

# Annual Report 2015/2016

*Becoming a purpose-led  
and values-driven  
organisation*



# Contents

## Foreword

## Key statistics

Interview: *'I have much more contact with colleagues'*

## Report of the Supervisory Board

Interview: *A reality check for HR ambitions*

## Report of the Board of Management

- About the Report of the Board of Management
- PwC in the Netherlands
- Stakeholders and materiality
- How we create value
- Our strategy and achievements
- Risk factors
- Governance and remuneration
- Outlook

Interview: *Pro bono projects that help to solve some challenges of the refugee crisis*

<b>3</b>	<b>Financial statements Holding PricewaterhouseCoopers Nederland B.V.</b>	<b>58</b>
<b>6</b>	1. Consolidated financial statements	60
	2. Company financial statements	82
<b>8</b>	3. Other information	90
<b>10</b>	<b>Information about PwC</b>	<b>100</b>
	Our legal structure	101
<b>16</b>	Corporate Governance	103
	Code of Conduct and complaints and whistleblower procedures	108
<b>18</b>	Our quality, risk management and compliance framework	109
<b>19</b>	Our sustainability policies	113
<b>20</b>	Breakdown of our head count	115
<b>21</b>		
<b>26</b>	<b>Appendices</b>	<b>116</b>
<b>29</b>	Five-year summary of financial results	117
<b>50</b>	Remuneration Report Holding PricewaterhouseCoopers Nederland B.V.	118
<b>52</b>	GRI table 4.0	123
<b>54</b>	Glossary	130
	Acknowledgements	131
<b>56</b>		

PwC the Netherlands has more than 4,700 people operating from twelve offices and from three different perspectives: Assurance, Tax and Advisory. We deliver sector-specific services and we seek innovative solutions, not only for national and international companies but also for public sector and civil society organisations.

'PwC' is the brand name under which member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and deliver services. Together these firms make up the global PwC network, within which some 208,000 people in 157 countries share their ideas, experience and solutions in developing new perspectives and meaningful advice.

In this report, the terms 'PricewaterhouseCoopers' and 'PwC' also refer to PricewaterhouseCoopers B.V. and, depending on the context, its consolidated Dutch group companies. Together, these are also referred to as 'PwC the Netherlands', 'PwC NL' or 'the Group'.



# *Foreword*

# Foreword

This really has been an eventful year for our organisation. We have invested heavily in the quality of the audits, we have seen further transformation in the tax profession and we have completed the acquisition of Everett and the integration of Strategy&. This Annual Report and our Assurance practice's Transparency Report provide you with an insight into these developments. But, in addition to this, I believe it's also important to look at what is happening in the world around us.

Perhaps the most notable of these developments are the Ukraine referendum and the Brexit vote. Across the spectrum of society, it seems that a majority is converging into some form of dissent. We see widespread dissatisfaction with politics, business, society and with the prevailing establishment in general – and this in some of the wealthiest countries in the world with the best healthcare systems and pension arrangements out there. In these countries, at the same time, we see more supervisory bodies than ever before and with increasingly transparent political discussions and corporate and institutional reporting.

## *Thirst for transparency*

In both inside and outside our own organisation, I still see people fighting against the tide of transparency. I use the term 'fighting against the tide' quite deliberately here, because the world is simply moving forward relentlessly on becoming more transparent. It is demanding openness and clarity on all material aspects of any institution. It is moving forward with an unquenchable thirst for this transparency. Technological developments, the use of Big Data and the simple fact that the world is getting smaller all lead to greater transparency. All the regulatory codes and new laws repeatedly call for greater and greater levels of transparency.

Yet paradoxically it is this very transparency that is feeding the dissent in the short term. The process of becoming more transparent is a painful but an essential one. It is particularly critical right now that we do whatever we can to safeguard the level of trust in society. There will be greater transparency for everything and everyone. If you're not transparent, there are plenty of people out there who will let the world know. Time may give you some respite, but only in the short term.

Greater transparency will help to restore trust in the longer term. I am fully convinced of that. While it may contribute less than we would wish in the short term, this is the only way for us to go as individuals and, as society as a whole.

## *Building Trust*

As PwC, we have a role to play in this – by providing leadership in all the areas we operate in, by a commitment to maximise our own transparency, by actively participating in the societal debate and, at the same time, holding a mirror up to our clients. Seeking and engaging in a dialogue with our clients about their purpose and the tax structures they use, as well as the transparency in their reporting, is at the heart of the transformation process we are currently going through.

Trying to see ourselves through society's eyes is equally very challenging. We look closely at what's still right and what's no longer right, at the ethical responsibility for aggressive tax structures and accounting solutions, at what we can still advise and what is no longer in line with our purpose. I must say that the dialogue we are having with our clients is very well received. Our clients are keen to contribute to the restoration of trust in society as well and simply to act with integrity.

## *Focus on long-term value creation*

Focus on long-term value creation is also at the heart of what we are working on right now, and we are very well aware that this means we need to change. The relentless advances in technology are changing for ever the professions we practice, the services we offer and the needs that our clients and society have. But transformation is not just about the 'what' of service delivery, it is also about the 'how'.

We need to transform ourselves into an organisation that is purpose-led and values-driven, an organisation that manages not only on the basis of financial results but also on the basis of our relevance to the wider stakeholder group. Ultimately, our people want to be relevant. Relevant in terms of restoring trust in society and making a difference for our clients and society at large in solving their important problems.

### *The PwC Journey*

We have pulled this change process within PwC together under our change programme, the PwC Journey. These initiatives for change focus on the new reality of the world we live in. A reality in which transparency is a given and in which the purpose and strategies of our clients are always right at the centre in all aspects of our service delivery; a reality in which the perspective of society at large is always reflected in our decision-making; a reality that requires us to speed up our pace of change; a reality that requires us to take an outside-in perspective much more often in our dealings with clients – and at the same moment in time still remaining focussed on delivering the highest levels of service quality with the best technical expertise available in the market.

Our Supervisory Board challenges us constantly to get a good understanding of this new reality. And, in the context of this new reality, it is only right that we have within our governance structure a forum like a Supervisory Board of external members. The Board of Management is very happy with the collaboration we have with the SB and with the input it provides.

### *Discussions with supervisory bodies*

Our supervisory bodies also keep us on our toes: the PCAOB, the ADR, the NBA and the AFM. It is clear that the AFM has set the bar at the highest of levels in terms of her ambitions. The discussions with the AFM are firm and robust as well as mutually respectful. Sometimes the discussions are downright difficult because we do not always understand the thinking behind their positions. This has led us to appeal to the courts to clarify a difference of opinion in interpreting the concept of ‘duty of care’ and whether the AFM is right to interpret duty of care as an obligation to deliver a result rather than an obligation to apply best efforts.

As this dialogue progresses, we continue to highlight the variety of roles that the AFM fills: standard setter, supervisory body and arbiter. Another aspect here is the question of where the balance lies between rules and regulations on the one hand and professional judgement on the other. We recognise that appeals proceedings like these do not contribute to the overall level of trust, at least not in the short-term. We opted for the long-term and for the clarity that the sector needs in order to fulfil her role in building trust in society.

### *In conclusion*

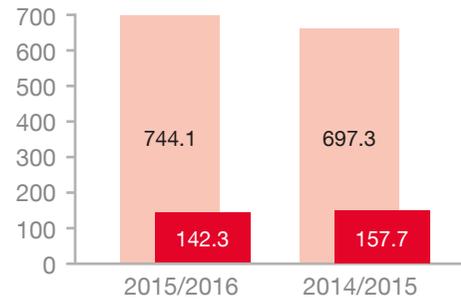
We are an organisation in transition. Putting into practice our focus on long-term value creation is a collective journey involving our entire team of more than 4,700 PwC people. With great diligence, they are committed day-in day-out to work together in making the PwC journey a success and they do not duck the challenges they face. The satisfaction our people get from bringing the PwC Journey to life is great to see. And the enthusiasm and dedication with which everyone has again worked so hard this past year has been enormously inspiring. On my own behalf and on behalf of my fellow board members, I would like to convey my thanks and appreciation to all of our people.

I hope you enjoy reading our Annual Report, and I hope you will contact us if you have questions or if you would like more information on matters that have been addressed in this Annual Report (or, indeed, on matters you believe should have been addressed and were not). After all, a continuing dialogue about transparency is a key element of the new reality!

With my best wishes,  
Peter van Mierlo

## Key statistics for 2015/2016 (1)

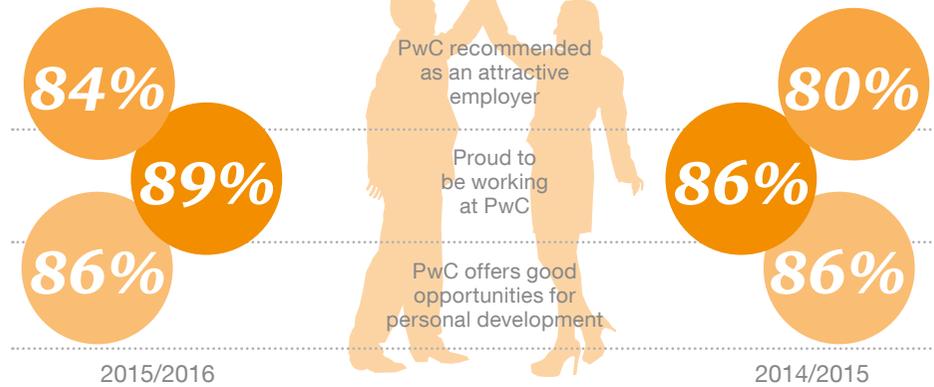
PwC NL: higher growth and lower profitability\*



See page 43, 80-81

Great outcomes People Survey

See page 40



Diversity increases but there is room for improvement\*\*

	2015/2016	2014/2015
Dutch	73.5%	75.7%
Non-Dutch/ Western origin	11.2%	10.6%
Non-Dutch/ Non-western origin	15.3%	13.7%

	2015/2016	2014/2015
Female	42.1%	41.8%
Male	57.9%	58.2%



See page 37

Higher average training hours per person



See page 35-36

\* The five-year summary of our financial results is on page 117.

\*\* This ratio is based on 88% of our people. Registration of ethnicity is voluntarily and about 88% of our people has done so.

## Key statistics for 2015/2016 (2)

Client satisfaction mostly improved

See page 45

	Client satisfaction		Recommendation	
	2015/2016	2014/2015	2015/2016	2014/2015
Assurance	8.0	7.9	8.0	7.7
Tax	8.4	8.3	8.2	8.2
Advisory	8.2	8.3	8.4	7.8



Increased number of people and hours on CR projects

See page 40-41

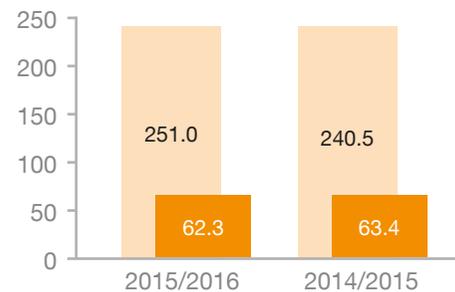
People	2015/2016	2014/2015
	<b>810</b>	<b>545</b>
Hours	2015/2016	2014/2015
	<b>34,411</b>	<b>27,488</b>

Assurance: continuing investments in audit quality and audit rotations



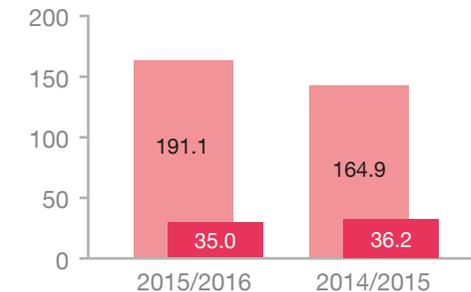
See page 43, 80-81

Tax: stable results



See page 44, 80-81

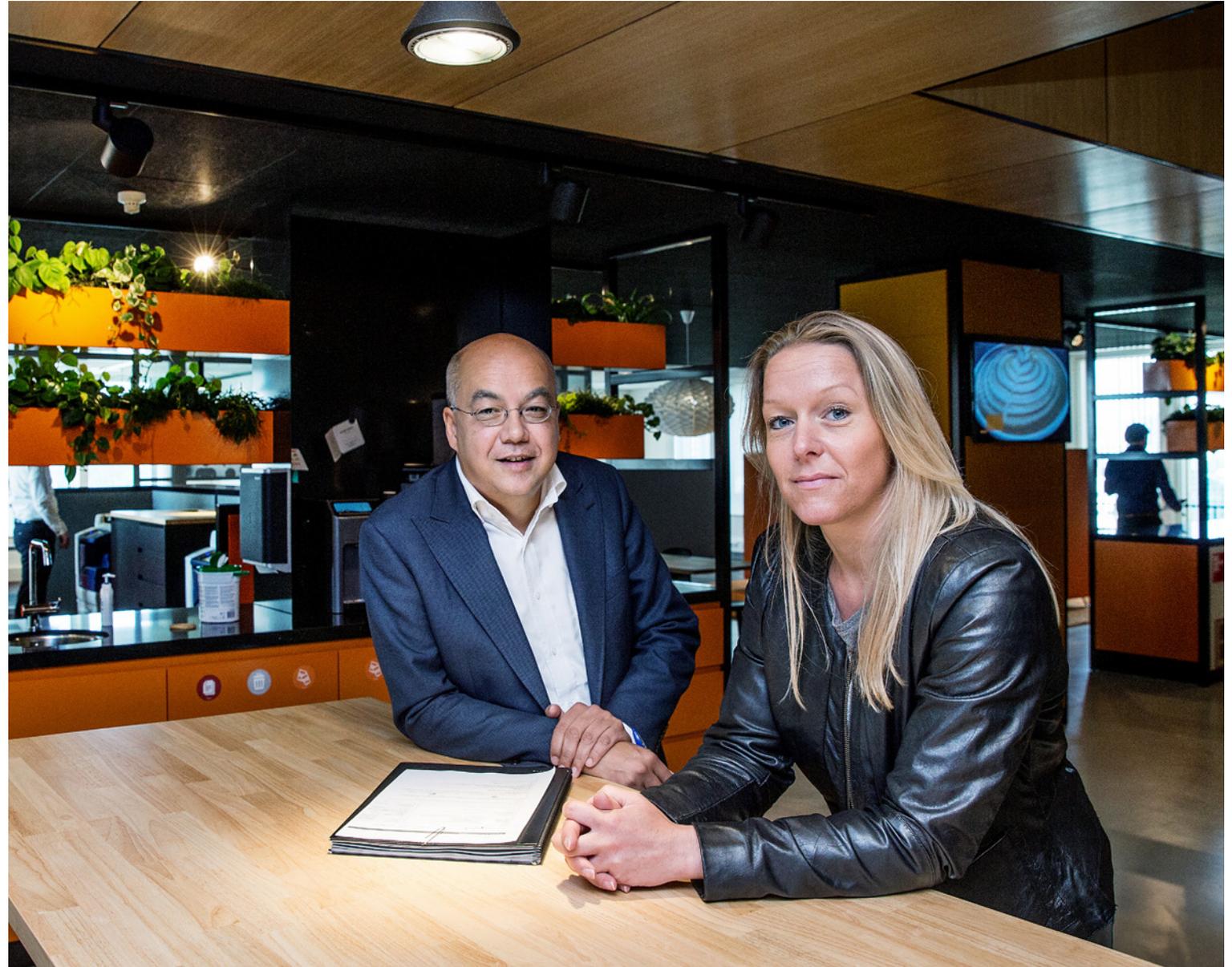
Advisory: growth from acquisition Strategy& and Deals practice



See page 44, 80-81

## *‘I have much more contact with colleagues’*

*After a pilot run in a small part of our Rotterdam office, the entire office has now been reconfigured along the principles of Activity Based Working (ABW). For partner Remko Franssen, director Rob Dekker and management assistant Cindy Huisman, swapping their own personal desk for a flexible workstation took some time getting used to, but they are enthusiastic about it now. They have more contact with other people – and the briefcase has even become lighter.*



Rob Dekker and Cindy Huisman (Remko Franssen was not photographed).

*What were your thoughts when you heard that ABW was going to be introduced in Rotterdam office?*

Remko: Initially I was not in favour - something for someone else. My preference was always for a room with walls and a door.

Cindy: I didn't fancy it at all. I did not look forward to giving up my own room and I had no idea what to expect in the new environment.

Rob: This had been discussed across the lunch table, so it quickly gained traction. In Assurance, we had already become a bit used to working with flexible workspaces, and I already had a good feeling about it.

*How do you now view working in an ABW environment?*

Remko: I wouldn't want to go back to the old situation. The social aspects, in particular, are very appealing. People reach out to each other much more than before, there's a much greater level of interaction - also with other business units - and the barriers to stepping into a partner's space have literally disappeared, which is very positive. A new way of working has emerged, with different behavioural patterns and different norms. We are all now more aware of the noise that we each make. The workstations are left tidy at the end of the working day - and, if they're not, people are held to account.

Cindy: ABW showed me that I had an enormous amount of stuff that I never used. I now work on a much more paperless basis, and the new situation is a more pleasant environment for everyone to work in. The so-called homezone, the central meeting area, is now really used as a place for discussion, keeping the workstations nice and quiet. And everyone is extremely considerate of each other. In the beginning, many of the management assistants found it difficult to give up their own room, but now they're enthusiastic about it. The whole working environment is brand new and looks really smart. And, on top of all that, I have much more contact with colleagues, including some from outside my own team.

Rob: People get a boost from working in an ABW environment. You feel well-supported and there's always a suitable spot somewhere that fits the work you need to do. The workstations are big, you've got access to quality screens and you don't have to carry cables around anymore, which certainly makes the briefcase lighter. I also find it handy that you can choose whether you want to work sitting down or standing up.

***'There's always a suitable spot somewhere that fits the work you need to do.'***

**Activity Based Working:  
Working together in an inspiring environment**

Activity Based Working is a modern way of working which replaces the dedicated offices with flexible workstations. Regardless of their position or role, people head for a spot that best suits the work they have planned for that day, be it working alone, one-on-one meetings or larger meetings with a group of colleagues. In addition to the workstations, there are also central meeting areas, the so-called homezones.

**Firm-wide collaboration**

PwC's goal with ABW is to create an inspiring working environment where everyone feels at home and where the PwC house style is instantly recognisable. This way of working encourages PwC-wide collaboration and knowledge sharing and it helps to build relationships.

**Digital way of working**

The workstations are fitted with the most up to date mobile and communication technology, enabling all staff to work to their optimum levels. Activity Based Working's digital way of working encourages mobility and flexibility, it facilitates work that is not location or time dependent, and it thereby also contributes to a better work-life balance.

**Behavioural change**

Implementing Activity Based Working is a fundamental change. It involves behavioural change and a different, more digital approach to work. So we have brought in specialists from our People & Change practice to help with the implementation and transition into this new way of working.

**Significant wins**

Ron Schinkelshoek of the national ABW core team is proud of the roll-out of Activity Based Working. 'It's good to hear from our people in Rotterdam that they are now networking with more colleagues than before. They come across each other more readily in the homezones, the central meeting areas on the work floor. Also encouraging is the fact that people are making flexible use of those workstations that best suit their work needs. For us, these are significant wins. The building as a whole has become quite a bit more attractive and inspiring than it used to be, a pleasant working environment and one that's becoming more and more digital.'

# *Report of the Supervisory Board*



# Report of the Supervisory Board

*PwC operates in a sector that needs to build and maintain trust in society by providing tax advice, advice on business processes and around mergers & acquisitions and by providing assurance on (financial) information and processes. This involves a variety of laws and regulations, including independence regulation, tax laws, competition laws, accounting standards and many other applicable rules around capital markets. PwC and its clients encounter important problems that need to be solved. Both need to be compliant and also need to ascertain they act in line with their own strategy.*

*PwC's partners and staff need to be compliant with all the personal independence rules and also in their service offerings to their clients. Especially the auditors need to strive for files which are ISA compliant and above all need to ensure that they issue correct audit opinions. The quality management system helps to ensure this and is monitored by PwC's Supervisory Board ('SB').*

*An organisation with so many societal responsibilities can benefit from a SB which is composed out of external members with a broad range of experience in corporate life and Dutch society, and which is diverse in terms of experience and knowledge and is able to build bridges between our political, university and business environments.*

*This report sets out how the SB of Holding PricewaterhouseCoopers Nederland B.V., the top holding company of the PwC member firm in the Netherlands, has discharged its responsibilities. The remuneration report is set out on page 118-122.*

## Composition

In 2015/2016, the SB comprised seven members, all external: Jan Maarten de Jong (Chair), Nout Wellink (Vice-chair), Naomi Ellemers, Annemarie Jorritsma (as from 1 September 2015), Frits Oldenburg, Cees van Rijn and Yvonne van Rooy. The composition of the SB has been designed to ensure that it meets the profile defined in the SB's charter. This charter sets out the requirements for the combined experience, expertise, diversity and independence of its members.

The SB members bring together a wide range of experience from their previous and current roles in, amongst other areas, public administration, corporate governance and behavioural science. The SB believes that this diversity contributes to the quality of its performance. It leads to issues being considered from a wide range of differing perspectives and it provides new insights and positions that reach beyond the obvious.

The SB's committees have an advisory role within the SB. They have been set up by, and are composed of members from, the SB itself.

## Role

The SB was installed towards the end of the previous financial year following the recommendations of the 'In the Public Interest' report by the Future Accountancy Profession Working Group, and 2015/2016 was its first full operational year. The main driver for the

## Members of the SB

### Jan Maarten de Jong (Chair)

(Born 1945, Dutch nationality, Male)  
Appointment: 1 May 2015  
First term expires: 2019

#### Other positions

- Chair of the Supervisory Board of KBL European Private Bankers S.A., Luxembourg
- Member of the Supervisory Board of the Frans Hals Museum
- Member of the Board of Stichting Preferente Aandelen ASML

### Nout Wellink (Vice-chair)

(Born 1943, Dutch nationality, Male)  
Appointment: 1 May 2015  
First term expires: 2018

#### Other positions

- Non-executive director of the Bank of China
- Chair of the Wim Drees Foundation
- Chair of the Bontius Foundation

installation of the SB was the public debate concerning the audit profession, and the SB spent much of its time on the firm-wide aspects that affect quality, independence and audit integrity and the interests that stakeholders have in these. The role of the SB also covers Tax and Advisory, as their service delivery also needs to reflect the social context. The SB understands and underlines PwC's ambition to further develop service offerings that include all Lines of Service (so called X-LoS collaboration) to the extent permitted, and that this is essential to a good understanding of the challenges its clients face and to providing effective advice and performing a quality audit.

All members of the SB are aware that the SB has a part to play in engendering the trust society should be able to have in PwC as its assurance, tax and advisory partner. It does this through its independent supervisory role and by encouraging PwC to take an 'outside-in' view and approach.

### *Education and training*

The members of the SB have attended a number of information meetings, both introductory and educational, on the strategy of PwC in the Netherlands and its Lines of Service, the quality management system and enterprise risk management, amongst other things. They have also participated (through the permanent education programme) in an educational session led by an Assurance partner entitled 'How does an audit work in practice?'

As the members of the supervisory board come from outside PwC, they have met with a wide range of people within PwC in order to get a good insight into the day to day practice. Meetings have been held between SB members and officers responsible for finance, human capital, partner affairs, corporate responsibility, compliance and independence and other areas. SB members also had meetings with business unit leaders and Industry leaders, to get to know the business and how the partner organisation operates. One of the members visited an audit team at a client to get a better insight into how auditors carry out their work in practice.

### *Meetings*

De SB meets with the full BoM at least six times each year. The compliance officer also attends the SB meetings. Before each meeting the members of the SB have a private preliminary meeting, to prepare the items on the agenda and to identify other subjects that may need to be discussed. The full SB met 8 times during the financial year 2015/2016.

The SB exercises its supervisory role through these meetings with the BoM: Is the BoM doing what it should be doing? Are adjustments needed? Are decisions properly taken and implemented? In addition to the SB and committee meetings, individual members of the SB (mostly the committee chairs) regularly discuss specific issues with individual members of the BoM. It is in these more private discussions that the SB exercises its advisory, sounding board role, and also in the one-to-one discussions between the chairs of both boards.

The SB appreciates and values the open and transparent attitude of the BoM and its receptiveness to feedback. The members of the BoM have shown they are open to criticism and willing to change.

### *Agenda items*

The regular agenda items for the SB have included: compliance, finance and reporting, governance, risk and quality, public interest, transformation and change, strategy and markets, international collaboration within the PwC network of member firms and evaluation and remuneration. Current events, such as the Panama Papers, have also featured in the SB's discussions. Other agenda items have been as follows:

- **Public/External oversight**

PwC's audit practice is subject to public oversight and review by the AFM and other regulators. In this context, the quality of the services rendered is an important aspect. Internal and quality reviews were discussed as well as the fine imposed by the AFM following its review of a number of 2011/2012 audit files and PwC's appeal against this decision.

- **Strategy of PwC in the Netherlands**

The SB attended a session with the BoM, which covered long term strategy, market position, proposed investment plans and human capital, amongst other things.

- **Transformational 'Journey'**

The SB has been involved in the 'Journey' from the outset, Last year, PwC began to identify and clarify the transformation that

### **Naomi Ellemers**

(Born 1963, Dutch nationality, Female)  
Appointment: 1 May 2015  
First term expires: 2019

#### Other positions

- Distinguished University Professor at Utrecht University (primary position)
- Member of the Royal Netherlands Academy of Arts and Sciences
- Corresponding Fellow of the British Academy for the Humanities and Social Sciences (FBA)
- Member of the Board of the Praemium Erasmianum Foundation

### **Annemarie Jorritsma**

(Born 1950, Dutch nationality, Female)  
Appointment: 1 September 2015  
First term expires: 2019

#### Other positions

- Chair of the Supervisory Board of Alliander
- Chair of the Supervisory Board of the RealNext Foundation
- Member of the Supervisory Board of the NBTC Holland Marketing Foundation
- Chair of de Nederlandse Vereniging van Participatiemaatschappijen (the Dutch Private Equity and Venture Capital Association)
- Chair of Koninklijke Nederlandsche Heidemaaatschappij
- Chair of the Board of Stichting Verkiezing Overheidsmanager van het Jaar (Selection of public manager of the year foundation)
- Chair of the Jury for Businesswoman of the Year'
- Member of the Senate of the States General (and party chair of the VVD in the Senate)
- Facilitating officer of Topvrouwen Foundation

the organisation wishes to achieve in order to remain relevant to its stakeholders and become a purpose-led and values-driven organisation. The SB has emphasized that an ongoing self-critical attitude is essential for achieving cultural change.

• **Remuneration of the BoM**

As from 1 July 2015, the members of the BoM receive a fixed non-profit related remuneration determined by the SB. The SB is empowered to award a bonus of up to 20% of the fixed remuneration based on the achievement of long-term goals set by the SB within the context of PwC's societal role. After approval by the SB, the remuneration proposals for the BoM were adopted by the General Meeting of Coöperatie PricewaterhouseCoopers Nederland U.A. in October 2015.

• **Appointment of the external Compliance Officer**

Underscoring the importance of the independence of this office, the SB has been closely involved in the selection and appointment process for a new, full time, dedicated external compliance officer as from 1 June 2016.

• **Appointment new partners:**

The SB approved the appointment of several new partners to act as external auditor within PwC, with an extensive internal procedure, consisting of observations, interviews and assessments, preceding the SB's approval of each such new audit partner.

• **Member firm collaboration within 'PwC Europe'**

The SB was regularly updated on the ongoing integration of the collaboration of the five PwC member firms in Germany, Austria, Belgium, Turkey and the Netherlands under the name of PwC Europe, and the SB supports this initiative.

• **Acquisition of Everett**

The SB supports the acquisition of Everett, a company active in the field of identity and access management, the activities of which are to be incorporated into Advisory's cyber security group during autumn 2016.

• **Budget**

The SB approved the budget for the current year 2016/2017.

• **Annual reporting**

The Audit Committee was closely involved in the year's annual reporting, discussing this with the CFO, the Internal Audit department, the external auditor and others.

*Self-assessment*

As part of its introduction programme at the beginning of financial year 2015/2016, the SB – led by an external advisor – discussed its own expectations and the design of its responsibilities and roles.

A year later, prior to the end of financial year 2015/2016, an external facilitator guided the first self-assessment carried out by the members of the SB, covering the SB's role as employer, supervisor and sounding board. In

this process, each member of the SB completed a self-assessment, had a personal meeting with the facilitator and then participated in a plenary SB discussion on the subject. The members of the BoM were also individually asked to reflect on the performance of the SB.

The SB evaluated its performance as satisfactory overall. Its members have shown an open and transparent attitude, mutual trust and respect. Nevertheless, the SB noted that there is also room for improvement. The SB expects to be able to develop its supervisory role further once a full planning and control cycle has been completed.

One resultant aim is to take more time for discussion of strategic matters and dilemmas during regular plenary SB meetings. During financial year 2015/2016, the SB has focused mainly on Assurance and it intends to broaden its focus to include strategic matters regarding Tax and Advisory.

Further, the SB intends to get a better view on the expectations of the partners for the future of their firm.

*Evaluation of the BoM*

All members of the BoM took part in a goalsetting interview at the start of this financial year, followed by mid-year and year-end interviews with appropriate members of the SB. Part of this evaluation is the monitoring of the time spent by BoM members on BoM matters. The SB has approved a limited portfolio of audit engagements for BoM members (up to 10 to 20% of the individual's time). Furthermore, the remuneration of the

**Frits Oldenburg**

(Born 1961, Dutch nationality, Male)  
Appointment: 1 May 2015  
First term expires: 2019

Other positions

- Of-counsel at FG Lawyers (primary position)
- Member of the Board of the Vrouwe Groenevelt's Liefdegesticht Foundation
- Member of the Board of the North and East Gelderland District of the Dutch Red Cross
- Member of the Board of the Dutch Asthma Foundation

**Cees van Rijn**

(Born 1947, Dutch nationality, Male)  
Appointment: 1 May 2015  
First term expires: 2019

Other positions

- Member of the Supervisory Board of ForFarmers Group
- Member of the Supervisory Board of Detailresult Groep N.V.
- Member of the Supervisory Board of Plukon Food Group B.V.
- Member of the Supervisory Board of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A.
- Member of the Supervisory Board of UTZ (a sustainable farming certification organisation)
- Member of the Supervisory Board Erasmus Q-intelligence B.V.

members of the BoM was determined after finalising the year-end interviews.

The SB recognises the challenging circumstances under which the BoM has to operate in discharging its responsibilities. It appreciates the sincere efforts that are being made to upgrade the quality of the work delivered, and it understands that it will take time to realize the full fruits of these efforts.

### Committees

The SB has four committees: the Audit Committee, the Remuneration Committee, the Selection and Appointment Committee and the Public Interest Committee. The tasks of these committees are set out in the SB's charter (see pages 104-105 for more detailed information). During the year, the Audit Committee met 5 times, the Remuneration Committee 3 times, the Selection and Appointment Committee 5 times and the Public Interest Committee 4 times.

#### • Audit Committee

In 2015/2016, the Audit Committee comprised Cees van Rijn (Chair), Annemarie Jorritsma (as from 1 September 2015) and Frits Oldenburg. It focuses mainly on finance and reporting, internal and external audit and risk.

The Audit Committee regularly meets with the persons responsible for internal audit, risk and finance and has a private annual discussion with the external auditor (in the absence of the CFO and Internal Audit).

The Audit Committee discussed the 2015/2016 results, the draft annual financial statements and the external auditor's management letter.

The Audit Committee has been responsible for the process regarding the selection and appointment of a new external auditor as from FY17. It also discussed investments and matters such as contracts pertaining to mobile communications, car lease schemes, leased office space, revolving credit facilities, pension schemes and administration and acquisition of business activities (inorganic growth).

#### • Remuneration Committee

The Remuneration Committee comprises Annemarie Jorritsma (as from 1 September 2015, Chair), Yvonne van Rooy, Jan Maarten de Jong and Nout Wellink. It focuses mainly on the remuneration of the partners and of the members of the BoM.

Since the year-end, the Remuneration Committee has considered the proposed remuneration of the members of the BoM. The Committee also discussed the process of the evaluation and remuneration of partners that took place in July, August and September 2016. It also discussed staff evaluation and remuneration.

The Remuneration Report, put together by the Remuneration Committee and adopted by the SB, is included as an appendix to this Annual Report 2015/2016 (see pages 118-122). It addresses, inter alia, the 2015/2016 remuneration arrangements for partners and

the BoM (including the claw back scheme for partners who act as external auditor), the remuneration arrangements for the BoM as from 1 July 2016 and the remuneration scheme for the members of the SB.

#### • Selection and Appointment Committee

The Selection and Appointment Committee comprises Jan Maarten de Jong (Chair), Naomi Ellemers and Frits Oldenburg. It focuses mainly on new partner admission, appointments, evaluation and human resources (diversity, talent management).

Matters on the agenda included the new partner candidates as of 1 July 2016 who will be acting as external auditor within the audit firm and the appointment of the new member of the BoM to succeed the representative of the Tax LoS as of 1 July 2016. This involvement included consideration of the selection itself, the process the candidates went through and the BoM's deliberations thereon.

The Selection and Appointment Committee supported the initiative to recruit a full time dedicated compliance officer from outside PwC and its chairman was closely involved in the selection process for the candidate. The committee also discussed the criteria applied in the partner evaluation process.

#### • Public Interest Committee

The Public Interest Committee comprises Nout Wellink (Chair), Naomi Ellemers, Yvonne van Rooy and Cees van Rijn. It focuses mainly on matters of public interest, regulatory affairs, quality and risk and transformation and

### Yvonne van Rooy

(Born 1951, Dutch nationality, Female)  
Appointment: 1 May 2015  
First term expires: 2019

#### Other positions

- Chair of de Nederlandse Vereniging van Ziekenhuizen (the Dutch Association of Hospitals) (primary function)
- Member of the Supervisory Board of Nationale Nederlanden Group
- Chair of the Supervisory Board of Philips Electronics Nederland B.V.
- Member of the Board of Stichting Administratiekantoor Koninklijke Brill N.V.
- Member of the Board of Instituut GAK (Foundation Institute GAK)
- Member of the Board of the Royal Concertgebouw Orchestra (RCO)
- Member of the Supervisory Board of the Gemeentemuseum Den Haag (The Municipal Museum of The Hague)
- Member of the Curatorium Beschermers Nationaal Monument Kamp Vught (Protectors of the Camp Vught National Monument)
- Member of the Supervisory Board of Fonds Nationaal Kunstbezit (the National Artistic Heritage Foundation)
- Member of the Advisory Committee of Nexus Institute
- Member of the Board of the Confederation of Netherlands Industry and Employers (VNO-NCW)

change. The committee has been in place since 2013 and was integrated into the SB in 2015.

The Public Interest Committee met with the chair of the audit firm, the compliance officer, the deputy compliance officer, the national office, the member of the Assurance Board responsible for transformation and change and with others. The Committee has advised on the enhanced investment policy for partners and the amended complaints and whistle blower procedures.

The Public Interest Committee evaluated how the Assurance board maintains focus on its intended cultural and behavioural change, and it has noted that the audit firm has moved forward as a learning organisation. The results of the internal network review of the quality management system were positive.

The results of the internal reviews carried out in 2016 of a number of 2015 files and the provisional results of the AFM's 2014 engagement-specific reviews underscore the importance of ongoing learning and improvement.

The report of the Public Interest Committee is included in the Transparency Report of PricewaterhouseCoopers Accountants N.V.

### *Annual Report*

After discussion of the Annual Report and financial statements, the SB has concluded that these present a fair view and have been prepared on a basis consistent with prior year. We can look back on a year of good results, and the SB wishes to thank all PwC people who, through their efforts, expertise and commitment, have contributed to the ongoing restoration of public trust in PwC.

Amsterdam, 26 September 2016

The Supervisory Board  
Drs. J.M. de Jong (Chair)  
Dr. A.H.E.M. Wellink (Vice-chair)  
Prof. Dr. N. Ellemers  
A. Jorritsma (as from 1 September 2015)  
Mr. F.W. Oldenburg  
Mr. Drs. C.J.M. van Rijn  
Mr. Y.C.M.Th. van Rooy

## *A reality check for HR ambitions*

*All Lines of Service of PwC are making increasing use of technology and big data in their service offerings and delivery, and we continue investing in the development of innovative solutions, such as strategic workforce planning.*

*Strategic workforce planning is based on both personnel and financial data and helps organisations to bring their HR strategies into line with their organisational strategies. Put another way, it identifies whether you have the right people in place to achieve your strategy implementation and whether you are sufficiently well placed to recruit and retain the right resources. According to PwC partners Robert Charlier and Jacques de Swart, the tool often produces some surprising insights. 'It's a reality check for your ambitions.'*



Robert Charlier and Jacques de Swart.

### *Dream team*

Robert Charlier and Jacques de Swart believe that the dream team of the future is often rather different from the team actually in place right now. A number of megatrends are currently changing the world and therefore also the organisations in it and their business models. Virtually every organisation is facing the same question: who and how many it will need in the near and longer-term? On top of this, the working population itself is also in flux. And one specific issue governments are currently facing is the issue of the ageing of the working population.

### *Mammoth task*

None of this is particularly new; in fact many organisations already have plans and strategies in place to deal with these changes. But what Charlier and De Swart have discovered is that organisations are not always putting the right measures in place and that they are not always accurately assessing the impact. Charlier gives a simple example: ‘Let’s say that, to implement a new strategy, an organisation needs to take on five hundred new workers with certain qualifications. Experience has shown that only about one in four applicants will be suitable. So you have to interview two thousand people. That’s a mammoth task. And what if you’ve only got a single recruiter?’

‘You can always increase the size of your recruitment team’, says De Swart, ‘but even this number of five hundred may not be realistic in the company’s labour market. So perhaps you need to revise your strategy. HR doesn’t always follow the strategy; sometimes it’s the strategy that follows HR.’

### *From still photos to moving pictures*

Charlier and De Swart use a strategic workforce planning tool that examines current supply and future demand in the labour market. In doing this, it follows a careful, privacy-assured protocol and applies this to current and historical employee

data. As they themselves describe it, they use past snapshots of the organisation to create a moving picture that provides an understanding of the workforce inflows and outflows, in terms of both numbers and costs and revenue. ‘This analysis alone often reveals unusual salary increases or unexpected differences between departments’, says Charlier.

The tool then identifies HR measures that can change the future inflows and outflows to bring the dream team as close to reality as possible. This new picture is then the starting point for dialogue between the Strategy, HR and Finance departments. Are the measures feasible? Is this the dream team that we actually want? Is everyone working towards the same goal, or are they looking at things more from their own individual perspectives?

### *Starting point for a dialogue*

‘Strategic workforce planning’, says De Swart, ‘is therefore not just about data analysis and number-crunching. The tool – and this is the key thing – facilitates the dialogue between the departments involved, because it provides immediate visualisation and quantification of the impact that decisions have. This leads to better and more informed decision-making regarding investments in people and strategic improvement.’ ‘Finance provides its numbers’, says Charlier, ‘Marketing provides its numbers, and HR is increasingly also expected to provide its supporting numbers.’

### *Counterintuitive*

The organisations where De Swart and Charlier have been involved in the dialogue did not initially always like the messages they were given. De Swart and Charlier understand this, as the results generated by the model are often counterintuitive. One example of this is in the area of diversity policies. ‘Let’s say you have an organisation which is 15 percent female’, says De Swart, ‘and you want to increase that to 30 percent. You could take on more women, you could

do something about equality in promotion opportunity; in short, there are all sorts of things you could do. But then perhaps you come up against a CEO who says he wants to achieve the target within three years. That’s often just not possible, and the models may show that it could take decades before you achieve the result you’re looking for and it’ll be years before you have a pool from which women can move to the top.’

‘We too are often taken aback by results like these’, says Charlier. ‘You can hardly get your head around them sometimes. That’s what we mean when we say that some outcomes are counterintuitive. And, although the computer model is really good, I can understand why the results are not always initially welcomed with open arms.’

‘The impacts of the measures you put in place are not always as significant as people think’, says De Swart, ‘which means that the tool is a reality check for the organisation’s ambitions.’

### *The good news*

Just to be clear’, says Charlier ‘the tool does often come up with good news. Small businesses that are growing rapidly, say by fifteen percent a year, can achieve a balanced workforce structure within just a couple of years. Also, we had one case where our approach enabled an organisation that had to downsize to demonstrate that natural attrition was much less costly than a round of redundancies with a social plan.’ ‘On the other hand, we also see organisations where our analysis shows that the younger elements of the workforce have already had enough and are leaving at increasing rates; so if you do nothing you’ll soon be left with only white males aged 55 and over who are all at the top end of their pay scales.’

‘Strategic workforce planning’, says De Swart, ‘can help managers assess whether their strategic plans are realistic. And, if they are realistic, then it provides you with the optimal measures for implementing them.’

# *Report of the Board of Management*



# About the Report of the Board of Management

*This Annual Report addresses the aspects of our strategy that are of most interest to our stakeholders. It follows the framework developed by the International Integrated Reporting Council.*

## Level of reporting

We report at the level of Holding PricewaterhouseCoopers Nederland B.V. for the financial year ended on 30 June 2016. The Annual Report will be published and filed in October after the General Meeting of the members of Coöperatie PricewaterhouseCoopers Nederland U.A.

There have been no significant changes in terms of size, structure, ownership or supply chain within PwC Netherlands.

## Materiality analysis

To create value for our stakeholders, it is essential for us to know what issues are important to them and, to ascertain that, we have carried out a so-called materiality analysis (see pages 21-22). In this report, we focus on those aspects that are of the greatest significance to our strategy and to our stakeholders.

## GRI

The GRI table in the appendix (on pages 123-129) sets out the matters that are relevant to our stakeholders and strategy based on this materiality analysis. The table follows the G4 version of the Global Reporting Initiative (GRI) guidelines, and it lists the pages where information concerning each indicator can be found.

G4 identifies two optional levels of reporting that meet the requirements of the guidelines: the Core option and the Comprehensive option. This report applies the Comprehensive option. The GRI table sets out which G4 information has been audited by our external auditor.

## Scope

The scope of this report is PwC in the Netherlands. In other words, all information about our policies, strategy, procedures and systems, and about the associated indicators relate to PwC in the Netherlands. Some indicators relate to the professional staff and not to the support staff, and some only relate to the staff and not to the partners.

## Quantitative Information

The majority of the quantitative information contained in this report has been specifically measured. Any information that has been obtained by other means (for instance by estimation or extrapolation) is identified as such. To the extent possible, all quantitative information in this report is accompanied by comparative information for the prior year.

## External audit

We instructed our external auditor to provide a reasonable level of assurance on the Report of the Board of Management (excluding ‘Expectations for the future’), the Information about PwC and the appendices to this Annual Report. The external auditor’s assurance report, including details of the work carried out, is presented on pages 92-99).

## Integrated reporting and integrated dashboard

Integrated reporting is a form of reporting that links the entity’s strategy, governance and financial performance with the societal, sustainability and economic context in which it operates. Our aim is to provide our stakeholders with greater and better insight into how we implement our strategy and how this impacts society. We will continue to develop this format of reporting in future years, recognising that measurement of our social impact will continue to be a challenge and an ambition. We are currently working on developing an integrated dashboard to help us manage more effectively on the basis of impact (see page 29).

**Creating value:** How we create value and retain relevance for our stakeholders.

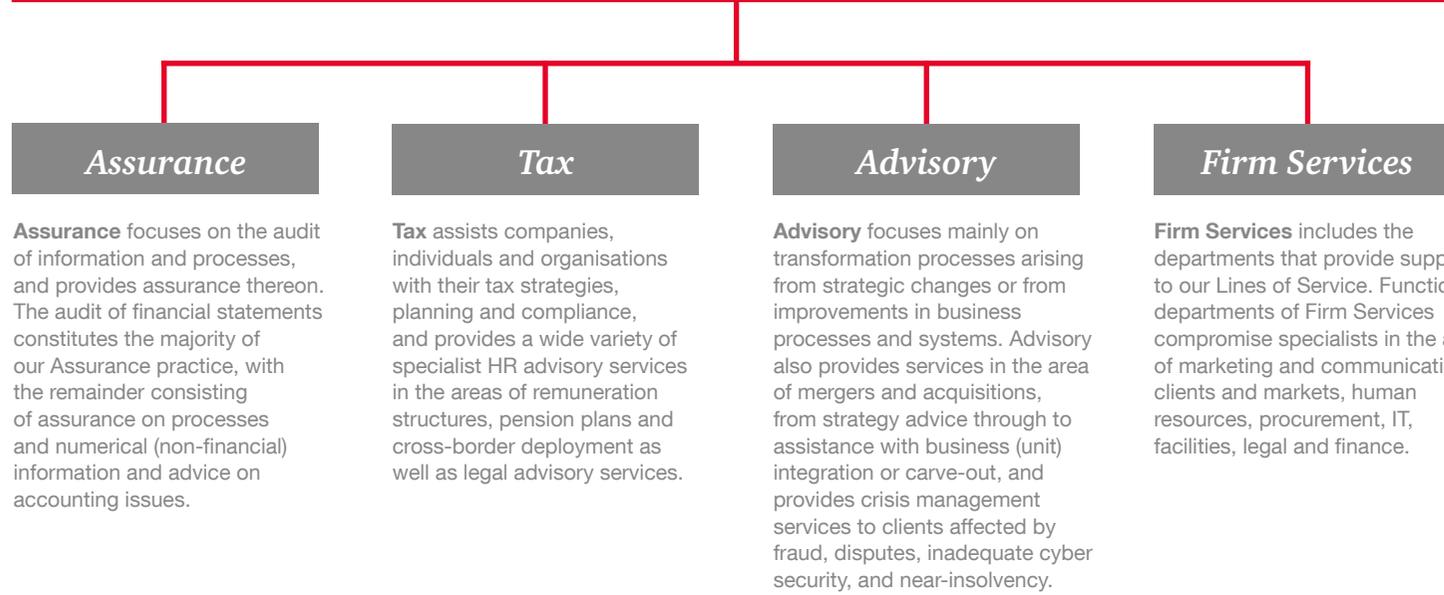
**Our stakeholders:** Who our stakeholders are and how we dialogue with them.

**Our strategy and achievements:** What our strategic ambition is, how we plan to achieve it, and what we have already achieved.

**Governance and remuneration:** How our areas of key strategic focus are anchored into our organisation.

**Expectations for the future:** Our ambitions for the longer term and the opportunities and uncertainties we see in the market and in society as a whole.

# PwC in the Netherlands



*Joining forces internationally in Europe and in EMEA*

We collaborate with the member firms in Germany, Austria and Belgium (see page 102). Turkey intends to formally join this collaborative association of member firms ('PwC Europe') this year. The driving force behind this pooling of forces within Europe is better cross-border client service. It also leads to more effective knowledge sharing and increased investment and innovative power. In addition to this, the regional collaboration has been strengthened, as from 1 July 2015, at EMEA level (Europe, Middle East and Africa).

## Knowledge sharing within eight industry groups

- |                            |                             |
|----------------------------|-----------------------------|
| Industrial Products        | Technology, Media & Telecom |
| Retail & Consumer          | Transport & Logistics       |
| Financial Services         | Private Equity              |
| Energy, Utilities & Mining | Public Sector               |

**4,762**  
people (on 30 June 2016)

**12**  
Offices

# Stakeholders and materiality

*The dialogue we have with our stakeholders is important to us. It is stakeholders, after all, who determine whether we have delivered on our ambitions to be of relevance to society, to our clients and to our people. They provide input as to what the key elements of our strategy should be, and they give us tangible pointers.*

### Wide group of stakeholders

Our stakeholder group – society, our clients and our people – is wider than simply our portfolio of clients and our people and the services we provide affect more than only those we audit, advise or employ. The societal context in which we provide our services is becoming increasingly critical and significant.

We identify our most important stakeholders on the basis of two questions: Who are the stakeholders on whom we have the greatest influence and, on the other hand, who are the stakeholders who have the greatest influence on us? We then get into a dialogue with them regarding our relevance within society and the issues that are critical to our strategy (see next page for an overview).

### Reconfirmation of our materiality matrix

The materiality matrix is a graphic indication of the relative importance that our stakeholders and we place on the various strategic themes identified. We have included the most important of these in this annual report. We put the materiality matrix together for the first time three years ago, and we have reconfirmed this through stakeholder dialogue annually since then.

## Materiality matrix PwC



This materiality matrix has been put together on the basis of input from stakeholders and internal assessment as to how important (material) these issues are to our strategy.

This year, we have gone further than simple reconfirmation. We have put together a survey submitting a number of themes to a large group of stakeholders (about 400) with the request that they indicate how important they believe these are to PwC. We also carried out an internal assessment of how important these themes are to our strategy. The results have been incorporated into the materiality matrix. As in prior years, we have also discussed these in one-on-one meetings with our stakeholders.

This process also included an analysis of PwC's press coverage and an internal assessment of how our competitors are dealing with the matters that are important to our stakeholders. The overall messages coming from these media and sector analyses are consistent with what came out of our stakeholder dialogue.

*Our conclusions from the stakeholder dialogue*

Our stakeholders continue to consider aspects such as quality, integrity and independence as critical to PwC. They have also highlighted a number of new issues as critical for our strategy, the most important being culture and behaviour, but also the impact of technology, knowledge development and sharing and stakeholder management. These issues were already high on our strategic agenda and therefore also figure prominently in this annual report.

	<b>Form of stakeholder dialogue</b>	<b>Key issues for stakeholders</b>
<b>People</b>	<ul style="list-style-type: none"> <li>• One-on-one discussions with Works Council representatives</li> <li>• People satisfaction survey</li> <li>• Stakeholder dialogue meetings</li> <li>• Stakeholder survey on the relative importance of strategic themes to PwC</li> </ul>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Quality</li> <li>• Culture and behaviour</li> <li>• Physical and mental wellbeing</li> <li>• Client satisfaction</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Discussions with the CEOs and CFOs of a selection of clients</li> <li>• Stakeholder survey on the relative importance of strategic themes to PwC</li> </ul>	<ul style="list-style-type: none"> <li>• Culture and behaviour</li> <li>• Governance</li> <li>• Integrity</li> <li>• Quality</li> <li>• Transparency</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>• Discussions with representatives of:                             <ul style="list-style-type: none"> <li>- Authority of Financial Markets (AFM)</li> <li>- National Audit Office (ADR)</li> <li>- Tax Authority</li> <li>- Eumedion, corporate governance platform that represents institutional investors' interests</li> <li>- Institute of Chartered Accountants (NBA)</li> <li>- Dutch Association of Tax Advisors (NOB)</li> <li>- Foundation for Audit Research</li> <li>- Social Enterprise NL</li> <li>- Centre of research on Multinational Corporations (SOMO)</li> <li>- Association of Dutch Investors (VEB)</li> <li>- Confederation of Netherlands Industry and Employers (VNO-NCW)</li> <li>- Politicians</li> <li>- Supervisory Directors</li> </ul> </li> <li>• Sector analysis (Big 4 annual reports)</li> <li>• AFM reports and the documentation surrounding the political decision making process for the draft bill concerning supplementary measures for audit firms</li> <li>• Media analysis</li> <li>• Stakeholder survey on the relative importance of strategic themes to PwC</li> </ul>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Culture and behaviour</li> <li>• Quality</li> <li>• Independence</li> <li>• Transparency</li> </ul>

## Messages provided by our stakeholders

We pulled together the more important messages that came out of the dialogue with our stakeholders. Not all stakeholders provided the same messages, but the messages received do help us to strike the right balance when dealing with the issues and dilemmas we encounter.

All of the stakeholder meetings involved either a member of the Board of Management or specialist partners from the stakeholder's industry/sector. Members of our Supervisory Board were also involved in some of the meetings.

As expected, most of the dialogue was very much driven by the issues of the day. Much of the discussion revolved around our tax practice and our positions in the public debate regarding taxation, and also around the quality of our audit work. Recurring topics of discussion also included the importance of culture and behaviour (and the setting of frameworks for this) and 'tone from the top' supporting the achievement of the culture we aspire to.

The stakeholders give us these messages for good reason. They believe that we are not doing enough in these areas, or at least could be doing more.

### Key messages from stakeholders

#### Ensure that the quality of your work is undisputed and focussed on the long-term

The most important issue for stakeholders is that we deliver quality. They stress that quality is fundamental to our service delivery and that this is key to our societal relevance. If your quality is undisputed, you can build trust within society. Our stakeholders' message is that quality lies not only in following the letter of the law, but also in assessing the societal impact our advice can have.

Another clear message coming from our stakeholders is that we should focus on the long term and that we reflect this in the choices we make. The stakeholders that work with PwC generally indicated that they are satisfied with the quality we deliver and they recognise that we have made progress in this area.

#### Be well aware of your societal impact and lead by example

We create societal impact not only in the choices we make, but also in how we help clients and business associates make their own societal impact. PwC meets regularly with managing directors of large organisations. Challenge these directors on their societal results, get into ethical discussions with them and confront them with the results of the choices they make. In our advisory roles, our stakeholders expect us to make clients aware of the impact that their strategic decisions have, in both the short and long terms, and also to help them report transparently on these decisions and impacts.

Our stakeholders believe that we should be setting an example in this area. Practice what you preach. If we advise clients on how they should be including societal goals in their strategy, then we must do the same. We should not evaluate our people, business operations and engagements solely on financial results but also on societal results.

### How PwC is addressing these messages

We are very much focussed on quality - not only on compliance with legislation and professional requirements but also in how we respond to society's needs, add value to our clients and contribute to the personal and professional development of our people. This applies to all our Lines of Service. The following chapters set out how we work on different aspects of quality.

Also, our purpose (which is to build trust in society and solve important problems) keeps us focussed on our societal role. It has become clear to us in recent years that organisational transformation is needed if we are to live up to this purpose. We aspire to be an organisation that, to a greater extent than previously, is driven by stakeholder-led and society-led values focussing on long-term value creation. At the same time, we acknowledge that a purpose-led and values-driven organisation is not achieved overnight but is a long journey. We have this year introduced the 'PwC Journey' throughout our entire organisation to underscore the importance of transformation and to clarify and give extra impetus to our existing and upcoming change initiatives.

The societal context in which businesses and organisations operate is attracting continuously more importance, and this applies also to us and to our clients. So we view advice that does not recognise its societal context as bad advice, and we see it as our job, in the advice we give, to make our clients aware of society and of how their stakeholders may react to the decisions they take. We also focus on this in our training programmes and in internal discussions and meetings. Furthermore, our global network has committed itself to a Tax Code of Conduct that sets out the framework within which our advice must be provided.

The societal impact of the services we render applies to all our service offerings, not only to the Assurance and Tax lines of service that are regularly at the forefront of the debate. Societal perceptions are just as relevant to Advisory. Think, for instance, of a large transformation project focussed on profit maximisation that does not address the impact on people and the environment. We are ready for the challenge of getting our antennas focussed more closely on society's needs, helping us get a better understanding of what is expected of us. And this underscores the importance of our 'Journey' towards being a purpose-led and values-driven organisation.

As we move towards this, we will no longer be able to manage our organisation solely on the basis of financial indicators, but on a broader set of indicators that address the impact that we aspire to make. This is a process we started years ago and that we are still trying to improve. A good step forward here is the development of an 'integrated dashboard' that pulls together all the critical success factors and the related KPIs (see also page 29). This integrated annual report is a reflection of this integrated dashboard.

**Key messages from stakeholders**

**Be transparent and be clear about what you do**

Our stakeholders believe that we need to be transparent about the services we provide, the way we provide them and the issues we face in providing them. This will enable us to clearly demonstrate what the impact of our work is and how it contributes to society.

**Play an active role in the public debate**

This message has two aspects to it. Firstly, our stakeholders believe that we should play a leading role in the public debate about the changes in and expectations for our profession (be it as auditor, tax adviser or other adviser). Secondly, they believe that we should be proactive in the debates on issues that are high on our stakeholders' agendas and that fall within our spheres of expertise, such as the development and practicality of new legislation and regulation.

Our stakeholders interpret getting involved in the debate and thought leadership not only in terms of media exposure. They also want us to engage directly with politicians, board members, industry and sector organisations and clients. And they expect us to take clients and business associates with us in addressing the challenges of the day and in meeting the expectations of society.

**How PwC is addressing these messages**

We have historically been too inward-looking and not sufficiently communicative. We were not used to providing transparency as to what our work does and does not cover. This was one of the reasons for the breakdown in societal trust. In recent years, we have worked on measures to improve transparency, and many of our external auditors have provided insight into their audit work at shareholders' meetings of listed companies and financial institutions. A new audit reporting format was introduced a couple of years ago that now provides much more information about the key issues arising during the annual financial statement audit. Furthermore, this annual report sets out as transparently as possible how we implement our strategy and not only what we have achieved but also where we still need to achieve.

Transparency is a learning process. It is more than just publishing a press release when there are disappointing or encouraging developments to report. It also involves us being clear, honest and authentic about decisions we make and about how we deal with dilemmas we encounter. This can be in small circles for fellow professionals, in the media or for the wider public depending on the circumstances. This is also an important element of our Journey.

We regularly go public (both solicited and unsolicited) with our views and positions on the developments within our profession, and we will continue to do this while always being sensitive to the quality and quantity of our communications. As set out in this section, we also have regular dialogues with our stakeholders.

We are proactive in commenting publicly on matters that fall within our spheres of expertise. A key driver in this is our Chief Economist Office, which carries out and publishes research into the consequences of major megatrends on our clients' businesses and on business generally. We discuss this research with our clients and other parties, for instance during the workshops we organise for supervisory directors and CFOs.

Material aspect	Addressed on pages:
Quality	21-22, 23-24, 30-34, 43, 50-51, 52-53, 54, 109-112
Integrity	21-22, 32, 50-51, 108, 109-112
Culture and behaviour	21-22, 26-28, 31, 37-39, 50-51, 52-53
Independence	21-22, 31, 50-51, 52-53, 109-112
Transparency	4-5, 19, 21-22, 24
Knowledge development and sharing	21-22, 24, 41-42
Societal impact of our services	4-5, 21-22, 30, 40-41, 50-51, 52-53, 56-57, 113-114
Talent management	21-22, 28, 35-36
Innovation	8-9, 16-17, 21-22, 27, 37, 46-47, 48-49, 50-51
Governance	21-22, 52-53, 103-107
Client satisfaction	7, 21-22, 45, 50-51
Social involvement	21-22, 40-41, 56-57
Physical and mental well-being	21-22, 39-40, 50-51
Diversity	6, 21-22, 36, 37-38, 50-51
Stakeholder management	4-5, 21-22, 41-42, 45, 50-51
Impact of technology	21-22, 30-31, 36, 43-44, 46, 48, 50-51
Role in the public debate	21-22, 24, 42
Financial results	6-7, 21-22, 43-45, 58-89, 117

### Management approach

The Board of Management (BoM) uses both qualitative and quantitative indicators to measure progress on strategy execution. The BoM carries out quarterly a measurement, addressing what has been achieved on ongoing elements since the previous measurement, what new initiatives has been started, and what still needed to be done. This process is reported to the partners periodically.

Last year we started developing a so called 'integrated dashboard'. This dashboard is based on our strategic objectives and its fourteen critical success factors (see page 29) and measures the progress we make on these success factors and thus the extent to which we achieve the strategic goals. The integrated dashboard includes key performance indicators of culture, human capital, relationships, client expectations, financial performance, quality, compliance, and market developments.

The BoM is responsible for the formulation of our values and goals, our strategy and its achievement. The six members of the BoM each have their own individual portfolio with specific areas of responsibility. One of the members is specifically tasked with responsibility for quality assurance and risk management. He leads the Quality & Risk Coordination Group, which comprises representatives from Assurance, Tax and Advisory, together with specialists in the areas of independence, legal affairs, legislation and regulation and compliance. All Boards and Business Units include a partner specifically tasked with the ongoing improvement of quality.

As part of our quality and risk management strategy, we have a Compliance Officer and an Independence Officer. Having a Compliance Office in place is a requirement of the Law on the Supervision of Audit Firms ('Wta'), but we have extended the Office's responsibility to cover the entire PwC organisation and not only the audit practice. The Compliance Officer reports directly to the Supervisory Board and to the LoS Boards and the BoM. The Independence Officer reports to the BoM.

All LoS Boards and Business Units also have a partner or member of management tasked with HC responsibilities. Our departments, Human Capital and Learning & Development and Finance, report monthly to the LoS Boards and/or to the BoM.

The BoM has further support in a number of specific strategic areas such as corporate responsibility, diversity, innovation, the PwC Experience, integrity (Code of Conduct) and business transformation. Each of these areas has a partner or director supporting the development and execution of the plans. They report directly to the (portfolio holder in the) Board of Management and, as part of the annual business planning cycle, they present a plan to the BoM and periodically report back on progress.

# How we create value - an overview



# How we create value - our purpose and vision

*Our purpose is to build trust in society and solve important problems. We defined Vision 2020 as the firm we need to become to be able to live up to our purpose, execute our strategy and thereby create value for our stakeholders. We have come to realise that if we are to live up to our purpose and to realise Vision 2020, we need to transform. We have called this transformation process the PwC Journey.*

## Stakeholders' expectations and megatrends

The purpose we have set ourselves and Vision 2020 are determined by our interpretation of the expectations stakeholders have of us (see pages 21-24) in the midst of the powerful global and irreversible megatrends that are currently taking shape, such as technological breakthroughs, demographic change, urbanisation, climate change and resource scarcity. These megatrends have a major impact on the world around us. Traditional geopolitical power structures and the way we communicate are changing, society's norms and values are shifting, new business models are disrupting old ones and in many areas there are new questions that need new answers. Our clients have to develop, implement and achieve strategies to deal with these megatrends to meet their stakeholders' needs, and this is what should direct all the work we do for them.

## Our purpose

Our stated purpose, as a global PwC network, is to build trust in society and solve important problems. We believe our purpose should be the guiding principle for the decisions we make, decisions regarding the clients we work with, the engagements we pursue and how we define success. We also believe that the core elements of our purpose apply to all of our lines of service. Building trust is not just about Assurance, and solving important problems is not limited to Tax and Advisory; it is the combination of these two elements that makes us unique and adds most value.



## Vision 2020

Vision 2020 was formulated by the leaders of the larger PwC member firms (including PwC in the Netherlands) and includes four ambitions for the firm we want to become in the coming years.

- A leader in building and sustaining trust-based institutions.**  
Our Assurance professionals provide assurance on financial and non-financial information. Assurance and trust go hand in hand, but our other lines of service contribute to trust in society as well. In Tax we aim to contribute to transparency among stakeholders regarding tax structuring and compliance. Our Advisory practice contributes to the well-functioning of capital markets and the efficiency of industries, businesses and organisations. We are for instance involved in implementing systems with which food manufacturers can assure food safety in their supply chains and we are contributing to healthy business practices in the healthcare sector. We plan to continue with projects such as these and to develop solutions that contribute to the restoration of trust in public authorities, institutions and businesses.


- A multi-nodal organisation.**  
We aspire to be an organisation that operates locally, regionally and globally, sharing knowledge through and across our global network.


- A professional services network delivering client service all the way from strategy through to execution.**  
We aim to support our clients right from the moment they set their strategies all the way through to implementation and execution. We are convinced that, with all the competencies and specialisms we have in house, this is the best way for us to deliver added value.


- A technology enabled innovator.**  
We are seeing technology significantly affects our service offerings and delivery. With the help of technology (and in collaboration with technology partners), we aim to improve our service offerings and delivery and create a culture that encourages innovation.



# How we create value - our Journey

## Transformation

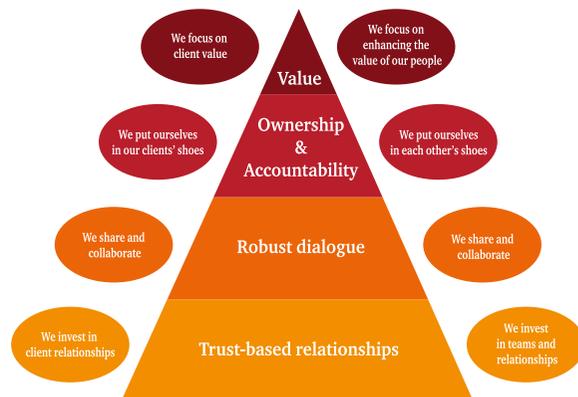
We are convinced that realising our ambitions laid down in Vision 2020 is a prerequisite for remaining relevant for our stakeholders and for living up our purpose. Equally important is our mindset: how we deliver our services, how we prioritise and how we communicate with each other and with our clients, and society. With a more outside-in perspective we strive to help our stakeholders to create more value for their stakeholders, thereby contributing to ‘the common good’ of society. Our ambition is to transform into an organisation that is driven by stakeholder and societally oriented values, i.e. a purpose-led and values-driven organisation.

During this past year, we started to use the metaphor ‘journey’ to identify and clarify this transformation. The term ‘journey’ is an umbrella under which we bring together all our change initiatives. These initiatives are generally not new, but bringing them together gives them focus and clarifies and underscores that they all contribute to the same transformational ambition.

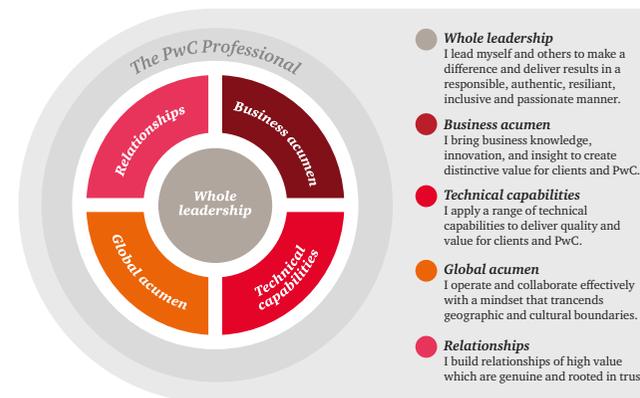
Our journey towards becoming a purpose led and values-driven organisation is powered by four key drivers.

- **Our purpose** (see previous page)
- **PwC Values**  
As important step in our Journey, we started last year a global reassessment of our current values (Excellence, Teamwork and Leadership) and a search for new common values (see more on page 38).
- **PwC Experience**  
The PwC Experience describes how we want to build relationships which make a difference. Covering our interactions with clients and colleagues, this is how we distinguish ourselves in the market (see also pages 38-39).
- **PwC Professional**  
This is our competency and leadership development model that helps us developing the skills we need to address the issues our stakeholders are challenged with (see page 35).

## PwC Experience



## PwC Professional



# Our strategy and achievements

We continue to work along the lines of the five strategic objectives we set ourselves in recent years, and we have identified a number of success factors that are critical to achieving these goals. The progress we make on these success factors will determine the extent to achieving each of these strategic goals. We set this out in the next paragraphs. We have also identified the risks attached to achieving each of these strategic goals. On pages 50-51 we set out how we mitigate these risks.

Material issues	Strategic goals	Critical success factors	Key risks
<ul style="list-style-type: none"> <li>Quality</li> <li>Independence</li> <li>Culture and behaviour</li> <li>Integrity</li> <li>Transparency</li> <li>Talent management</li> <li>Governance</li> </ul>	Building on the quality of our service offerings and delivery	<ul style="list-style-type: none"> <li>Continuous improvement in and testing of our approach to quality and our risk management systems</li> <li>A governance environment and organisation that encourages and facilitates our ambitions for maximum quality</li> <li>A talented workforce continually schooled in both the hard and the soft aspects of our service offerings and delivery</li> </ul>	<ul style="list-style-type: none"> <li>Not complying with legislative and regulatory requirements and our own internal (quality) standards</li> <li>Failing to (timely) address the impact of technology on the quality and risk of our service offerings</li> <li>Undesirable or unethical behaviour by our people</li> <li>Reduced attractiveness of PwC as an employer</li> <li>Loose in 'war for talent'</li> </ul>
<ul style="list-style-type: none"> <li>Diversity</li> <li>Societal impact of our services</li> <li>Role in the public debate</li> <li>Physical and mental well-being</li> <li>Social involvement</li> <li>Stakeholder management</li> <li>Knowledge development and sharing</li> <li>Culture and behaviour</li> </ul>	Delivering the PwC Experience	<ul style="list-style-type: none"> <li>Building an inclusive culture based on encouragement and collaboration</li> <li>Building an externally focused culture in which social involvement is the norm</li> <li>An impactful CR approach</li> <li>Knowledge sharing and thought leadership</li> <li>Sensitivity for our people, their personal development and their well-being. Valuing their contribution</li> </ul>	<ul style="list-style-type: none"> <li>Loosing track of societal developments and the needs of society</li> <li>Not being able to attract and retain the diverse talents needed</li> <li>Lack of outside-in view</li> <li>A CR programme that is not aligned with our know-how and expertise</li> <li>Not being seen as a market leader</li> <li>Too little appreciation perceived by our people</li> <li>Reduced level of well-being of partners and staff</li> <li>Reduced attractiveness of PwC as an employer</li> </ul>
<ul style="list-style-type: none"> <li>Financial results</li> <li>Client satisfaction</li> <li>Stakeholder management</li> <li>Impact of technology</li> </ul>	Taking the opportunities the market offers us	<ul style="list-style-type: none"> <li>Profitable growth to generate funds for investment</li> <li>X-LoS service offerings and delivery that address our clients' key issues</li> <li>Robust dialogue that matches our clients' strategic agendas</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient investment funds due to lower profitability</li> <li>Delayed 'time-to-market' of innovative services and solutions</li> <li>A silo mentality between our service lines</li> <li>Delayed 'time-to-market' of innovative services and solutions</li> <li>Insufficient understanding of our client needs</li> </ul>
<ul style="list-style-type: none"> <li>Financial results</li> <li>Societal impact of our services</li> <li>Impact of technology</li> </ul>	Transforming our organisation	<ul style="list-style-type: none"> <li>Continuous improvement to our work flows</li> <li>Building an agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient agility to adapt new technologies</li> <li>Violation of client confidentiality and privacy</li> <li>Delayed 'time-to-market' of innovative services and solutions</li> <li>New entrants in our markets</li> </ul>
<ul style="list-style-type: none"> <li>Innovation</li> <li>Impact of technology</li> </ul>	Investing in strategic competencies	Innovating to improve our service offerings and delivery and to meet the needs of our clients and society as a whole	<ul style="list-style-type: none"> <li>Delayed 'time-to-market' of innovative services and solutions</li> <li>Inability to (timely) attract new technological skills</li> <li>Insufficient agility and resilience to properly respond to the disruptive technological developments and/or behaviour of new market entrants</li> </ul>



# 1. Building on the quality of our service delivery

## Quality and risk management

Quality is not an option; we need it to survive. For us, quality goes further than simply compliance with legislation and professional requirements. It is also a question of how we meet the needs of society, add value to our clients and manage the professional and personal development of our people – and that applies to all lines of service.

We have made clear on pages 26-28 that we need to transform ourselves if we are to achieve our purpose and if we are to become the firm we aspire to be. Quality Business is the foundation, the starting point, of this transformation. We can only lead in building and sustaining a trust-based institution if we continuously strive to improve the quality of our work and do what is necessary to mitigate current and future risks.

The increased use of technology in our service delivery places new demands on information security. Our clients and other stakeholders expect us to have IT systems and an infrastructure that adequately protect (their) sensitive data with the highest standards of care. Our entire organisation is having to deal

with the challenges that flow from the ongoing advances in technology. Other (e.g. societal and legal) developments also require regular fine-tuning of our quality and risk management.

### Data security has moved up the agenda

We operate in an environment that is increasingly interconnected, integrated and interdependent. At the same time, the risk of theft of personal and business information and other cybercrime has increased. Media coverage of high-profile data leaks is raising awareness across the board in this area.

Serving clients in the financial services industry, we must comply with the security requirements imposed on banks and insurance companies by the Dutch Central Bank (DNB) and with the new legislation – the data breach notification requirement – that came into force in January 2016 requiring organisations to notify the Dutch Data Protection Authority immediately when they experience a serious data breach. The Protection Authority can impose administrative penalties for violations (up to a maximum amount of €820,000 per violation).

### We have broadened our approach to data security as an answer to increased risks

Historically our cyber security policies have focussed on compliance with our network standards and external regulation and on maintaining our Information Security Management System for ISO 27001 certification. Last year we decided on an approach that goes beyond these necessary standards and procedures, and we carried out an assessment within our organisation to identify cyber threats and risks in a broader context. We are working on a cyber resilience plan for mitigating these risks. We defined a short-term action plan last year to deal with the most immediate security gaps and this has now largely been executed.

### We work on raising security awareness amongst our people

Even more important is that we increase the security awareness and behaviour of our partners and people. They work not only within the protected PwC environment but also from home, while travelling and from clients' offices. Our devices are security-protected and we have a technical infrastructure that provides secure connectivity, but laptops and phones can be

Critical success factors	Where we have focused on in fiscal year 2015/2016
Continuous improvement in the implementation and testing of our approach to quality and risk management	<ul style="list-style-type: none"> <li>- Improvement in data security and cyber resilience.</li> <li>- Update of our consultation procedures following the societal debate on tax.</li> <li>- Continued quality and compliance reviews and testing.</li> </ul>
A governance environment and organisation that encourages and facilitates our ambitions for maximum quality	<ul style="list-style-type: none"> <li>- Start of our transformational 'Journey' (see pages 26-28).</li> <li>- Implementation of the recommendations of the Future Accountancy Profession Working Group and of our internal quality improvement programme.</li> <li>- Investment in new tools and techniques.</li> </ul>
A talented workforce continually schooled in both the hard and the soft aspects of our service offerings and delivery	<ul style="list-style-type: none"> <li>- Attracting talent, including talent with non-traditional professional backgrounds.</li> <li>- Continued investments in learning and development.</li> </ul>

stolen, lost or – particularly outside the office – hacked.

**We have updated our ICT Code of Conduct**

This sets out the requirements (precautions, behaviour etc.) that we expect from all our partners and staff and it provides guidance (do’s and don’ts) on steps to be taken in specific situations. Sanctions may be imposed when this code is breached. All partners and staff are required to confirm their compliance with the Code as part of their annual compliance confirmation.

**More external partnering requires extended security measures**

We use technology not only to improve our existing service offerings and delivery, but also to develop new services and products such as ‘analytical apps’, tools using big data analyses to provide new insights for clients. While we do develop some of these apps internally, we also seek partnering arrangements with technology partners, and this brings new risks in more traditional areas such as independence regulation, data security and privacy as well as in new areas like technical quality and app maintenance. To deal with this, we are strengthening our risk and quality procedures in this area.

**Tax has strengthened internal consultation following the public debate on tax morality**

For many years, Tax has had Opinion Committees, with which partners and staff are required to consult on complex technical and legal issues. This past year, we have installed a new Bid & Risk Panel alongside these opinion committees. Based on criteria such as risk profile and nature of the service, this panel must be consulted on new engagements and proposals. The panel assesses potential risks in the areas of independence, public exposure, pricing, client reputation and staffing.

Over recent years, taxation (more specifically, aggressive tax planning and tax avoidance structures) has become a major topic in the societal and political debate. For clients, taxation has moved beyond the domain of the tax director and into the realm of brand management, reputation and corporate responsibility. This public debate on taxation is also influencing the way legislation evolves, and our clients are expected to be in control of all their taxation affairs, comply with all legislation and regulation and be transparent about their taxation positions.

For our tax advisory services, these developments mean that we cannot limit ourselves solely to a technical or legal perspective. Over the years, the wider societal perspective has become more and more important, and this is reflected in our Global Tax Code of Conduct, which has been updated this year.

The Tax Policy Panel reviews proposed tax advice within the context of the Tax Code of Conduct and assesses the impact it could have on the societal debate and on our reputation. The panel is designed to ensure that our individual tax advisors and client teams exercise due care in their assessments and that they properly balance the various differing perspectives and interests. They are also designed to ensure that we maintain consistency in this throughout our international network.

**We have adjusted our independence policies to the new EU rules**

Since 2014, Dutch law has prohibited audit firms in the Netherlands from providing advisory services to Dutch Public Interest Entity audit clients, their subsidiaries and their parents, including subsidiaries and parents based outside the EU.

New EU Independence Rules for PIEs came into effect as from 17 June 2016, prohibiting the provision of certain non-audit services, as defined in article 5 of the EU Regulation, for financial years starting on or after 17 June 2016. Nearly all of our PIE clients have the calendar year as their financial year, so for virtually all PIEs this effectively means as from 1 January 2017. Consequently, any services we are currently providing to Dutch based subsidiaries or parents of EU-PIEs (and where we do the statutory audit), other than audit services as defined in the law, must be completed or stopped no later than 31 December 2016.

**Governance environment and organisation**

Last year (2014/2015) we focused heavily on the implementation of the 53 recommendations put out by the Future Accountancy Profession Working Group and on our internal Quality Improvement programme ‘Alert’. During this past year, we have focused on getting these quality measures further embedded while, at the same time, building an organisation and culture that meets the preconditions for delivering quality.

**We established more cohesion in our change initiatives**

In October 2015, the AFM published a report into the progress made by audit firms in implementing the 53 recommendations of the Future Accountancy Profession Working Group deemed necessary to meet the preconditions for improving the audit quality. The report was generally positive. It concluded that the big audit firms had made serious progress in implementing the measures designed to change their culture, organisation and processes. In PwC’s case, (on a rising scale of 1 to 5) the AFM rated our changes in governance and control as 4.6 and transparency as 5.0, but missed coherence and consistency in the steps we were taking in the area of culture and behaviour (3.4).

Our transformational ‘Journey’ (see pages 26-28) contributes to this coherence and consistency. The Journey pulls together our current and upcoming programmes and initiatives and makes clear to our people how they all contribute to the changes we are making in our organisation.

**More time dedicated to quality by more staff and more selectivity**

For us, investment in quality means investment in people. We had 331 (2014/2015: 369) new staff join the Assurance practice this year, not only starters but also experienced intake, we have contracted people from our global network, and we have increased the so-called ‘flexible workforce’ supporting our audit practice during the peak period (see also pages 46-47).

Another quality indicator is the involvement of partners and directors in the audit engagements, with a view to improving the coaching and guidance provided to the audit team. The involvement of partners and directors on audit engagements stayed this year with 7.6% virtually the same (2014/2015: 7.8%).

The focus on quality and on increasing the time spent on engagements means that we need to be more selective in the choices we make. In a number of cases, we have chosen not to participate in certain tenders and we have withdrawn from certain audit clients.

**More outsourcing to specialised delivery centres will raise our quality**

We are working towards a much greater level of standardisation within the less judgemental areas of our audit work. Working in a consistent fashion reduces the likelihood of error, and the efficiency it can generate frees up more time for the more complex issues affecting the financial statements. Standardisation also allows us to transfer work to specialist delivery centres (see page 47).

**We are investing in technology to get better insights**

We are moving forward with the implementation of new technology in all our lines of service. For instance, in the audit practice we are making greater use of data analysis to identify inconsistencies in financial statements. Investment in technology and in future proofing our service delivery is key also for Tax and Advisory (see pages 44 and 48).

**We aim for strengthening ourselves as a learning organisation**

We introduced Real Time Reviews (RTRs) into the Assurance practice last year. RTR reviewers are involved real-time in the entire audit cycle as it progresses, from planning to completion, helping the teams to ensure that all auditing standards are met. A RTR is therefore an ‘on the job’ learning and coaching process. This year, we increased the number of RTRs to 110 (2014/2015: 39).

Findings from RTRs are gathered and (together with the outcomes of internal and external reviews) analysed in a root cause analysis and as learning points fed into our learning and education programmes.

**Updated Global Code of Conduct is underway**

Behavioural aspects are addressed in our Code of Conduct. We had planned to roll out an updated Global Code of Conduct during this past year, but this was delayed by our global network so as to be able to link the Code to the new core values that emerge from a worldwide survey undertaken recently across the entire network (see page 38).

As planned, however, we did roll out a new e-learning on the existing Code. All partners and staff are required to complete the new e-learning, and 83% have completed it so far.

**More people have contacted Confidential Counsellors**

Linked to the Code of Conduct is a network of Confidential Counsellors whom staff can contact confidentially to discuss matters in the personal area or suspicions of professional misconduct. These do not automatically lead to formal complaints being filed with the Complaints Committee or the Business Conduct Committee. In most cases, complaints are dealt with and settled in the workplace, often with the Counsellors functioning as mediators. Last year we worked on a greater visibility of our Confidential Counsellors by putting them through training for their role and tasking them with pro-actively promoting themselves.

In 2015/2016, there were 35 approaches (2014/2015: 29) to Counsellors, no complaints filed with the Complaints Committee and one notification to the Business Conduct Committee.

**Compliance and quality reviews**

Testing the technical quality of our work is part of our quality control and risk management process. An extensive description of this process is provided on pages 109-112. An important test is the Engagement Compliance Review (ECR), a review process carried out by partners, directors and managers independent of the engagement being reviewed.

The objective of the ECR programme is to test the quality of the engagements performed and the level of compliance with the relevant procedures and requirements and to identify areas for improvement. An unsatisfactory review rating for an audit assignment affects the remuneration of the partner or director involved (see also pages 52-53). In addition, Assurance is regularly reviewed by the Netherlands Authority for the Financial Markets (AFM) and by other external supervisory bodies.

Tax and Advisory also have their own ECR processes. These latter reviews are generally limited in scope compared to the Assurance

**People Survey results on safety and integrity**

	2015/2016	2014/2015
It is safe to voice my opinions at PwC.	74%	76%
The people I work for operate with integrity.	88%	88%
At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.	73%	72%
The people I work for support and demonstrate high standards of ethical conduct.	81%	77%
	<b>79%</b>	<b>78%</b>

ECR process, due to less norms and standards for (tax) advisory services.

Each Tax partner and senior director has two engagements selected annually for review. The Advisory ECR process this year covered one engagement for each partner and senior director.

**Results of internal reviews Tax and Advisory**

Of the 273 Tax engagements selected, 9 were found not to be in full compliance with our global policies in areas such as late filing of documentation and contracting matters, though again none of these impinged on the overall quality of the individual engagements. The findings were shared with the practice through newsletters and Business Unit meetings.

Of the 72 Advisory engagements selected, 3 did not meet the required standard. There were also some instances of incomplete or late compliance with risk management procedures, though these did not impinge on the overall quality of the individual engagements.

**Results of internal and external reviews Assurance**

Of the 37 engagements subject to ECR this year, 32 were compliant, albeit two of these 32 engagements attracted comment (compliant with review matters). There are therefore five audit files that did not meet our standards, and this is not what we had expected. These five engagements were all audit engagements in the non-PIE segment. The implementation of the improvement measures and strengthened quality standards that we have put in place is such that we still need some time before we can bring the

on-compliant percentages down in all areas. We performed follow up work on these engagements, and remediation where necessary, and concluded that the auditor's opinions issued are still appropriate.

The annual internal global network review of our quality management system (including the Dutch delivery centre) did not result in any findings.

In late 2015, the US supervisory body, the PCAOB, carried out a regular periodic review of three of our 2014 audits of entities listed on a US exchange, two of which were done in collaboration with the AFM. The PCAOB also reviewed certain aspects of our quality control system, including 'tone from the top', independence, partner nomination and remuneration, and consultation procedures. This review did not result in any findings. The AFM review of a total of eight files is still in progress and we will make the results known as and when the process is complete and the results final.

At various times during the past year, we have updated the AFM on the progress of the changes and future-focussed measures for improvement that we are implementing and the AFM is currently reviewing how the measures implemented are working. It is expected that the AFM will publish its findings on the eight audit engagements reviewed and on the progress of change and measures for improvement during the first quarter of 2017.

All files reviewed by other external supervisory bodies, such as the ADR (the Central Government Audit Service), the Inspectorate of Education and the NZa (the Dutch Healthcare Authority), were found to be compliant.

**Status of legal proceedings**

We are involved in the aftermath of a number of bankruptcies. The more important of these relate to Econcern, a number of Fairfield funds (that have incurred losses because of the Madoff fraud), LCI Technology and Stichting Zonnehuizen.

**Results of the external file reviews in Assurance**

Review by:	Number of engagements reviewed		Number of reviews with findings		Of which, ECR* non-compliant	
	FY16	FY15	FY16	FY15	FY16	FY15
AFM	-	-	-	-	-	-
The US supervisory body (the PCAOB)	3	-	0	-	-	-
ADR (the Central Government Audit Service)	12	16	0	0	-	-
Inspectorate of Education	13	17	0	0	-	-
Dutch Healthcare Authority (NZa)	4	5	0	0	-	-
NOREA (Professional association for IT Auditors)	2	-	0	-	-	-
Other external reviews	7	3	0	0	-	-
<b>Total</b>	<b>41</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>

\* The engagements with findings have been subjected to an ECR.

**Engagement Compliance Reviews (ECR) Assurance**

	FY16	FY15
Compliant	32	37
Non-compliant	5	0
<b>Total</b>	<b>37</b>	<b>37</b>

**Engagement Compliance Reviews (ECR) Tax and Advisory**

	Number		Not meeting our standards	
	FY16	FY15	FY16	FY15
Tax	273	300	9	19
Advisory	72	73	3	1

The ECR processes of Advisory and Tax are not as in-depth as the Assurance ECR process due to less norms and standards for (tax) advisory services. Each Tax partner and senior director has two engagements selected annually for this review. The Advisory ECR process covers one engagement per director and senior-director.

*Econcern*

In an out of court settlement on 28 December 2015 with the liquidator, banks and a number of creditors, PwC agreed to pay € 25 million. As part of the settlement, three of the four virtually identical appeals lodged by the parties with the Trade and Industry Appeals Tribunal (CBb) were dropped. The appeal lodged by PwC with the CBb in connection with the fourth claim of an investor is ongoing. On 3 August 2016, this investor also initiated civil proceedings against PwC. Furthermore, the former managing and supervisory directors of Econcern have also held PwC responsible.

As a result of the above appeal being dropped, the provisional one-month suspension order placed on the two auditors involved was ratified as definitive by the Disciplinary Counsel of Accountants ('de Accountantskamer'), and this suspension was implemented in early 2016

*Fairfield funds*

These proceedings have involved four civil cases against PwC in recent years.

Two of the cases were brought in New York. One of these was settled on 6 January 2016 with a group of fund investors who had brought a class action. PwC and PwC Canada jointly agreed to pay USD 55 million. PwC's decision to settle this case was based solely on the excessive risks and legal costs involved in such cases in the United States. Unlike the proceedings pending in the Netherlands, there was no substantive review whatsoever of PwC's work in this case. In the other case, the claim brought by the plaintiff (the fund

liquidator) has been declared inadmissible, and the appeal against this is ongoing.

The other two civil cases were brought in Amsterdam. On 3 September 2014, the court dismissed one of the claims in its entirety - this after a claim filed by the same party had already been declared unfounded on all counts by the Disciplinary Counsel of Accountants in 2012, against which no appeal was filed. The plaintiffs have appealed the decision of the court, and this appeal is ongoing. The court has not yet ruled on the second civil case.

*LCI-Technology*

This is a civil case, and there have been no developments during 2015-2016.

*Stichting Zonnehuizen*

On 24 May 2016, the liquidator of Stichting Zonnehuizen, which was declared bankrupt in 2011, filed a disciplinary complaint with the Disciplinary Counsel of Accountants against the auditor responsible for alleged non-detection of errors in the Stichting's annual financial statements. The oral hearings have not yet taken place in this case.

**Other legal proceedings**

On 25 July 2016, a former real estate fund manager filed a disciplinary complaint with the Disciplinary Counsel of Accountants against one of PricewaterhouseCoopers Accountants N.V.'s external auditors regarding alleged private investment activities on the part of the external auditor. The external auditor is challenging the complaint.

On 13 June 2016, the judicial authorities in Belgium concluded that there were no grounds

for the indictment of PricewaterhouseCoopers Accountants N.V. or its external auditor in a criminal investigation in Belgium into the tax affairs of a former client. PricewaterhouseCoopers Belastingadviseurs N.V. and a former partner of PricewaterhouseCoopers Belastingadviseurs N.V. have amicably settled this case and as a result the related legal proceedings dropped.

In a disciplinary case on 26 May 2016, the Trade and Industry Appeals Tribunal (CBb) upheld a reprimand issued by the Disciplinary Counsel of Accountants to one of PricewaterhouseCoopers Advisory N.V.'s forensic auditors regarding a complaint arising from a personally focused investigation carried out in 2013. In a preliminary injunction brought by the party who had filed the complaint, the Court ruled on 30 August 2016 that all claims made by the plaintiff, such as the payment of a substantial monetary advance on compensation, be set aside and required the plaintiff to pay the costs of the proceedings.

On 29 August 2016, a disciplinary complaint was filed with the Disciplinary Counsel of Accountants against one of PricewaterhouseCoopers Advisory N.V.'s forensic auditors in connection with a forensic investigation. The auditor is challenging the complaint.

A disciplinary complaint was filed with the disciplinary court of first instance of the Dutch professional body of actuaries against one of the actuaries of PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V., regarding the review of certain elements of a

calculation for regulatory purposes. The disciplinary court of first instance rejected the complaint. Thereafter, the plaintiffs have filed an appeal at the disciplinary court of appeal. The appeal is still pending.

**Appeal against AFM fine**

PwC has filed an appeal with the AFM against the decision to levy a fine as a result of its 2013-2014 review of 2011-2012 audit files. The appeal is directed at the way in which the decision was arrived at. PwC believes that the test criteria, as they stand, are unclear and that clarity needs to be provided as to what is expected of PwC in terms of the duty of care and what sanctions may be applied and in what circumstances. If the AFM does not provide the clarity needed, PwC does still have the option of going to court with further appeals. We refer to our audit firm's Transparency report for more detailed information.

**Incident notified to the AFM**

One incident was notified to the AFM last year. It related to services provided to a PIE audit client by certain foreign members of the PwC network in contravention of independence requirements.

**Other**

No complaints have been filed regarding client privacy or loss of client data.

### A talented and well-schooled workforce

Our human capital policies are focused on recruiting, retaining and developing talented people and investing in their development. We offer challenging work, a wide variety of learning and development programmes and competitive terms of employment. We strive to be a diverse

and inspiring organisation to work for. Our people are trained according to the 'PwC Professional' (see also page 28), which defines the behaviour and the skills that our people must demonstrate in order to live up the PwC Experience (see also page 28). These are not only technical skills, but also attribute to such as authenticity and the ability to work together with

others, irrespective of cultural or physical borders. We see the PwC Professional as one of the drivers of our transformation. We have incorporated the principles of the PwC Professional in our recruitment processes, training programmes and staff evaluation systems.

### We encourage our people to gain new skills and experiences

Turnover among our highly-rated people has fallen this year, and we continue our programmes to retain our top talent. Last year we introduced 'Cycles of Experience', a programme that facilitates mobility between functions and business units and helps people

Turnover percentage (total) (%)		2015/2016	2014/2015
		13.3	16.2
Turnover by evaluation rating and experience level (%)		2015/2016	2014/2015
Evaluation	Outstanding/Very good	10.2	13.4
	Good	17.5	19.1
	Room for improvement/Unsatisfactory	37.5	34.0
Experience	0-3 years	9.2	10.8
	3-6 years	16.0	18.4
	> 6 years	17.3	20.7

Number of participants in the management development programmes	2015/2016	2014/2015
Senior consultants/senior associates*	242	188
Managers**	234	106
Senior managers	110	71
Female leadership	69	42
International PwC programmes***	110	79*

\* The programme for senior associates and senior consultants includes six training modules. Participants counted in this breakdown did go through one or two of these modules.

\*\* The significant rise in the number of managers participating in the programme is the result of the update of the trajectory in 2014/2015. A number of managers who were due to start that year, started their programme in 2015/2016.

\*\*\* The definition of international PwC programmes has changed since 2014/2015. The comparative numbers have been adjusted.

Training hours	2015/2016	2014/2015
Average per FTE	119	109
External training	206,892	171,532
Internal training	285,320	241,215
Development and presentation of training	37,241	34,085
Dissertation and post-graduate research	1,675	2,608

Training hours (average per FTE)	2015/2016			Total
	Partner	Professional staff	Support staff	
<b>Female</b>				
External training	9	54	31	46
Internal training	54	83	13	62
Giving and preparing of training	2	8	1	6
Dissertation and post-graduate research	0	1	0	1
<b>Total</b>	<b>65</b>	<b>146</b>	<b>45</b>	<b>115</b>

<b>Male</b>				
External training	6	50	58	47
Internal training	42	74	18	66
Giving and preparing of training	12	10	6	10
Dissertation and post-graduate research	0	0	0	0
<b>Total</b>	<b>60</b>	<b>134</b>	<b>82</b>	<b>123</b>

**Results People Survey on coaching and feedback**

	2015/2016	2014/2015
The people I work with support me through regular on the job feedback and coaching.	69%	66%
I have had a meaningful conversation in the last six months regarding my development.	76%	74%
The day-to-day feedback and coaching I receive allows me to make immediate improvement in my performance.	57%	56%
	<b>67%</b>	<b>65%</b>

**Results People Survey on the effectiveness of our learning and development programmes**

	2015/2016	2014/2015
The learning and development I have received at PwC has prepared me for the work I do.	79%	81%

to seek new challenges and acquire new skills. We have also set up a mobility programme for Firm Services that offers our support staff a secondment (one or two years) in another functional department within Firm Services. We also encourage and support international mobility, as explained in more detail on page 47.

**Recruitment efforts for technological and scientific profiles have been increased**

Our aspiration to be a ‘technology enabled innovator’ means that we increasingly recruit people from non-traditional backgrounds. We see this particularly in areas like data analytics, cyber security and digital transformation. We currently have a group of people working for us with degrees in science, technology, engineering and mathematics (STEM). We plan to expand this group significantly in the coming years.

Naturally, this introduction of new professional qualifications into PwC impacts our recruitment and onboarding processes. Therefore we are working on an extended traineeship programme to encourage STEM people to combine work for PwC with university research projects. We are also creating communities for these new-style employees where they can exchange experiences and, where needed, assist each other.

**We have set up ‘high performing teams’**

We have defined so-called high performing teams as teams that embrace and value a wide range of complementary and diverse qualities and skills and that work to a mutually pre-agreed modus operandi. A high performing team is aware of its strengths and weaknesses and acts accordingly. The team agrees on feedback moments during the engagement/ project and uses this feedback to fine-tune the process. These teams are being coached and supported by colleagues from our People &

Organisation advisory group. We are aiming to create a ‘wave’ of high performing teams within our firm. We see such teams as key catalysts for improving collaboration.

**A real-time feedback app will be introduced**

Giving and receiving feedback is crucial if we are to become the learning organisation we aspire to be. While this is integrated into our annual evaluation processes, instant feedback is much more effective as it contributes to the immediacy of learning in the moment. So, to help people give and receive feedback more frequently and regularly, we are planning to introduce a smartphone app that facilitates real-time development.



## 2. Delivering the PwC Experience

The PwC Experience represents the way in which we strive to differentiate ourselves in the market through how we interact with clients and colleagues. Building trust, through the way we behave, build and maintain relationships and communicate, is crucial to this commitment. The PwC Experience is one of the main drivers of our transformation process. The PwC Experience also supports our teams in the field, it encourages our people to be proud of what they do and it contributes to a well-balanced and pleasant working environment.

### Building an inclusive culture

Becoming a more diverse organisation is a critical factor for success. By increasing diversity, we improve our ability to understand each other's perspectives and improve our listening skills and creativity. The more we are a reflection of society, the better we will be able to innovate and truly add value. We believe that with broader perspectives we bring better solutions to our clients. Creating an inclusive culture is also critical for recruiting and retaining top talent.

In recent years we have developed various (coaching) programmes and training sessions to support diversity and inclusion. Our approach to diversity encompasses gender, cultural differences and sexual orientation. PwC is also committed to attracting talented people with physical disabilities.

We have various networks in place (such as PwC Women NL, GLEE for Gays, Lesbians and Everybody Else) and Connected Cultures that organise meetings and other activities.

The challenge we continue to face is not in recruiting women or people from non-Dutch origin, but in achieving their progression within the organisation. We are proud that our efforts over the past years show progress in all areas: increasing the proportion of these groups and the sense of inclusion amongst all our people. Although the needle is clearly moving in a positive direction, we recognise that to reach a truly inclusive culture we need to further invest in the diversity of our workforce.

### The number of women in senior positions is still below target

Our aim is to have more women at the partner and director levels. The Boards of Assurance, Tax and Advisory are monitoring the progression of women in their respective practices. For instance, they are working on steps to boost progression when it starts to lag behind, and they are coaching women who have been identified as having the potential to move up to more senior positions.

Since 1 July 2015 our goal has been for women to represent 25 percent of all new partner and director appointments and this year we have again achieved this, with 5 of our 14 new partners and 10 of the 33 new (senior) directors being women.

30 June 2016, the Board of Management consisted of one woman and five men (i.e. 17% female). Since 1 September 2015, the Supervisory Board consists of three women and four men (i.e. 43% female). We focus on creating a potential of female leaders who enable us in the future to fully comply with the Management and Supervision Act, which requires 30% female representation in both the Supervisory and Management Board.

Critical success factors	Where we have focused on in fiscal year 2015/2016
Building an inclusive culture based on encouragement and collaboration	- Retaining and developing more women, people from non-Dutch origin and professionals with disabilities
Building an externally focused culture in which social involvement is the norm	- Boosting transformation by starting our 'Journey' (see pages 26-28) - Formulating common values within our global network
Sensitivity for our people, their personal development and their well-being (valuing their contribution)	- Sustainable employment for our people - Engaging our people in our 'Journey'
An impactful CR approach	- Sharing our skills and knowledge with social enterprises and civil society organisations - Formulation of a plan to be fully circular by 2030
Knowledge sharing and thought leadership	- Various thought leadership initiatives - Investments in Chief Economist Office

**Equal pay for men and women confirmed in annual analysis**

A key indicator in an inclusive culture is the consistency of evaluation between men and women (and therefore also their opportunities for promotion and progression) and the extent of equal pay. Based on a detailed analysis, we have concluded that the weighted average fixed salary levels were almost the same for men and women at all staff levels up to senior director level. When we found differences, these are explained by differences in number of years' experience and/or expert roles that are paid differently. These outcomes are consistent with prior years.

**Multicultural professionalism becomes part of our regular training programme**

We have again included multicultural professionalism in our training. Because of the positive reception and evaluation that this particular training has received (it started three years ago as a pilot), it will be an integral part of our regular learning & development programme from next year. All PwC partners and staff will be expected to complete this training. Last year 642 (2014/2015: 1,305) people had done so. In follow up to this training, we have introduced an 'Intercultural Communication' training module for (senior) management.

This training leads from the premise that everyone will have a number of preconceptions from seeing the world through their own eyes. Multicultural professionalism encourages people to look at things from a different perspective and thereby generate a better understanding and appreciation of each other.

**We have increased our efforts to employ people with physical disabilities, but want to do better**

Last year we initiated a programme designed to further employment of talented people with disabilities. We contracted specialist agencies for recruiting these people and we have successfully placed several of them.

**Building an externally focused culture**

**We have conducted a global value survey**

As a PwC global network, we together face the challenge of transforming our organisation into one that can fully live up to its purpose of helping to build trust in society and solving important problems. It is vital that our values are in line with this purpose. For many years, we have worked within the framework of the three values: Excellence, Teamwork and Leadership. These values have served us well in the past and have kept us strong and healthy. But they are no longer enough to meet the ambitions we are now setting for ourselves. Our values guide our decision-making, and our purpose now needs values that are more stakeholder and purpose oriented.

It is also important that values are not dictated 'from above'. Values should reflect what we all have in common, which is why our global leadership has involved the entire global organisation in this quest. During this past year, over 200,000 colleagues worldwide have been surveyed on the values they consider important, with the goal of identifying the values that most closely influence our transformation.

Turnover percentage (total) (%)		2015/2016	2014/2015
		13.3	16.2
Turnover percentage (men and women) (%)		2015/2016	2014/2015
Men	< 30 years	8.7	11.4
	30 - 50 years	19.5	21.3
	> 50 years	6.7	14.7
Women	< 30 years	9.1	13.1
	30 - 50 years	17.8	20.2
	> 50 years	7.7	16.1
Turnover percentage (origin) (%)*		2015/2016	2014/2015
Dutch		12.3	16.4
Non-Dutch/Western origin		10.8	16.4
Non-Dutch/non-Western origin		14.9	15.1

\* This ratio is based on 88% of our people. Registration of ethnicity is voluntarily and about 88% of our people has done so.

Part-time work (%)		2015/2016	2014/2015
Percentage of men in part-time work		11.6	12.1
Percentage of women in part-time work		39.3	40.5

This global value survey was initiated and managed by a team from PwC in the Netherlands.

We are currently working on translating the results of the survey into a new set of global PwC values. At the same time, we are formulating concrete behaviour linked to these values that enables our people to live them through in their day-to-day work.

**Our people continued the Moments that Matter experience**

Last year we enriched, and provided greater substance to, the PwC Experience by launching what we call 'Moments that Matter', an organisation-wide movement aimed at helping our people recognise the moments when our behaviour really makes a difference to our stakeholders. By defining six 'moments that matter' and by linking these moments to the PwC Experience, we aim to

promote and achieve greater awareness of behaviour and its consequences. It helps us to achieve the culture we aspire to.

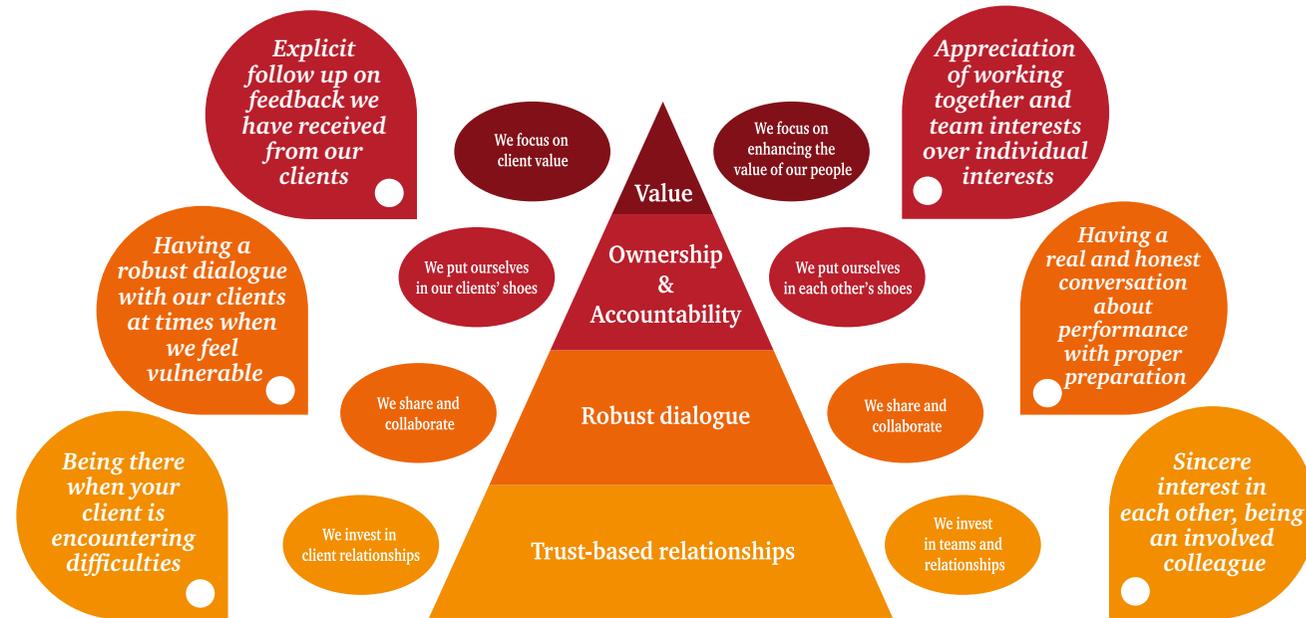
We launched the Moments that Matter movement in 2014/2015 through an extensive programme of communication across the organisation, including interactive webpages on the intranet and a guidebook providing inspiration, information and tips. During this past year, we carried out an organisation-wide roll-out of so called ‘theatre dialogue sessions’, a form of theatre in which the audience is given the opportunity to influence and direct the actors, enabling them to work out and experience what Moments that Matter really means.

We also organised a team challenge, culminating in an escape room game that allowed our people to experience, in an entertaining fashion, the power of teamwork and the importance of the collaborative effort over and above individual performance - the only way to find the ‘escape key’ being through team members sharing information and working together.

**We boosted the dialogue with our people about our purpose**

We actively organise and participate in meetings to assess our journey and purpose. For example, we invited senior associates, associates and consultants, in small groups, for breakfast meetings with members of the board. These informal meetings gave us (and continue to give us) the opportunity to answer their questions, discuss the dilemmas they may face and provide them with further insight into our purpose.

**Moments that Matter linked to the PwC Experience**



**Valuing our people and their contribution**

As indicated on page 35, recruiting and retaining top talent is essential for our organisation. We aim to offer challenging work, a wide variety of development opportunities, competitive terms of employment, an environment in which people feel valued and engaged and a well-balanced working environment.

**We put special emphasis on vitality**

The work we do is demanding and the pressure can be high, particularly at peak times. Although we see differences between

our Lines of Service, our overall sick leave absenteeism decreased, but sustainable staff deployment continues to be high on our agenda. In the past two years or so, we have been investing in a number of programmes, training opportunities and facilities to support the wellbeing of our people. In addition, all our people receive a check-up invitation once every four years; this check-up includes a consultation with a lifestyle adviser regarding sustainable deployment. In our Amsterdam offices we provide incompany yoga sessions.

Naturally, we also closely monitor the workload of our people. This was particularly

high in the audit practice in the past year. For this reason, we deploy a so-called flexible workforce in the peak period (see page 46). This past year, we organised a ‘Week of the Balance’ to raise awareness among our people of the importance of vitality in reducing and managing stress and in improving sustainable deployment. Amongst other initiatives, we published a special edition of our corporate magazine, with Olympic athletes Edith Bosch and Maarten van der Weijden as guest editors, and we posted daily tips on exercise, relaxation and healthy and energizing food. We also organised activities such as office work-outs, led by well-known athletes.

Sick leave	2015/2016	2014/2015
Sick leave (%)	3.0	3.3

The Week of the Balance was also the starting point for two new relationship management programmes: ConnectedSwimming and ConnectedCycling. These programmes supplement the existing ConnectedRunning programme that trains professional staff and their clients for sporting events.

**Our People Survey results are among the highest in our network**

One way of measuring our success as an attractive employer is the People Survey. This survey allows our staff to tell us, anonymously, what they like about us and where there is room for improvement. 77% of our staff completed the survey (2014/2015: 78%).

One of the more important elements of the survey is the People Engagement Index, an indicator of the attractiveness of PwC as an employer. This indicator was up by 3 per cent point to 84%.

**There is also room for improvement**

Having said that, the People Survey did also highlight some clear areas for improvement. Our people think we can improve on our ability to implement innovative ideas and the quality of the technological tools they use in their daily work. They also indicate that the collaboration across our Lines of Service can be enhanced. According to our people, we also need to continue to focus on the retention of talent and our global acumen, including the possibilities of international mobility.

**We have a good and constructive relationship with our Works Council**

Our human capital policies are shaped in close consultation with our Works Council. The Council of course had a right of assent in certain decisions concerning our people, but they also act as a sounding board by providing us with solicited and unsolicited advice.

People Engagement Index	2015/2016	2014/2015
I would recommend PwC as a great company to work for.	84%	80%
I am proud to be working at PwC.	89%	86%
I expect to be still with PwC in twelve months' time.	83%	80%
I am satisfied with PwC as a great place to work.	80%	76%
	<b>84%</b>	<b>81%</b>

The Works Council has amongst other things advised on decisions on adjustments in our remuneration package, the harmonisation of the terms of employment of Strategy&, the transition to a new pension provider, our sustainability policies and in the update of our ICT Code of Conduct.

We thank the members of our Works Council for their valuable, positive, yet critical contribution.

**Corporate Responsibility approach**

We believe that the most impactful way for a professional services firm to fulfil its corporate responsibility is to share its knowledge and make available its skills and competencies. We do this, on a pro bono basis and during working hours, through advisory engagements for social enterprises and civil society organisations, providing master classes and carrying out research. This year, we have also been involved in CR projects for refugees.

**People were keen to help in the refugee crisis**

When refugees came in great numbers to the Netherlands this year, colleagues were keen to help, both individually and as a firm. We started several initiatives including the building of a decision-making tool that helps to deploy the talents and skills of refugees across Europe.

Together with Salesforce, the global CRM software company, we also built an app for refugees designed to help them find their way through the often complicated bureaucracy of their host countries. These initiatives are still ongoing (see also pages 56-57). Besides our pro bono projects, we offer our employees the opportunity to spend four working hours on voluntary work for ReadytoHelp, and over 50 colleagues have signed up for these projects.

**We held the 3th edition of the Social Impact Lab**

During the past year, we have provided intensive coaching to three more social enterprises within the framework of our Social Impact Lab. They were selected from a challenge event during the spring 2015 from

**Involvement of our people on Corporate Responsibility projects**

	2015/2016	2014/2015
Number of people involved	810	545
Hours dedicated	34,411	27,488
Number of completed projects	60	56

a group of about 100 enterprises that had submitted their business plans.

This year we have, for the third time, selected three more social enterprises for a similar program. We have raised the standards for the challenge by putting greater focus on the social impact and quality of the submissions, and with 75 submissions we were successful in this. Just like the winners of the Social Impact Lab of 2014 and 2015, the winners of the challenge are eligible not only for coaching but also for financing if this is needed, and they can make use of our office facilities. See for more information on [www.pwc.nl/nl/social-impact-lab](http://www.pwc.nl/nl/social-impact-lab).

**We contributed to research on the legal form of social enterprises**

In March 2016 Social Enterprise NL, an organisation we partner with, published a position paper on creating a legal entity for social enterprises, which would legally formalise the social mission of this type of organisation. In cooperation with Nyenrode Business University, we carried out research for this paper into the legal status of social enterprises, their fiscal treatment and stakeholder participation. Together with Nyenrode Business University and Social Enterprise NL, PwC has also initiated

research into the operating models of social entrepreneurs and the factors that influence their success. The initial results of this research were presented in the EYE museum in Amsterdam in September 2015.

**The number of people and hours spent on CR projects went up**

Our goal was to have at least 15% of our people involved on CR projects, spending a total of 25,000 hours on these projects. We have met this target: 17% of our people spent 34,411 hours on CR projects in 2015/2016. We think this increasing interest in the CR program is due to more intensive communication but also to more awareness in general about our work and the role society expects organisations like PwC to play.

**We launched an ‘Act Green’ campaign**

We launched our internal ‘Act Green’ campaign during the three weeks of the international Climate Summit in Paris, with two goals in mind. Firstly, to communicate to our people the green initiatives that we had already taken in recent years, and secondly to inspire our people to come up with their own ideas for further reductions in energy and waste for which we organised inspiration sessions on energy, waste and mobility. ‘Act Green’ generated many submissions,

from quick wins to more complex solutions and approaches to reduce our carbon footprint (see also pages 113-114).

**It is our ambition to become fully circular**

This year, we formulated our ambition to be fully circular by 2030. We realise that this is a bold ambition that will require some radical thinking. We have involved our sustainability practice in plotting the route to 2030.

The steps we have taken to achieve this ambition were communicated during the Act Green campaign. As from 1 September 2016 we have revised our mobility schemes as they represent the biggest share of our carbon footprint. For example the choice of new lease cars will be limited to a maximum CO<sub>2</sub> emission level (see also page 113).

**Sharing knowledge and Thought leadership**

Sharing knowledge and ideas (‘share and collaborate’) is an important aspect of the PwC Experience. In fact, without sharing and collaboration we could simply not deliver the PwC Experience. We are convinced that this is the only way for us to help solve important problems for clients.

**The Chief Economist Office is a catalyst for sharing knowledge and thought leadership**

Chief Economist (partner and professor Jan-Willem Velthuisen) is our champion and our coordinator of research into the effects of global megatrends on markets, sectors and business models. The Chief Economist Office has published a number of pieces of research during the past year, for example on the effects of a Brexit, the influence of technology on the financial industry, the future of health care and employability in the digital age.

The Office acts as a catalyst for knowledge sharing and thought leadership, both

**People Survey results on the internal impact of our CR policies**

	2015/2016	2014/2015
I am satisfied that PwC is responding appropriately to address the impact of our business activities on the environment.	64%	53%
I am satisfied with the actions PwC is taking to be socially responsible (e.g., supporting community and charity organisations).	78%	75%
The people I work for acknowledge and appreciate employees that are involved in Corporate Responsibility projects.	58%	56%

**People Survey results on sharing knowledge**

	2015/2016	2014/2015
The people I work with leverage the knowledge and experience of others at PwC to provide quality services to clients.	87%	87%
The people I work with leverage the knowledge and experience of others at PwC to help addressing challenging situations and issues.	87%	87%
The leaders I work with encourage one-firm collaborative behaviour to provide quality services to our clients.	71%	71%
There is effective sharing of information across the lines of service.	48%	48%
	<b>73%</b>	<b>73%</b>

and we talk regularly with policymakers, journalists, politicians and of course supervisory bodies.

This keeps us in touch with the wider world, and provides us with opportunities to share our positions publicly and hear the views of others.

internally as well as externally. It broadcasts its knowledge and insights to colleagues, clients and other stakeholders by running workshops for partners and staff and for clients and other stakeholders. Its workshops and research provide valuable insight into the agendas and future agendas of our clients and, at the same time, help prepare clients for the potential effects of these megatrends. The Office is therefore also actively involved in client relationship programmes and proposal processes.

The Chief Economist is supported by a team of business researchers and analysts, and his office also recruits temporary support from experts in our Lines of Service. Last year our people spent 10,695 hours on research and support for the Chief Economist Office.

**We increased internal training as a driver for sharing knowledge**

The other driver for sharing knowledge is our training programme. Internal training

modules are developed and given by our own experts, as is the training organised by the PwC Academy, our educational institute for clients and other business associates (see page 35 for the hours spent on giving and preparing training).

We also provide some of our people with the opportunity to do a PhD. Several of our colleagues lecture at universities. 11 of them hold a professorship.

**We regularly find ourselves in the public eye**

We regularly express our views and opinions (on technical, social and topical issues) through both traditional and new (social) media and other public platforms. We publish research and position papers and we have programmes focused on knowledge sharing, debate and networking with supervisory directors, CFOs and tax directors. We participate in a knowledge institute for the audit profession. We are a member of various networks and professional organisations



## 3. Taking the opportunities the market offers us

We strive for profitable growth to enable us to invest in the quality of our service offerings, attract and retain the best people and invest in innovation and technology.

### **Profitable growth, to generate funds for investments**

The previous two years saw our revenues increase slightly, and this growth trend has continued again this year. Revenue increased to € 744 million (2014/2015: € 697 million), an increase of 7%, mainly due to higher revenues in Advisory (16%) and to a lesser extent in Assurance (3%) and Tax (4%).

Operating profit fell as a result of the continued investment in the quality of our audits and the transition costs resulting from rotation in the PIE audit segment. Our cost base went up as we increased our headcount in all Lines of Service. In Assurance we also invested in a so-called flexible workforce to deal with the peak audit period. Furthermore, we increased our investments in technology.

### **Profitability of Assurance decreases following continued investments in quality and audit rotation**

The decrease in profitability results from the ongoing investments in audit quality (which have required more time being spent on engagements), an increased cost base following the recruitment of more people, and greater use of the flexible workforce that we deploy during the peak period (see also page 46). Other reasons are the transition costs in the midst of the mandatory audit firm rotation in the PIE segment. A first-year audit always involves an considerable investment in time and resources, particularly in the Financial Services industry where we have gained market share.

As digitalisation moves forward, we are seeing a greater need for assurance around systems,



cyber security and non-financial information. This has generated growth for our Risk Assurance Business Unit, in both audits and advisory services. The CMAAS Business Unit

that deals with highly specialist reporting and valuation issues for financial statement purposes continued to perform well this year.

We consider CMAAS and Risk Assurance as our key growth areas on two fronts. Firstly, they contribute their specialist accounting, IT, process and controls capabilities as an integral part of the 'core audit' teams. And, secondly, they provide additional assurance services and advice to clients and help clients to manage risk and stay in control of their information management processes. So these are areas and services in which we continue to invest.

We have also invested in further digitalisation of our audit processes and workflows and in the use of big data in the audit. For example, we have a suite of tools (HALO) that allow us to analyse patterns and trends and identify unusual or inconsistent transactions, which help us to determine where to focus our audit efforts. At the same time, it provides our audit clients with new insights.

Critical success factors	Where we have focused on in fiscal year 2015/2016
Profitable growth, to generate funds for investment	- Increasing revenue levels in our growth areas
X-LoS service offerings and delivery that address our clients' key issues	- Investment in new and innovative service offerings (see page 48)
Robust dialogue that matches our clients' strategic agendas	- Supporting the dialogue with our clients, including research from the Chief Economist Office - Requesting more feedback from clients

## Tax

(€ millions)



### Stable contribution of Tax to overall results

Tax has grown by 4% compared against last year. Profitability of Tax is also in line with prior year. The shift from traditional tax services to technology enabled tax consulting and compliance has continued.

Taxation has moved higher up on the societal agenda – and therefore also higher on the corporate agenda. As taxation is increasingly becoming part of our clients’ overall business strategies and our service offerings must follow suit, we are focused on broadening the base of our tax advice – covering the whole cycle from early formulation of tax strategies through to ultimate implementation of technology-supported tax control frameworks and compliance solutions.

Our people have to move beyond the domain of their own technical specialism and work together and share information better. In this regard, we are seeing Tax and Advisory acting jointly on an increasingly regular basis. These

‘new-style’ tax advisors need to broaden their skill sets, and we have reflected this in our training programme.

The use of technology is also having a major, and irreversible, impact both on our tax practice specifically and on the tax profession generally. Processes and controls are becoming more and more automated and data analysis makes it easier to identify inconsistencies. So these new tools and techniques are areas in which we continue to invest.

## Advisory

(€ millions)



### Advisory grows, due to the consolidation of Strategy& and good performance Deals practice

Advisory has continued its growth path, though organic growth has not been as strong as prior year. The Consulting business unit achieved a 15% growth in revenues (2014/2015: 13%), mainly from the consolidation of Strategy&. Consulting was not able to continue last year’s organic growth and profitability and its results were negatively affected by investments in people.

Our Deals and Forensics practice continued to maintain its high growth trajectory in a buoyant M&A market, albeit flattening out in the last quarter due to macro-economic uncertainties (like the consequence of Brexit, low oil prices and geopolitical instability).

As indicated Consulting’s growth was fuelled by the local integration, as of 1 July 2015, of Strategy&, acquired at a global level in 2014. As from 1 July 2015, Strategy& has been integrated into the individual PwC network firms and the Strategy& results consolidated at national level as from this date.

### X-LoS service offerings

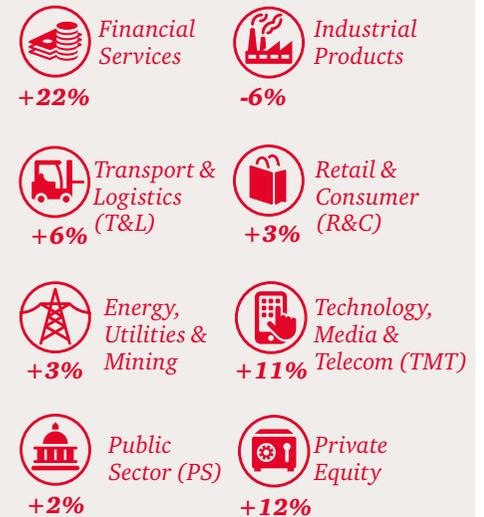
We remain convinced that we create the greatest value for our clients only if we collaborate well, with all lines of service and competencies working in tandem. We need to connect, share and collaborate if we are to find the best solutions to our clients’ issues. So we must make the client’s strategic agenda the starting point and centre of our service offerings and develop firm-wide propositions to help clients achieve their strategies.

This year we have defined a number of areas where we see the best opportunities for developing multi-competence and innovative service offering that both add value to our clients and differentiate us in the market place. As explained in more detail on page 48, these areas are derived from the megatrends we have identified and the challenges our clients face as a consequence of these megatrends.

### Differing trends across sectors

Looking at the sectors we operate in, we see a predominantly positive trend. Our Industries revenue was up 6.7%\*, partly due to the consolidation of Strategy& into our Advisory practice. What is striking are the sometimes significant revenue fluctuations vis à vis prior year. Some of these are explained by the project nature of large parts of our services and audit firm rotation.

Remarkable this year is the strong growth in our Financial Services practice, where we have gained market share and saw growth in all our Lines of Service. The Private Equity sector benefited from buoyant M&A market in this past year. Our Public Sector practice grew for the first time in several years, albeit only slightly.



\* Revenue growth of our Industries in 2015/2016 compared to 2014/2015

**Cash flows and financing**

Cash and cash equivalents amounted to € 18 million at balance sheet date (30 June 2015: € 10 million) and our solvability rate was 18.9% (30 June 2015: 18.5%).

When assessing financing needs, we also take account of contributions from partners. At balance sheet date, these aggregated € 150 million (30 June 2015: € 137 million), representing some € 549,900 per partner (30 June 2015: € 537,900).

The Group has no debt to financial institutions and the financial position of our business remains solid.

**Financial instruments**

Our strategy is to maintain exchange, interest, credit and liquidity risks at acceptable levels and, where necessary, to make use of financial instruments primarily to cover exchange risk.

The exchange risk arises primarily on positions and transactions in US dollars and pounds sterling. Significant positions are covered by hedge contracts, while interest, credit and liquidity risks are not covered by financial instruments but primarily by the use of internal control measures.

A more detailed description is included in 'Other information' in the financial statements (pages 90-91).

**Robust dialogue that matches our clients' strategic agendas**

Strong, trusted client relationships are critical to getting a good understanding of clients' issues. We can only help clients when they have trust in us - trust in our know-how and skills but also trust in the personal relationships we have with them. Our PwC Professional leadership model and the PwC Experience (see page 28) describe the skills and behaviour we expect from our people as they build these trusted relationships. We have developed an additional programme to support our lead engagement teams in achieving this.

As mentioned earlier (see pages 41-42), the Chief Economist and his office also provide support to the teams in their client relationships through their research into client issues.

**Despite top position in the Brand Health Index, our distinctiveness in the market has eroded**

Every two years, we commission a global survey into the strength of our brand vis à vis our competitors. The survey is conducted by an independent market research agency and PwC is not revealed as the sponsor. The respondents in this survey (about 400 interviews in the Netherlands) are senior buyers with decision-making responsibility for professional services who have bought services from PwC or our three biggest competitors (the Big 4) within the last three years.

This year's survey again placed us in the number 1 position we had achieved in the previous survey, though we must acknowledge that our competitors have reduced the scoring deficits of two years ago.

We scored significantly ahead of our competitors on indicators such as involving the right experts and contribution to clients' success. On other indicators (for instance, listening to the client or being easy to work with), we scored only slightly better or were rated equally.

**We have to ask our clients for more feedback**

It is important for us to have an open dialogue with clients regarding the perceptions they have of us, and we request feedback not only on the substance and technical quality of our work (the 'what') but also on the way in which our people conduct themselves (the 'how'). We discuss the findings of this client feedback internally, we learn from it and we use it to improve our service delivery. We aim to hold one such evaluation meeting with each client every year.

Added to the annual face-to-face evaluation meetings with clients, we also aim for asking feedback (by sending a survey) on individual engagements and projects. However, we sent out and received fewer such so-called job surveys than in prior year.

We are very much aware that the value of the outcome of client feedback rises when this is based on a larger number of job surveys. We are working on measures to improve our processes and make our feedback system more user-friendly.

At the time we acknowledge that we need to raise awareness amongst our professionals of the importance of client feedback from the point of view of relationship building and learning on the job.

Client feedback results	Number of job surveys		Client satisfaction score		Recommendation*	
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
Assurance	283	466	8.0	7.9	8.0	7.7
Tax	193	216	8.4	8.3	8.2	8.2
Advisory	240	163	8.2	8.3	8.4	7.8

\* Recommendation is the likeliness on a rising scale of 0 to 10 the respondent (i.e. the client) indicates to recommend PwC to colleagues or peers.



## 4. Transforming our organisation

If we are to live up to our purpose and achieve our ambitions ('Vision 2020', see pages 26- 28), we need to go through a transformation process. This process has several dimensions to it. In the first place, we will refresh and transform our culture and bring our values more in line with our purpose, and this we have addressed in earlier chapters. Another dimension is the organisation itself, to ensure that it has the agility to respond to the ever-changing environment.

### Continuous improvement of our workflows

#### We plan to increase our investments in tools and systems

We have continued to invest in our IT infrastructure and IT solutions to improve our work processes. These range from easier ways to connect with each other and support for Human Resource processes through to process management tools and data storage. As indicated earlier, a major element of these investments relates to improved protection against cybercrime.

These investments also support the 'technology enabled innovator' status we aspire to become. To develop new ways of working, tools and apps, we need an infrastructure that matches this ambition. We coordinate these investments, to the extent possible, within our global network to achieve greater scale and to better align our (international) way of working.

#### We successfully introduced Activity Based Working

After running a successful pilot, we remodelled our entire Rotterdam office last year along the principles of Activity Based Working. This is an office lay-out with no dedicated personal workspace. Instead people simply go to the spot that best suits the work they are doing at the time, whether that be individual work,

one-on-one-conversations or meetings. The key aim here is to encourage greater levels of collaboration within the workforce and to facilitate and grow the digitalisation of our work processes and deliverables. Our people in Rotterdam are highly appreciative of their new offices and find it a more inspiring and attractive environment than the traditional office lay-out (see pages 8-9). We have now started to introduce Activity Based Working also in our Amsterdam office.

This move towards Activity Based Working is a fundamental change. It requires behavioural change and a different, more digitalised approach to how we do things. We have brought in specialists from our People & Organisation practice to help, and we have

communicated extensively with the people involved.

Activity Based Working requires a significant up-front investment, though in time we recover these costs through reduced floor space needs. Floor space usage is already decreasing as a result of flexible working habits (location and time).

#### We increased our 'flexible workforce', but we want to reduce it next fiscal year

We brought in more temporary staff during the early months of this calendar year to assist Assurance during its peak audit period. This represents 112,724 hours (2014/2015: 76,529 hours).

Some of these people came from secondment agencies and the remainder came from within our global network (mainly South Africa). This flexible workforce provided support to our teams on several audits. To assure the necessary level of quality, we ran the selection process ourselves, and the temporary staff were given one week of introduction training before their deployment to get familiar with our way of working.

#### Critical success factors

Continuous improvement to our work flows.

An agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments.

#### Where we have focused on in fiscal year 2015/2016

- Investments in IT projects and other initiatives focusing on process improvement
- Creating a work environment that encourages flexibility and collaboration
- Encouraging the mobility of our people
- Greater collaboration within our four country European collaborative association ('PwC Europe' ) and within the EMEA region

Considering the stability in the audit teams and the relatively high costs, we have decided to largely replace the flexible workforce next year with own staff.

**Outsourcing routine work to specialised delivery centres went up, but not enough**

In the Assurance practice, we are working to outsource standardised (non-judgemental) audit work to specialist delivery centres. These are organisations within our global network that perform this specific type of work efficiently and to a high standard of quality. In this past financial year, we outsourced some 5.6% of our audit work to such delivery centres in the Netherlands, Germany, Poland and India.

**Building an agile organisation**

**Our people mobility did not improve**

Mobility is an important contributor to becoming ‘a multi-nodal organisation’, an organisation that makes optimal use of the international network and shares knowledge from global to regional and local and vice versa. Our experience is that mobility is also an important contributor to the flexibility and versatility of our organisation, and this applies to all types of mobility: short-term on a project basis or longer term between business units and lines of service, within PwC Europe, or across territory borders in our global network. Furthermore, long-term and short-term

secondments are a key tool in the development of our people, offering them new skills and experiences not only in terms of working methods but also in terms of mindset. We set up our ‘Cycles of Experience’ programme last year to support this (see pages 35-36). Mobility and international experience are also important elements of our leadership model (see page 28).

**We anticipate international collaboration to go up**

The ‘PwC Europe’ collaboration is very much focussed on cross-border clients, and we are developing our ‘one way of working’. To bring our people together, we organised a joint event last year for new managers and one for new joiners from the four territories. We are also increasingly coordinating our internal processes; we start our business planning cycle jointly and this common plan then forms the basis for our Dutch business plans and budgets for following financial year.

As from 1 July 2015, our regional collaboration has been strengthened at EMEA level (Europe, Middle East, Afrika). This collaboration is aimed at better cross-border client service, effective knowledge sharing and increased investment and innovative power.

We are also scaling up investments at global level in product offerings and technology.

<b>Mobility within PwC Netherlands (in people)*</b>	<b>2015/2016</b>	<b>2014/2015</b>
Assurance	56	55
Tax	22	44
Advisory	18	15
Firm Services	20	25

<b>Mobility within PwC Europe (in people)**</b>	<b>2015/2016</b>	<b>2014/2015</b>
Assurance	17	12
Tax	7	21
Advisory	5	2
Firm Services	1	1

<b>Mobility internationally (in people)***</b>	<b>2015/2016</b>	<b>2014/2015</b>
Assurance	136	102
Tax	24	38
Advisory	18	12
Firm Services	1	1

\* Mobility between business units, including business units in other lines of service  
 \*\* Incoming and outgoing secondments with Germany, Austria and Belgium  
 \*\*\* Incoming and outgoing secondments with other territories (including Germany, Austria and Belgium), including temporary incoming secondments from abroad during Assurance's peak period



## 5. Investing in strategic competencies

We strive to become increasingly relevant for our clients by providing the right solutions as they create value for their stakeholders. This means we need to innovate continuously by investing in strategic competencies.

### **Innovating to improve our service delivery and offerings**

#### **Higher investments in all Lines of Service in digitalisation**

Assurance, Tax and Advisory have all moved forward this year with the digitalisation of their propositions. Assurance, for instance, continues to work on the development and implementation of the data enabled audit. Tax is also making increasing use of technology tools and big data in its service offerings and delivery, and Tax has set up a team dedicated to the development of analytical applications. Advisory is investing, amongst other things, in more software for large volume data analysis, for instance in support of forensic investigations and due diligence.

#### **We have identified specific areas for innovation**

Our experience is that the issues clients are facing as a result of megatrends require solutions involving a wide range of competencies and approaches. We are therefore investing in solutions that, where permitted by legislation and regulation, involve several lines of service. Last year we identified a number of areas that derive from the so-called megatrends where we aim to strengthen and innovate our service delivery and offerings: Digital Transformation, Cyber Security, Data & Analytics, Technology Alliances, Health, Urbanisation and Capital Projects & Infrastructure.

Almost all of our clients are facing issues in one or more of these areas. For us, they provide focus and guidance in allocating people and investments.

#### **Critical success factors**

**Innovation to improve our service offerings and delivery and to meet the needs of our clients and society as a whole.**

#### **Where we have focused on in fiscal year 2015/2016**

- Digitalisation of existing and new service offerings
- Partnering with technology companies and other opportunities for inorganic growth
- Identification of areas where we aim to strengthen our service delivery and offerings

#### **Teaming up with technology partners**

The introduction of digital tools and the use of big data in our service delivery and offerings have meant that we are now actively seeking partnering arrangements with technology companies on a global basis. We realise we cannot develop and maintain all the required technology on our own and we have therefore contracted with several well-known technology partners, such as Google, Workday, SAP, Oracle and Salesforce. The objective of combining our expertise with these partners is to develop offerings to support businesses in their transformation processes. At a local level we have acquired a 90% stake in, and established a collaborative arrangement with BigData. Company (also using the trade name OneUp) that develops technology for access to and analysis and visualisation of large data files. We are continuously in search of partners with

whom we can develop (technological) solutions that could be of interest to our clients.

#### **We announced the acquisition of data security specialist Everett**

At the same time, we are also continuously looking for opportunities for inorganic growth, especially in areas related to innovative technology. To strengthen our cybersecurity and privacy services, we recently contracted to acquire Everett, a company specialised in the sale and implementation of, and consultancy regarding, software for Identity and Access Management (IAM).

Identity and Access Management is aimed at verifying the authenticity of user identities in a network and the access rights these users are granted. Everett has proven itself successful in this area both in the Netherlands and abroad. The company employs about 55 consultants and they will be housed in our Amsterdam offices.

**We challenge our people to  
come up with innovative ideas**

We are striving to encourage an innovative culture and to avoid having good ideas fall by the wayside because of lack of time. We make time available for the development, testing and championing of innovative propositions, and we encourage a sense of collaboration within our network in terms of investing and bringing new international offerings to market.

Within our four-country European collaboration with Germany, Austria, Belgium and now also Turkey, we have launched a joint platform designed to share new and refreshed service offerings, boost innovation and manage new ideas, and we held our second joint Innovation Challenge, designed to stimulate and encourage. There was a total of 75 innovations submitted, of which 26 came from the Netherlands. The ultimate winner was a team of PwC in Belgium. This team designed an app ('MyTaxlocator') that facilitates people to file their taxes when working abroad. The PwC European Innovation Challenge was launched during a special Innovation Week during which our people could join inspiration sessions.

# Risk factors

*In determining and implementing our strategy, we naturally take account of the risks that potentially affect us the most. If we allow these risks to materialise, then we eventually lose our relevance to clients and to society as a whole, so we are constantly monitoring developments and trends as they evolve, both in society in general and in the environment in which we operate. We have a Risk Council that monitors our risks on a periodic basis and brings forward recommendations for fine-tuning of the way we are managing these risks.*

The accompanying table summarises these key risks, links them to our strategic goals and critical success factors, indicates the potential impacts of the risks should they materialise and lists the key measures we have taken since previous year to mitigate the risks. It also indicates whether the net risk has changed since last year. Net risk means the residual risk after having taken mitigating measures.

Strategic goals	Critical success factors	Key (gross) risks	Potential impacts of the risk	Key measures to mitigate the risks	Changes in net risks <sup>1</sup>
Building on the quality of our service offerings and delivery	Continuous improvement in and testing of our approach to quality and our risk management systems	<ul style="list-style-type: none"> <li>Not complying with legislative and regulatory requirements and our own internal (quality) standards</li> <li>Failing to (timely) address the impact of technology on the quality and risk of our service offerings</li> </ul>	<ul style="list-style-type: none"> <li>Loss of societal relevance and raison d'être</li> <li>Financial damage from liability claims</li> <li>Outdated (i.e. ineffective and inefficient) service offerings</li> <li>Loss of clients and market share</li> </ul>	<ul style="list-style-type: none"> <li>Continued testing and improving our quality management system (including the measures of the Future Accountancy Profession Working Group and our own quality improvement programme)</li> <li>Focus in Assurance on 'Building Quality Business'</li> <li>Real Time Reviews in Assurance and ECRs in all lines of service</li> <li>Installation of Tax Bid &amp; Risk Panel and Tax Policy Panel</li> </ul>	⊖
	A governance environment and organisation that encourages and facilitates our ambitions for maximum quality	<ul style="list-style-type: none"> <li>Undesirable or unethical behaviour by our people</li> </ul>	<ul style="list-style-type: none"> <li>Financial and reputational risk</li> <li>Sub-standard services</li> <li>Loss of public trust</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives inspiring transformation ('PwC Journey')</li> <li>Independent supervision by the Supervisory Board</li> <li>Quality is paramount in partner and staff evaluation and remuneration</li> <li>Updated Code of Conduct with complaints and notifications arrangements</li> <li>Global Tax Code of Conduct</li> </ul>	⊖
	A talented workforce continually schooled in both the hard and the soft aspects of our service offerings and delivery	<ul style="list-style-type: none"> <li>Reduced attractiveness of PwC as an employer</li> <li>Loose in 'war for talent'</li> </ul>	<ul style="list-style-type: none"> <li>Inability to perform complex audits and to deliver (new digital) advisory services to the high standards needed</li> <li>Quality failures</li> </ul>	<ul style="list-style-type: none"> <li>Talent management focused on people development through 'PwC Professional' and other programmes</li> <li>Competitive terms of employment</li> <li>Recruitment of people with diverse profiles</li> </ul>	⊖

<sup>1</sup> The change in the net risk indicates changes in gross risk after risk resilience from key mitigating measures.

⊖ Unchanged    ↑ Increased    ↓ Decreased

Strategic goals	Critical success factors	Key (gross) risks	Potential impacts of the risk	Key measures to mitigate the risks	Changes in net risks <sup>1</sup>
Delivering the PwC Experience	Building an inclusive culture based on encouragement and collaboration	<ul style="list-style-type: none"> <li>Loosing track of societal developments and the needs of society</li> <li>Not being able to attract and retain the diverse talents needed</li> </ul>	<ul style="list-style-type: none"> <li>Lower quality client solution offerings</li> <li>Restricted access to recruitment market potential</li> </ul>	<ul style="list-style-type: none"> <li>Proactive approach to diversity focused on an appreciation of differences</li> <li>Attention for behaviour and culture in training programmes</li> <li>Redefining our global values</li> <li>Updating Code of Conduct</li> </ul>	⊖
	Building an externally focused culture in which social involvement is the norm	<ul style="list-style-type: none"> <li>Lack of outside-in view</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient response to (changing) stakeholder expectations</li> </ul>	<ul style="list-style-type: none"> <li>Active stakeholder dialogue</li> <li>Active participation in the public debate</li> <li>Start of 'PwC Journey' focused on transformation</li> </ul>	↓
	An impactful CR approach	<ul style="list-style-type: none"> <li>A CR programme that is not aligned with our know-how and expertise</li> </ul>	<ul style="list-style-type: none"> <li>(Too) little social impact</li> <li>Reduced social involvement on the part of our staff</li> </ul>	<ul style="list-style-type: none"> <li>Focus on social enterprises, supporting them with know-how and expertise</li> <li>Ambition to become fully circular in 2030</li> </ul>	↓
	Knowledge sharing and thought leadership	<ul style="list-style-type: none"> <li>Not being seen as a market leader</li> </ul>	<ul style="list-style-type: none"> <li>Loss of PwC brand authority</li> </ul>	<ul style="list-style-type: none"> <li>Investment in research, including academic research, by the Chief Economist Office, participation in a knowledge institute for the audit profession, post-graduate study and professorships</li> <li>Sector and Industry thought leadership initiatives and publications and specific programmes for groups such as supervisory directors and CFOs</li> </ul>	⊖
	Sensitivity for our people, their personal development and their well-being (valuing their contribution)	<ul style="list-style-type: none"> <li>Too little appreciation perceived by our people</li> <li>Reduced level of well-being of partners and staff</li> <li>Reduced attractiveness of PwC as an employer</li> </ul>	<ul style="list-style-type: none"> <li>Higher staff turnover</li> <li>Loss of talented people</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable deployment programmes</li> <li>Competitive terms of employment</li> <li>Talent management</li> </ul>	⊖
Taking the opportunities the market offers us	Goals for profitable growth to generate funds for investment	<ul style="list-style-type: none"> <li>Insufficient investment funds due to lower profitability</li> <li>Delayed 'time-to-market' of innovative services and solutions</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient funds for investment in quality, people and technology</li> <li>Loss of market leadership/non-achievement of a leading market position</li> </ul>	<ul style="list-style-type: none"> <li>Financial planning and control cycles and monthly progress reporting</li> <li>Roll-out of integrated reporting dashboard with strategic (financial and non-financial) KPIs</li> <li>Continuing pursuing inorganic growth opportunities</li> <li>Higher audit fees to make up for investments in quality and higher regulatory costs</li> </ul>	↑
	X-LoS service offerings and delivery that address our clients' key issues	<ul style="list-style-type: none"> <li>A silo mentality between our service lines</li> <li>Delayed 'time-to-market' of innovative services and solutions</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient ability to be distinctive in the market</li> <li>Inadequate solutions for our clients' important problems</li> </ul>	<ul style="list-style-type: none"> <li>Encouragement of (X-LoS) collaboration by putting the client and social agendas at the heart of what we do ('outside-in')</li> <li>Requirement for collaboration in the goal setting and evaluation processes</li> <li>Empowerment of X-LoS collaboration in Industries</li> <li>Investments in innovative services (digital, data analytics, cyber security)</li> </ul>	⊖
	Robust dialogue that matches our clients' strategic agendas	<ul style="list-style-type: none"> <li>Insufficient understanding of our client needs</li> </ul>	<ul style="list-style-type: none"> <li>Loss of credibility and market leading position</li> <li>Loss of clients</li> <li>Worsening client relationships</li> </ul>	<ul style="list-style-type: none"> <li>Requesting and following up feedback from clients</li> <li>Strengthening of account management by uniform approach</li> <li>Clear focus of professionals in specific skill set, industries and clients</li> </ul>	⊖
Transforming our organisation	Continuous improvement to our work flows	<ul style="list-style-type: none"> <li>Insufficient agility to adapt new technologies</li> <li>Violation of client confidentiality and privacy</li> </ul>	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Financial damage from liability claims</li> </ul>	<ul style="list-style-type: none"> <li>Investment in systems, technology and processes</li> <li>Investment in cyber security and cyber resilience</li> <li>Updated ICT Code of Conduct</li> </ul>	↑
	Building an agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments	<ul style="list-style-type: none"> <li>Delayed 'time-to-market' of innovative services and solutions</li> <li>New entrants in our markets</li> </ul>	<ul style="list-style-type: none"> <li>Deterioration of competitive position</li> <li>Erosion of brand and leading market position</li> </ul>	<ul style="list-style-type: none"> <li>Joint investment at international levels (Global, EMEA and the five country European collaboration)</li> <li>Partnering with others, including technology partners</li> <li>Outsourcing of (non-judgemental) routine work to specialised Delivery Centres</li> </ul>	⊖
Investing in strategic competencies	Innovating to improve our service offerings and delivery and to meet the needs of our clients and society as a whole	<ul style="list-style-type: none"> <li>Delayed 'time-to-market' of innovative services and solutions</li> <li>Inability to (timely) attract new technological skills</li> <li>Insufficient agility and resilience to properly respond to the disruptive technological developments and/or behaviour of new market entrants</li> </ul>	<ul style="list-style-type: none"> <li>Weakening of our (societal) relevance and competitive position</li> <li>Outdated (i.e. ineffective and inefficient) service offerings</li> </ul>	<ul style="list-style-type: none"> <li>Investment in technology and systems, also in international context.</li> <li>Application of new technology, including digital, in our service offerings and delivery</li> <li>Differentiate HC policies to attract and retain technology specialists</li> </ul>	↑

⊖ Unchanged    ↑ Increased    ↓ Decreased

<sup>1</sup> The change in the net risk indicates changes in gross risk after risk resilience from key mitigating measures.

# Governance and remuneration

## Governance

Per 1 May 2015, a Supervisory Board ('SB') was installed for Holding PricewaterhouseCoopers Nederland B.V., covering all our three Lines of Service. At present, the Supervisory Board comprises seven external supervisory directors.

As from that date, the Public Interest Committee we had since 1 July 2013 has been incorporated in the SB. Following the installation of the SB the Local Oversight Board that used to have an oversight role, was transformed into the Partner Council which represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. and provides advice on matters that are presented to the Coöperatie's General Meeting for approval.

More detailed information on our legal organisation and our corporate governance is provided on pages 101 to 107.

## Remuneration

### Quality at the heart of remuneration

Given the public importance of our work, our remuneration system for partners and directors is designed such that quality, independence, our Code of Conduct and compliance with internal and external rules and regulations have an impact on performance, evaluation and remuneration.

Since 1 July 2015 the partner evaluation and remuneration process (the BMG&D process) is supervised by the remuneration committee of the SB. Previously, this was done by the Local Oversight Board.

### Claw-back

Giving effect to one of the sector measures to improve audit quality, a claw-back scheme has been put in place for audit partners as from 1 July 2015, with a claw-back period of six years. Under this scheme, one sixth of the individual partner's management fee is transferred to a foundation that was set up this year. If it transpires that the external auditor has issued an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, the auditor loses entitlement to part or all of the deferred remuneration. Such proposals have to be approved by the Supervisory Board.

## Fixed remuneration of the Board of Management

As from 1 July 2015, the members of the Board of Management will receive a fixed non-profit related remuneration and a variable element not exceeding 20% of the fixed amount that is to be based on the achievement of long-term goals set by the Supervisory Board within the

context of the organisation's societal role. Determination of the remuneration of the members of the Board of Management is from that date the responsibility of the Supervisory Board.

	2015/2016	2014/2015	Δ%
<b>Management fee, salary and emoluments</b>			
Available for distribution to partners (€ millions)	140.1	153.9	-9.0
Average partner management fee* (€'000)	513.3	605.8	-15.3
Staff bonuses (€ millions)	27.7	29.3	-5.4
Average salary cost per FTE (€'000)	72.6	72.2	0.6
Average bonus per FTE (€'000)	6.7	7.6	-11.8
* Payments are made from the management fee relating to items such as goodwill rights, pension contributions, social security and disability contributions, life insurance premiums, etc.			
	2015/2016	2014/2015	
<b>Relationship of the highest remuneration within PwC NL to the median of the total remuneration within PwC NL (including partners) *</b>			
Factor	29.2	34.7	
Percentage increase (-decrease) in annual income	-5.4	-2.7	
<b>Relationship of the highest remuneration within PwC NL to the average of the total remuneration within PwC NL (including partners) *</b>			
Factor	18.6	20.6	
Percentage increase (-decrease) in annual income	3.0	-1.3	
* Based on annual income, including bonuses and excluding non-monetary elements of remuneration such as private use of mobile telephone, lease car and expense allowances			

### Sanctions policy

Any instance of non-compliance with external and internal (independence) requirements or unacceptable behaviour can ultimately result in sanctions. Depending on the nature and severity of the case, these vary from a written warning or reprimand to suspension and dismissal or, for partners, to termination of the association agreement. Any reprimand is reflected in the evaluation process and can have a negative effect on remuneration.

Our sanctions policy provides a summary of the sanctions available and the bodies to which infringements are to be referred. These bodies include the Complaints Committee and the Business Conduct Committee (both emanating from the Code of Conduct – see also page 32 and 108) and the Independence Sanctions Committee. These committees do not raise sanctions themselves; they submit their proposals to the Code of Conduct partner or the Board of Management.

During the past financial year, based on the Independence Sanctions Committee's advice, 11 sanctions were imposed for independence infringements, of which 10 were written warnings and 1 was a reprimand. The written warnings all related to non-registration or late registration of purchases and/or sales of financial interests. The reprimand related to the holding of restricted financial interests.

### Partner remuneration dependent on financial and non-financial performance criteria and responsibilities

The aggregate amount of partner and director remuneration varies with the financial performance of PwC NL. The partner remuneration is based on a points system in which the Euro value per point is determined as the profit available divided by the aggregate number of points in circulation.

The points allocated to partners are 50% fixed as responsibility-based ('mapping') and 50% variable as performance-based ('rating'). A regular good performance means full partner entitlement to the variable 50% element, and a positive or negative outcome to the annual evaluation process can lead to an adjustment to the variable 50% element. The variable element is determined based on individual partner performance in the areas of Clients (weighting: 50%), People (weighting: 25%) and Firm/Strategy (weighting: 25%). The evaluation of engagement quality is covered in the area of Clients. An individual partner rating of unsatisfactory on quality can therefore significantly affect the amount of the remuneration.

We also reward quality positively. A partner, director and team rating of above average on quality can result in additional remuneration.

### No additional remuneration for 'regular' conduct

'Regular' conduct (i.e. the conduct that we can expect of everyone) does not result in additional remuneration. We refer to this as 'baseline expectations'. Baseline expectations represent conduct in line with our Code of Conduct, complying with all applicable internal and external regulatory requirements and with proactive involvement within the firm. Non-compliance with baseline expectations can negatively affect total remuneration by 25-50%.

### Remuneration of the BoM

The members of the BoM will receive a fixed non-profit related remuneration and a variable element not exceeding 20% of the fixed amount that is to be based on the achievement of long-term goals set by the SB within the context of the organisation's societal role. Determination of the remuneration of the members of the BoM is the responsibility of the SB.

### Evaluation of staff based on performance and behaviour

The remuneration process for staff relies heavily on regular two-way feedback. Our remuneration system is based on two elements: performance and competency, each of which is rated on a scale of 5 to 1.

Competency (which is the basis for salary increases) relates to the performance level of the individual and the level of technical competency the individual has achieved. Performance (which is the basis for the bonus) relates to aspects such as commitment, flexibility, team spirit, proactivity and sense of responsibility (both to colleagues and to PwC) or some other unusual achievement.

Along the same lines as for the partners and directors, all staff set out their objectives for the coming year in liaison with their immediate superior. Half way through the year, based on individual appraisals and other feedback, they determine the progress to date and, at the end of the year, they assess to what extent the objectives have been met.

Staff evaluation is carried out by the individual's immediate superior. Staff also have access to a career coach with whom they can discuss their ambitions and motivational factors and the progress they need to make to achieve their goals.

The Works Council is involved in establishing the terms of employment for staff. A Works Council committee, comprising representatives from all Lines of Service and a chair, negotiates with the Board on these conditions. Where pension arrangements are concerned, both the Works Council and our HC department often draw on the advice of specialists within the organisation.

# Outlook

***Our ambition is to become a purpose-led and values-driven organisation. In order to achieve this we focus on our transformation in the strategic direction set out in our Vision 2020 and we continue the PwC Journey as an enabler for this transformation. At the same time we strive for profitable growth to generate the investment funding necessary to attract and retain the best people and procure the means in order to achieve this ambition.***

## *In search for a new audit equilibrium*

Restoration of public trust in the quality of the audit remains our top priority. In the past year we have invested heavily in the quality of the audit and the audit files by dedicating more time and people to our audit work. In this current year we expect these investments to continue. In the longer run we intend to enhance audit efficiency by making more use of technology and specialised delivery centers in our network.

In the past year we faced high transition costs in connection with the mandatory audit firm rotation in the segment of public interest entities. Transition costs are particularly high in the financial services industry where we gained market share. The current wave of firm rotations will phase out during the current year.

## *Investments in new services and technology*

The prerequisite for developing successful new services is that we drill down into the challenges that our clients are facing from the so-called megatrends. Our clients' strategic agenda must be right at the heart of what we do. Many of our clients face the challenge to transform their business models and organisation in a digitalising world. We want to become our clients' partner in

their transformation. Therefore we need to invest in new services in the areas of data and analytics, cyber security and digital transformation. In the current year we will raise our level of investments in these areas accordingly, both locally and in an international context.

## *Continue the PwC Journey*

Our transformational journey will continue in the coming years. In order to stay relevant we will have to live up to our purpose. In order to build trust in society and solve important problems we need to be considerate, in all our decisions, actions and behaviours, of the needs of our clients, our people and society. We realise that the values that contributed to past success are not fit for future. We need to work on defining and living new values that enable us to play the role that our stakeholders expect us to play. In the current year we will continue to invest therein.

## *International teaming-up*

Our clients expect us to serve their businesses seamlessly across territory borders. As a consequence, the global PwC network has chosen a path of further integration and collaboration across member firms. On the one hand to better serve clients across borders but on the other hand to scale higher investments in technology and industry and competence expertise. In the current year we will raise our level of collaboration by teaming up in global initiatives and intensify the collaboration particularly with the member firms collaborating in PwC Europe.

*Expectations for financing and headcount*

Given our current and anticipated liquidity we expect to be able to finance the planned investments in this current year from internally available resources.

We expect no major changes in our headcount other than the turnover levels that are normal for the nature and scope of our business and an increase in headcount in our growth areas.

*Financial outlook for 2016/2017*

Our revenue from clients is dependent on macro-economic, industry, and client specific developments. In addition, more than ever, events and circumstances in a globalising world like Brexit, unprecedented low interest rates, the threat of terrorism, refugee flees and geo-politic challenges seem to impact business confidence.

Notwithstanding the more volatile environment we are facing, we foresee for the current year continued demand for our services and therefore modest growth of revenues. In the past two years our profitability went down due to investments in audit quality and temporary transition costs from mandatory firm rotation. For the current year we expect that trend to bottom-out.

Amsterdam, 26 September 2016

The Board of Management:

Drs. P.J. van Mierlo RA (Statutory Director)

Mr. M.J.M. Diepstraten \*

Prof. Mr. F.A. Engelen \*

Drs. A.H.M. van Gils RA \*

Drs. J.D. Lamse-Minderhoud RA \*

Drs. M. de Ridder RA \*

\* Authorised executive director

## *Pro bono projects that help to solve some challenges of the refugee crisis*

*The huge influx of refugees into Europe induced many PwC professionals from all lines of service to come up with ideas that contribute to a solution to some of the challenges that come with this burning issue. This sense of engagement and motivation to do something, together with PwC's profound knowledge and experience concerning asylum, migration and border management, make up a perfect breeding ground for the development of innovative solutions. PwC's Corporate Responsibility programme facilitated many of these initiatives by offering chargeable hours to PwC advisors doing this pro bono work.*



Colleagues involved in CR Projects for refugees from left to right: Wendelina Botjes, Krista Jaarsma, Wim Wensink, Arjan de Jong, Soebhaash Dihal, Wineke Haagsma.

‘The political debate around the refugee crisis had become very emotional, which is why we decided to work on some fact-based solutions to help solve some of the pressing challenges’, says Wim Wensink, public sector specialist at PwC. ‘We had the people with the necessary commitment and the required capabilities and were able to mobilise them at very short notice.’

#### *Decision-support model*

A good example of a fact-based solution is the decision-support model PwC developed to help municipalities make better decisions concerning refugees with a residence permit. Wim Wensink: ‘Local authorities have a certain freedom to decide how they spend their refugee budgets. Our model helps them to optimally allocate their budgets so that maximum impact and results can be achieved for the refugee, the municipality and society as a whole. The model connects all aspects of the integration process, such as housing, education and work. This way municipalities gain valuable and sometimes surprising insights into the relationship between these different aspects and this helps them to better understand the consequences of their decisions. This decision-support model has been tested and validated in a number of municipalities. We are currently adapting the model to the Swedish and Italian context for use in those countries, which shows the scalability of the model.’

#### *Housing problem*

Another Corporate Responsibility initiative that contributes to solving the challenges of the refugee crisis is about the housing problem. Since most cities and towns don’t have enough homes, a lot of refugees with a residence permit are waiting in asylum seekers’ centres for a house to become available. This undesirable and expensive situation inspired a multicompetence team of PwC Netherlands and Strategy& to analyse possible measures that can help local authorities create more homes in the short, medium and long term.

Wim Wensink: ‘For instance, our analysis helps local governments on current and future investment decisions and on setting the right preconditions for the private sector to invest in housing projects.’ Matching supply and demand of rented homes is another bottleneck. Wim Wensink: ‘Larger cities have more refugees, yet not enough homes, while smaller towns have less refugees and more vacant rental homes. We analysed this imbalance and discussed it with several local authorities in order to look for a solution together.’ The findings and recommendations of the PwC team were presented to the Minister of Infrastructure and the Environment and the State Secretary of the department of Security and Justice who is responsible for asylum matters in the Netherlands.’

#### *‘Welkom In’ platform*

The notion of matching also applies to helping refugees with a status of residence to find, for instance, a house, a job and the right language training or professional training. This is why PwC developed the cloud-based platform Welkom In together with Salesforce. On this platform refugees can upload information about themselves, such as work experience, skills, education and ambitions.

Local authorities and other authorised parties can access this information and can use the platform to communicate with the refugee. ‘At the moment the asylum procedure is solely focused on temporary housing in asylum seekers’ centres and on whether a refugee can stay or not’, says Wim Wensink. ‘But registering data about refugees will help them to build their future here when they get a residence permit. For instance, it’s better to send a refugee who is an academic technologist to high-tech city Eindhoven than to a rural town in Groningen and a Syrian farmer would better fit in an area with lots of agricultural jobs. Several Dutch municipalities are willing to take part in a pilot project and Germany and Sweden are examining the feasibility of using Welkom In in their countries.’

#### *Taskforce Refugees and Borders*

Besides these national initiatives, although they can be implemented in other countries as well, PwC Netherlands also tries to find solutions to the refugee crisis on an international level. Within the Taskforce Refugees and Borders, which is part of the Global Government Security Network (GGSN) led by PwC Netherlands, an international community of PwC colleagues share their knowledge and ideas about asylum and refugee matters.

***‘Because the debate is emotional, we want to work on fact-based solutions.’***

# ***Financial statements***

Holding PricewaterhouseCoopers  
Nederland B.V.



# Contents

<b>1.</b>	<b>Consolidated financial statements</b>	<b>60</b>
1.1.	Consolidated balance sheet as at 30 June 2016 (before appropriation of profit)	60
1.2.	Consolidated profit and loss account for the year ended 30 June 2016	62
1.3.	Consolidated statement of cash flows for the year ended 30 June 2016	63
1.4.	Notes to the consolidated financial statements	65
1.5.	Notes to the consolidated balance sheet as at 30 June 2016	70
1.6.	Notes to the consolidated profit and loss account for the year ended 30 June 2016	76
1.7.	Other notes	78
1.8.	Segment information	80
<b>2.</b>	<b>Company financial statements</b>	<b>82</b>
2.1.	Company balance sheet as at 30 June 2016 (before appropriation of profit)	82
2.2.	Company profit and loss account for the year ended 30 June 2016	84
2.3.	Notes to the company financial statements	85
2.4.	Notes to the company balance sheet as at 30 June 2016	86
2.5.	Other notes	88
<b>3.</b>	<b>Other information</b>	<b>90</b>
3.1.	Provisions of the Articles of Association governing the appropriation of profit	90
3.2.	Specific provisions of the Articles of Association governing shareholder control	90
3.3.	Proposed appropriation of profit	91
3.4.	Events occurring after the balance sheet date	91
3.5.	Independent auditor's and Assurance report	93

# 1. Consolidated financial statements

## 1.1 Consolidated balance sheet as at 30 June 2016 (before appropriation of profit) (in €'000)

		30 June 2016	30 June 2015
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	[1]		
Intellectual property		2,153	3,588
Goodwill		8,207	2,075
		<b>10,360</b>	<b>5,663</b>
<b>Tangible fixed assets</b>	[2]		
Leasehold improvements		10,458	10,898
Fixtures and fittings		4,123	1,718
Other fixed assets		6,007	6,612
Fixed assets under construction		47	969
		<b>20,635</b>	<b>20,197</b>
<b>Financial fixed assets</b>	[3]		
Other financial interests		6,727	25,658
Other receivables		1,738	1,742
		<b>8,465</b>	<b>27,400</b>
<b>Current assets</b>			
<b>Work in progress</b>	[4]	<b>39,390</b>	<b>33,449</b>
<b>Receivables</b>			
Receivables from clients	[5]	165,225	158,408
Taxes and social security charges	[6]	628	204
Other receivables	[7]	10,667	5,634
Prepayments and accrued income	[8]	19,571	18,708
		<b>196,091</b>	<b>182,954</b>
<b>Cash and cash equivalents</b>	[9]	<b>17,668</b>	<b>10,216</b>
<b>Total</b>		<b>292,609</b>	<b>279,879</b>

[.] The numbers in square brackets refer to the corresponding numbers in the notes.

		30 June 2016	30 June 2015
<b>Equity and liabilities</b>			
<b>Group equity</b>	[10]	10,260	10,260
<b>Provisions</b>	[11]	26,556	32,026
<b>Long-term liabilities</b>			
Subordinated loans	[12]	45,140	41,540
Accrued expenses and deferred income (long-term)	[13]	13,863	16,435
		<b>59,003</b>	<b>57,975</b>
<b>Current liabilities</b>			
Liabilities to suppliers	[14]	20,488	19,744
Liabilities to shareholders	[15]	53,628	25,453
Taxes and social security charges	[16]	34,949	34,957
Other liabilities	[17]	67,938	77,897
Accrued expenses and deferred income (current)	[18]	19,787	21,567
		<b>196,790</b>	<b>179,618</b>
<b>Total</b>		<b>292,609</b>	<b>279,879</b>

[.] The numbers in square brackets refer to the corresponding numbers in the notes.

## 1.2 Consolidated profit and loss account for the year ended 30 June 2016 (in €'000)

		2015/2016	2014/2015
<b>Net revenue</b>	[19]	<b>744,077</b>	<b>697,309</b>
Cost of work contracted-out and other external costs	[20]	99,528	88,364
Salaries		251,984	231,802
Social security charges	[21]	53,282	49,124
Amortisation and depreciation of fixed assets	[1,2]	11,197	10,884
Other operating costs	[22]	185,817	159,480
<b>Total operating costs</b>		<b>601,808</b>	<b>539,654</b>
<b>Operating profit</b>		<b>142,269</b>	<b>157,655</b>
Interest and other financial income		171	28
Interest and other financial expenses	[23]	-1,428	-1,144
<b>Profit on ordinary activities before tax</b>		<b>141,012</b>	<b>156,539</b>
Taxes	[24]	-1,229	-1,978
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]	-139,783	-154,561
<b>Profit after tax</b>		<b>-</b>	<b>-</b>

[.] The numbers in square brackets refer to the corresponding numbers in the notes.

### 1.3 Consolidated statement of cash flows for the year ended 30 June 2016 (in €'000)

		2015/2016	2014/2015
<b>Cash flow from operating activities</b>			
Operating profit		142,269	157,655
<b>Adjustments for:</b>			
Amortisation and depreciation	[1-2]	11,197	10,884
Movements in provisions	[11]	-5,898	224
Movements in accrued expenses and deferred income (long-term)	[13]	-2,572	-2,601
		<b>2,727</b>	<b>8,507</b>
<b>Changes in working capital</b>			
Receivables	[5-8]	-1,400	2,859
Work in progress	[4]	-4,924	-7,262
Current liabilities	[14-18]	12,648	-58,481
		<b>6,324</b>	<b>-62,884</b>
<b>Cash flow from business operations</b>			
		<b>151,320</b>	<b>103,278</b>
Dividend received	[3]	118	105
Interest*	[23]	-1,030	-938
Taxes	[24]	-1,215	-3,736
		<b>-2,127</b>	<b>-4,569</b>
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]	-139,783	-154,561
<b>Cash flow from operating activities</b>			
		<b>9,410</b>	<b>-55,852</b>
<b>Cash flow from investing activities</b>			
Additions to intangible fixed assets	[1]	-	-3,882
Additions to tangible fixed assets	[2]	-8,092	-8,132
Disposals of tangible fixed assets	[2]	263	47
Additions to financial fixed assets	[3]	-950	-9,553
Disposals of financial fixed assets	[3]	10	-
Acquisitions of subsidiaries		3,308	-
<b>Cash flow from investing activities</b>			
		<b>-5,461</b>	<b>-21,520</b>

		2015/2016	2014/2015
<b>Cash flow from financing activities</b>			
Subordinated loans	[12]	3,600	1,200
Dividend distributions		-	-1,367
<b>Cash flow from financing activities</b>		<b>3,600</b>	<b>-167</b>
<b>Net cash flow</b>		<b>7,549</b>	<b>-77,539</b>
Cash and cash equivalents - opening		10,216	87,675
Net cash flow		7,549	-77,539
Foreign currency exchange differences		-97	80
<b>Net cash and cash equivalents - closing</b>	[9]	<b>17,668</b>	<b>10,216</b>

[.] The numbers in square brackets refer to the corresponding numbers in the notes.

\* Interest paid, interest received and exchange differences are aggregated into the interest caption in the statement of cash flows.

## 1.4 Notes to the consolidated financial statements

### Activities

Holding PricewaterhouseCoopers Nederland B.V. ('the Company') has its registered office in Amsterdam. Its activities and those of its subsidiaries comprise Assurance, Tax and Advisory services. These activities are further described in the Report of the Board of Management.

The legal and organisational integration of the global Strategy& organisation in the various national entities of the global PwC network became effective on 1 July 2015. This resulted in the entire share capital of PwC Strategy& (Netherlands) B.V. being transferred to PricewaterhouseCoopers Advisory N.V. as of that date.

### Group relationships

Holding PricewaterhouseCoopers Nederland B.V. is a wholly-owned subsidiary of PwC Europe SE Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Germany, except for the one priority share mentioned hereinafter.

The private limited liability companies owned by the professional practitioners (the partner BVs) have each concluded an association agreement with Coöperatie PricewaterhouseCoopers Nederland U.A. and Holding PricewaterhouseCoopers Nederland B.V., under which the partner BV makes the professional practitioner available to practise one of the professions described under Activities in return for a management fee.

Coöperatie PricewaterhouseCoopers Nederland U.A. holds one priority share in Holding PricewaterhouseCoopers Nederland B.V. Coöperatie PricewaterhouseCoopers Nederland U.A. also holds an interest in Konsortium PwC Europe, registered in Frankfurt/Main, Germany. Konsortium PwC Europe is a consortium of the Dutch, German, Austrian and Belgian PwC member firms and it holds a 100% interest in PwC Europe SE Wirtschaftsprüfungsgesellschaft. Coöperatie PricewaterhouseCoopers Nederland U.A.'s equity share in Konsortium PwC Europe was 32.3% as of 30 June 2016 (30 June 2015: 32.6%). This interest in Konsortium PwC Europe is revised annually as of 1 July in proportion to the number of Dutch member firm professional practitioners relative to the total number of professional practitioners in the PwC member firms of the PwC Europe consortium.

### Basis of reporting

The consolidated financial statements have been prepared in accordance with the requirements of Part 9, Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. Where no specific accounting policy is noted, assets and liabilities are carried at the historical cost amounts at which they were acquired and incurred, respectively.

As the company financial statements of Holding PricewaterhouseCoopers Nederland B.V. are included in the consolidated financial statements, the company profit and loss account has been prepared in abridged form in accordance with Article 2:402 of the Dutch Civil Code.

### Principles of consolidation

The consolidated financial statements include, on a fully consolidated basis, the financial statements of Holding PricewaterhouseCoopers Nederland B.V. and of those group companies in which, directly or indirectly, it has a shareholding of more than one half of the voting rights or can otherwise exercise control. Together, these are referred to in the financial statements as 'the Group'.

Intercompany transactions and profits, and balances between group companies and other consolidated entities, are eliminated to the extent that the results have not yet been realised through transactions with third parties.

The entities included in the consolidation are as follows:

- PricewaterhouseCoopers B.V., Amsterdam (100%)
- PricewaterhouseCoopers N.V., Amsterdam (100%)
- PricewaterhouseCoopers Accountants N.V., Amsterdam (100%)
- PricewaterhouseCoopers Advisory N.V., Amsterdam (100%)
- PricewaterhouseCoopers Belastingadviseurs N.V., Amsterdam (100%)
- PricewaterhouseCoopers Certification B.V., Amsterdam (100%)
- PricewaterhouseCoopers Compliance Services B.V., Amsterdam (100%)

- PricewaterhouseCoopers Deelnemingen B.V., Amsterdam (100%)
- PricewaterhouseCoopers IT Services (NL) B.V., Amsterdam (100%)
- PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V., Amsterdam (100%)
- PwC Strategy& (Netherlands) B.V., Amsterdam (100%)
- Executive Academy VOF, Amsterdam (100%)
- Taxmarc B.V., Amsterdam (100%)
- Taxolutions B.V., Amsterdam (100%)
- TruEconomy Consulting Holding B.V., Zaltbommel (100%).

### Fiscal unity

Except for Executive Academy VOF, PricewaterhouseCoopers N.V. and PricewaterhouseCoopers Deelnemingen B.V., all of the abovementioned consolidated entities form a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V. PwC Strategy& (Netherlands) B.V. was added as from 1 August 2015.

All of the abovementioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V. PwC Strategy& (Netherlands) B.V. was added as from 1 July 2015.

### Acquisition of group companies

Results and identifiable assets and liabilities of acquired entities are recognised in the consolidated financial statements from the date of acquisition, this being the date on which control is obtained.

The purchase price is the monetary, or equivalent, amount agreed for the acquisition of the acquired entity increased by any costs directly attributable to the acquisition. Where the acquisition cost exceeds the net fair value of the identifiable assets and liabilities, the excess is recognised as goodwill under intangible fixed assets.

### Estimates

In applying accounting policies and financial reporting requirements, the Board of Management needs to make judgements and estimations that can be critical to the amounts reported in the financial statements.

Where necessary to provide the insight required by Article 2:362, clause 1 of the Dutch Civil Code, the nature of these judgements and estimations, and details of the underlying assumptions, are provided in the note disclosures for the relevant balance sheet items.

### Related parties

Related parties are defined as legal entities that can be controlled, jointly controlled or significantly influenced by the Company and legal entities that can control the Company. The statutory director, the authorised executive directors, the members of the Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V. and their close relatives and the shareholders of Holding PricewaterhouseCoopers Nederland B.V. (Coöperatie PricewaterhouseCoopers Nederland U.A. and PwC Europe SE Wirtschaftsprüfungsgesellschaft) are also defined as related parties.

The nature and extent of transactions with related parties are disclosed, together with any other information necessary to provide sufficient insight.

## Accounting policies for assets and liabilities

### General

Unless otherwise indicated, all amounts in the financial statements are reported in thousands of Euros. Amounts followed by ‘m’ are in millions of Euros.

In the interests of transparency regarding amounts payable to the professional practitioners and as further described in the management fee policy in the Accounting policies for the profit and loss account, the Company has decided to deviate from the prescribed reporting formats (‘Besluit modellen jaarrekening’) by including the management fee as the final line item prior to Profit after tax.

### Comparison with prior year

The Group’s financial year runs from 1 July to 30 June. The accounting policies applied in determining balance sheet and profit and loss account items are unchanged from prior year, except for revenue recognition for work performed on the basis of special arrangements. Until last year this revenue was recognised on receipt. As from this year revenue is recognised when earned under the special arrangement.

In the interests of improved presentation, the comparative amounts for Salaries and Other operating costs have been reclassified.

### Foreign currencies

The financial statements are presented in Euros, which is both the functional and the presentation currency. Foreign currency transactions in the reporting period are translated at the exchange rates prevailing on the dates of the transactions. Monetary amounts denominated in foreign currencies are translated into the functional currency at exchange rates prevailing at the balance sheet date. Resulting exchange differences are taken to the profit and loss account, except where hedge accounting is applied. Non-monetary assets carried at acquisition cost in a foreign currency are translated using the exchange rates prevailing on the dates of the transactions.

### Financial instruments

Financial instruments comprise other financial interests, receivables, cash and cash equivalents, subordinated loans, liabilities to suppliers and liabilities to related parties. The accounting policies for these items are set out individually below.

### Intellectual property

Intellectual property is carried at acquisition cost less accumulated amortisation and impairment provisions. Intellectual property is amortised on a straight-line basis over its expected useful life.

### Goodwill

Goodwill is determined as the excess of the acquisition cost over the fair value of identifiable assets and liabilities acquired, less accumulated amortisation and impairment provisions. Goodwill is amortised on a straight-line basis over its expected useful life.

### Tangible fixed assets

Tangible fixed assets are carried at acquisition cost less accumulated depreciation determined on a straight-line basis over their expected useful lives and recognising residual values. Assets under construction are not depreciated.

### Impairment of fixed assets

At each balance sheet date, the Company assesses whether there is any indication of asset impairment and, where there are such indications, the recoverable amount of the asset is determined, calculated as the higher of the fair value less costs to sell and the value in use. An asset is deemed to be impaired if its carrying amount, or the carrying amount of the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment is recognised as an expense in the profit and loss account.

### Financial fixed assets

Participating interests over which significant influence is exercised are carried at net asset value, determined using the same accounting policies as used in these financial statements. Participating interests acquired are recognised initially at the fair value of the identifiable assets and liabilities on acquisition and thereafter on the basis of the accounting policies used for these financial statements using this initial value as a basis.

Other financial interests are carried at the lower of acquisition cost and, where there are indications of impairment, the best estimate of their recoverable amount.

### Work in progress

Work in progress comprises services delivered but not yet invoiced and is carried at the amounts expected to be recovered from clients. Where the net amount of work performed, provisions and invoiced amounts on any individual project is negative, this net amount is recognised under other liabilities.

### Receivables

Receivables are recognised initially at the fair value of the service provided and thereafter at amortised cost, which for current receivables is the nominal amount, net of provisions for doubtful debts.

Deferred tax assets are recognised on tax losses and on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilised. Deferred income tax is determined, at nominal amount, on the basis of tax rates applying at year-end or at future tax rates where these have been enacted. Other receivables all mature within one year.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and deposits with maturities of less than twelve months. Bank overdrafts are included in payables to credit institutions in current liabilities. Cash and cash equivalents are carried at their nominal amounts.

### Provisions

Provisions are recognised for legally enforceable or constructive obligations which exist at the balance sheet date and of which the settlement is uncertain.

Pension provisions relate to commitments under non-activity arrangements.

Personnel provisions relate to long-term disability benefit top-ups, long-service entitlements and severance pay. The provisions for commitments under non-activity arrangements and long-service entitlements are carried at present value using a discount rate of 2.5% (30 June 2015: 2.5%) and taking into account staff turnover probability. The provision for long-term unemployment benefit top-ups is carried at its present value using a discount rate of 2.5% (30 June 2015: 2.5%).

The provision for severance pay and other provisions are carried at the nominal amounts of the expected cost of settlement. Other provisions include provisions for office vacancy, restoration obligations at the end of rental contracts and professional liability. Restoration obligations at the end of rental contracts are provided for evenly over the rental period.

### **Subordinated loans**

Subordinated loans include amounts that mature after more than one year. Loans repayable within one year are recognised in current liabilities. The loans are initially recognised at fair value and are thereafter carried at amortised repayment amount.

### **Accrued expenses and deferred income (long-term)**

Long-term accrued expenses and deferred income include incentives received in connection with the rental of a number of office premises. These amounts are of a long-term

nature and are taken to income on a straight-line basis over the term of the rental contracts.

### **Liabilities**

Liabilities are recognised initially at fair value, increased by transaction costs directly attributable to the assumption of the liability, and thereafter at amortised cost. The difference between carrying amount and ultimate repayment amount is charged to income as interest expense over the term of the liability based on the effective interest rate. Bonus and untaken leave entitlements are carried at the amounts required for monetary settlement. The recognised liability for bonuses reflects the best estimate of the expenditure necessary to settle the obligation. Other liabilities all mature within one year.

### **Prepayments and accrued income and Accrued expenses and deferred income (current)**

Other assets and liabilities are carried at the amounts receivable and payable, respectively. Receivables are carried net of provisions for non-recoverability. Other assets and liabilities all have a remaining maturity period of less than one year.

### **Operating leases**

Lease contracts under which the risks and rewards of ownership do not accrue to the Group are recognised as operating leases. Operating lease obligations are charged to profit and loss, net of any incentives received from the lessor, on a straight-line basis over the term of the contract.

## **Accounting policies for the profit and loss account**

### **General**

Profit after tax represents the difference between the recoverable value of services rendered and the costs and other charges incurred during the year. Losses are recognised as and when they occur and to the extent that they can be reliably estimated.

### **Exchange differences**

Exchange differences arising on settlement or translation of monetary items in foreign currency are recognised in the profit and loss account in the year in which they arise, unless hedge accounting is applied.

### **Net revenue**

Net revenue represents the amounts chargeable for services rendered during the year. These are recognised when it becomes likely that they will be realised, with due recognition of arrangements made with clients regarding services to be billed as the work progresses.

Where it becomes likely that total project costs will exceed total project revenues, the losses are recognised immediately in the profit and loss account and in work in progress in the balance sheet.

### **Operating costs**

Operating costs are recognised at historical cost on an accruals basis.

### **Amortisation and depreciation of intangible and tangible fixed assets**

Depreciation of tangible fixed assets is based on acquisition cost and is charged to the profit and loss account on a straight-line basis reflecting the estimated useful economic lives of the assets and their expected residual values. Intangible fixed assets, including goodwill, are amortised over their estimated economic lives from the date they are available for use. The effects of any changes in estimated useful economic lives are reflected prospectively in future amortisation charges.

### **Salaries and social security charges**

Salaries and wages (including bonuses and holiday allowances) and social security charges are recognised in the profit and loss account when they are due.

### **Pensions**

The Group has a number of pension schemes. For most schemes, the premiums are based on salary for the year in question (defined contribution schemes) and are payable to insurance companies or pension funds. Premiums are recognised when they become payable. Under the schemes, the Group has no further legal or constructive obligation should a funding deficit arise at the insurance company or pension fund. The Group also has a so-called non-activity scheme. The annual cost of this scheme reflects the increase in the present value of the vested entitlements based on period of service, imputed interest and actuarial assumptions.

### Interest income and expenses

Interest income and expenses, including transaction costs relating to loans received, are recognised evenly over the periods to which they relate based on the effective interest rate inherent in the underlying assets and liabilities.

### Dividends receivable

Dividends from other participating interests and securities are recognised when the Group becomes entitled to receive them.

### Taxes

The corporation tax charge is determined based on the results of the Group reduced by the management fee payable by Holding PricewaterhouseCoopers Nederland B.V. to Coöperatie PricewaterhouseCoopers Nederland U.A. Taxes on the management fee are levied on the partner BVs as the ultimate recipients of the management fee.

### Management fee

The members of Coöperatie PricewaterhouseCoopers Nederland U.A. are entitled to a management fee under the association agreements with the partner BVs of the professional practitioners (which are the members of Coöperatie) and under the internal financial arrangements with partners.

This management fee is included as an expense in the profit and loss account. To provide the necessary insight into the results allocated to the professional practitioners as profit share the management fee is presented as a separate line item in the profit and loss account above Profit before tax. This is also addressed in item 1.7 of the Other notes (Management agreement and other expenses of members). This treatment is based on Article 2:362, clause 1 of the Dutch Civil Code and represents a deviation from the reporting formats prescribed by the Reporting Formats Decree ('Besluit modellen jaarrekening').

### Segment information

As the Group's operations are run primarily through three Lines of Service (Assurance, Tax and Advisory) and one central support service line (Other), segment information is provided along these lines.

## Basis of preparation of the consolidated statement of cash flows

### General

The statement of cash flows is drawn up using the indirect method. Cash resources consist of cash and cash equivalents. Cash flows in foreign currencies are translated at the exchange rates ruling on the dates of settlement, and cash and cash equivalents in foreign currencies at the end of the financial year are translated at the exchange rates ruling on the balance sheet date. Cash inflows and outflows that relate to interest, dividends received and taxes on profits are reported under cash flow from operating activities. Dividends paid are reported under cash flow from financing activities.

### Working capital

Working capital represents the aggregate amount of receivables and work in progress net of current liabilities excluding amounts owed to credit institutions and subordinated loans.

## 1.5. Notes to the consolidated balance sheet as at 30 June 2016 (in € '000)

### [1] Intangible fixed assets

The movements were as follows:

	2015/2016		2014/2015	
	Intellectual property	Goodwill	Total	Total
<b>Balance as at 1 July</b>				
At cost	4,306	5,052	9,358	5,065
Accumulated amortisation	-718	-2,977	-3,695	-3,087
<b>Carrying amount</b>	<b>3,588</b>	<b>2,075</b>	<b>5,663</b>	<b>1,978</b>
<b>Movements</b>				
Additions	-	8,147	8,147	5,382
Amortisation	-1,435	-2,015	-3,450	-1,697
	<b>-1,435</b>	<b>6,132</b>	<b>4,697</b>	<b>3,685</b>
<b>Balance as at 30 June</b>				
At cost	4,306	13,199	17,505	9,358
Accumulated amortisation	-2,153	-4,992	-7,145	-3,695
<b>Carrying amount</b>	<b>2,153</b>	<b>8,207</b>	<b>10,360</b>	<b>5,663</b>
Amortisation percentages	33	10-33		

Intellectual property represents the value of the intellectual property of the Taxmarc software licences acquired through the Group's acquisition of Taxolutions B.V. Taxolutions B.V. and its wholly-owned subsidiary Taxmarc B.V. were acquired on 16 March 2015 at a cost of € 4.3 m, of which € 1.5 m is contingent on subsequent performance.

Goodwill of € 7,197 was recognised on the acquisition of PwC Strategy& (Netherlands) B.V. as of 1 July 2015, and is being amortised on a straight-line basis over ten years.

The goodwill of € 950 recognised on the acquisition of 20% of the shares in BigData.Company B.V. as of 26 November 2015 and the goodwill of € 3,976 recognised on the acquisition of TruEconomy Consulting Holding B.V. (TruEconomy) on 1 December 2011 are being amortised on a straight-line basis over five years.

The goodwill of € 1,076 that was recognised on the acquisition of Taxolutions B.V. on 16 March 2015 with economic effect as of 1 January 2015 is being amortised on a straight-line basis over three years.

Cost and accumulated amortisation amounts are excluded from the table opposite as and when the intellectual property and goodwill they relate to are fully amortised.

## [2] Tangible fixed assets

The movements were as follows:

					2015/2016	2014/2015
	Leasehold improvements	Fixtures and fittings	Other fixed assets	Fixed assets under construction	Total	Total
<b>Balance as at 1 July</b>						
At cost	58,777	14,938	19,849	969	94,533	99,369
Accumulated depreciation	-47,879	-13,220	-13,237	-	-74,336	-78,604
<b>Carrying amount</b>	<b>10,898</b>	<b>1,718</b>	<b>6,612</b>	<b>969</b>	<b>20,197</b>	<b>20,765</b>
<b>Movements</b>						
Additions	3,288	2,975	2,880	-922	8,221	8,666
Additions at cost from acquisitions	81	37	109	-	227	-
Disposals	-98	-74	-582	-	-754	-13,502
Accumulated depreciation on disposals	53	26	412	-	491	13,455
Depreciation	-3,764	-559	-3,424	-	-7,747	-9,187
	<b>-440</b>	<b>2,405</b>	<b>-605</b>	<b>-922</b>	<b>438</b>	<b>-568</b>
<b>Balance as at 30 June</b>						
At cost	62,048	17,876	22,256	47	102,227	94,533
Accumulated depreciation	-51,590	-13,753	-16,249	-	-81,592	-74,336
<b>Carrying amount</b>	<b>10,458</b>	<b>4,123</b>	<b>6,007</b>	<b>47</b>	<b>20,635</b>	<b>20,197</b>
Depreciation percentages	10	10	20-50			

Other fixed assets relate primarily to computers, servers and smartphones with a book value at 30 June 2016 of € 3.5 m (30 June 2015: € 5.2 m) and related software with a book value at 30 June 2016 of € 0.5 m (30 June 2015: € 1.1 m). The fair value of tangible fixed assets does not differ materially from the carrying amount.

## [3] Financial fixed assets

Depreciation of leasehold improvements is based on the remaining term of the rental contracts adjusted, where necessary, for any early termination of rental contracts.

The movements were as follows:

			2015/2016	2014/2015
	Other financial interests	Other receivables	Total	Total
<b>Balance as at 1 July</b>	<b>25,658</b>	<b>1,742</b>	<b>27,400</b>	<b>13,366</b>
Investments and interest	-	9	9	14,034
Disposals and interest received	-10	-13	-23	-
Movement due to acquisition of group companies	-18,921	-	-18,921	-
<b>Balance as at 30 June</b>	<b>6,727</b>	<b>1,738</b>	<b>8,465</b>	<b>27,400</b>

### Other financial interests

In 2013/2014, the Group acquired a 2.6% interest in PwC Strategy& Parent (UK) Ltd at a cost of € 19 m, of which some € 4.5 m was payable in the future. The legal and organisational integration of the global Strategy& organisation in the various national entities of the global PwC network became effective on 1 July 2015 and the financial results of PwC Strategy& (Netherlands) B.V. have therefore been included in the Group's consolidated financial statements as from that date. This resulted in the entire share capital of PwC Strategy& (Netherlands) B.V. being transferred in exchange for a distribution on the existing participation in PwC Strategy& Parent (UK) Ltd. In 2015/2016 the interest in PwC Strategy& Parent (UK) Ltd. diluted to 2.4% and settlements were made within the PwC network. As a result the total acquisition costs decreased from € 19 m to € 12.8 m. An amount of € 7.2 m is recognised as goodwill, as set out in note [1] on page 70.

On 26 November 2015 the Group acquired 20% of the shares of BigData.Company B.V. at a cost of € 950. The entire amount of the acquisition cost was allocated to goodwill, as set out in note [1] on page 70.

Other financial interests include a number of other interests, primarily interests in other global PwC network entities that operate for the benefit of the global PwC network. None of these interests are held for trading.

Members of the Group hold the following interests:

Name and location	Share in the issued capital %
BigData.Company B.V., The Hague*	20.00
Lifeguard Finance B.V., Amsterdam	16.35
PricewaterhouseCoopers Services B.V., Rotterdam	12.50
L & F Holdings Limited, Bermuda	7.14
PwC Network Holdings Pte Ltd., Singapore	3.00
PwC Strategy& Parent (UK) Ltd., London	2.40

\* Also trading as OneUp.Company.

### Other receivables

This is a Floating Rate Subordinated Unsecured Loan Note of € 1,733 provided to Lifeguard Finance B.V. on 2 February 2014. The receivable is subordinated to all of Lifeguard Finance B.V.'s other creditors. Interest is payable semi-annually at the end of February and August, and is set at 6 months Euribor plus 0.75% at the end of August each year. For the period from 2 February 2016 to 31 August 2016, interest has been set at 0.9%. The principal, together with any unpaid interest, is repayable in full on 31 August 2018.

### [4] Work in progress

Work in progress at 30 June 2016 is stated net of amounts billed aggregating € 39 m (30 June 2015: € 46 m).

### [5] Receivables from clients

Receivables are due within one year and are not interest bearing. A provision for doubtful debts of € 7.9 m was carried at 30 June 2016 (30 June 2015: € 10.2 m).

### [6] Taxes and social security charges

	30 June 2016	30 June 2015
Corporation tax	628	204
<b>Total</b>	<b>628</b>	<b>204</b>

### [7] Other receivables

Other receivables are as follows:

	30 June 2016	30 June 2015
Deferred taxes	3,745	4,021
Receivables from related parties	391	134
Receivables from personnel	345	321
Other	6,186	1,158
<b>Total</b>	<b>10,667</b>	<b>5,634</b>

Some € 3.5 m (30 June 2015: € 3.7 m) of the deferred taxes balance is recoverable after more than one year. Receivables from related parties comprise receivables from a number of PwC entities that are not part of the Group. Other includes amounts due from L & F Holdings Limited (€ 2.9m) and amounts due from PwC Strategy& parent (UK) Ltd. (€ 2.2m).

## [8] Prepayments and accrued income

Prepayments and accrued income, all due within one year, are as follows:

	30 June 2016	30 June 2015
Prepaid rental costs	7,011	6,396
Prepaid insurance premiums	6,129	7,185
Prepaid car lease cost	2,109	-
Prepaid pension premiums	2,168	3,069
Other	2,154	2,058
<b>Total</b>	<b>19,571</b>	<b>18,708</b>

## [9] Cash and cash equivalents

Of the cash and cash equivalents, € 2.1 m (30 June 2015: € 2.1 m) was not freely available.

## [10] Group equity

Disclosures regarding shareholders' equity are provided in the notes to the company financial statements. A consolidated statement of comprehensive income is not presented as there is no difference between profit after tax and comprehensive income (2014/2015: the same).

## [11] Provisions

The movements were as follows:

	Personnel	Pensions	Other	2015/2016 Total	2014/2015 Total
<b>Balance as at 1 July</b>	<b>3,938</b>	<b>288</b>	<b>27,800</b>	<b>32,026</b>	<b>31,802</b>
Additions	213	26	8,607	8,846	7,752
Movement due to acquisition of group companies	-	-	428	428	-
Utilisation	-266	-155	-7,951	-8,372	-3,103
Releases	-893	-	-5,479	-6,372	-4,425
<b>Balance as at 30 June</b>	<b>2,992</b>	<b>159</b>	<b>23,405</b>	<b>26,556</b>	<b>32,026</b>

Approximately € 23 m (30 June 2015: approximately € 29 m) of provisions is non-current.

Personnel provisions include amounts for long-term disability benefit top-ups, long-service entitlements and severance pay. Pension provisions include obligations under non-activity schemes.

Other provisions include the provision for office vacancy € 13.7 m (30 June 2015: € 16.2 m) in respect of leased premises. This provision is based on the lease costs for future periods during which it is expected that the premises will not be occupied. Other provisions also include a provision for obligations to restore leased premises at the end of the lease period € 1.4 m (30 June 2015: € 1.2 m); this provision is recognised evenly over the lease period.

Other provisions also include professional liability provisions € 7.9 m (30 June 2015: € 10.4 m) relating to work performed up to and including the balance sheet date. Releases relate primarily to changes in the estimated costs of claims outstanding. All of the claims are disputed, and provisions are made for any loss still expected to be incurred by the Group on ongoing claims. The Group is insured against any such claims. While the outcome of these disputes cannot be predicted with certainty, legal advice and other information received indicate that they will have no significant effect on the financial position of the Group.

## [12] Subordinated loans

PwC Europe SE Wirtschaftsprüfungsgesellschaft has provided financing of € 45,140 (2014/2015: € 41,540) in the form of a loan subordinated to all of the Company's other creditors. Interest accrues at a maximum of 12% per annum depending on profitability. The amount of the loan fluctuates depending on the number of professional practitioners made available.

	2015/2016	2014/2015
<b>Balance as at 1 July</b>	<b>41,540</b>	<b>40,340</b>
Net movement from new and ended association agreements with partners	3,600	1,200
<b>Balance as at 30 June</b>	<b>45,140</b>	<b>41,540</b>

## [13] Accrued expenses and deferred income (long-term)

Long-term accrued expenses and deferred income include the long-term element of incentives received under a number of office lease agreements that are being released to the profit and loss account over the duration of the related rental contracts. The portion that will be released to the profit and loss account in 2016/2017 is included in short-term accrued expenses and deferred income in current liabilities.

The deferred rental incentives are being released as follows:

	30 June 2016	30 June 2015
From 1-5 years	8,740	9,073
> 5 years	5,123	7,362
<b>Carrying amount</b>	<b>13,863</b>	<b>16,435</b>

## [14] Liabilities to suppliers

Liabilities to suppliers are all due within one year.

## [15] Liabilities to shareholders

The liabilities to shareholders have a remaining maturity period of less than one year and bear interest at the average interest rate earned on internet savings accounts plus 0.25%. The average interest rate for 2015/2016 was 1.2% (2014/2015: 1.6%).

## [16] Taxes and social security charges

Taxes and social security charges, all due within one year, are as follows:

	30 June 2016	30 June 2015
Value added tax	22,502	24,316
Wages, taxes and social security charges	12,447	10,641
<b>Total</b>	<b>34,949</b>	<b>34,957</b>

## [17] Other liabilities

Other liabilities, all due within one year, are as follows:

	30 June 2016	30 June 2015
Bonuses payable	27,639	30,415
Work in progress for which installments billed exceed the project revenue earned	21,950	30,876
Accrued leave entitlements and holiday allowances	18,048	16,258
Amounts due to related parties	194	312
Other	107	36
<b>Total</b>	<b>67,938</b>	<b>77,897</b>

## [18] Accrued expenses and deferred income (current)

Accrued expenses and deferred income comprise accruals for invoices to be received and the current portion of incentives received under a number of office lease agreements.

	30 June 2016	30 June 2015
Invoices to be received	14,358	12,987
Current portion of incentives received under lease agreements for office premises	2,587	2,600
Other	2,842	5,980*
<b>Total</b>	<b>19,787</b>	<b>21,567</b>

\* The other accrued expenses as at 30 June 2015 included an amount of € 4.5 m in relation to the acquisition of PwC Strategy& (Netherlands) B.V.

## Off-balance sheet liabilities and commitments

- PricewaterhouseCoopers B.V. stands surety for the annual Group profit-linked periodic benefit payments administered by Stichting Verrekenfonds, to the beneficiaries of one of the legal predecessors of the legacy firm Coopers & Lybrand. For 2015/2016, the payments amounted to some € 0.9 m (2014/2015: some € 1.0 m). The payments are due for the lifetimes of the individual beneficiaries.
- Guarantees provided in relation to lease and other obligations total € 2.7 m as at 30 June 2016 (30 June 2015: € 2.8 m), the longest running guarantee expiring on 31 December 2025.
- The Group has undertaken, in certain circumstances, to assume receivables of up to USD 14 m (30 June 2015: USD 14 m) on behalf of L & F Holdings Limited, in which PricewaterhouseCoopers Deelnemingen B.V. holds a 7.1% participating interest.
- PricewaterhouseCoopers B.V. has undertaken to indemnify a third party for 2.4% of certain liabilities that that party may incur under an agreement to fund supplementary payments of non-Dutch pensions.

- PricewaterhouseCoopers Deelnemingen B.V. has undertaken to bear 2.4% of the damages certain third parties may suffer in relation to their responsibilities in a certain non-Dutch Retirement Medical Trust.
- As at 30 June 2016, the Group had made commitments for capital expenditure aggregating € 5.4 m (30 June 2015: € 1.2 m) relating to office leasehold improvements and fixtures and fittings and € 3.7 m (30 June 2015: 0) relating to other fixed assets.
- The Group has obligations under lease contracts (to restore leased premises at the end of the lease) estimated at € 2.5 m (30 June 2015: € 2.2 m). These obligations are recognised evenly over the lease period, and the provision carried at 30 June 2016 amounted to € 1.3 m (30 June 2015: € 1.2 m).
- The Group has long-term rental contracts, other operating lease obligations and facility services insourcing obligations totalling € 209 m (30 June 2015: € 226 m).

These obligations mature as follows:

in € millions	30 June 2016	30 June 2015
< 1 year	43	40
From 1-5 years	111	107
> 5 years	55	79
<b>Total obligations</b>	<b>209</b>	<b>226</b>

## 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2016 (in € '000)

### [19] Net revenue

The net revenue of each segment (after eliminating internal revenue) was as follows:

	2015/2016	2014/2015
Assurance	302,021	291,884
Tax	250,985	240,529
Advisory	191,071	164,896
<b>Total</b>	<b>744,077</b>	<b>697,309</b>

Net revenue is earned primarily in the Netherlands.

### [20] Cost of work contracted-out and other external costs

These relate to third-party services, including those from other members of the PwC network, and out-of-pocket expenses directly attributable to engagements.

### [21] Social security charges

Social security charges were as follows:

	2015/2016	2014/2015
Social security charges	33,638	30,510
Pension premiums	19,644	18,614
<b>Total</b>	<b>53,282</b>	<b>49,124</b>

Pension costs are determined in accordance with the agreed pension schemes. Qualifying staff members are provided with an annual premium, depending on age and income, for contribution to their pension plans. The graduated scale of premiums to be applied was reduced by law as from 1 January 2015.

### [22] Other operating costs

Other operating costs are as follows:

	2015/2016	2014/2015
Other personnel costs	51,379	38,928
Travel	36,254	32,540
Occupancy costs	32,267	37,136
Technology	22,839	18,771
Sales and business development	9,434	9,408
External consultants' fees	3,720	4,306
Other costs	29,924	18,391
<b>Total</b>	<b>185,817</b>	<b>159,480</b>

The increase in Other personnel costs arises as a result of temporary hires and increased headcount. Occupancy costs decreased due to an addition last year to the provision for office vacancy. Technology costs exclude personnel and depreciation. Other costs include membership contributions to PricewaterhouseCoopers International Ltd. and insurances and other costs related to professional liability. The professional liability related costs increased by € 7.0 m due to a net addition to the provision compared to a net decrease of this provision last year.

### [23] Interest and other financial expense

Interest and other financial expense were as follows:

	2015/2016	2014/2015
Interests payable to Coöperatie PricewaterhouseCoopers Nederland U.A.	724	796
Interests payable to PwC Europe SE	445	298
Other	259	50
<b>Total</b>	<b>1,428</b>	<b>1,144</b>

## [24] Taxes

Taxes are as follows:

	2015/2016	2014/2015
Profit on ordinary activities before tax and management fee	141,012	156,539
Less: Management fee *	139,783	154,561
<b>Profit on ordinary activities before tax</b>	<b>1,229</b>	<b>1,978</b>
Book/tax differences		
- Permanent	4,384	2,766
- Temporary	-1,679	4,482
<b>Taxable profit</b>	<b>3,934</b>	<b>9,226</b>
Tax thereon	973	2,296
Adjustments relating to prior year deferred tax	276	-318
Correction of previous years	-20	-
<b>Corporation tax due</b>	<b>1,229</b>	<b>1,978</b>

\* Corporation tax on the management fees is levied at the level of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. (the partner BVs). Permanent differences include non-deductible amortisation of goodwill. Temporary differences relate primarily to the provision for office vacancy and differing rates for the amortisation and depreciation of assets.

Taxes paid and taxes received are included in one aggregate net amount in the statement of cash flows.

## [25] Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.

The management fee Coöperatie PricewaterhouseCoopers Nederland U.A. contributes to the aggregate profit available for distribution to the professional practitioners, as further described in 1.7 (Other notes) on page 88.

## 1.7 Other notes (in € '000)

### Management agreement and other costs

Coöperatie PricewaterhouseCoopers Nederland U.A. charges a management fee to Holding PricewaterhouseCoopers Nederland B.V. for making available the professional practitioners who are associated with the members of Coöperatie PricewaterhouseCoopers Nederland U.A.

Holding PricewaterhouseCoopers Nederland B.V. pays out as dividend to the holder of its ordinary shares, PwC Europe SE Wirtschaftsprüfungsgesellschaft, the net profit that remains after charging the management fee. PwC Europe SE pays its entire net profit out to Konsortium PwC Europe. The entire net profit of Konsortium PwC Europe is distributed to its participants, including Coöperatie PricewaterhouseCoopers Nederland U.A. in accordance with their respective equity shares.

Coöperatie PricewaterhouseCoopers Nederland U.A. distributes its entire net profit, after deduction of the return on members' capital contributions ('Ledenvergoeding') and its own operating results, as management fee to its members.

The aggregate remuneration accruing from the Dutch PwC entities to the members of Coöperatie PricewaterhouseCoopers Nederland U.A., after elimination of the effects of the Konsortium PwC Europe arrangements, was as follows:

	2015/2016	2014/2015
Net profit Holding PricewaterhouseCoopers Nederland B.V.	-	-
Management fee to Coöperatie PricewaterhouseCoopers Nederland U.A.	139,783	154,561
Results Coöperatie PricewaterhouseCoopers Nederland U.A.	302	-717
<b>Profit available for allocation</b>	<b>140,085</b>	<b>153,844</b>
Management fee payable by Coöperatie PricewaterhouseCoopers Nederland U.A. to its members	-133,471	-147,641
Return on capital contributions payable to members of Coöperatie PricewaterhouseCoopers Nederland U.A.	-6,614	-6,203
	-	-
Average number of partners (fte)	273	254
Average management fee per partner*	513.3	605.8

\* Includes return on members' capital contributions.

In addition to their management fee, the members of Coöperatie PricewaterhouseCoopers Nederland U.A. also receive a car and expense allowance, aggregating € 8.1 m (2014/2015: € 7.3 m), and interest on their current accounts, aggregating € 0.7 m (2014/2015: € 0.8 m).

### External auditor's fees

The following fees were charged to and borne by the Group for work done during the year by the auditor and the auditor's firm as defined in Section 1 (1 a and e) of the Audit Firms Supervision Act:

	2015/2016	2014/2015
Audit of the financial statements	228	202
Other audit engagements	50	45
<b>Total</b>	<b>278</b>	<b>247</b>

### Operating leases

The Group charged € 46 m (2014/2015: € 43 m) to the profit and loss account in operating lease costs during the year, relating to office premises and the leased car fleet.

## Financial instruments and risk management

### Foreign exchange risk

The Group operates primarily within the European Union. Foreign exchange risks arise mainly on positions and transactions in US dollars and Pounds Sterling. The Board of Management's policy is to hedge foreign exchange positions and not to take speculative positions. The Group has both primary and derivative financial instruments at its disposal for hedging operations.

Any significant foreign exchange risks relating to future cash flows from operating activities in foreign currencies are hedged by means of currency forward contracts under terms of determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2016, there were no contracts outstanding (30 June 2015: no contracts outstanding).

At 30 June 2016, receivables in US dollars, Pounds Sterling and other currencies amounted to € 5.4 m (30 June 2015: € 3.0 m), € 1.7 m (30 June 2015: € 2.4 m) and € 0.3 million (30 June 2015: € 0.4 million), respectively. Liabilities in US dollars, pounds sterling and other currencies amounted to € 1.0 m (30 June 2015: € 2.3 m), € 3.3 m (30 June 2015: € 1.3 m) and € 1.1 million (30 June 2015: € 1.0 million), respectively.

### Interest rate risk

The interest rate risk for the Group primarily relates to the following two loans:

- Subordinated loan from PwC Europe SE Wirtschaftsprüfungsgesellschaft of € 45,140 (2014/2015: € 41,540) to Holding PricewaterhouseCoopers Nederland B.V., with interest accruing at a maximum of 12% per annum depending on profitability.
- Loan receivable from Lifeguard Finance B.V. of € 1,738 (2014/2015: € 1,742), with interest, receivable semi-annually, set at 6 months Euribor plus 0.75% at the end of August each year (for the period from 2 February 2016 to 31 August 2016: 0.9%).

Interest rate risks on financial assets and liabilities are not hedged.

### Credit risk

The Group is exposed to the risk of counterparty default, though this risk is limited due to the large number and diversity of the Group's receivables. There is concentration of credit risk only due to the limited geographic spread of receivables concentrated in the Netherlands. Credit risks are further mitigated by the application of client acceptance and credit control procedures.

### Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations.

### Fair value

The carrying amounts of financial instruments under receivables and liabilities carried at amortised cost do not differ significantly from fair values.

## 1.8 Segment information (in €'000)

2015/2016	Assurance	Tax	Advisory	Other <sup>1)</sup>	Eliminations	Total
Net revenue from external clients	302,021	250,985	191,071	-	-	744,077
Net internal revenue	1,199	8,554	5,771	160,999	-176,523	-
<b>Total net revenue</b>	<b>303,220</b>	<b>259,539</b>	<b>196,842</b>	<b>160,999</b>	<b>-176,523</b>	<b>744,077</b>
Costs of work contracted-out and other external costs	41,911	31,492	33,337	255	-7,467	99,528
Staff costs	107,018	81,165	68,687	48,396	-	305,266
Amortisation and depreciation of fixed assets	-	1,820	1,717	7,660	-	11,197
Other operating costs	110,663	82,755	58,061	103,394	-169,056	185,817
<b>Total operating costs</b>	<b>259,592</b>	<b>197,232</b>	<b>161,802</b>	<b>159,705</b>	<b>-176,523</b>	<b>601,808</b>
<b>Operating profit</b>	<b>43,628</b>	<b>62,307</b>	<b>35,040</b>	<b>1,294</b>	<b>-</b>	<b>142,269</b>
Net financial income and expenses	-1,147	-1,015	-859	1,764	-	-1,257
Taxes	-504	-430	-295	-	-	-1,229
Management fee Coöperatie	-	-	-	-139,783	-	-139,783
<b>Profit after tax</b>	<b>41,977</b>	<b>60,862</b>	<b>33,886</b>	<b>-136,725</b>	<b>-</b>	<b>-</b>
<b>Carrying amount of total assets</b>	<b>112,831</b>	<b>104,149</b>	<b>73,895</b>	<b>10,304</b>	<b>-8,570</b>	<b>292,609</b>

<sup>1)</sup> Internal costs are charged to group companies and recognised as internal revenue under Other.

People employed in FTEs <sup>2)</sup>	Assurance	Tax	Advisory	Firm Services	Total
<b>Average number in 2015/2016</b>					
- Partners	112	96	65	-	273
- Other professionals	1,560	1,046	760	-	3,366
- Support staff	29	15	17	740	801
<b>Total</b>	<b>1,701</b>	<b>1,157</b>	<b>842</b>	<b>740</b>	<b>4,440</b>

<sup>2)</sup> FTEs (excluding trainees) means full-time equivalents.

**2014/2015**

	Assurance	Tax	Advisory	Other <sup>1)</sup>	Eliminations	Total
Net revenue from external clients	291,884	240,529	164,896	-	-	697,309
Net internal revenue	1,456	9,578	5,491	150,432	-166,957	-
<b>Total net revenue</b>	<b>293,340</b>	<b>250,107</b>	<b>170,387</b>	<b>150,432</b>	<b>-166,957</b>	<b>697,309</b>
Costs of work contracted-out and other external costs	37,374	27,341	32,335	-543	-8,143	88,364
Staff costs	101,162	78,255	53,878	47,631	-	280,926
Amortisation and depreciation of fixed assets	-	897	800	9,187	-	10,884
Other operating costs	99,225	80,208	47,184	91,677	-158,814	159,480
<b>Total operating costs</b>	<b>237,761</b>	<b>186,701</b>	<b>134,197</b>	<b>147,952</b>	<b>-166,957</b>	<b>539,654</b>
<b>Operating profit</b>	<b>55,579</b>	<b>63,406</b>	<b>36,190</b>	<b>2,480</b>	<b>-</b>	<b>157,655</b>
Net financial income and expenses	-1,285	-1,132	-468	1,769	-	-1,116
Taxes	-802	-740	-437	1	-	-1,978
Management fee Coöperatie	-	-	-	-154,561	-	-154,561
<b>Profit after tax</b>	<b>53,492</b>	<b>61,534</b>	<b>35,285</b>	<b>-150,311</b>	<b>-</b>	<b>-</b>
<b>Carrying amount of total assets</b>	<b>124,556</b>	<b>109,338</b>	<b>74,453</b>	<b>4,199</b>	<b>-32,667</b>	<b>279,879</b>

<sup>1)</sup> Internal costs are charged to group companies and recognised as internal revenue under Other.

**People employed in FTEs <sup>2)</sup>**

	Assurance	Tax	Advisory	Firm Services	Total
<b>Average number in 2014/2015</b>					
- Partners	103	95	56	-	254
- Other professionals	1,460	988	606	-	3,054
- Support staff	26	17	12	747	802
<b>Total</b>	<b>1,589</b>	<b>1,100</b>	<b>674</b>	<b>747</b>	<b>4,110</b>

<sup>2)</sup> FTEs (excluding trainees) means full-time equivalents.

## 2. Company financial statements

### 2.1 Company balance sheet as at 30 June 2016 (before appropriation of profit) (in €'000)

		30 June 2016	30 June 2015
<b>Fixed assets</b>			
<b>Financial fixed assets</b>			
Participating interests	[26]	147,003	161,926
Receivables from group companies	[27]	44,363	41,925
		<b>191,366</b>	<b>203,851</b>
<b>Current assets</b>			
<b>Receivables</b>			
Taxes and social security charges		451	169
Other receivables	[7]	4,645	4,021
		<b>5,096</b>	<b>4,190</b>
<b>Cash and cash equivalents</b>		<b>5,208</b>	<b>9</b>
<b>Total</b>		<b>201,670</b>	<b>208,050</b>

[.] The numbers in square brackets refer to the corresponding numbers in the notes.

		30 June 2016	30 June 2015
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>			
Issued capital	[28]	6,750	6,750
Share premium		3,510	3,510
Undistributed profit for the year	[29]	-	-
		<b>10,260</b>	<b>10,260</b>
<b>Long-term liabilities</b>			
Subordinated loans	[12]	45,140	41,540
		<b>45,140</b>	<b>41,540</b>
<b>Current liabilities</b>			
Liabilities to shareholders	[30]	53,628	25,453
Liabilities to group companies	[31]	92,196	130,499
Other liabilities		446	298
		<b>146,270</b>	<b>156,250</b>
<b>Total</b>		<b>201,670</b>	<b>208,050</b>

[.] The numbers in square brackets refer to the corresponding numbers in the notes.

## 2.2 Company profit and loss account for the year ended 30 June 2016 (in €'000)

	2015/2016		2014/2015	
Results of participating interests	137,376		152,299	
Other income and expense after tax	-137,376		-152,299	
<b>Profit after tax</b>		-		-

## 2.3 Notes to the company financial statements

### Basis of preparation

The company financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

Holding PricewaterhouseCoopers Nederland B.V. has the following direct and indirect controlling interests:

- PricewaterhouseCoopers B.V., Amsterdam (100%);
- PricewaterhouseCoopers N.V., Amsterdam (100%);
- PricewaterhouseCoopers Accountants N.V., Amsterdam (100%);
- PricewaterhouseCoopers Advisory N.V., Amsterdam (100%);
- PricewaterhouseCoopers Belastingadviseurs N.V., Amsterdam (100%);
- PricewaterhouseCoopers Certification B.V., Amsterdam (100%);
- PricewaterhouseCoopers Compliance Services B.V., Amsterdam (100%);
- PricewaterhouseCoopers Deelnemingen B.V., Amsterdam (100%);
- PricewaterhouseCoopers IT Services (NL) B.V., Amsterdam (100%);
- PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V., Amsterdam (100%);
- PwC Strategy& (Netherlands) B.V., Amsterdam (100%);
- Executive Academy VOF, Amsterdam (100%);
- Taxmarc B.V., Amsterdam (100%);
- Taxolutions B.V., Amsterdam (100%);
- TruEconomy Consulting Holding B.V., Zaltbommel (100%).

As the company financial statements of Holding PricewaterhouseCoopers Nederland B.V. are included in the consolidated financial statements, the company profit and loss account has been prepared in abridged form in accordance with Article 2:402 of the Dutch Civil Code.

### Fiscal unity

Except for Executive Academy VOF, PricewaterhouseCoopers N.V. and PricewaterhouseCoopers Deelnemingen B.V., all of the abovementioned consolidated entities form a fiscal unity for value added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

PwC Strategy& (Netherlands) B.V. was added as from 1 August 2015.

All of the abovementioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

PwC Strategy& (Netherlands) B.V. was added as from 1 July 2015.

### Accounting policies for assets and liabilities and for the profit and loss account

#### General

The accounting policies used for the company financial statements are the same as those used for the consolidated financial statements. Participating interests over which significant influence or control can be exercised are carried at net asset value, determined in accordance with the accounting policies used for the consolidated financial statements. The accounting policies are included in the general notes to the consolidated financial statements.

## 2.4 Notes to the company balance sheet as at 30 June 2016 (in € '000)

### [26] Participating interests

These consist of direct holdings in the following entities:

- PricewaterhouseCoopers B.V., Amsterdam (100%)
- PricewaterhouseCoopers N.V., Amsterdam (100%)
- PricewaterhouseCoopers Deelnemingen B.V., Amsterdam (100%).

Movements during the year were as follows:

	2015/2016	2014/2015
<b>Balance as at 1 July</b>	<b>161,926</b>	<b>118,015</b>
Less: Dividend distribution	-152,299	-108,388
Add: Results of participating interests	137,376	152,299
<b>Balance as at 30 June</b>	<b>147,003</b>	<b>161,926</b>

### [27] Receivables from group companies

Holding PricewaterhouseCoopers Nederland B.V. has provided subordinated loans aggregating € 44,363 (2014/2015: € 41,925) to group companies. These loans fluctuate depending on the number of professional practitioners made available by Coöperatie PricewaterhouseCoopers Nederland U.A. The nominal amount of the loan is € 162,500 (single Euros) for each practitioner made available. Interest accrues at 6% pa (2014/2015: 7.75% pa), based on the 15-year external capital market interest rate plus a risk premium.

	2015/2016	2014/2015
PricewaterhouseCoopers Accountants N.V.	18,525	17,063
PricewaterhouseCoopers Belastingadviseurs N.V.	15,113	15,762
PricewaterhouseCoopers Advisory N.V.	10,725	9,100
<b>Balance as at 30 June</b>	<b>44,363</b>	<b>41,925</b>

### [28] Issued capital

The Company's authorised share capital amounts to € 20,000 at 30 June 2016, divided into 800 ordinary shares of EUR 25,000 (EUR amounts single Euros) each and 1 priority share of EUR 1. The issued capital amounts to € 6,750, consisting of 270 ordinary shares of EUR 25,000 each and 1 priority share of EUR 1 (2014/2015: 270 ordinary shares and 1 priority share).

## [29] Undistributed profit for the year

The movements on undistributed profit for the year were as follows:

	2015/2016	2014/2015
<b>Balance as at 1 July</b>	-	<b>1,367</b>
Less: Dividend distribution	-	-1,367
Add: Profit after tax for the year	-	-
<b>Balance as at 30 June</b>	-	-

## [30] Current liabilities

All current liabilities are due within one year. Given the short-term nature of the liabilities, the fair value of current liabilities approximates the carrying amount.

## [31] Liabilities to shareholders

The liability to shareholder Coöperatie PricewaterhouseCoopers Nederland U.A. has a remaining term of less than one year and is interest bearing. The average interest rate for 2015/2016 was 1.2% (2014/2015: 1.6%).

## Off-balance sheet assets and commitments

Holding PricewaterhouseCoopers Nederland B.V. is jointly and severally liable for remittance of the corporation tax and value added tax due under the fiscal unities for these taxes.

## 2.5 Other notes

### Risk management in the area of financial instruments

#### Foreign exchange risk

Holding PricewaterhouseCoopers Nederland B.V.'s participating interests operate primarily within the European Union. Foreign exchange risks arise mainly on positions and transactions in US dollars and pounds sterling. The Board of Management's policy is to hedge foreign exchange positions and not to take speculative positions. The Company has both primary and derivative financial instruments at its disposal for hedging operations.

Any significant foreign exchange risks relating to future cash flows in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2016, there were no contracts outstanding (30 June 2015: no contracts outstanding).

#### Interest rate risk

Interest rate risks on financial assets and liabilities are not hedged.

#### Credit risk

Holding PricewaterhouseCoopers Nederland B.V. and its participating interests are exposed to the risk of counterparty default, though this risk is limited due to the large number and diversity of the entities from which Holding PricewaterhouseCoopers Nederland B.V. and its participating interests have receivables. There is concentration of credit risk only in that the limited geographic spread of receivables is concentrated in the Netherlands. Credit risks are further mitigated by the application of good client acceptance and credit control procedures.

#### Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations.

### Remuneration of the members of the Board of Management and the Supervisory Board

	2015/2016	2014/2015
Members of the Board of Management	5,885	6,573
Members of the Supervisory Board	445	65
	<b>6,330</b>	<b>6,638</b>

#### Members of the Board of Management

The remuneration of the Board of Management, comprising the statutory director and the five authorised executive directors, amounted to € 5.9 m for 2015/2016 (2014/2015: € 6.6 m).

Reference is made to the remuneration report of the Supervisory Board included as an appendix to this annual report.

Mr. M.J.M. Diepstraten was appointed to the Board of Management as an authorised executive director on 1 July 2016, replacing drs. S.A. Boonstra whose term ended on that date.

## Members of the Supervisory Board

Holding PricewaterhouseCoopers Nederland B.V. has had a Supervisory Board since 1 May 2015. The Supervisory Board currently has seven members.

Amsterdam, 26 September 2016

### The Board of Management:

Drs. P.J. van Mierlo RA (Statutory Director)  
Mr. M.J.M. Diepstraten \*  
Prof. mr. F.A. Engelen \*  
Drs. A.H.M. van Gils RA \*  
Drs. J.D. Lamse-Minderhoud RA \*  
Drs. M. de Ridder RA \*

### The Supervisory Board:

Drs. J.M. de Jong (Chair)  
Dr. A.H.E.M. Wellink (Vice-chair)  
Prof. dr. N. Ellemers  
A. Jorritsma  
Mr. F.W. Oldenburg  
Mr. drs. C.J.M. van Rijn  
Mr. Y.C.M.Th. van Rooy

\* Authorised executive director

## 3. Other information

### 3.1 Provisions of the Articles of Association governing the appropriation of profit

Article 30 of the Company's Articles of Association prescribes the following:

- From the distributable profits as determined by the shareholders, a dividend is distributable firstly on the priority share, determined as a percentage of the nominal amount of the priority share equivalent to the legal interest rate applicable as of 1 January of the financial year. The remaining distributable profits are at the disposal of the General Meeting of Shareholders for the distribution of dividend solely on the ordinary shares, for appropriation to reserves or for any other purposes consistent with the company's objectives that the Meeting shall decide upon.
- The company may distribute profits only to the extent that shareholders' equity exceeds the reserves which are required by law to be retained.
- A decision to distribute is not valid until it is approved by the Board of Management, and this approval shall not be given if the Board knows, or should reasonably be able to foresee, that the distribution would cause the Company to be unable to settle its obligations as they fall due.
- Shares held in treasury may not participate in any profit distribution.
- Only the amount of the legal payment obligation on the nominal amount of the share is to be used when determining the amount of any profit to be distributed per share. This may be disregarded at any time with the consent of all shareholders.
- Unless the Board of Management resolves otherwise, dividends become payable immediately the Board of Management approves the decision to make the distribution.
- Shareholder entitlements to claims under this article lapse after a period of five years.

### 3.2 Specific provisions of the Articles of Association governing shareholder control

The Company's Articles of Association, particularly articles 17.3, 17.4, 21.1 and 21.2, afford the holder of the priority share (hereafter: "the Priority Shareholder") certain rights regarding control.

17.3 Decisions of the Board of Management regarding the following matters may be taken only with the approval of the Priority Shareholder:

- Determination, on the initiative of the Chair of the Board of Management or Supervisory Board, of the duties and responsibilities of the Chair of the Board of Management, either through the implementation of internal procedures or in any other manner
- Determination of a maximum number of professional practitioners with whom the Coöperatie and the Company may enter into an association agreement
- Preparation and approval of the Company's business plans, annual plans and budgets
- Proposals for the determination or amendment of the remuneration system for the Associated professional practitioners
- Initiating or terminating the Company's and/or its representatives' memberships of PricewaterhouseCoopers Network bodies
- Transfer of the Company's shares
- Disposal or liquidation of significant Company shareholdings, participating interests or business units
- Entering into or terminating any merger, disaggregation, joint venture or similar ongoing form of cooperation with third parties that involves a value or interest of more than five per cent of the average consolidated revenue of the PwC Europe group for the previous three financial years
- Initiation of any legal action, in addition to those set out above, that involves a value or interest of more than five per cent of the average consolidated revenue of the PwC Europe group for the previous three financial years, with any inter-related actions being aggregated as one action.

17.4 The Board of Management also requires the approval of the Priority Shareholder for any management decision that the Priority Shareholder may determine and notify to the Board.

21.1 Board of Management decisions as described in articles 17.3 and 17.4 may only be taken with the approval of the Priority Shareholder.

21.2 Decisions by the General Meeting of Shareholders regarding the following matters may be taken only with the approval of the Priority Shareholder:

- Appointments to the Board of Management
- Removal or waiver of the mandatory requirements surrounding the appointment nomination
- Appointment of one or more persons to temporarily discharge the duties of a member or members of the Board of Management
- Appointments to the Supervisory Board
- Appointment of one of the Supervisory Board members as Chair
- Determination of the remuneration of the members of the Supervisory Board
- Changes to the Articles of Association.

### **3.3 Proposed appropriation of profit**

The profit after tax for the year 2015/2016 is nil.

### **3.4 Events occurring after the balance sheet date**

On 4 July 2016 the Group signed an agreement to acquire 100% of the shares of Everett B.V. with completion expected in the near future. Everett focuses on the sale and implementation of, and consultancy regarding, software for Identity and Access Management, and it will join the Consulting Technology group within PricewaterhouseCoopers Advisory N.V.

### 3.5 Combined independent auditor's and assurance report

To: the General Meeting of Shareholders and the Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V.

## Report on the audit of the Annual Report 2015/2016

We have been engaged by Holding PricewaterhouseCoopers Nederland B.V. (hereinafter 'PwC') to conduct an audit of the financial statements 2015/2016 and pages 6 to 7, 18 to 53, 100 to 115 and 117 of the Annual Report 2015/2016 (hereinafter 'the audited components of the Report').

### Opinion

In our opinion:

the financial statements give a true and fair view of the financial position of PwC as at 30 June 2016, and of its result for the period from 1 July 2015 to 30 June 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

the audited components of the Report presents, in all material aspects, the results and efforts of PwC regarding corporate responsibility in accordance with Section 2:391 of the Netherlands Civil Code and the reporting criteria of PwC which are based on the GRI G4 Guidelines as described on page 19.

### What we have audited

We have audited the financial statements 2015/2016 of PwC, based in Amsterdam as included on pages 58 to 89. The financial statements comprise:

- 1 the consolidated and company balance sheet as at 30 June 2016;
- 2 the consolidated and company profit and loss account; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

We have audited the following components of the Annual Report 2015/2016: The key statistics (pages 6 to 7), the Report of the Management Board (pages 18 to 53), Information about PwC (pages 100 to 115) and the appendices 'Five-year summary of financial performance (page 117). We do not provide any assurance on the achievability of the objectives, targets and expectations included in the audited components of the Report.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Assurance Standards 3000 and 3810N. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements and the Report' section of our report.

We are independent of PwC in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Audit approach

### Summary



### Materiality

Misstatements in the financial statements and the audited components of the Report can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the audited components of the Report. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 7.0 million (2015: EUR 7.5 million). The materiality is determined with reference to profit before tax (5%). We consider profit before tax as the most appropriate benchmark as PwC is a profit oriented organization and the profit will be paid to the partners of PwC as management fee. We have set lower materiality levels for group entities of PwC.

We also take account of actual and potential misstatements in the financial statements and the audited components of the Report which we believe to be material for the users of the financial statements and the audited components of the Report for qualitative reasons.

We agreed with the Management Board and the Supervisory Board that misstatements in excess of EUR 350,000, which are identified during the audit of the financial statements, would be reported to them, as well as other misstatements in the financial statements and the audited components of the Report that in our view must be reported on qualitative grounds.

### Scope of the group audit

PwC is head of a group of entities. The financial information of this group is included in the financial statements of PwC.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and / or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Those group entities are significant based on total revenues, total assets and profit before tax or because of identified risks.

We have:

- performed audit procedures ourselves at the following group entities:
  - PricewaterhouseCoopers Accountants N.V.
  - PricewaterhouseCoopers Belastingadviseurs N.V.
  - PricewaterhouseCoopers Advisory N.V.
  - PricewaterhouseCoopers B.V.
  - PricewaterhouseCoopers Certification B.V.
  - PricewaterhouseCoopers Compliance Services B.V.
  - PricewaterhouseCoopers IT Services (NL) B.V.
  - PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V.
  - PwC Strategy& (Netherlands) B.V.
- performed review procedures or specified audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.



### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements and the audited components of the Report. We have communicated the key audit matters to the Management Board and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements and the audited components of the Report as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters financial statements

**Valuation of work in progress**



**Description**

The valuation of work in progress is an important focus area in our audit that requires estimates which are complex and subjective in nature and is also based on assumptions. Assessing the valuation of work in progress as at balance sheet date requires professional judgement. These mainly concerns the accuracy of the expected results of current engagements based on an estimate of time and costs yet to be incurred in comparison with the fee received.



**Our response**

We evaluated the quality of the internal controls within PwC regarding the valuation of the work in progress.

Furthermore we performed audit procedures regarding the valuation of work in progress. These audit procedures consist for example of an analysis of increases and decreases to the work in progress in the new financial year, balance confirmations received from the responsible partners at year-end, check of terms agreed with clients, analysis of the average realization rate on engagements during the year and the expected realization rate on work in progress at year-end.

In addition, we selected a number of projects on the basis of the relative share of these projects in the work in progress. The valuation and progress of these projects was discussed by us with the Internal Audit Department of PwC (IAD) and the responsible controllers and examined based on underlying documentation, such as invoices, historical data and balance confirmations.

By performing our audit procedures as described above we also reperformed the work performed by the IAD.

Finally, we focused on the adequacy of the information included in the notes in relation to the provisions as included in note 4 and 17 of the Financial Statements.



**Our observation**

Based on the procedures performed we observed that the estimates and assumptions used for the valuation of the work in progress result in a prudent valuation of the work in progress at 30 June 2016.

Key audit matters audited components of the Report

**Balanced presentation in the audited components of the Report**



**Description**

The aim of PwC's corporate responsibility reporting is to give stakeholders a fair view on the social, economic and environmental achievements and challenges in the year under review. The balance in the presented text and data is an important part of our audit as it is crucial for the understanding of the corporate responsibility performance by stakeholders that both successes and dilemmas are included.



**Our response**

Evaluating the balance within a corporate responsibility report requires a thorough understanding of developments within the sector and the company. In this respect, for instance, we evaluated PwC's data collection and reporting in terms of criteria applied and process followed. To this end, we inquired staff of the departments related to corporate responsibility reporting and reperformed their work based on materiality and random sampling. In addition, a media analysis and specific sector knowledge is utilised to have a full understanding of recent developments and ensure a balanced presentation of corporate responsibility performance.



**Our observation**

We observed that the information on PwC's corporate responsibility performance in the audited components of the Report is balanced.

Key audit matters financial statements

**Valuation of the provision for professional liability and vacant property**



**Description**

The completeness and accuracy of the provision recognised for professional liability and the provision for vacant property is an important focus area in our audit because it requires estimates that are complex and subjective in nature, are based on assumptions and have a significant effect on the Financial Statements. Assessing the completeness and accuracy of these provisions as at balance sheet date requires professional judgement. This mainly concerns the question of whether the criteria for recognising a provision have been met and whether the valuation of the respective provisions is accurate and adequate.



**Our response**

For the provision for professional liability we did not assess the effectiveness of the internal control procedures since we do not make use of the internal control procedures regarding the provision in our audit.

We performed audit procedures for the provision for professional liability, such as sending out and analysing external lawyer's letters. We also evaluated the assessment of the Management Board of the recognition of a provision, as well as the estimates, assumptions and alternative scenarios, on the basis of e.g. business cases, insurance policies in place, publicly available information, court decisions, past experience and discussions with the responsible staff of PwC and the Management Board.

Furthermore we inspected the minutes of the Management Board and Supervisory Board and publicly available information to conclude if there are any cases that are not reflected in the provision for professional liability.

For the provision recognized for vacant property for (parts of) offices, we determined that the vacant offices are offered for letting in whole or in part based on publicly available sources, that the remaining tenancy period is consistent with the tenancy agreements and that the assumptions used are based on the actual rental costs.

Finally, we focused on the adequacy of the information included in the notes in relation to the provisions as included in note 11 of the financial statements.



**Our observation**

On the basis of our audit activities, we observed that the valuation of the provisions for professional liability and vacant property is balanced, as determined on the basis of the assumptions used.

Key audit matters audited components of the Report

**Clarity in explaining trends and developments**



**Description**

Trends and developments in performance should be presented in such a way that it is comprehensible to stakeholders with a reasonable understanding of the organization and its operations. This means that clarifications are required to explain the progress in PwC's corporate responsibility performance, whether positive or negative, and sufficient context should be given. An important focus of our audit is, therefore, clarity and context given in the audited components of the Report on the progress in PwC's corporate responsibility performance.



**Our response**

We analyzed the underlying evidence and conducted interviews with those related to the specific corporate responsibility performance together with the IAD of PwC. In addition we evaluated the text on clarity and context and examined whether trends and developments were sufficiently explained.



**Our observation**

We observed that the trends and developments in PwC's corporate responsibility performance are sufficiently explained in the audited components of the Report.

Key audit matters financial statements

Key audit matters audited components of the Report

**Acquisition PwC Strategy& (Netherlands) B.V.**



**Description**

In the financial year 2013/2014 PwC acquired a 2.6% interest in PwC Strategy& Parent (UK) Ltd, the global Strategy& organisation. This participation was valued at cost as at 30 June 2015.

As from 1 July 2015 the global Strategy& organisation is integrated in the various national entities of the global PwC network. This resulted in the 100% share capital of PwC Strategy& (Netherlands) B.V. transferred from the global PwC network to PwC.

Given the significance of this acquisition and its impact on our audit we consider it as a key audit matter.



**Our response**

We have audited the accounting treatment of the acquisition of PwC Strategy& (Netherlands) B.V. based on underlying documentation. This documentation consists of position papers about the accounting treatment and purchase price accounting, purchase agreements and bank statements.

Since this acquisition is a result of a global acquisition of the global PwC Network, we have audited the allocation of the purchase price to PwC based on the purchase price agreements. PwC involved a specialist to determine the accounting treatment of this acquisition and also to determine the purchase price accounting of this acquisition. We evaluated the conclusions of specialists within the PwC organisations and the position papers based on our audit work performed and discussed the transaction and the accounting thereof with the Board of management.

Furthermore we audited the adequacy of the information included in the notes in relation to this acquisition as included in note 1 and 3 of the Financial Statements.



**Our observation**

Based on the procedures performed we observed that the accounting treatment of this acquisition is in accordance with the applicable framework.

### Responsibilities of the Management Board and Supervisory Board for the financial statements and the other pages of the Annual Report

The Management Board is responsible for the preparation and fair presentation of the financial statements, as included on pages 58 to 89, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. The Management Board is also responsible for the preparation of the other pages of the Annual Report in accordance with section 2:391 of the Netherlands Civil Code and the reporting criteria of PwC, based on the GRI G4 Guidelines. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the Annual Report that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, as included on pages 58 to 89, and the other pages of the Annual Report, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements and the Report of the Management Board.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of financial statements and the audited components of the Report

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) <http://www.nba.nl/standardtexts-auditorsreport>

Regarding our audit of the audited components of the Report in accordance with the Assurance Standards 3000 and 3810N we performed e.g. the following procedures:

- A risk analysis as the basis for determining the completeness, level of detail and balanced presentation of the material issues and identifying and assessing the risks that the information in the Report contains material misstatements. This risk assessment forms the basis for the selection and performance of the audit procedures.
- Gaining an understanding of the internal control relevant to the audit by interviewing those responsible for delivering and analysing the information for the Report.
- Selecting and performing appropriate audit procedures based on the risk analysis and evaluation of the internal control, including random sampling of internal and external documents to ascertain whether the information in the Report is properly substantiated.
- Evaluating the information presented in the Report based on our sector-specific knowledge and experience.
- Reviewing and testing the work performed by the IAD.
- Reviewing the content in relation to the specific requirements as set out in Section 2:391 of the Netherlands Civil Code and GRI G4

## Report on other legal and regulatory requirements

### Report on the Report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report of the Management Board and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Report of the Management Board, to the extent we can assess, is consistent with the financial statements.

### Engagement

We were engaged by the Management Board as auditor of PwC in August 1996, as of the audit for year 1997 and have operated as statutory auditor since then. The undersigned is PwC's signing auditor with effect from the 2013/2014 financial year.

The Hague, 26 September 2016

KPMG Accountants N.V.

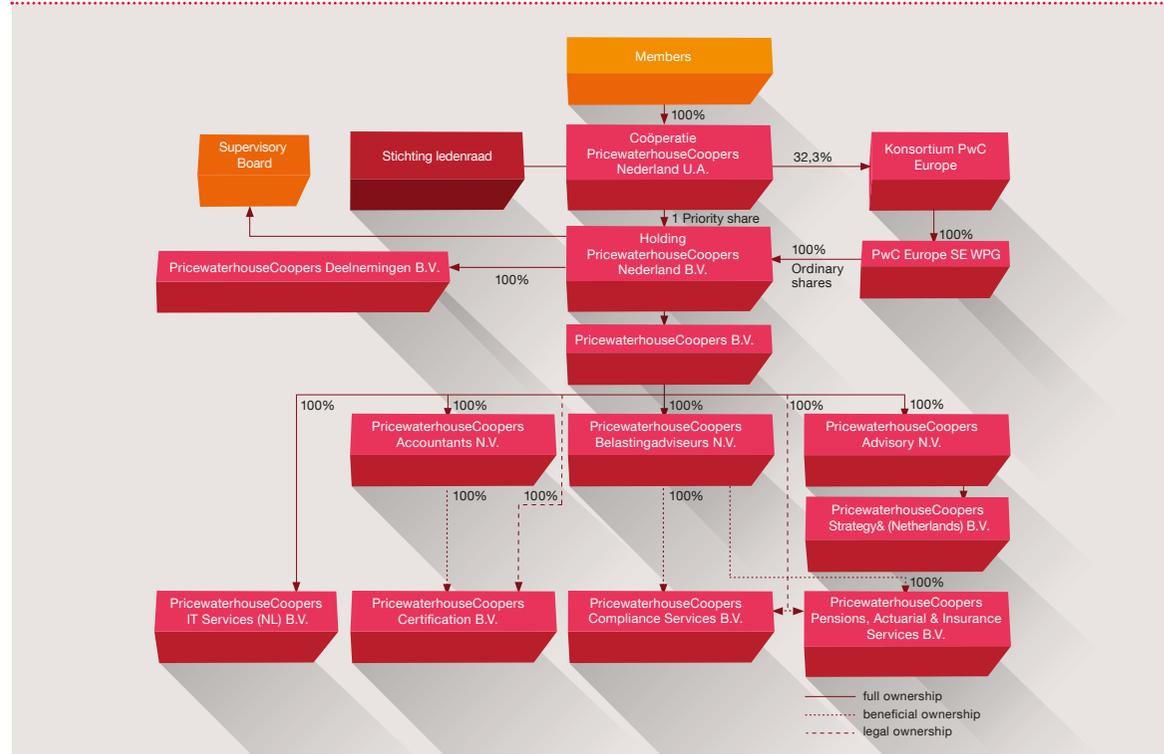
R.R.J. Smeets RA

# *Information about PwC*



# Our legal structure

Simplified legal structure as per 30 June 2016



The entire ordinary share capital of Holding PricewaterhouseCoopers Nederland B.V. ('Holding') is held by PwC Europe SE Wirtschaftsprüfungsgesellschaft ('PwC Europe'), a German entity in which the member firms in Germany, Austria, Belgium and the Netherlands (indirectly) hold shares. One priority share in the capital of Holding (a share with certain controlling rights) is held by Coöperatie PricewaterhouseCoopers Nederland U.A. Holding in its turn holds all shares in the capital of PricewaterhouseCoopers B.V.

Holding and Coöperatie PricewaterhouseCoopers Nederland U.A. have concluded association agreements with each of the private limited liability companies owned by the professional practitioners ('partner BVs'). Under these agreements, the professional practitioners are made available by the partner BVs to practice one of the professions within our Lines of Service in exchange for a management fee.

Holding PricewaterhouseCoopers Nederland B.V. has the following wholly owned subsidiaries:

- PricewaterhouseCoopers Deelnemingen B.V.
- PricewaterhouseCoopers Accountants N.V. ('Assurance')
- PricewaterhouseCoopers Belastingadviseurs N.V. ('Tax')
- PricewaterhouseCoopers Advisory N.V. ('Advisory')
- PricewaterhouseCoopers Compliance Services B.V.
- PricewaterhouseCoopers Certification B.V.
- PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V.
- PricewaterhouseCoopers IT Services (NL) B.V.
- PricewaterhouseCoopers Strategy& (Netherlands) B.V.

PricewaterhouseCoopers Compliance Services B.V. ('CoS') issues compilation reports.

PricewaterhouseCoopers Certification B.V. handles assignments involving mandatory accreditation, such as assurance on CO<sub>2</sub> and NO<sub>x</sub> emissions, and the issue of ISO certificates on Information Security Management Systems (ISMS).

PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. ('PAIS') provides advice on, and intermediation regarding, pensions and insurance products, and operates under a licence from the Netherlands Authority for the Financial Markets (AFM) for these activities.

PricewaterhouseCoopers IT Services (NL) B.V. provides IT services to PwC network entities, particularly the entities that are part of PwC Europe, the four country European collaborative association (as further described below).

PricewaterhouseCoopers Strategy& (Netherlands) B.V.: on 30 March 2014, the global PwC network acquired the global business of Booz & Co, renamed in Strategy&. PwC Netherlands participated for 2.6% (currently 2.4%). As of July 2015, the global Strategy& business was integrated in the network of firms of PwC. PwC Advisory as of the same date acquired the shares in PwC Strategy& (Netherlands) B.V. accordingly.

### *PwC Europe*

Along with the member firms in Germany, Austria and Belgium, PwC Netherlands is a participant in PwC Europe. The member firm of Turkey is joining this collaboration.

With the exception of its one single priority share, which is held by Coöperatie PricewaterhouseCoopers Nederland U.A., all (ordinary) shares in the capital of Holding are held by PwC Europe. Similar structures are in place with respect to the top holding entities of the PwC member firms in Germany, Austria and Belgium.

The entire share capital of PwC Europe is held by Konsortium PwC Europe, a legal entity under German law that is transparent for regulatory purposes. The equity rights in Konsortium PwC Europe are held by Coöperatie PricewaterhouseCoopers Nederland U.A., Konsortium PwC Deutschland, PwC Austria Beteiligungsgesellschaft mbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft and PwC Belgium BCVBA.

### *Our global network*

PwC is a global network of separate and independent member firms operating locally in countries around the world. Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V., PricewaterhouseCoopers B.V. and their subsidiaries are all associated with this network.

The member firms that comprise the global PwC network are members of PricewaterhouseCoopers International Limited (PwCIL), a United Kingdom-based private company limited by guarantee. The PwC network, therefore, is not an international partnership and the member firms do not constitute any form of legal partnership or group of companies, except in a very limited number of cases that have been agreed for specific purposes.

PwCIL has a coordinating role, including for example issuing standards in the areas of risk and quality management. PwCIL does not provide services to clients, but focuses solely on reinforcing and supporting the network in the areas of strategy, knowledge development and expertise of the professionals, and protection of the PwC brand. PwCIL does not own any of the member firms and the member firms do not own any of the other member firms, except in a number of very specific cases.

All services are delivered by the individual member firms for their own account and risk. PwCIL is not responsible or liable for any actions or omissions of any of its member firms, it cannot exercise control over their professional opinions and it cannot bind them in any way. Member firms may not act as agent for or representative of PwCIL or any other member firm, and they are responsible solely for their own actions or omissions.

Member firms may participate in regional affiliations. These are designed to encourage collaboration and the application of common strategies and risk and quality standards.

# Corporate Governance

The following bodies constitute the key elements of the governance structure of PwC Netherlands:

- *General Meeting (GM)*
- *Board of Management (BoM)*
- *Supervisory Board (SB)*
- *Partner Council (PC)*
- *Line of Service Boards (LoS Boards)*
- *Business units (BUs)*
- *Country Admissions Committee (CAD)*
- *Works Council*

## *General Meeting*

The GM has powers related to the appointment and dismissal of the (chair of the) BoM. It adopts the annual financial statements, budget and overall strategy of PwC Netherlands.

## *Board of Management*

Under the Audit Firms Supervision Act ('Wet toezicht accountants-organisaties'), members of the BoM qualify as policymakers of PricewaterhouseCoopers Accountants N.V. and of Coöperatie PricewaterhouseCoopers Nederland U.A., both of which entities have a license from the Authority for the Financial Markets (the AFM) to perform statutory audits. The BoM (also referred to as the Territory Leadership Team) is responsible for creating and maintaining an appropriate environment for the conduct of the Company's business and is responsible for the achievement of its objectives, strategy and policies.

The Board has had six members, each of whom has been assigned specific areas of portfolio responsibility. The allocation of responsibilities among the members of the Board of Management reflects the BoM's need to manage and supervise both the various Lines of Service and market segments as well as functional tasks such as Finance, Human Capital, IT, Quality & Risk and Marketing. The chair is the only statutory director (under the articles of association) and he appoints the other members as authorised executive directors.

The Assurance, Tax and Advisory representatives in the BoM are individually also the chair of their respective LoS Board and of the board of their Line of Service operating company.

Members of the BoM are appointed on the basis of a binding proposal from the SB. Appointment is for a term of up to four years, with eligibility for reappointment for one more additional term of up to four years. Their résumés are included on page 107.

## *Supervisory Board*

The SB operates at the level of Holding PricewaterhouseCoopers Nederland B.V. It has the role and responsibility of supervisory body within PwC Netherlands. The SB comprises seven supervisory directors.

The members of the SB are appointed by the GM of Holding PricewaterhouseCoopers Nederland B.V. on the basis of a binding proposal submitted by the SB.

Candidates for board positions are always screened prior to appointment. The SB ensures that each selected candidate has the necessary qualities (both personal and as required by legislation and regulation) and has sufficient support among the partners. They are also screened for conflicts of interest (independence compliance screening). For policymakers and co-policymakers in both the Assurance and PAIS (Pensions, Actuarial & Insurance Services) practices, there is also an external screening performed by the AFM.

The members of the SB qualify as co-policymakers of both PricewaterhouseCoopers Accountants N.V. and Coöperatie PricewaterhouseCoopers Nederland U.A. within the context of the Audit Firms Supervision Act. Members of the SB are appointed for a term of four years and may be reappointed for a maximum of one further term of four years.

Following Principle III.1 of the Dutch Corporate Governance Code, the role of the SB is to supervise the activities of the Board of Management and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises, as well as to assist the Board of Management by providing advice. Amongst other things, the SB is also tasked with approving the appointment of the Compliance Officer. The Chair of the SB is also Chair of the General Meeting.

The SB comprises Jan Maarten de Jong (Chair), Nout Wellink (deputy Chair), Naomi Ellemers, Annemarie Jorritsma, Frits Oldenburg, Cees van Rijn, and Yvonne van Rooy.

The SB has the following committees:

• **Audit Committee**

The role of this Committee is to assist the SB in its decision-making processes in the area of financial matters. These include the (joint) signing of the annual financial statements and annual report, the financial reporting process, including the preparation and determination of Holding PricewaterhouseCoopers Nederland B.V.'s annual plans and budgets, major capital investments and the design and operation of the internal risk management and control systems. The Committee also advises the SB on the selection of the external auditor and on the preparation of the proposal to the General Meeting regarding the auditor's appointment and fee. The Committee comprises, Cees van Rijn (Chair), Annemarie Jorritsma and Frits Oldenburg.

• **Remuneration Committee**

The role of this Committee is to assist the SB in its decision-making processes in the area of remuneration policies and practices. These include the approval of policies for the remuneration of the Board of Management, partners and staff and the SB's supervision of the proper implementation thereof. The Committee comprises Annemarie Jorritsma (Chair), Yvonne van Rooy, Jan Maarten de Jong and Nout Wellink.

**Brief résumés of the members of the Supervisory Board of PwC Netherlands**

A complete overview of the current positions of the SB-members is included in the Report of the Supervisory Board



**Jan Maarten de Jong** (born 1945, Chair) was a member of the Managing Board of ABN AMRO and ABN AMRO Holding until 2002 and Chair of the Strategy & Governance Forum of PwC. He is currently member of the Supervisory Board of KBL European Private Bankers S.A. (Luxemburg), member of the Supervisory Board of the Frans Hals Museum and member of the Board of Directors of Stichting Preferente Aandelen ASML.



**Nout Wellink** (born 1943, Vice Chair) was President of De Nederlandsche Bank (the Dutch Central Bank) until June 2011. He is currently a non-executive Director of the Bank of China and Chair of the Wim Drees foundation and the Bontius foundation. He has been Chair since 2013 of PwC's Public Interest Committee, which has now been incorporated into the SB.



**Naomi Ellemers** (born 1963) is a social psychologist and a Distinguished University Professor at Utrecht University since 1 September 2015 specialising in culture and behaviour within organisations. Amongst other things, she is a member of the Royal Netherlands Academy of Arts and Sciences, and a Corresponding Fellow of the British Academy for the Humanities and Social Sciences (FBA). In 2010 she was awarded the Royal Netherlands Academy of Arts and Sciences' Merian Prize for women in science and the Spinoza Prize.



**Annemarie Jorritsma** (born 1950) was a member of the Dutch Parliament (Second Chamber), Minister of Transport, Public Works and Water Management, Minister of Economic Affairs and Deputy Prime Minister. She was Mayor of Almere for 12 years up to September 2015. Annemarie Jorritsma currently is amongst other things Chair of the Supervisory Board of Alliander and Chair of the Dutch Private Equity and Venture Capital Association. She is a member of the Dutch Parliament (First Chamber). She is a member of PwC's Supervisory Board as from 1 September 2015.



**Frits Oldenburg** (born 1961) is of-counsel with FG Lawyers. Until recently, he was a member of the Board of Trustees of the International Bureau of Fiscal Documentation, partner with NautaDutilh and a notary specialising in company law. He was also, inter alia, a member of the Board of Management of the Koninklijke Notariële Beroepsorganisatie (the Dutch professional body for notaries). Oldenburg has been a member of PwC's Public Interest Committee since 2013.



**Cees van Rijn** (born 1947) was CFO and member of the Board of Management of Nutreco for ten years. Amongst other things, he is also a Supervisory Board member and member of the Audit Committee of ForFarmers, a Supervisory Board member and Chair of the Audit Committee of Detailresult Groep, FloraHolland and Plukon Food Group. Van Rijn has been a member of PwC's Public Interest Committee since 2013.



**Yvonne van Rooy** (born 1951) has been, amongst other things, Secretary of State for Economic Affairs, Member of the Dutch Parliament (Second Chamber) and Chair of the Executive Board of Utrecht University. She is currently Chair of de Nederlandse Vereniging van Ziekenhuizen (the Dutch Association of Hospitals) and, amongst other things, Chair of the Supervisory Board of Philips Electronics Nederland and a member of the Supervisory Board of NN Group. Van Rooy has been a member of PwC's Public Interest Committee since 2013.

• *Selection and Appointment Committee*

The role of this Committee is to assist the SB in its decision-making processes in the area of appointment policies and practices. These include approval of the appointment policies to be implemented, selection and submission processes for the appointment of members of the SB (on the advice of the Selection and Appointment Committee), approval of the appointment of the Compliance Officer and selection and preparation of a binding submission to the General Meeting for the appointment of the Board of Management. The Committee consists of Jan Maarten de Jong (Chair), Naomi Ellemers and Frits Oldenburg.

• *Public Interest Committee*

The Public Interest Committee was set up after the signing of the Code for Audit Firms. Its role is to safeguard the public interest in the audit process. Having now been incorporated as a committee into the SB, the Public Interest Committee's role is to monitor the way in which PricewaterhouseCoopers Accountants N.V. and its Dutch entities ensure that the public interest is safeguarded in its audits. The Committee comprises Nout Wellink (Chair), Naomi Ellemers, Cees van Rijn and Yvonne van Rooy.

*Partner Council*

The Partner Council represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. and provides advice on matters that are presented to Coöperatie PricewaterhouseCoopers Nederland U.A.'s GM for decision making or approval. The Partner Council may also provide advice to the BoM of the Coöperatie, either on request or on its own initiative, and may act as advocate in the interests of the partner concerned in cases of internal dispute. The members of the Partner Council are appointed by the members of Coöperatie PricewaterhouseCoopers Nederland U.A. for a term of up to four years, with the possibility for reappointment for another maximum term of four years.

The Partner Council comprises six partners from the Lines of Service plus chair.

The members of the Partner Council are Ruud Dekkers (Chair), Hans Bod, Hans Dullaert, Maarten van Ginkel, George de Soeten, Pieter Veuger and Janet Visbeen.

*Lines of Service Boards*

The members of the LoS Boards act as directors of their respective Line of Service operating company. The LoS Boards have operational responsibility for formulating and implementing their LoS' strategy.

These operational responsibilities include the day-to-day affairs and results of the LoS, the quality of the professional practice and client service, HC, risk management and the evaluation of partners and directors. Members of the Assurance Board qualify as policymakers of PricewaterhouseCoopers Accountants N.V. under the Audit Firms Supervision Act.

The members of the LoS Boards are appointed for a maximum of two four-year terms. The member of the Board of Management representing an individual Line of Service is chair of that LoS Board and chair and only statutory director of the Line of Service operating company. The chair appoints the other members of the LoS Board as authorised executive members of the board.

*Members of the Assurance Board*

Michael de Ridder (Chair and statutory director of PricewaterhouseCoopers Accountants N.V.) and Peter Jongerius (up to 1 July 2016), Michel Adriaansens, Agnes Koops-Aukes and Wytse van der Molen (as of 1 July 2016) (authorised executive members of the board of PricewaterhouseCoopers Accountants N.V.).

### *Members of the Tax Board*

Sytso Boonstra (Chair and statutory director of PricewaterhouseCoopers Belastingadviseurs up to 1 July 2016), Marc Diepstraten (Chair and statutory director as of 1 July 2016) and Jeroen Boonacker, Henk van Cappelle, Diederik van Dommelen, Wanda Otto and Ron Unger (up to 1 October 2015), Marc Borggreven (as of 1 October 2015) and Marcel Jakobsen (as of 1 July 2016) (authorised executive members of the board of PricewaterhouseCoopers Belastingadviseurs N.V.).

### *Members of the Advisory Board*

Ad van Gils (Chair and statutory director of PricewaterhouseCoopers Advisory N.V.) and Martin Blokland, Maarten van de Pol and Johannes Boelens (authorised executive members of the board of PricewaterhouseCoopers Advisory N.V.).

### *Business units*

Given the size of their organisations and the nature of these businesses, the Lines of Service are structured operationally into business units (BUs).

These BUs have the following responsibilities:

- Implementation of the applicable regulatory requirements for quality, risk management and conduct (Code of Conduct), the Business Unit Leader being assisted in this role by the Quality Assurance Partner who is responsible for quality aspects such as the acceptance, continuance and execution of engagements including the statutory audits.
- Operational management by objective in the areas of revenue, productivity and profitability.
- Development and management of an effective infrastructure to manage staffing needs and resources and business unit planning.
- Human capital management (with focus on client service) and people development (in terms of experience and conduct).

### *Country Admissions Committee*

The CAD acts as an advisory body for both the BoM and the LoS Boards regarding the appointment of new partners and directors. The CAD has a sub-committee for each LoS and an (independent) chair. The chair and the members of the CAD are appointed by the BoM. The members are nominated by the LoS Boards, both for a maximum of two three-year terms. The chair and members may hold no management functions.

The CAD focuses mainly on the extent to which the personal qualities of the professionals concerned fit the profile developed for PwC partners and directors. The LoS Board appoints new directors only after concurring advice has been received from the CAD and these appointments are then ratified by the BoM. Decisions to proceed with association agreements with the new partner BVs are presented by the BoM to the GM along with preliminary advice of the Partner Council based on the concurring advice received from the CAD.

### *Works Council*

PwC's Works Council has nineteen members, representing the various Lines of Service and support departments (seven from Assurance, three from Tax, three from Advisory, two from TRS (staff who were previously part of CoS) and four from support departments). The Works Council meets regularly with a representative of the BoM. Works Council members are also seated on various sub-committees linked to individual Lines of Service and support departments, the role of which is to represent the interests of all staff in the LoS/support department and to bring topics forward for consideration by the Works Council and discussion with the BoM.

The Works Council also has various specialist committees dealing with conditions of employment, employment law and regulation, and pensions.

**Résumés of the members of the Board of Management of PwC Netherlands**



**Peter van Mierlo** (born 1963) joined one of the legacy firms of PwC in 1987 and has been a partner since 1996. He was previously a member and then Chair of the Assurance Board. He joined the Board of Management on 1 November 2009 and has been Chair since 1 July 2013.

**Portfolio:**

- Chair of the Board of Management, CEO
- Member Leadership Team of PwC Europe SE
- Member of the EMEA Leadership Team
- Member of the PwC Network Strategy Council
- Diversity
- Marketing & Communications

Date of appointment: 1 November 2009  
Term of office ends: 1 July 2018, not eligible for reappointment

**Other external positions:**

- Member of the Executive Board of VNO-NCW (the Confederation of Netherlands Industry and Employers)
- Member of the Board of Stichting Wetenschappelijk Instituut voor het CDA (the Research institute of the CDA political party)



**Frank Engelen** (born 1971) joined one of the legacy firms of PwC in 1996 and has been a partner since 2003. He became an authorised executive director of the Board of Management of PwC on 1 July 2013.

**Portfolio:**

- Clients & Markets
- Member of the Executive Team of PwC Europe SE (Markets)

Date of appointment: 1 July 2013  
Term of office ends: 1 July 2018, eligible for reappointment

**Other external position:**

- Member of the Board of the Foundation for Advanced International Tax Studies
- Member of the Board of the Foundation for the Advancement of the Study of International Taxation
- Professor of International Tax Law at Leiden University
- Deputy judge at The Hague Court of Justice



**Ad van Gils** (born 1967) joined one of the legacy firms of PwC as an auditor in 1991 and became partner on 1 July 2002. From 2006 to 2009, he was Transaction Services Business Unit Leader and then managed the Deals & Forensics business unit until 1 July 2013. He joined the Advisory Board on 1 July 2012, and has been Chair of the Board of PricewaterhouseCoopers Advisory N.V. and an authorised executive director of the Board of Management of PwC since 1 July 2013.

**Portfolio:**

- Advisory
- CFO
- COO
- Member of the Advisory EMEA Leadership Team

Date of appointment: 1 July 2013  
Term of office ends: 1 July 2018, eligible for reappointment



**Jolanda Lamse-Minderhoud** (born 1969) joined one of the legacy firms of PwC in 1992 and has been a partner since 2006. She was appointed to the Assurance Board in 2010 and became an authorised executive director of the Board of Management on 1 July 2013.

**Portfolio:**

- Human Capital
- Member of the Executive Team of PwC Europe SE (Human Capital)
- Member of the EMEA Executive Team (Human Capital)
- Employer's representative on the Works Council
- Corporate responsibility

Date of appointment: 1 July 2013  
Term of office ends: 1 July 2018, eligible for reappointment

**Other external position:**

- Member Oversight Board TNO (The Netherlands organisation for Applied Scientific Research)



**Michael de Ridder** (born 1963) started with one of the legacy firms of PwC in 1986 and has been a partner since 1996. Before being appointed to the Assurance Board in 2008, he held various positions, including that of Business Unit Leader. He has been Chair of the Board of PricewaterhouseCoopers Accountants N.V. and an authorised executive director of the Board of Management since 1 July 2013.

**Portfolio:**

- Assurance
- Quality & Risk
- Member of the Assurance EMEA Leadership Team

Date of appointment: 1 July 2013  
Term of office ends: 1 July 2018, eligible for reappointment

**Other external positions:**

- Member of the Curatorium of post-graduate accountancy studies at VU University, Amsterdam
- Teacher education programme for Supervisory Board members at Nyenrode Business University



**Marc Diepstraten** (born 1966) joined one of the legacy firms of PwC in 1990 and became partner on 1 July 2001. He is an international Tax/Transfer Pricing specialist and is heading the EMEA VCT group since 1 November 2011. Between September 2013 and July 2016 he fulfilled the role of Retail & Consumer Industry Leader. As of 1 July 2016 he is chair of the Tax practice and has become an authorised executive director of the Board of Management.

**Portfolio:**

- Tax
- Member Global Core Team VCT
- Member Tax EMEA Leadership Team

Date of appointment: 1 July 2016  
Term of office ends: 1 July 2021, eligible for reappointment

# Code of Conduct and complaints and whistleblower procedures

*In addition to having procedures covering the matters that affect our technical expertise, integrity and independence, we also have a global Code of Conduct that concisely and clearly sets out what we stand for and what is expected of us. We have adopted our Code of Conduct from the global PwC network code.*

## **Code of Conduct**

The Code provides guidance to our staff and partners as to how they should behave and conduct themselves in a variety of differing circumstances and situations. In practice, what this means is that we expect every PwC person to behave with respect, dignity, honesty and courtesy. We have deliberately framed our Code of Conduct in general terms, as guidelines cannot be devised for all situations and we believe that our people are very well placed to make their own decisions sensibly and to consult with colleagues where needed.

Compliance with the Code of Conduct is not voluntary. It is an integral part of the contract of employment signed by all partners and staff. By signing the letter of engagement, our clients also confirm through the terms and conditions that they will act ethically, and we require major suppliers with contracts above € 25,000 to agree to our supplier conditions which include a passage on ethical behaviour.

The Code of Conduct is a mandatory element of our training and development programmes. Every new staff member is given an e-learning which specifically addresses the handling of dilemmas. The Code of Conduct is also covered in other training modules.

## **Complaints and notifications procedures**

The Code of Conduct provides a complaints procedure (covering complaints in the personal area) and a notification and whistleblower procedure (covering suspicions of professional misconduct).

Notifications in the personal area cover, for instance, intimidation, aggressive behaviour or discrimination, and complaints notified of this nature are dealt with by the Complaints Committee. Notifications of suspected professional misconduct (for instance improper acceptance of gifts or deliberate mis-invoicing) are dealt with by the Business Conduct Committee.

Neither the Complaints Committee nor the Business Conduct Committee is empowered to levy sanctions. As from 1 July 2016, the Complaints Committee submits recommendations to the Code of Conduct Partner,

who can, depending on the seriousness of the offence, decide to involve the Board of Management (previously the Complaints Committee submitted recommendations directly to the BoM). The Business Conduct Committee submits recommendations to the Board of Management.

Also depending on the seriousness of the offence the committees can recommend a sanction that can take the form of a warning, written notification, suspension or dismissal.

Those who may have or have complaints in the personal area or who suspect professional misconduct can confide in one of twenty Confidential Counsellors within our organisation (30 June 2016). The counsellors look into how issues arising in the work place can be resolved and they can provide guidance to those contemplating to file or filing a complaint.

## **Complaints from external parties**

Third and external parties can also file a complaint. Information on this is set out on our website.

# Our quality, risk management and compliance framework

When we refer to the quality of our professional services delivery, we mean two equally very important elements: (a) the extent to which our service and deliverables comply with legislation, regulatory requirements and professional standards (which can generally be determined fairly objectively) and (b) the extent to which the service meets the expectations of our clients and other stakeholders. Our quality and risk management policies and processes cover both aspects.

As legislation, regulation and professional standards differ between the various professional service offerings, our Lines of Service Assurance, Tax and Advisory each have their own specific requirements and procedures. Our quality control and risk management systems are embedded in our operational processes - from the acceptance of clients and engagements through to the delivery of the end product.

The picture across the page shows the main elements of our quality management framework and applies to all lines of service.

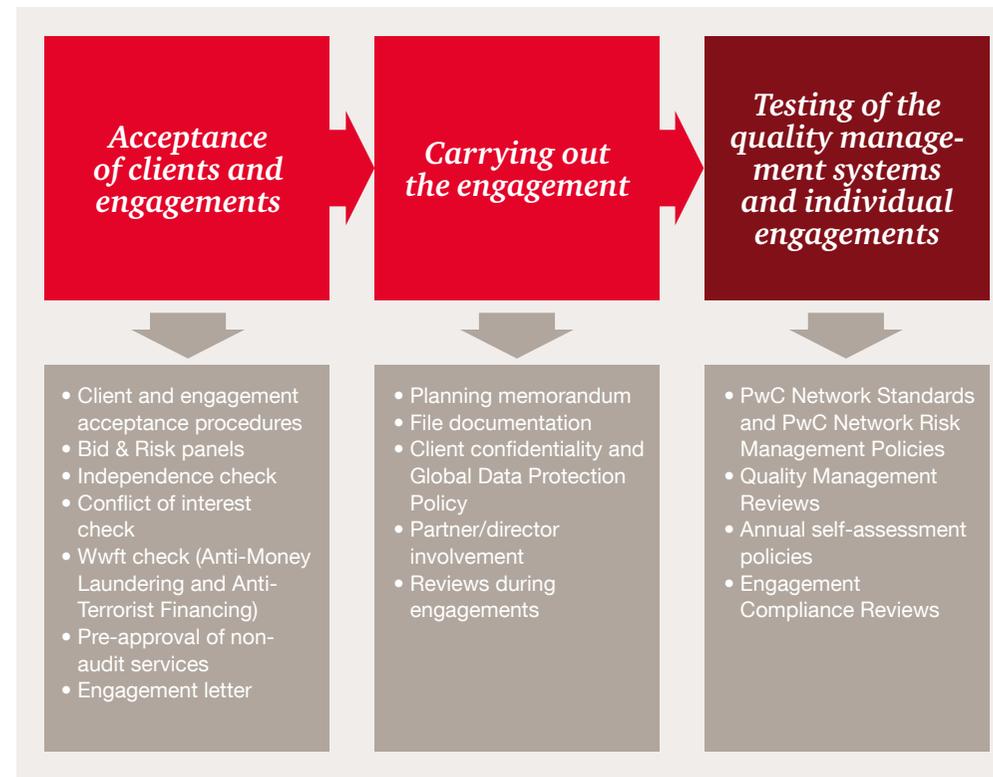
## Acceptance of clients and engagements

- **Acceptance procedures for new clients** and **engagements** include aspects such as determining and verifying the identity of the client and its representative. Matters addressed include: does the reputation of

the (potential) client fit with the standards of PwC? Who are the owners and what do we know about (the quality of) management? Are there external and/or internal supervisory bodies? How strong is the financial position of the client? What exactly is the client looking for? Can we deliver what the client is looking

for? Has the company/organisation been in the news recently and in what context?

- **Bid & Risk panels** are called for potential engagements where risk or size criteria indicate that a wider assessment needs to be made regarding the acceptability of the engagement. A high-risk situation can arise, for instance, because of the client's profile, the complexity of the engagement or the nature, diversity and composition of the stakeholders we might encounter. In addition to these mandatory situations, individual engagement teams may also voluntarily ask for a panel to assess a potential engagement.



In addition to the partners directly involved in the potential engagement, the risk panel may include the LoS Risk Management Partner, the Business Unit Leader, the Industry and/or Specialist Leader and other partners with particularly relevant experience. In many cases, the Independence Office is also involved and, where necessary, also a member of the applicable LoS Board or the BoM.

A risk panel can decide to impose additional requirements to address the risks identified, for instance a requirement to have 'two pairs of eyes' involved, by appointing a second partner to the engagement or by adding a subject matter expert to the engagement team.

- **Independence check:** In the Netherlands specific independence requirements apply to audit and assurance engagements. PwC as an organisation and its partners must be independent to the clients to which they provide these engagements. The PwC Global Independence Policy extends this requirement to all PwC audit clients worldwide. PwC NL has extended this requirement to all directors. Amongst other things, this means that PwC team members involved on an engagement cannot have financial interests in the client, nor close personal relationships with senior persons within the entity involved who have a management or supervisory role or a role from which they can exert influence on the entity being audited.

Engagement and client acceptance procedures include an assessment as to which independence requirements apply to the particular client and as to whether the service is a permitted service under the applicable legislative and regulatory requirements. Dutch law prohibits to provide advisory services to public interest entities (PIEs), such as listed companies, banks and insurance companies for which it performs the statutory audit.

Annually a sample of about fifteen per cent of the partners and directors is subject to a detailed testing of compliance with applicable personal independence requirements. The

sample includes all partner and director candidates, as well as the partners and directors who received a written warning or reprimand the year before.

- **Conflict of interest check:** A potential conflict of interest can arise, for instance, where two or more PwC teams are acting for different potential buyers and/or sellers in a business acquisition. Where needed, we put so-called Chinese (or ethical) walls in place to prevent confidential information held by one team inadvertently becoming available to the other team. In such situations, the teams are kept physically separate and increased confidentiality requirements are put in place. In such situations, it is also possible that we decide not to take on the engagement or that the client decides not to engage us.
- **The Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft)** requires that both the client and the Ultimate Beneficial Owner (UBO) be identified and that, where necessary, this identification be verified before the engagement can begin. This law also requires us to report any unusual transactions identified at or entered into by a client to the Financial Intelligence Unit Nederland.

- **Pre-approval of non-audit services:** The audit partner responsible for the client must pre-approve all non-audit services proposed for his/her client irrespective of which PwC member firm wishes to provide the service. Until this approval has been obtained, the work may not begin and no time may be charged to the engagement. The approval process is managed through the Authorisation for Services application (AFS). AFS must be used for all listed companies and companies with overseas operations.
- **Engagement letter:** This contract with the client sets out exactly what services, related activities and deliverables PwC NL is to provide, the respective responsibilities of PwC NL and the client, the fee, and the applicable terms and conditions. The engagement partner (the partner ultimately responsible for the engagement) and the client both sign this agreement to avoid potential misunderstandings as to what was agreed.

### Carrying out the engagement

- **Planning memorandum:** This document, put together on larger engagements, sets out how the engagement is to be carried out, who is responsible for what and what competencies need to be called upon in order to be able to complete the engagement as agreed with the client.

- **File documentation:** For every professional engagement, it is crucial for our people to maintain, complete and clear files. There must be sufficient documentation on file of the work done to support the end product agreed in the engagement letter.
- **Client confidentiality and data protection policy:** In exchanging information necessary for completing the engagement, it is of the utmost importance that the confidentiality of client and other personal information gathered or used in the context of the engagement be protected as required by law and regulation. In this regard, we comply with the PwC Global Data Protection Policy, supplemented with the Dutch' requirements concerning the protection of personal information (such as the Dutch Data Protection Act ('Wet bescherming persoonsgegevens'), and the Data Breach Notification Act, that came into force in January 2016.
- **Partner/senior director/director involvement on the engagement:** The engagement leader (who is always a partner, senior director or director) is responsible for the adequacy and quality of the performance of the engagement, and sufficient involvement of partners, senior directors and directors in the performance of the engagement is critical.

- **Review during the engagement:** All work done is required to be reviewed by someone more senior in the team.
- **Real Time Reviews:** are independent reviews carried out in Assurance as the engagement during the engagement.

### Testing of the quality management systems and individual engagements

- **PwC Network Standards and PwC Network Risk Management Policies:** All PwC member firms are required to comply with the PwC Network Standards (10) and to ensure that all partners and staff comply with the PwC Network Risk Management Policies (41). Compliance with the PwC Network Standards is annually confirmed to the network on a self-assessed basis. The self-assessments are reviewed by network specialists. Compliance with the PwC Risk Management Policies is done through Quality Management Reviews and the Engagement Compliance Reviews (ECR).
- **Quality Management (System) Review (QMR):** In Assurance, Global Risk & Quality reviews the Assurance Quality Management System (QMS) on an annual basis, including proper application of any updates thereto.

A 'full QMR' is carried out every three years, which tests in detail compliance with all applicable standards and policies, with an 'update QMR' being performed during the two intervening years.

- Engagement-specific reviews by independent partners, directors and managers: These **Engagement Compliance Reviews (ECRs)** are performed in all Lines of Service to test engagement performance quality and compliance with applicable PwC requirements and policies, to identify potential areas for improvement, and to determine that PwC has not been exposed to unacceptable risk. In Assurance, these reviews are largely carried out by people from outside the Netherlands.
- **Ad hoc reviews** are carried out as deemed necessary in view of circumstances or as follow-up to the outcome of earlier internal and external reviews.
- Reviews by the **Internal Audit Department (IAD):** The Internal Audit Department carries out a risk-specific programme of work throughout the year and reports its findings to the COO, the BoM and the SB.

- **Compliance Officer**  
By law, the Compliance Officer has a legal supervisory responsibility regarding auditor compliance with laws and regulations and regarding the operation of the quality management systems. PwC NL has extended this responsibility to include its entire organisation. As from financial year 2015/2016, the Compliance Officer has a direct reporting responsibility to the Supervisory Board.

### LoS-specific policies for quality

Each Line of Service has its own policies and practices, though the quality of the service offerings and delivery is always paramount. Assurance, Tax and Advisory carry out their own periodic reviews and have their own extensive monitoring programmes to assure quality in service offerings and delivery and, where necessary, to implement improvements where shortcomings are noted.

#### Assurance

The services provided by Assurance are highly regulated. Statutory audits fall under the supervision of the AFM, and the AFM regularly reviews our quality control systems and sample tests the quality of the statutory audits we have performed.

In Assurance, National Office (NO) provides professional support to the practice in a number of different ways. It develops and supports the implementation of policies and procedures in the areas of accounting, auditing and risk management, and this plays a key role in ensuring our compliance with legislative and regulatory requirements.

A detailed description of Assurance's Quality Management System is provided in the Transparency Report.

#### Tax

Tax has a knowledge centre that keeps our tax advisers informed on current developments in the fiscal and legal arenas. Partners and staff are required to consult the Tax Opinion Committee on complex issues. This committee includes specialist partners and staff, including a number of university professors.

As from this year, Tax has a Bid & Risk panel, which evaluates the potential risks associated with a commercial opportunity to ensure that risks in the areas of public exposure, pricing, client reputation and staffing are properly managed and that the service is permitted under applicable independence requirements.

The PwC Global Tax Code of Conduct is the framework within which we provide advice to clients.

PwC NL has also implemented Tax Policy Panels, which review proposed tax advice within the context of the Tax Code of Conduct and assess the impact it could have on the societal debate and our reputation.

#### Advisory

Advisory is ISO 9001:2015-certified for its quality management system, ISO 20252-certified for the quality of market research we do for clients, and Continuous Quality Index-accredited for the measurement, analysis and reporting of patient experiences in the healthcare sector.

External audits are carried out regularly to assess Advisory's maintenance of quality in connection with these certifications and accreditations.

#### Other measures

We have set out above how all clients and engagements are subject to our acceptance procedures and that we have a wide range of quality, risk management and compliance systems and processes in place to ensure we are in full compliance with applicable laws and regulations.

We have also put measures in place for the prevention of fraud and corruption within our organisation. These include regular IAD testing of all expense claims on a random sample basis. The IAD also tests the operation of our financial systems for reliability and the application of and compliance with our internal control and other procedures.

## Our sustainability policies

***It is our ambition to be wholly circular and climate neutral by 2030. By this we mean no waste, no emissions and with maximum recycling of materials used. We have again taken measures this past year to reduce our environmental impact and restrict our CO<sub>2</sub> emissions.***

Our overall CO<sub>2</sub> emissions have increased slightly (1,6%) this past year, however, per fte they have decreased (from 3,9 to 3,7 in metric tons). Considering the new measures we are taking, we expect to achieve a reduction in the overall CO<sub>2</sub>-emissions the coming years.

Our sustainability policies are designed to reduce the impact we have on the environment and to generate change in the behaviour of our people. Our Facility Management, Procurement, Car Fleet Management and Corporate Responsibility (CR) people are working very closely together to implement these as effectively as possible. During the Act Green campaign earlier this year some 150 ideas of our people have been submitted for further efficiency savings (see page 41).

### *Golden CSR score from EcoVadis*

At the request of a number of clients, PwC completes, on an annual basis, the CSR score card run by the independent agency, EcoVadis. As last year, we were awarded a golden score for our Corporate Social Responsibility initiatives.

### *Further energy savings in our buildings*

We had set ourselves the goal of reducing electricity usage by five per cent, and with a reduction of eight per cent we more than achieved this primarily through better insight into our energy usage at a number of locations and using this for better configuration and setting of equipment and as a result of reductions in office space and other earlier energy-saving measures.

We are implementing further energy efficiency measures in our buildings, beginning with our head office in Amsterdam. A recent assessment has indicated that we can achieve further savings, for instance by adjusting the lighting in our parking garage, by better configuration and setting of equipment and by adjustments to the timing of central heating usage.

As in previous years, PwC uses sustainable electricity generated in the Netherlands, with 84.2% of our entire electricity usage consisting of this sustainably generated wind energy.

### *We encourage driving efficiency*

For many years now, we have had a bonus-penalty lease scheme that encourages fuel efficiency and that has achieved an average fleet-wide CO<sub>2</sub> emission level of 98 grams as of the beginning of June. Our lease scheme encourages staff to opt for electric or hybrid cars and the proportion of electric vehicles in our fleet has grown to 2.6% (hybrid included), facilitated by further increases in the number of charging stations available at our offices.

We also encourage efficient driving in other ways. We have had two tyre pressure campaigns this year (testing the tyre pressures of a large number of vehicles in our garages and parking areas); we will soon be introducing a car-share app designed to encourage our staff to carpool and we continue to alert our staff to our WebEx online meeting tool designed to avoid unnecessary travel.

In April, PwC hosted the Cleaner Car Conference 2016, a gathering organised by MVO Nederland (CSR Netherlands), Stichting Natuur & Milieu (the Nature and Environment Foundation) and Clean Car Contracts, and we debated with a wide variety of companies the introduction of plug-in hybrids and fully electrical vehicles as a means for car fleets to reduce their carbon footprint.

### *Making mobility schemes more environmentally sustainable*

As our mobility schemes form the lion's share of our CO<sub>2</sub> footprint, we have decided to make these more sustainable as from 1 September 2016 through initiatives such as:

- Applying maximum CO<sub>2</sub> emission levels to newly acquired lease cars
- Increasing our contribution for the more fuel-efficient categories of cars
- Greater encouragement of electric car usage.

We have again this year subscribed to the 'Dutch Business Sustainable Mobility Pledge', which focuses on making our commute and business travel more environmentally sustainable.

**We are analysing which of UN's Sustainable Development Goals are relevant for us**

Last September, the United Nations officially launched (as a follow-up of the so-called Millennium Goals) the Sustainable Development Goals (SDG), an ambitious agenda that calls on governments and business to contribute to solving the world's most pressing issues (<https://sustainabledevelopment.un.org>). The development goals are closely related to our purpose of building trust in society and solving important problems. Our ambition to be fully circular in 2030 was fueled by these UN goals. We are currently analysing which SDGs are also relevant to our business and how we can contribute to them.

To help and to inspire other organisations, we launched in February the 'PwC SDG Challenge': an assessment of the annual reports of a number of companies on the extent to which they are committed to contribute to the SDGs. A report on the outcomes will be published in October 2016.

*Intensifying our waste segregation processes and re-usage policies*

Following Utrecht, The Hague, Eindhoven and Rotterdam, Amsterdam is now the fifth office that has achieved full waste segregation. Instead of using waste bins in the workplace, these offices now all collect segregated waste in central locations. Supported by the recycling organisation Paper for Paper, plastic coffee cups have been replaced by paper cups which are then processed for tissue and toilet paper manufacture.

*Sustainability in our chain*

Care for the environment is a standard feature of our requests for proposal. We take the view that collaboration in the value chain not only provides opportunities for efficiency but also contributes to a sustainable society, and our procurement terms and conditions include a Supplier Code of Conduct.

And, finally, we also strive to reflect sustainability and our societal goals in our procurement policies. For instance, our Amsterdam office has the social enterprise Taxi Electric as preferred supplier, and fruit from Fruitful Office is available in all our offices.

Environmental impact	2015/2016	2014/2015
Renewable electricity consumption (%)	84.2	85.3
Paper (in kg per FTE)		
• Purchased printer and copier paper	27	34
• Recycled paper, cardboard and printing	41	50
• Archive destruction	0	20
Car usage *		
• Business kilometres driven (per FTE)	13,906	13,967
• Average standard consumption (litres per 100 km)	4.4	4.8
• Average actual consumption (litres per 100 km) **/****	6.1	6.7
• Number of bonuses awarded under the climate-neutral scheme**	268	393
• Number of penalties issued under the climate-neutral scheme**	387	233
Air travel		
• Number of kilometres flown (per FTE)	6,332	6,163
Train		
• Number of business kilometres travelled (per FTE) ****	424	300
• Number of journeys (per FTE) ****	6.9	5.1
CO <sub>2</sub> emissions (in metric tons) ****	16,436	16,170
• Cars	9,179	9,304
• Air travel	5,156	4,628
• Train ****	53	35
• Electricity ***	862	881
• Gas ***	817	944
• District heating ***	369	378

\* Excluding partners

\*\* Based on calendar years

\*\*\* Extrapolated from actual measurements

\*\*\*\* The definition has changed since 2014/2015. The comparative numbers have been adjusted.

## Breakdown of our head count

Number of people (as at 30 June 2016)		Contract					
LoS	Sex	Level	Permanent contract	Temporary contract	Contracted in	Total	
Assurance	Male	Partner	102	1	0	103	
		Professional staff	944	73	16	1,033	
		Support staff	4	1	0	5	
	Male total			1,050	75	16	1,141
	Female	Partner	13	0	0	13	
		Professional staff	510	68	1	579	
		Support staff	28	2	0	30	
	Female total			551	70	1	622
	<b>Assurance total</b>			<b>1,601</b>	<b>145</b>	<b>17</b>	<b>1,763</b>
	Tax	Male	Partner	84	0	0	84
Professional staff			636	45	9	690	
Support staff			6	0	0	6	
Male total			726	45	9	780	
Female		Partner	8	0	0	8	
		Professional staff	436	57	1	494	
		Support staff	17	0	0	17	
Female total			461	57	1	519	
<b>Tax total</b>			<b>1,187</b>	<b>102</b>	<b>10</b>	<b>1,299</b>	
Advisory		Male	Partner	60	0	0	60
	Professional staff		534	2	9	545	
	Support Staff		4	0	2	6	
	Male total			598	2	11	611
	Female	Partner	7	0	0	7	
		Professional staff	248	7	0	255	
		Support staff	12	0	6	18	
	Female total			267	7	6	280
	<b>Advisory total</b>			<b>865</b>	<b>9</b>	<b>17</b>	<b>891</b>
	Firm Services		Support staff	250	10	74	334
Male total			250	10	74	334	
Female		Support staff	535	58	68	661	
Female total			535	58	68	661	
<b>Firm Services total</b>			<b>785</b>	<b>68</b>	<b>142</b>	<b>995</b>	
<b>Total</b>			<b>4,438</b>	<b>324</b>	<b>186</b>	<b>4,948</b>	

Number of people (as at 30 June 2016)		Full-time/Part-time					
LoS	Sex	Level	Full-time	Part-time	Contracted in	Total	
Assurance	Male	Partner	97	6	0	103	
		Professional staff	971	46	16	1,033	
		Support staff	4	1	0	5	
	Male total			1,072	53	16	1,141
	Female	Partner	9	4	0	13	
		Professional staff	486	92	1	579	
		Support staff	11	19	0	30	
	Female total			506	115	1	622
	<b>Assurance total</b>			<b>1,578</b>	<b>168</b>	<b>17</b>	<b>1,763</b>
	Tax	Male	Partner	82	2	0	84
Professional staff			540	141	9	690	
Support staff			2	4	0	6	
Male total			624	147	9	780	
Female		Partner	8	0	0	8	
		Professional staff	258	235	1	494	
		Support staff	8	9	0	17	
Female total			274	244	1	519	
<b>Tax total</b>			<b>898</b>	<b>391</b>	<b>10</b>	<b>1,299</b>	
Advisory		Male	Partner	59	1	0	60
	Professional staff		488	48	9	545	
	Support Staff		2	2	2	6	
	Male total			549	51	11	611
	Female	Partner	5	2	0	7	
		Professional staff	203	52	0	255	
		Support staff	7	5	6	18	
	Female total			215	59	6	280
	<b>Advisory total</b>			<b>764</b>	<b>110</b>	<b>17</b>	<b>891</b>
	Firm Services		Support staff	191	69	74	334
Male total			191	69	74	334	
Female		Support staff	222	371	68	661	
Female total			222	371	68	661	
<b>Firm Services total</b>			<b>413</b>	<b>440</b>	<b>142</b>	<b>995</b>	
<b>Total</b>			<b>3,653</b>	<b>1,109</b>	<b>186</b>	<b>4,948</b>	



# *Appendices*

## Five-year summary of financial results

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
<b>Revenue</b>					
Net revenue (€ millions)	744.1	697.3	671.6	663.8	693.3
Increase/decrease	+6.7%	+3.8%	+1.2%	-4.3%	+4.3%
Net revenue per FTE (€'000)	167.6	169.7	165.9	154.7	155.3
Increase/decrease	-1.2%	+2.2%	+7.2%	-0.4%	-0.3%
<b>External revenue per Line of Service (€ millions)</b>					
Assurance	302.0	291.9	285.4	306.1	327.4
Tax	251.0	240.5	240.3	217.0	228.9
Advisory	191.1	164.9	145.9	140.7	137.0
<b>Totaal</b>	<b>744.1</b>	<b>697.3</b>	<b>671.6</b>	<b>663.8</b>	<b>693.3</b>
	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
<b>Results</b>					
<b>Operating profit (€ millions)</b>	<b>142.3</b>	<b>157.7</b>	<b>162.1</b>	<b>143.1</b>	<b>133.2</b>
Increase/decrease	-9.8%	-2.8%	+13.3%	+7.5%	-11.4%
<b>Operating profit per Line of Service (€ millions)</b>					
Assurance	43.6	55.6	69.1	61.9	61.2
Tax	62.3	63.4	64.5	58.2	54.2
Advisory	35.0	36.2	27.8	22.7	19.3
	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
<b>Management fee, salary and emoluments</b>					
Available for distribution to partners (€ millions)	140.1	153.9	156.1	137.7	125.6
Average partner management fee* (€'000)	513.3	605.8	639.7	527.5	468.7
Increase/decrease	-15.3%	-5.3%	21.3%	12.6%	-16.8%
Staff bonuses (€ millions)	27.7	29.3	30.3	23.4	20.4
Average salary cost per FTE (€'000)	72.6	72.2	71.8	68.9	67.7
Average bonus per FTE (€'000)	6.7	7.6	8.0	5.8	4.9
	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
<b>Average FTEs</b>	<b>4,440</b>	<b>4,110</b>	<b>4,047</b>	<b>4,292</b>	<b>4,464</b>
Partners	273	254	244	261	268
Professional staff	3,366	3,054	3,000	3,180	3,323
Support staff	801	802	803	851	873

\* Payments are made from the management fee relating to items such as pension contributions, social security and disability contributions and life insurance premiums.

# *Holding PricewaterhouseCoopers Nederland B.V. - Remuneration Report*

for the financial year ended 30 June 2016

*This Remuneration Report was prepared by the Remuneration Committee on 26 September 2016 and adopted by the Supervisory Board on 26 September 2016. It is part of the Report of the Supervisory Board included in the Annual Report of Holding PricewaterhouseCoopers Nederland B.V. The Annual Report is published on the website [www.pwc.nl](http://www.pwc.nl).*

## Definitions

The definitions of certain terms used in this Remuneration Report are as follows:

### PwC NL

Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V. and/or one or more of its subsidiary companies, unless specifically stated otherwise.

### Professional practitioner

The natural person who practices his/her profession in the name of Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V. or a subsidiary company thereof on the basis of an association agreement.

## Introduction

This Remuneration Report deals with the remuneration of the Board of Management and the Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V. (PwC NL) and its partners (whose partner BVs have concluded association agreements with PwC NL) and employees.

The responsibilities of the Remuneration Committee of the Supervisory Board include the preparation of the annual Remuneration Report for adoption by the Supervisory Board, as required by the Dutch Corporate Governance Code.

This Report addresses PwC NL's governance as well as remuneration of partners, staff, the Board of Management and the Supervisory Board. The Annual Report's section 'Governance and remuneration' (pages 52-53) provides further information regarding the remuneration framework of PwC NL.

The Supervisory Board was installed as of 1 May 2015 and is comprised entirely of external members. The General Meeting appoints the Supervisory Directors, based on a binding proposal submitted by the Supervisory Board on the advice of its Selection and Appointment Committee. The General Meeting has the power to suspend or dismiss a Supervisory Director. Members of the Supervisory Board are appointed for the period determined at the time of appointment, which may not exceed two terms of four years. The Supervisory Board has put together a retirement roster, which is included in this Remuneration Report.

The Board of Management comprises one or more members. The Articles of Association prescribe that the Board of Management may comprise only of professional practitioners with whose partner BVs an association agreement has been concluded. The professional practitioner with whose partner BV an association agreement has been concluded is authorised to use the title 'partner' vis à vis third parties.

The Chair of the Board of Management (also known as the Territory Senior Partner) is the Company's only statutory director and he appoints the other members as authorised executive director for the term of his period of office. The Chair of the Board of Management is appointed by the General Meeting based on a binding proposal submitted by the Supervisory Board on the advice of its Selection and Appointment Committee. In making its selection proposals, the Selection and Appointment Committee also evaluates the candidates the potential Territory Senior Partner is proposing for his team as fellow members of the Board of Management.

The General Meeting has the power to suspend or dismiss any member of the Board of Management, and the Supervisory Board has the power to suspend any member of the Board of Management. The Supervisory Board determines the remuneration of the statutory director and all authorised executive directors.

### Partner remuneration and introduction of claw back scheme

In the light of the level of public interest in PwC NL's services, the remuneration framework for PwC NL partners has been designed so that quality and matters such as independence, Code of Conduct and compliance, including internal and external regulatory requirements, have a proportionately significant effect on the remuneration levels.

The evaluation and remuneration methodologies for partners are set out in the Annual Report on page 52-53. The partners receive this profit share in the partner BVs through which they operate under an association agreement with PwC NL. These partner BVs bear the costs of pension provisioning, insurances and taxation.

The Remuneration Committee and the Supervisory Board discussed the role of quality in all three of the annual evaluation components: People, Clients, Firm. The effects of internal and external engagement reviews are also reflected in this scoring (positive and negative).

Starting 2015/2016, for Assurance partners, in view of their specific role in society, a positive performance score automatically arises in the area of Clients when quality performance scores above expectation. This leads to an upward remuneration adjustment provided that the conduct of the partner meets the standard applicable to a PwC partner. This in addition to the already existing policy that negative quality performance results in a downward adjustment in remuneration when a file review has a non-compliant outcome. This will result in a negative score on the performance evaluation component Clients or on Baseline expectations, and consequently will negatively affect the variable remuneration of the Assurance partner involved, with an adjustment of 12,5% to 50% of total remuneration. This performance evaluation on the component Clients cannot be compensated by commercial or other achievements. Assurance partners and directors are not rewarded for cross selling at audit clients.

A claw back scheme has been introduced this financial year 2015/2016 for partners who act as external auditor. The claw back period has been determined as six years. Under this scheme, one sixth of the individual partner's remuneration is held back and transferred to a foundation set up for this purpose. If it transpires before the end of this period that the external auditor has issued an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, the auditor loses entitlement to part or all of the deferred remuneration. The Remuneration Committee and Supervisory Board discussed the claw back scheme and the foundation's incorporation documents in their year-end meetings and provided feedback. The claw back scheme will be reviewed annually, for the first time after the first annual transfer of the 1/6th element of the profit share.

The Remuneration Committee and the Supervisory Board have also evaluated the proposals submitted to the Board of Management by the Line of Service Boards and the Markets Leader, through their stratification of the candidates. Where a partner evaluation results in an unsatisfactory rating, an assessment is carried out as to whether the issues are incidental and whether there are indications of longer-term issues. The evaluation also reflects how compliance infringements are dealt with and it includes the results of reviews.

### Employee remuneration

The evaluation and remuneration process for staff is set out in the Annual Report on pages 52- 53. The Remuneration Committee and the Supervisory Board reviewed the distinctive features of the PwC NL salary structure as compared to other Dutch organisations and sector colleagues, including differences in the pace of career progression. In the interest of remuneration competitiveness, the Supervisory Board discussed with the Board of Management that part of the variable remuneration will be used for financing an increase in fixed salary levels for certain job categories.

## Remuneration of the Board of Management

As from 1 July 2015 the remuneration arrangements for the Board of Management have been brought into line with the 'In the Public Interest' report. As from this date, the members of the Board of Management now receive a fixed, non-profit related remuneration.

### Remuneration for individual members

The Supervisory Board determines the amount of the remuneration of the individual members of the Board of Management in line with criteria set by the General Meeting. This amount is determined before taxes, social charges, pensions and similar items and, in principle, represents the annual fixed remuneration for the individual's term of office in the Board of Management. In line with the association agreements, it is paid to the partner BVs and the members of the Board of Management are responsible for the payment of taxes and any pension arrangements and insurances. In addition to the fixed remuneration, the members of the Board of Management receive expense allowances in line with those set for all partners and they receive interest income on capital contributed.

### Fixed Remuneration for three years

At the beginning of financial year 2015/2016, the Remuneration Committee reviewed the remuneration framework for the Board of Management within the context of Measure 3.3 of the report 'In the Public Interest' and submitted proposals to the Supervisory Board. The proposed remuneration framework for the Board of Management was approved by the General Meeting on 2 October 2015.

### Variable remuneration

The Supervisory Board is empowered to determine a bonus of up to 20% of fixed remuneration based on the achievement of long-term goals set by the Supervisory Board within the context of PwC's societal role. This bonus may only be awarded if the goals so set have been exceeded. The Supervisory Board is also empowered to levy a remuneration penalty on a member of the Board of Management, up to a maximum of 20%, when the quality aspects of the performance as professional practitioner or member of the Board of Management justifies this. With regard to the financial year 2015/2016 no such bonus or penalty was determined.

Following the proposals of the Remuneration Committee, the Supervisory Board has determined the remuneration of the individual members of the Board of Management as follows:

In Euro's		Fixed remuneration*	2015/2016*	2014/2015*
Sytso Boonstra **		914,500	914,500	1,016,800
Frank Engelen		1,047,250	1,047,250	1,260,471
Ad van Gils		914,500	914,500	956,284
Jolanda Lamse		914,500	914,500	956,284
Peter van Mierlo	Chair	1,180,000	1,180,000	1,366,120
Michael de Ridder		914,500	914,500	1,016,800

\* Total remuneration before the obligatory Foundation Verrekenfonds deductions and before the amounts withheld annually in connection with the claw back for members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.

\*\* On 1 July 2016 Sytso Boonstra was succeeded by Marc Diepstraten.

### Benchmarks

In the early months of this financial year 2015/2016, the Supervisory Board benchmarked the remuneration framework for members of the Board of Management, partners and staff to a number of remuneration benchmarks such as CEOs, other audit and advisory organisations, other PwC member firms and relative remuneration levels within PwC NL and other organisations. The Supervisory Board also reflected remuneration levels and trends for current and past members of the Board of Management both before and after their membership of the Board, as well as trends in the Euro values per point and any investments made or planned including investments in quality and acquisitions. The Supervisory Board reviewed the fixed remuneration levels in the light of the responsibilities and portfolios of the individual members of the Board of Management.

### Claw back applying to the Board of Management

The Supervisory Board is empowered to claim back bonuses from individual members of the Board of Management if the information (financial or non-financial) supporting the bonus transpires to be inaccurate.

The claw back for partners who act as external auditor applies equally to members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.

### Loans and guarantees

No personal loans or guarantees have been provided to or on behalf of the members of the Board of Management.

### Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board consists of a fixed annual amount, determined by the General Meeting. No personal loans or guarantees have been provided to or on behalf of the members of the Supervisory Board. The remuneration of the members of the Supervisory Board is independent of the performance of PwC NL.

The remuneration of the Supervisory Board is provided in the table on this page. The amounts relate to the Supervisory Board's period of office in 2015/2016.

Remuneration for the Supervisory Board for 2015/2016 (€)	Fixed remuneration for chairmanship or membership of the SB	Remuneration for Audit Committee membership	Remuneration for Remuneration Committee membership	Remuneration for Selection and Appointment Committee membership	Remuneration for Public Interest Committee membership*	Total remuneration for chairmanship or membership of the SB and its committees for 2015/2016	Total remuneration for chairmanship or membership of the SB and its committees for 2014/2015 (**)
N. Ellemers	45,000			7,500	7,500	60,000	10,000
J.M. de Jong (Chair)	70,000		7,500	10,000		87,500	14,584
A. Jorritsma*	37,500(*)	6,250(*)	8,333(*)			52,083(*)	-(*)
F.W. Oldenburg	45,000	7,500		7,500		60,000	10,000
C.J.M. van Rijn	45,000	10,000			7,500	62,500	10,417
Y.C.M.T. van Rooy	45,000		7,500		7,500	60,000	10,000
A.H.E.M. Wellink	45,000		7,500		10,000	62,500	10,417

\* Member as from 1 September 2015

\*\* Excluding remuneration as a member of the Public Interest Body of PricewaterhouseCoopers Accountants N.V. during the period prior to installation of the SB as of 1 May 2015.

The agreements made regarding the time allocated to roles and responsibilities are set out in the Supervisory Board's Charter, in its committees' charters and in the appointment contracts with each member. The time allocated depends on the role that the member fills in the Supervisory Board and in one or more of its committees, and therefore varies per member.

The Supervisory Board's Charter requires that remuneration be proportionate to the responsibilities and the time needed to discharge the responsibilities properly, and it should be independent of the Company's results. The remuneration for each member is based on his/her roles in the Board and in committees and is set out in an appointment agreement with each Member. The Member is responsible for discharging the role agreed and for managing

his/her time to achieve this, with due consideration given to the roles, jurisdiction and responsibilities allocated to the Supervisory Board and its members as prescribed by law, the Articles of Association, the Supervisory Board's Charter and the appointment agreement.

The annual remuneration for the Chair of the Supervisory Board amounts to €70,000, for a member of the Supervisory Board €45,000, for a Chair of a committee €10,000, and for a member of a committee €7,500.

The remuneration for the Supervisory Board was included in the Supervisory Board's annual evaluation process, and no reason or need for modification arose.

#### Retirement roster for the members of the Supervisory Board

	Age at date of appointment	Appointment	2016	2017	2018	2019	Available or eligible for reappointment?
N. Ellemers	52	1 May 2015				●	Yes
J.M. de Jong (Chair)	69	1 May 2015				●	No
F.W. Oldenburg	54	1 May 2015				●	Yes
C.J.M. van Rijn	67	1 May 2015				●	No
Y.C.M.T. van Rooy	63	1 May 2015				●	Yes
A.H.E.M. Wellink (Vice-chair)	71	1 May 2015			●		No
A. Jorritsma	65	1 September 2015				●	Yes

The Supervisory Board has set up a roster indicating when members are expected to step down from the Board and/or make themselves available for re-appointment if eligible. This is published on the website. The members of the Supervisory Board are appointed for the period agreed on appointment, the first term of which may not exceed four years.

## GRI table 4.0

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
<b>General aspects covered by PwC's reporting, in accordance with the GRI 4.0 requirements</b>					
Strategy & analysis					
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	<a href="#">4-5</a>	Foreword		
G4-2	Provide a description of key impacts, risks and opportunities.	<a href="#">27, 48, 50-51, 54-55</a>	Our strategy and achievements ('Investing in strategic competencies'), Risk factors, Outlook		
Organisational Profile					
G4-3	Report the name of the organization.	<a href="#">101</a>	Our legal structure		
G4-4	Report the primary brands, products, and services	<a href="#">20, 26</a>	PwC in the Netherlands, How we create value		
G4-5	Report the location of the organization's headquarters.	<a href="#">131</a>	Acknowledgements		
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	<a href="#">20, 101-102</a>	PwC in the Netherlands, Our legal structure		
G4-7	Report the nature of ownership and legal form	<a href="#">101</a>	Our legal structure		
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	<a href="#">20, 101</a>	PwC in the Netherlands, Our legal structure		
G4-9	Report the scale of the organisation	<a href="#">20, 115</a>	PwC in the Netherlands, Breakdown of our head count		
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	<a href="#">115</a>	Breakdown of our head count	Significant (seasonabel) variations in employment numbers ('f') not reported because this is not material	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		0%	Not applicable	
G4-12	Describe the organization's supply chain.	<a href="#">26, 114</a>	How we create value, Our sustainability policies		
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	<a href="#">19, 101-102</a>	About the report of the Board of Management, Our legal structure		
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.			Not applicable	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	<a href="#">19</a>	About the report of the Board of Management, Our sustainability policies		
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organization.	<a href="#">42</a>	Our strategy and achievements ('Delivering the PwC Experience')		

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
Identified Material Aspects and Boundaries					
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	<a href="#">65-66</a>	General notes to the financial statements		
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	<a href="#">20, 21-22</a>	About the report of the Board of Management, Stakeholders and materiality		
G4-19	List all the material Aspects identified in the process for defining report content.	<a href="#">25</a>	Stakeholders and materiality		
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	<a href="#">19</a>	About the report of the Board of Management		
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	<a href="#">19</a>	About the report of the Board of Management		
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	<a href="#">35, 114</a>	Our strategy and achievements (number of participants management development programmes), Our sustainability policies (Environmental impact)		
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	<a href="#">19</a>	About the report of the Board of Management		
Stakeholder Engagement					
G4-24	Provide a list of stakeholder groups engaged by the organization.	<a href="#">21-22</a>	Stakeholders and materiality		
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	<a href="#">21-22</a>	Stakeholders and materiality		
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<a href="#">21-22</a>	Stakeholders and materiality		
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	<a href="#">23-24</a>	Stakeholders and materiality ('Messages provided by our stakeholders')		
Reporting profile					
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	<a href="#">19</a>	About the report of the Board of Management		
G4-29	Date of most recent previous report (if any).			Not applicable	
G4-30	Reporting cycle (such as annual, biennial).	<a href="#">19</a>	About the report of the Board of Management		
G4-31	Provide the contact point for questions regarding the report or its contents.	<a href="#">131</a>	Acknowledgements		
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below).	<a href="#">19, 123</a>	About the report of the Board of Management, GRI table 4.		
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	<a href="#">19, 92-99, 104</a>	About the report of the Board of Management, Other information, Corporate governance		

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
Governance					
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<a href="#">25, 103-107</a>	Management approach, Corporate governance		
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	<a href="#">25</a>	Management approach		
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	<a href="#">25</a>	Management approach		
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	<a href="#">25</a>	Management approach		
G4-38	Report the composition of the highest governance body and its committees.	<a href="#">104-107</a>	Corporate governance		
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	<a href="#">107</a>	Corporate governance		
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	<a href="#">103-104</a>	Corporate governance		
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	<a href="#">103, 109-112</a>	Corporate governance, Our quality, risk management and compliance framework		
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	<a href="#">25</a>	Management approach		
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	<a href="#">25</a>	Management approach		
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	<a href="#">25, 52-53</a>	Management approach, Governance and remuneration		
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	<a href="#">25, 50-51, 109-112</a>	Management approach, Risk factors, Our quality, risk management en compliance framework		
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	<a href="#">25, 50-51, 109-112</a>	Management approach, Risk factors, Our quality, risk management en compliance framework		
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	<a href="#">25, 50-51, 109-112</a>	Management approach Risk factors, Our quality, risk management en compliance framework		
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	<a href="#">104</a>	Corporate governance		
G4-49	Report the process for communicating critical concerns to the highest governance body.	<a href="#">21-22, 25</a>	Stakeholders and materiality, Management approach		
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	<a href="#">23-24</a>	Stakeholders and materiality		

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	<a href="#">52-53</a>	Governance and remuneration		
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	<a href="#">53</a>	Governance and remuneration		
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	<a href="#">53</a>	Governance and remuneration		
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	<a href="#">52</a>	Governance and remuneration		Partners, professional staff, not support or temporary staff
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highestpaid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	<a href="#">52</a>	Governance and remuneration		Partners, professional staff, not support or temporary staff
<b>Ethics and Integrity</b>					
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<a href="#">4-5, 26, 21-22, 32, 38, 50-51, 53, 108</a>	How we create value, Stakeholders and materiality, Our strategy and achievements ('Building on the quality of our service offerings and delivery', 'Delivering the PwC Experience'), Governance and remuneration, Risk factors, Code of Conduct and whistleblower procedures		
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	<a href="#">32, 53, 108</a>	Our strategy and achievements ('Building on the quality of our service offerings and delivery'), Governance and remuneration, Code of Conduct and whistleblower procedures		
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	<a href="#">32, 53, 108</a>	Our strategy and achievements ('Building on the quality of our service offerings and delivery'), Governance and remuneration, Code of Conduct and whistleblower procedures		
<b>Material Aspects covered more extensively by PwC's reporting in order to continue to monitor progress, in accordance with GRI 4.0</b>					
<b>Disclosures on Management Approach (DMA)</b>					
<b>Economic performance</b>					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 43-44, 50-51, 54-55</a>	Stakeholders and materiality, Management approach, Our strategy and achievements ('Taking the opportunities the market offers us'), Risk factors, Outlook		
G4-EC1	Report the direct economic value generated and distributed	<a href="#">6-7, 43-44, 58-59, 117</a>	Key statistics, Our strategy and achievements ('Taking the opportunities the market offers us'), Five-year summary of financial results, Financial statements		
G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.			Not material	
G4-EC3	Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities.	<a href="#">73</a>	Financial statements		
G4-EC4	Report the total monetary value of financial assistance received by the organization from governments during the reporting period.			Not applicable	

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
Occupational Health					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 39-40, 50-51</a>	Stakeholders and materiality, Management approach, Our strategy and achievements ('Delivering the PwC Experience'), Risk factors		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.			Not applicable	
G4-LA6	Type of injury and rates injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender.	<a href="#">40</a>	Our strategy and achievements ('Delivering the PwC Experience')		
G4-LA7	Workers with high incidence or high risk of diseases related tot their occupation.			Not material	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.			Not applicable	
Training and Education					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 35-36, 50-51</a>	Stakeholders and materiality, Management approach, Our strategy and achievements ('Building on the quality of our service offerings and delivery'), Risk factors		
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	<a href="#">6, 35</a>	Key statistics, Our strategy and achievements ('Building on the quality of our service offerings and delivery')		
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<a href="#">56-26</a>	Our strategy and achievements ('Building on the quality of our service offerings and delivery')		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	<a href="#">53</a>	Governance and remuneration		
Diversity and Equal Opportunity					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 37-38</a>	Stakeholders and materiality, Management approach, Our strategy and achievements ('Delivering the PwC Experience'), Risk factors		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	<a href="#">6, 37, 104, 107, 115</a>	Key statistics, Our strategy and achievements ('Delivering the PwC Experience'), Corporate governance, Breakdown of our head count		PwC NL - excluding trainees
Equal Remuneration for Women and Men					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 37-38</a>	Stakeholders and materiality (part of Diversity), Management approach, Our strategy and achievements ('Delivering the PwC Experience')		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	<a href="#">38</a>	Our strategy and achievements ('Delivering the PwC Experience')		Only professional staff, not support or temporary staff and excluding partners as they are not employees. Bonuses not included in this calculation.

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
Anti-Corruption					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 32, 50-51, 53, 109-112</a>	Stakeholders and materiality (part of Integrity), Management approach, Our strategy and achievements ('Building on the quality of our service offerings and delivery'), Risk factors, Governance and remuneration, Our quality, risk management and compliance framework, (see also under 'Other measures')		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	<a href="#">109-112</a>	Our quality, risk management and compliance framework		
G4-SO4	Communication and training on anti-corruption policies and procedures.	<a href="#">32, 108</a>	Our strategy and achievements ('Building on the quality of our service offerings and delivery'), Code of Conduct and whistleblower procedures		
G4-SO5	Confirmed incidents of corruption and actions taken.	<a href="#">53</a>	Governance and remuneration		
Product and Service Labeling					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 45, 50-51</a>	Stakeholders and materiality (part of Client satisfaction), Management approach, Our strategy and achievements ('Taking the opportunities the market offers us'), Risk factors		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.			Not material	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.			Not material	
G4-PR5	Results of surveys measuring customer satisfaction.	<a href="#">7, 45</a>	Key statistics, Our strategy and achievements ('Taking the opportunities the market offers us')		Professional Services
Compliance					
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	<a href="#">21-22, 25, 30-34, 50-51, 53, 109-112</a>	Stakeholders and materiality (part of Quality and Integrity), Management approach, Our strategy ('Building on the quality of our service delivery'), Risk factors, Governance and remuneration, Our quality, risk management and compliance framework		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	<a href="#">34</a>	Our strategy and achievements ('Building on the quality of our service delivery')		
<b>Aspects that are less material, but regarding which PwC voluntarily reports a number of GRI indicators in order to continue to monitor progress</b>					
Employment					
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	<a href="#">20, 35, 38, 115</a>	PwC in the Netherlands, Our strategy and achievements ('Building on the quality of our service delivery' and 'Delivering the PwC Experience'), Breakdown of our head count		
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.			Not applicable	
G4-LA3	Return to work and retention rates after parental leave, by gender.			Not material	

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
Local Communities					
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs.	<a href="#">40-41</a>	Our strategy and achievements ('Delivering the PwC Experience')	No percentage - qualitative description	
Privacy					
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<a href="#">34</a>	Our strategy ('Building on the quality of our service delivery')		
Energy					
G4-EN3	Energy consumption within the organization .	<a href="#">113-114</a>	Our sustainability policies		PwC NL - All offices
G4-EN6	Reduction of energy consumption.	<a href="#">113-114</a>	Our sustainability policies		PwC NL - All offices
Emissions					
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	<a href="#">114</a>	Our sustainability policies		PwC NL - All offices: Air travel (PwC NL - all), Cars (all who have a lease car, excluding partners), Train travel (all)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	<a href="#">114</a>	Our sustainability policies		PwC NL - All offices: Air travel (PwC NL - all), Cars (all who have a lease car, excluding partners), Train travel (all)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).		Our sustainability policies	We report no Scope 3 emissions	
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	<a href="#">113-114</a>	Our sustainability policies		PwC NL - All offices
G4-EN23	Total weight of waste by type and disposal method.	<a href="#">114</a>	Our sustainability policies (only paper)		PwC NL - All offices
Transport					
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	<a href="#">114</a>	Our sustainability policies		PwC NL - All offices: Air travel (PwC NL - all), Cars (all who have a lease car, excluding partners), Train travel (all)
<b>Other material aspects that PwC reports which are not part of the GRI-standard</b>					
Not applicable	Number of files reviewed	<a href="#">32-33</a>	Our strategy and achievements ('Building on the quality of our service delivery' and offerings')		Professional Services
Not applicable	Mobility numbers	<a href="#">47</a>	Our strategy and achievements ('Transforming our organisation')		Professional Services
Not applicable	Results of the People Survey	<a href="#">32, 36, 40, 41, 42</a>	Key statistics, Our strategy and achievements, ('Building on the quality of our service offerings and delivery', 'Delivering the PwC Experience')		
Not applicable	Participants in the management development programmes	<a href="#">35</a>	Our strategy and achievements ('Building on the quality of our service offerings and delivery')		PwC NL – From manager level

\*All indicators relate to PwC NL, unless otherwise indicated in this table.

# Glossary

<p><b>General meeting (GM)</b> The meeting of the PwC partners who, via their partner BVs, are formally the members of Coöperatie PricewaterhouseCoopers Nederland U.A.</p> <p><b>AFM</b> The Netherlands Authority for the Financial Markets, the external independent body responsible for the supervision of financial institutions and of audit firms with a PIE licence</p> <p><b>BCC</b> Business Conduct Committee, to which staff refer if they note instances or suspicions of professional misconduct</p> <p><b>BMG&amp;D</b> ‘Beoordeling, Mapping- Goalsetting &amp; Development’ (Evaluation, Mapping, Goal setting &amp; Development), the PwC process surrounding the evaluation and remuneration of partners and directors</p> <p><b>BU</b> Business Unit, the sub-units of the Assurance, Tax and Advisory LoSs, determined on the basis of geography and/or professionalism/specialism</p> <p><b>CAD</b> Country Admission Committee, the body that advises the SB on the appointment of new partners and directors</p> <p><b>CEO</b> Chief Executive Officer, the Chair of the Board of Management</p> <p><b>CFO</b> Chief Financial Officer, the member of the BoM tasked with all financial matters</p> <p><b>COO</b> Chief Operating Officer, the member of the BoM tasked with the operational aspects of the business</p> <p><b>Compliance</b> Compliance with all legal, regulatory and other requirements and standards</p> <p><b>Compliance Officer</b> The officer responsible for overseeing compliance with all legal, regulatory and other requirements and standards</p> <p><b>CR</b> Corporate Responsibility, doing business on a sustainable basis that reflects the interests of society, employees and the environment</p> <p><b>ECR</b> Engagement Compliance Review, internal reviews carried out by the global network into the quality of client engagements</p> <p><b>EU&amp;M</b> The industry group Energy, Utility &amp; Mining</p> <p><b>FS</b> The industry group Financial Services</p> <p><b>GRI</b> Global Reporting Initiative, the organisation that is responsible for the ongoing development of reporting standards for non-financial information</p> <p><b>HC</b> Human Capital, the term used for the department or persons responsible for PwC’s staffing policies and the implementation thereof</p> <p><b>Industry/Industry group</b> One of the eight groups to which all professional staff are assigned, each focussing on a specific market sector or segment</p> <p><b>IP</b> The industry group Industrial Products</p> <p><b>IAD</b> Internal Audit Department</p> <p><b>IIRC</b> International Integrated Reporting Council, the international organisation, comprising standard setters, investors, companies, auditors and NGOs, that is responsible for the promotion and development of the framework for integrated reporting</p>	<p><b>Integrated reporting</b> The reporting format that addresses the financial and non-financial value, to a wide range of stakeholders, of a business or an organisation</p> <p><b>KPI</b> Key Performance Indicator, a measurable variable that provides insight into progress on meeting objectives</p> <p><b>L&amp;D</b> Learning and Development, the department within PwC that develops and manages the training and management development programmes</p> <p><b>Partner Council</b> The organisation that represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. (the partner BVs) and provides advice, either on request or on its own initiative, to the BoM on issues to be submitted to the GM</p> <p><b>Local Oversight Board</b> The internal supervisory body, comprising partners, which has become the Partner Council since the installation of the Supervisory Board</p> <p><b>LoS</b> Line of Service, one of three divisions in which PwC offers and delivers its services: Assurance, Tax and Advisory</p> <p><b>NBA</b> The Netherlands Institute of Chartered Accountants</p> <p><b>PIE</b> Public Interest Entity, an organisation that, because of its scope or role in society, impacts a wide range of stakeholder groups (for instance, listed companies, insurers and financial institutions) and for the audit of which audit firms are required to have a licence from the AFM</p> <p><b>PC</b> Private Companies, the PwC sector group that focuses on unlisted companies, including family businesses</p> <p><b>PwC Europe</b> The collaborative association of the four PwC European member firms in Germany, Austria, the Netherlands and Belgium</p> <p><b>PS</b> The industry group Public Sector</p> <p><b>Q&amp;R</b> Quality &amp; Risk, a person or department responsible for quality and risk management</p> <p><b>R&amp;C</b> The industry group Retail &amp; Consumer</p> <p><b>T&amp;L</b> The industry group Transport &amp; Logistics</p> <p><b>TMT</b> The industry group Technology, Media &amp; Telecom</p> <p><b>Wft</b> ‘Wet op het financieel toezicht’ (the Act on Financial Supervision), which sets the legal parameters for the solidity and behaviour of financial enterprises and regulates supervision of the financial sector in the Netherlands</p> <p><b>Wta</b> ‘Wet toezicht accountantsorganisaties’ (the Law on the Supervision of Audit Firms), which regulates the external supervision (by the AFM) of audit firms</p>
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# Acknowledgements

## PwC Annual Report 2015/2016

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The original Annual Report was prepared in the Dutch language. This documentation is a translation of the original Annual Report. If there are differences between the English and the Dutch versions, the latter shall prevail.