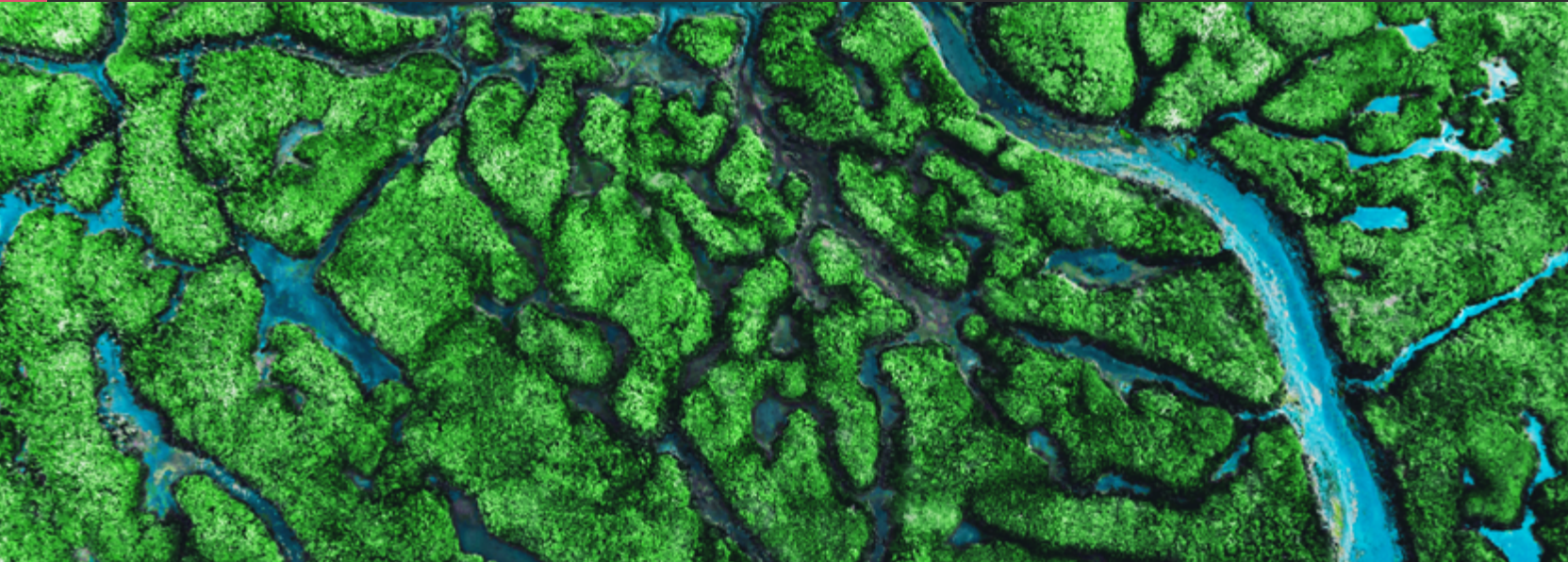


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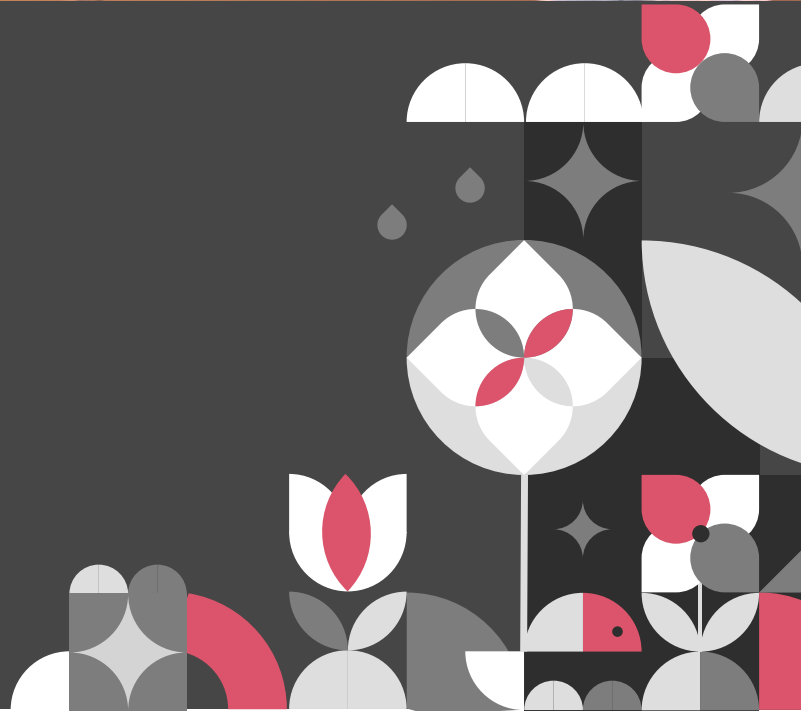
# Cyprus Impact Report





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## CEO's message



PwC's purpose to build trust in society and solve important problems inspires and guides our actions as well as our impact on society and our planet.

Our new refreshed global strategy "The New Equation" speaks to the two most fundamental needs clients and organisations are grappling with today: Building trust and Delivering sustained outcomes. Our approach embodies who we are: a community of solvers coming together in unexpected ways to deliver outcomes that make a positive and enduring impact.

For this reason understanding our impact on the world is key to addressing the pressing challenges of today and contributing to creating a brighter future for generations to come. By bringing together our broad capabilities and matching them with our commitment to invest in technology and our people, our positive impact in the world continues to grow.

According to our third Impact Report, PwC's total contribution in the economy, the society and the environment is estimated at €168.4 million, recording an increase of €1.6 million compared to 2018 and €5.6 million compared to 2015. Our economic impact forms the biggest part of our contribution to Cyprus. Across our operations and supply chain, it corresponds to a contribution to Cyprus' GDP of 0.6% in Gross Value Added

The Total Impact Measurement & Management (TIMM) framework developed by PwC UK was used to quantify, monetise and report on our economic, tax, social and environmental impacts. TIMM is one of the tools used to strengthen our reporting so as to provide greater transparency for our stakeholders and improve the quantity and quality of information we use for decision making.

Looking at the analysis, we are proud of the work we are doing. We are committed to continue evolving the way we work and interact with society as well as enhance our capabilities in the areas that matter most for the future.

Evgenios C Evgeniou  
CEO  
PwC Cyprus

A handwritten signature in white ink, appearing to read 'Evgenios', set against a dark background.

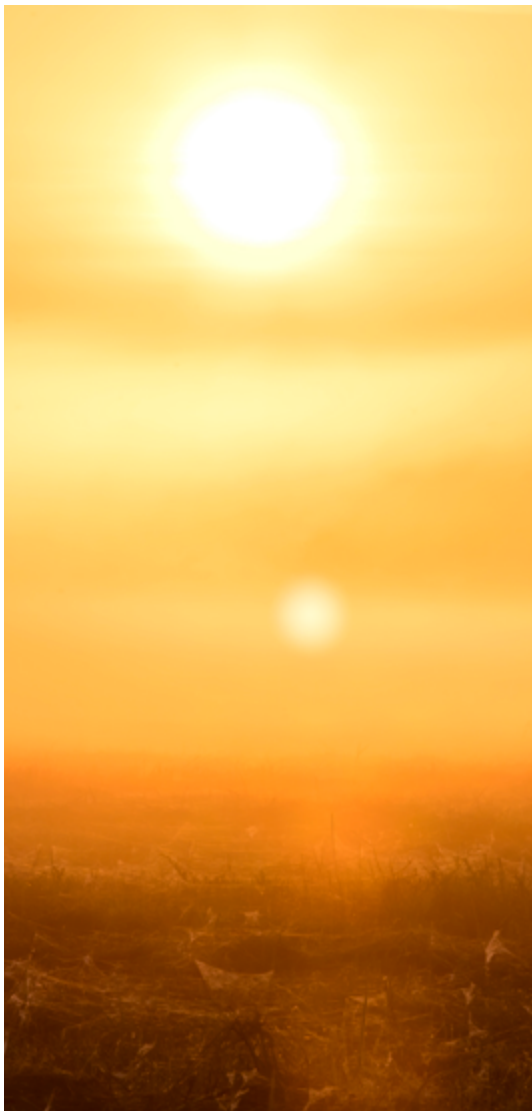
# 1

## Background to the TIMM assessment





# Background to the TIMM assessment



This year's Total Impact Measurement and Management (TIMM) assessment and respective Cyprus Impact Report could not come at a more decisive time. Everywhere in the world, we are experiencing the onset of the ESG revolution (Environmental, Social, Governance), where societal needs and business opportunities are coming together to transform the way organisations craft strategy, drive performance, and report results. This is evident in PwC's 24th Global CEOs Survey, in which 5,050 CEOs from 100 countries have participated including 135 CEOs from Cyprus. More specifically, 41% of CEOs in Cyprus and 60% of CEOs in the Eurozone have responded that over the next three years they will increase their long-term investments in Sustainability and ESG initiatives.

Increasingly so, ESG considerations touch upon every aspect of business. Investors, lenders, and rating agencies expect greater visibility of an ever-broader range of non-financial metrics to better understand diverse social and environmental risks. According to the CEOs survey, 33% of CEOs in Cyprus, 42% in the Eurozone and 39% Globally believe that they should be doing more in both measuring and reporting their environmental actions. Measuring and reporting trends are changing and CEOs understand the importance of enhancing their organisations transparency and integrating non-financial information in their reporting to the public. Governments' ambitious, top-down commitments to limit carbon emissions are increasingly backed by new regulations and new taxes. Activist shareholders, among many other stakeholders, are advocating for net-zero policies and for tighter linkages between ESG targets and executive compensation packages. Socially conscious consumers are more inclined to vote with their wallets, encouraging businesses to reappraise their products and purpose, including their role as employers of diverse, engaged workforces. More—much more—can be expected, and the global pandemic has created significant additional momentum for change. As a result of the COVID-19 crisis, 63% of CEOs in Cyprus are either making or are considering making changes to their organisational purpose so as to better reflect the role they play in society.

For us at PwC, ESG is about making a difference - for our business, for our clients, for our world. This is why ESG is at the heart of our new global strategy, 'The New Equation' which speaks to the two most fundamental and interconnected needs clients and organisations are grappling with today: The urgency to build trust at a time when it is both more fragile and more complicated to earn, and the need to deliver sustained outcomes in an environment where competition and the risk of disruption are more intense than ever.

**33%** of CEOs in Cyprus,  
**42%** in the Eurozone &  
**39%** Globally believe  
that they should be doing  
more in both measuring  
and reporting their  
environmental actions.

At a time when societal expectations have never been greater. As a reflection of our strategy to build trust with stakeholders and deliver sustained outcomes, we're committed to leading by example. That's why we have raised our climate ambition and made a worldwide science-based commitment to reach net zero greenhouse gas emissions by 2030.

In this context, TIMM is an essential and powerful tool which aids our journey of shifting our business toward a value creation ecosystem. An ecosystem that adds environmental sustainability, employee engagement, external partnerships, and broader societal impact to financial imperatives as measures of success. Specifically, we use this unique framework to quantify and monetise our economic, tax, social and environmental impacts and strengthen our reporting so as to provide greater transparency for our stakeholders. Equally important, TIMM helps us to continually improve the quantity and quality of information that we use for decision making, paving the way to achieve sustainable outcomes.



# 2

## TIMM Framework

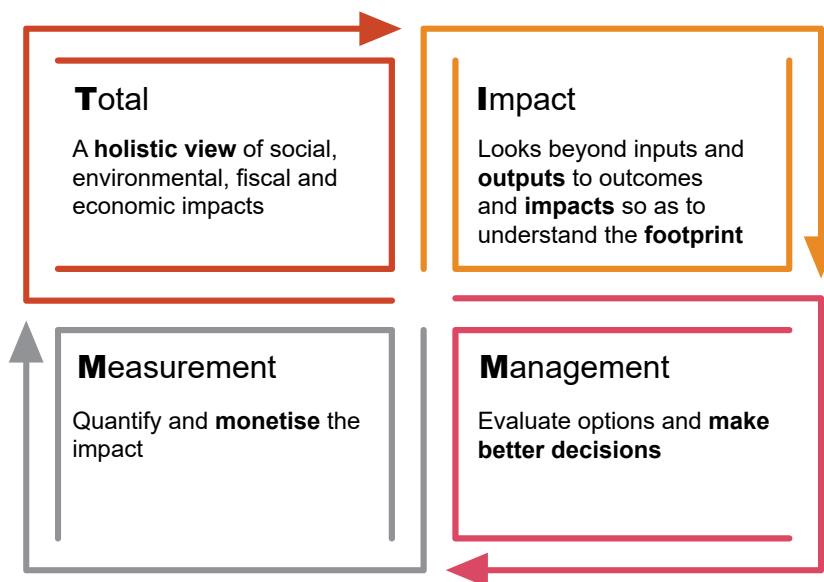


# TIMM Framework



The Total Impact Measurement and Management (TIMM) framework developed by PwC UK, is designed to enable businesses to look beyond inputs and outputs and short-term financial results. Instead, as illustrated below, this approach focuses on understanding the overall impact and contribution of businesses' activities, and of their products or services on their stakeholders and generally on society, the environment and the economy.

Through the implementation of TIMM, businesses may better understand risk, identify opportunities, whilst continuing to be impactful and maintain a positive impact on society. In addition, this framework facilitates a change in mindsets so as to assist organisations in taking a holistic perspective and moving towards Integrated Reporting, thus enabling them to effectively operate in the fast evolving business environment. In short, through the use of TIMM, organisations are able to recognise their overall contribution and understand the balance between the positive and negative impacts generated across their infrastructure and supply chains. By valuing social, environmental, and economic impacts, business leaders are now able to compare the total impacts of their strategies and investment choices.



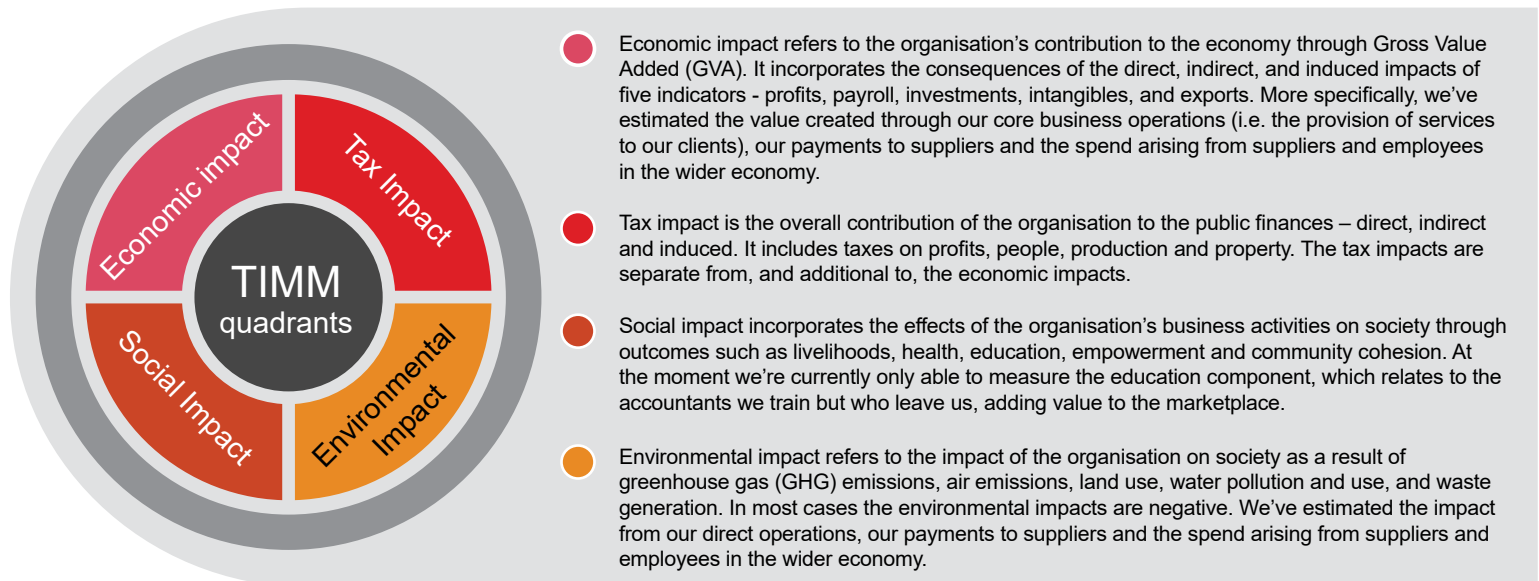


This is the third time that PwC Cyprus uses this unique framework to assess a number of non-financial impacts and more specifically to quantify, monetise and report on its economic, tax, social and environmental impacts for the financial year 2021 (FY21), which covers the period from 1st July 2020 to 30th June 2021.

Over time, TIMM has become one of the tools that the Firm uses to strengthen its reporting so as to provide greater transparency for its stakeholders and improve the quantity and quality of the information it uses for decision making. We believe that having the right data (non-financial as well as financial) enables optimal decision making for our organisation and a more informed dialogue with our stakeholders.

The framework assesses impacts in the areas of economy, tax, society and environment, as illustrated below and consists of three levels:

- direct impacts that result directly from our business activities;
- indirect impacts that are generated by our purchases from our supply chain; and
- induced impacts that are generated by the spending of our Partners and staff and our suppliers' employees in the wider economy (eg impact on local communities).



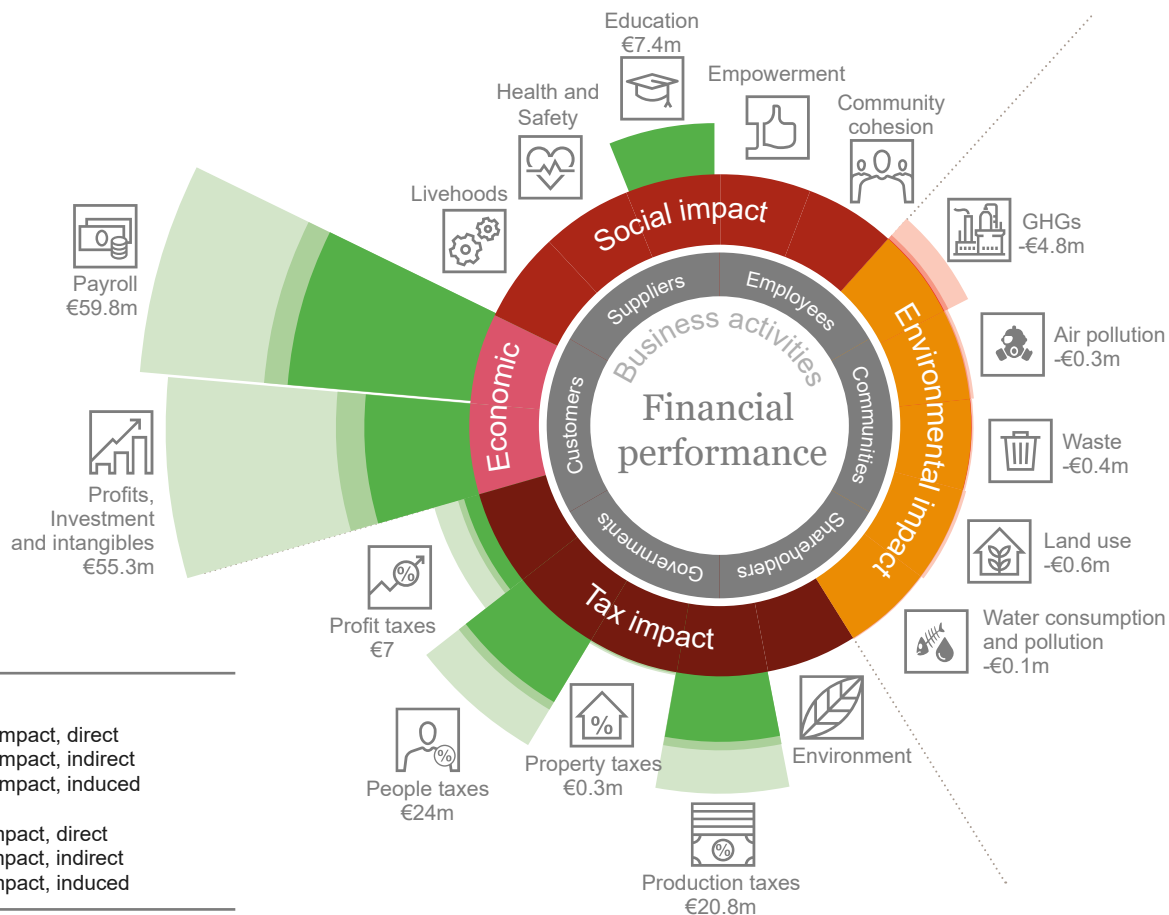
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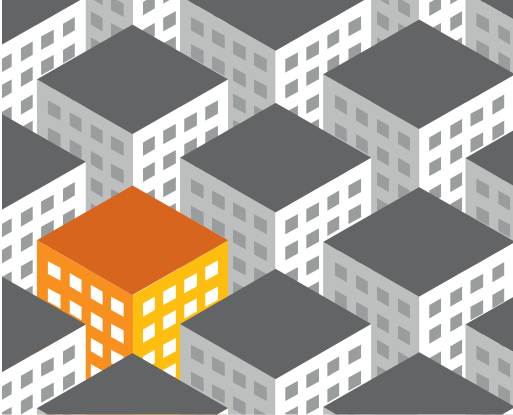
PwC Cyprus' Total  
Impact



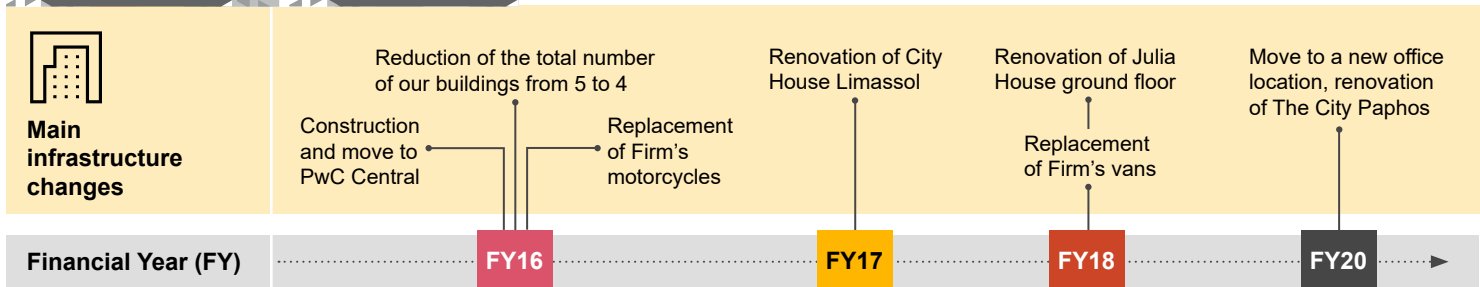
# PwC Cyprus' Total Impact

Our total impact for FY21 is **€168.4 million**, a positive increase of €1.6 million on the FY18 figure of **€166.8 million** and of €5.6 million on the FY15 figure of **€162.8 million**. The results are summarised in the diagram below which illustrates our business activities at the centre surrounded by the stakeholders who are affected by our operations (the grey circle). Each of our impacts is shown on the outside of the wheel with the associated value indicated by the proportional size of the bar.





It is important to highlight that since the first PwC Cyprus TIMM analysis in FY15, the Firm has made significant infrastructure changes, illustrated below, as well as overall methodological improvements that have affected our results. The latter includes the use of a more up to date economic data set that underpins the Input - Output (IO) model and the application of updated environmental valuation coefficients. Another important note is that the scope of the study in FY21, similarly to FY18 consists of PwC Ltd and its subsidiary network organisations, whereas the initial analysis carried out in FY15 was only for PwC Ltd. Due to the above, and as stated in our previous Cyprus Impact Report, FY18 is considered our baseline year and all future studies, including this one, will be compared to the FY18 results.



To this effect, the increase in FY21 in comparison to our baseline year FY18 was mainly driven by an increase in the direct positive impact of PwC Cyprus, including human capital and people taxes.

### Our impact in a nutshell:

Impact area	Direct	Indirect	Induced	TOTAL
Economic	€53.3m	€9.8m	€52m	€115.1m
Tax	€29.7m	€3.4m	€19m	€52.1m
Social	€7.4m	0	0	€7.4m
Environment	-€24k	-€0.6m	-€5.6m	-€6.2m
<b>TOTAL</b>	<b>€90.4m</b>	<b>€12.6m</b>	<b>€65.4m</b>	<b>€168.4m</b>



Our direct positive economic and tax impacts are measured at €53.3 million and €29.7 million, respectively, representing about 50% of PwC Cyprus overall impact. Moreover, the Firm also has a direct positive social impact of €7.4 million deriving directly as a result of the qualified accountants we train and who then leave the Firm to go on to work throughout Cyprus, thus adding value to the marketplace. On the other hand, the Firm has a small but negative environmental impact of €6.2 million with the biggest cost resulting from greenhouse gas emissions (€4.8 million). The vast majority of our total environmental impact occurs as induced impact that is calculated from the spending of our Partners and staff (€5.6 million). Our four impact areas are described in more detail in each section below.

We note that all calculations carried out in regards to the data we collected and used to measure our impacts have been reviewed and verified, through an internal process implemented by an independent qualified colleague.

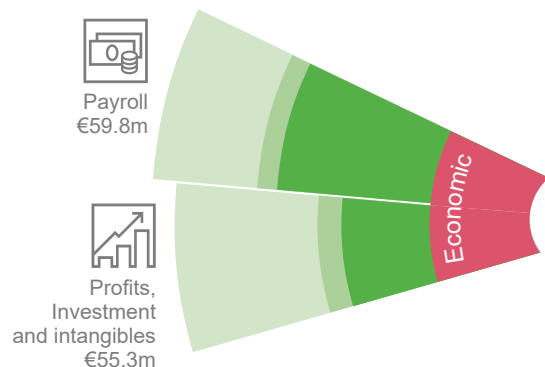


# 4

## Our Economic Impact



# Our Economic Impact



## Our Economic Impact

Our economic impact consists of two main categories; profits, investment & intangibles and payroll valued at €55.3 million and €59.8 million, respectively. Evidently, this is the biggest part of our contribution to the Cyprus economy, mainly driven by the jobs we create, with 52% of our total impact being attributable to payroll. Across our operations and supply chain, this corresponds to a contribution to Cyprus' GDP of 0.6% in Gross Value Added. The majority of our impact is the result of both our direct operations and the spending of our employees and the employees of our suppliers (induced impacts) in the economy, valued at €53.3 million and €52 million, respectively. The remaining €9.8 million derives indirectly from the payments we make to our suppliers.



### Profits, Investment & Intangibles

Our impact in this category, as previously stated, is €55.3 million (direct: €19.8 million, indirect: €5.7 million and induced: €29.8 million). The induced impact is larger than both the direct and indirect impact added together due to economic multiplier effects and the spending of Partners and staff in sectors that generate high value added (compared to the sectors that PwC Cyprus' suppliers operate in) thus, driving relatively high the induced impacts.



### Payroll

As one of the largest private organisations on the island, employing more than 1000 people (Partners and staff), our single, largest contribution to our organisation's total economic impact results from our direct spending on employees' salaries that in turn drive spending in the economy. Similarly, by procuring goods and services from our suppliers we enable them to spend in the economy, amplifying our positive contribution (known as the 'multiplier effect'). More specifically, the direct impact of employee compensation is €33.5 million, the indirect impact is €4.2 million and the induced impact is €22.1 million. Even though this has been a very challenging year due to the unprecedented situation caused by the COVID-19 pandemic, our peoples professional paths were not affected and the direct impact of employee compensation remained the same with FY18. Most importantly, we wanted to safeguard our peoples' health, safety and wellbeing, thus focussed on strengthening their mental wellbeing, providing financial reassurance whilst empowering them through professional development to enhance their skills and deliver value added services to our clients.

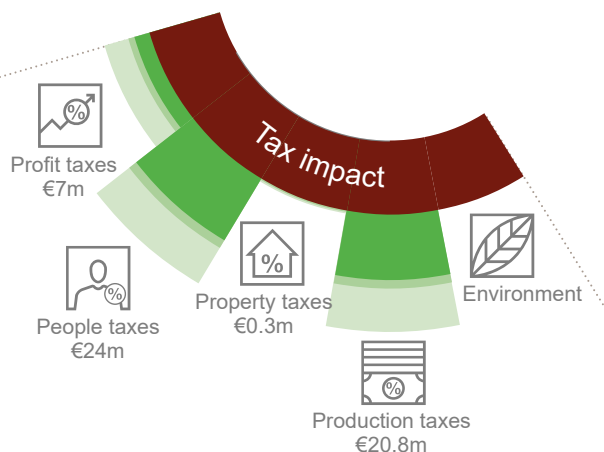
# 5

Our Tax Impact





# Our Tax Impact



## Our Tax Impact

PwC Cyprus also makes a substantial contribution to the Cyprus economy through the taxes arising from its business. Our total tax impact is calculated by adding the taxes we pay (direct taxes), the taxes our suppliers pay, relating to the goods and services we purchase from them (indirect taxes) and the taxes that our people and the employees of our suppliers pay through spending their personal income in the general economy (induced taxes).

In comparison to FY18, in FY21 our total tax impact increased by €1.2 million to €52.1 million, which is approximately one third of our overall impact. The increase relates to the increase in our total number of employees and respective higher direct people taxes. Our tax impact is separate from and additional to our economic impact and it's our overall contribution to the public finances. It includes taxes on profits, people, property and production.



## People Taxes

The largest proportion of our tax impact (46%) comes from the taxes we pay and collect on behalf of our Partners and staff. The people taxes category includes the following taxes:

- **Income Tax Deductions**
- **Social Insurance Deductions**
- **Special Deductions**
- **Social Insurance Contributions**
- **Special Contributions**
- **General Health System**

Our impact as a result of people taxes is valued at €24 million (direct: €15.4 million, indirect: €1.4 million and induced: €7.2 million). This has shown an increase of €2.1 million in comparison to the FY18 figure of €21.9 million due to the higher direct people taxes we pay. More specifically, in the FY21 study, the tax we paid associated with Social Insurances has increased and a new taxation in regards to the national General Health System has been introduced.



### Profit Taxes

The largest drop this year was for Profit Tax, which was reduced by €0.6 million, due to a slight decrease in revenues as a result of the pandemic. However, this is a much smaller component of PwC Cyprus' overall direct economic and tax impact. In FY21, our profit tax impact is valued at €7 million (direct: €2.2 million, indirect: €0.8 million and induced: €4 million). The direct impact is the corporation tax we pay and the induced impact is driven by the spending of our employees and our suppliers' employees in the economy.



### Property Taxes

Although no direct impact occurs, as the Firm has transitioned from owning a number of properties to renting the premises it occupies, our operations lead to indirect and induced impacts in terms of property taxes. However, this value is very small compared to the other tax payments the Firm makes: it is only 0.6% of the total tax impact.



### Production Taxes

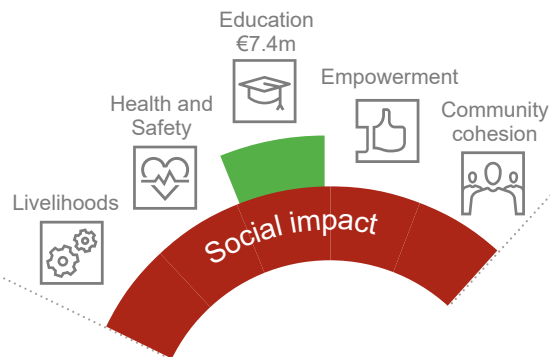
Production taxes are taxes relating to the services we provide (including net VAT paid) and form the second largest contributor to our overall tax impact. Our production taxes have totaled at €20.8 million (direct: €12.1 million, indirect: €1.2 million and induced: €7.5 million). We've seen a small increase in our direct production taxes this year in comparison to the FY18 figure (€11.8 million) as our business strategy continues to deliver growth even during these challenging times we are all experiencing.

# 6

## Our Social Impact



# Our Social Impact



## Our Social Impact

The TIMM framework may assess social impacts in the following areas: livelihoods, health and safety, empowerment and community cohesion. However, currently we don't have the data required so as to measure and value our other social impacts reliably. Nevertheless, we continue to measure the outcomes of our volunteering programmes and report our results in our Annual Reviews. We hope that we will be able to include these in future studies. As a result, the assessment of our social impact only considers our contribution to enhancing our people's skills and qualifications through education.



### Education

As a leading professional services Firm we offer excellent education opportunities for graduates and students. Specifically, at PwC Cyprus, staff may undertake either a 3 year training programme to qualify as a Chartered Accountant (ACA), a 5 year training programme to qualify as a Certified Accountant (ACCA) and a 3 year training programme to qualify as a Chartered Financial Analyst (CFA). In addition, we have established a Summer Internship Programme, through which high calibre university students have the opportunity to develop their employability skills, by working for a few weeks in one of our Lines of Service. This programme is designed to give students a real-life experience of what a graduate career with PwC would be like. We have estimated the social impact that results from the training we provided in FY21, however, we have excluded the impact of our summer internship programme. Currently, there is no method to analyse such data and we are therefore unable to put an exact value on our summer internship programme impact.

Investing in our people is key for delivering our purpose - 'To build trust in society and solve important problems' and fundamental to the way we do business because it enables the delivery of high quality work to our clients. Whilst we aim to retain as many of the accountants qualified with us as possible, some decide to leave the Firm and continue their careers elsewhere. In these cases, the qualifications they obtain during their employment at PwC help to increase their future earnings, which, in turn, generate incremental earnings over the course of their working lives and benefit the Cyprus economy. In FY21, our direct social impact was estimated at €7.4 million, a big increase of €2.3 million compared with the FY18 results (€5.1 million), as a result of higher number of trainee intakes and higher successful completion rates.





Another important note to make is that not all of our people are qualified accountants. Our consultants and other business professionals also benefit from development opportunities, but nevertheless haven't valued them yet.

Our digital upskilling programme **New world. New skills.** launched in FY20 focuses on three main pillars: upgrading the skills of our people, supporting our clients to deal with the challenges brought on by radical technological advancement and automation as well as cooperating with various bodies to support multiple social groups to improve their knowledge and skills in the digital era. Since then, about 50% of our people attended our digital academies and embarked on an exciting digital transformation journey to enhance their knowledge, strengthen their skills and become digitally fit for the future. The impact associated with this programme was not valued at this stage but it will be considered in the scope of future studies.

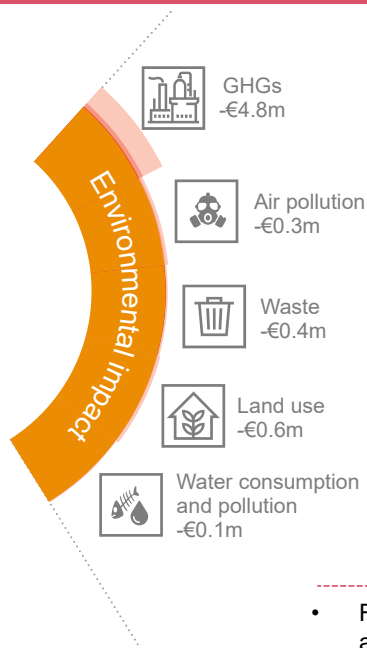


# 7

## Our Environmental Impact



# Our Environmental Impact



At PwC Cyprus, we take our environmental responsibilities seriously and choose to be part of the solution. As a responsible business, we continuously strive to improve our environmental performance, by assessing our environmental impacts and focus on actions to make our business activities more environmentally efficient, thus minimising our environmental footprint.

In fact, PwC's global network is also highly committed to minimise its environmental impact, with a focus on most material issue, our carbon footprint. This is the result of unavoidable business travel, necessary to service our clients; and energy consumption in the buildings we occupy. Nevertheless, we're determined to play our part! That's why we have raised our climate ambition, by making a worldwide science-based commitment to reach net zero greenhouse gas emissions by 2030.

Our commitment involves **four key areas**:

- Reduce our GHG emissions, in line with a 1.5 degree climate scenario, by 50% by 2030
- Transition to 100% renewable electricity
- Halve our air travel
- Offset our remaining emissions through high-quality carbon credits
- Engage with our key suppliers, encouraging and supporting them to achieve net zero
- Commit that 50% of our global purchased goods and services suppliers by emissions will have set their own science-based targets to reduce their climate impact by 2025



- Work with our clients to support their efforts to make a net zero future a reality for all
- Contribute to public policy developments at national, regional and global levels so as to accelerate a net zero economy



In line with our global commitment and of course our purpose and values, our environmental actions in the upcoming years will continue to focus on four main areas. Conserving natural resources, saving energy, minimising greenhouse gas emissions and engaging our people in environmental awareness activities.

In FY21, PwC Cyprus had two successful environmental certifications, one of the Firm's Environmental Management System according to the international standard ISO 14001 and one of our premises as "Green Offices", which we commit to maintain and continually improve.

Similarly with FY18, in FY21 the value of our negative environmental impact remained flat at -€6.2 million. This includes our direct, indirect and induced environmental impacts estimated at -€24k, -€0.6 million and -€5.6 million, respectively. For comparison purposes, it is important to highlight that in FY18 our direct environmental impact was -€4k million, the indirect impact -€0.7 million and the induced impact -€5.5 million.

Our total environmental impact is relatively small when compared to our other impacts (notably our overall economic and tax contributions) and to those of many other industries. Nevertheless, we're committed to decarbonise the way we operate and decouple our business growth from emissions, thus minimising our overall environmental footprint. Following this year's analysis, it is important to emphasise that our direct environmental impact was further reduced and continues to be significantly less than the indirect and induced impacts. These are 25x and 233x of those of our direct impact, respectively, because of the additional consumption they enable in the economy. Their scale reinforces the importance of our ongoing supplier and employee engagement programmes, providing a clear indication where we need to concentrate our future sustainability efforts – and we're working to positively influence these too.

Engaging our staff in environmental activities is considered a top priority in effectively managing our environmental impacts and promoting sustainability. Through our dedicated internal website, we regularly publish awareness material relevant to important environmental world days and respective themes. This year we focussed on encouraging our people to get active and make simple changes towards restoring our planet, not just because they care about the natural world, but because we all live on it. To celebrate this year's World Environment Day on June 5th and get our people started we gave them a native olive tree to take care of.





## GHGs and other Air Emissions

The GHG emissions for Scope 1, 2 and 3 were estimated using globally accepted emission conversion factors and methodologies, with the majority based on the latest calculations provided by the Department for Business, Energy and Industrial Strategy in the UK.

The majority of our environmental impact is due to our GHGs and other air emissions (82.25% of the total). Most is generated by our suppliers' operations and through the spending of our employees and those of our suppliers in the wider economy (€4.6 million). Our direct GHG emissions are the result of energy consumption in our premises and business travel to our clients. These continue to be relatively very small, however, mainly due to the pandemic, have shown an additional 50% decrease (FY21: -€1k, FY18: -€2k). It is also important to note that a small reduction of our total GHGs and other air emissions impact is the result of methodological improvements.



## Land Use

Our land use direct impact is negligible as our four office establishments are located within the main cities boundaries; however, our induced impact is more significant (-€0.5 million) making land use the second largest contributor to our overall environmental impact. This is mainly due to the conversion of agricultural land to produce food that is consumed by our employees and their families and our suppliers' employees in their personal lives.



## Waste

Waste is the third largest of our environmental impacts. In FY21 in comparison to FY18 this remained flat at -€0.4 million representing 6.5% of our total environmental impact. Our direct impact is -€13k, our indirect -€46k and our induced -€0.36 million. Even though this figure is very small we still try to reduce the waste we produce following circular economy principles as well as principles of the waste hierarchy: reduce – reuse – recycle – recover – dispose, always in compliance with national legislation.

Over time, we have managed to significantly reduce our paper consumption through implementing actions such as use of electronic documents, use of electronic signatures, double sided printing, centralised colour printing to specific printers only accessible by authorised personnel, promotion of paperless practices etc. Additionally, all suppliers that manage our waste streams are licenced by the Environmental Department to collect, transport and process waste. In FY21, the Firm introduced the management of a new waste stream, that being the coffee capsules produced on the working floors. The coffee capsules are collected and managed for energy recovery purposes by an approved service provider.



## Water Consumption and Pollution

In our day to day business operations we do not consume large amounts of water. We estimate that the environmental impact is -€0.1 million. This value has remained the same as in the FY18 TIMM assessment we carried out. In recent years we have managed our direct water impact by installing motion sensor faucets, water saving filters in taps and low-flow toilets. Also, the installation of dry urinals helped significantly to reduce the consumption of water in our buildings. To this effect, our direct impact has been reduced by 50% in comparison to FY18.



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