A new reality*

Annual Report 2007/2008

The theme of this annual report - 'A new reality' - has been imaginatively visualised by six different photographers from diverse professional backgrounds (press, fashion, theatre, young talent, art and advertising) whom we asked to make a portrait of one of our people. The photographers were given unique freedom to capture the 'new reality' as they interpreted it. Their only guideline was to highlight the individual as an integral part and vital catalyst of these new realities.

At PricewaterhouseCoopers Nederland over 4,800 professionals work together from 16 offices and three different angles: Assurance, Tax & HRS and Advisory. Drawing on our ‘Connected Thinking’ philosophy, we deliver sector-specific services and seek novel solutions. For large national and international companies. For public sector and not-for-profit organisations. As well as for private companies.

As an independent member of a worldwide network comprising more than 155,000 colleagues in 153 countries, we can rely on extensive knowledge and experience which we share with each other, with our clients and other stakeholders. We feel involved, are used to listening carefully and consider it the most natural thing in the world to take responsibility and be accountable for our results. In this annual report we look back, together with you, on 2007/2008.

A new reality

We can look back on an excellent year. Once again we succeeded in surpassing the results of the previous financial year. We largely set the basis for this success in the first half of the year when we were able to deploy our people to maximum effect and achieve a high level of productivity. This laid a firm foundation for dealing with the economic difficulties which emerged during the first half of 2008. The professionalism, talent and incredible loyalty of our employees have been critical to our success. Each day anew they provide our clients with the optimal service and added value that is expected from PricewaterhouseCoopers. We owe them a debt of gratitude and appreciation for their invaluable contribution. In combination with our strategy and our philosophy of approaching issues from diverse competences and angles, our people are crucial to our ongoing success.

We laid the basis for our current strategy three years ago. Since then, continual change has made the environment in which we operate increasingly complex. Each day brings a new reality, in which change is almost the only constant. It is our job to translate these changes into new challenges, to share these with our clients, and to come up with solutions that deliver added value and help us all move forward.

Whilst reality is constantly changing and renewing, the main outlines of our strategy still hold true. In the coming year these will continue to serve as our beacon in addressing the challenges posed by the new emerging realities.

Our people are entitled to expect PwC, as a modern employer, to have an eye for social developments and to act accordingly in the interests of its people. Consequently, we have invested heavily in our commitment to being a 'human-scale organisation', and a broad spectrum of policies and measures have been introduced and implemented to achieve this. One result has been to create a more diverse organisation characterised by a broad-based respect for the wide diversity of views and cultural backgrounds. Another has been to foster greater understanding and flexibility for the personal choices that people make in the different phases of their lives. This is evidenced by the introduction of even more flexible conditions of employment, including 'daddy leave' for new fathers.

The growth in our revenue is the best illustration of the success of our strategy, which is aimed at ensuring that the professionals from the various Lines of Service adhere to our 'in business together' principle. But in this area too, we are faced with new realities. The fallout from the credit crunch that started a year ago in the United States has long ceased to be confined to that country and to the financial sector. The financial crisis, together with the resurgence of inflation due partly to spiralling oil and commodity prices, is having a severe impact on the global economy. After years of impressive growth, the economy is clearly faltering. Companies are faced with rising costs and narrowing margins, and this is forcing them to take a critical and creative look at the way they conduct their business. Continuing growth can no longer be taken for granted. More than ever companies will expect us to look beyond the boundaries of our various disciplines because only then can we focus and harness our knowledge to help them continue to make a difference in these changing economic circumstances. For us this means that we must continue to live up to our reputation as a provider of a wide-range of professional services.

At the same time we must focus even more intensively on our clients. Client selectivity, the third central pillar of our strategy, links seamlessly with this. We need to be constantly vigilant that we continue to deliver the added value that we strive for and that our clients rightly expect. At the same time, this focus enables us to rapidly anticipate the changing needs of our clients. This is illustrated in our Assurance practice, where our services are growing strongly as stakeholders increasingly seek assurance in areas beyond the annual audit.

In the coming financial year we plan to roll out PwC Experience, an internal programme aimed at achieving the cultural change necessary to meet our strategic ambitions with even greater vigour. Central to this is our belief that the end result will be enhanced if we are more sensitive to the process by which it is attained. Clients want us to understand their concerns and their problems and to tailor our solutions accordingly. The section on market developments and strategy takes a closer look at this aspect.

In addition, as a major employer and important player in our industry, the new reality most definitely entails an obligation to look beyond the direct interests of our company and engage with the wider community. The social responsibility that we feel was given shape in various ways in the past year. As chairman of the Ambassador Network we strove to overcome the obstacles to greater female participation in senior positions. We also regularly highlighted the ongoing deterioration of the corporate (tax) climate and the impending marginalisation of the Netherlands following the exodus of head offices. Our initiatives in this connection included an intensive Budget Day media campaign highlighting the significance of innovation, the environment and deregulation. Some of our top tax lawyers took part in the hearings of the Standing Parliamentary Committee on Finance regarding, for instance, the tax competitiveness of the Netherlands and the bill for taxing excessive remuneration. We believe that the lack of a stable taxation policy is undermining the tax competitiveness of the Netherlands. We also believe that the calls for higher taxation of top incomes are scaring away foreign investors and businesses, and thereby damaging the entrepreneurial climate of our country. In the past year we regularly voiced our opinions on these matters and will continue to do so in the future.

Socially responsible entrepreneurship has become an integral part of our business. For us this is a matter of principle and conviction, and our performance in this area is a natural and integral part of this report. A new reality with changing economic conditions means that we must take a critical look at our own business processes, including those relating to corporate responsibility and diversity. We do this because we are convinced that, even in a changing economic environment, diversity and sustainability of business processes are and remain crucial.

In this annual report we look back on the developments within our organisation during the past financial year and we look ahead to what we have mapped out for the future. In addition to the report of the Board of Management, this Report also includes our Corporate Responsibility Report and the Transparency Report which explains the manner in which our accountancy services are organised.

After more than 28 years with PwC and almost seven years as chairman of the company, I will hand over the chairman's gavel on 1 October to my proposed successor, Robert Swaak, and I will embark on a new challenge as President and CEO of the Schiphol Group. During my period on the board, the environment in which we operate has undergone radical change and the demands made on organisations like ours by clients, employees and regulators have increased significantly. It has been a constant challenge for all of us to respond quickly and decisively to those changes and, above all, to exceed the demands and expectations of our clients and society at large. For me it was a privilege and a unique experience to lead our Dutch organisation and, working in unison with my fellow board members, partners and staff, to develop the PwC strategy and bring it to full fruition. I see tangible evidence of that success in our market leadership in various segments, our solid market position, the excellent financial results and, above all, the pride that our people feel in belonging to our organisation. And I see further evidence of that success in the restructuring of our global organisation. We are delighted to share all of this with you in this Annual Report.

I am leaving PwC in the knowledge that the organisation can rely on the best people it can wish for and in the conviction that, under the direction of my proposed successor, Robert Swaak, they are better equipped than anyone to deal with the new realities and to rise to the challenges ahead. I thank my fellow board members, partners and staff for working with me in such an inspiring and constructive manner to build the organisation that is now firmly in place.

Jos Nijhuis
Chairman of the Board of Management
PricewaterhouseCoopers B.V.

A new reality

Solid ground*

For entrepreneurs, managers and policy-makers each day brings new realities, new uncertainties and… new opportunities! Opportunities for progress, development and improvement. Provided, of course, that the attitude and approach are right. Because, whatever changes, one law still holds true: always build on solid ground.

Photography: Michiel van Nieuwkerk Model: Armando Veringmeier

Contents

Key figures
PricewaterhouseCoopers B.V.

	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
Revenue					
Net revenue (x € 1m)	774.5	723.3	654.8	626.3	583.2
Growth	+7.1%	+10.5%	+4.6%	+7.4%	+1.7%
Net revenue per person (x € 1,000)	173.0	166.6	157.1	154.3	143.7
External revenue per Line of Service (x € 1m)					
Assurance	408.5	403.1	367.1	360.1	343.8
Tax & HRS	250.0	233.1	212.5	194.0	184.4
Advisory	116.0	87.1	75.2	72.2	55.0
Total	774.5	723.3	654.8	626.3	583.2
Results					
Operating profit (x € 1m)	134.9	118.2	101.2	88.8	72.8
Increase	+14.1%	+16.9%	+14.0%	+22.0%	+17.2%
Result after tax (x € 1m)	131.2	112.5	94.1	77.3	61.3
Growth	+16.7%	+19.6%	+21.7%	+26.0%	+10.2%
Operating profit per Line of Service (x € 1m)					
Assurance	70.4	66.5	58.4	53.3	40.8
Tax & HRS	49.1	44.7	36.9	30.9	31.4
Advisory	17.1	7.8	7.2	5.3	4.8
Management fee, salary and emoluments					
Available for distribution to partners (x € 1m)	178.5	156.9	137.3	121.1	105.2
Increase	+13.8%	+14.2%	+13.4%	+15.1%	+15.8%
Average partner management fee[1] (x € 1,000)	708.4	653.7	589.4	526.5	453.4
Average financing per shareholder (x € 1,000)	777.1	762.6	736.5	700.2	662.5
Employee bonuses (x € 1m)[2]	38.7	37.5	33.8	26.7	-
Average wage cost per FTE (x € 1,000)	65.9	64.0	61.5	58.3	-
Average bonus per FTE (x € 1,000)	9.2	9.1	8.6	7.0	-
Average staffing (FTEs)	4,478	4,341	4,168	4,058	4,058
Partners	252	240	233	230	232
Professional staff	3,281	3,159	3,006	2,910	2,921
Support staff	945	942	929	918	905

[1] Items paid from the management fee include goodwill rights, pension contributions, social security contributions, disability insurance and life insurance.
[2] 2007/2008 is not fully comparable with prior years because of a partial transformation from variable to fixed remuneration.

We live in turbulent times. Dramatic events are occurring in rapid succession, fundamental changes are having greater and more far-reaching consequences than ever before. Shifts in the global balance of power, spiralling energy and food prices, financial crises and climate change are all impacting directly or indirectly on our professional and personal lives. The outcome of these developments is often unclear. But, thanks to our flexible strategy and with our multi-competence solutions developed with an eye for the world around us, we are well-placed to help clients respond to global changes.

Market developments and strategy

Market developments

Global interconnectedness

The global economy is no longer driven by a single engine. Capital flows are selecting new routes and the competitive landscape is changing beyond recognition. Companies are facing new markets, new investment challenges and new competitors.

The credit crisis that erupted last summer initially hit the financial markets - but, in driving up the cost of capital, it is now also hurting the real economy. Companies large and small find that lenders are reviewing their business plans more critically. The credit crunch dramatically underlines the interconnectedness of the global economy. Bad loans in the US mortgage market, packaged in financial products, ultimately landed on our plate. Similarly, geopolitical instability and the threat of terrorism are also casting uncertainty on the political and economic outlook in our part of the world.

Europe

After a long period of calm, the economy in Europe is now going through stormy times. After years of an unprecedented combination of low inflation and prosperity, economic growth is slowing and inflation is surging. The strong euro is beginning to weaken exports to countries outside the eurozone. For the first time in many years, production capacity utilisation rates are falling, unemployment is rising and investment propensity is weakening. Lower capacity utilisation rates are not yet dampening domestic inflation, as the effects are being offset by expensive imports and rising food and oil prices.

The European Central Bank's (ECB) concerns about inflation are justified, as high inflation is an intractable phenomenon and a source of uncertainty. Compounding the problem is the fact that the combination of growth deceleration, high inflation and an expensive euro is hard to combat with the ECB's conventional interest rate weapon.

United States

In the United States, too, the storms continue to rage and all the signals indicate they will persist for some time. Economic growth has virtually ground to a halt, inflation and unemployment are on the rise, and the dollar has hit a historical low. The strong dependence on the car in the United States means that American households are feeling the pinch of expensive oil even more than their European counterparts. Due to the current correction in the housing market and the negative impact of the credit crunch on consumption and investment, the economy is expected to remain weak for some time to come.

Emerging economies

Meanwhile, certain emerging economies (China, India, Turkey, Mexico, Russia and Brazil) are rising to prominence in the global economy. These former low-wage countries, which once helped keep global commodity prices low, are now actually contributing to global inflation as growing prosperity levels spur domestic demand for commodities and food. This is one reason why oil prices have spiked to record highs and food prices are going through the roof. The end of this soaring price trend is not yet in sight because the supply of commodities and food cannot keep pace with accelerating demand. The reasons for this differ from one market to the next. Agriculture, for instance, is unable to restore the balance quickly due to subsidies and import restrictions. The energy market, for its part, needs time to build new production capacity.

Netherlands

The Dutch economy cannot escape the global turbulence. The sheltered deflationary environment we enjoyed for so long has come to an end, with inflation jumping to an average of 3.2% in the first half of 2008. Unemployment is forecast to edge up and the Dutch economy, too, is expected to decelerate in the coming year. Despite these negatives, the Netherlands is in relatively good shape. The sharply increased gas revenues will initially offset the reduced tax revenues and, as yet, there is no wage-price spiral. The Netherlands has spent recent decades creating a stronger and more flexible economic structure, and the supply side seems to be more responsive than before. But as long as the global economy remains out of kilter, the extremely open Dutch economy faces an uncertain future in the near to mid-term.

Challenges and opportunities

Marginalisation and the corporate climate

Due to the globalisation and mobility of capital and highly qualified labour, countries are competing fiercely to attract head offices and corporate establishments with a high added value and a small CO_2 footprint. Companies

have much looser geographical ties than before. The Netherlands still invests more abroad than it receives in inward investment. Nevertheless, the large number of Dutch companies being taken over by foreign companies headquartered outside the Netherlands remains a worrying phenomenon. It means that decision-making powers are disappearing abroad and the Netherlands is becoming marginalised. This is a crucial development for PwC as it negatively impacts the scale and nature of our client base.

A favourable corporate climate is of vital importance, both for our clients and for PwC. This involves a whole range of factors, not only a (reliable) fiscal climate and an acceptable regulatory burden, but also aspects such as the quality and innovative capacity of universities and other knowledge centres, the availability of talent, accessibility and, more generally, the quality of life in the Netherlands.

The Netherlands is aware of the importance of a good corporate climate. This can be seen in such initiatives as the Holland Financial Centre, in which financial parties and the government have joined forces to strengthen the financial sector. However, we do expect the government to match its ambitious words with action by creating stable (fiscal) conditions and by adopting policies commensurate with the international context in which our country operates. Unfortunately, some of the government's measures have been counterproductive in this context (e.g. flight tax and plans to increase taxes on higher incomes).

Importance of sustainability

Governments, citizens and companies are increasingly aware of the importance of sustainable economic development. The Dutch and European authorities are setting ambitious targets for CO_2 emissions, renewable energy and chemical substances. The implementation of these ambitions places a heavy responsibility on business and industry.

Alongside the growing regulatory requirements, consumers and purchasers are also increasingly setting their own higher standards for sustainable and ethical production practices. This is spawning new markets for sustainable and socially responsible entrepreneurship. Companies are looking more closely at their supply chain. They want to know whether their suppliers, including those based in other countries and continents, are operating ethically in terms of production processes and labour conditions as well as in their environmental practices. PwC sees a rapidly growing market for helping businesses cope with the challenges inherent in sustainable entrepreneurship. Services include: supporting strategy development, setting up the underlying administrative systems, and providing assurance on sustainability reports.

Ageing and diversity

Society is ageing. The days of structural labour surpluses are over and the future is expected to bring structural labour shortages. Constraints are already noticeable in several sectors where companies and organisations face considerable recruitment and retention challenges. The ageing process is also generating fresh economic activity in such sectors as healthcare, residential support and education.

The population is not only growing older but also more diverse. The economy is no longer driven by traditional employer-employee relationships. New labour patterns, labour relations and lifestyles co-exist. Companies are seeking ways to make their workforce more representative of the communities they serve. This is another important focus for PwC.

Strategy

Strategic priorities and themes

Our strategy is designed to respond to all these changing market conditions. In the 2005/2006 financial year we formulated strategic priorities that remain as relevant as ever today:

- A human-scale organisation;
- In business together;
- Client selectivity;
- Adaptation of our professional management model.

Within these priorities we identified a number of underlying themes that are crucial to the realisation of our strategy: innovation, quality, diversity, talent management, and corporate responsibility.

We are making steady progress in implementing the strategy. We have taken important steps towards becoming a 'human-scale organisation'. In addition to the internal steps, such as adjustments to the coaching model and the management

development programme, one of the most important aspects was our decision to update the conditions of employment. Among other things, employees will in principle be eligible for paid childcare leave and new fathers will be entitled to ten days of paid 'daddy leave'. More details on this strategic issue can be found in our Corporate Responsibility Report (pages 83 - 109).

Progress has also been made in the field of 'in business together'. Resolving our clients problems hinges on our ability to bring together the right competencies. The complexity of our present-day environment means that issues can no longer be approached from a single angle. Our integrated merger and acquisition services are a good example of this. Now more than ever, all our training programmes emphasise the paramount importance of approaching issues from the client's perspective. Our 'Client Selectivity' priority is a logical extension of this. Client satisfaction is a matter that needs continuous attention. So we must constantly seek to select those national and international clients to which we can deliver maximum added value.

We cannot achieve our strategic ambitions without addressing the underlying themes. By innovating our services and our organisation, we can distinguish ourselves in the market and position ourselves as an attractive employer. Diversity is not an end in itself, but a means to achieve our strategy. We are convinced that we can provide better service if our people's diverse backgrounds and cultures are brought to bear in dealing with problems. The same applies to corporate responsibility (CR). We expect all our employees to work in a CR-compliant manner. But CR is also a means to bind people to our organisation and an expression of our awareness of the position we have in society.

Quality has the highest priority in all aspects of our business, be it quality for clients or quality in our internal organisation. This is also reflected in our constant focus on professional expertise and market knowledge as well as on the attitudes and behaviour of our employees. Our quality control system is discussed in greater depth in the report of the Board of Management (pages 17 - 38) and in the Transparency Report (pages 113 - 124).

Horizontal Supervision and TMAS

Horizontal Supervision is the name of the Tax Authorities' new audit approach. The taxpayer must show that the organisation is in control of its fiscal processes and risks and must undertake to submit all possible fiscal issues to the Tax Authorities of its own accord. In exchange, the Tax Authorities will change their approach from reactive (audits of past years) to proactive (focus on currently relevant fiscal risks). To bring all fiscal issues out into the open, the tax paying company must put a Tax Control Framework in place, incorporating the company's fiscal policy and its procedures and controls.

PwC is responding to this new audit approach by helping companies to design their Tax Control Framework. TMAS (Tax Management & Accounting Services) was launched as a new business unit last summer to give our proposition a sharper focus, and this initiative is one of its activities.

The initiative was taken partly in response to strong demand from clients for statutory and fiscal compliance services. In practice many companies find it difficult to see a correlation between these processes. The creation of TMAS enables us to meet the need that many clients feel to integrate all statutory and fiscal compliance processes.

The TMAS business unit fits well with our strategic 'in business together' priority. The group consists of some 600 employees and about 15 partners and directors.

New challenges

Below we look at some new developments that will play an important role in the coming financial year in terms of our marketing efforts and our internal organisation. These issues follow on from the strategic themes referred to above.

New demands from the market

We distinguish ourselves in the market by continuously improving our processes and by responding to and capitalising on new regulations and changing client needs. In this context, we constantly encourage our people to come up with innovative ideas.

Growing need for (non-financial) assurance

Society is increasingly seeking certainty about a whole range of issues. Event organisers wanting to compensate the pollution they cause request auditors to provide assurance on their CO_2 footprint. Multinationals who have outsourced production abroad seek assurance that the production processes meet their standards and are free from abuses such as child labour. Stakeholders are no longer focusing exclusively on the financial numbers, but are also interested in other aspects such as customer satisfaction, environmental footprint, reputation and internal systems of control. At the same time, companies are increasingly embracing transparency. Obtaining assurance from an accountant on these non-financial values helps to build credibility, trust and shareholder value.
We aim to continue developing our organisation into a broad, innovative assurance provider in response to the rapidly increasing demand for non-financial assurance. To this end, we have brought our non-financial assurance specialists together into a single group. These specialists work closely together with their colleagues in the Tax & HRS and Advisory practices.

Within Advisory the new services were recently realigned to meet the changing market demands. One example is Securities Litigation (SEClit), a group that came from the Assurance practice and which has strong links with our existing services in the field of risk management and forensic investigation. SEClit advises companies on how to deal with judicial investigations, focusing on limitation of liability and sanctions. Another example is Forensic Technology Solutions, where we use data mining techniques to scan or copy emails, computer files, networks and so forth for further investigation and analysis.

PwC Experience

Our strategy is not driven by professional expertise alone. It's not just what we do that matters, but also how we do it. With this in mind we started in the past financial year to roll out PwC Experience, a programme aimed at the behavioural component of our strategy. This included analysing what we need to do to meet our clients' expectations of us. Satisfaction surveys were held to learn from clients what kind of behaviour they appreciate in a professional service provider. Clients told us they wanted to work with people who are prepared to invest in a close relationship in which knowledge sharing and partnership come first. They are looking for a service provider who genuinely understands the client's point of view and is committed to delivering enhanced added value.

In the PwC Experience programme we have identified the behavioural components that can make us distinctive - not just in the minds of our clients, but also in the minds of our people. If we work constructively together within PwC, we will be better able to encourage the kind of behaviour that clients expect from us. To promote this win-win behaviour, PwC Experience has been incorporated into our Learning and Development programme as well as into our Client Delivery programmes.

The Compliance Game

PwC's Innovation Panel has the responsibility of promoting and disseminating innovative ideas. Each year the panel presents an award to employees who have devised practical new solutions with organisation-wide potential. Last financial year the award went to the Compliance Game, a digital multi-competence game in which the players are challenged to respond to compliance problems that come up in practice. In the course of the game they learn to deal with compliance issues and management gets a good idea of the individual's level of knowledge. Four PwC employees from Advisory and Assurance developed the game together with two external parties.

Our international network

The international network of PricewaterhouseCoopers, comprising 146,000 people in 150 countries around the world, plays a crucial role in helping us to serve our national and international clients and to develop our people and organisation. It is an ongoing challenge to keep this network tailored to the precise wishes and needs of our clients. The seamless efficiency of this network will always remain one of our most important success factors. During the financial year we invested significant time and effort in assessing the structure of the network with a view to achieving optimal alignment with the integrating markets and the demands that our clients make on us. Our ambition is to deliver top quality service and to have an impact on the markets that we have selected. Our answer lies in the new 'PwC Network of the Future'.

As from 1 October of this year the PwC network will be structured into three major geographic clusters (West, Central and East). Actions and initiatives at global level will be coordinated, facilitated and carried out within the clusters, thus guaranteeing consistency of results in areas such as the quality of service to clients.

This new organisational model will strengthen the leadership and control of our international organisation, while at the same time preserving the unique characteristics and strengths of our global professional organisation, such as local management, ownership and entrepreneurship. These changes are fully consistent with our motto 'global service delivered locally'.

As part of its new international organisational structure, PwC will change the leadership model of the PwC global network. From 1 October the PwC Network will be led by a new Network Leadership Team.

The introduction of the new organisational model is subject to a worldwide vote that is to be held at the end of September. If the outcome is positive, the implementation will get started on 1 October.

We welcome these plans because the new structure will enable us to provide clients with an optimal service in all market segments within the challenging environment of a globalising economy and an integrating European market. One of the key benefits of the new cluster structure is that it will enable us to further increase our focus on the emerging markets.

The Local Oversight Board (LOB) is the board of the Local Oversight Board Foundation and consists of six partners/ professional practitioners from the three Lines of Service and an independent chairman. The members are elected by the shareholders of Holding PricewaterhouseCoopers Nederland B.V. (Holding Company). The LOB advises and supervises the Board of Management (BoM) of PricewaterhouseCoopers B.V. (PwC). An additional responsibility of the LOB is to represent the collective and individual interests of the shareholders. The chairman of the LOB is also chairman of the General Meeting of the Holding Company.

Report of the Local Oversight Board

Composition

In the past year the composition of the Local Oversight Board (LOB) was as follows:

- Paul Baart, Chairman, appointed in 2001
- Gerard Bergers, appointed in 2006
- Toine Bindels, appointed in 2006
- Randolph de Cuba, appointed in 2006
- Fred Konings, appointed in 2006
- Bernard Prins, appointed in 2002
- Marja Spaans-den Heijer, appointed in 2006

The chairman's term ends on 31 December 2008 and those of the other members on 31 December 2009. The chairman cannot be reappointed and will be succeeded as from 1 January 2009 by Peter Tieleman.

The LOB has three preparatory committees to facilitate its activities:

- The Audit Committee, consisting of Fred Konings, Toine Bindels and Bernard Prins, met four times during the reporting year. The committee advises the Board of Management and the LOB on financial matters and financial reporting.
- The Remuneration Committee, consisting of Paul Baart and Randolph de Cuba, met twice during the reporting year. The committee assessed the chairman of the Board of Management and played a role in the assessments of the other members of the Board of Management, using input that it requested from all partners/professional practitioners and the LOB.
- The Compliance Committee, consisting of Gerard Bergers and Randolph de Cuba, met six times during the reporting year. The committee monitors the compliance processes on behalf of the LOB. In this connection it consults with the chairman of PricewaterhouseCoopers Accountants N.V., the Compliance Officer and others.

Reporting year

In the course of its duties the LOB met twenty-one times during the reporting year, including four times with the Board of Management. In addition, the LOB held four conference calls as well as two brainstorming sessions to discuss a number of specific matters, such as succession issues in (executive) committees.
The chairman of the Board of Management is invited to attend every LOB meeting in order to inform the LOB on current affairs and answer any questions it may have.

In addition, monthly consultation took place between both chairmen.

Furthermore, regular portfolio discussions were held by two LOB members with each member of the Board of Management, focusing on issues specific to the individual portfolios. The LOB's preparatory committees also consulted regularly with members of the Board of Management.

In the past year the LOB devoted much attention to the position of PricewaterhouseCoopers Netherlands within the worldwide PricewaterhouseCoopers network, the implementation and achievement of the strategic priorities, partner development, and the quality control system. In this connection, the LOB also gathered information from subject experts within PricewaterhouseCoopers.

The LOB was involved in various appointments to the Board of Management and LoS Boards. LOB members sat on the Nomination Committee for the reappointment of Fons Hoogeveen as a member of the Board of Management with effect from 1 January 2008. The LOB was also involved in the appointment of two members of the Tax & HRS Board by chairing and participating in the Short listing Committee. In addition, the LOB gave lengthy consideration to the succession of Jos Nijhuis as chairman of the Board of Management as from 1 October 2008 as well as to the succession of Paul Baart as chairman of the LOB as from 1 January 2009. In addition, the LOB discussed procedures to be followed, profiles and potential candidates for these positions. The current Board of Management member Robert Swaak was nominated as new chairman of the Board of Management to the General Meeting. Peter Tieleman has meanwhile been appointed by the shareholders as the next LOB chairman.

The regular matters addressed during the LOB meetings were: advising on the acceptance of new affiliation agreements, the process of appraising partners/professional practitioners and giving (preliminary) advice or approving strategic year plans, the budget, and the annual report and accounts.
Each year the LOB evaluates its performance and requests feedback from the partners for this purpose. To increase its visibility within the organisation and keep abreast of the issues and concerns within PricewaterhouseCoopers, the LOB again held three partner meetings at the beginning of the financial year. These are perceived to be a very valuable vehicle for discussing issues at length with colleagues without the formal constraints of a set agenda.

Annual Report

The annual report for 2007/2008, consisting of the market developments and strategy, the Report of the Board of Management, the Financial Statements, the Corporate Responsibility Report, the Transparency Report and the Appendices, was discussed extensively and has been endorsed by the LOB.

A final word

Jos Nijhuis is leaving our organisation shortly. Jos has built up a long track record within PwC and has served as board chairman since 2002, a position from which he was due to retire on 31 December upon reaching the end of his maximum tenure. During his period in the Board of Management, PwC's reputation has been further strengthened and revenue has grown from € 550 million to € 774 million.
Jos was the driving force behind our major strategy review of which we are now reaping the benefits. He was also the initiator of such strategic priorities as diversity and corporate responsibility.
During his tenure we have made an active contribution to the public debate on issues such as the corporate climate in the Netherlands, the development of the accountancy profession, the importance of diversity for companies and the need to integrate corporate responsibility into the corporate strategy.
We would like to express our sincere thanks and gratitude for his highly significant contribution to the organisation, and wish him every success in his new role.

At the same time, we see a worthy successor in Robert Swaak as the proposed chairman of our organisation. Robert possesses all the necessary characteristics to lead his team in successfully meeting the new challenges that our organisation will face in the coming years. We have every confidence that Robert will do an excellent job in his new role as chairman.

The LOB thanks all its colleagues for their dedication and hard work in the past year.

Amsterdam, 16 September 2008

On behalf of the Local Oversight Board Foundation,
P.A. Baart RA, Chairman

A new reality

In each other's shoes*

Turning a partnership into something really special takes imagination - the imagination to put yourself in someone else's shoes, to think from their perspective and to understand their feelings and emotions. Such imagination releases the power to rise above yourself and each other - ensuring that change, almost by definition, becomes improvement.

Photography: Govert de Roos Model: Wouter van den Berg

Report of the Board of Management

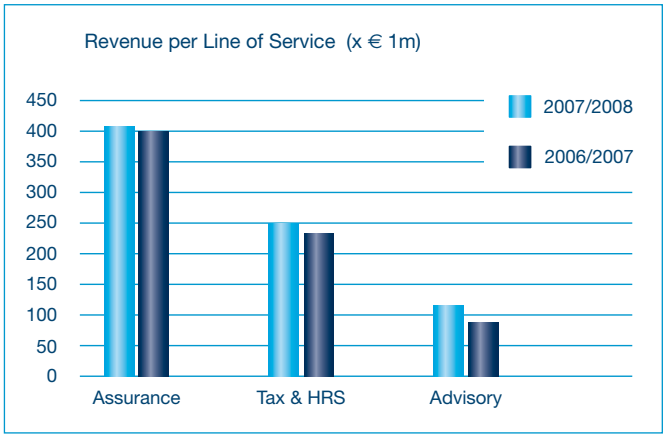
The growth rate achieved in recent years was maintained in 2007/2008. Revenue increased by 7% to € 774m. All Lines of Service contributed to this growth. Assurance managed to maintain its high level of profitability, and the growth in Tax & HRS and Advisory continued the trend of recent years, following on from our strategy of multi-competence. The relative share of recurring annual audit revenue continued to decline, while dependence on one-off engagements has increased. In the Public Interest Entities (PIE) segment the decrease in recurring audit revenue was fully compensated by one-off engagements at existing audit clients, while the advisory revenue at non-audit clients once again advanced strongly. The robust growth in the Public Sector segment came from all Lines of Service, with a particularly strong contribution from advisory work at audit and non-audit clients.

These developments look set to continue in the coming years. Advisory showed the strongest growth, with 33%, reaping the benefits of substantial investments made in this Line of Service. Tax & HRS followed with 7% growth. The revenue from Assurance hours was up 4%. The total operating results increased 14% to € 135m.

Results

Revenue breakdown

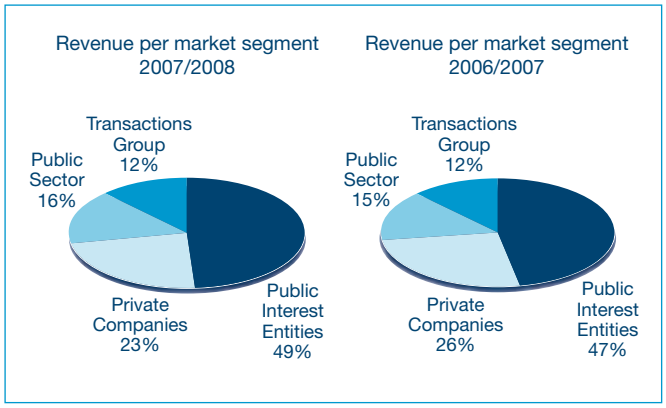
The increase in revenue was driven by a higher number of hours (2.5%) together with higher rates. The increase in the hour volume was strongest in Advisory (21%).



We identify four primary market segments: Public Interest Entities (mainly listed corporations), Private Companies (unlisted companies), Public Sector (governmental and semi-governmental organisations) and the Transactions Group.

The Public Interest Entities (PIE) segment posted revenue growth of 7.8%. Private Companies (PC) increased revenue growth by 3.3%, and the Public Sector (PS) again realised strong growth of 14.1% while the revenue of the Transactions Group (TG) grew by 6.3%.

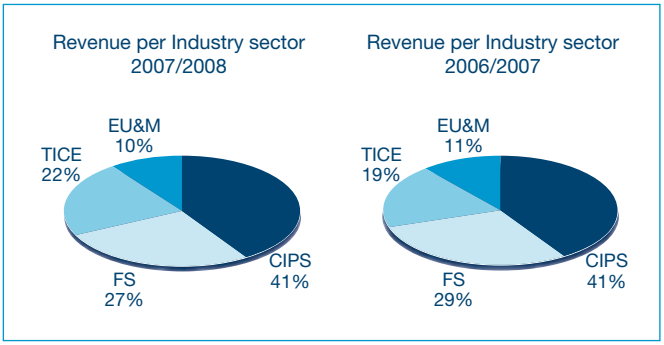
The relative contributions of the various segments changed only slightly in comparison to the previous financial year.



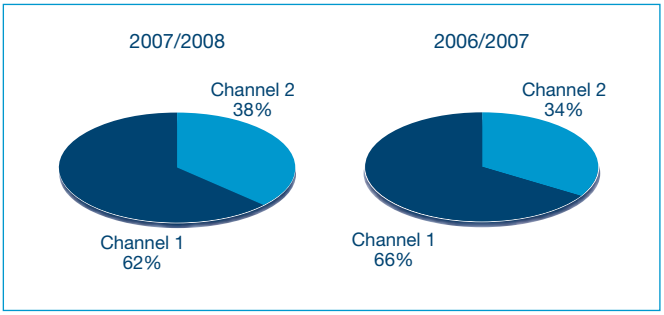
Our PIE market segment is organised into the following industry sectors:

- Consumer and Industrial Products & Services (CIPS);
- Technology, Information & Communication, Entertainment & Media (TICE);
- Financial Services (FS);
- Energy, Utilities & Mining (EU&M).

The revenue breakdown shows that CIPS remains the largest industry sector, followed by FS and TICE.



As a result of the regulations governing the provision of assurance and advisory services to statutory audit clients, we have divided our client base into two channels. Audit clients comprise Channel 1 and all other clients comprise Channel 2. Channel 1's relative share of total revenue decreased from 66% to 62% in 2007/2008, partly due to our decision to focus more on Channel 2. Revenue from PIE Channel 2 clients increased by 45%.

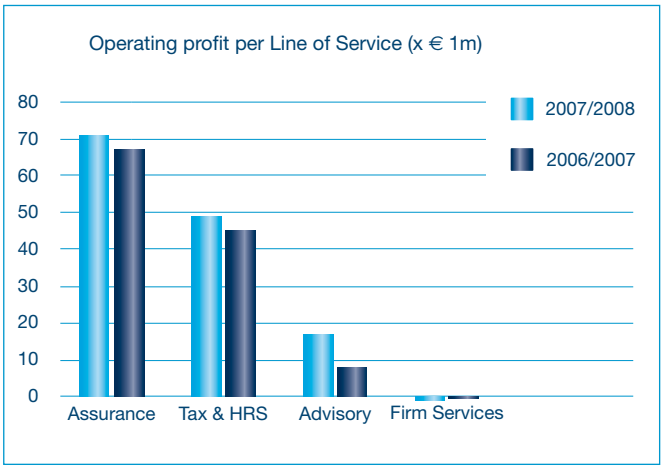


Costs

Total costs increased by 5.7% to € 640m, up € 34.5m from the prior year, primarily resulting from higher staff costs (€ 16.2m). Both the number of FTEs and the salary and bonus levels rose. Spending on office accommodation, temporary employees and mobility was also higher.

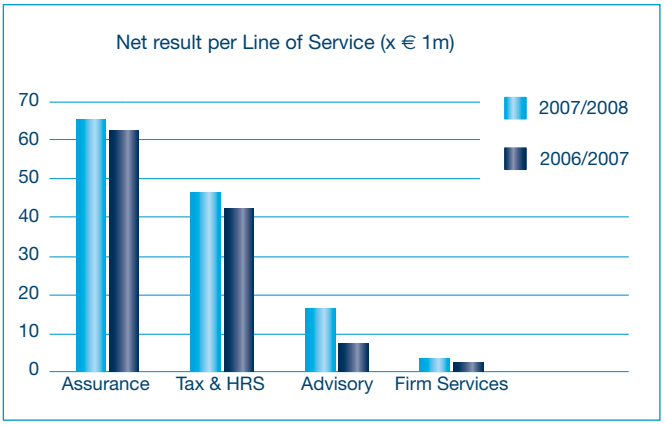
Operating profit

Operating profit increased by 14.1% to € 135m (2006/2007: € 118m). In Assurance the operating profit increased by 5.9% (€ 3.9m) and by 9.8% (€ 4.4m) in Tax & HRS. The operating profit of Advisory jumped 120% (€ 9.3m).



Net results

Net results increased € 18.7m to € 131m, up 16.7%. The increased operating profit and lower interest expense, due to improved liquidity, were the major factors contributing to this increase.



Staff

The average number of employees (including partners) increased to 4,478 FTEs (2006/2007: 4,341 FTEs). Net revenue per FTE rose 3.8% to € 173,000 (2006/2007: € 166,600) and total direct costs per FTE were up 4.2%. The number of training hours remained unchanged from the prior year at 129 hours per FTE.

Partner management fee

The variable management fee, attributable to the provision of professional practitioners via 'Partner B.V.s' increased by 13.8% to € 179m (2006/2007: € 157m). The average number of Partner B.V.s rose by 5% from 240 to 252. The variable management fee consists of the management fee recognised in the income statement plus the net result payable as dividend to the Partner B.V.s.

PwC Global

During the past financial year economic growth in virtually all markets around the world generated further revenue growth for the global PwC organisation. Once again, the PwC organisations in the emerging economies showed particularly substantial growth. A further analysis of the results of our worldwide PwC organisation is provided in the Global Annual Review which is available on www.pwc.com

Eurofirms

The Eurofirms, an organisation which unites separate and independent entities from twenty countries in continental Europe, posted satisfactory revenue growth for the past financial year. Revenue increased more than 9% to € 5.4bn (2006/2007: € 4.9bn), with all professional groups contributing to this growth. Assurance grew 6%, Tax & HRS 13% and Advisory 15%.

In the coming year the organisation of our international PwC network will be updated in response to the changes in and demands of the (international) market. More information on this can be found in the section on Market developments and strategy (page 5).

Market segments

Public Interest Entities (PIE)

The revenue growth in the PIE segment came more from advisory services and less from traditional assurance services, thus continuing the trend that started last year. The focus on clients and a multi-competence approach – which are priorities in our strategy – are the key drivers behind this growth.

Consumer and Industrial Products & Services (CIPS)

CIPS is still by far the largest industry within our PIE segment, accounting for 41% of PIE revenue. After a slight decline in 2006/2007, CIPS has been able to generate revenue growth of some 8% in 2007/2008. Profitability has also improved. Assurance revenue remained virtually unchanged. CIPS is now also strongly targeting other more specialised services such as REACH (see box). The focus on key accounts and more intensive account management also contributed to the success.

REACH

The European regulation 'Registration, Evaluation, Authorisation and Restriction of Chemicals' (REACH) has major strategic implications for business and industry. REACH requires all companies to pre-register all chemical substances they produce or import before 1 December 2008. Non-compliers will face serious difficulties as non-pre-registered substances may not be traded after this date. Non-compliance with these European regulations may lead to product recalls, involving substantial loss of revenue or reputational damage. One single non-REACH-compliant supplier is sufficient to land a producer in trouble, because any end product containing a non-pre-registered substance may need to be taken off the market.

Two years ago PwC started informing companies about the REACH-related risks after noting in its day-to-day practice that there was widespread lack of awareness of the regulations. Our survey 'Waking up to REACH', published in March, showed that no less than two-thirds of the companies surveyed had not yet had any contact whatsoever with clients or suppliers regarding the impact of REACH on the production chain. PwC, together with Royal Haskoning, set up the REACH Shared Service Desk to help clients in their efforts to comply with the REACH regulations. The services we offer include the so-called 'only representative services' for non-EU companies, REACH consortia management for parties working together and 'third party representation' for companies that do not wish to have their identity disclosed when registering chemical substances.

Tax & HRS revenues rose 4%, but the strongest growth was achieved in Advisory where CIPS revenue more than doubled during the past financial year - in stark contrast to the prior year when the Advisory revenue actually declined. Reinforcing the advisory practice within this industry therefore was, and still remains, a priority.

Technology, Information & Communication, Entertainment & Media (TICE)

TICE has been experiencing convergence for some time now, as different sectors become more and more interconnected and production and distribution of content are increasingly being consolidated within a single company. Telecom companies, for instance, are shifting their focus to content, while content companies, in turn, are setting up their own media channels to gain direct access to the public - all resulting in the current consolidation battle. Another related driver for the merger and acquisition wave is that companies see alliances as a fast and effective way to offer new services and products.

TICE also saw its strongest growth in Advisory with a robust fourfold rise in revenue. The Assurance revenue decreased slightly, while that of Tax & HRS increased by 6%.

Financial Services (FS)

FS revenues declined slightly due to decreases both in Channel 1 and in Advisory. Conversely, Assurance revenues grew 11.3%. FS lost some audit clients, following global merger and acquisition developments and consolidation within the sector. The industry group is now sharpening its focus on advisory clients, and promising opportunities are arising from the current transitional changes in pensions and healthcare. FS also sees ample potential for its broad range of services in risk management, compliance and operational effectiveness.

Energy, Utilities & Mining (EU&M)

EU&M revenues rose slightly during the past financial year (by 1.6%). Assurance posted the strongest growth in EU&M, partly due to the unbundling of energy companies into separate delivery and grid companies.

PwC holds a strong market position in statutory audits in this sector. But, here too, we expect to see the strongest growth in the future in other assurance services. The attention to climate and environmental issues is creating a demand for services in such areas as renewable energy, environmental annual reports, commercially viable CO_2 capture and storage, and emissions trading systems. We are expecting our EU&M people to be increasingly engaged in cross-border activities. The oil and gas industries have always operated on an international scale. Companies in sectors such as electricity and waste traditionally had a more national or regional focus, but the scope of their activities is now widening rapidly.

Private Companies (PC)

The revenue in the PC segment rose once again. All Lines of Service contributed, both in the regions and in the Randstad (Amsterdam, Rotterdam, The Hague, Utrecht) conurbation. The growth in services was primarily at existing clients. Their demand for high-quality services is on the rise, mainly due to the growing complexity they have to deal with, particularly in the field of (international) laws and regulations. The ongoing internationalisation of the business world is another major challenge. Many of our clients in this segment are spreading their wings and venturing beyond their traditional European markets to reach new countries and regions such as China, India, Central and East Europe and Brazil. Complexity and internationalisation are also the main reasons that new clients seek our services.

Business succession is another ongoing theme at Private Companies. Many family businesses now face the difficult issue of business succession planning and have specific issues that need to be resolved. For instance: Can a successor be found from within the family? Is it necessary to look for a strategic partner? Is private equity an option?

All these developments are spurring demand for specialist assistance. Internationalisation leads to a need for tax structuring and transfer pricing support. The Private Company sector is increasingly enlisting the services of the international office network. Our Transactions Group (TG) is also raising its profile in the Private Companies market.

Advisory for Private Companies

In August 2007 a special group was set up within Advisory to concentrate entirely on Private Companies. Advisory was of course already active in this market segment but did not yet have a dedicated group to serve it. The idea behind the new group is that Private Companies need advisors who combine excellent professional skills with a deep understanding of what drives and motivates entrepreneur-shareholders.

Advisory for Private Companies focuses explicitly on the demand for assistance with efficiency and continuity issues among clients who already have a relationship with PwC through Assurance or Tax & HRS. This focus underlines PwC's multi-competence approach for medium-sized companies. In addition, the group supports fast-growing companies and large Private Companies with strategic and organisational advice.

Within the Private Companies segment, high net worth individuals constitute a particular target group. Our services within this segment are concentrated in the Private Wealth Solutions Group and consist mainly of national and international tax planning. Focal issues include emigration, investment structuring, domestic and foreign investments and estate planning.

Public Sector (PS)

As in the prior year, PS achieved strong revenue growth of over 14% (2006/2007: 23%) to € 124m. Advisory was the strongest driver of this growth, but Assurance and Tax & HRS also contributed.

The good results are a consequence of the strategy put in place to focus on larger clients in the Public Sector. In the past year significant investment was made in specialists, particularly in the field of tax issues currently facing educational institutions and housing associations.

PwC is responsive to major social developments, and focus and specialisation are key in this respect. We have already been heavily involved in the merger wave that has redefined the healthcare and education sectors in recent years, and our position in these sectors has been strengthened. We are now focussing on the trend towards growing cooperation between government and semi-government bodies. Social issues are increasingly interconnected and need an integrated approach. Our challenge is to deploy the appropriate specialists who have the knowledge and skills to establish these connections.

Transactions Group (TG)

The Transactions Group posted revenue growth of 6%, with a relatively large increase in the PC segment. The group was involved in virtually all major transactions in the Netherlands during the past year. Due to evolving market conditions, the nature and timing of the work have undergone major changes, but the volume of business has not decreased.

The market for transactions has undergone dramatic change in the past year. The credit crunch has had no significant impact on the 2007/2008 results. Private equity became clearly less dominant; mergers and acquisitions are now mainly corporate-driven.

Clearly, much of our work is performed after the actual transactions, leading to post-acquisition due-diligence investigations with particular focus on the synergy effects and the tax and accounting aspects of the structuring of transactions. Our clients are particularly appreciative of the excellent teamwork among our various transaction specialists in this post-acquisition phase.

The main forces behind the growth of the Transactions Group remain internationalisation, advancing technology, changing demographics and political decision-making in various sectors of industry. Companies must grow to hold their own against competitors who now no longer come solely from Europe. Furthermore, the size of the investments required to build critical mass is now such that assistance from a strategic partner is imperative. In addition, widely diversified companies are now retrenching to their core businesses and are consequently selling off business units. This too is a rich source of transactions.

These watershed choices are not only being made by listed companies, but also by private companies. In addition, sooner or later family businesses must address the issue of succession planning, possibly leading to the search for a merger or acquisition partner (see also the section on Private Companies). The Transactions Group has therefore targeted this market segment intensively during the past year and will continue to do so in the coming year.

M&A Awards

On 29 November 2007 PwC was presented with two M&A Awards. Oscar Kinders won the 'Best M&A Tax Specialist' Award for the second time in a row and Cornelis Smaal won the 'Best Acquisition Support' category. TG leader Peter van Mierlo already has two M&A Awards to his name. The winners were announced during the 8th 'Day of the Takeover', the event which brings together the insiders in the Dutch merger and acquisition world. The Awards are an initiative of the M&A magazine 'Fusies en Overnames' ('Mergers and Acquisitions'). The results were based on a survey commissioned by the publication's editor-in-chief, Ronald Bruins, one of the 85 most influential players in the merger and acquisition world, which includes lawyers, tax experts, acquisition advisers, private equity houses and due diligence advisers.

Accounting and Valuation Advisory Services

The X-LoS Accounting and Valuation Advisory Services (AVAS) partnership was given further impetus during the past year. Participants include Pensions & Benefits, Executive Compensations & Variable Pay and Tax Accounting (all Tax & HRS), Financial Statement Valuations (Advisory), Capital Markets Group (CMG) and Financial Instruments (both Assurance). These are groups with a great deal of specialist knowledge and expertise, and each can offer large clients support in their own specific, often highly complex, area of reporting expertise. The partnership is aimed primarily at the combined provision of services to Channel 2 clients for which we do not perform the annual audit.

Large projects caused the revenue of our dedicated AVAS group to more than double in the past year. We are confident that the near future bodes well for this group. Among other things, the development of IFRS into the global accounting standard offers great opportunities for attractive engagements abroad.

Services

Assurance

Statutory audit and other assurance activities fall within Assurance, the activities of which therefore extend well beyond the annual audit and include, for instance, assurance on non-financial data or subsidy flows, business regulatory compliance support, and financial reporting advice.

Assurance includes the Transaction Services (TS) business unit which, as part of the Transactions Group, deals with advisory services relating to corporate acquisitions (due diligence and post deal services). The Systems & Process Assurance (SPA) business unit, which provides services regarding and assurance on internal audit systems and IT, also falls within Assurance. Tax Management & Accounting Services (TMAS) extends across both Tax & HRS and Assurance, and provides services in such fields as integrated and multidisciplinary business compliance.

On 1 July 2007 the Securities Litigation business unit was transferred to Advisory.

Results

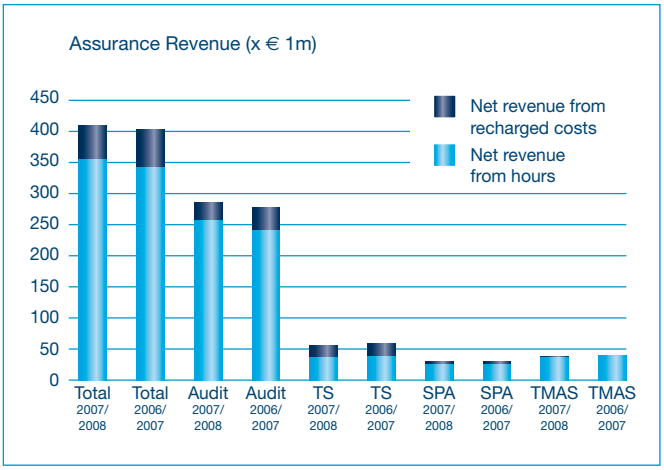
Demand for assurance services among entrepreneurs is strong, not only for internal business purposes but also for external stakeholders, and the relevance of auditing within the community therefore remains as high as ever.

TS is holding its own, despite the problems in the capital markets, and sees particular opportunities in the Private Companies segment where clients frequently seek our assistance.

The past year was one of further development of our assurance services role. Clients appreciate our ambition to extend our role beyond that of annual auditor and they recognise the added value of multi-competence services.

Revenue

The growth in net revenue mainly came from the Audit business units and Transaction Services, both at new clients and through the expansion of existing client relationships. Excluding the transfer of Securities Litigation business unit to Advisory, revenue grew 4.1%. We saw a decrease in the hours charged to Dutch clients on behalf of foreign PwC offices.



Audit

The Audit practice increased 2.2% in hours. Limited growth was realised in the Public Sector and among Private Companies. Combined with the effect of a rate increase, overall revenue growth was 7.2%. Mergers and acquisitions resulted in a greater number of engagements this financial year.

Further investments in training and quality, to meet our strategic objectives as well as to comply with the more stringent internal and external regulations, resulted in a slight decrease in productivity per employee.

Systems & Process Assurance (SPA)

SPA came under pressure during the past year, partly because the work relating to Sarbanes-Oxley (SOx) largely came to an end, and net revenue from hours increased by only 2.5% to € 25.5m. Assurance's strategy is focussed on further increasing the involvement of SPA professionals in the audit process in order to further improve audit quality. Furthermore, SPA contributes to ongoing audit innovation, such as the use of IT products.

Transaction Services (TS)

Despite the difficult situation in the capital markets, TS managed to maintain good results, and grew 8.8% in volume, despite starting up an intensive development programme for new recruits.

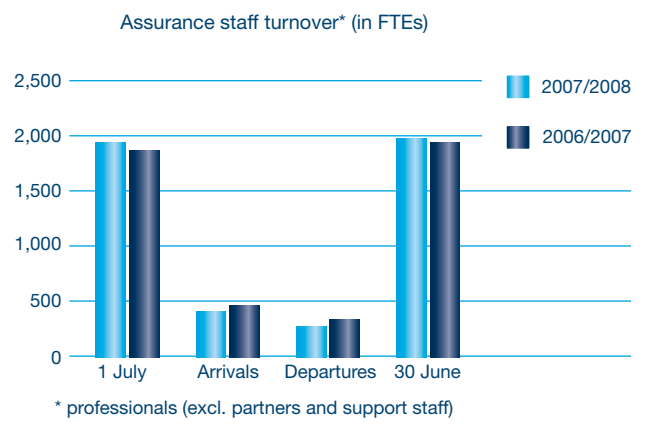
TS' net revenue decreased 4.6% to € 55.7m (2006/2007: € 58.4m) due to the transfer of the Securities Litigation business unit to Advisory (€ 3.1m).

Tax Management & Accounting Services (TMAS)

The formation of this business unit, which operates across Lines of Service, involved services being concentrated in certain offices. Efficiency measures and economies of scale made it possible to maintain the level of service with fewer hours and staff. Within Assurance, this resulted in a 7.2% decrease in revenue but a major improvement in profitability.

Staff

The number of professionals at Assurance increased to 1,961 FTEs. This investment in staff was necessary to realise our strategies , including an improvement in work-life balance.



Costs

Total operating costs increased modestly to € 342m.

(x € 1,000)	2007/2008	2006/2007
Costs of work contracted-out and other external costs	54,322	61,296
Staff costs	136,837	128,840
Other operating costs	150,603	148,155
Total operating costs	**341,762**	**338,291**

Cost of work contracted-out

The cost of work contracted-out and other external costs fell as there were fewer charges from foreign PwC offices.

Staff costs

Staff costs increased more than 6%. The principal causes were an increase both in the number of FTEs and in the gross salaries (5%).

Other operating costs

Other operating costs rose 1.7%, partly as a result of higher mobility costs.

Tax & HRS

Tax & HRS provides services in the wide-ranging field of tax advice and human resource services. These comprise general tax advisory work, merger & acquisition advice, transfer pricing advice, VAT & Customs advisory engagements (both national and international), tax assurance and advice on human resource issues, including pension advice and actuarial services.

The Assurance and Tax & HRS Lines of Service jointly set up the TMAS business unit based on PwC's strategic theme 'Together in business' in response to the growing demand among clients for broad multi-disciplinary support with business compliance. PwC is seeing that clients are attaching greater importance to regulatory compliance. They have set up systems to achieve compliance and to facilitate accountability to stakeholders in this area. This is all the more important in view of the trend within society at large towards cooperative compliance (e.g. the introduction of Horizontal Supervision by the Tax Authorities).

Results

Tax & HRS saw a further increase in revenue and profit this year. Just under half of this growth was achieved at statutory audit clients and just over half at non-audit clients. The Tax practice within the Public Sector is growing quickly, partly due to recent developments in the semi-government domain, particularly in the housing associations sector. In the past year Tax & HRS also benefited strongly from the merger and acquisition wave, not only in the PIE segment but also in the Private Companies market. The credit crunch is expected to have a negative impact on revenue in this sector in the coming year. However, we expect to be able to tap new markets by further extending the international deployment of our advisers (e.g. in the BRIC countries). Tax & HRS is aiming to position its advisers primarily as business partners. This mirrors developments within the companies themselves, as taxation is no longer solely a matter for the tax director but also for the CFO who must be able to demonstrate that he is 'in control' in this area. For this reason, we have developed a unique programme for tax experts in conjunction with Nyenrode Business Universiteit. The Tax Authorities' introduction of Horizontal Supervision is an important development for us and we are seizing this as an opportunity to help businesses design and set up their Tax Control Framework.

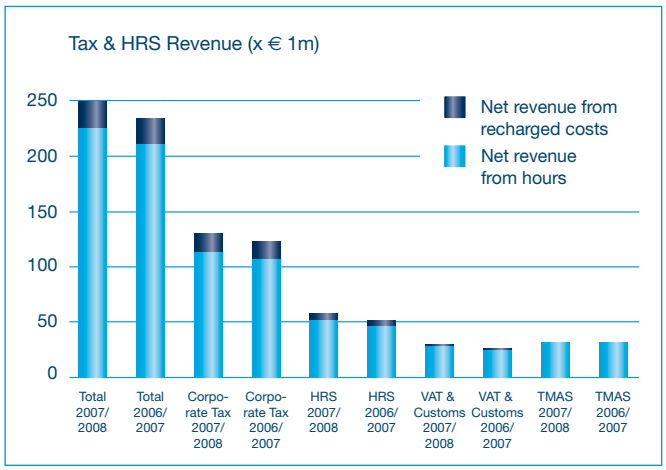
PwC expresses concerns in Parliament about corporate climate

The Netherlands will fall out of step with the rest of Europe if the government presses ahead with its plans to tax top executives remuneration at higher rates. This would damage the corporate climate as compared to other EU countries, with adverse consequences for the economic development of the Netherlands. This is what partner Janet Visbeen (Tax & HRS) argued during a hearing at the end of June in the Lower House about the Bill for the taxation of excessive remuneration components. According to Visbeen, an expert on remuneration policy, the government would be wise to look at the effect of the newly tightened rules in this field in Germany and the United Kingdom, where returns on participating interests and 'carried interests' are to be taxed at the rate of 18% and 25%, respectively, as from 2009. At the hearing Visbeen also criticised the Bill for being unclear in substance and scope.

Only a day later, Tax partner George de Soeten made a strong case for stability in Dutch legislation during a roundtable discussion about the corporate tax climate. "The ongoing changes in Dutch tax legislation in the field of interest relief have created the perception abroad that the Dutch tax climate is uncertain", De Soeten told the Lower House. He also argued in favour of creating an 'interest box' that would be acceptable to the European Commission and would once again put the Netherlands in strong contention as an attractive head office location. This 'interest box', designed to tax group interest at the lower rate of 5%, was to form part of the corporation tax changes that became effective in 2007. However, it cannot yet be introduced as the European Commission is investigating whether it would involve proscribed state support.

Revenue

Net revenue grew 7.1% to € 253m. This growth was mainly realised in mergers and acquisitions, transfer pricing and the Public Sector.



HRS

HRS was again successful in strengthening its position this year and achieving further growth. International engagements and the international liaison within HRS are increasing both in numbers and revenue. The main contributors to this development are International Assignment Solutions, Reward Planning and Pensions.

VAT & Customs

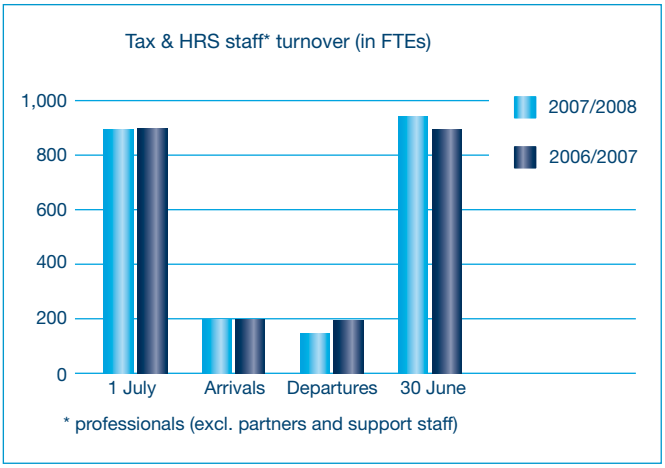
VAT & Customs managed to sustain its growth rate of recent years. Growth is occurring both in the Randstad (Amsterdam, Rotterdam, The Hague, Utrecht) conurbation and in the regional offices. The group is benefiting from the increasing importance of indirect taxation and is expanding its specialist knowledge and capability in this area in order to meet the market's increasing demands for quality.

TMAS

The new business unit TMAS requires major investments from PwC in terms of the development of technology and new services, including the design and implementation of Tax Control Frameworks. On the other hand, the integration of the various compliance teams led to efficiency improvements. On balance this generated higher results.

Staff

Due to the combination of our recruitment activities and a decrease in the staff turnover rate, the number of professionals at Tax & HRS has increased to 921 FTEs. We were able to recruit a great many experienced staff, both from the Tax & HRS sector and from various other sectors. In addition, the number of trainees increased significantly.



Costs

Total operating costs increased to € 204m.

(x € 1,000)	2007/2008	2006/2007
Costs of work contracted-out and other external costs	24,909	22,690
Staff costs	76,349	72,925
Other operating costs	102,857	96,127
Total operating costs	**204,115**	**191,742**

Costs of work contracted-out

Costs of work contracted-out rose 9.8% due to an increase in the number and size of international engagements carried out in cooperation with foreign PwC offices.

Staff costs

Staff costs increased by 4.7%, principally as a result of the growth in the number of FTEs, including the recruitment of more experienced staff.

Other operating costs

Tax & HRS is making more use of support services due to the growth of the practice. This resulted in a 6.5% increase in other operating costs.

Advisory

Advisory is based on three pillars: Transactions & Strategy (M&A support and corporate valuations), Performance Improvement (including improvement of the performance of the financial function, optimisation of risk management and internal control systems, and improvement of the effectiveness of primary processes and the IT function) and Crisis Management (advising on fraud prevention and fraud investigations and dispute assistance). Advisory focuses not only on businesses and institutions where PwC does not do the annual audit (Channel 2) but also on PwC audit clients (Channel 1) to the extent that this is permitted within the laws and regulations.

Results

Since its launch on 1 December 2004, Advisory has doubled in size and again achieved strong revenue growth compared to the prior year. The number of employees also increased. Large transformation and change projects are the principal drivers of growth. This year the Securities Litigations group was transferred from Assurance, which has increased Advisory's revenue. The ongoing consolidation in various sectors is also a fruitful source of work for Advisory.

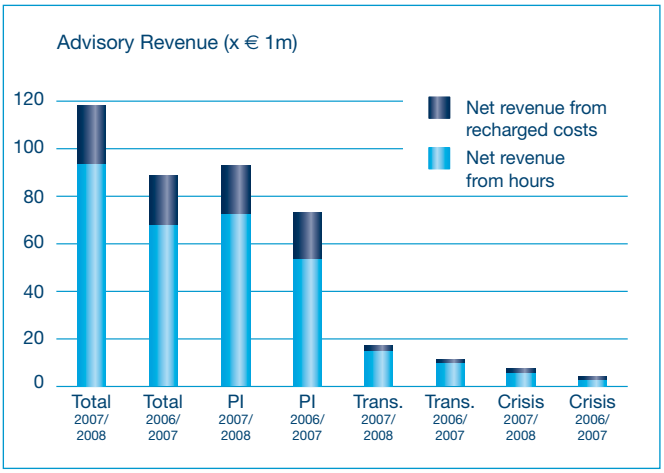
In the past financial year substantial investments went into expanding our involvement in the Private Companies market and in the group exclusively dedicated to this market (see the box on page 23). For the coming financial year, Advisory is focussing on five priorities in the market: transactions, crisis handling, risk & regulation, optimisation of the financial function and operational excellence. These five priorities were put together to prevent fragmentation of services and to facilitate concentration in areas where we can have the strongest impact. Moreover, these focal areas link seamlessly with the activities of the other Lines of Service.

Responding to its strong growth, Advisory was restructured into four business units with effect from 1 July 2008: Deals & Crisis, Financial Services, Commercial Sector and Public Sector.

Revenue

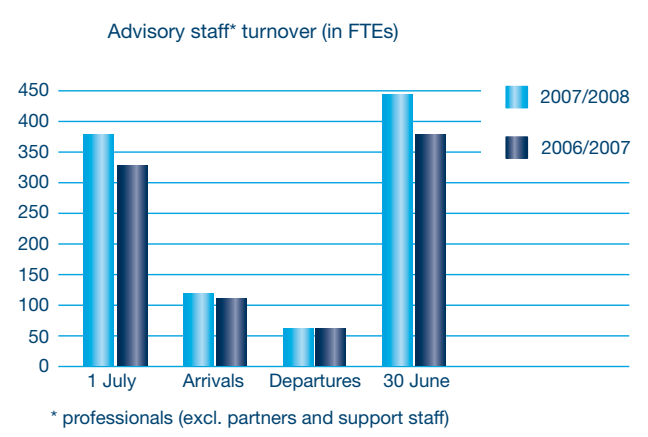
Revenue growth was achieved in all Advisory units. Transactions & Strategy revenue jumped 58% thanks to several special transactions. Crisis Management revenue soared by no less than 80% thanks to a number of large engagements.

Performance Improvement grew in both the corporate and the public sectors, and succeeded once again in winning several major engagements.



Staff

The number of professionals rose 17.3%, mainly in Performance Improvement. The leverage fell slightly due to the recruitment of a number of managers for the further development of our practice. The turnover rate decreased in the past year, but continues to require attention in view of the scarcity of qualified staff.



Costs

Advisory's operating costs increased by 24.6% to € 101m.

(x € 1,000)	2007/2008	2006/2007
Costs of work contracted-out and other external costs	24,333	20,831
Staff costs	36,401	29,981
Other operating costs	40,105	30,121
Total operating costs	**100,839**	**80,933**

Costs of work contracted-out

Costs of work contracted-out increased by 17%. This is proportionately less than the revenue growth, indicating that we carried out more of our own work with our own people. The increase in absolute terms is attributable to a further rise in the number of international engagements carried out in cooperation with foreign PwC offices. In addition, there was an increase in the number of strategic benchmark engagements where certain operational services were contracted-out to external parties.

Staff costs

The considerable increase in staff costs (21.4%) results from the significant increase in the number of employees. The average cost per employee grew 4.1% due to higher gross wage costs.

Other operating costs

Other operating costs also increased significantly, and proportionately more than the staff costs. Due to the strong growth of the practice, Advisory is making more use of support services and is also incurring higher office accommodation and mobility costs.

Firm Services

Firm Services facilitates our internal operational activities - including departments such as IT, Finance, Business Development, Marketing & Communication (BDMC), Knowledge Management (KM), Human Capital and Facility Management. The Corporate Group, comprising for instance our legal counsel and press officers, also falls within Firm Services.

We see a well run 'back office' as integral to the quality of our professional services. Firm Services has its own training programmes and employees also participate in the management development programmes.

(x € 1,000)	2007/2008	2006/2007
Staff costs	29,054	30,646
Depreciations on tangible fixed assets	14,029	14,217
Other operating costs	83,031	71,499
Total operating cost	**126,114**	**116,362**

Other operating costs

Firm Services' other operating costs increased due to the hiring of temporary staff to carry out a number of large projects. The intensification of promotional activities and higher office accommodation costs also contributed to this increase.

Investments

Investments decreased this financial year to € 5.6m (2006/2007: € 20.2m). The investments mainly related to the costs of furnishings and fittings at our new office in Utrecht.

Our regular services also include investment in the further development of the audit methodology. In addition, we started the implementation of a new financial and engagement management system during the year. Both projects will continue into the coming year.

Cash flow and financing

Thanks to improved working capital management and the strong growth in results, the liquidity position improved to € 126m as at balance sheet date (30 June 2007: € 92m). In addition, the company still has credit facilities of € 60m which remained unused during the past year. As in the prior year, this underlines our company's excellent financial position. In assessing financing needs, we also take the contributions from the Partner B.V.s into consideration.

As of balance sheet date, these aggregated some € 196m (30 June 2007: € 183m), representing some € 777,000 per partner (30 June 2008: € 763,000).

Financial instruments

Our policy is to keep foreign exchange, interest rate, credit and liquidity risks within acceptable bounds. Financial instruments are used where necessary.

Financial instruments are used principally to limit foreign exchange risks. We are a Dutch company, but form part of an international network. Our foreign exchange risks mainly relate to positions and transactions in US dollars and British pounds. Material positions are covered by hedge contracts. Interest rate, credit and liquidity risks are not covered by financial instruments, but are managed primarily by means of internal control measures and credit facilities. For a more detailed description, see 'Other information' in the financial statements.

Corporate campaign

During the past year we conducted two campaigns aimed at promoting the PricewaterhouseCoopers brand and our organisation's positions on a number of social and entrepreneurial themes. Examples include the marginalisation of the Netherlands due to the exodus of head offices, the European REACH regulations, and the Horizontal Supervision introduced by the Tax Authorities. Given the positive reactions received from our stakeholders, we have decided to continue this campaign during the coming year.

Risk factors

We have identified the following risks and uncertainties which may hamper the implementation of our policies. These risks are extensively interconnected.

Economic headwind

The economic outlook is uncertain, and the prospects for the coming financial year are not altogether favourable. The enormous impact of the credit crunch is gradually becoming more clearly evident. Banks are scrutinising credit applications more critically and the abstract concept of 'economic confidence' is under strong pressure. An even greater threat for business is the fact that the scarcity and high prices of oil and other commodities are squeezing margins in almost all sectors.

We face the challenge of adapting our services to the problems currently facing our clients.

Volatility of revenue

Due to mergers and acquisitions, more and more head offices are leaving the Netherlands (see also the section on Market developments and strategy). This can impact our revenue in the Netherlands and also the composition of this revenue. The composition of our client portfolio is changing ever more quickly and the volatility of our revenue is increasing. The relative proportion of annually recurring (audit) engagements is expected to fall vis-à-vis one-off engagements. This means that we must focus more than ever on our clients and on our account management. On the other hand, we are also winning new clients and engagements from Dutch subsidiaries of international companies. The ultimate effect of the marginalisation of the Netherlands therefore largely depends on our ability to adapt our network to the demands of the market.

Marginalisation has a clear effect on the corporate climate. Any further deterioration of the corporate climate will deter companies from coming to our country, and will prompt others to leave. This is a significant risk, and one which can have a major impact on the nature and amount of our revenue.

Recruitment and retention of talented people

Our success depends largely on the recruitment, motivation and retention of talented people at a time when there is an extreme shortage of experienced professionals. The departure of a large group of people or the failure to recruit new people would have a negative impact on our revenue. This could impede our efforts to accept or successfully complete major engagements.

Growing competition and price pressure

Competition in our sector is on the rise, particularly among medium-sized professional services firms where strong merger and acquisition dynamics hold sway. More competition puts pressure on price. We are also seeing that clients are evaluating the role of their accountant or adviser with a more critical eye. In the past, price negotiations for our services have steadily shifted away from management towards the purchasing department. In addition, our Public Sector practice is increasingly confronted with European tendering requirements, which means that our services are assessed according to different standards than before. Technology is another development that is leading to price pressure. One good example is XBRL, a standard that enables rapid data exchange via the internet. This technology is expected to reduce the demand for administrative services and simple tax returns.

In addition to these price pressures, we also see our costs rising. Our business is labour-intensive and depends on our ability to retain talented people. We are doing this by offering attractive conditions of employment in which a good market-competitive salary is an important, albeit not the only, component. In addition, we are also facing higher energy prices.

Any and all of these changing market conditions could put our company's results under pressure. We are responding to this with a strategy that emphasises quality and innovation. Most importantly of all, we face the permanent challenge of demonstrating and communicating the added value of our multi-competence services.

Wta (Act on the Supervision of Audit Firms)

We are licensed by the AFM (the Netherlands Authority for the Financial Markets), which authorises us to carry out statutory audits. The licensing requirement was introduced on 1 October 2006 when the Wta came into effect. The AFM will only grant a licence to an audit firm which can demonstrate that it (and the auditors it employs) is continuously in full compliance with the requirements set by the Wta. These requirements cover aspects such as properly functioning quality systems, ethical norms and audit methodologies. The AFM tests the set-up and operation of the quality systems on an annual basis.

Professional liability

Professional liability is inherent to the nature of our services. We vouch for the quality of our services and accept the related professional liability. However, professional liability cases which arise could have an impact on our financial results and reputation. The risks are mitigated by our professional liability insurance. We support the ongoing initiatives being taken within Europe to limit the professional liability of auditors.

Quality and compliance

Delivering quality is a requirement that comes naturally from within our own organisation. To attract clients and engagements, it is essential to maintain our reputation and therefore also to safeguard the continuity of the organisation. Quality is a key requirement for the implementation of our strategy (see page 5). Our senior management constantly emphasises the importance of quality during training and internal meetings. In addition, a member of the Board of Management carries direct responsibility for the monitoring of quality and risk management. The client visits paid regularly by the members of the Board of Management, LoS Boards, Industry Leaders and office leaders underline this commitment to quality.

Risk management and control system

The integration of quality and risk management within our service delivery is a fundamental aspect of how we manage our practice. Our risk management policy is focussed on the timely identification, evaluation and quantification of major risks, thereby enabling our partners, directors and other staff to respond adequately to such risks. The Board of Management is ultimately responsible for ensuring that this system works well. The Compliance Officer monitors compliance and also has the task of making recommendations where shortcomings are noted. The Compliance Officer reports directly to the Board of Management.

The internal risk management and control system has been designed and set up to provide the Board of Management with reasonable assurance as to the reliability of the internal and external financial reporting. The internal risk management and control system also provides the Board of Management with insight into the extent to which we achieve our operational, financial and strategic objectives and comply with the applicable laws and regulations.

Quality & Risk Coordination Group

One member of the Board of Management has been delegated ultimate responsibility for quality control and risk management. He manages the Quality & Risk (Q&R) Coordination Group, which consists of the members of the LoS Boards responsible for Q&R and specialists in the fields of independence, legal affairs, laws and regulations, and compliance.

The Q&R Coordination Group is responsible for such matters as:

- Effective, efficient and company-wide embedding of Q&R in the organisation;
- Dissemination and sharing of the necessary knowledge and experience in the field of Q&R;
- Ensuring compliance with the applicable internal and external risk management procedures and independence requirements.

Quality & Risk occupies a prominent position in PwC's internal professional training programme.

Quality Review Programme

One important element in maintaining our quality standards and in determining whether we are in regulatory compliance is our internal Quality Review Programme. In this programme we apply a number of yardsticks to our standards for quality and risk management, covering both the standards imposed by our international organisation ('Global' and 'Eurofirms') as well as our internal Dutch standards. A dedicated team determines to what extent the design of our organisation meets ISQC1, the IFAC standard 'International Standard on Quality Control 1'. Within Assurance we ensure that audit files of every individual Assurance partner and director are reviewed at least once every three years. The selection criteria are mainly risk-driven. There are similar programmes within Tax & HRS and Advisory. The results of these reviews play an important role in the annual evaluation of all partners and directors.

Integrity

Integrity of our boards, partners and staff is assured through, among other things, the application of the:

- Code of Conduct
- Complaints and Whistleblowing Policy

These aspects are described in the section on Information about PwC (page 129) and also in the Transparency Report (page 113).

Independence

A fundamental aspect of our practice is partner and staff adherence to the independence requirements, and our internal procedures are focussed on scrupulous adherence by all partners and staff. An annual review is carried out to ensure that the individual professional practitioners and their close relatives meet the requirements stipulated under the personal investment policy. This applies to all Lines of Service.

Planning and Control Cycle

One member of the Board of Management also fulfils the CFO role and, in that capacity, is responsible for Finance. Our planning and control cycle consists of year plans, budgets and monthly financial reports. The monthly financial reports form the framework for discussions of the development of results at Board of Management, LoS Board and business unit levels.

Client and engagement acceptance

We have an information system for client and engagement acceptance. The information facilitates decisions as to whether a certain client or engagement should be accepted, continued or, in some cases, rejected.

Engagement teams, industry experts, office leaders, Quality Assurance Partners (QAPs), Business Unit Leaders, risk management specialists, LoS Boards and, where appropriate, the Board of Management are jointly responsible for the evaluation and management of risks related to existing and new clients. We periodically subject all new and ongoing engagements to an acceptance and approval process.

This includes the evaluation of ethical aspects, such as the integrity of client management. We also assess whether engagements give rise to risks to our reputation for integrity and professionalism.

Quality Control System Assurance

PwC's audit practice follows the quality control system as laid down in the Wta (Act on the Supervision of Audit Firms) and in the related Bta (Decree on the Supervision of Audit Firms). The standards laid down in these pieces of legislation largely reflect the existing national and international regulations which govern PwC's audit practice, including ISQC1, Royal NIVRA-related Quality Control Guideline 1 and the rules for US clients as imposed by the regulator in the United States (PCAOB). Insofar as the Act contains new or amended standards, these have been applied within our organisation.

More information on the set-up and operation of the quality control system for the audit practice is included in the Transparency Report (pages 113 – 124).

Quality Control System Tax & HRS

Within Tax & HRS, quality control is promoted primarily by an extensive training programme set up in cooperation with ITC Leiden and Nyenrode Business Universiteit.

A Tax Opinion Committee has been active within Tax & HRS for a number of years. The committee has eight members who all work as partners in the tax advisory practice. In addition, three of the members are Professors of Tax Law at Dutch universities. PwC partners and staff in the Netherlands are required to consult the Tax Opinion Committee when providing advice on legal issues involving a financial interest of € 5 million or more, on tax sections that are to be included in prospectuses and in several other circumstances.

In addition, Tax & HRS has a tax litigation practice which is involved in all cases where Tax & HRS acts on behalf of clients before Dutch judicial bodies. Tax & HRS also has its own research desk that provides tax professionals with day-to-day information on relevant developments in the world of tax law.

Quality Control System Advisory

The design and organisation of the quality system is embedded in the updated Advisory quality manual. This manual is based on the commitments made in relation to the primary and support processes. In the past year, Advisory has strengthened the consultation culture by setting up the Advisory Risk Panel, which helps practitioners in their decision-making processes regarding the acceptance and performance of their engagements. In addition, Risk & Quality partners have been appointed in each business unit. The chairman of this Risk Panel must be consulted on all performance improvement engagements involving a high risk, on all engagements where our reporting may be made publicly available, and on all engagements involving a fee in excess of € 500,000.

Furthermore, a new digital archiving system (MAP) has been introduced within Advisory, which guarantees uniform procedures in relation to aspects such as client acceptance, and this has greatly enhanced the quality of risk management. The investment in MAP was necessitated in part by the large number of new recruits. Advisory is ISO-9001 certified. The institution that performed the ISO certification audits noted that the application of the quality system within Advisory had been further improved during the past year. In the coming year, mandatory 'Advisory Way of Working' training will, as last year, be organised to highlight the improvements in the quality system.

Troublesome practice matters

If, despite all precautions, something does go wrong, we have a dedicated department to address matters which may result in financial loss or reputational damage, for example: liability or disciplinary proceedings, a tax investigation at one of our clients, or a serious management or regulatory problem at a client. General lessons learned from the handling of these cases are communicated to partners and staff. Furthermore, PricewaterhouseCoopers carries adequate insurance against professional liability risks.

Remuneration

The professional practitioner with whom an affiliation agreement has been concluded via his/her personal private limited company (the Partner B.V.) is paid a share of the profit through this company in the form of a management fee.

The core elements in the remuneration processes are as follows:

- The Board of Management decides upon the LOS Boards' proposals regarding the role/responsibility that each partner is expected to fulfil for the coming financial year. These proposals involve allocation to a particular category and, within that category, to a particular position (a process called 'mapping').
- Each year the partner sets his/her personal targets in consultation with his/her 'Primary Reviewing Partner'. These personal targets, including specific quality targets, must be consistent with PwC's overall strategy.
- An annual review establishes the extent to which the partner has achieved these objectives. This is done on a self-assessment basis (including 360-degree feedback) whereby the targets and their realisation are assessed. This review takes place during the annual evaluation meeting and is based on the pre-prepared BMG&D (Assessment, Mapping, Goalsetting and Development) reporting procedure.
- The partner's contributions to the core aspects of our business in such areas as client service, quality and professional expertise, our people, and company-wide initiatives are also addressed during the review, as are the partner's development aspects.
- The outcome of the review forms input for a remuneration system that reflects both the partner's roles and responsibilities and his/her individual performance during the review year.
- This combination of responsibilities and performance leads to the determination of a profit share in the form of a variable management fee.
- The BMG&D process is reviewed annually by the LOB.

The review and remuneration of the Board of Management are the responsibility of the LOB Remuneration Committee.

The management fee also comprises a contribution for the settlement of existing goodwill rights (5-10%), for the accrual of pension rights (10-25%) and for the cost of social security insurances and other insurance cover such as disability insurance (total 0-5%). Consequently, partners' gross income averages 55-70% of the management fee. In 2007/2008 the average management fee amounted to € 708,400, an increase of 8.3% compared to 2006/2007.

Outlook

Looking ahead to the changing circumstances and developments we expect for the future, we will continue to invest in the quality of our people and our organisation. Key aspects will be corporate responsibility, diversity, training and conditions of employment. These investments will be financed from our current working capital.

We see a continuous focus on multi-competence services as being vital to achieving good results in the future, and this will therefore be given the necessary emphasis during our 2008/2009 financial year.

Given the current circumstances (the uncertain economy, rising costs and increasing competition), maintaining the current level of profitability into 2008/2009 will be a challenge.

Amsterdam, 16 September 2008

The Board of Management:

J.A. Nijhuis RA (Chairman)
R. Dekkers RA
A.G.M. Hoogeveen
A.H.C. Pouw RA
R.A.J. Swaak RA

A new reality

Added value*

New realities lead to new results. To a revaluation of value and a recalibration of meaningful and meaningless. This opens up unprecedented scope for generating new ideas. And creating new value and new values. Anyone seeking the potential added value of new realities need only look beyond the boundaries of their own reality.

Photography: Willeke Duijvekam Model: Fatima Acherrat

Financial Statements
PricewaterhouseCoopers B.V.

Financial Statements 2007/2008

Other Information

Consolidated balance sheet

as at 30 June 2008 (before profit appropriation) (in € thousands)

			30 June 2008		30 June 2007
Fixed assets					
Tangible fixed assets	[1]				
Leasehold improvements		29,923		32,340	
Inventory		6,376		7,176	
Other fixed assets		7,866		14,020	
Fixed assets under construction		722		4,128	
			44,887		**57,664**
Financial fixed assets					
Other loans	[2]	2,934		4,284	
Other participating interests	[3]	224		224	
			3,158		**4,508**
Current assets					
Work in progress	[4]		**42,452**		**37,461**
Debtors	[5]				
Clients		179,771		174,946	
Other receivables	[6]	5,318		2,960	
Prepayments and accrued income	[7]	15,058		16,079	
			200,147		**193,985**
Cash and cash equivalents	[8]		**126,343**		**92,417**
Total			**416,987**		**386,035**

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

			30 June 2008		30 June 2007
Shareholders' equity and liabilities					
Group equity	[9]		**136,316**		**117,579**
Provisions	[10]		**26,588**		**22,370**
Long-term liabilities					
Subordinated loans	[11]	49,198		48,131	
Accrued expenses and deferred income	[12]	23,626		21,671	
			72,824		**69,802**
Current liabilities					
Subordinated loans	[11]	4,110		1,850	
Suppliers		23,514		20,456	
Shareholder	[13]	1,655		1,234	
Holding PricewaterhouseCoopers Nederland B.V. shareholders	[14]	6,201		15,458	
Taxes and social security contributions		21,706		21,447	
Pension contributions payable		6,758		4,771	
Other liabilities	[15]	95,756		95,095	
Accrued expenses and deferred income		21,559		15,973	
			181,259		**176,284**
Total			**416,987**		**386,035**

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

Consolidated profit and loss account

for the year ended 30 June 2008 (in € thousands)

			2007/2008		2006/2007
Net revenue	[16]		**774,491**		**723,303**
Cost of work contracted-out and other external costs	[17]	103,564		104,817	
Salaries and wages		232,107		216,198	
Social security charges	[18]	46,534		46,194	
Depreciation of tangible fixed assets		14,029		14,217	
Other operating costs	[19]	243,347		223,656	
Total operating costs			**639,581**		**605,082**
Operating result			**134,910**		**118,221**
Interest and similar income			5,369		2,892
Interest and similar expense	[20]		-7,660		-7,013
Result on ordinary activities before tax			**132,619**		**114,100**
Taxes			-1,374		-1,592
Result after taxes			**131,245**		**112,508**

[..] The numbers in square brackets refer to the corresponding notes to the consolidated profit and loss account.

Consolidated statement of cash flows

for the year ended 30 June 2008 (in € thousands)

			2007/2008		2006/2007
Cash flow from operating activities					
Operating result			134,910		118,221
Adjustments for:					
Depreciation	[1]	14,029		14,217	
Movements in provisions	[10]	4,218		3,694	
Amounts received in respect of rental contracts	[12]	4,059		362	
Release of accrued expenses and deferred income	[12]	-2,104		-1,554	
			20,202		16,719
Changes in working capital					
Debtors	[5]	-6,162		-12,786	
Work in progress	[4]	-4,991		8,146	
Current liabilities		3,611		422	
			-7,542		-4,218
Cash flow from business operations			**147,570**		**130,722**
Interest paid		-2,901		-4,324	
Corporation tax paid		-1,590		-1,592	
			-4,491		-5,916
Cash flow from operating activities			**143,079**		**124,806**
Additions to tangible fixed assets	[1]	-5,639		-20,233	
Disposals of tangible fixed assets	[1]	4,387		2,984	
Movements in financial assets	[2]	1,350		3,383	
Cash flow from investing activities			**98**		**-13,866**
Funds added from subordinated loans	[11]	5,177		5,150	
Repayment of subordinated loans	[11]	-1,850		-3,082	
Dividend distribution	[31]	-112,508		-94,076	
Cash flow from financing activities			**-109,181**		**-92,008**
Net cash flow			**33,996**		**18,932**
Net cash and cash equivalents on 1 July			92,417		73,282
Net cash flow			33,996		18,932
Foreign currency exchange differences			-70		203
Net cash and cash equivalents on 30 June			**126,343**		**92,417**

[..] The numbers in square brackets refer to the corresponding notes to the consolidated balance sheet, consolidated profit and loss account and company balance sheet.

General notes

Activities

The activities of PricewaterhouseCoopers B.V., officially established at Amsterdam, and its subsidiary companies comprise Assurance, Tax & HRS and Advisory Services. These activities are described at more detail in the annual report.

Group relationships

PricewaterhouseCoopers B.V. is a wholly-owned subsidiary company of Holding PricewaterhouseCoopers Nederland B.V.

The shares of Holding PricewaterhouseCoopers Nederland B.V. are held by the private limited liability companies (besloten vennootschappen) of professional practitioners. These private limited liability companies have entered into what is known as an association agreement with Holding PricewaterhouseCoopers Nederland B.V. Under the association agreement, in return for a management fee, the individual private limited liability companies make the professional practitioner available to practise one of the professions described under Activities.

Basis of preparation

The consolidated financial statements are prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code and the Guidelines of the Council for Annual Reporting.

Consolidation policies

The financial information of PricewaterhouseCoopers B.V. and those of the group companies in which it, directly or indirectly, has a majority interest or is otherwise in a position to exercise control, is included in the consolidated financial statements. Together these entities are referred to in these financial statements as 'the Group'.

PricewaterhouseCoopers B.V. has the following wholly-owned subsidiaries:

- PricewaterhouseCoopers Accountants N.V., Amsterdam;
- PricewaterhouseCoopers Belastingadviseurs N.V., Amsterdam;
- PricewaterhouseCoopers Advisory N.V., Amsterdam.

Given the control exercised over them, they are included in the consolidated financial statements in accordance with the full consolidation method.

As the financial information of PricewaterhouseCoopers B.V. is included in the consolidated financial statements, the company profit and loss account is presented in abridged form as permitted by Article 2:402 of the Netherlands Civil Code.

Fiscal unity

Together with PricewaterhouseCoopers B.V. and Holding PricewaterhouseCoopers Nederland B.V., the aforementioned subsidiaries form a fiscal unity for VAT purposes.

Together with PricewaterhouseCoopers B.V., Holding PricewaterhouseCoopers Nederland B.V. and PricewaterhouseCoopers N.V. (including its subsidiary companies), the aforementioned subsidiaries form a fiscal unity for corporation tax purposes.

Accounting policies for assets and liabilities

General
All amounts in the financial statements are reported in thousands of euros, unless stated otherwise.

Comparison with the previous financial year
The financial year of the Group covers the period 1 July to 30 June. The accounting policies are consistent with those applied during the previous year.

Foreign currencies
Assets and liabilities denominated in foreign currencies are translated at the rate ruling on the balance sheet date. Translation gains and losses are taken to the profit and loss account. Transactions in foreign currencies are translated at the rate ruling on the transaction date.

Tangible fixed assets
Tangible fixed assets are carried at cost, net of straight-line depreciation. Depreciation is based on the expected useful lives and residual values. Fixed assets under construction are not depreciated.

Financial fixed assets
Participating interests on which significant influence is exercised are carried at their net asset value. Net asset value is determined on the basis of the same accounting policies used for the preparation of these financial statements. Other loans are carried at the amounts expected to be collected. Other participating interests are carried at the lower of cost or, if applicable, the best possible estimate of future cash flows.

Work in progress
Work in progress consists of services rendered but not yet billed and is carried at the amounts expected to be charged to clients. If the net amount of work in progress, provisions and invoiced amounts on any particular project is negative, this net amount is recognised under current liabilities as negative work in progress.

Debtors
Debtors are carried at face value, net of a provision for bad and doubtful debts.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank balances and deposits which mature in less than twelve months. Current account overdrafts with banks are included in current liabilities.

Provisions
Provisions are made for legally enforceable obligations and actual obligations existing as at the balance sheet date and the amount of which is uncertain at the time of settlement.

Pension provisions include provisions for pre-pension obligations and commitments under non-activity schemes. Personnel provisions include provisions for supplementary WAO/WIA contributions, long-service entitlements and severance pay. The provisions for pre-pension obligations, commitments under non-activity schemes and long-service entitlements take into account actuarial assumptions: mortality rates calculated on the basis of table GBM9095-2; occupational disability risk and the probability of staff leaving the service of the company; and a notional interest rate of 4% (30 June 2007: 4%). The provision for supplementary WAO/WIA contributions is carried at its present value using a discount rate of 4% (30 June 2007: 4%).

The provision for severance pay and the other provisions are carried at the amount of the expected cost of settlement. Other provisions include the provision for rental voids, delivery obligations at the end of a rental contract and professional liability matters. The provision for delivery obligations at the end of the rental period is built up evenly over the rental period.

Subordinated loans

Subordinated loans include items that mature after more than one year. Loans repayable within one year are included as current. The loans are carried at their face value.

Accrued expenses and deferred income relating to long-term liabilities

Accrued expenses and deferred income include amounts received in connection with the rental of various new office buildings. These amounts are of a long-term nature and are annually added pro rata to the result according to the term of the rental contracts.

Other assets and liabilities

Other assets and liabilities are carried at the amounts receivable and payable respectively. A provision is made for doubtful amounts. Leave entitlement unused at balance sheet date is carried at the amount required for monetary settlement. Other assets and liabilities all mature within one year.

Operating leases

Lease contracts under which a significant element of the benefits and obligations of ownership do not accrue to the Group are recognised as operating leases. After reflecting amounts received from the lessor, operating lease obligations are taken to income statement on a straight-line basis over the duration of the contract. The Group has not concluded any financial lease contracts.

Accounting policies for the profit and loss account

General

The result is the difference between the proceeds of the services rendered and the costs and other charges incurred for the year. Profit is recognised in the year in which the services are provided, and any losses are recognised as soon as they can be reliably estimated.

Net revenue

Net revenue represents the amounts charged and to be charged for services rendered to clients during the year. Except for the work performed by Tax & HRS and Advisory on the basis of specific arrangements, these amounts are recognised as soon as 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. For the work performed on the basis of special arrangements, the relevant net revenue is recognised on receipt.

Operating costs

Costs are recognised on the basis of the historical cost convention and using the accrual principle. Depreciation of tangible fixed assets is charged on a straight-line basis reflecting the estimated useful economic lives of the assets and their expected residual values.

Salaries, wages and social security charges

Salaries and wages (including bonuses and holiday allowances) and social security charges based on the conditions of employment are charged to the profit and loss account as and when they are due.

Pensions

The Group has a number of pension schemes. Most schemes are defined contribution schemes under which premiums are paid to insurance companies or pension funds based on salary for the year in question. The premiums are recognised when these become payable. Under such defined contribution schemes, the Group does not have any other legal or constructive obligation in the event of a funding deficit at the insurance company or pension fund.

In addition, the Group has a so-called non-activity scheme. The costs of this scheme consist of the increase in the present value of the service-based benefit entitlements, the imputed interest and the actuarial results.

Taxes

The taxes payable by PricewaterhouseCoopers B.V. and its subsidiaries are based on the result before tax after adjusting for arrangements made with the Tax Authorities regarding fiscal profit determination. Consequently, the effective tax rate in the financial statements differs from the legal rate applicable in the Netherlands.

The Group settles the corporation tax so determined with Holding PricewaterhouseCoopers Nederland B.V. as if the Group were an independent taxpayer.

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 net of amounts owed to credit institutions. Cash flows in foreign currencies are translated at the rate ruling on the day of settlement, and cash and cash equivalents in foreign currency are translated at the end of the financial year at the rate ruling on the balance sheet date.

Working capital

Working capital is the balance of cash and cash equivalents, receivables, work in progress and current liabilities excluding amounts owed to credit institutions and subordinated loans.

Notes to the consolidated balance sheet

as at 30 June 2008 (in € thousands)

[1] Tangible fixed assets

Movements were as follows:

					2007/2008	2006/2007
	Leasehold improve-ments	Inventory	Other fixed assets	Fixed assets under construction	Total	Total
Balance as at 1 July						
At cost	50,619	18,203	41,014	4,128	113,964	124,362
Accumulated depreciation	-18,279	-11,027	-26,994	-	-56,300	-69,730
Book value	32,340	7,176	14,020	4,128	57,664	54,632
Movements						
Additions	4	465	1,986	3,184	5,639	20,233
Transfers	6,429	158	3	-6,590	-	-
Disposals at book value	-4,188	-26	-173	-	-4,387	-2,984
Depreciation	-4,662	-1,397	-7,970	-	-14,029	-14,217
	-2,417	-800	-6,154	-3,406	-12,777	3,032
Balance as at 30 June						
At cost	45,100	14,214	36,403	722	96,439	113,964
Accumulated depreciation	-15,177	-7,838	-28,537	-	-51,552	-56,300
Book value	29,923	6,376	7,866	722	44,887	57,664
Depreciation rates	10	10	10-33			

While the Group is the beneficial owner of the leasehold improvements, it is not the legal owner. Other fixed assets consist mainly of computer hardware with a book value of € 4.9m as at 30 June 2008 (30 June 2007: € 7.8m) and related software with a book value as at 30 June 2008 of € 2.0m (30 June 2007: € 5.3m). The current value of tangible fixed assets does not differ materially from the book value.

[2] Other loans

Other loans include a receivable from Stichting Verrekenfonds, a foundation entrusted with the administrative settlement of obligations to retired and active professional practitioners. The foundation is funded by means of a compulsory annual contribution from the affiliated companies of professional practitioners paid out of the profit distribution. Timing differences between receipts and payments cause deficits or surpluses to arise in Stichting Verrekenfonds. Any such deficit is financed by the Group and included under this heading as other loans.

The interest rate amounts to 4.0% (2006/2007: 4.0%).

[3] Other participating interests

These include the Group's financial interests, none of which are individually material.

Movements during the year were as follows:

	2007/2008	2006/2007
Balance as at 1 July	224	224
Balance as at 30 June	**224**	**224**

There were no material changes.

[4] Work in progress

Work in progress as at 30 June 2008 is stated net of amounts billed totalling € 86.0m (30 June 2007: € 65.0m).

[5] Debtors

All amounts are due within one year.

[6] Other receivables

Other receivables are specified as follows:

	30 June 2008	30 June 2007
Loans to related parties	1,907	1,851
Loans to personnel	538	204
Other	2,873	905
Total	**5,318**	**2,960**

The loans to related parties are loans to a number of PricewaterhouseCoopers entities not forming part of the Group.

[7] Prepayments and accrued income

Prepayments and accrued income are specified as follows:

	30 June 2008	30 June 2007
Prepaid rental costs	5,718	6,327
Prepaid insurance premiums	3,379	3,957
Other	5,961	5,795
Total	**15,058**	**16,079**

[8] Cash and cash equivalents

Of the cash and cash equivalents as at 30 June 2008, € 2.0m (30 June 2007: € 1.9m) is not freely disposable.

[9] Group equity

Notes on group equity are provided in the notes to the company financial statements. A consolidated statement of recognised income and expenses is not presented as the overall result of the Group is equal to the result after taxes (2006/2007: the same).

[10] Provisions

Movements in provisions were as follows:

				2007/2008	2006/2007
	Personnel provisions	Pension provisions	Other provisions	Total	Total
Balance as at 1 July	5,688	4,642	12,040	22,370	18,676
Amounts utilised	-3,109	-2,155	-731	-5,995	-4,336
Amounts added	2,663	1,173	6,377	10,213	8,030
Balance as at 30 June	**5,242**	**3,660**	**17,686**	**26,588**	**22,370**

Approximately € 20.0m (30 June 2007: € 20.0m) of the provisions is long-term.

The personnel provisions include an amount for long-service entitlements.

The pension provisions include a commitment to fully fund the pre-pension obligations for employees who were in service of the Group as at 1 January 2000 and who had reached the age of 56 as at 1 January 2006. In addition, an amount has been included to finance pre-pension obligations for a small group of employees.

Other provisions include the provision for rental voids in respect of premises rented by the company from third parties. This provision is based on the rental costs for future periods during which it is expected that the premises will not be fully used. The provision for delivery obligations (being the restoration of rented premises at the end of the rental period) is built up evenly over the rental period.

Other provisions also include a provision for professional liability on account of claims relating to work performed up to and including balance sheet date. All of the claims are disputed. The provision concerns the claims to the extent that they are expected to be borne by the Group. While the outcome of the other disputes cannot be predicted with any certainty, it is assumed, based on legal advice and other information received, that these will not have any significant detrimental effect on the Group's financial position.

[11] Subordinated loans

The private limited companies which have entered into an affiliation agreement with Holding PricewaterhouseCoopers Nederland B.V. are required to extend a subordinated loan to one of the Group companies. The loans bear interest at the rate of 9.75% (2006/2007: 9.50%) based on the 15-year external capital market rate increased by a risk surcharge. The loans are repaid as arranged upon retirement of the professional practitioners in accordance with the affiliation agreements.

Movements in these subordinated loans were as follows:

	2007/2008	2006/2007
Balance as at 1 July	49,981	47,913
Add: Funds added and new agreements	5,177	5,150
Less: Agreements terminated	-1,850	-3,082
Balance as at 30 June	53,308	49,981
Current	4,110	1,850
Long-term:		
1 to 5 years	3,000	4,028
> 5 years	46,198	44,103
Total long-term	**49,198**	**48,131**

The subordinated loans are subordinate to the creditors of Holding PricewaterhouseCoopers Nederland B.V. and its Group companies.

[12] Accrued expenses and deferred income

Accrued expenses and deferred income include amounts received in respect of the rental of various office buildings. The portion that relates to 2008/2009 is included in current liabilities (accrued expenses and deferred income).

Accrued expenses and deferred income are to be released as follows:

	30 June 2008	30 June 2007
1 to 5 years	7,418	6,135
> 5 years	16,208	15,536
Total release	**23,626**	**21,671**

[13] Liabilities to shareholder

The liabilities are not interest bearing.

[14] Liabilities owed to shareholders of Holding PricewaterhouseCoopers Nederland B.V.

These are the current account balances with the private limited liability companies and are repayable on demand. The interest rate is determined based on the average interest paid on Internet savings accounts with a surcharge of 0.25%. For 2007/2008, the average rate was 2.825% (2006/2007: 2.825%).

[15] Other liabilities

Other liabilities are specified as follows:

	30 June 2008	30 June 2007
Negative work in progress	26,860	25,131
Bonuses payable	40,397	40,870
Accrued leave entitlements and holiday allowances	18,245	16,582
Former shareholders of Holding PricewaterhouseCoopers Nederland B.V.	2,361	6,398
Other	7,893	6,114
Total	**95,756**	**95,095**

Off-balance sheet assets and commitments

- On behalf of the beneficiaries of one of the legal predecessors of the former firm Coopers & Lybrand (Nederland), PricewaterhouseCoopers B.V. is standing surety for the payment to these beneficiaries of an annual Group profit-linked periodic benefit by Stichting Verrekenfonds. For 2007/2008, the payment amounted to some € 1.9m (2006/2007: some € 1.9m). The term depends on the population being alive.
- Pursuant to the fiscal unity for corporation tax purposes, all the companies that are included in it are jointly and severally liable for the remittance of these taxes.
- Pursuant to the fiscal unity for VAT purposes, all the companies that are included in it are jointly and severally liable for the remittance of these taxes.
- As at 30 June 2008, guarantees provided in relation to, for instance, rental obligations amounted to € 3.1m (30 June 2007: € 3.1m). The longest standing guarantee expires on 30 August 2024.
- Pursuant to the credit agreement between PricewaterhouseCoopers B.V. and its credit institutions, the Group's participating interests are jointly and severally liable for the non-fulfilment of obligations arising under this credit agreement. This line of credit was not used in 2007/2008.
- The Group has undertaken, in certain circumstances, to assume a receivable of up to a maximum of USD 11m, on behalf of an entity in which Holding PricewaterhouseCoopers Nederland B.V. holds a 7.1% participating interest.
- As at 30 June 2008 the Group had made commitments for capital expenditure totalling € 2.5m (30 June 2007: € 1.4m). These commitments relate to the leasehold improvements.
- The Group has long-term rental contracts and operating lease obligations totalling € 387m (30 June 2007: € 299m).

These obligations mature as follows:

(in € millions)	30 June 2008	30 June 2007
< 1 year	44	42
1 to 5 years	127	117
> 5 years	216	140
Total obligation	**387**	**299**

Notes to the consolidated profit and loss account

for the year ended 30 June 2008 (in € thousands)

[16] Net revenue

The segmentation of net revenue (after eliminating internal revenue) is as follows:

	2007/2008	2006/2007
Assurance	408,552	403,082
Tax & HRS	249,953	233,074
Advisory	115,986	87,147
Total	**774,491**	**723,303**

Virtually the entire net revenue was earned in the Netherlands.

[17] Costs of work contracted-out and other external costs

These relate to third party services – including from international PricewaterhouseCoopers entities – and out-of-pocket expenses directly attributable to assignments.

[18] Social security charges

Social security charges are specified as follows:

	2007/2008	2006/2007
Social security charges	24,846	22,308
Pension charges	21,688	23,886
Total	**46,534**	**46,194**

Pension charges are determined in conformity with the defined contribution schemes agreed with staff. Staff members who qualify are provided with an annual premium amount, depending on age and income, to contribute to their pension plan. Pension charges relating to pension plan commitments amounted to nil (2006/2007: nil)

[19] Other operating costs

Other operating costs are specified as follows:

	2007/2008	2006/2007
Other staff costs	82,787	68,943
Management fee	51,060	48,813
Office accommodation expenses	46,616	44,230
Technology expenses	14,253	16,095
Fees of external consultants	5,243	6,857
Insurance expenses	8,602	8,475
Sale and acquisition costs	15,880	13,840
Other expenses	18,906	16,403
Total	**243,347**	**223,656**

Other staff costs include travel expenses. The management fee is the charge for the provision of professional practitioners. Technology costs exclude staff costs and depreciation charges. Other expenses include membership contributions to PricewaterhouseCoopers International Ltd. and PricewaterhouseCoopers Eurofirms C.V.B.A.

[20] Interest and similar expense

Interest and similar expense are specified as follows:

	2007/2008	2006/2007
Interest paid to shareholders of Holding PricewaterhouseCoopers Nederland B.V.	7,326	6,816
Other interest and similar expense	334	197
Total	**7,660**	**7,013**

Other Information

Management agreement and other shareholder costs

Holding PricewaterhouseCoopers Nederland B.V. is the sole shareholder of PricewaterhouseCoopers B.V. and, for the deployment of professional practitioners who are affiliated to shareholders of Holding PricewaterhouseCoopers Nederland B.V., it charges a management fee which is included under other operating costs. PricewaterhouseCoopers B.V. distributes its entire profit as dividend to Holding PricewaterhouseCoopers Nederland B.V., which in turn distributes its entire profit as management fees and dividends to the shareholders of Holding PricewaterhouseCoopers Nederland B.V.

The total remuneration paid to the shareholders of Holding PricewaterhouseCoopers Nederland B.V. is specified as follows:

	2007/2008	2006/2007
Result PricewaterhouseCoopers B.V.	131,245	112,508
Management fee as disclosed in financial statements	51,060	48,813
Profit of other entities included in the consolidation of Holding PricewaterhouseCoopers Nederland B.V.	422	-200
Remuneration to retired professional practitioners	-3,258	-3,260
Other	-945	-977
Profit available for allocation	178,524	156,884
Average number of partners	252	240
Average partner management fee	708.4	653.7

In addition to their management fee, the shareholders of Holding PricewaterhouseCoopers Nederland B.V. received an expense allowance totalling € 0.9m (2006/2007: € 0.9m) and interest of € 7.3m (2006/2007: € 6.8m) on the subordinated loan and current account balance. These expenses are included in these financial statements under other operating costs and interest expense respectively.

Operating leases

During the year, the Group charged € 56m of operating lease payments to the profit and loss account (2006/2007: € 53m). These leases relate to office accommodation and motor vehicles.

Financial instruments 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. No speculative positions are taken up in this respect. For its hedging operations, the business uses both primary as well as derivative financial instruments.

Foreign exchange risks related to cash flows from operating activities in foreign currencies are hedged by means of currency forward contracts. Currency forward contracts do not extend beyond one year. Gains or losses on instruments used to hedge off-balance sheet positions are deferred until the gains and losses on the hedged positions are recognised. As at 30 June 2008, there were no contracts outstanding (30 June 2007: no contracts outstanding).

Interest rate risk

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

Credit risk

The Group is exposed to credit risks on transactions. This risk is related to the loss that may be incurred should counter-parties default. This risk is limited due to the large number and diversity of the Group's debtors. There is concentration of credit risk only in that the geographic spread of debtors is concentrated in the Netherlands. The Group contracts financial instruments only with reputable parties.

Liquidity risk

The liquidity risk is limited by the good procedures in place regarding client acceptance and credit control. Moreover, the liquidity generated by the cash flow from operating activities is sufficient to meet obligations.

As at 30 June 2008 PricewaterhouseCoopers B.V. had lines of credit with reputable credit institutions totalling € 60m (30 June 2007: € 60m). No collateral security was furnished to these banks. The Group is required to meet the following ratios:

	2007/2008	2006/2007	Norm
Capital ratio	58m	55m	20m
Solvency ratio	46%	43%	15%
Interest coverage ratio	*	*	5

* A net interest income item remains after elimination of the interest expenses paid on subordinated loans. Consequently, the interest coverage ratio is not a meaningful one. However, this amply satisfies the norm set by the bank.

Capital ratio is defined as issued capital plus share premium and subordinated loans less loans to shareholder. Solvency ratio is defined as issued capital plus share premium, reserves, result after taxes and subordinated loans less loans to shareholder divided by total assets less loans to shareholder. The interest coverage ratio is defined as the operating profit before interest expense and taxes divided by interest expense less the interest paid on subordinated loans.

Fair value

The fair value of the subordinated loans fluctuates as a result of changes in the market rate of interest. The book value has been included in the balance sheet because the loans are repaid at the end of their term at face value.

Interest is paid on the subordinated loans on the basis of current market rates. Consequently, the fair value of these loans is not materially different from the book value.

Segmental information

(in € thousands)

Financial year 2007/2008

	Assurance	Tax & HRS	Advisory	Firm Services	Elimination	Total
Net revenue from external clients	408,552	249,953	115,986	-	-	774,491
Net internal revenue	3,639	3,302	1,974	124,334	-133,249	-
Total net revenue	**412,191**	**253,255**	**117,960**	**124,334**	**-133,249**	**774,491**
Cost of work contracted-out and other external costs	54,322	24,909	24,333	-	-	103,564
Staff costs	136,837	76,349	36,401	29,054	-	278,641
Depreciation of tangible fixed assets	-	-	-	14,029	-	14,029
Other operating costs	150,603	102,857	40,105	83,031	-133,249	243,347
Total operating costs	**341,762**	**204,115**	**100,839**	**126,114**	**-133,249**	**639,581**
Operating result	**70,429**	**49,140**	**17,121**	**-1,780**	**-**	**134,910**
Financial income (less expense)	-4,066	-2,490	-834	5,099	-	-2,291
Taxes	-739	-478	-157	-	-	-1,374
Result after tax	**65,624**	**46,172**	**16,130**	**3,319**	**-**	**131,245**
Book value of the assets	**192,475**	**109,875**	**43,539**	**181,935**	**-110,837**	**416,987**

PricewaterhouseCoopers B.V.'s costs are recharged to the group companies, recognised by Firm Services as internal revenue, and then eliminated.

Staff employed (in FTEs[1])

	Assurance	Tax & HRS	Advisory	Firm Services	Total
Average number in 2007/2008					
Partners [2]	136	87	29	-	252
Other professionals	1,984	887	410	-	3,281
Support staff	216	193	52	484	945
Total	**2,336**	**1,167**	**491**	**484**	**4,478**
Profit after taxes per partner	**483**	**531**	**556**		

1) FTEs (excl. trainees) are Full Time Equivalents.
2) Excludes 25 partners who have availed themselves of the Early Retirement scheme and received compensation indirectly.

Financial year 2006/2007

	Assurance	Tax & HRS	Advisory	Firm Services	Elimination	Total
Net revenue from external clients	403,082	233,074	87,147	-	-	723,303
Net internal revenue	1,715	3,402	1,568	115,561	-122,246	-
Total net revenue	**404,797**	**236,476**	**88,715**	**115,561**	**-122,246**	**723,303**
Cost of work contracted-out and other external costs	61,296	22,690	20,831	-	-	104,817
Staff costs	128,840	72,925	29,981	30,646	-	262,392
Depreciation of tangible fixed assets	-	-	-	14,217	-	14,217
Other operating costs	148,155	96,127	30,121	71,499	-122,246	223,656
Total operating costs	**338,291**	**191,742**	**80,933**	**116,362**	**-122,246**	**605,082**
Operating result	**66,506**	**44,734**	**7,782**	**-801**	**-**	**118,221**
Financial income (less expense)	-3,914	-2,301	-722	2,816	-	-4,121
Taxes	-887	-546	-159	-	-	-1,592
Result after tax	**61,705**	**41,887**	**6,901**	**2,015**	**-**	**112,508**
Book value of the assets	**196,625**	**107,637**	**31,462**	**165,223**	**-114,912**	**386,035**

PricewaterhouseCoopers B.V.'s costs are recharged to the group companies, recognised by Firm Services as internal revenue, and then eliminated.

Staff employed (in FTEs[1])

	Assurance	Tax & HRS	Advisory	Firm Services	Total
Average number in 2006/2007					
Partners [2]	134	81	25	-	240
Other professionals	1,938	869	352	-	3,159
Support staff	222	186	38	496	942
Total	**2,294**	**1,136**	**415**	**496**	**4,341**
Profit after taxes per partner	**460**	**517**	**276**		

1) FTEs (excl. trainees) are Full Time Equivalents.
2) Excludes 24 partners who have availed themselves of the Early Retirement scheme and received compensation indirectly.

Company balance sheet

as at 30 June 2008 (before profit appropriation) (in € thousands)

			30 June 2008		30 June 2007
Fixed assets					
Tangible fixed assets	[21]				
Leasehold improvements		29,923		32,340	
Inventory		6,376		7,176	
Other fixed assets		7,866		14,020	
Fixed assets under construction		722		4,128	
			44,887		**57,664**
Financial fixed assets					
Participating interests	[22]	137,502		120,069	
Other loans	[23]	2,934		4,284	
Other participating interests	[24]	224		224	
			140,660		**124,577**
Current assets					
Debtors	[25]				
Clients		874		326	
Other loans	[26]	4,692		2,513	
Prepayments and accrued income	[27]	13,873		14,966	
			19,439		**17,805**
Cash and cash equivalents	[28]		**114,451**		**85,246**
Total			**319,437**		**285,292**

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

			30 June 2008		30 June 2007
Shareholders' equity and liabilities					
Shareholders' equity					
Issued capital	[29]	18		18	
Share premium	[30]	5,053		5,053	
Result after tax	[31]	131,245		112,508	
			136,316		**117,579**
Provisions	[32]		**10,763**		**8,794**
Long-term liabilities					
Accrued expenses and deferred income	[33]		**23,626**		**21,671**
Current liabilities					
Suppliers		22,442		18,936	
Group companies		78,858		77,257	
Taxes and social security contributions		14,571		15,726	
Pension contributions payable		6,806		4,783	
Other liabilities	[34]	12,471		11,028	
Accrued expenses and deferred income		13,584		9,518	
			148,732		**137,248**
Total			**319,437**		**285,292**

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

Company profit and loss account

for the year ended 30 June 2008 (in € thousands)

	2007/2008		2006/2007
Profit of participating interests	127,926		110,493
Other income and expense after taxes	3,319		2,015
Result after taxes		**131,245**	**112,508**

General Notes

Group relationships

PricewaterhouseCoopers B.V. is a wholly-owned subsidiary company of Holding PricewaterhouseCoopers Nederland B.V.

Basis of preparation

The company balance sheet is prepared in accordance with Title 9, Book 2, of the Netherlands Civil Code and the Guidelines of the Council for Annual Reporting.

PricewaterhouseCoopers B.V. has the following wholly-owned subsidiaries:
- PricewaterhouseCoopers Accountants N.V., Amsterdam;
- PricewaterhouseCoopers Belastingadviseurs N.V., Amsterdam;
- PricewaterhouseCoopers Advisory N.V., Amsterdam;
- PricewaterhouseCoopers Certification B.V., Amsterdam.

In the company financial statements, PricewaterhouseCoopers B.V. and the group companies in which it directly or indirectly holds a majority interest, or is otherwise able to exercise control, are jointly referred to as 'the Group'. As the financial information of PricewaterhouseCoopers B.V. is presented in the consolidated financial statements, the company profit and loss account has been prepared in abridged form as permitted by Article 2: 402 of the Netherlands Civil Code.

Fiscal unity

The aforementioned participating interests, with the exception of PricewaterhouseCoopers Certification B.V., together with PricewaterhouseCoopers B.V. and Holding PricewaterhouseCoopers Nederland B.V., form a fiscal unity for VAT purposes.

Together with PricewaterhouseCoopers B.V., Holding PricewaterhouseCoopers Nederland B.V. and PricewaterhouseCoopers N.V. (including its subsidiary companies), the aforementioned subsidiary companies form a fiscal unity for corporation tax purposes and consequently file a consolidated corporation tax return.

Accounting policies

General

The accounting policies used for the company financial statements are the same as those used for the consolidated financial statements. Participating interests are carried at net asset value. Net asset value is determined in accordance with the accounting policies that apply to the consolidated financial statements, as set out in the general notes to the consolidated financial statements.

Notes to the company balance sheet

as at 30 June 2008 (in € thousands)

[21] Tangible fixed assets

A summary of movements in tangible fixed assets is included in note [1] to the consolidated financial statements.

While PricewaterhouseCoopers B.V. is the beneficial owner of the leasehold improvements, it is not the legal owner. Other fixed assets mainly consist of computer hardware at book value of € 4.9m as at 30 June 2008 (30 June 2007: € 7.8m) and related software at book value of € 2.0m at 30 June 2008 (30 June 2007: € 5.3m). The current value of tangible fixed assets does not differ materially from the book value.

[22] Participating interests

These consist of the following wholly-owned subsidiaries:
- PricewaterhouseCoopers Accountants N.V., Amsterdam;
- PricewaterhouseCoopers Belastingadviseurs N.V., Amsterdam;
- PricewaterhouseCoopers Advisory N.V., Amsterdam;
- PricewaterhouseCoopers Certification B.V., Amsterdam.

Movements during the financial year were as follows:

	2007/2008	2006/2007
Balance as at 1 July	120,069	103,385
Less: Dividend distribution	-110,493	-93,809
Add: Results of participating interests	127,926	110,493
Balance as at 30 June	**137,502**	**120,069**

[23] Other loans

Other loans include a receivable from Stichting Verrekenfonds, a foundation entrusted with the administrative settlement of obligations to retired and active professional practitioners. The foundation is funded by means of a compulsory annual contribution from the affiliated companies of professional practitioners paid out of the profit distribution. Timing differences between receipts and payments cause deficits or surpluses to arise in Stichting Verrekenfonds. Any such deficit is financed by PricewaterhouseCoopers B.V. and included under this heading as other loans.

The interest rate amounts to 4.0% (2006/2007: 4.0%).

[24] Other participating interests

These include financial interests of PricewaterhouseCoopers B.V. which individually are not material.

Movements during the financial year were as follows:

	2007/2008	2006/2007
Balance as at 1 July	224	224
Balance as at 30 June	**224**	**224**

[25] Debtors

All amounts are due within one year.

[26] Other loans

Other loans are specified as follows:

	30 June 2008	30 June 2007
Loans to related parties	4,079	1,851
Loans to personnel	98	98
Other	515	564
Total	**4,692**	**2,513**

The loans to related parties are loans to a number of PricewaterhouseCoopers entities not forming part of the Group.

[27] Prepayments and accrued income

These are made up as follows:

	30 June 2008	30 June 2007
Prepaid rental costs	5,718	6,327
Prepaid insurance premiums	3,379	3,957
Other	4,776	4,682
Total	**13,873**	**14,966**

[28] Cash and cash equivalents

Of the cash and cash equivalents as at 30 June 2008, an amount of € 2.0m (30 June 2007: € 1.9m) is not freely disposable.

[29] Issued capital

As at 30 June 2008, the company's authorised capital amounted to € 90 (30 June 2007: € 90), divided into 90,000 shares of € 1 each. The issued capital amounted to € 18 (30 June 2007: € 18).

[30] Share premium

As at 30 June 2008, the company's share premium amounted to € 5,053 (30 June 2007: €5,053).

[31] Result after tax

	2007/2008	2006/2007
Balance as at 1 July	112,508	94,076
Add: Profit for the year	131,245	112,508
Less: Dividend distribution	-112,508	-94,076
Balance as at 30 June	**131,245**	**112,508**

[32] Provisions

Movements in provisions were as follows:

				2007/2008	2006/2007
	Personnel provisions	Pension provisions	Other provisions	Total	Total
Balance as at 1 July	1,936	3,916	2,942	8,794	7,746
Amounts utilised	-420	-2,638	-731	-3,789	-3,107
Amounts added	301	1,256	4,201	5,758	4,155
Balance as at 30 June	**1,817**	**2,534**	**6,412**	**10,763**	**8,794**

Approximately € 5.0m (30 June 2007: € 7.0m) of the provisions is long-term.

The personnel provisions include an amount for long-service entitlements.

The pension provision includes a commitment to fully fund the pre-pension obligations for employees who were in the service of PricewaterhouseCoopers B.V. as of 1 January 2000 and who had reached the age of 56 as of 1 January 2006. In addition, an amount has been included to finance pre-pension obligations for a small group of employees.

Other provisions include the provision for rental voids in respect of premises rented by the company from third parties. This provision is based on the rental costs for future periods during which it is expected that the premises will not be fully used. The provision for delivery obligations (being the restoration of rented premises at the end of the rental period) is built up evenly over the rental period.

Other provisions also include the provision for professional liability on account of claims related to work performed up to and including the balance sheet date. All the claims are disputed. The provision concerns the claims to the extend that they are expected to be borne by the company. While the outcome of the other disputes cannot be predicted with any certainty, it is assumed, based on legal advice and other information received, that these will not have any significant detrimental effect on the Group's financial position.

[33] Accrued expenses and deferred income

Accrued expenses and deferred income include the payments received in respect of the rental of various office buildings. The portion that relates to 2008/2009 is included in current liabilities (accrued expenses and deferred income).

Accrued expenses and deferred income are to be released as follows:

	30 June 2008	30 June 2007
1 to 5 years	7,418	6,135
> 5 years	16,208	15,536
Total release	**23,626**	**21,671**

[34] Other liabilities

Other liabilities are specified as follows:

	30 June 2008	30 June 2007
Bonuses payable	3,197	3,657
Accrued leave entitlements and holiday allowances	1,862	1,719
Former shareholders of Holding PricewaterhouseCoopers Nederland B.V.	196	170
Amounts owed to related parties	4,079	4,165
Other	3,137	1,317
Total	**12,471**	**11,028**

Off-balance sheet assets and commitments

- On behalf of the beneficiaries of one of the legal predecessors of the former firm Coopers & Lybrand (Nederland), PricewaterhouseCoopers B.V. is standing surety for the payment to these beneficiaries of a Group profit-linked periodic benefit by Stichting Verrekenfonds. For 2007/2008, the payment amounted to some € 1.9m (2006/2007: some € 1.9m). The term depends on the population being alive.
- Pursuant to the fiscal unity for corporation tax purposes, PricewaterhouseCoopers B.V. is jointly and severally liable for the remittance of these taxes.
- Pursuant to the fiscal unity for VAT purposes, PricewaterhouseCoopers B.V. is jointly and severally liable for the remittance of these taxes.
- PricewaterhouseCoopers B.V. has accepted joint and several liability for certain debts of its participating interests.
- As at 30 June 2008, guarantees provided in relation to, for instance, rental obligations amounted to € 3.1m (30 June 2007: € 3.1m). The longest standing guarantee expires on 30 August 2024.
- Pursuant to the credit agreement between PricewaterhouseCoopers B.V. and its credit institutions, it is jointly and severally liable for the non-fulfilment of obligations arising under this credit agreement. This line of credit was not utilised in 2007/2008.
- PricewaterhouseCoopers B.V. has undertaken, in certain circumstances, to assume a receivable of up to a maximum of USD 11m, on behalf of an entity in which Holding PricewaterhouseCoopers Nederland B.V. holds a 7.1% participating interest.
- As at 30 June 2008 PricewaterhouseCoopers B.V. had made commitments for capital expenditure totalling € 2.5m (30 June 2007: € 1.4m). These commitments relate to the leasehold improvements.
- PricewaterhouseCoopers B.V. has long-term rental contracts and operating lease obligations totalling € 387m (30 June 2007: € 299m).

These obligations mature as follows:

(in € millions)	30 June 2008	30 June 2007
< 1 year	44	42
1 to 5 years	127	117
> 5 years	216	140
Total obligation	**387**	**299**

Further information

Financial instruments risk management

Foreign exchange risk

PricewaterhouseCoopers B.V. and its subsidiaries 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. No speculative positions are taken up in this respect. For its hedging operations, the company uses both primary and derivative financial instruments.

Foreign exchange risks related to cash flows from operating activities in foreign currencies are hedged by means of currency forward contracts. Currency forward contracts do not extend beyond one year. Gains or losses on instruments used to hedge off-balance sheet positions are deferred until the gains and losses on the hedged positions are recognised. As at 30 June 2008, there were no contracts outstanding (30 June 2007: no contracts outstanding).

Interest rate risk

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

Credit risk

PricewaterhouseCoopers B.V. and its subsidiaries are exposed to credit risks on transactions. This risk is related to the loss that may be incurred should counter-parties default. This risk is limited due to the large number and diversity of the debtors of PricewaterhouseCoopers B.V. and its subsidiaries. There is concentration of credit risk only in that the geographic spread of debtors is concentrated in the Netherlands. PricewaterhouseCoopers B.V. and its subsidiaries contract financial instruments only with reputable parties.

Liquidity risk

The liquidity risk is limited by the good procedures in place regarding client acceptance and credit control. Moreover, the liquidity generated by the cash flow from operating activities is sufficient to meet obligations.

Remuneration of members of the Board of Management

	2007/2008	2006/2007
Number of members of the Board of Management	5	5
Expected Management fee	6,581	6,061
Expense allowance	138	120
Interest paid on subordinated loans and current account balances	187	203

The members of the Board of Mangement finance their own pension provisions and social security contributions, and the contributions to Stichting Verrekenfonds, from their remuneration.

Amsterdam, 16 September 2008

The Board of Management

J.A. Nijhuis RA (Chairman)
R. Dekkers RA
A.G.M. Hoogeveen
A.H.C. Pouw RA
R.A.J. Swaak RA

Other Information

Provisions of the Articles of Association governing the appropriation of profit

Article 21 of the company's Articles of Association provides as follows:

- The appropriation of profit is the prerogative of the shareholders in the General Meeting.

Proposed profit appropriation

As stated under the shareholders' equity note, the proposal to the General Meeting is that the entire profit for the financial year be distributed as dividend.

Auditor's report

To: the General Meeting of Shareholders of PricewaterhouseCoopers B.V.

Report on the financial statements

We have audited the accompanying financial statements 2007/2008 of PricewaterhouseCoopers B.V., Amsterdam, which comprise the consolidated and company balance sheet as at 30 June 2008, the consolidated and company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of PricewaterhouseCoopers B.V. as at 30 June 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the board of management is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 16 September 2008

KPMG ACCOUNTANTS N.V.

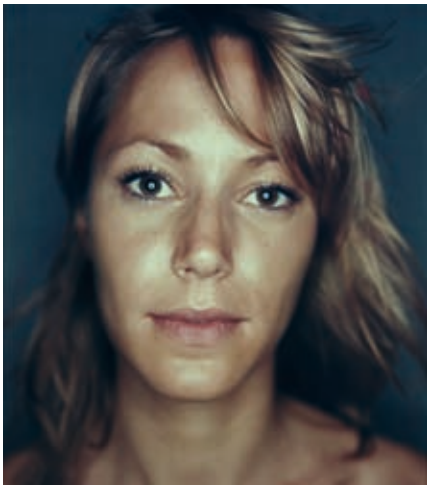
C.J.M. van Veen RA

A new reality

In constant motion*

Changes are taking place at ever-greater speed and with ever-greater impact. It is imperative to move with the times - but it's all too easy to get carried away. So the watchword is: go with the flow, but don't lose your balance.

Photography: Jasper Zwartjes Model: Femke Meulenbeld



Corporate Responsibility Report

PwC has designated Corporate Responsibility (CR) as a key strategic theme. It contributes to our achievement of strategic priorities, and particularly our aim to be a 'human-scale organisation'. CR is about our commitment to sustainable development as well as to the society in which we live and work. CR is a motivating philosophy that we expect our people to follow, both in their working practices and in their personal development. Finally, CR is a key asset in attracting and retaining talented employees – employees who are focussed not only on our clients, but also on the world around them.

Our CR agenda

Our approach

Within CR we distinguish three levels that are inextricably linked. Jointly they determine how we interact with our stakeholders on a day to day basis.

The first level is all about our values - the culture and ethics of our organisation and the written and unwritten rules of behaviour, which together constitute the basis of what PwC stands for.

The second level is concerned with sustainable development - our aim to interact with people and the environment in a fair and even-handed manner and, in doing so, to meet the expectations of our stakeholders in terms of the way we do business and provide services.

The third level concerns community engagement. We are actively exploring our own environment to identify opportunities to deploy our knowledge and expertise for projects that benefit our communities.

At these three levels we approach CR from different perspectives, which we call our four quadrants: market-place, society, people and environment. By carefully weighing the impact of our decisions on each of these quadrants, we are able to fulfil our commitment to CR through a balanced strategic approach.

Impact in the marketplace

Perhaps the greatest impact we have as an organisation stems from the manner in which we serve our clients and operate in our markets. Our products and services, our professionals and our innovative power, together with our policy of selecting those clients where we believe we can realise the greatest added value, are the key determinants of our impact. Our role as purchaser is also relevant in this context and, in the past financial year, we have developed a sustainable purchasing policy for implementation in the coming year.

Impact on society

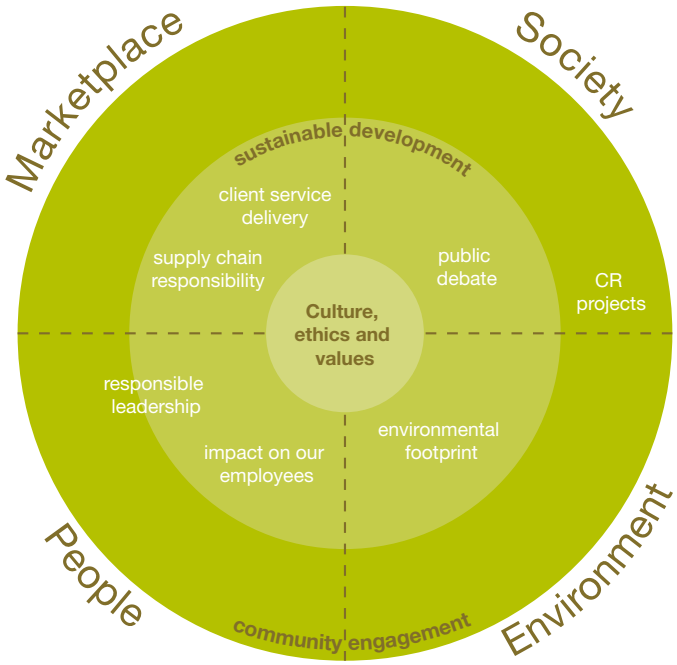
As thought leader we play a role in the public debate on such wide-ranging issues as governance and transparency, reporting, fraud and corruption and taxation. Our Industry specialists contribute to the development of the sectors in which they are working, for instance by means of publications and the organisation of events. We give further shape to our role in society as a knowledge organisation through the pro bono CR projects we carry out and in the positions that PwC employees fulfil in civil society organisations.

Impact on people

The positive impact of our CR is mainly achieved through our people. We increase that impact by devoting a great deal of attention to talent management, management development and responsible leadership. Key aspects here are diversity, equality, safety, health, well-being and good working conditions combined with an acceptable workload and respect for the personal lives of our people.

Impact on the environment

Though business service providers are not the biggest polluters, we have a relatively large lease fleet and are frequent flyers. Other areas where we can reduce our impact on the environment are paper consumption, energy consumption and waste.



About our Corporate Responsibility Report

PwC reports annually on the Corporate Responsibility issues that we – in dialogue with our stakeholders – believe to be the most relevant to our company. The definitions and reporting criteria we apply are largely unchanged compared to last year. Those changes that have taken place are identified and explained.

The information in this report is confined to our activities in the Netherlands. The information we have included regarding the international PwC organisation was taken directly from the global PwC Corporate Responsibility report entitled 'Taking responsibility in our communities' (www.pwc.com/crdialogue). As in the other sections of our Annual Report, the data in the Corporate Responsibility Report relate to the past financial year (1 July 2007 through 30 June 2008).

The quantitative information in this Corporate Responsibility Report is based on measurements, unless other methods are stated. The information was obtained centrally using a standardised questionnaire completed by the applicable departments. In addition, we made use of data from our central systems, including our financial records.

CO_2 emissions are calculated with the aid of publicly available conversion factors. As energy data were not available for all office buildings, some of the information on energy use is based on extrapolation (as indicated in the text). CO_2 emissions were calculated using conversion factors from the UNEP report 'The GHG Indicator' (2000), which are as follows:

- Diesel: 0.156 kg CO_2 / km
- Petrol: 0.185 kg CO_2 / km
- LPG: 1.65 kg CO_2 / litre
- Short-haul flight (< 1,000 km one way): 0.18 kg CO_2 / km
- Long-haul flight (> 1,000 km one way): 0.11 kg CO_2 / km
- Train: 0.034 kg CO_2 / km
- Gas consumption: 1.78 kg CO_2 / m3
- Electricity consumption: 0.435 kg CO_2 / kWh

We apply the Global Reporting Initiative (GRI) G3 guideline to the extent that it is applicable to our organisation. The GRI Table is included in the appendix. The table refers the reader to the page containing information about each indicator. G3 distinguishes different levels of application This report is based on the B+ application level.
The '+' indicates that external assurance was obtained for the report.

We have requested our external auditor, KPMG, to provide assurance as to the reliability of the data presented. KPMG's assurance report, which includes a description of the work performed, can be found on page 108 of this report.

Overarching objectives 2008/2009

- Further integration of CR into our services and into our organisational structure;
- Further increase in the CR involvement of our employees.

Eight priorities

Following on from our impact analyses and our stakeholder dialogue, last year we set ourselves eight priorities. This Corporate Responsibility Report sets out the status of each priority, indicating the progress made as well as areas for further improvement. Finally, the key CR indicators section provides an overview of the quantitative performance indicators for each of these priorities.

Embedding in the organisation

We have set ourselves the goal of integrating CR into all aspects of our organisation. In the past year we have embedded this further by incorporating CR into our planning and control cycle. This means that at the beginning of each year the Board of Management sets objectives and allocates resources to achieve these. Towards the end of last year the Board of Management and the CR Officer jointly evaluated the results and reviewed the policy and the objectives for 2008/2009.

One important element of the CR year plan for 2008/2009 is further embedding. Last year, we initiated semi-annual reporting on our CR indicators. In order to monitor performance more effectively, reporting will take place quarterly as from 2008/2009 and the most important indicators will be included in the management report to the Board of Management.

Priority			Description
Culture, ethics and values		1	Strengthen our reputation as a responsible and committed company by reinforcing our culture and managing behaviour within our organisation.
Marketplace	Client service delivery	2	Ensure that our services and the way in which we operate in the market contribute to our reputation for integrity, responsibility and sustainability.
	Supply chain responsibility	3	Base our purchasing not only on financial criteria but also on environmental and social considerations, and treat our suppliers and subcontractors in a responsible manner.
Society	Public debate	4	Contribute to the public debate in areas where we have relevant experience and expertise, and develop and disseminate new knowledge and insight.
	CR Projects	5	Actively engage in the communities in which we live and work in a manner that does justice to our people's enthusiasm and best fits our knowledge organisation, namely by deploying our specialised expertise for the benefit of society.
People	Responsible leadership	6	Encourage the development of our people as responsible leaders, e.g. by intensifying staff coaching and talent management and by promoting diversity.
	Impact on our employees	7	Foster the well-being of our people by creating a healthy, safe and pleasant working environment where everyone is encouraged to reach their full potential.
Environment	Impact on the environment	8	Mitigate the impact of our business operations on the environment, including our paper consumption, energy use, waste management and transport.

Also, we believe it is important to make CR management information available to other management layers. In the coming year we will provide insight into our CO_2 footprint at Business Unit level. Business Unit Leaders will also be given periodic management information on two key workload indicators: the 'number of screen-based working hours' and 'workload perception'. We expect that the increased awareness resulting from this will lead to further improvement.

Since last year CR has become an integral part of the planning process drawn up by the Industry sectors and Lines of Service. In order to promote embedding within the organisation, one of the objectives for 2008/2009 is to carry out more CR projects related to sector-specific social issues. The first of these was a 'serious gaming' project initiated by our TICE practice (Technology, Information, Communications and Entertainment). With the aid of computer gaming technology, the objective is to provide entertainment for seriously ill children which also provides them with background information about their illness. Specialists hope that this 'emotional computing' will help their efforts to advance the treatment of chronic illnesses. PwC has taken on the responsibility for guiding the project and for providing information on subsidies, administration and up-scaling of pilot projects.

CR Office

Within our organisation we see CR first and foremost as a line responsibility. For this reason our CR Office is not a corporate staff department. The CR Office consists of ten PwC people who devote part of their time to these duties and play a policy-support role under the direction of the CR Officer. The CR Office (consisting of some 3 FTEs) coordinates projects and provides extensive support, including internal and external communication. The CR Office has its own budget and reports directly to the chairman of the Board of Management.
One important responsibility of the CR Office concerns the organisation and facilitation of the dialogue with our stakeholders. In the past year we have set up a partner panel and a client panel, and have also organised several meetings with representatives of Young PwC. In addition to their intended benefits, these efforts also have the positive side-effect of stimulating many participants to adopt the role of CR advocate within their departments and businessunits, thus giving further impetus to the embedding of CR within our organisation.

Dialogue with our stakeholders

We focus on the stakeholder groups most relevant to the success of our organisation, both internally (partners and employees) and externally (clients and civil society organisations).

This year, in addition to our stakeholder workshops and talks with the VBDO (Association of Investors for Sustainable Development) and CSR Europe, we also commissioned a study to identify what our clients consider to be the main focal areas for PwC's CR policy.
This indicated that they attach the most significance to PwC in its role as employer. The statements singled out as the most important were: 'This company puts the personal and professional development of its people first' and 'This company creates a pleasant and healthy working environment for its people'.

CR Index

In the past year an external research agency carried out a study into the perception of PwC's impact on society compared to that of its sector peers. A business panel of 300 respondents was asked what significance they attach to ten different CR aspects. In addition, the panel was invited to give the various professional service providers in our sector performance ratings for these aspects. The respondents did not know who had commissioned the study and they were selected at random. The results can be used to construct a CR Index, which benchmarks the rating for each aspect to the sector average and also reflects a weighting of the relative importance of that aspect. If the average score of the sector is set at 100, PwC achieved a CR Index of 114. This indicates that, on average, PwC's impact on society is perceived to be 14% better than that of its sector peers. Further analysis indicates a correlation between a high CR rating and the extent to which respondents prefer PwC as a service provider. We are planning to repeat this survey in the coming year to see whether a trend is evident.

Whilst the various stakeholder groups naturally placed emphasis on differing CR aspects, all stakeholder groups did stress the importance of setting clear CR objectives and targets. All stakeholder groups also emphasised the importance of firmly embedding CR in all layers of the organisation. A summary of the most important stakeholder concerns is shown in the table. This table is based on our dialogue in both the past financial year as well as on the previous financial year.

We use the dialogue with our stakeholders to give direction to our annual CR plan. We have formulated our eight priorities in broad terms, but within these parameters we seek to focus as far as possible on objectives and actions that meet the expectations of our stakeholders. For the coming year we are planning to organise stakeholder workshops on a more frequent basis in order to sustain the dialogue with stakeholders about our CR progress throughout the year and make adjustments as and when necessary.

	Clients	Employees	Partners	Society
CR Report	Include more quantitative information and targets; use benchmarks.	Include more quantitative information and targets.	Translate CR policy into tangible objectives and evaluate results.	Explain trends, CR strategy, objectives and key CR indicators.
	Devote attention to sharing of dilemmas.	Devote attention to dilemmas and less favourable results.	Explain how PwC responds to trends and developments.	Devote attention to supply chain responsibility.
	Explain how CR contributes to the PwC strategy.	Develop more information on work-life balance issues and 'My Projects'.	Explain the role that CR plays in the business strategy.	Do not integrate CR Report too much; aim at specific target group.
CR Policy general	Promote employee awareness and engagement.	Strengthen internal communication and internal discussions in the form of a 'CR Community'.	Make CR more recognisable through specific theme-based communications.	Link CR policy and objectives with social developments.
		Benchmark CR performance with peer companies.	Adapt business model through increased behaviour management.	
Marketplace	Use influential role to put CR on the agenda at clients.		Integrate CR into regular client service delivery.	Use opportunities as business service provider to promote sustainability at clients.
	Give the client selectivity policy more attention.	Strengthen social aspects in client selectivity process.	Have CR play a role in client relationships.	Include considerations in client selectivity.
	Strengthen the CR business proposition.			Strengthen the CR business proposition.

	Clients	Employees	Partners	Society
Society	Cooperate with other parties in community projects.	Encourage 'My Projects' more strongly through better communication.	Increase impact in our local communities.	
People	Widen PwC's diversity policy (NB not only gender diversity).	Extend diversity policy to ethnicity, age, etc.	Increase diversity in the organisation.	Specify objectives to increase diversity in the organisation.
	Monitor workload and healthy work-life balance.	Facilitate work-life balance choices (e.g. part-time work).	Increase passion and engagement with CR.	Assess performance management in relation to workload and stress.
	Devote attention to a safe working environment.	Devote more attention to health and well-being (sports, nutrition).	Strengthen partner and director role model behaviour via personal CR objectives.	
Environment	Formulate CO_2 emission reduction targets.	Break down CO_2 footprint to an individual level.	Widen the climate policy to air travel kilometres.	Expand the climate policy beyond car use alone.
	Promote environmentally-friendly communication (less travel and paper consumption).	Make offices easier to reach by public transport.	Make climate-neutral car lease scheme less voluntary.	

Priority 1:
Culture, ethics and values

As the worldwide organisation of PwC comprises many cultures, the common values and principles have been laid down in a global Code of Conduct. This code safeguards our integrity and the continuity of the PwC culture. Our commitment to CR is enshrined in the Code of Conduct. Each year we ask our employees to confirm that they are aware of the contents of the Code of Conduct and that they act accordingly. The Code of Conduct can be viewed on our website (www.pwc.com/codeofconduct).

Alongside our own PwC Code of Conduct, our international organisation is a participant in the United Nations Global Compact, a network-based initiative that has formulated principles in the areas of human rights, labour conditions the environment and anti-corruption. As signatories of this charter, all member firms of PwC undertake to uphold, actively promote and report on the ten principles of this external code.

The activities that we undertake in the field of CR would be of little value if they were not supported by the culture within our organisation. One important result of the stakeholder dialogue we conducted last year was that we must improve our communication regarding our Code of Conduct and CR initiatives. Consequently, for the year 2007/2008, we set ourselves the task of setting up a new E-learning course dedicated to the Code of Conduct together with an internal communication campaign aimed at informing and inspiring all PwC employees.

The interactive E-learning course is based on the issues we know our employees come across in their daily work. In September 2008 the course was brought to the attention of all partners and staff. Participation is obligatory and attendance records will be maintained centrally.

The internal communication campaign regarding CR and our Code of Conduct included posters in lifts, a special dedicated issue of our staff magazine and an automatically installed screensaver. The CR pages on our intranet were also updated. The volume of intranet visits during and shortly after the campaign was some 20% higher than normal. The number of applications for CR projects this year was also substantially higher than in 2006/2007.

Priority 1: Objectives for 2008/2009

- Intensify the internal communication campaign with new materials;
- Ensure that 99% of all PwC staffers attend the Code of Conduct E-learning course;
- Create a ‘CR-Community’, via intranet and other channels, to reinforce our CR culture.

Our impact in the market

Priority 2: Client service delivery

Our services are largely aimed at adding assurance to information and promoting transparency and trust. Because of this role, the market closely associates us with values such as integrity and independence. We attach great significance to this and we have strict procedures for ensuring that we work exclusively for legitimate companies and organisations. All new client engagements undergo an acceptance and approval process while ongoing engagements are periodically reviewed. This includes an evaluation of ethical aspects, such as the integrity of the client's management. We assess whether engagements expose our reputation for responsibility and integrity to particular risks. If so, this is taken into consideration in the decision whether to accept or reject a particular engagement. This helps us to choose clients who fit our organisation.

As auditor and adviser we regularly meet with executives of Dutch corporations. These occasions provide us with an opportunity to discuss CR issues, and we aim to make these talks meaningful as we believe that this is an area where we can have considerable impact. Next year, to help ensure that CR is taken on board in each and every annual audit, we will be making CR an obligatory part of the 'PwC Audit Approach'.

Furthermore, we are currently working on the organisation of our 'Forward Thinking Programme', a three-day course at Cambridge University in which several of our partners will participate. The course is aimed entirely at such subjects as climate change, sustainable production and consumption,

Priority 2: Objectives for 2008/2009

- Make CR advocacy an integral part of our way of working;
- Develop the 'Forward Thinking Programme';
- Develop sector-specific action programmes.

Sustainability publications

We regularly perform studies and issue publications on specific sustainability themes. More information on these reports is available at www.pwc.com/sustainability. In 2007/2008 we published various reports as an international organisation. These included:

- **Going Green** – This research report highlights two developments in the technology sector with a direct bearing on sustainability, namely the growth potential of 'green' products and services and the potential cost savings that can be achieved by reducing energy consumption.
- **Sustainability Yearbook 2008** – For the fourth year in a row PwC and the SAM (Sustainable Asset Management) Group jointly presented the Sustainability Yearbook at the World Economic Forum in Davos. The yearbook is widely recognised as one of the most influential analyses of corporate sustainability results and of the most important trends in 57 different sectors.
- **Waking up to REACH** – This survey indicates that awareness and knowledge of REACH remain low, particularly outside Europe and the chemical sector, even though the REACH regulations took effect in the summer of 2007.
- **The Right Combination** – This study indicates that companies tend to use stakeholder panels as a supplement to the role of the external auditor. Stakeholder panels can play an important role in the link between corporate strategy and social reporting on the one hand and expectations of stakeholders on the other.
- **Working towards well-being** – Chronic illnesses are increasingly common and constitute a rising cost item for both companies and employees. In addition to a statistical summary of facts and figures, this study also provides concrete suggestions for the development of wellness programmes as a preventative healthcare measure within companies.

energy and demographic developments. The aim of the programme is to better equip our partners to discuss issues with clients which are key to the future of their company.

Our Sustainability advice

Sustainability and CR have moved up on strategic agendas of organisations. Everyone is showing interest and we notice that our clients are increasingly requesting CR advice. Through our sustainability and CR specialists we can therefore directly influence the way Dutch business and industry tackle these challenges. As a result, our revenues in CR-related services have increased some 50% since 2006/2007.

In our advisory services we approach sustainability and CR from a strategic perspective. Our Sustainability group is active in three main areas: Performance Improvement; CR Reporting and Benchmarking; and 'Carbon Accounting' and Assurance. These areas cover a number of themes which can be used as a basis for raising a broad range of sustainability issues with our clients. Apart from general strategic matters such as climate change and responsible supply chain management, we also touch on specialised subjects such as the REACH legislation for the registration of chemical substances. As each sector has its own specific sustainability issues, we are seeking to develop a range of sector-specific services together with our specialists. One of the first steps we have taken was to hold a sustainability workshop last year for the technology sector as a follow-up to our 'Going Green' publication. In the coming year, we plan to organise similar workshops for other sectors.

Transparency benchmark

Each year PwC carries out a transparency benchmark on behalf of the Ministry of Economic Affairs which covers the 175 largest Dutch corporations. The benchmark is designed to measure the quality of corporate responsibility reporting in the Netherlands. Using a framework of criteria, PwC assesses Dutch company reporting. The result is that the companies are then listed on a 'transparency ladder' in an annual report. It is evident from the transparency benchmark that the transparency of corporate CR policies and results have clearly improved in the Netherlands in recent years. With 96 points last year, Rabobank nearly achieved the maximum score. An international comparison will be made this year, for the first time, of the scores and each participating company will also receive an individual benchmark report indicating areas for improvement relative to the scores of their peers.

Priority 3: Supply chain responsibility

In the past year we developed a sustainable purchasing policy for implementation in 2008/2009. Under this policy we will request our suppliers to conform to the same ethical business and sustainable development standards that we have formulated for ourselves in our Code of Conduct. They will be asked to confirm their compliance by signing a specific code of conduct which we drew up last year.

Priority 3: Objective for 2008/2009

- Arrange for at least 50% of our major suppliers to sign and return the specific supplier Code of Conduct.

Our impact on society

Priority 4: Public debate

In the past year we consciously set out to encourage a more active dialogue and to play a more prominent and outspoken role in the public debate. Advertisements such as 'Nederland, durf te kiezen! (Holland, dare choose)' and 'Minder regels is goed, maar andere regels is nog beter (Fewer rules is good but different rules is even better)' are two examples of the campaign we conducted towards the end of 2007.

We will continue these efforts to stimulate the debate in the coming year. The external survey into the impact of our CR policy demonstrates that respondents do recognise these efforts. The number of respondents who said that the statement 'This company plays an active role in the public debate about social issues by projecting a clear vision to the outside world' applied to PwC exceeded the sector average by 28% (see also box CR Index on page 88).

We aim to be the 'thought leader' not only on financial-economic issues but also in the field of CR. In the past year, for instance, we issued five Dutch-language publications in the 'Management in Society' series published by Koninklijke Van Gorcum. Together with Nyenrode Business University, PwC edits this series of books on business ethics and CR. The series ranges from PhD theses to educational text-books.

In the international arena PwC contributes annually to the World Economic Forum in Davos, both in general discussions and as facilitator of dialogue sessions among clients. Other initiatives include our active involvement with the United Nations Global Compact and our leading role within the World Business Council for Sustainable Development (WBCSD), a coalition of more than 190 multinationals pursuing sustainable development. In 2008 Sam DiPiazza, CEO of our worldwide organisation, was appointed chairman of the Executive Committee of the WBCSD.

Priority 4: Objectives for 2008/2009

- Carry out at least two central 'thought leadership' projects on specific social issues;
- Communicate our vision regarding social themes in external communications;
- Perform more CR projects aimed at local community themes.

We also aim to contribute to the public debate at local level. We do this by being active in local and regional social networks, such as de Slinger (see page 97). In the coming year we intend to carry out more CR projects directed to local themes. In this way, we can involve more PwC people in CR and make a concrete contribution to matters that are closest to home.

Total Tax Contribution (TTC)

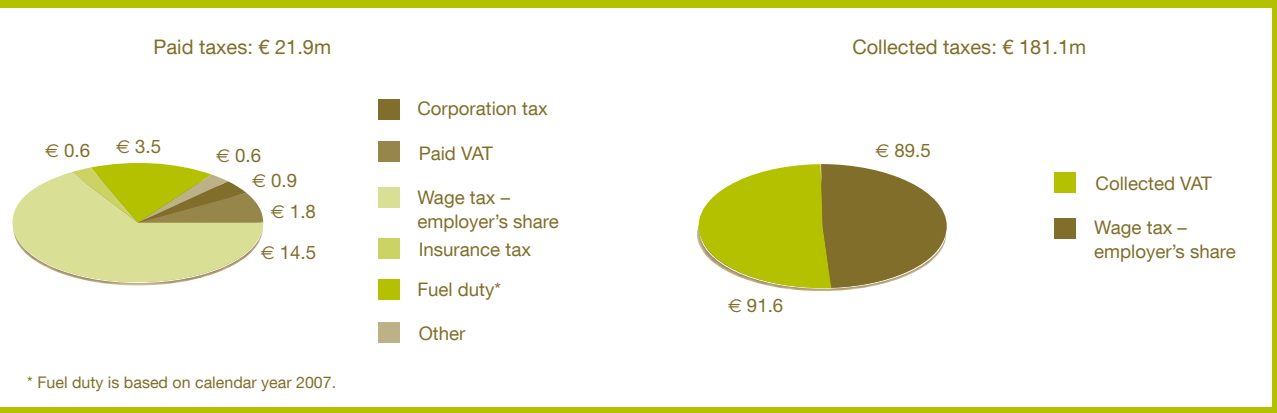
Paying taxes and corporate responsibility are two sides of the same coin. Consequently, it is important to obtain an accurate picture of the impact of taxes on companies and their stakeholders. We are convinced that companies will be increasingly required to provide insight into their aggregate economic tax contribution, also in response to growing calls from stakeholders for transparency on this issue.

In order to make this information more easily accessible, PwC has developed the Total Tax Contribution Framework (TTCF). Traditionally, the tax charge item in the income statement exclusively referred to corporation tax. Contrary to regular reporting standards for taxation, the TTCF provides insight into a company's total contribution to the treasury. Consequently, the TTCF can serve as a basis for a dialogue between the stakeholders and the company (responding to the need for a 'common language').

The TTCF includes all forms of taxation - i.e. not just corporation tax, but also wage taxes, VAT, transfer tax and local levies. The TTCF also makes a distinction between taxes that are a cost item for the company (e.g. corporation tax and transfer tax, hereinafter 'paid taxes') and taxes which the company basically collects on behalf of the Tax Authorities (e.g. VAT and wage tax, hereinafter 'taxation collected').

For 2006/2007 we also calculated our own TTC in order to give an indication of our total economic tax contribution to the Dutch treasury. During 2006/2007 PricewaterhouseCoopers B.V. paid various corporation taxes amounting to a total of € 21.9 million (paid taxes). The largest element was the employer's portion of wage taxes amounting to € 14.5 million. We also collected a total of € 181.1 million in taxes for the treasury (taxation collected). The largest element of this was VAT which amounted to € 91.6 million.

The major part of corporation tax on profits is borne directly by the shareholders of the holding company PricewaterhouseCoopers Holding B.V. and is therefore not included in these amounts.



* Fuel duty is based on calendar year 2007.

Priority 5: CR Projects

One important pillar of our CR policy is made up of the pro bono projects that we carry out for civil society organisations. This is a direct way of contributing to society and making an impact through our knowledge and expertise. To sharpen the focus of these pro bono projects, we opted for the Charity Economy as the central theme. This term refers to the charitable sector in the Netherlands in the broad sense of the word, i.e. including well-known philanthropic institutions as well as the many private initiatives and projects.

Last year we partnered with the Civil Society Foundation, which represents the four industry organisations in the charitable sector (www.civilsociety.nl). The aim of the foundation is to develop and exchange knowledge within the charitable sector. Our target was to devote some 6,000 hours to projects under this partnership, but this proved to be overly ambitious. The past year was primarily dedicated to starting up the partnership, and the original plan to organise a large event for the sector in February could not be implemented in time. However, the fourth edition of the Transparency Prize was a success. As our new partner, the Civil Society Foundation has taken over the role of Donor Association and now organises and presents the prize in this capacity (www.transparantprijs.nl). The Transparency Prize aims to encourage charitable institutions to improve the quality of their reporting by means of best-practice sharing. This, in turn, gives donors, volunteers and society at large better insight into the way they conduct their activities and the results they achieve through their expenditures.

CR engagement of employees

During the past year we spent a total of 19,020 hours on CR. This is less than the 20,000 hours we had targeted but more than 2006/2007's 15,506 hours. The number of employees engaged in CR during the past year also increased from 398 in 2006/2007 to 488. Our target was for 10% of all our people to be engaged in CR and we achieved that target. For 2008/2009 we have maintained our target at 20,000 hours and are seeking to increase the number of all PWC employees engaged in CR by 25% compared to 2007/2008.

One good yardstick for assessing CR engagement is our People Survey, an annual employee satisfaction survey. According to this survey, 67% of PwC employees are familiar with CR. In addition, the People Survey 2008 shows that 67% of PwC people can agree with the CR policy and that 23% of employees intend to make an active contribution to a CR project in the coming year.

Many employees also do community work in their own communities. This is evident from the large number of external positions held by our people. We are also aiming to reach these employees with our CR commitment and are therefore planning to start up the 'What matters 2U' programme in 2008/2009. Employees who devote a significant part of their spare time to civil society organisations may nominate their good cause for a modest one-off contribution from PwC. These donations will not be charged to our CR budget but to a separate fund generated by voluntary contributions from PwC employees which is to be set up during the coming year.

Netherlands Albert Schweitzer Fund

The Netherlands Albert Schweitzer Fund (NASF) is a foundation that supports small-scale and local healthcare projects, mainly in Africa. In doing so, it draws inspiration from the philosophy of Albert Schweitzer. Faced with a rapidly ageing donor base, NASF urgently needed to rethink its policy and marketing strategy - a task that required expert advice. The LaLuz Foundation pointed them in the direction of Kam Mai Tan, an advisor in our Justice, Police and Security Advisory practice. Over a period of several months Kam Mai spent a half-day each week devising a strategic policy plan for NASF, which was adopted by the Board of the Foundation. The plan aims to retain existing donors whilst attracting new and younger recruits and aims to achieve this by developing new activities.

My Projects

In addition to our centrally coordinated pro bono projects, we also provide time and resources via individual employees who are involved in personal community initiatives called 'My Projects'. The minimum requirements are that a partner or director be involved and that the project make use of the 'synergy' within the organisation. In addition, the go-ahead is given only once a well-thought-out project plan has been drawn up with clearly defined objectives and targets as well as a timetabled action plan. The work performed for a 'My Project' does not differ in any respect from the normal engagements we carry out for our clients, except that no invoice is raised.

Last year we completed 51 such 'My Projects', thus comfortably surpassing our target of 40. In 2007/2008 we spent a total of 7,439 hours on My Projects (target: 7,500 hours).

De Slinger

We see that most of our 'My Projects' originate from our larger offices. To encourage greater engagement among our employees outside the Randstad conurbation, we will be stepping up our involvement with de Slinger (www.slinger.nu) in 2008/2009. De Slinger is a network of various local parties who wish to make a contribution to their town and region through community projects. De Slinger acts as a platform for matching 'supply and demand' via its website and network meetings. It has been one of our central CR projects for a number of years now. In addition to our participation in the local Slingers, we support the central organisation with expertise and we accommodate the project bureau in our offices in Amsterdam and Rotterdam. During the past year we have taken an active part in setting up Slinger networks in The Hague, Utrecht, Hengelo, Maastricht, Almere, Eindhoven and Zwolle, all of which are locations where we have offices.

Bas van de Goor Foundation

The Bas van de Goor Foundation's mission is to improve the lives of people with diabetes by encouraging them to take part in sports. Sport is not only good for weight and fitness, but is also an excellent way to control glucose levels and insulin intake. Bas van de Goor, Olympic gold medal winner and initiator of the foundation, has made it his personal goal to demonstrate to people with diabetes what they can achieve through sport. A team of specialists from the various Lines of Service helped the foundation to write the business plan. In addition, PwC provided tax advice and helped to set up the administration of the foundation.

Priority 5: Objectives for 2008/2009

- Intensify the cooperation with the Civil Society Foundation by setting up new centrally coordinated CR projects in the Charity Economy;
- Spend 20,000 hours on CR projects;
- Create the 'What matters 2U' fund;
- Increase employee involvement in CR projects by 25% compared to 2007/2008;
- Start up new centrally coordinated CR projects from the local Slinger initiatives;
- Expand Kids Moving the World as part of our focus on education by increasing the number of participating primary schools to 20% and by deploying at least 80 Game Guides.

Kids Moving the World

The CR activities of our international organisation focus on education as the central theme. In the Netherlands we are also active in education through our participation in Kids Moving the World, a foundation that PwC set up together with TNT, Ricoh and Logica (www.kidsmovingtheworld.nl). Kids Moving the World supports the UN's World Food Programme (WFP), particularly the 'School Feeding Program' which offers a healthy meal during the school day to encourage children and parents to continue with their education.

The Kids Moving the World Foundation aims to make primary school children more aware of the problem of hunger in the world. The foundation has developed several professional teaching kits that are offered free of charge to primary schools. The teaching kits include an interactive board game that is played under the supervision of PwC employees who have volunteered to be Game Guides.

The programme was launched early this year within PwC and elicited a tremendous response. The initial aim was to provide some 25 Game Guides, but we had 80 PwC volunteers within just a few days. In the end, 49 PwC employees were trained as Game Guides in September 2007 and they supervised a total of 329 groups during the past school year. The volunteers who have not yet been trained are already active as 'school recruiters'.

In the past school year 800 primary schools took part and 58,000 children played the game. This represents some 10% of the primary schools in the Netherlands. For the coming year, together with our partners of the Kids Moving the World Foundation, we aim to expand the number of participants to 20% of primary schools in the Netherlands. We also aim to offer new modules (about climate change) and increase the number of participating groups per school. Another aim for the coming financial year is to deploy at least 80 PwC employees as Game Guides. In addition, the foundation's project office is housed in the PwC office in Rotterdam, making it easier for us to assist with the school recruitment campaigns.

Our impact on people

Priority 6: Responsible leadership

Developing talent

Our approach to Learning and Development is aimed at achieving an optimal balance between standardised programmes and personalised assistance, both inside and outside PwC. In 2007/2008 we developed an entirely new Management Development Programme, devoting much attention to personal choices and circumstances within career development. The programme centres on the development of core competencies. Aspects such as diversity, responsibility and behaviour are strongly interwoven in this programme. All management members, from manager to director, take part in the management development programme and follow the modules that relate to their specific position levels.

In 2006/2007 we also developed a new coaching model. Partners and employees can now be assigned more than one coach so that they receive feedback and support from different perspectives (job, performance and career) to help them with their individual career and development choices. This model forms a key part of our talent management strategy, and we have therefore also developed a specific training course during the past year to help employees establish effective coaching relationships.

Diversity and inclusion

Diversity is a strategic theme based on the premise that diversity fosters talent. The quality of service is demonstrably enhanced when employees of different cultures, backgrounds and experience work together and challenge each other to resolve business issues. The embedding of diversity in our business operations is both an internal and an external message that diversity is a strategic issue for PwC. Our Diversity Office, with a Diversity Director who reports directly to the Board of Management, was specifically set up to promote this theme.

Awareness is another important area of focus. More than 223 partners and 91 directors have already attended our diversity awareness training sessions. In 2008/2009 we will also start up a diversity module for our (senior) managers as part of the management development programme.

Priority 6: Objectives for 2008/2009

- Make values and CR a more prominent part of project appraisals;
- Increase the number of female partners from 5% to 10% by 2011;
- Embed diversity in all our processes, such as recruitment and selection, communication, Learning and Development, assessments, promotion decisions etc.

In May 2008 PwC, together with other leading employers, signed the 'Talent to the Top' covenant of the task force of the same name and, in doing so, committed ourselves to a policy aimed at encouraging the advancement of more women to the top corporate echelons.

The tangible results of our policy and actions are now becoming clear, though we realise that ongoing communication of objectives and progress, as well as an open discussion of behaviour among colleagues, remains crucial if we are to continue moving forward. The number of female managers has increased from 24% in 2003 to 30% in 2007 and the number of female senior managers rose from 16% to 22%. Unfortunately, the number of female directors decreased from 11% to 10%, but the number of female partners climbed from 3% to 5%. This latter percentage is still small, but the pool of female talent has demonstrably increased, opening up more opportunities for women to achieve leadership positions. This is partly a consequence of the sharply declining turnover rate among women - down to 16.8%, from 20.5% in 2006/2007.

In 2007/2008 three new networks of female (assistant) managers were set up alongside the national network of senior managers, directors and partners. These three regional networks are crucial as the staff turnover rate among women is particularly high at this level. As part of our management development programme, we have also developed a female leadership programme which stresses the need for authenticity while not ignoring the masculine elements in our daily practice.

Following the lead provided by our UK and US firms, amongst others, the Netherlands organisation also took the initiative to set up a Gay and Lesbian Network. The first meeting was held in May 2008. We also initiated a study into ethnic diversity as part of our recruitment efforts.

Diversity monitor

In 2006 we carried out our first-ever diversity monitor among employees. This demonstrated that there are still a number of obstacles in our path in terms of being an inclusive organisation. In June 2007 we repeated this survey, and 63% of employees responded (2006: 52%).

Progress is clear in several areas. Support for the diversity policy is growing. Men indicate that management has become more adept at dealing with diversity, while women say they feel more 'at home' in our culture compared to 2006. In addition, the Diversity Monitor showed that both men and women have noted an increased willingness to promote women to the higher echelons of the organisation. However, a number of major challenges remain. Active support for employees with children (both men and women) received the poorest rating in the survey, and this has led to a number of improvements in the conditions of employment, such as the introduction of daddy leave, childbirth leave and the nanny allowance.

Priority 7: Impact on our employees

Within PwC we are currently placing more emphasis on an integrated health policy. This involves devoting attention to a good working climate with healthy labour relations and scope for work-life balance choices. The Health & Safety Policy of PwC is subject to regular internal review and external audit based on a risk inventory and evaluation process (RI&E). A broad range of aspects in the field of working conditions, risks and safety are included in the RI&E. In 2007 PwC was rated as 'good', with no noteworthy recommendations. For the coming year we have set ourselves the goal of getting our health policy certified under the 'Model of Good Practice Health Management', the quality rating issued by the International Institute for Health Management and Quality (IHMQ).

Each year we carry out a study into screen-based working and workload. In the past year our computer usage remained virtually unchanged at an average of 3:31 hours of active screen-based working hours per day (2006/2007: 3:30 hours). This, however, is still much higher than the national average and also higher than our sector average. In the coming year we will be monitoring the use of computers more intensively.

Employees with work-related complaints can make use of the company physiotherapists who are available at a large number of our locations each week. Following a successful pilot conducted in 2006 and 2007 involving a total of 872 colleagues, all employees will be given an opportunity to take part in the PwC 'Vitality' Scan in the coming years. During this scan a doctor checks the employee's mental and physical health. Immediately after the check-up the doctor discusses the results with the employee on the basis of a report and also gives practical health improvement tips and suggestions. The overall conclusions of this Vitality Scan will be made available at group level to PwC. This will provide valuable input for further enhancement of our working conditions.

Priority 7: Objectives 2008/2009

- Achieve 65% participation in the PwC Vitality Scan;
- Obtain the IHMQ Model of Good Practice Health Management certificate;
- Develop an information brochure on setting up a workplace at home.

Developments in our conditions of employment

During the past year we have made new agreements with the Works Council regarding our conditions of employment; these took effect on 1 September 2008. The new package is designed to ensure that people feel genuinely appreciated and rewarded for their hard work. In addition, it allows employees optimal scope and opportunity to combine their work with external activities in which they choose to get involved. The conditions of employment support the implementation of the diversity policy.

One important aspect of the new package is flexibility and individual choice in relation to working hours. As part of our CR commitment we feel people should be able to avoid traffic congestion as well as have the opportunity to accompany their children to and from school or day care. We are also exploring opportunities for facilitating structural telecommuting, which would in principle enable employees to work a maximum of 20% at home on an ongoing basis provided that they are available at least three days a week either at the office or at clients.

Our leave schemes have also been updated, and we have introduced various forms of child care leave. Employees with a contract of at least five years may opt to work 80% of their hours at 90% of their salary for a maximum of two years in order to look after their children (up to 8 years old). With this measure we aim to make it easier for employees with young families to find the right balance between working, parental duties and leisure time. In the same vein we have also introduced 'daddy leave', which entitles fathers to ten days of childbirth leave. Another new scheme is the 'nanny allowance'. If part-timers are unexpectedly required to work on one of their free days, the extra child-minding costs will be refunded in certain circumstances.

People Survey

We attach great value to what our employees think of PwC as an employer. We therefore hold an annual survey which allows employees to express their views as to what they think is good and where they see scope for improvement. The results of this People Survey are used as input for our Human Capital policy.

One positive development from the results of the past year's survey is that our people do recognise that several key strategic HC themes have been seriously addressed. Among other things, diversity and internal mobility achieved significantly better scores than last year - at 67% (+7%) and 61% (+8%) respectively. In addition, 75% of staff feel appreciated as an individual and 80% believe that management proactively lives up to the Code of Conduct.

The conclusions are similar to those of the previous year, though the scores did drop off in a number of areas. Eighty-three per cent of employees are proud of PwC. Seventy-six per cent appreciate the variety of challenging engagements and 84% see a great many opportunities for growth and development, while 79% would recommend PwC as an attractive employer (down from 86% last year).

Our 'recurring shortcomings' include criticism of the remuneration policy and of insufficient performance-related differentiation in terms of employment. Only 27% think that PwC is well-placed to retain talented people. Though 4% better than last year, this is still far too low.

Proactive approach to recruitment

In the summer of 2007 we launched a new labour market campaign and a new recruitment internet site. In this increasingly tight market PwC is looking to recruit talented people from a variety of backgrounds. In this context, we believe that a person's ideas, opinions and talents are just as important as their educational background.

PwC Malawi Mission 2008

We selected 12 Tax & HRS students for a visit to Malawi in July 2008 with a group of PwC mentors. Both the actual trip and the earlier selection day were dedicated to Kids Moving the World (see page 98). During the selection day, the candidates played the Kids Moving the World game and were presented with a case study on the fiscal structuring of the cooperation between TNT and the World Food Programme.

The visit to Malawi centred on PwC's CR projects and services. By way of preparation, the winners came to our office to work with a team of professionals on an ongoing tax advisory engagement for a jatropha plantation. Jatropha is a good source of bio-fuel. During the visit the students visited a number of schools linked with Kids Moving the World. At these schools each student taught a class and helped to distribute food to the children. They also visited the jatropha plantation and presented PwC's final report to the client.

Our impact on the environment

Priority 8: Impact on the environment

Mobility

The introduction of our climate-neutral car lease scheme in 2005 marked a clear step forward in reducing our CO_2 emissions. Since the start of the scheme, both standard fuel consumption and actual fuel consumption have fallen year on year. No less than 80% of all our lease cars on the road now have a lower average standard consumption than the average for the relevant lease category at the start of the scheme.

Based on our lease company's benchmark data, PwC's total fleet is on average 4.8% more fuel-efficient for diesel cars and 5.5% more fuel-efficient for petrol cars when compared to the lease company's overall fleet average.

During the past year our lease cars were on average 3.4% more fuel-efficient (standard consumption) than in 2006. The actual fuel consumption decreased by 1.3% relative to 2006. The year-end settlement under our bonus/penalty scheme shows that, in 2007, 75% of our lease drivers remained within the set bandwidth in terms of actual fuel consumption (2006/2007: 70%). A total of 496 employees received a bonus because they drove more economically than expected on the basis of the standard consumption, while 97 employees incurred a penalty.

For the coming year the car scheme for partners was also amended and brought into line with the climate-neutral car scheme for employees.

According to our records PwC employees drove 62.4 million business kilometres in 2007/2008, representing an increase of 5.3% relative to 2006/2007, and the number of kilometres per employee increased by 2.1%. We also travelled more by air last year. Our air travel kilometres increased by 33.9% compared to 2006/2007, a very substantial increase caused by the internationalisation of our client engagements. Our non-client-related air travel kilometres decreased.

Energy consumption

Another important impact on the environment is the energy consumption in our offices. As at balance sheet date we occupied 17 office buildings. These are buildings which we either rent as the sole tenant or share with other tenants. It can be difficult, particularly at the shared office premises, to obtain insight into our energy consumption. For this reason, we measure our own electricity and gas consumption insofar as this is possible. Where no actual consumption data are available, we make an estimate based on extrapolation. This year our total energy consumption was 100.3 terrajoules, an increase of 4.6% compared to 2006/2007. Per FTE this works out at an increase of 1.4% relative to 2006/2007. Our total CO_2 emissions are lower than last year because we have been buying green power for our larger offices since 1 May 2007 and, consequently, the CO_2 emissions related to electricity consumption have fallen sharply.

Carbon Disclosure Project

In the past year PwC partnered with the Carbon Disclosure Project (CDP) in the Netherlands. This is an independent not-for-profit-organisation dedicated to setting up a structural information supply on the implications of climate change for shareholder value and corporate business strategies.

The CDP represents a group of 385 investors with more than USD 57 billion under management. On behalf of this group the CDP carries out an annual survey among some 3,000 listed companies. By means of a questionnaire, CDP invites companies to report on their emissions and climate strategy. This information is then made public. CDP thereby manages the world's largest database of CO_2 emissions data and has grown into a global standard for the calculation and reporting of CO_2 emissions.

In 2008, the CDP expanded its activities to include listed companies in the Netherlands. We welcome this development because it helps companies benchmark their CO_2 results to comparable companies. More and more executives are realising that CO_2 emissions come at a price. Reliable CO_2 information is therefore vital for strategic and operational decision-making. As a CDP partner, PwC draws up the country report and helps companies to determine and communicate their CO_2 footprint.

Climate neutral

Since 2006/2007 our business operations have been climate neutral because we buy CO_2 credits that compensate the CO_2 emissions of our car and air travel kilometres and of our energy consumption. Until recently we invested in renewable energy projects that fell within the Kyoto protocol's Clean Development Mechanism (CDM) standard. However, with effect from 1 January 2008, we decided to compensate our CO_2 emissions via projects falling within the Gold Standard developed by the environmental movement. The latter's stricter requirements regarding the additionality of projects means that the project is accepted only if it can be demonstrated that the CO_2 reduction resulting from the project would not have been achieved if the CO_2 credits could not have been traded.

Paper consumption

To support our aim to reduce paper consumption per employee, we began last year to replace our heavy-duty printers with multifunctional machines that default to double-sided printing. This year we started to incorporate double-sided printing functionality into our regular printers. This resulted in a further decrease in paper consumption, continuing the downward trend of recent years. In 2007/2008 a total of 424 tons of paper were purchased, representing an absolute increase of 2% compared to last year and a decline of 1.1% per FTE, thereby achieving our target. Our aim for the coming year is to sustain this downward trend.

Leaders for Nature

We realise that our low CO_2 footprint is the consequence both of CO_2 compensation and of measures taken centrally. However, both our energy consumption and our air travel and car kilometres are rising. So it is clear that we are still insufficiently able to cut CO_2 emissions by changing behaviour within the organisation. We aim to remedy this by reducing our CO_2 footprint (before compensation) by 10% in the coming three years.

This can only be achieved if we manage to involve and motivate our employees in this process. To this end, in the coming year we will create an internal ambassador network of PwC people dedicated to climate change. This will be done in association with Leaders for Nature, an initiative of the World Conservation Union (IUCN), which is a global network of national initiatives for sustainable development. Leaders for Nature was launched in 2005 and immediately caught the public eye because of an open letter sent by a large group of executives, including our own chairman of the board, to the government being formed at that time. The letter called upon the government to step up efforts to promote sustainable development. This was followed in 2007 by a second open letter signed by the Young Professional organisations of the participating companies, including Young PwC.

At a meeting held on 12 January 2008 a delegation from Young PwC committed itself to becoming a Leader for Nature. The most important elements of their 2008/2009 plan are as follows:

- To clearly identify and detail our CO_2 footprint and report this monthly to Business Unit Leaders;
- To create an ambassador network within the organisation through which Leaders for Nature enter into a dialogue with their partners and managers regarding possible measures.

Through the Leaders for Nature initiative we not only expect to achieve lower CO_2 emissions but also to make a contribution to our overarching objectives of further integrating CR into our organisation and engaging more employees in these efforts.

Priority 8: Objectives 2008/2009

- Reduce our CO_2 emissions by 10% in 2011 compared to 2008;
- Further reduce our paper consumption per FTE;
- Draw up a CO_2 reduction plan as part of the Leaders for Nature project;
- Create an ambassador network of Leaders for Nature within PwC.

Key CR figures

	2007/2008	2006/2007	2005/2006	2004/2005
Priority 1: Culture, ethics and values				
Number of complaints and reports [1]	3	1	3	2
Priority 2: Client service delivery				
Growth in CR-related revenue (percentage)	51.2	NM	NM	NM
Number of CR-related client engagements	73	64	NM	NM
Priority 3: Supply chain responsibility				
Electricity from renewable sources (percentage)	78.5	14.2	0	0
Priority 4: Public debate				
CR Index 'contribution to the public debate'	128	NM	NM	NM
Priority 5: CR Projects				
Number of staff engaged in CR (per 100 FTEs)	10.9	9.2	8.1	3.0
Number of completed CR projects	54	37	28	7
- Centrally coordinated CR projects	3	1	1	1
- 'My Projects'	51	36	27	6
Number of hours spent on CR projects	19,020	15,506	12,375	4,230
- Centrally coordinated CR projects	7,377	5,224	3,624	1,148
- 'My Projects'	7,439	6,906	6,531	1,865
- Internal projects and general coordination	4,204	3,376	2,220	1,217
Priority 6: Responsible leadership				
Number of participants in Responsible Leadership programmes [2]	37	11	NM	NM
Number of hours spent on Learning & Development (per FTE)	129	129	121	118
Diversity (percentage of women)	41.0	40.3	39.7	39.9
- Support staff	70.9	67.6	68.7	69.1
- Professional staff	34.0	33.4	32.7	32.4
- Partners	5.3	4.0	3.7	3.0
Priority 7: Impact on our employees				
Number of staff per job category	4,870	4,671	4,526	4,341
- Support staff	1,126	1,098	1,080	1,086
- Professional staff	3,481	3,325	3,203	3,020
- Partners	263	248	243	235
Number of staff per Line of Service				
- Assurance	2,414	2,390	2,318	2,210
- Advisory	554	463	401	354
- Tax & HRS	1,341	1,274	1,255	1,228
- Firm Services	561	544	552	549
Number of positive-minded staff (percentage)				
- Would recommend PwC as an attractive employer	79	86	83	86
- Are proud to work for PwC	83	85	82	86
- Believe PwC offers good opportunities for personal growth	84	88	87	86
NA: Not available NM: Not measured				

1) Handled by the Business Conduct Committee or Complaints Committee.
2) This relates to the international PwC leadership programmes Genesis Park, Ulysses, Oasis and My Way.

	2007/2008	2006/2007	2005/2006	2004/2005
Absenteeism (percentage)	3.7	3.9	4.1	4.5
Recruitment and attrition (number of staff)				
- Voluntary attrition	556	596	545	493
- Non-voluntary attrition (incl. retirement)	140	167	163	181
- New recruits	923	949	898	786
- Seconded from PwC [3]	48	49	55	32
- Seconded to PwC [3]	62	49	56	42
Average employee age	33.2	33.1	32.9	32.9
Service years				
- For male employees	6.9	7.0	7.2	7.5
- For female employees	6.2	6.2	6.4	6.5
Part-time work				
- Percentage of men working part-time	10.8	10.1	9.5	8.2
- Percentage of women working part-time	41.6	41.4	41.5	43.0
Workload				
- Average number of screen-based working hours per day	3:31	3:30	3:27	3:20
Priority 8: Impact on the environment				
Paper (in kg per FTE)				
- Purchased printer and copier paper [4]	95	96	78	81
- Recycled paper, cardboard and printed matter [5]	71	70	NM	NM
Car [6]				
- Number of business kilometres (per FTE)	13,926	13,643	13,832	14,196
- Average standard consumption [7] (litres per 100 km)	6.8	7.0	7.3	NA
- Average actual consumption [7] (litres per 100 km)	7.8	7.9	8.6	NA
- Number of bonuses awarded under the climate-neutral car scheme	496	561	0	0
- Number of penalties issued under the climate-neutral car scheme	97	131	0	0
Air travel				
- Number of kilometres flown (per FTE)	7,135	5,497	5,657	4,429
- Number of flights (per FTE)	4.2	3.5	3.6	2.9
Train				
- Number of business kilometres (per FTE)	202	107	NM	NM
- Number of journeys (per FTE)	1.48	0.82	NM	NM
CO_2 emissions (in tons)	18,531	21,127	21,133	19,987
- Cars	11,005	10,573	10,414	10,494
- Air	3,982	3,000	2,919	2,248
- Train	31	16	NG	NG
- Electricity [8]	1,414	5,595	6,398	5,742
- Gas [8]	1,349	1,283	1,402	1,504
- District heating	750	659	NM	NM
CO_2-compensation (in tons)	18,531	21,127	11,304	0

NA: Not available NM: Not measured

3) 2006/2007 adjusted.
4) 2006/2007 adjusted in connection with new definition (to include paper used in external printed matter).
5) Extrapolated on the basis of actual measurements.
6) Excluding partners.
7) Based on calendar years.
8) Extrapolated on the basis of actual measurements.

Assurance

External Assurance

We consider it important to obtain specific assurance on our Corporate Responsibility Report. In our engagement to KPMG we asked for reasonable assurance on the most important sections of our Corporate Responsibility Report and limited assurance on the other sections. The difference between the two lies in the scope and extent of the assurance procedures and consequently the amount of evidence obtained to substantiate the conclusions. In the future we intend to grow towards reasonable assurance for the entire Corporate Responsibility Report.

The assurance report of KPMG is included in the opposite column. Alongside their conclusions about the reliability of the information in the report, KPMG gives us two recommendations that we will give serious consideration in the implementation of our CR year plan for the coming year.
As explained on page 88 we want to organise more frequent stakeholder workshops in order to keep a sharp focus on what are the most important issues for us. Part of this consists of exchanging thoughts and views with our stakeholders on dilemmas that confront us in our work. We agree with KPMG that explanatory notes on dilemmas which our stakeholders perceive to be related to important issues will improve the quality of our Corporate Responsibility Report.

Assurance report

To the readers of the Corporate Responsibility Report 2007/2008 of PricewaterhouseCoopers B.V.

Introduction

The Board of Management of PricewaterhouseCoopers B.V. (further referred to as PwC) has asked us to provide assurance on the information in the Corporate Responsibility Report 2007/2008 (further referred to as the Report). The Report, including the identification of issues to be reported, is the responsibility of the Board of Management of PwC. Our responsibility is to issue an assurance report on the information in the Report.

Context and scope

In the Report, PwC describes its efforts and results in the field of Corporate Responsibility (CR). Our engagement was designed to:

- provide reasonable assurance as to whether the data for the financial year 2007/2008 and accompanying notes on the following subjects are reliable:
  - PwC's impact on society in the section entitled 'Our impact on society';
  - PwC's responsibility as employer in the section entitled 'Our impact on people';
  - PwC's impact on the environment in the section entitled 'Our impact on the environment';
  - PwC's results in the section entitled 'Key CR figures';

- provide limited assurance as to whether the other information in the Report is fairly stated. Procedures performed to obtain limited assurance are aimed at determining the plausibility of information and are less extensive than those performed to obtain reasonable assurance.

Standards and criteria

We conducted our engagement in accordance with Standard 3410N 'Assurance engagements relating to sustainability reports' of the NIVRA (Royal Netherlands Institute of Registered Accountants). This Standard requires, amongst other things, that the members of the assurance team possess the specific knowledge, skills and professional

competencies needed to understand and review the information in the Report, and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence.

There are no generally accepted standards for reporting Corporate Responsibility performance. PwC applies the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative (GRI) for drawing up the Report. In our opinion, the reporting criteria are applicable within the context of our assurance engagement.

Work undertaken and conclusions

With regard to the reliability of the data for the 2007/2008 financial year and the accompanying notes on the subjects listed in 'Context and scope', we performed the following activities:

- Assessment and testing of the design and functioning of the systems and processes used for information registration, collection and management for the reported data and accompanying notes, including calculations and consolidation of the results;
- Auditing internal and external documents to determine whether the information in the Report is supported by sufficient evidence;
- Analysis of the reported data and accompanying notes;
- Auditing the application of the internal principles for information management and the internal controls used in drawing up the reported data and accompanying notes;
- Interviews with relevant staff responsible for the analysis and reporting of the data and accompanying notes for these indicators.

Based on our work, we conclude that the data for the financial year 2007/2008 and accompanying notes are reliable for the following subjects: 'Our impact on society', 'Our impact on people', 'Our impact on the environment' and 'Key CR figures'.

With regard to the other information in the Report, we carried out the following activities:

- A review of the results of the stakeholder dialogue;
- A review of the systems and processes for information management, internal control and processing of the other information;
- A review of internal and external documents to determine whether the other information in the Report is supported by sufficient evidence;
- Interviews with relevant staff responsible for the analysis and reporting of the data in relation to these indicators;
- A review of the application level according to the GRI G3 Guidelines.

Based on our work, the other information in the Report does not appear to be unfairly stated.

Recommendations

Our review led to recommendations for improving the Report. Without affecting the conclusions presented above, we would like to draw the readers' attention to the following:
PwC has clearly involved stakeholders in the preparation of this Report. During the dialogue with its stakeholders it discussed which issues within the eight priorities are the most important for PwC. Part of the dialogue took place subsequent to the determination of the issues to be included in the Report. We recommend that PwC put the stakeholder dialogue process on a more structured footing by coordinating and aligning it with the preparation of the Report.

The Report describes PwC's activities and results in relation to defined priorities. We recommend that PwC discuss the most important dilemmas they encounter in relation to these priorities in more depth. In our opinion this would further reinforce the balance of the Report and thus increase its relevance and credibility.

Amstelveen, 16 September 2008

KPMG Sustainability
drs. W.J. Bartels RA

A new reality

Driving forces*

No matter what drives entrepreneurial people, they are always building new realities - consciously or subconsciously - for themselves, for society, for shareholders, for clients and for colleagues. People who want to make things happen don't sit around waiting for change. They make the first move, they catalyse change and break away from the status quo. That is the energy that makes entrepreneurial people driving forces.

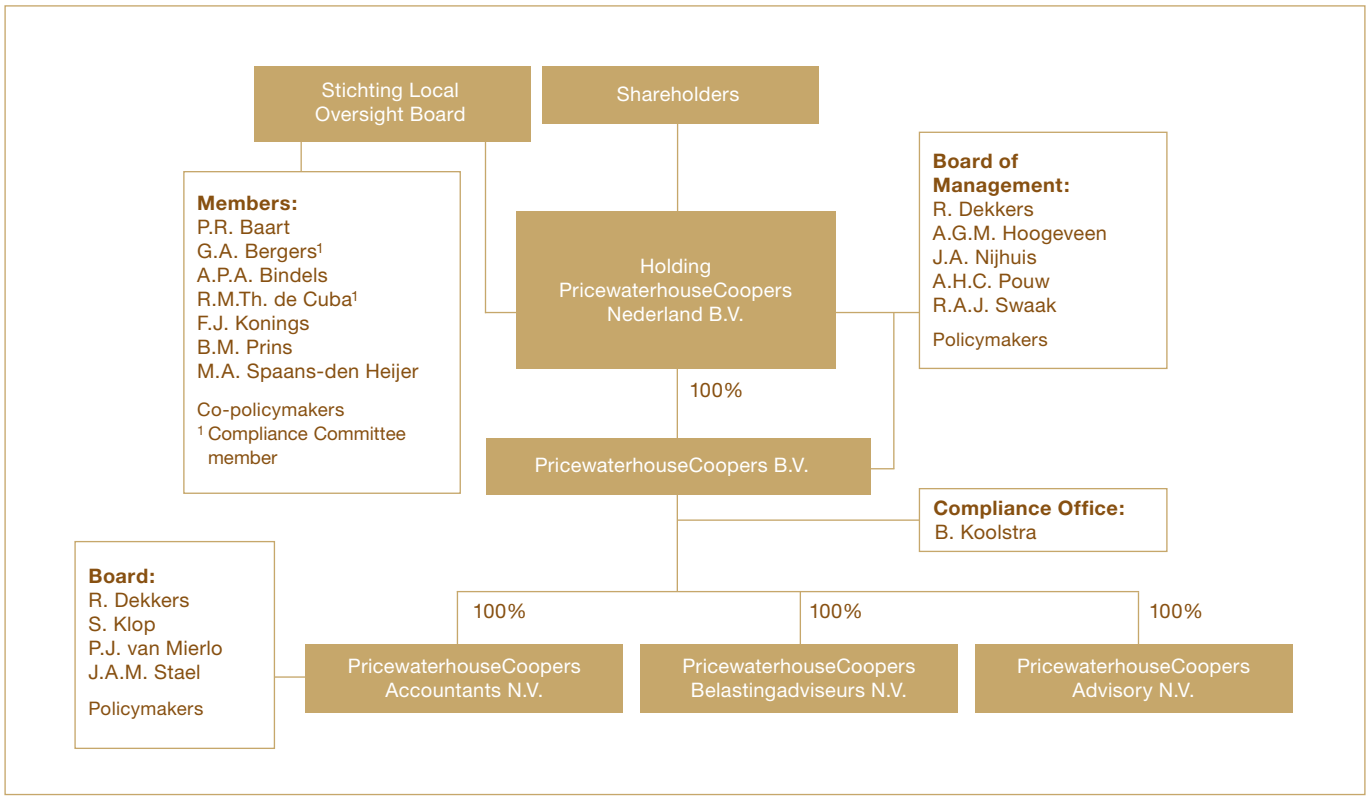
Photography: Moon Jansen Model: Willy Blonk

Transparency Report

This is the Transparency Report in which PricewaterhouseCoopers Accountants N.V. provides insight into the design and operation of its quality control system for the reporting year from 1 July 2007 to 30 June 2008. The Wta (Act on the Supervision of Audit Firms) requires audit firms to safeguard the quality of the statutory audit work and the correctness of the statutory audit opinions issued. The Transparency Report describes how our internal organisation is designed to meet the quality requirements of the Wta.

The Transparency Report covers the following aspects: the legal and organisational structure, the international network, the independence requirements, a brief description of the quality control system, the remuneration of our external auditors (partners and directors), as well as the importance of delivering optimal quality. The statement as required by law from our policymakers regarding the functioning of the quality control system is also included. The appendix lists the Public Interest Entities (PIEs) where a statutory audit was performed in 2007/2008 and which were clients of PricewaterhouseCoopers Accountants N.V. as at 30 June. A glossary is included from page 138.

Legal and organisational structure



PricewaterhouseCoopers Accountants N.V., the audit firm and holder of the licence under article 5 of the Wta, is a wholly-owned subsidiary of PricewaterhouseCoopers B.V. This B.V. also has the following wholly-owned subsidiaries:

- PricewaterhouseCoopers Belastingadviseurs N.V.
- PricewaterhouseCoopers Advisory N.V.

PricewaterhouseCoopers B.V., in turn, is a wholly-owned subsidiary of Holding PricewaterhouseCoopers Nederland B.V.

The shares of Holding PricewaterhouseCoopers Nederland B.V. are held (directly or indirectly) by private limited companies of professional practitioners (shareholders). These private limited companies have concluded an affiliation agreement with Holding PricewaterhouseCoopers Nederland B.V. The majority of the shareholders consists of professional practitioners who exercise the profession of auditor through PricewaterhouseCoopers Accountants N.V. The majority of the professional practitioners (being partners/shareholders) who are members of the audit firm are registered as an external auditor in the register of the Netherlands Authority for the Financial Markets (AFM).

PricewaterhouseCoopers Belastingadviseurs N.V. is responsible for a broad range of tax and human resource services. PricewaterhouseCoopers Advisory N.V. carries out advisory services in the field of mergers and acquisitions, performance improvement and crisis management. Where necessary, these two companies also support the statutory audits performed by the audit firm.

The board of the audit firm (also referred to as the Assurance Board), together with the Board of Management, is responsible for the set-up, maintenance and operation of the quality control system. They are therefore designated as policymakers within the meaning of the Wta. The responsibilities of the Local Oversight Board include

overseeing the performance of the Board of Management and Assurance Board, and has therefore been designated as co-policymaker.

Business Units

The audit firm is divided into ten business units (BUs). Each BU is headed by a Business Unit Leader (BUL). The BUL's tasks include the following:

- Implementation of the applicable regulations in the fields of quality, risk management and conduct (Code of Conduct).
- Pursuit of objectives related to revenue, productivity and profitability.
- Development and management of an effective infrastructure (staffing and resources, industry knowledge, BU planning).
- Staff management, with a focus on client service, and monitoring the development of our people and their experience and conduct. The BUL is assisted in this respect by the Human Capital partner.

In addition to the Human Capital partner, each BUL is also supported by a Quality Assurance Partner (QAP). On behalf of the BUL, the Quality Assurance Partner monitors compliance with quality and risk management standards. Among other things, these include the acceptance, continuance and performance of statutory audits.

The ten BUs, operating from 16 locations, consist of six Assurance BUs and four nationally operating BUs: Systems and Process Assurance (SPA), Transaction Services (TS), the Assurance section of Tax Management & Accounting Services (TMAS) and National Office (NO). Our Tilburg location is due to be closed in November 2008.

List of BUs

BU Amsterdam PIE	Amsterdam
BU Amsterdam PC & PS	Amsterdam, Alkmaar and Almere
BU South Holland	Rotterdam and The Hague
BU Central	Utrecht and Arnhem
BU North	Groningen, Leeuwarden, Hengelo and Zwolle
BU South	Eindhoven, Goes, Tilburg, Breda and Maastricht
Systems and Process Assurance (SPA)	Nationally operating BU
Transaction Services (TS)	Nationally operating BU
Tax Management & Accounting Services (TMAS)	Nationally operating BU
National Office (NO)	Nationally operating BU

Organisational structure of the international network

Holding PricewaterhouseCoopers Nederland B.V. and PricewaterhouseCoopers B.V. form part of the international PricewaterhouseCoopers network through their membership of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate and independent legal entity with a local ownership structure and local management. PwCIL, a UK-based private company limited by guarantee, fulfils a coordinating role, including the issuance of standards in the fields of risk and quality management. PwCIL does not carry out any services for clients and is exclusively dedicated to reinforcing the network of the member firms in the fields of developing strategy, promoting the knowledge and skills of professional practitioners and safeguarding the PricewaterhouseCoopers brand name. The individual member firms perform all services for their own account and risk and not on behalf of PwCIL.

Member firms are entitled to use the PricewaterhouseCoopers name and logo and also have access to the resources, methodologies, knowledge and expertise of the international PwC network. In exchange, every member firm must adhere to the specific, jointly formulated (quality) standards of this network. These have been adopted by the CEO of PwCIL and approved by the PwCIL Board. These quality standards meet those prescribed by the Wta.

Member firms may also participate in regional affiliations. These are designed to encourage cooperation and the application of common strategies and risk and quality standards. Apart from being a member of the international network, PricewaterhouseCoopers B.V. is also a member of PricewaterhouseCoopers Eurofirms C.V.B.A. (Eurofirms). This is a Belgium-based cooperative company with limited liability, and is also a member firm of PwCIL. Changes in the structure of the international network are to be implemented in the coming reporting year.

Within the framework of the international PwC network, internal quality reviews are performed on a regular basis via Eurofirms. These reviews cover the entire organisation, i.e. including the parts engaged in tax advice and advisory services. The Eurofirms Regional Office supports the member firms in the field of professional expertise, such as IFRS and SOx.

Quality policy

To us, delivering a high quality of service means more than simply complying with rules and regulations. It is also about the manner in which we add value to our clients. We strive to fulfil our social role as auditor and to participate in the 'global' and 'local' challenges across a broad spectrum of industries and sectors. Our policy is not to compromise when it comes to dealing with conflicts, and to always remain true to our professional standards and ethical principles. Our policymakers also constantly emphasise the importance of quality during training and internal meetings. In addition, we have a designated member of the Board of Management charged with the responsibility for our quality and risk management. In this context we also regularly visit clients and carry out client satisfaction surveys.

Quality assurance and control system

To meet the standards required in the delivery of our services, we have capable professionals and industry experts, who are responsible for a rapid exchange of knowledge and information, and who have the full support of our internal quality assurance and control system. Quality and risk management within our services therefore forms an integral part of the way in which our organisation is run.

The policymakers have ultimate responsibility for the proper functioning of this system. A Compliance Officer has been appointed to monitor adherence to standards and procedures and is accountable to the policymakers for his work and the achieved results. The quality assurance and control system is designed and tailored to provide the policymakers with a reasonable degree of assurance that statutory audits are performed in accordance with the applicable rules and regulations.

The central pillars of this system are:

- Clear responsibility and accountability (governance). The organisation-wide creed in this connection is: "The biggest mistake you can make is the mistake you make alone". Consultation is therefore seen as fundamental.
- Organisation-wide Code of Conduct, including the Complaints and Whistleblowing Policy.
- Extensive professional quality and risk management throughout our operational business processes, including the Quality Review Partners, under the supervision of the Compliance Office.

- Procedures for acceptance of new clients and of engagements from existing clients. This includes Client Selectivity, a selectivity programme facilitating the development of client relationships while maximising the achievement of business objectives. Quality is the defining factor here. This programme is also aimed at rejecting clients and engagements that involve risks such as integrity risk.
- Support from National Office advisers on professional issues.
- Professional training, for instance the Summer School and workshops within the BUs.
- Monitoring of the Quality Control programme, performed quarterly by the Quality Assurance Partner in the BU with formal accountability to the policymakers.
- Engagement reviews by independent partners.
- Annual confirmation from all partners and directors testifying to their compliance with all relevant laws and regulations, including the Wta.
- Quality Manual (Quality Assurance system), to which every employee has access through our intranet.
- Global audit methodology (the PwC Audit) using a state-of-the-art audit approach, standard electronic files and industry-focused audit programmes on the one hand while, on the other hand, tailored to individual client's specific issues and complexities.

A number of elements of our internal quality assurance and control system are set out below.

National Office

The National Office (NO) is responsible for promoting professional quality in the work carried out by external auditors and other employees. The NO contributes to the development and implementation of regulation in the field of accounting, assurance and risk management. It also contributes to the development of regulation for our own professional practice as well as the professional content of our training programmes. In addition, the NO closely follows the applicable regulations and keeps track of regulatory developments and changes.

The NO is also charged with a number of specific quality measures, such as conducting reviews of financial reports (primarily of Public Interest Entities) and handling professional consultations with engagement teams within the audit firm. On 30 June 2008 the NO had 25 staff, including six partners and six directors.

The NO consists of the following positions:
- Chief Auditor;
- Chief Accountant;
- Risk Management;
- Regulatory Affairs;
- Assurance IT;
- Learning and Development.

Compliance Office

Our audit firm has appointed a Compliance Officer (and a deputy), who is supported by the Compliance Office (CO). Alongside compliance with the Wta and related laws and regulations, the CO is also responsible for ensuring compliance with the WID (Services Identification Act), and the MOT (Disclosure of Unusual Transactions Act), which has since been incorporated into the new WvWFT (Money Laundering and Terrorism Financing Prevention Act). 'Conflict checking', independence and monitoring also fall within the CO's responsibilities. 'Conflict checking' concerns assessing whether existing client relationships, or engagements performed in the past, restrict our ability to independently perform the engagement in question. Monitoring consists of assessing the effectiveness of our internal quality assurance and control system, covering the organisation and its procedures as well as the quality guidelines to be applied per individual engagement. Within the monitoring system the work of the BU Quality Assurance Partners, the activities of the Quality Review Partner (QRP) assigned to each (PIE) engagement, the quality reviews performed in an international context, and the file reviews form an integral whole (see also below under periodic evaluation). This compliance structure is completed by activities of our Internal Audit Department and the CO's own monitoring work. A great deal has been invested in the CO in recent years. The costs involved in terms of direct hours and expenses (including the fee we pay the AFM for its supervision) amounted to € 4.6m in 2007/2008 (2006/2007: € 3.2m).

Internal Audit Department

Acting in an independent and objective role, the Internal Audit Department (IAD) provides the Board of Management with supplementary assurance in relation to:
- Risks and risk management;
- Effective and efficient control of business processes;
- Quality of the information systems.

The IAD also participates in carrying out the Compliance Officer's work programme.

Periodic evaluation

We regularly assess the design and functioning of our internal quality assurance and control system. Shortcomings identified are addressed by means of remediation to update the systems or improve our practices. During the past reporting year we documented and formalised these assessments. Systems improvements were effected in respect of Client & Engagement Management (CEM) and the QAS documentation system.

Working from a programme agreed with the (co-) policymakers, the Compliance Officer reports findings quarterly to the (co-)policymakers, including any shortcomings noted in the internal quality assurance and control system and recommendations for improvement. In addition, the Compliance Officer monitors the follow-up. Also important in this regard are the findings from the annual file review process carried out by the Risk Quality Review Partner. The Compliance Officer's approach is based principally on interviews, review of the reports within Assurance, and limited verification work. In addition, periodic consultation takes place with the National Office, the Assurance Board, the Board of Management and the Compliance Committee of the LOB. The Compliance Officer participates in various other consultative bodies, such as the Quality Assurance Partner meetings and the Risk and Quality platform.

The obligatory notifications from the Compliance Office to the AFM related to registrations and de-registrations of external auditors and/or shareholders and notifications of premature termination of statutory audit engagements. In addition to the obligatory notifications, a limited number of consultations were held with the AFM. The policymakers have drafted and implemented a remediation plan in response to the Compliance Officer's 2006/2007 report.

It should be stressed that the overall supervision of the design and functioning of the quality assurance and control system does not provide absolute certainty that all statutory audits are performed in accordance with the applicable laws and regulations. Nor do these systems prevent possible errors, inaccuracies, fraud or regulatory infringements. They do, however, offer reasonable assurance that our systems have functioned effectively.

In the financial year 2007/2008 the AFM carried out two limited on-site inspections of our quality control system: namely on 15 November 2007 and on 2 April 2008. On 22 and 23 May 2008 the AFM carried out a theme-based investigation specifically in connection with the credit crisis and reviewed a number of files in this connection.

Compliance with independence requirements

We have developed various systems to guarantee our independence. First and foremost is the requirement for personal independence. In addition, it is extremely important to meet the requirements applicable for the provision of other (non-assurance) services.

Our monitoring system consists of:

- Detailed guidelines and procedures;
- Mandatory independence training;
- Mandatory written annual confirmation of personal independence;
- Partner rotation programme to ensure periodic rotation of the client portfolio;
- Independence confirmations for specific client situations;
- Automated assessment system (CEM - Client & Engagement Management) for the acceptance of new clients and/or engagements;
- Automated international system ('MyPortfolio') for testing and recording holdings of securities and stocks;
- Consultations with our independence experts;
- Random testing of compliance with our independence procedures;
- Use of a global system that documents the nature of our services to clients (AFS) to prevent entering into any engagements that could jeopardise our independence.

Professional expertise policy

The internal training programme is one of the important pillars of the quality control system. The programme is a balanced mix of professional training, personal skills and management development courses. These range from basic courses for junior employees to update courses for more experienced staff. The Summer School 2008 is a good example of a four-day programme covering the more important current developments in auditing, risk management and reporting. The programmes are designed to explicitly focus on any key areas identified during internal file reviews. All in all, the professionals of

PricewaterhouseCoopers Accountants N.V. attend 25 days of training per person per year.

The training programme consists of mandatory and optional components. Regarding the optional components, each individual determines in consultation with his/her coach which parts of the programme fit with his/her position, client portfolio and personal development objectives.

Apart from maintaining professional expertise, communication regarding standards and rules is also of vital importance. Part of this consists of the Quality Assurance system, which gives our professionals access to all professional rules and regulations (both external and internal PwC rules) on one single portal. The Assurance Risk Management Manual (ARM) is particularly important in this connection and, with the PwC Audit, we have an advanced and client-focused methodology at our disposal. The National Office (NO) is responsible for the professional content of the (frequently obligatory) courses that are given within our audit firm. In addition, the NO keeps employees abreast of changes and additions by means of (in-house) periodic updates such as the weekly NO News, Spotlight, the US GAAS Desk and PCAOB Updates as well as webcasts.

The NO's main contributions to the professional expertise policy concern the following areas:
- Regulation;
- Accounting/financial reporting;
- Auditing/assurance;
- Risk management;
- Consultations;
- Professional content of Learning and Development.

Revenue

Total revenue for the financial year 2007/2008 of PricewaterhouseCoopers in the Netherlands was € 774m, including € 412m of revenue from the audit firm (PricewaterhouseCoopers Accountants N.V.). The audit firm's revenue can be analysed as follows:

(x € 1m)	2007/2008	2006/2007
Statutory audits	204	191
Other assurance services	93	99
Services for non-audit clients	57	46
Other services	54	67
Internal revenue	4	2
Total	**412**	**405**

Other assurance services include voluntary annual audits and work relating to capital market transactions. Other services include administrative support.

Remuneration of external auditors

The audit firm has determined that only experienced professionals at partner and director level may be designated as external auditors in the sense of the Wta. All other staff operate under the responsibility of, and report to, the external auditor and have no authority to sign opinions. The external auditors are appointed by the Assurance Board.

If an affiliation agreement has been concluded with the external auditor's private limited company, this auditor carries the title of partner. Holding PricewaterhouseCoopers Nederland B.V. pays a management fee through this private limited company.

The remuneration methodology is as follows:
- The Board of Management reviews and approves the Assurance Board's proposals regarding the role/responsibility of the partner for the coming financial year, and the partner is mapped to a category and to a position within this category (a process called 'mapping').
- In consultation with the 'Primary Reviewing Partner' (always a member of the Assurance Board), the partner sets personal targets, including specific quality objectives, and these must fit within the overall strategy of the organisation.

- An annual review establishes the extent to which the partner has achieved these targets. The review takes place during the annual evaluation interview, known as the BMG&D (Assessment, Mapping, Goal-setting and Development) meeting.
- The partner's contribution to key aspects of our business operations is also discussed during the review. The assessment addresses aspects such as client service, quality and professional expertise, coaching of our people and firm-wide initiatives. The partner's development aspects are also addressed at this stage.
- The outcome of the above process results in a remuneration level that reflects the partner's role, specific responsibilities and individual performance during the review year.
- The combination of responsibilities and performance results in a profit share in the form of a variable management fee.
- Failure by the partner to meet the required quality norm may affect his/her remuneration. A partner who falls short in terms of quality will automatically receive an insufficient score in the overall assessment, which can lead to a significant reduction in income. Positive commercial or other results cannot compensate for this.
- The BMG&D process is reviewed annually by the LOB.

The salary range of an external auditor who is active as a director is set annually by the Assurance Board. This salary depends on the role and the responsibility of the individual director. In addition, an annual bonus is awarded over the preceding financial year. The amount of the director's bonus is determined on the same basis as for partners. Consequently, the quality of the performance can also have a material effect on the director's remuneration.

Sanctions policy

Any instance of non-compliance with the (external and internal) requirements may result in a written warning. Depending on the severity of the case, this may ultimately lead to dismissal of the employee involved or termination of the affiliation agreement with the partner involved. The sanctions policy contains an overview of the possible sanctions and the committees and bodies to which infringements may be referred. These depend on the nature of the infringement and the phase of the process in question, but include the Complaints Committee, the Business Conduct Committee, the Independence Sanctions Committee and administrative and supervisory bodies.

Policymakers' statement

The measures and procedures set out in this report are designed to provide reasonable assurance that statutory audits are performed in accordance with the applicable rules and regulations.

The policymakers have evaluated the design and functioning of the quality assurance and control system as outlined in this report. In doing so, they have made use of the CO's report and have consulted with the co-policymakers.

Based on the above, the policymakers confirm that:
- the quality control system is operating effectively;
- the internal supervision regarding compliance with independence requirements has been carried out; and
- the professional expertise of our partners, directors and staff, including their awareness of the latest professional developments, is maintained in a structured manner.

Amsterdam, 16 September 2008

PricewaterhouseCoopers Accountants N.V.

R. Dekkers RA (Chairman)
S. Klop RA
P.J. van Mierlo RA
J.A.M. Stael RA

Appendix:
List of Public Interest Entities*

This appendix sets out the Public Interest Entities* (PIEs) for which PwC performed a statutory audit during the financial year 2007/2008 and which were clients of PricewaterhouseCoopers Accountants N.V. as at 30 June 2008.

Aalberts Industries N.V.
AerCap Holdings N.V.
AGIS Ziektekostenverzekeringen N.V.
AGIS Zorgverzekeringen N.V.
AIG Europe (Netherlands) N.V.
Algemene Levensherverzekering Maatschappij N.V.
Algemene Zeeuwse Verzekering Maatschappij N.V.
Amrest Holding N.V.
Amsterdam Molecular Therapeutics (AMT) Holding N.V.
Arag Nederland Algemene Rechtsbijstand Verzekeringsmaatschappij N.V.
Bank Oyens & Van Eeghen N.V.
Bank Insinger de Beaufort N.V.
Cascal N.V.
Centraal Bureau Slachtvarkensverzekeringen N.V.
Centraal Bureau Slachtveeverzekeringen N.V.
Club Cruise Entertainment & Travelling Services N.V.
Core Laboratories International N.V.
Corporate Express N.V.
DAS Nederlandse Rechtsbijstand Verzekeringmaatschappij N.V.
Dela Natura Uitvaart Verzekeringen N.V.
Dela RVS Uitvaartzorg Verzekeringen N.V.
Dela Verzekeringen N.V.
Delta Lloyd Dollar Fonds N.V.
Delta Lloyd Donau Fonds N.V.
Delta Lloyd Euro Credit Fund N.V.
Delta Lloyd Europa Fonds N.V.
Delta Lloyd Investment Fund N.V.
Delta Lloyd Jade Fonds N.V.
Delta Lloyd Levensherverzekeringsmaatschappij B.V.
Delta Lloyd Levensverzekering N.V.
Delta Lloyd Mix Fonds N.V.
Delta Lloyd Nederland Fonds N.V.
Delta Lloyd Rente Fonds N.V.
Delta Lloyd Schadeverzekering N.V.
Delta Lloyd Select Dividend Fonds N.V.
Delta Lloyd Zorgverzekering N.V.
DePfa Finance N.V.
Dexia Bank Nederland N.V.
DIM Vastgoed N.V.
DVB Bank N.V.
Electrorisk verzekeringsmaatschappij N.V.
Eriks Group N.V.
Gamma Holding N.V.
Gemalto N.V.
GENERALI Levensverzekering Maatschappij N.V.
GENERALI Schadeverzekering Maatschappij N.V.
Goudse Levensverzekeringen N.V.
Goudse Schadeverzekeringen N.V.
GWK Travelex N.V.
Head N.V.
HES Beheer N.V.
Holland Colours N.V.
Hoogovens Verzekeringsmaatschappij N.V.
IMC International Marketmakers Combination N.V.
International Insurance Corporation N.V.
Jetix Europe N.V.
Klaverblad Levensverzekering N.V.
Klaverblad Onderlinge Verzekeringsmaatschappij U.A.
Klaverblad Schadeverzekeringsmaatschappij N.V.
Koninklijke BAM Groep N.V.
Koninklijke KPN N.V.
Koninklijke Vopak N.V.
Kunst en Cultuur Pensioen en Levensverzekeringsmaatschappij N.V.
LeasePlan Corporation N.V.
LeasePlan Finance N.V.
Legal & General Nederland Levensmij N.V.
Levensverzekering Maatschappij Erasmus N.V.
LODH (Nederland) Holding N.V.
Loyalis Leven N.V.
Loyalis N.V.
Loyalis Schade N.V.
N.V. Koninklijke Delftsche Aardewerkfabriek "De Porceleyne Fles anno 1653"
N.V. Nationaal Spaarfonds
N.V. Waarborgmaatschappij Stiwoga
Nachenius, Tjeenk & Co N.V.
National Academic Verzekeringsmaatschappij N.V.

*Listed companies, credit institutions and insurance companies whose registered office is in the Netherlands.

This appendix sets out the Public Interest Entities* (PIEs) for which PwC performed a statutory audit during the financial year 2007/2008 and which were clients of PricewaterhouseCoopers Accountants N.V. as at 30 June 2008.

NIBC Bank N.V.
NIBC Holding N.V.
Nivo Uitvaartverzekeringen N.V.
NNPC OWM
NOWM Verzekeringen N.V.
Océ N.V.
OHRA Aandelenfonds N.V.
OHRA Care Fonds N.V.
OHRA Communicatie Technologie Fonds N.V.
OHRA Internet Fonds N.V.
OHRA Levensverzekeringen N.V.
OHRA Medical Technology Fonds N.V.
OHRA Milieutechnologie Fonds N.V.
OHRA Multimedia Fonds N.V.
OHRA New Energy Fonds N.V.
OHRA Obligatie Dividendfonds N.V.
OHRA Onroerend Goed Fonds N.V.
OHRA Schadeverzekeringen N.V.
OHRA Spaardividendfonds N.V.
OHRA Totaal Fonds N.V.
OHRA Ziektekostenverzekeringen N.V.
OHRA Zorgverzekeringen N.V.
Onderlinge Verzekering Maatschappij Donatus U.A.
Onderlinge Verzekering Maatschappij ZLM U.A.
Onderlinge Waarborg Maatschappij Theater B.A.
Onderlinge Zeeuwse Waarborgmij U.A.
OPG Groep N.V.
Optimix Investment Funds N.V.
Oranje OWM
Orca Finance Netherlands N.V.
Ordina N.V.
Paerel Leven N.V.
Petercam Bank N.V.
Peugeot Finance International N.V.
Randstad Holding N.V.
RBC Dexia Investor Services Netherlands N.V.
Reassurantiemaatschappij Nederland N.V.
Robeco CDO Finance Ltd.
Robeco CDO IV B.V.
Robeco CDO VI Ltd.
Robeco CDO VII Ltd.
Robeco CSO III B.V.
RVS Dela B.V.
Samas N.V.
Scarlet N.V.
Schadeverzekering Maatschappij De Nederlanden van NU N.V.
Schadeverzekering Maatschappij Erasmus N.V.
Scheepsverzekeringsmaatschappij Compact “DOV” N.V.
Schepen Onderlinge Nederland U.A.
Spazio Investment N.V.
STMicroelectronics N.V.
Swiss Re Life and Health Nederland N.V.
TNT N.V.
Trader Classified Media N.V.
Triodos Meerwaardefonds N.V.
Unilever Beleggingsbank B.V.
Unilever Insurances N.V.
Unilever N.V.
USG People N.V.
Uzet Natura uitvaartverzekeringen N.V.
Volkswagen Financial Services N.V.
Volkswagen International Finance N.V.
Vopak Risk Finance N.V.
Wereldhave N.V.
Woningborg Holding B.V.
X5 Retail group N.V.
Yapi Kredi Bank Nederland N.V.

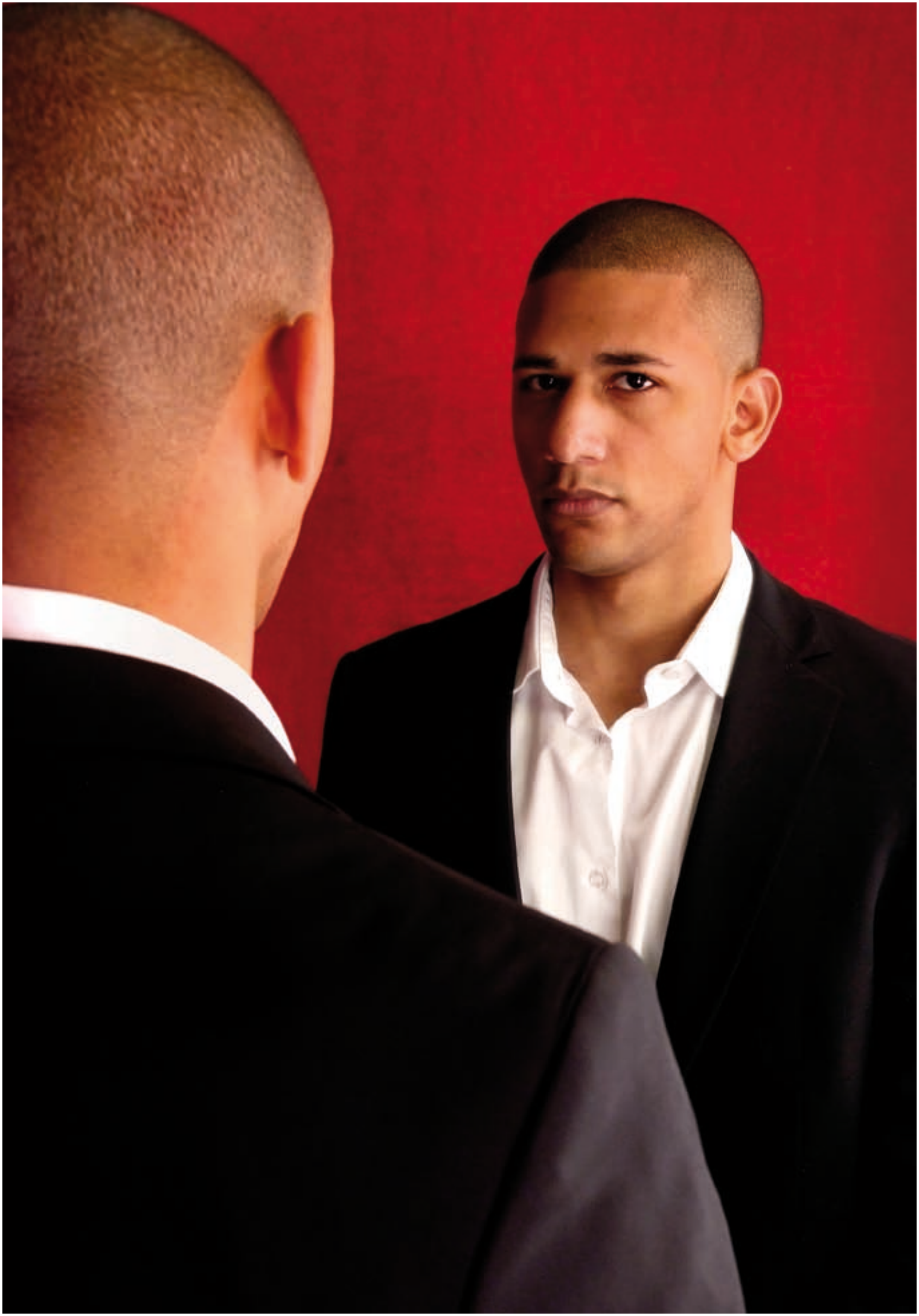
*Listed companies, credit institutions and insurance companies whose registered office is in the Netherlands.

A new reality

Robust dialogue*

New realities spawn new truths - whose meanings are not always immediately clear, unambiguous and non-controversial. The process of seeking, finding and interpreting new truths inevitably brings people together - because the dialogue is crucial in reaping the fruits of new realities. And the more robust the dialogue, the more fruitful the truths.

Photography: Jean van Lingen Model: Julio Klaverweide



Information on PwC

Corporate Governance

Our policy offers employees and partners ample scope for personal development, while continuously reinforcing our culture, improving our service, protecting and strengthening our brand (and reputation) and effectively managing our risks. Given the significant role our organisation and services play within society at large, in the Netherlands and beyond, we are constantly striving to ensure strong and transparent corporate governance.

Governance structure

The following bodies are central to the governance structure of PwC the Netherlands:

- General Meeting of Shareholders;
- Local Oversight Board (LOB);
- Board of Management;
- Line of Service Boards (LOS Boards);
- Country Admissions Committee (CAD).

General Meeting

Through the Partner B.V., each partner has one share in the capital of Holding PricewaterhouseCoopers Nederland B.V., and consequently has one vote. The General Meeting of Shareholders of Holding PricewaterhouseCoopers Nederland B.V. is held twice a year. The General Meeting has the usual powers; it approves the appointment and dismissal of members of the Board of Management and the LOB, adopts the annual financial statements and the budget, appoints partners and approves strategy.

Local Oversight Board (LOB)

At PricewaterhouseCoopers, the role of supervisory body is fulfilled by the LOB. It is an independent body, consisting of six partners from the three Lines of Service and an independent chairman. The members are chosen by the relevant Line of Service partners. Members of the LOB are appointed for a term of four years and may be re-elected for no more than one more term. Former members of the LOB may be re-elected after a pre-determined waiting period. In addition to its supervisory role, the LOB also has an advisory and a representative function.

Consequently, the responsibilities of the LOB include the supervision of the Board of Management (thereby contributing to good business conduct), the provision of advice on strategy and policy, and proactive attention to partner-related matters. The chairman of the LOB is also chairman of the General Meeting of PwC.
The LOB has three standing committees:

- Remuneration Committee, tasked with assessing, advising on and determining the remuneration of the members and the chairman of the Board of Management;
- Audit Committee, tasked with tracking and monitoring the processes surrounding the financial statements and budget;
- The Compliance Committee, tasked with supervising the quality assurance system and other compliance-related matters in connection with the Wta (Act on the Supervision of Audit Firms).

In addition, there are Short listing and Nomination Committees in place to deal with nominations for appointments to the Management Board, the boards of the three Lines of Service and the LOB. Moreover, LOB committees have been set up which periodically meet with their designated Board of Management member to discuss the individual's portfolio.

Board of Management

The Board of Management is responsible for creating and maintaining the right environment for the conduct of the company's business and is responsible for the achievement of PwC's objectives, strategy and policy. The Board of Management currently consists of five members who have each been assigned specific areas of responsibility in their portfolio. The allocation of responsibilities within the Board of Management reflects the board's need to manage and supervise the various Lines of Service and market segments as well as to manage functional tasks such as Finance, Human Capital, Knowledge Management, Facility Management, IT, Quality & Risk, Business Development and Marketing & Communication. The chairman and members of the Board of Management are appointed by the General Meeting of Holding PricewaterhouseCoopers Nederland B.V. The Assurance, Tax & HRS and Advisory representatives are also Chairmen of their own Line of Service Boards and Chairmen of the boards of their own operating companies.

Our management philosophy assumes that the board members should be able to return to their accountancy practice after serving as members of the Board of Management. They therefore continue to have client responsibilities alongside their management tasks. Members of the Board of Management are appointed for a term of four years and may be re-elected for no more than one additional term.

Lines of Service Boards (LoS Boards)

The members of the LoS Boards act as statutory directors of their own operating company. The respective boards have the same responsibilities as the Executive Board of any other public limited company which is a subsidiary in a similar corporate structure. The LoS Boards thus have operational responsibility, within their Lines of Service (LoS), for the development and implementation of strategies defined by the Board of Management and adopted by the General Meeting. This entails operational responsibility, for instance, for the day-to-day affairs and the results of the LoS, the quality of the professional practice and the services to clients, the HC policy, risk management, and the appraisal of partners and directors. The members of the LoS Boards are elected by the relevant LoS partners on the basis of proposals made by a Nominations Committee, which consists of the LoS members of the LOB and a maximum of three other partners from the LoS. LoS Board members are elected for a maximum of two four-year terms. The member of the Board of Management who represents a certain LoS is, by definition, member and chairman of the board of the relevant LoS N.V.

Country Admissions Committee (CAD)

The CAD acts as an advisory body for the Board of Management and the LoS Boards in terms of the appointment of new partners and directors. The CAD has a sub-committee for each LoS with an independent chairman. The chairman of the CAD is appointed by the Board of Management and the members are appointed by the LoS Boards, both for a maximum of two four-year terms. The chairman and the members must have no other board positions. The CAD focuses mainly on the personal qualities of the professionals concerned in terms of the standard profile for PwC partners and directors. Proposals for the appointment of new partners are presented to the Board of Management by the LoS Boards (along with the CAD's written concurrence) and they are in turn presented by the Board of Management to the General Meeting (along with the LOB's written concurrence)

Integrity

The integrity of our directors, partners and employees' conduct is assured, among other things, through the application of:

- The Code of Conduct; and
- The Complaints and Whistleblowing Policy.

Code of Conduct

The Code of Conduct is a worldwide code drawn up by the international PwC network. It sets out how PwC employees and partners should behave and act in differing circumstances and situations. In other words, the Code of Conduct reflects our own values and norms. We do realise that external and internal rules cannot cover all possible situations and behaviour. The main thing is that all our employees know and embrace the principles governing the way we work. The Code of Conduct, which is endorsed by all employees, is based on the core values of Excellence, Teamwork and Leadership. To encourage awareness and application of this Code of Conduct, it is covered by training courses for all new employees within the framework of our Learning & Development programme (L&D). In addition, the Code of Conduct and the issues which may arise in its application are also covered in L&D's activities related to leadership, management development and communication skills.

Complaints and Whistleblowing Policy

The Complaints and Whistleblowing Policy stems from the Code of Conduct, and addresses complaints in the personal sphere as well as reporting suspicions of business wrongdoing or incidents. In short, it provides an integrated approach to matters that are in conflict with the Code of Conduct or acceptable behaviour. Reporting can be made either internally or externally (by a third party). The policy details the procedures to be followed and the responsibilities and authority of the persons involved and of the committees set up or appointed for this purpose, such as the Complaints Committee and the Business Conduct Committee.

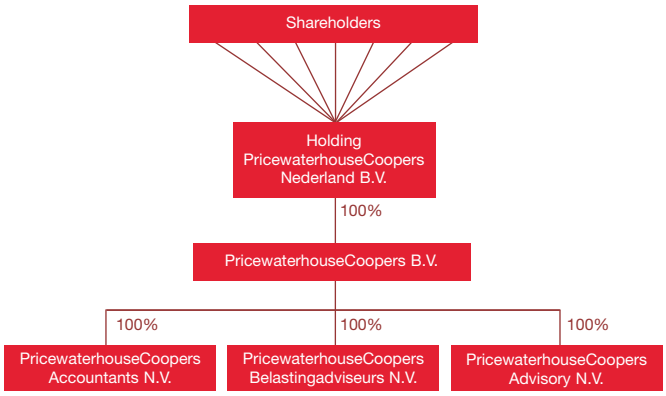
Confidential contact persons

More than fifteen confidential contact persons have been appointed within our organisation to provide support and assistance to those who have reported incidents or complaints. The committees involved report directly to the Board of Management regarding complaints and incidents under investigation, and the Board of Management is subsequently responsible for taking the necessary action. This underscores the importance we attach to ensuring that concerns about wrongdoing in our organisation can be raised in confidence, so that timely and appropriate action can be taken.

Our organisation

Legal structure

The legal structure of PricewaterhouseCoopers in the Netherlands is set out below.



Holding PricewaterhouseCoopers Nederland B.V.'s shares are held by the professional practitioners' private limited liability companies (besloten vennootschappen). These private limited liability companies have entered into what is known as an association agreement with Holding PricewaterhouseCoopers Nederland B.V. Under this association agreement and in return for a management fee, the private limited liability company makes the professional practitioner available for the purpose of practising one of the professions described under the activities.

Organisational structure of the international network

Holding PricewaterhouseCoopers Nederland B.V. and PricewaterhouseCoopers B.V. are member firms of the international PricewaterhouseCoopers network. Each national organisation affiliated with this network (hereinafter called a 'member firm') is a separate and independent legal entity with its own ownership and control structures. Member firms come together by participating in PricewaterhouseCoopers International Ltd. (PwCIL), a UK-based company limited by guarantee, which plays a coordinating role in certain fields, such as risk and quality management.

PwCIL performs no services for or on behalf of clients. All client services are carried out by the individual member firms for their own account and responsibility, and therefore not on behalf of PwCIL.

A detailed description of our international structure is set out in the Transparency Report.

Eurofirms

Member firms may also participate in regional alliances to encourage cooperation and the application of shared strategies as well as risk and quality standards. In addition to being a member of the international network, PricewaterhouseCoopers B.V. is also a member of PricewaterhouseCoopers Eurofirms C.V.B.A. (Eurofirms), a Belgium-based cooperative company with limited liability, which is also affiliated as a member firm with PwCIL.

Activities

Each of PwC's business services fall into one of the following three Lines of Service:

- Assurance;
- Tax & Human Resource Services;
- Advisory.

These respective activities are carried out by the following subsidiaries:

- PricewaterhouseCoopers Accountants N.V.;
- PricewaterhouseCoopers Belastingadviseurs N.V.;
- PricewaterhouseCoopers Advisory N.V.

Our professional industry knowledge and expertise are grouped together in market segments and industry sectors.

Management responsibilities for the Lines of Service

The management responsibility for the various Lines of Service (LoS) rests with the LoS Boards, which are also the boards of the subsidiaries involved:

- PricewaterhouseCoopers Accountants N.V.;
- PricewaterhouseCoopers Belastingadviseurs N.V.;
- PricewaterhouseCoopers Advisory N.V.

The composition of these boards was as follows (1 July 2007 to 30 June 2008):

- Assurance Board, also the board of PricewaterhouseCoopers Accountants N.V.: Ruud Dekkers (Chairman), Steef Klop (Private Companies), Jan Stael (PIE, Public Sector and Quality & Risk), Peter van Mierlo (Human Capital and Finance);
- Tax & HRS Board, also the board of PricewaterhouseCoopers Belastingadviseurs N.V.: Fons Hoogeveen (Chairman), George de Soeten (PIE), Jac Veeger (PC and PS) - on 1 October 2007 Walter de Zeeuw (Human Capital and Business Development) and Anita Blank-Nijboer (Quality & Risk and Finance) were appointed members of the Tax & HRS Board and Ron Unger resigned from the board;
- Advisory Board, also the board of PricewaterhouseCoopers Advisory N.V.: Arno Pouw (Chairman), Hans Borghouts (Business Development and Knowledge Management), Jan Maarten van der Meulen (Operations and Finance), Robbert-Jan Poerstamper (Human Capital and Quality & Risk).

Operations

For operating purposes, the Lines of Service are subdivided into Business Units. These units are led by Management Teams consisting of a Business Unit Leader, an HC partner and a Quality Assurance partner.

Market segments

Decision-making and knowledge sharing in the areas of Public Interest Entities (PIE), Private Companies (PC), Public Sector (PS) and the Transactions Group (TG) takes place at Board of Management level. As a member of the Board of Management, Arno Pouw manages and directs the Industry Leaders and the Transactions Group Leader.

The Private Companies Management Team manages the Office Leaders and thereby also the marketing activities, decision-making and knowledge sharing for this market segment. This team consists of representatives from the LOS Boards and is chaired by Fons Hoogeveen.

The PS market segment is managed by Fons Hoogeveen and Arno Pouw, given both the geographical spread and the industry expertise involved.

Public Interest Entities (PIE)

The Public Interest Entities (PIE) market segment consists of large listed corporations and other major international companies.

Private Companies (PC)

The Private Companies market segment consists of unlisted entities, such as family businesses and regional companies and institutions.

Public Sector (PS)

The Public Sector market segment consists of government and semi-government institutions as well as health sector organisations which typically have a regulated character. This includes both national and local authorities, but we also do work internationally, for instance for international public institutions.

Transactions Group (TG)

The Transactions Group consists of some two hundred professionals from all Lines of Service who have specialised in advising on mergers and acquisitions. The Transactions Group offers support with acquisitions (e.g. due diligence), capital market transactions (e.g. IPOs), valuation issues and tax advice, as well as with human resource matters.

Industry Leadership in the Netherlands

The Industry Leaders have primary responsibility for the marketing activities in the PIE segment. An Industry Leader has been appointed for each of our industry sectors, which are as follows:

- Consumer and Industrial Products & Services (CIPS): This sector includes trading and production companies dealing in industrial and consumer goods, as well as pharmaceuticals, construction, transport and logistics, automotive and business services. The Industry Leader is Sytso Boonstra.
- Technology, Information & Communication, Entertainment & Media (TICE): This sector comprises companies active in technology, telecommunications, entertainment and media, as well as biotechnology firms and companies with exceptional growth potential. The Industry Leader of TICE is Frits Litjens.
- Financial Services (FS): This sector includes financial institutions such as banks, credit institutions, pension funds and (health) insurers, as well as real estate and asset management companies. The Industry Leader is Emile Rondhout.
- Energy, Utilities & Mining (EU&M): This sector includes waste, water, oil, gas and electricity firms. The Industry Leader of EU&M is Aad Groenenboom.

Peter van Driel is responsible for the Public Sector market segment. The Transactions Group is led by Peter van Mierlo.

Offices

The Office Leaders are responsible for the marketing activities in the PC segment. These are:

- Alkmaar: John Pannekeet
- Almere: Gijsbert Turkenburg
- Amsterdam: Jan Sebel
- Arnhem: Richard Venderbosch
- Breda: Ton Vercammen
- The Hague: Eric de Jong
- Eindhoven: Wim Kraaijeveld
- Goes: Leon de Zwart
- Groningen: Douwe Plantinga
- Hengelo: Gert-Jan Oude Voshaar
- Leeuwarden: Almar van Keulen
- Maastricht: Richard Dohmen
- Rotterdam: Michel Adriaansens
- Tilburg: Igor Burger
- Utrecht: Richard Kraan
- Zwolle: Jan Boom

Office Leader meetings take place periodically, with the Office Leaders of all PwC offices and the Private Companies Management Team.

Board of Management

Jos Nijhuis (1957) started his career in 1980 as an accountant at one of the legal predecessors of the current organisation. He has been a partner since 1989 and was appointed Vice Chairman of the Board of Management on 7 February 2001. Jos Nijhuis has been Chairman of the Board of Management since 19 April 2002.

Portfolio:
- Member of Eurofirms Executive Committee
- Member of Eurofirms Board
- Strategy
- Corporate Affairs/external spokesman
- Partner Affairs and Partner Development
- Corporate Responsibility
- Diversity

Appointed: 1 January 2005
End of term of office: 31 December 2008, but resigning on 30 September 2008

Robert Swaak has been proposed to the General Meeting as his successor.

Ruud Dekkers (1959) joined one of the legal predecessors in 1981 and has been a partner since 1988. In 1994 he joined the board of one the legal predecessors. Since 1998 he has been a member of the Assurance Board and since 2001 Chairman of the Board of PricewaterhouseCoopers Accountants N.V., as well as a member of the Board of Management.

Portfolio:
- Assurance
- Quality & Risk
- Works Council Employer's Representative

Appointed: 1 November 2005
End of term of office: 31 October 2009, not eligible for reappointment

Fons Hoogeveen (1961) joined one of the legal predecessors in 1985 as a tax advisor and has been a partner since 1995. In January 2003, he became a member of the Dutch Tax & HRS Board. Since 1 January 2004, he has been a member of the Board of Management and Chairman of the Board of PricewaterhouseCoopers Belastingadviseurs N.V.

Portfolio:
- Tax & HRS
- Private Companies and Public Sector market segments
- Business Development
- Marketing & Communication

Appointed: 1 January 2008
End of term of office: 31 December 2011, not eligible for reappointment

Arno Pouw (1959) joined one of the legal predecessors as an auditor in 1985 and has been a partner since 1993. During the period 1999-2004 he was responsible for the Financial Services industry sector. In 2004 he was appointed Chairman of the Advisory Board. He has been a member of the Board of Management and Chairman of the Board of PricewaterhouseCoopers Advisory N.V since 1 July 2006.

Portfolio:
- Advisory
- Public Interest Entities and Public Sector market segments
- Transactions Group
- Online Knowledge Management

Appointed: 1 July 2006
End of term of office: 30 June 2010, eligible for reappointment

Robert Swaak (1960) joined one of the legal predecessors as an auditor in 1988 and has been a partner since 1998. From 2004 to 30 June 2006 he was a member of the Assurance Board. He has been a member of the Board of Management since 1 July 2006 in the roles of CFO and COO and is responsible for the Human Capital portfolio.

Portfolio:
- Human Capital
- Chief Financial Officer
- Chief Operating Officer

Appointed: 1 July 2006
End of term of office: 30 June 2010, eligible for reappointment

Glossary

AFM	Netherlands Authority for the Financial Markets
AFS	Authorisation for Service
ARM	Assurance Risk Management Manual
AVAS	Accounting and Valuation Advisory Services
BDMC	Business Development, Marketing & Communication
BMG&D	Assessment, Mapping, Goal-Setting & Development
Bta	Decree on the Supervision of Audit Firms
BU	Business Unit
BUL	Business Unit Leader
CAD	Country Admissions Committee
CCTB	Common Consolidated Tax Base
CDM	Clean Development Mechanism
CDP	Carbon Disclosure Project
CEM	Client & Engagement Management
CFO	Chief Financial Officer
CIPS	Consumer and Industrial Products & Services
Client Selectivity	Acceptance and continuance of client relationships and engagements
Code of Conduct	Rules of behaviour within PwC
CO	Compliance Office
Compliance	Adherence to rules and regulations
Compliance Officer	Officer tasked with supervising compliance
COO	Chief Operating Officer
CR	Corporate Responsibility
EU&M	Energy, Utilities & Mining
FS	Financial Services
GHG Indicator	Greenhouse Gas Indicator
GRI	Global Reporting Initiative
HC	Human Capital
HRS	Human Resource Services
IFA	International Fiscal Association
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IHMQ	International Institute for Health Management and Quality
ISQC1	International Standards on Quality Control 1 (quality standards for Audit Firms)
KM	Knowledge Management
KPI	Key Performance Indicators

L&D	Learning and Development
LOB	Local Oversight Board
LoS	Line of Service
M&A	Mergers & Acquisitions
MOT	Disclosure of Unusual Transactions (Act)
NO	National Office
PC	Private Companies
PCAOB	Public Company Accounting Oversight Board
PIE	Public Interest Entity
PS	Public Sector
PwC	PricewaterhouseCoopers
PwCIL	PricewaterhouseCoopers International Limited
Q&R	Quality & Risk
QAP	Quality Assurance Partner
QAS	Quality Assurance System
QRP	Quality Review Partner
RI&E	Risk Inventory and Evaluation
SOx	Sarbanes-Oxley
SPA	Systems & Process Assurance
TG	Transactions Group
TICE	Technology, Information, Communication, Entertainment & Media
TMAS	Tax Management & Accounting Services
TS	Transaction Services
TTC(F)	Total Tax Contribution (Framework)
UNEP	United Nations Environment Programme
US GAAS	United States Generally Accepted Auditing Standards
VBDO	Association of Sustainable Investors
WID	Identification (Provision of Services) Act
Wta	Act on the Supervision of Audit Firms
XBRL	eXtensible Business Reporting Language

GRI Table

No.	GRI description		pgs.	
Strategy and analysis				
1.1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.	●	-	Foreword: A New reality
1.2	Description of key impacts, risks and opportunities.	●	5-9	Market developments and strategy
Organisational profile				
2.1	Name of the organisation	●	133	Our organisation
2.2	Main brands, products and/or services.	●	25	Services
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	●	115	Legal and organisational structure
2.4	Location of the organisation's headquarters.	●	148	Acknowledgements
2.5	Number of countries where the organisation operates, and the names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	-	Inside front cover
2.6	Nature of ownership structure and legal form.	●	115	Legal and organisational structure
2.7	Markets served (including geographical breakdown, sectors served and types of customers/beneficiaries).	●	-	Inside front cover
2.8	Scale of the reporting organisation.	●	3	Key figures
2.9	Significant changes during the reporting period regarding size, structure or ownership.	●	-	No significant changes
2.10	Awards received during the reporting period.	●	-	None
Report parameters				
Report profile				
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	●	86	About our CR Report
3.2	Date of the most recent report (if any).	●	-	Foreword: A new reality
3.3	Reporting cycle (annual, biennial, etc.).	●	86	About our CR Report
3.4	Contact point for questions regarding the report or its contents.	●	148	Acknowledgements
Reporting scope and boundaries				
3.5	Process for defining report content.	●	86	About our CR Report
3.6	Boundary of the report.	●	86	About our CR Report
3.7	State any specific limitations on the scope or boundary of the report.	●	86	About our CR Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.	●	86	About our CR Report
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	●	86	About our CR Report
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reason for such restatement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	86	About our CR Report
3.11	Significant changes from previous reporting periods within the scope, boundary, or measurement methods applied in the report.	●	86	About our CR Report

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported ╳ Not relevant for PwC

No.	GRI description		pgs.	
GRI content index				
3.12	Table identifying the location of the Standard Disclosures in the report.	●	140-147	GRI Table
Assurance				
3.13	Policy and current practice with regard to seeking external assurance on the report.	●	108-109	Assurance
Governance, commitments and engagements				
Governance structure				
4.1	The governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	●	115	Legal and organisational structure
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, his/her function within the organisation's management and the reasons for this arrangement).	●	136-137	Board of Management
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	-	PwC does not have a single-tier management structure.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	88-131	Dialogue with our stakeholders General Meeting
4.5	Linkage between remuneration for members of the highest governance body, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance).	●	-	There is no link between remunerations and society- and environment-related performance.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	131-132	Corporate Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	●	37 131-132	Remuneration Corporate Governance
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	●	132	Code of Conduct
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence to internationally agreed standards, codes of conduct and principles.	●	88 86	CR Office About our CR Report
4.10	Processes for the evaluation of performance of the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	●	88 85-104	CR Office Objectives
Commitments to external initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	●	32-33 87	Risk factors Priorities
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses.	●	86	About our CR Report
4.13	Membership in associations.	●	94	Public debate
Stakeholder engagement				
4.14	List of stakeholder groups engaged by the organisation.	●	89-90	Eight priorities
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	88-89	Dialogue with our stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	88-89	Dialogue with our stakeholders
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	●	88-89	Dialogue with our stakeholders

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported ╳ Not relevant for PwC

No.	GRI description		pgs.	
Economic Performance Indicators				
Management approach				
DMA	Objectives and results	●	3 7 38	Key figures Strategy Outlook
DMA	Policy	●	5 7 25	Market developments and strategy Strategy Services
DMA	Responsibility	●	-	Board of Management
DMA	Training	●	-	PwC gave no training in economic impact. We do train our people in matters such as independence and integrity.
DMA	Monitoring and follow-up actions	●	-	Board of Management
DMA	Other relevant contextual information	●	32-33 38	Risk factors Outlook
Aspect: Economic performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee remuneration, donations and other community investments, retained earnings and payments to capital providers and governments.	●	3 95	Key figures Our impact on society (Total Tax Contribution)
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	◐	103	Our impact on the environment
EC3	Coverage of the organisation's defined benefit plan obligations.	●	51	Pensions
EC4	Significant financial assistance received from government.	●	-	PwC receives no financial support from governments.
Aspect: Market presence				
EC5	Range of ratios of the standard entry level wage compared to local minimum wage at significant locations of operation.	○	-	
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	×	-	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	×	-	
Aspect: Indirect economic impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit, for commercial in-kind, or pro bono engagement.	●	25 94 96	Services Public debate CR projects
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	25 94 96	Services Public debate CR projects
Environmental Performance Indicators				
Management approach				
DMA	Objectives and Results	●	106-107 85-104	Key CR figures Objectives
DMA	Policy	●	87 103	Eight priorities Our impact on the environment
DMA	Responsibility	●	-	CR Officer
DMA	Training	●	-	PwC gave no training in environmental impact

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported × Not relevant for PwC

No.	GRI description		pgs.	
DMA	Monitoring and follow-up actions	●	-	CR Officer
DMA	Other relevant contextual information	●	103	Our impact on the environment
Aspect: Materials				
EN1	Materials used by weight or volume.	●	106-107	Key CR figures
EN2	Percentage of materials used that are recycled input materials.	○	-	
Aspect: Energy				
EN3	Direct energy consumption by primary energy source.	●	106-107	Key CR figures
EN4	Indirect energy consumption by primary source.	○	-	
EN5	Energy saved due to conservation and efficiency improvements.	●	103 106-107	Our impact on the environment Key CR figures
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirement as a result of these initiatives.	●	104	Climate-neutral
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	×	-	
Aspect: Water				
EN8	Total water withdrawal by source.	×	-	
EN9	Water sources significantly affected by withdrawal of water.	×	-	
EN10	Percentage and total volume of water recycled and re-used.	×	-	
Aspect: Biodiversity				
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.	×	-	
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of a high biodiversity value outside protected areas.	×	-	
EN13	Habitats protected or restored.	×	-	
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	×	-	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risks.	×	-	
Aspect: Emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	106-107	Key CR figures
EN17	Other relevant indirect greenhouse gas emissions by weight.	○		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	104 106-107	Climate-neutral Key CR figures
EN19	Emissions of ozone-depleting substances by weight.	○		
EN20	NO, SO and other significant emissions, by type and weight.	○		
EN21	Total water discharge by quality and destination.	×		
EN22	Total weight of waste, by type and disposal method.	◐	104 106-107	Paper consumption Key CR figures
EN23	Total number and volume of significant spills.	×	-	
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Appendix I, II, III and VIII and percentage of transported waste shipped internationally.	×	-	
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharge of water and runoff.	×	-	

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported × Not relevant for PwC

No.	GRI description		pgs.	
Aspect: Products and services				
EN26	Initiatives to compensate for the environmental consequences of products and services and the scale of this compensation.	●	103 106-107	Our impact on the environment Key CR figures
EN27	Percentage of sold products for which packaging is collected, by category.	×	-	
Aspect: Compliance				
EN28	Monetary value of significant penalties and total number of non-monetary sanctions for non-compliance with environmental legislation and regulations.	○	-	
Aspect: Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	●	103 106-107	Our impact on the environment Key CR figures
Aspect: Overall				
EN30	Total environmental protection expenditures and investments by type.	○	-	
Performance indicators: Labour practices and Decent Work				
Management approach				
DMA	Objectives and results	●	106-107 85-104	Key CR figures Objectives
DMA	Policy	●	87 99 100	Eight priorities Responsible leadership Impact on our people
DMA	Responsibility	●	-	Human Capital Director
DMA	Training	●	-	PwC gave no training in working conditions. Training for our social impact is not yet structurally embedded.
DMA	Monitoring and follow-up actions	●	-	Human Capital Director CR Officer
DMA	Other relevant contextual information	●	99	Our impact on people
Aspect: Employment				
LA1	Total workforce by employment type, employment contract and region.	●	106-107	Key CR figures
LA2	Total number and rate of employee, by age group, gender and region.	●	106-107	Key CR figures
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	×	-	
Aspect: Labour/Management relation				
LA4	Percentage of employees covered by collective labour agreements.	×	-	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	○	-	
Aspect: Occupational health and safety				
LA6	Percentage of total workforce represented in formal management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	○	-	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and the number of work-related fatalities by region.	●	106-107	Key CR figures
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	●	106-107	Key CR figures
LA9	Health and safety topics covered in formal agreements with trade unions.	×	-	

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported × Not relevant for PwC

No.	GRI description		pgs.	
Aspect: Training and education				
LA10	Average hours of training per year per employee, by employee category.	●	106-107	Key CR figures
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	106-107	Key CR figures
LA12	Percentage of employees receiving regular performance and career development reviews.	○	-	
Aspect: Diversity and opportunity				
LA13	Composition of governance bodies and breakdown of employees per category, according to gender, age group, minority group membership and other indicators of diversity.	●	106-107	Key CR figures
LA14	Ratio of basic salary of men and women by employee category.	○	-	
Performance indicators for human rights				
Management approach				
DMA	Objectives and results	◐	106-107 85-104	Key CR figures Objectives
DMA	Policy	◐	91 131	Culture, ethics and values Corporate Governance
DMA	Responsibility	●	-	Ethics and Business Conduct partner
DMA	Training	●	-	PwC gave no training in the impact on human rights.
DMA	Monitoring and follow-up actions	●	-	Ethics and Business Conduct partner CR Officer
DMA	Other relevant contextual information	●	-	There is no relevant contextual information.
Aspect: Investment and procurement policy				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	×	-	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	○	-	
HR3	Total hours of staff training on policies and procedures concerning aspects of human rights that are relevant to the operations, including the percentage of employees trained.	○	-	
Aspect: Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken.	●	106-107	Key CR figures
Aspect: Freedom of association and collective bargaining				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	×	-	
Aspect: Child labour				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	×	-	
Aspect: Forced and compulsory labour				
HR7	Operations identified as having risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	×	-	

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported × Not relevant for PwC

No.	GRI description		pgs.	
Aspect: Security practices				
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	×	-	
Aspect: Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	×	-	
Society Performance Indicators				
Management approach				
DMA	Objectives and results	●	106-107 85-104	Key CR figures Objectives
DMA	Policy	●	87 96	Eight priorities CR Projects
DMA	Responsibility	●	-	CR Officer
DMA	Training	●	-	PwC gave no training in the impact on society.
DMA	Monitoring and follow-up actions	●	-	CR Officer
DMA	Other relevant contextual information	●	94	Our impact on society
Aspect: Community				
SO1	Nature, scope and effectiveness of all programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	×	-	
Aspect: Corruption				
SO2	Percentage and total number of business units analysed for risks related to corruption.	○	-	
SO3	Percentage of employees trained in the organisation's anti-corruption policy and procedures.		-	
SO4	Actions taken in response to incidents of corruption.		-	
Aspect: Public policy				
SO5	Public policy positions and participation in public policy development and lobbying.		87 94	Eight priorities Public debate
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	●	-	Did not occur in 2007/2008.
Aspect: Anti-competitive behaviour				
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	○	-	
Aspect: Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	○	-	

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported × Not relevant for PwC

No.	GRI description		pgs.	
Product Responsibility Performance Indicators				
Management approach				
DMA	Objectives and results	◐	106-107 85-104	Key CR figures Objectives
DMA	Policy	◐	91 131	Culture, ethics and values Corporate Governance
DMA	Responsibility	●	-	Lines of Service Boards
DMA	Training	●	-	PwC gave no training in product responsibility.
DMA	Monitoring and follow-up actions	●	-	Lines of Service Boards, CR Officer
DMA	Other relevant contextual information	●	88	Dialogue with our stakeholders
Aspect: Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	×	-	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	×	-	
Aspect: Product and services labelling				
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	×	-	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	×	-	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	88	Dialogue with our stakeholders
Aspect: Marketing communications				
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	○	-	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.	○	-	
Aspect: Customer privacy				
PR8	Total number of substantial complaints regarding breaches of customer privacy and losses of customer data.	○	-	
Aspect: Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	○	-	

● Entirely fulfilled ◐ Partly fulfilled ○ Not reported × Not relevant for PwC

Acknowledgements

PricewaterhouseCoopers Annual Report 2007/2008

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