainability Strategy endorsed by the CLT and to monitor the action plan defined with regard to each KPI.

APPENDIX 2 – Net Zero disclosures

PwC Luxembourg's Carbon Emissions and Environmental Statistics

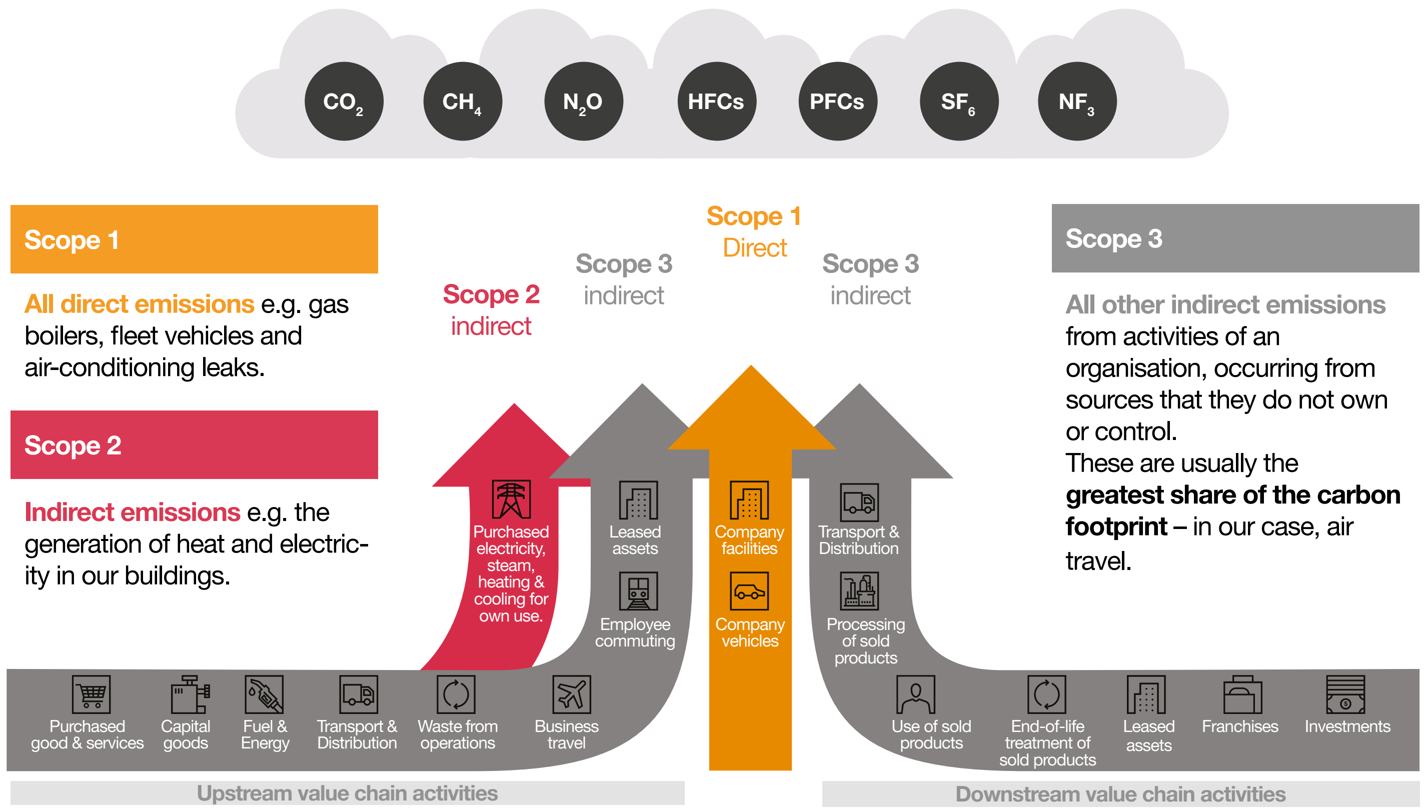
1. Net Zero

Our operational boundary

The study of CO_2-eq is carried out by listing the emissions according to the different Scopes. It is detailed as follows:

- **Scope 1**: Natural gas and/or biogas consumption resulting from combustion from Crystal Park; Fuel oil consumption; Petrol consumption by controlled or owned passenger transport in cars (Company cars) fuelled by petrol; Diesel consumption by controlled or owned passenger transport in cars fuelled by diesel; consumption of electric and hybrid cars.
- **Scope 2**: Total purchased electricity; Purchased heat, steam or hot water for our main office building, **Crystal Park**.
- **Scope 3**: Air travel emissions by short, medium and long haul flights, landed-based travel in taxi and train, Flexi cars (salary sacrifice Fleet scheme) accommodations included the room night.
- **Renewable electricity**
  We consider renewable: electricity generated from geothermal, solar, sustainably sourced biomass (including biogas), hydropower and wind energy sources. Biomass and hydropower can play a role in decarbonization provided they are created and used sustainably. All our satellite offices are included here.
- **Supplier emissions**
  This emission source only includes the emissions associated with the products and services we buy. This means the upstream emissions, not the entire lifecycle emissions of purchased goods and services. Emissions are calculated based on the type of product or service being procured, the financial value and the location (country) of purchase, and not based on the supplier. Inter-territory costs or services performed by other entities within the PwC network and supply chain beyond our immediate suppliers (i.e. tier n>1 spend by our suppliers on materials or to their vendors) are excluded.
- **Emissions offset**
  Includes the total in tonnes of CO2e abatement per year. This should not include any carbon credits purchased through the Global procurement process as these are accounted for separately by the Global CS team. Our carbon offsets aim to cover scope 1, 2 and business travel emissions.

Figure 1: The details of the different Scopes to calculate the emission of CO_2.



Calculating Greenhouse Gas (GHG) emissions

PwC Luxembourg follows two methodologies to calculate its GHG emissions. For Scopes 1 and 2, we use the emission factors proposed in the Bilan Carbone, which ADEME (Agence de la Transition Energétique) developed in 2004. We follow the PwC global network methodology based on the GHG Protocol and the Carbon Disclosure Project, using the UK Government Conversion Factors to calculate our GHG emissions from business air travel in Scope 3.

For both methodologies, the following equation was used:

Activity data x Emissions conversion factor (kg CO_2e / kWh) = kg CO_2 equivalent

2. Land use and ecological sensitivity

Includes all our sites owned, leased or managed in or adjacent (i.e. within 1km) to protected areas and/or key biodiversity areas (KBA).

Sources: Zones protégées d'intérêt national – Luxembourg Cadastre – Key Biodiversity Area – Nature and water analysis – IBAT alliance

3. Water consumption

Megalitres of water consumed for our operations.

Data currently only available for our main building, Crystal Park.

Data source: Gestion technique centralisée (GTC).

APPENDIX 3 – Community engagement

Highlights of our financial support this year

HUMANITARIAN AID

- ***PwC Turkey***, supported by the global firm, was seeking assistance in the rebuilding of a school to help up to 200 young people return to some level of normality. Working with Global Office of Humanitarian Affairs (GOHA) they have identified NGO partners to enable this to happen at the appropriate time.
- ***Association Culturelle Turque au Luxembourg (ACTL)*** – organised collection, sorting, packing and shipment of many items that were urgently needed right after the earthquake. This organisation also focused on the set up of various fundraising events to support the recovery and restructuring in the affected region.
- ***Ukraine***, we sponsored the ULBC Gala Charity Dinner #StandwithUkraine, 31 January 2023 (donation to Olena Zelenska Foundation).

CULTURE

We have long standing social partnerships with major cultural institutions – Mudam and Neimunster – where we regularly give the opportunity to employees to visit exhibitions and attend events & concerts.

INTEGRATION – EDUCATION

We have a partnership with ***Youth & Work***, which offers teenagers and young adults one-to-one coaching and counselling in their search for training and employment. In this context, we also financially support two young adults members of the association to allow them to be counseled and trained to find their own path and career. In the coming year, we would like to explore further how we can better support causes in the integration and education fields.

HEALTH

We have supported several health-related causes this year including through the ***Luxembourg Institute of Health*** specifically to work on Parkinson's disease. Besides, in the context of our ***Run for a Purpose*** programme launched in 2016, we proposed to the runners amongst our People to gather and participate in the races that we sponsor.

In the course of FY23, outside the sponsoring of several local runs, we have supported the ***Run in the dark*** event allowing us to raise funds contributing to researching a cure to paralysis.

Highlights of our people engagement towards communities

INTEGRATION (GOAL: ACCESS TO EDUCATION)

- ***Youth&Work*** – Welcoming a team of young adults at PwC and working with them on developing a specific project (TikTok for PwC Lux). One of the young adults we welcomed, did a 3 months internship with our Experience Center Team further to the project.
- ***Project "Priceless"*** – Giving a unique opportunity to young students during their formative years to reveal themselves and take control of their future, is priceless. We work with several public schools in Luxembourg to organise on site visits to give the opportunity to disadvantaged people to understand the business environment and interact with pwc professionals, as well as mentoring young students. We have been partnering with Ryse on this project, providing mentors to refugees.
- ***Jonk Entrepreneuren*** – We actively contribute to the Education programs "Fit For Life" and "Mini-Entreprises."
- ***Local universities & schools*** – We are also engaged with a large number of schools and universities in the Greater Region to provide technical courses and mentoring to students.
- Kids Life Skills – We put part of our Crystal Park at their disposal to be able to teach coding skills to kids during week-ends.

HEALTH (GOAL: HEALTH AND WELLBEING)

- ***Bazar International de Luxembourg*** – The largest international fundraising event in Luxembourg that occurs in the month of November and which was our largest volunteering event this year, with 90 PwC volunteers on site over four days, including evenings and the weekend. We called for volunteers to participate, either setting up stands before the event's opening and dismantling them after, holding the stand for the food and product sale, supporting the entrance checks and controls or running the cloakroom.
- ***Run in the Dark*** – We financially supported the event Luxembourg and we have also called for volunteers to help guide the runners and contribute to the event. We will carry on our support for this cause in the coming year.
- ***Victims of domestic violence*** – A team from our Cybersecurity Advisory specialists have been contributing to help several non-profit organisations supporting victims of domestic violence and to protect their private lives. This was done by implementing an anti-stalkerware tool named TinyCheck into laptops given by PwC to these organisations.
- ***Croix Rouge Luxembourg*** – We organised several blood donations campaigns throughout the year.

APPENDIX 4 – Risk Register

Regulations and/or Public Policy

Risk description	Risk landscape
Failure to constructively engage wider stakeholder groups on our commitment to our purpose increases the risk of disruptive regulatory change. Such change could hamper our ability to deliver on our purpose and to operate in a sustainable way.	Public debate in several countries about the audit profession and multi-disciplinary model that could have long term impact in Luxembourg.

Responses

- Clear policies, procedures and guidance;
- Regular updating of Firm processes and procedures to facilitate compliance by all our People, on all our clients, with all applicable regulations;
- Mandatory annual training for all partners and staff;
- Client and engagement acceptance procedures;
- Annual independence and compliance submissions for all partners and staff enforced by penalties for non-compliance;
- Regular engagement and direct interaction, where possible, with governmental bodies and regulator to understand objectives, provisions of changes and the implications for our businesses (e.g IRE/OEC representatives);
- Regular monitoring and reporting to the Country Leadership Team.

Regulatory Compliance

Risk description	Risk landscape
Failure to comply with relevant independence, legal, regulatory (including sanctions) or professional requirements leading to regulatory action, financial penalties, reputational damage and/or a client conflict of interest.	• Regulatory environment is more assertive leading to increased monitoring and reporting to ensure the Firm is compliant; • Sanctions environment is ever-evolving due to the Ukraine war; • Schrems impact on international transfer of data; • Independence restrictions globally are continuing to evolve; • Ethical standard has been embedded across the business; • The business is developing new services/technology which may require additional regulatory checks and monitoring.

Responses

- Established compliance and independence management systems, including:
- Clear policies, procedures and guidance;
- Regular updating of firm processes and procedures to facilitate compliance by all our people, on all our clients, with all applicable regulations;
- Continuous update of our training programme;
- Mandatory annual training for all partners and staff and close monitoring of attendance to compliance trainings;
- Annual independence and compliance submissions for all partners and staff enforced by penalties for non-compliance;
- Client Acceptance Committee;
- Consultation of regulatory expert and proactive dialogue with the regulators on technology to be implemented;
- Regular monitoring and reporting to the Country Leadership Team;
- Recognition and Accountability framework is in place (including notably ethical behaviour);
- Ethics counsellors.

Geopolitical Risk

Risk description	Risk landscape
Failure to respond to global geopolitical and economic decoupling that could impact our ability to deliver our strategy.	• Ukraine war and the related global ramifications, including impacts on the world economy and sanction programmes; • Potential for sensitivities in political relations between significant territories such as the US, China, Russia, UK and the EU.

Responses

- Regular engagement with experts, our Research Center and the global PwC Network to understand the changing political landscape Firmwide steerco for response to war in Ukraine;
- Regular agenda points on Management and Executive boards;
- Include worst-case scenario in our Industry plans/Market reviews.

Societal risks and Trust

Risk description	Risk landscape
Failure to anticipate, understand and respond to market and societal expectations and concerns, or to engage in the broader societal agenda, will erode trust in our profession and in our business and put the relevance and value of our brand at risk.	• Continued, heightened public scrutiny of business, professional services and the Big Four; • Societal trust in professional services and wider business landscape eroding; • Keeping pace with societal expectations including social inclusion, D&I and ESG.

Responses

- Embedding a culture of 'doing the right thing' from the top to the bottom of the organisation with an emphasis on individual accountability for reputational risk;
- Embedding corporate sustainability in our core strategy/governance, starting from the top (WEF IBC 4 pillars managed by the Country Leadership Team) – Set up of a CSO (Corporate Sustainability Office) to spread ownership on sustainability topics and monitor related KPIs in the Firm.

Technology resilience and availability

Risk description	Risk landscape
Failure to manage critical system availability impacting the ability to service clients and manage the business.	• Criticality of technology solutions/products to support the delivery of services and the importance of business continuity planning continues to be an area of focus; • Importance of preparing for the IT infrastructure of the future will affect the ability to serve clients in rapidly changing markets.

Responses

- Recovery of critical systems is secured by the use of two redundant geographically distant data centres. If required, failed systems are restarted at the second data centre;
- Continuing programme of testing provides assurance of our ability to rebuild systems from backups;
- Business Impact Analysis to identify key systems to determine the time criticality of impacted systems to ensure appropriate prioritisation of actions;
- Dedicated committee in place to ensure regular and timely review of business critical systems;
- Continued programme of disaster recovery;
- Product Risk Acceptance Committee in place to approve use of new technology.

Evolving new client services and products

Risk description	Risk landscape
Failure to stay relevant, to invest and evolve services/products to meet changing market and client needs which could lead to poor business performance and impact the brand.	• Evolving client require us to identify changes, be agile and adapt at speed. This is increasing as we move into new products and services; • Increased demand for Execution Managed Services from clients; • Potential for new services/technologies to lead to increased regulatory and independence requirements; • Use of third parties in the development of new solutions creates additional risks.

Responses

- Industry programmes include monitoring of clients' needs/competition;
- Integration of transformation objectives in industry business plans (medium term) and ensurance that megatrends are taken into account by the industry leaders (long-term objectives);
- Client and Markets Leadership review and consideration of new client service and product offerings;
- Upskilling programme to provide partners and staff with enhanced business and commercial skills;
- Product Risk Acceptance Committee in place to approve use of new technology (incl. third parties technologies).

Client and Service Quality

Risk description	Risk landscape
A significant failure in client acceptance or service delivery quality in existing and new services with network implications, could impact our reputation and lead to litigation and/or regulatory action.	• Pressure on the audit profession potentially leading to fewer people joining the profession, and experienced professionals leaving the profession, which may negatively impact quality; • Rapid influx of new employees; • Continued regulatory scrutiny and challenging litigation environment in the audit market; • Risk of increased failure of clients due to the evolving economic environment; • Increasing complexity of the work we are performing, the client situations we are supporting and the length of contracts; • Increased use of technology to deliver services or licensing of technology to clients; • Increasingly competitive people market in key competencies.

Responses

- Continued commitment to quality supported by communications;
- Reward and accountability framework for all staff and partners;
- Client engagement standards supported by methodologies and tools;
- Client engagement and acceptance processes, including the Client Acceptance Committee;
- Recruitment standards and staff development procedures;
- Continued Learning & Development monitoring programme, specific on-boarding training for the new joiners;
- Continuous Improvement Team focused on root cause analysis, dynamic issue identification and action planning;
- Established quality policies, processes and procedures;
- Continued Risk and Quality programme including Network quality programmes and reviews (internal and external);
- Assurance: real-time support for engagements through hot reviews of active engagement files.

Information and Cybersecurity

Risk description	Risk landscape
Failure to manage the security of Firm, Client and our People's data or reduced defences against ransomware attacks could impact our reputation and cause legal and brand damage to the network.	• External geopolitical environment evolving with cyber warfare becoming more likely; • Increasing ransomware activity in prior year has waned slightly as a result of the war in Ukraine; • Increased reliance on technology to deliver services leading to a greater risk of cybersecurity threats; • Continued need to prepare for the technology environment of the future affecting the ability to serve clients in rapidly changing markets; • Access to greater volumes of data from clients could put the Firm into a target position.

Responses

- The Firm operates an ISO/IEC 27001: 2013 certified information security management system which includes:
- Governance - including policies, processes, leadership (Information Security Management Committee) and assessment for client data and other information;
- Physical, technical and human resource control;
- Threat intelligence;
- Incident response capability;
- Regular monitoring and independent review systems;
- Continual investment in established cybersecurity controls;
- Security awareness and education programmes;
- Introduction of the monitoring of ISO27701;
- Information Security Management Committee which notably validates the information security programme in alignment with Global and Local strategy; oversight of information security risks and related actions plans; ensure awareness of people on information security; advise on information security organisation and processes improvement.

Data Strategy and Management

Risk description	Risk landscape
Failure to manage and maintain data in compliance with regulatory requirements and the highest ethical standards.	• Increasing demands of clients for additional data insights driving the need to adapt the use of data to provide increased value to clients; • Increasing volumes of data being produced as clients accelerate their digitisation efforts; • Hybrid working may increase the risk of data loss as engagements are conducted both through on-site and remote working teams; • Increased public, client and regulatory scrutiny in respect of data/confidentiality as a result of high profile scandals and GDPR.

Responses

- Central Data Office with Chief Data Officer to oversee data strategy and governance (Data use Policy and Data Governance model in place);
- Data Protection Committee, which ensures an alignment between the Data Protection Strategy with the Firm strategy, arbitrate data protection issues, assess the effective respect of the Data Protection Strategy; monitor Data Protection maturity of the Firm, report Data Protection red flags to relevant committees.

APPENDIX 4

People

Risk description

Failure to attract, retain and develop a diverse pool of skilled talent will impact our ability to deploy resources rapidly to realise opportunities, deliver quality, meet clients' changing needs, and deliver our strategy.

Risk landscape

- Attractiveness of Audit careers due to the multitude of competing, more fashionable careers in new industries, the uncertainty of future regulations, the intensity of the work environment and the reputation of the Big Four, which may inhibit ability to attract and retain top talent at both partner and staff levels;
- Increased competitiveness for talent increasing the risk of attrition – Importance of a diverse workforce and the risk of not achieving set targets. The Luxembourg labour market is short of qualified resources and as our resources are well trained, they are an easy target for other companies;
- Increasing need for technologists combined with the challenge in attracting and retaining them in professional services;
- Evolving expectations of employees potentially negatively impacting the attractiveness of the firm and professional services to highly talented individuals;
- The situation of four generations now in the workforce with potentially different desires and needs, leading to incoherence of culture;
- Changing needs of clients and the importance of our people continually developing skills e.g. technology, data analytics, artificial intelligence to provide high quality services to clients;
- Evolving understanding of hybrid working for the future is ongoing.

Responses

- Regular reviews of the market for student and experienced talent to benchmark the Firm's relative competitive position and ensure agile management of resources;
- Increased campus recruitment activity by 50% and recruitment headcount by 25%;
- Monitoring and review of key performance indicators by the management, including staff surveys, external data and regular client feedback;
- Regular review of the Learning and Development curriculum to ensure it supports the development of the skills and behaviours required for our people to deliver their roles and aligns to our culture and strategy;
- Wellbeing programme with a focus on mental health and work-life harmony;
- Use of various communication and discussion channels to engage with our People;
- Use of Global People Survey, to measure the people engagement index;
- People Council, representing a group of diverse backgrounds and roles within the Firm, in place to obtain feedback to understand the future needs of our staff;
- People strategies are regularly reviewed and updated to ensure they are relevant;
- Diversity and inclusion targets and action plans in place;
- Ongoing reviews of reward and incentives to ensure that they are relevant to the new world of work by using external salary benchmark providers.

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